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MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 26 October 2011
(7.30- 9.45 pm)

Present:

Councillor Michael White (Leader of the Council), Chairman

Councillor Steven Kelly (Vice-Chair)

Councillor Michael Armstrong

Councillor Robert Benham

Councillor Andrew Curtin

Councillor Lesley Kelly

Councillor Roger Ramsey

Councillor Paul Rochford

Councillor Geoffrey Starns

Councillor Barry Tebbutt

Cabinet Member responsibility:

(Deputy Leader) Individuals

Transformation

Community Empowerment

Culture, Towns & Communities

Housing

Value

Children & Learning

Community Safety

Environment

Councillors Clarence Barrett, Denis Breading, Keith Darvill, David Durant, Linda Hawthorn, Pat Murray, Denis O'Flynn, Jeffrey Tucker, Linda Van den Hende, Keith Wells and Damien White also attended.

Approximately 35 members of the public and a representative of the press were also present.

There were no declarations of interest.

The decisions were agreed with no vote against.

26 MINUTES

The minutes of the meeting of Cabinet held on 28 September 2011 were agreed as a correct record and signed by the Chairman.

27 **REPORT OF THE TOWNS & COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE - LIVING AMBITIONS TOPIC GROUP**

Consideration was deferred at the request of staff to enable further detailed work to be carried out on the financial implications associated with the report.

28 **REFORM OF COUNCIL HOUSING FINANCE**

Councillor Lesley Kelly, Cabinet Member for Housing & Public Protection, introduced the report

The report presented information about the current Housing Revenue Account Subsidy system, and the proposals that were due to be implemented in April 2012 to reform the Housing Revenue Account system.

The report demonstrated how the proposed new system was currently projected to require Havering Council to take on estimated additional housing debt of £160m, which would mean that the Council's total housing debt would be £203m. These estimates were subject to changes before the final figures are known in January 2012.

It was explained that the Council would have to manage this debt and deliver stock investment over a 30 year HRA Business Plan. The initial baseline HRA Business Plan model showed that this was achievable as long as the Decent Homes funding allocated in February 2011 remained in place.

It was proposed that there be an annual review of the HRA Business Plan figures in order to ensure that the assumptions about expenditure, income and the repayment of debt were sound and had no adverse impact on Council tenants or Council Tax payers.

Reasons for the decision:

The current system of Housing Revenue Account Subsidy was not fit for purpose. It currently re-distributed resources on an annual basis from local authorities who had little debt, to those who had accumulated a great deal of debt. The defects of the system had been known for a long time, and criticised in several reports since the Audit Commission Report of 2005. The current system did not allow for local accountability, local decision making or local control of rents, investment or business planning.

Other options considered:

Clearly as the proposed new system was being imposed through legislation, the London Borough of Havering had no option now but to adopt and adapt to the new system. Whilst the system brought independence and responsibility, it also brought significant risks to the management of the housing debt. The report proposed that there should be an annual review of the HRA Business Plan so that the accuracy of all the underlying assumptions could be tested; and appropriate adjustments made in order to fulfil the twin objectives, of bringing the council housing stock up to a decent standard, as well as ensuring that the income, expenditure and debt were all managed in a prudent manner.

The Council could decide to borrow up to the maximum borrowing cap at the outset, however, this option had not being followed with, instead, the case for using the additional borrowing facility to meet some of the Council's other housing investment pressures being kept under constant review.

Cabinet AGREED:

1. **To note the changes in the Reform of Council Housing proposals that have occurred since the subject was last considered in June 2010.**
2. **To approve the baseline HRA Business Plan model – included in Appendix 2 of the report – for the management of the Council Housing stock over the next 30 years, and the assumptions which were included in it.**
3. **To note that the Council's Treasury Strategy will be reviewed, and that there is a report to this end, elsewhere on the agenda.**
4. **To commit to carrying out an annual review of the HRA Business Plan, in order to ensure that the objectives of maintaining the condition of the Council's housing stock and meeting the Council's financial obligations are fulfilled.**
5. **To approve the application of a 'mortgageable' standard for its stock in addition the Decent Homes standard for the purposes of HRA business planning.**
6. **To commit to review, no less frequently than annually, which, if any, of the Council's housing stock investment pressures should be met from additional borrowing up to the maximum borrowing cap.**
7. **That should the number of sales of council homes under the Right to Buy rise above the 13 assumed in the baseline HRA Business Plan model, the policy of not applying Right to Buy receipts to pay off the debt associated with those properties will be reviewed.**
8. **To refer the baseline HRA Business Plan model to full Council for approval.**

29 THE COUNCIL'S FINANCIAL STRATEGY

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

It was reported that over the course of the last 15 months, the Council had agreed a package of savings to mitigate the impact of very significant cuts in central government funding to local authorities.

The savings, totalling £19 million in the first tranche, with a further £16million in the second tranche, had been made up of a range of measures designed to reduce

back-office costs, cut bureaucracy and focus resources where they would have the most impact – while remaining fair to those local residents who most relied on the Council for their day-to-day support.

Subsequent to the approval of these savings measures, the Government had issued a series of consultation papers on a variety of issues. These would all impact to a greater or lesser extent on the Council's financial strategy. Accepting that the detailed proposals could differ when finally published, it was considered prudent to take stock of what effect these measures might have. The impact on the financial strategy could therefore be taken into account.

It was noted that whilst an assessment had been made of how the proposals could impact on the Council, this was only a best assessment. The Resource Review would likely have a major impact, but the detailed effect was unlikely to be known until the Autumn or Winter of 2012, when the final details would be announced. It was therefore important that the Council was mindful of the potential impact in developing its budget, but was also able to respond as and when the detailed proposals were finally issued.

The issues covered in the report before members were:

- Resource Review
- Localisation of Council Tax Benefits
- Housing Self-Financing
- Pensions
- Academies.

The report also set out the position in the current financial year, as this had to be taken into account when developing the detailed budget for 2012/13.

One of the elements of the Council's approach to delivering efficiencies was collaboration with other boroughs through East London Solutions (ELS). The report advised Cabinet on how the East London sub region was moving forward with shared services.

Reasons for the decision:

It was essential that the Council's financial strategy took due account of Government plans, and that the Council respond to proposals where these were likely to have had an impact on the Council's financial position. The Government was consulting on a number of areas that impact on this, and it was therefore important that the Council respond to this consultation.

Other options considered:

The option of not responding had been discounted as not being in the interests of either the Council or its community. The Council must ensure its views were made and heard as the Government sought to reshape the local government financial system.

Cabinet **AGREED:**

1. To note the Government's consultation process for the issues listed above, and the assessment of the potential impact on the Council.

2. To endorse the Council's responses to each of the consultation papers, as set out in Appendices B, D and F.
3. To note the position in the current financial year, as set out in Section 7 of the report.
4. To note the Government's recent announcement on further funding to enable a freeze of Council Tax to be maintained.
5. To note the current position with East London Solutions (ELS).
6. To confirm that the Council should be a party to the new ELS Memorandum of Understanding.
7. To note that further reports would be submitted to Cabinet once further details were available and/or as decisions were announced by the Government.

30 **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW REPORT**

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

The mid year report provided members with a review of the Treasury Management Strategy Statement and a review of the Annual Investment Strategy.

The Treasury Management Strategy Statement (TMSS) for 2011/12 had been approved by Council as part of its annual budget setting process. The underlying TMSS approved previously required revision in the light of economic and operational movements during the year.

It was proposed that, subject to statutory powers, the Council make a one off payment to the CLG to remove the HRA from the current housing subsidy system. This one off payment was compensation, ensuring the HRA would no longer make future annual payments to the CLG. It was expected that the overall impact would be beneficial to the Council. It was reported that whilst the legislative framework was not yet in place, by agreeing to these revised prudential indicators it would ensure the necessary local requirements were in place before the payment was required on 28 March 2012.

It was reported that as part of the Council's Annual Investment Strategy, the Council aimed to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate, it was considered appropriate to keep the majority of investments short term, and only invest with highly credit rated financial institutions.

The report explained that as a result of the Authorities strict lending criteria, the recent downgrade on 7 October of many of the UK's leading banks, had meant many of the top UK banks, including the Authorities own bankers were now no longer eligible as approved counterparties. Because of the current economic climate and the uncertainties over many of the European countries, Members were requested to approve the amendment of the investment strategy so that the Authority was able to continue to place deposits with the major UK clearing banks.

To allow this, the report proposed that the initial tranche of Institutions covered by the UK Government liquidity guarantee scheme (subject to further market intelligence) be included as an eligible counterparty.

With respect to the Council's Capital Position, attention was drawn to the changes to the Prudential Indicators for the Capital Financing Requirement (CFR).

It was reported that net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2011/12 and next two financial years. This approach permitted some flexibility for limited early borrowing for future years. It was noted that the Council had approved a policy for borrowing in advance of need which would be adhered to if this proved prudent. The Group Director of Finance and Commerce reported that no difficulties were envisaged for the current or future years in complying with this prudential indicator.

With regards to the Council's Investment Portfolio, it was reported that the Council held £83.9m of investments as at 30 September 2011 (£81.9m at 31 March 2011) and the investment portfolio yield for the first six months of the year is 1.35% against a budgeted rate of return of 1.06%.

The Council's Chief Financial Officer confirmed that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2011/12 and that the budgeted investment return for 2011/12 is £853k, and performance for the year to date was £188k above budget.

It was reported that no debt rescheduling was undertaken during the first six months of 2011/12. In the report, it was anticipated that new borrowing would not be undertaken during this financial year excluding any implications of the HRA reform.

Reasons for the decision:

The Council is obliged to review the Treasury Management Strategy Statement and the Annual Investment Strategy 2011/12

Other options considered:

No other options were considered due to the nature of the report.

Cabinet **RESOLVED:**

1. **To note the report, the treasury activity and recommend approval of the changes to the prudential indicators (including the changes set out in paragraph 2.2 and 2.3 relating to the HRA reform).**
2. **To recommend approval of the changes to the investment criteria as set out at paragraph 1.2 to full Council.**
3. **To note the expected impact on the capital and treasury plans of the HRA reform measures.**
4. **To note that the decision to borrow to finance the HRA subsidy payment will be made by the Group Director for Finance & Commerce in consultation with the Cabinet Member for Value**

31 **ARRANGEMENTS FOR THE PROVISION OF DOMICILIARY CARE TO ADULTS**

Councillor Steven Kelly, Cabinet Member for Individuals, introduced the report

The report provided Members with an overview of the current arrangements for the provision of domiciliary care services to the residents of Havering and detailed proposals to extend the existing delivery for a fixed period, to allow time to procure new arrangements for the provision of the service.

It was suggested that the new Framework Agreement would support the delivery of the emerging personalisation agenda within Adult Social Care and offer greater control over the resources used to provide care.

Reasons for the decision:

1. To preserve the continued delivery of domiciliary care to adults in Havering.
2. To make arrangements for the delivery of that care from mid 2012 onwards.

Other options considered:

1. Do nothing. The current contract arrangements would come to an end and all future domiciliary care packages would need to be procured on an individual basis. This is not a practical option and would lead to a potential decrease in quality and value for money.
2. To extend the current contracts would only offer the Council a short-term solution. The current contracts did not acknowledge many of the legislative changes of the past five years, the introduction of technologies to better manage the domiciliary process and establish real efficiency savings or allow for the flexibility. All of the aforementioned were now seen as essential to deliver on the personalisation agenda.

The extension of the current contractual arrangements for a period of up to one year is seen as essential. No other option would ensure that the Council is in a position to engage in a meaningful tender process or enable the development of an innovative service specification that allows for outcome based commissioning and contracting that will deliver on the personalisation agenda.

Cabinet AGREED:

1. **To approve the extension of the current block domiciliary care contract until 30th September 2012, in order to allow time for a formal tendering process to take place.**
2. **To approve the invitation and evaluation of tenders for the provision of domiciliary care services to Adults under a Framework Agreement with the Council.**

32 DRAFT NATIONAL PLANNING POLICY FRAMEWORK

Councillor Robert Benham, Cabinet Member for Community Empowerment, introduced the report

The report explained that the Government had published its draft National Planning Policy Framework to set out its intended planning policies to deliver economic growth and new homes. The draft Framework was considerably more concise than the existing documents it would replace and reduced some 1000 pages of policy to less than 60 pages.

The Government viewed planning as delivering sustainable development and wants the planning system to help deliver positive growth. The Framework provided the opportunity for people and communities to be involved in planning and was a key part of its wider 'localism' agenda. It addressed planning for prosperity, people and places. The Framework maintained the overall policy approach of many well understood and supported policies including safeguarding the Green Belt.

The report highlighted the key features of the draft Framework and what it could mean for Havering in terms of its plan making and development management roles.

It was suggested that the broad thrust of the Framework could be supported and that the focus on economic growth can be welcomed as this will complement the Council's own priorities.

However, it was noted within the report, and in an Appendix to the report, that there were key concerns about aspects of the draft Framework which should be addressed by Government before it was published. These included issues such as:

- the need for clarity and consistency on the definition of 'sustainable development';
- the importance of environmental and other sustainability considerations not being over-ridden in the priority afforded to economic growth;
- more information being needed on how the new system would be introduced,
- clarity needed on the respective roles of Local and Neighbourhood Plans and how and when the community may be involved in the latter, and
- the importance of local interests and priorities being properly taken account of in planning decisions.

The report also highlighted concern that the draft Framework failed to address the particular circumstances of planning in London where the Mayor's London Plan was a key part of the planning system for all boroughs, and where some issues specific to London (such as housing land availability) were unique and particular.

The report identified that recent planning guidance from the Government (for example, that on heritage matters) was so slimmed down in the draft Framework that authorities had to prepare local advice to supplement the Framework. It was

noted that 'culture' was identified as a theme where the Framework required further work if it was to help address quality of life issues properly.

The report included a recommendation to the Council's Regulatory Services Committee about how the draft Framework should be used in the determination of planning applications. The report noted in this regard that in specific circumstances, it should be afforded weight taking into account the need to secure economic growth providing proposals did not have unacceptable adverse social or environmental impacts.

Reasons for the decision :

To ensure that Havering's views on the draft National Planning Policy Framework were taken into account by the Government when it finalised the Framework.

Other options considered :

The National Planning Policy Framework sets out the Government's planning policies and, importantly, also sets out very clearly how 'planning' should take place to best deliver economic growth.

As such, it would provide a context for the Council's own planning and regeneration policies and programmes and the assessment of development proposals. It was important that Havering respond to the consultation on the draft Framework and that the option of not responding had been discounted

Members welcomed the report and the proposed reduction in bureaucracy that the new Framework would bring. Members noted with caution however that the new framework lacked clarity in issues such as the Local Neighbourhood Plan and local green space.

Cabinet **AGREED:**

1. **To welcome the overall approach set out in the draft National Planning Policy Framework ;**
2. **To agree that the comments in Section 4 of the report (paras. 64 -147) and Appendix 1 to the report be submitted as the Council's response to the draft Framework ;**
3. **To recommend to the Regulatory Services Committee that the draft National Planning Policy Framework be afforded weight, in particular when schemes did not accord with the Havering Local Development Framework or the Local Plan was silent (ie. indeterminate) provided development would not have unacceptable adverse social or environmental impacts.**

33 REVIEW OF COMMUNITY HALLS

Councillor Roger Ramsey, Cabinet Member for Value, and Councillor Andrew Curtin, Cabinet Member for Culture, Towns and Communities, jointly introduced the report

As part of the Council's Asset Management Plan, it was explained that strategic reviews were periodically undertaken for individual asset groups to challenge whether the existing asset base should be retained, or alternatively whether the opportunity could be taken to rationalise and/or release assets where Council ownership was no longer optimal.

It was reported that the Council completed a review of all of its community halls in 2009. A decision on the future of the halls managed by Culture and Leisure was deferred pending a review of the Council's capital programme and consideration of any Medium Term Financial Strategy (MTFS) proposals that might impact on the future of the community halls.

Members were reminded that the Council's MTFS Financial Strategy, agreed by Cabinet in July 2011, outlined a variety of savings proposals, including a projected saving of £60k in 2012/13, rising to £107k in 2013/14, resulting from a review of management arrangements for the community halls operated by Culture and Leisure services.

The most recent Condition Surveys for the community halls managed by Culture and Leisure Services had been conducted in 2007. Since then a lack of capital resources had meant that little work had been carried out to the halls and, in addition to outstanding works, there were now additional works that needed to be undertaken. The report provided details of the investment needed for the four halls.

Members noted the suggestion by staff that the transfer of the management of community halls could not easily be achieved unless outstanding urgent investment needs were addressed prior to transfer. It was therefore recognised that to achieve a successful transfer, in a timescale that ensured the MTFS revenue savings were achieved, it was considered essential to have capital funds available to deal with such urgent works. It was noted however that there were currently no capital funds available and little likelihood that the Council could secure external funding for this purpose.

In the view of staff, there was no alternative but to dispose of one of the halls to realise a receipt and use a proportion of that receipt to invest in the halls that would remain open. If this strategy is not progressed there is a danger that Culture and Leisure's MTFS savings may not be achieved and, worse, levels of income would reduce further as a result of the buildings deteriorating further.

The report provided details concerning the usage and distribution of the remaining facilities in order to make recommendations about their future retention, transfer or closure.

Reasons for the decision:

To provide a sustainable community halls infrastructure, ensure retained assets receive adequate investment and ensure that Culture and Leisure Services achieves its MTFS savings targets.

Other options considered:

Options had been considered for each of the four community halls that currently remain in the direct management of Culture and Leisure Services. The decision to retain, close or transfer management has, in each case, been based on a number of factors including condition, investment needs and proximity to other community facilities.

Retention of all four facilities within the Council's direct management is not considered to be a sustainable option, resulting in the decision to rationalise these assets, recycling the receipt from the disposal of some for the benefit of investment in others.

Attention was paid to the relevant equalities implications and risks as detailed in the report. Cabinet noted that a number of local community groups would be affected by the proposals and that the Council would seek to protect usage by existing user groups where a transfer took place and, where a closure resulted the Council would help the groups affected to find alternative premises.

Cabinet noted that an Equality and Fairness Assessment had been completed for the restructure report that was linked to Culture and Leisure Services' MTFS proposals. This included an assessment of the impact on transferring or closing the Culture and Leisure community halls on staff and the local community.

A considerable portion of the debate focussed on the proposed closure of Dukes Hall. Cabinet noted that a further Equality Impact Assessment would be produced and any recommendations carefully considered, to ensure that the impact on current Dukes Hall users was minimised as far as was possible. In considering the recommended closure of Dukes Hall, Cabinet gave due consideration to the potential impact upon some groups with protected characteristics as defined by the Equality Act 2010 and that all reasonable measures would be taken to mitigate the impact upon these individuals in considering alternative accommodation proposals which was highlighted during the debate as a concern for members present at the meeting.

Cabinet AGREED:

- 1. To the closure of Dukes Hall, as from April 1st 2012 and to delegate to the Lead Members for Value and the Lead Member for Culture, Towns and Communities authority to agree terms for its disposal.**
- 2. To agree to demolish Old Windmill Hall now, to be initially funded from Capital Contingency, which will be reimbursed from the Dukes Hall receipt**
- 3. In principle, to a proportion of the capital receipt arising from the disposal of Dukes Hall being utilised to deal with urgent repair and maintenance issues at the New Windmill Hall and Tweed Way Hall, assuming that these two halls transfer to a community organisation under a Lease Agreement. To delegate the decision on the level of capital spend from the Dukes Hall receipt on alternative community halls managed by Culture and**

Leisure Services, to the Lead Member for Value and the Lead Member for Culture, Towns and Communities.

4. **In principle, to the transfer of the management of the New Windmill Hall to a community group or, in the event of this not proving possible, bring a further report back to Cabinet for consideration of subsequent options.**
5. **In principle, to the transfer of the management of the Tweed Way Hall to a community group or, in the event of this not proving possible, bring a further report back to Cabinet for consideration of subsequent options.**
6. **To delegate decisions on all property matters associated with the transfer of New Windmill Hall and / or Tweed Way Hall, including the criteria for selecting the preferred voluntary group if more than one group expresses an interest in managing one of the halls, the selection of the preferred community group (s) and finalising lease terms, to the Lead Member for Value and the Lead Member for Culture, Towns and Communities.**
7. **In principle, to protecting existing bookings at those community halls that transfer to a community group, to be set out in relevant agreements;**
8. **To the demolition of the Old Windmill Hall building given the danger it poses to people who might try to enter the site, subject to the Dukes Hall site being disposed of and to be funded from the associated capital receipt**
9. **To receive a further report on the option of disposing of the Old Windmill Hall site and adjoining land, to secure further investment in the New Windmill Hall facility for the purposes of leasing the building to a community group and surrounding facilities, in the context of improving the local environment and taking account of the setting of nearby listed buildings.**
10. **In principle to Cottons Hall being reopened when a Lease can be agreed with a suitable community organisation or, if this does not prove possible, to receive a further report on the future of the site.**

34 APPROVAL OF THE PREFERRED DEVELOPMENT PARTNER FOR THE BRIAR ESTATE

Councillor Lesley Kelly, Cabinet Member for Housing & Public Protection, introduced the report

Members were reminded that in November 2008, Cabinet approved the Harold Hill Ambitions Plan, with the improvement of the Briar Road Estate as a priority. The report before them set out the procurement process for the selection of a

Development Partner for the Briar Estate to provide new homes on small sites and redevelop the shops area.

The report recommended the approval of Notting Hill Housing Group as the Council's preferred partner. The report also set out the background to the development of the Briar Improvements Action Plan, including the consultation to date with residents and key partners, and a summary of the environmental improvements essential for the Briar's successful renewal, to be funded primarily through the receipts from the disposal of sites to the development partner.

Information on the evaluation of tenders submitted was available to members in an exempt appendix to the report.

Reasons for the decision:

To ensure that the London Borough of Havering had a cost effective and value for money contract awarded for the development partner for the Briar Estate.

Other options considered:

Alternative tenders were considered the details of which were outlined in the exempt appendix to the report.

Cabinet gave assurances that consultation with local residents on the proposed redevelopment would be meaningful and that planning applications would not be submitted before consultation had taken place.

Cabinet **AGREED:**

1. **To approve Notting Hill Housing Group, as the Preferred Development Partner for the Briar Estate, subject to the final agreement of terms and the satisfactory conclusion of legal agreements;**
2. **To approve Notting Hill Housing Group's Variant offer as set out in the Exempt Appendix to the report.**
3. **To request the Preferred Development Partner to proceed with the development of their design proposals, including consultation with residents, in order to submit a planning application(s);**
4. **To authorise the Property Strategy Manager, the Head of Housing & Public Protection and the Assistant Chief Executive Legal and Democratic Services to provisionally agree Heads of Terms, deal with all matters arising and prepare the appropriate legal agreements with the Preferred Development Partner for the disposal and development of land in accordance with the principles of the Briar Development Brief and Improvement Proposals and subject to final approval of the terms by the Lead Members of Housing and Public Protection and Value;**
5. **To authorise the Head of Housing and Public Protection under section 167 (2E) of the Housing Act 1996 to consult on the development of a local lettings scheme for the Briar developments;**

6. To authorise the Head of Housing and Public Protection to consult stakeholders on amendments to the Lettings Policy to enable specific local lettings policies to be developed for specific developments.
7. To subject to all the above, approve £2.0 million be used to fund the schedule of Briar environmental improvements set out in para 3.13 of the report.
8. To note that the £2m Capital Budget, as referred to in 2.6., will be an addition to the Council' Capital Programme, and therefore to Resolve that this addition be referred to Council, at the next appropriate opportunity – as reported in para 5.3 of the report.

Chairman