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MINUTES OF A CABINET MEETING Council Chamber - Town Hall Wednesday, 24 September 2014 (7.30 - 9.45 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

Councillor Damian White

Councillor Robert Benham

Councillor Wendy Brice-Thompson

Councillor Meg Davis

Councillor Osman Dervish

Councillor Melvin Wallace

Cabinet Member responsibility:

Housing

Environment

Adult Social Services and Health

Children and Learning

Regulatory Services and Community Safety

Culture and Community Engagement

Councillors Linda Hawthorn, Ron Ower, John Glanville, Philip Martin, Ray Morgon, Nic Dodin, Stephanie Nunn, Gillian Ford, Barry Mugglestone, Graham Williamson, Jeffrey Tucker, David Durant, Keith Darvill and Raymond Best also attended.

There were twenty members of the public (for part of the meeting) and a press representative present.

There were no disclosures of pecuniary interest.

The Clerk, on behalf of the Chairman announced the evacuation procedures in the event of an Emergency

Unless otherwise indicated, all decisions were agreed unanimously without any Member voting against.

12 MINUTES

The minutes of the meeting held on 3 September 2014 were agreed as a correct record and were signed by the Chairman.

13 THE COUNCIL'S FINANCIAL STRATEGY

Councillor Roger Ramsey, Cabinet Member for Value, introduced the report

The report to Cabinet on 3 September 2014 set out the background to the development of the Council's future budget strategy. It also included a

range of proposals to bridge a substantial budget gap over the coming four years. Those proposals were considered at a joint meeting of the Overview & Scrutiny Committees on 8 September.

The report before Cabinet summarised the outcome of that meeting and recommended a final set of proposals, on which consultation would soon commence. The report also set out - as further background information - the final outturn position for 2013/14, and the initial monitoring position for 2014/15, as this also informed the development of the strategy.

Cabinet was reminded that the report set out the Council's long term financial strategy to manage the implications of funding reductions and cost pressures over the next four years. Councillor Ramsey added that the Joint Overview & Scrutiny meeting on 8 September had produced a number of alternative proposals from the other Groups and that these would be considered alongside those contained within the report and that final proposals for the budget would be presented to Cabinet at its budget meeting early in the New Year.

Those present were reminded that this was only the beginning of a lengthy and detailed consultation process; initially with the public, which would commence on 29 September and continue to 29 December and then with staff and the unions. He encouraged as many people as possible to respond and contribute to the final proposals, but he cautioned against simply rejecting current proposals, adding that savings had to be made and if one proposal were to be rejected, proposals for finding the same savings would have to be put forward as the budget had to be balanced.

He concluded by drawing attention to two minor errors in the report: The first concerned wording in appendix I, item 5 in relation to the Queen's Theatre. It had been brought to Cabinet's attention that whilst quarterly meetings had taken place, it was not the case that discussions had taken place in relation to the budget. (page 298).

The second error related to a table on page 21 (Appendix A). Line 15 referred to "Trading Services", this was a typographical error and should read "Trading Standards".

Reasons for the decision:

It was essential that the Council's financial strategy took due account of Government plans and any other material factors where these were likely to have an impact on the Council's financial position. The report set out proposals for the Council's budget strategy for the next four years, and reflected the expected continued Government approach of reduced levels of funding. The scale of these meant that consideration of detailed proposals followed by consultation and implementation at an early stage following the local elections, had been essential.

Other options considered:

None. The Constitution required this as a step towards setting the Council's budget.

Cabinet:

1. **Approved** the final schedule of proposals, set out in Appendix A to the report.
2. **Reviewed** the alternative proposals from UKIP submitted and accepted by the Chief Finance Officer and agreed their inclusion or omission within the consultation process.
3. **Agreed** that officers should commence consultation on these proposals.
4. **Noted** the specific consultation questions being asked in the consultation documents, set out in Appendices J, K, L and M to the report.
5. **Agreed** the draft strategies for libraries and parking, set out in Appendices C and D to the report, as part of the consultation process.
6. **Noted** the final outturn position for 2013/14 and the initial forecast for 2014/15.
7. **Noted** the proposed timetable for reviewing the outcome of the consultation process and the remainder of the budget cycle.

14 **IMPLEMENTATION OF THE PHASE 2 PRIMARY SCHOOL EXPANSION PROPOSALS - RAINHAM**

Councillor Meg Davis, Cabinet Member for Children & Learning, introduced the report

Cabinet was reminded that it had decided on 20th November 2013 to initiate statutory processes to permanently expand the capacity of a number of primary schools from September 2014. Following the completion of the appropriate statutory processes, an Executive Decision was made by the Lead Member for Children and Learning and the Lead Member for Value on 15 May 2014. This had recommended proceeding with the proposed school expansions. This was then “called in” under a requisition signed by two Members representing more than one Group on 21st May 2014.

The requisition had been considered at a special meeting of the Children and Learning Overview & Scrutiny Committee on 24th June 2014. At this meeting the requisition was partially upheld for the Parsonage Farm, Scotts Primary and The RJ Mitchell schools. The expansions of the remaining schools were approved. Those schools included Broadford Primary, Benhurst Primary, Newtons Primary, The Mawney, Suttons Primary and Hacton Primary schools.

The decision of the special meeting of the Children and Learning Overview & Scrutiny Committee on 24th June 2014 was considered at a Cabinet

meeting on 30th July 2014. At this meeting Cabinet had taken the decision to approve the expansion proposals for the RJ Mitchell and Scotts primary schools. It had also decided to defer the decision as to whether to agree proposals to expand Parsonage Farm. This was in order that further work could be undertaken by officers to more fully explore expansion issues in the Rainham area.

Following the Cabinet meeting, officers across the Council had considered a range of issues related to the expansion of Parsonage Farm Primary School and had concluded that whilst it was appreciated that a number of parents with children at the school and residents close to the school had registered serious concerns, the proposals had taken those concerns into account and they would be incorporated into the final development plans.

In addition, the development of Parsonage Farm School was simply the first in a series of expansion measures which had been shown to be necessary over the coming years. Whilst it was accepted that no-one necessarily welcomed such invasive change, change was being forced on the borough and Parsonage Farm had completed the necessary Statutory Process – which some of the alternatives suggested had not – and a start had to be made somewhere. Further delay was not an option as places were needed to be available in September 2015 and moving to a different school would most certainly delay this for a further year precipitating a crisis for places in the Rainham area in September 2015.

Reasons for the decision

1. This decision was necessary to ensure the provision of sufficient primary school places to meet the forecasted rise in primary pupil numbers. A summary of representations and petitions received, and officers' comments on them, was included in Appendices 3a and 3b to the report. It was considered that those issues could only be addressed by the implementation of plans that had been made, especially in relation to the impact of the expansion on the local environment.
2. Whilst the Council appreciated the potential difficulties that might arise, it considered that those were overridden by the Council's statutory duties to provide sufficient places for the forecasted long-term increase in primary pupil numbers. If expansion plans were not progressed, then the probability was that there would be school-age children within Havering without a secure a place in a local school.
3. The Service had looked at the possibility of expanding other local schools in the Rainham area - and indeed might need to explore these options further in the future as demographic pressures continued to increase. The initial investigations of the available opportunities however, had resulted in a proposal that the expansion of Parsonage Farm was the most appropriate option at this time. The reasons for this were the school's clean and simple single storey design, which would allow the Service to achieve a modern, high quality and cost-effective building solution which would not be easily

achieved elsewhere; the size of the site which would permit the new build to occur without inappropriate loss of playing-field space and the delivery of the build project in time for September 2015 when the additional places would be needed.

Other options considered

A number of options had been considered for each planning area against a clear set of criteria which included looking at site capacity, value for money and whether each school was educationally secure and resilient enough to have the capacity to manage an increase in size without adversely impacting on standards. Not providing any additional places was not an option as the Council would be failing to meet its statutory obligations.

Cabinet:

Upheld the decision of the Lead Member made on 15th May 2014 in respect of Parsonage Farm Primary School.

15 APPROVAL TO CONVERT 10600 STREET LIGHTS IN ROADS ACROSS THE BOROUGH TO MORE ENERGY EFFICIENT LED LIGHTS.

Councillor Roger Ramsey, Cabinet Member for Value, introduced the report

Cabinet was informed that the report set out a proposal to commence a tendering process in order to convert a further 60% (10,600) of the Council's sodium street lights to modern Light Emitting Diode (LED) technology which would bring significant longer-term savings in energy usage/costs, maintenance costs and a reduction in carbon emissions.

Cabinet was reminded that in October 2013 the council had agreed to convert 6,000 street lights in residential roads to LED. This project was due to be completed by November 2014. The report sought agreement to commence phase two of the LED rollout by converting a further 10,600 street lights.

The estimated cost of the project was £2.7 million with a resultant annual energy cost saving of £280k and a further anticipated component replacement cost saving of £83k at current prices (effective from 2017/18), meaning there would be a simple "payback period" of under 8 years - 9 years if measured on a net present value basis.

Cabinet was informed that an interest-free loan should be available to the Council to fund 52% (£1.4 million) of the total capital cost with the remaining funding coming from resources to be identified at the appropriate time by the Director of Resources.

A Member observed that the appendix referred to in the report was not attached and it was requested that it be made available and appended to the minutes.

Reasons for the decision:

The change of 10,600 sodium street lights across the borough to LED lighting had a number of benefits including:

- Reduced annual energy costs
- Help future-proof the street lighting electricity budget against inevitable future energy price increases
- The installation of the LED lanterns would enable the Head of StreetCare to achieve savings as part of the re-tendering of the street lighting maintenance contract (due Nov 2016) to reflect the lower requirement for maintenance of the new lanterns.
- Help residents feel safe and secure. Through superior colour rendering and a higher perceived brightness, the white light of LED lighting would make it easier to distinguish objects, colours, shapes and other details. In particular, facial recognition would be easier. White light also gave the most even illumination with fewer areas of intimidating shadow.
- Ensure the light was directed downwards instead of upwards into the night sky. In contrast to the old orange/yellow lighting this would dramatically reduce light pollution.

Other options considered:

- Do nothing

Not implementing energy efficiency measures in the council's street lighting would leave the street lighting energy budget vulnerable to inevitable future increases in UK electricity costs.

Cabinet approved:

- a) The Service proceeding to tender for the purchase of 10,600 LED lanterns and the conversion of 10,600 existing street lights, across the borough.
- b) In principle, to apply for the maximum interest-free loan available under the Salix Energy Efficiency Loan Scheme (SEELS) of £1.4 million to part fund this project.
- c) The addition of a capital scheme to the value of £2.7m to the Council's Capital Budget for 2015/16 as detailed in the Financial Implications, paragraph 7 of the report and to refer this recommendation to full Council.
- d) The delegation of award(s) of the contract(s) set out at (a) above to the Group Director of Culture, Community and Economic Development
- e) The undertaking of small-scale trials of dimming street lights during hours of low movement on selected roads to assess the suitability and benefit of adopting a wider dimming regime.

16 **BEAM PARK HOUSING ZONE PROPOSAL**

Councillor Damian White, Cabinet Member for Housing, introduced the report

Cabinet was informed that the report sought approval to submit a bid to the Mayor of London's Housing Zone Programme. Havering's bid would focus on Rainham - primarily the underused industrial land between the A1306 to the north and the railway line to the south referred to as Beam Park - and the surrounding areas of Rainham Village and South Hornchurch.

The Greater London Authority (GLA), acting on the Mayor's instructions, was seeking bids through a competitive process with a deadline of 30 September 2014. It was understood that the GLA would be conducting an initial assessment shortly after the closing date and that the borough was likely to be asked to submit further information and/or refine its submission prior to a final decision expected around December 2014 to February 2015.

The Housing Zone Prospectus was launched on the 30 June 2014. Housing Zones will be areas where home building would be accelerated by close partnership working between boroughs, land owners, investors and builders. They would be a designated part of a borough in which investment could spur on the development of at least 1,000 new homes on brownfield land. The time taken to get new schemes launched was recognised, but the GLA was clear that development in the Zone should commence within the 2015-18 period.

The Housing Zone programme now offered what was arguably the most significant opportunity in a generation for London boroughs to pro-actively participate to such a large degree in the shaping and development of their neighbourhoods through the development of new housing.

Designation of the area as a "Housing Zone", incorporating the approaches being proposed in the report would enhance the Council's role in balancing the delivery of new housing with the delivery of schools, parks and leisure facilities needed. In turn, the belief was that "Housing Zone" designation would support appropriate densities to maintain Havering's green environment and suburban character compared with much of the rest of London.

Reasons for the decision:

The Housing Zone programme would potentially give access to significant investment in Havering. Not bidding for Housing Zone status would not prevent new housing development coming forward in the south of the borough, but it would significantly reduce the Council's ability to influence the type, amount and timing of this new provision.

Other options considered:

No bid for Housing Zone status – REJECTED.

From officer discussions with the GLA, housing associations and developers, it was clear that proposals for new housing were already coming forward for sites in the proposed Rainham and Beam Park Garden Suburb Housing Zone area and additional sites were likely to be marketed soon, including proposals by the GLA itself. Without a co-ordinated approach - that would result from being awarded Housing Zone status - those sites would come forward in a piecemeal fashion meaning that:

- (a) The Council's ability to influence the overall style and scale of development would be diminished, and
- (b) Developers could argue against increased financial contributions to infrastructure and affordable housing on the grounds that their development in isolation had only a minimal impact on the area.

Bid for Housing Zone status for another part of the borough – REJECTED.

The Housing Zone prospectus sought bids relating to brownfield land capable of delivering upwards of 1,000 new homes. Perhaps the only other part of the borough that could fit this criterion was Romford town centre. Romford was already the subject of strategic market engagement by the Council which was increasing market interest. Rainham, however, required more significant public sector investment; hence it was a better 'fit' for the Housing Zone programme.

Cabinet:

1. **Approved** the submission of a Rainham and Beam Park Housing Zone bid to the Greater London Authority no later than 30 September 2014.
2. **Delegated** to the Chief Executive, acting after consultation with the Leader of the Council, authority to finalise the bid document.
3. **Approved** Economic Development and Regulatory Services initiating work on a Planning Strategy document to strengthen the Council's position on planning applications coming forward in the area.
4. **Approved** the commencement of work on the feasibility of establishing a Council-owned company to develop private housing for rent and sale with recommendations brought to a future Cabinet meeting for consideration.

17 **THE FUTURE OF THE COUNCILS COMMERCIAL WASTE COLLECTION SERVICE**

Councillor Robert Benham, Cabinet Member for Environment, introduced the report

Cabinet was reminded that in 2012 the Government amended the Waste (England and Wales) Regulations 2011. This amendment placed a duty on any establishment which collected waste paper, metal, plastic or glass to take all such measures to ensure separate collections of that waste, where such separate collection was technically, environmentally, and economically practicable (TEEP). This requirement will become effective on 1 January 2015.

In light of this, the report detailed the commercial waste collection service which the Council currently provided to approximately five hundred and sixty businesses within the borough and explored the implications of changes in legislation which might require the Council to introduce a commercial waste recycling collection service. In November 2013 (as part of the re-tendering of the waste contract) a market testing exercise had been undertaken to establish the value of the service to private sector waste management companies.

The report set out the results of that exercise to establish the market value of the service to the private sector if the Council were to sell it; the service enhancements such a sale would deliver and the financial implications.

The report proposed that the Council sell its commercial waste collection service.

Reasons for the decision

The decision to sell the commercial waste service to Supplier A would deliver a one off payment as set out in the exempt section of the report and the opportunity to benefit from an on-going profit share arrangement. The sale of the service would also protect the Council against the prospect of longer term financial losses and deliver service enhancements.

Other options considered

The option to continue to operate the commercial waste service without rationalising charges with those made by the private sector and not introducing a recycling service had been considered but this could be subject to legal challenge and would not meet customer's expectations that the Council should offer a recycling service to its business community.

The option to develop and operate a commercial waste and recycling collection service had also been considered but this had been found to be financially unsustainable if offered at competitive market rates in the longer term.

Both these options were therefore rejected.

Cabinet:

1. **Approved** the sale of the Council's commercial waste collection service to Supplier A as identified in Appendix A in the confidential section of the report and
2. **Authorised** the Group Director of Resources and the Head of StreetCare to negotiate with Supplier A to conclude the sales process, including the date of the transfer of the business, in the best interests of the Council.

18 **COUNCIL HOUSING NEW BUILD PROGRAMME**

Councillor Damian White, Cabinet Member for Housing, introduced the report

In line with the Council's commitment to address the local need for good quality affordable homes, approval had been given by the Leader of the Council on 4th March 2014 to submit bids to the Greater London Authority (GLA) to attract inward funding for new build housing schemes. Although the bidding round had been extremely competitive, the Council had been successful in securing £3,192,000 inward investment from the GLA to fund development in the borough. This funding covered six schemes consisting of 117 new homes and a shop unit integrated into one of the housing schemes.

Cabinet was informed that the report sought authority to allocate the required complementary funding from unallocated Housing Revenue Account (HRA) capital sources.

The report also sought authority to allocate Right-to-Buy receipts and the required complementary funding from unallocated HRA capital resources for two additional schemes at Kilmartin Way and Dewsbury Road. GLA funding had not been sought for these as the combined use of right-to-buy and other HRA resources was sufficient. Those schemes would deliver 10 new homes, making a total of 127 new homes.

In addition, as part of the enabling programme, the report also sought permission to proceed with the making of a compulsory purchase order (CPO) generally under the Acquisition of Land Act 1981 and specifically under Section 17 of the Housing Act 1985 to compulsorily acquire the leasehold interests within the block 9-35 Briar Road, Harold Hill, RM3 8AH located on the Briar Road Estate, Harold Hill, in the event of acquisition by agreement proving to be unsuccessful.

Reasons for the decision:

Development of the proposed schemes would meet a well-documented housing need and was fully in accord with the Council's Housing Strategy

2014-17. The schemes would provide a range of rented and shared ownership homes for local people. The new homes would remain a Council asset and a significant element of the overall programme attracted GLA subsidy.

The programme would ensure the final phase of the Briar Road Estate Regeneration scheme would be completed while the selection of other small sites made good use of existing underused assets to deliver new homes.

Developing on Council-owned land and retaining control over the new dwellings would strengthen the Council's housing portfolio and future revenue sources.

Other options considered:

Disposal of the land for development by a housing association or private developer – REJECTED.

The proposals to expand its existing development programme rather than to dispose of the sites would ensure that the Council retained full control over the type, number and quality of homes developed and retained control over allocation through existing Housing policy.

It was also important to note that should the Council not be able to spend its right-to-buy receipts within three years of their generation, they would need to be returned to the HCA/GLA with interest. These proposals would obviate the risk of this.

Cabinet

Authorised:

1. The making of the London Borough of Havering (Briar Road) Compulsory Purchase Order 2014 under Section 17 and Part XVII of the Housing Act 1985, and the Acquisition of Land Act 1981 to acquire all leasehold interests with the block 9-35 Briar Road, Harold Hill to develop new residential flats and houses. The premises detailed for acquisition were shown on the plan in Appendix 2 to the report.
2. The Director of Legal and Governance to alter the Compulsory Purchase Order boundary as shown on the plan in Appendix 2 to the report so as to exclude any land/interests acquired prior to the sealing of the Order.
3. The Director of Legal and Governance to seal the Order and take all necessary steps, including the publication of all statutory notices, to secure confirmation of the Order (with or without modifications).
4. The Director of Legal and Governance (in the event that the Secretary of State notified the Council that it had been given the power to confirm the Compulsory Purchase Order to confirm the Order and take all steps necessary to secure possession of the

property, including the making of a General Vesting Declaration if he or she was satisfied that it was appropriate to do so.

5. The Head of Homes and Housing and/or the Property Services Manager both in advance of and after the making and confirmation of the CPO, to arrange for negotiations to proceed with the owners of leaseholders interests and rights in the land with a view to acquiring those interests and rights by agreement if possible but thereafter by determination, and to pay such compensation for the acquisition of the interests and rights as might be proper and reasonable

Approved:

6. That an allocation of £495,000 from Right-to-Buy receipts should be agreed for this new build programme.
7. The entering into a funding agreement with the GLA to enable the Council to receive the grant.
8. The commencement of the process of procuring the main contractor/s to deliver the schemes.
9. The appropriation of the proposed development site at Ongar way into the HRA should this be necessary.

Noted:

10. That the specific financial allocations from all sources were applied to the constituent schemes as detailed in Appendix 3 to this report and **noted** that the requested increase to the capital budget was £22,756,000 inclusive of the externally funded grant from the GLA of £3,192,000 and that this increase was **agreed** and will be **referred to council** for final approval.
11. That the Cabinet resolved to spend the proceeds of the shared ownership home sales, on housing and/or regeneration projects.
12. That properties at Diana Princess of Wales House, Ongar Way, Kilmartin Way and Dewsbury Road previously agreed by Cabinet for disposal in the open market were now being retained for direct housing development and that the earlier Cabinet decisions regarding these sales were superseded by the report.
13. **Agreed** that an allocation of £19,069,000 resources from the HRA Business Plan should be agreed across the whole of the new build programme (whether in addition to GLA or RTB funds), for expenditure across 2015/16 to 2017/18.
14. **Delegated** authority to the Lead Member for Housing to make variations to any of the schemes covered in the report, including virement between schemes deemed desirable following scheme review, resident consultation and/or identified as a planning requirement unless the variations would incur additional capital

investment by the Council in which case the approval of Cabinet and Council would be sought.

Chairman

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LED Streetlighting - replacement of 10,600 units

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	Totals
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
Total Cost	2,700,000													2,700,000
Less TfL funding	(50,000)													(50,000)
Less loan (SEELS)	(1,400,000)													(1,400,000)
Initial Cost to Council	1,250,000													1,250,000
Loan repayment		350,000	350,000	350,000	350,000									1,400,000
Capital Cost to Council	1,250,000	350,000	350,000	350,000	350,000									2,650,000
Revenue Savings														
Energy	(139,000)	(300,685)	(312,712)	(325,221)	(325,221)	(325,221)	(325,221)	(325,221)	(325,221)	(325,221)	(325,221)	(325,221)	(325,221)	(4,004,604)
Component Replacement			(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(83,000)	(581,000)
Total revenue savings	(139,000)	(300,685)	(395,712)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(4,917,604)
Net flow in year	1,111,000	49,315	(45,712)	(58,221)	(58,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(408,221)	(2,267,604)
Net flow cumulative	1,111,000	1,160,315	1,114,603	1,056,382	998,162	589,941	181,720	(226,500)	(634,721)	(1,042,942)	(1,451,162)	(1,859,383)	(2,267,604)	
Payback yr 8														
NPV at 4%	1	0.962	0.925	0.889	0.855	0.822	0.790	0.760	0.731	0.703	0.676	0.650	0.625	
NPV of net flow in year	1,111,000	47,441	(42,284)	(51,758)	(49,779)	(335,557)	(322,494)	(310,248)	(298,409)	(286,979)	(275,957)	(265,343)	(255,138)	
Net NPV flow cumulative	1,111,000	1,158,441	1,116,157	1,064,399	1,014,621	679,063	356,569	46,321	(252,088)	(539,067)	(815,025)	(1,080,368)	(1,335,506)	
Payback Yr 9														

Notes

1. Assumed start 1 April 2015, finish December 2015
2. Unit cost of capital investment - £2.7m, by 10,600 units gives £254k per unit. Up by 17% from first roll out
3. SEELS loan repayable in 6 monthly tranches over 4 years; planned finish Dec 15, 1st repayment July 16
4. Energy - savings pa of £278k at current prices. Per Ofgem, assumed energy 4% rise year on year to 18/19 - thereafter assumed to stabilise

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