

LONDON BOROUGH OF TOWER HAMLETS

RECORD OF THE DECISIONS OF THE CABINET

HELD AT 5.40 P.M. ON WEDNESDAY, 13 FEBRUARY 2013

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

Mayor Lutfur Rahman	(Mayor)
Councillor Ohid Ahmed	(Deputy Mayor)
Councillor Rofique U Ahmed	(Cabinet Member for Regeneration)
Councillor Shahed Ali	(Cabinet Member for Environment)
Councillor Abdul Asad	(Cabinet Member for Health and Wellbeing)
Councillor Alibor Choudhury	(Cabinet Member for Resources)
Councillor Shafiqul Haque	(Cabinet Member for Jobs and Skills)
Councillor Rabina Khan	(Cabinet Member for Housing)
Councillor Rania Khan	(Cabinet Member for Culture)
Councillor Oliur Rahman	(Cabinet Member for Children's Services)

Other Councillors Present:

Councillor Kabir Ahmed	(Executive Advisor to the Mayor and Cabinet)
Councillor Marc Francis	
Councillor Peter Golds	(Leader of the Conservative Group)
Councillor Ann Jackson	(Chair, Overview & Scrutiny Committee)
Councillor Md. Maium Miah	(Advisor to the Mayor and Cabinet on Third Sector and Community Engagement)
Councillor John Pierce	
Councillor Gulam Robbani	

Officers Present:

Katherine Ball	– (Senior Accountant, Development & Renewal)
Sarah Barr	– (Senior Strategy Policy and Performance Officer, One Tower Hamlets, Chief Executive's)
Robin Beattie	– (Service Head, Strategy & Resources & Olympic Impact, Communities Localities & Culture)
Kate Bingham	– (Acting Service Head Resources, Children Schools & Families)
Isobel Cattermole	– (Corporate Director, Education, Social Care and Wellbeing)
Dave Clark	– (Head of Programmes, Performance and Accountability, Development & Renewal)
Aman Dalvi	– (Corporate Director, Development & Renewal)
Alan Finch	– (Interim S151 Officer, Service Head Financial Services, Risk & Accountability, Resources)
Isabella Freeman	– (Assistant Chief Executive - Legal Services, Chief Executive's)

Stephen Halsey	– (Head of Paid Service and Corporate Director Communities, Localities & Culture)
Chris Holme	– (Acting Corporate Director - Resources)
Ellie Kuper-Thomas	– (Strategy, Policy and Performance Officer - Executive Mayor's Office, One Tower Hamlets, Chief Executive's)
Paul Leeson	– (Finance Manager, Development & Renewal)
Ann Sutcliffe	– (Service Head Strategic Property, Development and Renewal)
Emily Blackshaw	– (Communications Team Leader)
Numan Hussain	– (Political Advisor to the Mayor, Executive Mayor's Office, Chief Executive's)
Matthew Mannion	– (Committee Services Manager, Democratic Services, Chief Executive's)

The following is a record of those decisions taken by the Cabinet at their meeting held on Wednesday 13 February 2013.

Most decisions may be 'called in', by the Assistant Chief Executive, for scrutiny by the Overview and Scrutiny Committee to be held on **Tuesday 12 March 2013** on receipt of a written request.

The **deadline** for the receipt of any such written request is **5.00pm on Friday 22 February 2013**. Such requests should be made to John Williams, Service Head Democratic Services-Tel 020 7364 4204.

The request to "call in" a decision must comply with the requirements set out in the Council's Constitution (Part 4 – Rules of Procedure, Section 4.5 – Overview and Scrutiny Procedure Rules, Rules 16.2 and 16.3). This sets out the time-scale for "call in", those persons who may "call in" and those details the request must contain.

The Council's Constitution (Part 4 – Rules of Procedure, Section 4.5 – Overview and Scrutiny Procedure Rules, Rule 16.4) **sets out those decisions that may not be "called in"** for further consideration by the Overview and Scrutiny Committee.

Report authors will be advised by Democratic Services if any decision in respect of an item they have placed on the agenda has been "called in".

Any decision not "called in" for scrutiny can be implemented on Monday 25 February 2013.

Any decision 'called in' for scrutiny but supported by the Overview and Scrutiny Committee, at its meeting on Tuesday 12 March 2013, **can be implemented** the following day, **Wednesday 13 March 2013**.

Any decision 'called in' for scrutiny but not supported by the Overview and Scrutiny Committee, at its meeting on Tuesday 12 March 2013, will be

referred back to the Mayor in Cabinet for further consideration on Wednesday 13 March 2013.

MR L. RAHMAN (MAYOR) IN THE CHAIR

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

None were declared.

3. UNRESTRICTED MINUTES

The unrestricted minutes of the ordinary meeting of the Cabinet held on 9 January 2013 were presented for information.

4. PETITIONS

No petitions were received.

5. OVERVIEW & SCRUTINY COMMITTEE

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

Pre decision scrutiny questions and discussion on Agenda Item 10.2 (General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2013/14 – 2015/16 were **tabled** and noted.

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

Nil items.

6. A GREAT PLACE TO LIVE

6.1 Options for the Refurbishment of Phase 3 of the Council's Shorlife Housing Properties

Decision

1. To agree to Option 1, outlined at section 6 below, and authorise the investment of council resources in refurbishing eleven properties (numbers 9, 11, 46, 48, 50, 52, 58, 62 and 64 Bruce Road E3, 93 Old Ford Road E3 and 34 Mount Terrace E1) and bringing them back into use as council tenancies to be managed by THH. The

twelfth property is already in the process of refurbishment, as detailed at paragraph 5.5.

2. To agree to award all eligible TUSH members (as outlined at paragraph 6.8) resident in these properties and registered on the council's housing waiting list additional management priority points to enable them to bid for suitable replacement housing in line with the Council's lettings policy.
3. To approve the allocation of capital resources to accomplish the refurbishment of the eleven houses, and adopt a capital estimate of £1.7 million to enable the scheme to be included within the capital programme.
4. To delegate further decisions on the awarding of a contract to refurbish the properties and the options for carrying out additional works to one of the properties (see details of 34 Mount Terrace at paragraph 6.6) to the Corporate Director of Development & Renewal after consultation with the Assistant Chief Executive and the Mayor.

Action by:

CORPORATE DIRECTOR OF DEVELOPMENT AND RENEWAL (A. DALVI)

(Service Head, Strategy, Innovation & Sustainability, J. Odunoye)

Reasons for the decision

A decision was taken by Cabinet in November 2006 to dispose of all the shortlife properties to local RSLs in exchange for nominations to tenancies of the improved properties. This became impossible to implement for all of the shortlife portfolio, due to the high costs of refurbishment and the lack of availability of social housing grant to support the works costs.

The condition of the properties is almost certainly below the Decent Homes standard and most of them are evidently in need of major refurbishment. The poor condition of some of the properties, especially those which are squatted, degrades the local environment to the detriment of neighbouring residents.

The current head licensee of eight of the properties, Network Stadium Housing Association, have made the Council aware that they wish to hand responsibility for the houses back to the Council. Legal advice has been taken on the practical measures needed to accomplish the end of these shortlife licences, which were issued many years ago.

Alternative options have been considered for the future of these properties including the two being put forward in this report and are noted in section 4 below. Although the option being recommended for approval is the most costly in terms of Council resources, it will accomplish the return of all of these properties to the general housing stock owned by the Council and will provide a very valuable resource for families on the waiting list.

Alternative options

Option 1 Council investment in the refurbishment is considered at section 6 below. Option 2 Disposal via a lease to the TUSH coop is considered in detail at section 7 below.

Option 3 is to dispose of the properties to one of the Council's partner RPs. One RP carried out a desktop exercise in 2011 to assess the possible benefits of such a sale. It was estimated that 6 of the 12 properties could be refurbished for social rent nominations using funding raised by selling the remaining 6 on the open market, in the absence of available housing grant. This disposal would have resulted in no receipt for the council, but would have provided nominations to 6 three bedroom houses for social rent tenancies with the RP.

Option 4 is to dispose of the properties on the open market and use the receipt to finance other works to provide new affordable housing either on the council's own sites or via grants to RPs to subsidize the production of newbuild social rent tenancies.

Option 5, of leaving the houses in their current condition is not considered to be a valid alternative. Whilst the coop maintain their houses in a satisfactory state for their membership, the state of the squatted houses requires action by the Council.

6.2 London Housing Consortium**Decision**

1. To agree the revised constitution for the LHC Appendix 1.
2. To appoint two Members, one Executive (Councillor Rabina Khan) and one non-Executive (Councillor Kabir Ahmed) to represent the Council on the joint Committee in line with the Council's external appointment procedures.
3. To authorise the Corporate Director of Development and Renewal in consultation with the Mayor to agree any future alterations to the Constitution for the London Housing Consortium

Action by:

CORPORATE DIRECTOR OF DEVELOPMENT AND RENEWAL (A. DALVI)
(Strategic Housing Manager, M. Ling)

Reasons for the decision

To enable the Council to continue to contribute to the LHC and benefit from the financial rebate that arises from membership of the organisation.

Alternative options

The Council could withdraw from the London Housing Consortium. If it was to pursue this option it could lead to a loss of revenue and result in higher procurement costs for works to Council owned properties.

It is possible for members to propose amendments to the proposed constitution for the London Housing Consortium but such amendments would need to be agreed by a majority of the members of the LHC Board.

7. A PROSPEROUS COMMUNITY

Nil items.

8. A SAFE AND COHESIVE COMMUNITY

Nil items.

9. A HEALTHY AND SUPPORTIVE COMMUNITY

Nil items.

10. ONE TOWER HAMLETS

10.1 Housing Revenue Account Budget Report - 2013/14

Decision

Revenue

1. To approve the draft 2013/14 Housing Revenue Account budget as set out in Appendix 1.
2. To approve the draft 2013/14 Management Fee payable to Tower Hamlets Homes (THH) of £32.429 million as set out in Table 3 in section 9.2.
3. Subject to 2. above, note that under the Management Agreement between the Council and THH, THH will manage delegated income budgets of £84.2 million and delegated expenditure budgets of £25.1 million on behalf of the Council in 2013/14.
4. To note the HRA Medium Term Financial Plan (2013-16) outlined in Appendix 2.

Capital

5. To adopt a capital estimate of £980,000 for the award of Disabled Facilities Grants, as outlined in paragraph 12.1, subject to funding being confirmed by the DCLG and the Department of Health.
6. To adopt a capital estimate of £250,000 in respect of Private Sector Improvement Grants, including Empty Property Grants, for 2013-14, to be financed from ring-fenced resources received from the East London Renewal Partnership (paragraph 12.2).

7. To agree to increase the capital estimate in respect of conservation works for Bethnal Green Terrace by £351,000, as outlined in paragraph 13.1.
8. To adopt a capital estimate of £320,000 in respect of pedestrian crossing works in Whitechapel Road, as outlined in paragraph 13.2.

Action by:**CORPORATE DIRECTOR OF DEVELOPMENT AND RENEWAL (A. DALVI)**

(Service Head Resources, C. Holme)

(Finance Manager, P. Leeson)

(Senior Accountant, Development and Renewal, K Ball)

Reasons for the decision

The Mayor 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.

In accordance with Financial Regulations, capital schemes must be included within the Council's capital programme, and capital estimates adopted prior to any expenditure being incurred. This report seeks the adoption of the necessary capital estimates for various schemes in order that they can be progressed.

Alternative options

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.

10.2 General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2013/14-2015-16

The **Mayor** accepted the Reasons for Urgency for the Supplementary Report as stated in the report.

Decision

1. To agree that a General Fund Revenue Budget of £297.806m and a Council Tax (Band D) of £885.52 for 2013-14 be referred to budget council for consideration.
2. To note the following matters -

a. Budget Consultation

The summary provided of the budget consultation, which includes the comments and recommendations of the overview and scrutiny committee.

b. Funding

The funding available for 2013-14 and the indications and forecasts for future years (section 8) and note the introduction of the new local government funding system (Appendix 2).

c. Base Budget 2013-14

- The Base Budget for 2013-14 as £293.865m as detailed in Appendix 1.2.

d. Growth and Inflation

- The risks identified from potential inflation and committed growth arising in 2013-14 and future years and as set out in Section 9 and in Appendix 3.

e. General Fund Revenue Budget and Medium Term Financial Plan 2013-14 to 2015-16

The initial budget proposal and Council Tax for 2013-14 together with the Medium Term Financial Plan set out in Appendix 1 and the savings targets arising.

f. Savings

Savings items proposed to be included in budgets for 2013-14 and future years set out in Section 10 and in Appendices 4.

g. Mayors Priorities

Initiatives to be included in the budgets for 2013-14 and 2014-15 set out in Section 10.3 and in Appendix 5.

h. Capital Programme

The capital programme to 2014-15, including the proposed revisions to the current programme as set out in section 14 and detailed in Appendix 9.

i. Dedicated Schools Grant

The position with regard to Dedicated Schools Grant as set out in section 12 and Appendix 7.

j. Housing Revenue Account

The position with regard to the Housing Revenue Account as set out in section 13 and Appendix 8.

k. Financial Risks: Reserves and Contingencies

Advice on strategic budget risks and opportunities as set out in section 11 and Appendices 6.1, 6.2 and 6.3.

l. Reserves and Balances

The position in relation to reserves as set out in the report and further detailed in Appendices 6.1 and 6.3, and officers' advice on the strategy for general reserves at 8.40.

3. To note the advice of the chief financial officer in relation to resources available to fund one-off priorities in the next two financial years.
4. To agree to utilise £1m of capital receipts to part fund the Faith Buildings initiative announced at Cabinet on 3rd October 2012 and adopt a capital scheme for this purpose.
5. To accept the following Accelerated Delivery proposals as set out in Appendix 5 of the pack;
 - The Mayor's Higher Education Bursary at a cost of £1.260m over two years.
 - Borough-wide deep clean and education programme at a cost of £0.800m.
 - Roman Road Town Centre Improvements and Brick Lane Commercial District initiatives at a cost of £0.355m.
 - Measures to protect vulnerable residents in temporary accommodation from the impact of welfare reform at a cost of £1.000m

(These measures totalling £3.415m to be met from surplus earmarked reserves up to a value of £2.065m and the balance of £1.350m from additional savings identified during the budget process.)
6. To propose the following further measures, the details of which are included in the pro-forma papers attached to the amendment to the main report;
 - Free School Meals for reception and year 1 pupils in Tower Hamlets Primary Schools, free schools and academies for two academic years at a cost of £2.756m, to be funded from Public Health Grant.

- An additional 10 'THEOs' and additional CCTV surveillance for two years at a cost of £1.330m, to be funded from additional revenue savings identified during the budget process.
- Repair of pot holes at a cost of £0.200m to be funded from additional revenue savings identified during the budget process.
- Investment of £3.000m towards the provision of a multi-faith burial site for Tower Hamlets residents to be adopted as a scheme in the capital programme and funded from capital receipts.
- Measures to support cycling at a cost of £0.100m to be adopted as a scheme in the capital programme and funded from capital receipts.
- An additional £1.000m in capital grants for Faith Buildings to be adopted in the capital programme and funded from capital receipts.

Action by:**INTERIM CORPORATE DIRECTOR OF RESOURCES (C. HOLME)**

(Service Head, Financial Services, Risk and Accountability, A. Finch)

Reasons for the decision

The Council is under an obligation to set a balanced budget for the forthcoming year and to set a Council Tax for the next financial year by 7th March 2013. The setting of the budget is a decision reserved for Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Overview & Scrutiny Committee at this meeting to allow for due process.

The announcements that have been made about Government funding for the authority require a robust and timely response to enable a balanced budget to be set.

Alternative options

The authority is bound to respond to the cuts to Government funding of local authorities and to set an affordable Council Tax and a balanced budget, while meeting its duties to provide local services. This limits the options available to Members. Nevertheless, the authority can determine its priorities in terms of the services it seeks to preserve and protect where possible, and to a limited extent the services it aims to improve further, during the period of cuts.

10.3 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2013-14**Decision**

1. To recommend that Full Council adopt:

- 1.1. The Treasury Management Strategy Statement set out in sections 6-11 of this report.
 - 1.2. The Annual Investment Strategy set out in section 12 of this report.
 - 1.3. The Minimum Revenue Provision Policy Statement set out in section 13 of this report, which officers involved in treasury management must then follow.
2. To delegate to the Interim Corporate Director of Resources, after consultation with the Lead Member for Resources, authority to vary the figures in this report to reflect any decisions made in relation to the Capital Programme prior to submission to Budget Council.

Action by:**INTERIM CORPORATE DIRECTOR RESOURCES (C. HOLME)**

(Service Head, Financial Services, Risk and Accountability, A. Finch)

(Chief Financial Strategy Officer, O. Shonola)

Reasons for the decision

It is consistent with the requirements of treasury management specified by CIPFA, to which the Council is required to have regard under the Local Government Act 2003 and regulations made under that Act, for the Council to produce three strategy statements to support the Prudential Indicators which ensure that the Council's capital investment plans are affordable, sustainable and prudent. The three documents that the Council should produce are:

- Treasury Management Strategy, including prudential indicators
- Investment Strategy
- Minimum Revenue Provision Policy Statement;

Alternative options

The Council is bound by legislation to have regard to the CIPFA requirements for treasury management. If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that the Council's capital investment plans are affordable, sustainable and prudent.

The strategies and policy statement put forward in the report are considered the best methods of achieving the CIPFA requirements. Whilst it may be possible to adopt variations of the strategies and policy statement, this would risk failing to achieve the goals of affordability, sustainability and prudence.

10.4 Quarter 3 - Special Contracts Forward Plan

1. To consider the contract summary at Appendix 1, and identify those contracts about which specific reports – relating either to contracting strategy or to contract award – should be brought before Cabinet prior to contract award by the appropriate Corporate Director for the service area; and

2. To authorise the relevant Corporate Director who holds the budget for the service area to award the contract or contracts in consultation with the Assistant Chief Executive (Legal Services),
3. To authorise the Assistant Chief Executive (Legal Services) to execute all necessary contract documents in respect of the awards of contracts referred to at recommendation 2 above.

Action by:**INTERIM CORPORATE DIRECTOR RESOURCES (C. HOLME)**

(Service Head Procurement and Corporate Programmes, H. Sharkey)

Reasons for the decision

The Council's Procurement Procedures require submission of a quarterly forward plan of contracts for Cabinet consideration, and it is a requirement of the Constitution that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250,000, and any contract for capital works with an estimated value exceeding £5,000,000, shall be approved by the Cabinet in accordance with the Procurement Procedures". This report fulfils these requirements for contracts to be let during and after the period Q3/Q4 of the Financial Year.

Alternative options

Bringing a consolidated report on contracting activity is considered the most efficient way of meeting the requirement in the Constitution, whilst providing full visibility of contracting activity, therefore no alternative proposals are being made.

11. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil items.

12. UNRESTRICTED REPORTS FOR INFORMATION**12.1 Exercise of Corporate Directors' Discretions**

1. To note the exercise of Corporate Directors' discretions as set out in Appendix 1.

13. EXCLUSION OF THE PRESS AND PUBLIC

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” – 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
 - Agenda item 16.1. “Asset Rationalisation Review (Depots and Town Hall)” 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” – 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
 - Agenda item 16.1. “Asset Rationalisation Review (Depots and Town Hall)” 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.

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

14. EXEMPT / CONFIDENTIAL MINUTES

The Exempt/Part II minutes of the ordinary meeting of the Cabinet held on 9 January 2013 were **tabled** for information.

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

16.1 Asset Rationalisation Review (Depots and Town Hall)

The Mayor considered the report and subject to minor amendments agreed its recommendations.

Reasons for the decision

As stated in the Part II/Exempt Decision sheet.

Alternative options

As stated in the Part II/Exempt Decision sheet.

17. A PROSPEROUS COMMUNITY

Nil items.

18. A SAFE AND COHESIVE COMMUNITY

Nil items.

19. A HEALTHY AND SUPPORTIVE COMMUNITY

Nil items.

20. ONE TOWER HAMLETS

Nil items.

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

Nil items.

22. EXEMPT / CONFIDENTIAL REPORTS FOR INFORMATION

Nil items.

The meeting ended at 7.08 p.m.

Isabella Freeman
ASSISTANT CHIEF EXECUTIVE (Legal Services)