

# MINUTES OF CABINET

Monday, 30 June 2014  
(6:00 - 7:45 pm)

**Present:** Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Evelyn Carpenter, Cllr James Ogungbose, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

**Apologies:** Cllr Laila Butt and Cllr Cameron Geddes

## 121. Declaration of Members' Interests

Councillor Worby declared a disclosable pecuniary interest in respect of the "Gascoigne Estate (East) Regeneration proposals - Site Masterplan and Phase 1" report, as she was an employee of East Thames Group, the Council's delivery partner in the project. Councillor Worby left the meeting at the appropriate point and took no part in the discussions.

## 122. Minutes (8 April 2014)

The minutes of the meeting held on 8 April 2014 were confirmed as correct.

## 123. Final Revenue and Capital Outturn 2013/14

The Cabinet Member for Finance presented a report on the final revenue and capital outturn position for the 2013/14 financial year.

The General Fund position showed a year end underspend of £9.7m against the net revenue budget of £178.3m, resulting in the General Fund balance increasing to £27.1m at the year end. The Housing Revenue Account (HRA) surplus was £0.2m for the year, increasing the reserve position to £8.7m, while the Capital Programme showed an outturn of £119.3m compared to the revised budget of £138.2m. With regard to the Capital Programme, the report provided a summary of expenditure against each project, with underspends proposed to be rolled forward to 2014/15 to enable the relevant projects to be completed.

The Cabinet noted details of the overall revenue outturn position for each directorate and the Chief Finance Officer referred to the reasons for a number of the underspends. The Cabinet Member for Finance advised that he would not want General Fund reserves to increase any further given the financial pressures faced by the Council.

Officers also responded to a number of Cabinet Members' enquiries regarding areas of revenue and capital expenditure.

**Cabinet resolved:**

- (i) To note the final outturn position for 2013/14 of the Council's revenue budget as detailed in paragraphs 2.3 to 2.10 and Appendix A of the report;

- (ii) To note the outturn against the 2013/14 savings targets as detailed in paragraph 2.11 of the report;
- (iii) To note the final outturn position for the Housing Revenue Account (HRA) as detailed in paragraph 2.8 and Appendix C of the report;
- (iv) To approve the requests to roll forward revenue budgets into 2014/15 and the resulting budget amendments as detailed in Appendix B to the report;
- (v) To approve the request to drawdown the sum of £1.5m from the Children's Services reserve to balance the 2013/14 budget position for Children's Services;
- (vi) To note the final outturn position for 2013/14 of the Council's capital budget as detailed in paragraph 2.12 of the report and agree the roll forward requests as detailed in Appendix D to the report;
- (vii) To approve the revised capital programme for 2014/15 as shown in Appendix F and the HRA five year programme as shown in Appendix G to the report;
- (viii) To approve the transfer of the Abbey Road new build scheme from the HRA to the General Fund with all expenditure to be funded from European Investment Bank borrowing; and
- (ix) To approve a budget virement of £0.5m from the Central Expenses budget to the Housing and Environment budget to fund a provision for bad and doubtful debts on the Temporary Accommodation budget, as detailed in paragraph 2.8 of the report.

#### **124. Review of School Places and Capital Investment**

Further to Minute 72 (18 December 2013), the Cabinet Member for Education and Schools presented the latest report in respect of the progress of various school expansion projects aimed at addressing the demand for school places in the Borough, together with details of new capital allocations from the Department for Education (DfE), the proposed projects to which the resources would be allocated and a proposal to transfer the management of the community facilities at Castle Green to Jo Richardson Community School from April 2015 to increase capacity while, at the same time, protect the community facilities.

The Cabinet Member referred to the latest pupil projection figures up to 2020/21, as set out in section 2 of the report, and advised that she had commissioned a report from officers on the impact of new housing developments in the Borough and other demographic information, including the impact of reduced availability of school places in neighbouring boroughs, in order for her to be confident that the school place expansion plans were robust.

The Government had allocated £14m of Basic Need Grant in 2014/15 but the provisional allocations of £2.4m and £2.5m for 2015/16 and 2016/17 were considered wholly inadequate to meet the Borough's needs. The Cabinet Member concurred with the view expressed by the Cabinet Member for Children's Social Services that London Boroughs were disadvantaged by the Government's

approach to the allocation of Basic Need Grant. In respect of the potential risk of the Government withdrawing or reducing capital funding in the future, the Cabinet Member for Education and Schools referred to the risk assessment set out in section 13 of the report and the Corporate Director of Children's Services agreed to provide Cabinet Members with a more detailed assessment.

The Corporate Director of Children's Services advised that it was only possible to secure Government support to the new schools at Riverside and Goresbrook on the basis that they would be Free Schools. The Cabinet Member for Children's Social Services referred to the distinction between those Free Schools that were developed in close partnership with the Local Education Authority, as was the case for the Riverside and Goresbrook schools, and those managed independently.

The Corporate Director of Children's Services undertook to look into matters raised by the Cabinet Member for Children's Social Services in respect of the recent planning application approved by the Council's Development Control Board in respect of the Lymington Fields major housing development as well as traffic management issues in respect of the Riverside School when the site becomes used as a primary school.

The Cabinet Member for Finance stressed the need to avoid slippage in the delivery of the capital projects and acknowledged the Corporate Director of Children's Services' response in respect of teaching staff levels going forward and the desire to increase the numbers in middle-leadership roles.

The Cabinet Member for Education and Schools advised that the overall Strategy would be subject to on-going review and development in the light of new issues and proposals, including those of the new Council leadership.

**Cabinet resolved:**

(i) To approve the Strategy for Ensuring Sufficient School Places and School Modernisation and Future Planning Programme to meet Basic Need (including SEN places) 2013 to 2020 as set out at Appendices 1 and 2 to the report;

(ii) To the inclusion of the following sums in the 2014/15 Capital Programme, as allocated by the DfE and attributable to the Local Authority, for the projects set out in section 4 of the report:

Universal Infant Free School Meals Capital Investment - £708,101  
Basic Need Grant for School Places - £14,052,409  
Devolved Formula Capital - £628,342  
Maintenance/Modernisation 2014/15 - £3,557,629

(iii) To approve the use of £9.3m of Targeted Basic Need Programme funding to be directed to the project to increase capacity at Sydney Russell School and extend the age range of the School to cover 3 to 19 years of age, the DfE having agreed to support this project in principle, as detailed in paragraphs 5.1 and 5.2 of the report;

(iv) To approve a change in procurement route for the project at Robert Clack School, for the reasons set out in paragraph 5.3 of the report, in favour of

the Government's Crown Commercial Service Lot 7 Framework for Modularised Construction;

- (v) To approve a change in procurement route for the project at Barking Riverside, for the reasons set out in section 6 of the report, in favour of the Government's Crown Commercial Service Lot 7 Framework for Modularised Construction, subject to securing appropriate land;
- (vi) To approve the proposed transfer of the management of the community facilities at Castle Green to Jo Richardson Community School from April 2015 on the terms detailed in section 7 of the report and to authorise the Corporate Director of Children's Services, in consultation with the Chief Finance Officer, the Head of Legal and Democratic Services and the Cabinet Members for Finance and Education and Schools, to enter into all necessary agreements to facilitate the transfer;
- (vii) To approve the inclusion in the Capital Programme of the projects identified in section 8 of the report up to a value of £15m;
- (viii) To authorise the Chief Finance Officer to confirm to the DfE and Education Funding Agency the decision to support the increased classroom sizes as part of the projects at Eastbury Comprehensive School and Eastbrook Comprehensive School, subject to confirmation from the School Governing Bodies; and
- (ix) To authorise the Corporate Director of Children's Services, in consultation with the Chief Finance Officer, the Head of Legal and Democratic Services and the Cabinet Member for Education and Schools, to award the respective project contracts set out in the report based on the checked and independently validated prices.

## **125. Improving the Transparency of Council Meetings**

The Leader of the Council advised that he had asked officers to bring forward plans for the audio recording of the Council's main meetings, which would be made available via the Council's website, as an initial step in his plans for the Council to have a more open, public facing approach.

## **126. Private Business**

Cabinet **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

## **127. Creekmouth Interventions**

The Divisional Director of Regeneration introduced a report on a range of issues in respect of the River Road / Creekmouth area of Barking Riverside which included the specific proposal for the Council to purchase the leasehold of the former Remploy site.

The Divisional Director advised that the Council already owned the freehold of the

former Remploy site. The site and buildings had remained unused since the closure of the business in August 2012 and negotiations had been held with the leaseholder in view of the Council's wider interests in regenerating the area and creating new employment opportunities.

Cabinet Members discussed the financial implications in the context of the Council's current and future position and noted the pressing need for a decision to be made either in support of or against the proposal.

The Cabinet Member for Children's Social Services also referred to the potential opportunity to attract to that area a number of businesses affected by a major new housing development on industrial land in a neighbouring London Borough.

Cabinet **resolved** that, subject to an acceptable ground condition survey, the Council purchase the leasehold interest of the former Remploy site, Unit A, Creek Road, Barking IG11 0JW, on the terms set out in the report.

## **128. Gascoigne Estate (East) Regeneration Proposals - Site Masterplan and Phase 1**

(Prior to consideration of the report, Councillor Worby left the meeting in view of her pecuniary interest as an employee of East Thames Group.)

Further to Minute 39 (20 September 2011), the Cabinet Member for Housing presented a report on the proposed masterplan for the redevelopment of the eastern side of the Gascoigne Estate and detailed proposals for the delivery of Phase 1 of the project, including alternative options regarding the funding and ownership of the housing development. The main features of the Phase 1 development included:

- a mixture of houses and flats;
- a new secondary and primary school;
- a replacement community/children's centre;
- provision for a replacement of the existing health centre/GP practice to be funded by the GP practice with NHS England rental guarantee and for places of worship;
- play areas and open spaces.

Following an OJEU procurement, East Thames Group were appointed as the Council's Housing Association partner for the project in the spring of 2013. Council officers and representatives of East Thames Group had carried out a reassessment of the most appropriate tenure mix for Phase 1 and an options appraisal in respect of financing and ownership of the new properties. The preferred option would involve the creation of a Special Purpose Vehicle (SPV) with charitable status to develop, own and the commission the management of the new units. The SPV would be funded by the Council via a loan agreement and the proposals also included the Council's land being leased to the SPV under a long-term agreement.

In respect of the tenure mix under Phase 1, it was noted that 45% would be Shared Ownership and 43% Affordable Rented with the remaining 12% earmarked for private sale. The Divisional Director of Regeneration responded to questions

from the Cabinet Member for Children's Social Care on Right to Buy / Acquire issues and possible restrictions to prevent properties being bought by 'Buy To Let' speculators. Officers agreed to report to the next meeting on the legal position of those issues, together with the potential implications of accepting Affordable Homes Programme funding from the Greater London Authority.

The Cabinet Member for Finance expressed his support, as a Gascoigne ward councillor, for the project and spoke on the benefits and improvements that the Council's regeneration have already brought to the area, while the Cabinet Member for Education and Schools welcomed several of the design aspects.

It was noted that a detailed report on the proposed funding arrangements would be presented to the next Cabinet meeting and officers confirmed that the report would provide the necessary assurances regarding the borrowing and lending arrangements.

**Cabinet resolved:**

- (i) To approve the draft masterplan and detailed Phase 1 proposal for the eastern side of Gascoigne Estate, including the location of the new secondary and primary schools, as set out in the body of and Appendix 1 to the report;
- (ii) To approve the appropriation of the whole redevelopment site (following decanting and demolition of each block), as shown edged in red in Appendix 3 to the report, for planning purposes in accordance with section 122 of the Local Government Act 1972;
- (iii) To approve the appropriation of the land at Phase 1, as shown edged in red in Appendix 4 to the report, under Section 122 of the Local Government Act 1972 from the Housing Revenue Account to the General Fund following completion of decanting and demolition of each block, to enable the delivery and regeneration of the eastern side of Gascoigne estate via the proposed delivery structure;
- (iv) That the residential units shall be developed with East Thames Group in accordance with the agreed Heads of Terms;
- (v) To agree to the principle of establishing a Special Purpose Vehicle(s) to develop, own and be responsible for procuring the management of the units to be developed, as set out in the report;
- (vi) That the Council shall grant a 252 year lease to the Special Purpose Vehicle(s) which shall terminate at the option of the Council at the end of the funding term and repayment of the loans made by the Council, with full ownership reverting to the Council;
- (vii) To agree to the principle of establishing an independent charity which shall own and control the Special Purpose Vehicle(s) in accordance with the funding terms imposed by the Council;
- (viii) To agree to the principle of borrowing £62.86m within the General Fund to finance the development and ownership of the following tenures:

- a. Borrow £39.98m to fund development and ownership of 236 affordable rented units, social rent units and shared ownership units to be owned and managed by a Special Purpose Vehicle(s) controlled within the General Fund;
  - b. Borrow £3.75m to fund 50% of 51 private for sale units to be developed and sold jointly by the Council and East Thames Group via a limited company, and
  - c. Borrow £19.13m to lend to East Thames Group to fund the development and ownership of 135 units shared ownership units which shall be owned by East Thames Group subject to agreement of satisfactory terms;
- (ix) To note that a further report shall be submitted to the next meeting setting out the most economically advantageous funding arrangements that have been negotiated to facilitate the funding of the developments;
  - (x) To note that a further report detailing funding options for the proposed primary and secondary schools shall be submitted to a future Cabinet meeting;
  - (xi) To delegate authority to the Chief Executive, in consultation with the Head of Legal and Democratic Services, the Chief Financial Officer and the Cabinet Members for Finance, Housing and Regeneration, to negotiate terms and agree the contract documents to fully implement and effect the project subject to recommendation (viii) above; and
  - (xii) To authorise the Head of Legal and Democratic Services to execute all of the legal agreements, contracts and other documents on behalf of the Council.