



MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Tuesday, 13 June 2017
(7.30 - 8.20 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

Councillor Damian White
Councillor Wendy Brice-Thompson
Councillor Osman Dervish
Councillor Melvin Wallace

Councillor Clarence Barrett

Councillor Joshua Chapman
Councillor Jason Frost

Cabinet Member responsibility:

Housing
Adult Social Services and Health
Environment and Community Safety
Culture and Community
Engagement
Financial Management,
Transformation & IT
Deputy Cabinet Member for Housing
Deputy Cabinet Member for
Environment, Regulatory Services &
Community Safety

Apologies were received for the absence of Councillors Robert Benham and Ron Ower and Keith Darvill.

Councillors Ian De Wulverton, Lawrence Webb and Ray Morgon were also in attendance.

1 DISCLOSURES OF INTEREST

There were no declarations of interest.

2 MINUTES

The minutes of the meeting held on 10th May, 2017 were agreed as a correct record and signed by the Chairman.

3 CALL-IN OF A NON-KEY EXECUTIVE DECISION RELATING TO THE HIGHWAYS CAPITAL PROGRAMME 2017/18

The Cabinet Lead Member for Environment and Community Safety presented the report regarding the Call-in of The Highways Capital Programme 2017/18, which was upheld by the Overview and Scrutiny Board, to Cabinet.

Councillor Dervish outlined the supplementary note in response to issues raised by the Committee (page 25 of the agenda), which detailed the improvements to the process going forward. This is to include the introduction of a specialist software system called Horizons by the end of the year which will inform all future Highways Capital Programmes from 2018/19. This system will include highways condition data and will generate an output score which will inform the decisions regarding the priority of road repairs and renewal in the Borough including the maintenance spend. This will be used to support the professional expertise of the Council's engineers and relevant officers.

It was noted that some roads need repair rather than renewal and can be maintained cheaply and efficiently through micro asphaltting, hence their selection for the programme. Others need more costly full renewal.

Concern was raised that a business case for each project was required. However, there is a huge network of roads in the Borough that need attention and this work needs to progress. Members were encouraged by the Leader to trust the judgement of officers to deliver these works. Future plans to improve the process will assist in this.

Cabinet:

- **AGREED** to implement the decision as set out in the non-key executive decision for the Highways Capital Programme 2017/18

Other Options Considered:

- To not implement the decision.

Reasons for Decision:

- Reassurances had been given regarding improvements to the process going forward which will include the introduction of a specialist software system "Horizons" which will inform all future Capital Programmes.
- The work had to be completed and should proceed.

4 EX-GLC/ILEA PENSION FUND DEFICIT

Consideration was given to the report of Paul Thorogood, Director of Finance (OneSource) and this was presented to Cabinet by the Lead Member for Financial Management, Transformation and IT, Councillor Clarence Barrett.

This matter dates back to the abolition of the Greater London Council in 1986 when the London Pension Fund Authority (LPFA) was established to take over specific functions, in particular the former pension fund.

The former pension fund liability is for the London Borough Councils to meet. The total liability was assessed at £177.209 million with 90% of the liability (£159.488 million) to be met by The London Borough Councils. The liability includes the former Greater London Council and the Inner London Education Authority. However, Havering is not responsible for the latter. The liabilities will be reviewed every three years when actuarial reviews will be undertaken.

The Havering contribution to the liability is assessed at £2.132 million which equates to 1.34% of the total liability which is proposed to be paid over a 30 year term.

The Council currently incurs an annual levy of £235,000 and this levy is included within the Council's approved budget.

The repayment will equate to £71,000 per year over the 30 year term. And this will be funded from the Corporate Risk Budget.

The liability was initially challenged by two London Councils but as of 2010 this was not resolved. If the liability is not met Central Government are likely to intervene to impose the levy.

On this basis, for the reasons set out in the report,

Cabinet:

- **NOTED** the liability that is payable to the London Pension Fund Authority towards the pension fund deficit of the Greater London Council which is currently assessed at £2.132m.
- **RECOMMENDED to Full Council** the approval of a payment of £2.132m towards the pension fund deficit of the Greater London Council over a period of up to 30 years.
- **DELEGATED** authority to the Chief Financial Officer to finalise the repayment terms of the liability with the London Pension Fund Authority.

5 ARRANGEMENTS FOR ONE ORACLE POST JULY 2018

Consideration was given to the report of the Managing Director, oneSource, detailing the arrangements for One Oracle after July, 2018.

The Director of Finance (oneSource) outlined the current and proposed position to Cabinet.

The current contract with Capgemini for the provision of Havering's One Oracle, Finance, HR and Payroll system expires in July, 2018 and so alternative arrangements as detailed in the report are required.

There is an additional cost of £30,000 per year and a lump sum set up cost of £55,000. This will be funded from Havering's 2018/19 ICT revenue funding.

Other options have been considered as follows:

- The potential option of an open tender process for the One Oracle R12.1 solution was discounted as there was insufficient time to run such a process and for an alternative provider to reprovision the solution onto their own infrastructure before July 2018. It was unlikely that the market would be interested in responding to such a process as the Oracle R12.1 solution will not be maintained by Oracle after December 2021 and so the lifespan of any R12.1 contract would be severely limited.
- A further potential option of oneSource hosting the One Oracle R.12 solution within its own ICT infrastructure was also considered but discounted. This would require a new procurement exercise to be undertaken, similar to the one undertaken by Brent already, to find a partner to facilitate the transfer from Capgemini. There was insufficient time available to undertake such procurement. There was also insufficient time to design, cost and implement an on-premises solution within oneSource's ICT infrastructure. There was no assurance that the cost of such a solution would be less than the cost of the service on offer from Capgemini.

For the reasons set out in the report,

Cabinet:

- **AGREED** that Havering enter into a contract with Capgemini, if possible through a Crown Commercial Services G-Cloud framework for the One Oracle R12.1 solution for a period of at least one year.
- **AGREED** that the resources in relation to Havering's One Oracle Shared Applications Support Team be transferred to oneSource at the appropriate time.
- **AGREED** The additional budget required per annum of £210,000 will need to be identified from the oneSource ICT budget (currently under review) in relation to the additional cost above base budget of the new contract with Capgemini, due to an ongoing shortfall in the current budget for One Oracle (the shortfall is being met from one-off funding from the Strategic Reserve in 2017/18)
- **DELEGATED** to the Managing Director, oneSource, authority to finalise the contractual arrangements with Capgemini.

6 LOAN TO AND ACQUISITION OF LAND FROM HAVERING COLLEGE

The Leader of the Council outlined the report of the Head of Property (oneSource), Garry Green, detailing the Loan to and Acquisition of Land from Havering College, to Cabinet.

A previous report on this matter was considered by Cabinet in January, 2017. However it has been necessary for the College to propose a different approach to the transaction which involves the Council acquiring the Quarles Campus immediately rather than having an option to do so. The sale will allow the College to secure match funding to secure the development of a proposed Construction and Infrastructure Skills and innovation Centre, together with improvements to an existing building at the Rainham Campus, New Road, Rainham. This is viewed as the best option for the Council in facilitating and improving further education provision in the Borough.

The Council's own company Mercury Land Holdings may become involved and further development will be dealt with in conjunction with that company.

It was noted that access to further education in the Borough needs improvement as it was difficult for residents to travel from Harold Hill to go to Rainham. North /south connections will be developed with the Borough already working with Transport for London and the GLA to secure improved infrastructure.

Other options had been considered in that:

- There was a do-nothing option. However, it was possible in this position that the Quarles Campus site would be disposed of by HCF&HE to a third-party, subject to restrictive covenants on the site in the Council's favour; however, the Council's influence on the site's future may well be limited in that circumstance.
- Additionally, if the immediate acquisition of the freehold interest in the Quarles Campus and a loan of up to £2,800,000 (if required in addition) had not been offered by the Council to enable the HCF&HE to discharge existing bank and DfE loans to HCF&HE and to meet the match funding requirement for the LEP / LEAP grant allocation of up to £5,446,191, then the opportunity to provide a state of the art construction facility in Rainham could be lost. An important education facility for the future of the Borough's residents would not be able to go ahead and this would be detrimental to the interests of the Borough, and its residents.

For the reasons set out in the report,

Cabinet:

1. **AGREED** 'in principle', the following revised proposals –

(a) in respect of the Quarles Campus –

(i) for Havering Council to immediately purchase from Havering College the freehold interest in the Quarles Campus, Harold Hill site on the terms set out in the Exempt part of this Report and to acquire and hold the

property for 'planning purposes' under the Town & Country Planning Act 1990; and

(ii) the Council will simultaneously lease back the Quarles Campus site to HCF&HE for a term up to September 2019 at a peppercorn rent, contracted outside of the security of tenure provisions of the Landlord & Tenant Act 1954, with a provision for HCF&HE to be able to break the lease early once they have vacated the site; and

(iii) that the possible involvement of the Council's wholly owned company, Mercury Land Holdings Limited (MLH), in seeking planning permission and/or acquiring and redeveloping the site to be the subject of a future report.

(b) In respect of a loan to the College –

(i) The Council entering into a Loan Agreement, if required, for a loan of up to a total of £2,800,000 (two million & eight hundred thousand pounds) from the Council to HCF&HE; and that

(ii) The Council's security for such a loan will be a first legal charge against the freehold title of the entirety of HCF&HE's Ardleigh Green Campus, Hornchurch.

All on the terms set out in the Exempt part of the Report.

2. **AGREED** to meet the capital financing costs associated with the acquisition of the Quarles Campus from the Transformation Reserve (formerly Strategic Reserve) in 2017/18 and future budgetary provision to be built into the proposed base budget for 2018/19 to be subsequently considered for approval by Council.

3. **DELEGATED** to the Section 151 Officer:

(a) the carrying out of the degree and extent of due diligence they consider necessary having regard to the proposals, in particular having regard to assessing the ability of the College to repay any loan provided to it by the Council;

(b) the release of loan monies to the College in accordance with the terms of the proposed Loan Agreement which, irrespective of the amount of the loan, will be protected by a first legal charge against the title of the entirety of the College's Ardleigh Green Campus in favour of the Council, as security.

4. **DELEGATED** to the Head of Property, oneSource, following consultation with the Director of Legal and Governance and the S.151 Officer and after undertaking any necessary property due diligence the preparation and entering into all necessary legal documentation to bring the proposed arrangements in Recommendation 1 (above) into effect.

7 **EXCLUSION OF THE PRESS AND PUBLIC**

The Leader indicated ahead of matters 5 and 6 above, that the meeting may go into private session to consider restricted matters.

There were no members of the press or public present and the web cast was concluded.

Chairman