



MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 13 February 2019
(6.30 - 8.50 pm)

Present:

Councillor Damian White (Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Robert Benham	Cabinet Member for Education, Children & Families
Councillor Osman Dervish	Cabinet Member for Environment
Councillor Joshua Chapman	Cabinet Member for Housing
Councillor Jason Frost	Cabinet Member for Health & Adult Care Services
Councillor Roger Ramsey	Cabinet Member for Finance & Property
Councillor Viddy Persaud	Cabinet Member for Public Protection and Safety

32 DISCLOSURES OF INTEREST

11. Mercury Land Holdings (MLH) in-year Business Plan Update.
Councillor Jason Frost, Non Pecuniary, Councillor Frost is the Chair of the Strategic Planning Committee and as such declared a non pecuniary interest. Councillor Frost left the room for all relevant agenda items and did not participate in debate or voting.

12. Rainham and Beam Park Regeneration LLP Business Plan 2019/2020.
Councillor Jason Frost, Non Pecuniary, Councillor Frost is the Chair of the Strategic Planning Committee and as such declared a non pecuniary interest. Councillor Frost left the room for all relevant agenda items and did not participate in debate or voting..

13. Havering and Wates Regeneration LLP - Business Plan 2019/2020.
Councillor Jason Frost, Non Pecuniary, Councillor Frost is the Chair of the Strategic Planning Committee and as such declared a non pecuniary

interest. Councillor Frost left the room for all relevant agenda items and did not participate in debate or voting..

14. Bridge Close Regeneration LLP Business Plan 2019/2020.

Councillor Jason Frost, Non Pecuniary, Councillor Frost is the Chair of the Strategic Planning Committee and as such declared a non pecuniary interest. Councillor Frost left the room for all relevant agenda items and did not participate in debate or voting..

15. Contract award for the demolition of Napier and New Plymouth House.

Councillor Jason Frost, Non Pecuniary, Councillor Frost is the Chair of the Strategic Planning Committee and as such declared a non pecuniary interest. Councillor Frost left the room for all relevant agenda items and did not participate in debate or voting..

33 MINUTES

The minutes of the Meetings of Cabinet held on 29th November, 2018 and 16th January, 2019 were agreed as a correct record and signed by the Chairman.

34 ORACLE UPGRADE TO FUSION

The report was introduced to Cabinet by the Cabinet Lead Member for Finance and Property, Councillor Roger Ramsey. This detailed the contract award in relation to the upgrade from the current Oracle Corporate Enterprise Resource Planning (ERP) system platform to the next generation platform known as Fusion, Oracle's cloud product. The Oracle system is currently used by the Council to manage business critical functions such as paying staff and suppliers.

The full business case for the upgrade of the system is set out in Appendix A of the report.

Currently the Oracle software is hosted by Capgemini as part of the One Oracle T-Gov2 agreement created when six London Boroughs signed a hosting agreement in 2012. Newham joined as the seventh partner subsequently. Newham and Havering are now the only remaining parties to that agreement as the other Boroughs have moved over to Fusion Cloud leaving the cost of the platform to be borne by Havering and Newham only.

The new Fusion Cloud system will allow for a standardisation of processes, resilience in technology and certainty in relation to costs. It allows an increased integration of systems which will support Havering's efficiency agenda. It will also provide an improved user experience and enhance internal control. The Cloud is now a well-established way of hosting software.

The options available have been evaluated and a direct award to Oracle via a VEAT notice is recommended to Cabinet for the Oracle Software subscription for a period of five years plus an option to extend for a further five years.

Over a period of ten years, it is expected that the project will save between £5 million and £11.5 million. Cabinet went through the business case and project costs as set out in the report.

Cabinet:

1. **Approved** the implementation and upgrade from our current Oracle version to the Oracle Cloud to Go Live by April 2020.
2. **Approved** a budget and allocation of funding of £4.5 million from the capital programme to be funded through the government's Flexible Use of Capital Receipts scheme for Transformation Projects that deliver an ongoing saving.
3. **Approved** the award of :
 - Oracle Fusion Subscription licence to Oracle as a direct award with VEAT which would be a 10 year contract for a total value of £4.343m
 - A Contract to Evosys off G-Cloud 10 framework as implementation partner to implement the upgrade for a total value of £1.490m
4. **Approved** entering into a shared support arrangement with London Borough of Lambeth to provide expert support at the cost of £0.2m.
5. **Delegated** authority to the Council's Chief Financial Officer (s151 Officer):

To award a change management contract to embed the Clouds new ways of working in Havering, as assessment of this will be made once the project is under way and a decision will be made to see if external support is required, £0.3m is budgeted for this activity

In consultation with the Monitoring Officer to approve the final forms of contract and entering into such agreements necessary to give effect to the recommendations detailed in this report.

35 **2019/20 CAPITAL STRATEGY & PROGRAMME**

Councillor Damian White, Leader of the Council presented the report to Council detailing the Council's Capital Strategy and the associated Capital Programme for Cabinet to approve and to recommend on further to full Council. The Council is required to approve the Capital Strategy as per the Prudential Code for capital finance in Local Authorities. The report presented is an overarching report and should be read in conjunction with the other reports on the full Cabinet agenda which go into greater detail.

The key elements of the report are:

1. **Capital Strategy** – an overview linking the Capital Programme to the Corporate Plan and the four objectives of the Council. It also sets out the governance process in establishing the Capital programme.

2. **The proposed GF Capital Programme** – Existing Capital Programme which has already had Member approval and is set out in detail in Appendix 1 of the report.
 - **New Capital Bids**
 - **Regeneration Programme** which is based on the revised individual business cases
 - **Associated Prudential Indicators** as a result of the proposed Capital programme
3. **Investments in the regeneration Programme** –
 - Overview of the proposals
 - Risk Management and mitigation
4. **Knowledge and skills**
 - Setting out the Authority's approach on using internal staff as well as the use of external advisers and consultants

Cabinet:

1. **Approved** the Capital Strategy contained within this report noting its impact on both the capital programme and overall contribution to the setting of the revenue budget for 2019/20 and beyond
2. **Will Recommend to Council for consideration and approval** the 2019/20 and ongoing Capital Programme (subject to business cases for the regeneration schemes being approved in line with the governance process)
3. **Agreed** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.
4. **Approved** the use of capital receipts to fund the revenue costs of two eligible proposals – the Oracle and CRM system transformations – under the MHCLG Guidance on the Flexible Use of Capital Receipts.
5. **Agreed** that externally funded schemes can be added to the capital programme up to £500k as and when funding is confirmed. Any external funding over £500k will be subject to approval by the Chief Financial (s151) Officer.
6. **Agreed** that the relevant Cabinet Member, together with the Cabinet Member for Finance and Property be delegated authority to commence tender processes and accept tenders for capital schemes included within the approved programme under the block programme allocations or delegation arrangements set out in this report.

7. **Noted** the capital prudential indicators included within the capital strategy when approving the capital programme to ensure affordability.

36 2019/20 BUDGET AND MEDIUM TERM STRATEGY

Councillor Damian White presented the report to Cabinet and detailed some amendments to be made. Cabinet were presented with a Corrigendum of amendments for the report and Appendices. Cabinet agreed to accept these as follows:

Amendments to the Budget Cabinet Report Corrigenda (Amended items shaded)

Main Report page 84 of the Agenda pack

Paragraph 5.2 – Table amended

	2018/19	2019/20	2019/20	2019/20
	HAVERING	HAVERING	GLA	TOTAL
		(3.25% INC)	(8.93% INC)	(4.26% INC)
Band A	£909.22	£938.77	£213.67	£1,152.44
Band B	£1,060.76	£1,095.22	£249.29	£1,344.51
Band C	£1,212.29	£1,251.69	£284.90	£1,536.59
Band D	£1,363.83	£1,408.15	£320.51	£1,728.66
Band E	£1,666.90	£1,721.08	£391.73	£2,112.81
Band F	£1,969.98	£2,033.99	£462.96	£2,496.95
Band G	£2,273.05	£2,346.92	£534.18	£2,881.10
Band H	£2,727.66	£2,816.30	£641.02	£3,457.32

Appendix A page 102 of the Agenda Pack

Table amended

Valuation Bands	£ p
A	1,152.44
B	1,344.51
C	1,536.59
D	1,728.66
E	2,112.81
F	2,496.95
G	2,881.10
H	3,457.32

Appendix C

See Schedules next page – Pages 231, 232, 233 and 236 of the Agenda Pack

(Amended items shaded)

Cabinet, 13 February 2019

Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2018/19 (from April 2018) £	Charges 2019/20 (from April 2019) £	Operative Date of Latest Notified Charge	Basis of Increase and Charging Policy
Hornchurch & Upminster Area Car Parks				
Monday to Saturday (Period Hours)				
0 - 1	New Charge *	1.50 *	01/04/19	C/L
1 - 2	New Charge *	2.50 *	01/04/19	C/L
2 - 3	New Charge *	3.50 *	01/04/19	C/L
3 - 4	New Charge *	4.50 *	01/04/19	C/L
4 - 5	New Charge *	5.50 *	01/04/19	C/L
5 - 6	New Charge *	6.50 *	01/04/19	C/L
6 - 7	New Charge *	10.50 *	01/04/19	C/L
7 - 8	New Charge *	11.50 *	01/04/19	C/L
8 - 12	New Charge *	12.50 *	01/04/19	C/L
Solo Motorcycles	No Charge *	No Charge *	01/04/19	C/L
Sunday (Flat Fee)	New Charge *	1.50 *	01/04/19	C/L
Overnight (Period Hours)	New Charge *	1.50 *	01/04/19	C/L

Basis of Increase:

C - An increase dependent on committee approval

G - An increase below inflation in line with a corporate growth plan

I - Based on relevant inflationary change

N - A nominal adjustment e.g. due to rounding of charge

S - An increase above inflation in line with a corporate saving plan

D - Increase recommended by Head of Service

Basis for setting charge increase above complies with either:

P - The Corporate Charging Policy

L - A local charging policy that deviates from the Corporate Charging Policy

**Neighbourhoods
Environment**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2018/19 (from April 2018) £	Charges 2019/20 (from April 2019) £	Operative Date of Latest Notified Charge	Basis of Increase and Charging Policy
On Street Pay and Display (continued) Romford, Hornchurch & Upminster Town Centres. Monday to Saturday (Maximum Stay 3 hours) 0 - 1 1 - 2 2 - 3 Sunday (Flat Fee) Overnight (Period Hours)	New Charge New Charge New Charge New Charge No Charge	1.50 2.50 3.50 1.50 No Charge	01/04/19 01/04/19 01/04/19 01/04/19 01/04/19	C/L C/L C/L C/L C/L
Ardleigh Green, Collier Row, Cranham, Elm Park, Gidea Park, Harold Hill, Harold Wood & Rainham Monday to Saturday (Maximum Stay 3 hours) 0 - 30 mins 30 mins - 1 hour 1 - 2 hours 2 - 3 hours Sunday 0 - 30 mins Over 30 mins Overnight (Period Hours)	No Charge New Charge New Charge New Charge No Charge New Charge No Charge	No Charge 1.50 2.50 3.50 No Charge 1.50 No Charge	01/04/19 01/04/19 01/04/19 01/04/19 01/04/19 01/04/19 01/04/19	C/L C/L C/L C/L C/L C/L C/L

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation in line with a corporate growth plan
- I - Based on relevant inflationary change
- N - A nominal adjustment e.g. due to rounding of charge
- S - An increase above inflation in line with a corporate saving plan
- D - Increase recommended by Head of Service

Basis for setting charge increase above complies with either:

- P - The Corporate Charging Policy
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**Neighbourhoods
Environment**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2018/19 (from April 2018) £	Charges 2019/20 (from April 2019) £	Operative Date of Latest Notified Charge	Basis of Increase and Charging Policy
Collier Row, Cranham, Elm Park, Gidea Park & Rainham Area Car Parks				
Monday to Saturday (Period Hours)				
0 - 30 mins	No Charge *	No Charge *	01/04/19	C/L
30 mins - 1	New Charge *	1.50 *	01/04/19	C/L
1 - 2	New Charge *	2.50 *	01/04/19	C/L
2 - 3	New Charge *	3.50 *	01/04/19	C/L
3 - 4	New Charge *	4.50 *	01/04/19	C/L
4 - 5	New Charge *	5.50 *	01/04/19	C/L
5 - 6	New Charge *	6.50 *	01/04/19	C/L
6 - 7	New Charge *	10.50 *	01/04/19	C/L
7 - 8	New Charge *	11.50 *	01/04/19	C/L
8 - 12	New Charge *	12.50 *	01/04/19	C/L
Solo Motorcycles	No Charge *	No Charge *	01/04/19	C/L
Sunday				
0 - 30 mins	No Charge *	No Charge *	01/04/19	C/L
Over 30 Mins	New Charge *	1.50 *	01/04/19	C/L
Overnight (Period Hours)	New Charge *	1.50 *	01/04/19	C/L

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation in line with a corporate growth plan
- I - Based on relevant inflationary change
- N - A nominal adjustment e.g. due to rounding of charge
- S - An increase above inflation in line with a corporate saving plan
- D - Increase recommended by Head of Service

Basis for setting charge increase above complies with either:

- P - The Corporate Charging Policy
- L - A local charging policy that deviates from the Corporate Charging Policy

**Neighbourhoods
Environment**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2018/19 (from April 2018) £	Charges 2019/20 (from April 2019) £	Operative Date of Latest Notified Charge	Basis of Increase and Charging Policy
Car Parks excluding Romford Area Car Parks - Mixed Tariff				
Monday to Friday (Period Hours)				
0 - 30 minutes	No Charge *	Withdrawn *	01/04/19	L
30 mins - 2	1.50 *	Withdrawn *	01/04/19	L
2 - 3	2.00 *	Withdrawn *	01/04/19	L
3 - 4	3.00 *	Withdrawn *	01/04/19	L
4 - 5	4.00 *	Withdrawn *	01/04/19	L
5 - 6	5.00 *	Withdrawn *	01/04/19	L
6 - 7	6.00 *	Withdrawn *	01/04/19	L
7 - 8	7.00 *	Withdrawn *	01/04/19	L
8 - 12	8.00 *	Withdrawn *	01/04/19	L
Solo Motorcycles	No Charge	Withdrawn	01/04/19	L
6pm to 7am	No Charge	Withdrawn	01/04/19	L

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation in line with a corporate growth plan
- I - Based on relevant inflationary change
- N - A nominal adjustment e.g. due to rounding of charge
- S - An increase above inflation in line with a corporate saving plan
- D - Increase recommended by Head of Service

Basis for setting charge increase above complies with either:

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Cllr White went on to outline that the report is the culmination of the 2019/20 Budget process making recommendations to balance the budget for 2019/20. In addition the report recommends a Council tax increase of 3.25% comprising 2% specifically for Adult Social care and 1.25% for general purposes. The new Council Tax band D level will be £1728.66 (£1408.15 Havering Charge, £320.51 GLA Precept).

At the November Cabinet meeting, Councillors agreed a set of savings proposals following consultation which closed the budget gap for 2019/20 to £6.5 million. The report before Cabinet identified the final proposals to close the gap and balance the budget. Included in the report is a schedule of fees and charges for 2019/20.

Included is the outcome of the 2019/20 Local Government Finance settlement which is the last year of the Government's our year settlement and confirms a significant funding reduction for Havering This has been expected and was fully accommodated in the planning process.

The latest projected medium term financial position is set out which shows a funding gap of £16.6 million for the years 20/21 to 20122/23. It is

anticipated that this gap will be closed by further transformation initiatives during 2019.

Detailed in the report is an analysis of the risks and uncertainties which is followed by the Chief Finance Officer's statement regarding the robustness of the budget and MTFS. This is a statutory statement which provides assurance that the budget process has been followed and account has been taken of all known pressures and issues in setting the 2019/20 budget.

Appendix A of the report sets out the Council Tax Requirement and resolution which will be presented to full Council at the meeting on 27th February, 2019.

The report also takes into account the Corporate Plan which is detailed in Appendix G.

Following discussion,

Cabinet:

1. **Agreed** the Corporate Plan set out in Appendix G of the report.
2. **Agreed** the Council's General Fund Budget Requirement for 2019/20 to be set at £124.813m as set out in paragraph 5.3.2 and Appendix A of the report;
3. **Agreed** The Delegated Schools' draft budget set out in section 2.5 of the report;
4. **Agreed** a 1.25% increase in Council Tax for 2019/20 as set out in paragraph 5.1 of the report;
5. **Agreed** an additional 2% Adult Social Care Precept as in paragraph 5.1 of the report;
6. **Noted** the Medium Term Financial Strategy position as set out in Section 4 and Appendix F of the report.
7. **Agreed** the fees and charges schedule as set out in Section 6 and Appendix C of the report as amended.
8. **Noted** the budget and risks as set out in Section 9 of the report.
9. **Approved** the Council's approach to general balances as set out in paragraph 7.3 of the report
10. **Noted** the requirements of S106 of the LGA 1992 Act as set out in Section 1.
11. **Agreed** that if there are any changes to the GLA precept and/or levies, the Chief Financial (s151) Officer be authorised to amend the recommended resolutions accordingly and report these to the next Council meeting as required.
12. **Agreed** that to facilitate the usage of unringfenced resources, the Chief Financial Officer in consultation with Service Directors will review any such new funds allocated to Havering; make proposals for their use; and obtain approval by the Cabinet Member for Financial Management, ICT (Client) & Transformation.
13. **Delegated** to the Chief Financial Officer in consultation with Service Directors the authority to make any necessary changes to service

and the associated budgets relating to any subsequent specific grant funding announcements, where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation with Cabinet Members as appropriate.

Cabinet will recommend to Council for consideration and approval:

- The Council's General Fund Budget Requirement for 2019/20 to be set at £124.813m as set out in paragraph 5.3.2 and Appendix A of the report;
- The Delegated Schools' draft budget set out in section 2.5 of this report;
- A 1.25% increase in Council Tax for 2019/20 as set out in paragraph 5.1;
- An additional 2% Adult Social Care Precept as in paragraph 5.1;
- That it pass a resolution as set out in section 11 of this report to enable Council Tax discounts to be given at the 2018/19 level.

37 SETTING THE HRA BUDGET FOR 2019/2020 AND THE HRA CAPITAL PROGRAMME (2019/20 - 2023/24)

Councillor Joshua Chapman, Cabinet lead member for Housing presented the report to Cabinet. This detailed the Housing Revenue Account Budget and HRA Capital programme.

2019 is the last year of the 1% reduction in rents so the Council has had no option than to reduce rents by this amount. Next year, the rent regime will change back, enabling Councils to increase rents by CPI plus 1%. The HRA borrowing cap has been lifted which gives the Council the opportunity to look again at its overall financial capacity to support the regeneration programme, and ensure that the existing stock is maintained to the Decent Homes Standard.

The report before Cabinet sets out borrowing of £156m over the next 5 years from 2019/20.

The budget includes a 5 year £36m stock investment programme including provision for fire safety works such as doors, sprinklers, Fire Risk Assessments and other preventative works. The planned maintenance programme has been accelerated over and above the current programme to bring forward the replacement of kitchens and bathrooms, roofs, asbestos removal, lift replacements and communal boiler replacement.

A new £10m estate improvement programme has been included in the budget to improve Council estates and council homes. The extra money will

be spent on giving estate buildings and communal areas a facelift. Works could include improvements to communal areas by upgrading and installing new fencing, revised landscaping, with upgrades to paths and footways, and better external and communal lighting that will make our residents feel safer. Where necessary, internal communal areas will be redecorated, along with upgrades to door entry systems and the renovation of some building exteriors.

HRA reserves have been increased from £2.5m to £10m which is prudent for a housing stock of Havering's size and cushions the authority for any unforeseen events.

Service charges are set on the basis of full cost recovery as previously agreed by Cabinet with the increase capped at 25% to phase the implementation of full cost recovery. This lessens the impact of the increase for residents, smoothing the increase over a period of years. This applies to all service charges with the exception of the service charge for sheltered housing.

Last year, Cabinet decided not to increase sheltered service charge to the 25% cap but instead agreed an increase of CPI plus 1%. The report recommends that this is continued, as the sheltered service is undergoing a number of changes, including the closure of some schemes as part of the 12 estates regeneration. A further review into the actual costs of the future service will be carried out in 2019/20.

An additional £20m has been included in the budget for additional regeneration acquisitions, which is to purchase properties in the vicinity of regeneration sites, to increase the provision of affordable housing in or around these locations through additional site assembly.

There is also £10m in the budget for the purchase of new properties, potentially off-plan developments, to increase the overall supply of affordable housing.

There followed discussion and

Cabinet:

1. **Approved** the Housing Revenue Account Budget as detailed in **Appendix 1**.
2. **Agreed** that the average rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be decreased by 1% from the week commencing 2nd April 2019 in line with the indicative figures contained in paragraph 2.1.4 of this report.
3. **Agreed** that the average rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, be reduced by 1% from the week commencing 2nd April 2019 in line with the indicative figures contained in paragraph 2.1.4 of this report.

4. **Agreed** the four rent-free weeks for 2019/20 as being: week commencing 19th August 2019, the two weeks commencing 16th and 23rd December 2019, and the week commencing 30th March 2020.
5. **Agreed** that service charges and heating and hot water charges for 2019/20 are as detailed in paragraph 2.2.2 of this report.
6. **Agreed** that the service charges for homeless households accommodated in the Council's hostels in 2019/20 are as detailed in paragraph 2.2.3 of this report.
7. **Agreed** that charges for garages should be increased by 3.4% in 2019/20 as detailed in paragraph 2.3.1 of this report
8. **Agreed** that the service charge for the provision of intensive housing management support in sheltered housing for 2019/20 shall be as detailed in paragraph 2.4.1 of this report.
9. **Agreed** that the Careline support charge should be increased by 3.4% for 2019/20 as detailed in paragraph 2.5.1 of this report.
10. **Agreed** that the Telecare support charges should be increased by 3.4% for 2019/20 as detailed in paragraph 2.5.1 of this report.
11. **Approved** the HRA Major Works Capital Programme, detailed in **Appendix 2a** of this report and **refer it to full Council** for final ratification.
12. **Approved** the HRA Capital expenditure and financing for the 12 Sites Joint Venture and Bridge Close detailed in paragraphs 3.5.1 to 3.5.17 and **Appendix 2a** of this report and **refer it to full Council** for final ratification.
13. **Approved** the £10m Estate Improvement Programme detailed in paragraph 4.4 and **Appendix 2a** of this report and **refer it to full Council** for final ratification.

38 **TREASURY MANAGEMENT STRATEGY STATEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION STATEMENT FOR 2019/20**

Councillor Roger Ramsey, Cabinet Lead Member for Property and Finance presented the report to Cabinet. The Treasury Management Strategy for 2019/20 is a statutory report and covers two main areas:

- **Capital Financing Proposals**

The report summarises the Council's Capital Expenditure plans and sets out the associated prudential indicators and these are detailed in Appendix 1. The prudential indicators derive from the Council's Capital Strategy and programme which are covered under separate reports on the Agenda. The report specifies the Council's minimum revenue provision (MRP) policy –

how residual capital expenditure is charged to revenue over time. This is the equivalent of the principal repayments on the Councils Loans.

- **Treasury Management Issues**

The report details major treasury management matters which include:

- The Treasury indicators which limit the treasury risk and activities of the Council. These indicators are detailed in the report at Appendix 2
- The prospects for interest rates which are set out in Appendix 3 of the report.
- The Borrowing Strategy
- The Investment Strategy
- Creditworthiness Policy

The Council's investment priorities will continue to be security first, portfolio liquidity second and the yield.

The Council is maintaining an under borrowed position. This means that the Capital Borrowing need has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The TMS is continually monitored but is prudent as investment returns are currently low and counterparty risk is always an issue that needs to be considered.

Following discussion,

Cabinet:

1. **Approved** the Treasury Management Strategy Statement (TMSS) 2019/20.
2. **Approved** the Treasury Management and Prudential Indicators set out in Appendices 1 and 2 of this report.
3. **Approved** the Annual Minimum Revenue Provision (MRP) Statement for 2019/20 set out in Appendix 7 of this report.
4. **Recommended** the annual TMSS and MRP statements 2019/20 to Council for approval.
5. **Delegated** future changes required to this Strategy to the Chief Operating Officer in consultation with the Cabinet Member for Finance and Property. This will provide the additional flexibility to swiftly respond to changing financial markets.

39 EXCLUSION OF THE PRESS AND PUBLIC

The Cabinet went into closed session on occasion whilst discussing agenda items 11 to 15 which contain exempt reports. These items were considered at the beginning of the agenda as set out by the Leader of the Council.

40 MERCURY LAND HOLDINGS (MLH) IN-YEAR BUSINESS PLAN UPDATE

Cllr Roger Ramsey presented the report to Cabinet detailing the Mercury Land Holdings (MLH) Business Plan and Budget Update. MLH was established in November, 2015 with the Council acting as both shareholder and funder. The Council's objectives for setting up the company were to generate an acceptable return for the Council by operating a business. This return is included within the MTFS report before Cabinet.

The Company seeks to create a diverse housing supply in the Borough focusing mainly on high quality private rented sector accommodation delivery and where possible help to facilitate high quality development on regeneration sites.

MLH has been operating successfully for a number of years and has delivered against its previous business plan. This included the ongoing management of Cathedral Court, with all 65 units currently let and North Street in Hornchurch currently being constructed and due for completion in September, 2019.

The report before Cabinet constitutes the annual update of the company's activity and a review of the plans, future financial projections and funding requirements for 2019/20.

The MLH Business Plan for 2019/20 anticipates ongoing management of its current portfolio and further expansion through the development and acquisition of sites which are outlined in the reports. This will include direct development as well as the acquisition of properties from the Council's joint ventures to expand the Private Rented Sector (PRS) portfolio and some properties for sale.

It is recommended in the report to expand the schemes MLH are concerned with to increase from 3 to 6 and the total number of units delivered will increase from 109 to 328. Not including those to be delivered for private sale. There is also the inclusion of a reactive acquisition fund to enable development opportunities to be pursued in order to maximise opportunities that may be presented directly to MLH by the market.

There followed discussion which included a period in closed session.

Cabinet:

1. **Approved** the Mercury Land Holdings Limited Business Plan 2019/20 attached at exempt Appendix 2 of the report.
2. **Agreed** to delegate authority to the Leader of the Council, after consultation with the s151 Officer, the Director of Regeneration Programme Delivery and the Director of Legal and Governance, approves the detailed business cases and related viability assessments and funding requirement for the individual schemes noted within the Business Plan as they may be presented during the business plan period in order to enable them to proceed.
3. **Agreed** in principle to provide total capital funding to MLH up to a maximum of £135.85 million in respect of projects contained in exempt Appendix 2 through a combination of equity investment and state aid compliant loans subject to detailed approved business cases made under delegated authority in recommendation 2 above.
4. **Agreed** to delegate authority to the S151 Officer to agree, after consultation with the Director of Legal and Governance, the completion of all relevant agreements and appointments of relevant professionals relating to the provision of debt finance by the Council to MLH.
6. **Agreed** to delegate to the sS151 Officer, following consultation with the Director of Asset Management, and the Director of Legal and Governance, the authority to determine the principles and processes by which any assets shall be disposed of and the terms of disposal to MLH.

41 **RAINHAM AND BEAM PARK REGENERATION LLP BUSINESS PLAN 2019/2020**

Councillor Joshua Chapman, Cabinet Lead Member for Housing presented the report to Cabinet detailing the Rainham and Beam Park LLP Business Plan and budget update. In March 2018, the London Borough of Havering entered into a Joint Venture (JV) with Notting Hill Genesis. This JV was established to stimulate the regeneration of the A1306 between Rainham and the site now known as Beam Park. It is planned that this activity will unlock investment in housing and infrastructure in South Hornchurch, Rainham and Wennington Wards.

Nine sites were identified in March 2018 when the first Overarching Business Plan of the JV was approved. The 2018/19 Plan showed exactly how the JV would work to deliver the schemes on these sites. Since inception, the JV has made good progress with site assembly and is also securing planning consents. Two of the outstanding consents have been scrutinised by the GLA by virtue of their size. As a result of that review the JV has had an opportunity to increase housing numbers.

In 2018, the JV set a target of 774 new homes. However, in this Overarching Business Plan the JV have proposed a target of 866 new homes of which 35% will be affordable. The JV is also investigating opportunities for further development. One case has been considered in the report which has the potential to increase the target number to 1,042 new homes of which again 35% would be affordable.

The report presented to Cabinet is the annual update report of the activity of the Rainham and Beam Park LLP and a review of its plans, future financial projections and funding requirements for 2019/20.

The report recommends that Cabinet agree the Business Plan 2019/20, noting the significant regeneration for Rainham, the contribution towards Havering's target for housing delivery and the expected financial returns anticipated in the Plan.

Approval is also being sought for funding to include an additional site in the JV and if this is agreed the JV will be asked to include the additional site which will be identified as the Rainham Opportunity site.

Cabinet proceeded to discuss this matter with some of the discussion going into closed session.

Cabinet:

1. **Approved** the draft Rainham and Beam Park Regeneration Joint Venture LLP Overarching Business Plan 2019-20, full details of which are contained within the **Exempt Agenda Report**.
2. **Agreed** that the Leader of the Council and Cabinet Member for Housing after consultation with the s151 Officer, the Chief Executive Officer and the Director of Legal and Governance, approve the finalised Overarching Business Plan 2019-20, and possible later incorporation of an additional site known as the 'Rainham Opportunity Site' as may be presented during the Business Plan 2019-20 period.
3. **Agreed to Endorse and Recommend** to Council the budget allocation set out in this report to include the related site known as 'Rainham Opportunity Site' with the Rainham and Beam Park Regeneration Scheme.
4. **Agreed** that the s151 Officer, after consultation with the Cabinet Member for Housing, responds to the service of any notice as described in Section 8.4 of this report, served by the Rainham and Beam Park Regeneration Joint Venture LLP, indicating a willingness or otherwise to participate in making third party debt available from the Council, subject to contract and due diligence.

5. **Agreed** that the s151 Officer, after consultation with the Chief Executive and The Leader of the Council, may enter into funding agreements consistent with the Treasury Management Strategy and Council's Scheme of Delegation.
6. **Agreed** the revised capital profile which brings forward £1.5m capital expenditure from 2019/20 to 2018/19.

42 **HAVERING AND WATES REGENERATION LLP - BUSINESS PLAN 2019/2020**

Councillor Osman Dervish, Cabinet Lead Member for Environment, presented the report to Cabinet. The Havering and Wates Residential LLP will deliver the 12 Estates Regeneration Programme which was approved by Cabinet in January, 2018.

This programme is a residential led regeneration plan that will renew the Council's housing stock on the identified sites with a potential to more than treble the amount of genuinely affordable housing across the sites and replace some of those lost through the Right to Buy Scheme.

The regeneration programme is strategically linked to meeting the Housing targets set for Havering in the emerging Local plan and to reducing the homelessness pressure on the General Fund. The resultant additional affordable stock will also help to sustain the HRA through increased revenue from and increased number of homes.

Council officers and the JV have been working to progress the Council's prioritised Estates which were the Waterloo Estate, Napier and Plymouth Houses in Rainham and Solar, Serena and Sunrise Courts, a sheltered complex in Hornchurch which combine to make up Work Package One.

Work has progressed well on these sites. Site investigations have commenced and planning applications for each of these sites will be submitted within the first half of the year. Solar, Serena and Sunrise are all now vacant and Napier and new Plymouth Houses are expected to be so in the near future. Due to the progress made in respect of achieving vacant possession Cabinet will be asked to approve the development on Solar, Serena, Sunrise, Napier and New Plymouth to be accelerated ahead of the Waterloo Estate. A further report seeks to approve the demolition contract to ensure the delivery of the expedited new homes. It is now proposed that up to 3,936 new homes could be developed through this programme. The programme would include the wholesale redevelopment of the Harold Hill District Town Centre and the inclusion of the Chippenham Road Opportunity Site which is currently where the Council's Housing Office is situated.

In addition to this the JV has also been working in the Borough to support local people and businesses through their social value initiatives. Apprenticeships have been organised with the design team and the first of

four meet the buyer events have been held to advertise supply chain opportunities for local businesses.

Members and Wates staff served Christmas lunch to the volunteers at the Salvation Army to thank them for their work throughout the year. Additionally, Wates have employed several local people and are looking to establish a local office in Romford.

This report constitutes the annual update of the Havering and Wates Regeneration LLP and a review of its plans, future financial projections and funding requirements for 2019/20. Cabinet is recommended to agree the Business Plan detailed in the report noting the significant regeneration for the 12 sites, the contribution towards Havering's target for Housing delivery, the increase in the amount of affordable homes for local people as a result and the anticipated financial returns of the plan. The figures are included within the HRA Business Plan report and the Treasury Management report.

There followed some discussion of which some occurred in closed session.

Cabinet:

1. **Approved** the Havering and Wates Regeneration Joint Venture Business Plan dated January 2019, as attached at the exempt agenda report.
2. **Agreed** to delegate to the Leader of the Council, after consultation with the s151 Officer, the Director of Regeneration and the Director of Legal and Governance, the authority to approve the business cases, related viability assessments and incorporation of an opportunity site known as Chippenham Road as may be presented during the Business Plan 2019-20 period.
3. **Agreed** that the s151 Officer responds to the service of any notice as described in the exempt agenda of this report served by the HWR indicating a willingness or otherwise to participate in making third party debt available from the Council, subject to contract and due diligence.
4. **Agreed** that the s151 Officer, after consultation with the Chief Executive and the Leader of the Council, may enter into 3rd Party funding agreements consistent with the Treasury Management Strategy and the Councils Scheme of Delegation
5. **Authorised** the Director of Regeneration in consultation with the Director of Legal and Governance to make variations to the JV Development and Members agreements to enable forward funding of Napier and New Plymouth and inclusion of the Chippenham Road site into the Havering and Wates Regeneration LLP.

6. **Agreed** the phasing and works packages for the 12 HRA Regeneration Sites, as identified at 2.1, subject to any changes made by the Leader in approving the business cases.
7. **Authorised** the Director of Housing to arrange for the service of demolition notices at the appropriate time in relation to all affected properties on the named estates and schemes in this report.
8. **Agreed** to continue to develop the proposals for the Blue Line and Opportunity Sites.

43 **BRIDGE CLOSE REGENERATION LLP BUSINESS PLAN 2019/2020**

Councillor Robert Benham, Deputy Leader and Cabinet Lead Member for Education, Children and Families outlined the report to Cabinet.

On 15th November, 2017, Cabinet approved a Limited Liability Partnership (LLP) for the purpose of meeting the Council's regeneration objectives for Bridge Close. The Capital budget was approved in February, 2018 and then on 4th April, 2018, the legal agreements were put in place for the JV, with private sector partners, Savills Investment Management and First Base.

The Council's overarching vision for the JV was and remains the facilitation of regeneration of a key area of the Borough and to deliver truly affordable homes for local people. The development will transform the area comprising the following:

- 1070 new homes of which 30% will be affordable
- A 3 form of entry Primary School
- A Local Health Hub Facility
- Commercial Floor Space
- Improved East – West links including a new pedestrian and cycle bridge; and
- Environmental Improvements to the River Rom.

The report is the annual update of the activity of the Bridge Close Regeneration JV and a review of its plans, future financial projections and funding requirements for 2019/20.

There followed general discussion some of which occurred in closed session.

Cabinet:

1. **Agreed** the Bridge Close Regeneration LLP Business Plan 2019, as attached at Appendix A.
2. **Agreed** that the Leader of the Council, after consultation with the S151 Officer, the Director of Regeneration and the Director of Legal and Governance, approve detailed business cases, related viability

assessments, funding arrangements and legal agreements as may be presented during the Business Plan 2019 period.

3. **Agreed** to Endorse and Recommend to Council budget allocation to include £111.7 million within the proposed capital programme.
4. **Agreed**, in the event of approval of 2 and 3 above, to delegate to the Director of Regeneration, after consultation with the S151 Officer and the Director of Legal and Governance, the authority to take all steps to enable the approval of the terms of the agreements associated with the Council's acquisition of interests from Bridge Close Regeneration LLP relating to a new primary school, a health hub and affordable housing, including any related financial arrangements and the appointment of relevant professionals.
5. **Agreed** in principle for the Council to facilitate third party lending of debt to the Bridge Close Regeneration LLP.
6. **Agreed**, in the event of approval of 5 above, that the s151 Officer responds to the service of any notice served by the Bridge Close Regeneration LLP, indicating a willingness or otherwise to participate in making third party debt available from the Council, subject to contract and due diligence.
7. **Agreed**, in the event of approval of 5 above, that the s151 Officer, after consultation with the Chief Executive and The Leader of the Council, may enter into funding agreements consistent with the Treasury management Strategy and Councils Scheme of Delegations.

44 **CONTRACT AWARD FOR THE DEMOLITION OF NAPIER AND NEW PLYMOUTH HOUSE**

Councillor Viddy Persaud, Cabinet Lead Member for Public Protection and Safety, presented the report to Cabinet. This details the requirement to bring demolition work forward to facilitate and expedite the works for regeneration. This is to accommodate progress made so far to carry forward the Work Package One sites. This has already been detailed in the JV report for the 12 Estates on the agenda, represents best value for money for the demolition and will allow the work to progress in accordance with the plan.

There followed discussion some of which was conducted in closed session.

Cabinet:

1. **Approved** to directly award a demolition contract with Wates Construction Ltd. (WCL) to facilitate the demolition of Napier and New Plymouth House (NNP) in Rainham and Solar, Serena and Sunrise

Courts (SSS) in Hornchurch, subject to approval of the JVLLP Wates Business Plan by Cabinet and in preparation for housing regeneration.

2. **Approved** a waiver of contract rules to allow the direct award of a works contract for the demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts.
3. **Agreed** to endorse and recommend the inclusion of a budget of £4.144m for the demolition within the proposed HRA capital programme that is being considered by Cabinet in a report elsewhere on this agenda, as part of the annual Housing Revenue Account (HRA) rent setting and capital programme report and that this is recommended to Full Council for final approval in February 2019.

Noted

4. The Council to undertake the demolition and partial enabling of Napier and New Plymouth House and Solar Serena and Sunrise Courts.

Chairman