Hackney

London Borough of Hackney – Decisions taken by the Cabinet on Monday, 16 March 2020

Decisions listed below that are Key Decisions will come into force and may then be implemented on the expiry of 5 clear working days after unless called-in by at least 5 non-executive members in writing and submitted to the Monitoring Officer.

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Part A – Items considered in public

1	Apologies for Absence	Apologies for absence were received on behalf of Councillors Moema, and Williams. **NOTED**
2	Urgent Business	There were no items of urgent business. **NOTED**
3	Declarations of interest - Members to declare as appropriate	There were no declarations of interests. NOTED
4	Notice of intention to conduct business in private, any representations received and the response to any such representations	There were no representations received. **NOTED**
5	Questions/Deputations/Petitions	The Mayor advised he had received a public question from Andrew Elliot – Co-Director of The Garden of Earthly Delights, in respect of Agenda Item15 - Hackney Central station and town centre regeneration - Key Decision No. NH Q52. In accordance with the provisions of the constitution, although the question was out of time he had the power accept questions without notice, and on this occasion he had been minded to

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		accept it. The Mayor advised however, that Mr Elliott was unable to now attend the meeting due to unforeseen circumstances and therefore, in acknowledging receipt of the question, a written answer would be supplied. The Mayor advised that there were no other questions, deputations, or petitions. **NOTED**
6	Unrestricted minutes of the previous meeting of Cabinet held on 24 February 2020	**RESOLVED** That the unrestricted minutes of the meeting of Cabinet held on 24 February 2020 be confirmed as an accurate record of the proceedings.
7	Unrestricted minutes of Cabinet Procurement Committee held on 10 February 2020	**RESOLVED** That the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 10 February 2020 be received and noted.
8	Capital Update Report - Key Decision No. FCR Q7	**RESOLVED** **i. That the schemes for Children, Adults and Community Health as set out in section 9.2 of the report be approved as follows:** **Schools Asset Management Programme (AMP) 2020/21: Virement and spend approval of £3,500k in 2020/21 to is requested to fund the continuation of the annual maintenance programme across a number of primary school assets.**

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		Children' Centres Asset Management Programme (AMP) 2020/21: Virement and spend approval of £400k in 2020/21 is requested to fund the rolling programme of asbestos surveys and the remedial works to a number of the Council's maintained schools and children's centres. ii. that the schemes for Neighbourhood and Housing (Non-housing) as set out in section 9.3 of the report be approved as follows: Developing Borough Infrastructure: Spend approval of £300k (£150k in 2019/20 and £150k in 2020/21) is requested to fund the Council's development infrastructure works. Road Safety Programme: Spend approval of £300k in 2020/21 is requested to fund the continuing road safety works on the borough's roads. Local Implementation Plan (LiP) TfL Funded - Corridors, Central London Grid, Quietways cycle Route, Neighbourhoods of the Future, Liveable Neighbourhoods and Mayors Air Quality Fund: Resource and spend approval of £940k in 2019/20, spend approval of £145k in 2019/20 and spend approval of £1,034k in 2020/21 is requested in order to facilitate the delivery of the TfL funded schemes to implement measures to reduce road traffic accidents and fund projects to encourage sustainable transport within the borough. REASONS FOR DECISION

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		The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered as set out in this report. **In most cases, resources have already been allocated to the schemes as part of the budget setting exercise but spending approval is required in order for the scheme to proceed. Where however resources have not previously been allocated, resource approval is requested in this report.** **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** ***None.***
9	2019/20 Overall Financial Position, Property Disposals and Acquisitions Report - Key Decision No. FCR Q8	**RESOLVED** **i. That the updated overall financial position for January 2020, covering the General Fund and the HRA, together with the earmarking by the Group Director of Finance and Corporate Resources of any underspend to support funding of future cost pressures and the funding of the Capital Programme, be noted;** **ii. that the acquisition of a new 25-year lease at a peppercorn rent for Building 5, Plough Yard in the area at Principal Place as described in 2.3 of the report, be authorised;** **iii. that authority be delegated to the Group Director of Finance and Corporate Resources to acquire a lease of 25 years in respect of Building 5, Plough Yard, and agree all other terms of the lease provided that the requirements of S120**

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		Local Government Act 1972 will be met; and **iv. that the Director of Legal & Governance be authorised to prepare, agree, settle and sign the necessary legal documentation to effect the proposed acquisition and to enter into any other ancillary legal documentation required to complete the proposed transaction.** **REASONS FOR DECISION** To facilitate financial management and control of the Council's finances and to approve the property acquisition **CHILDREN, ADULT SOCIAL CARE AND COMMUNITY HEALTH (CACH)** The CACH directorate is forecasting an overspend of £6,148k after the application of reserves and drawdown - an increase of £350k from the previous month. **CHILDREN & FAMILIES SERVICE** The Children & Families Service (CFS) is forecasting a £2,056k overspend against budget after the application of reserves and grants. The draw down from reserves includes: ● £2,300k from the Commissioning Reserve, set up to meet the cost of placements where these exceed the current budget. ● £1,300k for additional staffing required to address a combination of increased demand across the service and management response to the Ofsted inspection. ● £300k is drawn down to offset pressures in relation to the increase in young people currently held on remand.

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		The Children and Families Service was inspected by Ofsted in November, and the service was rated as requiring improvement. A Children's Leadership and Development Board has been set up, which is accountable to a Children Members Oversight Board, to ensure that all service areas within the department are delivering to a consistently high standard for all children and families and that the recommendations arising from the Ofsted inspection are addressed. A resourcing plan with the objective of responding to increased demand in the service and addressing these recommendations is currently being developed. The sustained pressure on CFS budgets is a position that is not unique to Hackney, as shown by the results of a survey on Children's Social Care spend carried out jointly by the Society of London Treasurers (SLT) and the Association of Directors of Children's Services (ADCS). The graph below shows how Hackney's year-end position for 2018/19 (before the use of reserves) compared to other London boroughs for Children's Social Care.

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		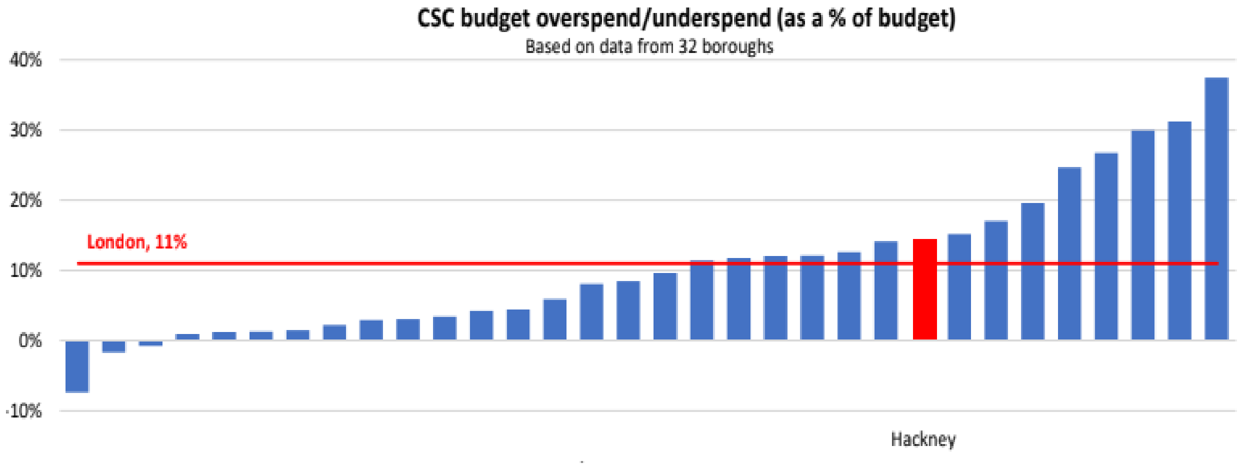 The main budget pressures in CFS are in relation to looked after children (LAC) placements within Corporate Parenting and staffing in several areas across the services. Further details are set out below. Corporate Parenting is forecast to overspend by £1,680k after the use of £2,300k of commissioning reserves and £300k one-off staffing reserves. This position also includes the use of £1,200k of Social Care funding that was announced in the October 2018 Budget. Spend on LAC and Leaving Care (LC) placements (as illustrated in the table below) is forecasted at £21m - £4.1m over budget and an increase of £2.7m over last year's outturn of £18.3m

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Table 1 : Placements Summary for LAC and Leaving Care

Service Type	Budget	Forecast	Forecast Variance	**Budgeted** Placements	Current Placements	Management Actions
Residential	4,331	5,336	1,005	22	33	There are a number of initiatives in place to seek to contain these cost pressures, for example the Family Learning Intervention Project (FLIP), the Edge of Care workers, the Residential project and re-negotiation of high cost placements. The first two of these have been in train for some time and tracking of the financial impact is undertaken on a case by case basis. Evidence from this
Secure Accommodation (Welfare)	-	140	140	-	1	
Semi-Independent (Under 18)	1,570	1,901	331	25	30	
Other Local Authorities	-	181	181	-	5	
In-House Fostering	1,800	2,154	354	77	90	

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Independent Foster Agency Carers	6,488	7,074	586	139	149	tracking suggests significant costs avoided suggesting the cost pressure would be significantly greater if these were not in place. We will continue to monitor residential placement moves and the resulting effect on other placement types across future periods. The impact of Mockingbird, the extended family model for delivering foster care with an emphasis on respite care and peer support, and new arrangements for implementing Supported Lodgings will also be reviewed going forwards.
Residential Family Centre (M&Baby)	-	312	312	-	4	
Family & Friends	569	863	294	28	49	
Extended Fostering	-	30	30	-	1	
Staying Put	200	386	186	12	23	
Overstayers	290	495	205	16	23	
Semi-independent (18+)	1,370	1,848	478	113	112	
Total	16,618	20,719	4,101	431	520	

**based on average cost of placements. Residential budget also includes one-off social care funding of £1.2m)*

The table on the following page shows the trend in LAC placements over the past 12 months.

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		Headcount Data for LAC

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		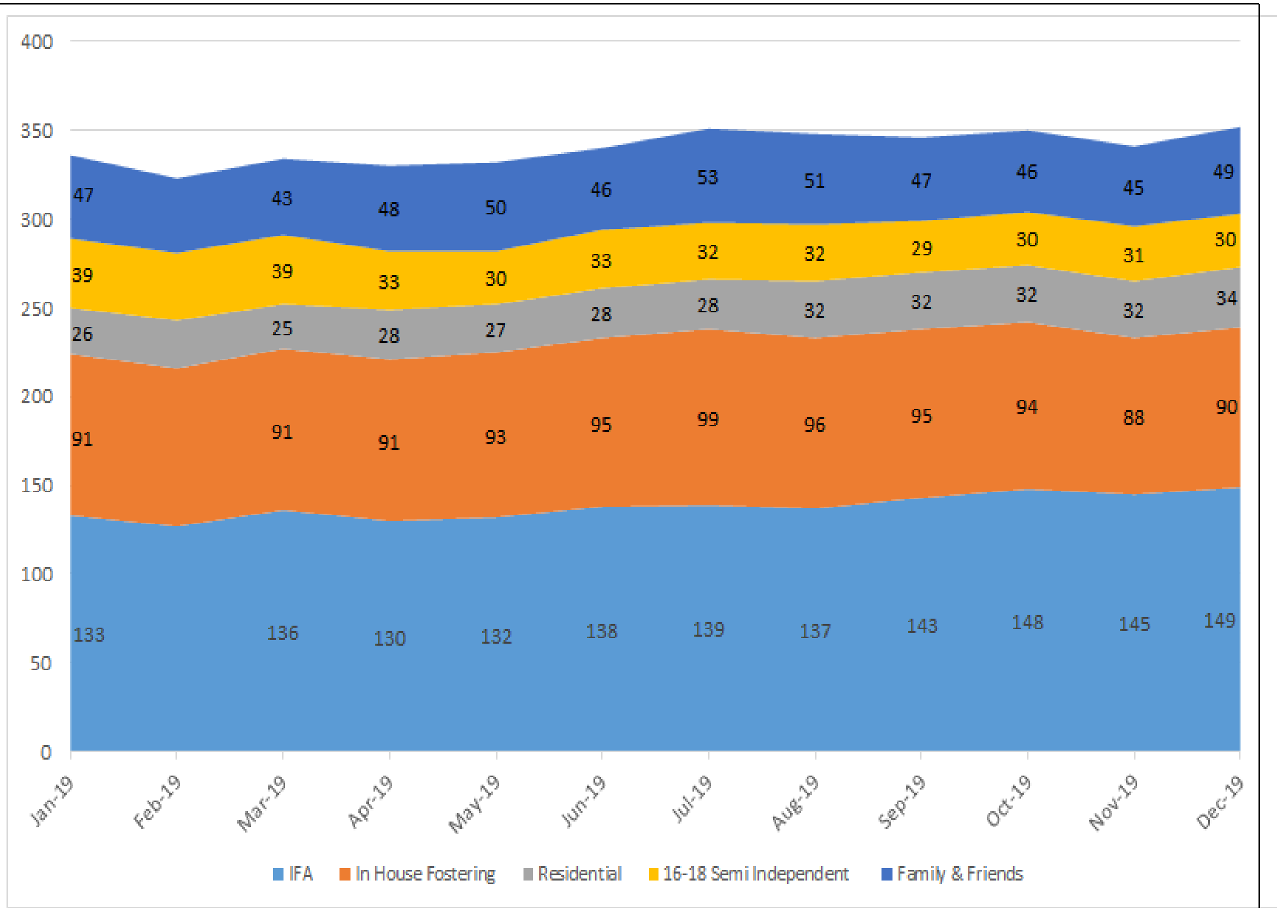 The forecasts for LAC and Leaving Care placements have increased by £150k and

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		£125k respectively from the previous month. These are primarily due to cost increases in residential care placements and increased numbers for semi-independent and Parent & Child Assessment Centre placements. As illustrated in the table above, since this time last year there has been an adverse movement in the ratio between IFA and in-house placements. IFA placements have increased by 21 since February 2019, which corresponds to an increase in the forecast of £800k, and this is the single most significant year-on-year increase in the service. This is despite in-house foster carer recruitment which has seen some success and the matching officer post which has been in the structure since 2018. At approximately £50k per annum the cost of a child placed in independent foster care is double that of a placement with one of our own foster carers. Residential care (including secure accommodation) placements are reflecting a budget pressure of £1.2m and have reduced by one this month to 33. Management actions are both in place and being further developed by the service to reduce the number and unit cost of residential placements. Given that the average annual cost is approximately £200k, a net reduction in placements would have a significant impact on the forecast. This year we have seen significant pressures on staffing. This is mainly due posts over and above the number of established posts recruited to meet an increase in demand (rise in caseloads), additional capacity to support the response to the Ofsted focused visit earlier in the year and cover for maternity/paternity/sick leave and agency premiums. Given the outcome of the more recent inspection referred to above, alongside further increased demand in the system, it is likely that staffing costs will continue to be above the number of established posts and this is being built into future financial plans. Children in Need is forecast to overspend by £495k. The overspend is mainly due to staffing, relating to supernumerary social worker posts to meet service pressures from

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		high caseloads and response to the Ofsted focused visit earlier last year, maternity cover and agency premiums associated with covering vacant posts. These items collectively total £480k. Other minor overspends in non-staffing expenditure total £15k. Reserves of £105k are being utilised to fund additional social work capacity. <u>Disabled Children's Service</u> is forecast to overspend by £605k. Staffing is projecting an overspend of £219k due to additional staff brought in to address increased demand in the service. The remaining overspend is attributed to care packages (£509k, including Home Care, Direct Payments and Residential respite) and £25k on other expenditure. This is offset by a £148k reserve drawdown. <u>The Safeguarding and Learning Service</u> is forecast to underspend by £77k. This is due to an underspend in the training and staffing budgets. <u>The Adoption Service</u> is forecast to overspend by £299k. Primarily the overspend relates to the Regional Adoption Agency with our neighbouring boroughs, which has incurred transitional costs in staffing, inter-agency services and on IT. A projected overspend of £65k from Adoption Support fund expenditure relates to high cost cases that require match funding contributions from the Council. <u>Parenting Support Services</u> is forecast to overspend by £37k which relates to staff covering maternity leave, long term sick cover and one over-established family support practitioner within the service. Overspends across the service are partly offset by an underspend in the Directorate Management Team, Access & Assessment and Youth Justice Service. <u>Directorate Management Team</u> is forecast to underspend by £463k after a drawdown of

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		£638k reserves to offset staffing pressures mentioned above and to fund additional social work and management capacity in response to the recent Ofsted inspection. The underspend in this area has gone down this month due primarily to an insurance recharge of £196k against a budget of £86k. Access and Assessment is forecast to underspend by £106k. This is primarily from a lower forecast cost in Section 17 which is £39k less than the previous year's outturn. Reserves of £92k are being utilised to fund additional social work capacity in response to the recent increase in demand in this service area. Youth Justice Service is forecast to underspend by £97k from delays in recruiting to Youth Justice practitioner posts. £293k from remand reserves is used to offset pressure in the service due to a spike in the number of young people held on remand earlier in this financial year. . **HACKNEY LEARNING TRUST** The Hackney Learning Trust (HLT) forecast is consolidated into the Children and Families position. As part of the delegated arrangements for HLT, any overspend or underspend at year end will result in a drawdown-from or contribution-to the HLT reserve and expenditure is reported 'on budget'. HLT are forecasting a significant drawdown on the HLT reserve (between £4.0m and £5.0m), mainly due to pressures in special educational needs. This will fully utilise the remaining HLT reserve. The forecast has been updated following the latest funding updates announced by the government in July 2019 and will continue to be adjusted as data on any new demands on HLT services become known throughout the year.

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		Special educational needs activities cost £9.5m in excess of agreed budgets 2018/19; and expenditure is currently expected to increase by a further £2.0m in 2019/20. Within the HLT forecast, the SEND over-spend is mostly offset with savings made across other HLT departments. Costs associated with special educational needs have complex cost drivers and senior leadership across HLT and the wider Council continue to look into ways where the Council might be able to bring expenditure under control. The SEND cost pressure is attributable to the increase in the number of Education and Health Care Plans (EHCPs) as the pupil population has grown significantly and there are growing demands on the system since the reforms introduced by the Children and Families Act 2014. The impact of these factors is that, in Hackney, the number of EHCP has increased by more than 50% since 2011. With the exception of SEN transport, SEN costs should be met from the High Needs block of the Dedicated Schools Grant– however, despite the significant rise in numbers & costs there has not been an adequate increase to this funding source. There is a risk of overspend in children's centres due to the uncertain impact on demand for childcare following the September 2019 childcare fee increases. The financial impact is currently being assessed in detail on the basis of an analysis of occupancy-level reports from the centres, although the full impact of the large rise in fees this year will not be measurable until autumn 2020. There is an estimated forecast overspend of £0.6m in this area incorporated into the overall HLT forecast. **Adult Social Care & Community Health** The forecast is a £4,092k overspend. The forecast includes significant levels of non-recurrent funding including iBCF (£1,989k), Social Care Support Grant (£1,200k), and Winter Pressures Grant (£1,400k).

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Recent announcements on social care funding as part of the Spending Review 2019 has provided further clarity on funding levels for 2020/21, however, it is still unclear what recurrent funding will be available for Adult Social Care post 2020/21. The non-recurrent funding was only intended to be a ‘stop-gap’ pending a sustainable settlement for social care through the Green Paper, however this is subject to ongoing delay. The implications of any loss of funding will continue to be highlighted in order that these can be factored into the Council’s financial plans. This will include ensuring that it is clear what funding is required to run safe services for adults. Alongside this the service continues to take forward actions to contain cost pressures.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspend in Adult Social Care, with a £3,430k pressure. The forecast includes £1,400k of the Winter Pressures grant to fund additional costs resulting from hospital discharges. It was anticipated that the grant funding would be released through the year to offset additional pressures from hospital discharges, however an analysis of information on discharge levels and care packages identified that the full £1,400k had already been committed at the beginning of the financial year.

Service type	2019/20 Budget	January 2020 Forecast	Full Year Variance to budget	Variance from Dec 2019	Management Actions
	£k	£k	£k	£k	
Learning Disabilities	15,287	16,617	1,330	217	- ILDS transitions/demand management and move

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Physical and Sensory	12,843	13,878	1,035	151	on strategy - Multi-disciplinary review of care packages (delivered £720k) - Three conversations - Review of homecare processes - Review of Section 117 arrangements - Personalisation and direct payments - increasing uptake
Memory, Cognition and Mental Health ASC (OP)	7,710	8,713	1,003	88	
Occupational Therapy Equipment	740	740	(0	(0)	
Asylum Seekers Support	170	237	68	9	
Total	36,749	40,184	3,435	465	

The Learning Disabilities service is the most significant area of pressure with a forecast £1,330k overspend, which reflects an additional pressure of £217k (1.4%) on the December position. There continues to be increased pressures related to new clients and the cost of increasing complexity of care needs for Learning Disability clients. Revised assumptions around the cost of day care services have added to the pressure this month. The pressure is still significantly less than last year due to the application of both budget growth and one-off funds in this service area.

Work is ongoing with Clinical Commissioning Group (CCG) colleagues to embed the joint funding model for high cost Learning Disability packages as business as usual. The CCG have committed to ringfence £1,900k-£2,700k within their financial planning

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		for 2019/20 and a contribution of £1,900k has been factored into the forecast. Progress has been slow in embedding the joint funding model which has resulted in fewer than expected cases going through the panel process to date. Following the implementation of acceleration measures including dedicated support from the Performance Management Team in Adult Services and enhanced quality assurance processes, throughput has picked up along with the number and value of joint funding packages agreed. Progress will continue to be closely monitored by all partners given its high priority and funding risk. Physical & Sensory Support is forecasting an overspend of £1,035k, whilst Memory, Cognition and Mental Health ASC (OP) is forecasting an overspend of £1,003k. The combined position has moved adversely by £248k since the last reported period. The adverse movement is primarily driven by further client growth in long term care placements, and revised estimates of care charges income which has been offset by the clawback of unused direct payment monies from service users accounts. The cost pressures in both service areas has been driven by the significant growth in client numbers as a result of hospital discharges in 2018/19 and 2019/20, which has been partially mitigated by one-off funding from the Winter Pressures grant of £1,400k, and other one-off funding. Discussions were held with the service in order to develop a set of management actions to mitigate the ongoing cost pressure as a result of increased clients being discharged from hospital with more complex needs. These actions included the creation of a multi-disciplinary team (MDT) to facilitate the review of care packages, and this delivered savings of £791k (full year effect). The MDT project ended at the end of Jan 2020; lessons learnt, particularly around double-handed care packages, are being embedded into business as usual.

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		<u>The Mental Health</u> service is provided in partnership with the East London Foundation Trust (ELFT) and is forecast to overspend by £688k. The overall position is made up of two main elements - a £839k overspend on externally commissioned care services and £151k underspend across staffing-related expenditure. The small reduction in overspend is primarily a result of care package revisions this period within supported living. <u>Provided Services</u> is forecasting a £24k underspend which represents a reduction in the forecast spend of £85k since the last reporting period. This is largely attributed to: ● Housing with Care overspend of £152k. The forecast includes additional resources to respond to issues raised from the CQC inspection in December 2018. The service was re-inspected in July 2019, and the service has now been taken out of 'special measures' and our rating has changed to 'requires improvement'. ● Day Care Services are projected to underspend by £176k, primarily due to the current staff vacancies across the service. The <u>Preventative service</u> outturn reflects an underspend of £477k, which represents an improvement of £97k on the December position primarily driven by a reduction in Health recharges of £82k for the Integrated Independence team as a result of billing anomalies being corrected. In addition, further savings of £14k have been achieved across Preventative services due to a reduction in staffing expenditure as a result of delays in recruitment. The underspends of £150k on Concessionary Fares' budget and £203k within Median Road Resource Centre budget are directly used in supporting wider Care Management service expenditure. <u>ASC Commissioning</u> is forecasting a £492k budget overspend, which reflects an

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		improvement of £143k on the December position. The improvement this month is primarily due to additional one-off funding drawdown to mitigate the Telecare contract budget pressure. The overall budget variance of £492k is driven by the Housing Related Support (HRS) in-year savings gap of £487k. **Public Health** Public Health is forecasting a breakeven position. There are pressures in the service due to the delay with implementing the Public Health restructure and the review of physical activity for adults. However, this pressure is being managed within the overall budget and it is not anticipated to result in an overall overspend. The Sexual Health forecast has been updated to reflect the agreed increase of tariffs which commenced from 1 October 2019 across London following the recent Integrated Sexual Health Tariff (ISHT) review. There has been a 5% increase in sexual health costs, this is associated with PrEP activity (PrEP is Pre-Exposure Prophylaxis, which is the use of anti-HIV medication that keeps HIV negative people from becoming infected) and a progressive uptake of e-services alongside clinical service provision. Both activities are subject to continuous review with commissioners to ensure sustainable future provision remains within allocated sexual health budget in future financial years. **NEIGHBOURHOODS AND HOUSING** The forecast position for Neighbourhoods and Housing Directorate as at January 2020 is a £151k overspend. Since the previous month, there has been an increase of £162k in net spending. The forecast includes the use of £2,100k of reserves, the majority of which are for one off expenditure/projects.

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		There is a forecast overspend in the Planning Service of £529k which is due to a projected shortfall against the planning application fee income target of £2.3m. The total shortfall £572k against the income budget is partly mitigated by additional income from other parts of the service. The shortfall in planning application fee income is linked to a decline in the number of very large Major applications being received rather than a fall in overall planning application numbers. Notwithstanding this there are a number of large schemes at the pre-application stage which are due to be submitted in early 2020/21. It must be noted that the construction cycle is very consistent and the planning and building control experiencing falls in income every 5 years as the construction industry periodically slows before recovering. The development industry is also putting on hold the submission of major planning applications until there is more clarity on the impact of Brexit and the Hackitt review on build cost and sales value as this impacts the viability and deliverability of their schemes. The cost of determination of minor applications is more than the fee received as Local Authorities have not yet been afforded the option by the Government of setting their own fees. In practice major applications help subsidise minor applications therefore the shortfall in new major applications will also detrimentally affect this cross subsidy. It should also be noted that a new planning back office system is in the process of being launched and this will result in efficiencies especially within the planning application registration and validation process, these efficiencies will also help offset any underachievement of income. The Building Control service is forecast to overspend by £48k, though It is important to note that Building Control income is significantly higher than in 2018/19. The service has proposed a new staffing structure and a 13% fee increase that will improve income generation further in 2020/21 and achieve full cost recovery without losing share of the

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		Building Control market. <u>Streetscene</u> is forecast to under spend by £404k which is an adverse movement of £21k from the previous month which is due to confirmation of additional expenditure on external contractors. There is ongoing analysis of Street scene income to determine potential improvements in the outturn position for 2019/20, as initial figures indicate that due to increasing numbers of developments across the borough Street scene is likely to over achieve its income budget for the year resulting in an increased underspend for the full year. This analysis will also consider the sustainability of the additional income received in-year. <u>Markets</u> is showing an overspend of £60k which is largely due to external contractors' cost for putting up and taking down market stalls. Procurement for this service is due to finish in June 2020 which will significantly reduce costs. Further reviews are being carried out to identify additional reduction in expenditure and new income opportunities. Parking, Leisure, Green Spaces and Libraries and Community Safety, Enforcement and Business Regulation are forecasting break-even positions, with Directorate Management continuing to forecast a marginal underspend. The Housing General Fund is forecast to be underspent which is mainly due to underspends within staffing. There is no variance within Regeneration at this stage. **FINANCE & CORPORATE RESOURCES** The forecast is an overspend of £258k.

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		Financial Management and Control are forecasting an underspend of £422k due to vacancies across all services, while the Directorate Finance Teams are projecting an underspend of £140k which mainly relates to salaries and projected additional income from service fees The overspend in Facilities Management (£525k) is primarily due to increases in business rates costs on council owned buildings in the borough which are partially offset by reserves. The largest increases are in Hackney Town Hall, Hackney Service Centre and Florfield Road. In Property services, the cost pressure primarily results from: providing additional staffing resources within the service to address essential works; and the re-classification of a significant revenue item as a capital receipt. The service is currently reviewing their operations to address the former and the allocation of overall budget, both capital and revenue, needs to be reviewed to address the latter. Revenues and Benefits and Business Support, Registration and Audit and Anti-Fraud are forecast to come in at budget. Housing Needs is forecast to come in at budget after the application of the Flexible Homeless Grant and Homelessness Reduction Act Grant. Whilst we will continue to receive the Flexible Homeless Grant, it is probable that this grant will reduce over time and there may be other calls on the Grant. Further, since April 2018 when the Homelessness Reduction Act was introduced there has been a 33.4% increase in approaches for housing advice, expected to result in significantly higher temporary accommodation costs over time.

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		CHIEF EXECUTIVE Overall the Directorate is forecasting to overspend by £396k after forecast reserves usage, which is unchanged from November. **Communications, Culture & Engagement** £150k of this overspend relates to Hackney Today. Hackney Today was published fortnightly for the first quarter of the year but following a court order is now only published once every 3 months with a new information publication 'Hackney Life' published in the months in between. Due to this, advertising income has dropped significantly, from around £33k pcm to £6k pcm. Although distribution and print costs have halved, these only save £14k pcm. Staff costs are largely unaffected by the change in publication but have actually increased due to maternity leave. The Service plan to present a paper shortly, following consultation, to inform the decision that is required on the future of the publication. The remaining £60k is in relation to venues and is primarily due to costs relating to Hackney House (£45k), which the council is no longer responsible for. The Culture team have spent a higher amount on the carnival this year due to increasing numbers of attendees and the moving of the main stage to a new location due to this. It has been agreed for the funding for the event to come from Neighbourhood CIL. The rest of Communications including Design & Film are forecast to break even. The reserves usage is in relation to Hackney Young Futures Commission (£150k) which

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		is a manifesto commitment and Dalston Engagement (£57k). The Dalston engagement reserve is made up of income received by the service last year and set aside for this purpose. There is also an increase in reserves usage to fund the core team in Culture (£147k). This is a change of funding as they were previously being funded by CIL. **Legal & Governance** The combined Legal & Governance Service are forecasting an overspend of £186k on their budget. There is an overspend reported in Governance which is primarily due to Internal Printing Recharges estimated at £34k and £36k is for an unfunded Team Manager's post previously funded by HRA. The funding of this post has been rectified for the 2020/21 financial year. External recharges and Recharge to Capital are forecast to be £260k less than budget. The management team is reviewing current and future income to establish sources of additional income for the 2020/21 financial year. The overspends are partially offset by underspend in Legal salaries (£35k) and external legal advice (£60k) and there is an additional income from Traded Services of £19k and HLT of £30k. All other services are forecast to come in at budget. **HRA**

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		The projected outturn on the HRA is at budget. <u>Income</u> There is a surplus of £388k on Dwelling Rents which is due to a new lease agreement for properties rented to housing associations. A further major variance is a surplus of £919k for Other charges for services and facilities which is mainly due to the extension of LBH collection of water rates on behalf of Thames Water. The commission earned on the Thames Water contract is to pay for the staff that collect the money. We currently only need to collect rent from about 60% of tenants, as about 40% are on full HB; but as we collect Thames Water charges from all tenants and leaseholders, we need to have staff/process/systems to collect from the remaining 40% of tenants. This cost is paid for by the Thames Water commission. The surplus is due to the fact that the contract extension was negotiated after the HRA budget was set and so the income is not accounted for in the budget, but the income is accruing throughout the year <u>Expenditure</u> Repairs and Maintenance is £1,096k over budget which is mainly due to reactive repair costs and an increase in legal disrepair expenditure. This is currently partly offset by vacant posts within the new R&M structure. The Special services overspend of £1,084k is due to agreed increased costs within estate cleaning, but this is expected to reduce in 2020/21 as the effects from restructuring of the service are realised. There is an overspend on Supervision and Management which is due to an increase in recharges from housing needs. There is an increased cost of capital due to the interest costs on the returned 1-4-1

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		funding from the pooling of capital receipts, but this is offset by a reduction in the Revenue Contribution to Capital (RCCO). **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** This report is primarily an update on the Council's financial position and there are no alternative options here. The property proposal is effectively tied into the Section 106 agreement negotiated and agreed with the developer of Plough Yard and there are effectively no alternative options available for consideration with just the more intricate points of the lease agreement to be finalised.
10	Homeless Strategy - Key Decision No. FCR Q9	**RESOLVED** That approval be given to the new Homeless Strategy 2019-22. **REASONS FOR DECISION** The Homelessness Act 2002 places an overriding statutory duty on all housing authorities to review homelessness trends in their area on a 5 yearly basis, and produce an overriding strategic homelessness strategy which reflects the results of that review. Statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) requires Housing Authorities to ensure that strategies are compliant with and take into account the duties introduced by Homelessness Reduction Act in 2018. Additionally, In 2018 Central Government published it's Rough Sleeping Strategy, which requires Councils to update their Homelessness and Rough Sleeping strategies to include a focus on Rough Sleeping.

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		The Council's current homelessness strategy is now out of date. Given significant changes in the local housing market, and the introduction of new legislation and duties under the Homelessness Reduction Act it is necessary for the Council to produce a new Homelessness Strategy. This strategy reflects the latest trends in homelessness, follows best practice and is compliant with current legislation. **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** The publication of a homelessness strategy is a statutory requirement as set out by the Homelessness Act 2002 which has been subsequently reinforced by government guidance. All Housing authorities are required under Section 1(4) of the Homelessness Act to publish a new homelessness strategy, based on the results of a further homelessness review, within the period of 5 years beginning with the day on which their last homelessness strategy was published. Not having an up to date strategy will make the Council non-compliant with legislation and would place the authority at risk of government action, which will have an adverse impact on any future funding. Given the current pressures placed on Council services as a consequence of the level of homelessness in the borough, an up to date homelessness strategy that includes a strategic framework that reflects the current market and operating climate is essential if the Council is to respond effectively. A basic refresh of the existing strategy was considered, but given the significant changes in the housing landscape and extra duties introduced by the Homelessness Reduction Act a new strategy is more appropriate. By not introducing a new Homelessness Strategy the Council is in danger of being less

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		effective in both tackling the current levels of homelessness and rough sleeping and in preventing homelessness in the future.
11	Corporate Debt Policy - Key Decision No. FCR Q20	**RESOLVED** **i. That approval be given to the Corporate Debt Collection Policy (and the Vulnerable Person's Debt Policy, which forms part of the Corporate Debt Collection Policy), to enable Hackney to have effective strategies in place to support customers who were experiencing financial difficulty, and also allow Hackney to achieve fairer customer outcomes, better customer engagement and sustainable payments; and** **ii. That authority be delegated to the Group Director of Finance and Corporate Resources to make minor amendments to the Corporate Debt Collection Policy and associated policies.** **REASONS FOR DECISION** Significant progress has been made to maintain Hackney as a high performing borough but as outlined in Hackney's corporate plan 2018-2022 there is still more to do. "After eight years of austerity, the financial challenge to local government remains acute. Hackney will have lost £140 million from our annual Government grant by 2019/20, around 45%, and we must find further savings. Inequality is widening in the borough, and welfare reform is increasing that challenge and driving demand on our services. As a Council, maintaining strong, cohesive, healthy communities in the face of that inequality, is one of our greatest and most difficult tasks." The introduction of Universal Credit to Hackney in October 2018 is the biggest change in

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		welfare reform in the last 30 years; it replaces six different benefits with a single monthly payment. There are challenges caused by a single monthly payment and the way it is paid, with some aspects of Universal Credit causing or exacerbating personal debt problems. There is a minimum five week wait before receiving the first payment, some customers now have to meet the shortfall in rent payments and many more are worse off financially. Consequently, the number of people reporting debt problems is on the increase. Universal Credit will not be fully rolled out in Hackney until 2024 and, while the Council is investing in helping people prepare, it is likely that the number of people affected by debt issues will increase as this happens. Research from the Money Advice Service and Californian Analysis Centre Inc. has indicated that just over a fifth of adult residents in Hackney are living with problem debt i.e. those likely to find monthly payments a 'heavy burden' and/or those missing more than three bill payments within a six-month period. Also the English Indices of Deprivation 2019 shows Hackney to be the 7th in the most deprived local authorities based on rank (the average level of deprivation across the borough based on the population weighted ranks of all neighbourhoods). Hackney's Community Strategy aims to address poverty and income inequality and looks to support people to resolve problems before they become unmanageable. Hackney has invested in advice and support services for residents who are struggling financially or are in debt, but there needs to be a change in the approach to how income is collected, so that advice and support are offered in the early stages of the debt recovery processes. We also want to reduce our reliance on enforcement agents. There is a not only a need to maximise the income collected from services such as housing rent, council tax, business rates, housing benefit overpayments, adult social care, parking and sundry debt to deliver and invest in services, but also to ensure that households do not lose their homes because of the level of outstanding debt they have. This aspiration contributes to one of the aims of the community strategy and Mayor's priorities to be "A borough where

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		everyone can enjoy a good quality of life and the whole community can benefit from growth." Debt advice organisations, such as the Money Advice Service (MAS) are pushing for more to be done to support those living with problem debt. MAS want creditors, like Hackney, to adopt good collection practices that: · Reduces the impact of unmanageable debt on people's lives. · Encourages early and ongoing engagement. · Gives people the best ways to deal with their financial difficulties. · Improves people's financial health and helps them to become less vulnerable to problem debt. The Government is planning to introduce 'breathing space' legislation in early 2021 that will temporarily suspend recovery action and prevent further costs and interest being charged whilst people with debt problems actively work with debt advice organisations to reach a debt solution. The Government also plans to reform Council Tax collection, which the Citizens Advice Bureau says is the most common debt problem they help people with, so that people are treated with care while Councils collect the income they need. As a result of this, Councils will have to change their debt collection approach. Hackney needs to ensure that they have a corporate collection policy which takes into account personal circumstances and which does not potentially push households further into debt from added charges as a result of recovery action. Debt problems can affect mental health and therefore, the Council needs to support the delivery of a new approach that will help address the issues of household debt and in the long term maximises the income households need. The rules and regulations that govern how each service collect debts are different, but a corporate approach to personal debt will ensure that services are fair, consistent and supportive in the stages prior to starting court action. There is greater emphasis on early and

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		ongoing engagement with customers in a variety of ways to try to resolve problems and address wider issues so that they can pay their debts. Research from the Citizens Advice Bureau has shown that customers who are in debt tend to be on low incomes or in receipt of benefits and often are unable to cope with the pressures of demands of payments. Other research studies indicate that they also tend to have higher levels of health and social problems, including mental health issues. In adopting a corporate debt collection policy, services across the Council will use appropriate communication methods and proportionate collection methods that will take into account vulnerabilities. Currently each service has their own Vulnerable Person's Policy and these will sit alongside a corporate one, which services have been consulted on and had input into. The policy will also: · Aim to stop the escalation of recovery action and prevent debts from increasing. · Reduce the number of cases that are referred to enforcement agents and lead to evictions as greater effort will be made to engage with customers in the earlier stages. · Improve collection levels in the long term as customers will enter into payment arrangements that they can sustain having taken into account household affordability. · Enable debts to be paid in order of priority. · Encourage joined-up working between Council services and ensure debts owed to different services are not considered in isolation of one another. · Promote partnership working with debt advice organisations so that customers are given time to get the help they need. · Help Hackney achieve its vision where all residents have a chance to lead healthy and successful lives.

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		Not all customers will choose to engage and it will be necessary to continue with court action in some situations if debt remains unpaid. However, this policy aims to significantly reduce the number of cases where this happens, particularly for customers on low incomes or on benefits. Joined-up working with services will also ensure all relevant information is available to make an informed decision and if appropriate, make a referral to Adult Social Care, where there is concern about a customer's wellbeing. Services were consulted about their existing collection practices and their capacity for better engagement. Not all services use the latest technology in communication or have resources to offer the support needed to engage with customers beyond sending letters. There is a consensus of opinion that services will need to work towards this and that more needs to be done to help customers in debt. **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** The changes in welfare reform and the increase in the number of households that are in debt demonstrates a need for the Council to have a single approach to how services collect income and the support offered to people in debt. Consideration was given to continuing with the current model of all services working independently of each other and to their own policy and procedures. However, the impact to customers who owe multiple debts to the Council is likely to lead to stress and anxiety and result in broken payment arrangements with services chasing the same limited amount of money. Transferring responsibility to a centralised team who would deal with customers who owe multiple debts was also considered as an option. This would allow customers to have one point of contact and enable them to come to a single payment arrangement to clear all debts. The idea was explored with several companies to develop a system that could merge data from the

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		different systems used by Hackney services to create a unique reference that would enable a single payment to be distributed back to the host systems. These companies were all confident that they either already had the technology to do this or could develop a system to deliver on a specification. However, none were able to evidence that this could be achieved following a series of presentations to showcase their products and in the case of one company the costs were too high to test whether their system could in fact meet the requirements. The concept of one team is sound but the software needs to be developed to fully support this method of collection. In the short term any centralised team would have to continue to operate within its current system and perimeters until a suitable system is found. Further investigations are being carried out with Civica Pay, the payment system replacing Paris (the Council's cash collection system), to determine if it is possible to develop a system to collect multiple debts with one payment. There is no specification available yet and this won't be considered until after Civica Pay, which has gone live and is bedding down. So discussions will commence as soon as possible.
12	Capital Letters - Key Decision No. FCR Q63	**RESOLVED** **i. That the £38 million over three years committed by the Ministry of Housing, Communities and Local Government (MHCLG) specifically for pan-London collaboration on the procurement of accommodation for homeless households be noted;** **ii. That approval be given to becoming a Member of and joining Capital Letters (London) Ltd, a Company Limited by Guarantee established by the London boroughs, which in turn would procure or lease accommodation for the benefit of those London boroughs that become members of the company; and** **iii. Note Capital Letters' governance structures including the Borough Representative**

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		Body on which all boroughs are represented and the Board of Directors whose appointment is made in accordance with the Directors Appointment Policy. REASONS FOR DECISION The decisions recommended are required to join the company and participate in the collaborative procurement approach and to access the MHCLG funding. The estimated aggregate financial benefit of the proposals to London Boroughs are significant plus potential savings on changing how placements are made and reduced repeat homelessness through tenancy sustainment. It will also build on the effective work through the Inter Borough Accommodation Agreement (IBAA) which has led to reduced spending through rate sharing and the application of a cap on rates paid for certain accommodation. Capital Letters is required to work within this system, and provides further opportunities to rationalise and secure efficiencies in the procurement of accommodation for homeless households. Benefits to Hackney of joining Capital Letters now that it is operational: Capital Letters has been set up in a number of phases, meaning that not all boroughs were required to join first. There are a number of reasons why it would be advantageous for Hackney to be part of the second wave of boroughs which are anticipated to start operations in April 2020 or shortly thereafter. Capital Letters is no longer a leap of faith but a proof of concept. The first phase boroughs have worked closely with the Capital Letters team to obtain agreement on key documents such as the Secondment Agreement, Service Level Agreement and incentive packages, and to develop working processes and procedures. As a result, Capital Letters is fully operational, with all processes and procedures in place and a functioning IT

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		system which means the second phase boroughs will benefit from the opportunity immediately on joining. Although the grant for incentive payments reduces in year two, because the operational arrangements are all in place, the second wave boroughs are likely to achieve similar levels of grant to top slice these payments due to the higher numbers of properties that will be procured during the year. Boroughs who do not join Capital Letters will still have properties procured by Capital Letters in their area. Although Capital Letters will abide by the agreed IBAA rates, there is nevertheless a significant risk that landlords and agents will prefer to work with Capital Letters than within individual boroughs because of the profile it is developing, and because of the more streamlined ability to let properties across London with one organisation than with a number of different boroughs, all with slightly different terms and conditions and different personnel. The creation of Capital Letters means Hackney will be able to secure more PRS and leased properties in London within or close to Hackney thus reducing the need to place families in B&B and hotel annexes, in distant areas of London or outside London altogether. It would be better to secure these benefits sooner rather than later. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED There is the option not to join the company in the second phase. This would result in a lost opportunity to access MHCLG grant funding, alleviate the costs to boroughs of providing accommodation, to increase the procurement of leased temporary accommodation and move away from expensive nightly paid temporary accommodation and to enable the placement of households closer to home. Membership of Capital Letters would mean that at least 50% of the Council's procurement

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		activity for accommodation for homeless households would have to be undertaken by Capital Letters (excluding nightly paid and out of London properties). Members will also receive MHCLG subsidy for newly procured properties. Membership would give the Council influence over the strategic direction of the company.
13	Hackney Housing Company - Business Plans and Annual Report of the Directors - Key Decision No. NH Q48	**RESOLVED** **i. That approval be given to the three Hackney Housing Companies' business plans as attached at Appendices 1 to 3 to the report, which will be adopted by the respective companies subject to Resolution by the Companies' Board of Directors; and** **ii. that the Hackney Housing Company's annual Director's Report appended at Appendix 4 of the report, be noted.** **REASONS FOR DECISION** The business plans describe the parent and subsidiary companies' business, covering their mission, governance, products and services, market, marketing strategy, operations financial forecast, risk mitigation and exit strategy. In adopting the proposed business plans, the group of companies will assist the shareholder in delivering on commitments to make available to local residents: 1) an additional affordable accommodation tenure for households unable to access the private market but whose means exclude them from being awarded a Council home with a social rent; 2) high quality and well managed private rented sector accommodation.

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		The Council is the sole company shareholder and the business plans developed and proposed by the Directors should be based on the shareholders objectives and priorities. **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** A requirement of the housing company is that business plans are taken to Cabinet to be approved as Cabinet exercises the main shareholder functions. The Hackney Housing Company and its subsidiaries could not operate commercially or strategically without business plans.
14	Acquisition of properties to support the delivery of affordable housing - Key Decision No. NH Q40	**RESOLVED** **i. That authority be given to the principle of purchasing former Right-to-Buy properties including those owned by Housing Associations, to support the increased supply of affordable housing in the borough, and that such purchases to be subject to the Group Director of Finance being satisfied that it was the most cost effective solution to support the delivery of affordable homes in the borough;** **ii. that a spend of up to £10m per annum from existing affordable housing budgets for the purchase of former Right-to-Buy properties be authorised, including those owned by Housing Associations, to support the increased supply of affordable housing in the borough;** **iii. that the Director of Corporate Property be delegated authority, in consultation with the Group Director Neighbourhoods and Housing on behalf of the Council, to negotiate final terms and conditions on the purchases as referred to in i. and ii. above including price and purchase of the properties; and**

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		iv. that the Director of Legal and Governance be authorised to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report and to enter into any other ancillary legal documentation as required. **REASONS FOR DECISION** The reasons for providing this report and the recommendations set out within it are; ● To approve the principle of purchasing open market and former Right-to-Buy properties as outlined in the recommendations above in order to support the delivery of homes for rent in the borough. ● To give the Council additional flexibility, by granting delegated authority the Group Director of Finance, to acquire homes that can support the delivery of affordable housing in the borough. **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** The Council could do nothing and the RTB properties would be sold on the open market. This would result in the delivery of fewer additional homes for social rent in the borough. In addition to this, the continuing use of more expensive nightly paid temporary accommodation by the Housing Needs Service adds further to the forecast overspend on temporary accommodation. Purchase of these properties would contribute towards provision of less temporary accommodation overall.
15	Hackney Central station and town centre regeneration - Key Decision No. NH Q52	**RESOLVED** i. That approval be given to the granting of a lease in excess of seven years on the land

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		at 231 - 237 Graham Road shown edged in red on the plan attached at Appendix 1 of the report at a value less than the best consideration that could reasonably be obtained for the social, environmental and economic reasons expressed in the report, and that the lease would be subject to planning consent being obtained for the new entrance on Graham Road and funding for the scheme being secured; ii. That authority be delegated to the Group Director of Finance and Corporate Resources to agree the commercial terms for the lease; iii. That authority be delegated to the Director of Legal and Governance to settle and sign the lease and any other legal documentation relevant to complete the transaction; iv. That authority be delegated to the Director of Legal and Governance to enter into a Memorandum of Understanding with Transport for London and Network Rail to collaborate and input into a design commission to produce a scheme design for a new permanent station building on the north side of Hackney Central station. **REASONS FOR DECISION** To improve capacity at Hackney Central station in the short term and ensure that the relevant parties are actively pursuing a more permanent solution for a new station building in Hackney Central which can accommodate future growth in the town centre (contributing to delivering the draft Local Plan borough wide target of 26,250 new homes and 23,000 new jobs by 2033), is reflective of Hackney Central's status as a Major Town Centre in the London Plan and Local Plan, and is in accordance with the Local Plan and Hackney Central Masterplan (2017) objective to create an improved station and town centre arrival point in Hackney Central on the north side of the station.

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		DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED Another option considered is to do nothing and not use Council land to provide a new entrance on Graham Road. This is not considered a viable option as based on the reasons set out in this report the station is currently operating over capacity and urgent action is required to create more space for the access, egress and interchange of passengers. The capital funding for the station improvement works will not be provided by the Council but will be funded by Network Rail. Another option considered was to not provide a new entrance in the short term and instead commence the design process to come up with a costed design for a new permanent station building on the north side of the station. This option was rejected due to the need to resolve the station capacity issue as soon as possible and, as stated, the capital funding for the station improvement works will not be provided by the Council but will be funded by Network Rail. It is therefore considered that the best option is to deal with the immediate capacity issues at the station by providing an alternative station entrance by utilising Council owned land on Graham Road while at the same time ensuring proposals for a permanent station building on the north side of the station are progressed in partnership with Network Rail and Transport for London.
16	Kings Crescent Phases 3 and 4 Discretionary Service Charge Reduction - Key Decision NH Q32	**RESOLVED** **i. That for resident leaseholders within Bramfield, Datchworth, Theobalds and Weston Court (Kings Crescent Phases 3 and 4) with leases without improvement clauses, it be agreed to apply a £10,000 cap to the amount of costs which could be recharged for the major repairs works, as outlined in paragraph 6.3.3. of the report, and that the cap to apply until the completion date of the aforementioned works, forecasted to be 2024, and that for the avoidance of doubt, the cap shall not**

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		apply to non-resident leaseholders at the date when Section 20 Notices will be issued; ii. that resident leaseholders within Bramfield, Datchworth, Theobalds and Weston Court (Kings Crescent Phases 3 and 4) with leases with improvement clauses, it be agreed to apply a £10,000 cap to the major repairs works and the improvement works as outlined in paragraph 6.1.4. of the report, and that the cap to apply until the completion date of the aforementioned works, forecast to be 2024, and that for the avoidance of doubt, the cap shall not apply to non-resident leaseholders at the date when the first Section 20 Notice for the works will be issued; . iii. that a restriction be applied to the application of the £10,000 cap for resident leaseholders to the costs associated with the approved package of works as part of the estate regeneration project on Bramfield, Datchworth, Theobalds, and Weston Courts, and that . All future works undertaken under the Council's asset management plans to be excluded from the cap; iv. that, in the event of a resident leaseholder ceasing to be a resident leaseholder within five years of the final accounts being issued, a proportion of the uncharged element of the works will be repayable through a clawback mechanism be secured and that the repayable amount be reduced in equal steps from 100% in the first year following the final accounts being issued to 20% in the fifth year; v. that authority be delegated to the Group Director of Neighbourhoods and Housing in consultation with the Group Director of Finance and Corporate Resources, and the Director of Legal and Governance to determine the detailed arrangements for the implementation of the discretionary major works and improvements service charge reduction for resident leaseholders including the clawback mechanism in

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		iv. above; and **vi. that authority be delegated to the Group Director Neighbourhoods and Housing in consultation with the Group Director of Finance and Corporate Resources to vary the schedule of works within the cap, as set out in i. and ii. above in order to facilitate the delivery of the Kings Crescent estate regeneration.** **REASONS FOR DECISION** Kings Crescent Estate had a long history of stalled attempts at regeneration before the Council successfully delivered Phases 1 and 2 of the regeneration in 2017. The substantive demolition was completed in 2002 in anticipation of a housing association and developer partnership delivering the regeneration. There followed two failed attempts through such delivery methods and, as a consequence, residents of the Kings Crescent Estate encountered a living environment on a half demolished estate for a significant duration. Subsequent changes in legislation that permitted council-led delivery to redevelop and regenerate estates enabled the Council to bring forward regeneration proposals, and the first masterplan was commissioned in 2010. Delivering an in-house investment programme at Kings Crescent that ensured the delivery of new Council rented homes and the complete renewal of existing homes could then become a reality. A project brief for Phases 1 and 2 was drawn up in 2012 and co-produced with residents. One of its key design principles was that the works to the existing blocks should seek to achieve a design which complements the external appearance of the new build homes, matching its quality and specification, altogether generating a genuinely tenure blind estate. The design objectives for the refurbishment of Phases 3 and 4 have aimed to continue this commitment to enhance the quality of life for the existing residents by transforming the character of the

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		retained buildings and the perception of the estate; and ensuring equity across all phases as well as across the existing and new homes. The installation of precast balconies, new lobby entrances and other elements of the improvement works are critical design interventions that achieve the stated objectives. It would be fair and reasonable to introduce a cap on the amount of costs that can be recharged to resident leaseholders given the protracted history of the regeneration, the Council's vision to deliver an equitable regeneration proposal for all residents on the estate, to keep the existing community together; and to recognise the considerable disruption to residents in the retained blocks whilst the works to their homes are delivered, in addition to the new build construction works which will occur simultaneously. In recognition of these factors, in July 2011, Cabinet granted approval of a recharge cap for leaseholders of £10,000, and this was communicated to leaseholders in Phases 1 and 2 as part of the formal Section 20 Notice process. A similar approach is recommended for resident leaseholders in Phases 3 and 4. In 2018 the Council's Leaseholder and Freeholder Options Document was adopted for regeneration estates. This policy is intended to help maintain existing communities and enable residents to stay in Hackney. While the policy applies to buying back homes, the same principle applies to the proposed amount that resident leaseholders in Phases 3 and 4 can be recharged for the cost of major repairs and improvement works, as set out in this report. The estimated recoverable income from a full recharge to all leaseholders for the major repairs works and improvement elements of the scheme would be circa £2.73m. The estimated income, following the introduction of a £10,000 cap for each resident leaseholder would be £1.06m. The estimated uncharged element for leaseholders is therefore in the order of £1.67m. The costs for the improvement works and major repairs work that exceed the £10,000 cap, will

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		be cross-subsidised from outright sales income from Phases 3 and 4. The financial impact of the uncharged element is considered justifiable given the reasoning set out above. The above estimates are based on existing records which indicate that 43 out of 56 leaseholders are resident leaseholders and 13 are non-resident. Anecdotal information suggests that the number of non-resident leaseholders may be greater than 13, in which case the uncharged element of the works would be reduced. Further due diligence will be carried out to establish the resident and non-resident leaseholders at the date of issuing the first Section 20 Notice. **DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED** The option to recharge all leaseholders in Phases 3 and 4 for all recoverable elements of the works was considered, generating estimated income of £2.73m. The option to apply the £10,000 cap to all leaseholders in Phases 3 and 4 was also considered, generating estimated income of £560,000. Both of the above options were rejected. The proposed approach is to apply the £10,000 cap to resident leaseholders only, subject to a clawback mechanism in the event that leaseholders become non-resident within five years. This is to help maintain the sense of fairness and equity as well as the existing community at Kings Crescent.
17	Schedule of Local Authority School Governor appointments	There were no School Governor appointments. **NOTED**
18	Appointments to Outside Bodies	There were no appointments to outside bodies.

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		NOTED
19	New items of unrestricted urgent business	There were no unrestricted items of urgent business. **NOTED**
20	Exclusion of the press and public **Items considered in Part B – exempt business**	**RESOLVED:** That the press and public be excluded from the remainder of the meeting as item 20 below contains exempt information, as defined under paragraph 3 of Part 1, schedule 12A of the Local Government Act 1972.
21	Exempt minutes of Cabinet Procurement Committee held on 10 February 2020	**RESOLVED** That the exempt minutes of the meeting of Cabinet Procurement Committee held on 10 February 2020 be received and noted.
22	New items of exempt urgent business	There were no exempt items of urgent business. **NOTED**