

Meeting of the

CABINET

Wednesday, 9 February 2011 at 5.30 p.m.

AGENDA – SECTION ONE

VENUE

Committee Room, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

Members:

Mayor Lutfur Rahman (Mayor)	– (Mayor)
Councillor Ohid Ahmed (Deputy Mayor)	– (Deputy Mayor)
Councillor Alibor Choudhury	– (Cabinet Member for Resources)
Councillor Rabina Khan	– (Cabinet Member for Housing)
Councillor Rania Khan	– (Cabinet Member for Regeneration)
Councillor Oliur Rahman	– (Cabinet Member for Children's Services)

[Note: The quorum for this body is 3 Members].

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

Angus Taylor, Democratic Services,

Tel: 020 7364 4333, E-mail: angus.taylor@towerhamlets.gov.uk

LONDON BOROUGH OF TOWER HAMLETS

CABINET

WEDNESDAY, 9 FEBRUARY 2011

5.30 p.m.

Public Question and Answer Session

There will be an opportunity (up to 15 minutes) for members of the public to put questions to Cabinet members before the Cabinet commences its consideration of the substantive business set out in the agenda.

Questions can be submitted in advance to the Town Hall or be asked on the evening.

Send any questions to Angus Taylor, Democratic Services, Town Hall, Mulberry Place, Poplar, E14 2BG or email Angus.taylor@towerhamlets.gov.uk by 5pm Thursday, 3rd February 2011.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

PAGE
NUMBER
1 - 2

WARD(S)
AFFECTED

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

3. UNRESTRICTED MINUTES

3 - 36

To confirm as a correct record of the proceedings the unrestricted minutes of the ordinary meeting of the Cabinet held on 12th January 2011.

4. DEPUTATIONS & PETITIONS

To receive any deputations or petitions.

5. OVERVIEW & SCRUTINY COMMITTEE

5.1 Chair's advice of Key Issues or Questions in relation to Unrestricted Business to be considered

To receive any advice of key issues or questions in relation to the unrestricted business of the Cabinet, arising from the meeting of the Overview and Scrutiny Committee held on 8th February 2011.

5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee

(Under provisions of Article 6 Para 6.02 V of the Constitution).

Nil items.

UNRESTRICTED REPORTS FOR CONSIDERATION

6. A GREAT PLACE TO LIVE

6.1	Tower Hamlets Green Grid Strategy (CAB 079/101)	37 - 102	All Wards;
6.2	Leasehold Policy Review (CAB 080/101)	103 - 158	All Wards;
6.3	Blackwall Reach Regeneration Procurement and Scheme Development (CAB 081/101)	159 - 196	Blackwall & Cubitt Town;
6.4	Chrisp Street regeneration: update and next steps (CAB 082/101)	197 - 214	East India & Lansbury;
6.5	Allocation of Local Authority Housing Grant to Genesis Housing Group for new affordable housing at Brodlove Lane (CAB 083/101)	215 - 224	East India & Lansbury;

7. A PROSPEROUS COMMUNITY

Nil items.

8. A SAFE AND SUPPORTIVE COMMUNITY

8.1	Transforming Adult Social Care and commissioning as market shaping and development (CAB 084/101)	225 - 256	All Wards;
8.2	Modernising Learning Disability Day Opportunities (CAB 085/101)	257 - 282	All Wards;

9. A HEALTHY COMMUNITY

Nil items.

	PAGE NUMBER	WARD(S) AFFECTED
10. ONE TOWER HAMLETS		
10 .1 General Fund Revenue Budget and Medium Term Financial Plan 2011/2012- 2013/2014 (CAB 086/101)		All Wards;
<p>The report and appendices comprising the General Fund Revenue Budget and Medium Term Financial Plan 2011/2012- 2013/2014 are being circulated as a supplementary agenda pack in conjunction with this agenda.</p>		
10 .2 2011/12 - 2013/14 Capital Programme (CAB 087/101)		All Wards;
<p>The report and appendices comprising the 2011/12 - 2013/14 Capital Programme are being circulated as a supplementary agenda pack in conjunction with this agenda.</p>		
10 .3 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2011/12 (CAB 088/101)		All Wards;
<p>The report and appendices comprising the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2011/12 are being circulated as a supplementary agenda pack in conjunction with this agenda.</p>		
10 .4 Housing Revenue Account Budget Report - 2011/12 (CAB 089/101)	283 - 296	All Wards;
10 .5 Dedicated Schools Grant 2011/12 (CAB 090/101)	297 - 320	All Wards;
10 .6 Approval of Asset Strategy (CAB 091/101)	321 - 350	All Wards;
10 .7 Proposed CLC Fees & Charges 2011/12 (CAB 092/101)	351 - 366	All Wards;
10 .8 Children, Schools and Families Fees & Charges 2011/12 (CAB 093/101)	367 - 376	All Wards;
10 .9 Olympic Host Boroughs - Review of Governance Arrangements (CAB 094/101)	377 - 382	All Wards;
10 .10 Children's and Adults' Services Reorganisation (CAB 095/101)	383 - 392	All Wards;

**11. ANY OTHER UNRESTRICTED BUSINESS
CONSIDERED TO BE URGENT**

To consider any other unrestricted business that the Chair considers to be urgent.

**12. UNRESTRICTED REPORTS FOR
INFORMATION**

Nil items.

13. EXCLUSION OF THE PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda, the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the Press and Public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government, Act 1972”.

EXEMPT/CONFIDENTIAL SECTION (PINK)

The Exempt / Confidential (Pink) Committee papers in the Agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

14. EXEMPT / CONFIDENTIAL MINUTES

To confirm as a correct record of the proceedings the exempt / confidential minutes of the ordinary meeting of the Cabinet held on 12th January 2011.

15. OVERVIEW & SCRUTINY COMMITTEE

**15 .1 Chair's advice of Key Issues or Questions in relation to
Exempt / Confidential Business to be considered.**

To receive any advice of key issues or questions in relation to the exempt/ confidential business of the Cabinet, arising from the meeting of the Overview and Scrutiny Committee held on 8th February 2011.

**15 .2 Any Exempt / Confidential Decisions "Called in" by the
Overview & Scrutiny Committee**

(Under provisions of Article 6 Para 6.02 V of the
Constitution).

Nil items.

EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION

16. A GREAT PLACE TO LIVE

**16 .1 Blackwall Reach Regeneration Procurement and
Scheme Development (CAB 096/101) - To Follow**

All Wards;

17. A PROSPEROUS COMMUNITY

Nil items.

18. A SAFE AND SUPPORTIVE COMMUNITY

**18 .1 Modernising Learning Disability Day Opportunities -
Exempt Confidential Appendix to Unrestricted Report
(CAB 096/101)**

399 - 402

All Wards;

19. A HEALTHY COMMUNITY

Nil items.

20. ONE TOWER HAMLETS

Nil items.

**21. ANY OTHER EXEMPT/ CONFIDENTIAL
BUSINESS CONSIDERED TO BE URGENT**

To consider any other exempt/ confidential business that
the Chair considers to be urgent.

**22. EXEMPT / CONFIDENTIAL REPORTS FOR
INFORMATION**

Nil items.

SCRUTINY PROCESS

The Overview and Scrutiny Committee, at its meeting on **Tuesday 8th March 2011** may scrutinise provisional decisions made in respect of any of the reports attached, if it is “called in” by **five** or more Councillors except where the decision involves a recommendation to full Council.

The deadline for “Call-in” is: Friday 18th February 2011 **(5.00 p.m.)**

The deadline for Deputations is: Wednesday 2nd March 2011 **(5.00 p.m.)**

Councillors wishing to “call-in” a provisional decision, or members of the public wishing to submit a deputation request, should contact:

John Williams
Service Head Democratic Services:
020 7364 4205

Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

What constitutes a prejudicial interest? - Please refer to paragraph 6 of the adopted Code of Conduct.

Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE CABINET

HELD AT 5.35 P.M. ON WEDNESDAY, 12 JANUARY 2011

**COMMITTEE ROOM, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Mayor Lutfur Rahman (Mayor)	(Mayor)
Councillor Ohid Ahmed (Deputy Mayor)	(Deputy Mayor)
Councillor Alibor Choudhury	(Cabinet Member for Resources)
Councillor Rabina Khan	(Cabinet Member for Housing)
Councillor Rania Khan	(Cabinet Member for Regeneration)
Councillor Oliur Rahman	(Cabinet Member for Children's Services)

Other Councillors Present:

Councillor Stephanie Eaton	(Leader, Liberal Democrat Group)
Councillor David Edgar	
Councillor Judith Gardiner	
Councillor Carlo Gibbs	
Councillor Peter Golds	(Leader, Conservative Group)
Councillor Ann Jackson	(Chair, Overview & Scrutiny Committee)
Councillor Anna Lynch	(Deputy Chair of Council)
Councillor Motin Uz-Zaman	(Chair of Council)

Others Present:

Officers Present:

Mark Abrahams	– (Interim Service Head Procurement and Programmes, Resources)
Andy Algar	– (Service Head Asset Management, Development & Renewal)
Andy Bamber	– (Service Head Community Safety, Communities, Localities & Culture)
Isobel Cattermole	– (Acting Corporate Director, Children, Schools & Families)
Rachael Chapman	– (Strategy & Policy Officer, Adults Health & Wellbeing)
Ahzaz Chowdhury	– (Political Advisor to Conservative Group, Chief Executive's)

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|------------------|---|
| Kevan Collins | – (Chief Executive) |
| Margaret Cooper | – (Section Head Transportation & Highways, Public Realm, Communities Localities & Culture) |
| Aman Dalvi | – (Corporate Director, Development & Renewal) |
| Alan Finch | – (Service Head Corporate Finance, Resources) |
| Stephanie Ford | – (Interim Performance Manager, Strategy & Performance, Chief Executive's) |
| Isabella Freeman | – (Assistant Chief Executive - Legal Services, Chief Executive's) |
| Stephen Halsey | – (Corporate Director Communities, Localities & Culture) |
| Chris Holme | – (Service Head Resources, Development & Renewal) |
| Afazul Hoque | – (Scrutiny Policy Manager, Scrutiny & Equalities, Chief Executive's) |
| Minesh Jani | – (Service Head, Risk Management) |
| Paul Leeson | – (Finance Manager, Development & Renewal) |
| Shazid Miah | – (Political Advisor to the Mayor, Chief Executive's) |
| Keiko Okawa | – (Scrutiny Policy Officer, Scrutiny & Equalities, Chief Executive's) |
| Lorena Persano | – (Project Officer Transportation & Highways, Public Realm, Communities Localities and Culture - Transport for London Secondee) |
| Chris Saunders | – (Political Advisor to the Labour Group, Chief Executive's) |
| Takki Sulaiman | – (Service Head Communications, Chief Executive's) |
| Ann Sutcliffe | – (Service Head Building Schools for the Future, Development & Renewal) |
| Helen Taylor | – (Acting Corporate Director Adults Health & Wellbeing) |
| Paul Thorogood | – (Service Head Resources, Adults Health and Wellbeing) |
| Kazim Zaidi | – (Interim Policy Advisor, Chief Executive's) |
| Angus Taylor | – (ExecutiveTeam Leader, Democratic Services, Chief Executive's) |
| John Williams | – (Service Head, Democratic Services, Chief Executive's) |

MR L. RAHMAN (MAYOR) IN THE CHAIR

MAYOR'S WELCOME AND OPENING STATEMENT

The Mayor:

- Welcomed those present in the public gallery to the third meeting of the Cabinet, since his election as Mayor of Tower Hamlets, and wished them a happy new year.
- Made an opening statement as follows:-
 - In the last three months he and his administration had worked hard to put together a Budget proposal for the Council that aimed to protect frontline services for everyone in the diverse community making up Tower Hamlets, but in particular softened the blow for the most vulnerable elements of that community.
 - The Budget proposal had been published just before the Christmas break, and the Cabinet meeting that evening gave an opportunity to scrutinise the proposal in depth.
 - 2011/12 would be just the first year in which Tower Hamlets Council faced cuts, and there might well be three, four or even five more years of these. He believed that cuts on this scale were unnecessary and ideologically motivated. Consequently he and his administration were lobbying hard at the local, national and regional levels to claw back what it could. Nevertheless further savings would need to be found in the coming years, and he and his team were already looking ahead to meet these new challenges. As a result he was that evening announcing two major reviews of how the Council provided some of its services.

First: he had asked officers to draw up a full range of options for the future of East End Life. East End Life helps the Council fulfil its duty to communicate with residents and many residents rely on it for information on lettings, but in these tough times he and his administration needed to be sure that all Council services were providing value for money. As Mayor he now gave an undertaking to scrutinise all the options carefully, and in consultation with councillors the public and other stakeholders, to ensure an outcome that delivered the necessary savings, but also still met the requirement to keep residents updated with Council activities.

Second: he was closely examining the way social housing was delivered and maintained by the Council, and was pleased to announce that the Council had that week submitted a bid to the Homes and Communities Agency (HCA) for approximately £163 million for decent homes work. This funding would be essential if the Administration was to be able to give residents the homes they deserved. However, the national policy context for social housing was changing drastically. Not only was funding being cut, but the way social rented housing would be built, allocated and managed was being totally restructured. One of the key changes is that an ALMO (Arms Length Management Organisation) was no longer needed to secure Decent Homes funding. Consequently, to make sure the Council continued to provide the most efficient service possible, as Mayor, he had instructed officers to carry out an options

appraisal to identify if the ALMO was still the best way to deliver social housing. He made it clear that this review in no way reflected on the ALMO's performance, indeed he had been very pleased with the progress made by Tower Hamlets Homes, rather the entire landscape for housing policy was changing and he wanted to be sure Tower Hamlets was well placed to respond to those changes.

- In conclusion the Mayor indicated that he was looking forward to going through this budget proposal with colleagues from all parties and expressed the hope that together they could consolidate the work already done and deliver a consensual Budget that met the aspirations of all their constituents.

ADJOURNMENT

At this juncture the Mayor informed those present that before he and his Cabinet proceeded to consideration of the substantive business set out in the agenda, there would be an opportunity for the public to put questions to himself, the Deputy Mayor, and other Members comprising the Cabinet who were present. Accordingly the Mayor **Moved** the following motion for the consideration of members of the Cabinet, and it was: -

Resolved

That the Cabinet adjourn for a short period of up to 15 minutes, at 6.00pm, and that the meeting reconvene thereafter.

The meeting adjourned at 6.00pm

The meeting reconvened at 6.15pm

Question & Answer Session

Members of the public sought and were given clarification in relation to the following points:

- Whether, in the context of Cabinet consideration of proposals for the Council's Budget in 2011/12, that included significant cuts in spending, proposals were being made for cuts in allowances etc paid to councillors.
- With reference to page 157 of the agenda [agenda item 10.1 "General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014" - Appendix D2 - Savings proforma AHWB 1 – Promoting independence and reducing demand for domiciliary care through reablement – Equality Impact Assessment Test of Relevance] – Para 2: whether this was jargon for a process comprising an assessment of people with a view to outsourcing more care. Also what mechanisms were in place to monitor arrangements for any further outsourcing of care.

- It was understood that the Budget report included proposals for social care and in particular in-house care support workers, what plans were there for the in-house support admissions team.
- It was understood that the Budget report included proposals for cuts in Children's Services, but in particular did this include a reduction in the number of managerial posts for early years provision/ Children's Centres from 13 to 4 across the borough.
- Would the Mayor and his administration consider the imposition of a levy on multi-million pound businesses located in the borough, as a way to increase the Council's income.
- Closure of a local adventure playground without notice to residents and parents and whether this was an indication of savings proposals within the Council's Budget.
- It was understood that the Budget report included proposals for cuts in sure start/ Children Centre services staffing, where staff were considered to be working to full potential and where the service was acknowledged to be successful and making a difference for the community. Investment should continue in services that were making a difference, and this saving should not be accepted, could the Council refuse to make the cuts in spending requested by Government.

The Chief Executive indicated that a question received in writing from Mr A. Hussain (local resident), who was not present in the public gallery, would receive a written response.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of:

- Mr C. Naylor, Corporate Director Resources for whom Mr A. Finch, Service Head Corporate Finance, Resources, was deputising.

Apologies for lateness were received on behalf of:

- Councillor Rania Khan, Cabinet Member for Regeneration.

Noted.

2. DECLARATIONS OF INTEREST

No declarations of interest were made pertaining to the unrestricted business to be considered in Section One of the proceedings.

3. UNRESTRICTED MINUTES

Councillor Jackson, Chair of the Overview and Scrutiny Committee, speaking with the consent of the Mayor and Cabinet, commented that there were several references in the minutes to Councillor Rahman, Cabinet Member for Children's Services, and suggested that the minutes should be amended to

include the first name of Councillor Rahman (Oliur) in order to promote clear differentiation from Mayor Rahman.

Councillor Rabina Khan, Cabinet Member for Housing, proposed that if her apologies for absence, submitted to the last meeting of the Cabinet, were not recorded, the minutes should be amended accordingly. [The apologies for absence were recorded on page 4 of the minutes].

The Mayor **Moved** (taking account of the suggested amendment from Councillor Jackson); and it was: -

Resolved

That subject to the amendment set out below the unrestricted minutes of the ordinary meeting of the Cabinet held on 1st December 2010 be approved and signed by the Mayor, as a correct record of the proceedings:-

- All references to Councillor Rahman, Cabinet Member for Children's Services, to include his first name (Oliur) to promote clear differentiation from Mayor Rahman.

4. DEPUTATIONS & PETITIONS

At this juncture the Mayor informed members of the Cabinet that the Assistant Chief Executive had received one valid request, from the trades unions "staffside", to address them in respect of Agenda Item 10.1 "General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014".

Variation to Order of Business

The Mayor also indicated that he considered it appropriate that the Order of Business be varied so that following receipt of the deputation:

- Consideration be given next to Agenda item 5.1 "Chair's Advice of Key Issues or Questions in relation to Unrestricted Business to be considered", because the clerk had advised that the report which was the subject matter of the deputation would also be the subject of matters to be raised by the Chair of the Overview and Scrutiny Committee [pre-scrutiny questions].
- Subsequently consideration be given to Agenda Item 10.1 "General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014" which was both the subject matter of the deputation and also several pre-scrutiny questions.
- Thereafter the Cabinet return to the order of business detailed in the agenda.

Accordingly the Mayor **Moved** the following motion for the consideration of members of the Cabinet, and it was: -

Resolved

That the Order of Business be varied so that following the receipt of deputations, Agenda item 5.1 "Chair's Advice of Key Issues or Questions in relation to Unrestricted Business to be considered" be considered next, subsequently Agenda Item 10.1 "General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014" (CAB 070/101), and thereafter the Cabinet return to the order of business detailed in the agenda.

At this juncture the Mayor informed members of the Cabinet that a statement had been **Tabled** by the Staffside deputation, a copy of which would be interleaved with the minutes.

Following receipt of the deputation, points of clarification sought and given, and an address from Councillor Choudhury, Cabinet Member for Resources, including the following points:

- Thanking staffside for their moving address and concurring in principle with the sentiments expressed: that the services provided by the Council were important and valuable, that the cuts in funding by Government were of an unprecedented scale, and these would inevitably harm communities.
- Thanking the trades unions for their participation in constructive dialogue with the Mayor and his administration during the Authority's Budget process to date. Giving an undertaking that the Mayor and Cabinet hoped to continue this engagement in the weeks and months ahead, and with other service providers too.
- That the Mayor and his administration aspired to deliver improved services for the local community, and would make every effort to work together with the trades unions to minimise the impact of the cuts on it.
- Indicating that Cabinet consideration of the Budget proposals that evening was the start, not the finish, of a process of consultation and outlining the elements of this.
- Concluding that the deputation had shown that many Council staff and local residents were aggrieved at the prospect of cuts in spending/ services. Gave an undertaking that the Mayor and he would engage with the rigorous process of public scrutiny of the Budget, would further examine the current proposals, and make every effort to protect frontline services.

the Mayor thanked the deputation for coming to address the Cabinet. The Mayor, in **Moving** the following motion for the consideration of members of the Cabinet, summarised that:

- He had noted the points made by the deputation.
- The delivery by the Council of all services needed by the local community, both universally and free of charge, was of course the aspiration of himself and his administration. However he also recognised that this must be balanced against cost and available resources, which resulted in difficult choices.
- The ideologically motivated spending cuts which the Coalition Government had forced on local government, had resulted in a situation where the Council and his Administration now found

themselves having to find an unprecedented £72 million of savings over the next 3 years. He and his Administration had already devoted a great deal of effort to examining the options to achieve this whilst protecting front line services as far as possible.

- With regard to homecare for the elderly and vulnerable it was important to note that Tower Hamlets was currently the only Council that currently provided this free of charge.

and it was: -

Resolved

1. That the following deputation be formally received and noted: -

Mr J. McLoughlin (Branch Secretary UNISON Tower Hamlets) and Mr M. Clark (Supervisor LBTH Homecare Services), in respect of "General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014" (CAB 070/101);

2. That the points raised by the deputation be given consideration during the Cabinet deliberation of the item of business to which the deputation related; and
3. That any outstanding issues raised by the deputation be referred to the Corporate Director Resources for attention and response in writing within 28 days, in accordance with the Authority's Constitution (Part 4, Rules of Procedure, Section 4.1 Council Procedure Rules, Rule 20 Deputations).

5. OVERVIEW & SCRUTINY COMMITTEE

5.1 Chair's advice of Key Issues or Questions in relation to Unrestricted Business to be considered

The Chair informed members of the Cabinet that Councillor Jackson, Chair of the Overview and Scrutiny Committee, had **Tabled** a sheet of questions/ comments arising from the deliberations of the Overview and Scrutiny Committee, held on 11th January 2011, in respect of the unrestricted business contained in the agenda for consideration, a copy of which would be interleaved with the minutes.

Councillor Jackson, Chair of the Overview and Scrutiny Committee, addressed members of the Cabinet:

- Formally thanking Councillor Oliur Rahman, Deputy Mayor O. Ahmed and Councillor A. Choudhury, Cabinet Member for Resources, for attending the Overview and Scrutiny Committee to discuss/ answer questions on reports relating to their Cabinet Member portfolios.
- *Call In*

- Summarising the deliberations of the Committee regarding the “Call In” of the provisional decision of the Cabinet, taken on 1st December 2010, in respect of “Children, Schools and Families – Contract Awards” (CAB 061/101) for the Mayor and members of the Cabinet.
 - Outlining the main concerns raised:
 - ▽ That the contract was already awarded but ensuring the service from the new providers meets the needs of residents, in particular around a culturally appropriate service and families having a choice about their care workers.
 - ▽ That community organisations should be offered maximum support in any application process. Just because corporate applications matched the Council’s process better was not a good reason to award contracts to them, it was better if these were provided locally.
 - ▽ Need for robust contract monitoring arrangements, involving service users and their social workers, with appropriate action taken swiftly to mitigate failings.
 - Advising of assurances given by the Cabinet Member for Children’s Services noted by the Committee.
- Informing them, in conclusion, that the Overview and Scrutiny Committee had endorsed the decisions previously taken by Cabinet, in relation to this matter, but additionally would review the contract in six months time with the Cabinet Member for Children’s Services and Acting Corporate Director Children, Schools and Families in attendance.
- *Scrutiny Spotlight – Deputy Mayor*
 - Outlining the key issues on which this discussion focused:
 - Availability of recycling bags
 - Anti Social Behaviour and public realm issues on Registered Social Landlords and Tower Hamlets Homes estates.
 - Gritting
 - Support to drug users to break their addiction to counter balance the dealer a day initiative.
 - Proposed efficiency savings in the Deputy Mayor’s portfolio
 - Performance around litter, fly posting and graffiti
- *Budget Scrutiny*
 - Emphasising the importance of public/ community scrutiny of the Authority’s Budget and the role of Overview and Scrutiny Committee role in this regard.
 - Informing the Mayor/ Cabinet that the Committee would be discussing the Budget proposals with the Cabinet Member for Resources and Corporate Director Resources the following week. The session would focus on the following issues:
 - Savings proformas CSF 1 & 3 [agenda item 10.1 “General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014” - Appendix D2

- ∇ Redesign and integration of Early Years and Children's Centres Management
 - ∇ CSF 3[Redesign support for young people age 13-19 to reflect need].
 - Capital Resources
 - Committed Growth
 - Equality Impact Assessments
 - In-house care services - savings proposals
- The Acting Corporate Director Children's, Schools and Families and Acting Corporate Director Adults Health and Wellbeing were requested to attend due to particular concerns regarding savings proposals relating to their directorates.
- *Key Issues or Questions (Pre Scrutiny)*
Informing members of the Cabinet that she had nothing to add to the questions/ comments raised by the Overview and Scrutiny Committee, as set out in the tabled paper regarding: -
 - Item 6.1 Proposed Cycle Hire Scheme extension
 - Item 7.1 Update on Building Schools for the Future Programme including authorisation to enter into contracts; update on PFI and School Estate Strategy
 - Item 8.1 Borough-wide Drinking Control Zone
 - Item 10.1 General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014

The Mayor thanked Councillor Jackson for presenting the contribution of the Overview and Scrutiny Committee; and then **Moved** and it was: -

Resolved

That the questions and comments of the Overview and Scrutiny Committee be noted, and that these be given consideration during the Cabinet deliberation of the items of business to which the questions/ comments related.

5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee

The Clerk advised that no provisional decisions made by the Cabinet, at its meeting held on 1st December 2010, had been referred back to Cabinet, by the Overview and Scrutiny Committee, for further consideration.

6. A GREAT PLACE TO LIVE

6.1 Proposed Cycle Hire Scheme extension (CAB 066/101)

Councillor O. Ahmed, Deputy Mayor, at the request of the Chair, in introducing the report, summarised the key points contained therein, commenting as follows:

- The proposed borough-wide extension of the Cycle Hire Scheme before the Olympic Games was an exciting prospect. The proposed 150 hire stations would offer a major new travel option, and one of the most significant opportunities to change travel behaviour in the borough since the opening of the Docklands Light Railway.
- Officers and Members had worked hard to bring this scheme to Tower Hamlets in the face of great competition from other London boroughs. He was certain the financial contribution of £2 million in external funding secured by Tower Hamlets was influential in finalising Transport for London's decision. Cabinet approval for the contribution was now sought.
- The scheme could be operational by March 2012 and would open up a cheap, healthy and convenient way of getting around locally for many people who did not have the space to store bicycles at home. There were already over 4000 registered users of the scheme living in the borough, and the proposals had been very warmly received at the four local exhibitions held just before Christmas 2010.
- He commended the proposals to them, which he felt sure would be a big success.

Mr Halsey, Corporate Director Communities Localities and Culture, at the request of the Chair, addressed the matters raised by the Overview and Scrutiny Committee, held on 11th January 2011, in relation to the report; as set out in the tabled sheet of questions and comments presented by the Chair of the Overview and Scrutiny Committee earlier in the proceedings:

The Mayor **Moved** the recommendations as set out in the report; and it was:-

Resolved:

1. That the extended Cycle Hire scheme be welcomed as a significant improvement to local accessibility in a healthy, climate-friendly and relatively low-cost manner consistent with the existing Cycle Strategy;
2. That the scheme be approved in principle, subject to securing a financial contribution of £2m external funding (Transport for London, Section 106) to enable implementation of the scheme before the start of the Olympic Games as set out in paragraph 7.7 and Appendices 2 and 3 of the report (CAB 066/101); and
3. That the Corporate Director Communities Localities and Culture be authorised after consultation with the Assistant Chief Executive (Legal Services) to approve an agreement under section 101(5) of the Local Government Act 1972 for the joint exercise of functions under the Road Traffic Regulation Act 1984 to enable Transport for London to make the necessary traffic orders under Sections 6 and 45 and to exercise powers in Section 63 of that Act to install the Docking Station infrastructure.

Reasons for Decisions

These are detailed in paragraphs 3.1 to 3.3 of the report (CAB 066/101)

Alternative Options Considered

These are detailed in paragraphs 4.1 to 4.3 of the report (CAB 066/101)

6.2 Commercial activities in parks and the 2012 Temporary Olympic Live Site (CAB 067/101) To Follow

The Clerk informed the Mayor and members of the Cabinet that the report had been withdrawn by the Corporate Director Communities Localities and Culture.

7. A PROSPEROUS COMMUNITY

7.1 Update on Building Schools for the Future Programme including authorisation to enter into contracts; update on PFI and School Estate Strategy (CAB 068/101)

Ms Cattermole, Acting Corporate Director Children, Schools and Families, at the request of the Mayor, in introducing the report:

- Summarised the key points contained therein, highlighting in particular that:
 - The report provided an update on the Building Schools for the Future (BSF) Programme, which was good news for Tower Hamlets. The recent opening of the new St Pauls Way School, a stunning facility delivered through BSF, was a triumph for Tower Hamlets.
 - Approval of the Mayor and Cabinet was being sought to progress the next batch of BSF Schools:

These schools comprised: Langdon Park, Stepney Green, Phoenix and Central Foundation Girls School.

Formal Partnership for Schools (PfS) approval was required, but expected shortly after submission of final business cases for each scheme in January 2011. However some further legal work was required at this stage of the BSF contract [following submission by the Local Enabling Partner (LEP) of Stage 2 New project Proposals], in relation to aspects and timescales for delivery.

Tower Hamlets had come a long way to reach this stage of the BSF process and other authorities were having difficulty reaching the point it had reached in terms of cost effectiveness and value for money.

This element of the BSF Programme represented total investment in the School Estate of approximately £60 million.

- Confirmation was being sought from the Mayor and Cabinet of proposed sites for secondary provision to ensure sufficient school places were provided by the Authority. Proposals for additional primary provision would follow in due course.

Looking ahead to 2014 and beyond there was a clear need for additional secondary school places [equivalent to 8 forms of entry by 2014]. Provision of sufficient places was a statutory responsibility placed on the Authority.

It was recommended that proposals be taken forward for the building of a new secondary school on the Bow Lock site which would include the relocation of Bow Boys School. The site was however split with a road running through the middle, and this would need to be addressed. Bow Boys School did not currently meet the standards required of a secondary school, and the proposed relocation to Bow Lock would result in total renewal/refurbishment of the school and provide a learning environment that all students should have and which the borough could be proud of.

This scheme would allow the creation of a secondary mixed school, with an additional 4 forms of entry equating to 260 pupils.

A feasibility study, to consider the capacity and suitability of the Bow Lock site, and infrastructure works required, had been undertaken. However, Partnership for Schools (PfS) approval would be required for the proposed sites for secondary provision.

It was also recommended that proposals be taken forward for the relocation of Beatrice Tate School, a Special Educational Needs (SEN) provision, on the Southern Grove site. The current site was severely constrained and therefore not fit for purpose. The Southern Grove Site was of sufficient size to allow for housing development opportunities too.

- Addressed the matters raised by the Overview and Scrutiny Committee, held on 11th January 2011, in relation to the report; as set out in the tabled sheet of questions and comments presented by the Chair of the Overview and Scrutiny Committee earlier in the proceedings:

A discussion followed, during which the proposals in the report were broadly welcomed, and which focused on the following points:-

- The Mayor
 - Formally thanked Ms Cattermole, Acting Corporate Director Children, Schools and Families, and her Officer team together with the governing body/ management of St Pauls Way School for their contribution to the development/ achievement of the new school. He had visited it before Christmas and the contrast

with the old school, which he had seen as a child, was amazing to see. He considered it was a fantastic facility that demonstrated the commitment of the Authority and his Administration to the future of children in the borough, and would provide opportunities to improve themselves for many years to come.

- Expressed his full support for the development of a new secondary school on the Bow Lock site. As a former student of the Bow Boys School he understood how constrained it was in terms of open space and facilities, and the need for much better facilities. Also expressed concern that the proposed new site currently would require young children to cross a busy road; and therefore requested that Officers mitigate the safety issues associated with the road junction near the Bromley by Bow underground station and the nearby underpass, within the final proposal. Considered that the need for a better school was pressing and it was essential that efforts be focused on the acceleration of the proposals so that the new school was operational by 2014. *Ms Cattermole, Acting Corporate Director Children, Schools and Families, gave an assurance that Officers had devoted a great deal of time and effort to addressing the student access and egress issues of a school at Bow Lock and a full report and travel plan would be reported to Members in due course.*
- Expressed his full support for the relocation of Beatrice Tate School on the Southern Grove site, commenting that it was vital that students at this SEN school were provided with an appropriate environment for their learning needs.
- Accordingly proposed the following additional recommendation, to those set out in the report, for the consideration of members of the Cabinet:

“That Officers be instructed to:

Accelerate implementation of the proposal for relocation of Bow Boys School/ building of a new secondary school on the Bow Lock Site in order to ensure the school is operational by 2014.

Accelerate implementation of the proposal for relocation and spatial expansion of Beatrice Tate School on the Southern Grove Site in order to ensure the school is operational by 2014.

- Clarification/ assurance was sought and given as to whether the proposals for relocation of Beatrice Tate School would need one or two sites; also given the proposal of a mixed use site at Southern Grove what consideration had been given to safeguards for both residents and vulnerable children who would be sharing their physical environment.
- Clarification/ assurance was sought and given as to the impact of new governance arrangements at St Paul’s Way School on access to the community facility included in the development.

The Mayor **Moved** that the recommendations as set out in the report (taking account of the additional recommendation he had proposed during the deliberation of this item), be agreed; and it was:-

Resolved:

1. That the Corporate Director of Development & Renewal be authorised after consultation with the Assistant Chief Executive (Legal Services) to accept the final tenders, together with any documents incidental to the Building Schools for the Future schemes, for Langdon Park, Stepney Green Maths and Computing College, Central Foundation Girls School and Phoenix School, provided that the schemes are procured within the funding envelope;
2. That the Corporate Director of Development & Renewal be authorised after consultation with the Assistant Chief Executive (Legal Services) to negotiate and conclude with Tower Hamlets Schools Limited (THSL) and the TheLEP all necessary certificates/consents/documents/contracts ancillary or incidental to the above schemes, subject to final approval of such certificates/consents/documents/contracts by the Assistant Chief Executive (Legal Services);
3. That the Head of Legal Services (Environment) be authorised to enter into all necessary documents to implement the resolutions 1. and 2. above;
4. That the allocation of the following sites, for education use and/or mixed use to include housing, be authorised:
Bow Lock Site
Southern Grove;
5. That subject to resolution 4. above the Corporate Director Development and Renewal consider the options for alternative use of the Bow Boys' School existing site, including the use as a primary school provision;
6. That £380,000 be set aside from the earmarked reserve (previously set aside for a contribution to the Olympic Aquatics Centre) to write off the costs of works on the Bow Locks Site; and
7. That the Corporate Director Development and Renewal and Acting Corporate Director Children, Schools and Families be instructed to:
 - (a) Accelerate implementation of the proposal for relocation of Bow Boys School/ building of a new secondary school on the Bow Lock Site in order to ensure the school is operational by 2014.
 - (b) Accelerate implementation of the proposal for relocation and spatial expansion of Beatrice Tate School on the Southern Grove Site in order to ensure the school is operational by 2014.

Reasons for Decisions

These are detailed in paragraphs 3.1 to 3.9 of the report (CAB 068/101)

Alternative Options Considered

These are detailed in paragraphs 4.1 to 4.6 of the report (CAB 068/101)

8. A SAFE AND SUPPORTIVE COMMUNITY**8.1 Borough-wide Drinking Control Zone (CAB 069/101)**

Councillor O. Ahmed, Deputy Mayor, at the request of the Chair, in introducing the report, summarised the key points contained therein, commenting as follows:

- A borough- wide Drinking Control Zone (DCZ) was not a prohibition, but rather a tool to control and manage anti-social behaviour associated with alcohol in public places. He gave an assurance that it would be used with discretion, and in a sympathetic way, providing support as well as a robust response for the benefit of the community.
- Although there were existing DCZs in Bethnal Green and Whitechapel (since 2006), and Shoreditch (since 2010), people within these zones moved but continued to cause alcohol related problems outside of the designated zone, known as dispersal.
- At least 13 other London boroughs had borough-wide DCZs and all the boroughs neighbouring Tower Hamlets had one or a DCZ covering the entire perimeter of their border with Tower Hamlets (City of London). This created an “island effect” in Tower Hamlets.
- A DCZ was a legal power that would enable Police and Tower Hamlets Enforcement Officers (THEOs) to confiscate alcohol. The powers were discretionary. Help was available for drinkers with dependency problems. The Joint Tasking process would ensure the DCZ was managed effectively, proportionately, with discretion and guidance. Existing multi-agency care planning arrangements would provide access to treatment and support for drinkers.
- A borough-wide DCZ would:
 - Eliminate the problem of dispersal and there was much evidence of success elsewhere and there was already support for this from a range of partners and residents.
 - Enable Tower Hamlets to deal with issues relating to the Night Time Economy, to prevent escalation of alcohol related problems and prepare for the effects of the Olympics.
 - Enable us to deal with the alcohol profile in Tower Hamlets – occurring in different and changing places, times, and ways.
- Should Cabinet agree the proposal, consultation with residents, partners, and businesses would take place in February and March 2011, with the outcome reported back to Cabinet with onward

recommendation to full Council for a final decision on implementation. If agreed, the Secretary of State would be notified, legal notices published and signs erected as appropriate.

Mr Bamber, Service Head Community Safety - Communities Localities and Culture, at the request of the Chair, addressed the matters raised by the Overview and Scrutiny Committee, held on 11th January 2011, in relation to the report; as set out in the tabled sheet of questions and comments presented by the Chair of the Overview and Scrutiny Committee earlier in the proceedings:

A short discussion followed during which clarification/ assurance was sought and given, with reference to paragraph 5.7 of the report, as to the effectiveness and numbers of penalty charge notices issued [for failing to surrender alcohol] in other boroughs where the borough-wide DCZ had been successful.

The Mayor **Moved** the recommendations as set out in the report; and it was:-

Resolved:

1. That consultation on the proposed implementation of a borough-wide Drinking Control Zone (DCZ) proceed; and
2. That it be noted that the Drinking Control Zone (DCZ) will be developed to provide access to advice and support for problem drinkers.

Reasons for Decisions

These are detailed in paragraph 3.1 of the report (CAB 069/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 069/101)

9. A HEALTHY COMMUNITY

The Clerk advised that there were no business to be considered under this section of the agenda.

10. ONE TOWER HAMLETS

10.1 General Fund Revenue Budget and Medium Term Financial Plan 2011/2012 to 2013/2014 (CAB 070/101)

Please note that the order of business was varied by resolution of the Mayor and Cabinet earlier in the proceedings in order to allow this item to be considered following Agenda item 5.1 "Chair's advice of Key Issues or

Questions in relation to Unrestricted Business to be considered”, however for ease of reference the deliberations of the Mayor and Cabinet, and subsequent decisions taken, are set out below in the order detailed in the agenda.

Councillor Choudhury, Cabinet Member for Resources, at the request of the Chair, in introducing the report, summarised the key points contained therein, commenting as follows:-

- The Mayor and his Administration were extremely unhappy that cuts in funding, of an unprecedented scale, forced upon them by the Coalition Government, now left them with the very difficult task of having to find £72 million of savings over the next 3 years. The Mayor had expressed his personal anger over the cuts and the Cabinet shared that anger, as did the residents of Tower Hamlets. However, how far that could be taken forward with a view to achieving a positive outcome was a question of judgement; the scope for this was realistically limited.
- It was acknowledged that local government was the more affected than other parts of the public sector by the Government cuts. The key issue being the front loading of the funding settlement in 2011/12 and 12/13 which resulted in savings of approximately £30 million required in 2011/12. The draft Budget proposals before the Mayor and Cabinet for consideration amounted to £55 million in efficiency savings; and this would deliver a balanced budget in 2011/12 and make a significant contribution to years two and three. The position in future years was far from clear and could be worse than currently expected as further funding cuts were possible.
- The Authority’s Budget setting process had been underway for some time and the Mayor and his Administration had inherited a robust efficiency framework developed by the former Labour Administration containing key elements:
 - Reducing our management overheads and duplication.
 - Reducing office accommodation needs to achieve savings (the decant from Anchorage House in 2013 alone was estimated to save £7 million).
 - Improved procurement of services, squeezing more value from suppliers.
 - Maximising options to bring money in such as better asset management (disposing of surplus property and land) and ensuring that those who owed the Council money paid their share (income optimisation).
 - Working with residents and others to maximise the use of new technologies to provide more effective and efficient services
- The savings proposals within the Budget were detailed in individual preformed, however he gave an assurance as follows:
 - There would be no change to the level of social care provision.
 - Every effort would be made to ensure that young people continued to receive an excellent service.
 - The Mayor/ Administration were working hard to minimise any impact on front line services which affected the daily lives of residents.
- Outlining the next steps for scrutiny of the Budget proposals:

- An informal meeting with Overview and Scrutiny colleagues where any questions about the Budget proposals could be raised with him.
- All political groups would be given an opportunity to discuss the Budget proposals with him.
- A Budget congress meeting with the Council's partners later in January.
- The Budget proposals would be formally scrutinised by the Overview and Scrutiny Committee on 8 February and be submitted to Cabinet on 9 February for consideration and onward recommendation to the Budget setting full Council meeting on 23 February.

Mr Finch, Service Head Corporate Finance – Resources, at the request of the Mayor, commented on several technical aspects of the report as follows:

- Informing the Mayor/ Cabinet that the Authority faced unprecedented cuts in Government grant and the report set out detailed advice from the Corporate Director Resources as to the financial actions required for the setting of a balanced Budget in 2011/12. The current situation might persist for several years, so it was important for the Authority to establish a strong position from the outset; and the sections of the report setting out the position with regard to Government grant funding, savings and reserves were important to understanding this.
- Advising that a three stage equality assessment approach underpinned the Budget process:
 - Screening all saving proposals to identify if a full Equality Impact Assessment (EQIA) was required.
 - Completion of required EQIAs and publication prior to the Budget Council on 23 February 2011.
 - Establishing a “Fairness Commission” to consider the ongoing impact of the budget proposals during implementation.
- Advising that the Value Added Tax increase from the start of January 2011 had a zero impact on the Authority as it was reclaimed by HMRC. Also that there was financial provision within the Budget for inflation, through a contingency of approximately £4.5 million, but any increase beyond that would need to be found from within directorate budgets.
- Outlining pressures arising from committed growth including: demographic growth in older people with dementia, increased numbers of people with learning disabilities and the London-wide scheme of freedom passes/ concessionary fares where costs would increase in 2011/12. Officers recommended a contingency of £5.5 million be set aside to cover these and other risks on the basis that the risks were managed down during the financial year.
- Highlighting an increased future commitment relating to the Authority's Pension Scheme for a variety of reasons, as set out in paragraph 10.5 of the report.
- Highlighting that the tight funding position of the Authority's revenue budgets meant scope to fund capital investment from revenue budgets/

reserves was very limited. There was a separate report on the agenda relating to the Capital Programme.

- Addressed the matters raised by the Overview and Scrutiny Committee, held on 11th January 2011, in relation to the report; as set out in the tabled sheet of questions and comments presented by the Chair of the Overview and Scrutiny Committee earlier in the proceedings:

A lengthy discussion followed which focused on the following points:-

- Councillor Choudhury, Cabinet Member for Resources, and Mr Finch, Service Head Corporate Finance – Resources, were thanked for their presentation.
- The Mayor considered that it was important that Equality Impact Assessments (EQIAs) relating to the Budget proposals should be made available much sooner than Officers currently intended, and instructed the Corporate Director Resources to make every effort to publish/ circulate these by the beginning of February. Mr Finch, Service Head Corporate Finance, gave an undertaking that Officers would endeavour to achieve this.
- A Labour Group Member, speaking with the consent of the Mayor and Cabinet:
 - Commented that:
The Con/ Lib Dem Government were driving these cuts in funding for local government and the scale and pace of savings would have been different under a Labour Government.
Many of proposals in the Mayor's draft Budget were likely to command cross party support: the way services were procured, reducing use of agency staff and reducing layers of management, although the latter would be painful for those affected.
 - Sought and was given clarification/ assurance in relation to the following points:
Supported Housing – how the Council would ensure, when moving vulnerable people from residential care to supported housing, that those affected would be properly supported.
Support for young people - what would "targeting the Connexions provision more effectively" mean in practice?
Early Years and Children's Centres – it was proposed that savings would come in part from merging managements but what did the £1.3 million of non-staff savings relate to, and what are the implications of ending external contracts for children's centres in March 2011?
It was proposed that £3 million be put into reserves - given the current environment of financial constraint, service cuts and job cuts there was a need to clearly set out the case for this.
EQIAs on all Budget savings proposals were needed as soon as possible in order to make an informed assessment as to what affect the proposals would have

on service provision. The provision of this information at, or just before, the Budget setting Council meeting would be too late to facilitate this.

- A Labour Group Member, speaking with the consent of the Mayor and Cabinet, sought and was given clarification/ assurance in relation to the following points:
 - The considerable level of savings proposed were predicated on income generation forecasts relating to asset disposal and other actions. Were the forecasting not to prove robust, given cases in the recent past where this approach had not achieved the intended outcome, what contingency was being made for this.
 - In relation to a reference in the Budget report to the use of parks/ Victoria Park to increase income generation [Appendix D2 - Savings proforma SSP/3 - Events in Parks (overall reduction in summer usage of Victoria Park)], whether the Budget proposals took account of a motion agreed by the full Council relating to the use of Victoria Park.
- Councillor Choudhury, Cabinet Member for Resources, concluded the discussion by commenting that it was clear that the Council valued its staff very highly, and their livelihoods were at stake in the Budget setting process. Both he and the Mayor had endeavoured to reassure them giving a commitment that they would defend front line services and minimise redundancies. However, in this context he considered it would be appropriate to formalise this commitment further. Accordingly Councillor Choudhury proposed the following amendment to recommendation 2.9 set out in the report for the consideration of the Mayor and members of the Cabinet:
 “That recommendation 2.9 of the report be agreed subject to the following caveat: That the Budget process and proposals are tested at every stage against the key principles of the Mayor and his Administration; including: protection of front line services and minimisation of staff redundancy.”

The Mayor **Moved** the recommendations as set out in the report (taking account of the amendment proposed by Councillor Choudhury); and it was:-

Resolved:

Grant funding

1. That the grant funding available for 2011/12 and the indications and forecasts for future years, as set out in section 8 of the report (CAB 070/101), be noted;

Base Budget 2011/12

2. That the Base Budget for 2011/12 be confirmed as £310.069m, as set out at 9.1 and detailed at **Appendix A** of the report (CAB 070/101);

Growth

3. That the risks identified from potential committed growth arising in 2011/12, set out in Section 10 and in **Appendix B** of the report (CAB 070/101), be noted;

Medium Term Financial Plan 2011/12 - 2013/14

4. That the Medium Term Financial Plan set out at **Appendix C** of the report (CAB 070/101), and the savings target arising, be noted;

Savings

5. That the savings items proposed to be included in budgets for 2011/12 and and later years, as set out in Section 13 and in **Appendix D1 and D2** of the report (CAB 070/101), be agreed;

Financial Risks: Reserves & Contingencies

6. That the advice on strategic budget risks, as set out in section 15 and **Appendix E** of the report (CAB 070/101), be noted; in particular the significant increase in risk that the Council is exposed to as a result of the financial settlement, and the proposed response of the Council to managing this risk;

Balances/ Reserves

7. That the review of reserves, as set out in section 16 and further detailed in **Appendices F and G** of the report (CAB 070/101), be noted;
8. That officers' advice on the strategy for general reserves be noted; also noting that this will be further considered by the Cabinet in February 2011;

General Fund Revenue Budget 2011/12

9. That, subject to the caveat at (a) below, an initial budget proposal and Council Tax for 2011/12 [as set out in the report] be agreed; and that the proposal be referred to Overview and Scrutiny Committee for consultation in accordance with the Budget and Policy Framework Procedure Rules [contained in the Authority's Constitution], as set out in Section 6 of the report (CAB 070/101);
 - (a) That the Budget process and proposals are tested at every stage against the key principles of the Mayor and his Administration; including: protection of front line services and minimisation of staff redundancy.
10. That it be noted that a further report will be submitted to the Cabinet at its next meeting [09 February 2011]; to report the results of consultations, and inviting the Cabinet to recommend a Budget Requirement and Council Tax for 2011/12 to Council; and

London Boroughs Grants Scheme

11. That funding of £0.400m to the London Grants programme in 2011/12 be agreed; a reduction of £0.360m from the Council's current contribution; and it be noted that options for the use of the £0.360m are under consideration.

Reasons for Decisions

These are detailed in paragraphs 3.1 to 3.2 of the report (CAB 070/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 070/101)

10.2 Calculation of Council Tax Base 2011/12 (CAB 071/101)

Mr Finch, Service Head Corporate Finance – Resources, at the request of the Mayor, in introducing the report, summarised the key points contained therein, highlighting in particular that:

- This was a technical matter, but in order for the Authority to set the Council Tax each year there was a legal requirement that the Cabinet formally agree the estimated Council Tax Base for the next year [the number of properties in the borough that would be subject to a Council Tax charge]. This had to be done at the January Cabinet meeting so that the Greater London Authority could be informed of the figure for its own budget planning purposes.

The Mayor **Moved** the recommendations as set out in the report; and it was:-

Resolved:

That in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, it be approved that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2011/12 shall be 88,917.

Reasons for Decisions

These are detailed in paragraph 3.1 of the report (CAB 071/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 071/101)

10.3 2011/12 - 2013/14 Capital Programme Report (CAB 072/101)

Councillor Choudhury, Cabinet Member for Resources, at the request of the Chair, in introducing the report, summarised the key points contained therein, commenting as follows:-

- The Authority's Capital Budget set out the investment the Mayor and his administration would be making in buildings and infrastructure over the next three years. There was a clear need for major investment in the Council's housing stock, the school estate, roads and community buildings. This need was accentuated because the population in Tower Hamlets was growing at double the national rate.
- Most of the Authority's capital programme was funded by the Government, and this year the Coalition Government had announced that capital grants would reduce by 45% over the next three years. The Authority's capacity for local funding of capital projects was dependent upon capital receipts, which made it very important to review its property portfolio and identify land and buildings which could be more valuable to the community if they were sold.
- Nevertheless, the Authority's capital programme promised £539 million in investment over the next three years, the bulk of it in schools and housing.
- A small surplus would be left, some of it from re-prioritising funding previously set aside for the Olympic Aquatics Centre, and the Mayor would be considering how to utilise this.

The Mayor **Moved** the recommendations as set out in the report; and it was:-

Resolved:

1. That the allocation of Government funding to those elements of the Mainstream Capital Programme that have already been agreed by Cabinet, attached at **Appendix 1** to the report (CAB 072/101), be approved; and it be noted that additions to this programme will be subject to cabinet approval in due course;
2. That the mainstream and locally generated resources currently available for new schemes be noted; and
3. That the allocation of resources to locally funded projects already agreed by Cabinet, as set out in **Appendix 2** of the report (CAB 072/101), be approved; it be agreed that the proposals in respect of Priority Service Remediation Capacity/ Backup Expansion, and Mandatory Disabled Facilities Grants, as set out at paragraph 9.3 of the report, be added [to the Local Priorities Capital Programme]; and it also be agreed that these proposals be referred to the Overview and Scrutiny Committee for consultation in accordance with the Budget and Policy Framework Procedure Rules [contained in the Authority's Constitution].

Reasons for Decisions

These are detailed in paragraph 3.1 of the report (CAB 072/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 072/101)

10.4 Housing Revenue Account - First Budget and Rent Setting Report (CAB 073/101)

Councillor Rabina Khan, Cabinet Member for Housing, at the request of the Chair, in introducing the report, summarised the key points contained therein, commenting as follows:-

- Formally thanking Councillor Francis, Lead Member Housing and Development in the former administration, for his hard work in relation to the housing portfolio.
- The report assessed the implications for Tower Hamlets of the Government's draft Housing Subsidy Determination for 2011/12 and recommended an increase in the level of Council tenant rents which was required in order to comply with the Government's rent restructuring policy.
- The Authority was required by law to have a Housing Revenue Account (HRA) that remained in balance. The HRA was by law a ring-fenced account, the costs and income of which related to the Council's role as a social housing landlord, with the major source of income being tenant rent. The Authority must agree the level of tenant rent at this point in order to comply with the legal requirement to give adequate notice of the change to tenants to; and also to allow sufficient time to amend its own rent accounting systems.
- The Authority was also reliant on the Government's determination of Housing Subsidy entitlement for Tower Hamlets before it could assess the impact on rents. It had been a particularly tough draft settlement and the Council would lose over £3 million of housing subsidy used to support the management and maintenance of its housing stock. One reason for this was an assumption in Government calculation of the entitlement of a "guideline" rent increase of almost 7%. This resulted in the HRA being required to identify savings in excess of £2 million in the cost of services provided.
- Concluding that the actual rent increase being recommended for Cabinet agreement was 6.9%, resulting in an average weekly rent of £5.90, which was important in the current economic and financial climate facing tenants.

Mr Dalvi, Corporate Director Development and Renewal, advised the Mayor and members of the Cabinet that the Government had assumed a rent increase of 7%, and although the Authority was free not to implement this; for every 1% not charged, the HRA would lose £100,000 of income which could jeopardise its viability in future years, particularly in the context of efficiency

savings being required from the ALMO [Arms Length Management Organisation also known as Tower Hamlets Homes]. The rent increase was effectively a directive of Government.

A short discussion followed which focused on the following points:-

- Commented that this was a further example of the dirty tricks being played by the Con/ Dem Government on those people that could least afford it.
- Commented that it was important for all Tower Hamlets councillors to work with the Mayor and his administration against such a rent increase for residents at such a difficult time, both now and in future years.
- Commented that were the Coalition Government to direct Councils to increase rent by a similar level next year, it would leave Tower Hamlets in a difficult financial position, clarification/ assurance was therefore sought and given as to when this information would be known.

The Mayor **Moved** the recommendations as set out in the report; and it was:-

Resolved:

1. That officers' initial assessment of the Government's Draft Housing Revenue Account, as set out in Section 8 of the report (CAB 073/101), and also the Draft Housing Revenue Account Subsidy Determinations 2011/12, be noted;
2. That, in order to comply with the Government's rent restructuring policy requirements, it be agreed that the average weekly rent for tenancy or occupation of Council dwellings would increase by an indicative £5.90 and the average weekly tenanted service charge would increase by £0.30 from the first rent week in April 2011, subject to that increase not adversely impacting upon the Authority's subsidy entitlement as a consequence of information still to be received relating to the Caps and Limits regulations, as set out in Section 8 of the report (CAB 073/101);
3. That the Corporate Director of Development and Renewal be authorised, following consultation with the Mayor, to vary the rent increase, should that be necessary after receipt of the final Housing Revenue Account subsidy determination for 2011/12, as set out at paragraph 10.2 of the report (CAB 073/101); and
4. That it be noted the Housing Revenue Account budget would be presented to Cabinet for approval in February 2011, and that the associated Cabinet report would provide an update on the 2011/12 rent level position.

Reasons for Decisions

These are detailed in paragraph 3.1 of the report (CAB 073/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 073/101)

10.5 Contracts Forward Plan (CAB 074/101)

Mr Finch, Service Head Corporate Finance – Resources, at the request of the Mayor, in introducing the report, summarised the key points contained therein, highlighting in particular:

- That the Authority's procurement procedures required such a report to Cabinet on a quarterly basis. The report detailed procurement contracts of large value, in revenue and capital terms, which were due to be awarded by the Authority over the next 12 months.

A brief discussion followed which focused on the following points:-

- Councillor Choudhury, Cabinet Member for Resources, commented that the recommendation contained in the report requested that the Cabinet specifically identify contracts where it felt it appropriate that a further report required its consideration prior to contract award by Chief Officers under delegated authority. Accordingly Councillor Choudhury proposed the following amendment to the recommendation set out in the report for the consideration of the Mayor and members of the Cabinet:

"That a specific report relating to contracting strategy/ contract award be submitted for Cabinet consideration in respect of the following contracts, prior to contract award by an appropriate Chief Officer for the service area:-

- CE3874 "Translation and Interpretation Services"
- AHWB3877 "Care Providers for Extra Care Sheltered Housing Schemes (Shipton St and St Thomas' "

The Mayor **Moved** both recommendations set out in the report (taking account of the amendment proposed by Councillor Choudhury) with the following further amendment in relation to recommendation 2.1, for the consideration of members of the Cabinet: "That the contract summary attached at Appendix 1 to the report be noted"; and it was: -

Resolved:

1. That the contract summary at Appendix 1 to the report (CAB 074/101) be noted;
2. It be agreed that a specific report, relating to contracting strategy/ contract award be submitted for Cabinet consideration in respect of the following contracts, prior to contract award by an appropriate Chief Officer for the service area:
 - CE3874 "Translation and Interpretation Services"
 - AHWB3877 "Care Providers for Extra Care Sheltered Housing Schemes (Shipton St and St Thomas' "

3. That the relevant Corporate Director who holds the budget for the service area be authorised to award the contract or contracts listed in Appendix 1 to the report (CAB 074/101) where Cabinet do not require a further report (see resolution 2 above), and after consultation with the Assistant Chief Executive (Legal Services), to arrange for the execution of all necessary contract documents.

Reasons for Decisions

These are detailed in paragraphs 3.1 to 3.2 of the report (CAB 074/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 074/101)

10.6 Proposed Disposals of Surplus Properties (CAB 075/101)

Mr Algar, Service Head Asset Management, at the request of the Chair, in introducing the report, summarised the key points contained therein, highlighting in particular:

- Cabinet were asked to approve the sale of a number of vacant or potentially vacant buildings: Cheviot House, Limehouse Library, 13 Pierhead –Wapping and the “LEB” building.
- Cheviot House would not be sold until the One Stop Shop had been relocated to ensure this service was maintained.
- Limehouse Library and 13 Pierhead were both listed buildings in need of repair, and the sales would ensure that these important historic buildings were restored and brought back into use.
- These and other sales were expected to achieve revenue savings of around £400,000 through improved asset management. Additionally these sales were expected to yield approximately £11 million which could be reinvested in new assets congruent with the Mayor’s priorities.
- Sale and development of these properties would provide much needed homes and employment for the borough.
- Officers were also urgently exploring other similar opportunities which could yield further revenue savings and provide opportunities to raise capital receipts.

Councillor Choudhury, Cabinet Member for Resources, considered it appropriate that arrangements for the sale of Woodstock Terrace and 2 Jubilee Street be progressed expeditiously, and that Cheviot House be sold in 2011. Officers should therefore be instructed to develop proposals to achieve this, and to report back prior to the end of the current financial year. Accordingly he proposed, for the consideration of the Mayor and members of the Cabinet, that the recommendations contained in the report be agreed subject to this amendment/ inclusion of an additional recommendation.

The Mayor concurred with Councillor Choudhury, commenting that Officers were currently indicating that Cheviot House would not be available for sale until 2012/13, and he too was keen that proposals be worked up to accelerate this sale, even if subject to completion later, and that these proposals be brought forward in the next few weeks and months. The Mayor subsequently **Moved** the recommendations as set out in the report (taking account of the amendment proposed by Councillor Choudhury); and it was:-

Resolved:

1. That, subject to the caveat at (a) (i) below, the following properties be declared surplus to [the Authority's] operational requirements and the Corporate Director, Development and Renewal be authorised to arrange their marketing and sale: -
 - (a) Cheviot House, 227 - 233 Commercial Road, London, E1 2BU
 - (i) That the Corporate Director Development and Renewal be instructed to develop proposals for the sale of Cheviot House in 2011; and to report back as soon as possible.
 - (b) Limehouse Library, 638 Commercial Road, London, E14 7HS
 - (c) 225-279 Cambridge Heath Road (the "LEB" building)
 - (d) 13 Pierhead, 69 Wapping High St, London, E1W 2YF
2. That the Corporate Director Development and Renewal be authorised, after consultation with the Assistant Chief Executive (Legal Services), to execute the necessary documents to implement resolution 1. above;
3. That the Corporate Director Development and Renewal be instructed to explore opportunities for additional land/buildings that could be considered surplus [to the Authority's operational requirements] and to report back to a future Cabinet meeting; and
4. That the Corporate Director Development and Renewal be instructed to develop proposals for accelerated sale of the properties at (a) and (b) below, and to report back before the end of the current financial year: -
 - (a) Woodstock Terrace
 - (b) Jubilee Street

Reasons for Decisions

These are detailed in paragraph 3.1 of the report (CAB 075/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 075/101)

10.7 Outline Strategic Plan for Year 1 of the period 2011/12 to 2013/14 (CAB 076/101)

Councillor Choudhury, Cabinet Member for Resources, at the request of the Chair, in introducing the report, summarised the key points contained therein, commenting as follows:-

- The Strategic Plan was the Authority's core planning document, setting out its vision for Tower Hamlets and its contribution to delivering the Community Plan.
- The development of this year's Outline Strategic Plan Year 1 (2011/12 – 2013/14) had been:-
- Closely linked with the Authority's Budget process to ensure it was informed by the Authority's strategic priorities.
- Aligned with the refresh of the Community Plan, being undertaken by the Tower Hamlets Partnership, which included residents, local community and voluntary organisations, businesses the Council and public sector partners. As a consequence it reflected emerging Community Plan priorities.
- The outline plan also reflected the Authority's response to the Government's Spending Review, the Mayor's priorities and the Council's transformation programme.

Mr Finch, Service Head Corporate Finance – Resources, at the request of the Mayor, outlined the next steps in the process of developing the Strategic Plan, should Cabinet approve the Outline Plan and authorise the Chief Executive to make any appropriate amendments to it:-

- Development of a one-year action plan for Cabinet consideration in April 2011 and setting of targets for the agreed key performance measures during this period.
- The refreshed Strategic Plan would be kept under review to accommodate anticipated national legislative and local changes.

Mr Collins, Chief Executive, commented that:

- Despite the current cuts in funding by Government, the Council would continue to provide services important to the daily lives of Tower Hamlets residents, a point highlighted in the matters raised by the deputation earlier in the proceedings, and so it was even more important to have the sharp focus on priorities provided by the Strategic Plan.
- Above the Strategic Plan sat the Community plan, developed to address emerging challenges facing the borough as well as persisting issues affecting local people, and consequently setting over-arching priorities. The Strategic Plan set out the Council's vision of how it would contribute to these overarching priorities; and this would inform a one year action plan which would be the driver for the Council's day to day activities.

The Mayor **Moved** the recommendations as set out in the report; and it was:-

Resolved:

1. That the Council's Outline Strategic Plan (Year1) be agreed; and
2. That the Chief Executive be authorised to make appropriate and necessary amendments to the Outline Strategic Plan (Year 1).

Reasons for Decisions

These are detailed in paragraphs 3.1 to 3.4 of the report (CAB 076/101)

Alternative Options Considered

These are detailed in paragraphs 4.1 to 4.2 of the report (CAB 076/101)

11. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

The Clerk advised that there were no business to be considered under this section of the agenda.

12. UNRESTRICTED REPORTS FOR INFORMATION

12.1 Annual Performance Assessment of Social Care Services for Adults 2010 (CAB 077/101)

Ms Taylor, Acting Corporate Adults Health and Wellbeing, at the request of the Mayor, in introducing the report, summarised the key points contained therein, highlighting in particular that:

- The Care Quality Commission performance assessment of adult social care services in Tower Hamlets was reported annually to Cabinet in compliance with regulatory requirements.
- The Authority had retained its "overall performing excellently rating" for a seventh year in succession, with the delivery of 6 out of the 7 outcomes assessed being judged to be excellent and the 7th outcome judged as being delivered well. This placed Tower Hamlets in the top 5% of Councils nationally.
- The staff who had contributed to this achievement were to be congratulated.

The Mayor, in **Moving** the recommendation as set out in the report, formally thanked Ms Taylor, Acting Corporate Adults Health and Wellbeing, and her officer team for working so hard and delivering such excellent outcomes; and it was: -

Resolved:

That the contents of the report (CAB 077/101) and attached appendix [Care Quality Commission - Assessment of Performance Report 2009/10], be noted.

Reasons for Decisions

These are detailed in paragraph 3.1 of the report (CAB 077/101)

Alternative Options Considered

These are detailed in paragraph 4.1 of the report (CAB 077/101)

13. EXCLUSION OF THE PRESS AND PUBLIC

The **Mayor** moved and it was:-

Resolved:

That pursuant to regulation 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the press and public be excluded from the remainder of the meeting:

- (a) As it was likely, in view of the nature of the business to be transacted in Section Two of the agenda, that if members of the public were present during consideration of this business there would be disclosure of exempt information.
- Exempt information is defined in section 100I and, by reference, Schedule 12A of the Local Government Act 1972 (“the 1972 Act”). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information.
 - Agenda item 14. “Exempt/ Confidential Minutes” (of the meeting of the Cabinet held on 1st December 2010) contained information relating to the financial or business affairs of any particular person (including the authority holding that information). In particular information relating to the financial affairs of the Council.
 - Agenda item 20.1. “Proposed disposals of surplus properties – estimated site values - Exempt Confidential Appendix to Unrestricted Report” contained information relating to the financial or business affairs of any particular person (including the authority holding that information). In particular information relating to the financial affairs of the Council.

- (b) As although there is a public interest favouring public access to local authority meetings, in this case the Cabinet concluded that given the information contained in:
- Agenda item 14. “Exempt/ Confidential Minutes” (of the meeting of the Cabinet held on 1st December 2010) relating to the financial or business affairs of any particular person (including the authority holding that information). In particular information relating to the financial affairs of the Council.
 - Agenda item 20.1. “Proposed disposals of surplus properties – estimated site values - Exempt Confidential Appendix to Unrestricted Report” relating to the financial or business affairs of any particular person (including the authority holding that information). In particular information relating to the financial affairs of the Council.

that the public interest in maintaining the exemption on the information outweighed the public interest in disclosing it.

SUMMARY OF EXEMPT PROCEEDINGS

14. EXEMPT / CONFIDENTIAL MINUTES

Minutes of the meeting of the Cabinet held on 1st December 2010 agreed.

15. OVERVIEW & SCRUTINY COMMITTEE

15.1 Chair's advice of Key Issues or Questions in relation to Exempt / Confidential Business to be considered.

Nil items.

15.2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee

Nil items.

16. A GREAT PLACE TO LIVE

Nil items.

17. A PROSPEROUS COMMUNITY

Nil items.

18. A SAFE AND SUPPORTIVE COMMUNITY

Nil items.

19. A HEALTHY COMMUNITY

Nil items.

20. ONE TOWER HAMLETS

20.1 Proposed Disposal of Surplus Properties - Exempt Confidential Appendix to Unrestricted Report (CAB 078/101)

Contents of the appendix noted.

21. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT

Nil items.

22. EXEMPT / CONFIDENTIAL REPORTS FOR INFORMATION

Nil items.

The meeting ended at 7.35 p.m.

Chair, Mayor Lutfur Rahman
Cabinet

Agenda Item 6.1

Committee/Meeting: Cabinet	Date: 9 February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director: Aman Dalvi Originating officer(s) Michael Bell – Strategic Planning Manager		Title: Tower Hamlets Green Grid Strategy Wards Affected: All wards in Tower Hamlets	

Lead Member	Cllr Rabina Khan Cabinet Member for Housing
Community Plan Theme	A Great Place to Live, A Healthy Community
Strategic Priority	Supporting and improving open spaces; Adapting our built environment to cope with the changing climate and weather patterns; and Slowing down the increase in obesity

1. **SUMMARY**

- 1.1 The Tower Hamlets Green Grid Strategy (Green Grid) is a project, funded and managed through the Council's Healthy Borough Programme. It seeks to create a network of open spaces across the borough. It aims to enhance the quality of existing open spaces, to create new public open space as well as strengthen connections between them for the enjoyment of local communities. It promotes a viable, convenient, safe and enjoyable alternative to private transport and promotes increased physical activity. The Green Grid was also expected to increase access to existing sports facilities in open spaces that are currently cut off from parts of the population.
- 1.2 The delivery of the Green Grid is a long term strategy. It will provide a tool to attract and direct investment in open spaces in the borough. It is proposed to be managed and monitored through a Business Plan which translates the Tower Hamlets Green Grid Strategy into action.
- 1.3 A copy of the Green Grid is included in Appendix 1.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Approve the Tower Hamlets Green Grid Strategy in Appendix 1 as a strategy that will help guide and manage investment in new and existing open spaces in the borough.

3. **REASONS FOR THE DECISIONS**

- 3.1 The Green Grid will assist in maximising opportunities for improving the quality of life as well as:

- Realising the aims and objectives of The Community Plan, i.e. of “Creating a Healthy Community and a Great Place to Live.

The Green Grid is a central delivery tool for the Community Plan priority of:

- Supporting and improving open spaces;
 - Adapting our built environment to cope with the changing climate and weather patterns; and
 - Slowing down the increase in obesity
- Implementing the health aspects of Tower Hamlets Core Strategy Objective of “Strengthening Neighbourhood well-being”, by providing a high quality walking and cycling network to promote active travel and reduce reliance on vehicular transport.
 - Providing a positive influence on physical and mental well being, which is one of the objectives of Healthy Tower Hamlets Programme
 - Assist in achieving key National Indicators including NI186 and NI189

4. **ALTERNATIVE OPTIONS**

- 4.1 There were three courses of actions that were considered for delivering new open space and walking routes within the borough:

- I. The objectives of the Community Plan and Core Strategy are delivered through the policies contained within Development Management Development Plan Document and Site Allocation & Place Shaping Development Plan Document. These policies would direct the applicants to provide for public open space according to the location, designated land uses and viability of the site.

- II. The Open Space Strategy and the Public Realm Strategy guide investment in managing and improving existing open space and public realm.
 - III. Develop a comprehensive strategy that would deliver new open spaces and create green links between existing and new open spaces. It would prioritise investments as per the supporting Business Plan.
- 4.2 Option (i) was considered to be inadequate on its own. The Development Management Development Plan Document does not identify locations for open space. The Site and Place-making Development Plan Document, on the other hand, is dependant on a strategy that would identify locations for Public Open Spaces.
- 4.3 Option (ii) was also considered to be inappropriate in terms of providing guidance on connecting and identifying preferred locations for new open space. Whilst heavily interconnected, it was outside the intended remit of these strategies to address these issues.
- 4.4 Option (iii), i.e. Tower Hamlets Green Grid Strategy was considered to be the best option whereby it would be able to direct investments in places where open spaces are required and connections in between the open spaces can be created. The THGG Strategy takes into account the aims and objectives of delivering new publicly accessible open space in the right place at the right time. It provides references to locations where provision of open space can be prioritised.

5. BACKGROUND

- 5.1 The Tower Hamlets Open Space Strategy identified that Tower Hamlets has an open space deficit. This deficit has an impact across the borough on people's health and well being, the quality of the environment, as well as the borough's ability to manage issues such as climate change. Through the work on the Core Strategy it was further identified that maintaining the current standard of 1.2 hectares of open space per 1000 population is proving to be difficult given the housing growth and jobs targets within that plan. The Core Strategy, whilst still committed to delivering new open spaces, also focuses on improving the quality and usability of existing open spaces. Furthermore, locations for delivering additional large open spaces are being explored through the emerging LDF Sites & Placemaking Development Plan Document. The Green Grid Strategy is central to this holistic approach open space planning in Tower Hamlets.
- 5.2 In November 2008, Tower Hamlets was awarded "healthy town status" as part of the Government's National Change 4 Life Initiative to become one of nine 'Healthy Towns' nationally. The Green Grid was created as a project that was included as a part of the Council Healthy Borough Programme, as well as to support the Core Strategy.

- 5.3 The Green Grid seeks to create a network of open spaces across the borough. It aims to enhance the quality of existing open spaces, create new public open space as well as strengthen connections between them for the enjoyment of local communities. It promotes a viable, convenient, safe and enjoyable alternative to private transport and to promote increased physical activity. The Green Grid is also expected to increase access to existing sports facilities in open spaces that are currently cut off from parts of the population.
- 5.4 It has been developed along side the Core Strategy (as key evidence base), the Open Space Strategy and the Public Realm Strategy. It also seeks to deliver on a number of national and regional policy requirements.
- 5.5 The Green Grid idea has stemmed from the East London Green Grid developed in 2007. The Mayor of London is now in the process of developing a Green Grid for London.
- 5.6 It is also supported by an extensive evidence base including a Pedestrian Environment Review System Audit.

6. THE TOWER HAMLETS GREEN GRID

- 6.1 The Green Grid is a combination of spaces and routes that encourage people to walk, cycle and enjoy their local environment. At the same time, greener spaces and routes can help tackle climate change, promote regeneration and enhance bio-diversity.
- 6.2 The Green Grid consists of walking routes, which comprise of the;
- § Strategic London wide routes such as Jubilee Walk, Lea Valley Walk, Capital Ring;
 - § High Street 2012; and
 - § Local routes within Tower Hamlets
- 6.3 THGG also consist of open spaces within the borough such as;
- § parks,
 - § natural habitats,
 - § recreation and playing fields,
 - § burial grounds, amenity spaces,
 - § children’s play areas, and
 - § rivers, canals and docks
- 6.4 The vision of the Green Grid Strategy is “To create an interlinked network of high quality, multi-functional accessible, green open spaces and waterways in Tower Hamlets that will encourage active lifestyles and improve the quality of life”. In essence, this means protecting existing open spaces and walking routes and creating new ones where the opportunity arises.
- 6.5 The Strategy proposes three distinct types of complementary initiatives, called “Strategic Initiatives” as the main means of delivery of the Strategy. They are

intended to provide the most effective means of attracting new investments into creating a Green Infrastructure for the borough. These are:

- i. **Investment Programmes**, which are a collection of local projects of similar nature.
- ii. **Strategic Projects**, which are major projects which will have more than a local impact because of their nature, scale, location and will come up for development in the near future.
- iii. **Area Frameworks**, which are locations on the Tower Hamlets Green Grid network where intense change is expected to happen and are likely to impact on the existing open space and walking routes and create opportunities for new open spaces.

6.6 The Green Grid also provides the Council with a framework for attracting, directing and coordinating investment in open spaces, particularly that coming from planning contributions. It is proposed to be managed and monitored through the Business Plan which translates the Tower Hamlets Green Grid Strategy into action.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

7.1 This report seeks Cabinet approval to adopt the Tower Hamlets Green Grid Strategy. This will assist in guiding and managing investment in new and existing open spaces in the Borough for future years.

7.2 The work carried out to date on the development of the Strategy in respect of consultation and forming an evidence base has predominantly been funded through the Healthy Borough Programme. The remaining allocation for 2010/2011 is £7,500.

7.3 Any further expenditure to be incurred on the strategy (over and above the £7,500) will need to be funded through existing revenue resources identified within the Service's funding for 2010/2011.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

8.1. The Tower Hamlets Green Grid Strategy will play a key role in assisting the Council to realise the priorities of the Community Plan insofar as the Strategy will be a key document informing future Development Plan Documents (DPDs) and Supplementary Planning Documents including the Development Management DPD and Site Allocation and Place-Shaping DPD. The Tower Hamlets Green Grid Strategy also formed part of the evidence base for the Core Strategy.

8.2. The Tower Hamlets Green Grid Strategy is not being adopted as an Local Development Framework (LDF) document, rather it is an overarching strategy that will inform the LDF, and therefore will not attract the same weighting in terms of the Council's local planning policy. However approval

of the Tower Hamlets Green Grid Strategy by Cabinet will see the Strategy approved as a key strategic policy tool to inform LDF documents and will bring about the results set out at part 3 of this report. Such approval raises no immediate legal implications.

- 8.3. The Tower Hamlets Green Grid Strategy will be delivered and monitored through a separate Business Plan and thus the approval of Cabinet to authorise the production of this Plan is welcomed in order to formally bring about the key actions required to deliver the Tower Hamlets Green Grid Strategy.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The concept of a Green Grid is defined in the GLA's East London Green Grid Framework Supplementary Planning Guidance of 2008 as: "A network of inter-linked high quality and multifunctional open spaces, rivers and other corridors and links in between that maximises opportunities for improving the quality of life."

- 9.2 The Green Grid is a key strategy for delivery of a range of objectives of the Community Plan especially A Great Place to Live. It is also one of the key strategies in the 'Programme of Delivery' identified in the LDF Core Strategy and is a part of the Healthy Borough Programme.

- 9.3 The Green Grid has been aimed to benefit all sections of the population, although after detailed assessment, it was determined that this strategy will be particularly focused at sections of the population such as parents, and carers with young children and the elderly who depend most on the quality of local environment to access shops, public transport, schools and parks. The equalities impacts associated with this strategy have been considered as a part of the detailed Equalities Impact Assessment for the Local Development Framework Core Strategy.

- 9.4 Specific consultation and engagement has been undertaken with a number of residents and interested groups, such as the Mile End Cemetery Park Trustees. It has also been considered by the Great Place to Live and Healthy Communities Community Plan Delivery Groups.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 The Green Grid, other than reducing the deficiency of open space and promoting active lifestyles, will also provide other benefits. These include
- Protecting and enhancing bio-diversity and wildlife habitats in close proximity to local communities,
 - Improving the quality of air and moderate extremes of temperatures and mitigating against urban heat island effect,
 - Improving ecological value of lands along rivers, canals, roads/ paths and railways,
 - Reducing flood risk and water run-off and;

- Providing environmental infrastructure to improve water quality and flood control

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The Green Grid Strategy development has been overseen by the Green Grid Steering Group, who comprised of internal officers and key external agents such as the London Thames Gateway Development Corporation. This group managed identified risks as they emerged. Progress on its development has also been overseen by the Healthy Tower Hamlets Board.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 Well maintained open spaces and walking routes that are safe at all times help in decreasing anti-social behaviour and crime. Maintaining the visual amenity and increasing the attractiveness of a locality develops a sense of pride within the community and acts as a deterrent to crime and disorder.

13. EFFICIENCY STATEMENT

- 13.1 The Green Grid has been designed to provide a number of functions, including evidence base to the Core Strategy.
- 13.2 This strategy will also used as a tool to attract further investment of private and public agencies for the investment of open space in the borough.

14. APPENDICES

Appendix 1 – The Tower Hamlets Green Grid Strategy

F

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

None

N/A

Tower Hamlets Green Grid

STRATEGY



APRIL 2010



LDÄ DESIGN

CONTENTS

1.0 INTRODUCTION

- The Green Grid Concept
- Purpose of the strategy
- Method
- Relationship to other initiatives
- Structure

2.0 THE GREEN GRID IN TOWER HAMLETS

- Tower Hamlets: The Place
- “One Tower Hamlets”
- Tower Hamlets Core Strategy
- Tower Hamlets Healthy Borough
- Summary of Opportunities & Challenges

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3.0 VISION, OBJECTIVES & TARGETS

- Vision
- Objectives & Targets

4.0 STRATEGIC INITIATIVES

- Investment Programmes
- Strategic Projects
- Area Frameworks

5.0 STRATEGY IMPLEMENTATION

- Governance
- Management
- Investment
- Marketing
- Planning
- Design Principles

Combined plan showing Green Grid Network, London Strategic Walks, High Street 2012 and the Fat Walk
Main water courses/bodies



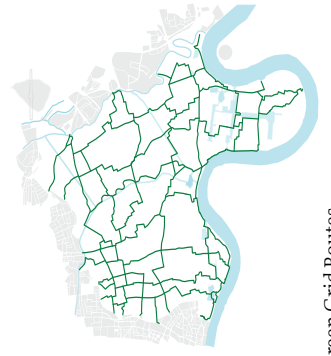
London Strategic Walks



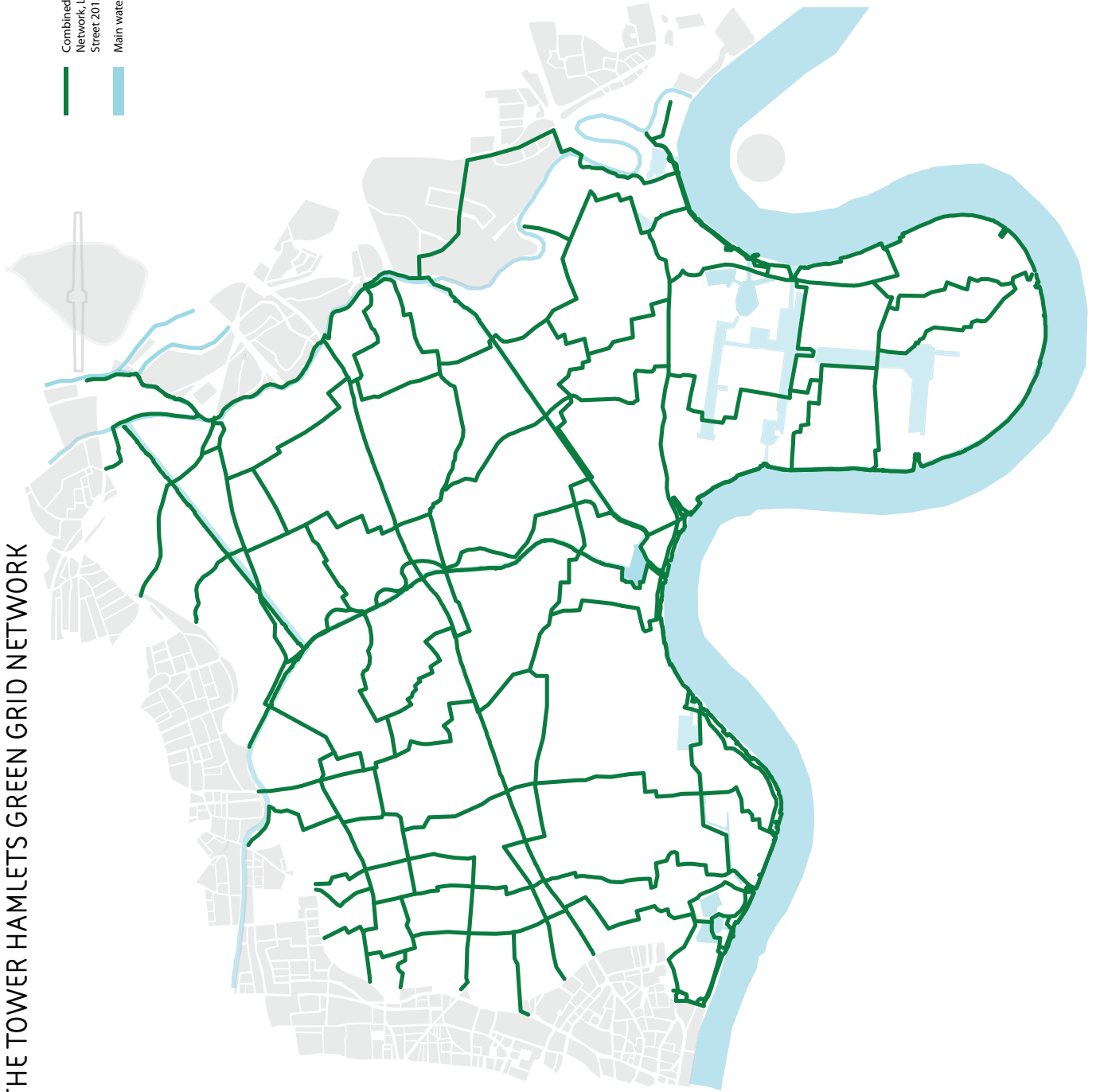
High Street 2012



Fat Walk



Green Grid Routes



1.0 INTRODUCTION

THE GREEN GRID CONCEPT

The Green Grid is a combination of spaces and routes that encourage people to walk, cycle and enjoy their local environment. Put simply, the more attractive, safe and convenient these spaces and routes are, the more people will use and care for them. And at the same time, greener spaces and routes can help tackle climate change, promote regeneration and enhance biodiversity.

A successful Green Grid in Tower Hamlets has the potential to change the lives of its many thousands of residents and businesses. It is therefore one of the core initiatives of the London Borough of Tower Hamlets (LBTH) and its partners.

The Tower Hamlets Healthy Borough pilot programme, funded by the Healthy Community Challenge Fund, and for which Tower Hamlets is one of nine 'Healthy Towns' nationally, is aimed at understanding how social and environmental factors (often in combination) influence an individual's ability to eat healthily and to be active. The Green Grid is one of the key means by which walking can be promoted as a viable, convenient, safe and enjoyable alternative to private transport.

PURPOSE OF THE STRATEGY

This is the Tower Hamlets Green Grid Strategy published by London Borough of Tower Hamlets (LBTH). The purpose of strategy is to:

- Describe the Green Grid concept and its potential benefits in coming years;
- Understand how the Green Grid concept can help realise and aims and objectives of 'One Tower Hamlets', the 'Tower Hamlets Core Strategy' and the 'Tower Hamlets Healthy Borough' pilot programme;
- Propose a strategy for stimulating and responding to the demand for investment in the Green Grid in the coming years.

The Tower Hamlets Green Grid will form a part of the wider East London Green Grid. This is a sub-regional framework for the enhancement and integration of a green infrastructure network into the development and regeneration of East London. The Green Grid is defined in the East London Green Grid Framework Supplementary Planning Guidance of 2008 as:

"A network of inter-linked high quality and multi-functional open spaces, rivers and other corridors and links in between that maximises opportunities for

improving the quality of life"

The LBTH has adopted this same definition for the Tower Hamlets Green Grid Strategy. Specifically, the Green Grid therefore includes:

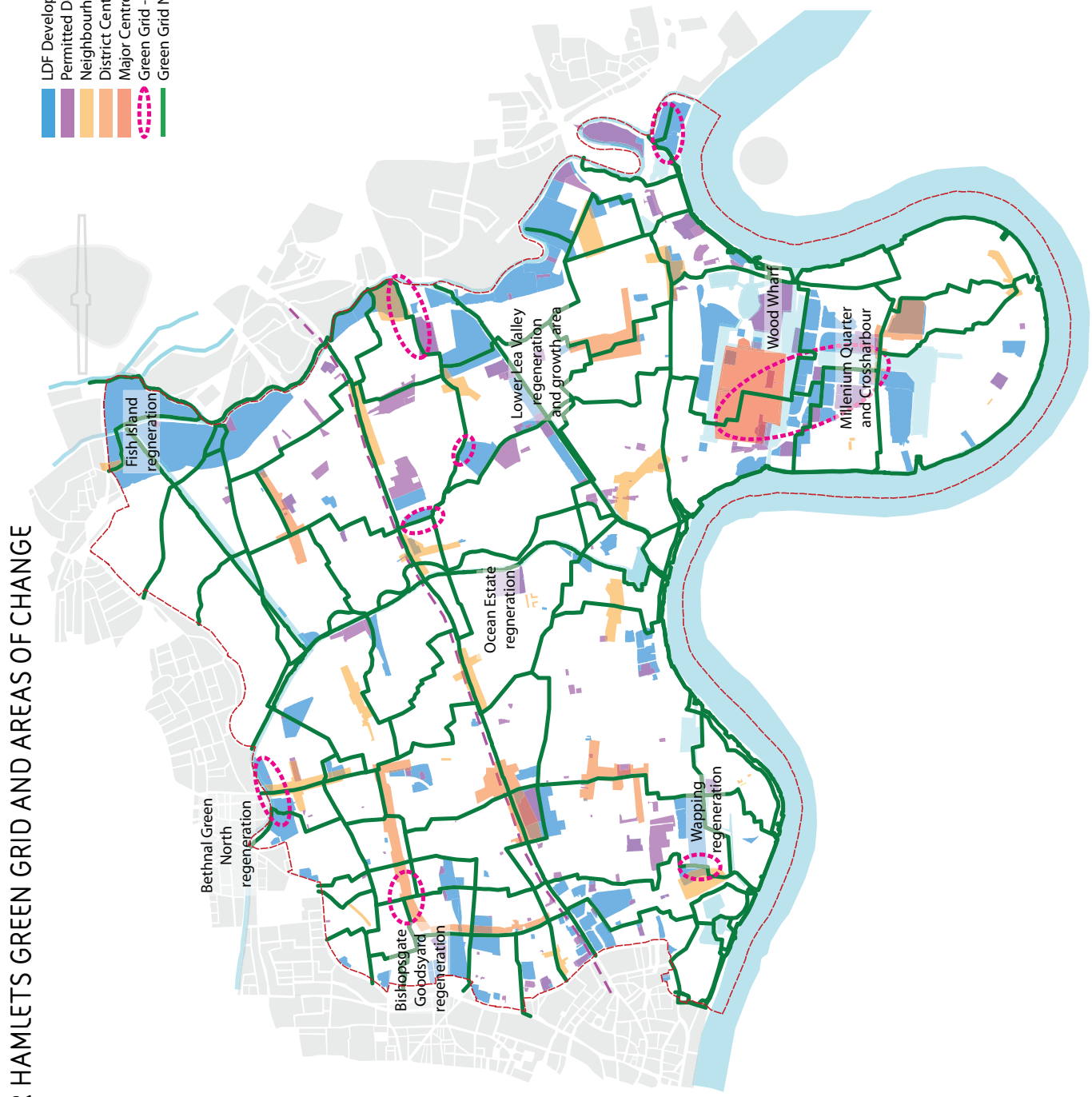
- Parks
- Natural habitats
- Recreation grounds & playing fields
- Burial grounds
- Amenity spaces
- Children's play areas
- Walking routes, including pavements and footpaths
- Rivers, canals and docks

Although it is expected that all local people will benefit from the Green Grid, there are some groups that stand to benefit in particular, notably parents and carers with young children and older people. Both groups depend most on the quality of the local environment to access shops, public transport, public services, schools and parks.

The strategy has been prepared to contribute to the delivering the objectives of 'One Tower Hamlets',

TOWER HAMLETS GREEN GRID AND AREAS OF CHANGE

- LDF Development Sites
- Permitted Development Sites
- Neighbourhood Centre
- District Centre
- Major Centre
- Green Grid - Development Potential
- Green Grid Network



the Tower Hamlets Core Strategy and the Tower Hamlets Healthy Borough pilot programme. These three key policy initiatives anticipate the quality of the local environment across the Borough improving considerably in the coming years and that this improvement will lead to many other economic, social and environmental goals.

The duration of the strategy is therefore between ten and fifteen years through to 2020 – 2025. However, the strategy will be continuously managed and monitored once adopted to ensure that it remains well-aligned with these other strategies and prevailing national and regional issues. Whilst its vision and objectives are unlikely to change during this period, nor the structure of its response, the actions it focuses on may change.

METHOD

The strategy has been prepared on behalf of the LBTH by a project team under the guidance of the Tower Hamlets Green Grid Steering Group.

It has been prepared using initial baseline data gathered across the Borough that defined a network of routes connecting parks and other green spaces. From this network of routes, four routes were selected by the council as pilot routes to test the potential of the Green

Grid and to form the basis of this strategy (see 'Green Grid Strategy for Tower Hamlets: Baseline Report', September 2009).

The council commissioned LDA Design, in association with the Transport Research Laboratory (TRL) to survey these four routes to understand in detail the scope and potential for action to shape the Green Grid. The routes were selected on the basis of initial analysis that identified the potential of each route to be used to promote healthy living, e.g. connecting residential areas to the Borough's open spaces, town centres, schools and public transport hubs and, to a lesser extent, its tourist attractions and leisure centres.

All four routes cross the Borough either north-south or east-west and therefore pass through a wide variety of its residential and commercial areas. As such, these routes are typical of the Green Grid so their selection as pilots will mean that conclusions drawn from surveying these routes can be suitably applied across the Green Grid.

The survey work was undertaken during September-October 2009 using a combination of TRL's 'Pedestrian Environment Review System' (PERS) methodology and an analysis of current and anticipated plans for change along each route, e.g. planning applications,

masterplans, planning policies and an assessment of the likely beneficiaries of the Green Grid. This survey and analysis information is contained in a separate 'Tower Hamlets Green Grid Technical Report' that accompanies the strategy.

Since the completion of the survey, the council has taken the opportunity to revisit its baseline report and revise the Green Grid network. The outcome is that the network has significantly increased in its length as more routes have been added to original nine (see plan on p4). The council believes this better reflects the value of the Green Grid in connecting local communities with the open spaces, shopping centres, schools and other destinations they use regularly.

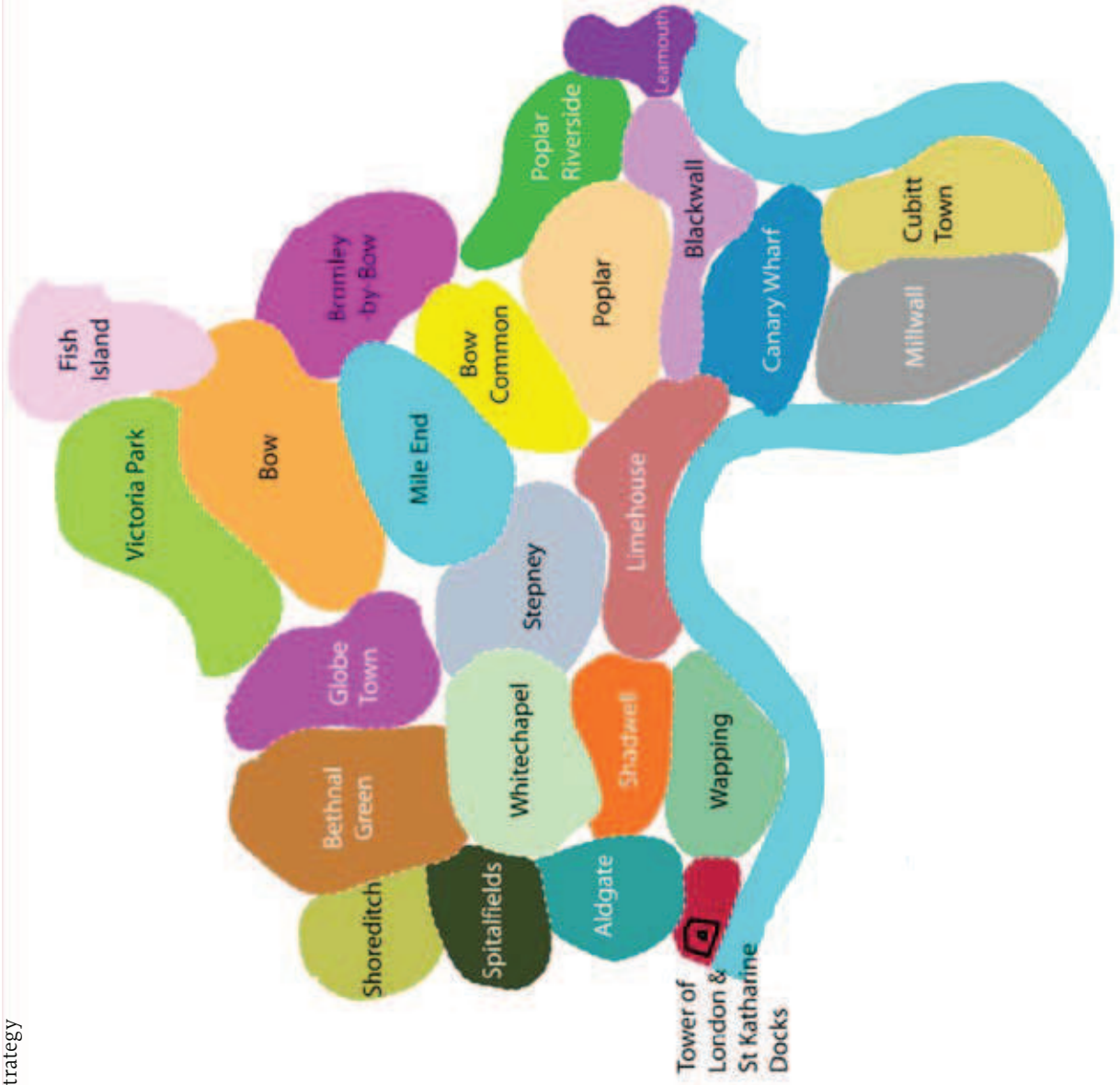
In some cases, the new network is aspirational as it anticipates new routes that will be enhanced or created through regeneration schemes. The survey and analysis of the extended network will be carried out in due course.

RELATIONSHIP TO OTHER INITIATIVES

Not surprisingly, given its scope, the strategy is closely related to a number of other local strategies and initiatives. It is expected that it will inform and influence these strategies and initiatives.

REINVENTING THE HAMLETS.

Source: Tower Hamlets LDF - emerging Core Strategy
London Borough of Tower Hamlets, 2009.



The LBTH is also preparing new Public Realm and Open Space strategies in Tower Hamlets. The focus of the emerging Public Realm Strategy is on establishing the right approach by the council to enhancing, managing and maintaining the public realm through the services it operates.

The Open Space Strategy, which is currently being reviewed, provides a framework for the council to decide how, where and when its public open spaces should be improved and issues of local deficiency and accessibility can be addressed. Its current review has also identified the Green Grid strategy as an important means of shaping its priorities for council investment in this respect. This strategy is therefore being prepared alongside these other strategies, where necessary shaping them and also being shaped by them.

There are many other public policy areas to which the Green Grid can contribute. These include building conservation, urban design, area regeneration and public transport. For the most part, the strategy has used the interpretation of these policy areas by the Tower Hamlets Core Strategy to shape its response.

STRUCTURE

In Section 2, the strategy summarises the context that

is shaping the Green Grid concept in Tower Hamlets. This context comprises the spatial and public policy drivers of ‘One Tower Hamlets’, the ‘Tower Hamlets Core Strategy’ and the ‘Tower Hamlets Healthy Borough’ pilot programme respectively.

In section 3, the strategy proposes a vision for the Tower Hamlets Green Grid and sets out a number of objectives and targets that the council and its partners should strive to deliver in the coming years.

In section 4, the strategy proposes three types of complementary strategic initiatives as the main means by which the strategy will be successful: Investment Programmes, Strategic Projects and Area Frameworks.

Finally, in Section 5, the draft strategy sets out proposals for how the strategy should be delivered, covering its governance, management, financing, marketing and design (including the role of the local planning policy and development management system).

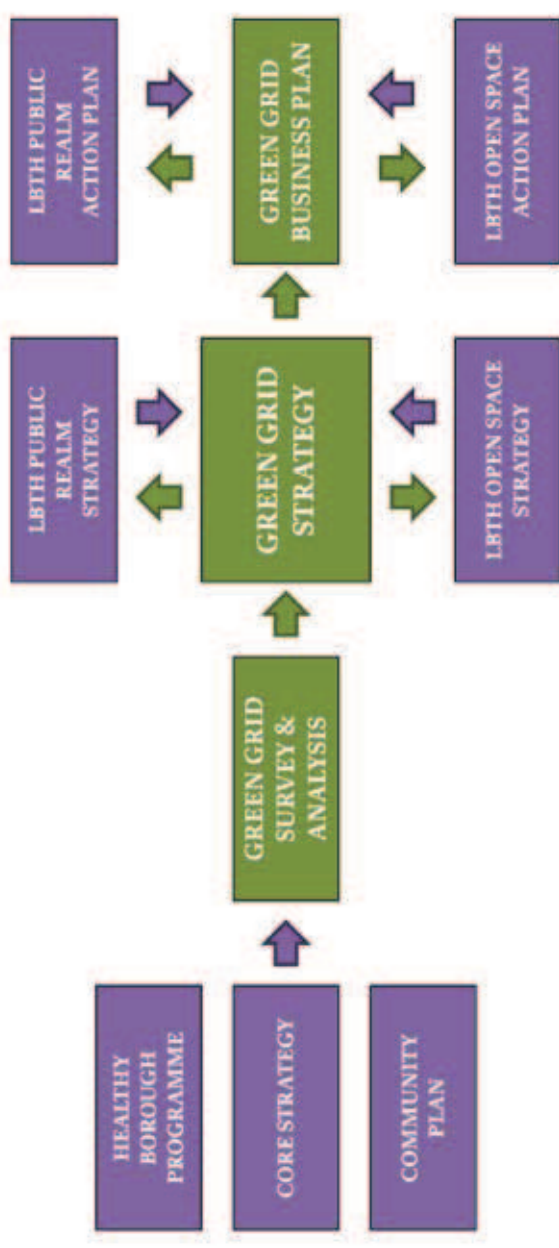
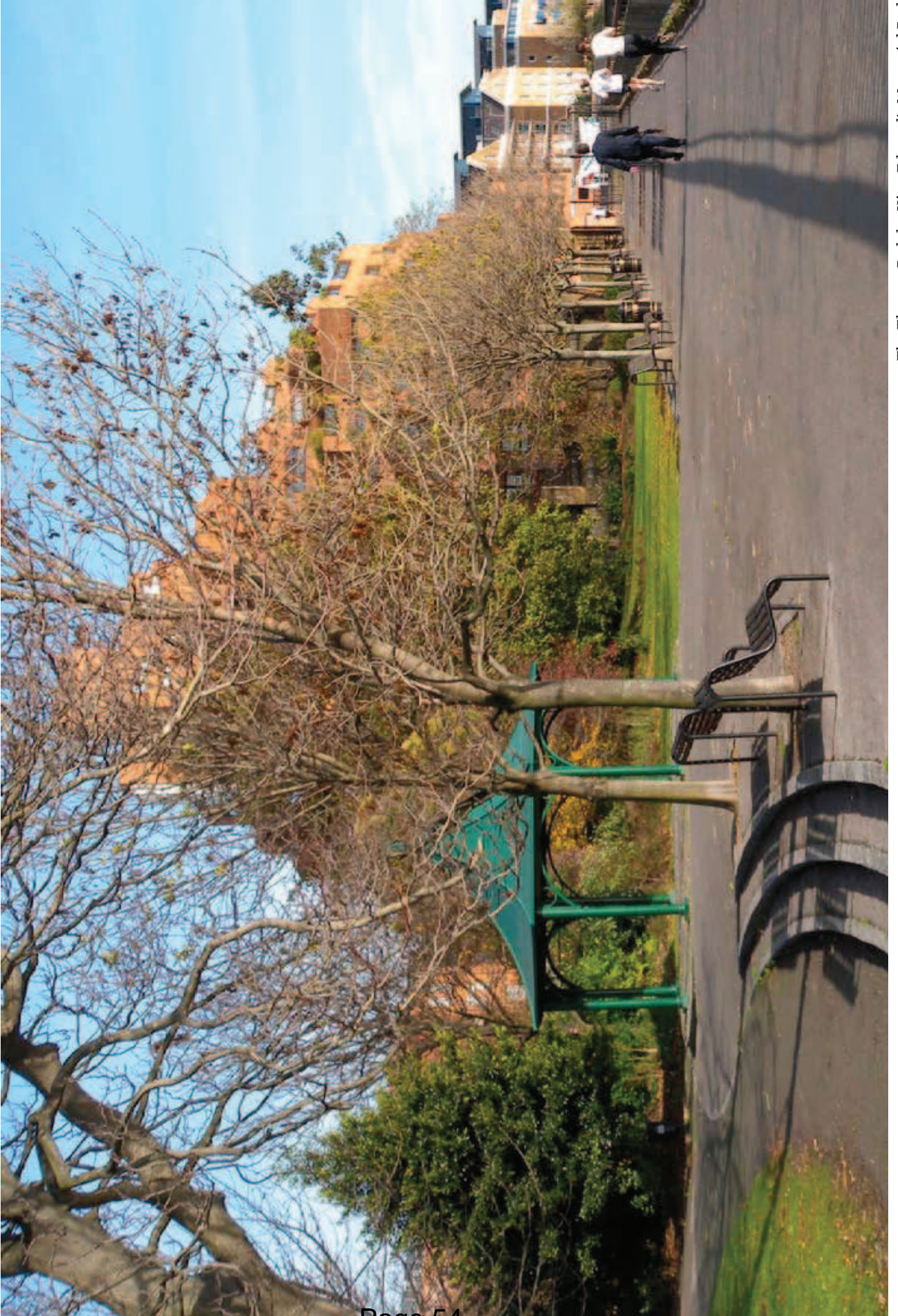


Diagram showing how the Green Grid Strategy and Business Plan relate to other LBTH policy areas



2.0 THE GREEN GRID IN TOWER HAMLETS

TOWER HAMLETS: THE PLACE

The London Borough of Tower Hamlets is one of the most fascinating urban communities in the UK. At 20 sq.km., it is one of the smallest local government administrations in the UK but with a population of over 200,000, one of its most densely populated areas.

The borough is part of the significantly larger eastern London metropolitan area with the boroughs of Hackney and Newham to its north and east, the City of London to its west and the River Thames forming its southern boundary.

The Borough has relatively high rates of ill health and low average levels of physical activity. However, local health and fitness levels show signs of improvement, with leisure centre attendances increasing to a record 1.45 million and the number of older people using local facilities is increasing.

Although things are improving, average life expectancy at birth is 75 for men and 80 for women, ranking Tower Hamlets 383rd and 361st respectively, out of 432 local areas. The proportion of young people living in Tower Hamlets currently stands at 35%, which is much higher than the 18% average for the rest of inner London, and over 70% of its young people are from minority ethnic

backgrounds.

The Borough's Children's Centres offer health, employment, education and parenting support to families with children under five. Education standards in the borough have improved dramatically; it is the most improved borough in the country for GCSE results.

In recent years, over £420 million of investment has been secured for local estates, and through the setting up of Tower Hamlets Homes, further significant investment could be available. There has been investment in high quality activities and places to go for young people. Around a third of all young people are in contact with youth services and schools are being opened to local people to provide sporting, recreational and cultural opportunities.

Since 1998, the number of jobs has increased in the borough by nearly 40%, and it is projected that there will be over 250,000 jobs in Tower Hamlets by 2020, making it one of the top growth areas in the country.

Throughout all this change and improvement, Tower Hamlets remains a place of contrast, where wealth and affluence sit beside poverty in many areas. It is also a place of diversity, variety and considerable opportunity. By 2020, it is projected that there will be a further 31,500

new homes in the Borough. Housing affordability is low by national standards, with an average price that is more than double the average in England and Wales and out of reach for most local people. Whilst in 2008 the average salary for those working in Tower Hamlets was nearly £69,000, 18% of families were living on less than £15,000, resulting in the borough being the third most deprived in the country.

Tower Hamlets is one of the most ethnically diverse areas in the country. About half of the total population are from black and minority ethnic communities, and around 110 different languages are spoken by our school pupils. There are many new communities moving into the Borough which will contribute to a changing community profile over the next ten years. The population is expected to reach nearly 300,000 by 2020.

The borough will help host the Olympic and Paralympic Games in 2012. A number of events will be taking place, including the marathon which will pass along Whitechapel Road, Mile End Road and Bow Road – ‘High Street 2012’.

‘ONE TOWER HAMLETS’

The Tower Hamlets Community Plan was agreed and published by the Tower Hamlets Partnership in 2008/9 as the Sustainable Communities Strategy for the borough.

The Plan acknowledges that the landscape has altered vastly since the first Community Plan was published by the Tower Hamlets Partnership in 2001. The population has grown and diversified. East London is preparing to host the 2012 Olympic and Paralympic Games - and new local and national priorities have emerged.

An emerging priority, which wasn't prominent in 2001, is climate change. As a dense urban area with a high level of development, local energy use and CO2 emissions are high.

Helping to tackle climate change and improving air quality is therefore a significant challenge. Lifestyle changes and difficult choices will have to be made in future years.

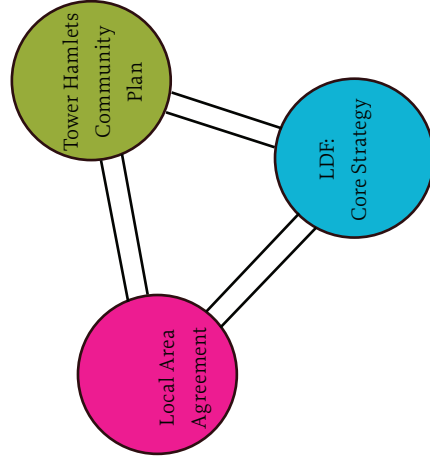
The new Community Plan recognises that Tower Hamlets is a ‘community of communities’, with the key challenge being to make sure that the many

different and specific needs that exist in Tower Hamlets are identified, understood and addressed.

A number of common issues have emerged as significant priorities:

- The need for more affordable housing, particularly for families
- Concern about the level of crime and the fear of crime
- The need for more opportunities for residents to get into training, access lifelong learning opportunities and acquire the skills for employment to exploit job opportunities
- The importance of retaining the richness of Tower Hamlets’ diversity
- The importance of ‘place shaping’ and ensuring connected and cohesive communities through planning and design
- Reducing health inequalities
- The need to have, and encourage, respect among communities
- The importance of personal responsibility
- Making sure that the whole community benefits fully from growth

These are the key drivers for the idea of One Tower Hamlets, a borough of shared and equal opportunities for all its residents. These priorities have shaped and informed the 2020 Community Plan.



The aim of the 2020 Community Plan is to “improve the quality of life for everyone who lives and works in the borough.”

To turn this vision into reality, the plan is split into four themes – each designed to meet the challenges and opportunities highlighted in previous sections and deliver lasting improvements for local people:

- A Great Place to Live
- A Prosperous Community

- A Safe and Supportive Community
- A Healthy Community

Underpinning all these themes is a desire to build One Tower Hamlets – a borough where everyone has an equal stake and status; where people have the same opportunities as their neighbours; where people have a responsibility to contribute; and where families are the cornerstone of success.

Those objectives within each theme that are most relevant to the Green Grid Strategy are:

A great place to live

- By 2020 Tower Hamlets will continue to be a place that attracts people – to settle and to raise families, to study, to work in a thriving local economy and enjoy the rich cultural life
- Many neighbourhoods and estates will undergo major investment to improve the quality of homes and public spaces
- Older residents will enjoy fulfilling retirements with access to first class leisure and support services with more activities delivered from improved community centres.
- Our focus on long lasting and environmentally friendly improvements will benefit current and

future generations.

- The economic growth in Canary Wharf and elsewhere in the borough will be used as a vital tool to secure improvements for local people.
- Our town centres will be vibrant places to shop, spend our leisure time and do business.
- The Olympic Park will be a distinctive, high quality new place providing world class sporting venues and parkland for local people.
- Schools, children’s centres and youth services will be at the heart of their communities.

A prosperous community

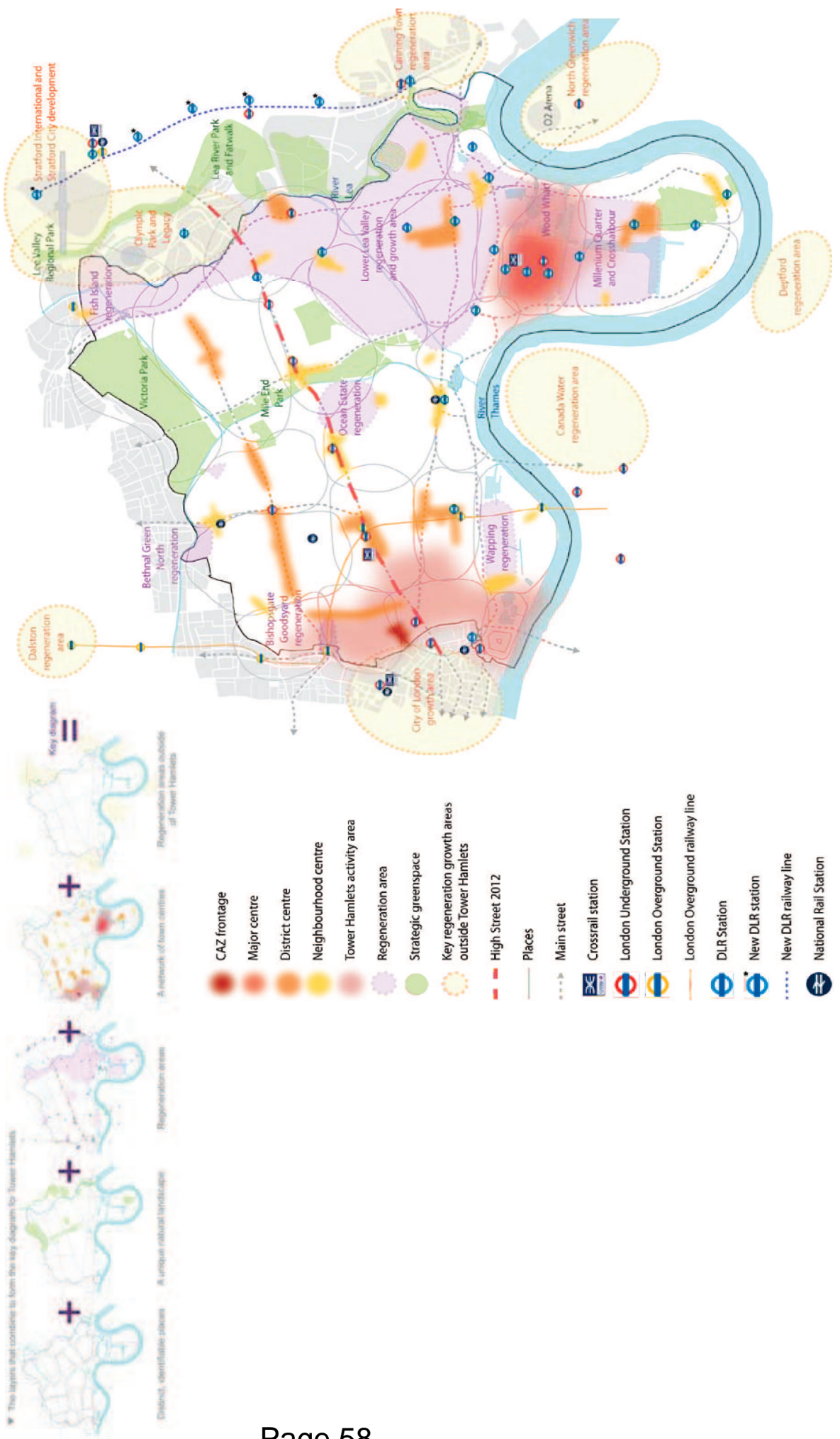
- Our Third Sector will thrive, contributing more to Partnership efforts to improve the quality of life for all those who live and work in the borough.

A safe and supportive community

- By 2020 crime and antisocial behaviour will be greatly reduced in our neighbourhoods so that all residents and visitors, young and old, feel safe and confident in their homes and on the streets

KEY DIAGRAM.

Source: Tower Hamlets LDF - emerging Core Strategy
London Borough of Tower Hamlets, 2009.



A healthy community

- By 2020 local people will live longer and healthier lives.
- Everyone in our communities will be aware of how lifestyle choices affect their own and their family's health and wellbeing, and there will be more opportunities and support to make healthy choices.
- Health inequalities will be greatly reduced as people choose to become more active
- Health care will focus more on health promotion and prevention of illness, and schools, workplaces and all partners will promote healthy lifestyles.
- More children and young people will make healthy lifestyle choices, improving their health now and as they grow up.

TOWER HAMLETS CORE STRATEGY

The Tower Hamlets Core Strategy 2025 is the principal document of the Local Development Framework (LDF) for the Borough, setting out the spatial planning to 2025. The Core Strategy is currently at the Submission stage, with its independent examination commencing in Spring 2010. The LDF will also include the London

Plan, a Development Management Development Plan Document (DPD), a Site & Placemaking DPD and Area Action Plans as required.

At the heart of the Core Strategy are two themes: 'Re-inventing the Hamlets' and 'Achieving Wider Sustainability'. The former shapes the spatial vision:

"Tower Hamlets will reinvent, strengthen and transform the places that make this borough unique. It will continue to be a place for diverse communities, building on its strategic importance as a unique part of inner London. Set alongside the iconic River Thames and the Tower of London, and within a network of parks and waterways, Tower Hamlets will continue to prosper as a collection of places, coming together to build One Tower Hamlets."

Tower Hamlets will play a significant part in developing London as a successful, sustainable, global city. It will prosper through sustainable regeneration which stems from the major economic hubs of Canary Wharf, the City and Stratford.

This will filter down to the connected network of vibrant and regenerated locally distinct places that has evolved from the borough's rich history. From Spitalfields to Poplar and from Canary Wharf to

Bow, each place will have a distinct identity, role and function but all will be well-designed, vibrant, and above all, a great place to live."

This spatial vision is underpinned by a number of key principles which guide and steer the Local Development Framework and its long term implementation:

- Optimise the use of land
- Integrate movement and land use
- Reinforce a sense of place
- Work in partnership
- Conserve and reuse resources
- Diversify and grow the economy
- Good design from the outset
- Evidence based decisions
- Support community cohesion
- Live within environmental limits
- Support human health and wellbeing
- Access to nature and open space

Delivery of the spatial vision is an essential element of the Core Strategy; without which the vision will

not be achieved. The council and its key partners are committed to ongoing delivery and pro-actively drive five transformational programmes that form a 'Programme of Delivery' to assist in the delivery of the spatial vision. The programmes are:

Comprehensive regeneration areas (areas which are key to deliver regeneration e.g. Olympic Area (LMF), Aldgate, Whitechapel, Fish Island, Bromley-by-Bow, Millennium Quarter, Wood Wharf, Bishopsgate Goodsyard, High Street 2012, Aspen Way, Wapping, St Pauls Way).

- Infrastructure Delivery Framework (e.g. Building Schools for the Future, Crossrail and the East London Line).
- Housing investment programmes including the Decent Homes Programme, Ocean Estate, Blackwall Reach and Poplar housing regeneration
- Policy and strategy programmes (e.g. the Community Plan, Local Development Framework, Health and Well-being Strategy and the Town Centre Implementation Programme).
- Tower Hamlets Green Grid (e.g. the new River Lea Park and FAT Walk)

This Programme of Delivery underpins the delivery and implementation of the Core Strategy and its spatial themes. This ensures that a clear, consistent and wide-

ranging delivery approach is embedded throughout the Core Strategy.

The second of the two key themes is the strategic objective (SO3) of 'achieving wider sustainability', which is of particular importance in defining the role that the Green Grid can play in the borough:

"Tower Hamlets will achieve environmental, social and economic development simultaneously; the improvement of one will not be to the detriment of another. Where tradeoffs between competing objectives are unavoidable, these will be transparent and minimised. This will be realised by:

- *Planning for healthy environments that recognise the important, interrelated health benefits of: well designed neighbourhoods; high quality housing; access to employment opportunities; access to open space; and shops and services*
- *Mitigating and adapting the built environment to climate change by limiting carbon emissions from development, delivering decentralised and renewable or low carbon energy and minimising vulnerability to a changeable climate*
- *Minimising the use of natural resources.*
- *Working pro-actively to protect and enhance the quality of the environment.*

- *Improving air, land and water quality by minimising air, noise, land and water pollution.*
- *Ensuring the capacity of existing and new infrastructure is adequate to support development and growth with the cumulative impact of this development being considered."*



The Core Strategy then sets out a series of strategic objectives (SO) and policies (SP), the following of which have a direct relationship with the Tower Hamlets Green Grid strategy:

Strategic Objectives & Targets

SO10 “to deliver healthy and liveable neighbourhoods that promote active and healthy lifestyles and enhances people’s wider health and well-being”

LO122 (1.2 Ha open space/1,000 population)

LO130 (increase of 1% per annum in pedestrian network length)

SO12 “to create a high quality, well-connected and sustainable natural environment of green and blue spaces that are rich in biodiversity and promote active and healthy lifestyles”

LO122 (1.2 Ha open space/1,000 population)

LO130 (increase of 1% per annum in pedestrian network length)

SEI19 (no net loss to population of species within Local BAP)

SO13 “to reduce the risk and impact of flooding on people, property and the environment”

LO122 (1.2 Ha open space/1,000 population)
SO20 “deliver a safe, attractive and well-designed network of streets and spaces that makes it easy and enjoyable for people to move around on foot ...”

LO11 (increase citizen satisfaction with the built environment by 10% over base by 2025)

LO130 (increase of 1% per annum in pedestrian network length)

SO21 “create streets, spaces and places that promote social interaction and inclusion and where people value, enjoy and feel safe and comfortable”

LO11 (increase citizen satisfaction with the built environment by 10% over base by 2025)

LO130 (increase of 1% per annum in pedestrian network length)

Strategic Policies:

SP01 (3) “promoting the good design of town centres and their connectivity to surrounding areas”

SP02 (6) “ensuring all housing is well-designed requiring adequate provision of housing amenity space for new homes and for play space for

children”

SP03(1) “support opportunities for healthy and active lifestyles through: providing high quality walking routes, excellent access to leisure and recreation facilities and promoting and supporting local food-growing and urban agriculture”

SP04(1) “to deliver a network of open spaces by protecting, creating, enhancing and connecting”

SP04 (2) “promote and support new development that provides green roofs and other measures to green the built environment”

SP04(3) “protect and enhance biodiversity value through the design of open space”

SP09(1) “implement a street hierarchy that puts pedestrians first”

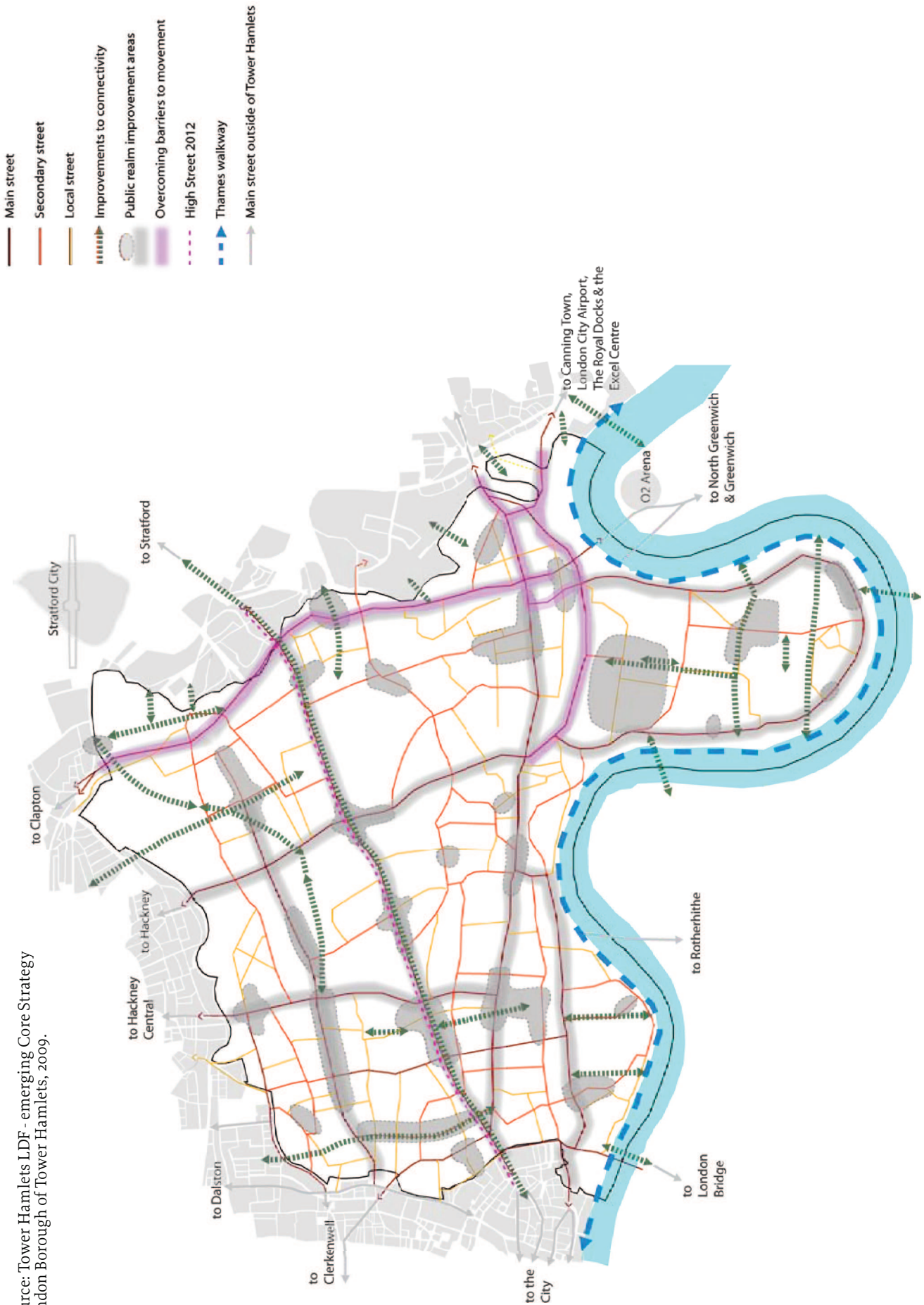
SP09(2) “protect, promote and ensure a well-connected street network that integrates street types and users”

SP12 “improve, enhance and develop a network of sustainable, connected, well-designed places across the borough”

SP13 “the council will negotiate planning obligations in relation to proposed development delivered in kind or through financial

CREATING ATTRACTIVE AND SAFE STREETS AND SPACES

Source: Tower Hamlets LDF - emerging Core Strategy
 London Borough of Tower Hamlets, 2009.



contributions the council's priorities (include) publicly accessible open space, biodiversity enhancements, public realm, public art"

TOWER HAMLETS HEALTHY BOROUGH

The Tower Hamlets Healthy Borough pilot programme is piloting environmental approaches to make it easier for children and families to be more physically active and eat more healthily wherever they live, work, travel, play or learn.

The long-term goal is to help everyone to maintain a healthy weight throughout their lives which will reduce the risk of diseases such as diabetes, cardiovascular disease and cancer. The Programme is based in the Tower Hamlets Partnership and brings together NHS Tower Hamlets, the local authority, voluntary and community organisations, the private sector and local people.

Tower Hamlets is the only London Borough to be awarded 'healthy town' status and there are eight other 'healthy towns' nationally. It is part of the Government's national Change 4 Life initiative.

The Healthy Borough Programme is funded until March 2011 to actively promote:

- Active Travel
- Active Lives
- Healthy Food

SUMMARY OF OPPORTUNITIES & CHALLENGES

The Community Strategy, the Core Strategy and Healthy Borough pilot programme highlight the importance of the Green Grid to the success of their visions of Tower Hamlets by 2025. The benefits of investing in the Green Grid are considered to have direct links to all four strategic themes of the Community Plan, and especially in 'A great place to live'. The same benefits are identified as playing a key role across most of the Core Strategy's policy areas, hence its choice as one of five 'Programmes of Delivery' on which the strategy depends.

The Green Grid has an important role to play in promoting active travel as part of the Healthy Borough programme. Removing physical and perceived barriers to access convenient walking and cycling routes and public open spaces are crucial.

The implications for this draft strategy are therefore numerous:

- To succeed, it has to have a focus on the most important of the many potential roles that the Green Grid can play in order to avoid spreading resource across too many initiatives
- To focus, it has to make choices about what to prioritise
- To make the right choices, it has to identify and align its benefits most closely to match the targets of its higher order strategies and communicate these choices to partners and local communities
- To communicate effectively, it has to explain its rationale clearly

There is also a premium on how the Green Grid brand is developed and managed. Its identity is not referred to consistently in the higher order strategies and there will no doubt be some confusion between this initiative and other public realm and open space strategies. It is also important that the Green Grid brand is communicated to be accessible to the widest audience (See Marketing Section 5).



Attractive green route along the canal leading towards Shadwell Basin

3.0 VISION, OBJECTIVES & TARGETS

INTRODUCTION

This part of the strategy sets out the proposed response to the opportunities and challenges presented in Section 2 above.

The response comprises a vision of how the Green Grid will contribute to the success of Tower Hamlets over the next few years and a series of objectives and targets that translate this vision into tangible outcomes.

VISION

“To create an interlinked network of high-quality, multi-functional accessible, ‘green’ open spaces and waterways in Tower Hamlets which will encourage active lifestyles and improve the quality of life”

This vision captures the essence of what the Green Grid is really about. It blends the desire for quality places and spaces with the value of connecting them for the enjoyment of local communities. Although the Green Grid will have many functional benefits, the vision has chosen those benefits that will most directly lead to healthier lifestyles and community satisfaction and pride in their local area. In practice, this means protecting existing open spaces and walking routes and increasing their number where opportunities arise.

The strategy will seek to maximise the contribution that other benefits of the Green Grid may make for other ends – adapting to and mitigating climate change; promoting economic development, improving biodiversity for example – but only as part of strategic initiatives that have first addressed health and well-being.



Selwyn Green neighbourhood green space with play features

OBJECTIVES & TARGETS

The following are proposed as the long term objectives of the Tower Hamlets Green Grid Strategy:

GG1: Retain all existing open spaces and walking routes.

- No net loss of existing publicly accessible open space through development
- No net loss of walking routes through development

GG2: Enhance the quality of selected existing open spaces.

- 100% of Green Grid Open Spaces enhanced through measures to improve accessibility, safety, attractiveness, functionality as appropriate

GG3: Create new publicly accessible open spaces.

- Significant increase in currently restricted or partially restricted existing open space made publicly accessible and managed
- Increase in new publicly accessible open space created, managed and protected

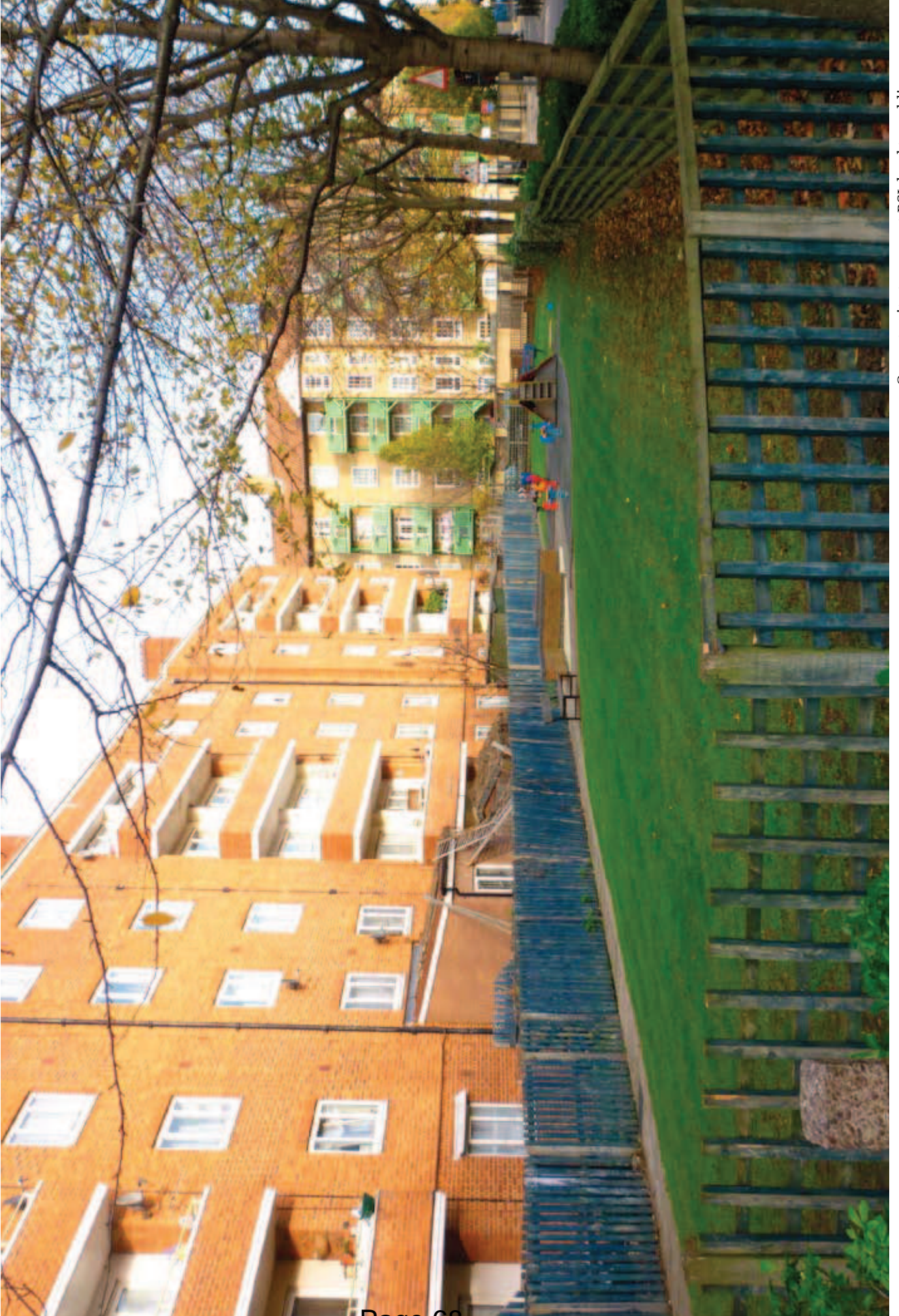
GG4: Connect open spaces to local communities with enhanced and new walking routes.

- Significant length of the Green Grid network enhanced through measures to improve safety, accessibility and attractiveness as appropriate.

GG5: Manage the Green Grid to a high standard.

- 100% of the Green Grid network and Green Grid Open Spaces with approved and resourced management plans.

These objectives and targets have been set to reflect the relative scale and pace of change expected as a result of this strategy. They also acknowledge that there will be other investments made in open spaces and walking routes throughout the Borough that are not specifically related to the Green Grid.



4.0 STRATEGIC INITIATIVES

INTRODUCTION

The strategy proposes three distinct types of response, or 'strategic initiative'. The first two – Invest Programmes and Strategic Projects - are intended to provide the most effective means by which new investment into the Green Grid can be secured and delivered on the ground. The third – Area Frameworks - is intended to capture investment that has already been committed to, or will be in due course, on the back of development proposals and shape it into proposals that contribute positively to the Green Grid.

All three strategic initiatives should be pursued with vigour; none is necessarily more important than the other. Collectively and over time they will represent the best chance of this strategy being a success. Their relative emphasis will change over time so it is important that both the strategy and its accompanying business plan (see Section 5) are continuously monitored so that the right investments and projects are chosen at the right time.

In all cases, the strategic initiatives proposed have been chosen on the basis that they will make a significant contribution to the stated objectives and targets outlined in section 3. They will touch the largest number of local people – especially parents/carers, young children and

older people – at locations with relatively high footfall.

INVESTMENT PROGRAMMES

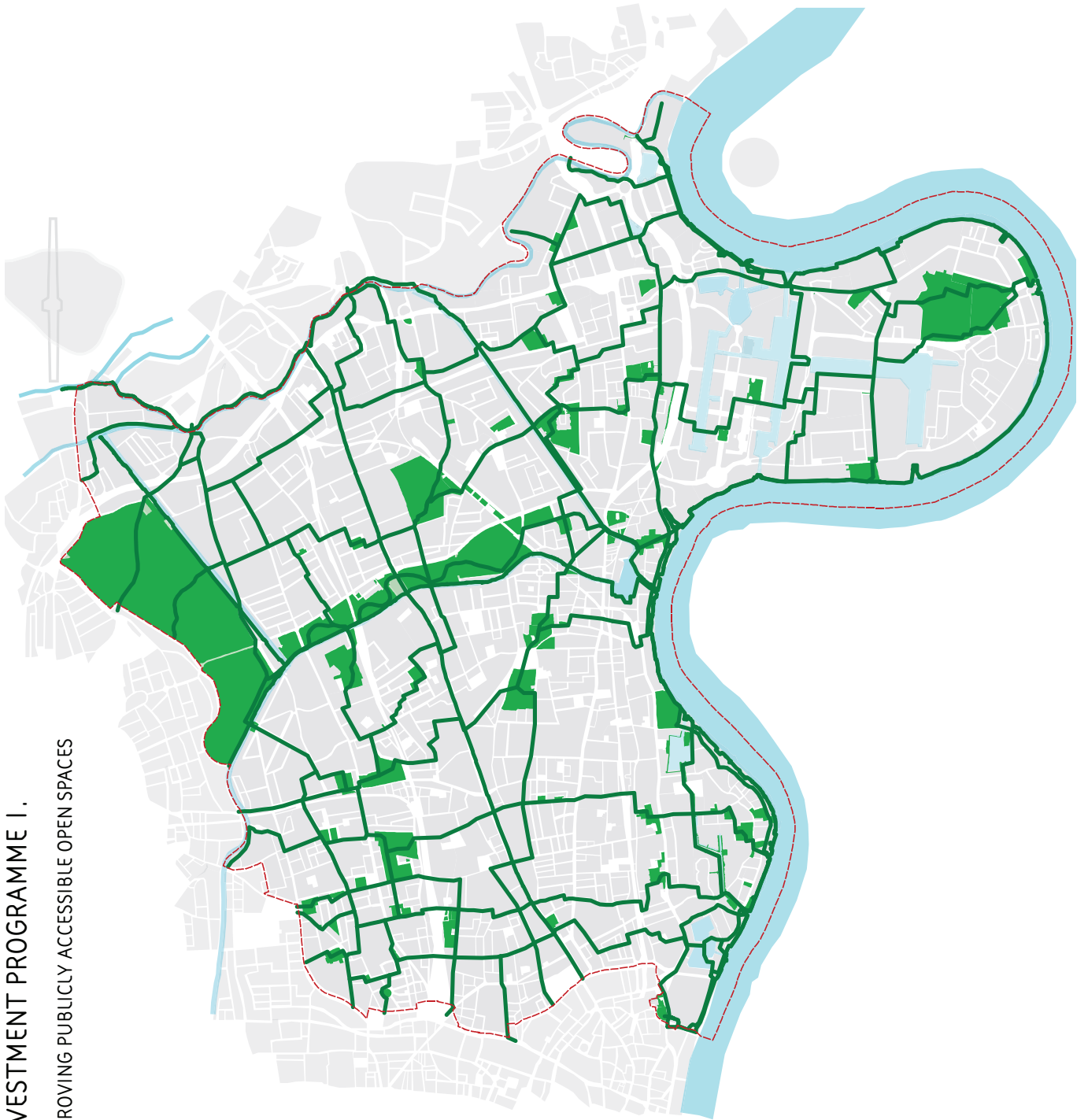
The investment programmes are a means for the strategy to capture a collection of local projects of the same type. Collectively, these Programmes will contribute to achieving the strategy vision and objectives.

The exact location of projects within each programme is left to the appropriate delivery agents to determine in due course. This approach recognises the dynamics of market conditions, the development sector and social change among other factors and does not seek to predict exactly when, where and how public realm and open space investments will happen over the next few years.

These programmes are defined here and the factors that will govern their successful development and delivery are set out below. Similarly, there has been no attempt in this strategy to prioritise the programmes. Each has its own rationale and role to play in achieving the vision and objectives. The availability of public funding for such programmes is likely to continue to ebb and flow as public policy changes. The motivation for the private sector and others to invest in the Green Grid will also change in relation to market conditions although planning consent should always ensure that investment

INVESTMENT PROGRAMME I.
IMPROVING PUBLICLY ACCESSIBLE OPEN SPACES

Green Grid Network
Green Grid Open Spaces



opportunities are realised through scheme design and financial contributions.

Between them, the four investment programmes address both types of interventions outlined in the Green Grid concept:

- Protecting, enhancing and creating publicly accessible open spaces in the Borough
- Creating new routes and improving the attractiveness of existing routes between these spaces and other destinations in the Borough and its surrounding areas

However, the emphasis for active travel in the programmes is on walking rather than cycling. This is because of the focus of the strategy at this stage on improving the Green Grid for parents and carers with young children and older people in particular. Where possible, programmes and projects will seek to accommodate the interests of cyclists.

1. Improving Publicly Accessible Open Spaces

This investment programme is focused on improving the quality and accessibility of existing publicly accessible open spaces along the Green Grid routes. All

parks and open spaces that either adjoin or are in close proximity to the Green Grid (known here as ‘Green Grid Open Spaces’) should be managed to an acceptable standard, ideally the Green Flag Award/Green Pennant Award standard, where resources allow.

The ‘Green Grid Open Spaces’ (shown in Investment Plan 1 opposite) are those that should be prioritised for investment as part of this strategy as their impact will be greatest on the Green Grid. They are not intended to create another designation of public open space.

The main focus for investment in the chosen open spaces should be on:

- Improving safety and security for users, e.g. appropriate thinning or removal of vegetation from important lines of sight, relocation of seating areas, new/improved lighting, more visible management
- Increasing opportunities for physical activity, e.g. new play equipment provision
- Diversifying functionality, e.g. seating areas with tables, dedicated space for mobile refreshment concessions

In making these investments, design solutions should seek to exploit opportunities to diversify planting to

add visual interest and to enhance biodiversity value.

Example:

An example of a key space in need of improvement is St Mathew’s Church Gardens. This is a relatively large open space along a green route that is currently underused. Improvements to the path network, planting and site furniture would significantly increase the functionality of the space and promote healthy living in the neighbourhood.



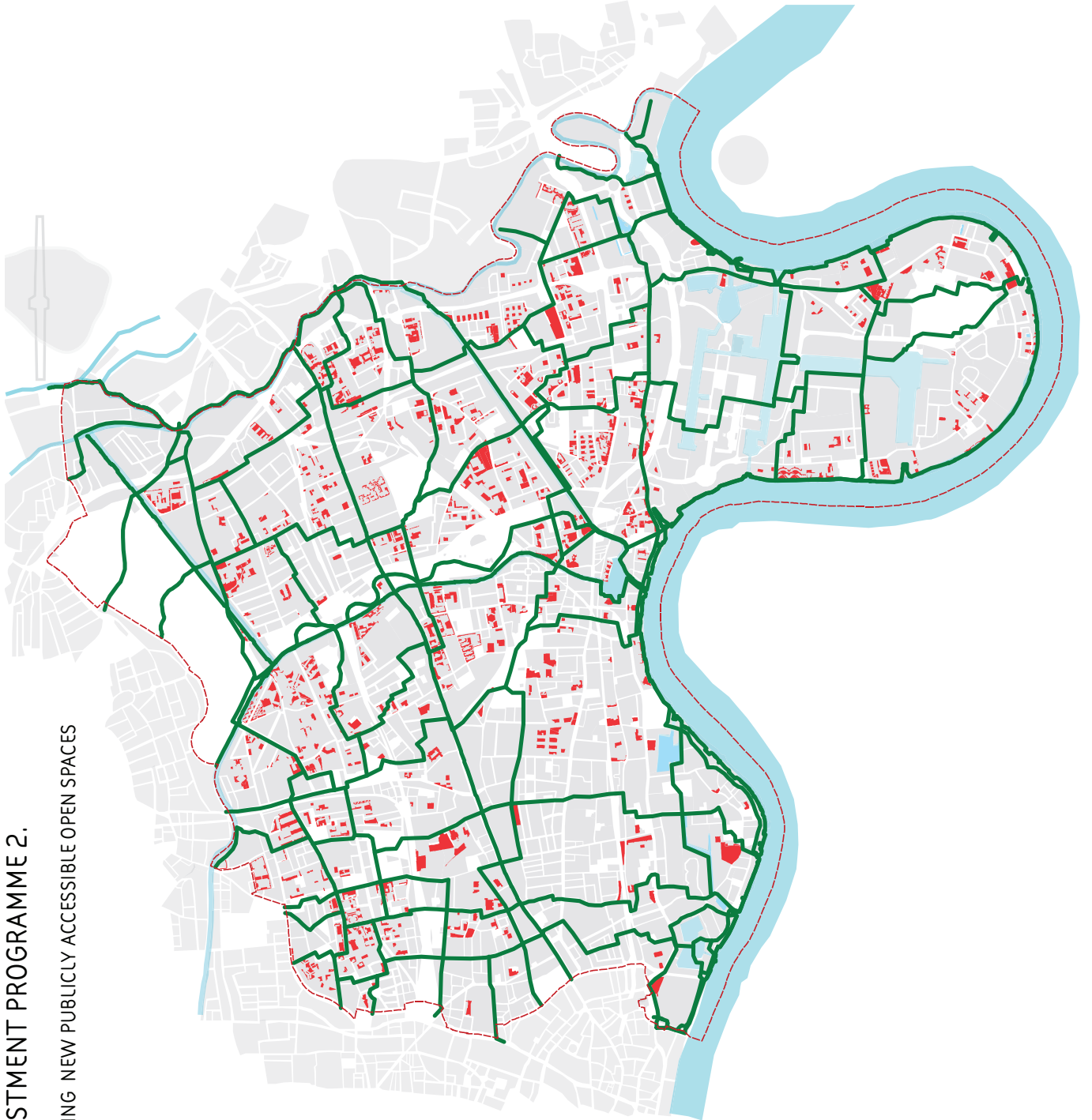
INVESTMENT PROGRAMME 2.

CREATING NEW PUBLICLY ACCESSIBLE OPEN SPACES

Green Grid Network
Land with restricted access with potential to widen access

Note:

The land shown on this plan as having restricted access has been identified using a desktop survey only. Most, but not all, the Borough has been surveyed. Some locations have been investigated for their potential to widen access, notably on land in the ownership of Registered Social Landlords and these are highlighted as examples in Section 4.



2. Creating New Publicly Accessible Open Spaces

It is known that the opportunities to create new publicly accessible open space in the Borough, irrespective of proximity to the Green Grid, will be few. Even those new spaces created as part of large development schemes may often find it a challenge to allocate sufficient land for this purpose to meet the needs of new residents. It will therefore be more effective to seek to make publicly accessible the significant amount of existing open space in the Borough to which there is no current means of public access or access is severely restricted.

The possible quantity and distribution of such open space is shown in Investment Plan 2. Initial survey work in the Borough (shown here) indicates that much of this land is in the ownership and management of a small number of Registered Social Landlords (RSL). Many of the existing open spaces along the Green Grid routes are amenity spaces around blocks of flats set back from the road. These spaces are semi-private and can currently only be accessed by the residents. Most are areas of mown grass and may be under used. These areas have the potential to offer a much wider range of functions including food growing, informal play, flower gardens and seating. If public access cannot be

negotiated to these areas of open space, enhancements, especially diversification of planting, would still be visible from the street contributing to the greening of the Green Grid routes.

The council should therefore focus its efforts on working with its RSL partners to find practical ways of enabling wider public access to RSL-owned open spaces that does not compromise the RSL's obligations to tenants. The council should invite and encourage RSL's to participate in a project team to identify and resolve issues restricting public access at present and a strategy agreed to reduce those restrictions. These issues are likely to include:

- Maintenance of open space including paving, planting and furnishings.
- Management of access and use including accessible hours.
- Security for adjoining residents.
- Finance and funding.

Larger areas of RSL land adjoining the Green Grid routes and those with the potential to provide links to nearby open spaces should be prioritised over smaller areas or 'strips'. Green strips along the routes play an important role in the greening of the routes, and may provide opportunities for rest and relaxation, however,

larger areas with greater set back from existing residents provide greater potential for multi-functional use

Examples:

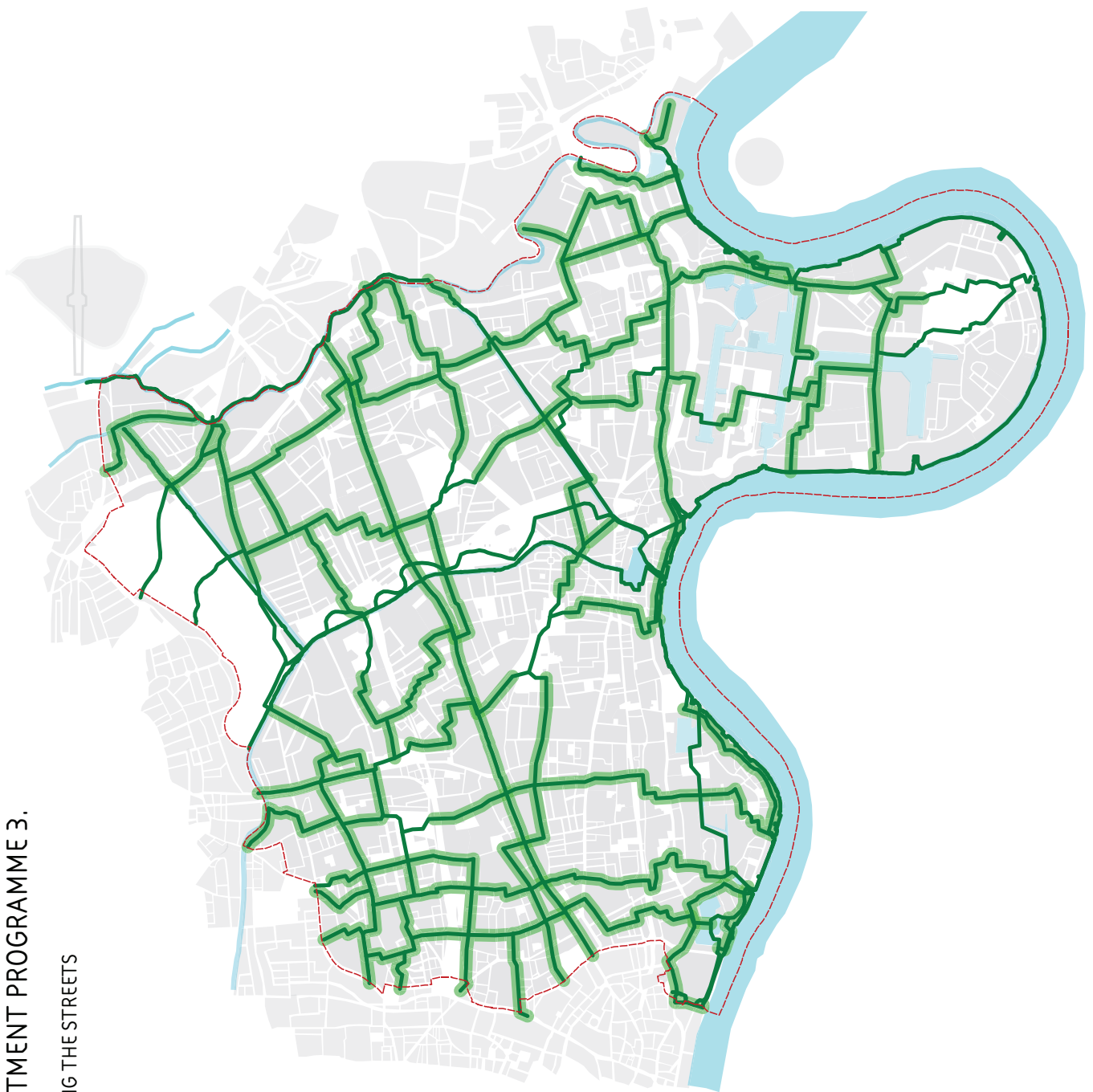
- Enhance green spaces and develop existing green verges along Vaughan Way into community gardens/public open space incorporating 'plug and play' initiatives;
- Reclaim wide pavements at Vaughan Way/Thomas More Street/Kennel Street junction to create new public space.
- Negotiate lease/land swap/partnership with Housing Estate along St Stevens Road and Harley Road to develop existing green verge into a 'Community Garden', linking with other larger amenity open space.



INVESTMENT PROGRAMME 3.

GREENING THE STREETS

- Green Grid Network
- Greening The Streets



3. Greening The Streets

Many parts of the Green Grid would benefit from street greening, in terms of enhancing the visual quality and giving identity to the routes, and improving the biodiversity value. Where pavements are wide enough or where there is adjacent amenity space, street tree planting can take place. There are also opportunities to provide planting in existing car parking spaces. Other street greening initiatives could include planting of climbers on building facades, boundary planting and encouraging the use of window boxes.

The programme will deliver other secondary benefits, including improving local biodiversity and adapting to (and mitigating) climate change in terms of 'heat island effect' and surface water drainage. Investment may also promote economic development by increasing the appeal of vacant shops or other commercial premises.

The Investment Plan 3 shows all those sections of the Green Grid that follow roads or streets. No detailed analysis has been undertaken to identify specific opportunities for this initiative. Rather, the plan shows 'areas of search' for further investigation once priority locations have been determined.

The council should develop this programme with Transport for London and relate it closely to its own emerging Public Realm Strategy. The priority areas for action will be those local lengths of the Green Grid that coincide with locations that are the subject of other Investment Programmes, Strategic Projects or Area Frameworks to maximise the local impact of investment.

Examples:

- Vaughan Way is a street where there is opportunity to develop the existing green verges into community gardens or public open space incorporating 'plug & play' initiatives.
- Free Trade Wharf is another area where habitat improvements including incorporating green infrastructure, planters and brown/green roofs to existing underutilised paved areas, boardwalk, jetties and timber pilings could improve the visual quality and encourage wildlife to this underutilised area of open space adjacent to the Thames.



INVESTMENT PROGRAMME 4.

IMPROVING ACCESSIBILITY

- Green Grid Network
- High priority locations
- Medium priority locations
- Location of key obstructions



4. Improving physical accessibility along the routes

Accessibility is one of the fundamental principals for the Green Grid. The full value of investment will not be realised if there are real and perceived obstacles and inconveniences to walking safely, especially for parents/carers with young children and older people. An invest programme focused on addressing poor or inadequate walking routes is therefore required.

There are several interventions that can improve the accessibility and safety of the routes. Improving crossings by major roads such as Mile End Road and The Highway will be important given these locations have the highest footfall. Home zone environments with shared surface streets and pedestrian priority can be created along quieter residential streets. In many places the footpaths are too narrow. Where possible these footpaths can be widened to improve accessibility and the width of the carriageway reduced to slow traffic. The pavement surfacing can be enhanced using a consistent approach throughout the Green Grid to support wayfinding and create a unified identity. Drop kerbs and tactile paving by road crossings should also be provided. Decluttering the routes by removing or relocating obstacles on the pavements will also enhance access. Finally, given

the Green Grid focus on active travel, there may be opportunities to locate play equipment/activities in convenient places on wider routes that do not add unnecessary clutter.

The Investment Plan 4 shows those sections of the four Green Grid pilot routes that have been identified by the PERS audit (see Section 1) as either poor (in red) or adequate with opportunity for improvement (in amber). In total, these sections comprise at least two thirds of the Green Grid pilot route lengths, i.e. over 20km. Refer to the Transport research Laboratory (TRL) Technical Report for further detail on the PERS audit. It is safe to assume that the rest of the Green Grid has similar characteristics, resulting in perhaps as much as 50km of the Green Grid in the Borough requiring attention and over 5km of this in currently poor condition.

Priority should be given to those sections in poor condition of existing high footfall (e.g. proximity to a town centre or school) with the potential to form part of other proposed investments, e.g. 'Greening the Streets' or a Strategic Project.

This investment programme should also be led by the council, in partnership with Transport for London, and be fully integrated with its emerging Public Realm Strategy.

Examples:

Globe Road/Massingham Street/Carlton Square and Gardens/Mile End Place Improvements:

- Improve pedestrian link across Mile End Road;
- Potential re-direction of route along Globe Road to avoid restricted access through Jewish Burial Ground;
- Incorporate visual links to adjacent green spaces;
- Improvements to path network, planting and site furniture.

Wapping High Street/Bridewell Place:

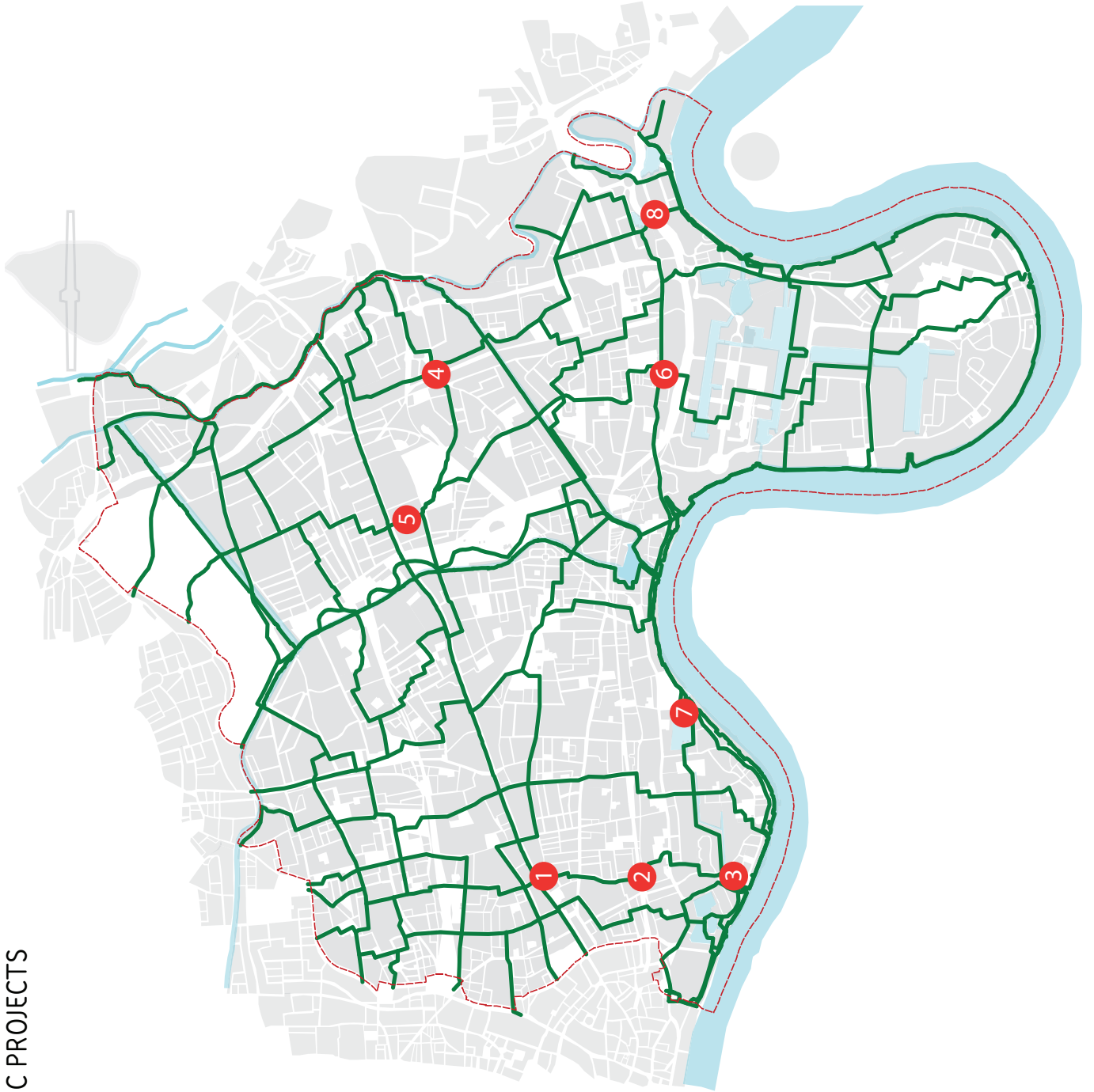
- Improve legibility of route and pedestrian link in area with narrow carriageway and pavements;
- Utilise undeveloped site as a new open space or an extension to Wapping Rose Gardens;
- Reconcile pedestrian and vehicular conflicts and improve pedestrian links across carriageways.

STRATEGIC PROJECTS

Green Grid Network
Strategic Projects

4

1. Bell Foundry Square
2. Cable Street / Wellclose Square Improvements
3. Canal Square
4. Devon's Road Interchange / Circus
5. Southern Grove Lodge
6. Poplar High Street - Poplar DLR Station Link
7. Shadwell Basin
8. East India Station / Blackwall Way



STRATEGIC PROJECTS

The second type of strategic response to the opportunities and challenges presented by the Green Grid are Strategic Projects. Here, the intention is to identify a small number of projects that by their location, scale and nature will have more than a local impact. In essence, they are the 'beacons' or 'exemplar' Green Grid projects that will each build and maintain a high profile for this initiative across the Borough in the coming years.

In addition to their strategic impact, enough is already known about each of them to be confident that they can be delivered, if not immediately then in the next five years or so, resources permitting.

The Strategic Projects Plan shows the location of eight projects identified on the Green Grid pilot routes. Each is described briefly below. Those that are selected by the Green Grid Steering Group for inclusion in the Business Plan (see section 5) will be developed into greater detail for implementation.

As the strategy is monitored and reviewed, and survey work on the remainder of the Green Grid is completed, so other strategic projects will emerge. The challenge here will be to ensure the list remains small

by focusing on those projects that will have a genuine strategic impact.

All strategic projects should seek to implement best practice place making principles addressing the following key issues:

- Improving safety
- Improving security
- Ensuring accessibility
- Enabling visual connectivity
- Ensuring legibility including wayfinding
- Creating high quality environments
- Creating opportunities for play
- Encouraging biodiversity

Strategic Project 1: “Bell Foundry Square”

This space at the junction between Whitechapel Road and the Green Grid, beside the Whitechapel Bell Foundry – ‘the world’s most famous bell foundry’, offers an opportunity to create a strategically significant open space, linking in with the proposed High Street 2012 initiative. The large setback of

buildings and wide road verges, combined with the carriageway itself, create a generous area, making a valuable contribution to the open space provision in the vicinity.

Strategic Project 2: Cable Street/Wellclose Square Improvements

Cable Street/Wellclose Square Improvements
The area of the Green Grid that links Back Church Lane, via Cable Street and the DLR/railway line bridge to Wellclose Square and Wilton’s Music Hall provides an interesting environment with which to create a dynamic and exciting public realm. This space, and the Green Grid generally, would benefit greatly from improvements to legibility and wayfinding, and a stronger setting to Wilton’s Music Hall.

Strategic Project 3: Canal Square

The open space between Vaughan Way and Wapping High Street links the canal through to the River Thames and a local park via a (currently empty) basin and Hermitage Wall. It is located at an important local node alongside a bus stop and links with other pedestrian and cycle routes. Focussing on the basin and interface with the canal, this sequence of spaces



and features provides an opportunity to create a large, cohesive open space and establish water based activities and other opportunities for recreation and relaxation.

Strategic Project 4: Devons Road Interchange/Circus

The existing environment along Devons Road between Prospect Park and the local centre to the west, including the Devons Road DLR station is heavily dominated by the car, with significant visual clutter and convoluted and confusing pedestrian access. This area includes a series of spaces including Prospect Park, the DLR station, and a number of large street verges and open street corners. Improvements to pedestrian movement along here, combined with improvements to streetscape and improved links between pedestrian spaces would create a significant and vibrant public realm serving residents and those using the local centre.

Strategic Project 5: Southern Grove Lodge

This stretch of the Green Grid runs along Southern Grove between Tower Hamlets Cemetery and Mile End Road. The environment here is dominated by large brick tower blocks, hard surfaces and amenity grass,

with little planting and pedestrian scale features. The sequence of spaces including housing amenity land, Southern Grove Lodge and garden (ex council offices), the Cemetery entrance and wide pedestrian verge at Mile End Road combined with significant footfall and resident population, presents an opportunity to develop a popular and successful public realm.

Strategic Project 6: Poplar High Street-Poplar DLR Station Link

The pedestrian environment linking Poplar DLR station and Poplar High Street is a significant transport node on the Green Grid. This space also links to valuable community facilities including Poplar Park, Tower Hamlets College and the adjoining Workhouse Leisure Centre. Improvements to the public realm here enabling clearer movement and stronger visual links between the community facilities, and features orienting pedestrian traffic to the Green Grid Routes would make a significant contribution to the Green Grid and improve the pedestrian experience of this important link.

Strategic Project 7: Shadwell Basin

Shadwell Basin and its surroundings is an attractive piece of public realm, adding valuable amenity for

the local residents. It links well to the nearby heritage buildings along Wapping Wall, and other pedestrian and cycle links servicing the area. There is further potential here to increase the offer of the space and create greater appeal to a wider audience through 'greening' initiatives, water based activities and events programmes. This space could become a significant destination and an important node on the Green Grid.

Strategic Project 8: East India Station/Blackwall Way

East India Station serves as a key transport interchange as well as a vital key pedestrian link over Aspen Way on the Green Grid. Along with the adjacent Blackwall Way, it also provides a link to existing open space at Virginia Quay, along the River Thames and on to East India Dock Basin.

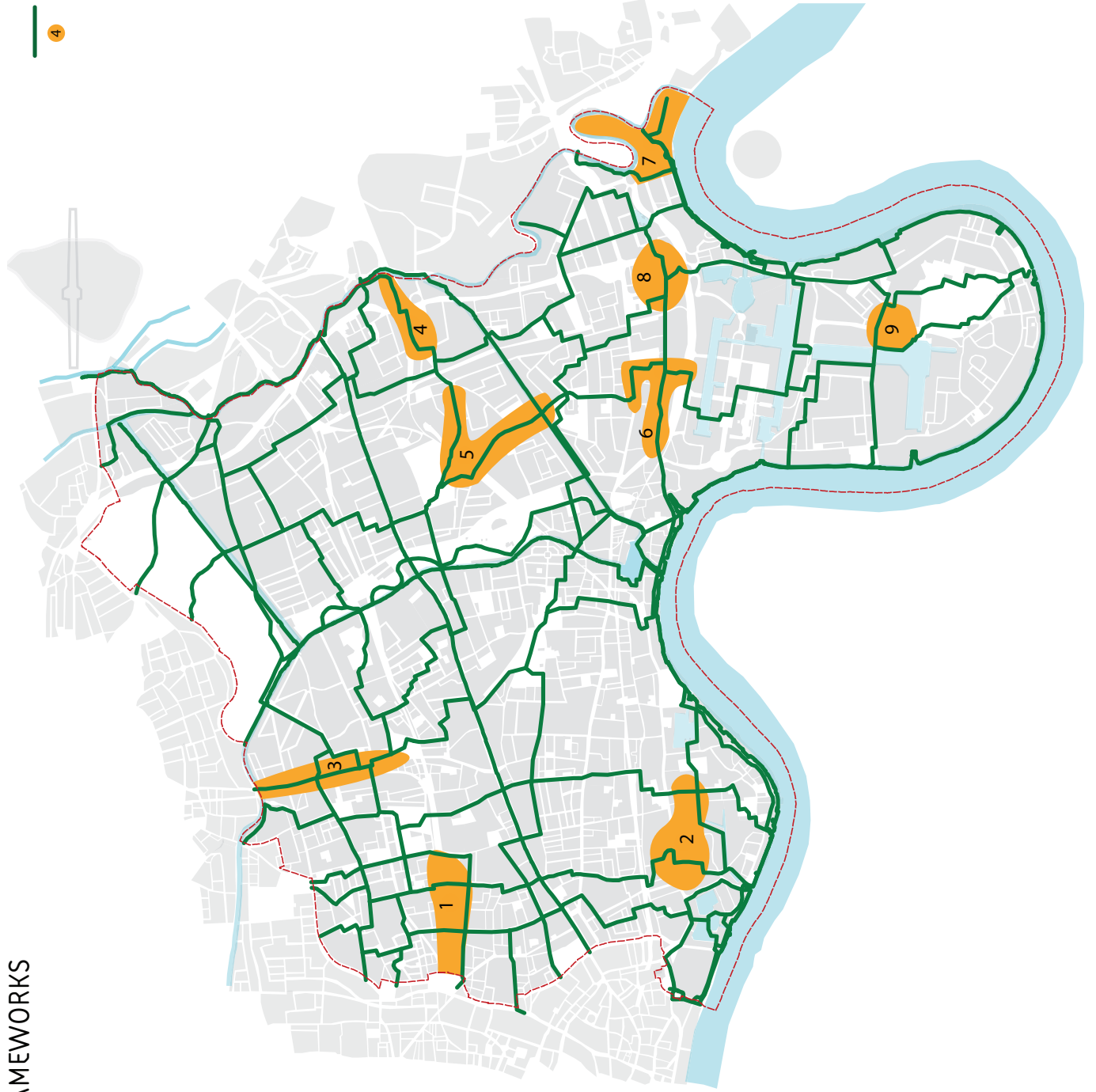
There is potential to improve route legibility through signage and other public realm improvements, and to maximise connectivity with existing open spaces and the River Thames. There is also potential to introduce new green elements along streets and the riverfront, both improving the attractiveness and offer of open space and maximising on the heritage assets and significant views along the riverfront.

AREA FRAMEWORKS

Green Grid Network
 Area Frameworks

4

1. Bishopsgate Goodyard / Bishopgate East / Allen Gardens / Spitalfields Farm
2. Swedenborg Gardens / News International Site
3. Cambridge Heath Road (from Regent's Canal to Bethnal Green Road / Roman Road)
4. St Andrews Hospital / Imperial Street - Tesco Site
5. Bow Common Lane / Cantrell Road Green Link
6. Pennyfields / Poplar High Street / Hale Street
7. Orchard Place / Orchard Wharf / Leamouth Peninsula
8. Blackwall Reach
9. Crossharbour Town Centre



AREA FRAMEWORKS

Area Frameworks are locations on the Green Grid network where relatively intensive change is expected to happen, with an impact on existing walking routes and open spaces and with opportunities to create new routes and spaces. It is in these locations where getting Green Grid investment made in the right place, of the right type and at the right time is most crucial to the delivery of the strategy.

The Area Frameworks Plan indicates the location of nine Area Frameworks along the four Green Grid pilot routes. In most cases, the precise area of opportunity for investing in the Green Grid is not yet known or may change as development proposals and plans emerge and therefore only the general location is shown. As specific Area Frameworks are chosen to shape development then their spatial definition will be agreed.

These opportunities may be realised through the preparation and implementation of local planning policies (e.g. Area Action Plans, Supplementary Planning Documents, development/design briefs), a number of which have already started and which this strategy should seek to influence.

It is proposed the Green Grid Steering Group should

use the Business Plan (see Section 5) to select a small number of those Area Frameworks where the timing is right to shape forthcoming development proposals, resources permitting. The nature of the task is likely to differ from location to location. Generally, it will include an understanding of how the Green Grid can add value to emerging proposals through creating new accessible spaces and public realm and connecting those proposals into the neighbouring communities. Simple landscape/urban design analysis and proposals plans should result that may then be used by the council and the London Thames Gateway Development Corporation, as the local planning authorities, to frame design briefs and future masterplans for example.

As the strategy is monitored and reviewed, and survey work on the other Green Grid routes is completed, so other Area Frameworks will emerge. The challenge here will be to ensure the list remains small by focusing on those locations on the Green Grid where it is known that change will happen and where this strategy can shape that change.

Area Framework 1: Bishopsgate Goodsyards/ Bishopsgate East/Allen Gardens/Spitalfields Farm

- Creation of new 'City Garden' for community use, incorporating existing green spaces;
- Improved pedestrian access to existing and new green spaces;
- New sustainable resource management and play facilities incorporated within new green space;
- Integrate new permitted and proposed development sites within new green fabric;

Area Framework 2: Swedenborg Gardens/ News International Site

- Existing park extended as green link across carriageway and integrated with future development proposals;
- Reconcile pedestrian and vehicular conflicts to improve link across carriageway and enhance accessibility.

**Area Framework 3: Cambridge Heath Road
(from the Regent’s Canal to Bethnal Green
Road/Roman Road)**

- New public realm opportunities to connect proposed development sites and improve quality of streetscape along high-profile section of route;
- Creation of new arrival/interchange spaces at Regent’s Canal and Bethnal Green;
- Extend and link these spaces via green infrastructure along Cambridge Heath Road, incorporating and enhancing existing green spaces;
- ‘Greening the Street’ - introduce green elements along street to improve visual connections to green spaces to south, to enhance character, to improve air quality and to absorb noise pollution;
- Improve pedestrian links and accessibility, and provide more opportunities for seating.

**Area Framework 4: St Andrews Hospital/
Imperial Street-Tesco Site**

- Reconcile pedestrian and vehicular conflicts and improve links across A12 and along route;

- Integrate proposed green space as linear park along route, incorporating ‘plug and play’ initiatives;
- New public realm opportunities to connect interchange points and integrate future development sites.

**Area Framework 5: Bow Common Lane/
Cantrell Road Green Link**

- Improve pedestrian links to existing green spaces and accessibility along street through new public realm Improve visual links between the Green Grid route and adjoining open space;
- Integrate new permitted and proposed development sites at Bow Common Gasworks and Furze Street;
- Ensure green frontage within future residential development.

**Area Framework 6: Pennyfields/Poplar High
Street/Hale Street**

- Develop area as local activity hub, linking Recreation Centre, schools, housing estate and

- parks;
- Incorporate new green elements along street to link existing and disjointed parks and green spaces to create more cohesive network;
- Address accessibility issues through provision of street improvement programme;
- Improve pedestrian links to existing open space and play areas;
- Reconcile pedestrian and vehicular conflicts and improve pedestrian links across carriageways;
- Maintain high standard of management and maintenance for existing open spaces.

**Area Framework 7: Orchard Place/Orchard
Wharf/Leamouth Peninsula**

- Capitalising on heritage and views across river by enhance the riverside spaces and development areas, improving pedestrian access and circulation to area, including seating and wayfinding to improve accessibility;
- Enhance existing biodiversity and create new opportunities for wildlife habitat;
- Integrate new permitted and proposed development sites;

- Further highlight area's industrial and maritime heritage.

Area Framework 8: Blackwall Reach

This section of the Green Grid may be part of the Blackwall Reach regeneration project and runs along Naval Row, between the Robin Hood Gardens estate, Blackwall Reach, the DLR line/Aspen Way, and the Blackwall Tunnel (Northern Approach).

Existing open space and play areas within Robin Hood Gardens serve as a valuable patch of green within an area otherwise dominated by development and transport infrastructure. There is great potential to extend this open space by incorporating new green elements, such as street trees, as part of future development proposals.

This would improve the appeal for pedestrians both increasing the legibility of the Green Grid and enhancing its visual appearance and local character. There is further potential to coordinate these improvements along with the creation of new public realm as part of the redevelopment of both the Robin Hood Gardens estate and Blackwall Reach.

Area Framework 9: Crossharbour Town Centre

In Cubitt Town, the Green Grid passes the Crossharbour DLR Station then heads south to Millwall Park. There are plans to revitalise and extend Crossharbour town centre to better serve and connect with Pepper Street, Millwall, Manchester Road and Canary Wharf. The new town centre will see improvements to public transport facilities and a new public square. An Area Framework here will identify how the Green Grid can extend into this area to add value to these proposals.



5.0 STRATEGY IMPLEMENTATION

INTRODUCTION

No matter how robust the Strategy, it will not succeed if its execution has not been properly thought through. Investing in the Green Grid will require a wide variety of public agencies to co-ordinate and support each others' actions. Crucially, therefore, this means identifying who will provide leadership for the Strategy and take responsibility for its delivery and what approach is taken to managing the Strategy on a day-to-day basis.

The following section presents proposals for each of the key components that are essential to successful strategy execution, namely:

- Governance
- Management
- Investment
- Business planning
- Marketing
- Planning

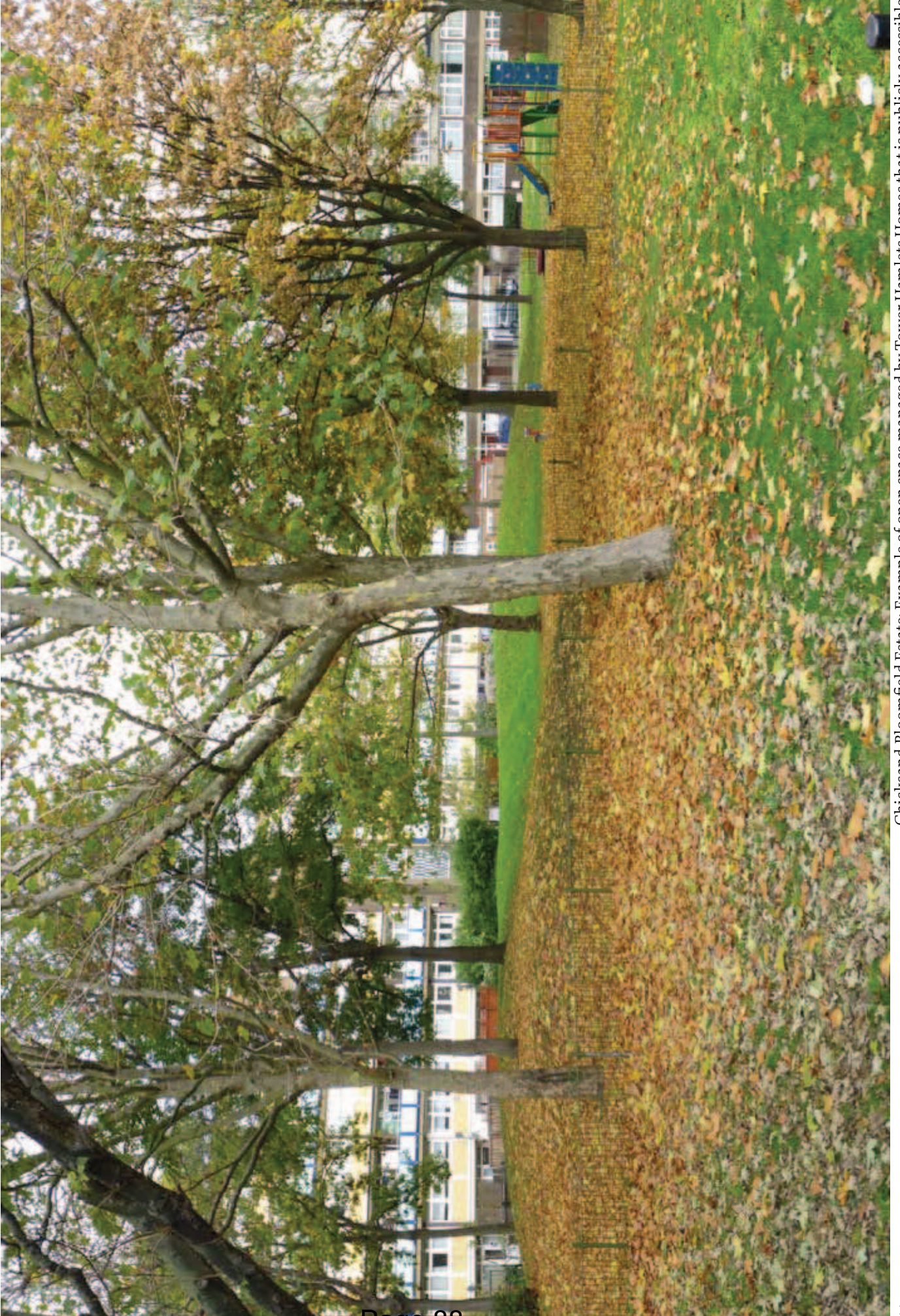
Governance

The strategy has demonstrated the long term corporate value to the council and its partners of investing in the

Green Grid. Its ownership must therefore reflect this importance and ensure that it receives sufficient and sustained attention by key decision takers, policy makers and opinion formers in the county.

In considering the options for strategy governance, the Steering Group should take the following responsibilities into account that should shape a future governance structure:

- Publish this strategy and business plan (see 'Investment')
- Monitor and review the performance of the strategy on an annual basis and the business plan on a quarterly basis
- Be accountable for and report strategy performance to the council and other relevant partners
- Bid for public funds for Green Grid investment in its name
- Offer endorsement to others' bids for public funds for Green Grid investment
- Promote the Green Grid investment opportunities with private and third sector organisations



In addition, the role of Green Grid Champions should be considered. They should be figurehead positions. The role is suitable for a Councillor or senior figure in the Tower Hamlets Partnership. The role of a Green Grid Champion should encompass the following activities: maintain a high profile in the local media to promote the Green Grid; attend Green Grid promotional events; and represent the Green Grid on other relevant bodies.

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A Green Grid Champion must be well aligned with the political structure and members of the local authority and its partners and other stakeholder organisations. Collaboration with local partners is essential with sufficient funding to resource the governance and management of this Strategy, ideally committed on at least a three year basis.

Management

There will be a need for a dedicated Green Grid Co-ordinator with funding, delivery and promotion responsibilities, as managing the delivery of the strategy on a day to day basis will be crucial to its success.

In practice, the council is best placed to provide this service and post, though its funding may be secured in

part from other sources.

The primary responsibilities of the Green Grid Co-ordinator should include:

- Take interim ownership of new Investment Programmes and Strategic Projects and identify and secure appropriate new owner organisations
- Monitor and review the performance of the strategy
- Be accountable and report performance to the governance body with recommendations for actions
- Oversee all strategy marketing activities and communications
- Prepare the Business Plan for approval by the governance body and monitor its performance
- Lead or support the preparation of external bids for public funds for Green Grid investment
- Evaluate and recommend to the governance body the endorsement of others' bids for public funds for Green Grid investment
- Lead the promotion of Green Grid investment opportunities with private and third sector organisations

- Lead the securing of financial support from local businesses to sponsor Green Grid projects
- Lead arranging events with local communities to promote the use and care for the Green Grid
- Provide specialist Green Grid guidance to the local planning authorities (i.e. LBTH and the London Thames Gateway Development Corporation) in advising on Green Grid related planning applications and development policies and plans.
- Support the Green Grid Champion.

In practice, much of the role will be working alongside council officers and those working for other partner organisations to co-ordinate activities. It is crucial therefore that the Co-ordinator is able to work well with others and can command the authority of the governance body to align resources and offer day-to-day leadership for the Strategy. It is also important that the role uses the Strategy to quickly shape the new Investment Programmes and Strategic Projects and engages with prospective owner organisations to develop them. Each Investment Programme and Strategic Project should have a lead organisation/officer and action plan agreed by the end of 2010.

The role should also build early linkages with key landowners, the RSL's for example, to gauge their level



Greening the streets with planters and pots on the pavement

of interest in the Strategy and with masterplanning teams working on the major development proposals across the Borough to determine what value can be added from a Green Grid perspective.

It is also recommended that the governance body adopts a Strategy Map & Scorecard management tool to track performance in delivering the Strategy, with the coordinator being responsible for collecting, analysing and reporting the data on a quarterly basis. This tool will be developed as part of the final strategy document.

9.1 Investment

Investment

The level of investment required by this strategy will likely represent a step change in Green Grid investment in the Borough. The proper financing of the strategy over its full duration will therefore be a major challenge. The strategy has been formulated to acknowledge and align with the drivers of future investment in the Green Grid. In most cases, this demand is latent and expressed, i.e. the strategy will need to realise this demand and stimulate further demand, especially from non-public sector sources.

In this respect, the Strategy and Business Plans cannot ignore this reality and risk raising expectations

among local communities and partners. Much greater emphasis will have to be placed on securing investment from such sources than has been traditional in public realm and open space initiatives. Given the selection of project types, there will be opportunities to attract investment from these private and third sector sources, e.g. business sponsorship and community enterprise. In addition, the council should be aware that there are parts of the routes that do not coincide with its own related designations, e.g. Public Realm Improvement Areas, which may dilute its limited resource or create unhelpful competition for internal resources.

Securing the ongoing revenue expenditure and adhering to high quality maintenance service standards will be crucial to ensure the quality of the Green Grid is maintained. A failure in this respect is likely to undermine the long term success of the Strategy.

At present, the following potential sources of funds have been identified:

Public Sector

- Local authority capital and revenue programmes, especially in relation to public open space,

publically owned land, leisure services and highways/footpaths etc.

- Public agency infrastructure funding, e.g. Transport for London, London Thames Gateway Development Corporation, London Development Agency, BIG Lottery/Heritage Lottery Fund, Homes & Communities Agency, English Heritage, Design for London, Working Neighbourhoods Fund, Natural England: Access to Nature; Forestry Commission: London Woodland Grants
- Public and other agency revenue funding, e.g. TfL, RSL, BID.



<ul style="list-style-type: none"> ▪ Public and other agency revenue funding, e.g. TfL, RSL, BID 	<p style="text-align: center;">action</p> <ul style="list-style-type: none"> ▪ Social enterprises ▪ Third sector member's funds, e.g. wildlife trusts ▪ Charitable trusts 	<ul style="list-style-type: none"> ▪ Carbon Offsetting – by which businesses, organisations and individuals seek (or in due course are likely to be obliged to) compensate for all or part of their unavoidable carbon emissions by investing in Green Grid projects that absorb an equivalent quantum of carbon dioxide
<p>Private Sector</p> <ul style="list-style-type: none"> ▪ On-site development costs controlled by planning conditions and governed by S106 agreements 	<p>The type of investment will most often be determined by the nature of the project, programme or development location. Only a local development tariff will offer the opportunity to secure a funding source that, although collected from specific qualifying development schemes, may be invested across a range of projects and programmes. All other sources of funds are likely to be tied to a specific project or programme opportunity and/or to a specific location.</p>	<p>In the case of Tax Increment Financing, the Green Grid will have to be part of a wider infrastructure initiative, the relative merits of which are likely to be assessed in relation to other, more costly, infrastructure types than the Green Grid. At present, UK law does not provide the means by which local authorities can introduce such a mechanism although the Government is currently inviting proposals for pilots.</p>
<ul style="list-style-type: none"> ▪ Financial contributions governed by S106 agreements (including commuted sums, contributions of land in lieu of payment and biodiversity/recreational land mitigation 'banking') and possible future development tariff (e.g. Tariff/Community Infrastructure Levy – especially suited to funding Strategic Projects) 	<p>There is also growing interest in the UK in innovative infrastructure investment models that may include Green Grid-type investment. These models include:</p>	<p>The two latter models (Habitat Banking and Carbon Offsetting) are currently being researched by DEFRA, Natural England and others and should be considered further in due course. Whilst the wider London region is likely to be a more appropriate scale for such initiatives to be effective and efficient, Tower Hamlets could be taken forward as a pilot area for London to test these ideas.</p>
<ul style="list-style-type: none"> ▪ Land management and improvement funds. ▪ Local business/organisation sponsorship and/or carbon offsetting. ▪ Endowments. ▪ Landfill tax credit scheme. ▪ Aggregates Levy. 	<ul style="list-style-type: none"> ▪ Tax Increment Financing – by which the costs of forward-funded infrastructure are recouped from net additional local business tax revenues retained in the local area. ▪ Habitat Banking – by which revenues from development schemes requiring off-site mitigation of habitat loss are collected and invested in specific habitat creation projects. 	<p>If the Community Infrastructure Levy mechanism is considered for use by the council then it may become an important future source of investment. In other council areas where this mechanism is being</p>
<p>Third Sector</p> <ul style="list-style-type: none"> ▪ Local community groups ▪ Voluntary contributions as part of community 		

tower hamlets



green grid



Tower Hamlets Green Grid

HIGH STREET 2012



developed, it is understood that it will be allocated to both strategic projects (say, 20% of funds collected, to be managed by the council) and to local projects (say, the remaining 80%, to be delegated to area committees – the Tower Hamlets Local Area Partnerships? - to invest in each part of their area).

In principle, it would therefore seem sensible for that part of the 20% fund allocated to the Green Grid to be invested in the Strategic Projects identified in this Strategy. The Local Area Partnerships may choose to 'top-up' this funding on a project in their area; it is expected that the majority of this funding for the Green Grid will be invested in a combination of Investment Programmes.

Business planning

It is proposed that the future governance body for the strategy prepares, approves and monitors the performance of a Business Plan as the main means by which investment is secured and implemented. The plan should:

- Have a one year duration, beginning 2010/11 and updated on an annual basis
- Propose which of the strategy's objectives and targets it intends to focus on contributing to

- Select and define the appropriate Investment Programmes, Strategic Projects and Area Frameworks it proposes to focus Green Grid investment on for that period and set out their expected outputs in relation to the strategy's objectives and targets
- Provide an estimate of capital and ongoing maintenance expenditure based on sketch scheme proposals and budget estimates
- Set out how the necessary investment will be secured to fund delivery
- Set out how the benefits of the selected Green Grid actions will be communicated to local stakeholders
- Be monitored by the Co-ordinator on behalf of the governance body on a quarterly basis.

The process of extending the scope of the strategy to cover the whole Green Grid has yet to be determined. However, it is recommended that this be done in time for new strategic initiatives to be considered for inclusion in the 2011/12 Business Plan. In doing so, it will be sensible to use the same surveying techniques, based on the PERS Audit method used to assess the pilot sections of the Green Grid.

Marketing

The strategy has been prepared to respond to analysis undertaken as part of the initial survey work that sought to identify those segments of the local population that had most to benefit from the Green Grid.

Given the strategy is mostly concerned with influencing the behaviour of people, the most sensible means of segmentation was to use lifestyles; more specifically, by the reasons for using open spaces and the routes that connect them.

The analysis showed that two specific segments – parents/carers with young children and older people – are likely to benefit most from the Green Grid, with the local residents more generally benefiting from its overall impact. The strategy therefore focuses on maximising its benefits to these groups as a priority before considering how those same interventions can be leveraged to benefit other groups. In which case, the marketing effort should ensure that it connects most effectively with these groups.

In communicating with these and all other groups, it must be accepted that the language and terminology common to the Strategy is not that accessible to those outside the immediate stakeholder community. If the



Strategy is to be successfully executed then its vision, objectives and actions have to be well understood, not just by those implementing projects but by the wider community.

The 'Green Grid' name is not currently in widespread or common usage but has strong potential. It is well established in local government in East London as an environmental initiative and describes well in two words what the concept is about. For those reasons alone the name should be retained.

The challenge then lies in developing the name into a distinctive brand that can be applied to all those activities that are part of the Green Grid by people and organisations outside of the council and its main partners.

In a traditional commercial context, a brand can be described as an implied promise that builds and maintains customer awareness and loyalty to a value proposition. In this context, the Strategy needs to portray in its name, identity, actions and ways of working, a clear purpose to a wide range of citizens and local organisations so that they want to engage with it and offer continued support over the years to come. This loyalty becomes more valuable when communities and stakeholders choose to favour the

Green Grid above others when resources, over which they have an influence, are limited. In addition, loyalty can only be built by high awareness and by the successful and sustained delivery of actions on the ground.

Another challenge facing the Strategy is the need to appeal to a multi-ethnic audience considerably wider than the normal, albeit significant, environmental 'niche'. Although the proposed focus of Green Grid action will be to enable and encourage two target population segments the Strategy has demonstrated the broader potential social and economic value of the Green Grid; this value will only realised if those engaged in planning social and economic change see this value too.

It is proposed that the Business Plan includes proposals for communicating the benefits of the selected Green Grid actions to local stakeholders. These are expected to include how users will be engaged in project design and how the council and its partners will build and maintain an awareness of the benefits of using the Green Grid.

More generally, the council should consider using opportunities to use the Green Grid brand identity with any of its initiatives aimed at promoting active

travel and using open spaces and should encourage other agencies to do the same. The council often promotes these types of initiatives in schools, leisure centres and through other public media. In these cases, it may be most effective to associate the Green Grid brand with these other initiatives rather than develop the Green Grid as another separate brand programme. In which case, the Green Grid brand may become a 'kite mark' for high quality local environments across the Borough.

Planning

The planning system will play an important role in promoting opportunities to invest in the Green Grid and in managing development to ensure that improvements and financial contributions are made. The promotion and management of development through the local planning system – the Tower Hamlets Local Development Framework (LDF) – will play this role in executing the Strategy in the following ways:

Policy

The LDF has established a clear policy hierarchy for the Green Grid in the Core Strategy and expects to cascade this policy framework into its other Development Plan



Documents, Supplementary Planning Documents and other planning policy statements and masterplans.

The Strategy will enable the planning authorities to be more prescriptive if they choose to be. It provides a clear and robust evidence base in terms of its Spatial Framework, the aims in its Area Frameworks and its choice of Strategic Projects and Investment Programmes, all of which have benefited from Stakeholder involvement in their evolution and choice.

Development Management

At this level, it will be crucial that the development management process, from pre-application meetings through to Reserved Matters and S106 Agreements, is able to fully take into account the aims of the Green Grid. Well-informed officers in the local planning authorities should be able to negotiate on-site provision and off-site contributions in line with this strategy from a strong position, making sure that these contributions are fair, reasonable and directly relate to development and balanced against other planning objectives.

They should benefit from the high level commitment of the council and the day-to-day support of the Green Grid Co-ordinator to understand how the Strategy

can be achieved through development management and how reasonable opportunities for Green Grid investment can be realised.

The Strategy has deliberately avoided being too precise in exactly how and where Green Grid investment may happen in order to provide both the local planning authorities and applicants sufficient flexibility to respond to opportunities as they arise. In particular, all Design & Access Statements of development proposals adjoining or reasonably close to the Green Grid should clearly explain this response and how protected, enhanced and new Green Grid assets will be maintained once enhanced or created.

Contributions including commuted sums should be sought from developers to secure provision of Green Grid asset consistent with adopted plans and standards. This should include provision for on-going maintenance.

Exceptionally, where there are over-riding considerations, variations to the planned provision of Green Grid asset may be permissible provided that it does not adversely affect the overall integrity or value of the Green Grid. In such instances, financial provision for off-site works and/or the funding of land acquisitions elsewhere may be sought.

Design Principles

Design guidance sets out a series of overarching high level design principles within which the design briefs for the individual initiatives, projects and programmes can be written in the subsequent business/implementation plan. The guidance relates to the design process, future management & maintenance, and delivery and can be embodied in the following principles:

- Central to design process is the realisation that the quality and management of neighbourhoods, streets and green spaces are directly related to civic pride, community and civic values or perceptions, and identity. Creating an inspirational vision that wins the support of local communities and decision makers is crucial in pulling together broad-based partnerships that deliver new schemes effectively and efficiently.
- The early engagement with key consultees, stakeholders and the community to develop and refine the vision and agree an overarching set of objectives for the streets and spaces should be central to the design process helping to build momentum towards regeneration, raising aspirations where necessary and reaching consensus on the priorities to deliver the vision;



- The design should maximise multi-functional benefits to ensure that the demands for different users are considered and incorporated;
- The design and specification for aftercare should promote co-ordination and continuity of design to ensure the vision for the project can be maintained. Appropriate long-term maintenance, governance and management arrangements and funding need to be secured to retain quality green infrastructure and ensure that the benefits are long lasting, the lifetime cost of the design should be considered to minimise future maintenance costs.

The designs for and promotion of green space and networks play a direct role in improving the lives, livelihoods and health of local people and communities and therefore the primacy of end users and the target audience and their preferences should be considered;

- Increase the effectiveness and accessibility of the existing greenspace network whilst creating an interlinked network of high quality, multi functional accessible spaces and waterways;
- Ensure that the improvements proposed are sustainable in the short and the longer term

Health Impact Assessment

The council believes that the Green Grid concept is intended to deliver widespread beneficial health impacts. The value of preparing a Health Impact Assessment (HIA) in this context is therefore limited. However, in formulating the strategy, consideration was given to which particular users in the general population stood to benefit the most, given their relatively higher dependence on walking routes and open spaces.

This analysis is summarised in the Marketing section above. It concluded that two specific groups will benefit the most from the Green Grid – parents and carers with young children and older people – and that the strategy should ensure that these two groups' needs are given greatest weight in the choice and design of specific actions. In practice, however, investments to improve streets and open spaces are very likely to benefit every user.

The analysis is the equivalent to the screening step in the initial stages of an HIA. On the basis that there are likely to be only positive health impacts arising from this strategy and that the means of achieving these impacts are obvious and reflected in the strategy, then no additional assessment of health impacts is required.



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Agenda Item 6.2

Committee: Cabinet	Date: 9 th February 2011	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Aman Dalvi Corporate Director Development and Renewal Originating officer(s) Jackie Odunoye Service Head Strategy, Regeneration and Sustainability		Title: Leasehold policy review Wards Affected: All		

Lead Member	Lead Member, Housing
Community Plan Theme	A Better Place to Live
Strategic Priority	Focusing on Residents – Tenant Involvement, Serving Leaseholders Well Delivering and Managing Decent Homes

1. **SUMMARY**

- 1.1. Members are asked to approve a new set of leasehold policies.
- 1.2. A comprehensive review of policies relating to leasehold services has been carried out. This report sets out the context within which the new policy has been written together with the new policy which is attached as appendices 1 to 4.
- 1.3. The revised policy ensures that LBTH leasehold policy complies with law and regulation, reflects the contents of the leases and improves the clarity and transparency of policy. The new policy promotes efficiency and effectiveness in service delivery.

2. **DECISIONS REQUIRED**

- 2.1. Cabinet is asked to approve the new Leasehold policies attached as appendices to this report.

3. REASONS FOR THE DECISIONS

- 3.1. In the first quarter of 2010 several issues relating to leaseholders arose which required an analysis of existing policy in order to derive decisions that were aligned with policy. This demonstrated that:
- many aspects of leasehold policy had not been updated for a considerable period of time
 - some aspects of policy relied on the interpretation of committee minutes over 10 years old
 - in some subject areas it was not possible to locate written policy
 - practice has not kept pace with case law and decisions from the Leasehold Valuation Tribunal
 - leaseholders have indicated in their dealings with the Council and THH that they do not feel they have been dealt with in a fair and transparent manner. Adoption of the policies will ensure all parties are aware of the way in which issues will be dealt with and this should improve the relationship and customer satisfaction.
- 3.2. For these reasons it was decided to undertake a comprehensive review of Leasehold policies. Under the terms of the Management Agreement with Tower Hamlets Homes (THH) LBTH retain the responsibility for authoring policy.
- 3.3. The new policy contained in the appendices have been approved by Legal Services as complying with legal and regulatory requirements.

4. ALTERNATIVE OPTIONS

- 4.1. Two key alternative options were considered in the course of the review. Firstly consideration was given to changing leases and/or transfer documents in order to deal with issues relating to ground floor leaseholders being charged for door entry systems and lifts when they are not directly served by the component. This was not practical as it would require leaseholders above ground floor to voluntarily take on extra cost and would also cause a cross subsidy as extra cost would also fall on tenants. The same was true where neighbouring freeholders have different transfer documents, one paying toward the upkeep of their estate, the other not paying.

4.2. Secondly consideration was given to waiving certain charges to ground floor leaseholders / certain freeholders. The act of waiving a charge operates as a variation to the lease and would require the agreement of all leaseholders, including those who would have to pay more. Also, again, this would operate as a cross subsidy and as such would go against the Cabinet decision in July 2010 that cross-subsidies must be eliminated.

5. **BODY OF REPORT: Background**

5.1. **Scope**

5.2. The policy review covers all the key areas of leasehold policy:

- Alterations
- Service Charge Calculation
- Major Works
- Sub-letting
- Postponements
- Insurance
- Leasebacks
- Prevention and collection of debt
- Administration Fees for additional service requests
- Freeholders

6. **Inputs**

6.1. The policy review took into account inputs from a number of sources which defined the key issues that were considered within the review:

- The views of members at LAB and MAB
- The views of relevant staff at THH and LBTH including operational and legal colleagues
- The draft recommendations of the Beevers and Struthers Audit

6.2. The majority of the issues raised by leaseholders and/or the Beevers and Struthers Audit are concerned with the efficiency, effectiveness or cost of the services they receive. These issues are largely outside the scope of the policy review. A robust service improvement framework is in place which ensures that THH's service improvement plans are appropriate in scale, agreed by LBTH and monitored by LBTH as they are implemented.

7. Value for Money and Efficiency

7.1. The policies create a framework where the focus on efficiency and effectiveness is very clear. Section 3. of the Service Charge Methodology Policy sets a clear policy context within which services will be planned, procured and delivered.

8. Issues that have shaped the policies

8.1. There are 3 key factors that have shaped the draft policies:

- The imperative that the policies comply with legal and regulatory requirements
- Changing the leases is not a practical proposition
- The Cabinet decision in July 2010 that there must be no cross subsidy (in either direction) between leaseholders and tenants

8.2. The combined effect of these 3 issues has been to ensure that policy strongly reflects the contents of the leases. This in turn means that for the most part the new policy restates the old policy. Only a small number of changes to policy are proposed.

9. Changes to policy

9.1. All leaseholders with an obligation to contribute towards a door entry or lift system will have the appropriate charges levied upon them. This brings policy in line with the contents of the leases.

9.2. The Discretionary Cap which restricts to £10k the major works costs recharged to qualifying leaseholders is withdrawn as it operates as a cross-subsidy.

9.3. Costs relating to fuel will be apportioned by Boiler points (this represents no change) or an alternative system if one can be found that does not involve

cross-subsidy. Costs relating to boiler maintenance will be apportioned by GRV.

- 9.4. If a leaseholder wants to exempt a component from replacement under the major works programme (e.g. they have replaced their own windows) the leaseholders component must be in good condition and have a future lifespan of at least half that of the new component proposed under the major works programme.
- 9.5. If a leaseholder succeeds in having a component exempted from major works they will not be billed costs relating to that component in their property but will be charged their share of the preliminaries, professional and management fees arising from the major works contract.
- 9.6. A tightening up of policy around sub-letting to ensure that lessees and their sub-tenants have a very clear understanding of their respective responsibilities when a property is sub-let.

10. Results of Leaseholder Consultation

- 10.1. All leaseholders were given the opportunity to comment on the new policies and almost 700 requested the papers.
- 10.2. The consultation timetable had been set up to allow this Cabinet report to contain a full summary of the comments received.
- 10.3. However it subsequently became clear that postal problems caused by the severe weather coupled with some internal administrative difficulties had impacted on the receipt and delivery of both the papers to leaseholders and the receipt of comments from leaseholders.
- 10.4. In order to ensure that we provided to leaseholders with a demonstrably reasonable period in which to make their comments we have extended the deadline.
- 10.5. The summary of comments received will be reported to the Cabinet meeting.

11. Taking into account the recommendations of the Beevers and Struthers Audit

- 11.1. It was vital to the policy review to take account of the findings of the Beevers and Struthers audit. The Beevers and Struthers Audit is still in draft form and hence not in the public domain. In conducting the Leasehold Policy Review we have taken full account of the 64 draft recommendations within the draft Beevers and Struthers report which were released to us.
- 11.2. We have also undertaken that when the final Beevers and Struthers report is published we will conduct an analysis of the published recommendations against the prevailing leasehold policy to determine if any further changes to policy are required.

12. Heating Charges

- 12.1. Our proposal is to continue with Boiler Points. This was particularly popular with the Leaseholders comprising THH's Leaseholder Service Improvement Group. Boiler points aim to reflect the extent of heating installations in the amount charged and therefore to create appropriate disparities between charges.
- 12.2. In addition we have created space within the draft policy for an alternative system of apportioning heating costs if a system can be developed that further improves the equity of the apportionment whilst not creating any cross-subsidy. THH are intending to work with the leaseholders on their Leasehold Service Improvement Group to attempt to develop such an alternative.

13. Other landlords with the same leases

- 13.1. There are a number of landlords who have taken stock transfers from LBTH and taken on leaseholders with the same leases as those which are the subject of this review. Members asked for information on how other landlords are interpreting the leases in relation to ground floor leaseholders and charging for lifts/door entry.
- 13.2. In the limited time available we have managed to gather the information in the table below:

East End Homes	Charge ground floor leaseholders for lifts and door entry where relevant Bill all costs allowable under the leases.
Poplar HARCA	Charge ground floor leaseholders for lifts and door entry where relevant Bill all costs allowable under the leases.
THCH	Do not charge original RTB Lessees Do charge all subsequent Lessees
Old Ford HA	Do not charge original RTB Lessees Do charge all subsequent Lessees

14. Ground floor leasehold numbers

- 14.1. There are 2264 leaseholders with ground floor properties.
- 14.2. The total value of costs not charged to these customers for lifts/door entry in 2010/11 is £36k. Although these costs are low it is important to note that any future replacement programmes will considerably increase this amount.
- 14.3. These costs were not passed on to any leaseholders. Therefore the costs fell back on the HRA and were effectively met by reducing reserves and the budget for services to tenants. This practice is not sustainable in the current financial climate and other sections in this report make it clear that the Council is open to challenge if it continues with this practice.
- 14.4. It is worth noting that of 2264 ground floor leaseholders:
- 648 are known to be sub-let
 - 1111 were purchased on the open market
 - 1153 are occupied by the original purchaser

15. Robust action with regard to sub-letting

- 15.1. Members raised the subject of the importance of robust action relating to sub-letting. We fully understand the importance of this issue. We are confident that the policy related to sub-letting gives THH sufficient powers to be able to robustly manage problems that arise when a property is sub-let.
- 15.2. Whether or not THH manage sub-letting problems robustly is a service delivery issue and as such is beyond the scope of the policy review. However the council's client team expects to see THH managing robustly in this area and will make spot checks to ensure that this is happening. We will also monitor complaints received by THH to see whether any complaints of poor performance in this area are received and substantiated.

16. Communicating the outcome to leaseholders

- 16.1. An explanation of the amended service charge calculation will be enclosed with estimated bills. In addition customer facing staff in Leasehold Services will be thoroughly briefed on the amended calculation in order to deal effectively with enquiries from leaseholders on receipt of their estimated bills.

17. Conclusion

- 17.1. Within the scope of the review we have endeavoured to create a set of policies which are as simple and transparent as possible and which create a policy framework which seeks to push forward the issues of service improvement, efficiency and effectiveness.
- 17.2. This policy review is not the vehicle which will deliver most benefit to leaseholders in terms of improving services or reducing costs. Service improvement, improved value for money and reduced costs are all being pursued by THH via a range of initiatives beyond the scope of this policy review. A number of leaseholders are actively engaged with THH on service improvement issues.
- 17.3. This policy review has clarified and brought to the fore that we can not consider changing the leases nor can we waive elements of charge (including, but not restricted to occasions when to do so gives rise to cross-subsidy). These 2 factors taken together define the boundaries within which the policy review has operated.

- 17.4. The policies that are proposed are aligned to the Cabinet decision in July 2010 that lease/freeholders must not subsidise tenants nor vice-versa.

18. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 18.1. Cabinet is asked to consider the outcome of the review of leaseholder service charges and agree the policies set out in appendices 1 to 4. The changes that are recommended impact only on the distribution mechanism for existing means of determining what leaseholders are charged for. In that regard they are cost and income neutral. However, any changes to the means for charging categories of leaseholders (i.e. what they are, or are not charged for) would have significant financial implications for other leaseholders and the Housing Revenue Account. Any reductions in service charges to a specific category of leaseholder would have to be offset both by increased service charges to other residents and a reduction in the level of service provided and paid for through tenant's rents.

19. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE(LEGAL SERVICES)

- 13.1 The legal rights and obligations of the Council and the leaseholders or freeholders are set out in the right to buy documentation. As leaseholders or freeholders purchase their properties they obtain independent legal advice on those rights and obligations, even where they are not the original purchasers. It would be very difficult and costly to change that documentation once a sale transaction has been completed as the documents create mutual obligations between all of the owners in the block or on the estate. Each party would need legal representation as would any mortgagee and the Council would be asked to recompense all parties for the legal fees increasing the cost of the project. Also if only one of the owners refused to sign the new documentation the change would fail and the Council could be left with abortive costs.
- 13.2 The Council is under an obligation to fulfil its legal obligations or it could face challenges through the courts or the Leasehold Valuation Tribunal. If the Council failed to collect sums due under the Lease from a particular leaseholder or category of leaseholders that shortfall would need to be met from another source. This would not be considered reasonable and would create a risk of challenge from those adversely affected
- 13.3 The proposed policies reflect the rights and obligations in the leases and transfer documents. They also seek to create a clear and transparent system

for the administration of the properties so leaseholders and freeholders can have confidence they have been treated correctly

20. ONE TOWER HAMLETS CONSIDERATIONS

- 20.1. The proposed policies ensure that the relationship with leaseholders is rooted in the content of their leases. There will be issues of vulnerability for individual leaseholders. The policy directs LBTH/THH to be supportive of vulnerable residents. Broader policies such as Customer Access create a clear framework within which vulnerable customers will be supported to enable appropriate interactions in their relationship with LBTH/THH.
- 20.2. An Equality Impact Assessment – Test of Relevance Screening has been conducted and its findings approved by the Equalities team.
- 20.3. The EQIA ToR concluded that the potential impact of the new policy was low and as such a full EQIA was not required.
- 20.4. In summary the EQIA ToR found that the legislative and regulatory environment meant that there was little discretion available to address potential negative impacts by changing the policy. However the mechanisms, support and sign-posting available to leaseholders addresses potential impacts where possible.
- 20.5. An action plan has been drawn up to address 5 areas of weakness identified.

21. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 21.1. There are no direct SAGE implications for these policies.

22. RISK MANAGEMENT IMPLICATIONS

- 22.1. The major risk that arises is that the policies could be subject to successful challenge at the Leasehold Valuation Tribunal. This risk applies to both the existing policy framework and the proposed new policy framework. In terms of the new policy we have managed this risk in three ways:
 - The project has had close involvement from senior colleagues in LBTH and THH with relevant expertise in strategic and service delivery issues relating to leasehold services.
 - The policies have been influenced by best practice amongst a range of 2 and 3* housing providers.

- Legal advice has been taken and this shows that the draft policies represent a strong and defensible position.

23. CRIME AND DISORDER REDUCTION IMPLICATIONS

23.1. There are no implications relating to crime and disorder arising from this report.

24. EFFICIENCY STATEMENT

24.1. Efficiency is of key importance to leasehold customers as they pay the full cost of providing the leasehold service. These policies aim to promote efficiency by creating a single, clear and transparent service charge calculation.

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “back ground papers”	Name and telephone number of holder and address where open to inspection.
None	F Jon Slade ext 2141

18. APPENDICES

- Appendix 1 – Alterations Draft Leasehold Policy V0.8
- Appendix 2 – Major Works Draft Leasehold Policy V0.10
- Appendix 3 – Methodology Draft Leasehold Policy V0.8
- Appendix 4 – Various Draft Leasehold Policy V0.7

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Leasehold Policy		Policy Section: Alterations	
Responsible Officer: Jackie Odunoye		Status: Draft	Version Number: 0.8
Approvals:			
DMT	22 nd November 2010		
CMT	30 th November 2010		
Cabinet	(date)		
Date for next review	(date)		
Abbreviations used in the policy			
LBTH	London Borough of Tower Hamlets		
THH	Tower Hamlets Homes		
GRV	Gross Rateable Value		

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Introduction to the policy

The purpose of this Policy is to set out a consistent approach by LBTH /THH when leaseholders and freeholders want to make alterations to their properties, and also when they have made alterations without first gaining permission from LBTH.

The main purpose of this policy is to set out how LBTH/THH will make sure that owners act within the terms and conditions of the agreements they (or the original purchasers) entered into when the properties were sold. These documents will be the lease agreement for leaseholders and the transfer document for freeholders.

Background to the Policy

This policy applies both to leaseholders on long lease agreements and some freeholders. Throughout the document the term Owner is used to cover all leaseholders and freeholders.

When a property is sold an agreement or contract is agreed between the seller and the buyer which amongst other things sets out the location, extent and boundaries of the property. For leasehold properties this will be recorded in the Lease which clearly defines the access areas of the block and estate within which the property is located, and show the demised areas of the property. They also clearly indicate the obligations of the landlord and of the leaseholder, and set out what restrictions may exist for the leaseholder and the demised premises.

In the case of freehold properties sold by the Council this will be the transfer document which may contain covenants requiring the freeholder to obtain permission from the owner of the estate before alterations or additions can be made.

Reference is also made within this policy to Gross Rateable Value and Mapsites. These are the usual mechanisms by which service charges are apportioned to individual properties. An explanation is available through the Leaseholder Handbook or from THH Leasehold Services, or direct from the THH website.

Legislative references

- The lease agreement or transfer documents for each property concerned
- Law of Property Act 1925
- Housing Act 1980
- Housing Act 1985
- Landlord and Tenant Act 1985 as amended by the Landlord & Tenant Act 1987
- Landlord & Tenant Act 1987
- Consumer Protection Act 1987
- Property Misdescriptions Act 1991
- Leasehold Reform, Housing and Urban Development Act 1993
- Housing Act 1996
- Arbitration Act 1996

- Commonhold and Leasehold Reform Act 2002
- Housing Act 2004

Policy Statement

1 Policy Context

- 1.1 LBTH recognises that it manages blocks and estates that contain a mixture of tenants, leaseholders and freeholders. Residents of any tenure may wish to alter and improve their properties and LBTH recognise the important contribution that such alterations can make to the quality of life of residents. The broad approach adopted by LBTH and THH is that alterations will be permitted (subject to all necessary consents) unless there is good reason to turn down a request. Examples of good reasons to decline a request include (but are not limited to) unacceptably adverse effects on the building or other residents.

2 The need for landlord's/estate owner's permission to carry out alterations

- 2.1 Certain alterations are allowed within the lease agreement and can be carried out without the landlord's permission. However, for many alterations the leaseholder needs to obtain the landlord's permission. In the case of all residential properties owned by LBTH, landlord's permission should always be sought from THH. THH will administer all requests for permission for alterations. When a request is ready for approval THH will pass all relevant information to LBTH who will make the final decision on the request. For freehold properties permission may be required from the estate owner under the covenants.
- 2.2 Some alterations will need one or more types of approval or certification. Examples of approvals and or certification include (but are not limited to):
- planning permission
 - building control approvals
 - gas safety certification
 - electrical safety certification

- 2.3 If they are available copies of these permissions should be submitted when requesting landlord's/estate owner's permission. Proof of all necessary permissions will be required before Landlord/Estate Owner Consent can be granted.
- 2.4 It is important to note that this permission is separate from and in addition to any other permissions that are required. The presence of all other necessary permissions does not constitute Landlord's/Estate Owner's Permission which must be sought in addition to all other permissions.
- 2.5 Some guidance can be gained from the Leaseholder Handbook but this is not definitive, and Owners are asked to contact the THH for guidance. The responsibility to make sure that all necessary permissions are obtained lies with the Owner.
- 2.6 Owners are advised to check their lease or transfer agreement prior to starting any works or alterations in order to avoid any breach of their lease or transfer agreement. In each case they are advised to check with THH before they start any work.
- 2.7 Some alterations are not allowed if they could cause danger to the properties or structures involved.
- 2.8 Owners shall request permission in writing stating:
- details of the planned alterations
 - including any plans and technical product details
 - information on planned start date
 - who will carry out the work
- 2.9 The timescales for dealing with each stage of the process are set out in THH Procedures. Depending on the type and extent of the planned alterations THH surveyors may need to inspect the property in question.
- 2.10 If a visit is not required, a response explaining this will be provided explaining the terms on which final consent can be granted which may include the payment of fees.
- 2.11 When THH receives from the Owner a letter accepting the terms, THH will ask LBTH to give their formal permission and when they have received LBTH's formal permission THH will issue a formal letter granting consent. If a formal licence/supplemental lease is required, LBTH/THH will instruct solicitors to prepare it.
- 2.12 For leasehold properties if the alterations include an extension to the demised premises (the area of the building that is given over to the leaseholder), Corporate Property Services will also be involved. Corporate Property Services will write to the leaseholder (copying THH staff) regarding valuation of the property, Council fees payable and inspections required. It is

likely that THH surveyor will still be required to inspect and therefore joint inspections will be co-ordinated wherever possible. Depending on the proposed development this may also be the case for freehold properties where estate consent is required.

- 2.13 All applications to extend the demise of the premises which have been agreed will need a supplemental lease drawn up by LBTH/THH's solicitors for the works to proceed. If there is an increase in the GRV/floor area, this will increase the service charge to that property. The effect of changes to floor area on service charge calculations will be governed by a calculation within THH Procedures. It will also involve the payment of a premium. These will be recorded in the supplemental lease.
- 2.14 Leasehold alterations, which involve the subdivision of rooms/creation of new rooms, will need permission. Where a leaseholder wishes to combine two or more rooms resulting in a reduced room count, there will normally be no reduction in the service charge as the floor space will not be reduced, otherwise other leaseholders would have to pay for the shortfall. In this circumstance, a provision will be included in the licence stating it is a condition of the landlord granting consent that the GRV remains the same despite alterations. If the subdivision results in an independent separate unit being created then a premium may be payable.
- 2.15 There may be technical reasons that restrict the ability to extend property's demise, for example: communal services sited within a loft space, such as water cisterns, lift machinery or gas/electrical services. There may also be safety requirements where proposals affect primary or secondary means of escape, or maintenance issues, which limit the landlord's ability to carry out essential repairs and maintenance. LBTH /THH reserves the right to refuse permission on these grounds and/or impose restrictions on proposed schemes where essential landlord access will need to be maintained
- 2.16 Before final Landlord's Consent can be given all permissions and conditions must have been complied with, all the fees relating to the request must have been paid and the leaseholder's service charge account must be clear.

3 Fees payable

- 3.1 The Policy on fees is set out in Section 2.7 of the Various Policy statement.
- 3.2 A fee will be charged to cover the cost of administering each request for an alteration.
- 3.3 Depending on the type and extent of the alteration the teams involved may include (but are not limited to):
- THH Leasehold Services
 - THH Surveyors

- LBTH/THH Legal
- Corporate Property Services
- Specialist engineers

3.4 An estimate of the fees will be included within the initial letter sent out to the Owner.

3.5 Where an alteration involves extending the demise, Corporate Property Services will also require a fee to carry out a valuation. Where additional hours are required, the Valuer will notify the leaseholder of the extra fee. In cases where a licence and/or a supplemental lease are required, the Council's solicitor will charge fees for their preparation.

3.6 Where the alteration involves changing the layout of a property and the lease allows for a premium to be charged, a LBTH/THH Officer will forward plans to Corporate Property Services to assess if the works attract a premium. A premium is a sum of money, which represents the addition to the value of the premises created as a result of the consent to alterations or extension of the demise.

3.7 Premiums would normally only be applied if the demise of the premises is extended or an independent separate unit is created. Corporate Property Services will advise the leaseholder if this is the case and will make arrangements to inspect the property and notify what the premium will be. Where there is an extension to the demise, a premium will always be charged.

4 Unauthorised alterations

4.1 There are two circumstances where unauthorised alterations may occur:

- Where an Owner (or a previous Owner) has carried out alterations without the consent of the landlord/estate owner, and is now seeking retrospective permission for works that have been completed
- Where THH becomes aware an Owner has started alterations without formal permission being granted

4.2 Carrying out alterations/additions without obtaining landlord's or estate owner's consent can affect a sale of the property, so it is important that you obtain consent before you carry out the work. The broad approach adopted by LBTH and THH is that retrospective permission for unauthorised alterations will be granted (subject to all necessary consents) unless there is good reason to turn down a request for example if it adversely affects a neighbouring property. However if there is such a reason the consent may be refused and

you may be required to put the property back into the condition it was in prior to the Unauthorised Alterations/additions.

- 4.3 LBTH/THH take the safety of all residents very seriously. Therefore LBTH/THH will work to ensure that issues of Unauthorised Alterations are resolved as quickly as possible. LBTH/THH will work closely with Owners to bring issues of Unauthorised Alterations to a satisfactory conclusion. The prolonged existence of Unauthorised Alterations will not be tolerated and any necessary costs or charges will be claimed from the Owner, together with any arrears incurred in this process or already accrued.
- 4.4 The THH surveyor will carry out an inspection to ascertain what works have been carried out so far, and to advise the Owner what will be required in order for the works to progress. Where the alterations involve an extension of the demise, Corporate Property Services will also be notified.
- 4.5 THH Leasehold Services will monitor the application's progress and the outcome.
- 4.6 With retrospective permission as with permission requested in advance it remains the responsibility of the Owner to ensure that all necessary permissions and certificates are obtained.
- 4.7 Subject to all the conditions being met and the fees paid retrospective consent may be granted.
- 4.8 In the event of the Owner failing to cease work, or failing to meet the necessary requirements proposed by technical staff or Corporate Property Services, THH Leasehold Services will instruct their solicitors to commence legal action to seek an injunction to stop the work and have it made good.
- 4.9 Where an Owner does not comply with these requirements, for example, does not provide plans/diagrams or obtain planning permission; or has carried out work for which the LBTH/THH will not grant permission, and the leaseholder is resisting reinstatement; then legal action will commence towards forfeiture proceedings, through service of a S146 notice. For freeholders this will be by means of county court proceedings for breach of covenants.
- 4.10 Subject to these requirements being met, formal consent may be granted depending on the type of alterations in question.
- 4.11 Details and examples of which works may be allowed without landlord's permission, and which ones may need inspection or attract costs and fees, are provided in the THH Leaseholder Handbook. They are also available from the THH website and from LBTH/THH Leasehold Services.
- 4.12 Before final Landlord's Consent can be given all necessary permissions and conditions must have been with complied with, all the fees relating to the request must have been paid and

the leaseholder's service charge account must be clear.

5 Changes in property sizes

5.1 There are a variety of ways in which this may happen including, but not limited to:

- Combining 2 neighbouring smaller properties into 1 larger property (known as a Knockthrough)
- Dividing one or more units into a larger number of smaller units. For example converting 1 x 5 bed maisonette into 2 x 3 bed flats

5.2 These requests will all fall within the definition of an alteration and so will be covered by all of the information set out in the preceding sections within the policy.

5.3 As with other improvements LBTH/THH will be minded to approve requests unless there are very clear and strong reasons to refuse. Alterations of this kind will often involve more major structural work so the amount of planning, the amount of work and the costs involved in securing all the necessary approvals will typically be higher. All of these costs will be borne by the Owner making the application.

5.4 Changes in configuration and/or size will often result in the need for a licence and/or an additional lease which will incur a fee for their preparation and may incur a premium for their issue (the leaseholder may have to pay to purchase the extra space).

5.5 If the outcome of an alteration is an increase in floor area this may result in an increase in the Gross Rateable Value for the property and hence an increase in service charge.

5.6 If an alteration results in a reduction in floor area there will be no decrease in the GRV and this will be formally acknowledged in any licence/lease issued. This is because any decrease in service charge collected would cause a corresponding increase for other tenants and leaseholders and it is not fair to expect other customers to subsidise an alteration made by one customer.

Leasehold Policy		Policy Section: Major Works	
Responsible Officer: Jackie Odunoye		Status: Draft	Version Number: 0.10
Approvals:			
DMT	22nd November 2010		
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Abbreviations used in the policy			
LBTH	London Borough of Tower Hamlets		
THH	Tower Hamlets Homes		
GRV	Gross Rateable Value		

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Introduction to the policy

The purpose of this Policy is to set out the basis by which Leaseholders will be consulted about and charged for Major Works.

The divide between the content in this Policy and the Procedures that sit beneath it has been shaped by the following definitions:

Policies are principles, rules and guidelines formulated or adopted by an organisation to reach its long-term goals. Policies are designed to influence and determine all major decisions and actions and all activities take place within the boundaries set by them.

Procedures: are the specific methods employed to express policies in action in the day-to-day operations of the organisation.

Background to the Policy

This policy applies to leaseholders on long lease agreements with properties within LBTH/THH estates on whom service charges are levied.

Legislative references

- Law of Property Act 1925
- Housing Act 1980
- Housing Act 1985
- Landlord and Tenant Act 1985 as amended by the Landlord & Tenant Act 1987
- Landlord & Tenant Act 1987
- Consumer Protection Act 1987
- Property Misdescriptions Act 1991
- Leasehold Reform, Housing and Urban Development Act 1993
- Housing Act 1996
- Arbitration Act 1996
- Commonhold and Leasehold Reform Act 2002
- Housing Act 2004

Policy

1. Policy Context

- 1.1. LBTH recognises that it manages blocks and estates that contain a mixture of tenants, leaseholders and freeholders. LBTH also recognises the need to seek an appropriate balance between the needs of tenants, leaseholders and freeholders.
- 1.2. The most significant factors shaping the way that service charges, including those relating to Major Works, are calculated are:
 - The terms of the leases and deeds that describe the terms of the agreement made by each leaseholder at the time of their original purchase from LBTH.
 - The legislative framework: the calculation needs to operate in a way which is legal.
 - Good practice: the calculation needs to operate in a way that reflects good practice within the housing sector.
 - A strong priority has been given to creating a simple and transparent policy.
- 1.3. LBTH and THH are strongly committed to working continuously to improve the quality and value of the services it delivers to all customers. LBTH/THH will achieve this through:
 - Making sure our services reflect good practice
 - Minimising administration
 - Making services and costs as transparent as possible and seeking to reduce costs whenever possible

- Running the service in such a way that LBTH/THH employ, train and keep good staff

2. Equality and Diversity

- 2.1. LBTH/THH recognise that they operate in a community within which there is wide social diversity, and are committed to providing equal opportunities and valuing diversity.
- 2.2. In the delivery of the Leasehold Management service, we aim to treat all customers fairly, and with respect and professionalism regardless of their gender, race, age, disability, religion, sexual orientation, gender identification and marital status.
- 2.3. To enable all residents to have clear information and equal access to the Leasehold Management Service, LBTH/THH publishes clear information in a range of appropriate languages and formats and through a range of media. Feedback is also accepted through a variety of different routes to reflect individual customer's preferences or needs.
- 2.4. To help demonstrate that our approach to managing Leaseholders is fully in keeping with our equality and diversity, we will collect equalities information on leaseholders who have accessed different elements of this service. This will feed into our consultation, monitoring and review processes.
- 2.5. Full details of our approach are set out in LBTH's and THH's respective Equality and Diversity Strategies.

3. Policy Statement: Major Works

- 3.1. The Landlord will aim to limit the proportion of the costs of Major Works, which passes on to Leaseholders wherever possible, and as required by legislation.
- 3.2. The Landlord aims to recover from Leaseholders all monies due from them towards costs of major works in accordance with lease terms and legislation.
- 3.3. The subject of Major Works divides into 3 distinct sections each dealt with separately below:
 - Planning, consulting and letting a contract for the works
 - Carrying out the works
 - Charging and paying for the works

4. Planning, consulting and letting a contract for the works

4.1. Definition of 'Major Works'

- 4.1.1. The annual service charge includes day-to-day repairs and routine maintenance and repair work to buildings and estates (for example, unblocking drains, replacing broken roof tiles or

repairing the main entrance door). These are examples of the types of problem which LBTH/THH cannot plan for, and which LBTH/THH need to put right as and when they happen.

- 4.1.2. LBTH/THH carry out other large-scale work on a planned or ongoing basis, such as repairing and decorating the outside of buildings, replacing a lift, and repairing or replacing windows. These are examples of 'major works'.

4.2. **Legal definition of when LBTH/THH must consult residents**

- 4.2.1. LBTH/THH will at all times seek to meet its' legal obligations to consult and will seek to consult with leaseholders in an open, simple and transparent way. This can sometimes be made more difficult by the legal and/or technical nature of the subjects that need to be communicated.
- 4.2.2. The leaseholder's share of the cost of major works is still a service charge. However, if the cost is over a certain amount, LBTH has to carry out a consultation to be able to charge the leaseholder for the cost of the works. So, LBTH carry out a consultation based on the cost of the works rather than on the type of the works. The procedure is known as a 'Section 20 consultation'.
- 4.2.3. LBTH/THH will carry out statutory consultations with leaseholders under Section 20 of the Landlord and Tenant Act 1985 (as amended) for all repairs and maintenance expenditure over the statutory levels of £250 for any one leaseholder for works of maintenance, repair or improvements, or £100 for any one leaseholder for works carried out under a qualifying long term agreement.

4.3. **Leaseholders who have already replaced a component that is due to be part of a Major Works programme**

- 4.3.1. Sometimes a Leaseholder will have replaced a component that is due for replacement under a Major Works programme, for example their windows. Where this is the case the relevant component will not be replaced providing that:
 - All appropriate permissions have been obtained for the work (including Planning Permission where required)
 - The leaseholder's component is in good condition. Good condition means that the component has a remaining future life (assessed by a competent surveyor) no less than 2/3 of the future life of the component that LBTH/THH will install.
- 4.3.2. If the leaseholder's component meets all the criteria set out above then the component will be excluded from the programme.
- 4.3.3. Leaseholders wishing to claim exemption for a component should tell LBTH/THH in writing that they wish to claim an exemption as soon as they become aware of works being planned to their block. The latest point at which a leaseholder may claim an exemption is 6 months in advance of the planned start date for improvement works or within 14 days of the date on

which LBTH write to residents advising of the start date of the planned major works if this date is less than 6 months in advance of the planned start date for the major works contract. Exemption can only be granted if all work to replace the leaseholder component is or will be complete prior to the start of the major works contract on-site. Under no circumstances may a leaseholder (or their contractor) have any access to scaffolding put in place for the major works contract.

- 4.3.4. When a Leaseholder is successful in obtaining an exemption for one or more components this will change the amount they are charged for the Major Works. The lease holder will not be charged for parts or installation costs relating to the component that has been exempted. All other costs payable relating to Major Works payable under the lease will still be payable. Typically this may include (but is not limited to) preliminaries, professional fees and the costs of work to communal windows and common parts of the block. All leaseholders remain responsible for these costs for two reasons. Firstly, it complies with the terms of the lease. Secondly, if certain leaseholders were exempted from these costs then this would increase the share of the costs to be borne by other residents, tenants and leaseholders. This would not be fair.

4.4. **Consulting leaseholders about Major Works**

- 4.4.1. The subject matter, content and timings of the consultation process are all set out in THH Procedures.

4.4.2. LBTH/THH will

- provide information and advice on large repair and improvement schemes to all residents, tenants and leaseholders, and ensure that all residents are involved in the planning, scope and delivery of schemes
- carry out statutory consultation on all Qualifying Long Term Agreements for contracts and services provided by Tower Hamlets Homes, and ensure that all such services are fully compliant with the legislation.
- ensure that income to LBTH/THH is maximised through the proper application of statutory consultation, effective invoicing and payment options suitable to individuals' needs.
- address the hardship caused to leaseholders by large repair and major works bills, and apply the relevant statutory and non-statutory remedies.
- ensure that major works provide Value for Money by ensuring that decisions on procurement and specifications for works are made transparently and that information regarding price and quality are made available to leaseholders as part of the consultation process.

- address the diverse community served by Tower Hamlets Homes and ensure that the consultation procedure and arrangements do not directly or indirectly discriminate against any service user on the grounds of age, disability, ethnicity, gender, religion/belief, sexual orientation or transgender.
 - ensure that the consultation policy and procedures provide high levels of resident satisfaction and are constantly reviewed in the light of legislative change and good practice
 - carry out leaseholder consultation on major works schemes including preparation of statutory letters and responses to leaseholders' observation
 - offer public meetings and drop in sessions, and inspections of completed works by block representatives or other involved leaseholders in all cases where these are the expressed wishes of residents.
 - include tenants in consultation on large schemes and address tenants' queries at the same public meetings and drop in sessions as for leaseholders
 - ensure Leaseholders are involved in contractor procurement through proper consultation under the legislation and also through leaseholder representation on procurement and shortlisting panels, and through discussion of procurement and shortlisting at the Leaseholder Forum and focus groups (subject to the restrictions of the relevant European Union and UK procurement law and regulations)
 - will give presentations on works planned in the Capital Programme at public events such as repairs days, Estate Action weekends, Residents Fairs and other periodic public events
- 4.4.3. All correspondence will be answered within statutory timescales and also in accordance with the provisions of the Tower Hamlets Homes Customer Promise which states that residents' letters will receive an acknowledgement within three days of receipt and a full response within 10 days.
- 4.5. **More information on major works**
- 4.6. LBTH/THH will produce, and keep up to date, publications designed to help Leaseholders understand how Major Works will be planned, delivered, charged and paid for.
- 5. Carrying out Major Works**
- 5.1. **Managing the works on-site and ensuring quality**
- 5.1.1. LBTH/THH are determined to deliver
- good quality workmanship and minimised disruption

- excellent opportunities for residents to be involved with the major works being done to their block
- high levels of resident satisfaction
- good value for money

and have put a number of arrangements in place to make sure that we achieve the right outcomes.

5.1.2. The detailed description of how contracts will be planned and delivered can be found in THH Procedures.

6. Charging and paying for Major Works

6.1. How LBTH/THH calculate major works charges

6.1.1. Invoice issued at start of works on-site

6.1.1.1. Following the terms of the lease LBTH/THH will issue an invoice to each relevant leaseholder for their share of the estimated cost of the works based on the amount in the Section 20 Notice that will have been issued previously. This invoice will be issued when works have started on-site.

6.2. How each individual invoice will be calculated

6.2.1.1. **Preliminaries:** Preliminaries are fixed overheads arising from contracts e.g scaffolding and site buildings. Preliminaries are charged as a £value within the total cost of the works.

6.2.1.2. **Additional professional and technical fees charged on major works contracts:** When a major works contract is delivered the costs of professional and technical input to the delivery of the contract are charged in addition to the main contract cost. Examples of these fees are:

- Professional Fee
- Clerk of Works fee
- Planning Supervisor

6.2.1.3. Within the relevant procedure LBTH/THH will use a method of calculating the Major Works fee that is transparent and fair.

6.2.1.4. **Administration Fee:** This fee recovers the administrative costs incurred in delivering a major Works contract. Within the relevant procedure LBTH/THH will use a method of calculating the Major Works fee that is transparent and fair.

6.2.1.5. **Generally costs are pooled:** Unless specifically stated otherwise all costs will be pooled at block level. The way in which leaseholders will be charged if they have a component within the Major Works programme that is exempted from the programme is described at 4.2.4

above. Where it is fairer to do so certain costs will be allocated against the specific property where the costs were incurred. Examples of costs that are not pooled and are therefore charged using actual costs incurred per property as the base price (before on-costs) are:

- Electricity reconnection costs
- Heating system replacement
- Window replacement costs for windows in individual properties
- The specific list of the items that will be billed at the level of individual properties can be found in THH Procedures.

6.2.2. The government sets a ‘cap’ on certain leaseholder costs and LBTH will always keep to these capped maximum amounts whenever necessary.

6.2.3. Where costs are pooled each leaseholder’s share of the total costs will be worked out using the Gross Rateable Value (GRV) of each home as a proportion of the total GRV for all the homes in the block.

Example:

GV of 1 home		GV of all homes in the block		Total Value of Works		Share of total costs of works payable by this leaseholder
£350	÷	£17,500	×	£200,000	=	£4,000

6.3. Five year Right to Buy protection period

6.3.1.1. When a property is sold under the Right to Buy Scheme the purchaser will be sent a Section 125 Offer Notice. On this Notice will be listed some ‘itemised repairs and improvements works.’ During the first 5 years after purchase LBTH/THH can only charge for items of major works listed on the Section 125 Notice and can only charge up to the amount specified on the Section 125 Notice (with an allowance for inflation).

6.4. Paying for major works

6.4.1. **Getting advice about payments and debt:** LBTH/THH will provide a wide range of general debt and welfare advice both themselves and through a network of partnerships. LBTH/THH are committed to giving all their customers, including leaseholders, convenient access to good quality debt and welfare advice.

6.4.2. **Payment methods:** LBTH/THH will provide a range of convenient ways that customers can make payments online, over the phone, by post and in person.

6.4.3. **When is payment due?** The terms of LBTH leases require that all Service Charges, including those for Major Works, must be paid for within 14 days of receipt of the estimated invoice. However LBTH/THH recognise that this could cause difficulties for many leaseholders.

6.4.4. LBTH/THH have developed a number of ways to help leaseholders pay their share of the cost of their service charges. In order to avoid LBTH commencing work to collect the debt leaseholders need to make a payment agreement within 12 weeks of receiving an estimated bill and keep up the payments promised in the payment agreement.

6.5. **Reconciling the final cost**

6.5.1.1. When the final cost of the contract is known it will be divided as described above between all the relevant tenants and leaseholders. Adjustments will be made to leaseholder accounts to reflect any difference between the final actual cost and the estimated cost.

6.6. **Different ways to make and spread payments**

6.6.1. **One off payment:** Leaseholders can pay their estimated bill in full. The bill will be adjusted if needed when the Final Invoice is produced.

6.6.2. **Interest Free Monthly Payments:** Leaseholders may pay by monthly instalments without having to pay interest or administration charges:

- If the bill is £1000 or less: 12 monthly instalments
- If the bill is more than £1000: 24 monthly instalments

6.6.3. **Extended Payment Options / Help for Leaseholders having difficulties paying for major works**

6.6.3.1. Details of both these items can be found in the sections that follow. Both sets of options are only available to leaseholders who reside in the leasehold property. Both sets of options may be offered to non-resident leaseholders in exceptional circumstances. The offer of any of these options to a non-resident leaseholder is entirely at the discretion of LBTH/THH.

6.6.3.2. **Extended Payment Options:** LBTH/THH will offer Leaseholders the opportunity to extend the monthly repayment option from 12 to 24 months in cases of financial hardship. In exceptional cases the 24 months may be extended to 36 months. LBTH/THH has discretion whether to allow either of these options. For both options interest will be charged at a local rate based on the amount of the original bill.

6.6.3.3. **Help for Leaseholders having difficulties paying for major works:** LBTH/THH recognise that some leaseholders will have difficulty paying for major works due to the size of the bill and their financial position. LBTH/THH have in place a range of options to help leaseholders in this position.

6.6.3.4. **Service Charge Loan:** the Housing (Service Charge Loan) Regulations 1992 tell LBTH that we are obliged to offer a service charge loan to help people pay large bills. There are specific criteria that must apply for leaseholders to qualify. The period is fixed depending on the amount borrowed. The interest rate is set out in the rules and is likely to be higher than the leaseholder could obtain from a bank or building society.

6.6.3.5. **Voluntary Charge:** leaseholders who do not qualify for any other kind of assistance may qualify to have a voluntary charge put on their property, registered at the Land Registry which secures the debt against the value of the property. The debt must be paid in full if the property is sold. If the eligible leaseholder dies then the remaining leaseholders, assignees or inheritors will be liable to pay the charge. LBTH has discretion on whether to approve a request for a Voluntary Charge.

6.6.3.6. **House Proud Scheme:** Provides help for home-owners in financial hardship if they are over 60 or disabled and meet other qualifying criteria.

In relation to Major Works examples include but are not limited to:

- preparing notices for major works
- issuing estimated costs of major works
- supplying information to leaseholders on loan and payment methods
- collecting payment for major works
- meeting with residents about Major Works

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Leasehold Policy		Policy Section:	
		Service Charge Methodology	
Responsible Officer:		Status:	Version Number:
Jackie Odunoye		Draft	0.8
Approvals:			
DMT	22nd November 2010		
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Abbreviations used in the policy			
LBTH	London Borough of Tower Hamlets		
THH	Tower Hamlets Homes		
GRV	Gross Rateable Value		

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Introduction to the policy

The purpose of this Policy is to set out the basis by which service charge bills to leaseholders and freeholders will be calculated.

Background to the Policy

This policy applies both to leaseholders on long lease agreements and freeholders with properties within LBTH/THH estates on whom service charges are levied. Throughout the document the term leaseholder is used to cover all leaseholders and freeholders.

Legislative references

- Law of Property Act 1925
- Housing Act 1980
- Housing Act 1985
- Landlord and Tenant Act 1985 as amended by the Landlord & Tenant Act 1987
- Landlord & Tenant Act 1987
- Consumer Protection Act 1987
- Property Misdescriptions Act 1991
- Leasehold Reform, Housing and Urban Development Act 1993
- Housing Act 1996
- Arbitration Act 1996
- Commonhold and Leasehold Reform Act 2002
- Housing Act 2004

Policy

1. Policy Context

1.1. LBTH recognises that it manages blocks and estates that contain a mixture of tenants, leaseholders and freeholders. LBTH also recognises the need to strike an appropriate balance between the needs of tenants, leaseholders and freeholders.

1.2. The most significant factors shaping the way that service charges are calculated are:

- The terms of the leases and deeds that describe the terms of the agreement made by each leaseholder at the time of their original purchase from LBTH.
- The legislative framework: the calculation needs to operate in a way which is legal.
- Good practice: the calculation needs to operate in a way that reflects good practice within the housing sector.

- A strong priority has been given to creating a simple and transparent methodology.

2. Two types of lease

- 2.1. LBTH has approximately 9,000 leases in existence. Due to the origins of the estates there are two forms of lease:- a GLC lease and a LBTH lease. The Lease sets out each leaseholder's separate contractual relationship with the council. The terms of that relationship are governed by the terms of the lease.
- 2.2. It is in the interests of all parties that the services delivered to residents on LBTH estates are of high quality and represent good value. One way in which costs can be reduced is by minimising the amount and the complexity of the administration required. To help to minimise cost and to help simplify and improve service delivery we apply one service charge calculation methodology to all the leases.
- 2.3. If we were to run 2 separate calculation methodologies then the amount of work to administer the calculations would more than double because there would be work to administer each calculation plus work to assemble to the results of both calculations into an overall budget.
- 2.4. Using one calculation also simplifies the task for staff who only need to know one method. This creates opportunities for improved focus on service delivery.
- 2.5. Due to the wording of the leases, legally it is permissible to have one methodology across both types of lease
- 2.6. LBTH/THH will prepare timely and accurate information about the cost of services for which service charges are due. It will make available to Leaseholders a copy of the audited annual accounts for management services within six months of the end of the accounting period. Leaseholders will be provided with an estimate of the following year's charges once a budget for that year's expenditure has been agreed, in accordance with the requirements of Leaseholder's lease and in accordance with this policy.

3. Value for money

- 3.1. Achieving good value for money is of key importance to tenants and leaseholders. LBTH/THH will work in ways designed to maximise value for money in the way that services are delivered day to day and in the way that services are reviewed, improved and re-procured.
- 3.2. LBTH/THH will focus on driving down costs and maximising efficiency and effectiveness.

4. Division of costs between tenants and leaseholders

- 4.1. The law and individual leases are quite clear with regard to which items LBTH/THH can charge leaseholders for.
- 4.2. The total cost of providing services to groups of customers is almost entirely met from one of three sources, tenants (rent and service charge), leaseholders (service charge) and Housing Revenue Account Subsidy. While always seeking to minimise the amount of each charge (see 3. above) LBTH/THH will also seek to ensure that the appropriate share of all possible items of charge are charged to the appropriate service user where it is legally possible to do so. If items that could be charged are not charged to leaseholders and freeholders it is tenants who pick up the cost that is not charged and this is neither fair nor legal.
- 4.3. More detail about the Service Charge Calculation including an explanation of the apportionment between tenants and leaseholders can be found in Appendix 1 and in THH procedures.
- 4.4. In addition there are a number of items of work that are charged directly to individual leaseholders. These are charges to recover costs that arise due to requests from individual leaseholders, for example requesting permission for an alteration, providing resale packs.
- 4.5. There is reference within the Policy Statement to the use of Gross Rateable Value (GRV) within the service charge calculation. Individual properties were allocated their GRV's by the Inland Revenue's Valuation Office using a methodology in place at the time they were built. The purpose of the methodology was to establish a rateable value for domestic rates (the system in place before the Council Tax). The Valuation Office no longer deals with or uses the methodology for setting GRV's .
- 4.6. However some of our leases use the term GRV and therefore we have to continue to use GRV when calculating service charge bills. It is worth noting that the only way that we use GRV's is to calculate how big a share of a cost will be borne by an individual leaseholder.

Here is an example.

Leaseholders GRV (for 1 property) = £350

Total GRV for the block: £13,800

Leaseholders share of a £3,000 cost = £76.09

$3000 \div 13,800 \times 350 = 76.09$

5. Service Charge Methodology broken down by heading

- 5.1. Each individual lease describes the items that will form part of the Service Charge for that dwelling. We have created a single service charge methodology that enables cost reduction. Running multiple methodologies increases the costs of administering service charges without bringing any benefits to those paying the costs. It also creates a lack of transparency for those who pay the service charges. A single service charge methodology means that all service charge payers will be clear about how their charges are calculated. This approach has been approved by our legal team and has also been tested over the course of a number of

cases before the Leasehold Valuation Tribunal.

- 5.2. In the table at Appendix 1 we have set out the 16 headings which cover all of the possible items that could appear on a Service Charge Bill. For each heading we have explained the principles of how the item will be calculated. All of these methods have been considered by our legal team in the context of the two types of lease and we have been advised that each of the methods described can be considered fair and reasonable.
- 5.3. Appendix 1 describes the key principles of the Service Charge Calculation. Appendix 1 is supported by THH procedures which are reviewed annually and which set out the mechanics which translate the principles of this policy into a working service charge calculation and generate the amounts billed to leaseholders on service charge invoices.
- 5.4. The governance required for changes to this calculation will depend on the extent of the change. If the changes are proposed to the THH Procedures for calculating costs and after the changes the method will still fall within the principles described in this policy statement then the governance required is as for changes to procedure. If the change(s) involve changes to the principles described in this policy then the governance required will be that for changes to policies.

6. Management Fee: Day to day services

- 6.1. This section deals with the Management Fees that are raised on your annual service charge invoices. There is a separate section on Management Fees relating to Major Works within the Policy Statement on Major Works.
- 6.2. In the past there have been criticisms of the way in which management fees were charged so in this policy document LBTH is trying to make the way it shows Management Fees as clear and transparent as possible.
- 6.3. Wherever possible Management Fees will be calculated using the actual costs to deliver the service to a particular group of properties. Where this is not possible costs will be worked out using structured and transparent calculations.
- 6.4. LBTH/THH are committed to moving to the use actual costing in all service areas where it is cost effective to do so.
- 6.5. Where possible a Management Fee is shown against the individual Service Charge bill heading (for example: Estate Cleaning). Within the heading the Costs and the Management Fee are shown separately.
- 6.6. Those Management Fees which can not be broken down within individual Service Charge items are grouped together under the heading of 'Management Fee.'
- 6.7. Rather than charging the overhead costs to everyone Management Fees will include a fair proportion of additional costs incurred in delivering the particular element of the service. Examples of these additional costs are: support provided by Human Resources, ICT costs and office rental costs.

6.8. Within THH Procedures there will be definitions that set out how the Management Fee will be calculated. These definitions ensure that each cost is only levied once.

7. Administration Charge: Day to day services

7.1. This section deals with the Administration Charge that is raised on your annual service charge invoices.

7.2. There is a separate section within the 'Various' Policy Statement that deals with the Administration Fees that are payable when a leaseholder asks for additional services.

7.3. The Administration Charge recovers those costs allowable under your lease arising from work carried out by staff within Leasehold Services.

7.4. Examples of work charged under this heading are: leasehold enquiries, leasehold calculations, leasehold surgeries, leasehold publications, leasehold collection. In addition human resources, ICT support, office premises, and ICT system costs for that element of staff's work will be included.

7.5. The basis of the Administration Charge will be the actual costs incurred by staff in the Leasehold Services Team. The Administration Charge will also include a fair proportion of additional costs incurred in delivering the service. Examples of these additional costs are: support provided by Human Resources, ICT costs and office rental costs.

7.6. Within THH Procedures there will be definitions that set out how the Administration Charge will be calculated. These definitions ensure that every cost is only levied once.

Appendix 1: Table explaining more about each Service Charge Bill Heading

The following general points apply to all of the headings below:

- This document sets out in a table the policy principles of the service charge calculation and is supported by THH Procedures. (THH Comment accepted)
- Where a cost is apportioned by GRV but the GRV is not known the floor area is used to enable an apportionment equivalent to that which would have been achieved using GRV. The way that this is achieved is described in the THH Management and Administration Model for calculating costs.
- On Service Charge Estimates and Bills whenever possible Management Fees will be shown against the detailed heading (for example Estate Cleaning or Block Repairs). The charges under the general heading of 'Management Fee' will be only those charges that can not be allocated under a detailed heading. The exact definition of the split for any given year will be found in THH Procedures and will change over time as it becomes possible to allocate more costs under individual headings rather than under the general heading. The definition within THH Procedures will ensure that every Management Fee cost occurs only once under one heading.
- Some of the services described here are delivered under contracts or Service Level Agreements. All appropriate procurement and consultation procedures will be followed in procuring and delivering services under these contracts.
- Normally leaseholders will pay a proportion of the costs of goods and services provided under contract . However there are legal limits on the amount that can be recharged to leaseholders if the correct consultation has not been carried out in procuring goods and services. The current legal limits are £100 for routine services and £250 for major works .
- For repair and maintenance services this policy relates to all items that are not subject to Major Works consultation. The subject of Major Works is covered in a separate policy statement.
- There is reference within the document to Mapsites. Mapsites group together properties and the land that surrounds them. A Mapsite will typically be smaller than an estate and will contain a number of blocks. This reflects the fact that residents of a number of blocks share the utility offered by the land that surrounds them. Mapsites are used in calculating costs relating to Estate Cleaning, Estate Maintenance, Bulk Refuse Clearance, Horticultural Maintenance. Each property and each area of shared space will be in only 1 Mapsite.

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
<p>Management Fee</p>	<p>This heading captures the cost of time spent by operational staff outside of the Leasehold Services Team delivering services that are chargeable. Individual leases describe the types of service delivery that are chargeable and LBTH/THH will always ensure that only costs that fall within these definitions are charged.</p> <p>Examples of work charged under this heading are: for Area Housing Officers - A proportion of staffs costs relating to work carried out for leaseholders, the element of which is extracted from any leasehold and/or communal activities undertaken such as estate management, estate visits and inspections, enquiries undertaken, repairs ordering, chasing, co-ordinating services, development of strategy on estates, quality control.</p> <p>Only day to day service provision is charged under this heading. Management of Major Works is charged separately. Where possible the Management Fee for an individual heading is reported under that heading and shown as a separate item on the service charge bill. This improves the transparency of the service charge calculation.</p> <p>Relevant staff work out how much time they are spending on issues that are chargeable by completing timesheets.</p> <p>The timesheets are used to calculate a %age of time spent on chargeable work.</p>	<p>Costs are held at the level of All Stock.</p> <p>The costs are split between tenants and leaseholders using the total GRV of all residents against individual GRVs.</p> <p>Freeholders who pay a service charge are charged 10% of a full equivalent management fee in recognition of the lesser volume of service they receive.</p>

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
	<p>The Management Fee will include a fair proportion of additional costs incurred in delivering the service. Examples of these additional costs are: support provided by Human Resources, ICT costs and office rental costs.</p> <p>The total chargeable cost is calculated using salaries, the relevant %age of time spent and adding on-costs.</p>	
<p>Administration Charge</p> <p>Page 143</p>	<p>This heading captures the cost of time spent by operational and support staff within the Leasehold Services Team delivering services that are chargeable. Individual leases describe the types of service delivery that are chargeable and LBTH/THH will always ensure that only costs that fall within these definitions are charged.</p> <p>Examples of work charged under this heading are: leasehold enquiries, leasehold calculations, leasehold surgeries, leasehold publications, leasehold collection, human resources, ICT support, office premises, ICT system costs.</p> <p>Relevant staff work out how much time they are spending on issues that are chargeable by completing timesheets.</p> <p>The timesheets are used to calculate a %age of time spent on chargeable work.</p> <p>The Administration Fee will include a fair proportion of additional costs incurred in delivering the service. Examples of these additional costs are: support provided by Human Resources, ICT costs and office rental costs.</p> <p>T</p>	<p>Costs are held at the level of All Stock</p> <p>Total costs are apportioned on a flat rate basis. The total cost is divided equally between all leaseholders.</p> <p>Freeholders who pay a service charge are charged 10% of a full equivalent administration fee in recognition of the lesser volume of service that they receive.</p>

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
	<p>The total chargeable cost is calculated using salaries, the relevant %age of time spent, other costs and adding on-costs.</p>	
<p>Estate Cleaning</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 144</p>	<p>Cost of providing qualifying scheduled cleaning services to relevant sites are captured using cleaning schedules that specify average hours and minutes spent cleaning each area.</p> <p>Where possible chargeable costs will be derived from records of time spent on-site plus costs of equipment and supplies.</p> <p>Where this is not possible estate cleaning costs are based on a proportion of total caretaker costs (because Caretakers time is split across a number of activities) apportioned to each mapsite based on weekly cleaning schedules which quantify the number of each type of site (eg communal hard area, estate road etc) and the time needed for each type of site. The total costs include equipment and supplies and additional cleans</p>	<p>Costs are held at Mapsite Level.</p> <p>The service applies to all residents. The costs are split equally between tenants and leaseholders using the total GRV of all residents in the mapsite area against individual GRVs.</p> <p>Freeholders are charged on the same basis as tenants and leaseholders.</p>
<p>Block Cleaning</p>	<p>The cost of providing qualifying cleaning services to blocks.</p> <p>Where possible chargeable costs will be derived from records of time spent on-site plus costs of equipment and supplies.</p> <p>Where this is not possible block cleaning costs are based on a proportion of total caretaker costs (because Caretakers time is split across a number of activities) apportioned to each mapsite based on weekly cleaning schedules which quantify the number of each type of site (eg entrance lobby, bin chamber) and the time needed for each type of site. The total costs include equipment and supplies and additional cleans.</p>	<p>Costs are held at Block level.</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
TV Aerial Maintenance	<p>All costs of providing and maintaining communal TV/Satellite/other communication aerials.</p> <p>The cost of each job is determined by the contract between LBTH and the supplier.</p> <p>The total chargeable amount is determined by the cost of the work and adding the appropriate on-cost.</p>	<p>Costs are held at Block level (or a combination of blocks where one aerial serves more than one block).</p> <p>The service applies to all residents who can be served by the communal aerial. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>
Door Entry Maintenance	<p>Costs of provision and maintenance of Door Entry Systems.</p> <p>The cost of each job is determined by the contract between LBTH and the supplier.</p> <p>The total chargeable amount is determined by the cost of the work and adding the appropriate on-cost.</p>	<p>Costs are held at Block level (or a combination of blocks where one entry systems serves more than one block).</p> <p>The service applies to all residents within the block (or combination of blocks). The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>
Block Repairs	<p>Those costs of repair and maintenance to individual blocks.</p> <p>The cost of each job is determined by the contract between LBTH and the supplier.</p> <p>The total chargeable amount is determined by the cost of the work and adding the appropriate on-cost.</p>	<p>Costs are held at Block level.</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
Estate Repairs	<p>Costs of repair and maintenance to estate.</p> <p>The cost of each job is determined by the contract between LBTH and the supplier.</p> <p>The total chargeable amount is determined by the cost of the work and adding the appropriate on-cost.</p>	<p>Costs are held at Mapsite Level.</p> <p>The service applies to all residents. The costs are split equally between tenants and leaseholders using the total GRV of all residents in the mapsite area against individual GRVs.</p> <p>Freeholders are charged on the same basis as tenants and leaseholders.</p>
Boiler Maintenance	<p>Costs of repair and maintenance of communal boiler systems.</p> <p>The cost of each job is determined by the contract between LBTH and the supplier.</p> <p>The total chargeable amount is determined by the cost of the work and adding the appropriate on-cost.</p>	<p>Costs are held at Communal Heating System Level (this means that all the customers served by the same communal heating system will be grouped together)</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents who are connected to the communal heating system against individual GRVs.</p>
Lift Maintenance	<p>Costs of repair and maintenance of lifts.</p> <p>The chargeable costs are determined by the contract between LBTH and the supplier.</p> <p>The total chargeable amount is determined by the cost of the work and adding the appropriate on-cost.</p>	<p>Costs are held at Block level.</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
Refuse Containers	<p>Costs of bin hire.</p> <p>The costs are determined by the terms of the Service Level Agreement with the provider of bins and adding appropriate on-costs.</p> <p>This heading does not include the cost of emptying the bins.</p>	<p>Costs are held at Block level.</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>
Bulk Refuse Clearance	<p>Costs of bulk waste removal.</p> <p>The costs are determined by the terms of the Service Level Agreement with the provider of refuse removal services and adding appropriate on-costs.</p>	<p>Costs are held at Mapsite Level.</p> <p>The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>
Horticultural Maintenance	<p>Cost of horticultural maintenance including trees</p> <p>Mapsites define the location of different types of area (lawn, flower bed, types of flower bed, trees etc).</p> <p>Horticultural contracts and schedules specify the rate charged for maintaining each type of area, the frequency of the work and rates for ad-hoc work.</p> <p>The total costs are determined by combining the elements listed above and adding on-costs.</p>	<p>Costs are held at Mapsite Level.</p> <p>The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p> <p>Freeholders are charged on the same basis as tenants and leaseholders.</p>

Service Charge Bill Heading	What Costs are captured How are they captured	How costs are divided
Communal Energy	<p>Costs of energy supplied to components in communal areas including (but not limited to) communal lighting, lifts and door entry systems.</p> <p>Cost per unit is determined by the rate agreed within LBTH's bulk buying of energy.</p> <p>Number of units consumed is calculated using meter readings</p> <p>The total costs are determined by combining the elements listed above and adding on-costs.</p>	<p>Costs are held at Block level.</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>
Boiler Fuel Page 148	<p>The cost of fuel for communal boiler systems.</p> <p>Cost of fuel per unit is determined by the outcome of LBTH's procurement of fuel.</p> <p>Total volume purchased is determined by demand.</p> <p>Total cost is units purchased x unit price plus on-costs.</p>	<p>Costs are held at Communal Heating System Level (this means that all the customers served by the same communal heating system will be grouped together)</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using Boiler Points. Alternatively where a scheme has been approved the calculation will be by an alternative method that does not alter the split of costs between tenants and leaseholders but does split costs more equitably with reference to the actual or estimated usage per dwelling.</p>
Concierge Service	<p>The total cost of the Concierge service will be the actual cost of the concierge service (including items such as dog patrols) plus any on-costs</p>	<p>Costs are held at the level of the Concierge Service Group. This means that all the properties being served by one concierge or team of concierges will be grouped together.</p> <p>The service applies to all residents. The costs are split between tenants and leaseholders using the total GRV of all residents in the block against individual GRVs.</p>

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Leasehold Policy	Policy Section: Sub-letting Postponements Insurance Leasebacks Prevention and Collection of Debt Administration Fee	
Responsible Officer: Jackie Odunoye	Status: Working Draft	Version Number: 0.7
Approvals:		
DMT	22nd November 2010	
CMT	30th November 2010	
Cabinet	(date)	
Date for next review	(date)	
Abbreviations used in the policy		
LBTH	London Borough of Tower Hamlets	
THH	Tower Hamlets Homes	
GRV	Gross Rateable Value	
CLARA	Commonhold and Leasehold Reform Act 2002	
RTA	Recognised tenants association	

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Introduction to the policy

The purpose of this Policy is to set out the policy framework for the following issues:

- Balancing improved accuracy and good value
- Sub-letting
- Postponements
- Insurance
- Leasebacks
- Prevention and Collection of Debt
- Administration Fees

Background to the Policy

This policy applies to leaseholders on long lease agreements and freeholders with properties within LBTH/THH estates on whom service charges are levied.

Legislative references

- Law of Property Act 1925
- Housing Act 1980
- Housing Act 1985
- Landlord and Tenant Act 1985 as amended by the Landlord & Tenant Act 1987
- Landlord & Tenant Act 1987
- Consumer Protection Act 1987
- Property Misdescriptions Act 1991
- Leasehold Reform, Housing and Urban Development Act 1993
- Housing Act 1996
- Arbitration Act 1996
- Commonhold and Leasehold Reform Act 2002
- Housing Act 2004

Policy

1. Policy Context

- 1.1. LBTH recognises that it manages blocks and estates that contain a mixture of tenants, leaseholders and freeholders. LBTH also recognises the need to seek an appropriate balance between the needs of tenants, leaseholders and freeholders.
- 1.2. LBTH and THH are strongly committed to working continuously to improve the quality and value of the services it delivers to all customers. LBTH/THH will achieve this through:
 - Making sure our services reflect good practice
 - Minimising administration
 - Making services and costs as transparent as possible
 - Running the service in such a way that LBTH/THH employ, train and keep good staff

2. Policy Statement

2.1. Finding the best balance between improving the accuracy of bills and the cost of administering improved accuracy

- 2.1.1. LBTH/THH will always seek to improve value, reduce cost and improve the accuracy of bills. LBTH/THH will always seek to improve the accuracy of bills in a ways that reduce the cost of administration. However this is not always possible.
- 2.1.2. In those situations where greater accuracy in billing is only possible by incurring additional administrative costs (which will mean higher management or administration fees) LBTH/THH will seek to find the appropriate balance between the cost of additional administrative complexity and the improvements to the accuracy of billing. The appropriate balance will be the method that delivers optimum value.

2.2. Sub-letting

- 2.2.1. Each Leaseholder has the right to rent out their property. This is known as sub-letting.
- 2.2.2. The Leaseholder must tell LBTH/THH that they are planning to sub-let their property and must provide the following information:
 - A fully completed and signed copy of the tenancy agreement the leaseholder is going to use to sublet their home including the names and contact phone numbers for the tenants
 - The leaseholder's new postal address and contact details
 - Name and contact details for a letting or managing agent if one is being used

- It is a condition of the permission to sub-let that when any of the above details change the Leaseholder must inform LBTH/THH
- The leaseholder, tenant and LBTH/THH officer must sign a 3-way deed of covenant. The deed of covenant ensures that the sub-tenant is bound to abide by the lease conditions whether or not these are the same as the tenancy conditions.
- THH will charge an administration fee for processing consents to sublet.

2.2.3. When a property is sub-let the leaseholder remains responsible to make sure that all of the terms of the lease are not broken. This means:

- That the Leaseholder is responsible for the way that their tenant uses the flat, the block and the surrounding area
- The Leaseholder must make sure that the tenancy agreement covers all the conditions in the lease
- LBTH/THH can not get involved in any difficulties a Leaseholder may have with their tenant
- The leaseholder retains responsibility for paying all charges
- If any damage is caused to adjoining properties the Leaseholder may be liable to pay to put this right and the payment of compensation to adjoining residents if they have suffered damage or inconvenience. The Leaseholder would be responsible for recovering these costs from his tenant.

2.2.4. Landlords Safety obligations

2.2.4.1. There are a number of statutory safety obligations that apply to landlords of rented property. For example residential landlords must carry out an annual safety inspection of their gas installation (which results in a CP12 Certificate).

2.2.4.2. It is the responsibility of all leaseholders who sub-let their property to make sure that they comply fully with all appropriate regulations relating to rented property.

2.3. Postponements

2.3.1. When a Leaseholder buys their home with a mortgage the mortgage company will register a legal charge against the property. The legal charge secures (protects) the money the mortgage company lends to the Leaseholder. If the property was bought through the Right to Buy, and a discount was given, LBTH/THH will also secure the repayment of this by a legal charge. However, the legal charge for the mortgage will have priority over the LBTH/THH legal charge.

2.3.2. If the Leaseholder wants to remortgage the property or get another secured loan during the discount repayment period, the mortgage company will probably insist on a 'postponement of charge'. A postponement of charge makes sure that the new loan takes priority over the repayment of discount under the Right to Buy if your property is repossessed.

2.3.3. Requests for Postponement of charge will only be approved if the loan is for one of the following reasons:

- To carry out work to the leased property or to make improvements
- To pay your service charge (including major works and buildings insurance)
- The remortgage is to change mortgage companies
- The leaseholder is taking out a loan to repay loans secured against the property
- To pay any interest you owe on a mortgage or remortgage

2.3.4. Leaseholders must contact LBTH/THH Leasehold Services to arrange a postponement of charge. LBTH/THH will give advice on whether the Leaseholder will qualify and let the Leaseholder know what documents will be needed to as evidence. An administration fee will be charged which may include legal costs if a deed of postponement is required.

2.4. Insurance

2.4.1. Buildings insurance

2.4.1.1. Under the terms of the lease LBTH arranges comprehensive building insurance for all sold flats and maisonettes under a blanket policy.

2.4.1.2. Maintenance of the building is the landlord's responsibility and the leaseholder will not be allowed to opt out and arrange their building insurance.

2.4.1.3. LBTH/THH will determine the frequency and method of re-procurement for the policy in order to maximise the value for money while delivering the required level of insurance cover.

2.4.1.4. Under Schedule 10 of the Commonhold and Leasehold Reform Act 2002 (CLARA) we will respect the rights of leaseholders or a recognised tenants association (RTA) to provide them with a written summary of insurance cover within 21 days of a request.

2.4.1.5. Leaseholders or recognised tenants associations (RTAs) have the right to request to inspect the policy without having first requested a summary of it. LBTH/THH will recognise that both may request an opportunity to inspect the policy and any associated documents or require that copies are made available for collection or sent to them.

2.4.1.6. LBTH/THH will make facilities available within 21 days

2.4.2. Contents Insurance

2.4.2.1. The responsibility for contents (and contents insurance) lies with the Leaseholder. For this reason LBTH/THH do not provide any cover for the contents of leasehold properties.

2.4.2.2. LBTH/THH will promote to leaseholders the importance of Leaseholders buying contents insurance. LBTH/THH will, where possible, enter into a partnership arrangement with insurers who can offer low-cost contents insurance cover to leaseholders.

2.5. Leasebacks

2.5.1. A Leasehold Leaseback will come into existence when a resident of a property in a block that has been let on a long lease to a managing company (for example Estmanco) exercises their Right to Buy.

2.5.2. The contractual relationships between LBTH/THH (the freeholder), the managing company and the leaseholder are complex.

2.5.3. LBTH/THH will take care to ensure that they fulfil all of their legal obligations in respect of leasehold customers living in leaseback properties.

2.5.4. THH will pay service charges to the freeholder or management company as long as the service charges are demanded in accordance with the legislation and are properly accounted for (under sections 18 and 20 of the Landlord and Tenant Act 1985 and other legislation). THH may request supporting information from the freeholder/managing agent as is necessary to comply with the law and ensure the charges are justifiable and transparent.

2.5.5. THH will charge a service charge to the leaseholder of the leaseback property under the terms of the lease. The leaseholder will be billed in the same billing cycle and be offered the same payment methods and options (including deferred payments) that are offered to other leaseholders within THH managed properties.

2.6. Prevention and collection of Service Charge Debts

2.6.1. It is the responsibility of staff dealing with service charge arrears to follow a consistent approach detailed in this policy to maximise service charge debt recovery and to minimise the amount owed to the Council.

2.6.2. LBTH/THH will aim to prevent arrears and recover all relevant costs owed to LBTH/THH by:

- By inviting prospective leaseholders for individual discussion and giving clear information prior to the leasehold purchase about leaseholder responsibilities
- By ensuring that leaseholders receive adequate notice of charges due and are fully and promptly informed of charges to be levied on them
- By ensuring there is a wide range of payment methods available and that customers are fully aware of the methods available to them

- By cost effectively pursuing debts owed to LBTH/THH, ensuring that where customers have the means they do pay their debts and are not allowed to avoid their obligations
 - By pro-actively signposting customers to independent providers of advice including money advice and debt counselling
 - Advising leaseholders that LBTH/THH monitors its accounts regularly and has an expectation that leaseholders will communicate any difficulties that they may have in meeting their obligations at the earliest opportunity
- 2.6.3.** Where arrears do build up, these should be kept to a minimum and effectively reduced through a fair, responsive and, where necessary, firm approach.
- 2.6.4.** LBTH/THH's aim is that leaseholders clear debts as soon as possible whilst taking into account the specific circumstances of the individual leaseholder. If leaseholders experience difficulties in making payments they should contact THH Leasehold Services who may be able to arrange tailored repayment plans for leaseholders.
- 2.6.5.** If leaseholders do not pay within the specified time; miss payments despite a number of reminders; make no effort to make payments, or have come to no agreement with LBTH/THH, then LBTH/THH will use the most appropriate and effective method of debt recovery in order to maximise income. This could result in a County Court judgement being obtained against the Leaseholder which could affect their credit status.
- 2.6.6.** LBTH/THH will ensure that its more severe powers for debt recovery will only be used when all other reasonable methods have failed and where statutory processes have been properly followed. Appropriate levels of authorisation will be maintained within the LBTH/THH Leasehold Arrears Procedure.
- 2.7. Administration Fees for additional service requests**
- 2.7.1.** LBTH/THH will charge a separate fee for any extra services a leaseholder asks us to provide, just as most managing agents in the private sector would do.
- 2.7.2.** The following are examples of the types of request that will incur an Administration Fee
- Request for a Postponement of Charge
 - Request for permission for an Alteration
 - Request for a Resale Pack
 - Request for permission to sublet a leasehold property
 - Assignment of a lease on resale
- 2.7.3.** Fulfilling requests for extra services from Leaseholders will involve administrative cost and may involve professional costs in a number of teams including (but not limited to):
- THH Leasehold Services
 - THH Technical Services
 - THH Legal
 - LBTH Legal
 - LBTH Commercial Property Services

2.7.4. Within their Procedures THH will maintain a scale of appropriate fees which seek to recover all of the costs incurred in servicing additional service requests from leaseholders. If LBTH/THH did not seek full recovery of these costs for an extra service requested by a leaseholder then these extra costs would be shared between all leaseholders which would not be fair. The fee structure will include a number of fixed fees for certain types of transactions as well as specifying hourly rates for relevant types of staff (for example surveyors and solicitors).

2.7.5. Administration fees refer to the costs that are individual to the leaseholder or property. The Commonhold and Leasehold Reform Act 2002 define an administration fee as follows:

'In relation to service charges, an administration charge is defined as being an amount which is payable directly or indirectly for:

- The grant of approval under the lease or application for such approvals
- The provision of information or documents by or on behalf of the landlord
- Costs arising from non-payment of or a sum owing to the landlord by the required date.
- Costs arising in connection with a breach (or alleged breach) of the lease

Agenda Item 6.3

Committee: Cabinet	Date: 9th February 2011	Classification Unrestricted	Report No: CAB 056/101	Agenda Item:
Report of: Corporate Director Development and Renewal		Title: Blackwall Reach Regeneration Procurement and Scheme Development		
Originating officer(s) Aman Dalvi Chris Worby / N McGowan		Wards Affected: Blackwall and Cubitt Town		
Lead Member Community Plan Theme		Cllr Rabina Khan A Great Place to Live		

1. SUMMARY

- 1.1 This report deals with the selection of the preferred bidder for the Blackwall Reach regeneration project that includes the Council's Robin Hood Garden Estate and the delegated authority to proceed with compulsory purchase of part of the land in the event of not being able to negotiate acquisition of such interests by private agreement.
- 1.2 The project involves key decisions that must be taken by the Government established body the Home and Communities Agency (HCA) before contracts can be entered into between the Council, the HCA and the development partner.

2. RECOMMENDATIONS

Mayor/Cabinet is recommended to:-

- 2.1 Agree to the recommendation of the procurement evaluation panel to approve the developer consortium mentioned in the tabled report as the preferred bidder subject to the HCA's decision -making process to agree to such developer.
- 2.2 Authorise the Director of Development and Renewal and the Assistant Chief Executive Legal in conjunction with the HCA to approve and finalise the contract terms in accordance with the bid and to complete the contract once HCA approvals are obtained.

- 2.3 Agree the possession strategy and decant status set out in Appendix 4 for Phases 2 and 3 of the project.
- 2.4 Authorise the Director of Development and Renewal to submit an outline planning application on the Council's behalf together with the HCA for the Blackwall Reach Regeneration project for all phases shown on the Plan as Appendix 2 to enable the delivery of the regeneration/redevelopment proposals for the Blackwall Reach area.
- 2.5 Delegate the power to the Director of Development and Renewal together with the Assistant Chief Executive Legal to complete the necessary compulsory purchase strategies and documentation and then to make the CPO Compulsory Purchase Order pursuant to Section 17 of the Housing Act 1985 in respect of the lands shown edged red on the plan at Appendix 2 in respect of those interests set out in Appendices 5 and 5A of the proposed development. including existing interests and new rights pursuant to Section 13 of the Local Government (Miscellaneous Provisions) Act 1976
 - 2.5.1 Delegate to the Director of Development and Renewal in consultation with the Assistant Chief Executive Legal the power to take all necessary procedural steps in making the compulsory purchase order including :-
 - 2.5.2 Making of the compulsory purchase order as described in paragraph 2.5 including the publication and service of notices and thereafter seeking confirmation of it by the Secretary of State (or, if permitted, by the Council pursuant to Section 14A of the Acquisition of Land Act), including the preparation and presentation of the Council's case at any Public Inquiry which may be necessary.
 - 2.5.3 To acquire all interests in land and new rights within the compulsory purchase order boundary either by private agreement or compulsorily.
 - 2.5.4 To approve agreements with land owners or others setting out the terms for withdrawal of objections to the compulsory purchase order, including where appropriate seeking exclusion of land or new rights from the compulsory purchase order and or making arrangements for the re-housing or relocation of occupiers.
 - 2.5.5 To publish and serve notices of confirmation of the CPO and thereafter to execute and serve any general vesting declarations or notices to treat and notices of entry and to acquire those interests to secure the development proposals.
 - 2.5.6 To refer and conduct disputes relating to compensation at the Lands Tribunal.

- 2.7 To agree to the transfer of the land at Robin Hood Gardens shown as Phases 2 and 3 edged red on plan at Appendix 1 to the developer pursuant to the contract once vacant possession is achieved.

3. REASONS FOR THE DECISIONS

- 3.1 The decisions sought within the report are to enable the regeneration and development of the Blackwall Reach area. This includes lands owned by both the Council and the HCA.
- 3.2 The Cabinet approved the Blackwall Reach Regeneration Framework in March 2008 and has considered reports dealing with the proposed development of the area in July 2009 and March 2010.
- 3.3 The development of the area will greatly assist the Council in meeting its housing targets for delivering the essential need for new homes and affordable homes.
- 3.4 The previous reports have indicated many significant public benefits that the project will bring including the delivery of affordable housing, physical and environmental improvements to the public realm, establishment of a community trust with benefit of ground rents and an endowment to be used for the purposes of community improvements, a new community hall, the creation of new employment, a new (three form) primary school in the locality and improving pedestrian access to Poplar High Street. These benefits will be captured either by planning conditions or Section 106 obligations.
- 3.5 There has also been a lengthy ongoing dialogue with residents most directly affected by the scheme, many of whom live in overcrowded and unsuitable housing. This regeneration scheme will enable a resolution of the housing overcrowding in the Robin Hood Estate and local options for rehousing for such households.
- 3.6 The use of compulsory purchase powers will ensure the delivery of the site assembly process in accordance with the development programme. Whilst negotiations will continue to acquire the relevant land for the project by agreement the use of CPO powers will ensure the scheme is delivered if negotiations are unsuccessful.
- 3.7 In summary, the redevelopment will secure the delivery of a significant and comprehensive mixed use development. It will deliver numerous improvements and benefits for the area which will be secured through planning conditions and a Section 106 agreement. Such comprehensive redevelopment gives rise to the need to consider appropriate phasing and indeed the development will be carried out in phases notwithstanding that compulsory purchase of land within the development site is necessary to deliver significant elements of the scheme. Whilst the majority of the freehold land is publicly owned by the Council and the HCA these or other leasehold and tenancies that

need to be acquired in different ownerships and in order to secure its assembly within a reasonable timeframe, it will be necessary to make a compulsory purchase order in parallel with continuing discussions to acquire the land and interests in it by private agreement. The benefits of the scheme, taken together with the need to use CPO powers to ensure its timely delivery and the proposed backing by the preferred developers, all go to illustrate that there is a compelling case in the public interest for the use of CPO powers in this instance to secure the regeneration of the Blackwall Reach area.

4. ALTERNATIVE OPTIONS

- 4.1 The main variant options are not to proceed at all with the proposals; or to delay making a decision to proceed.
- 4.2 A decision not to proceed with the proposals would lead to a less comprehensive approach to the development of the area and the decision not to proceed with the CPO would mean that its unlikely that a comprehensive development or anything similar would come forward in the short to medium term. If development did proceed without a CPO it would be on a piecemeal basis that would lack the scale of positive change or range of benefits which are currently on offer. This would prevent the type of comprehensive regeneration of the area that has been a long held objective of Council policy. It is likely to lead to further years of blight and decay without any certainty of development and regeneration. Robin Hood Gardens would remain as a problematic estate in need of an estimated £20m for its refurbishment that the Council currently does not have resource to provide . The benefits to the wider community through increased primary school provision and better access 'North/South' across Aspen Way would also be at risk.
- 4.3 Deferring or delaying proceeding is not recommended as this would undermine the delivery of a comprehensive approach for this area. It is possible if the Council delayed committing to this project the HCA would decide to adopt an alternative approach relating just to its own lands on a piecemeal basis. Delaying or deferring the project would potentially negate investment to date and undermine the confidence of potential partners coming forward in the future. There would also be added uncertainty for residents who have for some years lived in anticipation of the area's redevelopment, and the delivery of housing solutions that would overcome overcrowding, disrepair, and security issues.

5 BACKGROUND

- 5.1 The Blackwall Reach Regeneration Project has been a key regeneration priority for the Council for a number of years. In March 2008 the Council adopted a development framework proposed by the HCA which anticipated over 2,500 new homes for the site; commercial

space; new community and health provision, improved education and leisure space.

5.2 In July 2009 revisions to the intended project were agreed, key amongst these was a change in the site's baseline capacity to 1,600 homes of which 35% were to be affordable (by habitable room) and of the social housing 45% to be three bedroom or larger. This was due to a smaller land take as the proposal to build over Blackwall Tunnel approach was too costly. The Council will invest up to £13M in capital resources over the years to fund the acquisition of properties sold under the right to buy, and to pay home loss and associated compensation payments to tenants and leaseholders. The July 2009 report also indicated that the tender for the proposed regeneration could now proceed given the Ministerial announcement confirming the Certificate of Immunity from Listing for Robin Hood Gardens. Cabinet agreed that a 'Collaboration Agreement' with the HCA, and the procurement strategy should be finalised. It authorised that officers should proceed with the following key actions:

- Finalisation of the Procurement Strategy
- Procurement of development partners
- Business plan modelling
- Scheme design
- Completion of a Housing Needs Survey
- Resident engagement and relocation options
- Finalisation of the Community Charter

5.3 The report identified that decisions on the use of Compulsory Purchase Powers would need to be considered closer to the appointment of a developer and the grant of outline planning permission. It also recognised HCA's investment in the area through the acquisition of the land interests in the south of Blackwall and the St. Matthias Site so that most of the proposed development would be upon land that is within Council or HCA ownership.

5.4 The July 2009 report to Cabinet anticipated a procurement strategy whereby the Phase 1A site (St. Matthias) and 1B would be marketed by the HCA. However, it was more appropriate to tender the whole site for the regeneration as set out in this report.

5.5 Resident involvement has been ongoing with the conclusion of the Community Charter in Autumn 2009, and the Housing Needs Survey achieving 80% plus coverage. The survey shows a significant number of households are in overcrowded circumstances. This information has been used in the procurement process to inform the size and numbers of affordable rented units that will be required to facilitate the decant and rehousing process. This is also based on households making a single move, where they wish to stay local, from their existing home to the newly built home within the new development. A subsequent survey of residents' preferences on whether to stay local or move away

has shown 63% have a desire to opt for local rehousing. This is useful to inform the process, but cannot be relied upon with absolute certainty in terms of actual local rehousing.

5.6 A subsequent report to Cabinet in March 2010 led to agreement to use £1.05m from the £13m as a contribution to fees to support the joint outline planning application and the joint procurement of a developer for the whole site shown edged red on the plan at Appendix 1.

5.7 The objective of this report and recommendations, including the delegation of powers to make and promote a CPO, represent the culmination of the Council's previous consideration of this scheme.

6. PROCUREMENT PROCESS

6.1.1 As previous reports have outlined, the project has been developed as a joint initiative between the Council and the HCA. The project is rooted in ambition, jointly held, to ensure the Blackwall Reach development is of high quality; maximises the potential of the area and assists in integrating the opportunities and benefits of the development area with neighbouring communities. The HCA have played a significant part in the process, initially funding much of the professional work to develop the masterplan and development framework and enable a clear and well packaged offer to be put to the market.

6.1.2 The procurement process has been undertaken in compliance with EU (European Union) procurement requirements and directives.

6.1.3 Expressions of interest were obtained in early 2010; this resulted in four consortiums coming forward with firm proposals to bid. These comprised

- Notting Hill Housing Trust
- Swan HA and Countryside Homes
- London and Quadrant HA and Telford Homes
- Poplar Harca; Tower Hamlets Community Housing, and Bellway Homes

Notting Hill withdrew as a result of not being included within the wider Preferred Partner arrangements for delivery of affordable housing development in the Borough, Poplar Harca and THCH/Bellway Consortium was eliminated at the first stage evaluation. Two bidders have gone through to final bid stage.

6.1.4 The first stage procurement requirements sought that they produced two options for the redevelopment of the area; one based around substantially retaining the main open space central to Robin Hood Gardens; the other variant anticipating distributing open space across the development. The second stage procurement was based upon substantially retaining a central open space.

6.1.5 The redevelopment is anticipated to be delivered in phases with a commitment to deliver initially Phase 1A and 1B, and with performance requirements/thresholds that would need to be met, to enable the developer to take possession of subsequent phases. The plan at Appendix 2 sets out the indicative phases but the precise boundaries may be adjusted in the planning application.

6.2 **Community Charter**

6.2.1 The redevelopment of Robin Hood Gardens is an intrinsic part of the Blackwall Reach regeneration scheme. Residents have been involved in a lengthy consultation process to establish their priorities and preferences. The approach adopted has provided residents with either the option of being rehoused within the immediate locality of their existing home through the appointed RSL partner member of the development consortium; or to be rehoused off the estate potentially into another Council owned dwelling.

6.2.2 The Charter process resulted in a document setting out residents' wishes. It was prepared by a group of residents from the estate with the support of HCA appointed consultants Scott Wilson Associates along with the Council officers. The final document was circulated to all households across the estate and an opportunity for comments and feed back was provided. The document was accompanied by an explanatory summary heading the key issues. Visits and drop ins were available to explain the material also.

6.2.3 The summary sheet showing where it was expected partners would fully meet the charter; potentially or expect partners appointed meet its requirements; or not be possible were annotated. An updated summary is at Appendix 3 of this report. The main areas that were expected not to be met were:

- a) The provision of a home with a 'Secure Tenancy' within the Blackwall Reach Boundary as only Councils can provide a secure tenancy and the Council building or owning new homes as part of the development is not realistic, practical or affordable. The Developer will be contractually bound to ensure that the existing tenants will have rights granting them equivalent benefits that they would have as secure tenants such as right to acquire the property at the same discount and succession rights.
- b) Future landlords collecting utility charges through rent and Service Charges. The main dialogue users here focus upon water and communal heating provision. Whilst the latter may be practical. the former is prevented by requirements for all new dwellings to be subject to water metering. This would apply whether the Council was to build such homes or not.

6.2.4 The Charter has been used as a benchmark in assessing the two final consortiums' management proposals. A panel of residents was supported by Strategic Urban Futures (StUF) in the assessment arrangements of the bids. The Resident Design Panel also had the opportunity to comment on design matters both within the final stages of the procurement process and as part of the assessment arrangements.

6.3 **Design Steering Group**

6.3.1 Given the Council's and the HCA's vision for the Estate and ensuring both high quality and a development that will succeed in meeting the aspirations of 'Place Making', a Design Steering Group was established to act as an independent sounding point for the proposals. This involved inviting a number of professionals or key bodies in putting forward people to sit on this grouping. This body has met on a regular basis in parallel to the bidding consortium developing their proposals. The views have been fed into procurement dialogue and process. This has included CABE (Commission for Architecture and the Built Environment) representation.

6.3.2 CABE have also been involved providing 'Design Training' for residents including involvement in the procurement assessment process; and separately providing comments in the latter stages on the bidders proposals within the procurement dialogue.

6.4 **Evaluation of the Bids**

6.4.1 The procurement arrangements have involved a number of stages. Initially there was a pre qualifying questionnaire. This required various elements of information to be provided that in essence were intended to demonstrate the potential bidding organisations or consortiums' capacity and experience to deliver a project of this type.

6.4.2 The second stage took the shortlisted consortium and set the task of preparing schemes for the regeneration and redevelopment of Blackwall Reach. They had to provide key financial information to underpin the proposition they were to put forward. They were required to set out how the scheme they were preparing would meet the Planning Strategy issued as part of the Procurement Brief. Specific standards have been set for dwellings and mixes of tenure and use. The process included also proposals for the public realm and how space would be allocated.

6.4.3 The assessment at stage one was jointly undertaken involving Council and HCA representation. The model adopted involved the expert team(s) comprising the various consultancies initially appointed by HCA presenting how the schemes and bidders met the requirements set out in the procurement pack. The guidance was then used to mark each of the sections. The consultants relied upon were GVA Grimley

to deal with the planning and financial bid analysis and HCLA (Harden Cherry & Lee Associates Architects).

6.4.4 The initial or outline stage submissions were received from the three shortlisted consortiums. The marking process resulted in two "*consortia*" being invited to prepare submissions for the final stage of the tender at procurement process. These being:

- Swan/Countryside
- London and Quadrant/Telford Homes

The bids were received on 8th November 2010 and were subject to a similar assessment process.

6.4.5 The outcome of the evaluation will be tabled as a separate report for cabinet as the assessment will not be completed until after cabinet papers are published.

6.5 HCA/LBTH Approval process to select a Partner

6.5.1 The HCA as a Government Agency can only work within certain delegated parameters and schemes of this scale require sign off within Government Sponsoring Department (Communities and Local Government) and ultimately the Treasury. This process could involve more than three months' consideration.

6.5.2 At this stage it is not possible to formally enter into contract with the recommended consortium until the HCA have obtained their formal authority after receipt of the recommendation to appoint a preferred bidder. Therefore the decision cabinet make today is subject to HCA approval of the recommendation to appoint the preferred bidder.

6.6 Planning Process and Applications

6.6.1 In 2008 Cabinet approved a Development Framework for the Blackwall Reach area and scheme shown edged red at Appendix 1. Whilst the area to ultimately be redeveloped has been amended, for example by the exclusion of development over the Blackwall Tunnel northern approaches, this guidance provides one of the core starting points for delivering the scheme. Other influential considerations are the London Mayor's expectations on space standards for housing. The core of the adopted Development Framework has been key to developing the proposals by the bidding consortium and a Design Code has been developed which will sit alongside the outline application and will be agreed and further developed by the preferred bidder as part of the process.

- 6.6.2 As indicated within an earlier section of the report (6.1.4) variant options were sought within the initial procurement period on layout and location of open space to be provided as part of the scheme.

This led to considering how the planning process would be taken forward and legal advice was sought on the nature of how potentially an outline scheme application could be considered that would provide a sensible amount of flexibility in the distribution of buildings and open space within fixed parameters and without compromising the robustness of the planning applications or decisions taken on them. In part this was also in recognition that given the overall extent of the development it would not in present circumstances be viable to develop fully worked up proposals for the comprehensive scheme without the public sector having to provide underwriting arrangements for the detailed planning work associated particularly with the later stages of the development. Therefore the application for outline planning will have two layouts, one designed by the HCLA (the Council/HCA's architects) and one by the preferred bidder. This is because if difficulties are encountered and performance criteria are not met the preferred bidder may not ultimately carry out all phases of the programme so the Council/HCA may revert to its scheme in later stages.

- 6.6.3 The arrangements proposed for the scheme envisage an outline application being submitted jointly by the Council and HCA to encompass the comprehensive Blackwall Reach Development Area and the detailed proposals for stage phase 1A/1B will be submitted once the developer has been appointed 'formally' and is 'in contract'.
- 6.6.4 It should be noted that the land area involved and scale of the scheme will involve not only Council's planning committee considering the application, but relevant parts will also need to go before the London Thames Gateway and the Greater London Authority/Mayor for London planning bodies.

6.7 Land Ownership and negotiation with Landowners

- 6.7.1 The large majority of the site is now in freehold ownership of the Council and the HCA.
- 6.7.2 On the Southern Blackwall site, there are still some small parcels to be acquired, including a 42 year lease on a works yard; a squatted flat in a building adjacent to the LLiC Building; two small freehold interests in Naval Row.
- 6.7.3 There also remains some land with unregistered title in the bus turning area and Cotton Street which requires further research and resolution. Other key land issues/interests are:

- Local Labour in Construction (LLiC) – Council owned site and use to be relocated
- TfL Tunnel Controls of Depot Area - Agreement to be reached with TfL on use of area around the mouth of the depot
- Health Centre – temporary and permanent location to be identified
- Mosque discussions are proceeding on the basis of moving this building from the South East corner of St Matthias site to the slightly larger site on the North East. This would be achieved through a straight swap of reversionary freehold and leases.
- the Millennium Green is held in trust and will be part of the larger open space in the centre of the site under the two options.
- Woolmore School – to be expanded from a one form entry to a three form entry primary school.

6.7.4 To enable the redevelopment of Robin Hood Gardens to proceed in phases 2 and 3 a number of residential interests will need to be acquired. These are scheduled at Appendix 5. There is a statutory requirement to provide housing for displaced residents where alternative accommodation is not otherwise available on reasonable terms.

6.7.5 Additionally, if the Woolmore Primary School is to be extended then the Health Authority/Primary Care Trust interest in the existing health facility adjacent to Woolmore Primary School will also need to be acquired.

6.7.6 In the later phases of the development other land interests within the phases substantially within HCA's freehold ownership will also need to be acquired. These are scheduled at Appendix 5A.

6.7.7 In relation to enabling the scheme to proceed the Council and the HCA have agreed to acquire the interests within their freehold ownerships and give vacant possession of each phase to the developer.

6.7.8 Every effort will be made to acquire the outstanding land interests referred to in Appendix 5 and 5A by negotiation to privately acquire the land interests with the respective owners prior to use of any of compulsory purchase powers but the lead-in time for securing a confirmed CPO means that powers will be promoted in parallel with those negotiations.

6.7.9 Residential leaseholders will have the option to transfer the equity in their existing homes into a share of a same bedroom sized unit within the new development and if they retain it for a fixed number of years this will be stepped up to full ownership without additional cost. All appropriate occupying owners may be eligible for Home Loss and Disturbance Payments along with associated compensation in accordance with their statutory rights and the possession/compensation strategy set out in appendix 4.

6.7.10 However, in the event that agreement to acquire the interests cannot be reached with owners the Council will need to secure scheme delivery through the exercise of Compulsory Purchase Powers.

6.8. **Compulsory Purchase**

6.8.1 Section 17 Housing Act 1985 (the 1985 Act) provides a power for a local housing authority such as the Council to acquire land for housing purposes. The types of situations envisaged by the legislation when such powers can be exercised include:

- acquisition of land for the erection of houses (including housing to be provided by others)
- acquisition of houses or buildings which may be made suitable as houses, together with any land occupied with them
- acquisition of land for specified facilities to be provided with housing accommodation

6.8.2 Paragraph 19 of Circular 06/04 (Government Guidance) goes on to state:

“If an acquiring authority does not have a clear idea of how it intends to use the land which it is proposing to acquire, and cannot show that all the necessary resources are likely to be available to achieve that end within a reasonable time-scale it will be difficult to show conclusively that the compulsory acquisition of the land included in the order is justified in the public interest... Parliament has always taken the view that land should only be taken compulsorily where there is clear evidence that the public benefit will outweigh the private loss.”

6.8.3 Appendix E of Circular 06/04 provides guidance to local authorities considering using compulsory purchase powers under the Housing Acts. Paragraph 2 of Appendix E states that orders should not be made unless there is a compelling case in the public interest for making them.

6.8.4 Consideration is given to the human rights implications of the decision to make a compulsory purchase order within the comments of the concurrent report of the Assistant Chief Executive (Legal).

6.8.5 **When compulsory purchase is to be used**

An example of the circumstances in which CPO may be used by relevant authorities is summarised as follows:

- To unlock situations where a scheme is being blocked by an owner (or owners) unwilling to dispose of property either at all or only at a price considerably in excess of market value a ransom situation.
- To ensure effective negotiations for land assembly where there is a multiplicity of ownerships and absent landlords
- Where there are unknown owners

6.8.7 The guidance in Circular 06/04 states that where possible specific powers such as the Housing Act 1985 should be used rather than the more generic power under the Act (as amended). It is therefore necessary to determine in the case of each CPO whether all the reasons for acquisition fall within the Housing act 1985 or not, in which case the powers under the 1990 Act but equally the Secretary of State will not refuse to confirm a CPO solely on the grounds that it would be made under another power. In the case of Phases 2 and 3 it has been determined that the purpose of the acquisition falls within Section 17 of the Housing Act (with the 1976 Miscellaneous Provisions Act) and therefore this power is preferred over other more generic powers, such as those under Section 226 of the Town and Country Planning Act 1990 which will be used for interests in Phases 1A/1B and Phase 4 which are non-housing interests.

As the development will be in phases the authority for CPO is being sought for the interests set out in Appendix 5 and 5A. This report seeks Member authority for the Director of Development and Renewal in consultation with the Assistant Chief Executive (Legal) to take all necessary steps to acquire the relevant interests at Appendix 5 and 5A including (a) making of the Compulsory Purchase Order including the publication and service of notices and thereafter seeking confirmation of the Order by the Secretary of State (or, if permitted, by the Council pursuant to Section 14A of the Acquisition of land Act) , including the preparation and presentation of the Council's case at any Public Inquiry which may be necessary (b) to acquire all interests in land and new rights within the Compulsory Purchase Order boundary either by private agreement or compulsorily (c) to approve agreements with land owners or others setting out the terms for withdrawal of objections to the Compulsory Purchase Order, including where appropriate seeking exclusion of land or new rights from the compulsory purchase order and or making arrangements for the re-housing or relocation of occupiers (d) to publish and serve notices of confirmation of the CPO and thereafter to execute and serve any general vesting declarations or notices to treat and notices of entry and to acquire those interests to secure the development proposals and (e) the authorisation to refer and conduct disputes relating to compensation at the Lands Tribunal.

6.8.8 Since the time period for completing the CPO and vesting can take up to two years and the next phase must start by 2014 it is necessary to progress these procedures now.

6.9. Rehousing Arrangements

6.9.1 The following blocks comprise the residential components of the Blackwall Reach Project and are expected to be required for vacant possession by early 2014. The individual blocks have the following characteristics.

Block Name	No of Units	Vacant*
Anderson House	22 (16 LBTH/6 RTB)	1
Mackrow Walk	15 (5 LBTH/4 RTB)	2
Woolmore Street	5 (2 LBTH/1 RTB)	2
Robin Hood Gardens (W Block – Nos 1-104)	104 (84 LBTH/13 RTB)	7
Robin Hood Gardens (W Block – Nos 105-214)	110 (93 LBTH/11 RTB)	6
Total	252 (200 LBTH/34RTB)	18

*Vacant either empty property or short term let

- 6.9.2 One third of the rented properties are three and four bedroom properties whose households are also likely to suffer from overcrowding, thereby making decant requirements challenging which does lengthen the process. Phase 1A and 1B will be used to decant rented property.
- 6.9.3 In summary, the total number of residential units on the Estate is 252, of which 34 homes (13%) are owned by freeholders or leaseholders originally purchased under the right to buy. Of the 252 total, 18 homes (7%) are voids.
- 6.9.4 The Council has reacquired a small number (11) of ex RTB sold units. On the basis that the project proceeds this process of acquiring the remaining units should continue.
- 6.9.5 As indicated above, there is a statutory requirement to rehouse displaced residential occupiers where alternative accommodation is not otherwise available on reasonable terms. It is anticipated that a number of existing homeowners will take up the option of moving to the newly developed RSL shared equity units on the Estate. Arrangements will need to be put in place to secure such transactions well in advance of the completion of the new homes.
- 6.9.6 Irrespective of whether home owners do or do not opt for local rehousing their existing land interest will need to be acquired. Wherever possible this will be achieved through negotiation, however, as indicated elsewhere in this report, where it is not possible to achieve such an agreement the Council would have to use compulsory purchase powers.

- 6.9.7 In respect of secure tenants, as the Community Charter makes clear, residents wishing to have the option to either stay local and move to a new home, or move to an alternative property (secure tenancy) elsewhere in the Borough.
- 6.9.8 Subject to the phasing arrangement of the proposed partner scheme it will be necessary to decant secure tenants. Council officers will work in accordance with normal policy and practice to also facilitate housing solutions for hidden households particularly where large accommodation might need to be provided.
- 6.9.9 Households may be eligible for home loss and disturbance payments plus compensation in line with statutory rights and Council policy and practice. Where practical, tenants wishing to stay local will be asked to enter into a new tenancy agreement in advance of their new home being completed.
- 6.9.10 The Council will in the event of not being able to agree voluntary rehousing either locally through the scheme or elsewhere through the Choice Based Lettings arrangements need to repossess secure tenanted property utilising Ground 10 powers and Court action.

7. COMMENTS OF CHIEF FINANCIAL OFFICER

- 7.1 In July 2009, Cabinet agreed that £13 million be allocated, over a three year period, to fund the costs of land assembly and decants with regard to the Blackwall Reach Development and the Woolmore Street Medical Centre. This was in addition to the £1.5 million capital receipt that had already been recycled into the scheme under the conditions of the disposal of the St Mathias site to the HCA.
- 7.2 The funding was earmarked from the following sources:

Available Capital Receipts

Christian Street	£4.000m
Railway Arms Public House	£0.451m
Right to buy Council Houses (usable receipts)	£1.123m
Anticipated contracted capital receipts in 2009/10 (Christian Street)	£3.426m
Section 106 - affordable housing and associated income	£1.500m
Available capital element of Housing & Planning Delivery Grant	£0.500m

Mainstream Housing Capital Programme

£2.000m

£13.000m

In agreeing this funding, Cabinet was advised that the sum represented a contingency which the HCA requested the Council to make available and that if property values recovered in time to allow the project to proceed, it might be possible to avoid spending this whole sum. Property values have yet to recover sufficiently for us to be able to say that any part of this sum is no longer required.

- 7.3 The scheme that bidders have been preparing will be based on a residuary value so the Council/HCA put land at nil value but under the tendered business model summarised in the tabled report the Council/HCA will receive overage on values as the phases are built. Ground rents will fund a new community trust for the Estate to deliver community projects on an ongoing basis that would be protected for the future.
- 7.4 As of 31 March 2010, £1.3 million of the £13 million allocation had been utilised, leaving a balance of £11.7 million. Total expenditure of £2.2 million is anticipated to be spent during 2010-11, with £520,000 already incurred to 30 September 2010.
- 7.5 Following discussions with the HCA, Cabinet agreed in March 2010 to fund half (approximately £1.05 million) of the procurement and scheme planning costs. The HCA is financing the other 50%. These costs will be a call on the capital resources allocated to the scheme. The Council officers will use every endeavour to contain the costs of the acquisition of the land interests on Phases 2 and 3 repurchase all necessary properties and assemble the sites within the available funding envelope of £13M already identified including the cost of the CPO process and any associated Land Compensation Cost.
- 7.6 Provision will need to be made within the Housing Revenue Account to fund any decant costs associated with the relocation of existing tenants. An estimate of these costs is set out in Appendix 4.

8. COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 8.1 The Council has the power to make a Compulsory Purchase Order (CPO) under section 17 Housing Act 1985 (as amended). This may be used to assemble land for housing and ancillary development, including the provision of access roads; to bring empty properties into housing use; and to improve sub-standard or defective properties or to facilitate the carrying out of development, redevelopment or improvement on or in relation to the land involved. Paragraph 6.8 of the report sets out the background requirements of the Circular 06/04.

Section 226 of the Town and Country Planning Act 1990 will be used for non housing land.

- 8.2 A CPO can be used to acquire housing land where the housing is to be provided by others and the procurement process has been completed to select a developer to regenerate the land. Since this deprives people of their property, compulsory acquisition is always the last resort and will be preceded by continued efforts to buy the land by private agreement. Confirmation of a CPO will only be made if there is a compelling case in the public interest.
- 8.3 Paragraph 22 of the memorandum to Circular 06/04 states that there must be a reasonable prospect of the scheme going ahead. The model for the whole scheme is set out in the addendum report dealing with the outcome of the evaluation of the procurement exercise and selection of the preferred bidder. Council officers have taken into account the financial, physical and legal factors of the scheme (including the need for planning permission) and officers are satisfied that the scheme is viable at this stage, is in accordance with the development plan for the area and that there is no other impediments to implementing the scheme.
- 8.4 In this case the formal making of the Order is proposed to be delegated to the Corporate Director of Development and Renewal in consultation with the Assistant Chief Executive (Legal). The properties are set out in Appendix 5 and 5A.
- 8.5 Whenever a CPO is made, it is necessary to carry out a “balancing exercise” to judge whether it is in the public interest to make a CPO in view of the harm done to the property interests of the individual and the benefit of improved housing and amenities for the Estate. The impact of this harm is lessened by the existence of rights of objection together with a potential Public Inquiry and a statutory compensation regime which makes provision in most cases for loss payments to reflect the compulsory nature of the acquisition. .
- 8.6 The acquisition of land for housing development is an acceptable use of compulsory purchase powers, including where it will make land available for private development or development by Housing associations. Section 17(4) of the 1985 Act provides that the Secretary of State may not confirm a compulsory purchase order unless he is satisfied that the land is likely to be required within 10 years. Once confirmed, compulsory purchase powers have a three year life. Given the development timetable the Council can be confident that the acquisition of all interests will be within the life of the CPO will be reasonable in the context of the scheme.
- 8.7 When applying for confirmation of a compulsory purchase order made under these provisions the authority will include in its statement of reasons for making the order information regarding needs for the provision of further housing accommodation in its area. This

information should normally include total number of dwellings in the district, unfit dwellings, other dwellings in need of renovation and vacant dwellings; total number of households and the number for which, in the authority's view, provision needs to be made. Details of the authority's housing stock, by type, may also be helpful. Details of the agreement with the developer for the ultimate provision and management of the new housing in Phases 2 and 3 will also be required.

- 8.8 The value of the project is well above the threshold for the application of the Public Contract Regulations 2006. The Competitive Dialogue process described above has been undertaken in compliance with the Regulations and the process has been supported by both internal and external legal advice throughout. The final award will be subject to a 10 day Alcatel 'standstill' period under the Regulations.
- 8.9 The project and the procurement process have been thoroughly vetted to ensure they comply with the European Union State Aid Rules.
- 8.10 The re-housing arrangements are set out in the possession strategy in appendix 4. Section 39 of the Land Compensation Act 1973 sets out the statutory duty to rehouse residential occupiers and the possession strategy at Appendix 4 satisfies this requirement.
- 8.11 In summary, the making of the CPO satisfies the tests to which it will be subject on confirmation:
- Making the CPO for the scheme is within the Council's powers;
 - The Council assess the scheme as viable
 - The Council has clear proposals for the use of the acquired land
 - There is no impediment to the grant of planning permission
 - The promotion of the CPO is reasonable (ie; not premature) in the context of the programme for the scheme both in terms of the exercise of compulsory powers and the completion of the scheme itself
 - Finally, there is a compelling case in the public interest for compulsory purchase powers and the human rights of those affected have been carefully considered and any interference is deemed to be justified (see Section 9 below).

9. HUMAN RIGHTS IMPLICATIONS OF THE CPO

- 9.1. Section 6 of the Human Rights Act 1998 prohibits public authorities from acting in a way that is incompatible with the European Convention on Human Rights. Various convention rights are likely to be relevant to the Order, including:
- **Entitlement to a fair and public hearing** in the determination of a person's civil and political rights

(Convention Article 6). This includes property rights and can include opportunities to be heard in the consultation process.

- **Peaceful enjoyment of possessions** (First Protocol Article 1). This right includes the right to peaceful enjoyment of property and is subject to the State's right to enforce such laws, as it deems necessary to control the use of property in accordance with the general interest.
- **Right to respect for, private and family life**, in respect of which the likely health impacts of the proposals, will need to be taken into account in evaluating the scheme (Convention Article 8).

9.2 The European Court has recognised that "*regard must be had to the fair balance that has to be struck between the competing interests of the individual and of the community as a whole*". Both public and private interests are to be taken into account in the exercise of the Council's powers and duties as a local planning authority. Any interference with a Convention right must be necessary and proportionate.

9.3 The Council is therefore required to consider whether its actions would infringe the human rights of anyone affected by the making of the CPO. The Council must carefully consider the balance to be struck between individual rights and the wider public interest. It is considered that any interference with the Convention rights caused by the CPO will be justified in order to secure the social, physical and environmental regeneration that the project will bring. Appropriate compensation will be available to those entitled to claim it under the relevant provisions of the national Compensation Code.

10. ONE TOWER HAMLETS CONSIDERATIONS

10.1 This scheme will contribute to One Tower Hamlets objectives. The three objectives are to reduce inequalities; ensure community cohesion; and, strengthen community leadership.

10.2 On **reducing inequalities**, the new scheme proposed will lead to an increase in affordable housing on the site. The scheme will also lead to new socio economic infrastructure for the area, ie, new health, community and retail facilities that will improve community well-being for local residents.

10.3 On **ensuring community cohesion**, the Council is working with community representatives to facilitate the regeneration project, and minimise disruption. The new scheme is intended to achieve transformational change and the HCA objective of high quality 'Place Making'.

- 10.4 On **strengthening community leadership**, the Council continues to work closely with residents. The successful redevelopment of Blackwall Reach and the Robin Hood Gardens Estate is predicated on continuing successful engagement with residents and other local stakeholders and the Council will continue to work with residents on that basis.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The comments on risk associated with this project have been divided into three broad areas: finance; process; and community. Overall there are high risks associated with this project and set out below is the Council's approach to addressing and reducing them.
- 11.2 On **financial** risks, since Cabinet considered this Project in July 2009, the housing market has been negatively impacted by the 'credit crunch' arising from financial turmoil in the national and international financial markets. The impacts have been characterised by a reduction in demand for market housing for sale; reduction in mortgage finance for purchasers; and reduction in private finance available for developers. This has contributed to an overall lack of confidence in the housing market which has had a considerable impact on large projects of this nature. This has required the Council to work with the Homes and Communities Agency to seek to commit resources to support the project.
- 11.3 The most significant work is now securing proposed HCA support uncertainties on the availability of public funds for such initiatives. Promotion of the CPO may give rise to blight claims where qualifying owners within the CPO boundary can require the Council to acquire their interest. Such claims can be submitted once the CPO has been made and submitted to the Secretary of State ie: prior to confirmation. Successful blight claimants will be paid the market value for their property plus additional payments payable under the compensation code. If the CPO is confirmed and CPO powers are implemented then owners will receive market value for their interests plus loss and disturbance payments where they qualify. The Council has the resources as set out in the finance comments above to meet these claims.

12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 12.1 There are three key sustainability benefits to this project. Firstly, it is planned that all the new residential development will meet a minimum standard of Code for Sustainable Homes Level 4, which is higher (and better) than the standard being delivered elsewhere in London. There may be scope to deliver a higher standard in the latter stages of the

project. Overall, the scheme will also seek to facilitate better approaches to energy conservation and recycling of waste.

- 11.2 Secondly, a key element of the sustainability agenda is using land in urban environments to maximum effect. This both maximises the value of the land itself and in strategic planning terms, reduces pressure to build on greenfield sites. Issues relating to the effective use of land are set out in the efficiency statement.
- 11.3 Thirdly the proposals involve the development of a high quality environment that will encourage bio diversity as well as providing recreation space and amenity.

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “back ground papers”

Contact Officer: Chris Worby
ext. [5257](#)

Cabinet Reports July 2009, March 2010
F

- Appendix 1: Blackwall Reach Scheme Plan**
Appendix 2: Phased Plan for Blackwall Reach
Appendix 3: Summary of Charter
Appendix 4: Possession/Compensation Strategy
Appendix 5: Residential Interests in Phases 2 and 3 Appendix 5A Interests Phase 4 and Phase 1A/1B
Appendix 6: Land Ownerships

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Rev Date By Revision Note

Project
Blackwall Reach Regeneration Project

Project No
512

Drawing
Planning Application Boundary

Drawing No
9000

36-38 Berkeley Square T 020 7465 4119 Check all dimensions on site
London F 020 7493 7162 Do not scale drawing
W1J 5AE E info@hcla.co.uk All dimensions in millimetres

Drawn Checked Date Scale
dF dF 18 Nov 2010 1:2500@A4

Revision

BLACKWALL

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26-28 Berkeley Square T 020 7465 4110 Check all dimensions on site
 London F 020 7465 7160 Do not scale drawing
 W1J 5AE E info@hcl.co.uk All dimensions in millimetres

Rev	Date	By	Revision Note

harden cherry lee architects

Blackwall Reach Regeneration Project

Phasing - All

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 Date: 21 Jan 2011
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Project No:

512

Drawing No:

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Blackwall Reach Community Charter – Housing and Design Summary (to be read together with full charter)

Residents Expectation	Council Expectation	Recommended Bid Delivers
New housing on site targeted at existing residents who want to stay, as well as used to relieve the LBTH housing waiting list	√	√
Number of affordable homes being provided would exceed by far the number of existing residents who would wish to return to or remain on Blackwall Reach	√	√
Assured (housing association) tenancy agreement to be in no way inferior to current secure (council) tenancy agreement	√	√
Legal 'right to manage'	X	X
Tower Hamlets Council Secure Tenancy homes inside Blackwall Reach boundary	X	X
Offer of alternative Tower Hamlets Council (Secure Tenancy) home outside Blackwall Reach boundary, if this is tenant's preference	√	√
'Right to Remain' [or Right to Return, if temporarily decanted elsewhere, which is unlikely]	√	√
'Pre-allocation' of new homes to existing tenants	√	√

Estate Management, Rents, Service and Utility Charge Levels

Residents Expectation	Council Expectation	Recommended Bid Delivers
Future rents and service charges to be made explicit to community representatives before final appointment of housing association or developer	√ (1)	√
Rents and service charges guaranteed not to rise above any Government imposed limits or inflation, whichever is lower	√ (2)	√
Future landlords continue to collect utility costs through rent and service charge	X (3)	X
One body to maintain and manage all housing, community facilities, open and public spaces to a high future standard	√	√
Annual, resident friendly audit of the landlord's accounts published	?	√ TBA

Leaseholder and Freeholder Re-Housing

Residents Expectation	Council Expectation	Recommended Bid Delivers
'Like for like' property within site boundary, flexible shared equity, no extra mortgage or loan, no extra capital	√	√
If no suitable like-for-like property immediately available, temporary accommodation of a reasonable standard to be provided within the area in the interim, at no extra cost	N/A (4)	N/A

Good Design and running costs

Residents Expectation	Council Expectation	Recommended Bid Delivers
Positive aspects of Robin Hood Gardens to be incorporated into design and planning of new development, e.g. wide communal balconies, space to grow fresh fruit and vegetables, resident parking, space standards that reflect the current room sizes	√	√
Central park size increased	(5)	(5)
Residents who remain to have view of and easy access to the park, especially families with children. Bidders have offered a voluntary second decant, where practical, to help achieve this.	√	√ (6)
Running costs to be minimised through energy saving technology - communal heating (such as a Combined Heat and Power system), recycled water and solar gain	√	√
Independent technical advice from energy experts during the regeneration process.	TBA	TBA (7)

Resident Involvement in selection of Future Landlords ('Procurement' Process)

Residents Expectation	Council Expectation	Recommended Bid Delivers
Minimum four community representatives on any procurement panel	√	√
Short-listed Housing Associations to be invited to present their proposals to the whole community	√	√
Suitable training provided to support residents' representatives	√	√
Most points and aspirations made in this Charter to be formally incorporated into the procurement documentation	√	√
Independent legal advice at crucial stages of the regeneration	TBA	TBA (8)

Footnotes:

1. The Council and HCA will not finally enter into formal contract until the HCA approval process has been completed and outline consent has been granted. This will provide further time for the rents and service charges to be discussed with residents.
2. Transition/protected rents are part of the proposals for the tenanted households whilst these will be within Government limitations as with Council rents it will not be possible to guarantee that these will be set at inflation levels if these are lower than Government set or derived limits. However, the scheme rents are not to be set within the governments new rent framework.
3. As outlined within para 6.2.3.6 of the report it will only be practical to consider this for heating charges.
4. It is not proposed that leaseholders be housed off the estate and then return. Where resident leaseholders wish to stay local it is expected that these will be achieved through a single move.
5. The area of the Central Green is to be sustained, with provision for smaller spaces local to blocks in addition.
6. The successful bidder envisages offering a second move where householders seek this and their initial home does not allow such.

7/8 To be agreed with the Tenant and Resident Association.

RESIDENT DECANT STRATEGY

Key Principles

The decant strategy is based on two elements.

- The Council's aim to meet residents' aspirations, as set out in the Community Charter, where this is practical.
- The successful bidder's proposals.

From the inception of the scheme, as previously reported to Cabinet, the Council's objectives have been:-

- to enable existing residents, whether council tenants or home owners, to stay in the area if this is their preference, by giving them options to do so;
- enabling secure tenants to choose to decant to an alternative council home outside the area, if their preference is to remain council tenants.

Offer for Existing Tenants

Existing tenants will have a guaranteed option to stay in the area, by taking up an offer of a single, permanent decant move to a new home, within the Blackwall Reach development, to be built by the RSL partner. Existing tenants choosing this option will become assured tenants of the new RSL partner, but with the key rights of secure council tenure preserved by the RSL partner. This is a pre-condition for the selection of the RSL partner.

To summarize, existing secure council tenants will be offered a choice of permanent rehousing, as follows:

- an alternative new housing association home, as an assured tenant of the selected RSL partner for Blackwall Reach (option to remain);
- an alternative housing association home, as a assured tenant, with one of the other housing associations operating elsewhere in the borough, if this is the individual tenant's preference;
- an alternative Council home, as a secure tenant, elsewhere in the borough, if this is the individual tenant's preference.

The RSL partner will work closely with council officers to engage with tenants to explain the tenancy agreements, which will be very similar to those they have now, and how the RSL will manage the new homes as future landlord. Existing tenants will also be consulted on the detailed design of their future new homes.

The RSL partner will endeavour to meet tenants' requests where it can, for example in enabling existing neighbours to live close to each other.

It should be noted that the scheme is premised on residents wishing to remain local, thus making one move from their existing home on the Council's Estate to a new home to be built by the RSL partner. However, it may be possible, subject to the winning bidder's proposals, for those residents moving first to new homes within phases 1A and 1B, to opt for a second later move, within the development, to homes

overlooking the central green. This addresses a concern which emerged during the earlier consultation.

It should be noted that some large families/householders may wish to be rehoused with the household splitting into more than one household.

The Council will need to utilise Ground 10A (Demolition notice) arrangements in the last resort to recover tenanted properties where residents do not opt for rehousing locally under the scheme, or pursue and secure rehousing under the Council's rehousing scheme, recognizing that they will have decant priority.

Offer for Home Owners

Existing home-owners who live in their property ("resident" home owners), and whose homes are included in the development / CPO area, are to be enabled to purchase a new replacement home in the regeneration area.

The Council's standard offer to home owners is based on its legal duty, should it be required to rely on a CPO. Existing home-owners will be entitled to full compensation rights under the Compensation Code including:-

- full market value (FMV) – based on agreement following valuation by the council and, if desired, an independent valuation commissioned by the leaseholder, which must be by an accredited surveyor / valuer, and which the Council will refund;
- resident home owners (leaseholders or freeholders) receive an additional statutory home loss payment equivalent to 10% of the agreed purchase price; non-resident home owners receive a "basic loss" payment equivalent to 7.5% of the purchase price;
- reimbursement for reasonable legal and other relocation costs, upon production of verifiable receipts.

However the Council has recognised that some resident owners may be in genuine hardship and not feel able to purchase independently, or may have a predominant desire to remain in the immediate area once the redevelopment happens.

Therefore existing home-owners will be offered, where they are residents, the opportunity to move to a new replacement home within the development. This will be built by the RSL partner on a like-for-like size bed-size basis, and provided on flexible, shared equity terms.

Resident home-owners taking up this option will be required to invest the equity value of their present homes, to acquire an equity stake in their new home. However the RSL bidders have indicated that they will allow automatic "staircasing" by year to full 100% leasehold ownership after seven years, without extra cost to the purchaser. It should be noted that local shared equity housing options for leaseholders can only be offered to resident home-owners, not to absent owners or commercial landlords.

Where home-owners do not wish to pursue the shared equity option the Council will acquire their interest; they will then be in a position to utilize such receipts and compensation to make their own future housing arrangements. It is possible, but not

yet confirmed, that the appointed RSL partner may also be able to make properties available to purchase outside the area on other development schemes.

The council's Housing Regeneration and Property Services teams will liaise with the RSL partner to advise home-owners of their options, recognizing that acquisition by negotiation remains a priority alongside the precautionary CPO process. The Council will need in the final resort where it has not succeeded in negotiating a voluntary re-acquisition of leasehold interests to utilise powers to be sought through Compulsory Purchase.

Phasing of Decants

The scheme will be delivered in phases, with early new build providing sufficient new homes to rehouse tenants and resident leaseholders from RHG (West), Nos 1-104, into new build Phases 1A and 1B. Depending on the bidder proposal accepted, residents from Woolmore Street, Anderson House and potentially Mackrow Walk low rise blocks, may also be included in the first decant phase.

Secure tenants in RHG (East), Nos 105-214, would be given priority for rehousing to new homes in Phase 1A and 1B, where take up from RHG (West) and the low-rise homes (potentially), is less than 100% to move locally.

It is otherwise anticipated that RHG (East) secure tenants will be offered rehousing in Phase 2 of the development.

Secure tenanted households not wishing to remain as tenants in the new RSL scheme, and registering as such, will be awarded decant priority to bid for decant council or RSL properties elsewhere in Tower Hamlets, as described above. Greater priority will initially be awarded to Robin Hood Gardens West (and Woolmore Street, Anderson House and potentially to Mackrow Walk).

The first phase of decant will include up to 107 tenants and 24 home-owners (leaseholders and freeholders).

The second phase of decants will include up to 93 tenants and 11 home-owners, though some may be allocated places in the first phase if new homes on-site are not fully taken up.

The table below shows how the current number of secure tenanted and home-owner properties is broken down:

Block Name	No of Units	Vacant*
Anderson House	22 (16 LBTH/5 private)	1
Mackrow Walk	15 (5 LBTH/4 private)	2
Woolmore Street	5 (2 LBTH/1 private)	2
Robin Hood Gardens (W Block – Nos 1-104)	104 (84 LBTH/13 private)	7
Robin Hood Gardens (E Block – Nos 105-214)	110 (93 LBTH/11 private)	6
Total	252 (200 LBTH/34 private)	18

Costs of Decant

Costs at this time are projected, based on statutory home loss payments for tenants and owners, approximate compensation for disturbance, and aggregated market values and anticipated legal costs for home owners.

The first phase of the decant will cost in the region of £6.189m and the second phase will cost approximately £3.209m. It is expected that security costs will be minimized by the sequential rolling decant and the one-off nature of the decant process – ie by many people remaining in their current homes until their new homes are ready.

Other land assembly costs falling to the council, but not itemized here, include provision for the surgery (which is to be re-provided).

Appendix 5

Blackwall Reach Regeneration Project –

LIST OF LANDOWNERS AND INTERESTS TO BE ACQUIRED AS AT 18th November 2010

Phase 2

- All Saints Practice, Primary Care Trust, 12 Robin Hood Lane, E14
- Anderson Hse, Woolmore Street No's 5,6,8,10,13 (E14 0EP)
- Millennium Green
- Robin Hood Gardens, Woolmore Street
No's 5,24,26,30,33,34,42,49,53 (E14 0HN)
No's 60,79,92,95 (E14 0HW)
- Robin Hood Gardens Garages No's 1-73
- Robin Hood Gardens Motorcycle Sheds No's 144-149
- Woolmore Street, E14 0EW. No 8.
- Electricity Sub Stations
- Telecommunication Cabinets

And other minor interests and rights including rights of light as are disclosed by the land referencing of the site

Phase 3

- Mackrow Walk, E14 0EN. No's 2,4,5,9
- Robin Hood Gardens, Woolmore Street
No's 118,122,129 (E14 0HG)
No's 163,167,168,169,173,175, 201,203 (E14 0HQ)
- Robin Hood Gardens Garages No's 74-143
- Robin Hood Gardens Motorcycle Sheds No's 150-153
- Electricity Substations
- Telecommunication Cabinets

And other minor interests and rights including rights of light as are disclosed by the land referencing of the site

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Appendix 5a

Blackwall Reach Regeneration Project –
LIST OF LANDOWNERS AND INTERESTS TO BE ACQUIRED AS AT
18th November 2010

Phase 4

- Arvin and Sons Limited, Prestage Works, Blackwall Way, London E14 9QE
- Electricity Sub Stations
- Telecommunications Cabinets

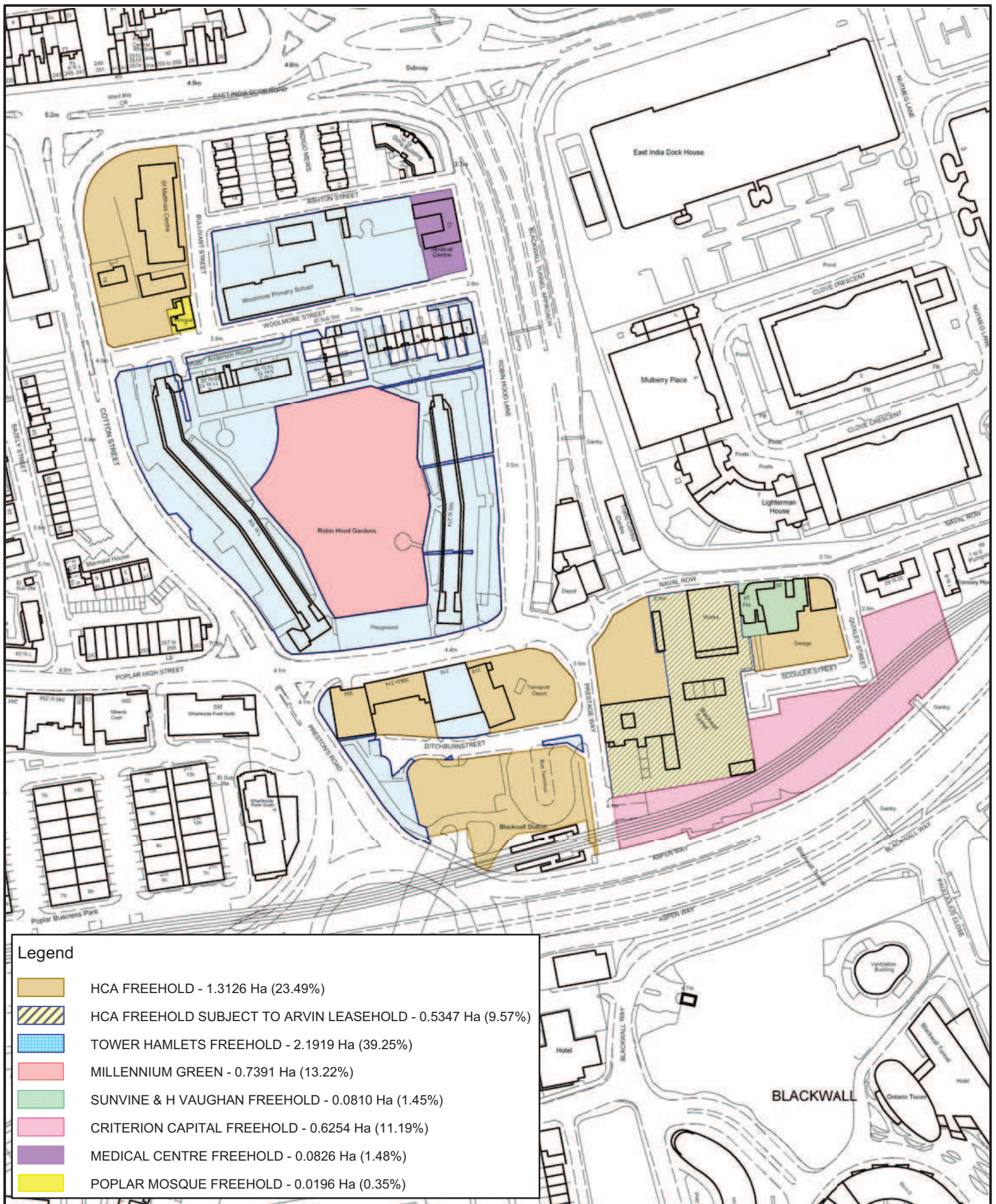
and other minor interests rights including rights of light as are disclosed by the land referencing of the site

Phase 1A and 1B

- Electricity Sub Stations
- Telecommunication Cabinets

and other minor interests and rights including rights of light as are disclosed by the land referencing of the site

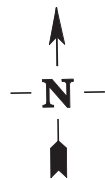
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Legend

- HCA FREEHOLD - 1.3126 Ha (23.49%)
- HCA FREEHOLD SUBJECT TO ARVIN LEASEHOLD - 0.5347 Ha (9.57%)
- TOWER HAMLETS FREEHOLD - 2.1919 Ha (39.25%)
- MILLENNIUM GREEN - 0.7391 Ha (13.22%)
- SUNVINE & H VAUGHAN FREEHOLD - 0.0810 Ha (1.45%)
- CRITERION CAPITAL FREEHOLD - 0.6254 Ha (11.19%)
- MEDICAL CENTRE FREEHOLD - 0.0826 Ha (1.48%)
- POPLAR MOSQUE FREEHOLD - 0.0196 Ha (0.35%)

TITLE
 Proposed Ownerships
 Blackwall Reach Regeneration Project
 Tower Hamlets
 London



Tel: 0300 1234500
 Email - spatialintelligence@hca.gsx.gov.uk
www.homesandcommunities.co.uk

DRG NO.
 SXD831_Proposed Ownership

DATE
 17/11/10

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Agenda Item 6.4

Committee/Meeting: Cabinet	Date: 9 February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director Development and Renewal Originating officer(s) Andy Algar Service Head, Asset Management		Title: Chrisp Street regeneration: update and next steps Wards Affected: East India and Lansbury	

Lead Member	Cllr Rania Khan
Community Plan Theme	A great place to live
Strategic Priority	

1. **SUMMARY**

- 1.1 This report outlines the current position on Poplar HARCA's proposed regeneration of Chrisp Street, details the Council's interest in the regeneration and seeks authority to commit to the scheme, subject to detailed terms being agreed (which will be reported back to Cabinet).

NB – all decisions in this report relate to the Council as landowner/developer and not as planning and highway authority, or any other of the Council's statutory or regulatory functions.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Note the current position and background to the proposals.
- 2.2 Agree the appointment of London & Regional as preferred bidder for the scheme.
- 2.3 Authorise the Service Head, Asset Management to negotiate heads of terms for the Development Agreement (the final details of these terms to be reported back to Cabinet).
- 2.4 Authorise the Strategic Director, Development and Renewal, to conclude Memoranda of Understanding with (a) Poplar HARCA and (b) Poplar HARCA and London & Regional on the principal terms outlined in the appendices attached to this report.

3. REASONS FOR THE DECISIONS

- 3.1 In order for the proposed scheme to proceed, it is necessary for the Council to commit to the transfer of its land holdings to provide comfort to both Poplar HARCA and the proposed developer. Completion of the Memoranda of Understanding will support this. The detailed terms of any transaction will be subject to negotiation and further approval by Cabinet.

4. ALTERNATIVE OPTIONS

- 4.1 The regeneration options that were considered are set out in the body of the report. The Council may choose not to proceed with the recommended option, in which case the proposed regeneration would not proceed in its current format.

5. BACKGROUND

- 5.1 Chrisp Street forms part of a broader regeneration scheme that has evolved from “Reshaping Poplar” which has been developed by Poplar HARCA and Leaside Regeneration.
- 5.2 Poplar HARCA is leading on the proposed regeneration and the procurement of a development partner.
- 5.3 In October 2009, Cabinet considered a report proposing the Council’s participation in the scheme as landowner. Cabinet noted the current position and agreed, in principle, to the Council participating in the procurement process, which included Council officers sitting on the evaluation panel. The report made clear that this placed no contractual obligation on the Council.
- 5.4 In January 2010 the first evaluation took place between the two remaining proposals. The evaluation panel comprised four Council representatives, four Poplar HARCA representatives and four resident/traders’ representatives. Each representative’s vote carried the same weight.
- 5.5 The two proposals were very different – one proposed refurbishment/extension of existing shop units, minimal demolition and some new-build houses on the Cordelia Street site. The refurbishment of existing housing stock was excluded and would remain Poplar HARCA’s responsibility. All new Council facilities were to be provided at nil cost. This scheme showed a potential receipt (to be shared between LBTH and HARCA).
- 5.6 The second proposal involved a far higher level of demolition and new building. It proposed the comprehensive redevelopment of the southern part of the site for new retail and flats. The retail element would be “anchored” by a new supermarket. Financially, the bid assumed significant HCA funding and showed no “up front” payment for land.

- 5.7 Both bids were scored by the evaluation panel using pre-set criteria. The second proposal (from London and Regional) received the higher scores. However, there was significant information needed in relation to both schemes to enable a final recommendation to be made. It was therefore agreed with HARCA prior to the evaluation that once an initial selection had been made a 3-6 month exclusivity period would be necessary to work with the potentially preferred bidder to clarify aspects of their proposals. The second bidder would then be held in reserve.
- 5.8 Following the evaluation it was agreed that negotiations be held with London and Regional for an initial three month period in order for them to address some of the areas of concerns (particularly around financial, planning and deliverability).
- 5.9 Poplar HARCA, their consultants and the Council spent significant time working with London & Regional on those areas of their proposal that needed to be addressed. Poplar HARCA's consultant team were satisfied that the risk areas identified with the proposal in January 2010 had been or could be significantly addressed. The evaluation panel's unanimous decision was to proceed with London & Regional as formal preferred bidder.

6. BODY OF REPORT

- 6.1 In order for the scheme to proceed, the Council needs to formally commit to the proposal. Detailed commercial terms will need to be negotiated with both Poplar HARCA and London & Regional before contracts can be signed, and these terms will be reported back to Cabinet. All negotiations will be undertaken on an "arms length" and transparent basis to ensure the Council obtains the best terms possible for its interests.
- 6.2 Crisp Street is predominantly owned by Poplar HARCA. However, the Council owns a number of significant parcels of land – in particular the market square and the Idea Store (see plan attached as appendix 1). There are also a number of Council and other public sector services provided from buildings owned by Poplar HARCA.
- 6.3 If the Council's sites were excluded, it would be a very difficult regeneration, more focussed on housing alone and not reshaping the market area and shops because of the location and importance of the Council's land.
- 6.4 The current scheme proposes 100,000 square feet of retail space (inc. 40,000 sq ft supermarket) which is broadly equivalent to the existing amount and 50,000 sq ft offices/community space.
- 6.5 480 private homes are proposed and 287 affordable which represents an overall increase of around 540 (400 private homes and 137 affordable). The developer has advised that their proposals will comply with Planning requirements. The figures (which are indicative at this stage and may alter as the design evolves) are summarised in the table below

	Existing	Proposed	Increase
Affordable	150	287	137
Private	83	480	397
Totals	233	767	534

New facilities

- 6.6 The Council is supportive of the proposals generally but also sees an opportunity to re-provide and improve its existing properties in the area. This is a prerequisite for the Council's support for the scheme. There have been a number of workshops with service providers and the developer's architect around how properties could be improved/reprovided.
- 6.7 In broad terms, the principle has been agreed that the existing two children's centres premises will be co-located and improved (broadly in their current location). There are also proposals for a new building, adjoining the Idea Store, that would house Poplar HARCA's reception and headquarter offices, a new One Stop Shop and space for a localities base for local Council/police staff. There is also scope to link the One Stop Shop and Idea Store at first floor and host other local services.
- 6.8 The co-location of services in this manner provides a possible model for grouping localised services – the benefits are reduced running costs for buildings, a greater presence for the Council through having a single "front door" and a better experience for citizens through joined up services.
- 6.9 Under the terms of any proposal, these facilities must be provided early in the development at no cost to the Council.
- 6.10 The market will be retained in its existing location and will form an important part of Chrisp Street's future as a retail centre. The developer will be preparing a retail strategy for Chrisp Street. The issue of the eventual ownership and management of the market is open for discussion but the Council can control this via its negotiation position.

Other terms

- 6.11 There are significant commercial terms that need to be negotiated with Poplar HARCA and London & Regional. These will cover the value of the Council's land and other interests and also the management of and income from the market. The market will have a key role in regenerating the retail area. It has been made clear during all discussions to date that negotiations between the parties are entirely at "arm's length" and the Council expects to receive the best terms possible from this transaction.
- 6.12 At this stage it seems unlikely that there will be any "up front" capital receipts due to market conditions, the proposed phasing of the scheme and the significant infrastructure costs needed in the early stages. It is therefore more likely that any future income will be secured via profit share or overage.

The precise details of this, and the terms of an overall Development Agreement, will be subject to negotiation and reported back to Cabinet.

- 6.13 Both Poplar HARCA and London & Regional have asked that the Council sign a Memorandum of Understanding to provide confidence as to the Council's commitment to the scheme. This is common practice in advance of formal contractual terms being negotiated and governs the parties approach to such a negotiation. The principal terms of both Memoranda (one with just Poplar HARCA and the other jointly with Poplar HARCA and London & Regional) are attached as appendices to this report.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report asks Members to note the current position on the proposed regeneration of the Chrisp Street area, to approve the appointment of London & Regional as preferred bidder for the scheme, and to authorise officers to negotiate heads of terms for the development agreement and to conclude memoranda of understanding.
- 7.2 The proposal involves the disposal of Council owned land to Poplar HARCA in order that the redevelopment scheme is viable. Officers consider that it is unlikely that any "up-front" capital receipts will be realised due to a combination of current market conditions and the profiling and nature of the scheme. It is considered likely that the non-realisation of a receipt will be mitigated by future profit sharing or overage. As stated in paragraphs 6.1 and 6.9 any disposal will be subject to negotiation on a transparent basis to ensure the Council obtains the best terms possible for its interests, and secures value for money for the use of public assets.
- 7.3 Although negotiations will be entered into and proposals developed, the terms of any disposal will be reported back to Cabinet for decision.
- 7.4 As stated in the report there are a range of Council and other public sector services delivered from buildings within the proposed regeneration area. As part of the scheme development the facilities will be improved. The impact on services will be assessed in conjunction with the providers to ensure that services are provided efficiently and the best use made of the assets (see paragraphs 6.4 to 6.7).
- 7.5 At this stage, the only costs falling on the authority as the result of the recommendations in this report will be officer time and associated overheads which will be met from within existing resources.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The Council is empowered under section 2 of the Local Government Act 2000 to do anything which it considers likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not

otherwise prohibited by statute. This power includes the ability to incur expenditure or to give financial assistance to or enter into arrangements or agreements with any other person. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan.

8.2 The Council has also produced the Community Plan which details the priorities that the Council has set in respect of the economic social and environmental well being of the Borough.

8.3 In the Community Plan Section “A Great Place To Live” the Council has identified a number of priorities which include:

8.3.1 “Providing decent homes in well designed streets and neighbourhoods”

8.3.2 “Increasing the overall supply of housing for local people including a range of affordable family housing”

8.3.3 “Providing first-class and well managed centres where people come together for business shopping leisure and recreation”

8.4 It is clear that a successful Chrisp Street Regeneration project will help to achieve these aims and therefore, the Council is empowered by Section 2 of the Local Government Act 2000 to engage in this project should it so wish.

8.5 Should the Council decide to proceed with the project whether as a direct contracting party to the developers or in a supporting role to Poplar HARCA the Council must ensure that proper procurement processes in line with European and domestic law must be followed.

9. ONE TOWER HAMLETS CONSIDERATIONS

9.1 It is proposed that new Chrisp Street development will bring the local community closer together as it creates a new retail centre at the heart of Poplar with integrated Council services. The lead owner, Poplar HARCA, has undertaken significant consultation to ensure the proposals have local support. Once the proposals have crystallised the impact on housing and shops, and other implications on local people, will be assessed through a full equalities impact assessment, as necessary.

9.2 It is considered that the regeneration of Poplar will help create local leadership amongst residents and will increase the level of personal responsibility by achieved through delivering a scheme that residents are proud of and therefore the proposal should create a great place to live for local residents.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 The proposal will potentially replace Council owned facility's that are compliant with modern day building regulations and are "green and sustainable" buildings.

11. **RISK MANAGEMENT IMPLICATIONS**

- 11.1 The project is an ideal opportunity for the Council to consider new ideas that allow its property to be creative in terms of use of space and building design. In the event the Council does not participate in the project it is arguable the opportunity will be missed.
- 11.2 The Council's adopted UDP (1998), Interim Planning Guidance (2007) and emerging LDF Core Strategy all designate Chrisp Street as a 'District Town Centre' In the event the Council chooses not to participate in the project there is a risk that there will be delay on helping to deliver this aim.

12. **EFFICIENCY STATEMENT**

- 12.1 In general terms by including Council owned property into the project the Council pro-actively considering overall efficiencies in terms of how it uses its property assets in the Chrisp Street area. For example there might be scope to integrate all "back of house" (offices, staff facilities, meeting rooms etc) into one new building.
- 12.2 In addition to this there might be other services currently being provided in the area that might sit better in Chrisp Street and this might allow other buildings put to alternative uses.

13 **APPENDICES**

Appendix 1 – principal terms of proposed Memorandum of Understanding – LBTH/Poplar HARCA

Appendix 2 - principal terms of proposed Memorandum of Understanding – LBTH/Poplar HARCA/London & Regional

Appendix 3 – site plan

Local Government Act, 1972 Section 100D (As amended)
List of “background Papers” used in the preparation of this report

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
None	F N/A

MEMORANDUM OF UNDERSTANDING: LBTH & POPLAR HARCA

PRINCIPAL TERMS

NB – for the avoidance of doubt, the Council’s role is limited to that of landowner only. Officers are unable to represent the Council’s other statutory functions (e.g. Highways, Planning, Housing) and landowner’s support for the scheme or elements of it does not imply consent or approval from the Council’s other functions. The project team and development partner will need to make their own enquiries of the Council’s other functions.

1.0 The Site

The Chrisp Street Market site comprises approximately 3.1 hectares (7.66 acres). It is bounded by East India Dock Road to the south, Chrisp Street to the east, Cordelia Street to the north and Kirbey Street to the west. A site plan is attached at Appendix 1. The site comprises retail, residential and community uses and an open air market. It was constructed in a number of phases between 1950 and 1973. In addition, the site will also include the Somerfield car park to the east of Chrisp Street.

2.0 Principal Ownerships

The site is in the principal ownership of Poplar HARCA and LBTH. Poplar HARCA is the main freehold landowner. The freehold property was transferred under a stock transfer from LBTH to Poplar HARCA in 2006. LBTH retains the freehold interest in the Market and 1-15 Vesey Path. The Somerfield store and car park and Iceland unit are in separate freehold ownerships. A plan showing the respective land ownerships is enclosed at Appendix 2.

There are a number of other underleases affecting the freehold property

- 75 Chrisp Street – 80 year lease from 1962 to Poplar Boys Club
- 55 Chrisp Street, known as Callaghan’s – 80 year lease from 1950 to Mann, Crossman and Paulin Ltd
- Festival Inn Public House, Kirby Street – 80 year lease from 1956 to Truman Hanbury Buxton and Company Ltd
- Ground Floor Arch, Somerfield store – lease for 999 years from 1993
- 15 Market Square – lease of 99 years from 2006 to LBTH

In addition a number of the residential properties have been sold by way of a long leasehold under the right to buy scheme and the shop units are subject to various occupational tenancy agreements.

3.0 Overall Project Objectives

The Parties to the agreement are committed to working together to seek a Development Partner who will enter into a Development Agreement with the Parties to redevelop the Site to provide:-

- Attractive and vibrant retail and leisure facilities;
- Improved public and pedestrian realm;
- Inspirational design solutions that are distinctive and connect with the local environment;
- High quality private and affordable housing;
- A development with minimal environmental and ecological impacts;
- Other social and economic regeneration benefits including jobs and training opportunities.

4.0 LBTH Project Objectives

In addition to the above Overall Project Objectives, LBTH has the following specific project objectives:-

- An enhanced IDEA Store
- A re-provided Sure Start Centre in a single location with a safe, secure external play area
- A re-provided One Stop Shop
- Accommodation for a local office/localities base
- An enhanced Market

The above are to be provided at nil capital cost to LBTH, fitted out and ready for use to a specification to be agreed.

LBTH will expect to receive an appropriate consideration for the proposed disposal of any of its property assets in order to demonstrate compliance with Section 123 of the Local Government Act 1972.

LBTH will expect to receive an appropriate share of any agreed overage.

5.0 Poplar HARCA Project Objectives

In addition to the above Overall Project Objectives, LBTH has the following specific project objectives:-

- A revenue to HARCA on the commercially let non-residential units.
- A financially viable project to HARCA.

- A Capital Receipt at the conclusion of the project.
- New affordable housing.
- Provide suitable temporary office accommodation for HARCA during the development process.
- Deliver a new head office.

6.0 Duties of Both Parties

The Parties to this agreement will:-

- Support the Project;
- Work in partnership to develop robust and effective structures to deliver the Project Objectives;
- Work in partnership to agree;
 - A joint negotiation position with the Development Partner;
 - The terms of a comprehensive Development Agreement with the selected Development Partner;
 - The project management and governance arrangements for delivery of the Project Objectives;
- Undertake all tasks assigned to them to bring about the delivery of the Project Objectives in a timely manner;
- Ensure appropriate officer/consultant/decision maker attendance at all meetings of the Parties and other meetings where required.

7.0 Duties of LBTH

LBTH as landowner and without any intent to fetter or prejudice LBTH's statutory functions as planning, highways and regulatory authority confirms that it will:-

- Promote the obtaining of all necessary Cabinet, Mayoral or other approvals required to allow the Project to proceed in accordance with the agreed programme;
- Seek to agree with Poplar HARCA and the Development Partner an acceptable form of Development Agreement;
- Seek to agree with Poplar HARCA and the Development Partner acceptable specifications for the delivery of the LBTH Project Objectives;
- Seek to agree with Poplar HARCA and the Development Partner appropriate land transfer arrangements for LBTH's current land interests within the Development Agreement subject to agreement as to the terms of transfer and compliance with LBTH's statutory obligations under Section 123 of the Local Government Act

1972;

- Provide appropriate Officer/consultant input into the Project;
- In the event that a planning consent has been achieved for the Project and it is considered necessary in order to deliver the Project, LBTH will consider promoting the use of its CPO powers as necessary to enable the required site to be assembled and subsequently manage the implementation of the same subject to appropriate indemnities from L&R and Poplar HARCA..

8.0 Duties of Poplar HARCA

Poplar HARCA will seek to:-

Poplar HARCA to provide

9.0 Subsequent Agreements

This agreement is intended to define the roles and responsibilities of the Parties in relation to achieving the Project Objectives. It is intended that the Parties will subsequently enter into a Development Agreement.

10.0 Duration

This agreement will continue in effect until any of the following events occur:-

- The Project is completed;
- The Development Agreement is not entered into by 31 December 2011 ;
- The Development Agreement is terminated;
- Prior to entering into the Development Agreement either party gives not less than 3 months written notice to withdraw.

MEMORANDUM OF UNDERSTANDING: LBTH, POPLAR HARCA & LONDON & REGIONAL

PRINCIPAL TERMS THAT AFFECT LBTH

The Vision and Project Objectives (as per LBTH/Poplar HARCA Memorandum of Understanding – above)

Poplar HARCA Project Objectives (as per LBTH/Poplar HARCA Memorandum of Understanding – above)

LBTH Project Objectives (as per LBTH/Poplar HARCA Memorandum of Understanding – above)

L&R Project Objectives

1. In addition to the above overall project objectives, L&R has the following specific project objectives:
 - An agreed return to L&R on total development costs incurred on Private Development on the Site (“Minimum Private Return”), an agreed return on total development costs incurred on Public Development on the Site (“Minimum Public Return”) and an agreed return on total development costs incurred on Infrastructure on the Site (“Minimum Infrastructure Return”), collectively referred to as the “Developer’s Return”;

NB – the percentages have been agreed but are commercially sensitive and are not referred to enable

- L&R have agreed to hold back a percentage of profit at the end of each stage in order to improve the viability, if required, of a subsequent phase. Exact percentage to be agreed at Heads of Terms;

“Private Development” is defined as homes for private sale or private rent, retail and leisure units, commercial units for sale or rent (but excluding any premises to be occupied by HARCA, LBTH or any body providing public or social amenities).

“Public Development” is defined as any premises to be occupied by HARCA, LBTH or any body providing public or social amenities, social or shared equity housing,

“Infrastructure” is defined as any roads pathways or public realm intended for general public use, utilities services outside the walls of any buildings to be developed.

L&R will not charge a Developers Return on:

- Land acquisition costs (to include freehold and leasehold acquisitions); and
- Fees in relation to achieve a planning consent.

2. L&R's planning costs will be repaid from the proceeds from the first and second phases of the development. The exact repayment structure will be agreed at Heads of Terms stage.
3. L&R will receive an agreed share of any overage once an agreed threshold has been met.
4. Should L&R fail to complete all phases of the development then any surplus at the time the project ends will be paid to HARCA / LBTH.

The Site (as per LBTH/Poplar HARCA Memorandum of Understanding – above)

Project Timescales

5. The Parties are to make reasonable endeavours by [21 January 2011] to have agreed the detailed Heads of Terms for the DA to allow lawyers to produce the draft DA by 28 February 2011. It is the intention of the Parties to execute the DA by 31 July 2011. The 'long stop' date by which the Parties have to enter into a Development Agreement is 31 December 2011. There will need to be agreement in the Heads of Terms over the exact timings and there will need to be provision to agree an extension of both timescales should it be required in certain circumstances.

Duties of the Parties

6. L&R has been appointed by HARCA and LBTH as the preferred developer with the intention of entering into a Development Agreement ("DA") relating to the development of the Site and the delivery of the Project Objectives ("the Development").
7. The Parties to this Agreement will:-
 - Work to achieve a viable and deliverable planning consent which secures the future redevelopment of Chrisp Street Market. A minimum of RIBA stage C will be achieved over the lifetime of this MOU;
 - Support the Project;
 - Work in partnership to develop robust and effective structures to deliver the Project Objectives;
 - Work in partnership to agree the project management and governance arrangements for delivery of the Project Objectives;
 - Work in partnership to agree the terms of the DA;
 - Undertake all tasks assigned to them to bring about the delivery of the Project Objectives in a timely manner;

- Ensure appropriate officer/consultant/decision maker attendance at all meetings of the Parties and other meetings where required.
8. The Parties shall agree a strategy to approach existing land and lease holders within the proposed development and will use their reasonable endeavours to negotiate the acquisition of those land interests to comprise the Site.
 9. The Parties will agree a strategy to approach and approve both existing and new retailers with the objective of securing a sustainable blend of goods and services from the new supermarket, new retail occupiers, such existing retailers that are to continue within the Development and market stall holders.
 10. The Parties agree to respond to requests for information or actions from the other party as soon as practicable particularly where information requests are made so as to ensure that the parties can enter into the DA within the long-stop date referred to below.

L&R – Specific Duties

11. L&R are to provide a suitably qualified and experienced Project Manager and HARCA and LBTH need to be satisfied of their suitability acting reasonably.
12. L&R will, at its own cost, use its reasonable endeavours to undertake consultations with key stakeholders prior to execution of the DA.
13. L&R will, at its own cost, use its reasonable endeavours to advance the designs for the Development to a RIBA Stage C prior to execution of the DA. *L&R will provide a budget prior for costs up to RIBA stage C prior to the completion of the MOU*
14. L&R will provide monthly budget estimates in advance for all constants fees for Poplar HARCA to approve such approval not to be unreasonable.
15. During the life of the MOU L&R will procure that copies of all drawings, designs and studies will be deposited within a project internet based data room as and when they are created and HARCA/LBTH will be informed of any updated project information deposited therein. HARCA/LBTH will own the copyright of all documents and drawings.
16. Any public announcement from L&R in relation to the Chrisp Street Market Redevelopment must be approved in writing by HARCA/LBTH before any form of public comment or press release is made.

Poplar HARCA / LBTH – (as per LBTH/Poplar HARCA Memorandum of Understanding – above)

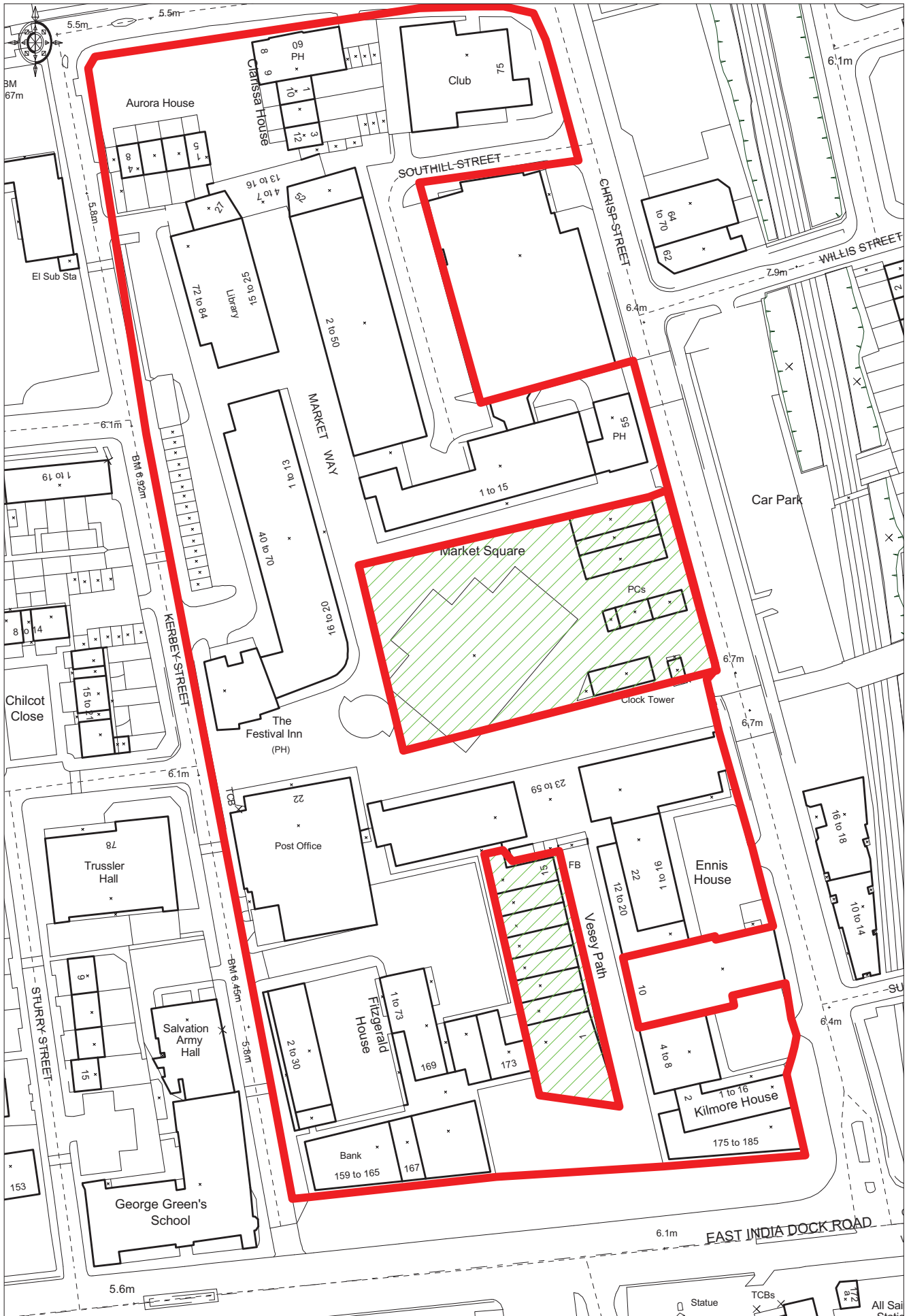
Approval of Consultants

HARCA has the right to approved L&R's proposed consultants.

Costs

17. Poplar HARCA and London and Regional have an agreed position in respect of possible abortive costs. The Council is not affected by this and has no liability.

Chrisp Street Market - Indicative Site Plan



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Agenda Item 6.5

Committee/Meeting: Cabinet	Date: 9th February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director of Development and Renewal Originating officer(s) Jackie Odunoye, Service Head, Strategy Innovation & Sustainability		Title: Allocation of Local Authority Grant to Genesis Housing Group for new affordable housing at Brodlove Lane Wards Affected: East India & Lansbury, Shadwell	

Lead Member	Councillor Rabina Khan, Lead Member for Housing
Community Plan Theme	A Great Place to Live
Strategic Priority	Provide affordable housing and develop strong neighbourhoods

1. **SUMMARY**

- 1.1 In July 2009 Cabinet agreed to dispose of the site previously occupied by David House (demolished in 2003) in Uamvar Street, E14. The sale to Poplar HARCA will generate a receipt of £363,000 and the site will be used for the development of new affordable housing.
- 1.2 The Homes & Communities Agency have allocated £3,072,000 in grant to Poplar HARCA for the scheme at Uamvar Street and have made it a condition of the grant that the payment to the Council for the land purchase should be recycled into housing grant for another scheme in the borough.
- 1.3 The most suitable scheme for receipt of this recycled grant is the Genesis Housing Group scheme at Brodlove Lane, E1.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Approve the payment of £363,000 to Genesis Housing Group as Local Authority Grant to support the provision of nine units of affordable housing for rent at a site on Brodlove Lane, E1, and adopt a capital estimate to enable the financing of the scheme to be incorporated within the capital programme.

2.2 Authorise the Director of D&R in consultation with the Assistant Chief Executive (Legal Services) to have delegated authority to approve the final details of the grant agreement to be signed by the Council and Genesis Housing Group

2.3 Authorise the Assistant Chief Executive (Legal Services) to enter into all necessary documents to implement the recommendations of this report

3. REASONS FOR THE DECISIONS

3.1 Grant allocated by the HCA will enable 24 units of affordable housing to be built on the David House site and payment of this HCA grant is conditional on the Council using the receipt for the land sale to provide grant to another affordable housing scheme in the borough.

3.2 The Genesis Housing Group scheme at Brodlove Lane has been selected as an affordable housing scheme which is suitable for the receipt of grant and will be able to start on site during the current financial year.

4. ALTERNATIVE OPTIONS

4.1 There is no viable alternative use of the £363,000 receipt. A failure to use it for Local Authority Grant would jeopardise the Council's current good relationship with the HCA.

4.2 There are at present no other affordable housing schemes apart from Brodlove Lane which do not already have a full grant allocation from the HCA and which are ready to start on site this financial year. The HCA has already allocated the balance of the grant required to support the scheme on the basis that the Council contributes a further £363,000 in grant.

5. BACKGROUND

5.1 A Cabinet report on 1st July 2009 approved the sale of the David House site (also known as Uamvar Street) to Poplar HARCA for the sum of £525,000, discounted to £363,000 to take account of another approved land transaction. Poplar HARCA have a planning approval to build 24 units of affordable housing on the site.

5.2 Over the past year or so, the HCA has increased its scrutiny of applications for grant from the National Affordable Housing Programme in order to maximise the value for money offered by each grant allocation. In the past year the HCA have questioned grant bids that have included the cost of purchasing land from a local authority.

6. BODY OF REPORT

6.1 The Cabinet decision to sell the David House site anticipated that there would be a receipt of £363,000 from the sale and acknowledged that the David House development relied on the receipt of HCA grant. At that stage

it was not known that the HCA would be unwilling to approve grant which would provide a receipt to the local authority. The HCA have now asked the Council to use this receipt as Local Authority grant to finance another affordable housing scheme. The HCA have in fact made this recycling of the receipt a condition of their grant to Poplar HARCA. That grant amounts to a total of £3,072,000 to finance the production of 24 units for social rent.

- 6.2 The HCA asked the Council to nominate a suitable scheme to receive the £363,000 grant: a scheme which would be able to start on site in the very near future and complete its affordable housing units before March 2012. A detailed examination of all the schemes which have planning permission and where an RSL is contracted to provide affordable units produced only one scheme that did not already have agreed HCA grant: the Genesis Housing Group scheme at Brodlove Lane, E1, granted planning permission under our reference number PA/09/2018. This scheme already has confirmation of a further allocation of £303,000 of HCA grant, in anticipation of the Council providing the balance of £363,000.
- 6.3 The Council's agreement to recycle the land receipt of £363,000 into the Brodlove Lane scheme will enable the completion of a total of 36 new units of affordable housing in the borough. The David House scheme will produce 24 units for rent (8 x 2beds, 10 x 3beds, 4 x 4beds, 2 x 5beds) and the Brodlove Lane scheme produces 9 units for rent (2 x 1beds, 2 x 2beds, 3 x 3beds, 2 x 4beds) and 2 x 2 bed units for intermediate tenure.
- 6.4 A grant agreement will be signed between Genesis Housing Group and the Council which will ensure that the nominations to these properties will be granted to the Council in perpetuity. The normal arrangement for 25% of these nominations to be passed to other boroughs, who are part of the East London Sub Regional Housing Partnership (ELHP), which operates for all schemes in receipt of HCA grant, will be varied in this case, as the ELHP protocol allows for further nominations to be granted to the host borough where additional resources have been invested to make the scheme possible.
- 6.5 The payment of this grant to Genesis by the Council will be in two separate tranches, in line with the HCA's normal split of total grant into 50% at start on site and 50% at completion of the scheme. The grant contributions from HCA and the Council are detailed below.

	Start on site Quarter 4 2010/11	Completion Quarter 4 2011/12
HCA grant	£303,000	
Local Authority grant	£ 30,000	£333,000
Total grant	(50%) £333,000	(50%) £333,000

- 6.6 The grant agreement with Genesis will specify the timing of the payment of the two tranches of grant. Genesis will be hopeful of receiving the first £30,000 from the Council at the time of their start on site, but it is likely that

this payment will not be made until some weeks after that date, as a grant agreement needs to be issued and signed by both parties, and the Council's payment will not be paid until the £363,000 is received from Poplar HARCA. At the time of writing, the contract for sale of the David House site was being finalised and the receipt was anticipated before the end of December.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report seeks approval for the Council to recycle the capital receipt that will be received from the disposal of the David House site that was approved by Cabinet on 1 July 2009 (Agenda Item 6.4 - Local Homes Initiative). The Homes and Communities Agency has made it clear that it will only grant fund Poplar HARCA to fund the acquisition and refurbishment of Authority owned properties, including the David House site, if the Authority agrees to recycle the capital receipt that will be generated (£363,000) into housing grant funding for another scheme within the borough. In this case the Genesis Housing Group scheme at Brodlove Lane has been proposed as suitable.
- 7.2 The table below shows the combined funding position for the schemes, but in effect, on the basis that neither scheme will progress unless the Authority agrees to recycle the receipt as Local Authority Grant, the Authority is gaining nomination rights to thirty-five units for a cost of £363,000.

Scheme	National Affordable Housing Programme Grant	LA Grant	Units	Bedrooms	HCA Grant per Bedroom
	£	£			£
David House Site (Poplar HARCA)	3,072,000	0	24	72	42,667
Brodlove Lane (Genesis Housing Group)	303,000	363,000	11	27	11,222
Combined Scheme Costs	3,375,000	363,000	35	99	34,091

- 7.3 Based on the lost opportunity cost of retaining and utilising the capital receipt for other regeneration related initiatives, the cost to the Authority is approximately £10,400 per property, or £3,700 per bedroom. In addition, the HCA's contribution across these schemes equates to £96,400 per property or £34,100 per bedroom. These total costs to the public purse of approximately £107,000 per property compare favourably with the costs of £188,000 upwards (excluding land value) that were included within the

successful bids submitted under the Building Britain's Future council house building funding regime.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 Under section 22 of the Housing Act 1996, the Council has the power to make grants to registered social landlords and section 170 of that act provides a framework for cooperation between local authorities and housing registered social landlords in offering accommodation to people in priority under the Council's allocation scheme (the Lettings Policy). By virtue of this legislation the Council has the power to enter into the arrangements described in this report.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The provision of new affordable housing in the borough is one of the priorities of the LBTH Community Plan. The developments which will be facilitated by this grant will result in 35 new units being built, 21 of which are for family sized housing for affordable rent. These units will be offered to residents from the Common Housing Register.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 The new properties to be built on the two sites will be in receipt of HCA grant and will be built to Code 4 standard of the Code for Sustainable Homes. The units will provide modern, well insulated properties with good performance on energy and water use.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The terms and conditions of the grant agreement between Genesis and the Council will ensure that failure to build the properties would result in repayment of the grant. Additionally, the HCA have a number of monitoring systems in place to ensure that their grant is spent in the provision of agreed units to an agreed standard.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 There are no implications specifically relating to the grant, but the grant will facilitate an early start on site by the RSL's contractors and will reduce any current crime problems associated with the vacant site at David House, or the unused industrial buildings at Brodlove Lane.

13. EFFICIENCY STATEMENT

- 13.1 The expenditure of £363,000 will facilitate the production of 35 additional units of affordable housing. Without the assurance of Local Authority grant input, the HCA would not have provided the additional funding that will enable these schemes to complete. This grant therefore represents an exceptionally productive and efficient use of Council resources.

14. APPENDICES

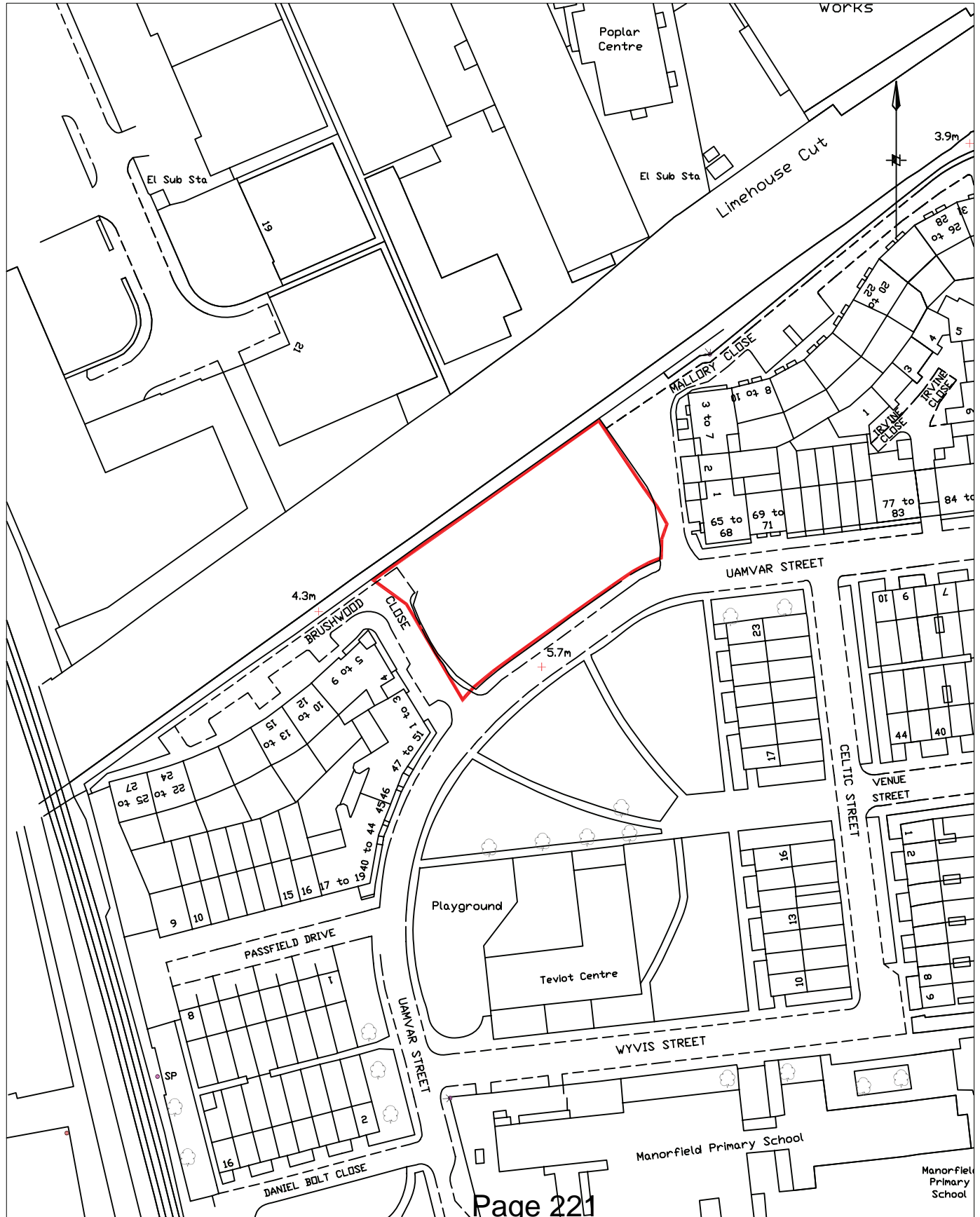
- Appendix 1: Plan of David House site
Appendix 2: Plan of Brodlove Lane site
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**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
None	F N/A

ASSET MANAGEMENT

Title FORMER SITE OF DAVID HOUSE, UAMVAR STREET, LONDON, E14.	Scale 1:1250	Date 07 : 12 : '10	Area: 2110 m ²
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bptw partnership

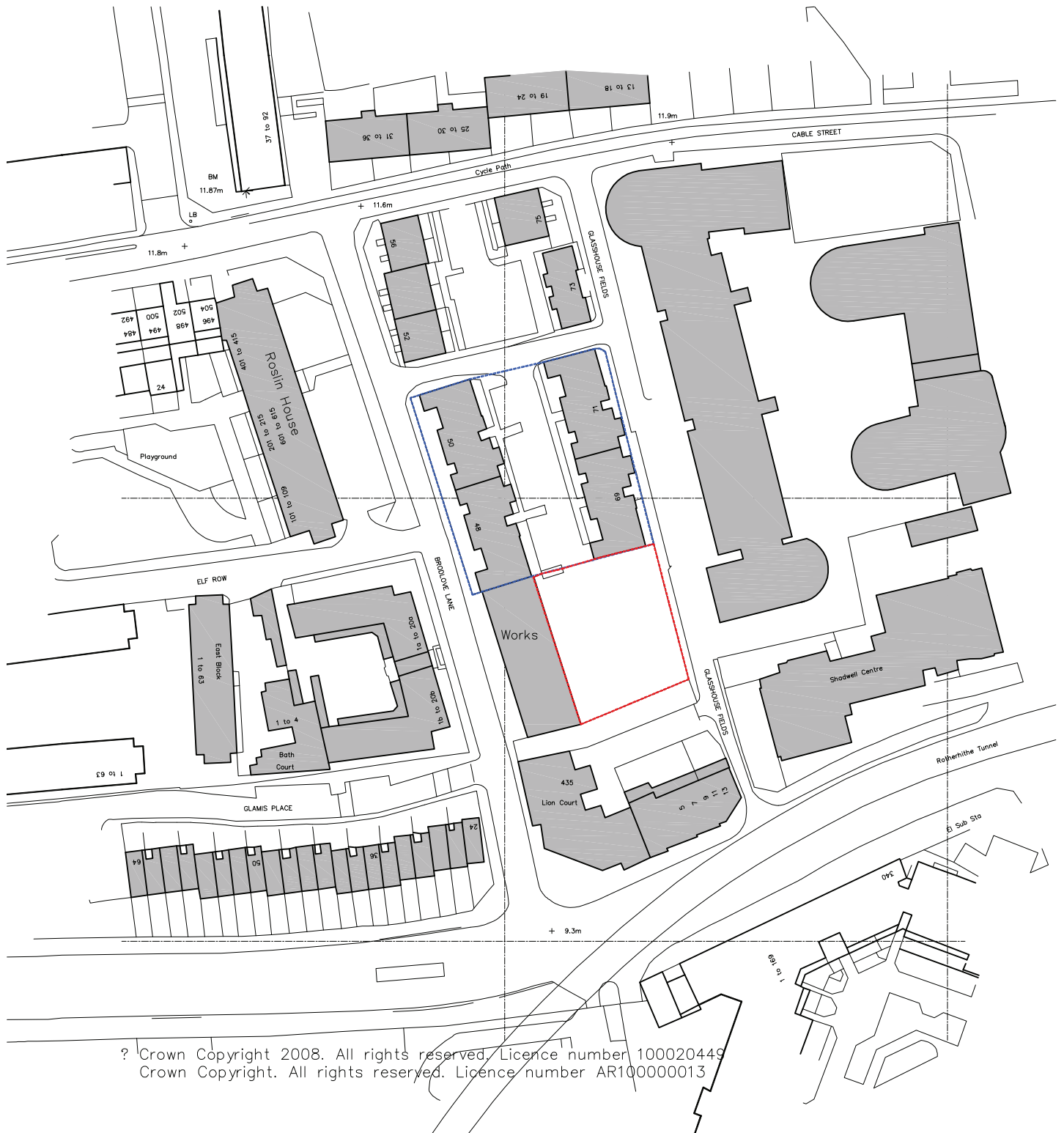
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Notes/revisions:

Rev
 A Site Boundary updated

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Date	May '09	Client	Genesis HA
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Agenda Item 8.1

Committee/Meeting: Cabinet	Date: 9 February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director Adults Health and Wellbeing		Title: Transforming Adult Social Care and commissioning as market shaping and development	
Originating officer(s) Deborah Cohen, Service Head Commissioning and Strategy, AHWB		Wards Affected: All	

Lead Member	
Community Plan Theme	Safe and Supportive Community
Strategic Priority	4.1 Empower older and vulnerable people and support families 4.3 Focus on early intervention

1. INTRODUCTION / SUMMARY

- 1.1 This paper gives a general update on the transformation of adult social care and, within this context, focuses on the commissioning aspects of the programme.
- 1.2 The specific focus of the paper describes:
- The changing relationship between the local authority and the social care market. This will increasingly be about commissioning as market development and facilitation rather than market management; and;
 - The key strategic aim to shift resources from long term care into **prevention services**.

Definition of Prevention

- 1.3 Within this paper any service that can be accessed without meeting eligibility thresholds is included under the broad banner of “prevention services”. This means that prevention services include:
- Citizen access, information, advice and signposting services
 - Early intervention services (eg community equipment, attendance at LinkAge plus)
 - Support to independence pathways (e.g. re-ablement, telecare, community equipment).
- 1.4 The distinction between preventative services and long term care services in practice can be blurred as some long term services (for example attendance at a day service) will prevent a service user from relapse or further deterioration.

And some service users with long term care needs will choose to access “prevention services” such as LinkAge plus. Putting this aside, the approach taken here is a distinction drawn on whether it is necessary to meet eligibility criteria or not to access a service

Changes in Social Care

- 1.5 Local authorities have already largely moved away from being primary providers of care to commissioners and purchasers of care. This is the case in Tower Hamlets where approximately 70% of spending is through commissioning rather than direct service provision. This paper describes the **next shift** from being commissioners and direct purchasers of care to a role of facilitation and development of the market for care and support options. This will grow as individual service users increasingly act as commissioners on their own account through the use of personal budgets. As a local authority our role will be to understand local needs and aspirations, as we will no longer control demand for specific services.
- 1.6 This shift is also closely tied to the widening of expectation of services provided by local authorities. While local authorities retain their statutory obligations to assess need under the NHS and Community Care Act 1990, and to provide/commission services for those who meet eligibility criteria under FACS¹, local authorities are expected to offer (commission) services to others who not only do **not** meet FACS criteria but may not have even been assessed. These services are the services referred to as “prevention” services above.
- 1.7 It is important to note that the strategic changes in social care firmly underpin the package of efficiency proposals that are being made in the budget setting process for 2011/12. Given the current financial climate, to achieve the strategic aim of shifting some existing resources out of long term care and into prevention services, means that the way existing resources are deployed has to change over a period of time. In putting together a package of savings within the Directorate we have deliberately ‘sheltered’ pre-FACS services in line with this strategic aim, whereas significant savings have been attached to the domiciliary care and day services re-commissioning processes where in addition current provision is above benchmarks.

Timetable for Change

- 1.8 It will take at least 5 years for these changes to work themselves fully through the system, and the local authority will continue to commission many services directly for at least the next 2 to 3 years. This means that the process of change will be iterative as increasing numbers of service users opt to take personal budgets and to use them on mainstream services and other services that are not directly commissioned by the Council. An extensive engagement exercise with stakeholders across the Borough has recently been held to raise awareness and increase understanding of the introduction of personal budgets.

¹ FACS = Fair Access to Care Services

- 1.9 All of the existing social care contracts in the Directorate will be reviewed through a number of work-streams which are listed in section 12, and it has been necessary, through the Competition Board, to request extensions of a number of these contracts to allow the full re-tendering to take place.
- 1.10 The commissioning of services funded by Supporting People (SP) (housing related-support) is the subject to a separate strategy. However significant parts of the SP spend are on preventative services and SP is therefore relevant to the considerations here

2. DECISIONS REQUIRED

2.1 Cabinet is asked to:

- Note the general progress on our implementation of the transformation of adult social care.
- Endorse the proposed approach to re-shaping social care commissioning.
- Agree the strategic aim of shifting some resources from long term support into prevention services.
- Note the need to review some contracts to allow time to carry out the different work streams
- Note the need to change the way commissioning is carried out and the current reorganisation of Commissioning staff now underway within AHWB.

3. REASONS FOR THE DECISIONS

- 3.1 The reasons for the decisions are set out in full through the main body of the report, as well as previously in the introduction / summary. These include:
- The national policy context and changes in commissioning due to the transformation of adult social care
 - The financial imperative to shift resources into preventative services to contain our spending on longer-term services
 - Present and future need for services in Tower Hamlets

4. ALTERNATIVE OPTIONS

- 4.1 As above, the unfeasibility of alternative options are set out through the main body of the report. In particular in relation to shifting resources into preventative services as is noted in section 11.2, any alternative approach would be likely to increase future costs, with demand escalating out of control, ensuring that people would only come into contact with health and social care services in a state of crisis, leading to the requirement for intensive, high-cost services such as residential care, intensive home care or hospital admission.

5. **BACKGROUND**

Putting People First

- 5.1 The background to the changes outlined in this paper can be found in the policy *Putting People First*², which was published in 2007, and is about the transformation of adult social care so that services are delivered in a way that ensures that users of services “exercise maximum control over their own life...and participate as active and equal citizens, both economically and socially”. This has an impact both on assessment and care management services and on commissioning which is the subject of this paper.
- 5.2 This means moving away from the traditional assessment and care management model of service delivery to a model whereby service users have sufficient information and support to assess their own needs and then to be in control of how those services are delivered. This may be through the medium of an individual/personal budget which enables the service user to make their own arrangements for the services they need.
- 5.3 This puts service users into the role of purchaser or “micro-commissioner” and to do this effectively there has to be a thriving market offering a diverse range of services locally from which the service user can purchase and access their own support. This changes the role of the local authority which has up to now commissioned blocks of services on behalf of service users and then directed service users into these blocks which might meet individuals’ needs to a greater or lesser extent.
- 5.4 This means that commissioning has to move into the role of market facilitation and development. As a local authority our role will be to understand local needs and aspirations, as we will no longer control demand for specific services. In this context it becomes important to differentiate between need and demand for services.
- 5.5 This shift in role to develop a local social care market is challenging requiring different skills from staff and gives rise to different organisational risk. This is discussed further below.

PPF Milestones

- 5.6 Since the publication of the original policy a self improvement framework has been issued to help local authorities deliver the PPF Milestones and each authority is expected to report progress against these milestones. Milestone 5 is called “Local Commissioning”. This says:

² *Putting people first: a shared vision and commitment to the transformation of adult social care (DH Dec 2007)*. At the heart of the Putting People First initiative is the focus on the personalisation of adult social services. This basically means thinking about care and support services in an entirely different way. This means starting with the person as an individual with strengths, preferences and aspirations and putting them at the centre of the process of identifying their needs and making choices about how and when they are supported to live their lives. It requires a significant transformation of adult social care so that all systems, processes, staff and services are geared up to put people first. This is not about creating more personalised versions of existing services, but about new, more adaptive solutions, that will require the support of the whole council to deliver.

Councils need to ensure the development of a diverse and high quality market in care and support services to offer real choice and control to service users and their carers.

Commissioning strategies based on the local JSNA, and in partnership with other local commissioners, providers and consumers of services should incentivise development of diverse and high quality services, and balance investment in prevention, early intervention/reablement with provision of care and support for those with high-level complex needs.

User-led initiatives and a much wider range and scale of services to address local need should emerge, in a market that is increasingly populated by individual purchasers.

5.7 Milestone 3 is about Prevention Services and this says:

This milestone looks at a whole system approach to prevention, intervention and cost effective services. This includes the support available that will help any citizen requiring help to stay independent for as long as possible. A key part of this is ensuring council-wide and partnership approaches to universal services e.g. leisure, adult education, transport, employment, healthy living and health improvement (backed by targeted intervention), along with housing and supported living options.

Examples of intervention include reablement type services that help people regain independence to live in their own home. It also helps people to avoid becoming dependent on council provided services with national studies demonstrating many people finish reablement services with either a reduced need for care, or no ongoing requirement at all.

It is important that the council and the NHS are jointly investing in early intervention and prevention and monitoring the effectiveness of services together eg. Joint interventions at best include telecare, case finding/case co-ordination and joint teams for complex and end of life care. Being able to evidence these types of savings is crucial, and reablement type services should form an intrinsic part of any Putting People First operating model.

Demographic Pressures

5.8 Section 9 describes the key demographic pressures facing social care. The data paints a picture of rising need for which there will not be a commensurate increase in resources. This therefore requires a different response through the development of a prevention strategy.

5.9 The evidence around the importance and effectiveness of preventative services is extensive and growing including evidence from sources as wide ranging as the National Institute for Clinical Excellence (NICE), the Department of Health, the Joseph Rowntree Foundation and many peer-reviewed research exercises and published articles. This work has shown that in the medium-to-long term, responding to the financial situation through cuts in non-statutory (preventative) services or raised eligibility criteria would not be a cost-effective approach. Indeed, such a strategy would be likely to increase future costs, with demand escalating out of control, ensuring that people would only come

into contact with health and social care services in a state of crisis, leading to the requirement for intensive, high-cost services such as residential care, intensive home care or hospital admission.

6. MARKET DEVELOPMENT - OVERVIEW

6.1 Social Care development over the next 3 to 5 years has to address the continuing implementation of *Putting People First*, the consequences of demographic change (chapter 7), and extreme pressures on public sector finances. This translates into the following drivers of change:

- The imperative for greater choice and control for people who use services and carers, and a consequent requirement for more diverse markets of support options (PPF)
- A stronger emphasis on evidence-based prevention, and consideration of the needs of the **whole** population (including people purchasing their own care), not just the minority already eligible for publicly funded care as a means of limiting the pressures on budgets from demographic change (chapter 7)
- Increasing the role of mainstream / universal Council services in health and social care
- A greater emphasis on the role and value of community and social capital, including social enterprises and user led organisations
- The need to find significant efficiency savings.

6.2 Local authorities have already largely moved away from being primary providers of care to commissioners and purchasers of care. This is the case in Tower Hamlets where approximately 70% of spending is through commissioning rather than direct service provision. The way forward described in this paper is to make the shift to facilitate and develop a market of care and support options without continuing to rely on our existing direct purchasing power, as individual service users increasingly act as commissioners through the use of personal budgets. As a local authority our role will be to understand local needs and aspirations, as we will no longer control demand for specific services

6.3 This shift in role to develop a local social care market will be a challenging one given that social care services are subject to market forces which in themselves may not produce the desired range of services across all levels of service user need. If local people are to have access to a broad and high quality range of support options, then this will require the right balance of relationships, responsibility and risk between local authority, providers and service users.

6.4 To empower individuals to make choices and to direct their own care, will be essential. This will include the systematic collection and updating of market information for service users and carers, and for professional staff, including brokerage staff and advocacy staff. An example of such information might be the CQC ratings of care providers, and this will be supported through technical enablers, using website and information portals located across the borough.

6.5 The definition of market development used in the Directorate is as follows:

“Based on a good understanding of need and demand, market facilitation is the process by which commissioners ensure there is sufficient appropriate provision available at the right price to meet needs and deliver effective outcomes both now and in the future”³

6.6 The Institute for Public Care describes market development as a three stage model or process⁴:

- **Market intelligence** – the development of a common and shared perspective of supply and demand, leading to a published market position statement. This will also be an iterative process where the information on people’s preferences, choices and purchasing decisions is systematically incorporated into on-going market development.
- **Market structuring** – putting in place the right framework to give the market available to Tower Hamlets residents the right kind of shape. This might include: an approach to sharing financial risk with service providers in the context of a reduced number and value of block contracts; development opportunities for new providers such as user led organisations; targeted improvement for specific sectors; outcome based contracts; training and development; quality assurance frameworks; business and management support; community catalogue and purchasing infrastructure.
- **Market intervention** – specific commissioning intentions and activity both in areas which are ‘pre-FACS’ such as preventative services and in areas where we will such a better deal for people who use services by buying blocks of services ourselves.

7. THE TOWER HAMLETS APPROACH

7.1 The following table sets out the features of an ‘ideal market’ [taken from the national market development forum (2010) – future social care market discussion paper 1] and how we are, and propose to, address these areas.

	Features of the ideal market	Actions to achieve this
1	Local authority has a wider view of the care market than just what it commissions directly, and will have the capacity to conduct market research	<ul style="list-style-type: none"> • On-going JSNA process, including market research • Provider forums for discussion and feedback

³ Institute of Public Care (2009) Transforming the Market for Social Care vol. 2, p4

⁴ Institute of Public Care (2009) Transforming the Market for Social Care vol. 2, p5. Market development was also a key part NHS World Class Commissioning framework, where effective commissioning: [from WCC competencies DH 2007]

- Translates strategy into short-, medium- and long-term investment requirements, allowing providers to align their own investment and planning processes with specified requirements
- Is aware of market trends and behaviours, and shows knowledge of and acts on current gaps in the market to provide patients with a choice of local providers
- Creates incentives where necessary for market entry, including understanding the requirements of full cost recovery
- Stimulates provider development matched to the requirements and experiences accrued from user and community feedback”

	and run initiatives to stimulate the market. Market intelligence is the basis for a constructive relationship with providers and people who use services	<ul style="list-style-type: none"> • Membership of pan-London forums for information exchange and possible joint work • Providing independent support where appropriate to potential suppliers when issuing tenders (as per SITRA and the Supporting People Framework Agreement)
2	Mechanisms will be in place to ensure that the individual choices people make can feed back into the market development process	<ul style="list-style-type: none"> • Framework-I • Access to Resources Team will have a systematic methodology for capturing 'unmet need' data.
3	All services will be person centred, offering choice and control.	<ul style="list-style-type: none"> • Commissioning Framework and intentions • Roll-out of personal budgets • Pilot of Independent Support Planning and Brokerage service will widen choice • Review of day opportunities in each service user group to deliver improved focus on being person centred
4	Local authority will publish a 'market position statement' which describes predictions of future demand, a quantitative and qualitative picture of the current state of supply, the areas where services need to develop, identified models of practice and information regarding pricing.	<ul style="list-style-type: none"> • Market position statement to be published by March 2011 • To be updated annually to reflect changes in the market / changes in demand
5	Service users and carers will have good unbiased access to quantitative and qualitative information about the kinds of support available to them, at what price, which they can in turn comment upon. They should also have information that illustrates the kinds of choices that other people have made and the outcomes they experienced.	<ul style="list-style-type: none"> • Community Catalogue • Information and advice strategy • Role of user-led organisations
6	There will be less use of 'traditional' residential care	<ul style="list-style-type: none"> • Mental health and learning disability accommodation and resettlement strategies • Expansion of availability of Extra Care Housing • Supporting People Framework Agreement for managing housing related support contracts
7	There will be an expansion in the number of people using personal assistants	<ul style="list-style-type: none"> • Training and accreditation programme • Domiciliary Care Service Specification will enable delivery of Personal Assistant type services

		<ul style="list-style-type: none"> Community Catalogue will provide access to local PAs, plus links to other London networks
8	Both the way that services are commissioned and delivered will take account of people's social capital and will seek to build these reserves where they are not available.	<ul style="list-style-type: none"> Self Directed Assessment and Support Planning / Brokerage services will take full account of individual's circle of support / social capital E-marketplace / Community Catalogue solution will have future ability to allow peer to peer exchange and sharing of services / skills / resources Time-banking schemes will be explored during 2011 as a means of building social capital
9	There will be a programme to drive up quality across the sector	<ul style="list-style-type: none"> Improvements to contract management Quality Assurance for Commissioning Provider training and accreditation programmes run by LBTH
10	There will be a greater focus on payment for care by the outcomes it delivers rather than by cost and volume.	<ul style="list-style-type: none"> All new contracts (including Domiciliary Care) will focus as far as possible on outcomes as well as inputs/outputs
11	There will be fewer block contracts for most services – while Adults Health and Wellbeing will maintain aggregate investments in some types of provision, the increasing numbers of people with control over their own budgets alongside self-funders, and an increase in individual purchasing will see new models of contracting develop.	<ul style="list-style-type: none"> Re-tendering rounds e.g. homecare Advice and assistance provided to local 3rd sector organisations to enable them to develop sustainable business plans for the medium term.
12	There will be a greater emphasis on combined preventative health and social care with more holistic care provision delivered by multi-disciplined organisations	<ul style="list-style-type: none"> Integrated Care Executive and Health and Wellbeing board – joint commissioning opportunities. Proactive and enabling approach to be taken to the changes to the NHS set out in the White Paper (Community Health Services / Public Health) Early engagement with developing GP consortia

8. STRATEGIC CONTEXT FOR COMMISSIONING WITHIN TRANSFORMING ADULT SOCIAL CARE PROGRAMME

8.1 In Tower Hamlets our local vision is: “To shift from a service based approach in the kinds of support people use now towards support that is personalised and community based, so that by 2011 everybody will be given the opportunity to meet their needs in a way that is personalised and effective for them.”

8.2 To deliver the vision the Programme needs to deliver:

- A transformed customer journey and business processes that delivers Self-Directed Support
- A transformed market place that enables customers to exercise real choice
- A transformed (internal and external) workforce that has the skills and knowledge required to deliver Self-Directed Support customer journey
- A resource allocation process and financial processes that ensure a financially sustainable directorate
- Users involved in a way that ensures that the TASC implementation meets their needs
- Technology that supports the workforce and customers in operating the Self-Directed Support process

We will do this by:

- a) providing universal services from a range of organisations including: the Local Authority, Primary Care and other public, voluntary and private agencies;
- b) focusing on early intervention and prevention to increase independence - such as reablement services;
- c) increasing choice and control by enabling and supporting our eligible customers to participate fully in their own assessment and support planning as well as identify outcomes which are important to their physical and mental well-being;
- d) encourage social capital by supporting and stimulating social networks and community-based support groups

8.3 ***A transformed customer journey:*** The Directorate’s work has focussed on developing a new operating system for social care whereby people become more adept at self-assessing and self-managing their health and support, within the context of personalised and person centred service responses. We are establishing what our new operating model will look like and determine which people, processes and systems need to be in place to support our new structure. This means that we need to redesign the way we have traditionally organised ourselves, this will require the restructuring of our Assessment and Care Management functions. Formal consultation with staff is due to be undertaken in January.

8.4 **The New Customer Journey** will see the current older peoples, physical disabilities and vulnerable adults team along with the occupational therapy service come together to form a new single adults service. The new adults service will be staffed by Social workers, Occupational Therapists and other social care “officers”. The three different services being developed are :

- **First Response** will seek to resolve 80% of people’s concerns at first contact through information/advice giving and speedy provision for simple levels of support. People who need additional support will be passed on to shorter term support.
- **Shorter Term Support** will identify services provided by the council and services elsewhere that can help prevent people from needing ongoing support. This service will deliver a program that seeks to help people maximise their independence. For people that remain in need of (and are eligible for) ongoing support they will be eligible for longer term support.
- **Longer term Support** will work with people to explore choices available to them for how their eligible needs can be supported. This service will work with the person to produce a support plan that describes the outcomes that are important to the person, and how they can stay in control of the support they receive. People if they choose to, will be able to receive a cash personal budget to pay for their support.

The new Customer Journey is shown in Appendix 1.

In addition to the work we are doing in adults service we will be working with both **learning disabilities** and **mental health services**, (which are both services integrated with health) to ensure that the customer journey in these

8.5 This pathway is radically different from the way current services are delivered. While local authorities retain their statutory obligations to assess need under the NHS and Community Care Act 1990, and provide/commission services for those who meet eligibility criteria under FACS⁵, local authorities are expected to offer (commission) services to others who not only do not meet FACS criteria but may not have even been assessed. In this paper all services open to people without FACS criteria being applied are referred to as “prevention services”.

8.6 This means that the way we use our resources has to change and this underpins our strategy to shift resources over a period of time from long term services to prevention, early intervention, and support for independence. While some of the changes above will be delivered through the re-organisation of in-house teams, the implications for commissioning include:

- Understanding the market for these services and commissioning services that historically have not been commissioned but have been funded opportunistically out of specially designated pots of money. Many of these services are not just funded from Adult Social Care. For example

⁵ FACS = Fair Access to Care Services

Mainstream Grants funds advice services.

- Developing specific strategic plans for commissioning preventative services, information and advice, and advocacy, as well as longer-term options, within the overall context of the shift of resources mentioned above.
- Aligning commissioning to the target operating model and away from traditional care groups.

8.7 There is also the overarching requirement for efficiency savings and these changes provide the opportunity to review all current contracts and spot purchasing arrangements. It will take a number of years for these changes to roll out. For example individuals will not initially be able to use a personal budget to purchase residential and nursing care which means there will continue to be block contracts for many of these services. Similarly as a market facilitator we can help improve value for money for individual service users by putting in place framework agreements that individuals can access.

8.8 Integrated commissioning with the NHS will continue to be a priority locally and nothing in this paper proposes any changes to the arrangements currently in place.

9. PRESENT AND PREDICTED FUTURE NEED FOR SERVICES

9.1 Adults Health and Wellbeing works closely with colleagues in Public Health to track changes in the demographics of the local population and of need within the Borough. This work paints a picture of growing need which will not be met by a commensurate growth in resources. This means finding other ways to meet need through a strategy of increasing preventative services.

9.2 Over the last three years a huge bank of demographic information has been assembled, however only the key issues are presented here. The linkage between the growth in population and the preventative strategy is described in chapter 9.

Key Demographic Issues

1. The Tower Hamlets population is forecast to grow significantly over the coming years, and the demand for long-term social care services will rise accordingly if we continue to provide services in the same way.
2. The need for learning disability services will increase by a faster rate than the general population increase.
3. The need for services for those who are over 85 and / or have dementia will increase significantly.
4. **Demand** for, and take up of, long-term services is likely to remain comparatively high.

5. The increase in people with health and wellbeing needs is likely to lead to a substantial increase in the number of people providing unpaid care and in need of carer support services.
6. If current levels of **demand** for services continue, projected use of longer-term AHWB services will rise by about 20% over the next ten years.

9.3 ***There are estimated to be 187,000 adults aged 18 years and over living in Tower Hamlets in 2010, predicted to rise to over 192,000 in 2011, 208,000 in 2015 and over 227,000 by 2020.***

Age Group	2010	2015	2020	2025
18-64 years	168,902	188,871	206,483	223,547
65-84 years	15,656	16,039	17,471	20,128
85 years and over	2,357	2,816	3,217	3,748
Total Adult Population	186,915	207,726	227,171	247,423

9.4 ***The need for learning disability services will increase by a faster rate than the general population increase.***

- Currently, around 670 adults use social services in Tower Hamlets for learning disabilities⁶.
- Prevalence of learning disabilities and complex needs is higher in the Bangladeshi population than others⁷.
- As the younger population (of whom a larger proportion are Bangladeshi) ages, we can assume that the proportion of the adult Tower Hamlets population with a learning disability will increase substantially.
- This potential increase is in addition to the overall population.
- As the life expectancy of people with learning disabilities increases (especially for people with Down's syndrome) there will be an increase in the number of adults with a learning disability in Tower Hamlets, as well as the number of older people with a learning disability (therefore potential increased demand for services).
- This increase in older people with a learning disability is likely to result in an increase in the number of people in Tower Hamlets with early onset dementia and complex needs.

9.5 ***The need for services for those who are over 85 and / or have dementia will increase significantly***

- The population aged 85 and over will steadily increase over the next 15 years, reaching almost 3,800 by 2025⁸.

⁶ LBTH AHWB SWIFT Data 2009/10.

⁷ Emerson, E. et al. (1997) Is there an increased prevalence of severe learning disabilities among British Asians? *Ethnicity and Health*, 2, 317-321.

⁸ © GLA 2009 Round Population Projections

- Currently, 60% of the Tower Hamlets population aged 85 and over use social services (over 1,400 people in 2009/10).
- 43% of people in this age group report at least one fall during the last 12 months⁹.
- Between 6 and 13% of people in this age group require support with continence issues.
- Around 85% of people in this age group have moderate or severe hearing loss.
- Between 35 and 50% of people in this age group are unable to manage at least one mobility activity on their own.
- Around 16% of people in this age group have dementia¹⁰.
- Around 37% of people in this age group have a limiting long term illness and live alone¹¹.
- This is likely to contribute to an increase in the number of people using services for physical disability, sensory impairment and dementia, not least because of local and national strategies to improve the rate of diagnosis of dementia in primary care and other settings.

9.6 Demand for, and take up of, long-term services is likely to remain comparatively high.

9.6.1 A larger proportion of the older population (aged 65 and over) in Tower Hamlets used long-term social care services in 2009/10 (20%) than other similar boroughs such as Hackney (17% of older people); in Newham (16% of older people), Lambeth (19%) and than the Greater London average (15%)¹².

9.6.2 Comparisons with other boroughs with similar levels of deprivation, simply in terms of need, do not give any obvious explanation for this. According to Census data, the proportion of older people in the borough who live alone is 47% which is similar to Newham (46%), Lambeth (48%) and lower than Hackney (55%)¹³.

9.6.3 Since the older population is expected to grow substantially over the coming years, in line with general expected population increases¹⁴, the need for pre-FACS / preventative services and interventions will become of paramount importance to mitigate an otherwise burgeoning demand for long-term social care services.

Population projections of those aged 55 and over in Tower Hamlets, 2010-2030. © GLA 2009 Round Population Projections

⁹ POPPI, 2010.

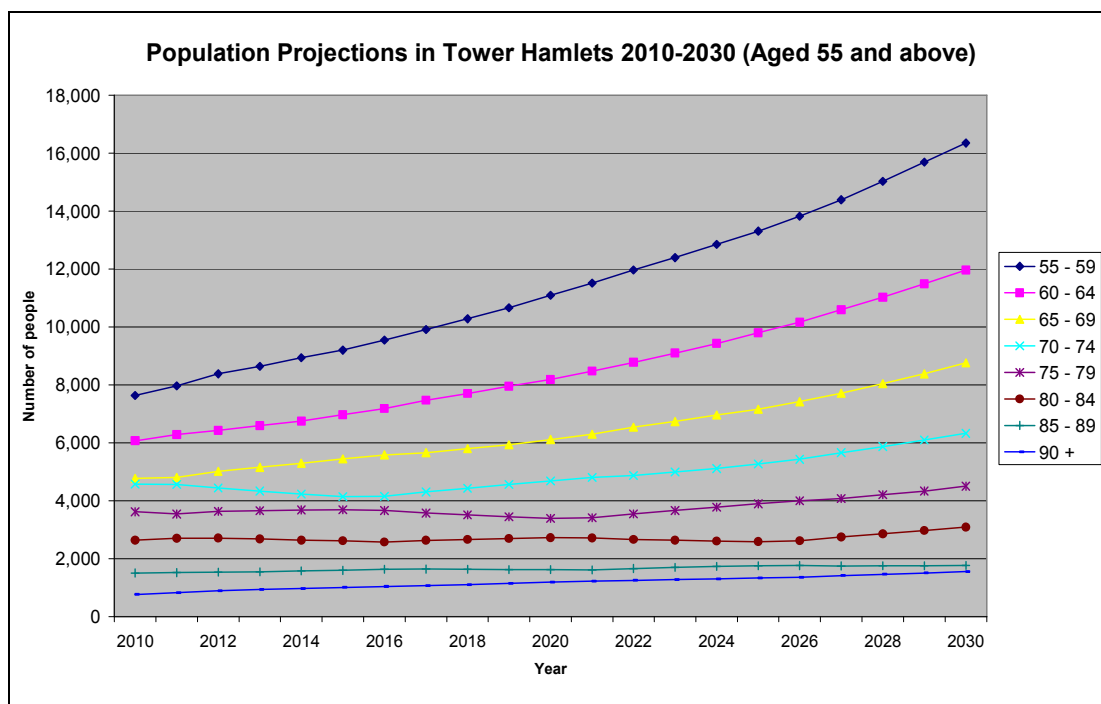
¹⁰ Older People and Mental Health Joint Strategic Needs Assessment, 2009.

¹¹ POPPI 2010.

¹² NHS Information Centre, NASCIS 2009/10

¹³ Census 2001

¹⁴ © GLA 2009 Round Population Projections



9.7 **The increase in people with health and wellbeing needs is likely to lead to a substantial increase in the number of people providing unpaid care and in need of carer support services.**

9.7.1 There are currently over 9,000 people providing 20 hours or more of unpaid care per week, of whom around 5,800 provide 50 hours or more per week¹⁵. Even taking into account the most crude population projections (and not potential increases in the proportion of the population caring), there will be almost 10,000 people providing 20 hours or more of unpaid care per week in 2015, increasing to over 11,500 by 2025

9.8 **If current levels of demand for services continue, projected use of longer-term AHWB services will rise by about 20% over the next ten years:**

9.8.1 The following table applies GLA population projections to our current service user data¹⁶. A full breakdown is provided in Appendix 1.

Age Group	2010	2015	2020	2025
18-64 years	3,009	3,365	3,678	3,982
65-84 years	3,398	3,481	3,792	4,369
85 years and over	1,403	1,676	1,915	2,231
Total Adult Service Users	7,810	8,522	9,385	10,582

¹⁵ 2001 Census data applied to GLA 2009 Round Population Projections

¹⁶ Data from SWIFT 2009/10; proportions applied to GLA Population Projections.

10. CURRENT COMMISSIONING OF SERVICES

Commissioning spend on Prevention Services

10.1 Currently £4.6m of the total £65m adult social care commissioning spend is on pre-FACS services (information and advice, advocacy and preventative services). This is **7%** of the total social care commissioning budget, and includes Carers Grant funding, mainstream grants and PCT funding for Link Age Plus. To this total can be added the reablement service, costing approximately £1.5m, which is in- house, and approximately £160,000 for the current annual cost of equipment for Telecare and occupational therapy linked to the reablement service¹⁷. It should be noted that there is no published benchmarking information to date on this area of social care spend.

Category	£'000s	Types of services
Information, advice and advocacy	857	Information, advice, care group specific advocacy, welfare rights.
Prevention and early intervention	3,740	Lunch clubs, LinkAge Plus, handyperson services, befriending and bereavement services, respite, job brokerage and supported employment
Total before reablement	4,597	
Reablement	1,500	Homecare, occupational therapy
Equipment for telecare and reablement	160	
TOTAL	6,257	

10.2 It should be noted that in practice the distinction between prevention and long term support is artificial as some service users with long term care plans will also access prevention services (for example an Older Service User who meets FACS thresholds and has a long term package of care may also choose to attend a local LinkAge Plus centre).

10.3 The analysis at this stage does not include Supporting People and a similar exercise is being undertaken to determine the proportion of SP grant is spent on those who are FACS eligible¹⁸.

10.4 The only statutory services included within the above are the Independent Mental Health Advocacy Services (IMHA Service) and the Independent

¹⁷ Important to note that staff costs for both occupational therapy / community equipment and telecare are not included here – for several reasons related to more complicated grant funding or joint arrangements with other directorates and the NHS, and a more detailed analysis required on staff time allocated to pre-FACS services. This is being covered in full through the transforming adult social care programme workstreams.

¹⁸ For the sheltered housing schemes that we have surveyed, 38% of tenants in receipt of SP services were also FACS eligible and receiving a care package. For one LD service surveyed to date 85% were also FACS eligible and receiving a care package. Extrapolating this out to the whole Older People and Learning Disabilities SP budgets suggests that 46% (or £646,364) of SP funding for this groups is going towards those who are not FACS eligible.

Mental capacity Advocacy Service (IMCA Services which have a combined contract value of £205,866.

Analysis of Providers

- 10.5 Our provider landscape is extensive with over 450 providers being used (this includes all residential placements outside the borough). The size of contracts is equally wide-ranging, with in addition grant funding programmes providing a number of very small grants. We have a significant number of locally based providers. The vast majority of our block contracts for information and advice, prevention, advocacy and day services are with third sector providers, accounting for approx £6-7m, and a significant proportion of our homecare market is with the local third sector. A limited number of services are also provided in house (re-ablement).

Analysis of Quality and Value for Money

- 10.6 A significant amount of information and analysis is available about our use of services registered by the Care Quality Commission – residential care homes, domiciliary services and nursing agencies. External evaluation of our commissioning and placements have shown that we are succeeding in our policy of using only regulated services rated ‘Good’ or ‘Excellent’. No ‘Poor’ services are used locally, while those that have previously been rated ‘Adequate’ have been re-rated as ‘Good’. A single ‘Poor’ service is used outside the borough subject to a clear choice by a resident.
- 10.7 The same external evaluation found that domiciliary care procured by commissioners was almost entirely rated as ‘Good’ and that in a recent survey of homecare users 92 per cent of nearly 600 people surveyed reported they were ‘always’ or ‘usually’ happy with the way their care worker treats them.
- 10.8 Assessing the quality of services which are not CQC registered has been difficult to achieve in a comprehensive way. A number of services do not operate within a specific quality framework. However we know from user surveys that satisfaction levels are generally very positive, although the shortcomings of this approach are recognised. This is a challenge for the future role of commissioning listed in the table in chapter 4 (point number 9 refers to the need to establish accreditation systems).

Initial Market Analysis

- 10.9 Overall the current market could be described as amalgam of historic arrangements rather than strategic design. For example contracts expire at different times and different services have different proportions of spot and block purchasing.
- 10.10 The balance between statutory and non-statutory services or long-term and preventative services in terms of commissioning spend is weighted towards long-term, FACS eligible support, reflecting policy pre Putting People First.

- 10.11 As stated above it is intended to move this balance by transferring more resources towards preventative services. In line with this strategic aim, pre-FACS services have been “sheltered” from efficiency targets, with significant savings attached to the domiciliary care and day services re-commissioning programmes where current provision was above benchmarks.
- 10.12 The information and advice market in Tower Hamlets as a whole is very extensive, but fragmented and many of AHWB commissioned services are care group specific which may lead to duplication in services whereas more generic services might be just as good and more cost effective.
- 10.13 AHWB is only one commissioner among several, reflecting existing grant funding arrangements and funding streams rather than strategic design. The consolidation into a small number of bigger contracts and / or joint commissioning with other Directorates/NHS will be explored along with the aim of encouraging a networks, user led organisations or and third sector start-ups.
- 10.14 The advocacy market is similarly extensive in the borough although to a certain extent hard to distinguish from the information and advice market. Advocacy services have not generally been commissioned either with a clear focus or within a quality framework. Again there has been a focus on commissioning for particular groups rather than effective and inclusive generic provision.
- 10.15 The “specialist” market for prevention and early intervention services is small and comprising the in-house reablement (homecare) service, LinkAge plus, and a significant network of very small lunch clubs funded through Mainstream Grants. Some of these clubs are starting to provide extra services. A proportion of this funding is time limited which will force a strategic review across the whole lunch club network. However the broader prevention market could be described as very extensive with a whole range of initiatives on offer across sport, leisure, culture, adult education services etc.
- 10.16 The long term care is largely provided through contracts with residential care, homecare (domiciliary care), and day care with an undeveloped market in personal assistants.
- 10.17 There is a highly developed, mature market for Domiciliary Care services across Greater London. This market is varied, with a mix of small (local), medium (regional) and large (national) suppliers from both the private and 3rd sectors. This ensures that the market place is highly competitive. The Council currently has contractual relationships with 16 suppliers, 5 from the private sector and 11 from the 3rd sector. These suppliers range in size and geographic coverage. A number of the 3rd sector organisations started as small local organisations that have been supported over a number of years by the Council to increase their capacity.
- 10.18 Day Services are provided by mainly third sector providers including two local Tower Hamlets providers. There is a work-stream underway to modernise

day services through a re-commissioning programme.

- 10.19 The market for personal assistants is expected to increase with the increase in personal budgets and will be a new area for commissioners, with close attention to be paid to quality assurance and safeguarding.

11. SHIFTING RESOURCES FROM LONG TERM SUPPORT TOWARDS PREVENTION AND EARLY INTERVENTION

- 11.1 Achieving this strategic aim is at a time of a retrenchment in spending is challenging. Yet it might be argued given the demographic pressures outlined in chapter 6 above that there is no alternative if services for the most vulnerable are going to be able to keep up with need. However as difficult as this is, it might be noted that the Care Quality Commission in their recent inspection report recognised the strong starting point with already significant shifts in resources from old style residential care towards community based services and reablement.

- 11.2 The evidence around the importance and effectiveness of preventative services is extensive and growing. Evidence from sources as wide ranging as the National Institute for Clinical Excellence (NICE), the Department of Health, the Joseph Rowntree Foundation and many peer-reviewed research exercises and published articles, have shown that in the medium-to-long term, responding to the financial situation through cuts in non-statutory (preventative) services or raised eligibility criteria would not be a cost-effective approach. Indeed, such a strategy would be likely to increase future costs, with demand escalating out of control, ensuring that people would only come into contact with health and social care services in a state of crisis, leading to the requirement for intensive, high-cost services such as residential care, intensive home care or hospital admission.

- 11.3 Set out below are the key strategies that will be followed to develop over a period of time our prevention services:

- **Working jointly with NHS partners** building on our existing partnerships. One of our key preventative services, Link Age Plus, is jointly funded with NHS Tower Hamlets and there is growing partnership work on tackling health inequalities underpinned by our Joint Strategic Needs Assessment.
- **Sheltering existing investment from overall efficiency savings**
- **Promoting co-production with communities** by, for example, encouraging community-based initiatives set up with other funding or social enterprises, with seed corn investment from the local authority.
- **Streamlining procurement** bringing together 'preventative' services which are currently commissioned from several different places in a larger mainstream market. This will mean exploring opportunities not just with the Council but with other local authorities (for example the Supporting People framework re tender is being conducted jointly with Newham).

- **Increasing support for carers** including those who are caring for people who are already eligible for social care.

12. **NEXT STEPS**

12.1 Our next steps include:

- I. **Reorganising the commissioning section** of the Directorate to enable one section to deal primarily with transactional commissioning, thereby freeing up resources to develop our strategic commissioning capacity. This has already started. There is an efficiency target attached to this work.
- II. **Developing specific strategies and commissioning priorities** in areas such as Learning Disabilities day services and dementia (see below).
- III. **Publication of our market position statement and commissioning intentions** by 31st March 2011 as required by the Putting People First milestones.

Forward re-commissioning plan

12.2 The following table provides an overview of our current re-commissioning work-streams.

Re-commissioning Work stream	Timescales	Efficiency targets attached	Work streams with contracts which will require review
Domiciliary Care	New contracts in place June 2011		Extensions already in place
Supporting People	Framework agreement in place July 2011		already been to Competition Board
Learning Disability day options	New contracts in place by end 2011-12		(although significant proportion of spend is on spot basis)
Advocacy	New contracts in place by end 2011-12	X	
Information and advice	New contracts in place by end 2011-12	X	
Prevention Services	New contracts in place by end 2011-12	X	- significant separate piece of work on

			Handyperson Services
Mental Health day options	New contracts in place by end 2011-12		
Carers	New contracts in place by end 2011-12	X	
Older People Day Options	New contracts in place by end 2011-12		- earlier attempts to retender some of these services not successful due to poor quality of responses
Residential Care PD and LD resettlement and Care Funding Calculator	N/a – placements are spot purchased		X

13. COMMENTS OF THE CHIEF FINANCIAL OFFICER

13.1 In line with the Putting People First publication in 2007, outlining the transformation of adult social care, this paper sets out the change in commissioning arrangements required within the Adults Health and Wellbeing Directorate.

13.2 As per paragraph 2.1, Cabinet is asked to:

- Note the general progress on our implementation of the transformation of adult social care.
- Endorse the proposed approach to re-shaping social care commissioning.
- Agree the strategic aim of shifting some resources from long term support into prevention services.
- Note the need to review some contracts to allow time to carry out the different work streams.
- Note the need to change the way commissioning is carried out and the current reorganisation of Commissioning staff now underway within Adults Health and Wellbeing.

13.4 The authority has received the Transforming Adult Social Care grant for the last three financial years (2008/2009 through to 2010/2011) in order support the transformation agenda.

The grant is fully committed to support the programme and is expected to be fully utilised during the current financial year. Any residual balance may be carried forward into 2011/2012 in line with the grant conditions. The capital funding received from the Department of Health (£175,000) is expected to be

utilised in full in 2010/2011.

- 13.5 The transforming adult social care agenda puts service users into the role of a purchaser/"micro commissioner" and therefore the authority will be required to become the developer of a social care market as opposed to a direct commissioner.
- 13.6 As per section nine (9.2), demand for long term Adults Health and Wellbeing services is expected to rise by 20% over the next ten years. The expected rise is likely to see an increase in the number of people providing unpaid care, who will subsequently require carer support services provided by the Council. The growth will not be able to be aligned with an increase in resource and therefore the Authority will need to set a strategy of increasing preventative services to minimise the demand for long term care needs.
- 13.7 The report proposes a strategic objective to move resources within the Directorate from long term services to preventative services (see section eleven). A movement of budget from one Directorate vote to another will need to be carried out inline Financial Regulations and the scheme of delegation (section B8). As necessary approval will be required by Cabinet, where these exceed £250,000. Any virements in excess of £100,000 approved by the Director of Adults Health and Wellbeing will subject to noting to Cabinet.
- 13.8 The Directorate has submitted as part of the 'Service Options Review' a number of saving proposals which were considered by Cabinet in January 2011. Due to the change in commissioning role required by the Directorate, these have focussed on domiciliary care and day service commissioning budgets where current provision is above benchmarks (see paragraph 1.7).
- 13.9 The restructure of the Directorate's Commissioning division is currently at formal consultation which when implemented in full (2011/2012), will provide efficiency savings in line with the 'Service Options Review'.
- 13.10 Section 12.2 of the report sets out the commissioning contracts which are due to expire on the 31st March 2011, which will require an extension while recommissioning arrangements take place. The extension of the contracts will be subject to agreement by the Authority's Competition Board. The funding for the contracts will be met through and commissioned in line with Directorate resources.

14 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 14.1 The Council is obliged under section 47 of the NHS and Community Care Act 1990 to assess the needs of persons who appear to need community care services and decide whether those needs call for the provision of any such services. Community care services include arrangements for promoting the welfare of persons aged 18 or over who are "blind, deaf, dumb or who suffer

from mental disorder of any description”, under section 29 of the National Assistance Act 1990 or section 2 of the Chronically Sick and Disabled Persons Act 1970.

- 14.2 The report proposes preventative arrangements to promote the welfare of persons who may become, but are not yet, eligible for community care services. The Council is empowered by section 111 of the Local Government Act 1972 to do anything calculated to facilitate, or that is conducive or incidental to the discharge of any of its functions. There seems a reasonable argument that prevention is conducive to the exercise of the Council’s community care powers, as it helps ensure that the Council’s limited resources may be better targeted to those who need them.
- 14.3 The decision to focus on prevention may be justifiable by reference to the Council’s well-being power. The Council is empowered under section 2 of the Local Government Act 2000 to do anything which it considers likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not otherwise prohibited by statute. This power includes the ability to incur expenditure or to give financial assistance to or enter into arrangements or agreements with any other person. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan. Any conclusions regarding well-being and links to the Community Plan would need to be evidenced.
- 14.4 Personalisation is a significant element of transforming adult social care and includes the provision of personalised budgets and direct payments to service users or other suitable persons to secure community care services assessed under section 47 of the NHS and Community Care Act 1990 or services for carers under section 2(1) of the Carers and Disabled Children Act 2000.
- 14.5 The making of direct payments under section 57 of the Health and Social Care Act 2001 was enabled by the Community Care, Services for Carers and Children’s Services (Direct Payments) (England) Regulations 2009. It is essential that the Council complies with the 2001 Act and the 2009 Regulations in the transformation of adult social care, as well as the requirements of any legislation under which the obligation to provide services arises. The Government has published statutory guidance on direct payments, to which the Council is required to have regard in implementing its direct payments system. This includes guidance on the operation of any resource allocation system. It will be for officers to ensure these requirements are met.
- 14.6 The proposals in the report appear generally consistent with the Council’s obligation as a best value authority under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.
- 14.7 The Service Agreements that are proposed to be extended are for Part B

services within the meaning of the Public Contract Regulations 2006 and therefore the provisions of those regulations do not apply. However, the Council does need to take into account the EU principles of transparency, non discrimination and equal treatment. It appears clearly from the report that the proposed extensions are interim arrangements and that detailed consideration is being given to re-procuring these services which will be done in full compliance with all relevant legislation.

15 ONE TOWER HAMLETS CONSIDERATIONS

- 15.1 Understanding the equalities implications of the Transforming Adult Social Care programme is one of the strategic priorities of the Council's Single Equality Framework for 2010/11. A strategic level Equality Impact Assessment (EqIA) of the programme as a whole is currently being conducted in conjunction with the corporate Scrutiny and Equalities Team. Key issues across the programme are being considered within different workshop sessions involving senior managers, frontline staff and members of the community. An interim report will go to the TASC Programme Board by March 2011, with a final action plan for the programme being delivered in the spring. We aim to ensure that all those requiring care or support are afforded the benefits of increased choice and control, experience the shift in power away from professionals and services, and are more able to access mainstream options and participate more fully in society. In this sense the transformation of social care will bring very significant gains in the widest and most fundamental ways for some of our most vulnerable and disadvantaged residents.
- 15.2 Shifting resources into preventative services will bring many gains including tackling health inequalities, supporting many community-based organisations, and tackling social isolation by providing opportunities for people to meet together and get out and about in their local areas. There is no specific impact assessment as such at this stage of this broad strategic aim for a number of reasons:
- As a key strategic aim of the transformation programme as a whole, across both commissioning and service provision, it is in part covered through the strategic level EqIA described above
 - In relation to the use of resources, the emphasis is as explained on protecting our existing investment in, and provision of, preventative services in the broader context of significant savings being made across the commissioning budget as a whole. In this sense, by “doing nothing” we will in fact increase our proportionate spending on preventative services.
 - Specific commissioning decisions will be made over time via the processes outlined in section 12.2 which will either be the subject of separate or further reports to Cabinet (such as for example Learning Disabilities Day Opportunities which is on the agenda for this meeting) and / or be dealt with via the competition board and through procurement procedures.

16 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

There are no specific environmental implications from these proposals

17 RISK MANAGEMENT IMPLICATIONS

17.1 Given the transformational scale of this programme, risks are inevitable. Overall, they are managed and mitigated through rigorous programme management. The major areas of risk are personal – risk to individuals –and organisational –financial risks to the Council. If individuals are to be allowed to make real choices about how the support they want to help them live their lives, they must also be allowed to take risks. There is a national debate about the relationship between social care’s responsibility to empower people to make their own choices, and its responsibility to safeguard vulnerable people from the risks of exploitation, abuse, or other risks to wellbeing into which those choices may lead them.

17.2 People who have a personal budget will be regularly reviewed to ensure they are able to continue to manage their allocation in a way that meets their support needs. These reviews will check and ensure that personal budget expenditure is being spent on what was agreed in the persons support plan. The reviews will also check that the person is not being abused or exploited.

17.3 We have a robust programme management framework in place with effective governance arrangements. Our Programme Board provides key alignment with corporate objectives and resolves escalated risks and issues. This Board comprises our Directorate Management Team as well as representatives from THINK (a user-led organisation) and Tower Hamlets PCT. Below this governance tier sits the Implementation Management Group comprising all Work stream Leads of the Programme which focuses on strategic approach, budgets, benefits and escalated risks and issues that cannot be resolved on an individual project level. We have a supportive Programme Office that manages the governance structure and acts as a key thread between the groups that form the Programme.

18 CRIME AND DISORDER REDUCTION IMPLICATIONS

18.1 There are no specific crime and disorder implications from these proposals. However in relation to safeguarding vulnerable adults, the challenge is to introduce more choice and control without exposing people to serious risk or harm. Whilst doing this we do not want a focus on safeguarding that limits people’s ability to make real choices. In the new Customer Journey we will be educating people about risk, and working with people to minimise risk. We will want to manage risk in partnership with people. The Preventative approach that is a key element in personalisation will extend to Safeguarding and we will be investing in empowering organisations and individuals to recognise, prevent, report, avoid and complain about abuse in all its’ forms.

19 **EFFICIENCY STATEMENT**

- 19.1 The Council's Transforming Adult Social Care Programme seeks to offer greater choice, independence and control to our residents in need of social care information or support. We aim to enable residents to become more independent and make better use of the resources in the community as well as the council's resources. The report proposes a strategic shift from long term commissioning budgets to preventative services, the impact of which is incorporated throughout the report.

20. **APPENDICES**

Appendix 1 – Customer journey diagram

Appendix 2 – Overview of engagement activities

Appendix 3 – Population projections applied to current AHWB service use data

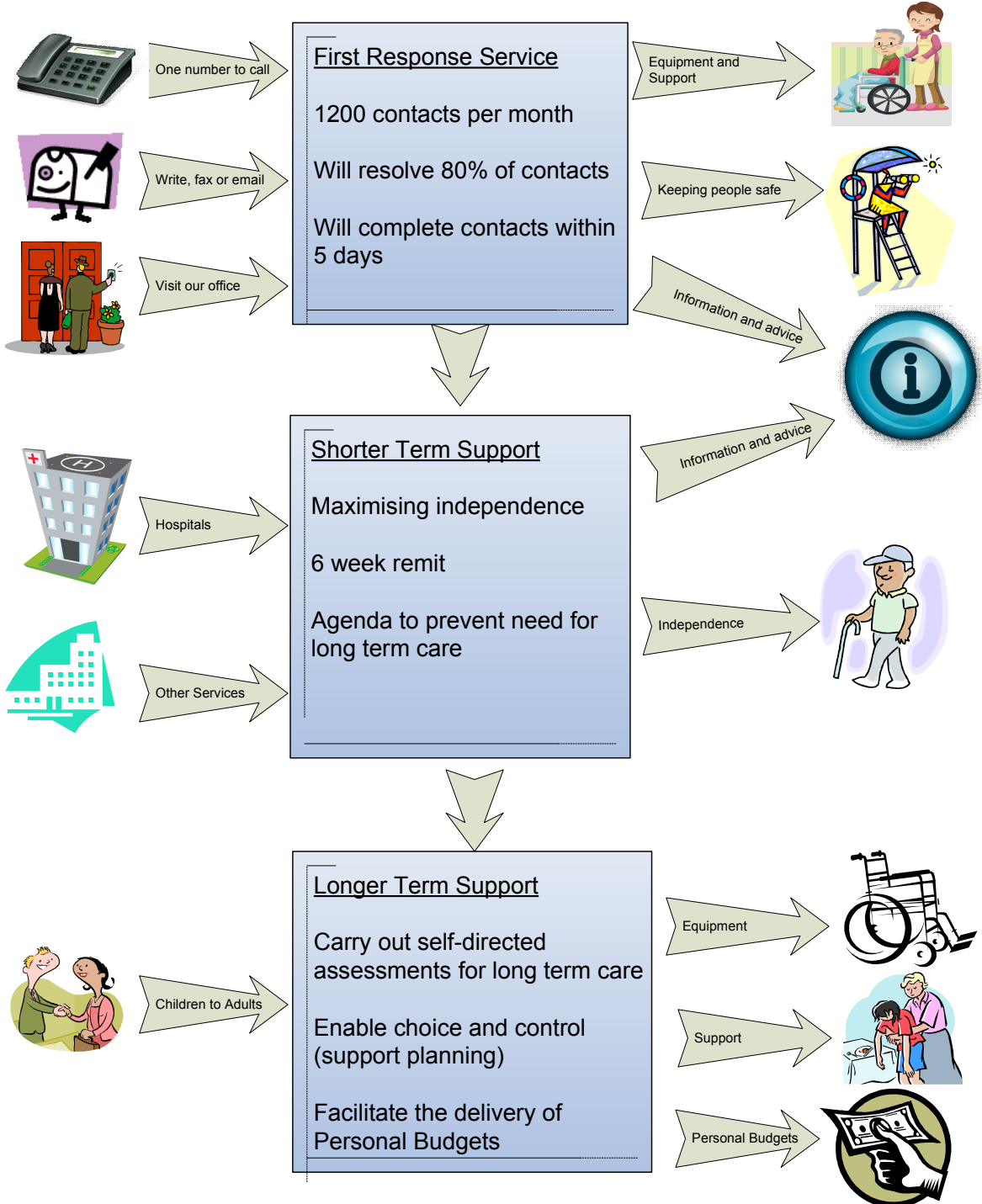
Appendix 4 – expected number of adults in Tower Hamlets with disabilities or long-term conditions

Appendix 1

CUSTOMER JOURNEY

IN

OUTcomes



Appendix 2 – overview of engagement activities:

Customer engagement: We have worked in partnership with people who have support needs, unpaid carers and other Tower Hamlets residents to transform adult social care.

We have been out to over twenty different customer forums over the last six months to discuss the changes being made to social care, including the Older People's Reference Group, the Alzheimer's Society Carers Forum, the Tower Hamlets Interfaith Forum and Rainbow Hamlets. To get more in-depth feedback on particular issues with transformation we have recently set up a customer Reader's Panel to focus on our information and publications; and a Customer Steering Group to focus on market shaping and commissioning. We are also working with the Housebound Older People's Reference Group to ensure we are hearing the views of people not able to attend customer forums; as well as enabling people to give feedback via the Tower Hamlets website and in response to the articles we have submitted in a variety of newsletters. The resulting feedback and views that we hear from customers are compiled and submitted to Work stream Leads on a monthly basis to consider and respond to; and in turn, customers are informed as to what difference their feedback has made. For example, the feedback people have given us on what makes a good social care professional is being used to inform the review of staff competencies and the design of future staff learning and development programmes.

We are continuing to work in partnership with THINK to make these changes. The feedback gained through a customer event organised by THINK in March 2010 resulted in five "Customer Engagement Principles" for the programme, which in turn has been used to inform the new organisational values in the Directorate.

We are also working in partnership with people with support needs to put these changes into place. As part of work on transformation and engagement, five service users from learning disability services are currently leading on the development and production of a DVD, which is intended to explain Personal Budgets to people with support needs. We are also working with three service user volunteers in new work placements to assist us with communication and engagement work.

Provider engagement: Adult social care has a range of existing forums with local service providers to enable good communication and engagement between the Directorate and the third sector. We have set up a Personalisation Provider Network has been set up to focus on transformation, and continues to meet on a regular basis. A programme of support and training has also been provided and is ongoing.

Member engagement: Post the Mayoral election, plans have been put in place to engage Members in the development and progress of the Adult Social Care Transformation Programme. Short updates have begun to be included into the Member Briefing and these will continue on a regular basis.

Alongside this, two Member workshops are being planned. The first of which, will take place on December 13 and the second will take place in February (date to be confirmed). Topics that will be covered will be:

- What adult social care is and does
- Demographic pressure in Tower Hamlets
- The transformation of adult social care
- Why we are changing
- The impact on local people - case studies
- Value for money
- Question and Answer Session

The outcome of these events is that members will feel informed about social care and can influence the changes ahead. Importantly, these workshops will support Members in answering potential queries from constituents that may arise as a result of the changes.

Appendix 3 – Population projections applied to current AHWB service use data

Age Group	2010	2015	2020	2025
18-64 years	3,009	3,365	3,678	3,982
65-84 years	3,398	3,481	3,792	4,369
85 years and over	1,403	1,676	1,915	2,231
Total Adult Service Users	7,810	8,522	9,385	10,582

This is crudely broken down in the following way:

Numbers of people using AHWB services for learning disabilities

Age Group	2010	2015	2020	2025
18-64 years	620	693	758	821
65-84 years	51	52	57	66
85 years and over	3	4	4	5
Total Adult Service Users	674	749	819	892

Numbers of people using AHWB services for mental health conditions (including dementia)

Age Group	2010	2015	2020	2025
18-64 years	613	685	749	811
65-84 years	158	162	176	203
85 years and over	39	47	53	62
Total Adult Service Users	810	894	978	1,076

Numbers of people using AHWB services for other vulnerable adults

Age Group	2010	2015	2020	2025
18-64 years	61	68	75	81
65-84 years	99	101	110	127
85 years and over	121	145	165	192
Total Adult Service Users	281	314	350	400

Numbers of people using AHWB services for physical disability and sensory impairment (including frailty)

Age Group	2010	2015	2020	2025
18-64 years	950	1,062	1,161	1,257
65-84 years	2,369	2,427	2,644	3,046
85 years and over	960	1,147	1,310	1,527
Total Adult Service Users	4,279	4,636	5,115	5,830

Numbers of people using AHWB services for substance misuse

Age Group	2010	2015	2020	2025
18-64 years	53	59	65	70
65-84 years	6	6	7	8
85 years and over	1	1	1	2
Total Adult Service Users	60	66	73	80

Appendix 4 – expected number of adults in Tower Hamlets with disabilities or long-term conditions

Expected numbers of adults (aged 18-64) with disabilities based on national estimates (www.pansi.org.uk)¹⁹

Type of Disability	Numbers Expected 2010	Numbers Expected 2015	Numbers Expected 2020	Numbers Expected 2025
Moderate Physical Disability	10,940	12,234	13,374	14,450
Serious Physical Disability	2,671	2,986	3,265	3,534
Serious Visual Impairment	119	133	145	157
Moderate or Severe Hearing Impairment	3,796	4,244	4,640	5,023
Profound Hearing Impairment	25	28	31	33
Learning Disability	4,543	5,080	5,553	6,011
Moderate or Severe Learning Disability	999	1,117	1,221	1,322
Complex or Severe Learning Disability	278	311	340	368
Down's Syndrome	114	128	140	151
Autistic Spectrum Disorder	1,883	2,106	2,302	2,492
Common Mental Disorder	29,172	32,621	35,663	38,603
Borderline Personality Disorder	812	909	993	1,075
Antisocial Personality Disorder	657	734	803	869
Psychotic Disorder	724	810	885	958
Early Onset Dementia	36	40	44	48
Alcohol Dependence	11,154	12,472	13,635	14,760
Drug Dependence	6,291	7,034	7,690	8,324

Expected numbers of older people (aged 65 and over) with disabilities based on national estimates (www.poppi.org.uk)²⁰

Type of Disability	Numbers Expected 2010	Numbers Expected 2015	Numbers Expected 2020	Numbers Expected 2025
Limiting Long Term Illness	9,498	9,805	10,758	12,589
Moderate or Severe Visual Impairment	1,535	1,603	1,758	2,035
Moderate or Severe Hearing Impairment	7,565	7,919	8,617	10,027
Profound Hearing Impairment	187	189	207	248
Learning Disability	360	377	407	477
Moderate or Severe Learning Disability	47	57	62	63

¹⁹NB: Prevalence rates have been applied to GLA population estimates for adults and will differ from figures quoted by PANSI, which are based on ONS population estimates.

²⁰NB: Prevalence rates have been applied to GLA population estimates for older people and will differ from figures quoted by POPPI, which are based on ONS population estimates.

Depression	1,477	1,546	1,697	1,958
Severe Depression	468	490	538	620
Dementia	1,225	1,282	1,411	1,623

Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
None submitted	F n/a

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Agenda Item 8.2

Committee/Meeting: Cabinet	Date: 9 th February 2011	Classification: Unrestricted (except Appendix 1, which is exempt)	Report No:
Report of: Helen Taylor Corporate Director Originating officer: Deborah Cohen, Service Head of Commissioning and Strategy		Title: Modernising Learning Disability Day Opportunities Wards Affected: All	

Lead Member	TBC
Community Plan Theme	<ul style="list-style-type: none"> • A Safe and Supportive Community • A Healthy Community
Strategic Priority	<ul style="list-style-type: none"> • Everyone will have a choice of quality support services so that they can achieve their full potential and receive support in the way they want and need; • Services will ensure everyone, particularly the vulnerable, is protected from risk of harm and enabled to live a full and independent life; • The wider influences on health such as poverty, housing and employment will have improved - making it easier for people to lead healthy lives; and • Everyone in our communities will be aware of how lifestyle choices affect their own and their family's health and wellbeing, and there will be more opportunities and support to make healthy choices.

1. SUMMARY

- 1.1 This report puts forward plans for modernising day opportunities for people with a learning disability living in the London Borough of Tower Hamlets (LBTH). The aim of the report and its recommendations are to improve the quality of experience of people with a learning disability in a way that maximises the opportunities and potential of everyone living in the Borough whilst also ensuring services are offering real value for money.
- 1.2 Currently many of our services are delivered within a 'one size fits all', building-based model with limited flexibility to meet the goals and aspirations of individuals. The aim of this modernisation programme is to move away from building based traditional day centres to the provision of a wide range of services that people with a learning disability can access using their personal budgets. This will include specialist services where appropriate but also mainstream services within the wider community.
- 1.3 It is worth noting that this report is written following recent publication of the coalition Government's Comprehensive Spending Review which announced a 7.1% annual cut in local council budgets over the next four years. Core grants for people with a learning disability, including the Learning Disability Development Fund are not protected from these cuts. The report endeavours to achieve efficiency targets while finding new and innovative ways to not only protect but improve upon the services offered to residents.

- 1.4 Tower Hamlets will still be spending more than many other London Boroughs in this area following the modernisation programme being implemented. The proposals, summarised below, will ensure that the Council continues to develop excellent new services in line with the national agenda to offer service users more choice and control:

To achieve a gross efficiency saving of £1.7m out of a starting budget of £5.1m;

To include in the redesign of services the Council's in house day service (The Coburn Day Centre);

To improve education, training and employment opportunities for people with a learning disability;

To use the LinkAge Plus model of service provision for Community "hubs". This will include exploration with existing services (including schools) on the possibilities of collaboration;

The retention of one traditional service recognising the ongoing needs of a small cohort of users with high needs;

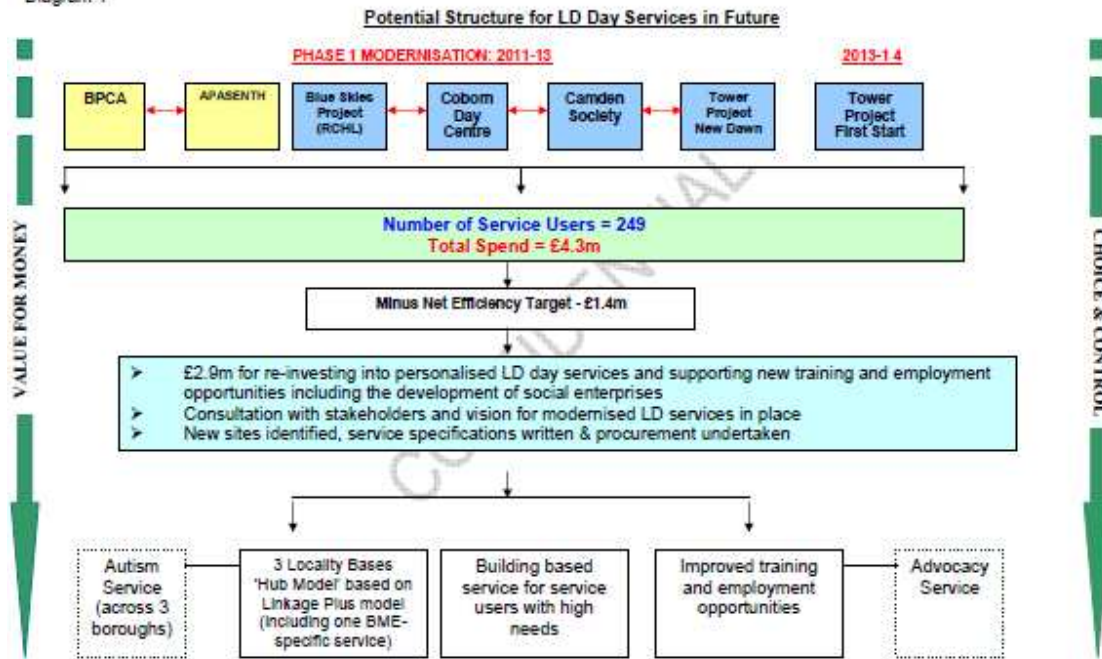
While all services are expected to be culturally sensitive to the needs of the diverse communities in Tower Hamlets, consideration will be given to commissioning a BME specific service within the network of hubs;

The development of a specialist service for autistic service users at the higher end of the spectrum of need. This may be in partnership with Hackney and Newham; and

The proposal that this work be done in a phased approach in two stages.

- 1.5 Diagram 1 below outlines the proposed reconfiguration of services. At all stages of the change programme there will be the full involvement of current stakeholders: service users and their carers and providers, local learning disability advocacy organisations (such as Mencap and MAP Squad), and THiNK will also be included.

Diagram 1



2. DECISIONS REQUIRED

Cabinet is recommended to:-

- 2.1 Agree the proposals for modernising learning disability day opportunities to be implemented in two phases, noting the efficiency targets attached to this strategy, and the initial reinvestment into increasing employment opportunities and developing social enterprises in 2011-12; and
- 2.2 Agree the recommendations relating to the timetable for re-commissioning day services as set out in Phases 1 & 2 (paragraphs 6.73 to 6.82 below) and the consequent need to extend the current block contracts for learning disability day services.

3. REASONS FOR THE DECISIONS

- 3.1 The proposed changes as set out in Diagram 2 on page 3 support the Council's lean, flexible and citizen-centered agenda. The proposed changes support (1) offering everyone in receipt of a service a personal budget to maximise choice and control over what day opportunities they purchase; and (2) moving from expensive services in large outdated premises to new community hubs whilst delivering on agreed efficiency targets.

4. ALTERNATIVE OPTIONS

- 4.1 The report sets out a number of proposals designed to support the delivery of excellent services whilst at the same time delivering on efficiency targets. One alternative would be to take no action, but this would not future proof the delivery of excellent services for people with a learning disability in Tower Hamlets.

5. BACKGROUND

- 5.1 Currently, learning disability day services for vulnerable people in Tower Hamlets focus on providing activities in specialist day centres on weekdays. In addition project-based services outside day centres have been developed for people with Learning Disabilities to enhance employment skills. Transport to and from these day centres is often provided free of charge through specially commissioned transport.
- 5.2 Because these services are focused on special buildings and are often block contracted, they make it more difficult for people to make individual choices about what support and services would best meet their own need. It can also be argued that they “ghettoise” people with learning disabilities into provision that is separate from everyone else.

6. BODY OF REPORT

Demographics

- 6.1 The LBTH Joint Strategic Needs Assessment for people with a Learning Disability (LD JSNA), published in February 2010, accounted for 956 people aged 14 and over known to Community Learning Disability Service (CLDS):

Table 1 - People aged 14 and over known to CLDS in February 2010

Ethnicity	14 to 18 years		18 to 64 years		65 years and over		Total
	Male	Female	Male	Female	Male	Female	
Asian or Asian British	65	35	179	126	0	0	405
Black or Black British	10	5	38	34	1	0	88
Mixed	1	2	8	8	0	1	20
Other Ethnic Groups	6	1	13	4	0	0	24
White	31	16	186	139	27	20	419
Total	113	59	424	311	28	21	956

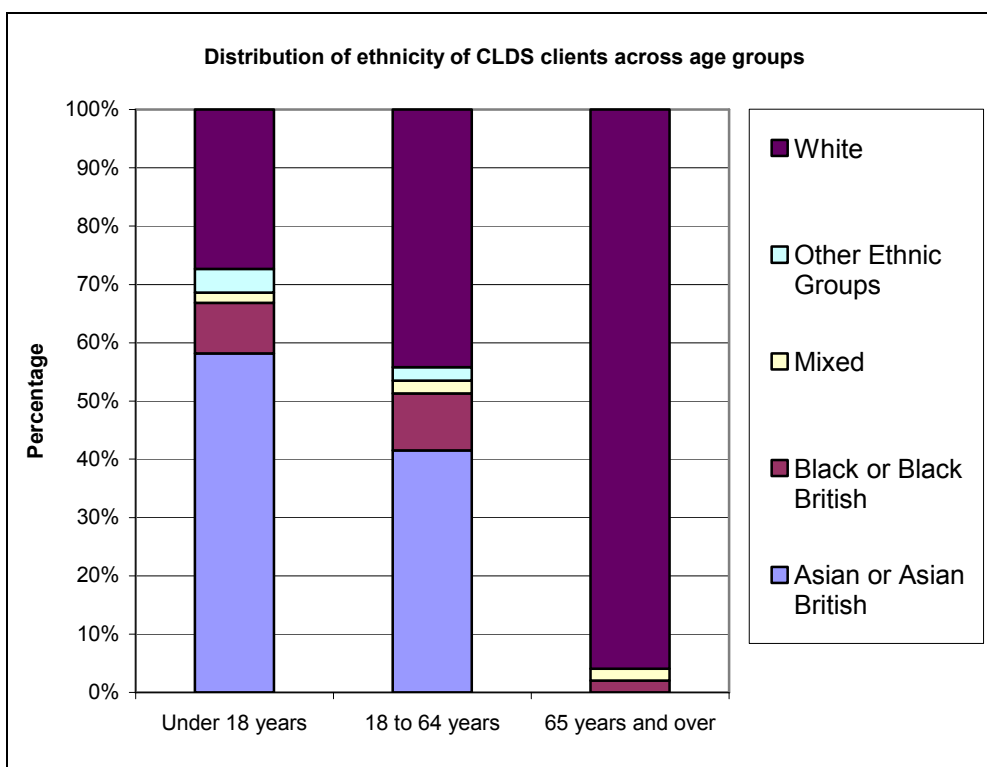
- 6.2 Of the 784 people aged 18 and above **249** (as at September 2010) attend a day programme provided or commissioned by the Council at an average cost of £475 per week (or based on a 48 week year £22,800 per annum):

	Male	Female	Total
14 to 18 years	113	59	172

18 to 64	424	311	735
Over age 65	28	21	49
Total	452	332	784

- 6.3 The 535 people with a learning disability aged 18 and above who do not attend a day opportunity are in the main in residential care, education, employment or have a support worker who helps them to live independently and access mainstream services.
- 6.4 In redesigning day opportunities for people with a learning disability future projections of need have been taken into account. According to Special Educational Needs (SEN) data there are 402 children with learning disabilities in Tower Hamlets as of 2008/09. This figure includes the full range of need from children with moderate learning disability, severe learning disability, profound or multiple learning disabilities, and those with specific learning difficulties. In 2009/10 thirty nine young people made the transition from Childrens Services to Adult Services.
- 6.5 The LD JSNA notes that the prevalence of learning disabilities is thought to be up to three times higher in South Asian adult populations than in white British populations (*Source: Emerson, E. and Hatton, C. (2008) People with learning disabilities in England. CeDR Research Report*). The table below indicates an over representation of Asian service users within the younger age group.

Table 2: Distribution of ethnicity across age groups for CLDS clients



- 6.6 The LD JSNA further advises that after controlling for the effects of deprivation, the odds of having a severe learning disability are approximately 50% greater for Bangladeshi children when compared with white children.

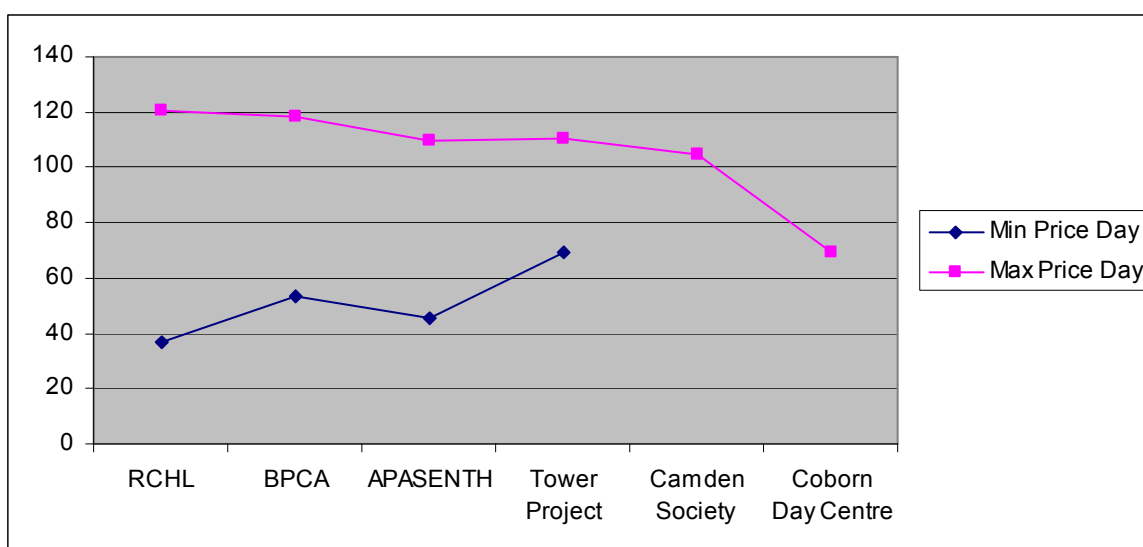
- 6.7 The JSNA also considers the recent lengthening of life expectancy of those with learning disabilities and the increase in dementia. The number of people above the age of 65 is still relatively small but is expected to grow.
- 6.8 The findings of the JSNA will be taken fully into account to ensure that new services are culturally and age appropriate to our local population.

Current Provision

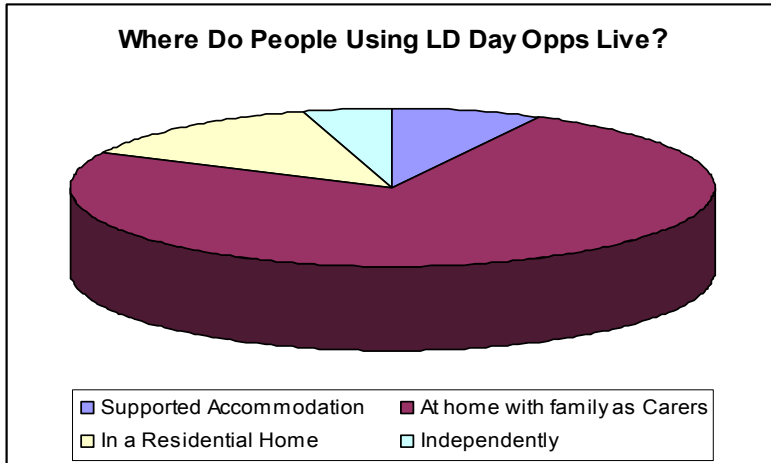
- 6.9 The Council currently provides one in-house service and commissions five external providers to deliver day opportunities for people with a learning disability at a cost of £4.3m (an individual breakdown of costs associated with each provider are attached at Appendix 1):
1. LBTH In-house Service - Coborn Day Opportunities
 2. Bengali Parents and Carers Association (BPCA)
 3. RCHL
 4. APASENTH
 5. The Tower Project
 6. Camden Society
- 6.10 Contract arrangements in place with these providers includes both block contracts and spot contracts and one provider with a block contract with an activity ceiling so that spot placements are also paid for. The block contracts end in March 2011 and Cabinet will be asked to extend these contracts where necessary to allow the time required to implement this plan.
- 6.11 Appendix 1 to this report sets out the capacity, number of places commissioned, cost and a general overview of each service. It should be noted that the Low/Medium/High needs service assessment has been submitted by providers. This will be checked by the assessments of service users by the Community Learning Disabilities Service (CLDS).
- 6.12 Graph 1 below plots daily cost of services which range from £36 to £120 across providers based on the level of need service users have. As can be seen from the graph there is a variation across minimum and maximum cost levels (particularly minimum cost levels) between providers. Work undertaken with providers shows very similar levels of service being provided at the minimum cost level (for example, IT training, swimming & other leisure

activities, visiting Idea Stores, life skills training and literacy/numeracy classes).

Graph 1: Comparison of Provider Min and Max Daily Cost Levels

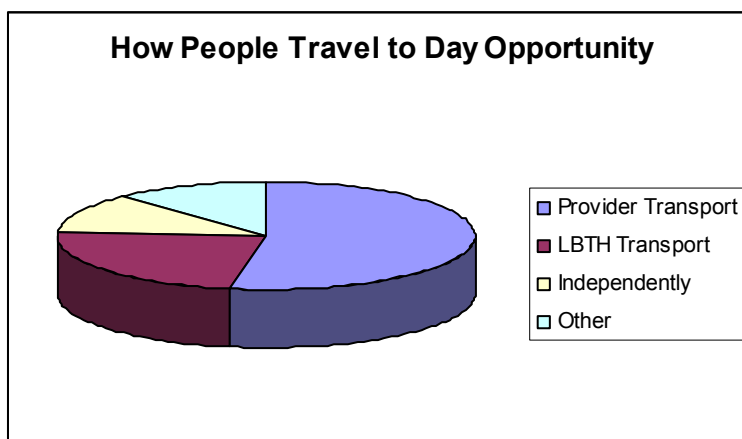


- 6.13 To access a day opportunity provided or commissioned by the Council an individual must be assessed as having a critical or substantial need in line with Fair Access to Care Eligibility Criteria (FACS). As part of the proposed modernisation programme all individuals will be reassessed with a view to being offered a personal budget and this will identify any service users whose needs have changed.
- 6.14 Initial visits with providers as part of the modernisation review have found that as part of daily activity programmes providers are sending service users to activities based in external leisure centres, Idea Stores, and park activities leaving the building near empty for significant parts of the day. This offers a real opportunity to rationalise the number of large buildings and instead to deliver/co-ordinate activities from a 'hub' model (based on the Linkage Plus service for old people). Another model is for service users to access community based services with the use of a personal assistant through a personal budget.
- 6.15 Appendix 1 sets out current service capacity and attendance levels. Absence levels (particularly within block contracts) are an important indicator of real service usage. Information submitted by providers (and verified with daily registers) indicates that there are absence levels ranging from 6% to 23% across externally commissioned providers. The in-house Coborn Day Centre in comparison during 2009/10 had an absence level of 25%.
- 6.16 The chart below shows where people using day services live:



6.17 This analysis shows that currently there are 34 people who attend day opportunities living in residential care. The cost of providing day opportunities for these 34 people for a full week (based on average cost of service in LBTH) could be as high as £775,000. Many boroughs have worked with their providers of residential care to include in placement contracts the requirement to provide a range of day opportunities as well. All 34 users will be reviewed early (as part of the programme to review everyone accessing a day opportunity) in the process of re-provision.

6.18 The chart below is about travel to day services. This shows a very small number of service users travelling independently; reflecting the fact that current day services do not provide travel training, and the relative low take up of in house Council travel training. There are several drivers to review this, including future arrangements for in house transport services but that is not addressed here. However the important of travel training and the confidence to travel independently cannot be understated in terms of quality of life for service users.



6.19 Tower Hamlets is currently providing 6 traditional building based day opportunity services for people with a learning disability. A number of services are located in large buildings which are in need of repair and unsuitable for providing modern activity based services from.

6.20 The Coborn Day Centre premises (in-house service) and the William Brinson building (external provider building) are particularly in a poor state of repair and would need significant and immediate capital works to improve the fabric of both buildings. During recent heavy rain the toilet/changing facilities at the Coborn Day Centre flooded making the building totally unsuitable for providing a service for vulnerable people who need toilet/changing facilities. This is a regular occurrence. It is work noting that the emergency plan for Coborn is to relocate service users to the William Brinson building which is also in a state of poor disrepair.

6.21 In addition to traditional day services the Council also commissions, at a cost of £900,000, a number of employment, advocacy and respite services from external providers. This expenditure is in addition to the £4.3m identified on Diagram 1 above. By way of background there is more detail on these services in Appendix 1.

Poetry in Wood (in scope of this project)

The MAP Squad (in scope in this project and also within Advocacy Review)

Hotel in the Park (out of scope – covered by review of Carers Services)

MENCAP Advocacy (out of scope – in Advocacy review)

APASENTH Advocacy (out of scope – in Advocacy review)

East London Communication Enterprise (ELCE) (in scope)

Bengali Mothers Welfare Benefits Advice and Advocacy Service (out of scope – in Advocacy review)

6.22 The main commissioned employment service for people with a disability (Job Enterprise & Training – JET) was set up through the Working Neighbourhood Fund (WNF) and European Social Fund funding in 2010/11. This funding stream has now come to an end. As part of the market development and learning disability modernisation programmes commissioners in AH&WB are developing new specifications for services to increase employment opportunities and working with providers and service users to realise the potential for setting up social enterprises in the borough. The first of these (Bell Lane) is outlined later in this report.

Efficiency Targets and Benchmarking

6.23 The Directorate has proposed a net efficiency target of £1.4m against the current budget for learning disability day opportunities to be achieved in a phased approach in the three year period 2011 to 2014:

2011/12 - £500,000 (of which £300,000 is to be re-invested into improving employment opportunities and developing social enterprises)

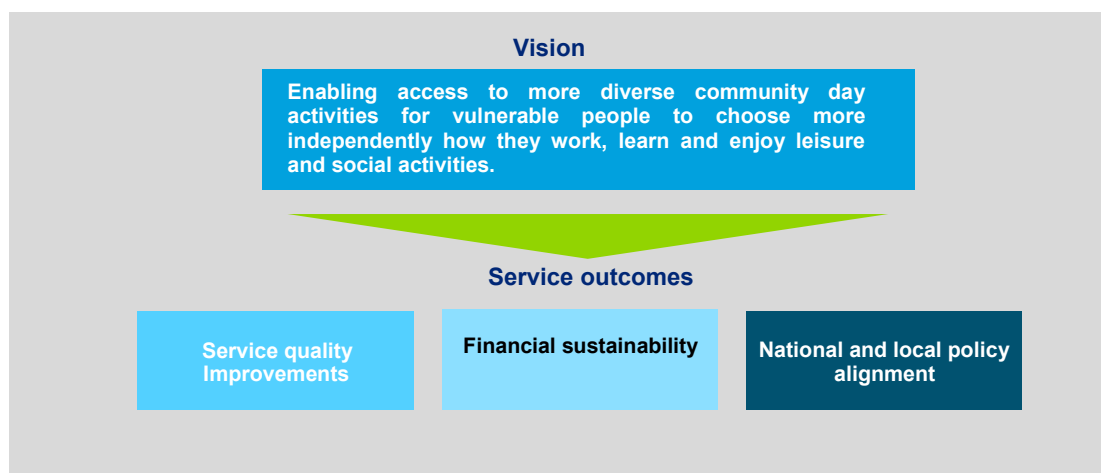
2012/13 - £600,000

2013/14 - £600,000

- 6.24 PSS Ex1¹ returns for 2008/09 indicate that it cost £475 per week in 2008/09 for London Borough of Tower Hamlets to place an adult (aged 18-64) with a learning disability in a day service. This was higher than the average cost of £356 across all London boroughs.
- 6.25 In 2009/10 the weekly unit cost in LBTH increased by £85 or 15% to £560. Comparator information from other Boroughs is not yet available. It is not clear if this is a real increase or a change in how unit costs have been calculated.
- 6.26 Based on 2008/09 costs, by bringing our spend in Tower Hamlets in line with the London benchmark, there is the potential to achieve an efficiency saving of 25% (or £1.08m) on the current £5.1m budget. This will be factored into the tender process for new and innovative services that offer excellent value for money.
- 6.27 As part of the benchmarking process learning visits have also taken place with Thurrock Council and the London Borough of Sutton. Both these local authorities have recently modernised learning disability services and are recognised nationally as commissioners of excellent learning disability services.

Redesigning Current Day Services

Diagram 2 - Vision and service outcomes



- 6.28 Diagram 2 above summarises our vision and the desired outcomes from the redesign of services which can expressed under the three headings in the boxes above (Service Quality Improvements, Financial Sustainability and National & Local Policy Alignment).

The New Service Configuration

- 6.29 This section describes in more detail the new service model as set out in Diagram 1 on Page 3 above to deliver a modern service offering both quality and value for money. In summary the new service model will consist of:

¹ Annual Returns to the Department of Health on Personal Social Services expenditure

One service for people with high needs;
Three community hubs (to include one BME specialist service);
Increased training and employment opportunities
An autism service (delivered in partnership with other east London boroughs); and
Links to an advocacy service.

- 6.30 The new service configuration for learning disability day opportunities will be achieved through a tightly project managed approach to securing and delivering new services within a range of existing and new premises across the borough. It is planned to secure internal refurbishment to existing buildings through new contract arrangements with providers and to secure new buildings by working closely with colleagues in Development and Renewal to bid for Section 106 agreement premises.
- 6.31 **Buildings based service for high needs** - Reconfigured day services will be designed to take into account the number of people accessing day services with profound and multiple disabilities and who have high health and personal care needs. The experience of other boroughs is that one buildings based service targeted on those with high needs is a key component of the range of day opportunities.
- 6.32 A needs analysis of service users, in partnership with providers and supported by social work reviews, is underway to map individual service user needs to deliver new against defined local need. As a result resources will be allocated to those who need them the most, particularly those with high and complex needs.
- 6.33 Service specifications for the new building based service will be focused on the provision of specialist equipment to enable people to to shift away from the traditional day service model focused on 'providing the care package' to a more dynamic service that will enable people to take more control over their lives and gain independence. The service will be designed to provide spaces for delivering personal care, sensory equipment, physiotherapy facilities, medical and PEG feeds in a modern setting for people with high end care needs.
- 6.34 **Community 'Hubs' The Locality Model (Based on Linkage Plus model of service delivery)** – By 2013/14 LD day services in Tower Hamlets will be transformed into an outreach support service, often described as a day service without walls. The service will change from the current 'traditional' service model to one based on having community hubs or 'drop in' services.
- 6.35 The service will be transformed into one which has a network of local resource centres to support community based activities. This will enable the move away from traditional resource centre based services to a more fluid model where people have access to leisure, sporting, educational and work opportunities. Initially it is planned to have 3 community hubs across the borough in west, central and east locations.

- 6.36 In designing the community hubs a focus is being placed on delivering a continuum of support services that enable people to acquire new skills. Employment, day opportunities and college services will provide courses that help people get paid jobs as part of this. Day opportunities are being shaped to fill the gaps between lifelong learning, further education and employment. To achieve this work is taking place with local colleges, leisure centres and Idea Stores to put in place a programme of courses and activities. Work underway to develop social enterprises in the borough will also create employment opportunities and in the current economic climate a programme of volunteering opportunities will be created.
- 6.37 Buildings used for community hubs will have space for modern changing/toilet facilities, meeting/lounge areas, small private office space, front desk for community information/activity referrals/booking and social enterprises such as a community café or art gallery on site. The hubs will be used as the information launch pad into other mainstream community activities already established across Idea Stores, Leisure Centres, and local clubs etc.
- 6.38 The development of Community Hubs will take forward learning from the development of Linkage Plus in Tower Hamlets. Each community hub provider will be commissioned to put in place 'Network Coordinators' and 'Outreach Workers' to bring together and promote the take up of local services and activities. The possibility of joining with an existing LinkAge plus programme(s) will also be explored.
- 6.39 In developing community hubs we will unlock the potential to commission services across children and adult service client groups. People with a learning disability will be encouraged and supported to access a range of exciting services and opportunities across the excellent community facilities **already available** in Tower Hamlets.
- 6.40 There are already in place some of the most innovative learning environments in London (Idea Stores across the borough from Cubitt Town to Whitechapel) which are fully accessible and equipped to offer mainstream services (from accessing easy read texts to art courses) to people with a learning disability. The Southern Grove Resource Centre is in place offering excellent information for people with a physical disability. Linkage Plus is recognised nationally as one of the leading information, signposting, outreach and activity co-ordination services for older people.
- 6.41 One of the most exciting opportunities, but to date relatively unexplored avenues is to strengthen links with younger people services for example with schools such as the Beatrice Tate school and the future plans for redevelopment.
- 6.42 **By sharing services** and tapping into what's already out there the modernisation of learning disability services will enhance the service user experience and develop a network of services supporting vulnerable people across all ages and disabilities to live an independent life .

- 6.43 **By developing new services** such as the planned social enterprise and 'Community Hub' at Bell Lane sustainable employment initiatives are being created which will offer people with a learning disability a new and fresh environment. The hub will act as the launch pad into mainstream community activities and provide a base from which to use toilet and shower facilities and meet with friends.
- 6.44 On a practical level Bell Lane is located close to:
- Petticoat Lane and Spitafields Markets
 - Liverpool Street Station
 - Whitechapel Idea Store (25 bus goes directly along Whitechapel High Street for easy access)
 - Mile End Hospital
 - City of London College
 - Local churches and mosques
 - Whitechapel Art Gallery
 - Mulberry Sports Centre/Whitechapel Sports Centre/St Georges Swimming Pool
- 6.45 It is worth noting that the Bell Lane site is part of a brand new 1200 unit student accommodation high rise which has no onsite café. The business potential for a successful social enterprise café on this is being explored with a current provider who is seeking advice from the social responsibility/community development departments of major café retailers.
- 6.46 **Employment Service** – A key outcome of the modernisation programme is to increase training and employment opportunities for people with learning disabilities. This will be achieved by expanding employment opportunities through work placements, and paid work, including the establishment of more social enterprises (there are currently two in operation).
- 6.47 The current employment service in Tower Hamlets (JET) was previously funded by WNF and ESF monies (£600k annually) which have now come to an end. Of this total funding £180k was allocated to support development of social enterprises with the 'Tower Hamlets Valeting Enterprise' being the first.
- 6.48 In terms of outcomes in the last twelve months this service has placed 23 people with a disability into employment. The jobs included:
- Nine on a 6 month contract (various jobs from low level, shop work, catering, and office work);
 - Nine on 3 month contracts as above, with the addition of work in sport, sports assistant and leisure and refuse industry -maintaining public spaces, parks, and road cleaning; and
 - Five full time permanent (Two of these are with the Valeting Enterprise, one a job with a garden company, one a post person in large organization and one general Office work).

- 6.49 A rigorous needs analysis, specification drafting and procurement process is being undertaken to ensure that the best possible employment opportunities are available for people with a disability in the borough as part of the modernisation programme. The focus is on getting more people into sustainable paid employment and to ensure that value for money can be achieved through any re-tendering process.
- 6.50 **Autism Service** – There are currently very few services provided in Tower Hamlets for adults with autism. The Tower Project is commissioned to provide a day service (First Start) for 18 adults with autism and the JET scheme provides employment support to adults who consider themselves to have a disability, which includes autism.
- 6.51 Those who also have a learning disability (around 50% of adults with autism) are more likely to be known to CLDS, receive a diagnosis and be referred to services. There are currently approximately 100 people aged 14 and over with autism and a learning disability known to CLDS (representing almost 10% of CLDS clients). This compares to a expected prevalence of 1,870 adults with autism in the borough, 935 of whom are expected to have a learning disability as well. The lack of diagnostic services for adults with autism in Tower Hamlets would appear to be one of the reasons for such a low identification rate in the borough.
- 6.52 Tower Hamlets is working closely with neighbouring east London boroughs to develop a joint cross-borough autism service to meet emerging needs and to deliver against the recommendations of the National Autism Strategy,² namely:
- Increasing awareness and understanding of autism among frontline professionals;
 - Developing a clear and consistent pathway for diagnosis in every area, followed by the offer of a personalised needs assessment;
 - Improving access for adults with autism to the services and support they need to live independently within the community;
 - Helping adults with autism into work; and
 - Enabling local partners to plan and develop appropriate services for adults with autism to meet identified needs and priorities.
- 6.53 The partnership arrangement between the Boroughs has been initiated in response to the National Autism Strategy which does not come with any additional resources.
- 6.54 By sharing resources across boroughs efficiencies can be achieved. For example an ‘early win’ from this initiative is to review diagnosis services in partnership with Newham (who already has a small diagnostic team in place) to have a joint diagnostic team working across the two boroughs. This joint service will create initial efficiencies in terms of office space and administration. Long term efficiencies will be gained in terms of having a

² Fulfilling and rewarding times: the strategy for adults with autism in England (DoH March 2010)

specialist service in place to ensure people with autism are identified and supported to live as independent a life as possible.

- 6.55 It is envisaged that the diagnostic and local borough-based mainstream services will cater for individuals across most of the autistic spectrum with new day opportunities being commissioned on a three borough basis for the far smaller number of individuals at the higher end of the autistic spectrum who are in need of intensive therapy, care and support.
- 6.56 **Advocacy Service** – all advocacy services, commissioned in the Directorate, are being reviewed at the moment and it is anticipated that the learning disability population within Tower Hamlets will form a large part of the demand for these services in the Borough and that this may intensify during the forthcoming period of change in day services and other learning disability services. It is not proposed to carry out a separate review, but to feed into the directorate-wide review.
- 6.57 **Provision for BME Communities** - There are currently two providers specifically for the Bangladeshi Community in Tower Hamlets (APASENTH and The Bengali Parents and Carers Association or BPCA). Both services are expensive when compared to the London average weekly cost of £356 to provide a day service with BPCA costing on average £429 per week and APASENTH costing on average £390.
- 6.58 APASENTH is a local service provider which has developed over time by local parents for the south Asian community. It provides a range of services including day care, home care, employment and advocacy.
- 6.59 BPCA is a local service provider which was set up by a break off group from APASENTH. The original vision was to improve and offer more diverse service options than was felt to be available at that time.
- 6.60 Based on the prevalence of need within the Bangladeshi community in Tower Hamlets as set out in paragraphs 6.5 and 6.6 above it is proposed to retain a BME service but to reduce the number of services that are **directly** commissioned by the Council to a single provider. It is important to note that service users will still be able to use their personal budgets to continue to attend either of the above existing organisations or any other organisation that they choose providing it meets their needs.
- 6.61 All organisations will be expected to provide culturally sensitive services as is the case at present.
- 6.62 **Transition** – As set out in paragraph 4.3 above in 2009/10 thirty nine young people made the transition from young people to adult services. The Community Learning Disability Service Transition Team (a joint service between Tower Hamlets NHS, Children, Schools and Families and Connexions) works in close partnership with third sector providers offering employment opportunities. This ensures a continuum of support and care is in place to maximize independence for young people and their families/carers

going through transition. The Transition Team is multi-disciplinary and comprises social workers, community nurses, occupational therapists, speech therapists, person centered planner and a psychologist.

- 6.63 Since January 2010 Learning Disabilities Services has re-organised its operational service and Commissioning has invested £130,000 in the newly created Transitions Team to strengthen it and increase capacity. This investment is time limited to two years and outcomes achieved by the team will be reviewed towards the end of this period.
- 6.64 The principles of transition for people with learning disabilities from childhood to adulthood are based around values of social inclusion and person centred planning. Children with statements of special educational needs are supported by a transitional plan established in Year 9 which moves to being a person centred transitional plan and is referred to in the Annual Reviews, completed in year 9 (age 13-14) which are carried out in schools.
- 6.65 Further development of the Transition Team is planned to improve the workflows and pathways that can make the transition to adulthood a positive experience for service users and families.
- 6.66 **Personal Assistants** - The 'Personal Assistant Market' is being developed to put workers in place to support people with a learning disability to access mainstream community based services and move away from traditional separate services.
- 6.67 If someone has a personal budget they can purchase the services of a Personal Assistant who will support them to do what they want with their time. People can choose the Personal Assistant they want based on what their skills or interests are.
- 6.68 A number of local provider organisations such as Look Ahead Housing and Care have already developed a Personal Assistant workforce based on four different levels of service. This enables people to be flexible about how they wish to spend their personal budget and the level of care and support purchased. The types of services an individual can purchase range from:

Bronze services:

General catering assistant, support work duties, domiciliary and personal care, accompanying customers on leisure or interest outings and shopping trips.

Silver services:

Chef/cook (to large groups) and general support work including support planning.

Gold services:

Senior support work including working in high needs specialist support services.

Platinum services:

Specialised work. This could include life skills and well-being, including fitness trainers, artists, gardeners, beauticians, musicians, dieticians, professional services and teachers.

- 6.69 **Travel Training** - As part of the modernisation programme transport and travel arrangements are being improved. Travel arrangements have historically been fragmented and a mix of Council provision, provider provision and expensive spot purchases for taxis. There has been very limited use of public transport with risk adverse families/carers and providers possibly creating a barrier to independent travel for people with a learning disability.
- 6.70 Council wide transport arrangements for day opportunities across all client groups are now focused on effective travel training and promoting community support for people with a learning disability traveling on public transport. This will help people with a learning disability to be truly independent, traveling across the borough to access employment, education, volunteering and leisure opportunities.

Implementation – Phased Approach

6.71 The outline draft timeline for the project currently is:

Period	Task
Oct 2010 – Mar 2011	Complete re-assessments of all service users currently attending learning disability day services. To scope out likely demand for future services including number of service users who will take personal budgets and are indicating a wish to change their service and publish a commissioning strategy by end of Mar 2011
Feb 2011- Jun 2011	To work with Providers within the framework of the commissioning strategy and to develop and promote their services to service users.
Apr 2011 – Oct 2011	Phase 1 of tendering process and establishment of new service.
Nov 2011 – Mar 2013	Phase II – delivery of third community hub and Autism Service (cross borough service). [Note a long timescale allowed for working this up with the other two boroughs].

Phase 1 – New BME, High Need and Community Based Services

Block Contract and Saving

- 6.72 Merger of the block contracts that are currently held by the Camden Society Service (in good premises), Coburn (in house service in unsuitable premises), and RCHL (in unsuitable premises) into one block contract for a high need buildings based service.

- 6.73 The current Camden Society and RCHL block contracts would need to be extended to October 2011 to allow time for the procurement process. Spot purchases at Tower Project - New Dawn should be reviewed to bring down the volume of spot purchases prior to the services being re-tendered. The Coborn Centre would need to close by October 2011 with plans in place to transfer service users to the newly commissioned provision.
- 6.74 As part of the tendering exercise it is intended to offer 35 Ronald Street to the successful provider. There is currently an outstanding bid for LIFT PFI Credits to redevelop the site, on which the Department of Health will reach a decision by January 2011. If this bid is unsuccessful, we will look to specify within the tender the requirement that the provider refurbish this building.

Community Hubs

- 6.75 Establishment of a community hub in the west of the borough at a recently identified site for which the Directorate has submitted a bid. This is a Section 106 site in Bell Lane, E1. The successful provider would be required to carry out some internal works to the premises.
- 6.76 Establishment of a second community hub, to deliver BME services, with one provider.

Improving Training and Employment Opportunities

- 6.77 To review current arrangements and work with providers and service users through the Self Directed Assessment and Support Planning process to identify needs and implement a detailed programme of education, training and employment opportunities to support people with a disability into sustainable employment.

Capacity Building

- 6.78 Provider development will be given a high priority during this phase of work to ensure that no provider is unfairly disadvantaged or de-stabilised to the detriment of existing service users. This will be via a 3 pronged approach: provision of independent advice, where appropriate and affordable the transitional use of cost and volume contracts to move from block to spot/personal budgets, and provision of avenues for providers to promote their services to users (Community Catalogue etc).

Phase 2- Consolidation of Remaining Services- 2013 to 2014

- 6.79 Phase 2 will focus on consolidating and modernising the remaining services as follows:
- (i) Commissioning of a third community hub (as part of the Centre for Independent Living);
 - (ii) Commissioning of Autism Service; and

- (iii) Developing a social enterprise strategy that consolidates current arrangements and promotes the continuing use of social enterprise a vehicle for the employment of people with a LD.

6.80 The £1.2m recurrent savings target will be achieved through the full year effect of the re-tendering programme in Phase 1 savings.

Supporting Prevention

6.81 The third community hub will form part of plans to deliver learning disability day opportunities and an information and advice centre on the Council owned site at 35 Ronald Street. With the future of adult social care based around greater levels of prevention people in Tower Hamlets with a learning disability will be provided with greater levels of advice, information, advocacy and support. Ronald Street will be a physical base from which to deliver these prevention services from.

6.82 The Council is awaiting the outcome of an application to the Department of Health to secure capital funding of £2,493,000 to redevelop the Ronald Street site in line with the proposals in paragraph 6.81 above.

6.83 Support will be provided to third sector groups in Tower Hamlets to help them build up capacity to bid for any services to be delivered as part of this development.

Stimulating the Market

6.84 A key challenge for the Local Authority going forward will be the stimulation of the market locally for day opportunity services that are accessible to people with learning disabilities. This means:

Improving access to mainstream services: Including many of the services provided in other parts of the Council including leisure and adult learning services.

Developing the Personal Assistant market – To give people flexibility, choice and control over the care and support services they purchase.

Facilitating service users to pool personal budgets - To provide group activities under the control of service users.

Improving transport and travel arrangements - Establishing effective travel training, especially for young people in transition, will be a key element of enabling people with a learning disability to gain full independence and access the wide variety of day opportunities available in the borough. This includes steps such as making improvements to route maps and timetables to make them more accessible and using 'travel buddies' to assist learning disabled people gain confidence in using transport services in LBTH. Travel training could also be extended to taxi and bus drivers to make sure the increasing use of transport in the borough was supported by 'key' drivers and indeed the wider community.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 The report sets out the modernisation programme for learning disability day opportunities, with a view of delivering a net £1.4m of efficiency savings, better value for money and an improved client focused service. This saving proposal was considered by Cabinet in January 2011 and is subject to full Council approval in February 2011.
- 7.2 Section two seeks Cabinet to:
- a. Support the proposals for modernising learning disability day opportunities to be implemented in two phases, noting the efficiency targets attached to this strategy, and the initial reinvestment into increasing employment opportunities and developing social enterprises in 2011-12 (£300k); and
 - b. Agree the recommendations relating to the timetable for re-commissioning day services as set out in Phases 1 & 2 (paragraphs 6.72 to 6.84 above) and the consequent need to extend the current block contracts for leaning disability day services.
- 7.3 The in-house learning disability day opportunity at the Coborn Centre is currently rented on an annual basis from MENCAP. Its non utilisation in a future modernised service will see the asset returned to MENCAP and the efficiency will be included in the Directorates efficiency savings.
- 7.4 There are no Council owned assets used in the current delivery of learning disability day opportunities.
- 7.5 The Council currently commissions a number of employment, advocacy and respite services from external providers which are funded through Working Neighbourhood Fund and European Social Funding (total of £900,000). Both of these funding streams will terminate at the end of 2010/2011 and therefore the service has proposed to Cabinet in January 2011 a £300,000 reinvestment from the savings achieved to increase employment opportunities and develop social enterprises. This shall also be subject to full Council approval in February 2011.
- 7.6 As per section eight in the body of the report, the Directorate is awaiting the outcome of an application to the Department of Health to secure capital funding of £2,493,000. This is necessary to redevelop the Council's property at Ronald Street as a Learning Disability facility providing day care and advice services. An outcome of the application is due by the end of January 2011.
- 7.7 If the Authority is unsuccessful in its Department of Health application, then the Directorate shall explore securing Section 106 contributions in conjunction with colleagues in Development and Renewal. If successful, a further report will be submitted to Cabinet outlining the details of the schemes and seeking

approval for their inclusion in the Capital Programme. The delivery of the £1.7m savings is not dependent upon capital investment.

- 7.8 If the Directorate is unable to secure capital funding through either the Department of Health or through Section 106 contributions, then the Directorate will need to consider this when it commissions future service provision.
- 7.9 The modernisation agenda proposes to work closely with neighbouring East London Boroughs (see section 6.52) to deliver a joint autism service. This will ensure maximisation of resources through the delivery of a cost effective service.
- 7.10 There is currently no resource identified in order to deliver the modernisation programme and therefore an 'Invest to Save' application for £300,000 has been made to the Corporate Transformation Board as the project management can not be provided within existing Directorate resources.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The Council is obliged under section 47 of the NHS and Community Care Act 1990 to assess the needs of persons who appear to need community care services and decide whether those needs call for the provision of any such services. Community care services include arrangements for promoting the welfare of persons aged 18 or over who are "blind, deaf, dumb or who suffer from mental disorder of any description", under section 29 of the National Assistance Act 1990 or section 2 of the Chronically Sick and Disabled Persons Act 1970. These welfare arrangements extend to: (a) instruction in methods of overcoming the effect of their disabilities; (b) recreational facilities; (c) lectures, games, outings; (d) assistance in taking advantage of educational facilities; (d) facilities for, or assistance in, travelling to and from home for the purpose of participating in services. Provided that the Council continues to make welfare arrangements available to persons with learning disabilities and considers any relevant statutory guidance, there is no fundamental reason why the method of delivery may not be altered and modernised.
- 8.2 The report proposes modernisation of service delivery and the making of efficiency savings. This is consistent with the Council's obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".

- 8.3 The Service Agreements that are proposed to be extended are for Part B services within the meaning of the Public Contract Regulations 2006 and therefore the provisions of those regulations do not apply. However the Council does need to take into account the EU principles of transparency, non discrimination and equal treatment. It appears clearly from the report that the proposed extensions are interim arrangements and that detailed consideration is being given to re-procuring these services which will be done in accordance with the Council's procurement procedures and consistent with the provisions of any existing contracts and in full compliance with all relevant legislation.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The recommendations support the following Community Plan objectives:

A prosperous community

Our Third Sector will thrive, contributing more to Partnership efforts to improve the quality of life for all those who live and work in the borough.

A safe and supportive community

Services will ensure everyone, particularly the vulnerable, are protected from risk of harm and enabled to live a full and independent life.

- 9.2 An Equalities Impact Assessment (EqIA) has been completed as proposals will affect some of the most vulnerable people living in LBTH. The EqIA was completed with input from the Adults, Health and Wellbeing Departmental Equalities Focus Group and Head of Scrutiny and Equalities. The EqIA has an action plan in place to ensure the modernisation programme does not adversely impact upon anyone with a learning disability regardless of their race, disability, age, gender, socio-economic status, sexual orientation, religion or belief. The EqIA also has a number of actions in place to ensure the views of parents and carers of people with a learning disability are taken into account and they are not adversely impacted upon as part of the modernisation process.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 The design, construction and running of any new facilities will follow best practice and the Council's Environmental Strategy.
- 10.2 The project will seek to deliver buildings which maximise energy efficiency and innovative design which could unlock additional Housing Corporation funding and follow the London Development Agency "Sustainable Development Guide: Implementing Sustainable Design & Construction". Work will be undertaken with planning an urban design on detailed planning briefs for each site to incorporate these aspects.
- 10.3 Renewables and onsite energy generation will be pursued, e.g. a food growing project will be part of the planned social enterprise café/art gallery.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 There will be a number of risks in taking forward these proposals to modernise Learning Disability Services in Tower Hamlets:

Employment for people with learning disabilities in the current economic climate;
Identifying suitable premises for community hubs; and
Stakeholder engagement and support for the modernisation programme (there is a long history of parental and carer involvement in the development of current services which could lead to new proposals being viewed as a threat).

- 11.2 These challenges are being addressed through the development of a detailed project plan and risk management strategy to form part of the wider agenda around the programme to transform adult social care. This will include a detailed service user and carer involvement plan.
- 11.3 Service user profiles are being created to help articulate the benefits service modernisation will have. Appendix 2 sets out some example service user profiles by way of example.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 Modernisation plans will ensure that the safety and welfare of people with a learning disability will be fully considered in the development of any new services. Partnership working with the Community Safety Team will ensure that people with a learning disability are safe, not only in new services to be delivered, but also during any travel undertaken to attend new services.

13. EFFICIENCY STATEMENT

- 13.1 The model proposed will significantly increase the range and quality of services, whilst having the added benefit of reducing current high cost services.

14. APPENDICES

Appendix 1 – Overview of Services **(Exempt)**
Appendix 2 – User Profiles: How Will the Service User Experience Change?

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”

Name and telephone number of holder and address where open to inspection.

- **Annual Returns to the Department of Health on Personal Social Services Expenditure**
- **Equality Impact Assessment**

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Appendix 2 - User Profiles: How will the Service User Experience Change?

Service User Perspective - How will the service change on a practical day to day level?

M is a young lady who moved from living with her family into supported living accommodation. As part of her move to independence M also attends a day centre where she takes part in a limited menu of on-site group activities such as painting, sculpting and needlework. M has a number of aspirations (including getting fit and going swimming) which cannot be met in a traditional day centre setting and would benefit from more personalised support to help her achieve her aims by accessing services in her local community.

Under modernisation proposals M will be supported to look at her dreams and aspirations outside of the day centre. M could be supported to join local aerobics and swimming groups and use a personal budget to purchase the support of a personal assistant to help her travel to and settle into her new activities. The Personal Assistant could also work with other members of the aerobics and swimming groups on how best to communicate and interact with M. After a number of weeks it is likely M will rely on less support and become a regular at the groups, enabling her to make friends and make connections with local people. This will give M a sense of belonging and a huge boost to her self esteem.

Please see Appendix 3 for more examples of how service modernisation will improve the day opportunity experience for people with a learning disability in Tower Hamlets.

The Positive Impact of Encouraging More Social Enterprise and Paid Employment

A was recommended to come to Poetry in Wood (PW) by his day opportunity service provider. They said he had problems in engaging with other people, and although he could speak he wasn't really communicative with anyone. When he first came to us he was very withdrawn and unsociable with very little interaction with others.

He joined the Product Design and Development course for one day a week to start with. Despite having a damaged arm he coped very well with handling the machines, and with gentle encouragement he progressed through the course, building up his skill base. His self esteem increased and also his use of language. He participated in group discussions and became positively cheeky!

A joined the Computer Art course and the Print for Product course. He did extremely well on both and gained certificates; but he showed particular aptitude on the computer course.

After the long six week holidays in the summer he would revert to his old ways, but this soon improved as he got back into the swing of the work, and he passed all of the accreditation units for OCN London Region. In 2004 his name was put forward to Tower Hamlets College as the student with learning disabilities who had shown the most improvement in that year, which he won.

He joined the workforce of the Social Enterprise in September 2004 for one day a week. It took him some months to settle down to the different way of working and to make a relationship with the staff of the enterprise project, but he became such a valued worker he was asked to increase his employment to two days a week in September 2005.

A now promotes class discussion, helps others less able and his social skills are much improved. He helps to make the fridge magnets and badges for the Bubble Club and he attends the Club nights, which is a real breakthrough. He has a very quick grasp of procedures and also is good at using the internet for research.

Formerly he used Tower Hamlets Transport but with training from his family he now travels to work independently.

Developing more social enterprises in the borough and procuring a new employment service will make A's experience the norm and not just the exception to the rule.

The Positive Impact of Independent Living – Low Needs Day Opportunities

H is a young Bengali man attending a day service that is in the throes of developing from a building based service to one that provides the majority of its activities within the local community. H has had a good education experience that has resulted in him having the aspiration to live eventually independently within his local community.

His service provider has developed a life skill programmes for the varying levels of abilities of service users who access their services. H enjoys the community based activities such as sport at Mile End Park, swimming and learning about shopping at the supermarkets and outdoor markets, but he wants to do more activities, and he has had some work experience in the café at Montefiore Centre, Hanbury Street. Very few of the activities accessed by H take place within the large building his day service is managed from.

In modernising service delivery one of the proposals is to develop *Hub* bases across Tower Hamlets that could be utilised by all service users and depending upon the size and scope members of the wider community in general. This would encourage inclusion in a practical way whilst also providing experience for service users of dealing with every day aspects of daily life. Large outdated buildings will become a thing of the past and services fully integrated into the community, and shared across client groups, ensuring that the life experience of those with a disability are brought closer to that experienced by the rest of society.

The Positive Impact of Independent Living – High Needs Day Opportunities

MP attends a high need service in the borough. Although profoundly autistic she communicates in her own way with the staff to indicate her preferences in activities, her food choices, and what she feels about different aspects of her life.

With the development of a new approach to service delivery for people with a learning disability it is also recognised that for people who are profoundly disabled that their choices and options also need to be significantly improved. In this instance technology should and could be harnessed to improve the quality of what the options are for this group of people. State of the art sensory rooms, screen touch activation and visual Person Centred Plans will be implemented as part of the modernisation programme to ensure individual preferences are taken into account for people regardless of their disability.

Agenda Item 10.4

Committee/Meeting: Cabinet	Date: 9 th February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director Development and Renewal Originating officer(s) Chris Holme – Service Head Resources and Paul Leeson – Finance Manager Development & Renewal		Title: Housing Revenue Account – Budget Report 2011/12 Wards Affected: All	

Lead Member	Housing and Development
Community Plan Theme	One Tower Hamlets
Strategic Priority	Ensuring Value for money across the Council

1. **SUMMARY**

- 1.1 This is the second report on the Housing Revenue Account (HRA) for 2011/12, and incorporates Cabinet's decisions of 12th January 2011 regarding rents and tenants' service charges. The report seeks Cabinet approval of the draft HRA Estimates for 2011/12 as set out in Appendix 1, and of the Management Fee payable to Tower Hamlets Homes. The budget incorporates the impact of the final HRA Subsidy Determination for 2011/12 which was published in January 2011.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Approve the draft 2011/12 Housing Revenue Account Estimates as set out in Appendix 1.
- 2.2 Approve the draft Management Fee payable to Tower Hamlets Homes of £32,039 million as set out in Table 1 in paragraph 7.7.
- 2.3 Subject to 2.2 above, note that under the Management Agreement between the Council and Tower Hamlets Homes, THH will manage delegated income

budgets of £81.314 million and delegated expenditure budgets of £26.673 million on behalf of the Council in 2011/12.

- 2.4 Approve that, should a Special Determination be received which increases the entitlement to supported capital expenditure, the Corporate Director of Development & Renewal be given delegated authority to negotiate and agree, following consultation with the Mayor and Lead Member for Housing, an increase in the Management Fee to fund the additional cost of managing the capital programme.
- 2.5 Note the medium-term HRA budget projections (2011-15) as outlined in Appendix 2

3. REASONS FOR THE DECISIONS

- 3.1 Cabinet is required by the Local Government and Housing Act 1989 to determine a balanced Housing Revenue Account budget prior to the start of the new financial year. The Council must also approve the Management Fee payable to Tower Hamlets Homes so that it can fulfil its obligations under the Management Agreement to manage the housing stock on behalf of the Council.

4. ALTERNATIVE OPTIONS

- 4.1 The Council has a statutory duty to set a balanced HRA and provide Tower Hamlets Homes with the resources to fulfil its obligations under the Management Agreement. Whilst there may be other ways of delivering a balanced HRA, the proposals contained in this report are considered the most effective, having regard to the matters set out in the report.

5. BACKGROUND

- 5.1 The Housing Revenue Account relates to the activities of the Council as landlord of its dwelling stock. The items to be credited to the HRA are prescribed by statute. Income is primarily derived from tenants' rents, service charges and government subsidy. Expenditure includes repairs and maintenance and the provision of services to manage the Council's housing stock. Expenditure not met by Housing Revenue Account subsidy is mainly met from Council tenants and leaseholders.
- 5.2 Since 1990 the Housing Revenue Account has been "ring-fenced". This was introduced as part IV of the Local Government & Housing Act 1989 and was designed to ensure that rents paid by local authority tenants reflect the associated cost of services. This means that it cannot subsidise nor be subsidised by Council Tax i.e. any deficits or surpluses that arise on the HRA cannot be met from or transferred to the General Fund. The HRA must remain in balance.

- 5.3 In recent years the Council's entitlement to subsidy has reduced significantly both in total terms and per dwelling. This means a greater proportion of costs must be recovered by tenants and leaseholders.
- 5.4 At its last meeting on 12th January 2011, Cabinet considered the Housing Revenue Account and Rent Setting report, and approved an average weekly rent increase of £5.90 from April 2011. This has now been incorporated into the 2011/12 HRA Estimates set out in Appendix 1.

6. REVISED BUDGET 2010/11

- 6.1 On 1st December 2010, Cabinet considered the Performance and Corporate Budget Monitoring Report (Quarter 2). The forecast HRA financial position as at 30th September 2010, showed a projected overspend of £510,000. There is no capacity for any overspend in the HRA, and officers, in conjunction with Tower Hamlets Homes, have implemented an action plan to address the adverse variance.
- 6.2 To date savings of approximately £300,000 have been achieved and the action plan is on course to deliver the remainder. However, there is continuing pressure on HRA expenditure, especially during the recent adverse weather conditions. Tight control over expenditure is therefore essential in order to deliver a balanced income and expenditure account.
- 6.3 This report assumes that the action plan will bring the 2010-11 HRA outturn in line with the budget so there will be no prior year impact on 2011-12.

7. DRAFT ESTIMATES 2011/12

Housing Subsidy

- 7.1 The final HRA Subsidy Determination 2011/12 was published on 10th January 2011. The estimates as set out in Appendix 1 have been updated to reflect the allocations contained in this document.
- 7.2 The final Determination confirms the Coalition Government's proposals to increase Guideline Rent by 6.8%. In addition, the following minor changes have been made to the draft allowances:
- The percentage increase in maintenance allowances has changed from 2.37% to 3.31% resulting in additional subsidy of approximately £180,000
 - The percentage increase in the major repairs allowance has been amended from 3.48% to 4.16% giving an additional £85,000 in subsidy. This will make available additional resources to fund the capital programme.

There were no changes to the other allowances set out in the draft determination.

Supported Capital Expenditure

- 7.3 The method of financing HRA capital expenditure has changed with effect from the 2011-12 financial year, with no allocations of Supported Capital Expenditure (SCE) being incorporated within the HRA Subsidy Determination.
- 7.4 In previous years, the Authority has received mainstream HRA capital resources of approximately £28 million per annum, financed through SCE of £15.5 million and Major Repairs Allowance of £12.5 million. In anticipation of a significant reduction in available capital resources following the Comprehensive Spending Review, Cabinet approved an amended 2010-11 Housing Capital Programme on 8 September 2010 which only assumed expenditure commitments into future years against confirmed resources. This has resulted in a much reduced indicative programme for 2011-12 compared to previous years.
- 7.5 As part of the new Decent Homes capital financing regime, the Authority was invited to bid for resources for 2011/12 and future years. The bid was submitted in early January 2011 and it is not anticipated that the outcome will be made known to Authorities until early March.
- 7.6 Successful bidding organisations will receive a Supported Capital Expenditure allocation via a Special Determination. These changes to the allocation of SCE and the delay in the receipt of any Special Determinations impact upon the preparation on the HRA budget and the setting of the Management Fee. The HRA recharges in excess of £2m in respect of fees and salaries for work on capital schemes. The current position regarding capital resources available for 2011/12 will mean this has to be reduced to approximately £500,000. This potential significant loss of resources will have to be offset by compensating savings or reductions in the Management Fee paid to THH.

Management Fee

- 7.7 In February 2010, Cabinet approved the 2010/11 Management Fee payable to THH for services provided to the Council. The Management Fee represents the largest expenditure element of the HRA budget, (£35.069 million). Discussions have taken place with Tower Hamlets Homes with an initial suggested efficiency savings target of 5% of the 2010/11 fee.
- 7.8 As stated in paragraph 7.6, the potential loss of Supported Capital Expenditure and the consequent reduction in the Capital Programme could also reduce the fee by a further £1.5m. Any efficiency savings identified are net of any reduction in the recovery of leaseholder service charges.

7.9 Table 1 shows the calculation of the 2011/12 Management Fee payable to Tower Hamlets Homes.

Table 1 Calculation of the 2011/12 Management Fee

Description	Total Fee £,000
Base Budget 2010/11	35,069
Deduct 5% Efficiency Saving	-1,753
Reduced fee from reduction in Capital Programme	-1,464
	31,852
Add inflation to repairs element	188
Indicative Management Fee - 2011/12	32,039

7.10 As outlined in paragraph 7.6, should the bid for Decent Homes funding be successful the Authority will receive a Special Determination which will increase resources available to fund the capital programme. Increased capital expenditure will result in additional fees and extra income to the HRA. In the event of this THH will require additional resources to administer the capital programme.

7.11 Should the Authority receive additional supported capital expenditure, Cabinet is requested to approve that delegated authority be given to the Corporate Director of Development & Renewal, after consultation with the Mayor and Lead Member Housing, to increase the Management Fee payable to THH in order to finance the additional costs of administering the capital programme.

Other Savings

7.11 The major budgetary savings must by necessity be delivered from the management fee. In addition, Table 2 shows other savings that have been built into the 2011/12 estimates.

Table 2 – Other HRA Savings

Description of Savings	Amount £,000
Reduction in ICT recharge to the HRA	-90
Reduction in Lettings recharge to the HRA	-50
Total Savings	-140

8 THE COMPREHENSIVE SPENDING REVIEW

8.1 The Comprehensive Spending Review (CSR) was published on 20th October 2010. The coalition government confirmed that the proposals for reform of the HRA Subsidy System will go ahead in the Localism Bill, due to

be placed before Parliament before the end of November, with Royal Assent expected in the late summer or autumn of 2011. If the legislation is adopted, it is anticipated that self-financing will come into effect in 2012/13 although this has still to be confirmed. If this is the case, 2011/12 will be the final year of the HRA Subsidy system.

8.2 However, the Comprehensive Spending Review did set out amendments to the self financing proposals put forward in the prospectus. These include:

- The continuation of pooling of 75% of right-to-buy capital receipts by the Treasury until 2011-15.
- A new cap on borrowing in addition to the overall HRA borrowing limit could mean that it will be harder to invest in the dwelling infrastructure and maximise the use of assets
- The decision in the CSR to increase the Public Works Loan Board (PWLB) rates of interest will also add additional pressure to the self-financing regime.

Each of these changes will have a significant impact on the proposed self-financing regime. It means that with these changes it will take longer and cost more to repay debt and finance the investment programme.

Further detail and consultation is expected in February 2011.

8.3 The CSR also confirmed the funding in respect of the Decent Homes programme, although the financing is profiled so that resources will only become available toward the end of the 2011-15 CSR period. Additionally, the process of allocating Decent Homes resources has fundamentally changed, as outlined in paragraphs 7.3 to 7.6.

8.4 The above information relating to the CSR is already in the public domain. However there are still a major number of uncertainties which present significant risks, the most significant of which is the proposed debt settlement and the risk that there is a shift of resources from the high debt local authorities like Tower Hamlets to those required to take new debt.

8.5 All these developments and uncertainties will need to be factored into the 30 year business plan so that the Authority, in conjunction with THH, can develop a financially robust strategic investment programme and a viable HRA in the future.

9 MEDIUM TERM FINANCIAL STRATEGY 2011-14

9.1 The information contained in the Final Determination represents an estimated loss of subsidy next year of over £2.0 million. THH has identified additional budget pressures of £0.7 million due to the downturn in the economy. The consolidated rate of interest used in the calculations has also

been revised to reflect the increase in PWLB rates, which will add a further £0.5 million to capital financing costs. On 4th August 2010 Cabinet agreed a £4.7 million reduction in the net costs of the HRA over the next 3 years. Overall this figure has not altered but the profile has changed so that the majority of savings are required in 2011/12.

- 9.2 As mentioned above, specific details of the new Housing financing system have not been announced and consequently there are still many areas of uncertainty. It is for this reason that the updated Medium Financial Plan does not reflect the new self-financing regime.
- 9.3 Following the publication of the Final Determination the net savings target for 2011/12 is £3.3 million, taking into account the current position regarding available capital resources and the increase in tenant's rents approved by Cabinet on 12th January 2011. These are reflected in the HRA medium term financial strategy outlined in Appendix 2.

10. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 10.1 This report sets out the proposed budget for the Housing Revenue Account for 2011/12 and also asks Members to approve the draft management fee payable to Tower Hamlets Homes to manage the dwelling stock on behalf of the Authority.
- 10.2 The budgets have been prepared by the Authority in conjunction with Tower Hamlets Homes, in accordance with the terms of the management agreement. Section 7 of the report outlines the efficiency and other savings that have been incorporated across delegated budgets, and within the management fee.
- 10.3 The General Fund Revenue Budget reports elsewhere on this agenda set out advice to Cabinet on budget risks and the level of reserves and balances, which are applicable to the Housing Revenue Account as well as to the General Fund. Members are requested to note this advice in considering this report. Members should also note the specific Housing Revenue Account risks incorporated within this report (paragraph 14), in particular the impact on the HRA that interest rate changes cause.
- 10.4 The Council is required to maintain a reasonable level of reserves in the HRA to mitigate possible financial risks of lower than expected income or of higher than expected expenditure in the year. As in previous years, officers' assessment is that £9 million is considered the minimum reasonable level for the Authority, given the size of its HRA and its inherent risks. Depending upon the outturn position for 2010/11, further actions may need to be taken during 2011/12 to ensure that reserves do not fall below this level and this will be reported to Cabinet as necessary. Furthermore we need to regularly review reserves to take account of the risks associated with an environment of ongoing economic uncertainty.

- 10.5 As reported to Members in December, there is a projected overspend of approximately £0.5 million on the current year's (2010-11) HRA budget, although an action plan has been put in place to address this. Progress against this action plan should continue to be closely monitored.
- 10.6 The bulk of the savings must be delivered by Tower Hamlets Homes. This is a substantial task containing some risk and it will be necessary for the Corporate Director - Development & Renewal to monitor the delivery of savings closely and report back to Cabinet immediately should it appear that pressures will arise.
- 10.7 Although the 2011-12 budget that has been prepared incorporates significant savings, it is essential that the process is continued, in conjunction with Tower Hamlets Homes, to identify and generate further efficiencies and savings within this and future years' budgets, to ensure the Council complies with its statutory requirement to maintain a balanced Housing Revenue Account.
- 10.8 As outlined in section 8 of the report possible changes to the Housing Finance System will offer opportunities and challenges to the Authority's housing delivery function.

11. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 11.1 The Council is subject to an obligation under Part VI of the Local Government and Housing Act 1989 to maintain a housing revenue account. The Council is required to prepare proposals in January and February each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be based on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. A report to Cabinet on 12 January 2011 dealt with a rent increase, but the subject report properly deals with other matters affecting the HRA, namely the management fee, HRA budget and financial strategy.
- 11.2 The management agreement with Tower Hamlets Homes provides the method for calculation of the management fee in Schedule 6 and it will be for officers to ensure that the calculation is made in accordance with those provisions.

12. ONE TOWER HAMLETS CONSIDERATIONS

- 12.1 The Council is required to agree a balanced housing revenue account, which means striking a balance between maximising resources available to the Council for social housing purposes and avoiding undue additional hardship to vulnerable tenants. In conjunction with Officers from Tower Hamlets Homes an Equalities Impact Assessment has been undertaken to assess the

potential impacts of both the savings proposals and the proposed rents increases. Extensive analysis of THH tenants has provided a detailed understanding of the most vulnerable tenants. The action plan set out in the Equalities Impact Assessment has identifies a number of mitigating actions which once implemented would ensure that the most vulnerable tenants are supported. Actions include enhancing the provision of advice and guidance for the most vulnerable tenants, ensuring that there is continuous analysis of the impacts on tenants, particularly the non-housing benefit claimants as well as continuous analysis and assessment of the Welfare Reforms once the proposals are implemented in earnest post 2013. The Action Plan will be continuously monitored to ensure that these actions are being progressed.

13. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 13.1 There are no specific implications arising from the recommendations in this report.

14. RISK MANAGEMENT IMPLICATIONS

- 14.1 The resources available to support HRA expenditure have reduced significantly as a consequence of the economic climate and subsequent low interest rates. This recent trend is unlikely to change and officers' assessment is that Subsidy levels will continue to fall if the current system continues, although this will be closely monitored. Historical levels of expenditure incurred on managing and maintaining our stock are no longer sustainable and significant real savings will be required to ensure the Council complies with its statutory responsibilities. The significant reductions in interest rates, ongoing from November 2008 are having a major financial impact on the HRA, through net loss of housing subsidy and reduced investment income. The budget incorporates an assessment of the effect of ongoing low interest rates but this continues to be an area of significant financial risk.
- 14.2 The budget has been prepared on the basis that there will be no significant changes to stock numbers in 2011/12, although the impact of the various decanting, demolition and refurbishment initiatives that are being undertaken as part of the different regeneration programmes that are being progressed in the borough must continue to be considered.
- 14.3 A detailed review of the medium term financial forecast of the HRA has been undertaken to assess the appropriate levels of balances and reserves taking into account the risks and uncertainties facing the HRA over the next five years.

15. CRIME AND DISORDER REDUCTION IMPLICATIONS

15.1 There are no significant implications arising from these specific recommendations.

16. EFFICIENCY STATEMENT

16.1 Efficiency savings have been incorporated into the draft estimates in order to ensure the HRA remains in balance. On-going projects will be undertaken in partnership with Tower Hamlets Homes to identify further on-going efficiency savings to ensure that the HRA remains sustainable in the longer term.

17. APPENDICES

Appendix 1 – HRA Draft Estimates 2011/12

Appendix 2 – HRA Medium Term Financial Projections 2011-2015

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
HRA budget files	F Paul Leeson Development & Renewal Finance. Extension 4995
Equality Impact Assessment	5th Floor, 2 Clove Crescent London, E14 2BE

HRA INCOME & EXPENDITURE ACCOUNT

APPENDIX 1

2010-11		2010-11	2010-11	2011-12
Approved Budget	Housing Revenue Account	Latest Budget	Projected Outturn	Draft Estimates
£,000		£'000	£'000	£'000
	INCOME			
(55,994)	Dwelling Rents	(55,994)	(56,182)	(59,013)
(3,433)	Non Dwelling Rents	(3,088)	(3,096)	(2,734)
(6,412)	Tenants Charges for Services & Facilities	(6,757)	(6,549)	(6,497)
(10,293)	Leaseholder Charges for Services & Facilities	(10,293)	(9,949)	(9,572)
(115)	Contributions towards expenditure	(115)	(115)	(115)
(13,625)	HRA Subsidy Receivable	(13,625)	(13,625)	(11,611)
(89,872)	GROSS INCOME	(89,872)	(89,516)	(89,542)
	EXPENDITURE			
21,705	Repair & Maintenance	21,705	21,705	20,511
25,652	Supervision & Management	25,652	24,138	24,504
11,740	Special Services	11,740	12,773	13,362
2,171	Rents, Rates, Taxes and Other Charges	2,171	2,296	2,960
900	Provision for Bad Debts	900	900	900
14,180	Interest Payable - Item 8	14,180	14,180	14,478
12,910	Depreciation - HRA Dwellings	12,910	12,910	13,021
618	Depreciation - Non Dwellings	618	618	335
225	Debt Management Costs	225	225	235
90,101	GROSS EXPENDITURE	90,101	89,745	90,306
229	NET COST OF HRA SERVICES	229	229	764
222	Amortisation of Premiums & Discounts	222	222	175
(405)	Supporting People Contribution	(405)	(405)	(404)
(200)	Interest & Investment Income	(200)	(200)	(200)
(154)	SURPLUS OR DEFICIT ON HRA	(154)	(154)	335
	Appropriations			
1,450	Revenue Contribution to Capital Expenditure	1,450	1,450	0
3,000	Net contribution from Housing Choice Reserve	3,000	3,000	0
4,296	NET POSITION	4,296	4,296	335
	Balances			
(12,978)	Balances at the beginning of the Year	(12,978)	(12,978)	(9,300)
(618)	Contribution from Major Repairs Reserve	(618)	(618)	(335)
4,296	Surplus /(Deficit) on HRA	4,296	4,296	335
(9,300)	General Balances at end of Year	(9,300)	(9,300)	(9,300)

**LONDON BOROUGH OF TOWER HAMLETS
HOUSING REVENUE ACCOUNT
MEDIUM-TERM FINANCIAL STRATEGY -
2011/2015**

Appendix 2

HEADING	2011/12 Budget £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000
HRA Income				
Base Budget - previous year	(90,477)	(94,396)	(96,309)	(98,283)
Inflation	(3,919)	(1,913)	(1,974)	(2,023)
HRA Expenditure				
Base Budget - previous year	90,323	91,855	93,419	95,020
Inflation	1,532	1,564	1,601	1,641
Initial Base HRA Budget	(2,541)	(2,890)	(3,263)	(3,645)
Committed Growth				
Buildings for the Future	60	60	60	60
	(2,481)	(2,830)	(3,203)	(3,585)
Approved Savings & Other Adjustments to Base Budget				
Subsidy Adjustments - Interest and Stock	2,014	2,600	2,800	3000
Capital Charges and other adjustments	802	1,222	1,250	1275
Net Budget Requirement	335	992	847	690
Required Use of Reserves				
Major Repairs Reserve	(335)	(335)	(335)	(335)
General Reserve including Housing Choice Reserves	0	0	0	0
Total Use of Reserves	(335)	(335)	(335)	(335)
Savings Required to maintain balances and a balanced HRA	(0)	657	512	355
HRA Balances				
General Balances (including Housing Choice Reserve)				
Balances at beginning of year	(9,300)	(9,300)	(9,300)	(9,300)
Balances at end of year	(9,300)	(9,300)	(9,300)	(9,300)

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Agenda Item 10.5

Cabinet	Date: 9 th February 2011	Classification Unrestricted	Report No.	Agenda Item No.
Report of: Interim Corporate Director (Children, Schools and Families)		Title: Dedicated Schools Grant 2011/12		
Originating Officer(s): David Tully Interim Head of CSF Finance		Ward(s)..... ALL		

Lead Member	Cllr. Oliur Rahman
Community Plan Theme	One Tower Hamlets A Prosperous Community
Strategic Priority	1.2: Work efficiently and effectively as One Council 3.1: Support lifelong learning opportunities for all

1. SUMMARY

- 1.1 This report seeks a decision on the size and allocation of the Dedicated Schools Grant for 2011/12, as part of the larger Schools Budget.
- 1.2 The Department for Education has confirmed in its school funding settlement announcements on 13th December 2010 that the Dedicated Schools Grant will be calculated on the basis of the same underlying per pupil amount as 2010/11 of £6,791.71 and that a number of individual funding streams will be consolidated into the DSG at a per pupil amount of £1,259.80 (ie equivalent to their 2010/11 cash value). This gives a revised Guaranteed Unit of Funding of **£8,051.51**. This will be multiplied by the number of eligible pupils in the January 2011 pupil census to produce the actual level of the DSG.
- 1.3 The DfE has made some changes to the way in which pupils are counted and the final outcomes of the January census will not be confirmed by the DfE until June 2011. The number of pupils funded through the DSG is, however, linked to the Minimum Funding Guarantee for individual schools, which is an unavoidable commitment. To ensure consistency in the calculations, officers have illustrated the impact of **36,557** DSG pupils, which is consistent with the figures being used to calculate the Minimum Funding Guarantee (MFG).
- 1.4 School budgets are guaranteed at their 2010/11 level (including former specific grants) less 1.5%. With the addition of the Pupil Premium (passported directly to schools), the underlying position for schools is a standstill in cash terms. There are planned reductions in the retained budget and provision for allocating budgets and the proposals for addressing this are set out in the report at Section 8.

- 1.5 Schools Forum considered the position at their meeting on 12th January 2011. The proposals put forward in the Cabinet report have, therefore, been considered by the Schools Forum and their views are included in this report.

2. DECISION REQUIRED

Cabinet is recommended to:

- 2.1 Agree the provisional Schools Budget at the following level for 2011/12 (paragraph 6.4 – Table 1):
- a) anticipated Dedicated Schools Grant at **£294.339m**
 - b) forecast total Young People Learning Agency allocation of **£14.724m**
 - c) total of **£309.063m**.
- 2.2 Authorise the Corporate Director for Children, Schools and Families to substitute the actual figure for YPLA allocations once it is known and to scale back the DSG to be allocated as appropriate should the initial pupil number data from the January 2011 pupil census indicate that the pupil number estimate is too high (paragraph 7.3).
- 2.3 Approve the distribution of the total funding between retained and devolved funding set out in Appendix 3, noting the reductions in retained funding set out at paragraph 8.4 (a) to (g) and agree the savings proposals required to balance the budget set out in paragraph 8.5 to 8.13.

3. REASONS FOR THE DECISIONS

- 3.1 Under the School Standards and Framework Act 1998, the Council is required to allocate a budget share to every maintained school and this is calculated by a prescribed process that requires determination of the LEA budget, the Council's schools budget, the individual schools budget and the maintained schools' budget share.
- 3.2 The School Finance (England) Regulations 2011, expected to commence on 28 February 2011, will likely require the Council, after consultation with the School Forum, to decide upon the formula to be used to determine schools' budget shares and to deduct central expenditure from the school budget, subject to the central expenditure limit.

4. ALTERNATIVE OPTIONS

- 4.1 The Council's options are limited for the reasons given in section 3 of the report, but to the extent there are any options these are discussed in the body of the report.

5. BACKGROUND

- 5.1 With effect from 2006/07 Local Authorities (LAs) have received funding for schools in the form of a ring-fenced Dedicated Schools Grant (DSG) which, along with funding for 6th Forms, represents the Schools Budget. Although the vast majority of funding is provided to schools to manage directly, the Schools Budget also includes funding for special educational needs, pupils out of school and early years provision and a few local authority services such as admissions. The Authority may choose to supplement the DSG with other budgets, but it may not use the DSG for any purpose other than to support the Schools Budget.
- 5.2 For the purposes of clarity, when referring to the various parts of the school funding 'architecture', a number of specific terms are used:
- Schools Budget - the total planned spending on schools and other prescribed services funded from the DSG and YPLA 6th Form monies.
 - Individual Schools Budget (ISB) - the funding in the Schools Budget that is delegated to individual schools;
 - School Budget Shares – each school's individual budget allocation determined by applying the Borough's school funding (resource) formula; and
 - Central Expenditure - the funding retained centrally from the Schools Budget by the LA to support the kinds of activities and meet the costs referred to in paragraph 3.1.
- 5.3 The strategic functions of a LA in relation to the provision of education (school organisation, school improvement and intervention, home to schools transport etc) along with non-school provision (Youth Service and Community based education provision) and Children's Social Care are funded from the Children Schools and Families General Fund Budget and are part of the local government settlement process. These functions are not funded by the Dedicated Schools Grant and, as such, will be dealt with in separate reports to Cabinet.
- 5.4 To determine the ISB, LAs are required to make a number of decisions on how the ISB is to be distributed. These include the methodology to be adopted to project pupil numbers for 2011/12 and any funding formula changes to be made.
- 5.5 The allocation of the ISB, via the funding formula, into individual school budget shares is subject to the Minimum Funding Guarantee (a guaranteed minimum increase in schools funding to ensure unavoidable cost pressures, such as teachers pay increases, can be covered by the school).
- 5.6 Once the budget for the ISB is set, the balance of the Schools Budget remaining can be allocated on increases in central expenditure. The remaining balance, known as 'headroom' is then available for additional distribution through to school budget shares.
- 5.7 In general the amount of funding that is held as central expenditure in each year is decided by the LA, although funding for certain kinds of

costs can only be held centrally with the agreement of the Schools Forum.

5.8 This report deals with the following issues

- Sources of funding for the Schools Budget for 2011/12;
- Factors likely to affect the Schools Budget;
- Potential impact of these arrangements.

5.9 The final report proposals were agreed by the Local Authority Schools Forum, a meeting of school representatives that is legally required to formalise the consultation process and therefore they represent a consensus of schools. This meeting took place on the 12th January 2011. Cabinet is required to take account of the views of the Schools Forum.

6. SCHOOLS BUDGET: SOURCES OF FUNDING 2011/12

6.1 The Dedicated Schools Grant for 2011/12 will be based on **£8,051.51** per pupil, a standstill amount in cash terms after taking account of the following grants that were previously separate funding streams.

- School Standards Grant
- Schools Standards Grant (Personalisation)
- School Development Grant
- Specialist Schools
- High Performing Specialist Schools
- School Lunch Grant
- Ethnic Minority Achievement (EMAG)
- 1-2-1 Tuition
- Extended School Sustainability
- Extended School Subsidy
- National Strategies (Primary)
- National Strategies (Secondary)
- Diplomas
- London Pay Addition

6.2 **Appendix 1** provides the basis on which the pupil number forecast of **36,557** is currently based. This is 464 more than the 2010-11 figure of 36,093 and is based on a combination of the October 2010 census (for 3 year olds and 5-15 year olds) and the January 2010 census (for 4 year olds). The forecast level of DSG for 2011-12 is **£294.339m**.

6.3 The Young People Learning Agency (YPLA) provides funding for 6th Form provision. The YPLA allocations for 2011/12 were not known at the time of writing this report but are expected imminently. The level of funding is expected to reduce, as the Secretary of State for Education has indicated his long-term intention to reduce school 6th Form unit funding to the level received by Further Education colleges. It is expected that this will be phased in over a number of years, so officers have assumed, for illustrative purposes that there would be a 3%

reduction in YPLA allocations on the 2010/11 academic year allocation (ie August 2010 - July 2010) level of £15.178m. This would give an illustrative allocation for 2011/12 of **£14.724m**

- 6.4 **Table 1** summarises the current assumptions about levels of resource for the Schools Budget 2011-12 and this summarises the figures included in the first half of **Appendix 2**.

Table 1: Explanation of DSG / YPLA 2011-12 forecasts

Component	Estimated amount 2011-12 (£'000)
Forecast DSG (£8,051.51 x 36,557)	294,339
Brought forward DSG from 2010/11	0
Main YPLA allocation (Total for 7 LBTH 6 th Forms for Aug 10 to Mar 11) £9.263m x 12/8 less 3%	13,478
LSC SEN element (2010/11 rate less 3%)	788
LSC Teachers Pay Grant (2010/11 rate less 3%)	458
Total estimated DSG and YPLA 2011-12 (ie total Schools Budget)	309.063

- 6.5 Separate to the Schools Budget, the Authority will receive funding for schools through the **Pupil Premium**. The DfE has announced that this will apply to three categories of pupils: those eligible for free school meals in January 2011 (£430 per pupil); those Looked After Children who have been in care for at least 6 months (£430 per pupil); and children of members of the armed services (£200 per pupil).
- 6.6 The DfE chose to keep the mechanism simple by using eligibility of free school meals and a standard rate across the country, rather than adopting a more complex formula that took account of other deprivation funding or different costs in different parts of the country.
- 6.7 The money needs to be passed on to the relevant school or educational setting in full, with the exception of money for looked after children which is provided to the home authority to be applied as they see fit.
- 6.8 In January 2010 there were 19,596 Tower Hamlets pupils eligible for Free School Meals. If this level of eligibility were to be reflected in the pupil count for January 2011, Tower Hamlets schools would receive £8.426m.
- 6.9 DfE have indicated that they estimate that Tower Hamlets would be eligible for £84k for Pupil Premium for Looked After Children for 2011/12. Numbers of Tower Hamlets pupils from Service families are not expected to be significant.

7. FACTORS LIKELY TO AFFECT THE SCHOOLS BUDGET 2011/12

- 7.1 **Appendix 2** sets out a comparison of the estimated level of the Schools Budget for 2011/12 and the expected commitments. These assumptions will be affected by the following considerations.
- 7.2 **Central Expenditure Limit.** The devolved budgets for schools (including Early Years PVI budgets) must increase by at least the increase in the Schools Budget year-on-year to avoid breaching the Central Expenditure Limit. Local Authorities may not breach that limit without the express endorsement of the Schools Forum. The DfE has indicated that the comparison between years would include the previously separate grants that are now part of the DSG, with an assumption that 100% of those grants were devolved in 2010/11. Initial calculations, subject to the detailed formula to be provided by the DfE would suggest that £309.063m total Schools Budget would require devolved budgets to be at least £283.478m. This may mean that budgets would have to be marginally greater than the CEL limit and this potentially could produce wide distortions, particularly where previously separate grants are distributed through the formula on a different basis.
- 7.3 **Changing pupil numbers.** Officers will review the pupil numbers identified in the January 2011 census prior to finalising DSG assumptions for 2011/12. Overall numbers will determine the total DSG, which will not be finally confirmed until June 2011. The level of DSG is directly linked to the number of pupils, to the extent that, every 100 pupils up or down represents **£0.805m** more or less DSG. Clearly, if there is a significant change from expected numbers outlined in this report the planned DSG will need to be amended and that revised plan will be brought to the next meeting of the Schools Forum. This will also be the case if the budget pressures that have been identified for 2010/11 are likely to impact on the forecast carry-forward of zero at the end of 2010/11 (ie if the Schools Budget overspends in 2010/11). It is this uncertainty about pupil numbers which requires the recommendation to allow the Corporate Director for Children, Schools and Families scope to scale back budget allocations if the actual pupil numbers do not meet the expected level when the analysis of the January pupil count becomes clearer in February and March 2011.
- 7.4 **YPLA changes.** Final allocations are still awaited from the YPLA, Officers have assumed a 3% reduction on 2010/11 figure.
- 7.5 **Early Years.** The DfE have changed the way in which 3 year-old pupil numbers are counted. Tower Hamlets has been a pathfinder authority for the Early Years Single Funding Formula, which has introduced a formula that applies to maintained nursery schools, maintained nursery classes and private / voluntary early years settings. All authorities are now expected to participate. Officers will be exercising particular care in assessing the numbers of full-time equivalent 3 year olds.
- 7.6 The DfE has always funded the higher of the actual number of part-time 3 year olds or 90% of the 3 year olds in the borough. This arrangement

has benefited the Authority and, while the DfE had considered reverting to actual participation only, they have decided against this. Indeed the number of part-time 3 year olds (at the 90% level) counted in the 2011/12 DSG has increased by 223, which mostly offsets the loss of the Early Years Standards Fund grant for implementing the extension of early education hours from 12.5 to 15 per week.

- 7.7 It is possible for additional 3 year olds to be on roll in January 2011 and for this to increase the Minimum Funding Guarantee for individual schools. Currently, the estimated numbers are below the 90% participation level, so these additional costs will not translate into any difference in the level of DSG for that year-group (ie because we are already being funded at the higher of the two). A provision has been included in the costings for that difference, pending further analysis of the figures.
- 7.8 **Additional classes.** The acute difficulties that the Authority has experienced, arising from larger than expected numbers of late admissions for primary school places, has meant that the Authority has had to agree emergency increases in the admission numbers of existing schools. There are no changes to the current arrangements whereby allocations for individual schools required to expand by the local authority will be provided, with additional funding in advance (as far as practical) through the contingency fund.

8. SCHOOLS BUDGET 2011/12

- 8.1 The proposals for 2011/12, agreed by the School Forum, acknowledge the need to have a more limited set of retained services within the Schools Budget and this is achieved by identifying greater levels of delegation for schools and by scaling down central services. This is because the unavoidable commitments in the devolved budgets for schools mean that it is not possible to continue to support the same level of retained activity than previously; Schools Forum has indicated that it expects the Authority to operate within the Central Expenditure Limit. Moreover, there are some elements of funding that have been dealt with through contingency that may be better placed within schools' devolved budgets.
- 8.2 At this stage, officers also intend to take a cautious approach by not allocating more funding to schools than the Minimum Funding Guarantee; this leaves some scope for allocating more funding later in the year once the final level of the DSG is confirmed by the DfE.
- 8.3 The specific proposals for consideration by Schools Forum, which are tabulated in **Appendix 3**, are as follows:

Individual School Budgets

- a) Overall funding for schools to be set at least at a level to avoid a breach of the **Central Expenditure Limit**.. This figure will change if overall funding (eg YPLA allocations) change, but on the basis

of £309.063m, this would require at least £283.478m to be allocated to devolved budgets.

- b) **Minimum Funding Guarantee** to be based on all budgets allocated through the formula for 2010/11 and any pupil number contingency, excluding SEN funding, rates funding, YPLA funding, as normal.
- c) Minimum Funding Guarantee also to be based on **devolved grants** to schools and the **School Library Service**.
- d) The **main funding formula** to now incorporate the previously separate grants and the School Library Service as set out in **Appendix 4**. This indicates that the vast majority of the previous funding will simply be added to the age-weighted pupil unit values with the exceptions of:
 - § London Pay Grant addition to be allocated as a percentage of teacher costs and to be reflected in the same formula factor as the Threshold funding.
 - § Former Ethnic Minority Achievement Grant funding will be incorporated into the formula on a basis that tries to replicate the current basis of allocating EMAG. This is dependent on the data being available in time for the budget to be published in time for the 31st March 2011 deadline, otherwise older data may have to be relied upon.
 - § SSG Personalisation funding will be channelled through the Personalisation factor in the formula.
- e) Funding for **Free School Meals and Paid Meals Subsidy** to be increased as per **Table 2**. This would mean that the value of both a free school meal and the paid meal subsidy would increase by 15p in primary schools and 25p in secondary schools. This is part of a strategy to reduce costs, but to ensure that the full costs of meals is covered, while protecting the price charged directly to individual students. This approach is expected to reduce the reliance of the service on large central subsidies. If these amounts were allocated through the formula, the Minimum Funding Guarantee would distort how much each individual school would get, so, in order to ensure that these increases are passed on to all schools, the School Forum has agreed that the factors in the formula that distributes this money are taken out of the Minimum Funding Guarantee entirely and calculated separately. This adjustment to the mechanism may require endorsement by the Secretary of State, and the Schools Forum's express support for this technical change would assist greatly in persuading the Secretary of State.

Table 2: Changes to catering charges and values 2010/11 to 2011/12

	Primary	Secondary
Free School Meal Value 2010/11	£2.05	£2.15
Free School Meal Value 2011/12	£2.20	£2.40

	Primary	Secondary
Difference	+£0.15	+£0.25
Adult Meal price 2010/11	£2.15	£2.15
Adult Meal price 2011/12	£2.40	£2.40
Difference	+£0.25	+£0.25
Price paid by student 2010/11	£1.90	£2.00
Price paid by student 2011/12	£1.90	£2.00
Difference	0	0
Paid Meal subsidy 2010/11	£0.15	£0.15
Paid Meal subsidy 2011/12	£0.30	£0.40
Difference	+£0.15	+£0.25

- f) A new factor will be introduced into the formula, outside of the Minimum Funding Guarantee, for **Newly Qualified Teachers** (NQTs) that will be based on the actual number of NQTs in post at the previous September. For subsequent years, the estimate based on the previous September will be adjusted for the difference between estimated and actual on a like-for-like basis in the year prior to the 1st April of the financial year in question. Sufficient funding would be added to the devolved budget to facilitate this (c£.05m)
- g) **Rent and rates factors** will be based on an estimate of the likely rent and rates bills for the financial year, calculated using the rateable value, rate in the pound and any rate relief or other anticipated adjustments as at the January PLASC date. The calculation of the estimate for subsequent years would take account of the difference between estimated and actual in the prior year. (Sufficient funding would be added to the devolved budget to facilitate this (c£0.3m)
- h) Formula budgets will no longer have additional sums added for **growth in pupil numbers** in the autumn term, with two exceptions. Firstly, for 3 year olds, there is a requirement in the Early Years Single Funding Formula that pupil participation is recalculated each term and this will continue. Secondly, where the local authority requires a school to expand, some additional funding may be payable through contingency to meet this obligation. No specific additional funding would be added to acknowledge this change.
- i) Schools will be invited to make their own arrangements for managing their **maternity absences**. The local authority is currently investigating either an insurance provider to offer a

service to schools, or to operate a pooled arrangement, which schools would contribute to. Or schools could decide to manage these costs within their own resources. Schools will be further consulted on the adoption of these arrangements. No specific additional funding would be added to acknowledge this change.

- j) Schools would make their own arrangements with the **Schools Catering Service regarding any penalties** that may be due for unexpected closures of the school. These penalties would no longer be met from the contingency fund. No specific additional funding would be added to acknowledge this change.
- k) Schools would be invited to make their own arrangements for purchasing **recycling sacks**. These sacks would no longer be purchased via the contingency fund. No specific additional funding would be added to acknowledge this change.
- l) New arrangements for **carbon reduction** may result in carbon penalties due towards the end of 2011/12. Individual schools will be required to meet the penalty arising from their own carbon footprint, consistent with the basis on which the Authority is charged. The Scheme for Financing Schools will make it a requirement that schools meet such payments from their delegated budget share. No specific additional funding would be added to acknowledge this change, as no additional government funding has been made available for this new requirement.

Centrally Retained Expenditure

8.4 **Appendix 2** gives the details of the components in the 2010/11 budget and **Appendix 3** identifies what is to be removed. The list below summarises what is proposed.

- a) The **contingency fund** has operated at a level of £7.5m for 2010/12 and this budget is fully committed. Given the changes to the entitlements from the contingency fund, this budget can reduce and officers believe that the on-going risks merit a provision of £5m for 2011/12.
- b) **Special Needs** budget will provide for the full costs of placements (including joint placements with Children's Social Care and / or the Primary Care Trust). The Support for Learning Service, to allow a narrower focus on the core statutory responsibilities.
- c) **Combined Budgets** are to concentrate on supporting the BSF Programme, completing the year-long Schools Procurement initiative and providing the Virtual School for Looked After Children.
- d) **Pupils out of school budget** (principally for the Pupil Referral Unit) will be protected at its 2010/11 level, apart from a 1.8 fte reduction in the Behaviour Support Team, as part of the Support for Learning Service.
- e) The centrally retained element of the **School Meals budget** can be reduced because the funding for the meals will be devolved to

schools. Overall the amount of funding available for school meals will not change. This only leaves the funding for FSM eligibility and the subsidy the Authority provides schools for free milk within the centrally retained budget.

- f) For **Other Budgets**, there is one addition and three reductions. The addition is equivalent to the retained funding for ethnic minority achievement. It has always been possible for local authorities to retain central funding for this and it is proposed to keep this at the 2010/11 level of £0.575m. The reductions relate to School Library Service (which will now be devolved), the costs of former Learning and Skills Council staff (which will be managed within the Council's budget) and a reduced level of funding available for Early Years Grants to Voluntary Bodies.
- g) **Grants budgets** will reduce in total and none of the items supported in 2010/11 will continue into 2011/12.

Financial implications

8.5 The proposals above reduce the LA centrally retained element of the DSG by **£2.725m**, as detailed in **Appendix 2**, with proportionally little effect on staffing with the exception of the reduction in some former ABG and Standards Fund match funding (£570k) and Workforce Development strategy work (£115k). The Support for Learning Service is currently redesigning the service to concentrate on core statutory work (SEN) with a small contingency for targeted work for known vulnerable children and young people (£482k reduction in DSG allocation).

8.6 Former Standards Fund retained expenditure will reduce by **£3.183m**. In addition to the anticipated cessation of the exceptional circumstances grant (£796k) and school lunch grant being incorporated into additional school funding for school meals (£454k), the balance of the reduction required relates to:

School Improvement (National Strategies and 14-19 support): redesign the service in view of reduced former match funding (£570k referred to above) and standards funds going directly to schools (£925k) in line with government policy to shift responsibility for school improvement functions to schools.

Extended Schools: significant service re-design in anticipation of removal of ABG and passporting of former Standards Fund to schools, resulting in former SF retained by the LA (£1,005k). The former ABG funded element was the subject of a Directorate Service Improvement pro-former in January Cabinet Budget Report.

8.7 The LA has been working with schools to secure commitment from them to fund some school improvement and extended services on a 'buy back' basis and the redesigned services reflect the outcomes of the consultation and the anticipated reduced level of buy back.

- 8.8 The above decisions have resulted in a potential reduction of 78 fte posts within the Support for Learning Service, National Strategies and 14 – 19 school improvement and Extended Services, with anticipated costs of implementation of approximately £1m.

9. IMPACT OF THESE ARRANGEMENTS

- 9.1 Schools will see a reduction in the cash amount of their budget between 2010-11 and 2011-12, if their allocations are limited to the Minimum Funding Guarantee level (ie 1.5% less than 2010-11 equivalent). Schools with fewer pupils will be affected more because the MFG only offers protection at a per pupil level. Schools with Sixth Forms may need to anticipate some reduction in their YPLA funding. Balanced against this, however, is the impact of the Pupil Premium, which the DfE expect to be targeted at disadvantaged pupils, but which schools have the freedom to deploy as they see fit. If the pupil premium amounts to £8.4m for 2011/12, this will produce an overall funding settlement for schools in cash terms that is around 1.5% better than 2010/11.
- 9.2 Even with this additional cash settlement, school will still be experiencing a tight budget settlement because of the context within which they will be operating. Subject to this evening's decisions, schools may have to fund greater levels of delegation, they will be expected to pay more for more local authority services (if they wish to buy them) and they may be required to bear more of their own risks than has previously been the case.
- 9.3 For the retained budget, these proposals would affect around 78 fte posts and the local authority would have less scope to provide the full range of services nor would it be able to underwrite as many risks for schools as it has previously.
- 9.4 The plans currently do not assume that schools would get any more funding through the formula than the amount determined by the Minimum Funding Guarantee (MFG), so all schools would be at the MFG level. There is £3.4m unallocated, but this is a provision for additional 3 year olds in January 2011. If, once the final pupil numbers are confirmed, some further decisions about allocating funding to schools could be taken later in the year, but these will produce skewed results because of the MFG.
- 9.5 The underlying position for schools is a standstill in cash terms, with some additional funding through the Pupil Premium. There are planned reductions in the retained budget and provision for allocating budgets later in the year.

10. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 10.1 This report provides Cabinet with an overview of the strategic financial issues affecting the Schools Budget for 2011/12 and seeks decisions on the size and distribution of the available resources.

- 10.2 The Dedicated Schools Grant is provided to the local authority on the basis, currently, of the number of pupils included in the annual census in the January preceding the financial year multiplied by a fixed value for each authority. This formula remains the same as previous years.
- 10.3 The value for Tower Hamlets for 2011/12 has been confirmed by the DfE as being **£8.051.51**. Final DSG is not, however, confirmed by the DfE until June of the financial year once all the national data has been cleansed. The full census outcomes will not be known before February 2011 Cabinet, but they will be substantially known by early March 2011. Marginal differences in pupil numbers can nonetheless amount to significant variations (eg the difference between the estimated pupil numbers for 2010/11 and the final ones accounted for an additional £1.3m of DSG).
- 10.4 The timing of budget setting means that there is some element of uncertainty about the final DSG. While the proposed level of the DSG may reflect a modest amount of caution to avoid overcommitting resources, there can be no guarantee that January 2011 pupil numbers will be at this level. This is why one of the recommendations is to allow the Corporate Director for Children, Schools and Families to scale back the provisional DSG estimate if the actual pupil numbers indicate the need to do so. Moreover, Young People Learning Agency allocations were not known at the time of writing this report, but as these are more specifically linked to the allocations for individual schools, it is more straightforward to substitute the actual figures, once known, for the estimates.
- 10.5 As detailed in **Table 1**, the forecast level of DSG and projected YPLA income is **£309.063m**. Separate to the Schools Budget, the Authority will receive funding for schools through the Pupil Premium of approximately **£8.426m**, which will be passported directly to schools with the exception of money for looked after children which is provided to the home authority to be applied as they see fit.
- 10.6 The centrally retained expenditure has been contained within the Central Expenditure Limit, by a combination of (i) ceasing funding of items that were historically met by the LA and no longer appropriate or required (e.g. former grant match funding); (ii) no longer adjusting school budgets for increased pupil numbers in September (in line with DSG allocated on a single January pupil count); (iii) the delegation of responsibilities to schools (maternity cover, newly qualified teachers, catering etc); (iv) non reliance on future exceptional circumstances grant; and (v) reviewing centrally funded services (Support for Learning Service, National Strategies and 14-19 support).
- 10.7 The anticipated costs of implementing the above decisions is £1m.

11. **CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)**

- 11.1 The report deals with the application of the dedicated schools grant (DSG) and the Young People's Learning Agency (YPLA) allowance for supporting the schools budget.
- 11.2 The financing of maintained schools is dealt with in Chapter IV of Part II of the School Standards and Framework Act 1998. The Council is required to allocate a budget share to every maintained school and this is progressively calculated by a prescribed process that requires determination of the LEA budget, the Council's schools budget, the individual schools budget and the maintained schools' budget share.
- 11.3 For the financial year 1 April 2011, detailed provision is to be made in the School Finance (England) Regulations 2011 regarding the determination of these budgets. At the date of preparing this report, the 2011 Regulations had been the subject of consultation, but had not yet been made. The Regulations are expected to come into force from 28 February 2011. Officers will need to ensure that the proposed application of the DSG and YPLA complies with these regulations when made.
- 11.4 The 2011 Regulations will likely require the Council by no later than 31 March 2011 to make an initial determination of its schools budget for the financial year commencing 1 April 2011 and to give notice of that determination to the governing bodies of its maintained schools.
- 11.5 The 2011 Regulations will likely require the Council after consultation with the schools forum, to decide upon the formula to be used to determine schools' budget shares for the financial year commencing 1 April 2011, having regard to criteria specified in the Regulations.
- 11.6 The 2011 Regulations will likely require the Council to deduct central expenditure from the schools budget. There is a limit on the percentage increase in central expenditure permissible. The report correctly identifies that central expenditure limit may be exceeded with approval from the Schools Forum.

12. ONE TOWER HAMLETS CONSIDERATIONS

- 12.1 The funding formula recognises pupil need through an 'additional educational needs' element, although it is important to note the role of the Standards Fund in school funding, much of which follows need indicators.
- 12.2 Schools in Tower Hamlets are very well resourced by national and even London standards in recognition of the high level of need. The proposals ensure a fair distribution of resources for all pupils recognising the special needs of our most vulnerable pupils.

13. SUSTAINABLE ACTION FOR A GREEN ENVIRONMENT

- 13.1 There are no SAGE implications.

14. RISK MANAGEMENT IMPLICATIONS

- 14.1 The recommendations to the resourcing formula 2011/12 seeks to distribute the Individual Schools' Budget (ISB) between schools in a way that is transparent, fair and addresses need. The legal requirement to formalise the consultation process has been complied with and account has been taken of DfE requirements in relation to Schools Funding this year. Distribution of the ISB and the resources amount retained centrally on behalf of all schools, following agreement by the Schools Forum, are intended to be sufficient to allow schools to meet the needs of their pupils. Nonetheless, there are likely to be additional responsibilities that schools will be expected to meet from their budgets, including any inflationary pressures in the context of a standstill budget. Schools will have to appreciate that this budget settlement, while better than that for much of the public sector, is much tighter than in previous years, with less scope for the local authority to underwrite as many risks as previously.

15. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 15.1 There are no implications arising from the recommendations of this report.

16. EFFICIENCY STATEMENT

- 16.1 School level decisions will be fundamental to securing efficiency and the LA will support and guide schools to make the best use of resources they have available to them to secure the best possible outcomes for children. The schools target is subsumed into the overall DfE target for efficiency and gains can be recycled within the Schools Budget.

Local Government Act, 1972 Section 100D (As amended) List of "Background Papers" used in the preparation of this report

Brief description of "back ground papers" F2	Name and telephone number of holder and address where open to inspection.
<ul style="list-style-type: none">○ Notifications of grants from DfE and YPLA.○ Reports to Schools Forum	David Tully 020 7364 4960 4 th Floor, Mulberry Place, London, E14 2BG

CALCULATION OF PUPILS TO BE USED IN THE DEDICATED SCHOOLS GRANT 2011-12 (PROVISIONAL FORECAST)

Pupils to be used in the Dedicated Schools Grant 2011-12: *Tower Hamlets*

A. Pupils from Schools Census, SLASC & PRUC 2011 (FTE)	35,571.0
B. Pupils from Alternative Provision 2011 (FTE)	63.0
C. Pupils from Early Years Census 2011 (FTE)	498.0
D. Adjustment to fund at least 90% of projected 3 year old population (FTE)	425.0
E. Total pupils for the 2011-12 Dedicated Schools Grant (A + B + C + D)	36,557.0

Calculation of Final Dedicated Schools Grant 2011-12

F. Adjusted 2010-11 DSG baseline (£m)	293.240
G. 2011-12 Guaranteed per pupil unit of funding (£)	8,051.51
H. 2011-12 Final DSG Before Cash Floor (£m) (G * E)	294.339
I. Extra cash floor payment to ensure allocation falls by no more than 2% (£m)	0.000
J. 2011-12 cash amount to remove for Academies which opened in 2008-12 (£m) ¹	0.000
L. Final 2011-12 DSG Allocation (£m) (H + I - J - K)	294.339

**Analysis of Tower Hamlets Schools Funding Settlement 2011/12
Funding and Commitments**

Funding available

	2010/11 amount	Devolved to school	Retained by LA
Grants incorporated into DSG			
School Standards Grant	6,314,148	6,314,148	0
Schools Standards Grant (Personalisation)	3,904,686	3,904,686	0
School Development Grant (Main, Post-LIG Deprivation and Transition, City Learning Centres minus amount moved to Area Based Grant)	15,263,836	15,068,836	195,000
Specialist Schools	1,857,171	1,857,171	0
High Performing Specialist Schools	524,460	524,460	0
School Lunch Grant	454,018	0	454,018
Ethnic Minority Achievement (EMAG)	9,231,472	8,653,472	578,000
1-2-1 Tuition	1,438,406	1,358,406	80,000
Extended School Sustainability	1,122,017	267,017	855,000
Extended School Subsidy	1,360,560	1,210,560	150,000
National Strategies (Primary)	1,477,419	977,419	500,000
National Strategies (Secondary)	417,050	292,050	125,000
Diplomas (£)	24,739	0	24,739
London Pay Addition (£)	1,284,000	1,284,000	0
Exceptional Circumstances Grant	796,000	0	796,000
Total 2010/11 grants incorporated into DSG for 2011/12	45,469,981	41,712,224	3,757,757
Adjusted 2010-11 DSG pupil numbers (dual registered pupils removed)	36,093		
Per pupil amount of Grants in baseline	£1,259.80	A	
2010-11 DSG Guaranteed per Pupil Unit of Funding (£)	£6,791.71	B	
New DSG Guaranteed per Pupil Unit of Funding 2011/12	£8,051.51	(A+B)=C	
Estimated no of pupils (assumes 3 year olds at 90% participation, which is the minimum position)	36,557	D	
Very provisional estimate of DSG for 2011/12	£294,339,051	(CxD)=E	
plus estimate of YPLA funding 2011/12 (at 2010/11 level)	£14,724,000	F	
Total very provisional Schools Budget for 2011/12	£309,063,051	(E+F)=G	

Commitments

Minimum Funding Guarantee for all maintained schools at 1.5% less than the 2010/11 baseline (includes allocations that can be identified against individual schools as at 15.12.10).	245,890,048	
plus Minimum Funding Guarantee for grants incorporated into DSG at 1.5% less than the 2010/11 baseline (includes as yet unallocated grants that will be devolved before the end of the financial year)	3,378,417	
Provision for additional 3 year olds in January 2011, up to the level of the 90% delegation.	3,421,675	
plus non-MFG devolved budgets	15,354,266	
plus YPLA allocations for 6th Form (at 2010/11 levels)	13,936,000	
plus PVI Early Years Settings (2010/11 levels)	1,804,000	
Total devolved funding	283,784,406	H
Amount available for retained (before considering the CEL)	25,278,645	((G-H) = I
Retained budgets 2010/11	25,716,000	
Plus 2010/11 spend on retained grants	3,557,757	
Plus retained element of 2010/11 Standards Fund for Early Years included in contingency fund	2,000,000	
Level of spend on retained activities in 2010/11	31,273,757	J
Difference (ie potential shortfall in retained budgets	-5,995,112	(I-J)=K

Appendix 3

Construction of 2011/12 Schools Budget

Net spending plans	2010/11 Budget (S251 Statement V2)	Proposed change	Provisional 2011/12	Comment
Devolved to Maintained Schools	238,146	42,701	280,847	Based on Minimum Funding Guarantee, including devolved grants and Schools Library Service, plus non-MFG funding, including new elements for Newly Qualified Teachers and rates, plus additional funding generally for extra free school meals costs (+£1.4m). This does not include Pupil Premium money which is paid from a specific grant.
Early Years (Private, Voluntary and Independent providers)	1,315	489	1,804	Add-back element funded from Standards Fund Grant in 2010/11.
Total counted as devolved	239,461	43,190	282,651	18.04%
School contingencies	5,769	-769	5,000	Additional £2m funding to recognise the element funded from Standards Fund Grant in 2010/11 needs to be added in, then reductions to reflect: a) Limiting pupil number changes to 3 year old termly count adjustments and ages 4-15 only added where schools are required to expand by the local authority to meet excess demand. b) Newly Qualified Teachers to be a devolved responsibility. c) Maternity cover to be offered as an insured risk and schools to meet costs from their devolved budgets as appropriate. d) Catering penalties for inability to serve meals (eg because of school closures) to be met by individual schools. e) Costs of recycling sacks to be met from schools' budgets individually. f) Costs of Financial Management Standard in Schools no longer required. g) Rent and rates bills will be funded in the formula on an estimated basis, adjusted only in the following year. All these changes are produced an estimated requirement of £5m for 2011/12.

Net spending plans	2010/11 Budget (S251 Statement V2)	Proposed change	Provisional 2011/12	Comment
Special Educational Needs	9,053	234	9,287	Reductions in Support for Learning Service overall which will mean that the service concentrates on core statutory work (statements of SEN) with a small contingency for critical casework at Tier 2/3 (in support of the Family Wellbeing Model) to be allocated through the Social Inclusion Panel, which will prioritise children known to social care, young offenders and those at risk of offending, exclusion or with multi-agency concerns. 3.7 full-time equivalent posts to be deleted. (-£220k) In other SEN budgets, there is the need to provide for the costs of joint placements (£254k pressure being reported in 2010/11) and potential additional costs of independent special school placements (+£200k).
Combined Budgets	950	-240	710	UEL Taster classes no longer paid for centrally (-£35k), Schools Procurement planned to reduce by autumn 2011 (-£50k), some Pupil Premium funding for Looked After Children to support the work of the Virtual School (-£40k) and DSG no longer to pay for Workforce Development strategy work (-£115k).
Pupils out of school	5,030	-100	4,930	This is the other part of the savings associated with an overall reduction of £320k (10%) in the Support for Learning Service which will reduce the Behaviour Support Team by 1.8 full-time equivalent posts.
School meals	1,088	-852	236	Schools Catering Service to be reduced to the administrative cost of assessing eligibility of free school meals (£130k) and the subsidy for school milk (£106k). The general subsidy for the catering service to be removed by scaling back the costs of the service and the increase in the free school meal charge to schools.
Other budgets	3,164	-336	2,828	Add £575k for a continuation of a core central team to support ethnic minority achievement, then reduce: a) Early Years Grants to Voluntary Bodies (-£250k); b) School Library Service (-£340k), which will be included in the Minimum Funding Guarantee calculations for 2011/12; and c) Former LSC staff costs (-£321k), which will be dealt with through the Council's main budget.

Net spending plans	2010/11 Budget (S251 Statement V2)	Proposed change	Provisional 2011/12	Comment
Grant funded activities	662	-662	0	All of this funding to be reduced: a) Support for National Strategies (-£305k); b) Former match funding for EMAG (-£265k); c) Reduction of support for 4 posts in Admin, ICT, Behaviour Support and Health through Education. (-162k).
Capital Expenditure funded from Revenue (CERA)	0		0	
Total retained	25,716	-2,725	22,991	-10.60%
UNALLOCATED	0	3,421	3,421	Represents provision for additional 3YOs at January 2011

Total of Schools Budget	265,177	43,886	309,063	16.55%
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Net spending plans	2010/11 Budget (S251 Statement V2)	Proposed change	Provisional 2011/12	Comment
Funded by:				
Dedicated Schools Grant	250,506	43,833	294,339	Based on 36,557 pupils at £8,051.51.
Young People's Learning Agency	14,671	53	14,724	Based on 201/11 academic year rates, less 3%.
Total	265,177	43,886	309,063	16.55%

Appendix 4

Tower Hamlets Schools Funding Settlement 2011/12

Grants incorporated into DSG	2010/11 amount	Retained by LA	Devolved to school	
School Standards Grant	6,314,148	0	6,314,148	AWPU Rate increased by flat amount per pupil
Schools Standards Grant (Personalisation)	3,904,686	0	3,904,686	Personalised Learning - Ear marked funds @ 50% on lower attainment, 35% on social deprivation and 15% on pupil numbers (Aged 5-15). For specials, a fixed sum of £5,321 each
School Development Grant (Main, Post-LIG Deprivation and Transition, City Learning Centres minus amount moved to Area Based Grant)	15,263,836	195,000	15,068,836	AWPU Rate increased by flat amount per pupil
Specialist Schools	1,857,171	0	1,857,171	AWPU Rate increased by flat amount per pupil
High Performing Specialist Schools	524,460	0	524,460	AWPU Rate increased by flat amount per pupil
School Lunch Grant	454,018	454,018	0	
Ethnic Minority Achievement (EMAG)	9,231,472	578,000	8,653,472	Specifically target at Ethnic Minority Under-achievement - Factors include EAL (25%), BME (25%), KS2 Underachievement (25%) below level, FSM (10%), Mobility (5%) & Below level 2 on extended scale data (10%). Set amount re-apportioned each year for Primary, Secondary and Special schools in relation to census data. Nursery's have set sum each year.
1-2-1 Tuition	1,438,406	80,000	1,358,406	AWPU Rate increased by flat amount per pupil - Primary & Secondary
Extended School Sustainability	1,122,017	855,000	267,017	AWPU Rate increased by flat amount per pupil - Primary & Secondary

Grants incorporated into DSG	2010/11 amount	Retained by LA	Devolved to school	
Extended School Subsidy	1,360,560	150,000	1,210,560	AWPU Rate increased by flat amount per pupil - Primary & Secondary
National Strategies (Primary)	1,477,419	300,000	1,177,419	AWPU Rate increased by flat amount per pupil - Primary
National Strategies (Secondary)	417,050	125,000	292,050	AWPU Rate increased by flat amount per pupil - Primary
Diplomas (£)	24,739	24,739	0	
London Pay Addition (£)	1,284,000	0	1,284,000	Included in Threshold Calculation at level of funding 2010/11 adjusted by inflation and apportioned by number of FTE's
Exceptional Circumstances Grant	796,000	796,000	0	
Total 2010/11 grants incorporated into DSG for 2011/12	45,469,981	3,557,757	41,912,224	

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Agenda Item 10.6

Committee/Meeting: Cabinet	Date: 9 February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director Development and Renewal Originating officer(s) Andy Algar Service Head, Asset Management		Title: Approval of Asset Strategy Wards Affected: All	

Lead Member	Cllr Alibor Choudhury
Community Plan Theme	One Tower Hamlets
Strategic Priority	

1. **SUMMARY**

1.1 This report seeks approval to the Council's Asset Strategy.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

2.1 Approve the Asset Strategy attached as Appendix 1.

2.2 Note the key issues highlighted in this report.

3. **REASONS FOR THE DECISIONS**

3.1 A new Asset Strategy is necessary to reflect the future challenges the Council faces around its property assets and their vital importance in supporting the delivery of services.

4. **ALTERNATIVE OPTIONS**

4.1 The Council could choose not to have an Asset Strategy but it is considered best practice to adopt one. The Council may choose a different strategy, but in doing so must have regard to the best value duty set out in the report.

5. **BACKGROUND**

5.1 From around 2000, there has been a requirement for local authorities to produce Asset Management Plans (AMP) – initial central Government guidance led to them being rather formulaic with a “tick box” approach which

matched the inspection requirements of the Comprehensive Area Assessment (CAA) regime. This led to AMPs often being too operationally focussed (i.e. measuring and managing the existing estate) and reactive (focussing on the management of existing projects). CAA no longer exists and the formal requirement for an AMP went also.

5.2 However, a clear view about the future role of property assets is considered essential and the role of the Asset Strategy goes beyond the old AMP approach and looks to the longer term – it seeks to capture all future property needs and articulate a method of achieving them.

6. BODY OF REPORT

6.1 The Asset Strategy is attached as Appendix 1. This report highlights some of the key issues.

Asset Strategy pilot LAPs 1 & 2

6.2 The general approach of identifying where we need to be against where we are now has been piloted in LAPs 1 & 2. Initial conclusions from this exercise are

- There are considerable challenges in collating accurate centralised data about running costs and usage.
- The Council owns 260 properties in LAPs 1 & 2
- There will be natural opportunities for services to co-locate which will produce opportunities for making savings on running costs without compromising service delivery.

6.3 The process will be rolled out across the remaining three paired LAPs during 2011 to provide a comprehensive picture of running costs and the opportunities for co-location and rationalisation of buildings.

Partnership working

6.4 The Council works closely with partners on asset management issues and has numerous examples of it co-locating staff and services, particularly with the Primary Care Trust. Funding and structural uncertainties make long term planning with partners challenging at present, but the Council will continue this focus.

Relationship to Transformation Programme

6.5 Better Asset Management is one of the programmes within the Transformation Programme. One of the key long term challenges will be for the Council to routinely challenge the use of property to drive out costs and pursue a more comprehensive approach to the sale of surplus property. This will be vital in both meeting savings targets and funding future capital investment.

Localisation

- 6.6 Partners and services have been engaged in the development and approach of the asset strategy and there are a number of examples of new initiatives where this more holistic approach will be or is being tested (e.g. the Toby Club base for LAPs 1 &2 and the work at Chrisp Street – considered in a separate paper in this agenda).
- 6.7 It is clear that shared use of property assets will be key in supporting co-location and shared service delivery.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report seeks approval for the Council's new Asset Strategy document which recognises the importance of efficient and effective asset management in supporting the delivery of services.
- 7.2 There is no requirement to have an asset strategy but it is best practice. It is necessary to have a clear view about the future role of property assets and the role of the Asset Strategy goes beyond the Asset Management plan approach to look towards the longer term – it seeks to capture all future property needs and articulate a method of achieving them.
- 7.3 The Asset Strategy ties in closely with the Capital Strategy, which was approved by the Cabinet in February 2009, and the Asset Disposal Strategy, considered by Cabinet on 12 January 2011. The Capital Strategy sets out the Council's short term and medium term approach to capital investment. It will also ensure that future capital needs and that decisions about the use of resources are prioritised to need. The Asset Disposal Strategy will be aligned to the Council's disposal programme, which will provide estimates of capital receipts arising from the disposal of fixed assets when properties have become surplus to requirements.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The Council has a duty of Best Value under Section 3 of the Local Government Act 1999. By virtue of this duty it is required to ensure continuous improvement in all its dealings. This includes ownership and use of buildings so it can organise the most cost effective method of delivering services to the public. It is required to look at a combination of economy efficiency and effectiveness and these proposals demonstrate how that is to be achieved.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The role of Asset Strategy is to support the delivery of all Council services via providing suitable property and therefore indirectly support One Tower Hamlets. The need to carry out impact assessments will be assessed on a project by project basis.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 One of the criteria when evaluating current and future buildings will be their energy efficiency. The Asset strategy will deliver a smaller and more energy efficient property portfolio.

11. RISK MANAGEMENT IMPLICATIONS

None at this stage

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

None at this stage

13. EFFICIENCY STATEMENT

The Asset Strategy will ensure that the Council’s property portfolio is managed in an efficient and effective way.

14. APPENDICES

Appendix 1 – Asset strategy

**Local Government Act, 1972 Section 100D (As amended)
List of “background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
None	F N/A

LONDON BOROUGH OF TOWER HAMLETS

ASSET STRATEGY 2011

1.0 INTRODUCTION

- 1.1 The Council's vision is to improve the quality of life for everyone living and working in Tower Hamlets. It is a vision that is shared by all partners in the Tower Hamlets Partnership, which comprises residents, the Council and other public service providers, businesses, faith communities and the voluntary and community sector.
- 1.2 The five major themes contained in the Community Plan set out the means by which our vision will be delivered. These themes are:
- One Tower Hamlets
 - A Great Place to Live
 - A Prosperous Community
 - A Safe and Cohesive Community
 - A Healthy and Supportive Community
- 1.3 Although One Tower Hamlets underpins all themes, it is included in the as a separate theme. Part of the One Tower Hamlets theme is to work efficiently and effectively as One Council. Asset Management "sits" within this theme and its role is to ensure and efficient and effective property portfolio that supports present and future services needs.
- 1.4 The purpose of the Asset Strategy is to set out the Council's current and future property requirements and ensure the property portfolio meets current and future service requirements and the needs of the Community Plan. It seeks to answer three apparently simple questions.
- Where are we now?
 - Where do we want to be?
 - How do we get there?
- 1.5 The strategy aims to deliver a fit for purpose and sustainable property estate that efficiently supports service delivery, which is appropriately managed and maintained. The Council's overarching policy for holding property (formally agreed in 2008) is **"to sustain and support service delivery and to support the Council's corporate objectives"**.
- 1.6 This statement is considered to remain valid but needs to be clarified in that supporting service delivery could be direct service delivery or via partners. Property is a means to an end, not an end in itself, and the Council should only hold property if it meets current service requirements, is identified for future service requirements/regeneration

or makes an acceptable rate of return.

1.7 Four key objectives were also agreed; these can be summarised as supporting services/customer focus, meeting statutory obligations, value for money and sustainability.

- To support and enhance service delivery, ensure user satisfaction and meet broader Council objectives.
- To ensure the Council meets all its statutory obligations and that buildings are fit for purpose, in terms of location and condition.
- To ensure value for money in the management, maintenance and use of land and buildings.
- That the procurement of works for buildings ensures sustainable design and that buildings are maintained and managed in a way that maximises their energy efficiency.

1.8 It is felt that these remain valid but that the “value for money” objective should be expanded to cover some specific objectives

- We will own and occupy fewer buildings.
- We will reduce the running costs of our buildings.
- We will maximise overall returns from income producing properties.
- We will increase the occupancy levels of our buildings and maximise opportunities for co-location of services (including partners).
- We will challenge the business case for retaining properties and sell surplus properties in a timely and efficient manner.

2.0 CONTEXT

2.1 The Council’s vision is to improve the quality of life for everyone living and working in Tower Hamlets. It is a vision that is shared by all partners in the Tower Hamlets Partnership, which comprises residents, the Council and other public service providers, businesses, faith communities and the voluntary and community sector.

2.2 The five major themes contained in the Council’s Strategic Plan set out the means by which our vision will be delivered. These themes are:

- One Tower Hamlets
- A Great Place to Live
- A Prosperous Community
- A Safe and Cohesive Community
- A Healthy and Supportive Community

- 2.3 Although One Tower Hamlets underpins all themes, it is included in the Strategic Plan as a separate theme. Part of the One Tower Hamlets theme is to work efficiently and effectively as One Council. Asset Management “sits” within this theme and its role is to ensure and efficient and effective property portfolio that supports present and future services needs.
- 2.4 In summary, the role of asset management is to support service delivery in the most efficient and effective way.
- 2.5 From around 2000, there has been a requirement for local authorities to produce Asset Management Plans (AMP) – initial central Government Guidance led to them being rather formulaic with a “tick box” approach which matched the inspection requirements of the Comprehensive Area Assessment regime. This led to AMPs often being too operationally focussed (i.e. measuring and managing the existing estate) and reactive (focussing on the management of existing projects).
- 2.6 The role of the Asset Strategy goes beyond this and looks to the longer term –by understanding the council’s service needs it seeks to capture all of its future property needs and articulate a method of achieving them.
- 2.7 Local Authorities are major landowners, and Tower Hamlets is no exception. Property portfolios have developed over time in response to the changing breadth and role of services local authorities provide. In Tower Hamlets this evolution can be seen from our ownership of late 19th/early 20th century Town Halls such as Poplar or Limehouse as the early role of Councils developed.
- 2.8 The Council also owns and manages (via Tower Hamlets Homes) significant amounts of inter-war and post war housing which reflects the important role that local authorities played in providing housing. The range of our school estate – from Victorian schools to modern buildings – is a result of the consolidation of education as a local authority function, particularly post Second World War. In addition to these “traditional” uses the Council also provides newer services, such as One Stop Shops and Idea Stores, which reflect the changing way that public services are provided.
- 2.9 The general economic situation and the new Coalition Government’s agenda presents two major challenges, both of which will impact on service delivery and hence asset management. The first is the need to significantly reduce public spending over the next four years which will have radical effects on the level and number of services provided. The second is the idea of the “Big Society” and the Decentralisation and Localism Bill, its purpose is to devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions.

2.10 There is a general drive towards localisation and enabling citizens a greater say in the running and control of services (and possibly buildings). Tower Hamlets is engaging with this agenda through its Localisation Board, its key focus is to bring coherence and leadership across public agencies to drive forward a localisation model for Tower Hamlets. The model will be established around future service needs and these must inform a clear and coherent Asset Strategy for Tower Hamlets.

2.11 An essential part of understanding the importance of property involves the review of assets. To achieve this, the Strategy will ensure an appropriate level of involvement from Service users across the Council to help shape decisions affecting the use of assets in both the short term and long term.

3.0 WHERE ARE WE NOW?

3.1 The Council owns and occupies a wide range of properties from which it delivers both local and central services. Details are summarised in table 1 below.

Table 1

Summary of the Council's portfolio

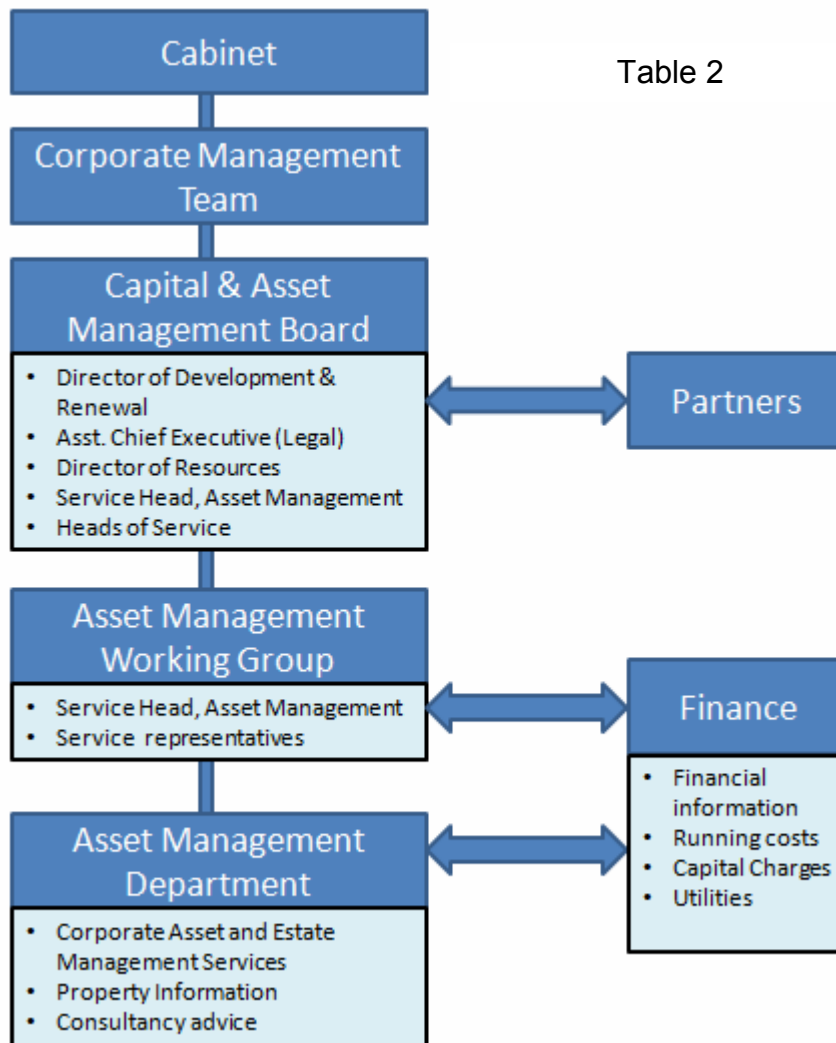
LBTH Assets	
Schools	
Infants & Primary	72
Secondary (inc. special)	31
Nursery	3
Children's Centres	11
Children's Services - Misc	12
Life Long Learning & Youth	3
Corporate	35
One Stop Shops	5
Community Assets	93
Libraries & Idea Stores	9
Sports & Leisure Facilities	8
Parks, Open Spaces, Playgrounds, Allotments	196
Day Centres	7
HRA Assets	373
Other Inc. Closed Buildings	5
TOTAL	863

- 3.2 A pilot exercise has been undertaken in LAPs 1&2 to capture both hard and soft data (running costs, condition, suitability and usage).
- 3.3 The initial headlines from this are that there are indications of inconsistent usage of some buildings and that further investigations are needed to establish synergies and scope for shared use. There are also issues around the completeness and quality of data.
- 3.4 From this initial work, one possible area that merits further investigation are the potential opportunities to optimise the use of the existing Children's centre network (i.e. increasing their usage) by using them to provide other services outside normal daytime operating hours. By moving towards a "blueprint" geared to flexibility over building use, opportunities will be created for the rationalisation of the portfolio and with it both a reduction in running costs and access to capital receipts following the sale of any assets declared surplus.
- 3.5 Arrangements for collecting data from the rest of the Borough (LAPs 3-8) are in place.

- 3.6 The Localisation Board is in the process of collating data about future service requirements to gain a better understanding of the scope for the further localisation and co-location of services.
- 3.7 Once the property and service data is collated it will be used to provide a challenge around better use of space and co-location and help inform target setting for both space and cost reduction.
- 3.8 The Council works extensively with other public sector providers, in particular the Primary Care Trust and the Metropolitan Police and already shares several premises in delivering services. By way of example, the East London NHS Mental Health team share Council owned offices at Gladstone Place. As part of the Localisation Agenda, proposals are in for the Police to share back office space at the Council owned Toby Club, which will bring together staff responsible for crime and ASB prevention.
- 3.9 The Council also liaises with the Asset Management team at the London Fire Brigade to ensure that any proposals which have asset implications are assessed in the context of the Council's asset management planning process.
- 3.10 With the aim of ensuring alignment of objectives in relation to the use of assets, The PCT have also provided representation on the Council's Asset Management Board and once the likely outcomes of the NHS White Paper become clearer, further discussions will take place in order to both assess the impact on future asset requirements (linked to changing service delivery provision) and to identify any mutual rationalisation opportunities as well as scope for driving out further efficiencies in relation to asset utilisation.

3.11 Organisational arrangements

- 3.12 The Council is currently in the process of consolidating and centralising its main property functions (valuation, asset strategy, maintenance, capital programmes and Facilities Management). This will help to provide a well managed and efficient service that is able to address the future challenges. The council is also developing an "intelligent client" model to ensure service departments are clear about their property requirements and can obtain the level of service they need from the new Asset Management function.
- 3.13 The Council has robust organisational arrangements in place to ensure property decisions are taken in a corporate manner and in accordance with the direction and policy of the Asset Strategy. The Council's organisational structure for Asset Management Planning is shown in Table 2 below.



3.14 Market context

- 3.15 The property market has been badly affected by the broader recession. Historically high land values in Tower Hamlets have been driven by the residential and commercial markets both of which have been affected by reduced buyer/tenant demand and difficulty of attracting bank finance to fund development.
- 3.16 Notwithstanding this, it is considered that the Tower Hamlets property market is relatively robust (compared to other parts of London and the country) due to its proximity to the City, Canary Wharf and Stratford.
- 3.17 Going forward, it is likely that the Council's capital programme will have a greater reliance on receipts from asset sales and Central Government support as the availability of revenue for borrowing reduces.

3.18 The Council will need to take a balanced approach about current receipts (which may appear low against historical highs) and the need for investment. Any disposals will need to contain safeguards to ensure should the market rise significantly the Council can share in any “up side” that developers may obtain.

4.0 WHERE DO WE WANT TO BE?

4.1 One of the aims of the Council’s Transformation Programme is that “we will own and manage fewer buildings”. This acknowledges the possible reduction in services but also the need to use our existing stock better.

4.2 There are a number of workstreams that identify “where we want to be”

- Analysis of existing strategies
- Infrastructure Delivery Plan
- Work lead by Localisation Board on future service requirements
- Better integration of service planning and asset management.

4.2 A Better Asset Management programme sits as part of the broader Transformation Programme and a key part of its work will be enabling the co-location of services and the consequent rationalisation of assets. The data gained from the pilot in LAPs 1 & 2 will be used to set targets for both space and cost reductions. This, in turn, will provide a challenge around better use of space and co-location.

4.3 Current plans/policies which impact on asset management

4.4 There are a number of strategies and policies which have a significant impact on assets. Table 3 below shows all relevant Council strategies.

Table 3

Council strategies with asset implications

Strategy	Summary	Property impact	Current proposals (if known)
Idea Store Strategy	The refreshed Idea Store Strategy provides the overall strategic direction for the Council’s library, learning and information services over the coming ten years.	Re-provision and improvement of existing library facilities	Watney Market
Leisure Strategy	The strategy is designed to improve the quality of life for everyone living and working in Tower	Re-provision and improvement of leisure facilities throughout the Borough	Poplar Baths

	Hamlets by giving High quality, accessible leisure facilities enable people to lead healthier lives and meet and engage with others		
Waste Strategy	The strategy sets out the Council's intention for keeping the street environment and other public areas clean and safe	A review of existing wastes facilities	The possibility of a new waste transfer facility in the future located at Fish Island, Bow. Possible depot rationalisation
Channel Strategy	The strategy examines front and back office relationships to determine how unnecessary contact with customers can be minimised.	As part of the examination of front and back office there will be a review of the role of property	Chrisp Street Watney Market Cheviot House
Building Schools for the Future	Improvement of secondary school estate and provision of additional school places to meet rising population	Potential need for additional sites to provide sufficient school places	Southern Grove Wapping/Limehouse
Primary Strategy for Change	Improvement of primary school estate and provision of additional school places to meet rising population	Potential need for additional sites to provide sufficient school places	New primary school at Bromley by Bow. Other site requirements
Third Sector Strategy	To ensure the Third Sector has access to adequate property (both Council and non-Council owned) and that properties are allocated in a transparent and open manner.	The development of a third sector asset plan, which will be a strand of the Asset Strategy to consider shared use and formalisation of property occupation and ensure enhanced transparency in the allocation and use of properties.	Review of assets. Scope for co-location of third sector groups.
Smarter Working Programme	Strategy aimed at rationalising Council head office accommodation and introduction of flexible working practices	Relocation of staff from Anchorage House (AH) to Mulberry Place including the surrender of AH leases	Anchorage House Mulberry Place Other office premises

Improving health and wellbeing strategy	The strategy sets out a programme for developing services across the council and the local NHS, working with our partners, to improve the health and wellbeing of our local communities.	A review of assets owned by AHWB	Not yet known
Localisation	The purpose of this initiative is to locate services closer to our communities to give better access to these services	The initiative involves the creation of new local hubs / touchdown spaces for Council staff per paired LAP	Initially Toby Club. Other sites being considered.
Carbon Management Plan	The plan has set targets to reduce carbon emissions from Council operations as outlined in the plan: 25% by 2012 40% by 2016 60% by 2020	Programmes to rationalise the Councils assets and programmes to better utilise the assets will help deliver targets	Corporate assets
Conservation Strategy	The strategy provides a vision for the future preservation and management of all the cherished places and heritage buildings in the borough	Not yet known	Not yet known

- 4.5 A “map” showing all key Council strategies is attached as Appendix 2.
- 4.6 The Council’s Infrastructure Delivery Plan (a supporting document for the Council’s Core Planning Strategy) identified the infrastructure needed for the Borough in 2010-2026. Much of this relates to Council property assets such schools and provides an important starting point in identifying the Council’s long term asset requirements.
- 4.7 The Infrastructure Delivery Plan (IDP) is clearly an important starting point but does not cover the whole range of issues. For example, rationalisation and co-location of existing services will be increasingly important in both saving money and maintaining service standards and the IDP does not cover more detailed issues such as this.
- 4.8 In addition, there are also a number of unknowns, or emerging areas that are unclear that will arise from Coalition policy. Current examples are Free Schools and the potential for community groups running services. The primary response to these issues will be service-based

but we will need to develop an asset management response to support this.

4.9 Organisation Health Check

4.10 A “health check” of our approach to Asset Management has been undertaken and areas for improvement form part of the final Action Plan.

4.11 The long term Implementation of the Strategy will be influenced by our data, culture and capacity and the key issues associated with this are:

- Internal organisation of asset management services
- Procurement of construction and property related services
- Relationships with partners
- Sustainability
- Condition of stock
- Suitability/usage
- KPIs/data (quality and management)
- Strategy
- Rationalisation/disposals
- Co-location
- Shared use of assets
- Member/community engagement
- Prioritisation/resource allocation
- Linking decisions to strategic priorities

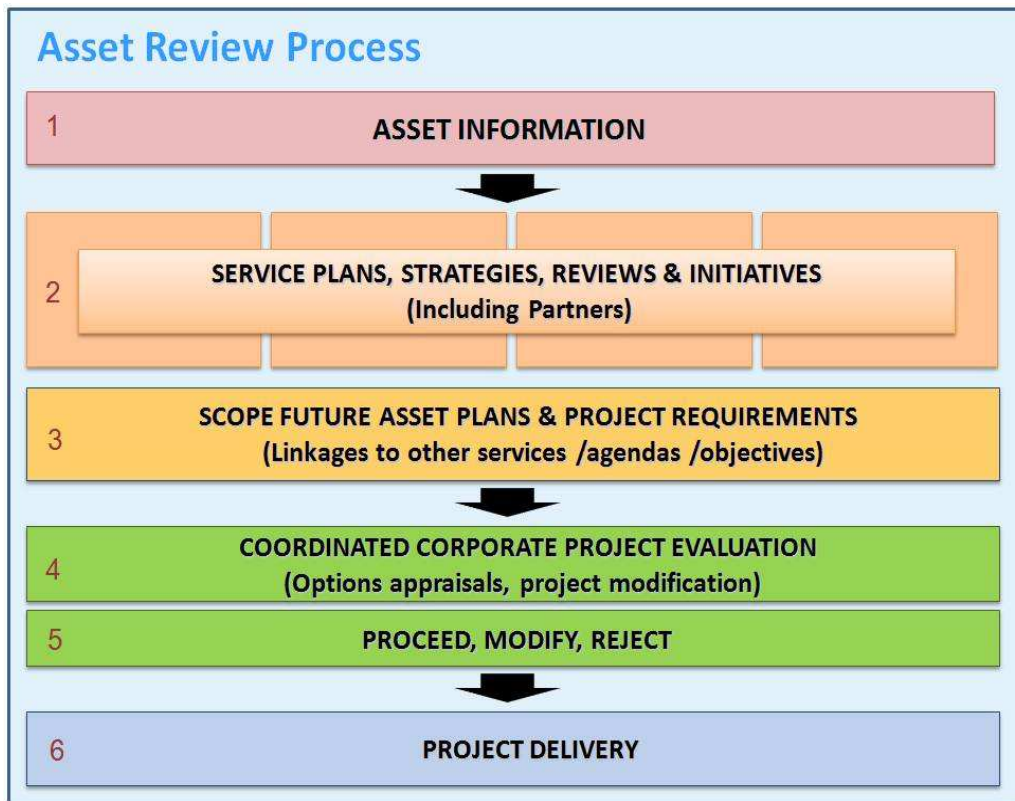
5.0 HOW DO WE GET THERE?

5.1 A Pilot Asset Review of assets is being undertaken in LAPs 1 & 2. Its main objectives were to understand in detail the range, profile and relative performance of Council assets. The review identified a number of gaps and inaccuracies in respect of property information particularly in relation to suitability, utilisation and running costs. It also highlighted the need to develop relevant KPIs which will form part of the Asset Strategy Action Plan. This pilot is being undertaken in parallel to Localisation pilots so that the property and service implications can be closely aligned.

5.2

5.3 Extensive consultation with Service Departments has been undertaken in order that comprehensive asset information can be obtained for all property in the review area. This model, once tested, will be rolled out across the remainder of the Borough. The aim will be to work with services and partners to identify requirements from relevant strategies and service plans, which will be co-ordinated and evaluated on a project basis in line with the following diagram. Table 4 (asset review process) below shows the asset review process, in summary.

Table 4



5.6 Asset Mapping

5.7 A recent asset mapping exercise has been undertaken within LAPS 1 & 2 for both Council owned assets and those held by Partners. This provides high level information on all publicly owned assets in the area and will assist in identifying opportunities for future asset sharing and efficiencies.

5.8 Service Planning

5.9 One of the limitations of the current governance arrangements for asset management relates to the fact that the annual Directorate Service planning process does not require any articulation of property requirements. It will be a pre-requisite of the Asset Strategy that asset planning should become more explicitly embedded in the service planning process.

5.10 The Asset Strategy will be informed by a review of services' use of property and will exploit and support opportunities for service integration and co-location. Examples of work already undertaken in this area are summarised in table 5 below.

Table 5

Co-location examples

CASE STUDY: Development of an IDEA store Metro and co-location of the One Stop Shop, Watney Market.

The project will invest capital that will result in the development of a new building that will be shared by two Council services.

The project will offer the Council a number of benefits that include better access by customers to Council front line services, reduced building running costs achieved by asset sharing and wider local area regeneration.

It is planned this building will be operational in 2012.

CASE STUDY: Proposals to develop a new community facility at Chrisp Street, Poplar.

The project aims to create a new public “hub” for the delivery of public services provided by both the Council and its partners.

It will reduce the number of public sector “front doors” and as a minimum will co-locate Poplar HARCA reception, the One Stop Shop and Idea Store. This will provide a focal point for customer access in Chrisp Street and is expected to reduce running costs.

5.11 Capital and asset disposal strategies

5.12 The Council has developed a disposals and capital strategy, which sets out the Council’s short term and medium term approach to capital investment. It will also ensure that future capital needs and resources are identified and will be aligned to the Council’s disposal programme, which will provide estimates of capital receipts arising from the disposal of fixed assets when properties have become surplus to requirements.

5.13 The Council; adopted a disposals procedure in 2009 which governs the process of sale and ensures that properties are only declared surplus following a clear process to ensure they are no longer required. A copy of the procedure is attached as Appendix 3.

5.13 Asset Strategy Action Plan

5.14 The draft action plan (appendix 1) form parts of the Council’s Asset Strategy and sets out the details of the actions that need to be carried out together with time scales in order to deliver the strategic objectives.

Appendices

Appendix 1	Action Plan
Appendix 2	“Map” of Council strategies
Appendix 3	Disposals procedure

Objectives

- 1 To support and enhance service delivery, ensure user satisfaction and meet broader Council objectives.
- 2 To ensure the Council meets all its statutory obligations and that buildings are fit for purpose, in terms of location and condition.
- 3 To ensure value for money in the management, maintenance and use of land and buildings.
 - We will own and occupy fewer buildings.
 - We will reduce the running costs of our buildings
 - We will increase the occupancy levels of our buildings and maximise opportunities for co-location of services (including partners).
 - We will challenge the business case for retaining properties and sell surplus properties in a timely and efficient manner.
- 4 That the procurement of works for buildings ensures sustainable design and that buildings are maintained and managed in a way that maximises their energy efficiency.

ASSET STRATEGY – ACTION PLAN

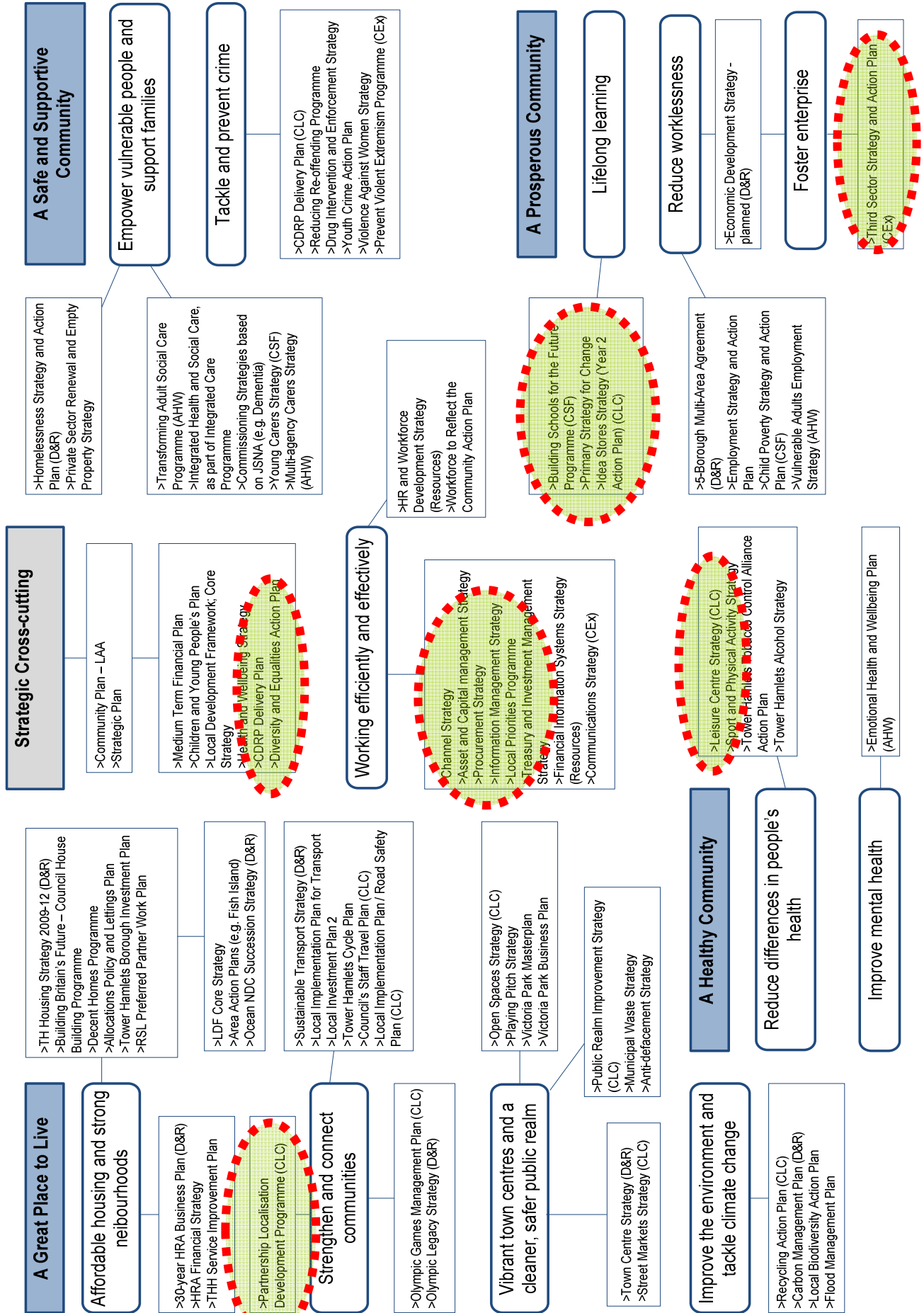
Ref.	Item	Actions/comments	Lead	Date
1	Completion of Asset Performance review	Identification of underperforming assets and opportunities for rationalisation and shared use (LAPs 1&2) Set ambitious targets for property running cost savings and disposal opportunities	Andy Algar	Q1 2011 Q2 2011 1, 2
2	Integrate asset management into service planning process to identify implications for property assets and gaps between current and future needs	Stage 1 agree a proposal to amend the service planning process. Stage 2 develop service based asset management plans to identify future service requirements		Q3 2011 TBA 1 1

3	Agree demanding PI's across all operational and non-operational property and use information for service improvement	Target setting and monitoring will be critical in improving building performance and reducing costs	Q2 2011	2, 3
4	Agree Asset Management Policies	To include a suite of documents covering Governance arrangements and Corporate Standards for the management and use of all Council property.	Q4 2011	3, 4
5	Agreement and implementation of Disposals Strategy Phase II disposals strategy to be prepared and considered by Members (options appraisals)	Phase 1 disposals to be agreed Jan-11 and sales completed Q2 2012 Phase II programme approved by Members	Q2 2012 Q2 2011	3 3
6	Adapt strategy to emerging health strategies	Precise actions/support to be discussed and agreed with TH PCT/NHS once Health review has clarified future service delivery arrangements. There will be consultation on existing and future disposals and scope for shared investment and shared use of premises will be investigated.	Q2 2011	1

7	Poplar Baths refurbishment		Position statement/memorandum of understanding to be agreed and reported to AMB	Project taken to a point where preferred contractor can be selected (subject to funding)	Service Head, Asset Management	TBA	1	
8	Chrisp Street			Heads of Terms agreed and approved by Cabinet	Service Head, Asset Management	Q3 2011	1, 3	
				Scope and design for new facilities agreed and approved		Q3 2011	1	
9	Infrastructure Delivery Plan			Ensure Asset Strategy/IDP are fully aligned and reviewed twice a year	Head of Asset Strategy	Q2 2011	1	

10	Better Asset Management Programme	<p>To ensure the successful delivery of the four strands of the programme, viz</p> <ul style="list-style-type: none"> • Increased income • Disposals strategy • Rationalisation of operational buildings • Re-letting maintenance contracts 	Service Head, Asset Management	Ongoing	1, 3
11	Smarter Working Programme	<p>To deliver the property elements of the programme and ensure Anchorage House lease is surrendered in June 2013</p>	Service Head, Asset Management		3

Key Council Strategies



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Appendix 3

PROCEDURE FOR DISPOSAL OF COUNCIL-OWNED PROPERTY

CHECKLIST – APPLICABLE TO ALL TRANSACTIONS

	Task	Date	Initial
1	Potential site identified for disposal. (For the purposes of this procedure, "disposal" includes freehold and long leasehold interests (being a lease in excess of 25 years).		
2	An officer to be designated as Lead Officer with overall responsibility for project managing the sale.		
3	Lead Officer to take the following concurrent action:-		
3a	Obtain certain minimum information to enable proposal to be assessed (e.g. that required for an outline planning applications)		
3b	Consult all potential internal service providers who may have an interest or possible use for the site together with any other officers and third parties.		
3c	Consult Planning Colleagues on authorised planning use and potential planning issues arising from proposed use.		
3d	Undertake a valuation of the property and identify any potential estate management issues that could arise from a sale.		
3e	Request Legal Services to confirm property owned by the Council and to provide a report on title, identifying any covenants or restrictions.		
3f	Consider whether any statutory or other consents required for disposal.		
3g	Consult Chief Finance Officer for advice on capital/revenue/VAT implications.		
3h	Consider any other relevant factors, e.g. whether property is open space/allotment land/Green Belt.		
4	Lead officer to make initial assessment of options and assess how soon any disposal should be brought forward (either next year (year 1), years 2-3 or years 4-5).		
5	Lead officer to provide draft report for approval to Head of CPS prior to submission to Service Head		
6	SH/CAMB to agree whether proposal should proceed. In reaching a decision the Group must have had explicit regard to (1) service implications (2) financial implications – capital, revenue, VAT, reclamation of disposal costs (3) planning		

	issues (4) legal issues		
7	<p>SH/CAMB to consider whether a transaction is a "major" one and to confirm priority of the proposal. A "major" transaction is defined as a site that meets one or more of the following criteria.</p> <p>a The site's value exceeds £250,000</p> <p>b The disposal raises complex or sensitive issues.</p> <p>c Results from an approach from a developer that could mean the Council could be dealing with just one party</p> <p>d The disposal or manner of disposal could create a precedent.</p>		
8	Assuming SH/CAMB approve proposal, Lead Officer to consult Ward Members, and, if the disposal is significant or potentially controversial, Lead Members.		

FOR MAJOR TRANSACTIONS

	Task	Date	Initial
1	Appoint Lead Officer. Appoint Project Team (if appropriate)		
2	Lead Officer to draw up disposal timetable, prepare/procure an indicative valuation, consider method of sale and prepare an estimated timescale for a capital receipt.		
3	Report back to AMG.		
4	Report to Cabinet at the outset on the principle of the scheme and, if applicable, seek authority to submit planning application (following adoption of any planning brief) Report to advise of indicative timetable, indicative capital receipt, proposed use of site and proposed method of sale.		
5	If appropriate, draw up a planning brief setting out the planning, legal and property management issues involved in a disposal of the site and seek Committee approval to planning brief.		
6	Once the planning brief has been approved, apply for planning permission.		
7	Site to be marketed.		
7a	In all cases, the use of specific covenants or conditions should be considered, such as limiting development to planning consent obtained or other agreed basis, agreed tenure (especially for Housing Associations or other charitable or voluntary organisations). Contracts should be expressed to be non-assignable unless exceptions are agreed with the Head of Valuation Services.		
8	Open tenders/receive offers.		
9	Evaluate tenders/offers.		
10	Lead Officer to make recommendation to AMG.		
11	Report to Cabinet detailing offers received and make recommendation to Council (if necessary)		
12	Instruct Legal Services to proceed with disposal.		
13	Undertake any further negotiations required during disposal process.		
14	Complete disposal, report outcome, update records and take any further action required.		

FOR MINOR TRANSACTIONS

N.B. It is assumed such transactions are undertaken with the scheme of delegation.

Although there is no requirement to appoint a Project Team and to draw up a planning brief, the Lead Officer is responsible for taking the following steps:-

	Task	Date	Initial
1	Lead Officer to draw up disposal timetable, prepare/procure and indicative valuation, consider method of sale and prepare an estimated timescale for a capital receipt.		
2	Proposal to be considered by AMG		
3	Lead Officer to consult relevant Commissioners and seek their confirmation that there are no issues that could constitute the sale being a "major" transaction.		
4	Ward Members to be consulted on proposed sale.		
5	Apply for planning permission to maximise the property value (if applicable). If no adverse comments received from Ward Members, commence marketing the site.		
6	Evaluate tenders/offers.		
7	Make recommendations to AMG. (NB In approving the proposal AMG must have been attended by Valuation Services Manager, Corporate Property Officer, Head of Finance, Head of Legal Services or the decision separately endorsed by them).		
8	Instruct Legal Services to proceed with disposal.		
9	Undertake any further negotiations required during disposal process.		
10	Complete disposal, report outcome, update records and take any further action required.		

NOTES

It is incumbent upon officers to ensure the following;

- Compliance with contract standing orders.
- That the Council meets its statutory obligations to obtain the best terms reasonably obtainable under the Local Government Act 1972.
- That consultation occurs, as required by the process, and that any other third parties with a legitimate interest are consulted at an appropriate time.

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Agenda Item 10.7

Committee/Meeting: Cabinet	Date: 9 th February 2011	Classification: Unrestricted	Report No:
Report of: CLC Corporate Director Stephen Halsey Originating officer(s) Luke Cully, Finance Manager CLC.		Title: Proposed CLC Fees & Charges 2011/12 Wards Affected: All	

Lead Member	Author to insert portfolio title(s) of relevant Lead Member(s)
Community Plan Theme	Author to identify Community Plan Theme(s) supported by the proposal
Strategic Priority	Author to insert Strategic Priority(ies) supported by the proposal

1. **SUMMARY**

- 1.1 Fees and charges should be reviewed annually as part of the budget setting process. The future development of the Medium Term Financial Plan will also need to take account of changes in fees and charges in broad terms over the period of the strategy.
- 1.2 This report sets out proposed changes to fees and charges for services within the Directorate of Communities, Localities and Culture. Services encompassed in this report are Parking, Pest Control and Environmental Protection, Leisure Services, Commercial Waste, Arts & Events, and Markets.
- 1.3 Cabinet on 12th January considered the General Fund Revenue Budget for 2011/12 and agreed savings proposals which impact on fees and charges levels relating to Parking, Pest Control, Leisure Services and Commercial Waste, therefore the inclusion of these services within this report is purely to formalise the relevant fee levels for these services.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Note the specific fee levels to be charged for fees and charges impacted upon by savings proposals agreed at Cabinet on 12th January (Parking, Pest Control, Leisure Services and Commercial Waste, as outlined in Appendices 1 to 4)

- 2.2 Agree the proposed CLC Directorate fees and charges for 2011/12 for the following services: Arts & Events, Markets, and Environmental Protection, details are summarised below.
- 2.3 **Street Trading:** No increases to current fees and charges for 2011/12; introduction of charge for pitch designation.
- 2.4 **Environmental Protection:** Inflationary increases to all current Environmental Protection fees and charges (not including SLAs); the Traveller's site pitch rental to increase above inflation.
- 2.5 **Arts & Events:** No increases to current fees and charges for 2011/12;

3. REASONS FOR THE DECISIONS

- 3.1 In accordance with Financial Procedures, fees and charges should be reviewed annually across the Council.
- 3.2 This report affords Cabinet the opportunity to consider fees and charges for CLC in line with this requirement and proposes in most instances to freeze charges at 2010/11 rates and increases in line with the rate of inflation in others.

4. ALTERNATIVE OPTIONS

- 4.1 The alternative is to have no changes to any fees and charges in CLC, or to adopt only some of the proposals included in this report.

5. BACKGROUND

- 5.1 CLC manages a range of front line services for which a number of fees and charges are levied. As outlined in paragraph 2.1 savings proposals which impact on fee levels for a range of these services were agreed at Cabinet on 12 January 2011 and Cabinet are asked to note the fee levels to be charged for these services. (Parking, Pest Control, Leisure Services and Commercial Waste, as outlined in Appendices 1 to 4)
- 5.2 The main elements for consideration within this report are for revisions to those fees and charges for 2011/12 not considered within the General Fund Revenue Budget Report.
- 5.3 All fees and charges outlined within this report are set with a view to contributing towards the costs of providing the service.
- 5.4 A brief outline of the services for consideration by Cabinet is set out in section 6 below:-

6. **BODY OF REPORT**

- 6.1 **Footway and Street Markets** - Governing legislation requires fees and charges to be reviewed annually. There was no increase for the financial year of 2009/10 from those set for street trading in the previous financial year. Revised charges for use of the footway were adopted in 2009/10 and these remained unchanged for 2010/11.
- 6.2 Current trading activity within street markets is resulting in a projected surplus which will be utilised for reinvestment within markets and to offset historic deficits. If current trading activity continues, it is anticipated that the deficit will be cleared by 2012/13. Any increase to fees and charges may impact on the timeframe for reducing this deficit as it may impact on trading activity and therefore it is proposed that no increases to fees and charges are implemented for 2011/12.
- 6.3 In recent years the designation of pitches in new locations for street trading has been few and far between. The Street Market Strategy 2009 -25 and its key recommendation The Market Mile will lead to a number of separate designations, each of which has an associated cost, particularly from public notices in the media. It is recommended to introduce a non-refundable fee of £1,000 paid by the person seeking to trade on a proposed single pitch. Where there is more than one pitch involved, the Head of Markets can exercise discretion to apportion that sum equally. (Details of all Street trading fees and charges is provided in Appendix 5).
- 6.4 **Environmental Protection:** Inflationary increases are proposed for all Current Environmental Protection fees and charges, with an above inflationary increase proposed for the Traveller's site pitch rental
- 6.5 The Council owns and manages the Gypsy and Traveller site located at Eleanor Street, E3. The estate consists of 19 pitches rented to families who occupy caravans or mobile homes on the site. Each pitch also contains an amenity block building consisting of a kitchen day room, bathroom and toilet.
- 6.6 A recent benchmarking exercise confirmed that the rent charged for the site in Tower Hamlets is significantly below the market level in adjacent Boroughs:
- LB Tower Hamlets - £61.00
 - LB Hackney - £89.60
 - LB Haringey - £78.51
 - LB Redbridge £67.40, includes water rates
 - LB Southwark - £95.00 double pitch, £70.00 single pitch
- 6.7 The quality of the Tower Hamlets facility meets best practice standards in London and rental should be increased to better reflect the level of provision and contribute to the costs of the service. Increasing to £70 per week would provide an additional level of income of £9,000 which would contribute towards reducing budget pressures on repair and maintenance costs.

- 6.8 The Council has a duty as owner and manager of the site to ensure that it is safe and in a good state of repair. Failure to increase the weekly rent by the recommended amount could jeopardise the ability of the Council to meet management and fiscal responsibilities.
- 6.9 A full list of Environmental Health Protection fees and charges subject to the above proposals or inflationary increases are provided in Appendix 6.
- 6.10 **Arts & Events** - Recent benchmarking data indicates hall hire charges are slightly below the market level, any increases at this stage however are considered likely to impact on usage levels and make the venues less competitive. It is therefore not proposed to increase charges at the Brady and Kobi Nazrul centres at this stage.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 Financial procedures specify that fees and charges should be reviewed annually as part of the budget setting process and at other times if necessary. This report sets out for Cabinet's approval the proposed CLC Directorate fees and charges for 2011/12 for the following services: Arts & Events, Markets, and Environmental Protection. In most instances proposals are for inflationary increases or freezing of charges.
- 7.2 Cabinet are also asked to note specific fee levels to be charged for fees and charges (Parking, Pest Control, Leisure Services and Commercial Waste, as outlined in Appendices 1 to 4) impacted upon by savings proposals agreed at Cabinet on 12th January.
- 7.3 Income accruing from the proposals will be included in General Fund Budget Estimates for 2011/12

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The report proposes the setting of numerous fees and charges for 2011/2012. The Council must have statutory power in order to impose any fees and charges and where such power exists the Council must comply with any relevant qualifications to those powers. There are statutory powers to support each of the proposed charges, most of which are subject to relevant qualifications. Enquiries suggest that, in each case the charges have been calculated in accordance with the Council's powers, but it will be for officers to ensure this is the case.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The Council has a statutory duty under the Equality Act 2010 to protect the rights of individuals and promote equality of opportunity in the provision of services and employment. Decisions on setting fees and charges are subject to the Council's decision-making structures. Equality Impact Assessments have been undertaken for all services where fees and charges increases are

proposed and these are included within the General Fund Revenue Budget Report elsewhere on this agenda. Concessions will be available to groups or individuals in the community, where the increase may result in them being excluded from particular activities.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 Restraint of parking is one of the most effective controls that local authorities have in directly affecting the impact of traffic levels on the local environment and public safety.
- 10.2 Anticipated benefits are improved safety, reduced impact of excessive numbers of parked vehicles and a reduction in environmental damage caused by vehicle exhaust pollutants and noise.
- 10.3 Other services are not deemed to have a significant impact on sustainable action for a greener environment.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 Proposals for increases to fees and charges support the Council's Medium Term Financial Strategy to achieve a balanced budget and will ameliorate the risk of this not being achieved.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 There are none.

13. EFFICIENCY STATEMENT

- 13.1 All CLC services continue to introduce and develop new working practices and systems to enhance efficiency of services which in turn maximises value to our customers. This ongoing drive for improvement should allow Members and the public to feel confident that any decision to increase fees and charges is made in the knowledge that this is absolutely necessary to the effective, fair, and sustainable delivery of a service.

14. APPENDICES

- Appendix 1a – Existing fees and charges for Parking and related services
 - Appendix 1b – Existing permit charges based on CO2 Emissions / Engine
 - Appendix 2 – Pest Control proposed charges compared to other boroughs
 - Appendix 3 – Leisure proposed charges
 - Appendix 4 – Commercial Waste charges
 - Appendix 5 – Street Trading and Footways
 - Appendix 6 – Environmental Health Protection other fees and charges
-

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
Financial Information	F Luke Cully ext. 5221
Equality Impact Assessments	Lisa Pottinger (Leisure)ext 3157 John Chilton (Parking) ext 6999 Simon Baxter (Comm Waste) ext 4422 David Farrell (Environ Control) ext 6896

Appendix 1a – Proposed fees for Parking & Related Services 2011/12

SERVICE	EXISTING CHARGE £
Business Permits	Charges linked to CO2 emissions/engine size, see Appendix 1b
Market Trader Permit	
- 3 month	160
- 6 month	270
- 1 year	440
- Daily permit/scratchcard (per book of five)	25
Public Service Permit (on-street)	Charges linked to CO2 emissions/engine size, see Appendix 1b
Contractor Parking Permit	Charges linked to CO2 emissions/engine size, see Appendix 1b
Doctor's Permit	540
Charge per bay in Zone A or C (a) 1 st Bay on 1 st Day (b) Daily charge per bay after 1 st day	75 25
Charge per bay in Zones B or D (a) 1 st Bay on 1 st Day (b) Daily charge per bay after 1 st day	65 15
Visitor Scratchcard Permits	
- per book of ten (carers)	Free
- per book of ten (OAP)	Free
- per book of ten (residents)	10
- per book of ten (public service)	35
Resident's Permits	Charges linked to CO2 emissions/engine size, see Appendix 1b
Short Stay Parking (per hour)*	
- west side of Borough	3.50
- east side of Borough	2.00
- Roman Rd (off street P&D)	1.80
Abandoned vehicles	Free
- surrender admin. Fee	
Skips	
- daily charge per bay in Zones A or C	25
- daily charge per bay in Zones B or D	15
Traffic Management Orders (costs of making/amending orders including preparation, advertising and implementing)	2,500
- permanent for car free developments	125

SERVICE	EXISTING CHARGE £
All categories of permits	
- amendment or replacement charges	5
- surrender and refund admin. charges	0
- discount for purchase of annual permit by post, Internet or by telephone through the Customer Contact Centre.	
-Temporary Tear Off Permits	0
Replacement Disabled Person's Clock	50
Replacement Disabled Freedom Pass	0
Fee for find and restoring stolen vehicles	200

Appendix 1b – Proposed Permit Charges Based on CO2 Emissions / Engine Size 2011/12

Band	Engine Size (cc)	CO2 (g/km)	Residents			Business, Public Service and Contractor		
			1 st Permit	2 nd Permit	3 rd Permit	3 Months	6 Months	12 Months
A		<=100	0	£10	£150	£175	£260	£420
B	<=1100	101-120	£40	£50	£190	£185	£275	£445
C	1101-1300	121-150	£50	£60	£200	£200	£295	£475
D	1301-1600	151-165	£70	£80	£220	£220	£325	£525
E	1601-1800	166-185	£90	£100	£240	£230	£340	£550
F	1801-2000	186-225	£110	£120	£260	£240	£355	£575
G1	2001-3000	226-325	£125	£135	£275	£250	£370	£600
G2	3000+	325+	£150	£160	£300	£260	£385	£625

Appendix 2 – Pest Control proposed new charges compared to other boroughs

Other London Boroughs compared to LB Tower Hamlets' proposed charges

Pest	Camden (residential)	Wandsworth	Waltham Forest	Kensington & Chelsea	Brent	H'smith & Fulham	LBTH (proposed)
Rats X 3 visits	£101	Free	Free	Free Landlords £103	Free	£76	Free
Mice X 3 visits	£101	£80-£116	£77	£103	£95	£100	£108 (new)
Cockroaches x 2 visits	£85	£175	£99	£142	£105	£118	£108 (new)
Fleas	£76	£77-£111	£77	£97	£95	£89	£60 (inflationary)
Bed Bugs Extra beds	£165 £54	£186- £342	£99	£119	£170	£171	£108 (new)
Wasps	£ 65		£45	£100	£60	£52	£60 (inflationary)
Tropical Ants	£71	£263	£99	£142	£155	£145	£108 (new)
Concessions	£26	-	-	Free	-	-	Free (senior citizens)
Fines for No Access	-	-	-	£22	-	-	-

Figures for other boroughs include former VAT rate of 17.5%. LBTH figures are including new VAT rate of 20%.

Appendix 3 –Leisure proposed charges

Leisure – Proposed changes above inflation are listed

Item	Price 2010/11	Price (with inflation) 2011/12	Recommended Price 2011/12	Comments	Recommendation
Adult Pay & Play Membership	£2.80	£2.88	£5.00	This is a one off annual payment of £5 which does not detrimentally impact the borough's disadvantaged communities	Increase Pay and Play Membership to £5 for a one-off payment for the whole year.
Health Suite Membership	£3.40	£3.50	£3.75	It is estimated that this increase will not detrimentally impact the health suite attendances or the borough's disadvantaged communities	Increase Health Suite Membership to £3.75
All other leisure centre services	Various	To increase in line with inflation	To increase in line with inflation		

Appendix 3 –Leisure proposed charges

Leisure – A selection of proposed charges with inflation are listed

Item	Price 2010/11	Price with Inflation 2011/12	Increase
Wellness Pre Paid Membership			
Premier Prepaid Monthly Single	£49.95	£52.20	£2.25
Wellness Monthly Concessionary	£21.30	£22.26	£0.96
Fitness Centre			
Concession Pre-paid Adult Peak	£5.75	£6.01	£0.26
Pay & Play Adult Off Peak	£4.65	£4.86	£0.21
Group Exercise			
Non member Peak	£7.45	£7.79	£0.34
Non member Off Peak	£7.45	£7.79	£0.34
Swimming			
Concession Pre-paid Adult Peak	£3.35	£3.50	£0.15
Pay & Play Adult Peak	£3.35	£3.50	£0.15
Concession Pay & Play Adult Peak	£3.35	£3.50	£0.15
Non Member	£4.20	£4.39	£0.19
Birthday Parties			
Pool Party	£103.00	£107.64	£4.63
Creche (per hour)			
Wellness Pay & Play	£2.35	£2.46	£0.11
Wellness Concessionary Pay & Play	£1.55	£1.62	£0.07
Hire (per hour)			
Sports Hall Whole (per hour)	£44.80	£46.82	£2.02
Wellness Off Peak	£7.85	£8.20	£0.35
Junior Pay & Play	£3.80	£3.97	£0.17
Pitches			
Grass Pitch (per 90 min)			
Members - Peak	£136.75	£142.90	£6.15
Non Member - Peak	£195.70	£204.51	£8.81
Members - Peak	36.25	£37.88	£1.63
Non Member Off Peak	42.85	£44.78	£1.93

Appendix 4 – Commercial Waste charges

Proposed Price Structure

The new prices proposed from 2011/12 are set out in the table below.

LBTH Veolia Trade Portfolio
Proposed Price Rise 2011
Price of Bags reduced to £1
Price of recycling bags capped at £1

Summary	Bin lifts/week	2010/11 Price	2011/12 Price
	18/11/2010		
Residual			
Sacks	2147	£1.90	£1.00
240 litre Wheeled Bin	159	£7.91	£8.70
360 litre Wheeled Bin	276	£9.09	£10.00
Eurobin 1100 Litre	1888	£12.94	£14.23
Eurobin 660 Litre	292	£9.62	£10.58
Rental Only 240 Litre w/bin	10	£0.44	£0.44
Rental Only 360 Litre w/bin	10	£0.44	£0.44
Rental Only Bulk Bin	5364	£1.40	£1.40
Collection only 360 Litre w/bin	31	£5.24	£5.76
Collection only Eurobin	19	£8.44	£9.28
Rolonoff	1	£107.28	£118.01
Rolonoff Hire	24	£7.74	£7.74
Recycling			
Sacks or bundle of Cardboard	1033	£0.97	£1.00
240 litre Wheeled Bin	35	£2.56	£2.82
360 litre Wheeled Bin	44	£3.58	£3.94
Eurobin 660 Litre	49	£5.70	£6.27
Eurobin 1100 Litre			
Eurobin 1280 Litre	155	£8.14	£8.95
Schedule 2 No Disposal			
Sacks	118	£0.57	£0.63
240 litre Wheeled Bin	27	£2.56	£1.39
360 litre Wheeled Bin	72	£1.34	£1.47
Eurobin 1100 Litre	1010	£4.36	£4.80
Eurobin 660 Litre	32	£4.13	£4.54
Rental Only 240 Litre w/bin			
Rental Only 360 Litre w/bin			
Rental Only Bulk Bin			

Appendix 5 – Street Trading and Footways

The Proposed Fees and Charges for 2011/12:

CHARGE FOR THE USE OF PITCH OR FOOTWAY				
MARKET/FOOTWAY	DAYS OPEN	CHARGE £ per day		
		M-F	Sat	Sun
Market rate unless otherwise stated below	-	5.00	25.00	36.00
Whitechapel	Monday – Saturday	7.00	30.00	n/a
Columbia Road	Sunday only	n/a	n/a	45.00
Petticoat Lane	Sunday only	n/a	n/a	32.00
Chrisp Street (large pitch)	Mon – Sat	6.00	45.00	n/a
Temporary Trader Voucher/Licence	All Days of Week	20.60	30.90	36.00
Temporary Trader Regeneration Voucher	Monday – Saturday	10.00	15.00	n/a
Extra Pitch Voucher	All Days of Week	5.00	10.00	15.80
Isolated pitches	All Days of Week	20.00	40.00	50.00
Fresh produce & flower refuse removal	All Days of Week	By market, producing traders sharing total cost equally		
Display of goods & other use of public footway and space	Specified days, anywhere in the Borough	£1 a square metre a day		
Forecourt Trading	Anywhere in the Borough	£25 a week		
FEES FOR A LICENCE				
Licence and Registration application and renewal fee – All Street, Display of Goods and Forecourt Licences		£75 (for 3 years or lesser period to 31.03.12)		
Licence application and renewal fee for use of public space or footway for other than display of goods (e.g. Tables and Chairs)		£120 (for 6 months)		
Application for a Variation of a Licence (non refundable)		£50		
Additional Charge in relation to final reminders		£20		
Registered Assistant application fee		£10 (3 years or lesser period to 31.03.12)		
Refunds, duplicate/copy documentation, licence deposit and reclaim		£25		
Charge for an arrears letter		£20		
Replacement Pitch card		£15		
Pitch designation (one pitch) - New		£1,000		

Appendix 6 – Environmental Health Protection other fees and charges

Environmental Protection Fees with inflationary increases of approx 4.5% (RPI)

Fee Type	2010/11	2011/12 Proposed
<u>Contaminated Land Searches</u>		
Standard search	£73	£76
Non-standard search	-	£150*
<u>Animal Warden Service fees:</u>		
Micro-Chipping a Dog	£12	£13
Stray Dog Return	£34	£36
<u>Travellers Site Weekly Rent (Pitch)</u>		
	£61	£70
<u>Parish Funeral Admin charge</u>		
	£148	£155
<u>Housing Act Notice served fee</u>		
	£407	£425
<u>Photocopy Fees:-</u>		
1st 10 pages A4	£7.50	£8
Each further sheet A4	.60p	.65p
1st 10 pages A3	£15	£16
Each further sheet A3	.70p	.75p
<u>2nd Post Mortems</u>		
	£400.00	£420.00
<u>HMO Licensing:</u>		
Basic fee per property	£375	£392
Additional fee per habitable room	£25	£26
Amend details on an existing license	£90	£94
Re-license fee / habitable room	£40	£42

*Charge is made to solicitors etc. who require additional info on site investigation f

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Agenda Item 10.8

Cabinet	Date: 9 th February 2011	Classification Unrestricted	Report No.	Agenda Item No.
Report of: Interim Corporate Director (Children, Schools and Families)		Title: Children, Schools and Families Fees & Charges 2011/12		
Originating Officer(s): Kate Bingham Acting Service Head (Resources)		Ward(s)..... ALL		

Lead Member	Cllr. Oliur Rahman
Community Plan Theme	A Prosperous Community
Strategic Priority	1.2: Work efficiently and effectively as One Council 5.1: Reduce differences in people's health and promote healthy lifestyles

1. SUMMARY

- 1.1 This report outlines the proposed Children, Schools & Families Fees and Charges for 2011/12 for School Meals, Day Nurseries, Junior Youth Services and the Saturday Morning Music Centre. The report also recommends the increase for in-house foster care.

2. DECISION REQUIRED

Cabinet is recommended to:

- 2.1 Approve Children, Schools & Families fees and charges for 2011/12 as follows:
- (a) no increase in the price of paid School Meals as detailed in Para 6.
 - (b) a simplified fee system for Day Nurseries as detailed in Para 7.
 - (c) no increase in fees for Holiday Play Schemes as detailed in Para 8.
 - (d) an increase in fees for the Saturday Morning Music Centre as detailed in Para 9.
 - (e) maintain the current charges for In-House Foster Care as detailed in Para 10.

3. REASONS FOR THE DECISIONS

- 3.1 Financial Procedures (Ref FA 2.3) specify that the fees and charges should be reviewed at least once a year. This report outlines the proposed Children, Schools & Families Fees and Charges for 2011/12.

4. ALTERNATIVE OPTIONS

- 4.1 The options for each fee and charge are addressed in the body of the report.

5. BACKGROUND

- 5.1 The following paragraphs outline the background and reasons for the recommended changes to Children, Schools and Families fees and charges for 2011/12.

6. SCHOOL MEALS

- 6.1 The local authority proposes to increase charges to adults, whilst freezing the price of pupil paid meals, for 2011/12 from the date of return for schools in the Summer Term 2011 (April 2011).
- 6.2 The Council has a statutory responsibility to provide a meal service to pupils eligible for free school meals. Within the current (Sept 2010) school population 23.3% of nursery, 48.1% of primary, 55.4% of secondary and 76.8% of special school pupils are entitled to a free school meal. In Tower Hamlets this equates to approx 20,000 (50.7%) pupils on roll. Tower Hamlets has the highest levels of free school meal eligibility in England. Total uptake of meals (including paid meals) by pupils is 65.1% in primary schools and 50.9% in secondary against respective national averages of 41.4% and 35.8% and has increased against the previous year by 0.2% and 2.2%.
- 6.3 In addition to the statutory provision of free school meals, CSF Contract Services also provides breakfast and mid morning break services at some schools. These services are provided at cost to encourage uptake and support the vital work to reduce obesity and increase attainment to all of Tower Hamlet's pupils across the Borough.
- 6.4 The school meals service has been nationally recognised by the catering industry on several occasions in previous years in terms of excellent service, management and outstanding achievement.
- 6.5 The service has been supported by the Council, over the past 6 years, to continue the in-house provision of fresh food in the borough's schools, which has enabled the service to develop and achieve the

Government's tough nutritional food standards both in primary and secondary schools as they became mandatory. In turn, the service has continued working particularly hard to increase the levels of sustainable procurement to provide even better value for money as well as the best quality provisions and where possible, local and seasonal produce.

6.6 Following a recent service and business standards review of the schools' catering provision a number of strategies have been identified to reduce subsidies previously provided by the Council over the next three financial years whilst maintaining the standards of the nutritional and food group guidelines demanded by Government.

6.7 In implementing these strategies, the service will focus on its core business of providing meals to the most vulnerable pupils in the borough at the same time as protecting the mainly female workforce in Contract Services (of which 317 reside within the Borough) who work on the front line of the catering and cleaning service provided.

6.8 Cost reductions will result from continuing to deliver efficiencies through the procurement of food and provisions in addition to reviewing direct labour costs and introducing robust performance management as well as reducing the costs of agency placements, management and administration overheads. Further, the LBTH Schools' Forum has agreed to shift delegation of the true cost of providing free school meals to the Schools' Budget.

6.9 Therefore, the Local Authority does not propose to increase the price of paid primary or secondary schools meals in 2011/12 and Cabinet is asked to consider the following prices for meals in 2011/12:

- The price of adult meals to increase from £2.10 plus VAT to £2.25 plus VAT (6.7% increase)

6.10 There is no impact on the pupils entitled to free school meals.

7. DAY NURSERIES/JOHN SMITH'S AND OVERLAND CHILDREN'S CENTRES

7.1 Cabinet is asked to consider increased fees for Day Nurseries for 2011/12 which will come into place from 1st April 2011.

7.2 The Day Nurseries provide a front-line service offering high quality childcare. The majority of children accessing this service are vulnerable and have been referred by Social Care or other professionals.

7.3 The fee system is to be greatly simplified. The proposals aim to keep charges affordable and fair for parents. The Childcare Tax Credit system will be promoted; the nurseries will ensure that all parents know

how to claim what they are entitled to. The nurseries will ensure that they claim all nursery education funding for eligible children.

- 7.4 The day nurseries will aim to have a minimum of 25% of places being charged at the full rate; the charge to parents may be significantly less because of tax credits and nursery education funding.
- 7.5 The EPPE Project finds that outcomes for vulnerable children are better if there is a mix of children e.g. vulnerable and more advantaged. The fee-charging proposal helps maximise income to the day nurseries and leads to better learning and development outcomes.
- 7.6 The maximum charge is to be increased to bring it in line with the amount which can be claimed under the childcare element of the Working Tax Credit, from £150.00 to £180.00 per week. This brings fees up to the average charged in Tower Hamlets by voluntary providers and significantly below fees charged by private providers.
- 7.7 Families where both parents are working at least 16 hours per week will pay the standard childcare fees regardless of the child's special educational or medical needs.
- 7.8 For workless families there will be no charge if there is an identified need for their child. The nurseries will still be able to claim 15 hours nursery education funding. Two, three and four year old children would still be eligible for 15 hours of free nursery education where there is no identified need.
- 7.9 For children already accessing fee-charged places, the increase this year will be limited to 10% of current fees, after tax credits and nursery education grant are taken into account.
- 7.10 Working families on low income (approximately £17,800 for two parents and £13,000 for single parents) are able to claim up to 70% (as of 1 April 2011) of childcare costs. (The amount of tax credit parents receive is tapered as parental income increases.)
- 7.11 Two year olds from the most disadvantaged families and all three and four year olds are also eligible for 15 free hours of nursery education for 38 weeks a year.
- 7.12 A parent with one child eligible for maximum childcare tax credit and free nursery education will pay around £39 per week.
- 7.13 Childcare tax credit covers costs for two children up to £300 pounds per week.
- 7.14 With maximum tax credit and free nursery education the weekly cost will be around £78 for both children.

- 7.15 For a third child there will be a discount on fees; parents will be charged 50% of the incurred costs for one of the first two children (taking into account childcare tax credit received). A family with three children attending would therefore pay a little under £100 per week for all three.

8. JUNIOR YOUTH SERVICE

- 8.1 The Junior Youth Service is currently subject to a service options review. The proposals include a transfer of responsibility for after-school child-care in term-time to participating schools. These schools will set their own fee levels, in accordance with the local guidelines (Local Authority guidance re: Schools' Charging Policy), and will offer guidance on recompense for parents through the working families' tax credit scheme.
- 8.2 Holiday child-care provision will remain the responsibility of the local authority, and the Local Authority proposes to freeze charges for 2011/12.
- 8.3 The charge for working parents who are Tower Hamlets residents will remain at £10 per child per day for each of the first three children in a family who are all attending the same scheme, with no charge for the fourth and any subsequent children for attendance between 9.00am and 4.00pm.
- 8.4 The charge for concessionary places will remain at £5.00 per day for each of the first three children in a family who are all attending the scheme, with no charge for the fourth and any subsequent children. These places are for children whose parents are in receipt of job seekers allowances or income support. These charges apply to Tower Hamlets residents only.
- 8.5 The charge for Holiday Play Schemes places for children of residents living outside Tower Hamlets will remain at £30.00 per child per day.
- 8.6 The JYS develops its marketing and publicity campaign to promote the service and to encourage the take-up of the childcare tax credit element of Working Tax Credit. Tax Credit Surgeries held at the Children's Information Service provide information for childcare providers so they can advise parents, enabling workers in charge to confidently provide information and support parents where appropriate.

9. TOWER HAMLETS ARTS AND MUSIC EDUCATION SERVICE (THAMES) SATURDAY MORNING MUSIC CENTRE

- 9.1 The Tower Hamlets Arts and Music Education Service (THAMES) is currently fully funded by a small Standards Fund Grant provided by the

DfE. It does not receive any additional funds from the Council. The future of this grant is still unknown and the continuation of grant funding will have a direct impact of charging structure or indeed, service provision in the future.

- 9.2 The Service provides instrumental and vocal tuition to schools including other music related projects and events. Currently there are approximately 10,500 children in Tower Hamlets schools receiving tuition in school time. Lessons are free and THAMES provides an instrument for every child. It also provides a Saturday Music Centre for those pupils wishing to make music with other pupils. This operates for ten Saturdays each term for 3.5 hours. Operating costs of the centre are approx. £86k per annum. THAMES has been reviewing all aspects of the financial management of the Centre ensuring that finances reflect common practice and other national models.
- 9.3 Saturday Music Centres are provided by many Local Authority Music Services. All authorities charge parents/carers for their children to attend.
- 9.4 In September 2007 a small charge was introduced for all pupils attending the centre. This was set at £30 per term in the first year rising to £35 a term in the second year per pupil with a 50% charge (£17.50) for each additional child attending if parents/carers had more than one child at the Centre. At £3.50 per week per child for a three and a half hour specialist music activity it represented very good value for money. Parents/carers who could provide evidence of Income Support or any other recognised documentation confirming low income status were exempt from any charge. All pupils on Free School Meal (FSM) registers were also exempt. Any income generated is used solely for the benefit of all pupils at the Centre to offset its high cost.
- 9.5 Cabinet is asked to consider the proposed charges detailed below for the Tower Hamlets Arts and Music Education Service (THAMES) Saturday Morning Music Centre for 2011-2012:
- 9.6 It is proposed that there is an increase in fees to parents/carers for 2011/12. This charge is recommended to increase to £40 a term (with 50% reductions for second or more children attending the centre). Whilst there was no increase last academic year it is recognised that it is now necessary to levy a small increase to cover tutor fees. At £40 per pupil (50% reduction for every second child) this still represents excellent value for money as tuition remains free to pupils in schools. The projected income for 2011/12 is £35k, an increase of £4k per annum.

10. IN-HOUSE FOSTER CARE

- 10.1 Foster carers play a vital role in caring for looked after children and in Tower Hamlets we have several types of carers to meet a wide range of children's needs, from respite carers offering short breaks to children with disabilities, to full time carers for young children and adolescents. We have worked very hard to ensure that the weekly foster care allowance is set at a rate which allows us to continue to recruit and retain foster carers, however, due to the current economic and financial position we are recommending a 0% increase for 'in house' foster carers during the financial year 2011/12.
- 10.2 Cabinet is, therefore, recommended to approve the following charges for 2011/12.

Age of Child in Foster	Basic Weekly Allowance charged 2010/2011 (per child)	Proposed Basic Weekly Allowance charged 2011/2012 (per child)
0 – 4	£300.00p	£300.00p
5 – 10	£315.00p	£315.00p
11 - 15	£334.00p	£334.00p
16+	£362.00p	£362.00p

11. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 11.1 Financial Procedures (Ref FA 2.3) specify that the fees and charges should be reviewed at least once a year.
- 11.2 The proposal to maintain the current level of the cost of paid meals for pupils is only sustainable through an achievement of the cost reductions referred to in the report, and an agreement with Schools Forum to shift the true cost of meal provision to schools' individual budgets. A re-balancing of the costs and charges involved in providing the School Meals service could allow the subsidies in both the General Fund Budget (£0.312m) and in the Schools Budget (£0.958m) to be removed, while keeping charges to pupils at the 2010/11 level.
- 11.3 The proposed increases to the maximum charge for Day Nurseries and Children's Centres will assist the service in maintaining provision at a time when the underlying level of former SureStart Grant within the new Early Implementation Grant for 2011/12 is 12% less than previously and the service is expected to have savings targets to meet as part of the Council's Medium Term Financial Strategy.

- 11.4 The policy of charging for the Holiday Play Schemes has operated since September 2003 and currently contributes funding towards accelerated investment in the service. The proposal is to maintain the current level of charging.
- 11.5 The Saturday Morning Music Centre proposes to increase its fees for those who pay by £5 from £35 to £40 per term, with a 50% reduction for second and subsequent children.
- 11.6 The proposed freezing of foster care allowances is not expected to impact on the overall costs of foster care.

12. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 12.1 The Council has power to set each of the charges and payments proposed in the report.
- 12.2 The Council has power under section 512(1) of the Education Act 1996 to provide milk, meals or other refreshment to registered pupils at maintained schools, others who receive education at maintained schools and children who receive relevant funded early years education. The Council is obliged to make such provision to specified persons, including those who are eligible for free lunch. Pursuant to section 512ZA of the Education Act 1996, the Council may charge for the provision of milk, meals or other refreshment. The Council is generally required to charge every person the same price for the same quantity of the same item, although section 512ZB specifies that the provision must be free to those who are eligible for free lunch.
- 12.3 The Council is empowered under section 8 of the Childcare Act 2006 to provide childcare, to assist any person who provides childcare and to make arrangements with any person for the provision of childcare. There is a detailed definition of childcare in the Act, but it generally includes any form of care for a child, including education and any other supervised activity. The Council has power under section 10 of the Childcare Act 2006 to enter into an agreement under which payments are made to the Council for the provision by the Council of childcare for a child. There are specified exceptions in respect of early years provision pursuant to section 7 of the Childcare Act 2006 and the Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2008, and for day care provided children in need under the Children Act 1989 (which has a separate charging provision). Officers will need to ensure that the proposed charges are not applied in the excepted cases.
- 12.4 The Council is not generally permitted to charge for the provision of education either during school hours or, in specified circumstances, out of school hours. There is an exception, pursuant to which the Council may charge in relation to tuition in singing or in playing a musical

instrument. The Charges for Music Tuition (England) Regulations 2007 provide that a charge may be made for such tuition if it is provided at the request of the pupil's parent. There are further exceptions where the education is provided in discharge of the Council's duty to implement the national curriculum, or where the education is provided in the key second stage to enable pupils to decide whether they wish to receive further tuition in singing or playing any musical instrument. Officers will need to ensure that the exceptions are complied with in the application of the charges.

- 12.5 The Council has power under section 22C of the Children Act 1989 to determine the terms on which it will place a child with a local authority foster parent, including terms as to payment. The power to determine payment terms is subject to any minimum payments specified by the Secretary of State by order under section 49 of the Children Act 2004, but it does not appear that this power has been exercised.

13. ONE TOWER HAMLETS CONSIDERATIONS

- 13.1 Families eligible for free school meals will not be affected by the increased school meal costs. All other benefits related issues are detailed in each category of charges, these specifically refer to the benefits available to families of children & young people enabling them to access a wide range of services.

- 13.2 Initial equality impact screenings for those services incurring higher fees have been undertaken and services will be subject to full equality impact assessments where necessary - the outcomes of which will be reported to Cabinet at the meeting on 9 February 2011. In addition, take up of services following any fee increases will be monitored to evaluate any adverse impact on participation.

14. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT (SAGE)

- 14.1 There are no implications arising from the recommendations of this report.

15. RISK MANAGEMENT IMPLICATIONS

- 15.1 There is a risk to the provision of services by the Junior Youth Service if there is no increase in fees. The paying pupil income from school meals is necessary to sustain and improve the school meal service.

16. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 16.1 There are no implications arising from the recommendations of this report.

17. EFFICIENCY STATEMENT

17.1 The Authority, as well as schools, is required to achieve the Council's savings targets in 2011/12. The annual review of fees and charges recommends an increase for school meals, the maximum charge for Children's Centres and charges for the Junior Youth Service in order to cover the increased costs for salaries, materials and other running costs, as well as providing additional funding for accelerated investment.

17.2 The proposed fee structure represents a balance between maintaining existing high quality provision of meals and day care places and maximising participation in Junior Youth activities whilst continuing to represent good value for money by customers and users.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "Background Paper"	Name and telephone number of holder and Address where open to inspection F
Equality Impact Screenings Equality Impact Assessments (if necessary)	Kate Bingham 4 th Floor, 5 Clove Crescent London, E14 2BG Tel: 020 7364 4811

Agenda Item 10.9

Committee: Cabinet	Date: 9 February 2011	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Assistant Chief Executive (Legal Services) Originating officer(s) David Galpin, Head of Legal Services - Community		Title: Olympic Host Boroughs – Review of Governance Arrangements Wards Affected: All		

1. SUMMARY

- 1.1. By virtue of an agreement in 2006, updated in 2010, between the five Host Boroughs for the 2012 Olympic and Paralympic Games [the London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest], cooperative working has taken place to secure local benefits and a sustainable legacy from the Games. To date the joint working arrangements have been successful and recognised by Government as integral to the future legacy of East London, and discussions between the Leaders and Mayors of the five Host Boroughs have suggested that their position would be further strengthened by the inclusion of the London Borough of Barking and Dagenham as a sixth Host Borough. Although they have been involved on an informal basis since September 2010, this report seeks authority to revise the existing Inter Authority Agreement to admit them as a member of the Host Boroughs and the necessary arrangements to the existing Joint Committee arrangements and related Memorandum of Understanding to take effect from 1 April 2011.
- 1.2. In June/July 2009 the respective Executives of the five Host Boroughs for the 2012 Olympic and Paralympic Games [the London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest] each gave their approval to the establishment of Joint Committee [Section 101 LGA 1972] to facilitate the discharge of executive functions regarding joint arrangements in respect of the Games and legacy, as set out in an agreed terms of reference and Memorandum of Understanding. This report seeks to vary those arrangements to incorporate the inclusion of the London Borough of Barking and Dagenham as a Sixth Host Borough and I commend it to Cabinet.

2. DECISIONS REQUIRED

Cabinet is recommended to:-

- 2.1. Approve the disestablishment of the existing Joint Committee of the five Host Boroughs for the 2012 Olympic and Paralympic Games, and the establishment of

a new Joint Committee of six Host Boroughs, to incorporate the London Borough of Barking and Dagenham with effect from 1 April 2011.

- 2.2 Authorise the Chief Executive to amend the Inter Authority Agreement, Memorandum of Understanding and the Procedure Rules and give effect to any matter necessary to achieve their objectives.
- 2.3 Confirm the terms of reference as agreed previously, subject to the agreement and incorporation of London Borough of Barking and Dagenham as sixth Host Borough and the delegation of executive functions as agreed previously to be discharged by the new Joint Committee with effect from 1 April 2011.
- 2.4 Appoint two Executive Members, and two substitute Executive Members, to be the Council's representatives on the new Joint Committee.

3. REASONS FOR THE DECISION

- 3.1 The arrangements for the five Host Boroughs for the 2012 Olympic and Paralympic Games [the London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest] to engage in cooperative working has taken place to secure local benefits and a sustainable legacy from the Games. The joint working arrangements have been successful to date and recognised by Government as integral to the future legacy of East London, discussions between the Leaders and Mayors of the five Host Boroughs have suggested that their position would be developed and strengthened by the inclusion of the London Borough of Barking and Dagenham as a sixth Host Borough.
- 3.2 In particular the inclusion of the London Borough Barking and Dagenham as a sixth Host Borough would reflect that Borough's similarity with the current five boroughs, in terms of socio economic need and the convergence targets as set out in the Host Boroughs Olympic and Paralympic Legacy Strategic Regeneration Framework. Indeed the Mayor of London and the Government have recognised the added value of the inclusion of London Borough Barking and Dagenham as part of the legacy arrangement and the 'sixth' Host Borough is already referred to in the Department for Culture, Media and Sport's Plans for the Legacy from the 2012 Olympic and Paralympic Games, as published on 20 December 2010.

4. ALTERNATIVE OPTIONS

- 4.1 Cabinet may choose not to agree to the proposed inclusion of Barking and Dagenham as a sixth Host Borough or to the consequential amendments to the Inter Authority Agreement, Memorandum or Understanding, Procedure Rules and appointments, either as proposed or at all. If Cabinet took this approach, it may prejudice the ongoing joint working arrangements.

5. BACKGROUND

- 5.1 Cabinet at its meeting on 29 July 2009 considered all relevant matters with regard to the discharge of Executive arrangements in respect of the five Host Borough collaborative working in respect of the 2012 Olympic and Paralympic Games and associated legacy for the future regeneration of the area. In doing so it agreed to the establishment of a Joint Committee of those Boroughs [S.101 LGA 1972] to discharge those functions having regard to an agreed Memorandum of Understanding in the context of the agreed Inter Authority Agreement between those Boroughs.
- 5.2 This report seeks to amend those arrangements to incorporate a sixth Host Borough, the London Borough of Barking and Dagenham.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 6.1 This report describes the review of the governance arrangements for the Olympic Host Boroughs.
- 6.2 There are no other specific financial implications emanating from this report but in the event that the Council agrees further action in response to this report's recommendations then officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

7. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 7.1. In order to establish a body with the power to discharge functions of the individual Boroughs each must agree to such arrangements in accordance with the provisions of the Local Government Act 1972 and 2000 and subsequent regulations.
- 7.2. Section 101(5) of the Local Government Act 1972 provides that two or more local authorities may discharge any of their functions jointly and that where joint arrangements are in force in respect of any functions, those functions may be discharged through a joint committee established by the authorities.
- 7.3. Section 101(2) of the Local Government Act 1972 provides that unless the joint arrangements specify otherwise, a joint committee can also establish a sub-committee to discharge any of its functions or delegate functions to an officer and unless the joint arrangements or joint committee specify otherwise, a sub-committee established by a joint committee may delegate functions to an officer.
- 7.4. Appointments to a joint committee are made under Section 102(1)(b) of the Local Government Act 1972 and the establishment of a joint committee is governed by The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000, issued under Section 20 of the Local Government Act 2000. the relevant Regulations provide:

- (a) Regulation 11(2A) – where a joint committee is established to discharge more than one function by the same authorities at the same time and at least one of those functions is an executive function in at least one authority, the joint arrangements may provide for one joint committee to discharge all the functions on behalf of all the authorities.
- (b) Regulation 11(3A) – the decision on appointment to a joint committee should be taken by either the elected mayor, the council manager, the executive leader, the executive, a member of the executive or a committee of the executive (dependant on the detailed executive arrangements that are being operated by the authority), where the joint committee is to discharge only executive functions on behalf of the executive of the authority.
- (c) Regulation 12(1) – where the executive is responsible for deciding on the appointment of members to a joint committee, an executive Member must be appointed to the joint committee and the political balance requirements do not apply.
- (d) Regulation 12(1A) – where a joint committee is discharging a function in relation to five or more local authorities and the executive is responsible for deciding on the appointment of members, both executive and non-executive members may be appointed to the joint committee by the executive and the political balance requirements do not apply.

7.5. At present the law does not permit local authorities to discharge their functions through non local authority bodies or through mixed bodies. Therefore, stakeholders and other partners will be involved in the operation of the joint committee as observers and in an advisory capacity only.

7.6. It is proposed that the joint committee should exercise only executive functions and thus approval of the arrangements, delegation of functions to be discharged by the joint committee and the appointment of members to the joint committee can be effected by the executive of each authority.

7.7. The joint committee will not be subject to the requirement to publish a Forward Plan.

8. ONE TOWER HAMLETS CONSIDERATIONS

8.1. The Community Plan makes direct reference to the opportunities offered by the 2012 Olympic and Paralympic Games in relation to the Plan's key themes. Under the theme of A Great Place to Live, the Community Plan refers to the need to make the Olympic Park site and its venues accessible to local people, to ensure the Games benefit local people and to use High Street 2012 as a model

project to improve the quality of borough's road corridors as places for people. Under the theme of A Prosperous Community, the Community Plan refers to the need to maximise opportunities for local businesses to benefit from the Games, to promote Tower Hamlets businesses and to encourage growth and tourism. It also refers to the need to highlight employment opportunities arising from the Games and to support people to seize them.

8.2. The work of the Joint Committee covers the development, negotiation and implementation of policies and programmes in relation to a range of matters, such as cultural events, economic development, employment, tourism, regeneration, joint legacy and education. In this way, joint working with the Host Boroughs provides opportunities to support the Council's Community Plan objectives.

8.3. The work of the joint committee has the potential to advance the Council's equalities agenda. It may reasonably be expected that equalities considerations will be considered in the committee's work, as all participating authorities are subject to the same equalities duties.

9. **SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

9.1. There are no implications arising from this report.

10. **RISK MANAGEMENT IMPLICATIONS**

10.1. It is consistent with sound risk management that there are clear, lawful governance arrangements in place in respect of joint working between the Host Boroughs.

11. **EFFICIENCY STATEMENT**

11.1. The work dealing with contractual matters and other arrangements is shared between the Boroughs so that efficiencies in resources are achieved.

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

Brief description of "back ground papers"	Name and telephone number of holder and address where open to inspection.
None	F N/A

12. **APPENDICES**

None

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Agenda Item 10.10

Committee/Meeting: Cabinet	Date: 9 th February 2011	Classification: Unrestricted	Report No: CAB
Report of: Chief Executive Originating officer(s) Kevan Collins, Chief Executive		Title: Children's and Adults' Services Reorganisation Wards Affected: All	

Lead Member	Mayor Lutfur Rahman
Community Plan Theme	One Tower Hamlets; A Safe and Supportive Community
Strategic Priority	Efficient and effective services; Locally focused services empowering local people; Improved outcomes for vulnerable children and adults.

1. **SUMMARY**

1.1 This report is being brought forward to enable Members to consider the proposition that the existing two Council directorates of Children, Schools and Families Services and Adults, Health and Wellbeing Services should be reorganised into one new unified department, with some of the strategic and back offices functions passing to the centre.

1.2 Key issues include:

1.2.1 Whether the service and financial advantages of such a reorganisation in the medium to long term outweigh the disruption that any such major restructuring may bring in the short term;

1.2.2 Whether stakeholder support will be forthcoming for the proposal;

1.2.3 The risk to high performing Council services and well established links to key partners and stakeholders.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:

2.1 Approve the immediate commencement of stakeholder engagement with schools, health, relevant third sector and community organisations and other key stakeholders to establish whether there would be support for the reorganisation of the current Children, Schools and Families and Adults, Health and Wellbeing Directorates into a single unified Families, Children and Adults Service.

2.2 Request a further report from the Chief Executive to the next appropriate Cabinet meeting following the consultation with key stakeholders.

3. REASONS FOR THE DECISIONS

3.1 The Council is going through a period of major budget reductions but at the same time is as far as possible trying to maintain and even improve front line services to residents. The decision to proceed with the amalgamation of the two major Council departments into the Families, Children and Adults Services would make a significant contribution to the savings targets that the Council is currently aiming to achieve over the next four years.

3.2 At the same time, from the perspective of families who use these Council services, which in the case of schools is all families with school age children, these changes would result in a better, more holistic and seamless service which does not require handover of services between departments when looking at the needs of children, young people and adults in the family.

3.3 While the reorganisation of Council Departments is an internal Council matter subject only to the Council's own agreed reorganisation procedures, nevertheless the creation of a new Families, Children and Adults Service would bring change for service users including individual children, adults, families and related institutional providers such as schools, health providers and local communities.

3.4 For this reason, it is important to secure stakeholder buy in and support for the proposal, therefore the proposed process and timescale allows the Chief Executive to meet with key stakeholders to discuss the proposal and to bring a report back to the next appropriate Cabinet meeting setting out the responses and recommendations for the Mayor's consideration.

4. ALTERNATIVE OPTIONS

4.1 Alternative options would be either to:

- Do nothing and maintain the status quo;
- Look for opportunities to amalgamate council adults' social care services with community health provision;
- Review the current management arrangements and look for closer alignment and the operation of a 'Joint' management team.

4.2 The first two options have been considered but neither is recommended. The current interim arrangements covering the Corporate Director positions in these services needs to be resolved and it would be inappropriate not to take this opportunity to consider alternative leadership proposals. The uncertainty surrounding the nature and impact of changes to health services that are currently under discussion and subject to future legislation rule out the alternative of an amalgamation between adult's social care services and health either inside or outside the Council at this stage. However, together with full amalgamation under one Executive Director, the third alternative, to

consider is a 'joint' management solution will be examined and evaluated as part of the process.

5. BACKGROUND

- 5.1 As many as 10% of Local Authorities (LAs) have already gone down the route of amalgamating their Children's and Adults Services in one form or another. The Improvement and Development Agency (IDEA) published a study 'Think Family, Think Community' which reported in detail on 10 such LAs. Some did it right at the start when all Councils were having to reorganise to bring education and children's social care together as children's services. Others did it more recently as part of Council wide reorganisations to reduce the number of Council departments. This was sometimes part of an overall strategy to classify all council functions under one of three headings: People, Places or Resources. However, whatever the nature of the reorganisation, making budget savings was always a key political driver. We know that other authorities are now actively considering the option.
- 5.2 Most of the LAs that have done this have been graded as good, and occasionally outstanding, in the two services pre amalgamation, and the evidence is that they at least maintained and mostly improved upon that performance. The two exceptions to this were Surrey and Middlesbrough.
- 5.3 A strong view coming through from the study is that there is no 'one size fits all' model and each LA needs to sort out the best structural solution to meet its local circumstances.
- 5.4 No institution ever reaches a point where there is nothing that can be improved upon, and even at the level of maintaining peak performance it is necessary always to be open to change and development. External circumstances also change, necessitating review and re assessment. It is important for maintaining its freedoms to operate through making decisions locally rather than having them imposed centrally, that Tower Hamlets remains at the top of the tree, so it needs to be open to considering change even in its most successful areas. Therefore the first question to ask when considering whether to go ahead with this major structural change of unifying Adults' and Children's Services in one department, is: "Will this have an impact on the four star quality rating we have achieved and continuous improvement?"
- 5.5 This will be the first time that Tower Hamlets has considered such a proposal but as well as potentially delivering service improvements, it is also very much in line with a trend over recent years. We have seen a significant reduction in the number of Council departments and a reduction in the Corporate Management Team (8 in 2008 to, potentially, 5).
- 5.6 These considerations come at a time when there is an imperative to reduce Council spending and delay the management of the organisation. This development would send a powerful signal and demonstrate our

determination to delay management at the most senior levels of the Council.

- 5.7 Additionally, the Council has recently found that the advertising for the Director of the single Children, Schools and Families Directorate has not resulted in a strong field; our experience is not untypical of the national recruitment situation for Directors of Children's Services. A new Executive Director role spanning both adults' and children's services is expected to be more attractive and bring applications from serving Directors.

6. BODY OF REPORT

BENEFITS AND RISKS OF AMALGAMATING CHILDREN'S AND ADULTS' SERVICES

- 6.1 There are a number of potential benefits and advantages that would flow from bringing together Children's and Adults' Services, both from the perspective of individuals and families, of the Council as a whole and of its partners.
- 6.2 From the point of view of those using the services there are potential benefits from an amalgamated department which include:
- 6.2.1 Smoother transitions for children with complex needs from 0 to 25 and for young people moving on from the care system;
- 6.2.2 Increased intergenerational work and working with the family as a whole rather than with individuals defined by age;
- 6.2.3 Improvement in general health and well being by bringing together universal (education and schools) and targeted (adults) services, which had previously operated separately and with different perspectives and priorities, (which in turn also reduces the need for and spend on targeted services for individuals later on in their life).
- 6.3 From the point of view of the Council there are to be gained potential efficiencies and consolidation of its work internally through eliminating overlap and duplication:
- 6.3.1 There are a number of essential 'back office' support functions that can be more efficiently delivered in a unified department, or unified across the Council from the centre. These include strategy, policy and performance, commissioning, research and development, finance, HR and workforce development, IT and information, administration and business management;
- 6.3.2 There are also professional and service areas which both departments are involved with where there would be potential benefit in service delivery terms for them to be unified within one department. These areas include drugs, alcohol, and substance abuse, disability, safeguarding, domestic

violence, health promotion, family support, access and inclusion, all of which it is reported can benefit from the more holistic approach that results from having a combined department;

- 6.3.3 Organisationally, more effective working can be achieved by learning from each other and sharing good practice e.g. children's from adults' on fully delivering on integration, and adults' from children's on safeguarding;
- 6.3.4 A unified department also makes it easier if a LA wants to go down the route of integrated teams and a locality focus working from community bases.
- 6.4 Externally there are potential benefits to be gained by improving working with partners:
 - 6.4.1 Partners, especially health, would find it easier to relate to a unified service, because although they do sometimes deal with children and adults separately, their overall structure is not predicated upon a rigid split between the two;
 - 6.4.2 An unified service would result in better communication and more effective use of joint appointments and the Joint Strategic Needs Assessment would be considerably strengthened by there being a single strategic approach for all services, genuinely 'cradle to grave';
 - 6.4.3 A preliminary analysis of the Health White Paper indicates that the benefits to the Council's working relationship with the health service, particularly in the area of public health and health prevention, would be enhanced by moving to an amalgamated service for adults, children and families.
- 6.5 In terms of financial savings:
 - 6.5.1 Initial estimates show that savings in the area of £300k can be achieved just from restructuring the chief officer posts and their directorate support;
 - 6.5.2 It is through the lower levels of the restructure that the economies of scale and efficiency savings can be driven through. The new Director would be tasked with drawing up the detailed restructure proposals but an initial estimate suggests that a significant further amount could be saved once the restructure is complete, albeit that some of these savings may arise from current restructures (e.g. Strategy, Policy and Performance);
 - 6.5.3 CSF and AHWB commission a significant level of services. At present the commissioning functions work in isolation and we do not ordinarily consider provision that cuts across different members of the same family or provide for longer time spans crossing from childhood into adult services;

- 6.5.4 A number of the organisations provide commissioned services to both AHWB and CSF. Aligning budgets and driving single commissioning contracts will give the Council the opportunity to deliver better value for money.
- 6.6 The new job will be a big one and will require the successful recruitment of an outstanding person, who can take overall responsibility across the broad range of services that the newly amalgamated department will encompass. This will almost certainly mean recruiting with very senior management and leadership experience, including serving at Director level. While the span of control is large, that is true for all Executive Directors. The new department would account for a large proportion approximately 55% of the Council's budget but of this, a much smaller amount would be spent on directly managed staff as the rest is accounted for through devolved services e.g. the schools budget accounts for over 200 million per annum.
- 6.7 There may be a tension between the need to move quickly to achieve the savings and the need to win hearts and minds as to the benefits of the proposal in terms of service delivery, regardless of the budget situation. As well as the staff, directly affected, particular attention needs to be paid to bringing key partners from the health community and schools on side. GPs, Headteachers and governors will need to be reassured that within the new arrangements there will still be the expertise to give the strategic leadership at the highest level. Close working between the Council and the schools has helped to secure improvements and high standards in schools in Tower Hamlets. Likewise, in period of change and turbulence health partners will need reassurance and confidence that the Council is devoting sufficient strategic attention to the broad array of health matters.
- 6.8 Our priority is, and will remain, protecting our most vulnerable children and ensuring the safety and wellbeing of adults at risk. The proposal to bring the services closer together under a single management regime must set out how all risk factors will be evaluated and possible appropriate mitigating actions.

NEXT STEPS

- 6.9 Following today's meeting, if the recommendation is approved, the Chief Executive will write offering meetings to consult with key stakeholders and will report to members at the next appropriate Cabinet meeting. If the final decision is to go ahead with the proposal, the recruitment timetable suggests that the new executive Director would be in post by August 2011.
- 6.10 It is also proposed that there be an overlap period with the current acting Directors (if neither has been appointed to the new substantive post) remaining in office after the appointment of the new Director for at least one month. During this time the new structure will be drawn up and statutory consultation with the Trade Unions will take place. The new Director would then take full operational responsibility by October 2011, thus achieving part

year savings in 2011/2012 and the full restructure completed and savings achieved in 2012/2013.

- 6.11 Under Article 7 (The Mayor and the Executive), part 7.05 (Cabinet Responsibilities) of the Council's Constitution, the determination of the number and scope of portfolios held by Cabinet Members is at the Mayor's discretion. These portfolios can be amended from time to time as and when the Mayor deems fit and will be effected by the Monitoring Officer as soon as reasonably practicable when so advised by the Mayor. Accordingly, if the reorganisation goes ahead, the Mayor will determine whether he wishes to have one Cabinet Member for the whole directorate or two Cabinet Members - one for Children and one for Adults – to ensure a specific focussed overview and political leadership for each area.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 The report sets out proposals to unify the Children, Schools & Families and Adults, Health & Wellbeing Directorates into one new department. At this stage the decision Members are being asked to take is to refer the matter to consultation and there are no financial implications involved in that decision.

- 7.2 The reorganisation would save the budget for one Corporate Director post and relevant support and opens up the possibility of rationalising and reorganising back-office services of the two existing Directorates and reviewing the delivery of certain front-line activities. This is expected to deliver a minimum of £300,000 a year in savings with the potential for significantly greater savings arising from a detailed review. The first full year of savings would be 2012/13, and the current Medium Term Financial Plan identifies a savings gap in that year which this proposal could help to fill.

- 7.3 There would almost certainly be implementation costs especially in relation to the reorganisation and these would be likely to be affordable on an invest to save basis, although more specific proposals would need to be assessed in detail. The costs of reorganisation would need to be met from Council reserves and contingencies.

- 7.4 The reorganisation has the potential to facilitate greater value for money savings and efficiencies in future years from such areas as the use of finance, procurement, commissioning and localised working.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 There are no legal implications in this report.
- 8.2 The Council's Human Resources procedures would be followed in any subsequent restructure.

9. ONE TOWER HAMLETS CONSIDERATIONS

9.1 As this report is only proposing the commencement of consultation, there are no immediate One Tower Hamlets considerations.

9.2 If Cabinet agree the recommendations contained within this report, the subsequent report to Cabinet will contain full One Tower Hamlets considerations for the proposed amalgamation.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 There are no sustainability issues arising from this report.

11. RISK MANAGEMENT IMPLICATIONS

11.1 There are no risk management implications arising from this report.

11.2 If Cabinet agree the recommendations contained within this report, the subsequent report to Cabinet will contain full risk management implications for the proposed amalgamation.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no crime and disorder reduction implications arising from this report.

13. EFFICIENCY STATEMENT

13.1 Although this report is concerned with reviewing and changing the use of resources, the recommendations only authorise the Chief Executive to carry out consultation with stakeholders on those proposed changes.

13.2 If Cabinet agree the recommendations contained within this report, the subsequent report to Cabinet will contain a full efficiency statement for the proposed amalgamation.

14. APPENDICES

None

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report
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Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
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None	-
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Agenda Item 14

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