

Committee: Overview and Scrutiny Committee	Date: 3 December 2013	Classification: Unrestricted	Report No:
Report of: Service Head, Democratic Services Originating officer(s) Matthew Mannion, Committee Services Manager		Title: Reference from Council – Watts Grove Depot Project Wards Affected: All Wards	

REASONS FOR URGENCY

This matter was considered by the Overview and Scrutiny Committee at its meeting on 5 November 2013, following which the matter was adjourned with requests for action as outlined in this report. Unfortunately, the time taken to complete the work was such that this report was not published with the main agenda for the Committee’s meeting of 3 December 2013. Given that the Committee is responding to a request from Council, the Committee may wish to deal with the item at its meeting of 3 December 2013 rather than waiting to a later meeting so as to allow the statutory notice period to be met.

1. **SUMMARY**

- 1.1 At its meeting on 18 September 2013, Council passed a Motion expressing concern at the Mayor’s decision on 29 July 2013 to scrap the Watts Grove Depot redevelopment project and also questioning the suitability of the financial mechanisms used to fund Dame Colet House and Poplar Baths.
- 1.2 Council referred the issues to the Overview and Scrutiny Committee and asked it to investigate in detail and to report back to Council on 27 November 2013.
- 1.3 The request was considered at the Overview and Scrutiny Committee meeting on 1 October and it was agreed that a full report on the issue would be prepared for consideration at the meeting to be held on 5 November 2013 and that report is therefore attached as an Appendix to this reference report.
- 1.4 The Overview and Scrutiny Committee met on the 5th November 2013 to consider the report prepared by officers. At this meeting it was resolved that the matter be adjourned for further consideration, as outlined in paragraphs 4.3 and 4.4 of this update report.

2. **RECOMMENDATIONS**

The Overview and Scrutiny Committee is recommended to:-

- 2.1 Review the attached report on the issue and prepare a response for submission back to Council.

3. **BACKGROUND**

- 3.1 The Overview and Scrutiny Procedure Rules as set out in Part 4 of the Constitution entitles the Committee to consider work requests submitted by Council. Should the Overview and Scrutiny Committee decide to accept the request then it can submit a report containing their recommendations back to Council for them to consider at their next meeting. The relevant paragraph of the Overview and Scrutiny Procedure Rules is set out below for information.

9.2 The Overview and Scrutiny Committee shall also respond, as soon as its work programme permits, to requests from the Council and if it considers it appropriate the Mayor or Executive to review particular areas of Council activity. Where they do so, the Overview and Scrutiny Committee shall report their findings and any recommendations back to the Mayor/Executive and/or Council. The Executive shall consider the matter at one of its next two meetings following receipt of the report. If the matter is relevant to the Council only then will they consider the report at their next meeting.

4. **BODY OF REPORT**

- 4.1 At its meeting on 18 September 2013, Council passed the following motion in respect of the Watts Grove Depot redevelopment:

12.3 Motion regarding the Mayor's Decision to Scrap the Watts Grove Depot redevelopment

Councillor Carlo Gibbs **moved**, and Councillor Khales Uddin Ahmed **seconded**, the motion as printed on the agenda.

Following debate, the motion was put to the vote and was **agreed**.

DECISION

This Council notes:

- The Mayor's decision on the 29th July to scrap the Council's redevelopment of the Watts Grove Depot site.
- That this decision was taken in secret behind closed doors and without any opportunity for scrutiny from residents of councillors as would have been the case were it made at Cabinet two days later.

- Scrapping the development of Watts Grove will mean the 149 planned social homes will now not be built.
- In the report the Chief Finance Officer wrote that *“It is estimated that as a result of the project the net deficit in the HRA will increase by between £200k and £900k from 2015/16 onwards”* making the development unaffordable.
- The motion proposed by Cllrs Gibbs and Peck at this year’s Budget which stated:
 - *That between the Chancellor’s Emergency Budget in 2010 and 2017/18, the Council’s General Fund budget will have been cut by 50%;*
 - *The Council’s Medium Term Financial Plan is showing a black hole of £39m in 2015/16, £24m of which is unfunded, and a deficit of at least £55m is anticipated in 2016/17;*
 - *In facing these cuts the residents of this borough deserve openness and honesty about how those elected to represent them will deal with this issue;*
 - *The Mayor has lost control of the Council’s finances and has no proposals - such as an invest to save strategy, star chamber programme or review of service - to deal with this black hole;*
- There are over 20,000 people on the housing waiting list
- The Mayor wrote in his decision that he would *“reconsider the decision to declare the Watts Grove Depot surplus to requirements” meaning the site would not be available for development.”*
- The Mayor wrote in the ELA on the 14th August that *“scheme has not been scrapped and it will be going ahead”*

This Council believes:

- That the Mayor was warned about the impact of his mismanagement of Council finances and did nothing.
- The cancellation of Watts Grove could have been avoided had the Mayor listened to Labour councillors and got a grip on the Council’s finances.
- 20,000 residents on the housing waiting list have been thoroughly let down by the Mayor who has failed to deliver the much needed council housing he promised, and that it is residents who are paying the price for the Mayor’s financial incompetence.
- The Chief Finance Officer’s report raises serious concerns about the mechanism used by the Mayor to fund the redevelopments of Dame Colet House and Poplar Baths.
- By taking the decision in secret, behind closed doors, the Mayor further demonstrated his contempt for any kind of scrutiny of his actions and that this is a further insult to residents who are concerned about the housing shortages in the borough and whom he is supposed to represent.

- The Mayor's contradictory and inaccurate statements to the media are misleading and unacceptable.

This Council resolves:

- To instruct the Overview and Scrutiny Committee to investigate the reasons for the collapse of the Watts Grove Depot project, and the sustainability and suitability of the financial mechanisms used to fund Dame Colet House and Poplar Baths and to report back to Council in November on its findings.
- To call upon the Mayor to come clean about the state of the Council's finances and to put in place a plan to balance the Council's books.
- To require the Section 151 officer to report to councillors within the week how much money including an estimate of officer time has been spent to date on the Watts Grove Project.

4.2 The Overview and Scrutiny Committee at its meeting on 1 October accepted this request and this report provides details about the issue to be examined.

4.3 The Overview and Scrutiny Committee met on the 5th November to review the report produced by officers in response to the Committee's request. Following consideration of the matter, the Committee determined:

- That further consideration be deferred to the meeting of the OSC to be held on 3rd December 2013;
- The Corporate Director Development and Renewal be instructed to provide the further information requested by the Overview and Scrutiny Committee for consideration at this meeting; and
- That appropriate arrangements be made for Overview and Scrutiny Committee members to access any relevant exempt or confidential information in advance of the meeting.

4.4 The further information requested by the committee included:

- Chronology order of the reports issued to the committee (this is attached at Appendix 8).
- A copy of all advice provided to the Mayor in relation to Watts Grove.

4.5 It is confirmed that all advice provided to the Mayor in respect to the decisions made for the Watt Grove development have been provided in the reports to this Committee.

4.6 Following a request made by the Chair at the meeting of 5 November 2013, a review has been undertaken of the commercial sensitivity of the reports relating

to the Watts Grove and Poplar Baths projects. As a result of this review, a report to Cabinet of 4 July 2012 has been included as Appendix 4 to this report.

5. COMMENTS OF THE CHIEF FINANCIAL OFFICER

5.1 All relevant financial matters are set out in the attached appendices.

6. LEGAL COMMENTS

6.1 All relevant legal matters are set out in the attached appendices.

7. ONE TOWER HAMLETS CONSIDERATIONS

7.1 Any relevant matters are set out in the attached appendices.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 Any relevant matters are set out in the attached appendices.

9. RISK MANAGEMENT IMPLICATIONS

9.1 Any relevant matters are set out in the attached appendices.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 Any relevant matters are set out in the attached appendices.

11. EFFICIENCY STATEMENT

11.1 Any relevant matters are set out in the attached appendices.

12. APPENDICES

Appendix 1 – Finance response

Appendix 2 – Project review

Appendix 3 – Executive mayor decision

Appendix 4 – 4 July 2012 Unrestricted and restricted Cabinet report

Appendix 5 – Relevant 4 July 2012 Cabinet decisions

Appendix 6 – 9 January 2013 Unrestricted Cabinet report

Appendix 7 – Relevant 9 January 2013 Cabinet decisions

Appendix 8 – Chronological order of reports issued to OSC

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	N/A