

THE CABINET

Tuesday, 6 July 2010
(5:00 - 6:26 pm)

Present: Councillor L A Smith (Chair), Councillor R Gill (Deputy Chair), Councillor J L Alexander, Councillor H J Collins, Councillor C Geddes, Councillor M A McCarthy, Councillor G M Vincent, Councillor P T Waker and Councillor J R White

Also Present: Councillor E Carpenter, Councillor R Douglas and Councillor I S Jamu

Apologies: Councillor L A Reason

18. Declaration of Members' Interests

Councillor P Waker declared a personal interest in item 7 (Proposed Expansion of Beam Primary School) as he is the Chair of the School's Governing Body.

19. Minutes (8 and 14 June 2010)

Agreed.

20. Construction of New Council Housing within Housing Revenue Account - Phase 3 Council Housing & Thames View Sites

Further to Minute 138 (16 March 2010), received a report from the Corporate Director of Resources on the delivery of and funding implications for the Council's new build housing programme together with specific proposals to enable Phase 3 of the programme to be progressed.

The Council has been successful with its bid for additional National Affordable Housing Programme (NAHP) grant from the Homes and Communities Agency (HCA) which allows a larger new build programme to be delivered than that previously envisaged. The report set out the detailed new build programme across the three phases and the new approach to the financing of the project which will enable the previously agreed Capital Programme funding of £7.073m to be redirected to the Council estate renewal programme.

Discussed issues relating to the achievability of the Phase 3 construction programme by July 2011 (November 2011 for the Goresbrook Compound element) and the robustness of the rent assumptions and projected building costs. The Divisional Director of Strategic Asset Management and Capital Delivery confirmed both aspects and added that officers will continue to push for optimum value for money.

Agreed, to assist the Council in achieving the Community Priority "Prosperous" through increasing the supply and range of family sized social rented housing in the Borough, to:

- (i) The procurement of construction services, in accordance with national and

EU procurement legislation and the Council's Contract Rules, for the construction of the Phase 3 Council Housing at Roycraft Avenue, Alderman Avenue, Thornhill Gardens and Alfred Gardens, Barking, and Goresbrook Compound and Maplestead Road, Dagenham, as detailed in the report;

- (ii) Delegate authority to the Corporate Director of Resources to appoint the successful contractor for the construction phase of the above works;
- (iii) The allocation of £26.623m of capital resources to the Housing Revenue Account (HRA) to fund the construction costs of the new build programme, following receipt of £14.886m NAHP grant; with the expectation that these resources will be funded through prudential borrowing with the costs of the borrowing met from the rental income from the new properties constructed and that £12.439m of the capital resources is allocated to fund the remaining new build programme under Phase 3; and
- (iv) The previous allocation of £7.073m within the Capital Programme being reallocated to support the estate regeneration proposals referred to in Minute 21 below.

21. Borough-wide Estate Renewal Programme

Received a report from the Corporate Directors of Customer Services and Finance and Commercial Services on the outline proposals for the implementation of a programme of initial estate renewal across the Gascoigne (East), Goresbrook Village and Leys estates.

The report outlined proposals for the funding of a phased programme of estate renewal which would involve the decanting, buyback of leasehold properties, demolition, master planning and appointment of delivery partners. Also an Estate Renewal Account would be created within the Housing Revenue Account to support the programme, funded from a range of sources.

The Corporate Director of Customer Services confirmed that a detailed report will be presented later this summer on the business case and option appraisal for each of the estates to identify the first phases for activity. This report will also contain the detailed proposals for the funding of the programme, including delivery options for new homes and possible disposal options.

Discussed a number of issues relating to the proposals including:-

- The need for the estate renewal programme to be properly planned in order to minimise disruption to tenants and loss of rental income from decanted / void properties. Officers confirmed that the strategy for the decanting of tenants will incorporate the lessons learned from earlier housing regeneration projects;
- The factors behind the poor condition of particular blocks. It was noted that while neglect by some tenants will always be an issue many of the estate blocks in the Borough have reached the end of their projected lifespan and are suffering from natural wear and tear. The Cabinet Member for Housing advised that a key principle of the estate renewal programme is to reduce the high costs associated with undertaking responsive repairs to ageing properties;

- The buying back of leasehold properties and the rehousing of private sector tenants. Officers confirmed that all valuations are obtained via the District Valuer and clarified the position regarding the Council's responsibilities;
- The need to progress arrangements to secure the Council's interests in relation to properties included in the estate renewal programme.

The Cabinet Member referred to the plans for consultation with local residents and Ward councillors and the proposed creation of a Member Working Group to develop the detailed estate renewal proposals with officers.

Agreed, to assist the Council in achieving the Community Priorities "Safe", "Clean", "Fair and Respectful" and "Healthy" and improvement priorities for housing set out in the Council's Local Area Agreement, to:

- (i) The development of a programme of estate renewal, initially across the three estates Gascoigne Estate (East), Goresbrook Village and the Leys, with detailed business cases and option appraisals being developed to identify first phases for activity and presented to Cabinet later this year;
- (ii) The establishment of an Estate Renewal Account within the Housing Revenue Account (HRA) to help fund the redevelopment of identified estates, with funding options to include:
 - a. The re-allocation of the £7.1m corporate borrowing support as referred to in Minute 20 above
 - b. HRA land disposal capital receipts
 - c. Right-to-Buy receipts
 - d. External regeneration monies
 - e. Units in-kind from any arrangements with individual developers which enable the Council to utilise part of the rents to support further borrowing
- (iii) The Estate Renewal Account to be administered and held within the HRA and used as directed by the Corporate Directors of Customer Services and Finance and Commercial Services;
- (iv) Note that a fundamental review of housing revenue and capital procurement is being undertaken to ensure the most cost effective delivery of the Housing Asset Management Strategy;
- (v) The establishment of a Member Working Group, led by the Cabinet Member for Housing, to explore and formulate with officers the detailed business case and option appraisals for the estate renewal programme; and

Authorise the Chief Executive, in consultation with the Leader and Cabinet Member for Housing, to progress arrangements for the serving of Initial Demolition Notices on all secure tenants within the initially identified phases.

22. Moving Towards Integration with NHS Barking and Dagenham

Received a report from the Corporate Director of Adult and Community Services on proposals for the Council to develop a closer working with NHS Barking and Dagenham in order to deliver the best possible outcomes for residents of the

Borough.

The key aims of the proposal are to achieve better community outcomes, create opportunities for savings, avoid loss of investment in the Borough and strengthen the ability to take joint decisions. The Corporate Director referred to the three options for integration of:

- A Strategic Partnership – this model most closely resembles the current position in Barking and Dagenham;
- Integrated Management – this would build on Option 1 through joint Board arrangements and senior management appointments;
- Integrated Leadership – this model seeks to maximise the scope for integration through combining the most senior level posts across both organisations, the delegation of decision-making to a joint governance board and the integration of common support services. With regard to the latter issue, the Corporate Director confirmed that this will be considered as part of the Council's Strategic Partnering project.

During the discussions the issue of potential liabilities relating to NHS Local Improvement Finance Trust (LIFT) schemes was raised and the Corporate Director undertook to refer this matter to the joint working group that will be progressing the proposals.

Agreed, to assist in the delivery of the Community Plan, the Local Area Agreement and the Community Priority "Healthy", to formally endorse the intention to move to an integrated leadership model (Option 3) with NHS Barking and Dagenham.

23. Proposed Expansion of Beam Primary School

Received a report from the Corporate Director of Children's Services on the proposal to increase the standard admission number at Beam Primary School to 81 pupils in each of the three year groups (Reception, Year 1 and Year 2) with effect from 1 September 2010, as well as increasing nursery provision at the site from 52 to 78 part-time equivalent places.

Noted that interim arrangements were made with effect from September 2008 to increase the intake for Reception and Year 1 to three forms of entry thereby allowing the school to grow year-on-year to a three-form entry school. Therefore this proposal, in effect, formalises that arrangement as well as introducing an additional form for Year 2 pupils. The expansion is part of the wider project to increase school places in the infant age range in order to meet Borough-wide demand.

Agreed, in order to assist the Council to achieve its Community Priority of "Inspired and Successful" and to fulfil its duty to provide every child in the borough with a school place, to the formal expansion of Beam Primary School with effect from 1 September 2010 as detailed in the report.

24. Framework Agreement for the Supply of Office Stationery, Educational Supplies, Bulk and Office Paper, Electronic Office Supplies and Office Equipment

Received a report on the outcome of the procurement of a contract for the Council's office stationery requirements over the next four years. The procurement process was led by the London Borough of Havering on behalf of the London Contracts and Supplies Group (LCSG), a body comprising of all London Boroughs and public bodies whose aim is obtain the best value for the supply of various goods and services to London Boroughs and other public bodies.

Agreed to the use of the LCSG Framework Agreement for the procurement of the Council's office stationery and educational supplies, bulk and office paper, electronic office supplies and office equipment for a period of four years.

25. * Building Schools for the Future Update

Further to Minute 15 (8 June 2010), the Corporate Director of Children's Services gave a verbal update on the position of the Council's Building Schools for the Future (BSF) project in the light of the new Government's review of the national programme.

The Government has announced that all schemes that have not reached Preferred Bidder status have been put on hold pending the comprehensive national review, and where schemes have achieved Preferred Bidder status only those schools that were included as the sample schools for tendering purposes would be considered at this point in time. It is understood that the Government is now focussing on the need for additional pupil places, rather than the previous position where the refurbishment of existing classrooms was also a factor.

The Corporate Director reported that during a telephone conversation with Government officials earlier this evening she was informed that as the Council has achieved Preferred Bidder status the position is that the two sample schools, Dagenham Park Church of England School and Sydney Russell Comprehensive School, would be considered within the next three to four weeks. Initial indications suggest that Dagenham Park Church of England School is more likely to proceed as it relates to the creation of additional pupil places, whereas the Sydney Russell scheme is primarily a refurbishment of existing provision. The Corporate Director added however that there is an opportunity for the proposed new school at Barking Riverside to also be considered alongside the two sample schools in view of the longstanding commitment to providing educational facilities in this area of the Borough. In this latter respect, the Corporate Director advised that a letter of intent is to be sent tomorrow confirming the Council's strong support for the school at Barking Riverside to be included in those considerations.

26. * 2010/11 Budget Monitoring Report - April to May 2010

Received a report from the Corporate Director of Finance and Commercial Services showing the first indicative picture of the Council's revenue and capital position for 2010/11, as at the end of May 2010, and highlighting the pressures on the planned budget position that have already been identified. The report also referred to a number of proposed draw-downs from reserves to support key areas

of work within the Finance and Commercial Services division.

Current service pressures are projected at £3.1m for the year and the recent announcement by Central Government of cuts across the local government sector will mean a reduction in funding of £5.5m in 2010/11 alone. As a consequence, the Corporate Director has extended the stringent expenditure control measures that were put in place during the last half of the 2009/10 financial year into this year and each Chief Officer has been tasked with identifying additional savings to bring the budget position back into line by the year end. The ring-fenced Housing Revenue Account (HRA) also shows a projected end of year deficit of £862,000 which would result in a reduction in its balance to £2.6m.

Issues raised during the discussions included:-

- The pressures already being experienced within the Children's Placements and Legal services. Officers outlined the principle reasons behind these issues and the steps being taken to rectify the situation.
- The 'risk management' and 'staffing' implications referred to in the report. The Corporate Finance Controller explained the external auditing arrangements and agreed to provide Cabinet Members with a breakdown of overtime payments across the Council's services.
- The 'customer impact' implications of the financial control measures that have been put in place. In this respect, the Corporate Director of Adult and Community Services explained that the business cases that would have supported any service reduction proposals would have covered the impact on the local community and other customers and she referred to two examples within her department.
- The potential impact on services within Barking and Dagenham as a result of the Government's recent announcement of a cap on housing benefit. The Leader explained that the housing benefit cap will inevitably lead to families and individuals who receive housing benefit and who live in areas where private sector rents are high, such as in Kensington and Chelsea, will have very little choice but to relocate into areas such as Barking and Dagenham and Havering where private rent levels are considerably lower. As a consequence there will be additional demands on, for example, the Borough's education and social services. The Acting Corporate Director of Customer Services referred to the London-wide protocol relating to the relocation of residents from one borough to another and suggested that this protocol needs to be reviewed by London Councils in the light of the perceived outcomes, and the Leader also advised that a joint approach to lobby Government is currently being discussed with the London Borough of Havering.

Agreed, as a matter of good financial practice, to:

- (i) Note the current projected position for 2010/11 of the Council's revenue and capital budget as detailed in the report and Appendices A and C;
- (ii) Note the position for the HRA as detailed in the report and Appendix B;
- (iii) Note that the Corporate Director of Finance and Commercial Services had imposed mechanisms to reduce in-year expenditure, and set targets for

departments to contribute towards the reduced resources the Council will receive in-year; and

- (iv) The draw-down of reserves, as detailed in paragraph 3.1.5 of the report, in respect of the following:
 - a. £250,000 from the IT Reserve to support Oracle Financial systems development during 2010/11;
 - b. £120,000 from the Contingency to the Internal Audit budget to facilitate the necessary work to be undertaken by the Head of Internal Audit in relation to the Council's statutory duties;
 - c. £100,000 from the International Financial Reporting Standards Reserve to support the development of the required new financial reporting regime.

(* The Chair agreed that these items could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)