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MINUTES OF A MEETING OF THE OVERVIEW & SCRUTINY BOARD Havering Town Hall, Main Road, Romford 29 January 2025 (7.00 pm - 10.16 pm)

Present:

COUNCILLORS

Conservative Group	Keith Prince and David Taylor
Havering Residents' Group	Philippa Crowder, Laurance Garrard (Chairman), David Godwin, Bryan Vincent and Julie Wilkes
Labour Group	Jane Keane and Matthew Stanton
East Havering Residents' Group	Martin Goode
Residents' Association	John Tyler
Independent Group	

All decisions were taken with no votes against.

The Chairman reminded Members of the action to be taken in an emergency.

23 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received from Councillors Mandy Anderson (Jane Keane substituting) Nisha Patel and Philip Ruck (John Tyler substituting).

24 DISCLOSURE OF INTERESTS

5. 2025/26 BUDGET SETTING CYCLE.
Councillor Jane Keane, Non Pecuniary, Trustee of Havering Museum..

25 MINUTES

The minutes of the meeting held on 12 December 2024 and the open and exempt minutes of the meeting held on 8 January 2025 were agreed as a correct record and signed by the Chairman.

26 2025/26 BUDGET SETTING CYCLE

Havering Waters

Officers advised that all shared ownership units at the New Green development had now been sold. Thirteen units had thus far been sold at the Park Rise later living development with a further thirty-six units for open market sale. Sales were monitored regularly at the Joint Venture Board. Sales levels had been slightly slower than hoped but were at a similar rate for the sector. The Joint Venture allowed the Council to purchase units at a discount. Park Rise was supported housing for older people so it was not thought to be advisable to offer these units to younger families. A Member suggested that occupants of nearby under-occupied flats could be moved to Park Rise, thus allowing large accommodation to be freed up for families. Officers were happy to investigate this.

Schemes in the design stage included Chippenham Road and Farnham/Hilldene. The Waterloo Road/Queen Street development had been paused to allow the meeting of the requirements of the Building Safety Act.

As regards supporting infrastructure for the developments, a three-form of entry school had been identified for the Bridge Close development. It was accepted that future developments would require a large amount of planning applications and discussions were in progress with the Head of Planning to ensure sufficient planning resources were available.

While it was noted that the new schemes were not at the formal consultation stage yet, Members requested more information on the social value aspects of the schemes and how s. 106 funding could be used for the needs of the local community. Information on this prepared by Waters could be shared with the Board.

It was confirmed that work on the Waterloo Estate would include upgrades to roads and pavements in this area.

Housing Revenue Account

The proposed Housing Revenue Account (HRA) and Capital budgets were presented to the Board for scrutiny. Rent levels in Havering were lower compared to most of London. The HRA business plan included funding for affordable housing in areas such as Bridge Close and Hilldene. It was confirmed that the costs of the CCTV upgrade would be added back into service charges. No costs however from meeting the new building safety requirements would be added on to service charges. Few challenges from tenants had been received re the level of service charge. More were received from leaseholders and Members wished to see figures for these.

Estate services were not contracted out and housing management staff were directly employed by the Council. Government guidance was awaited

clarifying the public sector exemption from recent changes to National Insurance.

The Havering level of Decent Homes (96.3%) was relatively high. Interest rates on borrowing to meet these standards had risen but had now fallen again. The Council's treasury management strategy had been followed and it had not been necessary to borrow more than expected. Purchased properties were surveyed to establish the level of work needed to bring a property up to standard. Any changes in the amount of National Insurance charges would have to be included in the HRA business plan.

Bridge Close

It was anticipated that a planning application for the site would be submitted in autumn this year. Discussions were in progress with organisations currently occupying the site. A total figure for the number of businesses currently occupying the site could be provided. It was necessary to show these negotiations had taken place in order that a Compulsory Purchase Order could potentially be obtained at a later stage.

There were no resources issues with e.g. the level of staff involved in the project. There were also no known policy constraints regarding the use of the site. It was not planned to convert any properties at the site to office accommodation as the available premises were not generally suitable and the area was close to industrial units. The expansion of modular homes had been considered, but not at the Bridge Close site.

Mercury Land Holdings (MLH)

The Quarles/Roe Wood Park site was currently under development and planning permission had been completed on Priory Road and Keswick Avenue. Planning permission for Angel Way and Como Street would be applied for in early 2025. Separate business cases would be developed by the Council for each scheme.

New MLH homes could potentially be used for temporary accommodation, particularly once the breakeven point of 250 homes had been reached. The number of lower rent homes that could be delivered at would be investigated.

At this point the Board agreed unanimously to move into exempt session.

On the resumption of the open session, the Board scrutinised budgetary issues.

Budget

On mid-case scenarios, officers were predicting a budget gap of around £70m while this could be approximately £90m in a worst case scenario. The

final settlement from central Government was due to be announced in the next week. Any additional funds received by the Council would go towards reducing the capitalisation directive.

An exemption to raise Council Tax by more than the proposed 4.99% had been discussed but this was a political decision. Grant opportunities were regularly investigated and circulated to departments. The grant tracer service was also used. There was no element of performance related pay currently at the Council although some posts did have an objective of bringing in income.

The Strategic Director of Resources would take any decision on issuing a s 114 order but felt that if officers continued regular dialogue with central Government, this may not be necessary. The outcome of the funding distribution review was awaited and the review was due to close on 22 February. The Strategic Director felt that, with the Capitalisation Directive, it would be possible to set a balanced budget. The Chief Executive added that none of the 19 Local Authorities with a Capitalisation Directive had since issued a s 114 notice. Further Councils were also expected to require a Capitalisation Directive.

The Council had not drawn down any of the capitalisation funding as yet. The expected year end overspend was £21m but this would be funded through capital receipts. Meetings were held monthly with central government and the budget gap was currently being managed through treasury management and cashflow.

A quarterly savings report would be presented to Cabinet in March 2025 although it was anticipated that some savings would be delayed to future years. It was likely that the Capitalisation Directive would need to be drawn down in the year end finances.

A disposals target of £10m over a four year period was already in operation and options to meet this were being considered. It was noted however that there now not many Council assets remaining. The list of assets identified for receipts had been to Cabinet twice in the last two years.

The Strategic Director of Resources agreed that decisions around issuing a s 114 notice were very difficult. If the funding reform review outcomes still left a sizeable gap in the Council's finances, it was likely that a s 114 notice would have to be issued. It would need to be considered if e.g. £90m borrowing as a proportion of a £205m net budget was sustainable. The level of debt as a percentage of Council Tax income would also have to be considered.

The funding reform review had to be responded to by 12 February and dialogue was ongoing with civil servants around the level and allocation of funding. Central government was working to an overall budget envelope of around £20bn for local government. Some new grants had also been issued

for e.g. homelessness prevention. Adult social care was also being reviewed nationally in 2026 and 2028.

It was clarified that the Citizens Advice Service currently received funding through the Household Support Fund. The saving in this area had not been fully implemented as yet. The Household Support Fund was included with the Emergency Assistance Fund for which the criteria for assistance was based on income levels. The Super Fi app was now available to support residents with debt advice.

The September Consumer Price Index was used to start modelling of fees and charges levels. This meant proposed charge increases were lower than if some other months had been chosen.

The debt recovery board would have oversight of the recovery process for Council Tax collection. It had been proposed to fund four extra Council Tax collection officers and these posts would be monitored very closely to ensure they were recovering sufficient arrears to cover the base costs of the posts.

Members recorded their thanks to the Strategic Director and her team for their work on the budget papers.

The Board **AGREED** the following comments for consideration and response by Cabinet 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.
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.
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.

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.

Bridge Close Regeneration LLP Business Plan 2025-26

1. The position with existing businesses and residential properties on the site and negotiations to relocate these should be clarified in more detail.

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

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.

Chairman

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