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MINUTES OF A CABINET MEETING **Council Chamber - Town Hall** **Wednesday, 17 February 2021** **(7.30 - 9.24 pm)**

Present:

Councillor Damian White (Leader of the Council), Chairman

Cabinet Member responsibility:

Councillor Robert Benham

Cabinet Member for Education,
Children & Families

Councillor Osman Dervish

Cabinet Member for Environment

Councillor Joshua Chapman

Cabinet Member for Housing

Councillor Jason Frost

Cabinet Member for Health & Adult
Care Services

Councillor Roger Ramsey

Cabinet Member for Finance &
Property

Councillor Viddy Persaud

Cabinet Member for Public
Protection and Safety

Apologies were received for the absence of Councillors .

9 DISCLOSURES OF INTEREST

There were no declarations of interest.

10 MINUTES

The minutes of the Cabinet meeting held on 27 January 2021 were agreed and the Chairman signed these as a true copy of the same.

11 REFERENCE TO CABINET FROM THE OVERVIEW AND SCRUTINY BOARD

A reference to Cabinet in respect of the Budget reports was received from the Overview and Scrutiny Board by way of a supplementary agenda. This document was considered by Cabinet in relation to those matters considered later on the agenda.

12 VIRTUAL PERMITS

Cabinet considered the Virtual Permits report presented by Councillor Osman Dervish.

Highways traffic and Parking (HTP) services proposed paper permits are replaced by virtual permits (MiPermit) provided by the Council's contracted Notice Processing System supplier – Chipside.

Changing permits to a virtual system will make savings and improve efficiencies for HTP, Customer Services and Corporate Support and improve the customer journey, which in part delivers on the Council's corporate plan for digital improvements to enhance the customer experience and enable self-service.

Chipside also offer a telephony service which manages all calls received relating to MiPermit. This would make further efficiencies by directing calls to a dedicated service able to provide specialist advice and reduce call volumes and email enquiries for the Contact Centre.

During the pandemic due to the closure of the PASC around 70% of the permits are generated virtually and it is expected that this may increase.

Steve Halsey, Project Manager, gave further detail and indicated that there would be no upfront costs and the introduction of Virtual Permits would generate savings and drive efficiencies, which represents excellent value for money for Havering. The current printing costs of paper permits is £2.03 and the virtual permits will cost around £1.50 per permit.

Anyone needing assistance to generate a virtual permit will be able to access support through the PASC and libraries.

The Leader of the Council commended the increased efficiencies of this recommendation and noted that Havering is adjudicated to be the fifth most efficient Council in the country of which he is very proud. The recommendations here adds to the efficiencies of the Council which is becoming digital by design.

After discussion,

Cabinet agreed:

1. To implement Chipside's virtual permit (MiPermit) solution for new permit applications for all types listed below from May 2021.
 - Business
 - Carer
 - Car park season tickets
 - Critical duty
 - Havering clinical commissioning group
 - Havering hero

- Health and homecare
 - Members
 - Parking waiver
 - Resident
 - Staff car park season tickets
 - School streets exemption
 - Voucher
2. To migrate all existing permit holders to the MiPermit solution from their date of expiry after May 2021;
 3. To offer a virtual visitor permit option from May 2021 to run concurrently with paper visitor scratch cards.
 4. To transfer the responsibility for answering all calls relating to parking permits handled by the Contact Centre and other Havering services to Chipside's MiPermit helpline.

13 HOUSING REVENUE ACCOUNT BUDGET 2021/22

Councilor Joshua Chapman, the Cabinet Member for Housing was delighted to bring this report to Cabinet for discussion. The report details the HRA budget and the HRA Capital Works Programme.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The proposed budget will enable the Council to manage and maintain the housing to a good standard and provide funding for a significant acquisition, new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2021/22.

As part of the new regulatory framework for local government housing services, councils are now subject to the Regulator of Social Housing's (RSH) Rent Standard. This has ended the annual 1% reduction that has applied for the past 4 years and re-established the CPI + 1% increase.

At the heart of this report is a desire to provide an excellent stock of high quality homes for local people. A Stock Condition Survey has been carried out using a sample of homes in the Borough to take account of properties currently available. This piece of work has been carried out by Savills, experts in this kind of survey.

Rents in Havering will increase in line with inflation and those on benefits will have the increase catered for in the benefit calculation. Generally rents in Havering are some of the lowest in London and are very competitive.

Money has been held to accommodate for any Health and Safety needs and any obligations placed on the Council through the Fires and Safety Bill. There is also environmental investment to ensure Havering tenants have cost effective heating.

During the course of this year Havering has acquired 35 previously Council owned units for use by Havering residents immediately. It is proposed that next year up to 70 further homes will be acquired through £20 million set aside for this purpose.

Investment has been increased and the proposals for the new Welcome and Assessment Centre were recently discussed in an all Member Briefing, generating a high quality offer to residents of Havering at their most vulnerable. In addition, the current hostel provision has been refurbished to a very high standard.

The Leader of the Council stated his pride in the Council's direction of travel over the past 5 years starting from almost a standing position to now being the Council with the most ambitious social housing offer and proposals in London. This demonstrates how much the council cares and is passionate in their provision and investment in social housing stock.

It was agreed that Councillor Chapman would meet with Councillor Tucker to discuss further parking provision and the possible use of unused sheds to cover this. However, it was acknowledged that there could be no promises in this regard.

It was noted there was still some unmet need but this would be worked on with the same drive and passion shown over the past years.

Cabinet agreed that this report and the investment coming through as a result, was something to be proud of, demonstrating an amazing amount of additional, high quality affordable homes for the Borough.

Following discussion,

Cabinet:

- 1 **Approved** the Housing Revenue Account Budget as detailed in paragraph **Error! Reference source not found..**
- 2 **Agreed** that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 1.5% from the week commencing 5th April 2021.
- 3 **Agreed** that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 1.5% from the week commencing 5th April 2021
- 4 **Agreed** the four rent-free weeks for 2021/22 are: week commencing 23rd August 2021, the two weeks commencing 20th and 27th December 2021, and the week commencing 28th March 2022.

- 5 **Agreed** that service charges and heating and hot water charges for 2021/22 are as detailed in paragraph **Error! Reference source not found.** of this report.
- 6 **Agreed** that charges for Houses in Multiple Occupation (HMO) leased and managed by the Council (General Fund) are set at the LHA applicable on the 5th April 2021.
- 7 **Agreed** that charges for garages should be increased by 1.5% in 2021/22 as detailed in paragraph **Error! Reference source not found.** of this report.
- 8 **Agreed** that the service charge for the provision of intensive housing management support in sheltered housing for 2021/22 shall be as detailed in paragraph 2.20 of this report.
- 9 **Agreed** the Supporting Housing Charge for HRA Hostels as set out in the report.
- 10 **Agreed** that the Careline and Telecare support charge should be increased by 1.5% for 2021/22 as detailed in paragraph 2.22 of this report.
- 11 **Approved** the HRA Major Works Capital Programme, detailed in Appendix 1a of this report and refer it to full Council for final ratification.
- 12 **Approved** the HRA Capital expenditure and financing for the 12 Sites Joint Venture and other acquisition and regeneration opportunities detailed in section **Error! Reference source not found.** and Appendix 1b of this report and refer it to full Council for final ratification.

14 **CAPITAL PROGRAMME AND STRATEGY 2021/2022**

Cabinet decided that all three main budget reports would be dealt with together and Jane West the s151 Chief Finance Officer, gave a presentation in respect of all three reports.

This presentation is attached in full to the minutes.

In respect of the Capital programme and Strategy for 2021/22, following discussion:

Cabinet:

1. **Will Recommend to Council for consideration and approval** the 2021/22 and ongoing Capital Programme noting the changes in accessing new borrowing set out in section 1.3
2. **Agreed** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.
3. **Agreed** that externally funded schemes can be added to the capital programme up to £500k as and when funding is confirmed. Any external funding over £500k will be subject to approval by the Chief Financial Officer.
4. **Agreed** that the relevant Cabinet Member, together with the Cabinet Member for Finance and Property be delegated authority to commence tender processes and accept tenders for capital schemes included within the approved programme.
5. **Approved** the capital strategy contained within this report noting its impact on both the capital programme and overall contribution to the setting of the revenue budget for 2021/22 and beyond
6. **Noted** the capital prudential indicators included within the capital strategy when approving the capital programme to ensure affordability.
7. **Agreed** that the Chief Financial Officer be authorised to re-profile capital budgets mid-year based on the updated forecasts provided by services and reported to the Senior Leadership Team as part of the capital monitoring process. This will assist in producing more accurate information for treasury management purposes.

15 **2021/22 TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS)**

Jane West, s151 Finance Officer gave a presentation attached to these minutes.

Following discussion,

Cabinet:

1. **Approved** the TMSS 2021/22.
2. **Approved** the Prudential and Treasury Indicators set out in Appendices 2 and 3 respectively of this report.

3. **Approved** the Annual MRP Policy Statement for 2021/22 set out in Appendix 8 of this report.
4. **Recommended** the annual TMSS and MRP statements 2021/22 to Council for approval.
5. **Delegated** future changes required to this Strategy to the Chief Financial Officer after consultation with the Cabinet Member for Finance and Property. This will provide the additional flexibility to swiftly respond to changing circumstances.

16 **BUDGET 2021/22 AND MEDIUM TERM FINANCIAL STRATEGY**

Jane West, s151 Finance Officer gave a presentation attached to these minutes.

Following discussion,

Cabinet:

1. Agreed the Council Tax requirement for 2021/22 to be set at £134.980m as set out in paragraph 7.5 and Appendix G of the report;
2. Agreed the Delegated Schools' draft budget set out in section 5.13 of this report;
3. Agreed a 1.50% increase in Council Tax for 2021/22 as set out in paragraph 7.1;
4. Agreed an additional 3% Adult Social Care Precept as in paragraph 7.1;
5. Noted the Medium Term Financial Strategy position as set out in Section 8
6. Agreed the fees and charges schedule as set out in Section 9 and Appendix C
7. Noted the risks to the 2021/22 budget as set out in Section 10
8. Noted the requirements of S106 of the LGA 1992 Act as set out in Section 1
9. Agreed that to facilitate the usage of un-ringfenced 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 Leader and the Cabinet Member for Finance and Property.

10. 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.
11. Delegated authority to the Cabinet Member for Adult Social Services and Health and the Leader to approve an annual spend plan for the Public Health grant.
12. Delegated to the Directors of Children's and Adults authority to agree inflation rates with social care providers for 2021/22.
13. Read the Equalities Impact Assessment in respect of the CTS Scheme as set out in Appendix E to this report.
14. Read the summary version of the Council Tax Support Scheme for 2021/22 as set out in Appendix F to this report (unchanged from 2020/21).

Cabinet will recommend to Council for consideration and approval:

1. Agree the Council Tax requirement for 2021/22 to be set at £134.980m as set out in paragraph 7.5 and Appendix G of the report;
 2. The Delegated Schools' draft budget set out in section 5.13 of this report;
 3. A 1.5% increase in Council Tax for 2021/22 as set out in paragraph 7.1;
 4. An additional 3% Adult Social Care Precept as in paragraph 7.1;
 5. That it pass a resolution as set out in section 14 of this report to enable Council Tax discounts for early payment to be given at the 2020/21 level of 1.5%.
 6. Recommend to Full Council that the Council Tax Support Scheme for 2021/22 is adopted as set out in Section 15 of this report (unchanged from 2020/21).
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Chairman

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Haverling

LONDON BOROUGH

Cabinet
Reports on the budget
17th February 2021
Jane West, Chief Operating Officer

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The Cabinet is presented with 3 reports to approve

- The 2021/22 Budget and 2021/24 Medium Term Financial Strategy
- The Capital Programme and strategy
- The treasury management strategy statement and annual investment strategy

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The budget report is the annual report to Cabinet and Council which agrees the general fund budget for 2021/22 and Council Tax levels for that year.

The report recommends:

- A general Council Tax increase of 1.5%
- A further increase of 3.0% in Council Tax to fund the Social Care precept in accordance with central government policy on funding this area
- That savings of £17.1m are agreed for 2021/22 as set out in Appendix B in order to balance the 21/22 budget
- The proposed fees and charges for 21/22 (Appendix C)
- The proposed Council Tax Support scheme for 21/22 (Appendices E and F)

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The Budget Setting Report

The report also contains sections explaining the following areas:

1. A summary of the Council's response to the COVID pandemic
2. The Outcome of the Local Government Finance Settlement for 2021/22
3. The process undertaken to balance the 2021/22 budget
4. The 2021/22 budget consultation process and outcomes
5. The 3 year medium term financial strategy to 2024
6. The financial risks facing the Council moving forward
7. A statement of robustness completed by the S151 officer in accordance with Section 25 of the Local Government Finance Act 2003

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Gap at November Cabinet

The November Cabinet received the following financial position

Medium Term Financial Strategy	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m
Corporate pressures	13.685	14.602	2.596	30.883
Demographic pressures	3.131	5.026	4.923	13.080
Inflationary pressures	2.950	2.007	2.027	6.984
Unachieved MTFS savings 2020/21	7.207	0.000	0.000	7.207
Revised gap	26.973	21.635	9.546	58.154
2020/21 savings back on the table	-2.537	0.000	0.000	-2.537
2021/22 savings back on the table	-7.152	-1.300	-0.500	-8.952
New savings	-9.293	-2.027	-0.727	-12.047
Total savings to date	-18.982	-3.327	-1.227	-23.536
Remaining gap	7.991	18.308	8.319	34.618

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Summary Update	2021/22	2022/23	2023/24	3 Year Plan
	£m	£m	£m	£m
November Cabinet Position	7.991	18.308	8.319	34.618
Settlement Updates (further breakdown below)	(1.278)	3.220	0.000	1.942
Other Corporate Updates (further breakdown below)	2.715	(1.014)	0.350	2.051
Delays to the Capital Programme	(3.578)	(1.567)	4.315	(0.830)
Impact of 3% Social Care Precept	(3.900)	0.000	0.000	(3.900)
Proposal to increase Council Tax by 1.5%	(1.950)	0.000	0.000	(1.950)
Revised Position	0.000	18.947	12.984	31.931

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Adjustments to MTFS following the settlement	2021/22	2022/23	2023/24	3 Year Plan
	£m	£m	£m	£m
Reduce Business Rates yield to Safety Net	1.780			1.780
Use of Business Rates Provision set aside	(1.331)			(1.331)
Provision for loss of central grant (Funding reform)		2.000		2.000
Take out Business Rate Pool Growth as pool discontinued	0.300			0.300
New £670m general allocation to cover increased CTS (assume one off)	(2.222)	2.222		0.000
Loss of Council Tax yield due to increased CTS and Single Person Discounts	1.630			1.630
Troubled Families Grant to continue for a further year	(0.545)	0.545		0.000
New Adult Social Care Grant (300m)	(0.594)			(0.594)
Assume existing Adult Social Care Grant is ongoing		(1.700)		(1.700)
New Collection fund deficit grant	(0.500)			(0.500)
Updated New Homes Bonus Assumptions	0.204	0.153		0.357
TOTAL SETTLEMENT FINANCIAL IMPACT	(1.278)	3.220	0.000	1.942

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Corporate Updates	2021/22	2022/23	2023/24	3 Year Plan
	£m	£m	£m	£m
Reduction in Interest from Cash balances	1.000	0.000	0.000	1.000
Increase in tax base yield for new properties	(0.630)	0.000	0.000	(0.630)
Provision for non achievement of savings (10%)	1.700	0.000	0.000	1.700
Provision for underlying budget issues in 20/21	1.000	0.000	0.000	1.000
Updated position on concessionary fares	(0.282)	(0.570)	(0.270)	(1.122)
Updated reduction in income Inflation and other corporate assumptions	(0.073)	(0.444)	0.620	0.103
TOTAL CORPORATE UPDATES	2.715	(1.014)	0.350	2.051

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There have also been other recent grant announcements. The COVID grant and new lower tier grant are one off and so should not be used to balance the budget. The homeless prevention grant is a replacement merging the flexible homelessness support grant and the homeless reduction grant.

OTHER GRANTS	2021/22	DESCRIPTION
	£m	
One off COVID funding tranche 5 (£1.55bn Nationally)	6.599	This fund will need to be set aside to meet future pressures and burdens which will continue through the spring
One off grant for lower tier authorities (£111m nationally)	0.279	This is a one off grant funded by unused New Homes Bonus. This grant will be set aside to fund future COVID Pressures
Homeless Prevention Grant	2.344	This grant replaces the flexible homelessness support grant and the homeless reduction grant and will be earmarked for housing use as was the case with the grants it replaces

The main risks to the budget relate to the continuing impact of the pandemic:

- Additional demand on adult social care
- Potential demand on children's services from the lockdown
- Scale of savings required even after allowing for provision for non achievement
- Lower income collection through businesses and individuals experiencing financial difficulty and hardship
- Long lasting effect of the current Covid-19 Lockdowns and Tier arrangements on local businesses and leisure centres
- The national economic situation impacting on house prices and the viability of regeneration schemes
- Future of local government financing

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The Capital Programme sets out the Council's capital plans over the medium term

The Capital Strategy sets out how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial stability

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The Capital Programme & Strategy is underpinned by the strategic aims of the Council

After taking into consideration the existing approved capital programme, new bids and the capital investment plans the full proposed capital programme is developed for Members to approve

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The Capital Programme

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Adults Services	2.132	0.023	0.000	0.000	0.000	0.000	2.154
Customer, Communication & Culture							
Art & Culture	0.050	0.000	0.000	0.000	0.000	0.000	0.050
Leisure - Other	7.540	3.125	0.000	0.000	0.000	0.000	10.665
Leisure - SLM	0.764	0.100	4.721	0.000	0.000	0.000	5.585
Libraries	0.223	0.010	0.000	0.000	0.000	0.000	0.233
Customer, Communication & Culture Total	8.577	3.235	4.721	0.000	0.000	0.000	16.534
Childrens Services Total	0.042	0.005	0.000	0.000	0.000	0.000	0.047
Environment							
Environment - Highways	12.206	12.300	0.300	0.000	0.000	0.000	24.806
Environment - Parks	1.600	0.500	0.500	0.000	0.000	0.000	2.600
Environment - Street Lighting	0.200	0.000	0.000	0.000	0.000	0.000	0.200
Environment - TFL	1.957	0.000	0.000	0.000	0.000	0.000	1.957
Environment - Parking	1.000	1.000	1.000	1.000	0.000	0.000	4.000
Environment - Public Protection	3.500	0.000	0.000	0.000	0.000	0.000	3.500
Environment Total	20.463	13.800	1.800	1.000	0.000	0.000	37.063
Registration & Bereavement Services	5.850	0.000	0.000	0.000	0.000	0.000	5.850
Asset Management Total	11.220	6.128	0.007	0.000	0.000	0.000	17.355
Finance Total	7.000	0.000	0.000	0.000	0.000	0.000	7.000
ICT Infrastructure	11.142	8.044	8.242	4.930	3.630	2.830	38.818
Regeneration Programme	141.957	153.067	82.470	21.305	15.779	20.737	435.315
Total GF Capital Expenditure	208.382	184.302	97.241	27.235	19.409	23.567	560.136

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The Capital Programme

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Existing GF Service Spending	34.472	11.891	5.228	0.000	0.000	0.000	51.591
New GF Capital Bids	36.091	19.344	9.542	5.930	3.630	2.830	77.367
HRA Programme	142.970	174.740	167.649	205.093	185.994	0.000	876.446
Regeneration Programme	137.819	153.067	82.470	21.305	15.779	20.737	431.178
Total Proposed Capital Programme	351.352	359.042	264.889	232.328	205.403	23.567	1,436.582

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Financing the Capital Programme

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and private finance initiatives).

It should be noted that debt is only a temporary source of finance since loans and leases must be repaid, and is therefore replaced over time by other financing. This is usually from revenue which is known as the minimum revenue provision (MRP).

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	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Sources of Finance	£m	£m	£m	£m	£m	£m	£m
Capital Receipts	95.079	88.558	47.084	7.089	5.442	0.000	243.252
Revenue & Reserve Contributions	18.143	12.533	14.584	11.534	24.309	0.000	81.103
Grants & Other Contributions	22.335	41.580	26.961	62.706	66.845	0.000	220.427
GF Debt (Borrowing)	102.110	97.326	56.876	27.235	19.409	23.567	326.523
HRA Debt (Borrowing)	113.685	119.045	119.384	123.764	89.398	0.000	565.277
Total Proposed Capital Programme	351.352	359.042	264.889	232.328	205.403	23.567	1,436.582

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The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR).

The CFR increases with new debt-financed capital expenditure and reduces with MRP.

Based on the financing figures of the capital programme the CFR (outstanding debt of the Council) is expected to increase by £206m during 2021/22

The debt has to be repaid, normally from setting aside the MRP. In addition to MRP however is the borrowing costs associated with the additional debt

Whilst the Council has access to cheap borrowing through the Public Works Loan Board (PWLB) there is still a cost to the Council of borrowing this money.

Further information on the Council's debt and access to loans is found in the Treasury Management Strategy Statement (TMSS)

This report links to both the Capital Strategy Report and the Medium Term Financial Strategy Report to ensure the authority has an affordable and sustainable capital programme.

The report reflects the authority's appetite for risk and view of interest rates going forward.

The report sets out the risks associated with the approved financial instruments that are used for investing and borrowing

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The report covers:

- a) the governance for managing the authority's treasury activities
- b) borrowing for the capital programme
- c) how we place security and liquidity above maximising returns
- d) the investment of its surplus cash .

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PWLB Interest Rates Outlook

The table below shows the latest PWLB forecast interest rates

	Mar-21	Jun-21	Sep-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23
Bank Rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
5 Yr PWLB	0.90	0.90	0.90	0.90	1.00	1.10	1.20	1.20
10 Yr PWLB	1.30	1.30	1.30	1.30	1.40	1.50	1.60	1.60
25 Yr PWLB	1.90	1.90	1.90	1.90	2.00	2.10	2.20	2.20
50 Yr PWLB	1.70	1.70	1.70	1.70	1.80	1.90	2.00	2.00

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