

CABINET

7.30 p.m.

**Wednesday
12 December 2007**

**Council Chamber
Town Hall**

Members 10: Quorum 5

Councillor Michael White

Leader of the Council (Chairman)

Councillor Steven Kelly (Deputy Leader)

Sustainable Communities & Health

Councillor Michael Armstrong

Housing & Regeneration

Councillor Peter Gardner

Public Safety

Councillor Andrew Curtin

Public Realm

Councillor Barry Tebbutt

StreetCare & Parking

Councillor Paul Rochford

Environmental & Technical Services

Councillor Eric Munday

Performance & Corporate

Councillor Roger Ramsey

Resources

Councillor Geoffrey Starns

Children's Services

***For information about the meeting please contact:
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The Chairman has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Committee Officer before the meeting so that the Chairman is aware that someone wishes to ask a question.

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Cabinet, 12 December 2007

AGENDA

1 ANNOUNCEMENTS

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

2 APOLOGIES FOR ABSENCE (if any) - receive.

3 DECLARATION OF INTERESTS

Members are invited to declare any interests in any of the items on the agenda at this point of the meeting. Members may still declare an interest in an item at any time prior to the consideration of the matter.

4 MINUTES

To approve as a correct record the minutes of the meeting held on 22 November 2007, and to authorise the Chairman to sign them

5 'BUILDING NEW PRIMARY SCHOOLS': PROPOSED INITIAL INVESTMENT IN HAVERING'S PRIMARY SCHOOLS – RESULT OF STAGE 2 CONSULTATION PROCESS AND MOVEMENT TO NEXT STAGE – REQUISITION OF PREVIOUS DECISION

To consider, if upheld by the Children's Services Overview & Scrutiny Committee, a requisition of the decision of Cabinet on the Primary School Review taken at the meeting of Cabinet held on 14 November.

A special meeting of the Children's Services Overview & Scrutiny meeting has been convened for Friday, 7 December, the outcome of which will be reported by supplementary agenda and report at this meeting.

For ease of reference, the report to the Overview & Scrutiny Committee, incorporating the report previously considered by Cabinet (but excluding the appendices, which are available on request), is attached.

6 CORPORATE PLAN 2008/11 – FINANCIAL PROSPECTS

7 FUTURE USE OF THE BROXHILL CENTRE AND THE WHITWORTH CENTRE

Cabinet, 12 December 2007**8 NON-HOUSING BUILDING REPAIRS CONTRACT – TENDER FOR NEW CONTRACT****9 EXCLUSION OF THE PUBLIC**

To consider whether the public should now be excluded from the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during the following item there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which it is not in the public interest to publish; and, if it is decided to exclude the public on those grounds, Cabinet to resolve accordingly on the motion of the Chairman.

10 CHIEF EXECUTIVE'S REPORT CONTAINING EXEMPT INFORMATION

Cheryl Coppel
Chief Executive



MINUTES OF A CABINET MEETING
Havering Town Hall, Romford
Thursday, 22 November 2007
(5.30pm – 5.55pm)

Present:

Councillor Michael White, Leader of the Council, in the Chair

Cabinet Member responsibility:

Councillor Steven Kelly (Deputy Leader)	Sustainable Communities & Health
Councillor Michael Armstrong	Housing & Regeneration
Councillor Andrew Curtin	Public Realm
Councillor Eric Munday	Performance & Corporate
Councillor Roger Ramsey	Resources
Councillor Paul Rochford	Environmental & Technical Services
Councillor Barry Tebbutt	StreetCare & Parking

Councillors June Alexander, Robert Benham, Dennis Bull, Keith Darvill, Linda Hawthorn and Fred Osborne

A member of the public and a representative of the press were also present until excluded.

Apologies were received for the absence of Councillors Peter Gardner and Geoffrey Starns

The decisions were agreed with no vote against.

On behalf of the Chairman, those present were reminded of the action to be taken in the event of an emergency.

46 MINUTES

The minutes of the meeting held on 14 November 2007 were agreed as a correct record and were signed by the Chairman.

47 ROMFORD LEISURE DEVELOPMENT

Cabinet was advised of the progress that had been made in relation to the Romford Leisure Development project since the matter had last been considered in January 2007.

The Council had received two bids from private sector developers and the report set out the key issues that needed to be addressed prior to the Council selecting its preferred development partner. It was recommended that delegated authority be given to facilitate selection of the Council's preferred development partner, once all the key outstanding matters associated with the two bids had been resolved.

An exempt report referred to a number of commercial, financial and legal issues that need to be addressed prior to the decision on the preferred development partner.

Reasons for the decision:

To ensure that the Romford Leisure Development project could proceed to the next stage.

Other options considered:

The main alternative option would be to curtail the Romford Leisure Development project at this point, but this was not recommended as the two submitted bids provided the Council with an opportunity to deliver its objectives for the Romford ice rink site (i.e. to provide a swimming pool and a new ice rink).

The option of going back to the market to receive new bids had been discounted as there was no certainty that better bids would be received and it would almost certainly result in increased costs to the Council. There would also be further delay of at least 6 months.

Cabinet:

- 1. Noted that two bids have been received for the Romford Leisure Development.**
- 2. Agreed in principle that the Romford Leisure Development project should proceed to the next stage and a preferred development partner is selected.**
- 3. Authorised the delegation of the final decision on the Council's preferred development partner for the Romford Leisure Development project to the Leader of the Council, in consultation with the Cabinet Member for Resources, the Cabinet Member for Performance and Corporate, the Cabinet Member for Public Realm and the Cabinet Member for Regeneration, once all key outstanding matters associated with the bids have been resolved and officers have finalised their evaluation of bids.**
- 4. Noted the key evaluation issues that are included in section 4 of the report and the basis upon which the bids would be evaluated, as set out in Appendix 1 to the report.**
- 5. Assuming that a preferred developer is selected, authorised the delegation of authority to the Group Director of Public Realm, the Group Director Finance and Commercial and Assistant Chief Executive for Legal and Democratic Services, to conclude the**

various legal agreements that will be required prior to the selected developer submitting a planning application (with all such agreements conditional on planning permission being obtained).

6. Noted that the commercial, financial and associated legal issues referred to in the exempt part of the report, would need to be fully considered and addressed prior to a decision being taken on the Council's preferred development partner.

44 EXCLUSION OF THE PUBLIC

During the course of the discussion referred to in the preceding minute, Cabinet decided on the motion of the Chairman that the public should be excluded from the remainder of the meeting on the ground that it was likely that, in view of the nature of the business to be transacted, if members of the public were present there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 and it was not in the public interest to publish the information.



MEETING	DATE	ITEM
CABINET	12 DECEMBER 2007	5

The following is the text of the report being considered by the Children's Services Overview & Scrutiny Committee

MEETING	DATE	ITEM
CHILDREN'S SERVICES OVERVIEW AND SCRUTINY COMMITTEE	22 NOVEMBER 2007	

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: 'BUILDING NEW PRIMARY SCHOOLS': PROPOSED INITIAL INVESTMENT IN HAVERING'S PRIMARY SCHOOLS – RESULT OF STAGE 2 CONSULTATION PROCESS AND MOVEMENT TO NEXT STAGE

In accordance with paragraph 16 of the Overview & Scrutiny Committee Rules, a requisition signed by two Members representing more than one Group (Councillors Keith Darvill and Gillian Ford) has called in the decision of the Cabinet at its meeting on 14 November. The text of the requisition appears below.

The report considered by the Cabinet (but not the appendices to which it refers) is already before the Committee at this meeting, as agenda item 5. Members are requested to refer to that item when considering this report.

CABINET DECISION

Cabinet:

- 1. Reviewed and considered the analysis of the primary modernisation consultation process.**

2. **Noted the implications of recent school organisation regulatory change on the way in which new primary schools could be established.**
3. **Having noted the results of the consultation exercise, approved the following specific proposals for changes to schools, and the issue of formal Public Notices:**
 - (a) **Changes in the following school admission numbers as originally set out in the consultation document to be implemented from 2008:**
 - **Pinewood Primary School – Reduce admission number from 45 to 30**
 - **Nelmes Primary School – Increase admission number from 55 to 60**
 - **Branfil Junior School – Reduce admission number from 68 to 60**
 - **Upminster Junior School – Reduce admission number from 97 to 90**
 - (b) **The closure of Ingrebourne Primary School from August 2008**
4. **Approved in principle the following proposals for changes to schools:**
 - (a) **Ayloff and Dunningford Schools**
 1. **Subject to further consultation, to seek to close Dunningford Primary School from August 2009;**
 2. **To assimilate the current Ayloff and Dunningford school populations as a single school on the Dunningford site from September 2009 for a temporary period until the new school building is ready for occupation; and**
 3. **To develop a new school building capable of providing for a 2FE 4-11 school on the current Ayloff school site for 2010/11 ensuring that all current pupils are accommodated.**
 - (b) **Edwin Lambert and The Manor Primary Schools**
 1. **Subject to further consultation, to seek to close The Manor Primary School from August 2009;**
 2. **To assimilate the Edwin Lambert and The Manor school populations from September 2009 as a single school initially operating on the two current sites; and**
 3. **To develop a new school building capable of providing for a 2FE 3-11 school on the current Edwin Lambert Playing Field site for 2011/12, ensuring that all current pupils are accommodated.**
 - (c) **To expand Gidea Park Primary School from 1.5 FE to 2 FE from September 2009, linked to the closure of one school in 4(b) above.**
5. **Agreed that the proposed change to the Hacton Primary School admission number should proceed no further.**

6. **Agreed to consult further with schools and the wider community on the proposals to close Dunningford and the The Manor Primary Schools and to expand Edwin Lambert from 1.5 FE to 2FE school in order to achieve the proposals set out in decisions 4(a) and 4(b) above, for further report in due course.**
7. **(a) Approved the commissioning of professional technical suppliers for project management and full design services associated with the proposed new school buildings in line with the arrangements set out in section 7.2 of the report, necessary to ensure that the new building target dates could be achieved.**
(b) Delegated to the Cabinet Member for Children's Services authority to approve any further specific actions required to enable building design and procurement processes to advance up to and including tender stage.
8. **(a) Approved in principle the disposal of the three surplus school sites (Dunningford, Edwin Lambert (part) and The Manor) to provide early capital receipts to fund the required investment in schools.**
(b) Agreed that commencement of the marketing of the disposals authorised in (a) above be subject to approval by the Cabinet Member for Children's Services and the Cabinet Member for Resources and thereafter that the Property Strategy Manager, in consultation with the Assistant Chief Executive (Legal and Democratic Services), be authorised to deal with all matters arising and thereafter to complete the disposal of the properties identified.
9. **Noted that a further report would be brought forward on the full extent of the proposed investment and scope of works for Benhurst Primary School once this had been assessed.**
10. **Noted that a further report would be submitted on the options for the future use of the Ingrebourne School premises, together with the financial implications.**

REASONS FOR REQUISITION

- 1 That further consideration be given to the location of the siting of the proposed new school replacing Ayloff and Dunningford Schools; and
- 2 To review the analysis of the Stage 2 Consultation appended to the Cabinet report.

RECOMMENDATION

That the Committee considers the requisition of the Executive decision and determines whether to uphold it.

CABINET

14 NOVEMBER 2007

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: 'BUILDING NEW PRIMARY SCHOOLS': PROPOSED INITIAL INVESTMENT IN HAVERING'S PRIMARY SCHOOLS – RESULT OF STAGE 2 CONSULTATION PROCESS AND MOVEMENT TO NEXT STAGE

SUMMARY

A key priority for the Council is to begin a programme of rebuilding and modernisation of Havering's primary schools. This policy is designed to ensure that Havering's already very successful primary schools and pupils are assured of high quality facilities in which they can continue to improve outcomes. Following a major two stage public consultation process proposals are set out that would result in:

- Initial capital investment of some £20 million in primary schools
- The building of two new '21st century' primary schools in Romford and South Hornchurch
- Expansion and Investment in one oversubscribed primary school in Romford
- Major capital investment in at least one further primary school in South Hornchurch

As part of these changes the Council must also address falling school rolls. The two new schools will be sized to meet currently assessed community needs in the two areas concerned. The report explains, in the light of new school regulations, how this can be achieved through school closures and expansion.

The report also addresses the reduction of school places in other geographical areas. In Harold Hill it is proposed to close Ingrebourne Primary school. In other cases reductions in school admission numbers are proposed.

The report covers:

- the analysis of the wide-ranging consultation process held on the proposals to commence an initial phase of modernisation of Havering's primary schools;
- the recent changes in school organisation regulations (enacted through Education and Inspections Act 2006) that have required a review of the way in which the proposals for creating new schools could be implemented which will require further consultation;

- the detailed proposals for investment and change arising from the consultation process with a corresponding longer timetable for introducing new schools;
- the need to procure technical support and commit resources (capital and revenue) to enable the capital proposals, in particular the new school buildings, in this report to be delivered in line with previously established timescales and a start to be made on the longer term modernisation programme;
- the need to approve site disposals in principle to enable preliminary work to commence and ensure that capital receipts are delivered as quickly as possible to underpin the required investment programme.

RECOMMENDATIONS

- 2 Review and consider the analysis of the primary modernisation consultation process [see sections 3 and 5 of report and Appendix 1 – Annexes 1-12].
- 3 Note the implications of recent school organisation regulatory change on the way in which new primary schools can be established [see section 4 of report].
- 4 Having noted the results of the consultation exercise approve the specific proposals for changes to schools below [see section 5 of report], and the issue of formal Public Notices [as set out in section 6 of the report]:
 - (a) Changes in the following school admission numbers as originally set out in the consultation document to be implemented from 2008:
 - Pinewood Primary School – Reduce admission number from 45 to 30
 - Nelmes Primary School – Increase admission number from 55 to 60
 - Branfil Junior School – Reduce admission number from 68 to 60
 - Upminster Junior School – Reduce admission number from 97 to 90
 - (b) The closure of Ingrebourne Primary School from August 2008
- 5 Approve in principle the following proposals for changes to schools [see section 5 of report] :

(a) Ayloff and Dunningford Schools

1. Subject to further consultation seek to close Dunningford Primary School from August 2009;
2. Assimilate the current Ayloff and Dunningford school populations as a single school on the Dunningford site from September 2009 for a temporary period until the new school building is ready for occupation;
3. Develop a new school building capable of providing for a 2FE 4-11 school on the current Ayloff school site for 2010/11 ensuring that all current pupils are accommodated.

(b) Edwin Lambert and The Manor Primary Schools

4. Subject to further consultation seek to close The Manor Primary School from August 2009;
5. Assimilate the Edwin Lambert and The Manor school populations from September 2009 as a single school initially operating on the two current sites;
6. Develop a new school building capable of providing for a 2FE 3-11 school on the current Edwin Lambert Playing Field site for 2011/12 ensuring that all current pupils are accommodated..

(c) Expand Gidea Park Primary School from 1.5 FE to 2 FE from September 2009 linked to the closure of one school in 4(b) above.

- 6 Agree that the proposed change to the Hacton Primary School admission number should proceed no further [see section 5 (1) of report].
- 7 Consult further with schools and the wider community on the proposals to close Dunningford and the The Manor Primary Schools and expand Edwin Lambert from 1.5 FE to 2FE school, to achieve the proposals set out in recommendations 4a and 4b above (see section 4 of the report) and report back to Cabinet.
- 8 a) Approve the commissioning of professional technical suppliers for project management and full design services associated with the proposed new school buildings in line with the arrangements set out in section 7.2 of the report. This is necessary to ensure that the new building target dates can be achieved.

b) Delegate to the Lead Member for Children's Services the authority to approve any further specific actions required to enable

building design and procurement processes to advance up to and including tender stage.

- 9 a) Approve in principle the disposal of the three surplus school sites [Dunningford; Edwin Lambert (part) and The Manor] to provide early capital receipts to fund the required investment in schools [see section 7.3 of report].

b) The commencement of the marketing of the disposals authorised in a) above to be subject to authorisation by the Lead Member for Children's Services and the Lead Member for Resources and thereafter that the Property Strategy Manager in consultation with the Assistant Chief Executive (Legal and Democratic Services) be authorised to deal with all matters arising and thereafter to complete the disposal of the properties identified.
- 10 To note that a further report will be brought forward on the full extent of the proposed investment and scope of works for Benhurst Primary School once this has been assessed.
- 11 To note that a further report will be submitted on the options for the future use of the Ingrebourne School premises, together with the financial implications [section 7.1].

REPORT DETAIL

CONSIDERATION OF CONSULTATION AND DECISION MAKING

1.0 Introduction

The Council has completed a major two stage public consultation process on the development of proposals to begin the modernisation of its primary schools through the building of new schools, whilst adjusting the supply of places to meet better the future demands of local communities.

Stage 1 of the process dealt with the principles and general policies underpinning the authority's approach to the future organisation of primary schooling within the borough. The outcome of that process was reported to Cabinet in February 2007.

The Stage 2 consultation process approved by Cabinet in May 2007 and undertaken during June/July 2007, has dealt with the underlying need for change in provision and investment in new facilities, and the specific proposals for change put forward by the Council.

It was noted that the Council's proposals, if implemented, would:

- create one 1FE school; five 2FE schools, and one 3FE school through a combination of changes in admission numbers, expansion and the

building of 2 new schools which overall add 105 places where community demands are most required and removing 690 places in areas of reduced demand

- counteract continued growth in school surplus places and in overall terms reduce surplus capacity in the borough from 11% (January 2007) to 7% (January 2012)
- rationalise five current school sites to achieve these outcomes.

A key issue that has arisen during the consultation process is the impact of new regulations on the way in which school re-organisation changes can be made. The detailed implications of those changes are set out later in the report (see section 4), but the key impact is that it will not be possible to simply close two schools and create a new 'merged' school as originally consulted upon. As a result it will be necessary to consult further on a way forward.

2.0 Proposals as submitted for Consultation in Stage 2

The proposals consisted of:

2.1 Rainham, South Hornchurch and Elm Park Locality

Implement the effective merger of Ayloff (2FE) and Dunningford (1.5FE) Schools from September 2008, with a planned investment in a new 2FE school on the current Ayloff Primary School site and further modernisation work at Benhurst Primary School.

2.2 Central Romford Locality

1. Create a 2 FE school by effectively merging Edwin Lambert (1.5FE) and The Manor School (1FE) from September 2008, with planned investment in a new school on the playing field of the current Edwin Lambert School.

2. Create a 2 FE school by expanding Gidea Park from 1.5 FE (ie by 15 places) on its existing site from September 2008

2.3 Harold Hill Locality

Close Ingrebourne School from September 2008

2.4 Collier Row Locality

Reduce the Admission Number of Pinewood School from 45 to 30 from September 2008

2.5 Hornchurch Locality

Create a 2FE school by increasing the admission number at Nelmes from 55 to 60 from September 2008

2.6 Upminster and Cranham Locality

1. Create a 2FE school by increasing the admission number at Hacton from 50 to 60 from September 2008
2. Create a 2FE school by reducing Branfil Junior School Admission number from 68 to 60 from September 2008
3. Create a 3FE school by reducing Upminster Junior School Admission Number from 97 to 90 from September 2008

3.0 Outcome of the Primary School Modernisation Stage 2 Consultation Process

The following gives highlights of the process and the main issues that emerged. The attached **Appendix 1 [Annexes 1 – 12]** provide a more comprehensive analysis of the consultation process and outcomes in relation to the above proposals, although it has to be noted that it is still a summary of the majority of the documents submitted. The actual comments recorded by responders on the Council's consultation questionnaire are shown verbatim.

The actual source documents submitted during the process, including letters, petitions etc are available for inspection.

3.1 Consultation Process [See Appendix 1]

The community and stakeholders were provided with every opportunity to participate in the consultation process. In addition to full on-line access through the Council's website, some 25,000 hard copies of the primary consultation booklet, including the questionnaire were issued. A range of publicity routes were used to ensure awareness and gain interest amongst stakeholders, including the local press, Living in Havering, website, direct mailshots to parents etc. A range of public and stakeholder meetings were held for the wider community, staff and governors along with individual meetings with schools where requested. Council political leaders participated in public meetings. Every opportunity was provided for responses to be made electronically, through web forms and email, and by more traditional means of post and fax.

3.2 Consultation Response Levels [See Appendix 1 – Annexes 1 and 12]

Some 474 responses were received via the published response questionnaire [through the web site process and hard copy]. Whilst that number cannot be related to a specific total population to measure a true response rate it can be looked at in different ways. It represents about 2.5% of the primary school population or a little under 2% of the 25,000 booklets and forms issued. That is broadly in line with response rates for these types of consultation.

However, many other forms of return were made by parents and interested parties through emails, individual letters, forms prepared by school parent

groups, petitions, as well as responses from schools, letters, governing body minutes etc. These are listed in Annexe 11 and considered in relation to each of the proposals dealt with in the individual annexes.

In overall terms, therefore, the response level, particularly from those stakeholders most closely related to schools for which changes were proposed, was very good and can be treated as meaningful to the overall debate.

3.3 Themes based on the Consultation Questionnaire

In relation to the overall strategy there was a high degree of support for matching the supply of places to demand, improving school buildings, creating 2FE schools and schools with admission numbers in multiples of 30. **Appendix 1** and **Annex 1** provide more information.

When it came to comments on the specific school level proposals a wider range of opinion was generated and there was more disagreement, however, those in favour outweighed those against. **Appendix 1** and **Annexes 1-12** provide more information, and specific proposals are examined further in section 5.0 of this report.

3.4 Key messages on Specific Proposals based on the Consultation Questionnaire

Rainham, South Hornchurch and Elm Park Locality

- **68%** agreed with the merger of Dunningford and Ayloff but only **30%** agreed that the temporary site should be Dunningford before moving permanently to the Ayloff site.

Central Romford Locality

- **65%** agreed with the merger of Edwin Lambert and The Manor
- **87%** agreed with the expansion of Gidea Park

Harold Hill Locality

- **52%** agreed with the closure of Ingrebourne

Collier Row Locality

- **73%** agreed with the reduction of admission number at Pinewood

Hornchurch Locality

- **90%** agreed with expansion of Nelmes

Upminster and Cranham Locality

- **90%** agreed with the expansion of Hacton

- 82% agreed with the reduction of admission number at Branfil Juniors
- 80% agreed with reduction in admission number at Upminster Juniors

4.0 Recent Changes in the Primary School Organisation Regulations – Implications for the proposals consulted upon

4.1 Proposed initial process of achieving change

The model of 'merger' proposed in the consultation to achieve the 2 new schools [Edwin Lambert/The Manor and Ayloff/Dunningford] was underpinned by the principle of equity for the schools i.e. governors, staff and parent bodies of the schools involved. The mergers were to be achieved under the regulations as they then existed by closing the existing two community schools and establishing in each case a new community school formed from the governing bodies and staff of the closing schools, including all current pupils. Recent changes in school organisation regulations have significant implications for the way new schools can be created and impact on the way these proposals could be delivered. Those process issues are dealt with in the next sections before considering the outcomes of the consultation process itself as the one is dependant on the other to some extent.

4.2 New competition requirements for establishing primary schools

In late May 2007 the DCSF introduced new regulations and guidance (section 7 of the Education and Inspections Act 2006) that required proposals for all new primary schools (for whatever reason being created) to be subject to a competition process. This was an extension of arrangements that have existed for new secondary schools.

The new regulations require that all new primary schools be subject to a competition process that invites other potential promoters of schools to express an interest in setting up and operating new schools. Under such arrangements the LA continues to have capital responsibility for providing a school's facilities and to maintain the school as part of the ongoing Dedicated Schools Budget revenue funding model as applied to all other schools. If expressions of interest are received an ongoing competition process ensues. This process can take approximately one year. A competition is most likely to result in the provision of a foundation /trust or voluntary aided school. If the LA elects to take no part in the process i.e. no direct involvement in any proposal, it can decide upon the proposals submitted.

However, the LA can choose to be involved with a promoters bid e.g. through wishing to participate on a new school Trust, or can itself submit a separate proposal for a new school. In either case the decision making role transfers to the Government's independent Schools' Adjudicator.

4.3 Exemptions from competition

Under the regulations the LA can apply to the Secretary of State (SoS) for an exemption from holding a competition. Guidance received from meetings held with DCSF officials and now set out in writing makes clear that there is a presumption towards competition under the new policy. As a separate process LAs must now also make a prior application to the SoS for approval to submit a proposal for a community school. The presumption in this case is that new schools will be established under the foundation/trust or voluntary aided category.

Discussions and correspondence have taken place with the DCSF to gain understanding about the application of the new rules and ensure that the LA had the opportunity to set out its rationale for its change model. Amongst the key points made were:

- that the local change model proposed had been 'caught' by the new regulations
- that Havering's proposals are not fundamentally about new schools to meet the needs of new communities, which competition may serve well, but rather about reshaping successful current schools with existing communities;
- that the concept of equity in the treatment of all parties facing change underpinned Havering's approach. It was based on a principle of the 'merger of equals'.
- the introduction of competition would result in a high level of uncertainty about the outcome, extend timescales and do little to help maintain community cohesion
- that change is at best extremely difficult to achieve and there are significant difficulties in fostering support where the outcomes cannot be predicted
- that the local 2 stage consultation processes had not resulted any interest from other potential providers and thus there was no reason to believe that other parties would come forward under competition, although that issue was not specifically raised in the consultation as it was not apparent how significant the issue would have been before the regulations were published.

The LA was advised, without commitment, that it would need to apply for a formal exemption on both counts, i.e. to make proposals exempt from competition and to propose new community schools. If approved Havering would have been able to proceed as planned in terms of its method of achieving change and new schools.

Such applications were submitted to the DCSF on the 4th September. The decision to make these submissions was not to pre-empt the decision of Cabinet on the substantive issues raised in this report but as a parallel process to ensure Cabinet had the fullest information available about the consequences of school closures.

On October 11th the SoS informed the Council, without commenting on the merits of the actual proposals, that he would not be granting an exemption from competition if the proposals to create new schools were to go ahead.

In view of that decision consideration has been given to the implications arising from running a competition and to alternative routes for implementing change.

4.4 Implementing New School Changes

In looking at the change programme required, there appear to be two guiding principles: a) that any period of uncertainty be kept to the minimum and b) that once a way forward is decided that implementation follows as swiftly as reasonably practical.

It is acknowledged that a school competition process could have considerable merit when used to determine the most appropriate school model for meeting the needs of new communities, or possibly where current schools are failing significantly to provide education to a high standard. However, there is concern that a competition would add significantly to both the level and period of uncertainty and the period of implementation where re-organisation of the type proposed is under consideration. Although the competition process has been operating in the secondary schools sector for some years, to date only one outcome has been determined. The competition process is entirely new and untested in the primary sector. So far as can be determined only one other LA is pursuing this route for a similar re-organisation model.

In essence a competition would mean that:

- There would be no certain outcome for a period of up to a year
- Neither the Council nor the schools or their communities involved would know what the outcome of the process would be until completed. A range of promoters could come forward or not.
- The future position of all governors and staff involved would be uncertain. If a promoter/proposals other than a community school was approved it is likely that staff would be subject to TUPE transfer rules.
- An early start could not be made on new building design etc as a third party would not have to accept any work completed by the Council . That would further delay implementation.
- The process for the Council providing capital to a new school promoter is at best unclear at this stage.
- The Council would need to decide if it wished to participate in the competition or not, e.g. propose a community school (which itself would require specific SoS approval) or have a formal involvement in another proposal e.g. part of a foundation or trust .

Whilst the competition route remains open it creates a high level of uncertainty and adds considerable delay. An alternative process for achieving change has therefore been considered and is recommended. It is possible within the part of the regulations that remain unchanged for a Council to propose and determine to close a school and to increase the size of a school.

It is also possible for a Council to decide to rebuild a school and locate this on either its current or an alternative site. This route to achieve change, whilst considered originally, was not proposed as fundamental to the original model was the principle of equity of treatment to all those who would be affected.

From a positive perspective this route to achieve change would remove many potential obstacles and delays and provide a more clearly understood and certain outcome. However, it would require a more unpopular decision to close one school and retain one school and thus place staff and governors of the closing school at a significant disadvantage to the school that would remain open.

4.5 Decisions regarding sites for new school buildings and options for closing/retaining schools

The Council has consulted widely and fully on the principle of one school in each of the two identified geographical areas and on the matter of which site to locate the new school building. On the basis of that consultation the Council could reasonably decide on those matters,. However, the introduction of a new process to achieve a single school model i.e. not a merger, has not been the subject of any consultation and the Council would therefore be required to undertake further consultation before making a final decision.

Although the model of change now proposed would require the legal closure of one school in each case the Council would seek to work with each of the schools and their communities to secure a co-operative approach that would lead in reality to a 'new school', albeit not technically. With co-operation and support the Council would seek to create a new shared governing body membership, a new name for each school and local agreement to ensure that staff are treated fairly in the process of change. All pupils of a closing school would be guaranteed a place in the retained school.

It would thus be important for all involved to see this process as one that secures an early change for the benefit of all, rather than a negative, or judgemental choice about the schools that would close.

We have to close one of the two schools in each case. The preference of the Council is as follows:

Rainham, South Hornchurch and Elm Park Locality

Close Dunningford School from August 2009 [transferring all pupils to the Ayloff roll [but not physically]

Relocate Ayloff School on a temporarily enlarged basis (ie to absorb all year group sizes) to the former Dunningford site from September 2009

Rebuild Ayloff School on its current site by 2010/11 at its current size of 2FE 60 (allowing for any bulge year groups) and move the school back into the new accommodation.

AND

Central Romford

Close The Manor School from August 2009

Enlarge Edwin Lambert School from 45 to 60 (or a higher number for some year groups) from Sept 2009 to a) absorb The Manor pupils within its organisation and b) match its final size

Build the new school on the Edwin Lambert playing field site by 2011/12

Manage the larger Edwin Lambert School on two sites until its transfers to the new school building 2011/12

This approach is based fundamentally on the continuing relationship of the current schools to the sites on which the new schools are to be built and the history of surplus places relating to each school.

As noted, this change in process will require further consultation with the community. It would be intended to run this consultation in January/February 2008 and report back to the Cabinet as soon as possible thereafter. The consultation material would set out the results of the Stage 2 consultation, the decisions made up until that point, the reasons why a new process of decision making is required to enable the two new schools to be built, and the Council's preferred choice of school to close, together with the subsequent implementation actions and timescales etc. . The consultation material would be agreed with the Lead Member for Children's Services.

5.0 Decisions on the Proposals for Change

The Council was explicit during the stage two consultation process that it had put forward a set of clear proposals which it believed to be right to achieve outcomes that would ultimately benefit the whole community. The analysis of the consultation outcome sets out the views that others have expressed about the Council's proposals and the responses to those views. The Council has four potential decisions to make in each case at this stage. Final decisions, either by the Council, or the Schools' Adjudicator, will be made after the completion of formal Public Notice processes.

- 1 To decide not to proceed with a proposal**
- 2 To decide to proceed with the original proposal without modification**
- 3 To decide to proceed with the original proposal in principle but with modification(s) with or without additional consultation**
- 4 To agree an alternative proposal on which further consultation is likely to be required.**

As noted above the themes, issues and conclusions arising from the views expressed during the consultation process are set out in a series of **Annexes to Appendix 1**.

The recommendations are as follows:

- 1 Those proposals that it is recommended should not proceed any further.**

Hacton Primary – proposal to increase school admission number from 50 to 60 [See Annex 2]

Rationale

In this case the consultation process provided clarification of the school's internal organisational arrangements. Currently the below 60 admission number (currently 50) enables the school to ensure that children in the Hearing Impairment Unit can participate regularly in class groups. An increase in the schools admission number of 50 would put such successful arrangements at risk. The process has clarified that the organisational arrangements adopted by the school need to be made more explicit in the LAs annual primary admission booklet and that will be included in future admission booklets.

- 2 Those proposals as originally set out that are recommended to proceed without modification**

a) Changes in school admission numbers as originally set out to be implemented from 2008

Pinewood Primary School – Reduce admission number from 45 to 30 [See Annex 3]

Nelmes Primary School – Increase admission number from 55 to 60 [See Annex 4]

Branfil Junior Schools – Reduce admission number from 68 to 60 [See Annex 5]

Upminster Junior School – Reduce admission number from 97 to 90 [See Annex 6]

Rationale

The overall principle of creating more schools with multiples of 30 has been well supported, is logical for organisational purposes, easy for parents and carers to understand and pragmatic. Although some of the schools have expressed concern about the proposed reductions in their admission numbers, there is community support for making the specific changes proposed. There is some concern amongst Upminster schools about how 'inward mobility' can be met if such changes are introduced. The overall area has the highest decline in birth rate. It is a reality that popular schools will always attract more and more interest and that the demand for places will occur not just at points of normal admission entry, but also in each year group. It will never be possible to match place supply and demand to changing needs outside of planned admission rounds in such situations and those that elect to move into an existing housing area have to make a choice about access to school places as it would not be manageable to keep places empty in all year groups in those schools. Other schools in the general area have some spare capacity.

Implementation Issues

- The schools involved will have to accommodate changes, including to budget flexibility in those cases involving reductions, but those changes can be managed over time linked to a gradual year on year reduction in admission intakes.
- There is the possibility that some schools might face an increase in the number of admission appeals. They will be fully supported in that process.

b) Close Ingrebourne Primary School from August 2008 [See Annex 7]

Rationale

The case to remove school places in the area of Harold Hill is strong as presented in the consultation process. In recent years, i.e. well before the announcement of the consultation proposals, Ingrebourne school had been failing to recruit pupils, having been previously reduced in size from a 2FE school to its present formal size of 1FE. With recruitment falling below 1FE the school has been approaching the stage where its future sustainability was of great concern and that situation is now a reality. The number on roll at the point the consultation commenced was 161. The current number on roll at September 2007 is 57. No case has been made on the issue of standards as that is not the prime driver for change. The fundamental issues are the expression of preference exercised by the local community in the take up of places and the overall sustainability of the school.

During the consultation the Council was asked to consider a 'merger' of Ingrebourne with another school to reflect the approach proposed in other areas. This type of approach had been considered and explored previously with another Harold Hill School (Mead) through a loose federation model, but that school did not consider that it could be made to work effectively. The suggestion has been further reviewed, but fundamentally the situation in this locality is different. The locality and Ingrebourne in particular is experiencing, and will continue to face, very high levels of surplus places. The planned Harold Hill regeneration programme will deliver new school buildings, but the need to address surplus places is immediate and there is no current way of achieving a new school build through which the other models were planned to be achieved. In the event circumstances have overtaken matters. Firstly, despite exhortations not to move pupils, Ingrebourne parents have made that legitimate choice in significant numbers. Secondly, the new regulations guiding changes to schools have required us to look at school closures elsewhere.

Implementation Issues

- A highly supportive process of working with the small number of remaining pupils and their families will be adopted to ensure a successful transition to alternative schools. This will include taking fully into account the individual needs of pupils.

- Consideration is currently being given to an alternative location for the small Learning Support Unit that operates at the school, but if required this could continue to operate at the site beyond September 2008.
- Full and sympathetic consideration will be given to any requests involving uniform difficulties and transport issues where a journey is beyond expected normal travel distances.

3 Those proposals as originally set out that are recommended to proceed to with modification and further consultation

a) Close either Ayloff or Dunningford School with the remaining school being rebuilt at 2FE school on the current Ayloff site [See Annex 8]

The proposal would involve closure of one school and the rebuilding of the remaining school at 2FE. The originally planned implementation date would be moved from September 2008 to September 2009, but the original target for completing the new school building would remain at 2010/11. The newly rebuilt school would be sited as originally proposed on the current Ayloff site.

Rationale

The case for achieving a better match between the supply of school places to meet local demand in the area has been accepted by the community. There is also considerable support for the principle of creating a single school as a solution to removing places.

The main concerns in the community are about a) the permanent location of the proposed new school building and b) the temporary location of the current Ayloff school's staff and pupils whilst a new school is built.

Permanent location for the rebuilt school

The local authority's fundamental case for proposing the new school building at the current Ayloff site is that of proximity and thus accessibility for the current school communities. The majority of current families live closest to the Ayloff site and the site is more centrally located to meet ongoing demand from the local community. Whilst there have been a number of objections to the Council's proposals on the grounds of access the Council's view has not been materially challenged in the consultation process.

The Dunningford head teacher has submitted an alternative plan to build new accommodation and refurbish existing buildings on the Dunningford site. **Annex 8a** summarises the LAs technical analysis of that proposal, but essentially:

- a) It does not address the issue that the Dunningford site is in the wrong location in relation to the future demand for school places in the area
- b) The cost estimate set out of £3.5m inclusive, as compared to the LAs assessment of £5m, is challengeable and could suggest an option that is

not deliverable within the envelope suggested by the school. **Annexe 8a refers.**

- c) More importantly, it does not result in one of the key outcomes of the Council's plans which is to provide the local community with a new school, designed and built with facilities and spaces fit to enhance learning and meet the needs of a modern school well into the 21st century;
- d) It does not result in a school that would meet the aspiration and requirements of the Council in terms of forward thinking on sustainability.

During the consultation period it was proposed that the new school could be located on the Abbs Cross Secondary School site and/or that the Ayloff school could be re located on a temporary basis on that site. The Abbs Cross site is not considered a suitable alternative for the location of a new school. The travel distance for current Dunningford families would be considerably greater than the Ayloff site and also involve further travel for many current Ayloff families. The Abbs Cross site's proximity to the Benhurst Primary School site and the potential impact on its future school roll is also a factor.

Although not the key consideration, it is also a fact that the potential value of the Dunningford site is substantially greater than that of the Ayloff site. As one of the key objectives of the overall primary school modernisation process is to achieve enhanced capital investment and the provision of new schools, the site recommended for disposal will potentially deliver greater investment to that programme.

Whilst the changes in regulations require the process of achieving change to be re-consulted upon there is a sound basis for agreeing the principle of one 2FE school for the area and the selection of the current Ayloff site for the new school building,

Temporary location of the 'merged' school whilst the new building is being constructed

It would not be possible to build a new school on the Ayloff site unless that site is vacated to allow for demolition of the existing school premises and hazardous building operations to take place within a fully controlled environment. It is therefore essential that the current Ayloff school community is temporarily relocated whilst those operations take place. That would have to be for a period of at least 18 months. If a decision is made to create a single school then it is the Council's view that the decision should be made and implemented as soon as practicable and should not await the completion of new premises.

It has been broadly assessed that the cost of temporary location of the current Ayloff School population at the Abbs Cross site would be in the region of £1.1m as compared to a figure in the region of £500k for making modern, but temporary additions at the current Dunningford site.

Implementation Issues

- Account has been taken of the views expressed during the consultation process and the longer timeframe proposed before implementation ie from 2008 to 2009 will enable enhanced joint governing body planning to be put in place It will provide a positive framework in which all governors, staff, parents and pupils can help to plan the new school building and ensure that any temporary requirements can also be planned and established to benefit all involved
- High quality system built accommodation would be added to the Dunningford site temporarily to ensure that all pupils have the best possible experience in what, it must be acknowledged, will be a period of some disruption.
- The time frames for completing the permanent new building will be kept as short as possible to reduce the period of disruption and enable the present school populations to have early advantage from the change.
- The LA will establish project teams, including School Improvement Officers, to work with all involved to assess the impact of changes, help manage the transition period smoothly and achieve the best possible longer term outcomes.
- The future arrangements for the Bridge Autistic Unit for early years currently located at Dunningford are being assessed and will be reported upon further in the appropriate forum.

b) Close either Edwin Lambert or The Manor Primary Schools and rebuild the remaining school at 2FE school on the current Edwin Lambert Playing Field site [See Annex 9]

and

c) Expand Gidea Park Primary School from 1.5 FE to 2 FE linked to the decision in 3 (b) above [See Annex 10]

The proposal would involve closure of one school and the rebuilding of the remaining school at 2FE. Taking account of the views expressed in the consultation, the originally planned implementation date would be moved from September 2008 to September 2009. However, the original target for completing the new school building would remain at 2011/12. The new school building would be sited as originally proposed on the current Edwin Lambert School playing field.

As demand for places in the area served by these schools remains reasonably level it would be necessary to replace the 15 places that would be removed from the Edwin Lambert/Manor change. That provides the opportunity to expand the nearby Gidea Park School from 1.5 FE to 2FE in-line with both the agreed objective of creating additional 2FE schools and seeking to expand popular schools in line with demand. The Gidea Park proposal is linked to the new expanded school proposal and could not proceed in isolation.

Rationale

The need to provide modernised accommodation for the Edwin Lambert School is agreed. The LA recognises that The Manor Primary School serves its local community well, but it has had a history of significant surplus places and at 1FE the sustainability of the school would continue to be a risk. The school does not have onsite playing field space. The opportunity to bring the two school populations together to serve their joint communities in a new 2FE school building with modern facilities and onsite playing fields is considered to be in the wider and longer terms interests of the local community. It also has an additional benefit of providing the opportunity to expand a popular oversubscribed school to better match demand for places.

Implementation Issues

- The longer timeframe proposed before implementation will enable enhanced planning to be put in place. That change to the originally proposed timescale takes account of the views expressed by governors and staff and importantly would allow for joint working by the governing bodies before an agreed change takes place. It will provide a positive framework in which all involved can help to plan the new school building and ensure that any temporary requirements can also be planned and established to benefit all involved
- The time frames for completing the new building will be kept as short as possible to reduce the period of disruption and enable the present school populations to have early advantage from the change.
- The LA will establish project teams, including School Improvement Officers, to work with all involved to assess the impact of changes, manage the transition period smoothly and achieve the best possible longer term outcomes.
- The Council's Early Years Service will continue to work with the Buddies Pre School Group, which is currently located at The Manor School site, to ensure that provision in the area matches demand in this sector.

The resulting judgment from the consultation process is that in both cases (5 [3a and 3b] above) the principle of rebuilding one school and locating the new school buildings on the originally proposed sites is sound and is the recommended way forward. However, in response to the views of governors and staff a later implementation date is recommended.

The next stage will be to consult further on the decision to be made about which school to close in each case and importantly on the principles that should underpin the way in which the current schools (governors and staff) should work together to plan for the change, regardless of the need for purely technical reasons to seek the closure of one and not the other.

6.0 Public Notice Process

- (a) If the Cabinet approves the recommendations as set out for the changes in admission number at Pinewood, Nelmes, Branfil Junior and Upminster Junior Schools and the closure of Ingrebourne School, the next stage will involve

the publication of formal public notices that set out the proposals in full. That notice(s) must be placed in the local press, posted in appropriate locations and circulated to key stakeholders in accordance with guided lists. Interested parties will have a minimum period of 6 weeks in which to make representations, register objections or comments. The decision maker (in this case the Council) must consider and make a decision within two months of the close of the 6 week period. If it fails to do that the matter must be referred to the Government appointed Schools' Adjudicator for consideration and decision within one week of the end of the two month period.

- (b) As further consultation is required in respect of the proposals for Ayloff/Dunningford and Edwin Lambert/The Manor public notices cannot be issued at this stage. The process will involve a further period of consultation (up to 6 weeks), which would commence in January 2008 and then an additional report back to Cabinet for a final decision on the way forward. On the assumption that Cabinet approve a final proposal in each case the Council would then issue formal Public Notices to close two schools and enlarge others as appropriate (Ayloff would not require enlargement as it is already 2FE]. This would include the linked proposal relating to Gidea Park. The decision maker will be the Council in the same way as set out in para. 6a.

7.0 School Capital Investment and Site Release

The detailed financial implications are set out in section 8 below.

7.1 Proposals with no Capital Costs

Pinewood /Nelmes/ Branfil Junior/Upminster Junior

There are no capital costs associated with the proposals set out for these schools in 5 (2a) above.

Ingrebourne School

There are no specific capital implications associated with the proposed closure of Ingrebourne School [5 (2b)]. However, it is likely that some capital investment would need to be made to enable the premises to be utilised for alternative educational use. The ongoing management, maintenance and options for future use of the existing school buildings and site will be the subject of a separate report.

7.2 Proposals with Capital Costs

The two new school buildings proposed in Romford (Edwin Lambert/The Manor) and South Hornchurch (Ayloff and Dunningford, and the expansion of Gidea Park [5 (3 abc)] will require significant capital expenditure.

The current target dates for newly built schools would remain as originally set out at 2010/11 for Ayloff /Dunningford] and 20011/12 for Edwin Lambert/The Manor. Initial investment will also need to be made in Gidea Park School by 2010.

The lead-in period for feasibility work, detailed design and the procurement process for new buildings, before the actual construction process can commence, is considerable. If the target dates set are to be achieved an immediate start will need to be made on the initial design processes involved.

Approval is thus sought to commission suppliers of 'project management and full design services' to undertake feasibility works for providing the two new school buildings (RIBA stages A-C). In the event that the re-organisations do not proceed, or have to be substantially modified the Council will retain the right to terminate the contract after the completion of the initial feasibility works.

If the re-organisations proceed, the successful supplier will go on to produce detailed proposals (stage D), handle the procurement of the main building contractor, in accordance with the Council's Contract Procedure Rules (stages E-H) and, depending on subsequent Cabinet approval, take the contract through the stages of mobilisation, construction and finally to practical completion (J-L).

It is also proposed that the Lead Member for Children's Services be given delegated authority to approve any further specific actions to ensure that progress is maintained.

In the stage 2 consultation process the Council declared its wish to make further investment (a major phase of investment is underway now) in Benhurst Primary School. No specific proposals were made, or are put forward at this stage. It was noted that the Council's ability to do this will be dependant on the flexibility it has from the capital costs/income related to the principal stage 2 proposals and ongoing primary modernisation programme. Thus this matter will be the subject of a further report in the future.

7.3 Surplus School Sites

If it is agreed to proceed as set out previously, the following school sites would become surplus to educational purposes and would need to be offered for disposal to generate capital income to fund the capital investment required. Such capital income would need to be generated as soon as practically possible within the overall programme to support investment in schools.

Dunningford
Edwin Lambert (current school building site only)
The Manor

In order that preparatory work for the disposal of the sites can be initiated it is helpful to formally declare them to be potentially surplus and to authorise their disposal. Approval is therefore sought, in principle, to dispose of the sites, subject to the adoption of, and satisfactory progress with, the proposals set out in this report. The sites will not be marketed until further authorisation is given by the Lead Member for Children's Services and the Lead Member for Resources

7.4 Key Risk Areas

A range of assessments and views have been sought on the risks involved. The key risks include:

- whether planning consents will be obtainable for building changes at the school sites
- achieving consent to the disposal of playing fields
- market conditions

Planning Consents

Preliminary consultation has taken place with the planning service regarding the development potential of all the sites involved for both school developments and, in the case of sites that would become surplus, housing development. Whilst clearly planning considerations will rest on the actual schemes that are brought forward by the Council itself or by developers, the broad planning advice gives confidence that suitable outcomes can be achieved that would enable the risks in this area to be considered professionally manageable.

Consent to Disposal of current School Playing Fields

There are two issues. Firstly, certain parts of school sites are classified as 'school playing field'. The consent of the Secretary of State (SoS) must be received before these areas can be offered for disposal. Secondly, the development of such areas must also be approved through the separate planning process which takes into account the extent of such facilities in the area. Preliminary discussions have been held with DCSF officers about the Council's proposals. Such discussions were helpful in clarifying the areas of sites that are not subject to special consent and the processes that will be required to secure SOS consent for the defined areas of playing field. The outcome of such processes cannot be pre judged, but the process is usually more straightforward if the disposal relates to closed school sites and the capital receipt is planned for reinvestment in schools, which would be the case here.

Market Conditions

There are risks associated with both the eventual cost of capital works and capital receipt value of sites.

Cost allocations have been set to allow for current levels of inflation up to the target build dates. The impact of major development in and around London, including the Olympic Games, has been cited as a potential influence on building costs during the period of these plans. Pragmatically, it is difficult to make any assessment of that potential impact, but regional cost indices will allow us to monitor change.

Estimated land value receipts have been based on vacated sites with full housing development potential. Current housing market uncertainty and reduced house sales could have impact on land values, but can only be further assessed nearer to the potential disposal time.

The estimated land values are based on the Council's approach to the current Local Development Framework (LDF) where it was proposed that 35% of new residential units be provided as affordable housing. This recommendation has not been approved by the Government Inspector into the LDF and consultation is now being undertaken into adopting a higher level of 50%. This consultation is expected to take approximately six weeks.

It is not clear what effect the adoption of a 50% level for affordable housing would have on land values, but it is very likely to result in a significant reduction. The exact effect would have to be analysed when the consultation has been concluded, the policy has been finalised and an examination has been undertaken of the affects on individual sites throughout the borough

8.0 Financial Implications and risks:

8.1 Underpinning Rationale

As has been indicated throughout this process the proposals are not driven primarily by financial considerations, however, financial prudence has to be a key element of any final decisions. A reduction in schools and surplus capacity, with an improvement in the building stock, will provide a more efficient school model with more money eventually spent directly on the pupils' education with expected benefits to outcomes. Most importantly the changes are not proposed as a cost saving exercise for the local authority. It is proposed that any savings and capital receipts are reinvested into new or remaining schools.

For ease of reference the financial implications have been linked to the report recommendations.

8.2 Recommendations 1; 2; 5 and 8

- Recs 1 & 2 to note / consider consultation and note change in rules to create new schools
- Rec 5 – not to proceed with proposals to change admission numbers at Hacton
- Rec 8 – to note further report will be submitted on the options for the future use of Ingrebourne School premises.

There are no financial implications arising from the above recommendations.

8.3 Recommendation 3 a) – to change admission numbers of schools

School Revenue & Capital Budgets

The overall budget for schools (the Individual Schools' Budget (ISB)) is determined with reference to the number of children within the appropriate age group and certain attributes regarding those children, such as relative deprivation and extent of special need. As such, the change in the admission numbers of schools will not significantly affect the overall ISB or the budget of individual schools as the new admission numbers will be broadly in line with the intake currently budgeted for.

8.4 Recommendation 3 b) – to close Ingrebourne Primary School

School Revenue & Capital Budgets

Ingrebourne will receive a revenue budget share up to the point of closure based on the scheme for financing of schools. It will also continue to receive school related capital allocations.

Any surplus/deficit balance remaining at closure will be transferred back to the ring-fenced Dedicated Schools Grant (DSG).

Costs arising after the point of closure will be met from centrally held funds. If any surplus balance is returned from Ingrebourne, this will be used in the first instance.

As the children currently educated at Ingrebourne are expected to transfer to other schools within the borough, the bulk of the revenue budget for future years will be recycled. This is because the overall budget for schools is determined with reference to the number of children within the appropriate age group and certain attributes regarding those children, such as relative deprivation and extent of special need. However, there are some elements of schools' budget shares that are allocated per school; these will not be recycled in the same way but will be available for redistribution as agreed by the Schools Forum. Initially, it is proposed that the Schools Forum be asked to approve the use of any budget savings to contribute towards this modernisation process (see 8.5). Detailed figures are unavailable at this stage, but if the plans for closure progress, further, reports will be submitted regarding the likely costs of closure and their funding.

8.5 Recommendation 4 – to approve in principle the proposals to close 2 schools, rebuild 2 schools and expand Gidea Park Primary.

Recommendation 6 – to approve immediate processes to commence design work re proposed new school buildings

Recommendation 7 – to approve in principle the disposal of school sites

The financial implications of the above 3 recommendations are combined as follows:

Capital Implications

The attached **Appendix 2** sets out in detail the cost and funding profiles and funding plans. The summary figures are:

	2007/2012
Costs	
Estimated Capital Costs for the sites involved	£19.970 m
Funded by:	
Estimated capital Income from School site disposals	£17.800 m
Developer Contributions	£1.000 m
Devolved Capital Contribution of affected schools	£0.520 m
School Modernisation Grant	£0.650 m
	£19.970 m

The estimated capital receipts for the school sites proposed for release are thus expected, over time, to meet the bulk of the capital costs involved in delivering the two new school buildings and the extension works that will be required at Gidea Park School. It is also possible that additional capital will be available for improvements at Benhurst Primary School. In preparing the financial model the assumption has been made that surplus funds of £313k will go towards work at Benhurst, but a future report will define the extent of a possible modernisation project

As referred to in section 7, it should be noted that the financial model currently uses estimated land values based on 35% rather than 50% affordable housing. There is a risk that if the increased percentage is adopted resulting in a negative impact on the land values further funding will be necessary in order for the project to proceed. If such a funding gap cannot be filled it may be necessary to abort all or part of the project. Costs incurred would then need to be funded and it is possible that they could exceed the value of other sources currently identified. This position will therefore need to be kept under review and any issues arising reported through the appropriate channels at the earliest opportunity.

From the appendix, members will see that there is a shortfall of funding in 2009/10 and 2010/11 which requires bridging. As such there will be a need for bridging capital to enable building works to commence. It is envisaged that this will be met by borrowing. It is anticipated that the revenue costs of £420k (2009/10) and £960k (2010/11) will be met from a combination of DSG and affected schools balances. To reduce the impact on other DSG areas it is proposed that funding available in earlier years be banked to fund costs arising in later years. This is subject to the approval of the Schools Forum and it is anticipated that a decision will be reached in early November. Should the Schools Forum not agree to these proposals alternative methods of

funding the cost of borrowing will need to be identified and approved through the appropriate channels, before the project can proceed.

The initial of funding costs for commencing work on capital project designs and preparation of sites for disposal can be met from the sum of £2.1m currently held in the education capital programme together with the 2007/08 Schools Modernisation Grant.

Revenue Implications

As with Ingrebourne, the two closing schools will receive a revenue budget share up to the point of closure.

Any surplus or deficit balance remaining at closure will be transferred back to the DSG. Costs arising after the point of closure will be met from centrally held funds. It is proposed that the Schools Forum be asked to approve the use of any surplus balances to contribute towards the modernisation process and any costs arising after closure.

As stated above the overall budget for schools is determined with reference to the number of children within the appropriate age group and certain attributes regarding those children, such as relative deprivation and extent of special need. However, there are some elements of schools' budget shares that are allocated per school as a cash base.

A rationalisation of the number of schools and the number of surplus places will allow all remaining schools to benefit from savings achieved on school cash bases. Upon the closure of school sites covered in these proposals this could amount to an overall figure of some £300,000 for eventual redistribution. Initially it is proposed that the Schools Forum be asked to approve the use of any budget savings to contribute towards this modernisation process.

In addition, over time there could be reduced costs to those schools directly involved in change through re-organised management/staffing structures. Also, where capital investment is made, benefits of reduced costs for ongoing maintenance, energy and related areas will be achieved.

The Schools Forum, in anticipation of possible future changes in schools through 'mergers' agreed transitional arrangements that would enable 'merging' schools to retain two school budget equivalents for the period until they took up occupation of their new school building. This was intended to ensure that the ongoing costs of operating two sites and retaining appropriate staff structures until full merger into one school could be managed successfully. Whilst there is a need to implement changes differently from the original 'merger' model (i.e. through closure of one school and not the other), it would be the intention to retain this approach so that the populations of both schools continue to benefit as a new single school.

It may become necessary for the new schools to incur some costs prior to officially opening. At this stage the details are unknown but it is expected that they will be met from within the Dedicated Schools Budget. Approval will be sought from the Schools Forum as the position becomes clearer.

8.6 Revenue Implications affecting a number of recommendations

There will be revenue implications attached to the ongoing school re-organisation process involving resource time, including the use of specialist consultants, and the cost of publishing notices etc. The Council's MTFs for 2007/08 includes a sum of £75,000 to cover such costs.

The implementation of this project is subject to the Schools Forum agreeing to a number of proposals regarding the use of the DSG and schools balances. It is anticipated that the Forum will make a decision early November. The outcome of which can be presented at the Cabinet meeting. Should the proposals not be agreed alternative sources of funding the various aspects of this project will need to be identified and approved through the appropriate channels, before the project can proceed.

9.0 Legal Implications and risks:

The Education and Inspections Act 2006 placed new duties on Local Authorities in respect of school organisation planning and as commissioner of school places. Related Regulations and guidance brought in towards the end of May 2007 set out the manner in which reorganisation proposals should be managed through consultation and decision making. The Council has conducted its consultation processes in line with those regulations and guidance, by adopting a robust, transparent and meaningful process, which provided sufficient information and time for responses from all those potentially affected by the proposals as well as other stakeholders.

A Council must act rationally, only taking relevant considerations into account, and excluding irrelevant considerations to ensure that its decision making is secure from challenge. If it does so conscientiously there is only a minimal risk of a successful legal challenge on the basis of a flawed consultation.

Whilst Cabinet is entitled to rely on the accuracy of the information set out in this Report if it is in doubt about any aspects it should seek further clarification or further assessment. Cabinet members are advised to read all the consultation material to ensure that they are fully briefed.

Assuming Cabinet adopts the Recommendations it will be necessary to commence two separate processes.

Firstly, public notices will need to be issued (as set out in section 6). That involves following set procedures which define both the process, timescales

and decision making roles. Providing these are followed there is again minimal risk of challenge to the process.

Secondly, further informal consultation will be carried out to establish which schools should be closed as part of the technical process of achieving change. The result of that consultation will need to be reported back to the cabinet for consideration and decision. Once Cabinet have taken a decision another Public Notice process will need to be undertaken.

10.0 Human Resources Implications and risks:

Two separate meetings were held with staff in July 2007 specifically to discuss the potential implications arising from school mergers.

In the case of Ayloff and Dunningford, as well as The Manor and Edwin Lambert schools, it is proposed for that one school, in each situation, will close and the other remain open. These proposals effectively provide for greater job security to the staff within the school that remains open. However, the Council will continue to encourage the relevant Governing Bodies, where appropriate, to adopt a principle of equality between staff when implementing the new staffing structures.

Any changes required in school staffing as a result of the proposals will be managed in accordance with the Council's agreed Managing Organisational Change Guidance for school based staff, including supplementary procedures agreed by the Schools' Funding Forum which specifically relate to the management of staff in the event of a school closure. These procedures provide added security for such affected staff. Both sets of procedures highlight that redundancy is a last resort option and redeployment will always be actively sought in the first instance.

Havering has an excellent track record in managing changes arising from school re-organisation in conjunction with staff and the trades unions. There will be ongoing meetings with staff, the trades unions and governors to ensure changes are effectively managed to secure the best possible outcomes all round.

The modified timescale for implementing the creation of the new schools (i.e. from September 2008 to September 2009) will provide greater opportunity to plan and accommodate changing needs arising from the school re-organisation proposals. There is every confidence that solutions can be found over that timescale to provide all affected staff with routes to teaching or support posts.

In specific terms those proposals relating to changes in schools' admission numbers will not have any HR impact.

The proposed closure of Ingrebourne Primary School and two other schools will require the sensitive application of the Council's Managing Organisational Change Guidance for school based staff to manage contraction and

redeployment for all staff involved. It would remain the intention in the case of the schools that were to be equally treated as 'merging' schools to work with everyone involved to achieve successful integration of staffs, although there will be a legal distinction between those that form part of a closing school and those that form part of a remaining school.

11.0 Reasons for the decision:

The rationale for the review has been previously set out and agreed in earlier reports and Cabinet Members should refresh their memory of those previous Reports before making any determinations. The recent consultation has set out the views of the community and the decisions set out in this report seek insofar as is possible at this stage approval to specific proposals, following thorough consideration of the results of the consultation.

12.0 Alternative options considered:

A no change position is unrealistic given the need to modernise schools, and reduce the number of unfilled school places that will not be required in the medium term period, which has organisational and budget implications.

Within each locality options have been explored and a judgement made about those specific proposals that were most suited based on the criteria used. The consultation process has provided the opportunity for the community to offer views on the proposals and suggest alternatives/variations to address the issues to be resolved. Alternative suggestions have been considered and where judged appropriate modifications have been made to the original proposals, i.e. recommendation not to proceed with Hacton change in admission number and to defer the implementation dates for new schools by one year until 2009. The recent changes in regulations governing the re-organisation of schools require that the Council reviews and re-consults on certain aspects of its proposals. Alternative options to close Ayloff and Edwin Lambert Schools were considered, but rejected.

13.0 Equalities and Social Inclusion implications:

The planning principles previously consulted upon and set out were used to develop the proposals outlined. The end product will be a network of accessible local schools that are at the heart of their communities and will thus support a policy of community cohesion. Future programmes of modernisation will be determined by reference to agreed criteria and eventually offer improved facilities and learning environments to the whole community.

Project Sponsor

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Cheryl Coppel
Chief Executive

Appendices *[not reproduced here]*

Appendix 1 [Annexes 1 -12] – Analysis of the consultation process
Appendix 2 - Project Timeline linked to Capital Expenditure and Funding Plan.

Background Papers List

- 1 Consultation Responses as listed in Appendix 1 [Annex 12]
- 2 DCFS guidance on school organisational change and establishing new schools
- 3 LBH/DCSF correspondence related to the application of the new school regulations and exemptions from competition.



MEETING

DATE

ITEM

CABINET

12 DECEMBER 2007

6

**Cabinet Member:
Councillor Roger Ramsey**

**Relevant Overview & Scrutiny Committee:
Corporate**

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: CORPORATE PLAN 2008/11 – FINANCIAL PROSPECTS

SUMMARY

This report updates Members on the progress of the 2008/11 corporate business plan and Medium Term Financial Strategy (MTFS).

This report identifies the progress with developing the proposals being considered and advises more detail will be released in January 2008 for consideration by all the relevant Committees. The report also summarises the outcome of the Government's Comprehensive Spending Review and the impact of Local Area Agreements on the funding of local authorities.

The provisional Revenue Support Grant settlement for 2008/09 has yet to be announced to the Council, although details are currently expected ahead of the Cabinet meeting itself. Details of schools' funding plans were announced in November and are also set out in this report.

RECOMMENDATIONS

Cabinet is asked:

1. To approve the progress made to date with the development of the Medium Term Financial Strategy.
2. To note the further work being undertaken by officers and the timetable outlined in the report.
3. To note the outcome of the Comprehensive Spending Review 2007.
4. To note the details of the Local Government Financial Settlement 2008-11.
5. To note the details of the School Funding Settlement 2008-11.
6. To agree that the full detail of the final options will be reported in January.
7. To note the other issues.

REPORT DETAIL

1. BACKGROUND

1.1 The priorities and objectives are as follows:

Council Priority		Objectives	Administration Priority Projects
A.	Promoting Financial Efficiency & Providing Value For Money	<ol style="list-style-type: none">1. Embedding robust financial & strategic planning2. Creating a modern work force3. Making best use of all our physical assets	
B.	Improving Services	<ol style="list-style-type: none">4. Finding new ways of providing high quality services5. Delivering key projects to time6. Being positive about young people7. Enhancing lifelong learning	<ol style="list-style-type: none">1. Development of a modern depot for transport and operations fleet7. Improving the overall performance rating of Culture, Adult Services and Housing
C.	Making Havering A Better Place In Which To Live &	<ol style="list-style-type: none">8. Making the most of our parks and open spaces9. Investing in roads and pavements10. Developing	<ol style="list-style-type: none">2. Development of a network of community hall provision3. Provision of schools for communities that deliver first class education, from modern buildings4. Development of a range of services

Council Priority		Objectives	Administration Priority Projects
	Work	Havering's economy 11. Improving Rainham 12. Better Havering 13. Supporting a safe borough	for young people and hard to reach young people in particular 5. Continue the development of our libraries 6. Build a modern leisure facility in Romford 8. Create a Harold Hill which meets the aspirations of both the Community and the Council. 9. Enhance Hornchurch as the cultural and communal centre for Havering 10. Development of green spaces 11. Create a clean and safe street scene

1.2 These priorities and objectives are currently being reviewed in the light of the Comprehensive Performance Assessment (CPA) results, the Government's developing agenda, consultation feedback and discussions at Cabinet. The review will also encompass the outcome of the Comprehensive Spending Review and the Local Government Financial Settlement, which are considered further in this report, and the MTFs process followed within Havering in both previous years and specifically for the coming three year period.

2. THE SETTLEMENT, LOCAL AREA AGREEMENTS AND GENERAL FINANCIAL PROSPECTS

Comprehensive Spending Review

2.1. In recent financial years, a preliminary indication was given in the local government financial settlement of the level of Grant increase that Havering might expect for subsequent years. However, during the Autumn, the Government published the outcome of its Comprehensive Spending Review 2007 (CSR07). This is a major review of Government spending over the next 3 years, 2008/09 to 2010/11.

2.2. CSR07 is an extensive document that sets out spending plans for all Government departments. A summary of the main issues for each department is set out in Appendix A. For local government, the key highlights are as follows:

- An average 1 per cent per year grant increase in real terms over the next three years (2008/09 to 2010/11) for local government, with a similar level of growth for adult social care
- Education spending in England rising on average by 2.8 per cent a year in real terms over the same period
- A Value For Money (VFM) programme, realising annual net cash-releasing savings of £4.9 billion across local authorities by 2010-11 through the achievement of cash savings of 3% in each year – a similar programme is also proposed for education
- These savings are expected to deliver "improved, modern, and personalised public services," including

- families in need and children in care;
 - old and vulnerable people;
 - increasing waste recycling to 40 per cent by 2010
 - Council tax rises well under 5 per cent in each of the next three years.
 - The removal of ring-fencing and other controls from grants totalling over £5 billion by 2010-11
 - Streamlining performance management through a single set of 198 performance indicators, and no mandatory targets in Local Area Agreements
 - The introduction of new powers for Local Authorities to invest in economic development through business rate supplements, subject to clear accountability to business.
- 2.3. The major effect of this is that future funding settlements are only likely to be around 1% in real terms for the next three years. The actual level of grant increase for individual local authorities will depend on whether the existing system, which includes ceilings, floors and damping (all of which affect the actual grant increase) remain in place. Alongside this, there will be a further round of efficiencies to be delivered, increasing to 3%, to be achieved as a cashable saving.
- 2.4. Given the associated comments on limitations on Council Tax increases, it will be essential that financial prudence remains a key factor in local authority financial strategies.

Local Area Agreements

- 2.5. Historically, local authority funding from central Government has comprised two elements; general revenue support grant and specific grants. The latter were generally ring-fenced, which meant they could only be applied for specified purposes, and that local authorities were accountable to the Government department that allocated the grant for both spending and outcomes achieved. Most specific grants have been subject to external audit verification prior to claim submission. For schools, any changes in respect of specific grants have to be managed within the context of the overall budget available to schools. Although the basis upon which revenue grant is determined has changed frequently over the last 10 years, and specific grants have come and gone over that period, the basic fundamentals have remained in place.
- 2.6. This funding regime is due to undergo a fundamental change from 2008/09 with the implementation of Local Area Agreements and the subsuming of a wide range of specific grants within the mainstream funding system.
- 2.7. The Government's view is that Local Area Agreements (LAAs) are about the sort of place residents want to live in. The Department of Communities and Local Government (DCLG) website describes LAAs as follows –“ They are about setting the strategic direction and focusing on the priorities that will make your town, city or community a better place to be. They are about place-shaping.”
- 2.8. LAAs will continue to be three-year agreements with priorities agreed between all the main public sector agencies working in the area and with central

Government. This means that funding streams for all these organisations will be merged together (although recent guidance suggests to a lesser extent than originally suggested). It also means that all the organisations involved in working together must have the right evidence to know what these priorities are. DCLG goes on to say: "A good LAA should ensure there are the systems in place to be sure that what everyone agrees should happen does." The major changes are being made in 2008 with the remaining architecture of the new performance framework in place by 2009.

2.9. LAAs contain three key principles::

- **more emphasis on area based service delivery** - a package of measures which mean stronger partnership working, alignment of local government performance management arrangements with that of partner agencies and replacement of authority-based inspection with an area-based assessment of risks to service delivery (The Comprehensive Area Assessment);
- **more freedom in spending decisions** - the local authority will be able to make decisions about spending priorities with partners locally without these being conditioned by centrally imposed targets. The 2007 Budget reinforced the commitments in the Local Government White Paper 'Strong and Prosperous Communities' to reduce the number of specific grants. The presumption will be against ringfencing grants unless there are strong reasons for doing so and these will be made public.
- **fewer central targets and reporting systems** - the new LAAs are part of radical reforms to replace the multiple national performance frameworks under which local authorities operate with around 200 national indicators. These will cover everything local government does on its own or in partnership with others. Each LAA will have no more than 35 negotiated (designated) alongside 18 statutory education and early years targets. There will be a single annual performance review to examine the findings of the Comprehensive Area Assessment (CAA) and respond to changing priorities in the area.

2.10. In addition the passage of the Local Government and Public Involvement in Health Act, which received Royal Assent on 30 October, will place a statutory requirement on the local authority to develop an LAA and duties on named partners to co-operate with the authority. Councils will also be able to agree local targets with partners that will not need to be reported to central government but which will have the same status as targets negotiated with central government.

2.11. The Havering Strategic Partnership is currently working up proposals for inclusion in the LAA. The latest draft is attached at Appendix B.

2.12. The financial impact of the introduction of LAA2, as set out within CSR 07, is that, based on 2007-08 figures, there are a number of grants moving to either revenue support grant (RSG) or area based grants (ABG). The grants moving from Specific to RSG are approximately £4m and to ABG approximately £9m; in total about £13m. This is actually much less than had originally been anticipated. From information received at an LAA conference, it is unlikely this

position will change. It is unclear at this stage whether Havering will just be given one lump sum, 2 lump sums (RSG and ASB - former Specific Grants), or if this funding will be broken down grant by grant.

- 2.13. Once the Settlement has been announced, the details will be analysed and included in the report to Cabinet in January. This will set out the effect of the changes in the funding system.
- 2.14. Further information on the financial arrangements expected to underpin the operation of LAAs was provided at a meeting with DCLG officials in June 2007. This has assisted planning however. The new LAA2 guidance was published on 20 November 2007 and is currently being analysed by officers. Again any issues arising from this will be included in the January report.

Local Government Settlement and Financial Prospects

- 2.15. The settlement was due to be announced in early December and a summary is set out in Appendix C. (If not available at the time of publication of this report as is expected, this will be circulated separately or reported verbally at the meeting).
- 2.16. Given the statement in CSR07 regarding the next three years, the settlement is likely to mean that Havering will need to continue to identify savings or reduce pressures to set a reasonable Council Tax, as has been the case for the preceding 3 years. The aim continues to be to maintain a stable financial position, to adopt a prudent approach to the continuing development of the Council's MTFs, and to reflect the views of our local community on the impact of budgetary pressures and Council Tax increases, subject to any changes in national priorities that are outside of the Council's control.
- 2.17. The expectation is that the Council will continue to be floored in future years, receiving only the minimum increase. The Council must also consider and be mindful in planning of the potential for potentially significant changes to Local Government Finance identified as part of the Lyons Review, which the Government may choose to adopt. This is in addition to having regard to the local impact of the Council Tax Revaluation if and when this is finally introduced.
- 2.18. Details of the school funding settlement were announced by the Minister for Schools and Learners on 12 November. The announcement covers the national total of school funding for the next three years 2008-11, the level of the minimum funding guarantee for schools, local authorities' indicative allocations of Dedicated Schools Grant, and details of other grants. This is the first ever three-year school funding settlement.
- 2.19. The revenue funding settlement targets key priority areas, and includes:
 - £330/£535/£912 million earmarked for each year over the next three years to further personalise learning, including early intervention to prevent children from falling behind; targeted support for specific groups, including ethnic minorities, white working class children, children in care and support for children with special educational needs.

- £138 million in 2009-10 and £315 million in 2010-11 to help improve the rate at which children progress, ensuring all children can meet their potential, and those who are behind expectations, or are falling behind, get back on track. A current pilot of this approach in 484 schools will run until July 2009.
- £18/£47/£79 million earmarked for each year over the next three years to get those falling behind in basic literacy and numeracy back on track and up to standard, through the national roll out of Every Child A Reader and Every Child Counts.
- Targeting funding at disadvantaged pupils and areas, with additional £40 million funding a year for schools in pockets of deprivation in more affluent areas.

2.20. Total revenue schools funding will be £38 billion in 2008-09; £39.8 billion in 2009-10; and £41.9 billion in 2010-11, an average year-on-year increase of 2 per cent in real terms. It means overall average per pupil funding, including capital and ICT spending, will reach £6,600.

2.21. Local authorities will see average per pupil revenue funding increases of 4.6% in 2008-09; 3.7% in 2009-10; and 4.3% in 2010-11. The overall level of schools' funding will increase by 4.3% in 2008-09, 4.7% in 2009-10 and 5.3% in 2010-11.

2.22. For Havering, the figures are set out in the table below. They reflect anticipated changes in pupil numbers in the three years covered by the settlement.

Year	Per Pupil Increase	Cash Increase	Indicative DSG Allocation (£m)
2008-09	4.4%	3.8%	147.171
2009-10	3.6%	3.1%	151.793
2010-11	4.2%	3.7%	157.401

3. SPENDING PLANS AND ISSUES

3.1. In broad terms, the approach adopted by the Council assumes that directorates will meet budget increases resulting from inflation and other pressures from savings. Once this principle has been met, the proposals identified to meet this objective are then scrutinised by senior officers and Members. This provides a basis for assessing the Council's priorities in relation to its MTFs and Corporate Plan, and for resources to be allocated to those areas of the highest priority.

3.2. The Council is now in the later part of this process, reviewing proposals in light of priorities and resources available. This is taking on board:

- Service Performance and Future Outlook
- Demography
- Relative Needs
- Pension Fund
- Capital Investment
- Balances

- Comprehensive Spending Review
- Local Area Agreement.

3.3. The key assumption being used in the budget is a 2.25% increase on salary budgets, broadly in line with recent pay settlements, and a 1.5% increase on other budgets. This level of inflation equates to around £2.7m excluding schools and has been used as part of the detailed budget formulation.

4. OTHER ISSUES

4.1 Levying Bodies

4.1.1 The levies are part of the Local Government Settlement and therefore need to be taken into account when setting the Havering element of the Council Tax. Information in respect of levies is still awaited.

4.1.2 There are a number of levies, but the predominant levy relates to ELWA. The current overall levy budget is around £9.3 million, of which ELWA accounts for £8.6 million.

4.1.3 Provision was within the 2006-09 MTFS for an increase of £1m or around 13% in 2007/08. This was based on the budget and financial prospects approved by ELWA in February 2006. The Authority considered a report earlier this year on its Financial Projection and Budget Strategy for 2007/08 to 2009/10. Although this suggests a lower overall increase in the levy of around 10%, there is concern that there could be implications arising from ELWA decisions at a service level and the position is being monitored.

4.1.4 The position will be updated as ELWA firms up its financial prospects for future years. However, the initial indications for 2008/09 from ELWA are that the current projections are likely to remain largely unchanged.

4.1.4 The original MTFS provision of £1m has been therefore left unchanged as the most prudent option pending the setting of the ELWA levy in February 2008.

4.2 Proposals – Budget Pressures / Investments and Savings

4.2.1 Proposals for release are nearly complete, however there has not been sufficient time to consider these in the light of the settlement as this had yet to be released and the Cabinet papers were published on December 4th. Whilst the initial timetable indicated the release of proposals in December, given the need to consider the overall position and that the Area and Overview and Scrutiny Committees are not meeting until after the publication of the January Cabinet papers, it is proposed that the next Cabinet formally release the proposals as was the case last year.

4.2.2 The proposals will be released for consultation with the public and will be publicised via the website. There will also be a single merged Overview & Scrutiny Committee to consider the proposals in detail, as well as the Area Committee meetings.

4.3 Expenditure Restriction by Government

- 4.3.1 The Government has stated that it will use its capping powers where necessary and that it expects average Council Tax increases to be below 5%. This was a key element in the CSR07. It is, therefore, for individual authorities to decide their budget requirement and the level of Council Tax which they feel is appropriate for their circumstances having regard to the results of consultation, local priorities, spending pressures and national priorities. However, the Government has made it clear that it will cap and has shown this to be the case in 2004/05 and 2005/06, although no authorities were capped in 2006/07.
- 4.3.2 'Excessive' Council Tax increases, and 'excessive' budget requirements are particularly considered in determining whether to use the reserve powers. The Secretary of State for Local Government, in deciding that a budget requirement is excessive, must do this in relation to a set of principles. Council Tax increases are not referred to specifically in legislation but they have been used in deciding which authorities to 'warn' and could be used to help determine whether, in the Secretary of State's view, a budget is excessive.
- 4.3.3 If the Government were to cap the authority through designation, i.e in respect of the 2007/08 financial year, there would be the prospect of having to make budget reductions to cover the reduction in income arising from the reduced Council Tax as well as funding the rebilling costs.
- 4.3.4 If the Government were to cap the authority through nomination, i.e in respect of the 2008/09 financial year, the Financial Strategy would need to have regard to this as it was rolled forward.
- 4.3.5 In making final budget decisions, a balance must be drawn between sustaining services and the implications if the authority was capped. For information, the following sets out the information in respect of Havering in recent years:

	Budget Requirement		Havering's Council Tax	
	£m	%	£	%
2001/02	209.5		808	
2002/03	219.4		863	
2003/04	240.0		991	
2004/05	252.1		1,043	
2005/06	262.7		1,073	
Annual change	10.6	4.2%	30	2.9%
2006/07	277.0		1,091	
Annual change	14.3	5.4%	19	1.7%
2007/08	290.3		1,129	
Annual change	13.3	4.8%	38	3.5%
Average annual change last three years	12.7	4.8%	29	2.7%

4.4 Budget Robustness/Reserves Position

- 4.4.1 The Local Government Act 2003 sets out requirements in respect of Financial Administration, and in particular to the robustness of the budget and the adequacy of reserves. The Act requires the Chief Finance Officer (CFO) to

report to an authority when it is making the statutory calculations required to determine its council tax or precept.

4.4.2 In line with the requirements of the Act, the formal report of the CFO on budget robustness will be included in the February Cabinet report. The authority is required to take the report into account when making the calculations.

4.4.3 The General Reserves at 31 March 2007 were £10m. Prior to making a final recommendation to Council, there will also be a need to consider the current financial position for 2007/08. The MTFs, as agreed by Council, sets out that the minimum level of reserves held will be £10m. A review of this is taking place for budget purposes and will be set out in the final budget report.

4.4.4 The District Auditor continues to emphasise the need for the Council to strengthen its financial health and to build in protection against unforeseen circumstances and to seek advice from the Chief Finance Officer on the adequacy of its working balance level.

4.5 Consultation

4.5.1 In accordance with the budget and policy framework, the Corporate Overview and Scrutiny Committee were invited to submit their views on the corporate business plan report and will be invited to comment on any future reports on this process. All Overview and Scrutiny Committees and Area Committees will also be consulted at a further stage of the budget strategy process.

4.5.2 A survey seeking residents' views on their priorities for spending was included in the Council Tax billing leaflet. An on-line version was placed on the web site at the same time; the results from these surveys will be combined and presented to Cabinet before the decision stage of the budget setting process is reached. The Council will also have the results of the Ipsos MORI public satisfaction survey which seeks residents' views on local priorities. The interim top-line results will be available week commencing 7 January 2008. In addition to this, a series of Focus groups with Havering residents will be held, to understand how people judge / measure their satisfaction with the council, and what we can do to improve satisfaction scores with the Council overall, along with the issues around Havering as a place, medium term priorities and vision.

4.5.3 Communications activity around the budget setting process will inform residents how the budget is set and contextualise how the Council's budget affects individuals and families across the borough. In addition to articles in Living, Business Focus and the final Council Tax leaflet, there are plans to develop new ways to engage residents in the budget round and develop greater understanding of spending priorities and how decisions are made.

4.6 GLA

4.6.1 The preparation of the GLA's budget is underway concurrently with the Council's own process. Release of the initial proposals for consultation purposes is due to take place in mid December. At this stage, initial intelligence is being sought from different sources, but nothing is as yet available.

- 4.6.2 Any increase would be expected to be in keeping with the capping level referred to earlier in this report, and with the objectives set out in CSR07. The impact of the GLA precept on the overall level of Council Tax has been significant for a number of years. In broad terms, increases in the GLA precept about the Council's own Council Tax increase cause the overall figures to rise, and vice versa.
- 4.6.3 The GLA's budget is due to be formally approved at its meeting on 13th February 2008.

5. Timetable

- 5.1 The key dates for consideration of the budget strategy and capital programme are as follows:

Key Tasks	Date
Release of detailed proposals taking account of settlement	January Cabinet
Detailed budgets and public consultation consideration	Considered by Overview & Scrutiny January Presentations to Area Committees January
Final Cabinet recommendation to Council taking account of any further issues	February
Council Tax Setting and Corporate Business Plan Agreement	February
Completion of service planning process	February

- 5.2 This outline timetable is kept under review to ensure that the budget and policy are fully integrated and reflect community priorities. The timetable may also vary if meetings are changed.

Financial Implications and Risks

These are included above.

Legal Implications and Risks

The Council is legally obliged to set an appropriate budget to carry out its statutory functions. The government have powers to cap the increase in council tax and there is a substantial risk that it would do so if Havering's increase exceeded 5%.

Human Resource Implications and Risks

There are no immediate HR risks contained within the report. Any HR issues which occur subsequently will be dealt with according to the Council's HR procedures and appropriate legislation.

Equalities and Social Inclusion Implications and Risks

The Council's Corporate Plan and MTFs affect all residents and organisations within

Cabinet, 12 December 2007

the community. Full consultation on the proposals is carried out as part of the planning process, and savings proposals are subject to an equalities impact assessment as part of the process.

Reasons for the Decision

The Council is required to set a budget for 2008/09 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget. It is also prudent for the financial prospects and progress with the development of the MTFS to be considered by Cabinet ahead of the bulk of the detailed budget work and the announcement of the settlement.

Alternative Options Considered

There are no alternative options in so far as setting a budget is concerned. However, there are options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as alternative savings proposals, the totality of budgetary pressures and the different levels of Council Tax.

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**CHERYL COPPELL
Chief Executive**

Background Papers

MTFS Working Paper Files – June 2007 to March 2008

COMPREHENSIVE SPENDING REVIEW 2007

SUMMARY OF KEY POINTS

LOCAL GOVERNMENT

Council tax rises well under 5 per cent in each of the next three years.

Government grants to local government increased by 39 per cent in real terms over past ten years, average 1 per cent per year in real terms over the next three years.

In addition, DfT provision of over £200 million a year from 2008-09 for concessionary bus fares through local government.

VFM programme, realising annual net cash-releasing savings of £4.9 billion by 2010-11. An additional £150 million will support the delivery of this efficiency programme. Together this will enable local government to deliver:

- rising individual expectations, including reforms to improve services for families in need and children in care; proposals to promote independence for old and vulnerable people; and increasing the rate of recycling and composting household waste to 40 per cent by 2010; and
- stronger local leadership in economic development and neighbourhood renewal, with resources for a reformed Local Authority Business Growth Incentive Scheme.

Greater flexibility for local authorities to meet local priorities and improve local areas by:

- removing ring-fencing and other controls from grants totalling over £5 billion by 2010-11;
- streamlining performance management through a single set of 198 performance indicators for all outcomes that local government delivers alone or in partnership, and no mandatory targets in Local Area Agreements; and
- introducing new powers for Local Authorities. To invest in economic development through business rate supplements, subject to clear accountability to business.

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

- An additional £250 million in total over the CSR07 period to for school personalised services and support; and
- an additional £200 million of capital investment for primary capital programme. With further £550 million in DCSF CSR07 settlement, allows at least one school to be newly built in every authority by 2010-11;
- education spending in England rising on average by 2.8 per cent a year in real terms;
- UK education spending as a proportion of GDP projected to increase from 4.7 per cent in 1996-97 to 5.6 per cent by 2010-11; and

Cabinet, 12 December 2007

- per-pupil funding in maintained schools rising by almost 20 per cent in cash terms (10 per cent in real terms) from £5,550 in 2007-08 to over £6,600 by 2010-11.

VFM reforms to realise annual net cash-releasing savings of £4.5 billion by 2010-11, to fund:

- 3500 Sure Start Children's Centres, one in every community, by 2010;
- extending the weekly entitlement for three and four year-olds to free early years education from 12.5 to 15 hours by 2010; and
- additional support for the Government's vision for personalised education, including one-to-one teacher led tuition for 300,000 underattaining pupils a year in English and in Maths by 2010-11.

DEPARTMENT OF HEALTH

NHS budget up 4% per year in real terms, to £110 billion by 2010-11.

VFM savings of at least £8.2 billion:

- improved access to GP services, and 150 new health centres
- cleaner hospitals
- a new Health Innovation Council

Adult social care – £2.6 billion higher by 2010-11 than in 2007-08, annual average growth of 1 per cent in real terms:

- increase direct funding for social care by £190 million to £1.5 billion by 2010-11, including funding to enable greater personalisation of services, and more support for carers;
- provide a personalisation, choice and control package for social care including individual budgets, preventative projects for older people, advocacy and information services, and investment in the social care workforce; and
- consult on reform of the public support and care system focusing particularly on older people, to ensure a sustainable system that targets resources effectively, is affordable and promotes independence, well-being and control for those in need.

DEPARTMENT FOR TRANSPORT

2¼ per cent annual real increase to 2018-19.

VFM reforms – £1.8 billion by 2010-11 to invest in transport priorities:

- Crossrail;
- Enhance rail network capacity, including longer trains, the Thameslink upgrade in London, and removal of pinch points on key inter-urban lines;
- road pricing, including local schemes and distance-based charging feasibility; and
- free off-peak bus travel to all residents in England over the age of 60 and eligible disabled people from 1 April 2008.

DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT

2.9% annual real growth, £10.3 billion in 2007-08 to £12.1 billion in 2010-11.

VFM savings of over £880 million by 2010-11:

- progress towards at least 240,000 additional homes per annum by 2016;
- a 50 per cent increase in construction of new social rented houses to reach 45,000 units per year by 2010-11, with a goal to reach 50,000 in the next spending review period;
- £1.7 billion of targeted funding over the CSR07 period for infrastructure in Growth Areas, the Thames Gateway, New Growth Points and eco-towns, including £300 million to continue the Community Infrastructure Fund;
- £500 million over the CSR07 period for the new Housing and Planning Delivery Grant, to incentivise local authorities to improve housing supply and planning for housing;
- £2 billion for neighbourhood and local renewal programmes, with a new strategic approach strengthening the emphasis on economic development and promoting strong communities; and
- £50 million for places where community relations face challenges from new patterns of diversity, to support the settled community and enable the integration of new arrivals.

DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

1.4 per cent a year in real terms to £3,960 million by 2010-11.

VFM savings of £379 million per year by 2010-11:

- increase spend on flood and coastal erosion from £600 million in 2007-08 to £800 million in 2010-11, inclusive of spending through local authorities;
- PFI funding for investment for sustainable waste management options rising from £280 million in 2007-08 to £700 million in 2010-11, and
- low carbon and energy efficient technologies, environmental protection, and help developing countries respond to climate change.

DEPARTMENT FOR CULTURE, MEDIA AND SPORT

6.6 per cent annual average real growth, including:

- budget increase from £1.6 billion in 2007-08 to £1.8 billion by 2010-11;
- capital expenditure of over £2 billion over the CSR07 period, including the Department's contribution to venues and supporting infrastructure costs of the 2012 Olympic Games.
- Maintain funding for the arts, museums and galleries, maintaining free access to national museums and contributing to the Cultural Olympiad;
- five hours school sports a week for all children aged 6 to 19 with the Department for Children, Schools and Families; and
- effective programme management of the 2012 Olympic Games, including a sustainable sporting legacy.
- the 2012 Olympic Games and Paralympic Games:
 - in March 2007, the Government announced a £9.325 billion budget for the 2012 Olympic Games and Paralympics Games, funded through central government (£5.975 billion), the National Lottery (£2.175 billion) and the Mayor of London (£1.175 billion).

DEPARTMENT FOR WORK AND PENSIONS

VFM savings of £1.2 billion by 2010-11, budget falls by over 5% per year.

- increased support to help lone parents back to work, and a new Child Maintenance and Enforcement Commission to ensure parents meet their financial responsibilities towards their children;
- increased parental access to employment opportunities by delivering employment advice through local children's services and incentivising Jobcentre Plus to identify the childcare needs of clients;
- the launch of a flexible New Deal, the national rollout of Pathways to Work for Incapacity Benefit claimants, and the introduction of the Employment and Support Allowance to replace Incapacity Benefit for new claimants; and
- pension reforms, including state pension reforms from 2010, and steps to introduce private pension reforms and a new low cost scheme of personal accounts from 2012.

OTHER GOVERNMENT DEPARTMENTS

DEPARTMENT FOR INNOVATION, UNIVERSITIES & SKILLS

2.2 per cent annual average real growth, VFM reforms:

- increase adult skills and apprenticeships;
- business innovation;
- Higher Education for student funding;
- Medical Research Council; and
- Improve the UK science and innovation system.

THE HOME OFFICE, MINISTRY OF JUSTICE AND LAW OFFICERS' DEPARTMENTS

VFM programme, budget fall by 3.2 per cent in real terms:

- additional resources for counterterrorism, growth of 1.1 per cent a year;
- transformation of the courts and tribunals service;

MINISTRY OF DEFENCE

1.5% average annual real growth, VFM savings of £2.7 billion by 2010-11:

- enhance conventional capability across the Armed Forces
- fund the renewal of Britain's nuclear deterrent
- invest £550 million in accommodation.
- meet the additional costs of military operations in Iraq, Afghanistan and elsewhere from the Reserves.

FOREIGN AND COMMONWEALTH OFFICE

VFM savings £144 million by 2010-11:

- modernisation;
- embassy security, a new embassy in Kabul;
- BBC World Service and tv channels
- initiatives to address weakness in governance, education, civil society, human rights and rule of law in priority countries.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Annual average growth rate of 11 per cent to £7.9 billion a year by 2010-11:

- UK Official Development Assistance
- aid to Africa
- Millennium Development Goals, including education and health
- global development challenges.

DEPARTMENT FOR BUSINESS, ENTERPRISE AND REGULATORY REFORM

VFM savings:

- support for business, including Enterprise Capital Funds;
- reduce regulatory burdens;
- funding the Nuclear Decommissioning Authority
- new energy and energy efficiency technologies.

THE CHANCELLOR'S DEPARTMENTS

VFM savings, budgets fall by 4.9% per year in real terms:

- modernised and efficient business processes
- a smaller and more efficient HM Treasury.

CABINET OFFICE

VFM savings, budget falls by 2.9% per year in real terms

**HAVERING STRATEGIC PARTNERSHIP (HSP)
DRAFT PROPOSALS FOR INCLUSION IN THE LAA**

Our LAA2 focuses on reducing the gap between individuals and communities in Havering.

The priorities the HSP have focused on seek to reduce the gap in prosperity of Havering residents, particularly the qualifications and skills of local residents, improve the health of vulnerable communities and vulnerable sections of our population, ensure vulnerable residents feel safe in their local environment and support residents to live independently and enhance civic pride and community cohesion ensuring that residents feel a sense of ownership of their local neighbourhoods and community .

Strategic Board reviewed the priorities and the following list is the outcome of those discussions. The Board also agreed that LAA2 targets should focus on areas of partnership activity. LAA1 targets would not be included. The targets are identified as being seen as a priority by either Havering or the Government Office for London (GoL), or where both parties see these as priorities, these are shown as joint, as well as GoL and Havering priorities.

High Level Outcome: Prosperity

Priority	Joint	GoL	Havering
1. Participation of 17 year-olds in education or training	✓	✓	✓
2. 16 to 18 year olds who are not in education, training or employment (NEET)	✓	✓	✓
3. Working age population qualified to at least Level 3 or higher	✓	✓	✓
4. Working age population qualified to at least Level 4 or higher	✓	✓	✓
5. VAT registration rate	✓	✓	✓
6. Average earnings of employees in the area	✓	✓	✓
7. Working age people claiming out of work benefits in the worst performing neighbourhoods			✓
8. People falling out of work and on to incapacity benefits			✓
9. Achievement of a Level 2 qualification by the age of 19		✓	
10. Achievement of a Level 3 qualification by the age of 19		✓	

High Level Outcome: Better Citizen Engagement and Community Cohesion

Priority	Joint	GoL	Havering
11. % of people who believe people from	✓	✓	✓

different backgrounds get on well together in their local area			
12. % of people who feel that they belong to their neighbourhood		✓	
13. Perceptions that people in the area treat one another with respect and dignity		✓	
14. Satisfaction of people over 65 with both home and neighbourhood			✓

High Level Outcome: Wellbeing

Priority	Joint	GoL	Havering
15. All-age all cause mortality rate	✓	✓	✓
16. People supported to live independently through social services (all ages)	✓	✓	✓
17. Alcohol-harm related hospital admission rates			✓
18. People with a long-term condition supported to be independent and in control of their condition			✓
19. People over 65 who say that they receive the information, assistance and support needed to exercise choice and control to live independently			✓
20. Adults in contact with secondary mental health services in settled accommodation			✓
21. Adults in contact with secondary mental health services in employment			✓

High Level Outcome: A high quality local environment

Priority	Joint	GoL	Havering
22. Per capita CO2 emissions in the LA area	✓	✓	✓
23. Household waste recycled and composted	✓	✓	✓
24. Improved street and environmental cleanliness (levels of litter, detritus)	✓	✓	✓
25. Improved street and environmental cleanliness (levels of graffiti)	✓	✓	✓
26. Improved street and environmental cleanliness (levels of fly posting)	✓	✓	✓
27. Improved street and environmental cleanliness – fly tipping	✓	✓	✓
28. Residual household waste per head		✓	

High Level Outcome: Enhanced Civic Pride

Priority	Joint	GoL	Havering
29. Young people's participation in positive activities	✓	✓	✓
30. Civic participation in the local area			✓
31. Environment for a thriving third sector			✓

High Level Outcome: A Safer Community

Priority	Joint	GoL	Havering
32. Perceptions of anti-social behaviour	✓	✓	✓
33. Serious acquisitive crime rate			✓
34. Perceptions of drunk or rowdy behaviour as a problem			✓
35. Adult re-offending rates for those under probation supervision			✓
36. Re-offending rate of prolific and priority offenders			✓
37. Perceptions of parents taking responsibility for the behaviour of their children in the area		✓	

LOCAL GOVERNMENT FINANCIAL SETTLEMENT

Details of the Settlement are expected to be announced in early December. A synopsis will therefore either be included in the Cabinet version of the report if time permits, or circulated as a late attachment, or reported verbally to the meeting, dependent on the actual publication date.



MEETING

DATE

ITEM

CABINET

12 DECEMBER 2007

7

Cabinet Member: Councillor Roger Ramsey

Relevant Overview & Scrutiny Committee: Corporate

This is a Key Decision

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: Future Use of Broxhill Centre and Whitworth Centre

SUMMARY

This report deals with the future use of the Broxhill and Whitworth Centres. It refers to a previous decision relative to the Corporate Office Property Strategy to declare both properties surplus to the Council's need for administrative accommodation.

The report refers to the outcome of the Council's Local Development Framework (LDF) Examination as a result of which the Whitworth Centre will be released from the Green Belt and become suitable for development. As part of the same planning process, the Broxhill Centre is to become a high quality public park. This report sets out the implementation processes, including the demolition of the Broxhill Centre, the relocation of staff from the Whitworth Centre, the disposal of the Whitworth Centre, the preparation of a master plan for the provision of a new park on the Broxhill Centre site, and various other consequential actions. It also describes the need to integrate with the Council's emerging Harold Hill Ambitions Strategy.

RECOMMENDATIONS

1. That the disposal of the Whitworth Centre be agreed and that the Property Strategy Manager and Assistant Chief Executive Legal and Democratic be authorised to deal with all matters arising.
2. That the Head of Culture and Leisure Services be authorised to prepare and bring forward proposals for the future use of the Broxhill Centre as part of the Council's Harold Hill Ambitions Strategy and that, in principle, the cost of preparation and implementation be met from the proceeds of the Whitworth Centre disposal, subject to Cabinet approval to the scheme and scheme cost.
3. That the Property Strategy Manager be authorised to deal with all matters arising from the proposed demolition of the buildings at the Broxhill Centre as set out in this report and to proceed with the demolition in due course.
4. That existing staff within the Whitworth Centre be relocated to Romford Town Centre (except Adult Education staff who will be relocating to a school site) and that works at an estimated cost of £450,000 be carried out to accommodate these staff on the 12th floor of Mercury House and to River Chambers, High Street, Romford, such costs being met from the proceeds of disposal.

REPORT DETAIL

Background

- 1 The Council owns the Whitworth and Broxhill Centres on Noak Hill Road, Harold Hill, Romford as shown on the attached plan in Appendix 1. The Broxhill Centre is on the north side of Noak Hill Road and extends to approximately 7 hectares whilst the Whitworth Centre is to the south of the road and is approximately 5 hectares.
- 2 The Whitworth and Broxhill Centres are former schools both of which closed in 1993. Following that closure the properties were converted for office use by the Council. However, as a result of the Council's Corporate Office Strategy (approved in 2005) which seeks to consolidate office staff in Romford Town Centre, both properties are scheduled to become surplus to requirements over the next few months.

The Council's Local Development Framework proposals

- 3 The Council – as local planning authority – has proposed that as part of the Havering Local Development Framework (LDF) Core Strategy and Site

Specific Allocations, the Whitworth Centre site should be removed from the Green Belt thereby allowing development to take place provided that:

- The Broxhill Centre buildings are demolished and a new public open space provided which re-provides the existing playing fields at the Whitworth Centre along with a high quality landscaped accessible public park, enhancing the open nature of the Green Belt.
 - In its design, layout and boundary treatment it minimizes its impact on the Green Belt to the north by using a lower building profile and achieves a more sympathetic boundary treatment than currently exists.
 - In line with Policy DC2 residential densities are in the range of 30-50 units per hectare with 1-1.5 car parking spaces per unit provided.
 - Pedestrian and cyclist links are provided through to Appleby Drive to enable convenient access to Harold Hill District Centre.
 - The development of both sites will, in addition, need to comply with borough wide LDF policies where relevant; including Green Belt policies which will continue to apply to the Broxhill Centre site and a general requirement to retain or replace existing open space and recreation facilities unless they are shown to be surplus to requirements.
- 4 The Council has now received the provisional report from the Inspector who has examined the LDF Core Strategy and has approved the principle of the proposals made in respect of the Whitworth and Broxhill Centres. The next step is the Examination of the Site Specific Allocations containing the more detailed bullet point policies set out above which will take place in December 2007. It is hoped that the Inspector's report approving the Site Specific policies will be received by February 2008. Thereafter, the Council will formally adopt the policies, probably in March/April 2008, provided that the Inspector's report is received as anticipated.
- 5 Now that the principle of development of the Whitworth Centre site has been accepted by the Inspector the development of this site and the corresponding community and open space opportunity on the Broxhill site will play an important part in the Harold Hill Ambitions Strategy.
- 6 The strategy that is currently emerging seeks the transformation of Harold Hill, raising aspirations and achievement in the area, radically improving the perception and satisfaction of people living there and moving Harold Hill to the borough average expectation in relation to health, educational attainment, employment/income, housing, environmental standards, cultural provision and community safety.
- 7 The Ambitions strategy will create housing opportunities for a range of income groups encouraging people to move into and stay in Harold Hill. It will do this by providing a mixture of tenures and house types within a balanced strategy for the whole area with distinctive contributions made by particular sites

according to their location and suitability. It may be, for example, that the Whitworth Centre site provides an opportunity for larger, high quality, aspirational family housing as part of the mix and this could encourage a more economically diverse community. This will be explored further as the housing component of the Ambitions strategy is worked up.

- 8 The Broxhill site has great potential to fulfil a range of sports, recreational and youth objectives for Harold Hill with a mixture of formal and informal provision. It will become an important centre for outdoor activities meeting the priorities of the community and, in particular, young people. It will have strong linkages to the residential areas to the south and east, and the open countryside to the north. This represents one of the most important opportunities to enhance community provision for Harold Hill as a whole and plans for Broxhill will be brought forward in the context of the emerging Ambitions strategy.

Disposal Arrangements

- 9 It is proposed that when the new planning policies are adopted, the Council as landowner will proceed with the marketing and subsequent disposal of the Whitworth Centre.
- 10 The planning policies make clear that the development of the Whitworth Centre is dependant upon the demolition of the Broxhill and the provision of a new public open space.
- 11 In order to provide the most effective delivery of the two elements of the planning policy - the disposal of the Whitworth Centre for residential development and the demolition of the Broxhill Centre and the creation of a new Public Park - it is intended to separate the two in terms of project implementation and delivery. This will allow the Council to proceed immediately with the disposal of the Whitworth Centre, which will provide the necessary receipt in order to carry out the required works at the Broxhill Centre site. Additionally, Cabinet Members have yet to approve a final scheme for the Broxhill Centre site and to await detailed proposals for the site would delay the disposal of the Whitworth site.
- 12 It seems likely that this separation of implementation will be permissible in planning terms as the Council's involvement will, in effect, guarantee delivery of the Broxhill proposals. Nonetheless, to demonstrate that the conditions attached to the change of status of the Whitworth Centre will be observed it is proposed that the demolition of buildings at Broxhill Centre – as required by the planning policies – take place as soon as possible. This will also assist with any security/ vandalism issues that a vacant Broxhill Centre could cause that would have both financial and Health & Safety implications. The demolition of the footbridge between the two sites is also being scoped and will become a condition of sale for the developer of the Whitworth Centre site. A further effect of demolition would be that an application could then be made to delete the rating assessment and remove this ongoing financial liability.

- 13 When approving the Corporate Office Property Strategy in July 2005, financial provision was made to deal with security works and demolition at the Broxhill Centre and this allocated budget will be used to contribute to or fund demolition (subject to actual cost). Any additional cost above the existing budget will be met from the pre-sale expenses of the Whitworth Centre and in this respect this report authorises the Property Strategy Manager to incur the necessary expenditure to secure demolition.
- 14 A part of the Broxhill Centre is currently occupied by the Havering Disabled Sports Association and at this stage it is not proposed to include this part of the building in the demolition. The future needs of this group and any relocation will be considered in the scheme to be prepared on the future proposals for the Broxhill Centre site. The needs and requirements of all other current users of the site will also be considered within these proposals.

Proposals for the Broxhill Centre Site

- 15 The reuse of the Broxhill Centre Site as a new public park is an essential part of the planning argument to justify the disposal of the Whitworth Centre for residential development. The aim is to provide on the Broxhill Centre site a high quality landscaped accessible park with good quality facilities. Indicative proposals provided to support the Council's proposals at the LDF Examination indicated a need for the site to have a range of facilities such as tennis courts, bowling green, multi use games area together with some low level buildings and car parking, all set in a high quality landscaped environment with good connectivity routes both into the open countryside areas to the north and into the adjoining Whitworth Centre scheme. This will involve traffic calming and measures to the Noak Hill Road, which will be a part of the requirements placed on the developer.
- 16 In overall terms the intent is to create a substantial improvement to the use and appearance of this part of the Green Belt with the removal of existing buildings and a transformation of the area into an open green community park linking to the countryside. In addition the new park will need to contain high quality facilities for children and young people in line with the recently adopted Play Strategy and include measures to improve biodiversity and nature conservation on the site.
- 17 A requirement now exists to work up detailed proposals for the implementation of the plan for the Broxhill Centre, which the Head of Culture and Leisure Services will do in consultation with local users and occupiers. A detailed report will be prepared together with indicative costs and a further Cabinet decision will be required to implement the recommended scheme, the cost of which is proposed to be met from the proceeds of sale of the Whitworth Centre. It will assist the approval of any Whitworth Centre planning application if there are published proposals for the Broxhill Centre community park, even if they are still subject to consultation and refinement, by the time the Whitworth Centre application is considered as this will demonstrate the Council's commitment to deliver both elements of the LDF policy package.

Existing uses on the Whitworth Centre site

- 18 The Whitworth Centre site is used largely for staff accommodation with approximately 98 staff now remaining in the premises. As part of the Corporate Office Property Strategy there is a strategic direction to relocate staff in Romford Town Centre and release outlying sites.
- 19 A major part of the emphasis for Phase 2 of the Corporate Office Property is to engineer efficiencies within the existing stock and projects such as the New Ways of Working pilot on the 9th floor of Mercury House have demonstrated that, with a suitable environment, it is possible to allocate greater numbers of staff to an area of office accommodation. It is efficiencies of this type that are being sought over the coming years but in the short term it is not possible to easily blend 98 members of staff into existing accommodation.
- 20 Two proposals exist to deal with the relocation. The first is the refurbishment of the 12th floor Mercury House which has been partially vacated following the revised provision of Occupational Health Services in partnership with the London Borough of Barking and Dagenham. Existing staff have vacated the area and all other uses of space on this floor can be relocated. This provides the opportunity to remove the outdated partitioned office layout and to replace it with good quality open plan office space that will facilitate New Ways of Working. Furthermore, these works will improve the condition and working environment within a building that is likely to be an integral part of the Council's portfolio of Administrative Centres into the medium/long term.
- 21 The second opportunity relates to River Chambers which is first floor office accommodation above shops in the High Street, which is owned by the Council. The offices have previously been commercially let but are currently vacant. They have been marketed for some considerable time but there is no market interest in the office accommodation of this type and marketing agents suggest that it is unlikely that the Council will find commercial tenants for the accommodation. A further effect of improving this area is that if, in the future, it is not required for Council use then the works will create a more attractive unit to lease out and produce an investment income.
- 22 It is proposed therefore to use both of these spaces as office accommodation for staff. At a refurbishment cost of £450,000 these two opportunities, together with other efficiencies in the portfolio, could accommodate all of the staff currently at the Whitworth Centre, the cost being met from the proceeds of sale.
- 23 As future occupation efficiencies can be brought to the Council's staff accommodation, these opportunities will help allow privately leased office space the Council occupies to be given up or reduced making consequential revenue savings. Also, as New Ways of Working and home working are integrated further into the organisation together with the provision of other office space, perhaps in Central Library, this will allow the Council to consolidate its office functions in properties that it owns outright, with as little as exposure to private sector rented accommodation as is possible.

- 24 Also on the Whitworth site at present is the Havering Gymnastics Club, which commercially rents the Gymnasium on the site. The occupation is subject to lease that excludes security of tenure and which was granted to coincide with the likely opportunity to develop the Whitworth Centre for residential use. Both the Council and the occupier agreed a lease that ended in November 2007 so as to allow redevelopment to proceed. Given the current proposed development timetable for the Whitworth Centre site, an extension of this lease has been legally drawn up to allow the occupier to remain in occupation until early January but thereafter they will need to leave the site and find alternative accommodation. The operator is proposing to move to another Council school in the short term. Other longer term arrangements are under discussion also. It is essential for marketing that the Council can demonstrate the ability to provide vacant possession of the site and therefore this occupation will need to end in January 2008. Otherwise complications may occur and impinge on what is a major and essential property disposal for the Council in order to fund capital programmes for services in future years.

Asset Management Implications

- 24 The Council's Asset Management Plan identifies a set of criteria that should be considered whenever the disposal of an asset is considered. These state that assets should only be retained if the asset:
- needs to be retained in Council control for the provision of services
 - is of great value to the Council, community and other stakeholders and/or is in need of the degree of protection, from development or other uses, afforded only by ownership
 - is an investment property that provides a financial return that can fully satisfy relevant investment criteria

A consideration of each of these criteria indicates that there is no reason to retain ownership of the Whitworth Centre whilst the retention of the Broxhill Centre is appropriate as it does meet the second criterion shown above.

- 25 It is important that strategic property decisions such as this are taken after considering whole life costing implications. As far as the disposal is concerned it is clear that any rental income that could be secured by letting the Whitworth Centre (and this is unlikely as the current planning consent is personal to the Council) would not represent a competitive investment yield against the estimated capital receipt. As far as the whole life implications of the investment into the Broxhill Centre are concerned these will be dealt with in the detailed proposals for that site. However, this investment also needs to be seen in the context of the overall proposals to these two sites as the disposal and development of one cannot be achieved without the environmental improvements to the other. It is considered that even when the capital costs of carrying out these improvements are taken into account that an overwhelming business case can be made for the disposal of the Whitworth Centre.

- 26 Overall, the strategic asset management implications of this strategy include:

- An enhanced contribution to the open nature of the Green Belt and to community recreational facilities from the Broxhill Centre – and supporting the aims of the Ambitions for Harold Hill project.
- More efficient office accommodation for Council staff in terms of condition, locality and functionality
- Dealing with the Whitworth Centre in line with stated policy on the retention of assets and creating a capital receipt that will be used to finance other parts of the project and to substantially improve the Council's overall position on capital funding
- Other peripheral advantages could include the supply of residential units (including affordable housing units that will be required under a consent for residential development) and better future management of the Green Belt land.

Financial Implications and risks:

- 27 There is no specific budget identified for the development of proposals for the future use of the Broxhill Centre. This is expected to cost in the region of £15k - £20k and together with the cost of implementation, will need to be met from the proceeds of the Whitworth Centre disposal.

A further report to Cabinet will detail the proposed design, including development costs and the ongoing and increased revenue liability of a new park. The revenue funding will need to be addressed through the MTFs process and phase 2 of the property strategy.

A delay in the demolition of the Broxhill Centre would have considerable revenue implications, even when it is empty. These mainly relate to NNDR, which is around £140k per annum. Security and mothballing would also be required to make the building safe and prevent vandalism.

Within the capital programme there is an allocation for demolition and security. Any costs in excess of this would need to be met from the disposal proceeds of the Whitworth Centre.

In order to be able to dispose of the Whitworth Centre and generate a capital receipt, the existing staff based there need to be relocated to other premises. To facilitate this, works with an estimated cost of £450k are required to develop the 12th floor of Mercury House and River Chambers, High Street, Romford. These costs are to be met from the proceeds of disposal.

The increased revenue costs associated with the refurbished accommodation – and the new park - will be met from ongoing revenue savings following the disposal of the Whitworth Centre. This will receive consideration under the MTFs process, under phase 2 of the corporate office property strategy and a future report to Cabinet.

Legal Implications and risks:

- 28 There are no title restrictions on the disposal of the Whitworth Centre site. The terms of the LDF policies and the Inspector's public examination interim report do not prevent the separation of the two elements of the Whitworth/Broxhill proposal in the manner suggested although both will need to be delivered as part of a co-ordinated project approach.

Human Resources Implications and risks:

- 29 Employees currently based at the Whitworth Centre will be relocated to other premises in line with normal HR procedures.

Equalities and Social Inclusion Implications and risks

- 30 The provision of a new high quality park for Harold Hill especially as part of the Ambitions for Harold Hill project will enhance leisure and recreational facilities for all sectors of the community.
- 31 Whilst the disposal of land at Whitworth Centre has no direct equalities or social inclusion implications the provision of a new housing development will increase the supply of affordable housing in this locality. The development of this site can also make an early contribution to the Ambitions for Harold Hill project and, in particular, the project themes of providing high quality housing and creating a more economically diverse community.

Reasons for the decision:

- 32 To confirm the decisions made as part of the Corporate Office Property Strategy having regard to the outcome of the Council's LDF review.

Alternative options considered:

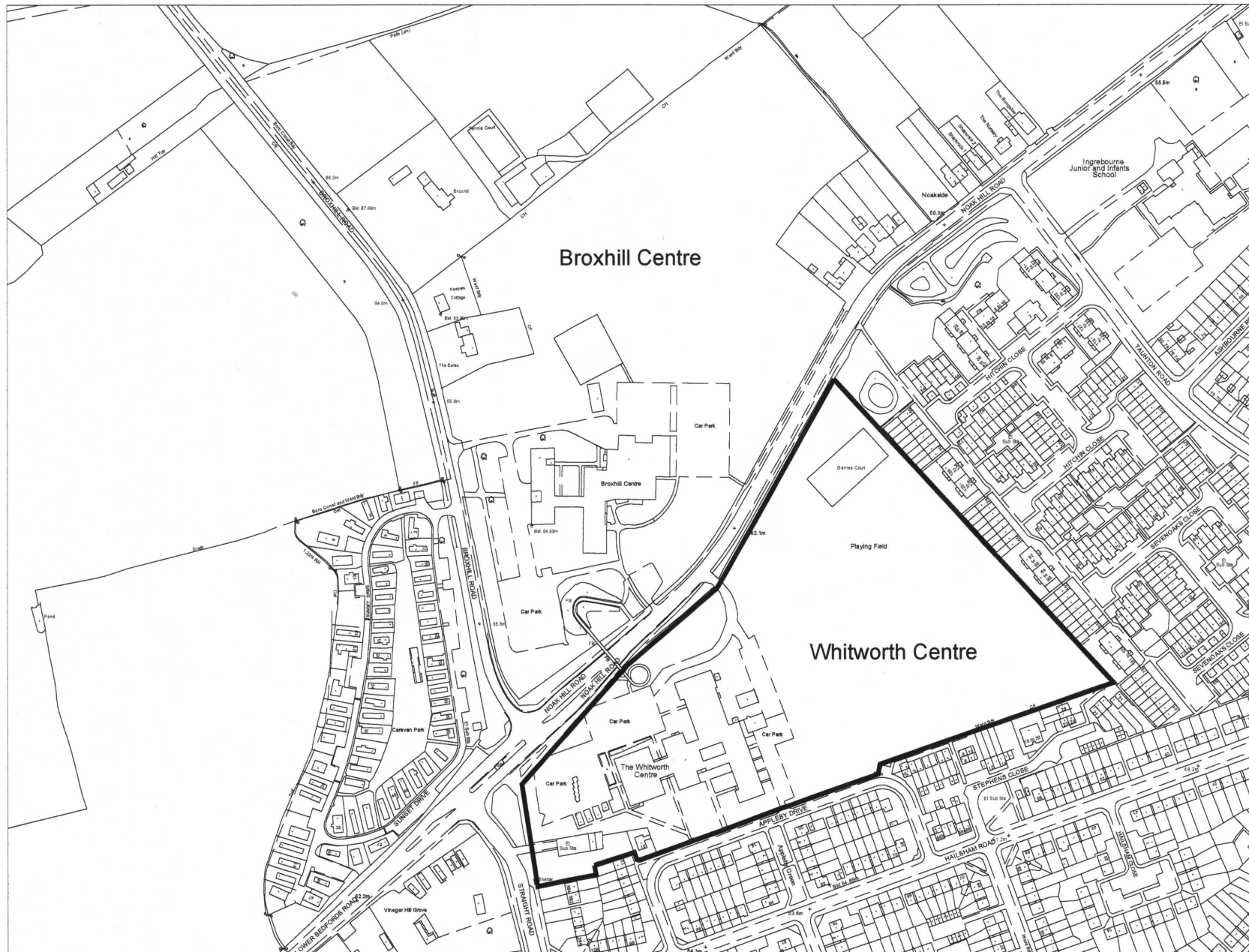
- 33 This report deals with the implementation of decisions previously taken as part of the Corporate Office Property Strategy, but which were subject to the outcome of the Council's LDF Examination. Option review has previously been carried out and alternative option appraisal is not further required for this report.

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CHERYL COPPELL
Chief Executive

Background Papers List

None



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No	Revisions	Int.	Date

Job Title:
 Whitworth Centre
 Noak Hill Road
 Harold Hill

Drawing Title:
 Appendix 1
 Site Plan

Drawn By:

Scale:
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 Appendix 1

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MEETING

DATE

ITEM

CABINET

12 DECEMBER 2007

8

Cabinet Member: Councillor Roger Ramsey

Relevant Resources and Overview & Scrutiny Committee: Corporate

This is a Key Decision

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: NON-HOUSING BUILDING REPAIRS CONTRACT –TENDER FOR NEW CONTRACT

SUMMARY

This report seeks approval to commence a process for the procurement and competitive tendering of the non-housing repairs contract. The report identifies the key issues and considerations in the procurement process.

RECOMMENDATION

That a competitive tendering procurement process for non-housing building repairs commence with immediate effect, with a new contract to be effective from 1 August 2008 on the basis recommended in the report.

REPORT DETAIL

Introduction

1. On 1st August 2004 the Council entered into a contract for up to four years with Morrison (previously AWG) to provide a non-housing buildings repair service.
2. This contract replaced the previous in-house arrangement for the delivery of this service by the Council's building works direct service operation (DSO).
3. There is now a requirement to openly retender the contract so that new arrangements can take effect from 1st August 2008. The Council's Contract Procedure Rules require that Cabinet must receive and agree a pre-tender report for those contracts that exceed £5m over the length of the contract, which is likely to be the case in this instance.

Background

4. The non-housing repairs contract provides a comprehensive repair and maintenance service for the Council's property stock, excluding weekly rented housing. The service is provided by a multi-trade contractor with the main areas of activity being general building repairs, decoration, heating and electrical work. The contract includes responsibility for maintenance and repair of a large range of property types including offices, libraries, schools, care homes, day centres, leisure facilities, depots and other properties owned by the Council.
5. For the Council, the availability of the contract means that minor building and maintenance works do not have to be competitively procured when an individual need arises. Indeed, much of the work under the contract is reactive and often urgent so the existence of a building maintenance service that has been tendered in the open market for both price and quality is essential to building managers to ensure that premises issues can be attended to quickly.
6. The contract is administered by Architectural & Surveying Services within the Council's Building & Technical Service. This Service manages the contract and the existing relationship with Morrison, including advising on and raising works orders, overseeing quality and performance, dealing with invoice payments and disputes. No change is proposed to this role under the new proposed contract.
7. The users, or clients, of the contract are numerous and can be found within every Directorate as property management responsibilities at Havering are held at Service level rather than centrally. In order to

ensure that the needs of clients' services can be centrally co-ordinated, the project management role in awarding the new contract is being undertaken by the Council's Property Strategy Manager, assisted by the Council's Programme Office.

Tendering and Contract Issues

8. The contract award falls within the provisions of the Transfer of Undertakings (Protection of Employment) Regulations and staff working for Morrison under the existing contract will transfer to any new provider.
9. It is considered that the optimum period for a new contract is five years plus an option for the Council to extend for a further two years. The contract activity under the existing contract has amounted to an average of approximately £1m per annum, thereby giving a possible level of cost activity of over £5m under the proposed contract term.
10. The cost of the contract is met from individually held property maintenance budgets within cost centres. These are managed at a local level to ensure that expenditure does not exceed the available resource. If prices were to increase as a result of the tender exercise, the Council would attain a lower level of service for the resources currently available. Emergency works and those required because of Health & Safety are largely unavoidable and would limit flexibility. This may result in budget pressure. This can only be ascertained through the tendering process.
11. As the contract value exceeds the European Union threshold of £3.6m, the contract will need to comply with European procurement legislation. The proposed procurement timescale and events is attached as a schedule to this report.
12. The contract will be openly and competitively tendered with the award of the contract based on an assessment of a combination of price and quality.
13. The project team for the procurement process and award comprise staff from Land & Property Services, Procurement, Legal Services, HR, Architectural & Surveying Services and the Programme Office. The project will be run using the Council's adopted project management processes including appropriate risk assessments.

Financial Implications and risks:

14. The cost of the tendering exercise can be met from existing budgets. The process will involve a large amount of officer time, which may require some reprioritisation of work.

Legal Implications and risks:

15. The process and outcome will need to be supported with legal advice and documentation and these needs and risks be assessed as part of the project.

Human Resources Implications and risks:

16. The proposed contract does have implications for the transfer of staff currently employed by Morrison and these matters will receive HR advice and support as the project proceeds.

Equalities and Social Inclusion Implications and risks

17. None have been specifically identified in the context of this report, which seeks only to approve the commencement of the procurement process. Any implications arising in the project will be assessed separately.

Reasons for the decision:

18. A decision is required as the existing contractual arrangements end on 31st July 2008 and procurement processes must be commenced at this point in time in order to continue the service beyond that date.

Alternative options considered:

19. No alternative to the current arrangements has been identified and an extension of the existing contract is not favoured as a long term option as it is appropriate to market test the service provided.

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CHERYL COPPELL
Chief Executive

Background Papers List

None

	Non-Housing Building Maintenance FC10007062	Action	Target	Actual
1	Outline Brief finalised by officers and BDU advised	CMO	05/11/2007	
2	TUPE issues considered by HR, and incumbent contractor contacted	CMO	06/11/2007	
3	Budgetary provision checked	CMO	07/11/2007	
4	Cabinet* approval to proceed with project	CMO/ HOS	12/12/2007	
5	BDU requested to place OJEU Notice	CMO	13/12/2007	
6	European notice despatched	CPU	14/12/2007	
7	U.K. notice published (must follow despatch in (5) - EU)	CPU	20/12/2007	
8	PQQs drafted	CMO	21/01/2008	
9	PQQs issued	CMO	02/01/2008	
10	Closing date for initial expressions of interest	n/a	25/01/2008	
11	Closing date for return of PQQs	CMO	01/02/2008	
12	Short listing	CMO	25/02/2008	
13	TUPE data (where relevant) completed and signed off by HR	HR	26/02/2008	
14	Specification finalised	CMO	27/02/2008	
15	Invitation to tender drawn up and proof read:	CMO	29/02/2008	
16	ITT ready for dispatch	CMO	03/03/2008	
17	ITTs dispatched by CMO	CMO	05/03/2008	
18	Closing date for requests for further information	CMO	04/04/2008	
19	Closing date for tender submission	CMO/ CPU	16/04/2008	
20	Tender evaluation including: <ul style="list-style-type: none"> • Post tender clarification • presentations 	CMO	09/05/2008	

21	Tender evaluation completed	CMO	12/05/2008	
22	Pre-award report to Leader's Brief	CMO	29/05/2008 (TBC)	
23	Pre-award report; Cabinet approval to proceed	CMO (in conjunction with LS)	12/06/2008 (TBC)	
24	Any further clarification(s) (if required)	CMO (in conjunction with LS)	19/06/2008	
25	Contract award letter (subject to contract). Unsuccessful bidders notified	CPU	20/06/2008	
26	Unsuccessful bidders debriefed (if required) by	CMO	30/06/2008	
27	Mandatory 'standstill' period expires	CMO	04/07/2008	
28	Mobilisation and implementation plan	CMO	07/07/2008	
29	Contract award notice to OJEU	CPU	08/07/2008	
30	Contract engrossed	CMO	15/07/2008	
31	Contract commencement date	CMO	01/08/2008	
32	Initial Contract Review Meeting	CMO	29/08/2008	

* assumes an total estimated contract value (including potential extensions) in excess of £5,000,000.

M. PARROTT, SENIOR PROCUREMENT ADVISOR (PROBITY)

for Group Director – Finance and Commercial 9th October 2007

Glossary:

CMO = Contract Monitoring Officer (client for the service)

BDU = Business Development Unit

DFC = Group Director - Finance & Commercial

DS = Democratic Services

EU = European Union Regulations

HR = Human Resources

ITT = Invitation to Tender

LS = Legal Services

OJEU = Official Journal of the European Union

TUPE = Transfer of Undertakings (Protection of Employment) Regulations 1981