CABINET

Meeting held on 5th February 2019
in Council Chamber, Newham Town Hall, East Ham, E6 2RP

Present: Rokhsana Fiaz OBE (Chair)

Cabinet

Members Councillors John Gray, Charlene McLean,
Zulfiqar Ali, Julianne Marriott, James Beckles,
Susan Masters, Terry Paul and Sarah Ruiz

Cabinet

Assistants: Councillors Carleene Lee-Phakoe, Shaban
Mohammed and Firoza Nekiwala

The meeting commenced at 6.11 p.m. and closed at 8.35 p.m.

1. Apologies for Absence

Apologies for absence were received from Councillors James Asser and Rachel Tripp.

2. Declarations of Interest

There were no declarations of interest.

3. Appointments to Outside Bodies

There were no appointments to outside bodies made at the meeting.

4. Request to make a Deputation

The Mayor announced that she had received a request for a deputation to address the Cabinet in respect of agenda item 12 - Proposed changes to the Every Child programme and for a new enrichment programme for children and young people

The Mayor therefore proposed to consider this item following agenda item 5 - Budget Scrutiny 2019 Report and Executive Response.

The reminder of the items would then be considered as set out on the agenda.

5. Budget Scrutiny 2019 Report and Executive Response

Cabinet received this report setting out the Budget Scrutiny report and recommendations. As it had not been possible to agree the report unanimously, a Minority Report supported by some Members had been submitted as an appendix to the main report.
The Mayor and Cabinet were invited to respond to the Budget Scrutiny report and recommendations before the report and Executive Response were considered by full Council on 18th February 2019.

The Mayor informed the meeting that she was a former Member of Overview and Scrutiny, which provided a vital function in the enhancement of transparency. She said that this administration had supported Scrutiny to enable the Executive to arrive at better decision making. She explained that it had not proved possible to include the Executive response with the Scrutiny report; however this would be available for the Full Council meeting on the 18th February 2019.

Councillor McAlmont introduced the Budget Scrutiny report stating that the Budget Working Party had devoted extensive time to consider the budget proposals and thanked Budget Working Party Members for their work. Councillor McAlmont said that this was a transitional budget and commended the Mayor and Cabinet for proposing a balanced budget without recourse to the Council’s reserves.

Councillor McAlmont advised the meeting that the Budget Working Party considered a wide range of written and oral evidence in order to provide the Scrutiny Budget Report; however there were some Members who were not in agreement with the report and a Minority report was produced and was appended.

Councillor McAlmont sated that there was an absence of a transformation strategy in the budget proposals and the Budget Working Party looked forward to scrutinising this before the mid year review. He added that a comprehensive Equality Impact Assessment Study had been commissioned which was not available for the Budget Working party to consider and again he looked forward to scrutinising this before the mid year review.

Councillor Blaney introduced the Minority report and advised that although Councillor Easter had not been present at the meeting when the minority report had been agreed, she supported the report.

Councillor Blaney advised that the minority report could not agree with the introductory remarks that the budget had been driven by budget pressures as opposed to clear Mayoral Priorities. He added that the minority report also did not endorse the recommendation to call for 2% savings as this did not fit with the CIPFA briefing Members had attended in January.

Councillor Paul thanked the Budget Working Party for the report and in response to concerns over the Equality Impact Assessment Study stated that an extensive Equalities Assessment was attached to the Budget proposals report as an appendix.

The Section 151 Officer stated that it had been clear during the Budget Working Party process that the equalities assessment was a work in
progress and the final version had been presented to Cabinet.

The Mayor reiterated that the Executive response to the Budget Scrutiny Report but this would be submitted to the Council meeting scheduled for the 18th February 2019.

**Decision**

For the reasons set out in the report Cabinet RESOLVED to AGREE the Budget Scrutiny 2019 report and that an Executive Response would be presented to Council on 18th February 2019.

**Alternatives considered**

The scrutiny committees considered the evidence presented and concluded with the consideration of a draft report and a minority report, which were both attached. The Minority Report was attached as an appendix to the main scrutiny report.


Cabinet received this report which set out budget proposals for 2019/20. The report set out that the budget for 19/20 would to some extent be a transitional year. It would take time to work through the planning cycle linking a corporate plan to a new medium term financial strategy and to develop a revised set of savings proposals to deliver a balanced budget over the medium term.

The budget had been informed through open engagement with the residents of Newham, consideration of equality impact assessments and through the most rigorous budget scrutiny process ever held by the Council to date involving all Councillors. This approach embodied a new style of local government leadership which was predicated on the principles of openness, transparency and good governance.

The Mayor commented that there were as previously stated a high number of residents of the Council’s waiting list and many families in temporary accommodation and this Council had been scarred by devastation and poverty. The Mayor said that the current administration had ambitions to ensure a programme of change to reversing this position.

The Mayor advised the meeting that the previous administration had frozen council tax for a number of years and this had not allowed the Council to raise money to provide services. The Council faced ongoing constraints and years of uncertainty because of Brexit and this was a re-positioning budget which would deliver promises made. The Mayor thanked officers and Cabinet Members for their efforts to complete the budget.
Councillor Paul introduced the budget proposals stating that this was a balanced budget without the use of reserves concluded on the back of improving financial and governance controls.

Councillor Paul advised Cabinet that he proposed to add a recommendation in respect of funding the cost of revisions to staff terms and conditions around maternity pay. Discussions would commence with Trade Unions on these terms and conditions.

Decision

For the reasons set out in the report Cabinet RESOLVED to AGREE

i) The Council’s General Fund Budget Requirement for 2019/2020 to be set at £260.630m as set out in paragraph 4.7 and appendix A of the report;

ii) A 2.9% increase in the Newham element of the Council Tax for 2019/2020 as set out in paragraphs 4.11 to 4.17;

iii) An additional 2% levy for 2019/2020 for the Adult Social Care Precept as in paragraph 4.19;

iv) The Capital Programme, comprising:
   
   • The four-year Capital Programme set out in appendices D and E.
   
   • The Housing Capital Programme of £340.180m with the allocation of funding to specific HRA programmes being delegated to the Director of Community and Environment and Housing Delivery) after consultation with the Lead Member for Housing and Customer Services, Executive Director of Financial Sustainability and Mayor of Newham, as set out in paragraphs 4.66 and 4.72 of the report.

v) That in order to ensure the long term viability of the Housing Revenue Account it is proposed that the Council implement a 1% decrease on rents for social housing and sheltered accommodation, and apply an increase of CPI+0.5% to PFI properties, following a consultation with tenants, as set out in paragraphs 4.56 to 4.63 report;

vi) To increase Red Door Ventures (RDV) working capital to £40 million subject to submission of a robust business case and due diligence and to delegate release of funding to the
Interim Executive Director of Financial Sustainability and the Director of Regeneration, Planning and Strategic Housing Delivery after consultation with the Mayor and the Deputy Mayor for Housing (paragraphs 4.41 to 4.43).

vii) The changes to fees and charges at Appendix I that are executive decisions to cabinet for decision under the Scheme of Delegation.

viii) To support the proposal to commence discussions with the Trade Unions on the terms identified in the paper; and to fund the cost of the revisions to these terms via the unallocated savings associated with the previous changes to terms and conditions of employment;

ix) To note that the provisional level of the Dedicated Schools Grant (DSG) has been set at £414.444m, an increase of £2.297m or 0.71% (para. 4.47);

x) To note that the Government’s Fair Funding Review and other potential funding changes are ongoing, therefore any MTFS position is based on current funding projections and is liable to change;

xi) To note the proposed fees and charges as set out in appendix I that are non-executive decisions;

xii) To note that the implications of the UK’s withdrawal from the European Union continue to be unknown;

xiii) To note the level of reserves (paragraph 4.29-4.36).

Alternatives considered

The alternative is to not reflect the Administration’s priorities or the views of the Citizens Assemblies and leave the council budget as it was in 2018/2019. This would not reflect the current pressures that the Council is under or provide a clear basis for managing budgets for the remainder of the current financial year. It would also not represent an appropriate approach to safeguarding the expenditure of the Council in the most cost effective and efficient way.

7. Revisions to the Council Tax Long Term Empty property premium effective from 1st April 2019

Cabinet received this report which sought approval to recommend to Full Council an increase in the premium applied to properties empty for at least
2 years from 1\textsuperscript{st} April 2019. With additional increases in subsequent years in line with the legislative maximums.

**Decision**

For the reasons set out in the report Cabinet RESOLVED to AGREE to recommend to Full Council:

i) To increase the level of premium charged for properties empty for at least 2 years from 1\textsuperscript{st} April 2019 to 100\% of the liable charge;

ii) To increase the level of premium charged for properties empty for at least 5 years from 1\textsuperscript{st} April 2020 to 200\% of the liable charge; and

iii) To increase the level of premium charged for properties empty for at least 10 years from 1\textsuperscript{st} April 2021 to 300\% of the liable charge.

**Alternatives considered**

The alternative considered was to keep the premium at its current levels but given the priority to increase the availability of affordable housing in the borough this would not help to utilise this measure to encourage owners to bring properties back into occupation.

8. **Revisions to the Council Tax Reduction scheme effective from 1\textsuperscript{st} April 2019**

Cabinet received this report which sought approval to recommend Full Council to agree changes to the Council Tax Reduction (CTR) scheme on the 18\textsuperscript{th} February 2019 and to be effective from 1\textsuperscript{st} April 2019.

**Decision**

For the reasons set out in the report Cabinet RESOLVED to AGREE:

To recommend to Full Council:

i) To implement the option to reduce further the minimum contribution expected from working age households in receipt of Council Tax Reduction provision;

ii) To not implement the option to provide maximum support to all households receiving Universal Credit; and.
iii) To note the impact of a change to the Council Tax Reduction Scheme has been built into the Medium Term Financial Strategy 2019/2023. This additional reduced amount of Council Tax receivable from those eligible will have no additional impact upon the finances of the Council.

Alternatives considered

1. A number of alternatives had been considered to the proposals above. In general these were to reduce the minimum contribution to 15% or to make no changes to the scheme in 2019/2020 and complete a wider review of the CTR scheme and other support available for low income households with the aim of delivering a new scheme in 2020/2021.

2. Neither the smaller reduction to the minimum contribution nor the option to make no change was felt to be an appropriate option given the wish to ensure that the poorest households are protected from financial pressures as much as possible. These options were also not supported in consultation.

3. The changes to how UC is considered for CTR calculation have also been reviewed. The option to set a minimum income charge before an adjustment is made to CTR was considered. On review this option did not deliver the required efficiencies as each notified change in UC would need to be reviewed often without any impact to the level of support for residents.

9. Internal Control Commission

Cabinet received this report which sought approval to establish an Internal Control Commission which would investigate the causes and solutions of the series of internal control failings in the Council. The Mayor introduced the report stating that the establishment of an Internal Control Commission had been referred to at the Extraordinary Meeting of Council on the 22nd January 2019.

The Mayor stated that the Commission would have an independent chair and would report back in six months time and she assured Cabinet that all documents would be available on the website and where possible all meetings would be held in public.

The Mayor reiterated that if anyone had any information in respect of the RMS overspend or any concerns over governance arrangements they should come forward.
Decision

For the reasons set out in the report Cabinet RESOLVED to AGREE:

i) the establishment of an Internal Control Commission with the terms of reference as set out an Appendix 1;

ii) that the Commission should have an independent Chair for which an appointment process should begin immediately with the final decision to be taken by the Mayor;

iii) that the work of the Commission should commence immediately upon the appointment of its Chair and members and should then report within six months;

iv) to delegate to the Interim Chief Executive, in consultation with the Mayor and Cabinet Member for Finance, the arrangements for the recruitment of the Commission Chair and other members and of the Commission and the arrangements for supporting and resourcing the Commission.

Alternatives considered

The Cabinet could have chosen not to establish a Commission or to undertake the work/reviews through internal resources. However, it was considered that an independent Commission with an independent Chair was the best way to address the concerns arising from recent internal control failures in an open and transparent way and ensure that solutions are recommended and actioned to address such failings.

10. Democracy and Civic Participation Commission

Cabinet received this report which sought approval to develop the proposals to establish a Democracy and Civic Participation Commission. The Commission would look at participatory democracy in its broadest sense, including examples of best practice from the UK and around the world, and models of system participation in decision making.

The Commission would also make recommendations to enhance the involvement of Newham residents in council processes, in line with the Mayoral pledge to put people at the heart of everything the Council does.
Decision

For the reasons set out in the report Cabinet RESOLVED to AGREE:

i) To establish a Democracy and Civic Participation Commission, as described in this report;

ii) That the appointment process for the independent Chair should begin immediately through an external and transparent selection processes;

iii) The scope of the Commission set out in para 4.3.

iv) To delegate to the Chief Executive, in consultation with the Mayor and Cabinet Member for Finance, the arrangements for recruitment of Commission Chair and members and the arrangements for supporting and resourcing the Commission.

Alternatives considered

The previous proposal for a 12 month reporting time is not viable to allow the Commission’s findings to be considered as part of a referendum to take place by May 2020.

The Commission is discretionary activity but delivers a Mayoral priority identified in her manifesto.

11. Establishing the Affordable Homes for Newham Programme and securing GLA funding

Cabinet received this report setting out the foundations for successful delivery on new homes. The report sought approval for the following

- Securing of additional investment for new homes including grant from the GLA allocated in September 2018 alongside additional flexibility in the use of Right-to-Buy (RTB) receipts,
- Establishment of a single, well-resourced team within the Council to build, acquire and secure the new homes in an integrated programme as part of the Strategic Housing Delivery Initiative, and
- Setting up of the appropriate governance and delegations to allow the Council to proceed at pace while managing risk.

The Mayor introduced the report stating that she had made a substantial pledge around the provision of genuine affordable homes. The Mayor stated that there were over 30,000 people on the Council waiting list and an embarrassing number of families in temporary accommodation, this programme would contribute to reversing this situation.

The Interim Director, Regeneration and Planning stated that she was proud to bring this forward and this would provide flexibility to make new bids for
funding for housing. The report also set out governance arrangements for monitoring of the programme.

The presenting officer advised Cabinet that this was a three and a half year programme with schemes being developed on sites already owned by the Council. The first 230 homes would be started this financial year.

The Mayor referred to the list of sites set out in the report and asked that officers write to relevant ward Councillors to advise them of those sites. The Mayor added that there would be a series of briefings for all Members to appraise them of the programme and provide information on Red Door Ventures schemes.

The Mayor referred to the site list which referenced that the first £40m of the BCHfL grant funding would be ring-fenced in relation to the Stephenson Street development and asked the presenting officer to explain.

The Head of Planning and Development informed the meeting that the planning permission for the Stephenson Street development made provision for 40% affordable housing on site and a legal obligation attached to the planning permission allowed the authority to achieve the 10% shortfall, taking the scheme to 50%, either through the award of grant from the GLA or a review mechanism potentially over a period of time based on the delivery of those homes and realised sales values. BCHfL would achieve the whole sum to enable immediate delivery of affordable housing in the Borough, as opposed to waiting for a review mechanism that may not pay out. She stated that either would allow the obligation to be met; however, from the Council’s point of view it would be preferable for the obligation to be met as soon as possible which the review mechanism might not allow for.

Decision

For the reasons set out in the report Cabinet RESOLVED to AGREE:

i) For the Council to enter into the programme agreement with the GLA under the Building Council Homes for Londoners programme for the provision of grant funding in respect of the sites as shown in Appendix 1 and 4;

ii) to delegate to the Director of Regeneration and Planning in consultation with the Director of Communities, Environment and Housing and Director of Legal and Governance and Executive Director of Financial Sustainability authority to enter into any appropriate contractual variations (excluding OPS) of the agreement referred to above as necessary;
iii) to include the sites listed in Appendix 1 within the Affordable Homes for Newham programme;

iv) to delegate authority to the Director of Regeneration and Planning in consultation with the Lead Member for Housing Delivery and Executive Director for Financial Sustainability to submit any further bids for grant and loan funding for which the Affordable Homes for Newham programme and regeneration projects may be eligible and which supports the Council’s Housing Delivery Statement;

v) To note that the Council is establishing a single housing and regeneration delivery team of permanent staff and appointing necessary expertise in the short term to support the development and delivery of the Affordable Homes for Newham programme and associated projects;

vi) To note that the Council will be bringing forward reports to seek approval for individual or grouped housing delivery projects following further development of the HRA business plan, site due diligence and feasibility, financial viability and other necessary work is completed;

vii) To note that the Director of Regeneration and Planning will manage the Affordable Homes for Newham Programme as set out in this report including in 9.2 and 9.3.

Alternatives considered

1.1 The delivery of significantly increased numbers of genuinely affordable homes would require additional direct or indirect subsidy and sources of funding to be deliverable. At present other than the current funding sources there are no other known sources of significant levels of subsidy.

1.2 The current funding approach assumes maximising the provision of homes at social rents. Should viability challenges remain as the programme develops alternative, additional homes at genuinely affordable rent levels or home ownership options may need to be considered.
3 The Council has explored alternative ways of resourcing the programme through working with other boroughs as part of the Future of London Council Building programme. Given its priorities, land, and market conditions, the approach of building an in-house team and growing internal capacity is considered to be the most effective.

12. Proposed changes to the Every Child programme and for a new enrichment programme for children and young people

Cabinet received this report which outlined proposals to work with children and young people, and with schools and partner organisations to develop an ambitious creative and cultural enrichment programme that would improve their personal and social developmental skills and support them later in life.

The report also provided details of the consultation responses on the proposal to end the Every Child programme in its current form and develop a new enrichment programme more suited to the needs of children and young people and schools.

Prior to consideration of the report the Mayor invited the deputation to address the meeting.

Mr Prescott, a music tutor stated that it was incredible that children received free music lessons and instruments. Many children in Newham would not have the good fortune to learn to play an instrument were it not for ECAM.

Mr Prescott said that music encouraged young people to progress in other lessons and cited the 41 Newham students who had recently secured places at Oxbridge. He added that many of those students would have had music in their lives and had been successful and pleaded with Cabinet not to let ECAM students down.

Members then raised a number of points and asked questions. Councillor Gray stated that having spoken to a number of music tutors there was no unified music offer in the borough. Mr Prescott replied that ECAM allowed children to have an opportunity to play an instrument.

Councillor Masters commented that many famous musicians were not given free instruments and it did not work for all instruments as children outgrew them. Mr Prescott acknowledged this but said that if instruments were taken away children would stop playing, by giving a child an instrument they would have it for life.

The Mayor commented that there were different pathways to enable children to grow and a programme of developments which enabled working
with partners would open up different pathways for different cultural activities.

Mr Prescott replied that there was no other scheme that gave an opportunity to children with unfortunate backgrounds. He added that for himself and fellow tutors and young people it was not about personal gain and music gave young people confidence and thanked the Mayor for allowing him to speak.

The Mayor stated that the proposal would design an enrichment programme and this would put people at the heart of everything the Council does.

Councillor Marriott introduced the report saying this was not the end of a music programme in Newham but a new way of working. Not all schools were involved in ECAM and some children said it did not make them like music. Councillor Marriott said that an engagement process would be undertaken to hear what young people and partners wanted.

The presenting officer advised Cabinet that consultation had run for five weeks and received 351 responses with the most common concern being that stopping the ECAM programme would stop children’s enrichment.

In response to a number of further questions from Members, Councillor Marriott and the presenting officer stated that:

- There was no reason why the new enrichment programme would not include children with Special Educational Needs.
- There was sufficient time to ensure the new model would be in place
- The programme would be open to change
- The consultation was advertised in the Newham Recorder, in libraries and existing partners were informed

Councillor Marriott concluded that this would be a genuinely universal programme.

The Mayor stated that she would like to amend the final recommendation to say that the cultural enrichment programme includes music.

Decision

For the reasons set out in the report Cabinet RESOLVED to AGREE:

i) To consider and take into account the outcome of the consultation process;

ii) To develop and deliver an enhanced enrichment
provision for children and young people across Newham, which would be implemented during the 2019/20 academic year, as set out in the report at paragraph 4.28. It would improve the personal and social development of children and young people in Newham and support them in later life. It would be designed in line with the needs of Newham’s children and young people, as well being responsive to what they say they want;

iii) To end funding the current Every Child Programme from the start of the school year commencing in September 2019, providing a saving of 50% of the current Every Child funding (£1,101,190 for 2020/21 financial year), in order to deliver the saving set out in the Council’s Medium Term Financial Strategy (MTFS); and

iv) To begin a process of engagement with children and young people, schools, and other key stakeholders, including Every Child Ltd to inform the design of a new creative and cultural enrichment programme that includes music.

Alternatives considered

1) A number of alternative options were considered in consultation with key stakeholders. A number of options were discussed at the Every Child review project working group and with the Cabinet Member of Education. Alternative options include:

- **Keeping funding ‘as is’ and not ceasing the current programme.** Due to the continued budget pressure the council is facing, this is not considered to be viable. We need to ensure that we prioritise those programmes which enable us to meet our legal responsibilities and that make the greatest difference to Newham’s residents.

- **Reducing funding by 90%**. This level of saving would not allow the development of an enrichment programme which could meet the Mayor’s aspirations.

13. **Plashet Road Development - Procurement**

Cabinet received this report which sought approval to proceed with a procurement exercise to appoint a single contractor to deliver the construction phase of the Plashet Road development site.
The proposed construction works would include the building of a flexible community space; a nursery that would be able to accommodate 75 childcare placements and 55 affordable housing units. The proposal would contribute towards the Council’s aspirations to deliver genuinely affordable housing in the borough to meet acute housing need.

Councillor Gray introduced the report advising that this was a good news story, resulting in the provision of 55 affordable homes, a community space and nursery.

In response to a question, Councillor Gray stated that the nursery provision would be let out and the Community Centre would be managed by Active Newham.

The Mayor commented that she wanted to ensure that the proposed procurement would support the Community Wealth agenda and asked that the procurement process be undertaken in accordance with paragraphs 8.4.1 to 8.4.4 of the report.

**Decision**

For the reasons set out in the report Cabinet RESOLVED to AGREE:

i) To commence procurement with the aim to appoint a building contractor to deliver the construction phase of the Plashet Road development site via the OJEU compliant East London Solutions (ELS) Framework; the successful building contractor to be selected following a mini competitive tendering exercise conducted on the Council’s CapE-sourcing procurement system facilitated by the provisions of the ELS framework. The procurement to be undertaken in accordance with paragraphs 8.4.1 to 8.4.4 of the report;

ii) To authorise Officers to enter into an access agreement in order to utilise the ELS framework with the aim to appoint a building contractor to deliver the construction phase of the Plashet Road development; and

iii) That Officers report back to Cabinet, the concluded procurement process and tender evaluation ahead of appointment of a suitable building contractor.

**Alternatives considered**

1) Do nothing – not viable as this would leave a vacant undeveloped area of land vulnerable to vandalism, unauthorised occupation, anti-
social behaviour; significant security costs and risk reputational damage to the Council.

2) There are a number of OJEU compliant Building Contractor frameworks in place and which are available to use for the Plashet Road development, however some of these have been discounted due to expiry of the framework period in the immediate future and some have access arrangements which are restrictive and are therefore not considered further.


   Agreed to exclude the press and public from the remainder of the meeting during consideration of the following exempt information.

15. **Exempt Appendix for Agenda Item 11 - Establishing the Affordable Homes for Newham Programme and securing GLA funding**

   The matter was considered but not disclosed during consideration of Agenda Item 11 - Establishing the Affordable Homes for Newham Programme and securing GLA funding