

# CABINET

**Subject Heading:**

**2026/27 Budget and 2026-2029 Medium Term Financial Strategy**

**Cabinet Member:**

**Councillor Chris Wilkins (Cabinet Member for Finance)**

**ELT Lead:**

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**Policy context:**

This report sets out the Council's revenue budget requirement for 2026/27 and MTFS from 2026-2029. It makes proposals regarding the level of Council Tax required to meet the budget requirement. The report also provides an update on the outcome of the 2026/27 local government financial settlement.

**Financial summary:**

This report includes:

- The approach to setting the Council's 2026/27 budget and three-year medium term financial strategy
- The outcome of the local government finance settlement
- The recommended Council Tax level for 2026/27.
- The proposal to set a balanced budget

**Is this a Key Decision?**

Yes

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

People – Supporting our residents to stay safe and well	[ X ]
Place – A great place to live, work and enjoy	[ X ]
Resource – Enabling a resident-focused and resilient council	[ X ]

## 1. EXECUTIVE SUMMARY

This report consists of the following sections:

- Introduction (Section 1)
- Background and Strategic Context (Section 2)
- The current revenue position in 2025/26 (Section 3)
- The budget process and Medium-Term Financial Strategy update (Section 4)
  - Update on the Medium-Term Financial Strategy
  - Savings process
  - Fees and charges
  - Review of Corporate and Service pressures assumptions
  - Local Government Provisional Finance settlement update
  - Council Tax Requirement
- Proposal for balancing the budget (Section 5)
- Balances, Reserves and Contingencies (Section 6)
- Dedicated Schools Budget (Section 7)
- Housing Revenue Account and 30-year business plan (Section 8)
- Five-year Capital Programme and Flexible use of receipts (Section 9)
- Robustness of the Council's Budget (Section 10)
- Council Tax policies (Section 11)
- Equality Impact Assessment (Section 12 and appendix L)
- Implications (Section 13 onwards)

## 2. RECOMMENDATIONS

**Cabinet is asked to:**

1. Note the requirements of Section 106 of the LGA 1992 Act as set out in Section 1 of this report
2. Note the Medium-Term Financial Position and the Budget setting process of the Council as set out in Section 3 of this report
3. Note the key assumptions and risks to the 2026/27 budget as set out in **Appendix A** of this report

4. Note that the medium term financial strategy presented in this report still leaves a financial gap of £82.3m in 2028/29 even after the full impact of the fair funding review grant increases and a 4.99% Council tax increase for the next three years have been applied
5. Note the latest revenue monitoring position as set out in section 3 of this report;
6. **Note** the savings proposals as set out in Section 4.10 and **Appendix C** of this report, approved by Cabinet in November 2025. These savings reduces the Council's budget gap by £23m from 2026/27 to 2028/29.
7. Agree the proposed Fees and Charges schedule as set out in paragraph 4.11 and **Appendix D** and for officers to proceed with implementation of the proposed fees and charges, subject to consultation where required.
8. Agree the proposed 2.99% increase in core Council Tax for 2026/27 and the proposed additional 2% Council tax increase for the Adult Social Care Precept as set out in paragraph 4.12, in line with the Referendum Limit approved by Government also referred to in paragraph 4.12.;
9. Agree the proposed Council Band D basic amount of Council Tax for 2026/27 of £1,914.15 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 4.13 of this report)
10. Agree the proposed Council Tax requirement for 2026/27 to be set at £174.421m as set out **Appendix E** of the report, which is an increase from £164.361m in 2025/26.
11. Agree the budgets proposed in this report and as set out in **Appendix F**
12. To note the Schools budget and DSG as set out in **Appendix G** of this report
13. Note the S25 Statement of Robustness as set out in **Appendix H** of this report and the Council's financial position of requiring Exceptional Financial Support in 2027/28 and 2028/29 on the current forecasts set out in the Medium-Term Financial Plan.
14. Agree the Council Tax Support Scheme for 2026/27 as set out in **Appendix I** to this report (unchanged from 2025/26).
15. 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.
16. Agree 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.

17. Agree the policy change set out in Section 11 to include the disregard of Armed Forces Compensation in the calculation of contributions for Disabled Facilities Grants (DFG)
18. Note 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. Note that in the event the Capitalisation Direction is not awarded to the value requested before the Full Council meeting on the 4th March, the Strategic Director of Resources (S151 Officer) will be required to issue a S114 report.

**Cabinet is asked to make the following recommendation to Full Council**

- That Full Council approves the proposals at 7 - 17 above
- That Full Council notes the proposals at 1 - 6 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 2026/27 as set out in **Appendix I** of this report (unchanged from 2025/26);
- 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 is asked to delegate the following decisions:

- Delegate to the Strategic Director of Resources (S151 Officer) the power to accept and apply on behalf of the Council all grant funding available 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). Grant applications that require either a financial or in-kind match funding contributions will still follow the Council's Scheme of Delegation.
- Delegate 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.

- Delegate 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.
- Delegate to the Strategic Director of People and the Director of Starting Well authority to agree uplift / inflation increases with relevant social care providers for 2026/2027 in consultation with the Strategic Director of Resources.

## 1. Introduction

- 1.1 This report presents the proposed 2026/27 budget and also an update of the Medium-Term Financial Strategy (MTFS) between 2026/27 and 2028/29 that will support the delivery of the Council's objectives and priorities. The report includes a recommendation to increase the Havering element of Council Tax by 4.99% (including the Adult Social Care precept) to meet the new budget requirement, whilst maintaining tight financial control and ensuring prudent levels of reserves and balances are maintained.
- 1.2 Councillors are reminded that Section 106 of the Local Government Finance Act 1992 requires any Member who is two months or more in arrears on their Council Tax to declare their position and not to vote on any issue that could affect the calculation of the budget or the Council Tax. Any Member affected by Section 106 who fails to declare could be subject to prosecution.

## 2. Background and Strategic Context

- 2.1 The 2026/27 budget process has again been a difficult one due the accumulated shortfall in funding which has led to the Council requiring Exceptional Financial Support to balance its budget for the last three years. Havering continues to experience significant increases in demand and costs particularly across Social Care and Housing. The Government has reformed the financial allocation system through the fair funding review which has resulted in much needed additional grant for the borough but nowhere near enough for the Council to balance its books without needing further Exceptional Financial Support from the Government moving forward
- 2.2 The main pressures the Council continues to face are in Housing Demand, Children Services and Adult Social Care
- 2.3 **Housing Demand** pressures in the borough have increased significantly over the last five years
  - The number of approaches has increased from 200 per month in 2021 to 300 now
  - As a result, the numbers in nightly lets and hotels has risen from just 3 in 2020 to over 300 now (additional net spend over £8m)
  - This is despite the Council being successful in identifying over 150 new units to mitigate housing demand

- The number of available PSL properties has reduced from around 750 in 2021 to 400 now and continues to fall. This has been largely caused by previous Government policy caps on rent increases

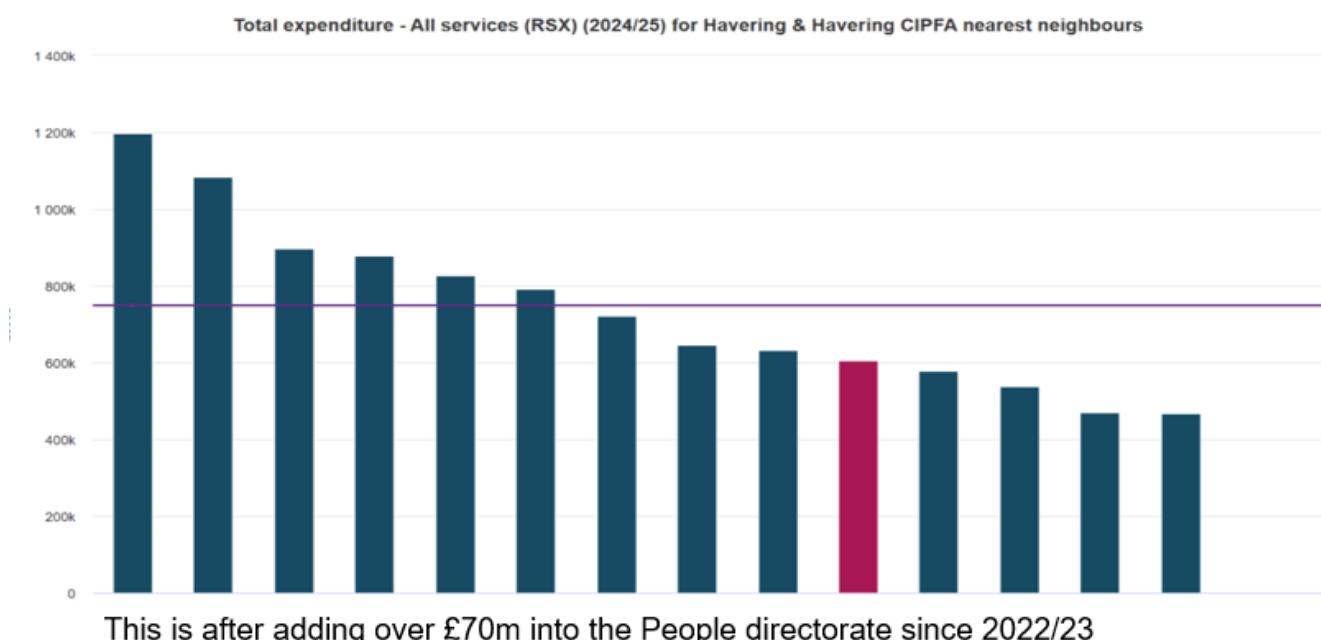
2.4 **Children's Pressures** have increased particularly over the last 3 years with the main factors being:

- Growing population: Havering has had 10.4% population growth from 2011 to 2021 which has outpaced the London average of 7.7% However Havering's 6% rise in children since 2020 is double the next largest increase among Outer London boroughs.
- Havering continues to receive a lower grant per head of population compared to other authorities. This has also been a major contributor to the Council's large DSG Deficit
- Havering saw the largest net inflow of children among all London boroughs between 2016 -2020 and we continue to see this trend this also includes children from neighbouring boroughs. In contrast, 10 of the 19 Outer London boroughs saw a decline in their child populations since 2020. Havering has the 4<sup>th</sup> highest growth in young people in the Country
- Havering and Thurrock were the only authorities in and around the London area to see an increase in primary school applications in over the last decade. In contrast inner London boroughs has a sharp decrease exemplified by Hackney whose applications reduced by 36%
- The number of EHCP's has risen by an average of 12% per year for the last 3 years which results in additional home to school transport costs. The Council has introduced a direct payments scheme but the volume of children qualifying for transport has meant that the costs have continued to rise
- Placement unit costs particularly in residential care have risen sharply of the last 5 years. The average unit of care over all CiC has risen by an average of 12% over the last 5 years - this has been driven by inflation and wage uplifts, market pressures, changes in the placement mix and increasing complexity of need.
- The Council's recent OFSTED report identified the need for the Council to reduce its caseload per social worker and invest in a number of key posts. The Council has restructured in accordance with the OFSTED report and whilst caseload is now at a lower level the overall staffing cost of children's social care has risen from £22.5m in 2023/24 to a budget of £28m in 2025/26

2.5 **Adult Social Care Pressures** have risen significantly over the last 5 years. The number of users of Havering Services has not increased significantly but the cost of care continues to rise driven by the following factors.

- The Council's provider contracts now total over £110m which means even a 1% increase in prices results in over £1m additional costs
- 35% increase in the National Living Wage over the last 5 years
- Significantly increased complexity of care – The number of users requiring 1-2-1 support has increased from 80 in 2020/21 (cost £2.5m) to 236 in 2024/25 (cost £9.6m)
- The average weekly cost of a residential placement has risen from £630 in 2021 to £1050 in 2025. This is mainly driven by the National Living Wage staffing increase, but also other inflationary factors related to the increased cost of living
- There is a shortage of available beds across North-East London driven partly by other boroughs placing in the area as costs are lower than central London. This in turn has resulted in providers being able to drive the market through high demand
- North-East London has experienced a 11% loss of bed spaces over the last 10 years as shown by the table below. This has driven up unit costs across the area through increased demand for the remaining available places

2.6 Despite these pressures Havering has managed its budget well. Over £29m of savings have been delivered over the last 3 years and the Council has had maintained stringent controls on spending including a recruitment panel which has significantly reduced the number of agency staff employed. The graph below shows that Havering's unit costs are still lower than the statistical neighbour average costs, despite the level of funding that has been added to the budget since 2022/23, the majority of which has been borrowed through EFS.



Havering has 2nd Oldest population in London and the fourth fastest growing Children's population nationally which means we're spending more supporting our vulnerable adults and children.

2.7 Havering has also controlled spending tightly through several boards which have been set up including:

- **The Assurance Board.** This board is independently chaired and its aim is to undertake deep dive challenges into service areas to ensure the Council is following the best and most efficient practices
- **The Debt Board.** This board contains a cross section of Councillors from all parties and oversees debt collection across all Council services
- **Recruitment Board.** This is an officer board which oversees and approves all recruitment including agency staff and meets weekly
- **Spending control panel.** This group meet weekly to approve any new expenditure the Council is proposing to make

2.8 The setting of the budget also has fully taken account of the Council's transformation and improvement plan. The plan was developed following Haring's initial request for Exceptional Financial Support and progress was most recently presented to Cabinet in June 2025. The Council continues to work towards delivery of the actions in the plan and the 2026/27 Medium Term Financial Strategy reflects the actions including

- Reductions in Agency and Consultancy Costs
- Reviews of high-cost social care placements
- Housing Panel set up to review care leavers requiring housing in the borough
- Recruitment of ASYE Newly qualified Social Workers
- Joint work with the NHS to develop the best solutions for users
- Panel set up to review all Council discretionary spend
- Delivery of savings overseen by Overview and Scrutiny panel
- Creation of a cross-party debt board to oversee income collection
- A formal review of the CIPFA Management code in 2025/26
- Annual review of the MLH Business Plan
- Review of contract procedure rules to meet new guidance

2.9 The Council has continued to provide core services to meet the needs of Havering residents and has also managed a number of other ongoing service delivery projects with achievement including

- Improving how we work better with our communities through engagement, working with our faith forum and other groups. Also, by building resilience and volunteers to build pride in our neighbourhoods.
- Worked hard to make the borough safer through improving the areas people live, continued investment in s92 police officers and CCTV as well as better joint working with police.
- Safeguarded green spaces such as village greens and continued to be recognised for excellent parks with green flags.

- Continued to deliver new homes and accommodation such as sheltered and also worked on ways of reducing temporary accommodations and homelessness.
- Improved the safety of our social housing and continued improvements to the homes of our residents.
- Supported our businesses through campaigning for residents to buy local by promoting our high streets. Continued to celebrate success through small business awards. Listened to Hornchurch businesses and are consulting on new BID. Also developed clear plan for Romford through new masterplan.
- Worked hard in standing up for the borough through lobbying for our finances, infrastructure and transport improvements and being part of key partnerships and groups in London to make sure our voice is heard.
- Reviewed our street cleaning and other environmental services to improve them and make it easier for residents to report problems.
- Continued to keep our roads and pavements in good condition as recognised by Department for transport.
- Launched London Havering as a legacy of the borough of culture bid to help build on our cultural offer in the borough. Plus, investment in football and tennis courts and introduction of padel courts. As well as recording and safeguarding our cultural such as Tythe Barn
- Ruled that Launder's Lane was contaminated land and now working on solution to stop the fires.
- Supported many residents through cost-of-living support as well as delivery of School Holiday Meal Scheme and Holidays and Activities Fund
- Offered 93% of pupils their first top three choices of school, 90% of primary school pupils offered their first choice of school and Schools in the borough rated good or outstanding under previous graded Ofsted rating. This was commended by the mayor of London

## **The National Context to Local Government finance**

2.10 The Government have introduced a number of fundamental changes to reform the Local Government Finance system in 2025. The announcements included

- **The fair funding review:** This review has updated the formulae and method used to apportion central funds between local authorities
- **Business Rate reform:** This includes a business rate reset and changes to the multipliers used to calculate business rates and the reliefs for various business rate categories

- **Local Government Reform:** At present, this does not directly affect London Boroughs. The proposals invite current districts and county councils to develop new unitary Councils. These changes are currently underway in Essex.
- **The Casey review of Social Care:** The Prime Minister has agreed that Baroness Louise Casey will chair an independent commission into adult social care. The commission will be undertaken in 2 phases with the final phase reporting back by 2028 to the Prime Minister.

## 2.11 The Fair Funding Review:

2.11.1 On 20<sup>th</sup> June 2025 the Government launched the Fair Funding Review with a consultation paper seeking views on a proposed new formula to distribute funding between local authorities. The outcome of this consultation was then analysed, and the Government introduced the revised formula as part of the Local Government finance settlement

2.11.2 From Havering's point of view, this review has been long overdue and the Council has lobbied for reform for many years for funding that matches the needs of our residents. The continued use of outdated data to distribute grant has adversely affected Havering and is a major contributor to the present financial situation the Council finds itself in.

2.11.3 The fair funding review has not been backdated and whilst the new formula will be fairer, it will not close the structural gap brought forward by underfunding over many years. The Council continues to lobby the Government and meet MHCLG officials to put this point across.

2.11.4 The main results of the review from the Government are

- A new formula to distribute grant based on updated relative need. Each authority's ability to raise resources (Council Tax) is measured and deducted to give a net funding requirement
- The new formula to be initially phased in over a three-year period but with transitional arrangements which will still be partly in place in 2029
- Other funding to include 4 specific grants for Public Health, Homelessness and Rough sleeping, Crisis and resilience and a Children Families and Youth grant
- The majority of the grants previously separated in Core Spending Power to be merged to one funding pot with new funding allocated in one larger grant via the new formula
- The retention of the Recovery Grant. The Government believes that the value of Core Spending Power per head of population should correlate with the level of deprivation each individual authority faces and has decided that continuation of the recovery grant is a way of achieving this.

2.11.5 Whilst Havering welcomes the introduction of the new formula, the Council is opposed to the phasing in of the new grant levels over three years. The new grant levels will be based on up-to-date data and as such should be introduced with immediate effect without transition. Havering also opposes the continuation of the recovery grant as it believes that demand and cost are created by far wider issues than just deprivation and that deprivation is already adequately reflected in the fair funding formulae.

2.11.6 The net impact for Havering is an increase of around £39m in grant over the next three years which is set out in section 4.9 of this report and **Appendix B**. It should be noted that significant changes happened following the summer consultation which had the effect of providing significantly more support to authorities who were losing the most grant. The Government also re introduced the Recovery grant on top of the fair funding review which adds significant grant to authorities with high deprivation regardless of whether the fair funding formula has taken that factor into account already.

## **2.12 Business Rate Reform**

2.12.1 The Government have announced that they will introduce business rate reforms this winter. Firstly, there will be a Business Rate revaluation with those businesses who have large increases in their rateable value and therefore rates bill receiving transitional support.

2.12.2 From April 2026, the Government will introduce five new business rates multipliers. These will reflect both business type and property value. The five new multipliers will apply as follows:

- Small business Retail, Hospitality and Leisure (RHL) multiplier: RHL businesses with RV below £51,000
- Small business non-RHL multiplier: Non-RHL businesses with RV below £51,000
- Standard RHL multiplier: RHL businesses with RV between £51,000 and £499,999
- Standard non-RHL multiplier: Non-RHL businesses with RV between £51,000 and £499,999
- Large property multiplier: For all properties with RV of £500,000 and above

The Government has introduced a number of new rates multipliers including a Leisure and retail multiplier fixed at 38.2p.

2.12.3 These changes will impact the value of rates local business will pay and the amount the Council will collect. This will not however affect the resources available to the Council as the revised retained value will be part of the Council's funding calculated as part of the new relative needs formula. The introduction of different multipliers may have an initial administrative impact as the Council will need to update its systems to reflect the new rates. Transitional relief is available for those businesses with significant increases in their business rates

## **2.13 The Casey Review of Social Care**

2.13.1 The review will be in two phases. The purpose of the first phase of the commission is to set out the plan for how to implement a national care service, a government manifesto

commitment. This should report in **2026**. The commission should start a national conversation about what adult social care should deliver for citizens and build consensus with the public on how best to meet the current and future needs of the population. It will consider older people's care and support for working age disabled adults separately, recognising that these services meet different needs.

2.13.2 The second phase will then make longer-term recommendations for the transformation of adult social care, reporting back by 2028. This should build on the commission's medium-term recommendations to look at the model of care needed to address demographic change, how services must be organised to deliver this and discuss alternative models that could be considered in future to deliver a fair and affordable adult care system.

### **Scrutiny of the Budget Proposals**

2.14 The Council has consulted on the budget with business rate payers by email asking for general comments on the budget proposals set out in the November update report to cabinet. That report included details of all the Council's savings proposals for 2026/27 to allow public visibility of the plans for the budget. All the budget papers were reviewed at budget overview and scrutiny and the recommendations and observations from that meeting will be reported to cabinet in February alongside this report.

### **3. The Revenue Position for 2025/26**

The Council set its revenue budget based on a likely requirement of Exceptional Financial Support (EFS) of £70.2m. The Council has worked hard to reduce spend wherever possible and as a result the period 9 forecast is an EFS requirement of £56.6m. The table below sets out projected spend against budget and compares this to the total EFS Worst case allowance of £88m.

**Table 1 Revenue Monitoring Position Period 9**

	<b>Revised Budget (£M)</b>	<b>Forecast Outturn (£M)</b>	<b>Variance (£M)</b>
People	199.9	203.4	3.5
Place	19.2	15.9	-3.3
Resources	29.8	30.7	0.9
<b>Service Total</b>	<b>248.9</b>	<b>250.0</b>	<b>1.1</b>
Corporate	25.6	10.9	-14.7
EFS Worst Case Provision	17.8	0.0	-17.8
<b>TOTAL COUNCIL BUDGET</b>	<b>292.3</b>	<b>260.9</b>	<b>-31.4</b>
Funding:			
Settlement Funding Assessment	-40.0	-40.0	0.0
Council Tax	-164.3	-164.3	0.0
Exceptional Financial Support	-88.0	-56.6	31.4
<b>TOTAL FUNDING</b>	<b>-292.3</b>	<b>-260.9</b>	<b>31.4</b>

3.1 Service spend is currently forecast to be £1.1m over the mid-case budget position. There are variances within this position with People Services over budget by £3.5m due primarily to continued social care demand and the cost of housing demand in living well. This

pressure however is largely offset by an underspend in Place of £3.3m. This relates to additional income within parking services most notably as a result of the change in PCN charges brought in across London in April 2025

3.2 The service spend is offset by a significant underspend of £14.7m on corporate budgets. This is due to a number of factors including growth budgets built into 2025/26 for items including food waste being no longer needed, treasury underspends due to the increased use of borrowing and slippage on the capital programme, a reduced contribution to the pension fund and the release of corporately held inflation budgets for contracts and utilities.

3.3 The Council commenced 2025/26 with an assumed budget gap to be financed by EFS of £70.2m. A number of the budget variances described above are either one off or already built into the MTFS planning process. There are however some items which are ongoing underspends and can be applied to reduce the structural deficit which is rolled forward to commence the budget build up for 2026/27. The table below sets out these adjustments which have resulted in the 2026/27 starting structural deficit reducing to £64.5m

**Table 2 Changes to the Structural Deficit**

<b>Movement in structural deficit</b>	<b>£m</b>
<b>2025/26 Budget deficit Assumption</b>	<b>70.2</b>
Returned service growth	-1.8
Treasury Management ongoing underspends	-3.1
Ongoing other service reductions	-0.7
Ongoing Leisure underspend	-0.5
<b>Revised Starting point Deficit 2026/27</b>	<b>64.1</b>

#### **4. The Budget Process and Medium-Term Financial Strategy update**

4.1 The process to set the budget and Medium-Term Financial Strategy is an ongoing one and in effect starts at the beginning of the financial year. The process is robust and developing the budget gap takes account of the following factors:

- The underlying gap from 2025/26 as set out in paragraph 3.3
- Inflation Rates
- Demographic Assumptions
- Interest Rates and the cost of borrowing
- Current in-year pressures and reductions
- Implications of the future Capital programme
- The need to establish prudent levels of balances and reserves
- Proposed fees and charges
- Levels of Government Funding
- Impact of EFS on capital financing

4.2 Every attempt has been made to ensure there is a clear understanding of the financial challenges faced by the Council. Staff and Members have been made aware throughout the

year of the significant gap in the budget for 2026/27. Officers have regularly updated all Councillors on both the budget position and steps the Council has taken to help control spend and mitigate the budget position moving forward. An updated budget position was presented to Cabinet on November 12<sup>th</sup> 2025. In the months leading to the budget setting process, officers have met with councillors to discuss the assumptions underpinning the budget, the impact of Fair Funding 2.0 and explained that the Council is forecasting an annual deficit, each year of the current Medium-Term Financial plan to 2028/29. Briefings were also arranged for all councillors and the workforce have been invited to attend Let's Talk sessions to understand the financial challenges the Council faces, and their role in the financial recovery process.

4.3 Currently the forecast budget gap for 2026/27 is £65.9m based on a mid-case scenario. On a worst-case scenario, the Council is forecasting a gap of £77.0m. The mid case gap is set out in the table below and comprises:

**Table 3: Pressures on the budget**

<b>Pressures on MTFS</b>	<b>(m)</b>
Underlying Pressures brought forward from 25/26 (see table 2 above)	64.1
Demographic unit costs and inflation	19.0
Other Service Reductions	-0.8
Corporate pressures including Pay inflation, ELWA* concessionary fares, insurance and capital financing	5.5
Additional Cost of Borrowing for EFS	6.0
New Growth and Investment	5.6
One off Savings in 25/26 budget	2.4
<b>Total Pressures</b>	<b>101.8</b>
Government Grant increase	-15.6
Savings Proposals	-10.0
Fees and Charges (inc impact of London wide PCN increase)**	-1.9
Assumed Council Tax yield (4.99%)	-8.2
<b>Net Budget Gap</b>	<b>65.9</b>

\* ELWA – East London Waste Authority

\*\* PCN – Penalty Charge Notice

#### 4.4 Demographic Unit Cost and inflationary pressures £19.0m

The Medium-Term Financial Strategy assumes a pressure of £19.0m in relation to increased demographic, unit costs and inflation. This pressure includes the full year effect of the existing overspend on people services from 2025/26. These pressures reflect the continued increase in demand and cost of Social Care and Housing Demand as illustrated in section 2 of this report. The detail behind these assumptions and an assessment of the risks can be found at **Appendix A** of this report.

#### 4.5 Other Service reductions - Food waste (£0.8m)

4.5.1 There is a reduction in budget related to the roll out of food waste. The Council provided for food waste in the Medium-Term financial plan in 2025. The roll out is planned for October 2026 and so there is a resultant saving to the existing revenue budget for 2026/27.

4.5.2 Havering has received £1.894m Capital funding in 2024, £0.365m Transitional funding in 2025 with a further £0.165m expected in the remainder of 2025 from DEFRA (Department for Environmental, Food and Rural Affairs). This money is to support the roll out of the Food Waste collection Service. This service was mandated in the 2023 Environment Act. This report acknowledges that Havering accept the conditions of the grant. It has been previously communicated to the Government that the allocation is insufficient to cover the capital costs of implementation.

#### 4.6 Corporate Pressures £5.5m

The Council has a number of corporate pressures within the budget. These include the increased cost of the Waste Disposal Levy, the increased cost of concessionary fares, a provision set aside to cover non delivery of savings, financing costs of the Capital programme and increased cost of insurance premiums. The Capital financing costs include a provision for future capital priorities. These costs are partially offset by a decrease in the required contribution to the pension fund due to the improved performance of that fund.

#### 4.7 Growth and Investment £5.6m

The Council is facing financial difficulties and is trying to cut costs and achieve value for money wherever possible. In some areas however vital investment is needed to improve and modernise processes which ultimately will lead to better services for the public and also enable future efficiencies to be made. These proposals, totalling £5.7m are set out in summary in the table below. These requests will be subject to full business to demonstrate pay-back periods and return on investments before a decision is made on whether to proceed.

**Table 3: Growth and Investment**

Growth and Investment	(£M)
One off Projects and investment to deliver savings. Including procurement of new contracts, asset reviews, loss of commercial income whilst regeneration takes place, investment in staff to deliver social care projects and reviews	2.2
Ongoing investment in staffing within Children's, SEND, Education and Adult Social Care to meet new demand. The Council is investing in its IT infrastructure, Health and Safety and the commissioning team to support the market development of care provision in Havering	3.4
<b>Total Investment</b>	<b>5.6</b>

#### 4.8 One-Offs in the 2025/26 budget £2.4m

The Council had three savings totalling £3.2m and £0.8m of growth in the 2025/26 budget which were treated as one-off, these adjustments are reversed out in 2026/27 as follows:

- Agency Levy (£1.5m) – This saving has been reintroduced in the proposals in this report at a lower level of £1.0m which reflects the considerable work the Council has undertaken to reduce agency levels over the last 12 months
- Business Rate Pool (£1.2m). The 2026 reset of business rates in effect removes accumulated growth from the system. The benefits of the pool are predicated on a pooled arrangement reducing levy paid to the government on accumulated growth. As this is not applicable in 2026/27 the pool with Thurrock and Barking and Dagenham has been revoked. The Council will review whether it is beneficial to pool with other authorities on an annual basis moving forward
- Public Health Grant (0.5m) A saving was taken in 2024/25 and 2025/26 reviewing chargeable expenditure to the Public Health Fund. This resulted in a planned drawdown of public health reserves of £0.5m per year and so was a time limited saving for 2024/25 and 2025/26 only.
- There was £0.8m of one-off growth built into the 2025/26 budget which has been reversed out as part of the 2026/27 budget process

## 4.9 The Local Government Finance Settlement

4.9.1 The final Local Government finance settlement included the outcome of the fair funding review and has set Councils funding for the next three years. The settlement was beneficial for Havering and will provide around £39m of additional grant by 2028/29 as a result of the new datasets used to apportion grant.

4.9.2 Whilst the additional grant is welcomed this will not close the Council's financial gap. The demand led pressures the Council has faced for a number of years has resulted in a structural deficit which significantly exceeds the additional grant the Council has received through the fair funding review. This has resulted in the Council's requirement to balance its budget using EFS which in turn has then increased the Councils budget gap through financing costs.

4.9.3 The table below sets out the updated Core Spending Power position for Havering for the next three years.

**Table 5 Havering Core Spending Power**

Core Spending Power	2025/26 (£M)	2026/27 (£M)	2027/28 (£M)	2028/29 (£M)
Retained Business Rates	38.7	58.2	59.6	60.8
Revenue Support Grant	2.1	38.8	57.8	68.7
Compensation for under-indexing the business rates multiplier	11.1	0.0	0.0	0.0
Council tax requirement	164.4	173.5	183.2	193.3
Local Authority Better Care Grant	8.4	8.4	0.0	0.0
New Homes Bonus	0.6	0.0	0.0	0.0
Social Care Grant	22.0	0.0	0.0	0.0
Market Sustainability and Improvement Fund	4.4	0.0	0.0	0.0
Employer National Insurance Contributions Grant	1.9	0.0	0.0	0.0
Rolled in Grants	3.3	0.0	0.0	0.0
New Childrens Grant	2.0	3.6	3.6	3.1
New Homeless Prevention Grant	2.8	3.7	3.7	3.8
<b>TOTAL CORE SPENDING POWER</b>	<b>261.6</b>	<b>286.3</b>	<b>307.8</b>	<b>329.7</b>
External Grant Increase		15.6	11.8	11.7
Assumed Council Tax increase		9.1	9.7	10.2
<b>TOTAL INCREASE IN CORE SPENDING POWER</b>		<b>24.7</b>	<b>21.5</b>	<b>21.9</b>

4.9.4 In addition to the grants shown within Core Spending Power in the table above the Government has announced funding for two further specific grants

- Public Health Grant. Havering's grant allocation is £14.623m which is an increase of £1.296m from 2025/26
- The Crisis resilience Fund. Havering's Grant allocation is £3.142m. This grant was previously the Household support fund and Havering's allocation is unchanged from 2025/26

4.9.5 Further details of the main settlement and the Fair Funding review can be found at **Appendix B**.

#### 4.10 Savings Proposals (£10.0m)

The Council has also identified a number of savings proposals to help close the financial Gap. These proposals when put together with the full year effect of previous savings total £10.0m and are included in the budget. It should be noted that the scope to identify significant new savings is extremely limited. The Council has relatively low unit costs compared to its neighbours and further cuts would directly impact on service delivery.

The proposed savings are summarised in the table below and are set out in more detail in **Appendix C** to this report.

**Table 6: Total Proposed Savings 2026-2029**

Saving Area	2026/27 £m	2027/28 £m	2028/29 £m	TOTAL £m
Place	0.6	0.5	0.0	1.1
Adult Services	4.8	0.0	0.0	4.8
Children Services	0.7	0.8	1.3	2.8
Housing Demand	0.7	0.0	8.3	9.0
Corporate and Resources	3.1	1.1	1.1	5.3
<b>TOTAL</b>	<b>10.0</b>	<b>2.4</b>	<b>10.6</b>	<b>23.0</b>

The Council will need Exceptional Financial Support to balance the budget in 2026/27. MHCLG recognises the difficult financial position the Council is facing but expects the Council to fully deliver its savings proposals as part of the financial support agreement

#### 4.11 Discretionary Fees and Charges (£0.3m)

The Council annually reviews its fees and charges to customers. **Appendix D2** sets out the proposed fees and charges for 2026/27. It should be noted that some fees are set nationally and the Council has no control over those rates. In setting the fees and charges the Council takes account of full cost recovery where appropriate

- Statutory fee rate
- Inflation
- Benchmarking and other market comparators
- Delivery costs for social care providers.
- Current market conditions for any increase

4.11.1 For 2026/27 the Council has uplifted discretionary fees by 4.5% except for fees where local market conditions have dictated a differential approach should be used. It should be noted that the Council has excluded commercial income from an inflationary increase as the Council is undertaking a process of rent and lease reviews and the expected benefit of this is included as a savings proposal. The Council has also taken a decision to freeze parking fees for 2026/27. Other discretionary fees have been increased by 4.5% with the exception

of Green Waste and Bereavement where it was felt fees should be frozen to maintain and build on existing customer levels. This is set out in more detail in **Appendix D1**

### **Proposed Council Tax levels and Council Tax Requirement**

4.12 The Government settlement assumes the Council will increase Council Tax by the maximum permitted being 2% for the ASC Precept and a further 2.99% for a general Council tax increase. Given the financial situation set out in this report the Council has little alternative but to recommend the maximum 4.99% increase in Council Tax. The table below sets out the implications of this rise for taxpayers.

**Table 7: Proposed Council Tax Levels**

	<b>Haivering Base Council Tax (2.99% Inc)</b>	<b>ASC Precept (2% inc)</b>	<b>Total Haivering Council Tax (4.99% inc)</b>	<b>GLA Precept</b>	<b>Total Council Tax</b>
BAND A	1,058.43	217.67	1,276.10	340.34	1,616.44
BAND B	1,234.84	253.95	1,488.79	397.06	1,885.85
BAND C	1,411.24	290.22	1,701.46	453.79	2,155.25
BAND D	1,587.65	326.50	1,914.15	510.51	2,424.66
BAND E	1,940.46	399.05	2,339.51	623.96	2,963.47
BAND F	2,293.26	471.62	2,764.88	737.40	3,502.28
BAND G	2,646.07	544.18	3,190.25	850.85	4,041.10
BAND H	3,175.29	653.01	3,828.30	1,021.02	4,849.32

4.13 The Council is required to set out its statutory budget calculations as required by Sections 30 to 36 of the Local Government Finance Act 1992 (“the Act”). The proposed Council Tax requirement is calculated, as set out below: £841.201m being the aggregate of the expenditure, allowances, reserves and amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act; (b) £666.780m being the aggregate of the income and amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act; (c) £174.421m being the amount by which the aggregate at 2.6(a) above exceeds the aggregate at 2.6(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year. This is set out in further detail in **Appendix E** of this report.

### ***Summary Medium Term Strategy Position (assuming most likely scenario)***

4.14 The Medium Term financial strategy (MTFS) has been updated to take account of the assumptions set out in this report and appendices. The resultant plan shows an underlying gap of £65.9m for 2026/27 based on the most likely scenario. At this stage the MTFS assumes that the pressure is all ongoing and so future years assume both the carried forward budget gap and the potential financing of this gap through further Exceptional Financial Support

**Table 8: Updated Medium Term Financial Strategy**

2026-2029 MTFS (MID CASE)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Underlying 25/26 base budget position	64.1		
Demographic and unit cost pressures	15.8	17.1	22.0
Other service pressures /Reductions	-0.8	1.6	0.1
Inflation and Pay award	3.2	5.5	5.6
Investment and Growth	5.6	0.3	0.6
Capital Financing	4.2	7.2	0.3
Other Corporate Pressures/ Reductions	1.2	-0.6	-3.9
One off items in 2025/26 budget	2.4	1.5	0.0
<b>TOTAL PRESSURES</b>	<b>95.7</b>	<b>32.7</b>	<b>24.7</b>
Savings	-10.0	-2.4	-10.6
Government funding	-15.6	-11.8	-11.7
Fees and Charges *	-1.9	-0.7	-0.7
Council Tax 4.99%	-8.2	-8.7	-9.2
Underlying Budget gap		65.9	81.6
Financing costs of Underlying Budget Gap	6.0	6.6	8.2
<b>TOTAL gap before EFS</b>	<b>65.9</b>	<b>81.6</b>	<b>82.3</b>
<b>Worst-case gap before EFS</b>	<b>77.0</b>	<b>92.7</b>	<b>93.4</b>

- Note that the yield for fees and charges includes £1.6m in respect of the Londonwide PCN increase but the remaining yield is lower in 2026/27 due to a number of areas being frozen including parking and commercial income (where changes are being actioned through rent reviews)

4.15 The financial gap shown above is based on a most likely scenario and is £66.1m for 2026/27 before Exceptional Financial Support. The Council however has produced a worst case scenario for the budget as well as part of its planning. This is set out in the table below with the assumptions presented in more detail in **Appendix A** of this report.

**Table 9: Budget Gap based on most likely and worst case scenarios**

MTFS Based on Most Likely and Worst Case	Most Likely (£m)	Worst (£m)
Underlying Pressures from 25/26 (P9 Monitor)	64.1	64.1

New Growth and Investment	5.6	5.6
Pay and other inflation	3.2	5.0
26/27 Demographic unit cost	15.8	25.1
Other Service Pressures and reductions	-0.8	-0.8
Capital financing costs (inc 25/26 Capitalisation Direction)	10.2	10.2
Other Pressures (inc ELWA, Freedom pass, Insurance)	1.1	1.1
One offs in 25/26 budget	2.4	2.4
Fees and Charges (4.5%) where applicable	-1.9	-1.9
Local Government finance settlement	-15.6	-15.6
Savings proposals	-10.0	-10.0
Council Tax at 4.99%	-8.2	-8.2
<b>Total Budget Gap 2026/27</b>	<b>65.9</b>	<b>77.0</b>

4.16 The assumptions included in the budget are best estimates based on all known information. The budgets however are subject to change and the table below shows the impact of change through a sensitivity analysis of the key areas

**Table 10: Sensitivities in the budget**

Sensitivity	Approximate Budget	1% change
Adult Social Care provider costs	110m	1.1m
Children's Social Care Placement Costs	20m	0.2m
Discretionary fees and charges	(27m)	0.3m
Council Tax yield	(174m)	1.7m
Pay inflation	100m	1.0m

## 5. Proposal to balance the 2026/27 Budget and Closing the Budget Gap in Future Years

5.1 The Medium-Term Financial strategy position over the next three years (Table 6 above) currently shows a significant gap for all three years of the plan. The Council will continue to apply tight spending controls and will do all it can to minimise spend whilst fulfilling its statutory duties.

5.2 The Government have indicated that whilst they recognise that EFS will be a part of the national three year funding strategy they have implied that they expect authorities to develop plans to mitigate the need for such funding over that period. Clearly the current medium term financial position indicates that this is a difficult position for Havering

5.3 Senior Council officers are in regular contact with MHCLG and have set out the Council's position clearly in the application for EFS for 2026/27. It should be noted that an increasing factor in the Council's financial gap is the financing costs of EFS. By 2028/29 it is estimated that the Council will need to include £25m of budget simply to finance the borrowing and repayment costs of EFS. This is around 30% of the total gap for that year

5.4 The Council has already included in its savings proposals significant benefits from 2028/29 onwards through the development of additional accommodation to mitigate housing demand. There are also plans to build two new children's facilities to provide better solutions for users and reduce the cost of out of borough placements. The Council will continue to explore all areas to reduce costs in the medium term through continued development of the regeneration opportunities in the borough

5.5 Havering will continue to work closely with other neighbouring boroughs and Health to agree the best way to jointly meet the financial impact of the shortage of bed spaces across North London. This will include joint pricing strategies and collaborative work with Health to ensure costs are split correctly. The Council will continue to undertake targeted reviews of all placements and to promote better living in order to ensure the best outcomes for users and cost effectiveness for the Council

5.6 The longer term future of Social Care provision will be determined by the Casey Review and Havering will be proactive in any joint working or consultations over the next few years as the review develops. Havering will continue to support national lobbying for further funding in this sector to help meet the significant shortfall in funding across the country

## 6. Balances, Reserves and Contingencies

6.1 Havering recognises the need to have adequate reserves and balances and maintains a £1m corporate contingency for unforeseen in year pressures. Havering's general balances and earmarked reserves have been depleted in recent years through the pressures on services and are amongst the lowest in London. In setting the budget Havering has recognised the need to build up general balances to a target level of £25m. Contributions to balances have been built into the General Fund budget to achieve this target.

6.2 The table below shows the forecast position for reserves at the end of 2025/26 together with projected balances for the next two years. The Council has discussed its reserves position with the Government as part of its applications for Exceptional Financial Support and the Government fully recognises the need to maintain and build up reserves moving forward

**Table 10 Reserves and Balances**

EARMARKED RESERVES	Opening Balance 25/26 (M)	Forecast Balance	Forecast Balance	Forecast Balance
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	31/03/26 (M)	31/03/27 (M)	31/03/28 (M)
General Balances	15.2	20.2	25.2
Risk Mitigation Reserves	16.8	11.3	10.0
Contractual Reserves	9.8	9.7	9.7
Internally Earmarked Projects	13.4	10.0	9.7
<b>TOTAL</b>	<b>55.2</b>	<b>51.2</b>	<b>52.5</b>

6.3 The Council also has a £1m General contingency in its annual budget. This is held for unforeseen in year circumstances but if not required is released to support that years budget position

## 7. Schools budget and DSG

7.1 Within the schools settlement the units of funding for Havering have increased by 5.22% in primary and 4.96% in Secondary. The total number of pupils at the Autumn Census date shows a small drop in pupil numbers of 152 in Primary and an increase of 9 at Secondary compared to October 24. Overall this amounts to an increase of £12.1m across the Schools Block as shown in the table below. Further details of the schools settlement can be found at **Appendix G**

## 8. The HRA Budget and 30-year Business Plan

8.1 The Housing Revenue Account 30 year Business Plan report was presented to January cabinet and sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. The main revenue income stream for the HRA are rents which have had a **4.8% uplift** across all main rent categories, required for financial sustainability in the face of rising costs and interest rates linked to the sector. The overall revenue budget is stable but pressured, reserves levels remain healthy throughout the plan, and it remains stable despite rising inflation, repairs and regulatory costs.

8.2 There have been significant changes to the Housing regeneration programme, in response to the current challenging economic situation. With later stages of some regeneration schemes no longer being included in the plan due to viability. Capital programme in the plan combines major works to existing stock and regeneration/acquisition.

## 9. The Five-year Capital Programme

9.1 The Capital Strategy and five-year Programme is presented in a separate report on this agenda. The Medium- Term Financial Strategy takes full account of the interest and

borrowing cost of the proposed programme. This includes the revenue implications of a number of new bids which are included for approval by Council.

- 9.2 The proposed Capital programme will spend £1.05bn of which £0.40bn is for the General Fund and £0.65bn is HRA Capital Spend. The majority (0.30bn) of the general fund spend relates to the Council's regeneration and GF Housing and property schemes which will deliver new homes and help greatly with the current Housing shortage.
- 9.3 The Capital programme will be funded by a number of sources including receipts (£0.04bn), grants (£0.25bn), contributions from revenue and reserves (£0.07bn) and borrowing (£0.69bn). The affordability of the Capital programme is assessed using a series of prudential indicators which measure items such as the ratio of financing costs to net revenue stream and the Council's capacity to deliver the programme. Further details of the prudential indicators can be found in the Capital Strategy report elsewhere on this agenda.

## **10 Strategic Director of Resources (S151 Officer) statement regarding the robustness of the budget and MTFS**

- 10.1 Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and level of Council Tax. Authorities are required to consider their Chief Financial Officer's report when setting the level of council tax. This statement is set out in **Appendix H** of this report. The report states that the Council's position is unsustainable and sets out next steps in response to the forecast deficit in the medium-term.

## **11 Council Tax Policies and Proposals**

- 11.1 The Council has a number of proposed policies regarding Council Tax which require formal approval. These proposed policies are listed below with further detail set out in **Appendices I & J** to this report.
  - Proposed discount of 1.5% for Council Tax payers who pay their 2026/27 Council Tax in full before 1<sup>st</sup> April 2026
  - The proposed Council Tax Support scheme for 2026/27
  - Proposed Policy regarding war pension income in relation to Housing Benefit Assessment
  - Proposed policy change to include the disregard of Armed Forces Compensation in the calculation of contributions for Disabled Facilities Grants (DFG)

### **11.2 The proposed Council Tax Support Scheme 2026-27**

- 11.2.1 The local Council Tax Support (CTS) Scheme in Havering has been designed to help residents on low incomes pay their Council Tax. The amount of Council Tax Support a

person can have is based on how much the Government say they need to live on and the person's income and capital. Council Tax Support rules for claimants of pensionable age are prescribed in law and can cover up to 100% of the Council Tax due. Local authority Care Leavers can also receive up to 100% in Council Tax Support. For working age claimants with disabilities and claimants without disabilities, they can receive up to 80% and 75% respectively off their Council Tax bill. The rules within the CTS scheme for working age applicants including Care Leavers have been developed by the Council.

11.2.2 The Council proposes to maintain the current CTS Scheme for 2025 putting forward no significant amendment to that scheme in 2026. A copy of the 2025 Council Tax Support Scheme can be found on the Council's website. In accordance with Schedule 1A of the Local Government Finance Act 1992, Full Council is required to endorse the Council Tax Scheme for 2026/27 before 11 March 2025. The Council has given due regard to the Equality Act 2010 and the need to eliminate unlawful discrimination. The Equalities Impact Assessment of the Council Tax Support scheme is attached as **Appendix K** to this report.

## **12. Equality impact Assessment on the Budget and Medium-Term Financial Strategy**

12.1 The Equality impact assessment for the budget is set out in **Appendix L**. It should be noted that where savings or indeed growth result in a direct change in service provision then a separate EQUIA will be completed for that change. As such the budget EQUIA is a more general document which considers the overall impact of the budget on the nine protected characteristics

## **REASONS AND OPTIONS**

### **13. Reasons for the decision:**

13.1 The Council is required to set a balanced budget in advance of the beginning of each financial year. This report sets out the process to reach a balanced budget for 2026/27 and sets out the Council's future plans for balancing the budget in the medium term from 2026/27 to 2028/29.

### **Other options considered:**

13.2 The report outlines all the options identified for balancing the 2026/27 budget. Officers will continue to seek further options for balancing the budgets in future years.

13.3 The only alternative to the Capitalisation Direction would be for the S151 Officer to issue a S114 Report, declaring the Council unable to set a legally balanced budget for 2026/27.

## **IMPLICATIONS AND RISKS**

## **14 Financial Implications and Risks**

- 14.1 The financial implications of the Council's Medium Term Financial Strategy are fully set out in this report and are therefore implicit in the body of this report.
- 14.2 The Council is proposing a 4.99% Council Tax increase and will be using a Capitalisation order to balance the budget. This will enable the Council to charge revenue expenditure to capital in 2026/27. The Council will need to either reduce its net expenditure or receive additional grant funding to prevent a similar scenario in the setting of future budgets.
- 14.3 The report contains prudent assumptions on future pressures and £10m of savings to be delivered in 2026/27. If the Council is to stay within budget demand will need to be contained within these assumptions and the savings will need to be delivered

## **15 Legal Implications and Risks**

- 15.1 The Council is required under Part 1, Chapter III of the Local Government and Finance Act 1992 (the 1992 Act) to set its council tax for the forthcoming year. In accordance with section 30(6) and 31A of the 1992 Act this must be set before 11 March of the preceding year, but is not invalid merely because it is set on or after that date.
- 15.2 The Council's calculation of its "council tax requirement" in accordance with sections 31A and 31 B of the 1992 Act is reflected in the body of this report. A delay in setting council tax can have serious financial consequences and may be challenged by way of an application for judicial review under section 66 of the Act.
- 15.3 Under section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. Cabinet is required to consider these estimates when determining whether the proposals should be submitted to Council for approval.
- 15.4 The process for preparing the budget proposals for each municipal year, is set out in the Budget and Policy Framework Procedure Rules within the Council's Constitution. The setting of the budget is a function reserved to Council following consideration of the initial proposals submitted by the Executive.
- 15.5 The Council's duty is to set a balanced budget, taking into account a range of factors, must also have regard to the Council's public sector equality duties under the Equality Act 2010. Each Member has a duty to ensure that the Council complies with its legal obligations by agreeing a balanced budget.
- 15.6 Individual decisions which may need to be taken for example in relation to service delivery; may require a further consultation process and equality impact assessment before a final decision is taken.
- 15.7 Where such consultation is undertaken it must comply with the "Gunning" principles; namely it must be undertaken at a formative stage, sufficient information should be provided to enable feedback, adequate time should be given for consideration of

responses and the feedback should be taken into account in any decision taken.

- 15.8 Local Authorities owe a fiduciary duty to council taxpayers, which means the Council must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.
- 15.9 The Council has an ongoing duty to maintain a balanced budget throughout the year and, accordingly, members are required to monitor the Council's financial position regularly in accordance with section 28 of the Local Government Act 2003 and take appropriate action if there is any significant deterioration in its financial position.
- 15.10 Where it appears that the expenditure the Authority proposes to incur in a financial year is likely to exceed the resources available to meet that expenditure, the Chief Finance Officer is under an obligation to prepare a report to Council under section 114 of the Local Government Finance Act 1988.

## **16 Human Resource Implications and Risks**

- 16.1 The Council continues to work closely with its staff and with Trades Unions to ensure that the effects on staff of the savings required have been managed in an efficient and compassionate manner. The specific workforce impact has yet to be assessed at the present time. However, all savings proposals or changes to the funding regime that impact on staff numbers or job roles, will be managed in accordance with both statutory requirements and the Council's Organisational Change policy and associated procedures.

## **17 Equalities and Social Inclusion Implications and Risks**

- 17.1 Havering has a diverse community made up of many different groups and individuals. The Council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.
- 17.2 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:
  - (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
  - (iii) foster good relations between those who have protected characteristics and those who do not.

**Note:** 'Protected characteristics' are: age, gender, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

- 17.3 The Council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.
- 17.4 Any decisions which need to be taken in furtherance of the budget proposals will be undertaken in accordance with the duty set out in Section 149 of the Equality Act 2010 and where appropriate full Equality Assessments will be undertaken and form part of the decision making process.

## **18. Health and Wellbeing Implications and Risks**

- 18.1 The Council considers health and wellbeing implications in all the decisions it takes. The impact on general health and wellbeing is fully considered in developing the savings proposals in this report and in setting the Council's budget each year

## **19 Climate Change Implications and Risks**

- 19.1 The establishment of the Havering Climate Action Plan signals a commitment by the Council to tackle climate change and will affect all Council policies and decisions. This budget and financial strategy has been developed with this Climate Action Plan in mind and will help in contributing to the Council's aim of achieving net-zero annual carbon emissions by 2040. In addition, all projects included in the programme will follow the principles set out in the action plan and adhere to its key values.

## **List of appendices**

APPENDIX A	-	Budget Assumptions and Risks
APPENDIX B	-	Local Government Funding Settlement
APPENDIX C	-	Savings Proposals
APPENDIX D	-	Fees and Charges schedule
APPENDIX E	-	Council Tax Requirement and Resolution
APPENDIX F	-	2026/27 Council Budget
APPENDIX G	-	The Schools Funding Statement
APPENDIX H	-	S25 Statement of Robustness on the budget
APPENDIX I	-	Summary of the Council Tax Support scheme
APPENDIX J	-	Council Tax policies
APPENDIX K	-	EQUIA for the Council Tax Support scheme
APPENDIX L	-	EQUIA for the Budget Report