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4<sup>th</sup> March 2025

Dear Kate,

We would like to thank the LGA CPC Peer Team Members who, despite their heavy workloads, spared their valuable time to undertake the progress visit. We are pleased they recognise the considerable progress we have made against a number of significant issues, that were outlined as part of the November 2022 Corporate Peer Challenge. This includes £164m of savings, and £160m of asset sales, that the Council has made since 2010. In total this equates to a massive £324m that we have generated to help with the funding shortfall. This is in addition to the on-going challenges we are continuing to take forward.

However, as a Cabinet, we are very surprised and disappointed with the comment in the report that says: "The peer challenge team believes that the council needs to control its own destiny in so far as is possible. Therefore, the council should find a route to a sustainable financial future that relies less on third parties". We are aware that our Chief Executive, Andrew Blake-Herbert, raised concerns about this both as part of the feedback, on the day, as well as after receiving the draft report and raising this directly with the Team. We are therefore perplexed as to why this has not been changed to reflect the actual position of the Council.

Given the LGA's unique position as the national membership body for local authorities and their role on behalf of its member councils to support, promote and improve local government, our expectation is that the report should have recognised this absolutely will not be solved by Havering without Government support. Especially given your wider understanding of the Sectors Financial context, we would have anticipated a more supportive recognition of that within this report. However, publishing the report as is undermines the Councils communicated position with residents and the Government, who we are working closely with to find a solution to our current challenge of extreme service and cost pressures from social care and homelessness on our budget.

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Despite these challenges, we have and remain proactive in our lobbying to correct our funding position. The Council is committed to doing all it can to address the on-going financial budget gap, but we must reiterate that we are unable to solve the financial challenges alone, which is at odds with the progress update. As a well-run council, with low unit costs, and despite the actions, and unpopular decisions the Council has taken to remain solvent to date, the scale of historic underfunding, increasing demand and rising market supplier costs, is too great and requires a sectoral solution.

This year on year challenge, means the Council is facing a gap over £70m for 2025-26, despite prudent use of the requested £54m Capitalisation Direction required to balance the budget for the last two financial years, £22m for 2023/24 and £32m 2024/45.

When we publish the report, we will make it clear that we are disappointed with the LGA Peer Teams understanding of the fact that we will not solve our financial challenges without the Government correcting the unfair funding formula that has seen Havering underfunded since 2010. Indeed, it also makes us wonder why we contribute funds to the LGA. Yes, we expect you to be a critical friend, but we also expect you to understand the position we are in is not of our making.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R P Morgan', with a long horizontal flourish extending to the right.

**Councillor Ray Morgan**  
**Leader and Cabinet of Havering Council**

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