

# Public Document Pack



## MINUTES OF A CABINET MEETING Council Chamber - Town Hall Wednesday, 5 February 2025 (7.00 - 8.41 pm)

### **Present:**

Councillor Ray Morgon (Leader of the Council), Chairman

	<b>Cabinet Member responsibility:</b>
Councillor Gillian Ford	Lead Member for Adults & Wellbeing
Councillor Oscar Ford	Lead Member for Children & Young People
Councillor Paul McGeary	Lead Member for Housing & Property
Councillor Paul Middleton	Lead Member for Digital, Transformation & Customer Services
Councillor Barry Mugglestone	Lead Member for Environment
Councillor Natasha Summers	Lead Member for Housing Need & Climate Change
Councillor Christopher Wilkins	Lead Member for Finance
Councillor Graham Williamson	Lead Member for Regeneration

**In attendance:** Cllr Michael White (CON), Cllr Keith Prince (CON), Cllr Keith Darvill (Labour), Cllr Martin Goode (EHRG)

### 46 **ANNOUNCEMENTS**

On behalf of the Chair, there was an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### 47 **APOLOGIES FOR ABSENCE**

No apologies received, full cabinet in attendance.

### 48 **DISCLOSURES OF INTEREST**

There were no declarations of interest.

49 **MINUTES**

The minutes of the meetings held on **22<sup>nd</sup> January 2025**, were agreed as a correct record and the Chair signed them.

50 **LIBRARIES CONSULTATION**

**Report:** Libraries Consultation

**Presented by:** Councillor Gillian Ford, Cabinet Member for Adults & Wellbeing

With the agreement of the Chair, **item 12, Libraries Consultation** was brought forward in order that residents present could observe the discussion

**Summary:**

**Councillor Gillian Ford** *“Library closures were on the previous Administrations Agenda for budget savings and therefore will not come as a surprise to their Members that we have had to consider the library portfolio within the borough.*

*The maintenance and upkeep of Libraries were not a priority for the previous Administration and no budget was set aside for their long-term upkeep and sustainability. We have therefore multiple libraries that require substantial repairs, maintenance, even rebuilds in the case of Collier Row. Having seen the conditions surveys for all of the boroughs libraries, I can confirm the three libraries proposed for closure conditions surveys include cracks in external brick work, roofing problems and single glazed units without kite marks which may not be compliant with Part K of the Building Regulations.*

*Last year’s budget included a £300k cut in library services and MHCLG expects the delivery of the 2024 budget, as a condition of the Capitalisation Directive. Just to reiterate this cut is not part of this year’s budget as it is accounted in last years, and formed part of those budget consultations.”*

**Summary: (response to Place Overview & Scrutiny Sub-Committee comments, at end of this summary)**

The Council’s budget setting exercise for 2023-24 included proposals to reduce the revenue budget of the Council’s library service by £300,000 over two years. This prompted the production of a Library Strategy that would set out how the library service would function in the next few years.

This report seeks approval of the Library Strategy.

Amongst other things, the Library Strategy provided for the potential closure of 4 out of 5 branch libraries.

The report considers the outcome of the consultation on the draft Library Strategy that sought views of stakeholders on the Strategy and on the option for the Council to close up to four branch libraries.

Following careful analysis of all the responses received during the consultation including the public survey, stakeholder feedback, petitions and correspondence received, the condition of the libraries, the Council's ability to invest capital, and the Council funding gap it is considered that Council funding for three branch libraries should cease. This will result in the consequential loss of service of three branch libraries that are recommended to close on 31 March 2025 and achieve an annual saving of £288k.

This report also considers a number of options to mitigate the impact of the decision.

### **Cabinet**

1. **Considered** and **noted** the results of the Library Strategy consultation;
2. **Approved** and has adopted the Library Strategy 2024-29 (as attached to this report);
3. **Agreed** the closure of three branch libraries from 1 April 2025 as set out in this report;
4. **Agreed** that the three branch libraries are mothballed from 1 April 2025 and delegates to the Strategic Director of Place the authority to use the branch library buildings for any appropriate meanwhile use, provided that any proposals for the disposal or long term use of the branch libraries be brought to a future Cabinet meeting;
5. **Agreed** that the mitigating actions in section 5 are progressed;
6. **Agreed** that the budget for book stock is continued as set out in this report.

### **Place Overview and Scrutiny Sub-Committee – Comments And Recommendation To Cabinet On Libraries Consultation**

Following its meeting on 3 February 2025, the Place Overview and Scrutiny Sub-Committee submits the following comments and recommendation to Cabinet and requests that Cabinet responds to these at its meeting on 5 February 2025.

The Sub-Committee sought assurance that the EQHIA is correct. This followed a Member query about discrepancies between the EQHIA and Action plan.

#### Recommendations

1. That Cabinet delay the decision until a second consultation has been carried out, presenting the proposal to close three libraries to the public, as has taken place in other parts of the country. And that the Officer benchmark what is best practice.

#### **Response:**

Whilst a second phase consultation is mentioned within the draft library strategy, this is not considered to be a requirement. There are examples of a second phase consultation elsewhere, with Dorset Council carrying out a phase one and a phase two consultation. Phase one was from October 2021 to January 2022 and phase two from September to December 2022. However, phase one was to inform the development of the Library Strategy and Phase two was to consult on the strategy once drafted.

In essence, a phase two consultation in the context of Havering library strategy and recommendations in the Cabinet report would be consulting on the same thing – do you agree/disagree with closing libraries. We already have that information from the consultation carried out and included within the Cabinet report.

A phase two consultation is highly unlikely to provide a substantially different response to the one already received so is perceived to be of little value. If a phase two consultation were to be carried out, this would delay the implementation of library closures and therefore not achieve the required savings that were part of the budget agreed in 2024 February Cabinet.

Even if the Dorset approach had been considered to be an approach Havering chose to follow, time would not have allowed as further delays to a decision being taken would result in the savings required not being achieved. It is worth noting that already the saving identified for 2024/25 of £150k has not been achieved due to the preparation of the draft strategy and subsequent consultation.

DCMS has advised that they do not have any best practice guidance around a single/two phase consultation regarding possible library closures. It is suggested that a two-stage consultation approach should be made clear at the start of the consultation process, together with providing a clear indication of the aims and objectives of each stage. This was not mentioned or made clear at the commencement of the consultation on possible library closures so provides further rationale for not introducing a second consultation at this stage.

There is no expectation from DCMS about carrying out a second consultation. The consultation process is a matter for the Council and the Public Libraries and Museums Act 1964 does not impose any specific requirements with regard to consultation on proposed changes to library services. However, the Libraries as a Statutory Service guidance document sets out the role of Council and the need for public consultation on proposed service changes, and provides guidance on how to conduct a consultation.

Should DCMS receive representations of alleged deficiencies in the consultation by a Council carried out in relation to proposed library changes they do not merit an investigation under section 10 of the Act, unless the changes are likely to have a material impact on the level of service provided, and it can be shown that any deficiencies in the consultation may have resulted in the Council proceeding without a sufficient understanding of local needs.

**Therefore, the recommendation is not accepted.**

2. That, following the formation of the Friends Group of Harold Wood library, who are seeking funding, the Cabinet delay the decision to close Harold Wood library in order that the group might have time to secure funding

**Response:**

Whilst it is recognised and appreciated that the Friends of Harold Wood Library have now been formally constituted, the request to allow a period of time for the Friends to raise funding has been stated would be at least 6-9 months. If this were agreed, it would delay the saving attributed to the closure of Harold Wood library and also a decision on the future of the site. Whilst funding might be available if applications are successful, it is questionable as to whether funding could be realised on an ongoing basis to meet the costs of running the library.

The Friends can still have a role to play in providing library related activities within the Harold Wood neighbourhood through supporting a book swap facility, community activities and fundraising to contribute to new provision subject to that being agreed at a future Cabinet meeting and being financially viable.

**Therefore, the recommendation is not accepted.**

3. That the Cabinet seek the opinion of the 151 Officer on whether savings made elsewhere could be used to offset the overspend generated by keeping the libraries open, and whether that would satisfy the CIPFA report and MHCLG with regards to the Capitalisation Directive

**Response:**

The conditions attached to the Council being in receipt of 24/25 Exceptional Financial Support required the Council to comply with two things. 1. To publish an Improvement and Transformation Plan and 2. To undergo a CIPFA Financial Management review. As part of the CIPFA Review process, the Council must demonstrate the delivery of savings as one of many requirements of the overall process.

The Review also considered the Council's governance and decision-making arrangements.

At present, the Council has not yet received details of what the process will entail as part of the 25/26 Capitalisation Direction request. The requirements will be set out when the exceptional financial support is agreed by MHCLG. Officers are working with MHCLG to ensure confirmation of both the EFS and the conditions attached will be available in advance of the Budget Setting Full Council meeting.

4. That the Cabinet explore and outline what work needs to be undertaken to ensure that the remaining libraries do not fall into disrepair and be threatened with closure

**Response:**

Subject to the recommendations of the Cabinet report being agreed, the remaining seven libraries have condition surveys that identify investment required of at least £786k. The condition surveys were visual only to get indicative minimum capital costs and further intrusive surveys would likely identify more costs. The surveys also did not include mechanical and electrical so additional costs should also be expected once these have been included through a further condition survey.

The administration is committed to delivering a quality library service in the remaining seven libraries and will be seeking ways in which to fund the required improvements which will be considered alongside other capital investment requests to ensure the overall capital programme remains affordable.

**Therefore, the recommendation is accepted and a timetable for this will be considered by officers in due course.**

5. Cost Breakdown – that Cabinet defer decision until further information is provided on both revenue and capital costs.

**Response:**

The revenue and capital costs are identified within the Cabinet report. The breakdown of these costs have been circulated ahead of this evening's Cabinet meeting. There is nothing in the revenue cost breakdown information that is considered to materially affect the decision, and the response to the previous recommendation regarding condition surveys sets out the position clearly.

Reviewing the cost breakdowns further will delay a decision being made on the recommendations of the Cabinet report and result in not achieving the identified savings.

**Therefore, the recommendation is not accepted.**

51 **HRA BUSINESS PLAN UPDATE, BUDGET 2025/26 & CAPITAL PROGRAMME 2025/26-2029/30.**

**Report:** HRA Business Plan update, Budget 2025/26 & Capital Programme 2025/26–2029/30.

**Presented by:** Councillor Paul McGeary, Cabinet Member for Housing and Property

**Summary: (response to Overview & Scrutiny comment, at end of this summary)**

This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. Cabinet approved the Housing Asset Management Plan 2021-2051 in October 2021 and the budgets and projections of expenditure required to maintain the stock to a good standard have been used in the preparation of the capital programme in this report. A summary is provided of the HRA Business Plan 2024/25-2053/54.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The Council is legally required to not set a deficit budget. The proposed budget will enable the Council to manage and maintain the housing stock 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 2025/26.

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 introduced the CPI + 1% increase arrangement, based on the published rate for September 2024 making an increase for 2025/26 of 2.7%.

In order to change any HRA rent liability, the local authority must notify tenants and give 28 days' notice of any change after the authority has made a properly constituted decision of that change. This means that, following a Cabinet decision on rent levels to be charged in any year, the local authority must write to all tenants to advise them of the new rent liability for the following 12 months.

Should the Cabinet adopt the recommendations, a notification will be sent to tenants in the first week of March 2025, to make the new charge effective from the first week of April 2025.

**Cabinet:**

1. **Approve** the Housing Revenue Account Budget as detailed in paragraph 3.5.
2. **Agree** that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 2.7% from the week commencing 7<sup>th</sup> April 2025.
3. **Agree** 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 2.7% from the week commencing 7<sup>th</sup> April 2025.
4. **Noted** the full annual rental charge will be billed over 48 weeks of the financial year and to agree the four weeks when rents will not be collected during 2025/26 are: the week commencing of 25<sup>th</sup> August 2025; 15<sup>th</sup> December 2025; 22<sup>nd</sup> December 2025 and the 30<sup>th</sup> March 2026.
5. **Agreed** that service charges and heating and hot water charges for 2025/26 are as detailed in section 2.11 to 2.23 of this report.
6. **Agreed** that charges for garages should be increased by 2.7% in 2025/26 as detailed in section 2.9 of this report.
7. **Agreed** that the service charge for the provision of intensive housing management support in sheltered housing for 2025/26 shall be as detailed in section 2.24 of this report.
8. **Agreed** the Supported Housing Charge for HRA Hostels as detailed in section 2.30 of this report.
9. **Agreed** that the rent charge to shared ownership leaseholders is increased in line with current lease conditions as detailed in paragraph 2.8 of this report.
10. **Agreed** that the Care-line and Telecare support charge should be increased by 2.7% for 2025/26 as detailed in section 2.28 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 Estates Joint Venture and other acquisition and regeneration opportunities detailed in section 4.4 – 4.14 and Appendix 1b of this report and refer it to Full Council for final ratification.



## **Overview & Scrutiny Board – Comments To Cabinet on Budget & Related Papers**

Following its meeting on 29 January 2025, the Overview and Scrutiny Board submits the following comments to Cabinet and requests that Cabinet responds to these at its meeting on 5 February 2025.

HRA Business Plan Update, Budget 2025-26 and Capital Programme 2025/26 – 2029/30

1. Further details should be given of the impact of the rise in National Insurance contributions. The Board is concerned over any potential shortfall in government funding designed to mitigate this.
  - **Response:** The additional National Insurance contribution cost equates to approximately £135k/year for the HRA. The Council understands that the Ministry of Housing, Communities and Local Government will fund this through additional grant contributions, although any future shortfalls would need to be funded through efficiencies and will need to be apportioned between the HRA and the General Fund.

### **52 2025/26 BUDGET AND 2025-2029 MEDIUM TERM FINANCIAL STRATEGY**

**Report:** 2025/26 Budget and 2025-2029 Medium Term Financial Strategy

**Presented by:** Councillor Chris Wilkins, Cabinet Member for Finance

**Summary: (Overview & Scrutiny comments noted, at end of this summary)**

This report consisted of the following listed sections:

- Introduction (Section 1)
- Background and Strategic Context (Section 2)
- The budget process and Medium Term Financial Strategy update (Section 3)
- Update on the Medium Term Financial Strategy
- Savings process and budget consultation
- Fees and charges
- Review of Corporate and Service pressures assumptions
- Local Government Provisional Finance update
- Council Tax Requirement
- Proposal for balancing the budget (Section 4)
- Balances, Reserves and Contingencies (Section 5)
- Dedicated Schools Budget (Section 6)
- Housing Revenue Account and 30-year business plan (Section 7)

Five-year Capital Programme and Flexible use of receipts (Section 8)  
Robustness of the Council's Budget (Section 9)  
Council Tax policies (Section 10)  
Equality Impact Assessment (Section 11)  
Implications (Section 12 onwards)

## **Cabinet**

1. **Noted** the requirements of Section 106 of the LGA 1992 Act as set out in Section 1 of this report
2. **Noted** the Medium Term Financial Position and the Budget setting process of the Council as set out in Section 3 of this report
3. **Noted** the key assumptions and risks to the 2025/26 budget as set out in **Appendix A** of this report
4. **Noted** the provisional local government finance settlement outcome as set out in **Appendix B** of this report;
5. **Agreed** the savings proposals as set out in Sections 3.15 and **Appendix C** of this report and of this report.
6. **Agreed** the proposed Fees and Charges schedule as set out in paragraph 3.16 and **Appendix D** and for officers to proceed with implementation of the proposed fees and charges, subject to consultation where required.
7. **Agreed** the proposed 2.99% increase in core Council Tax for 2025/26 as set out in paragraph 3.18;
8. **Agreed** the proposed additional 2% Council tax increase for the Adult Social Care Precept as set out in paragraph 3.18;
9. **Agreed** the proposed Council Band D basic amount of Council Tax for 2025/26 of £1823.17 being the amount calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax excluding the GLA precept for the year (as set out in section 3.17 of this report
10. **Agreed** the proposed Council Tax requirement for 2025/26 to be set at £164.361m as set out **Appendix E** of the report
11. **Agreed** the budgets proposed in this report and as set out in **Appendix F**
12. **Noted** the outcomes from the Public Consultation response as set out in **Appendix G** (*to follow*)
13. **Noted** the Schools budget and DSG as set out in Section 6 of this report which is presented as a separate paper to this cabinet but is an integral part of the budget process

14. **Noted** the S25 Statement of Robustness as set out in **Appendix H** of this report.

15. **Agreed** the Council Tax Support Scheme for 2025/26 as set out in **Appendix I** to this report (unchanged from 2024/25).

16. **Agreed** Council Tax discounts for early payment to be given at a rate of 1.5% as set out in **Appendix J** of this report.

17. **Agreed** to direct officers to disregard War Pension income in the assessment of Housing Benefit as detailed in see Section 11 and **Appendix J** and authorises the Chief Executive to approve any policy required to effect the same.

18. **Noted** the Equalities Impact Assessment in respect of the Council Tax Support Scheme as set out in **Appendix K** to this report and the overall Equalities impact assessment for the Council report set out in **Appendix L**

19. **Noted** that in the event the Capitalisation Direction is not awarded to the value requested before the emergency Full Council meeting on the 5th March, the Strategic Director of Resources (S151 Officer) will be required to issue a S114 report.

20. **Agreed** the recommendations made in the Treasury Management strategy statement which is presented as a separate paper to this cabinet but is an integral part of the budget process

21. **Agreed** the recommendations made in the Capital Strategy which is presented as a separate paper to this cabinet but is an integral part of the budget process

**Cabinet agreed to make the following recommendation to Full Council**

- That Full Council approves the proposals at 5 - 17 and 20-21 above
- That Full Council notes the proposals at 1 -4 and 18- 19 above
- That full Council resolves to authorise officers to proceed with the implementation of the fees and charges proposal once agreed by Full Council, subject to consultation where required.
- Adopt the Council Tax Support Scheme for 2025/26 as set out in **Appendix I** of this report (unchanged from 2024/25);
- Agree Council Tax discounts for early payment to be given at a rate of 1.5% as set out in **Appendix J** of this report.
- To direct officers to disregard War Pension income in the assessment of Housing Benefit as detailed in see Section 10 and **Appendix J** and authorises the Chief Executive to approve any policy required to effect the same.

**Cabinet agreed to delegate** the following decisions:

- **Delegated** to the Strategic Director of Resources (S151 Officer) the power to make further changes to the budget prior to full Council to reflect the final local government finance settlement and confirmation of final figures from the levying bodies
- **Delegated** to the Strategic Director of Resources (S151 Officer) the power to accept on behalf of the Council all grant funding allocated to the Council by external bodies, including central government (but provided that any new application for grant funding shall be in accordance with the Council's scheme of delegations).
- **Delegated** to the Strategic Director of Resources (S151 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 up to the value of £500k, to administer funding where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation with Cabinet Members as appropriate.
- **Delegated** authority to the Cabinet Member for Adult Social Services and Health and the Leader to approve an annual expenditure plan for the Public Health grant, in consultation with the Strategic Director of Resources and the Director of Public Health.
- **Delegated** to the Strategic Director of People and the Director of Starting Well authority to agree uplift / inflation increases with relevant social care providers for 2025/2026.

### **Overview & Scrutiny Board – Comments to Cabinet on Budget & Related Papers**

Following its meeting on 29 January 2025, the Overview and Scrutiny Board submits the following comments to Cabinet and requests that Cabinet responds to these at its meeting on 5 February 2025.

#### **2025/26 Budget and 2025 – 2029 Medium Term Financial Strategy**

1. The Board wishes to record its thanks to the Strategic Director of Resources for the hard work by her and her team in compiling the papers.
2. The Board fully supports ongoing efforts to secure further external grant funding for the Council.
3. The importance of the outcome of the Funding Reforms Review is noted and appreciated by the Board.
4. The Board supports the continuation of grant funding to the Citizens Advice Service.

5. The concerns expressed by officers over the levels of Council Tax arrears able to be collected are shared by the Board and the Board notes efforts by officers to address this.
6. The Board also wishes to record its concern over the cost impact of the rise in National Insurance contributions on the Council's Adult Social Care services.

53 **5 YEAR CAPITAL PROGRAMME AND STRATEGY - 2025/26 TO 2029/30**

**Report:** 5 Year Capital Programme and Strategy – 2025/26 to 2029/30

**Presented by:** Councillor Chris Wilkins, Cabinet Member for Finance

**Summary:**

The Council is required by statute and as set out in the Prudential Code for Capital Finance in Local Authorities, 2021 Edition, to agree the capital programme and associated capital strategy. Local authorities are required to have regard to the current editions of this code by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) Regulations 2003 [SI 3146].

This report sets out the Authority's Capital Strategy and presents the Council's proposed capital budget for 2025/26 and five year Capital Programme to 2029/30.

**Cabinet**

1. **Will recommend to Council for consideration and approval** the 2025/26 Capital programme of £324m and £1,138m over the full five-year period from 2025/26 to 2029/30.
2. **Will recommend to Council for consideration and approval** the new capital projects being added to the capital programme for 2025/26 as set out in section 2.3 of this report.
3. **Noted** any additional capital needs over and above what is specified in the capital programme for the relevant year will require separate business cases and be agreed by the Strategic Director of Resources (S151 Officer), Capital Strategy manager and Council Members as required and appropriate before being agreed by full Council.
4. **Noted** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.
5. **Noted** that externally funded schemes can be added to the capital programme up to £500k as and when funding is confirmed.

6. **Approved** the capital strategy contained within this report noting its impact on both the capital programme and the financial implications for setting the revenue budget for 2025/26 to 2029/30.
7. **Noted** the capital prudential indicators included within the capital strategy when approving the capital programme to ensure affordability.
8. **Approved** the Minimum Revenue Provision Policy Statement (section 9 of this report) which determines the amount of money set aside each year for the repayment of debt
9. **Agreed** that the Strategic Director of Resources be authorised to re-profile capital budgets mid-year based on the updated forecasts provided by services and reported to the Executive Leadership Team as part of the capital monitoring process. This will assist in producing more accurate information for treasury management purposes

54 **TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS) AND ANNUAL INVESTMENT STRATEGY 2025/26**

**Report:** Treasury Management Strategy Statement (TMSS) and Annual investment Strategy 2025/26

**Presented by:** Councillor Chris Wilkins, Cabinet Member for Finance

**Summary:**

The Treasury Management Strategy Statement (“TMSS”) is part of the Authority’s reporting procedures as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management (“TM”) Code and its Prudential code (“The CIPFA Prudential Code”) for capital finance in local authorities. The TMSS also sets out recently introduced changes to the legislative framework, which are generally designed to place restrictions on authorities’ commercial activity.

This report fulfils the Authority’s legal obligation under the Local Government Act 2003 to have regard to both the CIPFA TM Code/Prudential Code and Government Guidance, and it covers:

- The Borrowing and Investment Strategies
- Treasury Management and Prudential Indicators

**Cabinet**

1. **Will recommend to Council for consideration and approval** the 2025/26 Treasury Management Strategy Statement & Annual Investment Strategy
2. **Will recommend to Council for consideration and approval** the revised prudential and treasury indicators set out in Appendix 2 and 3
3. **Will recommend to Council for consideration and approval** the operational and authorised borrowing limits set out in tables 5 & 6 of appendix 2
4. **Noted** the impact the capitalisation direction has on the prudential and treasury indicators, increasing the Capital Financing Requirement (CFR) by £396m by 31<sup>st</sup> March 2028 set out in table 4 of Appendix 2

**55 BRIDGE CLOSE REGENERATION LLP BUSINESS PLAN UPDATE 2025-26**

**Report:** Bridge Close Regeneration LLP Business Plan Refresh 2025-2026

**Presented by:** Councillor Graham Williamson, Cabinet Member for Development and Regeneration

**Summary: (response to Overview & Scrutiny comment, at end of this summary)**

- 1.1 The Council established a joint venture development vehicle, Bridge Close Regeneration LLP ('BCR LLP', 'Joint Venture' or 'JV') to bring forward the proposed regeneration of the site known as Bridge Close (see plan with red line at Appendix A). BCR LLP was until October 2020 jointly owned between the Council and a private sector partner. On 16<sup>th</sup> September 2020, Cabinet approved the proposed acquisition by the Council of the private sector interest in BCR LLP and on 29<sup>th</sup> October 2020, the Council entered into a purchase agreement to acquire the interest in BCR LLP that it did not already own from the private sector partner.
- 1.2 In light of the Council acquiring full control of Bridge Close Regeneration LLP, on 16<sup>th</sup> December 2020, Cabinet considered a number of recommendations relating to the future funding and delivery of the scheme. Approval was granted for the Council to deliver the regeneration of Bridge Close directly, funding the development entirely through Council resources, predominantly using the Housing Revenue Account. Cabinet approved a budget with referral to and subsequent agreement by Full Council on 3<sup>rd</sup> March 2021. Subsequently, the Bridge Close Regeneration LLP Business Plan 2022/2023 was approved by Cabinet on 16<sup>th</sup> February 2022 and thereafter adopted by the Bridge Close Regeneration LLP.

- 1.3 The Business Plan forms part of a comprehensive suite of project documents, including the Members' Agreement, the Land Agreement, the Land Acquisition Strategy, the Security Agreement and the Loan Note Instruments, which amongst others, set out the strategy and the terms and conditions for provision of funding by the Council as principal Member of the Joint Venture (noting that a wholly owned company of the Council acts as second member of the JV). The Business Plan is a suite of strategy and policy documents, including a budget and financial model with detailed forecasts, which provides a management framework for delivering the vision and objectives for the regeneration of Bridge Close.
- 1.4 In accordance with the Members' Agreement, the Board of Bridge Close Regeneration LLP must prepare, issue and agree a draft Business Plan to the Council as Member. Once agreed, the draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.
- 1.5 This report provides an update of the Business Plan and a review of key work streams underpinning the delivery of the Council's vision for Bridge Close. It provides an update of the budget and financial model approved by Cabinet in December 2020 and recommends that the updated Business Plan be agreed, noting the significant benefits to the regeneration of Romford town centre, the contribution towards Havering's target for housing delivery, including affordable housing, and the expected financial returns anticipated in the plan.

**Cabinet:**

1. **Approved** the draft Bridge Close Regeneration LLP Business Plan 2025-2026 (the Business Plan) as attached at Appendix B.
2. **Agreed** the provision of a budget to enable the funding and delivery of the regeneration of Bridge Close as required and detailed within the exempt Financial Implications and Risks section; this budget to be included within the proposed HRA Capital Programme that will be considered by Cabinet in the Housing Revenue Account Business Plan update.
3. **Agreed** that the Cabinet Member for Regeneration, after consultation with the Strategic Director of Place, the Strategic Director of Resources the and the Deputy Director of Legal and Governance, approve detailed business cases, funding arrangements and legal agreements, respectively, as may be required to deliver the regeneration of Bridge Close as per the Business Plan 2025-2026.
4. **Noted** that the Strategic Director of Place will continue discussions with the Havering Islamic Community Centre (HICC) with a view to relocating the HICC to a suitable alternative site elsewhere.



5. **Noted** that the Strategic Director of Place will continue discussions with the London Ambulance Service (LAS) with a view to relocating the LAS to a suitable alternative site elsewhere.
6. **Noted** that the Strategic Director of Place, in consultation with the Strategic Director of Resources the and the Deputy Director of Legal and Governance, will bring forward a report providing status of the proposed making of the Compulsory Purchase Order (CPO) for the Bridge Close Regeneration scheme at the appropriate time in the financial year 2025-2026.
7. **Authorised** the Strategic Director of Place, acting in consultation with the Strategic Director of Resources and the Deputy Director of Legal and Governance, to negotiate, finalise and enter into all necessary legal agreements as may be required, and to do anything incidental to bring into effect the proposed arrangements set out in Recommendations 1-6 inclusive.

**Overview & Scrutiny Board – Comments To Cabinet on Budget & Related Papers**

Following its meeting on 29 January 2025, the Overview and Scrutiny Board submits the following comments to Cabinet and requests that Cabinet responds to these at its meeting on 5 February 2025.

HRA Business Plan Update, Budget 2025-26 and Capital Programme 2025/26 – 2029/30

2. Further details should be given of the impact of the rise in National Insurance contributions. The Board is concerned over any potential shortfall in government funding designed to mitigate this.
  - **Response:** The additional National Insurance contribution cost equates to approximately £135k/year for the HRA. The Council understands that the Ministry of Housing, Communities and Local Government will fund this through additional grant contributions, although any future shortfalls would need to be funded through efficiencies and will need to be apportioned between the HRA and the General Fund.

56 **HAVERING WATES REGENERATION LLP - IN-YEAR REVIEW OF 2023/24 BUSINESS PLAN**

**Report:** Havering and Wates Regeneration LLP Business Plan and Budget Update 2024/2025

**Presented by:** Councillor Graham Williamson, Cabinet Member for Development and Regeneration

**Summary: (response to Overview & Scrutiny comment, at end of this summary)**

This report provided an update on the 12 Estates Programme. Financial data within this paper utilises the most current information available, for the purpose of informing the HRA Business Plan refresh. The HWR JV Business Plan will be presented to Cabinet once it comes forward in Q1 2025/26.

This update outlines the latest position on:

### **Work Package One**

- New Green - progress on completion and sale receipts.
- Park Rise - progress on completion, sales, and marketing.
- Waterloo & Queen Street – update on scheme phasing and viability.

### **Work Package Two**

- Chippenham Road – design development, planning submission and planned demolition
- Farnham & Hilldene - design development and consultation.

### **Later Phases**

It was noted that work is currently paused on the following sites:

1. Oldchurch Gardens,
2. Maygreen Crescent
3. Delderfield
4. Dell Court
5. Brunswick Court.
6. Royal Jubilee Court.

### **Cabinet**

1. **Noted** The Strategic Director of Place will bring forward a report proposing the use of Compulsory Purchase Order (CPO) powers for the Chippenham Road development. This report will detail the necessity of invoking CPO powers to acquire outstanding land interests.
2. **Delegated** authority for the Strategic Director of Place, in consultation with the Cabinet Member for Development and Regeneration, to agree on and thereafter submit, accept and utilise grant funding bids to support the 12 Sites regeneration programme.
3. **Approved** the revised approach to proceed with a Council-led scheme prioritising the development of Blocks 9, and 10, along with a temporary energy centre, as part of Phase 1 of the Waterloo and Queen Street programme.

4. **Delegated** authority to the Strategic Director of Place to make variations to any of the joint venture agreements, as necessary, to implement the recommendations contained in this report.
5. **Noted** that the HWR JV Business Plan document will be presented to Cabinet in Q1 2025/26.

Overview & Scrutiny Board – Comments To Cabinet on Budget & Related Papers

Following its meeting on 29 January 2025, the Overview and Scrutiny Board submits the following comments to Cabinet and requests that Cabinet responds to these at its meeting on 5 February 2025.

Havering and Wates Regeneration LLP Business Plan and Budget Update

1. The Board wishes to record its concern over the potential for unsold units at the Park Rise development.
  - **Response:** *O&S Board's concern over the potential for unsold units at the Park Rise development is noted – the position is being monitored by the JV Partnership Board. The Council has the option to purchase unsold units at a discount, as detailed within the Exempt report*
2. It is recommended that it be investigated if sole tenants etc of larger flats in the vicinity of New Green can be moved into the development itself, thus freeing up accommodation for families.
  - **Response** *O&S have suggested that it be investigated if sole tenants of larger flats in the vicinity of New Green can be moved into the development itself, thus freeing up accommodation for families. The scheme is fully occupied at present – this would be a matter to consider when future lettings arise.*
3. More detail should be given on social value aspects of the Joint Venture and the use of s. 106 funding. It is recommended that Havering Wates should consult with ward Members on these issues.
  - **Response:** *Social value is generally delivered during the construction phase and further detail of social value proposals will be conveyed to ward Members at the appropriate time for each development. A S106 Agreement is already in place for Waterloo/Queen Street and details how the funding contributions are to be applied. The planning decision number is P0761.20.*

**Report:** Mercury Land Holdings (MLH) Business Plan and Budget Update 2025/26.

**Presented by:** Councillor Ray Morgon, Leader of the Council.

**Summary: (response to Overview & Scrutiny comment, at end of this summary)**

This report seeks Cabinet approval for the updated MLH Business Plan 2025/6 and its associated financial commitments. The Business Plan includes an update to the development programme and re-profiles the existing approved funding envelope, which was previously provided by the Council, to projects set out in the Exempt Report & Appendices. The updated Business Plan does not seek any additional funding commitment.

Cabinet should note that the updated MLH Business Plan 2025/6 will, if approved, provide a funding envelope within which MLH can operate. This is because every individual proposal for scheme funding must be supported by the production of a satisfactory business case, which is then subject to further examination and additional governance, at the appropriate time, before the Council can place MLH in funds. This, in turn, is regulated by legally binding funding agreements between the Council as lender and MLH as borrower.

For those not familiar with MLH, and why it was formed, Cabinet resolved to establish a commercially focused company that would deliver housing for private rent and sale in May 2015. Mercury Land Holdings Limited (MLH) was subsequently incorporated in November 2015. MLH is wholly owned by the Council. Since its formation, MLH has established and manages a portfolio of private rented sector (PRS) homes. It has also developed and sold properties for private sale and affordable rent.

The MLH Business Plan seeks to reaffirm MLH's commitment to significant schemes that are critical for the long term success of the company such as Como Street, but also to new schemes which would deliver additional PRS and sale opportunities, that would support the continued growth of the company.

It is proposed that the Council will dispose of assets (land/buildings) to MLH at market value and that the Council will provide finance to MLH through a combination of equity investment and loans. This will constitute capital expenditure for the Council within its approved Capital Programme, to be financed through Council reserves and/or borrowing. The overall financing arrangements will be subject to an assessment of Subsidy Control (State Aid), long term affordability, risk and return on investment by the Council.

The reallocated funds have been modelled and their impact on the Medium Term Financial Strategy (MTFS) is addressed in the exempt part of this report. This seeks to inform Cabinet of the expected outputs from MLH, as

well as advising of any changes in the financial position of MLH and the Council's financial commitments to MLH as an investor.

### **Cabinet**

1. **Approved** the Mercury Land Holdings Limited Business Plan Update (see Exempt Appendix 3).
2. **Agreed** to delegate authority to the Cabinet Member for Regeneration & Development, in consultation with the S151 Officer, the Strategic Director of Place and the Monitoring Officer, to approve the detailed business cases, related viability assessments and funding requirements for the individual schemes noted within the Business Plan as they may be presented during the business plan period, including the authority to enter into all relevant agreements to give effect to the schemes.
3. **Agreed** that the previously allocated funding in the July 2023-2026 Business Plan to MLH, up to a maximum of £270.1 million, is reallocated to projects as updated in the Exempt Agenda, through a combination of equity investment and Subsidy Control compliant loans.
4. **Noted** that the individual schemes are subject to detailed business cases to be approved under delegated authority, as set out in Recommendation 2.
5. **Agreed** to delegate to the Strategic Director of Resources, in consultation with the Assistant Director of Regeneration and Place Shaping, and the Deputy Director of Legal and Governance, the authority to determine the principles and processes by which any assets shall be disposed of and the terms of disposal to MLH.

### **Overview & Scrutiny Board – Comments To Cabinet on Budget & Related Papers**

Following its meeting on 29 January 2025, the Overview and Scrutiny Board submits the following comments to Cabinet and requests that Cabinet responds to these at its meeting on 5 February 2025.

#### Mercury Land Holdings (MLH) Business Plan and Budget Update 2025/26

1. The possibility should be explored of MLH homes being used as temporary accommodation or to otherwise assist with the housing shortage.
  - **Response:** *With regard to the suggestion of using MLH homes as temporary accommodation or to otherwise assist with the housing shortage, this proposal does not align with the MLH model. MLH*

*was established to deliver high quality, private-rented stock, but in so doing sometimes provides opportunities for the HRA to purchase homes which are used to help meet demand for affordable housing (such as Crow Lane and Quarles). Other initiatives are in progress to mitigate temporary accommodation pressures faced by the Council.*

2. That MLH be formally requested to make a list of used contractors available to Members.

- **Response:** MLH have been requested by O&S to make a list of their contractors available to Members. MLH are a separate company, albeit wholly owned by the Council, and as such are not required to make commercial information available in this way. Officers are seeking legal advice on this issue. I would respectfully suggest that this recommendation falls outside of the scope of the Business Plan being reviewed at O&S.

3. That the governance structure of MLH be reviewed to ensure that it is still fit for purpose, in line with a re-assessment of whether it is being utilised in such a way as to maximise the impact on the General Fund.

- **Response:** Cabinet is satisfied that the governance structure for MLH, as set out in the Business Plan Update, remains fit for purpose and that MLH continues to support the Council's financial interests

## 58 EDUCATION FUNDING

**Report:** Schools and Education Funding

**Presented by:** Councillor Oscar Ford, Cabinet Member for Children & Young People

### **Summary:**

This report provides an overview of the current status of the Dedicated Schools Grant (DSG) Budget and Havering maintained schools. It sets out some of the current issues in Education funding - in particular the High Needs Block which is under severe financial pressure and also the number of schools that are in deficit and the ways the Council is seeking to mitigate and reduce these problems including participation in the Delivering Better Value (DBV) programme run by the Department for Education (DfE).

It also proposes a review of current funding mechanisms and the rates paid for certain kinds of support. This is in response to calls from schools and other stakeholders that the funding mechanism provide greater flexibility and transparency for schools in meeting pupil needs, and may likewise have the potential to more accurately matching resources to pupil needs.

## **Cabinet**

- 1) **Noted** the update on the Dedicated Schools Grant Funding for 2025-26 in section 1
- 2) **Approved** the topslicing of £0.430m from the Schools Block for Growth and Falling Rolls as set out in paragraph 2.4
- 3) **Approved** the transfer of £1.290m from the Schools Block to the High Needs Block as set out in paragraph 2.5
- 4) **Approved** the use of the national funding factors, a Minimum Funding Guarantee of 0% and capping of 0.85% in the Havering Local Schools Funding Formula
- 5) **Noted** the increase in the Early Years Block as a result of the expansion of funded childcare for younger children as set out in section 3
- 6) **Delegated** authority to the Assistant Director of Education to approve the rate(s) per hour of childcare in line with approach outlined in section 3 after consultation with providers and schools forum
- 7) **Noted** that there are a number of Havering Maintained Schools that are in overall deficit position and that these schools are required to draw up and implement plans to recover this position as set out in section 5
- 8) **Noted** the update on the projected deficit on the High Needs Block and the Delivering Better Value Programme as set out in sections 6 and 7
- 9) **Approved** an increase in the funding of Special Units in mainstream schools to £30,000 per place from September 2024 as set out in section 8
- 10) **Approved** an increase in the base hourly rate of top up payments for additional support in mainstream schools to £19 an hour from September 2024 as set out in section 9

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**Chairman**

