

LONDON BOROUGH OF TOWER HAMLETS

RECORD OF THE DECISIONS OF THE CABINET

HELD AT 5.30 P.M. ON TUESDAY, 10 JANUARY 2017

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON, E14 2BG**

Members Present:

Mayor John Biggs	
Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing Management & Performance)
Councillor Shiria Khatun	(Deputy Mayor and Cabinet Member for Community Safety)
Councillor Rachael Saunders	Deputy Mayor and Cabinet Member for Education & Children's Services
Councillor Asma Begum	(Cabinet Member for Culture)
Councillor David Edgar	(Cabinet Member for Resources)
Councillor Ayas Miah	(Cabinet Member for Environment)

Other Councillors Present:

Councillor Ohid Ahmed
Councillor Marc Francis
Councillor John Pierce
Councillor Andrew Wood
Councillor Shah Alam

Officers Present:

Claire Belgard	(Interim Head of the Youth Service)
Zena Cooke	(Corporate Director, Resources)
Aman Dalvi	(Corporate Director, Place)
Afazul Hoque	(Interim Service Manager, Strategy, Policy & Performance)
Shazia Hussain	(Divisional Director, Sports, Leisure, Culture and Youth)
Paul Leeson	(Finance Manager, Development & Renewal)
Chris Lovitt	(Associate Director of Public Health)
Ronke Martins-Taylor	(Youth Services Development Manager)
Neville Murton	(Divisional Director, Finance, Procurement & Audit)
Denise Radley	(Corporate Director of Health, Adults & Community)
Peter Robbins	(Head of Mayor's Office)
David Tolley	(Head of Environmental Health and Trading)

Will Tuckley	Standards)
Graham White	(Chief Executive)
Steve Hill	(Interim Corporate Director, Governance)
David Knight	(Head of Benefits Service)
	(Senior Democratic Services Officer)

AGENDA ORDER

During the meeting the **Mayor** agreed to alter the order of business. For clarity the Decision Sheet is presented in the order in which items appeared on the agenda.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of:

- Councillor Joshua Peck (Cabinet Member for Work and Economic Development)
- Councillor Rachel Blake (Cabinet Member for Strategic Development)
- Councillor Amy Whitelock Gibbs (Cabinet Member for Health and Adult Services)

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

Councillor Ayas Miah declared an interest in Agenda Item 5.12 (Individual Executive Mayoral Decisions) as his brother held an interest in a shop on Ben Johnson Road. Whilst this was not a Pecuniary Interest, for the avoidance of doubt he would leave the room for the duration of that item.

3. UNRESTRICTED MINUTES

DECISION

1. The Minutes of the Cabinet meeting held on Tuesday 6 December 2016 be approved and signed by the Mayor as a correct record of proceedings.

4. OVERVIEW & SCRUTINY COMMITTEE

4.1 Chair's Advice of Key Issues or Questions

Pre-Decision Scrutiny Questions, and responses, were tabled in respect of Agenda Item 5.2 (General Fund Revenue and Capital Budget and Medium Term Financial Plan 2017/18 to 2019/20) and Item 5.4 (Local Council Tax Reduction Scheme 2017/81). The questions were considered when each item was taken.

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

Nil items

5. UNRESTRICTED REPORTS FOR CONSIDERATION**5.1 Mayor's Foreword to the Council's Budget Report**

Noted

5.2 General Fund Revenue and Capital Budget and Medium Term Financial Plan 2017/18 to 2019/20

Pre-Decision Scrutiny Questions and responses were noted.

DECISION

1. Approved a draft General Fund Revenue Funding Requirement of £338.896m subject to any changes arising from the Final Local Government Finance Settlement.
2. Agreed a proposed Band D Council Tax at £966.80 for 2017/18 to be referred to Full Council for consideration.
3. Agreed to propose the items listed below for public consultation and consideration by the Overview and Scrutiny Committee in accordance with the Budget and Policy Framework. A further report will then be submitted to the next Cabinet meeting in February detailing the results of consultations and feedback from Overview and Scrutiny Committee; inviting Cabinet to recommend a budget requirement and Council Tax for 2017/18 to Full Council.

General Fund Revenue Budget for 2017/18 and Medium Term Financial Plan 2017/18 to 2019/20

The initial budget proposal and Council Tax for 2017/18 together with the Medium Term Financial Plan set out in Appendix 1a.

Budget Consultation

The outcome of consultation with business ratepayers, residents and other stakeholders as reported to The Mayor in Cabinet in December 2016 and attached for ease of reference at Appendix 10.

Funding

The funding available for 2017/18 and the indications and forecasts for future years set out in Section 3.4.

Growth and Inflation

The risks identified from potential growth and inflation commitments arising in 2017/18 and future years together with new initiatives identified as Mayoral Priority Growth as set out in Section 3.5 and in Appendix 3.

Savings

New proposed saving items to be delivered in 2017 - 2020 as set out in Section 3.6 and Appendix 4 of the report.

Financial Risks: Reserves and Contingencies

The strategic budget risks and opportunities as set out in Section 3.7 and the assessment of risk at Appendix 6.

Reserves and Balances

The proposed approach to the strategic use of reserves set out in Section 3.8 and the projected movement in Reserves in Appendix 7.

Dedicated Schools Grant

The position for the Dedicated Schools Grant as set out in Section 3.9.

Housing Revenue Account

The position for the Housing Revenue Account as set out in Section 3.10 and Appendix 8.

Capital Programme

The capital programme to 2019/20; including the proposed revisions to the current programme, as set out in Section 3.11 and detailed in Appendix 9 (a – c) in advance of the proposed refresh of the council's capital programme following consideration of revised Capital and Investment strategies in 2017.

To adopt a capital estimate for new schemes detailed in Appendix 9b.

Action by:

CORPORATE DIRECTOR, RESOURCES (Z. COOKE)

Reasons for the decision

The council is under an obligation to set a balanced and sustainable budget and to set a Council Tax for the next financial year by 11th March 2017 at the latest. The setting of the budget is a decision reserved for Full Council. The council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Overview & Scrutiny Committee to allow for their comments to be considered before the final budget proposals are made to Full Council.

The announcements that have been made about Government funding for the council in the Autumn Statement and the Provisional Local Government Finance Settlement require a robust and timely response to enable a balanced budget to be set.

Through its successful application for a 'guaranteed' multi-year settlement from the government and the adoption of an outcomes based approach over a 3 year planning period the Council is afforded the opportunity to develop proposals which are more transformational in nature and allow sufficient time for needs led, outcome based service redesign.

A Medium Term Financial Plan (MTFP) covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.

As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFP; in particular as the Council becomes ever more dependent on locally raised

sources of income through the Council Tax and retained business rates these elements become fundamental elements of its approach and strategies.

Alternative options

The council is required to respond to the budget reductions in 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 council can determine its priorities in terms of the services it seeks to preserve and protect where possible, and to the extent permitted by its resources, those services it wishes to prioritise through investment, during a continued period of budget reductions.

The Council could continue with the current approach of agreeing proposals on an annual basis but this does not support a strategic approach which allows for proposals to be managed and implemented over a longer period of time. It is also inconsistent with the Council's Efficiency Plan which underpins agreement of a Four Year funding settlement from government.

5.3 Council Tax Base 2017/18

DECISION

1. Approved in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2017/18 shall be 88,784.

Action by:

CORPORATE DIRECTOR, RESOURCES (Z. COOKE)

Reasons for the decision

The scheme for calculation of council tax established under the Local Government Finance Act 1992 requires local authorities to agree their Council Tax Base and to notify it to the preceptors (GLA) by 31st January 2017.

If the tax base is not agreed and notified to the Preceptor by 31st January 2017, this may prejudice the calculation of Council Tax for 2017/18.

Alternative options

The recommendations contained within this report are made in line with the statutory requirements outlined in sections 1.1 and 1.2 of this report; therefore the Council is not presented with alternative options in setting its Council Tax Base.

5.4 Local Council Tax Reduction Scheme 2017/18

The recommendations were amended and then agreed.

Pre-Decision Scrutiny Questions and responses were noted.

DECISION

1. Noted the feedback from the consultation on the options for the Local Council Tax Reduction scheme
2. Considered the options to revise the current Local Council Tax Reduction scheme as set out in paragraphs 3.11 to 3.18 and 3.27 to 3.28 of the report.
3. Agreed that the Local Council Tax Reduction scheme to be recommended to Full Council.

Action by:**CORPORATE DIRECTOR, RESOURCES (Z. COOKE)**

(Head of Benefits Services (S. Hill))

Reasons for the decision

At the meeting of Full Council on 20th January 2016 the decision was taken to extend the Local Council Tax Scheme for 2016/17 for one year only and that the scheme would be reviewed alongside the impact of the Government's welfare reform changes and an options review for the future of the LCTRS be undertaken. This report details the outcome of that review and options for consideration.

For each financial year, the Council is required to consider whether to revise its scheme or to replace it with a different scheme; any revision or replacement must be made by 31 January in the financial year preceding that for which the scheme is to take effect.

Alternative options

A number of options for changes have been identified and have been consulted upon; there is now a need to decide which scheme will be recommended to Full Council for approval in relation to the 2017/18 financial year.

The resolution from 2016 and regulations are clear that a scheme must be agreed each year and so in the event that the decision is made to retain the current scheme without any changes a resolution to that effect is required.

5.5 Fees and Charges 2017/18

The recommendations were amended and then agreed.

DECISION

1. Approved the revised fees and charges for **Adults' Services** as set out in **Appendix 1** to the report with effect from 1st April 2017.
2. Approved the revised fees and charges for **Children's Services** as set out in **Appendix 2** to the report with effect from 1st April 2017.

3. Approved the revised fees and charges for **Communities, Localities and Culture** as set out in **Appendix 3** to the report with effect from 1st April 2017.
4. Approved the revised fees and charges for **Development & Renewal** as set out in **Appendix 4** to the report with effect from 1st April 2017.
5. Approved the revised Nationality Checking Service fees for **Law, Probity and Governance** as set out in **Appendix 5** to the report with effect from 10th January 2017.
6. Approved the revised fees and charges for **Law, Probity and Governance** as set out in **Appendix 5** to the report with effect from 1st April 2017.
7. Approved the revised fees and charges for **Resources** as set out in **Appendix 6** to the report with effect from 1st April 2017.
8. Noted the revised **Statutory** fees and charges as set out in **Appendix 7** to the report with effect from 1st April 2017.

Action by:**CORPORATE DIRECTOR, RESOURCES (Z. COOKE)**

(Divisional Director, Finance and Procurement (N. Murton))

Reasons for the decision

Fees and charges are reviewed annually as part of the Council's financial and business planning process. This ensures that they are set at the appropriate level for the prevailing economic conditions and represents good practice in terms of the Council's aim to provide value for money.

Alternative options

Whilst the changes to fees and charges recommended in the report follow a review of existing charges by each directorate, other alternatives can be adopted by Members if they so wish. The financial impact of any alternatives will need to be reflected in the Council's Medium Term Financial Plan (MTFP).

5.6 Housing Revenue Account First Budget and Rent Setting Report - 2017/18 - Lettings Plan Band 3 Quota**DECISION**

Housing Revenue Account

1. Noted that, under section 23 of the Welfare Reform and Work Act the Authority must implement a rent reduction of 1% for four years starting in 2016/17, and consequently to agree an average weekly rent reduction of 1% to take effect from the first rent week of April 2017.

2. Agreed that the average weekly tenanted service charge will increase by 2% from the first rent week in April 2017.
3. Noted that section 80 of the Housing and Planning Act 2016 requires local authorities to charge high income social tenants an increased level of rent, (up to market rent levels). However the government has now confirmed that this scheme (Pay to Stay) will now be voluntary for local authorities.
4. Noted the risks to the HRA as set out in section 6, and note that the HRA budget will be presented to Cabinet in February 2017 along with updated medium-term financial projections.

In relation to Lettings

5. Agreed to amend the quota for Band 3 lets from 10% of one, two and three bed properties to 5% of one bed / studios and two beds per annum.

Action by:

CORPORATE DIRECTOR, PLACE (A. DALVI)

CORPORATE DIRECTOR, RESOURCES (Z. COOKE)

(Finance Manager (P. Leeson)

(Senior Accountant (K. Ball)

(Interim Head of Strategy, Regeneration and Housing Options (M. Baigent)

Reasons for the decision

The Council must prepare proposals in January and February each year relating to income from rents and other charges, and expenditure in relation to management and maintenance of its housing stock. A decision is required with regard to rents and service charges in January in order that statutory notice can be given to tenants prior to implementation from the first rent week of 2017/18.

Alternative options

In relation to the HRA, section 23 of the Welfare Reform and Work Act 2016 requires that, from April 2016, social rents must be cut by 1% for four years. As this requirement is enshrined in legislation, if the Authority did not comply it would risk legal challenge.

In relation to Lettings, alternative options are to maintain the existing quota of 10% of lettings up to three bedroom size properties or reduce it to 5% of lettings up to three bedroom size.

5.7 Six Month Strategic Performance Monitoring report

DECISION

1. Noted progress in delivering the Strategic Plan at the 6 month stage, including those activities that are flagged as delayed and overdue (appendix 1 to the report); and

2. Noted the performance of the Strategic Measures at the 6 month stage, including those measures where the minimum expectation has been missed (appendix 2 to the report);
3. Noted those activities and measures require improvement and will be referred to the Council's Performance Review Group (PRG) and scrutiny where appropriate.

Action by:**ACTING CORPORATE DIRECTOR, GOVERNANCE (G. WHITE)**

(Divisional Director, Corporate Strategy and Equalities (S. Godman))

Reasons for the decision

The Council's Performance Management and Accountability Framework sets out the process for monitoring the Strategic Plan and performance measures which are reported regularly to the corporate management team and Cabinet.

This report promotes openness, transparency and accountability by enabling Tower Hamlets' residents to track progress of activities that matter most to them and their communities.

Alternative options

There are no alternative options.

5.8 Youth Services Review**DECISION**

1. Approved Option 1 of the Youth Service Review, subject to the decision of the Council's budget proposals; and
2. The Mayor announced that A team Arts would continue to be supported.

Action by:**CORPORATE DIRECTOR, CHILDREN'S SERVICES (D. JONES)**

(Ronke Martins-Taylor, Youth Services Development Manager and Claire Belgard, Interim Head of the Youth Service)

Reasons for the decision

Three reasons are given for why a restructure is being considered for the youth service:

- Service wide performance issues have highlighted the need to deliver a better quality of service through workforce reform;
- The current delivery model which is interim;

- The need to ensure that long term changes are made to address the significant issues that have emerged through investigations into the service.

A transformed youth service will benefit the Council by enabling the delivery of statutory duties; by enabling the delivery of strategic priorities; by enabling the youth service to deliver its priorities; and by enabling the youth service to deliver core areas of its work.

The restructure is a critical stage in moving the service towards a three year vision to be the best youth service in London - providing young people with spaces to enjoy, support to achieve their best, and opportunities to make a difference in their community.

Two delivery options are presented which will enable the youth service to be transformed. The youth centre hub based delivery model provides for reduced layers of management with youth workers located in youth centre hubs and other key youth service activity, such as support for vulnerable young people and commissioning being centralised. Whilst the locality based delivery model sees all youth workers and other professionals located in youth centres enabling them work in a much more integrated fashion a local level. This latter delivery model adopts a decentralised commissioning arrangement.

Both delivery options will enable the youth service to deliver a proposed saving, articulated in the Medium Term Financial Strategy, of £1.8m in 2017/2018.

Alternative options

A number of alternative restructure options were considered to transform the youth service these are set out below:

Statutory minimum service delivery: With this option the local authority would deliver the minimum required by law. This could be as little as signposting young people through a website. Tower Hamlets has a long tradition of providing support for the welfare of vulnerable young people who would benefit from positive activities including those involved in, or at risk of involvement in, youth crime and antisocial behaviour. As a result this option was not chosen.

Maintaining the status quo: This option would have seen the continued provision of youth services under the current interim delivery arrangements which commenced in July 2016.

The interim model has delivered an agreed level of service from 8 youth centres (at Eastside, Haileybury, Collingwood, the Linc, Columbia, Limehouse, Wapping and St Andrew's Wharf youth centres) run by youth service staff; a further 8 commissioned youth centres are offered through 5 local providers (Society Links, Newark Youth London, Poplar HARCA, the Osmani Trust, and Ocean Youth Connexions) delivered at ward level in Shadwell, Stepney Green, Poplar, Lansbury, Spitalfields and Banglatown,

Mile End, Bromley North, Bow West; a £120,000 commissioned youth programme that young people were able to access for free during summer 2016; and a number of service level agreements with providers for the delivery of specialist youth activity.

The level of commissioning using the community and voluntary sector is in the region of £1,000,000 and is in line with the objective for the youth service to have a mixed economy of in-house and commissioned delivery. As a result, of the interim model there is now a network of 16 youth service run youth centres and commissioned youth providers delivering universal youth activity across the borough; in addition to the service level agreements for those young people who need of specialist youth activities.

The interim model provides a basis for the permanent model that will be implemented following restructure, with some tweaking between direct and commissioned delivery.

The creation of a public sector mutual: This option would have seen the creation of a youth public sector mutual or cooperative to deliver youth services on behalf of the Council. However, given the uncertain economic climate setting up a new business to deliver youth service was deemed to be a significant risk.

Ruling out a public sector mutual reduces the opportunities for access to independent income or grant funding for the youth service in the future. Some funding streams such as the National Lottery are targeted at the community and voluntary sector and local authorities are excluded from applying. This could warrant revisiting at a later date.

Having considered all of the above options it was felt that the proposal to restructure the youth service in order to create a mixed economy of internally delivered service and externally commissioned service was the most effective way forward.

5.9 Contractual arrangements for commercial and community events

DECISION

1. Agreed the procurement and subsequent awarding of a new Production and Event Management Services for London Borough of Tower Hamlets Events contract (for a period of two (2) years with an option to extend by one (1) year and a further one (1) year) based on the parameters set out in paragraphs 3.48 to 3.51 of the report;
2. Authorised the Divisional Director – Legal Services after consultation with the Corporate Director, Place to execute and enter into all necessary agreements (For the avoidance of doubt, functions delegated by reference to job titles or posts includes an officer appointed to a named post on an acting, interim or temporary basis and functions delegated by reference to job titles or posts

which have changed will continue in force and shall be exercised by officers whose duties include or most closely correspond to the duties of the post originally referred to);

3. Agreed that the contract be entered onto the contract forward plan;

In relation to the Victoria Park Commercial Events Concession Contract (contract reference CLC5194):

4. Noted the improved contract management and Cabinet oversight arrangements put in place for the current Victoria Park Commercial Events Concession Contract in advance of the 2016 event season;
5. Agreed the procurement and subsequent awarding of a new Victoria Park Commercial Events Concession Contract (to take effect on 1st January 2018 for a period of four (4) years with an option to extend by one year) based on the parameters set out in paragraphs 3.43 to **Error! Reference source not found.** of this report;
6. Agreed that robust continuous improvement requirements are built into the new contract in order to provide continued focus on minimising the impact of events on local residents;
7. Authorised the Service Head – Legal Services after consultation with the Corporate Director, Place to execute and enter into all necessary agreements (For the avoidance of doubt, functions delegated by reference to job titles or posts includes an officer appointed to a named post on an acting, interim or temporary basis and functions delegated by reference to job titles or posts which have changed will continue in force and shall be exercised by officers whose duties include or most closely correspond to the duties of the post originally referred to);
8. Agreed that the contract be entered onto the contract forward plan;

In relation to the Tower Hamlets parks and open spaces estate:

9. Agreed that officers continue to develop opportunities for commercial events activity outside the concession at all sites capable of accommodating the required infrastructure;
10. Agreed that officers continue to develop opportunities for smaller scale income generating activity across the wider Tower Hamlets parks and open space portfolio.

Action by:
CORPORATE DIRECTOR, PLACE (A. DALVI)

Reasons for the decision

The decisions are required as the current contracts relating to event delivery are either expiring or have reached their maximum value. In line with the Council's Constitution and Procurement Procedures, the Mayor in Cabinet is asked to agree the contract strategies for new contracts relating to commercial and community events.

Alternative options

The main body of this report and the recommendations set out the preferred options for future commercial and community event activity. In developing the preferred options, the following alternative options were considered.

In relation to the Victoria Park Commercial Events Concession Contract:

Re-tender from 2018 with an upper audience capacity of 25,000 to 30,000

A lower event capacity of 25,000 to 30,000 maximum attendances would lead to some reduction in impact on local residents. However, event impact is not directly proportionate to capacity. Some impacts increase to some extent with larger capacity crowds whilst others remain broadly the same. Event income is proportionate to attendance.

Traffic management and external management arrangements are a key factor in the planning for major events. Safety, security and infrastructure requirements placed upon all events above a capacity of 10,000 are broadly similar.

While larger crowds have an increased potential for anti-social behaviour, this risk can be managed through improved stewarding. Larger crowds also take longer to disperse and as a consequence disruption in the local area is in place longer than for lower capacity events.

Based on previous soft market testing, feedback during the previous tendering exercise, and knowledge of the London events market, a reduced capacity option of between 25,000 to 30,000 would limit the market of potential bidders.

Current MTFs savings targets would need to be reviewed or service provision in the parks service would need to be reduced. Funding to meet the requirements of the Heritage Lottery Fund Business Plan to meet £100,000 from events income per annum may need to be made available from the general fund if sufficient income cannot be generated from lower capacity events.

Cease all large commercial festivals in Victoria Park

This option would remove all major commercial event impact on local residents. It would also remove the guaranteed income that a concession contract provides. The income that could be generated from smaller events

such as running or other small scale events, if it were decided that these were to continue, are unlikely to meet current MTFs targets and these would need to be revised downwards or service provision in the parks service would need to be reduced. Funding to meet the requirements of the Heritage Lottery Fund Business Plan to meet £100,000 from events income per annum may need to be made available from the general fund if sufficient income cannot be generated from smaller and/or fewer events. Costs to the council of managing commercial events activity may also increase as dealing with a multitude of promoters would require higher levels of contract and event management resource.

In relation to the Production and Event Management Services for London Borough of Tower Hamlets Events contract:

Do nothing / do not let a new contract

The current contract for production and event management services used by the Arts, Parks & Events service has reached its maximum value. Further orders cannot be placed against this contract. If a new contract is not let, each event would require individual quotations or tendering processes. Other council services delivering events are currently seeking individual quotations for event management and production services as and when they need them. This would need to continue.

Letting the existing contract expire without letting a new contract is not considered appropriate. Managing tenders and quotations on a case by case basis would not be consistent with efficient service delivery. Such an approach would also offer reduced buying power. A do nothing option would not meet the council's Best Value duty.

5.10 1 to 1 Right to Buy Receipts Usage - Purchase of additional homes out of borough

DECISION

1. Noted the current position with regard to the Council's housing provision and anticipated housing demand as set out in paragraph 3 and Appendix A to the report.
2. Authorised the Corporate Director, Place, to purchase housing stock either within or outside the borough as outlined below, including properties with a purchase value exceeding £250k and to procure services and works to bring the properties up to the required standards for letting where necessary.
3. Authorised the Corporate Director, Place, to procure services and works and to let contracts in the delivery of the new homes in as far as required to fulfil the recommendations detailed below.
4. Agreed to adopt a capital estimate of £30million for the purchase of up to a maximum of 100 properties out of borough, subject to these

satisfying conditions of affordability, suitability, and good quality management.

5. Agreed to allocate £9m retained Right to Buy Receipts to fund 30% of the capital costs and £21m to finance the residual 70% of the capital costs from Council capital resources, including undertaking prudential borrowing within the General Fund as necessary.
6. Authorised the Corporate Director, Place, to utilise surplus Council properties for temporary housing, and to procure services and works for conversion of those units as appropriate.
7. Agreed to adopt a capital estimate of £2.25million to create up to 50 units of temporary accommodation from surplus council properties.
8. Authorised the Corporate Director, Place, to investigate the use of Off-Site Manufacturing for temporary accommodation supply.
9. Agreed to require the Corporate Director, Place, to consult the Mayor regarding any purchase beyond a 60 minute journey time from the Borough or within any District outside London, other than those immediately bordering another London Borough.
10. Agreed to require the Corporate Director, Place to consult the Corporate Director, Resources regarding any purchase that would result in the portfolio average breakeven period exceeding 10 years or the net yield achieving less than 10%.

Action by:

CORPORATE DIRECTOR, PLACE (A. DALVI)

(Interim Divisional Director, Housing and Regeneration (M. Baigent)

(Acting Divisional Manager (J. Coker)

Reasons for the decision

Tower Hamlets, similarly to many other local authorities, is facing unprecedented challenges in housing the rising number of households seeking housing assistance. The number of homeless households accepted has increased significantly over the last four years resulting in 2,055 families housed in temporary accommodation (TA) by the borough. Nearly 60% of accepted homelessness cases are now becoming homeless as a result of losing their private sector tenancy, this is due to a combination factors which include rising rents and lowered income as a result of welfare reform measures. With further welfare reform measures still to come, the pressures are expected to continue for the foreseeable future.

One of the highest expenses of local authority statutory homelessness functions is procuring and managing TA. The increase in homelessness has led to an associated increase in the use and cost of emergency accommodation. Emergency accommodation is nightly paid accommodation held under licence and forms an increasingly high proportion of the TA portfolio as moves into permanent private sector accommodation and longer-

term TA alternatives (PSL) within subsidy cap have become less attractive to landlords.

There is therefore an urgent need to accelerate the supply of TA for those in housing need and for the Council to adopt an acquisition strategy designed to increase choice and affordability.

It is proposed that the Council adopts a number of strategies that will improve the supply of TA. The purchase of properties both within and outside the borough for use as TA in order to mitigate the current difficulties met in securing suitable supply at a reasonable cost to the Authority is one measure. This will provide a longer term solution to the need to utilise external sources of supply and will provide the Council with an asset which will provide an improved quality of accommodation for clients.

Provided that the properties purchased are not currently used as social housing, the Council will be able to finance 30% of the capital costs from the significant level of uncommitted retained Right to Buy receipts that it currently holds. This will reduce the risk of having to pay these resources to the Government with substantial interest penalties. (Authorities must utilise the receipts to finance new social housing supply within a three year period from the financial quarter that the receipt is generated).

Internal modelling has been undertaken assessing the implications of purchasing two bedroom flats. The capital acquisition costs are estimated at approximately £300,000 per unit, equating to £30 million for the proposed 100 units. Financing the maximum 30% of these costs from retained capital receipts (£9 million) will mean that capital resources of £21 million will be required. The modelling assumes that the Council will borrow these resources within the General Fund, although alternative capital resources could be used if available.

It is anticipated that annual revenue expenditure of approximately £12,700 will be incurred to manage and maintain each property and service the debt charges. Annual rental income will equate to £11,300 (based on Government Homeless Subsidy Eligibility levels) meaning that the initial net cost of the initiative is £1,400 per property acquired.

These costs need to be considered in the context that having the property will mean that an alternative source of TA provision is not required. The cost of a bed and breakfast placement currently equates to £9,000 per annum, Nightly lets cost £6,500 per annum and a Private Licensed Accommodation placement is £3,500 per year. These costs all exceed those involved in the proposed initiative and therefore a budgetary saving should result. In addition the authority will own an asset in the long term which will reduce the need to source alternative TA at a time when limited supply and high demand mean that costs demanded for placements are increasing.

It is proposed that 100 properties are purchased and that a target total revenue saving of £500,000 is included at this stage. Allowing for the time that

will be required to acquire suitable properties, it is proposed that the saving is profiled as £200,000 in 2017-18 and £300,000 in 2018-19.

The borough has a number of properties that are now surplus to use; these now present an opportunity for review and consideration for TA usage. Furthermore illegal occupation and anti-social behaviour present significant risk to the properties.

This report proposes a phased programme to convert such properties to TA for up to a ten year period, the use of the asset to be reviewed on completion of that period.

Alternative options

At present the Council is obtaining 5-10 self-contained units of privately rented accommodation per week. If the Council does not expand its range of procurement it will continue to struggle to provide suitable accommodation for families in accordance with the statutory requirements. The Council is already utilising all available options to ensure it meets its statutory duty regarding homeless accommodation, this included:

1. Preventing homelessness so that people do not enter the TA system in the first place
2. Nightly lets
3. Bed and breakfast accommodation
4. Out of borough block leases
5. Moving households to less expensive alternative types of TA

In addition the Mayor had expressed a desire to use 1-4-1 RtB receipts for capital projects rather than return them to the Treasury, Cabinet reports in July and October 2015 outlined projects to utilise the receipts, and further reports in February and July 2016 committed further capital estimates to this end, these options are

- council new build programme
- grant programme for Registered Providers
- section 106 opportunities on market led schemes
- purchase of former RtB properties

The acquisition of new out of borough housing stock, will form part of a further intervention approach to accelerate the movement of homeless households from expensive emergency accommodation into less costly, alternative forms of TA.

5.11 Late Night Levy (Post Consultation)

The recommendations were amended and then agreed.

DECISION

1. Recommended to Full Council the adoption of the Late Night Levy

2. Recommended to Full Council that if the decision is to adopt the levy the commencement period should be the 1st July 2017.
3. Recommended to Full Council that the commencement time should be from midnight
4. Recommended to Full Council that the income from the levy, less collection costs, should be allocated through the Community Safety Partnership.
5. Recommended to Full Council that Members of the Best Bar None Scheme receive a 30% reduction from the levy.
6. Recommended to Full Council that the following premises would be exempt from the levy:
 - Premises with overnight accommodation
 - Theatres and Cinemas
 - Bingo Halls
 - Community Amateur Sports Clubs
 - Community premises
 - Premises opening past midnight for New Years Eve only
7. Recommended to Full Council that the following licenced premises would not be exempt from the levy, as:
 - Country Village Pubs
 - Premises in Business Improvement Districts
 - Premises that receive a small business rate relief

Action by:**CORPORATE DIRECTOR, PLACE (A. DALVI)**

(Head of Environmental Health and Trading Standards (D. Tolley)

Reasons for the decision

The Council can agree to impose an additional financial levy on licensed premises that retail alcohol within the Borough, in order to make a contribution to the cost of managing the night time economy.

The income raised by the levy will be used to compliment the Councils Anti-Social Behaviour Strategy and is intended to be managed through the Community Safety Partnership.

If a levy is determined to be adopted the proposal will need to be agreed at full Council.

Alternative options

The Cabinet can determine to not to introduce a levy.

5.12 List of Individual Executive Mayoral Decisions

DECISION

1. Noted the Individual Mayoral Decisions set out in the Appendices.

Action by:

COMMITTEE SERVICES MANAGER (M. MANNION)

Reasons for the decision

This is a noting report to aid transparency.

The reasons each decision were taken are set out in their specific reports.

Alternative options

The alternative option would be to not produce this report, but that would not aid transparency of decision making.

6. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil items

7. EXCLUSION OF THE PRESS AND PUBLIC

Nil items

8. EXEMPT / CONFIDENTIAL MINUTES

Nil items

9. OVERVIEW & SCRUTINY COMMITTEE

9.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business

Nil items

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

Nil items

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

Nil items

The meeting ended at 7.30 p.m.
Mayor John Biggs