

# Cabinet

**8 September 2014**

**Present:** N Redfearn (Elected Mayor) (in the Chair)  
Councillors EN Darke, R Glendon, I Grayson, JLL Harrison,  
F Lott, LA Spillard and JJ Stirling

**In Attendance:** D Bavaird (Business Sector)  
M Cushlow (North Tyneside Clinical Commissioning Group)  
R Layton (JTUC)  
A Oghene (Young Mayor)

## **CAB51/09/14 Apologies**

Apologies were received from Councillors CA Burdis and CB Pickard, Alma Caldwell (Age UK North Tyneside) and M Almond (Voluntary and Community Sector).

## **CAB52/09/14 Declarations of Interest**

There were no declarations of interest or dispensations reported.

## **CAB53/09/14 Minutes**

**Resolved** that the Minutes of the meeting held on 11 August 2014, be confirmed and signed by the Chair.

## **CAB54/09/14 Report of the Young Mayor**

The Young Mayor reported on the following activities in which he and/or Young Cabinet members had been involved:

- Official opening of the Street Jam at the basketball courts adjacent to the Parks Leisure Centre in North Shields;
- Speech making & debate training with some Youth Councillors. This was in preparation for the Extraordinary Youth Council meeting in November, when the following would be discussed:
  - Votes for 16 and 17 year olds in all public elections and referenda
  - Better work experience
  - Mental health services and education
- The National Citizen's Service project in the Borough had concluded for the summer. The Young Mayor and Deputy Young Mayor had enjoyed being involved. He commended everyone involved, for their efforts;
- Rebecca, a Member of Youth Parliament was leading on the Make Your Mark initiative. The Young Mayor would update Cabinet on this at a future meeting.

The Young Mayor referred to one of his pledges which was to 'Make public transport for teenagers between 11-19 years affordable'. He had agreed with his Young Cabinet colleagues that work should be undertaken with Nexus to develop a campaign to promote the POP card, with the aim of enabling more young people to take advantage of cheaper fares and making public transport in North Tyneside more accessible.

The Young Mayor was thanked for his report and was commended on the work he and his Young Cabinet were doing.

The Elected Mayor welcomed the work around affordable public transport and thanked Councillor Lott for his involvement and help in taking this pledge forward.

### **CAB55/09/14 2014/15 Financial Management Report to 31 July 2014 (All Wards)**

Cabinet considered a report detailing the budget monitoring position as at 31 July 2014, including forecast outturn positions for 2014/15 for the General Fund, the Housing Revenue Account (HRA) and the Investment Plan, including a summary of schemes delivered. It also included an update on Schools' finances.

As at 31 May 2014, the forecast year-end position reflected an in-year surplus of £0.014m.

The HRA was forecast to have year-end balances at 31 March 2015 of £3.027m, which was £0.379m higher than budget. The higher than forecast balances were mainly as a result of higher opening balances due to the impact of previous years' financial performance (£0.359m). The forecast in year surplus was an estimated £0.130m.

The report included an update in respect of work in progress with regard to 2014/15 school funding.

The Investment Plan for 2014-18, adjusted for reprogramming approved by Cabinet was £213.794m. Variations of £1.273m credit were proposed in the report.

The report also set out some of the achievements in terms of delivery of projects in the first eight months of the financial year, as well as summarising the level of spend on projects for the year.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.2 of the report, or alternatively to disagree with the proposals.

**Resolved** that (1) the budget monitoring position, as at 31 July 2014, be noted; (2) the receipt of new revenue grants, set out in the report, be approved; (3) the level of spend on the Investment Plan as at 31 July 2014 be noted; and (4) the variations of £1.273m within the Investment Plan as detailed in the report, be approved.

(Reason for Decision – It is important that Cabinet continues to monitor performance against the budget, especially given the current level of financial pressures faced by the public sector.)

### **CAB56/09/14 2015-18 Financial Planning and Budget Process Incorporating the Engagement Strategy (All Wards)**

Cabinet considered a report which sought approval to the proposed 2015-2018 Financial Planning and Budget Process, and as part of the process, the 2015/16 Budget Engagement Strategy.

In order to meet the significant and challenging levels of savings introduced by the four year Spending Review, the Authority had introduced its new Service and Spending Review Process for 2011/12. This process had enabled the Authority to continue to deliver effective and efficient services to the residents of North Tyneside, while at the same time achieving the required levels of savings. The Authority had already made, and had plans in place, to make significant efficiency savings. The agreed Authority Budgets for 2011-2014 covering the period of the 2010 Spending Review had included efficiency savings totalling £62m over this four year period.

For the 2015/16 Financial Planning and Budget process a three-year financial planning process covering the years 2015-2018 was proposed. A two-year Local Government Finance Settlement covering 2015-2017 would be issued in December 2014. Detailed future funding for Local Government beyond 2016/17 was yet to be confirmed, but it was likely to follow a similar trajectory to the 2010 Spending Review.

Cabinet had considered the Provisional Local Government Finance Settlement for 2014/15 and the illustrative Local Government Finance Settlement for 2015/16 at its meeting on 15 January 2014 (Minute CAB174/01/14 refers). The forthcoming financial year, 2015/16, continued the challenging financial agenda for Local Government and it was expected that 2015/16 would see the greatest level of funding reductions for the Authority than for any other single year since the 2010 Spending Review.

On 22 July 2014, the DCLG had issued a Technical Consultation on the 2015/16 Local Government Finance Settlement, with a closing date of 25 September 2014 for responses. The financial implications for the Authority were currently being assessed. This, together with other information on the Local Government Finance Settlement would be detailed in the reports produced throughout the 2015-2018 Financial Planning and Budget process as more detailed financial information became available.

Following the election in May 2013, the Elected Mayor and Cabinet, working with partners, had developed the Our North Tyneside Plan. Its three key themes were Our People; Our Places and Our Economy. The Plan was both the Council Plan and the Sustainable Community Strategy for North Tyneside and it provided the policy direction for the Authority's Financial Planning and Budget process for 2015/16 and the following two years.

A Financial Strategy was critical in order to ensure that the Authority made decisions by focussing on strategic priorities and had a clear financial vision and direction for the medium term. The Strategy needed to link to the Our North Tyneside Plan which ultimately drove resources. The Budget Setting process helped the Authority respond appropriately to responsibilities and duties placed upon Local Government through legislative requirements and the Government's drive for a deliverable programme of efficiency savings.

Financial planning was of critical importance during the period of the Government's own Spending Review and beyond, given the potential scale of future challenges noted previously. This planning was supported by the continuing need to integrate revenue, capital, asset and treasury planning, driven further by the Prudential Code requirements in relation to longer-term capital investment. In formulating the financial plan, the impact of priorities, objectives and preferred options needed to be fully evaluated.

Whilst decisions around budget-setting were approved on an annual basis, the Authority had to demonstrate medium-term financial and resource planning. Annual budget decisions should be taken in the context of the overall financial plan that looked at all Authority services and took into account the Government's Local Government Finance agenda.

An important element of the overall Financial Strategy was the Authority's approach to changes needed to achieve savings. The Authority had developed a new change programme "Creating a Brighter Future" which would redefine, reshape and redesign the Authority and what it would deliver going forward. Details of the programme were detailed in the report.

## Cabinet

The focus was to help people help themselves, thereby managing demand for council services, managing costs, working better with partners and designing services to deliver customer priorities. The programme had the following four key service themes, details of which were given in the report:

- Ready for School.
- Ready for Work.
- Great Place to Live Work and Visit
- Cared For, Safeguarded and Healthy

These four themes were supported by a range of infrastructure projects and a number of cross cutting/enabling projects, details of which were given in the report.

Best practice highlighted the need for medium-term planning horizons. The Authority's three-year planning timeframe would assist in ensuring there was a clear demonstration of sustainability in its plans for the future. Key drivers for change and the improvement focus in resource planning were detailed in the report.

The approach to resource planning for 2015-2018 would continue to concentrate on ensuring that all drivers were embedded into the decision-making process for the allocation and re-direction of the Authority's finite resources, financial and otherwise. In addition, there would be the annual detailed review of the current financial plan forecasts and commitments for revenue, capital investment and housing finance. The Financial Strategy would be subject to its usual annual review.

The key components and principles adopted for the 2015-2018 Financial Strategy had been fully reviewed as part of the current year's process and were summarised in the report.

The Authority had specific responsibilities under the Equality Act 2010 and public sector equality duty. Part of this was to ensure that the potential effects of decisions on people with protected characteristics were considered prior to any decision being made. Previous judicial reviews involving other local authorities had highlighted the importance of ensuring that these responsibilities were met. The budget setting process would be continually monitored by using impact assessments.

The report also provided information in relation to Equality and Diversity and the 2015/16 Financial Planning and Budget Process Timetable of key decision milestones.

The Authority was committed to being a resident-focused and listening Authority and encouraged residents and other stakeholders to help to shape its decision-making. Engagement with residents took place throughout the year and information gathered would be used to inform the 2015/16 budget proposals that aimed to support the delivery of the Council Plan, through the Creating a Brighter Future programme.

The Engagement Strategy for the budget setting process identified the key actions that would be carried out to enable residents and other key stakeholders to be involved in commenting on budget proposals. The programme of engagement activity would ensure that all stakeholders were informed about the budget proposals, given an opportunity to be listened to and comment on the specific proposals, and receive feedback on how public comments had shaped decisions. The feedback from the engagement activities would form part of reports to Cabinet and Council to support decision-making. Details of the Budget Engagement Strategy for 2015/16 were given in the report.

Cabinet considered the following decision option: to agree the recommendations as set out in section 1.2 of the report.

**Resolved** that (1) the proposed outline 2015-2018 Financial Planning and Budget Process, incorporating the key decision milestones and dates as set out at Appendix A to the report, be approved; and,  
(2) the 2015/16 Budget Engagement Strategy, as part of the 2015-2018 Financial Planning and Budget Process, be approved.

(Reason for decision – Decisions on the budget in relation to the General Fund, Housing Revenue Account, schools' funding and the Investment Plan need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets. The Authority will need to examine closely the links with key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed three-year resource planning period.

Cabinet and Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the three-year financial plan for 2015-2018 in accordance with the Authority's Reserves and Balances Policy most recently agreed by Council on 20 February 2014.

The only direct financial implications arising from this report will be any residual costs arising from support for area based engagement, Residents' Panel and any other specific engagement events and the of on-line engagement. These costs will be met from existing budgets.

The Budget Engagement Strategy for 2015/16 will in part help to inform decisions about what will be included in the three-year Financial Plan for 2015-2018. Decisions on the budget for General Fund, Capital Plan, Housing Revenue Account and schools' funding will need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets.

The Local Government Finance Act 1992 requires the Authority to set a balanced budget in the context of the resources available, including central government grants, business rates and council tax income.

The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual budget and council tax level, members and officers must take into account a report from the Chief Finance Officer on the robustness of the budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.

The 2015-2018 Financial Planning and Budget process has been prepared to comply with the time-scales required within the Budget and Policy Framework Procedure Rules contained in the Authority's Constitution. Decision making in relation to the Housing Revenue Account is the responsibility of the Cabinet, in accordance with section 9D of the Local Government Act 2000 (as amended).)

### **CAB57/09/14 Procurement Exercise for the Establishment of a Framework Agreement for Providers to Meet Complex Care Needs (All Wards)**

Cabinet considered a report which requested approval for the procurement of a framework agreement for the provision of health and social care services for adults with learning disabilities and/or mental health problems. The framework agreement would be for the provision of appropriate services to meet the specialist health and social care of clients with highly complex care needs.

In June 2012, Cabinet had approved the procurement of two framework agreements for Independent Supported Living Services and Community Support Services for people with a learning disability and/or a mental health need. While the frameworks covered a number of clients that required these types of services, there were a number of clients with more specialist health and social care needs who fell outside of this arrangement. The frameworks procured in 2012 assessed providers on their ability to meet the social care needs of clients as it was intended that the packages of care commissioned through this framework would be in relation to their social care needs. The procurement exercise provided an opportunity to jointly commission providers to meet both health and social care needs.

The value of the contracts under the framework could exceed the thresholds as detailed in the Authority's Contract Standing Orders and further approval from Cabinet would not be sought to award packages of care. Adult Social Care would award contracts directly to a provider appointed to the Framework subject to waiving Contract Standing Orders. If providers on the framework were unable to deliver a particular package of care, Adult Social Care would award contracts directly to an alternative provider subject to waiving Contract Standing Orders.

A national programme of work had been developed by the Department of Health following the abuse of people with learning disabilities living at Winterbourne View hospital. The programme of work challenged Health and Social Care commissioners to review all current hospital placements and support everyone inappropriately placed in hospital moving to community-based support. A key challenge for local areas was to ensure that there were appropriate community based services in place to meet the needs of those individuals and therefore minimise the risk of re-admission into hospital. The development of this framework provided an opportunity to develop appropriate community based services.

Adult Social Care commissioned a range of different services for people with a learning disability and/or mental health problems to help support them to live in the community. These services were integral to maintain their independence and promote social inclusion. The Complex Commissioning Group and the Learning Disability Integration Board, both of which reported to the Health and Wellbeing Board, had identified the need to put in place a robust framework agreement to meet the specialist health and social care needs of clients.

The development of this framework would establish a list of providers who were able to meet the specific specialist needs of individuals. This would include a number of people who were currently receiving a service as well as new people entering the service, which could include people coming out of hospital or those in transition from Children's Services. The framework would specifically cover health and social care needs and the Authority would seek to include providers on this framework who were competent to meet all of the requirements.

A majority of the people supported under this agreement would be known to both health and social care and the funding arrangements would be shared between the two organisations. There could be some people who had identified primary care needs and met continuing health care criteria and were the responsibility of the NHS. Either way, the framework agreement gave both the Authority and the NHS the ability to commission services. Where the Authority took lead commissioning responsibility for individuals this would be subject to the provisions of Section 256 of the National Health Services Act 2006 (the NHS Act). The commissioning of services under this framework agreement and lead commissioning under Section 256 of the NHS Act would support the management of risk for those individuals where there was a joint responsibility between the Authority and the NHS. Details of joint arrangements were detailed in the report.

Assurances were given that the framework agreement would be in partnership with the NHS and the Clinical Commissioning Group and that care packages would be awarded through this new framework. Stakeholders including users, family carers and providers would be involved in the development of the framework. The framework would ensure that care providers would meet the specialist needs of their client(s). Details were also given of how services would be monitored to ensure that the right support was being provided and how reviews would be undertaken. It was also explained how users and their family carers could have a say in the service they received. This would include regular updates being provided for Members/Cabinet.

The introduction of the framework was seen as an important and positive step to ensure that health and social care providers continued to deliver excellent services to those in need.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.2 of the report, or alternatively to disagree with the proposals and request that further options be identified and a further report brought back to Cabinet.

**Resolved** that (1) the Head of Adult Social Care, in consultation with the Cabinet Member for Adult Social Care, the Head of Law and Governance and Chief Executive (S151 Officer), be authorised to undertake a competitive procurement exercise and establish a framework agreement, for a period of three years, with an option to extend for up to one year;

(2) the value of the contracts to be awarded under the framework agreement, be noted; and

(3) the Head of Adult Social Care be authorised to award such contracts under the framework to meet client needs and that Contract Standing Orders be waived in relation to those contracts when necessary.

(Reason for decision – it will enable Adult Social Care to put in place contracting arrangements with providers that best meet the health and social care needs of individuals under those arrangements.)

### **CAB58/09/14 Education Review (All Wards)**

Cabinet considered a report which summarised the work that had been done since Cabinet commissioned a review of the education system at its meeting on 14 October 2013 (Minute CAB110/10/13 refers). It covered:

- The challenges and opportunities facing education in North Tyneside over the next 10 years. The work of the review had been undertaken with a clear eye on those challenges and opportunities.
- Engagement with Headteachers and partners to agree the overall approach.
- The development of a set of principles against which proposals and plans could be tested, attached as Appendix A of the report.
- The creation of a “rich picture” using a range of data and intelligence to describe the current system, attached as Appendix B of the report.
- The early thinking done by a set of Task and Finish Groups of education leaders to further explore specific issues relevant to the future development of education in North Tyneside.

The Task and Finish Groups had considered locality and access; capital investment; post-16 provision; youth employment and unemployment and ambition and collaboration. The membership of each task and finish group, together with key messages were detailed at Appendix C of the report.

## Cabinet

- The headline options available to meet those challenges and take those opportunities, on which Cabinet was being asked to approve consultation; and
- Some specific proposals for further work which would be reported back to Cabinet as appropriate.

It was proposed that the first question of the consultation would be to seek views on which of the following three headline approaches people of the Borough preferred:

- Make individual plans to handle the challenges and take the opportunities; This would mean each organisation would make its own plans to manage capacity, finance, standards and buildings: essentially retaining the current position. Appendix D of the report described this in more detail and what it would mean for each Secondary School against the principles and the risk rating.
- Make area or locality plans to handle the challenges and take the opportunities; This would mean more collaborative work was done at area and locality level. This might mean organisations sharing resources, teams, skills and buildings: Essentially a development of current collaborate arrangements. Appendix E described this in more detail and listed what that would mean for the schools in the four Areas of North Tyneside against the principles and the risk rating.
- Begin to remodel the education system; Appendix F of the report detailed what this would mean.

In addition to the options suggested for consultation the Review had identified some additional work required to develop the education system in North Tyneside as follows:

- Reviewing and revising early years provision in the context of the Council's Ready for School Service Redesign Project, building on the work already considered by Cabinet on 14 July 2014.
- Reviewing the Post-16 offer in North Tyneside, making sure the offer was consistent across the Borough and balanced academic and vocational skills aligned to the economy of the Travel to Work Area. This work would include provision for pupils at Special Schools.
- Reviewing adult learning in the context of the Council's Ready for Work and Life Service Redesign Project.
- Reviewing Planned Admission Numbers and catchment areas as new schools are delivered.
- Reviewing information, advice and guidance alongside employer engagement.
- Considering the transport implications of emerging plans.

To alleviate any concerns, assurances were given that the current 3 tier education system in the Monkseaton and Whitley Bay areas would be retained.

It was noted that formal consultation would commence on 22 September 2014 and end on 17 October 2014. Engagement had already been undertaken with Headteachers and partners. In addition the Officer team had sought the views of local businesses via the Council's own partners and the North East Chamber of Commerce. Individual governing bodies and groups of chairs of governing bodies had also been briefed on the process. Briefing for Elected Members had also been provided.

The approach to consultation and community engagement had been developed and agreed with partners.

The overall plan would be made available when the consultation began. Consultation undertaken would be appropriate for a major change to the education system and would include:



## Cabinet

- A standard presentation summarising the proposals
- A consultation document summarising the proposals and allowing for comment
- A supplement to Our North Tyneside summarising the proposals and allowing for comment
- An on-line version of the same material allowing for comment.

Consultees would include:

- Governing Bodies, pupils and their families
- Diocesan authorities and faith groups
- Trustees, teachers and staff
- Any LA likely to be affected by the proposals
- Trades Unions, Elected Members, MPs
- Local Businesses and their representatives
- Any other interested body or person.

The focus on vocational as well as academic education was welcomed.

Assurance was given that pupils and parents would be at the forefront of the consultation exercise.

Thanks were conveyed to everyone who had been, and would be, involved in the various stages of the review. Everybody's aim was to improve education provision and outcomes for the Borough's young people. Working together in partnership, challenges would be addressed and opportunities realised. Everybody's input was greatly valued.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.2 of the report, or alternatively to disagree with the proposals and request that further options be identified and a further report brought back to Cabinet.

**Resolved** that (1) the progress made in reviewing education in North Tyneside including the contribution from leaders across the education system, be noted;  
(2) consultation on the basis of the options outlined in paragraph 1.13 of the report, be approved; and  
(3) the further actions outlined at paragraph 1.13 of the report be approved and further reports be submitted to Cabinet as required.

(Reason for decision – it reflects the choices facing North Tyneside as it aims to meet the challenges and take the opportunities facing its education system.)

### **CAB59/09/14 Children and Young People's Plan 2014-18 (All Wards)**

Cabinet considered a report which requested approval of the North Tyneside Children and Young People's Plan 2014-18. The Plan provided the overall strategic framework for further integrating children's services to improve outcomes for children, young people and their families.

North Tyneside Children and Young People's Plan 2014-18 had been developed and was owned by the Children, Young People and Learning Partnership, in conjunction with the Authority, as the lead partner. The Partnership brought together public, voluntary and community sector providers of children's services, to improve the lives of the Borough's children and young people through integrated working.

The current Children and Young People's Plan 2010-14 had underpinned the delivery of key success, details of which were given in the report.

## Cabinet

The partnership, in consultation with key stakeholders and communities, had identified areas of shared focus, as detailed in the report, which would continue beyond the expiration of the current Children and Young People's Plan in 2014.

In light of the significant changes and challenges facing children's services and their partners, the Partnership had agreed to develop a new Plan for the period 2014-18.

The Plan provided the overarching strategic vision and priorities for all children and young people, but its primary focus was on those children aged 0-25 years who were experiencing or at increased risk of experiencing vulnerability, poor outcomes or deprivation. It contained a reduced number of priorities and outcomes, ensuring the Partnership focussed on those issues where collaboration could deliver the greatest impact.

The Children and Young People's Plan 2014-18 was also North Tyneside's Child Poverty Strategy, which ensured the Council met its statutory duty to publish a strategy.

The priority themes and outcomes for the 2014-18 Plan were:

Priority 1. Ready for School

Outcome 1.1 A healthy early childhood

Outcome 1.2 Children are ready to start school

Priority 2. Ready for Work and Life

Outcome 2.1 Narrow the gap in educational outcomes

Outcome 2.2 Ready for employment

Outcome 3.2 Reduce risk taking behaviour

Priority 3. Safe, Supported and Cared For

Outcome 3.1 The most vulnerable children and young people are cared for

Outcome 3.2 Improved outcomes for looked after children

Outcome 3.3 The right support for children and young people with disabilities and additional needs

The Plan's priorities were aligned with the 'Our North Tyneside Plan', the Joint Health and Wellbeing Strategy and the Safer North Tyneside Plan.

The Children and Young People's Plan was part of the Council's Budget and Policy Framework and therefore had to be approved by full Council. The Plan had been prepared in accordance with the Framework, which set out the process for preparing, considering and approving key plans and strategies. Details of the process followed were given in the report.

Assurances were given that the delivery of actions and outcomes would be comprehensively monitored, where necessary working closely with partner organisations to gather the required information monitored thoroughly.

Reference was made to children/ young people in care, leaving care and those with disabilities. There was consensus that young people from every background should be given the same opportunities/prospects to achieve their aspirations.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.2 of the report, or alternatively to disagree with the proposals and refer the Plan back to officers for further consideration of relevant issues identified and a further report brought back to Cabinet.

**Resolved** that the draft Children and Young People's Plan 2014-18, be approved and that it be presented to Council for approval and adoption.

(Reason for decision – the Children and Young People’s Plan 2014-18 provides the shared strategic vision that will enable partners to further integrate the planning, commissioning and delivery of children’s services, to address their shared priorities. It will facilitate the development of innovative approaches that are both efficient and effective in improving the lives of children, young people and their families.

The Children and Young People’s Plan 2014-18 is North Tyneside’s Child Poverty Strategy. It sets out a clear strategic direction for tackling the underlying causes of child poverty and disrupting the intergenerational cycle of deprivation that blights too many families and communities in North Tyneside. It also ensures that the Authority’s statutory duty to produce a Child Poverty Strategy is met.)

### **CAB60/09/14 Industrial Estate Strategy (All Wards)**

Cabinet considered a report which requested approval of an Industrial Estate Strategy for the Authority’s portfolio of industrial properties. The Strategy would assist in promoting business and economic development in the Borough whilst also improving the Authority’s revenue position. This would be through the disposal of identified industrial assets with the capital receipts raised being allocated to fund improvements to the Authority’s remaining industrial stock.

The Authority had from a larger review identified 10 of its industrial estates located within six wards (Weetslade, Camperdown, Wallsend, Riverside, Collingwood, and Tynemouth) where it was felt it would appropriate to either divest or invest to maximise rental income. These were a mix of ground lease estates (3 in total) where businesses had constructed their own premises on land owned and let to them by the Authority, and occupational lease estates (7 in total), where industrial units were owned by the Authority and let directly to business tenants. Of these, one estate, Pow Dene Court, formed part of the North Shields Fish Quay Ring-fenced portfolio.

Industrial unit sizes within the 7 occupational lease estates were suitable for Sole Trader and Small or Medium Enterprise businesses. The total lettable area was currently approximately 68% occupied, well below the market norm of 90%+. This was primarily due to the poor condition of units which needed to be improved.

By rationalising the industrial estate portfolio, capital receipts could be used to fund investment in the quality of the remaining vacant units and estate infrastructure. Doing nothing with the estates may not sustain the Authority’s rental income from the industrial portfolio as this would gradually decline as businesses moved to alternative premises within private ownership.

Progress with the Industrial Estate Strategy (the Strategy) had been overseen and directed by the Authority’s Strategic Property Group (SPG). The SPG had undertaken site visits and received key facts about each industrial estate, and considered detailed options including investment proposals and the impact on forecast income.

The Strategy therefore proposed to promote the principle of residential redevelopment at Silverbirch Industrial Estate, and the sale of all freehold areas of land owned by the Authority at Mylord Crescent which were subject to long ground leasehold interests. This would raise capital receipts that would be used to re-invest in the remaining industrial portfolio.

Investment in the remaining industrial portfolio would be directed at building repairs and improvements together with estate infrastructure works such as new signage and improved landscaping.

The forecasted benefit of this investment would secure income growth from the remaining estate through an increase in tenant occupation from current levels to the market norm as more relevant and fit for purpose units were offered to local businesses.

A review of service charges was also underway to ensure that the cost of services provided to tenants by the Authority or its contractors were adequately recovered. This would ensure that the Authority's industrial portfolio performed and achieved maximum income in the longer term through appropriate supporting maintenance and service charge arrangements being put in place to maintain the improved condition of the portfolio.

The Strategy was a self-financing model and was supported by both the SPG and the Investment Programme Board (IPB). Regular updates on progress with the Strategy would be presented to the SPG and the IPB.

Cabinet considered the following decision options:

- Option 1 – approve the recommendations detailed at paragraph 1.2 of the report;
- Option 2 – approve only the residential redevelopment of Silverbirch Industrial Estate, or the sale of freehold areas of land owned by the Authority at Mylord Crescent;
- Option 3 – not approve the recommendations detailed at paragraph 1.2 of the report.

**Resolved** that (1) the Industrial Estate Strategy as detailed in the report, be approved;

(2) the site of Silverbirch Industrial Estate, Camperdown be declared surplus to the Authority's requirements and the principle of residential redevelopment at this location, be endorsed;

(3) all freehold areas of land owned by the Authority at Mylord Crescent, Camperdown, which are subject to long industrial ground leasehold interests, be declared surplus to the Authority's requirements and available for sale by an appropriate method of marketing;

(4) the Head of Environment and Leisure in consultation with the Chief Executive (as Section 151 Officer) and the Elected Mayor, be authorised to agree a minimum sale price acceptable to the Authority in advance of an auction if this is considered to be the most appropriate method of marketing;

(5) the Head of Environment and Leisure, in consultation with the Chief Executive (as Section 151 Officer), the Head of Law and Governance and the Elected Mayor, be authorised to dispose of the land at Mylord Crescent in accordance with all relevant legal requirements, the Authority's Constitution and Financial Regulations;

(6) the Head of Environment and Leisure be authorised to deal with all ancillary matters arising that are consistent with the preceding recommendations, and;

(7) the variation to the 2014-18 Investment Plan to include the implementation of the Industrial Estate Strategy when the disposals are confirmed and in accordance with Financial Regulations, be approved.

(Reason for decision - the promotion of the principle of residential development at Silverbirch and the sale of land at Mylord Crescent is required in order to raise sufficient capital for the Authority to re-invest in its remaining industrial portfolio in order to increase and sustain rental income through business growth.)

### **CAB61/09/14 Exclusion Resolution**

**Resolved** that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12A to the Act.

**CAB62/09/14 Spanish City Island – Amendment to Heads of Terms with Developer (All Wards)**

Cabinet considered a report which sought approval of the principles of draft Heads of Terms proposed with the developer detailed in the report, in relation to a development proposal on the Spanish City Island.

Cabinet considered the following decision options: either to agree the recommendations as set out in section 1.2 of the report, or alternatively to disagree with the proposals.

**Resolved** that (1) the principles identified in the draft Heads of Terms with the developer detailed in the report, attached at Appendix 1 to the report, be approved; and (2) the disposal of the site, shown on the site plan attached as Appendix 2 of the report, to the developer, be approved in principle, subject to a further report being presented detailing the preferred option for disposal.

(Reason for decision – the proposed Heads of Terms will enable the developer to continue with their own negotiations with the end user and therefore secure the speedy development of the site. This would contribute significantly towards the regeneration of this prominent seafront site. In addition, there is a likelihood that this development will proceed at the same time as the restoration of the Dome, which will also be undertaken by the developer. There will be benefits to the Authority in both developments being carried out by the same contractor.)

**CAB63/09/14 Date and Time of Next Meeting**

6.00pm on Monday 13 October 2014.

**Minutes published on Thursday 11 September 2014.**

The decisions contained within these Minutes may be implemented (unless called in by 3 Non-Executive Members for consideration by the Overview, Scrutiny and Policy Development Committee) immediately following the expiry of the call-in period; i.e. 5.00pm on 18 September 2014.