

# **Cabinet**

**11 July 2016**

**Present:** CB Pickard (Deputy Mayor) (in the Chair)  
Councillors E N Darke, R Glindon, IR Grayson, M Hall,  
JLL Harrison, J Stirling and A Waggott-Fairley.

**In Attendance:** K Archer (Young Mayor)  
A Caldwell (Age UK)  
R Layton (North Tyneside JTUC)  
J Wicks (North Tyneside Clinical Commissioning Group)

Councillors S Graham and J O'Shea

## **CAB12/07/16 Apologies**

Apologies were received from the Elected Mayor, Councillor C Burdis and S Stevens (Northumbria Police).

## **CAB13/07/16 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported.

## **CAB14/07/16 Minutes**

**Resolved** that the Minutes of the meeting held on 13 June 2016 be confirmed and signed by the Chair.

## **CAB15/07/16 Report of the Young Mayor**

The Young Mayor expressed thanks to Bethany, the Deputy Young Mayor who had deputised for him as he had been sitting his GCSE exams, and reported on the following activities in which the Young Mayor and/or Young Cabinet Members had been involved:

- The Young Mayor had attended several meetings regarding his exam support pledge and he hoped to provide a further update soon.
- The Event@ Segedunum had been a success, and the winning band had performed at the Mouth of the Tyne Festival.
- The Deputy Young Mayor had attended Phoenix Detached Youth Project's annual open day.
- The Chair of the Council and the Deputy Young Mayor had been involved in presenting awards to Valley Gardens Middle School and Wellfield Middle School who had achieved 97% and 99% of eligible students voting in the youth elections.
- The Member of UK Youth Parliament Dillon was involved in the Burdett Project. He had met with health professionals at Northumbria University to represent young people's views. They were currently developing an App which would support young people's health and wellbeing.

Cabinet

- Several Youth Councillors had enjoyed taking part in the Credit Union Workshop and also, together with the Young Mayor and Children's Councillors, in the promotion of the Summer Reading Challenge at Wallsend Library.
- Judging North Tyneside in Bloom;
- Children in Care Councillors had volunteered by helping at The Parks Leisure Centre at an event for younger looked after children from North Tyneside.
- Attendance at the Mouth of the Tyne Festival.

The Deputy Mayor thanked the Young Mayor for the report.

### **CAB16/07/16 Permit Parking in North Tyneside – Report of the Overview, Scrutiny and Policy Development Committee (All Wards)**

Cabinet received a report detailing the recommendations of the Overview, Scrutiny and Policy Development Committee in relation to a study undertaken by a Sub-Group to review the current permit parking system and identify ways to improve and simplify the system across the Borough.

Councillor J O'Shea, Chair of the Sub-Group presented the report.

Members had held a series of evidence gathering meetings with Officers, the Authority's technical partner, Capita, and local residents and business representatives. The findings of the study had resulted in 18 recommendations, which were set out in the full report attached at Appendix 1.

Cabinet was asked to consider the recommendations and was required to provide a response to the Overview, Scrutiny and Policy Development Committee within two months.

The Cabinet Member for Housing and Transport thanked everyone who had contributed to the report.

**Resolved** that the report of the Overview, Scrutiny and Policy Development Committee be noted and a detailed response to the recommendations be provided at a future Cabinet meeting, no later than September 2016.

(Reason for decision – Cabinet has a statutory duty to respond to the Overview, Scrutiny and Policy Development Committee's recommendations within two months of receiving them.)

### **CAB17/07/16 Future Construction Options - Report of the Overview, Scrutiny and Policy Development Committee (All Wards)**

Cabinet received a report detailing the recommendations of the Overview, Scrutiny and Policy Development Committee in relation to a study undertaken by a Sub-Group to look at the possible options available for the future construction options for North Tyneside when the current ten year partnership with Kier North Tyneside Limited (KNT) was due to end.

Councillor S Graham, Chair of the Committee presented the report.

Cabinet

Members had held a series of evidence gathering meetings with officers, representatives of Kier North Tyneside Senior Management, Tenant Representatives and Union Officials between October 2015 and May 2016.

The full report, which outlined the key findings of the review, was attached at Appendix 1.

The findings of the study had resulted in the selection of three options the sub-group believed should undergo full appraisal on their viability of possible future options for the Authority.

Cabinet was asked to consider the findings and was required to provide a response to the Overview, Scrutiny and Policy Development Committee within two months.

The Cabinet Member for Housing and Transport thanked everyone who had contributed to the report.

**Resolved** that the report of the Overview, Scrutiny and Policy Development Committee be noted and a detailed response to the findings be provided at a future Cabinet meeting, no later than September 2016.

(Reason for decision – Cabinet has a statutory duty to respond to the Overview, Scrutiny and Policy Development Committee’s recommendations within two months of receiving them.)

### **CAB18/06/16 Investment Programme Board Annual Report 2015/16 - Presentation (All Wards)**

Cabinet received a presentation on the Investment Programme Board end of year report for 2015/16.

The presentation outlined the terms of reference of the Programme Board and its membership, and gave details of the total investment of £79.522m planned for 2015/16 and of the total spend of £65.995m.

The presentation informed Cabinet of the various projects that had been completed in 2015/16, those projects that were currently in progress and a number of ‘off balance sheet’ projects. It also provided a schedule of projects that formed the Strategic Investment Plan for 2016/17, with a total investment of £105.506m.

The Deputy Mayor thanked officers for the good progress made.

**Resolved** that the presentation be noted.

### **CAB19/07/16 2016/17 Financial Management Report to 31 May 2016 (All Wards)**

Cabinet received a report detailing the Authority’s financial position as at 31 May 2016, including forecast outturn positions for 2016/17 for the General Fund, the Housing Revenue Account (HRA), School finances and the Investment Plan, including a summary of projects to be delivered during 2016/17.

This was the first monitoring report of the year and whilst it was not uncommon that a pressure was forecast early in the year, the pressures being faced were more challenging than those in recent years at £5.577m. This pressure was being driven by demand in

Adult and Children's Social Care, the impact of living wage on care providers and the price for services the Authority then had to pay and the delivery of some aspects of the Creating a Brighter Future programme. All services were developing actions to mitigate these financial pressures and it was expected that the out-turn forecast would improve during the course of the year.

The HRA was forecast to have year-end balances at 31 March 2017 of £4.030m, which was £1.115m higher than budget. The higher than forecast balances were as a result of higher opening balances due to the impact of previous years' financial performance (£0.787m). The forecast in-year was an estimated underspend of £0.328m.

In relation to school finances, meetings were underway with those schools requesting approval to set a deficit budget. Nine schools had requested approval for their 2016/17 budgets, which was an increase from six schools with approved deficit budgets for 2015/16. Once the initial meetings with schools had been completed, a Schools Forum sub-group would meet to add peer challenge to the approval process, with a report taken to the full Schools Forum on 13 July 2016. After this, formal approval would be confirmed by the relevant officers from the Authority.

The Investment Plan for 2016/19, adjusted for reprogramming, was £202.066m. Variations of £0.358m (£0.191m in 2016/17 and £0.167m in 2017/18) and reprogramming of £3.240m were proposed in the report. The report also set out delivery progress to date and planned delivery for 2016/17.

The following decision options were available for consideration by Cabinet: 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 May 2016 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 May 2016 be noted; and (4) variations of £0.358m and reprogramming of £3.240m within the 2016/19 Investment Plan 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).

### **CAB20/07/16 Discretionary Housing Payments (All Wards)**

Cabinet received a report seeking approval to a proposed change to the Authority's policy for administering Discretionary Housing Payments (DHPs).

The Policy had first been agreed by Cabinet on 8 July 2013 and although it was reviewed annually by the Mayor's Task Group to ensure that it remained fit for purpose and was robust enough to stand up to the ever increasing demands on it, no changes had been made to the Policy since its introduction.

A number of welfare reforms being introduced from April 2016 onwards would affect residents' incomes and this in turn was likely to increase demand on the DHP fund as more claimants would be likely to need financial support. Following the review this year by the Mayor's Task Group for Welfare Reform one change to the Policy was being proposed relating to the level of capital that a claimant could have and still be eligible to claim DHP.

The current Policy allowed claimants to have up to £5,000 capital and be able to qualify for a DHP. However, a reduction in this capital limit was considered appropriate on the basis that DHP was aimed at helping those in most financial need who could not afford their housing costs from their own income/capital. DHPs had to assist those who had the most financial need and any payments would be made on that basis. The Task Group had agreed that any reduced capital limit would still need to be of an amount that was sufficient to deal with an emergency expense. Having a lower level of permitted capital to be eligible to claim DHP would not restrict many claimants from qualifying for DHP.

A figure of £1,000 for the capital limit had been discussed with the Task Group and members had been asked for their views. The issue had also been raised at the Community and Voluntary Sector Group for Welfare Reform and their views had also been sought. Appendix 2 outlined the levels of capital suggested and comments received.

If the capital level was reduced to £1,000 this would not take effect until 1 October 2016 and would only affect those making a new claim or renewing their claim after this date.

The following decision options were available for consideration by Cabinet:

Option 1: Accept the recommendation at section 1.2 of the report.

Option 2: Reject the option at section 1.2 of the report and recommend an alternative amount of capital.

Option 3: Reject the option at section 1.2 of the report and recommend that officers take other actions as considered appropriate.

**Resolved** that (1) the consultation responses from the Mayor's Task Group regarding the proposed change in the capital level to be able to claim Discretionary Housing Payments (DHPs), set out at Appendix 2 to the report, be noted; and (2) the proposed change to the capital level in the DHP Policy from £5,000 to £1,000, to take effect from 1 October 2016, be approved.

(Reason for decision – Option 1 provides a sufficient level of capital to allow for emergency expenses, and a number of those consulted felt that £1,000 was an appropriate level of capital).

### **CAB21/07/16 Education for North Tyneside (All Wards)**

Cabinet received a report detailing progress against the recommendations of the education review that had been carried out in North Tyneside between October 2013 and January 2015, the current position of education for North Tyneside and the issues and proposed approach in the context of national changes for education. The report had been written to reflect significant consultation with head teachers and governors.

In terms of the education review that had been undertaken in the Borough, the report referred to the delivery of major investment projects to improve the education estate, ie at Whitehouse Primary School, Longbenton Community High School, John Spence Community High School, Marden High School and Backworth Park Primary School; specific work associated with Longbenton Community High School; the development and delivery of Ready for School Services and Ready for Work and Life. It also outlined the position on school balances at the end of 2015/16 and the continued financial challenge for a number of schools in 2016/17, and highlighted specific work in relation to the Whitley Bay and Monkseaton group of schools, the Seaton Burn area, Norham High School and

## Cabinet

other specific areas of work previously agreed by Cabinet, ie reviewing the post-16 offer, planned admission numbers and catchment areas, transport and accessibility and school improvement.

With regard to the key issues facing North Tyneside, the following issues for the Local Authority had been identified:

- In terms of people, making sure the team did not lose talent during a period of uncertainty; making sure the officer team were skilled up to support schools and new demands; considering TUPE and employment issues; and preserving and developing successful collaborative relationships.
- In terms of process, maintaining the positive contribution of the Local Authority during a period of change; framing discussions with schools to be inclusive and flexible; and re-shaping, as required, the service offer from the proposed new funding formula in 2017/18.
- In terms of issues of content, continuing the successful work on school improvement; inclusion and additional needs; early help, managing demand and securing better outcomes; and delivering capital projects.

The following key issues for schools had been identified: finance and budgets; losing Local Authority services; fragmentation and isolation; assessment; and SEND and vulnerable pupils.

In terms of how the Authority, head teachers, governing bodies and other partners would work together during the next two years, in the first instance information had been sought from the Department for Education around how they felt North Tyneside should respond to the national changes and contribute even more to North East education. Officers had spoken to the Regional Schools Commissioner and her team.

The Cabinet Member for Children, Young People and Learning had written to all head teachers on behalf of the Mayor and Cabinet reaffirming their commitment to the Authority's partnership with schools and recognising the excellent work done in North Tyneside. This was intended to provide some reassurance to head teachers and governing bodies that, whatever changes were proposed, the Authority remained committed to a partnership that achieved the right outcomes for children and young people.

In addition, the Cabinet Member for Children, Young People and Learning had written to the Secretary of State for Education seeking clarification on a number of points as the Government's policy related to high performing local authority areas, taking issue with some of the tone of national announcements and inviting the Secretary of State to North Tyneside to meet the team and understand the work that was done. The Mayor had reinforced that invitation and asked both MPs to do the same.

While there was already a set of structures to allow the Authority and school leaders to work together, at the Mayor's Listening Event on 10 June, head teachers and chairs of governing bodies had asked for a paper that could be used by all Governing Bodies to discuss the current position and the relationship with the local authority; and an options paper that described what might happen across North Tyneside in the context of current performance, the current status of schools and national policy.

## Cabinet

It had been suggested that this could be worked up with head teachers and shared widely, and that North Tyneside should begin to consider what contribution it could make to the emerging proposals for Achieving Excellence Areas.

The following decision options were available for consideration by Cabinet:

Option 1: agree the recommendations in paragraph 1.2 in the report.

Option 2: not agree the recommendations in paragraph 1.2 and request further work

**Resolved** that (1) the progress on the recommendations of the Education Review be noted;

(2) the improved position between April 2014 and June 2016 be noted;

(3) the continued financial challenges faced by schools and the joint work to deal with those challenges be noted;

(4) the issues and concerns highlighted as important to the Authority and schools be agreed;

(5) the approach being taken to work with schools be approved; and

(6) further reports be submitted to Cabinet as required.

(Reason for decision – It reflects the recommendations agreed by Cabinet as part of the Education Review and the work done with the Elected Mayor, Cabinet Member, Head Teachers and Chairs of Governing Bodies).

### **CAB22/07/16 Draft Library Strategy 2016-21 (All Wards)**

Cabinet received a report seeking approval for the Draft Library Strategy 2016-21, which had been built upon existing practice and experience in North Tyneside and took into account the emerging national strategy for libraries as articulated through the Department for Culture, Media and Sport (DCMS).

The National Libraries Task Force report from March 2016 highlighted seven areas of 'purpose' which outlined what libraries could achieve. These purposes were reflected in the objectives of the strategy and were consistent with existing practice in North Tyneside, in positioning the library offer at the heart of community delivery. Consultation on the Task Force report had concluded at the beginning of June and a final report would be published in the summer. The final strategy would take account of the conclusions of the Task Force.

Libraries were recognised as key focal points for the development of literacy, a love of literature and as centres to enhance learning. In the context of the wider aspirations to engage more of the region's population in cultural activity these were essential starting points.

In relation to the Authority's target operating model libraries would be key components of locality based community hubs. The position they occupied would increase their importance in helping to deliver wider public health objectives, particularly around mental health and well being.

There had already been major improvements to library provision in North Tyneside over the past five years. The aspirations for the development of the service over the next five years were set out in the following six priorities:-

- Books for the best start in life

## Cabinet

- Reading to improve life chances
- Digital literacy
- Information for life
- Learning throughout life
- Libraries for a healthier life

The detail behind these priorities was outlined in the Draft Library Strategy 2016-21 at Appendix One to the report.

Public engagement would be programmed over the summer to test these priorities with customers in North Tyneside. The outcomes from the public engagement process would inform the final strategy to be considered by Cabinet in October.

The process of public engagement, followed by the adoption of a new library strategy, would ensure that the Council would continue to meet its statutory obligation, to deliver a “comprehensive and efficient” library service, as required under the terms of the Public Libraries and Museums Act 1964.

The following decision options were available for consideration by Cabinet:

Option 1: To agree the report thus giving the go-ahead for public engagement in developing a new strategy for library services to cover 2016-21.

Option 2: Not to agree the report and, by failing to initiate a process for developing a new strategy, put the Authority in breach of its statutory duty under the Public Libraries and Museums Act 1964.

**Resolved** that (1) the Draft Library Strategy 2016-21, set out in Appendix A to the report, be approved;  
(2) the Head of Environment, Housing and Leisure be authorised, in conjunction with the Cabinet Member for Leisure, Culture and Tourism, to arrange appropriate public engagement on the Draft Library Strategy; and  
(3) a final report be submitted to Cabinet, following public engagement, at its meeting on 10 October 2016.

(Reason for decision – The initiation of a process to adopt a strategy will ensure compliance with the statutory duty as outlined in the Public Libraries and Museums Act 1964).

### **CAB23/07/16 North Tyneside Council’s Lettings Policy Review (All Wards)**

Cabinet received a report seeking approval to some proposed changes to North Tyneside Council’s Lettings Policy.

The main issues arising from the review were as follows:

Local Connection - The review had explored opportunities for strengthening the local connection within the Authority’s Lettings Policy, to ensure it best served the interests of North Tyneside residents.

The revised policy kept the majority of the local connection criteria the same, other than an applicant now had to reside within the Borough continuously, for at least 2 years. This would also apply for family associations living in the Borough.



The Lettings Policy proposed changes to the way applicants were prioritised for housing to ensure that the Authority met its obligations to provide overall 'reasonable preference' to those applicants falling within the statutory categories, while prioritising those with a local connection. To achieve this, the number of Bands had been increased from four to six, as detailed in the report. These Bands reflected the level of housing need and applicant's local connection.

Introduction of Tenancy Sustainment (Affordability) Checks – the revised policy included an affordability assessment before an offer of accommodation was made. Where it was thought that there was a significant risk that an applicant would be unable to pay their rent and where there was no possibility of reducing this risk, no offer of accommodation would be made.

Restricted choice for homeless applicants - it was proposed that the choice for applicants given priority homeless status, where otherwise they would have been excluded from joining the Housing Register, be removed and a direct offer of accommodation be made to such applicants within 4 weeks. If the Authority had a duty to the applicant under the Care Act 2014, it would act in accordance with that legislation in making an offer.

Recognising medium housing need where children under 5 currently lived in flats above ground level - The Authority recognised that some households with young children had difficulty and / or concerns about safety in accessing flats above ground level. It was therefore proposed that this was recognised as a 'medium' housing need, for households with children under 5.

Home owners - It was proposed that applicants who owned their home would be considered to have the financial means to meet their own housing needs and would not be accepted onto the Housing Register; unless they were at risk of homelessness or in financial hardship; they were moving into older person's accommodation and their equity was less than the average price of similar accommodation within the Borough. (This was currently £100,000 and would be reviewed annually); or there were other exceptional circumstances.

If someone had sold or transferred ownership of their home within the last 3 years, they would not be accepted onto the Housing Register if the equity from their sale or transfer was greater than the average house price for similar accommodation within the Borough.

Restricting the number of refusals - Where an applicant had refused 3 or more offers over a 12 month period, their application would be suspended for 3 months. It would be the applicant's responsibility to request their application to be reinstated.

The feedback from the consultation on each of the proposals was set out in Appendix 2 to the report.

The following decision options were available for consideration by Cabinet:

Option 1: Agree the recommendations as set out in section 1.2 of the report.

Option 2: Agree the recommendations as set out in section 1.2 of the report, subject to amendments as specified by Cabinet.

Option 3: Not approve the recommendations and refer the content of the report back to officers for further consideration and consultation.

**Resolved** that the North Tyneside Council Lettings Policy, as set out in Appendix 1 to the report, be approved.

(Reason for decision – it will support the continued efficient and effective management of Choice Based Lettings within North Tyneside and thereby continue to play an important role in meeting housing need within the Borough. The proposals contained within Option 1 reflect feedback from consultation and secure compliance with the Authority's statutory duties. If the preferred option is not approved, the Authority will be in a weaker position to manage some of the risks associated with Welfare Reform.)

### **CAB24/07/16 Tender for the Supply of Goods for Furnished Tenancy Scheme (All Wards)**

The Elected Mayor had agreed to a report being considered as a matter of urgency at the meeting which sought approval to carry out a procurement exercise for the establishment of a framework agreement for the supply of goods to the Authority for the Furnished Tenancy Scheme by one provider. The Chair of the Overview, Scrutiny and Policy Development Committee had also agreed to the report being considered as a matter of urgency and the Chair of Council had agreed to the decisions not being subject to call-in. The reasons for urgency were as follows:

The existing contractor for the supply of goods for the Scheme had at short notice decided that they did not wish to extend the contract beyond the expiry date of 8 July, and failure to re-procure a new contract would have a significant detrimental impact on the Housing Revenue Account and a reduced level of service for vulnerable tenants.

The Authority had provided a Furnished Tenancy Scheme since 1996 and had grown to provide a service for over 1300 customers. Under the scheme a furnished tenancy could be provided to new tenants for an extra weekly charge. All the furniture items were purchased from a Furniture Service provider who provided an 'end to end' service that included delivery, collections, cooker connections and repairs. The Authority then leased furniture packages which were provided to tenants in the form of a furnished tenancy.

The report outlined the circumstances leading to the decision of the contractor not to extend the current contract.

The Scheme aimed to support its customers in sustaining their tenancies by providing an excellent service; meeting the customers' basic furnishing needs; and running effectively and efficiently. The scheme had a current turnover of approximately £1.3 m.

The proposed contract would be for a term of 2 years (with the potential to extend for a further 2 years).

The risks to the Authority if it was not able to continue the provision of the Scheme are that financially vulnerable tenants would have to source furniture from more expensive places and financial loss to the Housing Revenue Account as a consequence of discontinuing the service and longer term loss of a popular service.

The following decision options were available for consideration by Cabinet:

Option 1: approve the carrying out of a tender exercise to procure a furniture service supplier for the supply of goods in accordance with the recommendation at 1.2.

Option 2: not approve the carrying out of a tender exercise to procure a furniture service supplier for the supply of goods.

**Resolved** that (1) the commencement of a procurement exercise to appoint a sole supplier for the supply of goods for the Furnished Tenancy Scheme be approved; and (2) the Head of Environment, Housing and Leisure be authorised, in consultation with the Head of Law and Governance, the Head of Finance, the Cabinet Member for Housing and Transport and the Cabinet Member for Finance and Resources, to approve the tender specification and explore the possibility of working with neighbouring Authorities to determine if partnership working would lead to mutually beneficial outcomes and appoint the supplier who provides the most economically advantageous tender to the Authority on terms and conditions to be agreed.

(Reason for decision – the procurement will commence immediately to ensure the Authority is ready to award a new contract to start later in 2016. This will ensure minimal disruption to the continuity of service provision.

If the preferred option is not approved, the Authority will be unable to undertake the proposed procurement exercise and will not be in a position to continue North Tyneside Housing Services' Furnished Tenancy Scheme).

#### **CAB25/07/16 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 items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

#### **CAB26/07/16 Strategic Property Update (Chirton, Camperdown and Riverside Wards)**

Cabinet received a report seeking approval to a new build solution to the Authority's future depot requirements. The preferred location of the depot was a vacant site at Brewer's Lane, North Shields. This land was within the ownership of the Authority with a sufficient footprint for the Authority's main depot requirements.

The report also sought approval to the construction of an ancillary salt barn facility on land owned by the Authority at the junction of Brewer's Lane and Wallsend Road opposite the Waste Transfer Station.

A new build depot was one of three options that had been considered in detail by the Strategic Property Group. The two other options as detailed in Section 1.5 of the report had been subsequently discounted with the new build option being cleared to take forward for formal consideration by Cabinet.

A summary of the financial implications associated with this project was given in the report and the full Business Case was attached to the report. The Cabinet Member for Finance and Resources indicated that the figure contained within the 2016-19 Investment Plan for this project, as set out in the report, was indicative at this stage and it was anticipated that the figure would reduce.

The Investment Programme Board was fully sighted on this project and received regular progress update reports.

In order to facilitate the new build option, the report also sought approval to take forward negotiations for the disposal of the Killingworth Site to a preferred bidder following a tendering exercise. It also asked Cabinet to note progress with the proposed sale of a vacant area of land at High Flatworth, Tyne Tunnel Trading Estate, and North Shields.

The following decision options were available for consideration by Cabinet:

Option 1: approve the recommendations as outlined in paragraph 1.2 of the report;

Option 2: not approve the recommendations as outlined in paragraph 1.2 of the report;

Option 3: approve the recommendations as outlined in paragraph 1.2 of the report but authorise the sale of the Killingworth site to bidder 1.

**Resolved** that (1) approval be given to the Business Case (Appendix 5) that a new build depot solution is the best value option for the Authority;

(2) the development of the Authority's land as identified at Appendix 1 to the report be approved as the Authority's new primary depot site, in line with the funding included within the approved 2016-2019 Investment Plan and assuming there is not a net revenue cost to the Authority and the Head of Commissioning and Investment be authorised, in consultation with the Chief Executive, the Head of Law and Governance, the Head of Finance (as Section 151 Officer), and the Elected Mayor, to progress the development and implementation, subject to compliance with the Authority's Contract Standing Orders and Financial Regulations, of the new build project;

(3) approval be given to the development of the Authority's land as identified at Appendix 1 to the report as the Authority's new Salt Barn facility or to an alternative location to be agreed by the Head of Commissioning and Investment, in consultation with the Chief Executive, the Head of Law and Governance, the Head of Finance (as Section 151 Officer), and the Elected Mayor and in line with the funding included within the approved 2016-2019 Investment Plan;

(4) the findings of the Evaluation Panel be endorsed and bidder 2 be selected as the preferred bidder for the Killingworth site;

(5) officers be authorised to take forward negotiations with the preferred bidder for the sale of the Killingworth Site on a phased basis; this will ensure that the site continues to meet the accommodation needs of the Authority pending the completion of the new build depot;

(6) the Head of Commissioning and Investment be authorised, in consultation with the Chief Executive, the Head of Law and Governance, the Head of Finance (as Section 151 Officer), and the Elected Mayor, to agree the final terms for the disposal of each phase of the Killingworth Site in accordance with all relevant legal requirements, the Authority's Constitution and Financial Regulations;

(7) the Head of Commissioning and Investment be authorised, in consultation with the Chief Executive, the Head of Law and Governance, the Head of Finance (as Section 151 Officer), and the Elected Mayor, to agree the final terms for the disposal of the vacant site at High Flatworth in accordance with all relevant legal requirements, the Authority's Constitution and Financial Regulations;

(8) the Head of Commissioning and Investment be authorised, in consultation with the Chief Executive, the Head of Law and Governance and the Head of Finance, to deal with all ancillary matters arising that are consistent with the preceding resolutions; and

(9) it be noted that as the final solution is developed the capital and revenue implications associated with the project will be revisited to reflect the final solution, and that if, following the revision of the figures there is a net cost to the Authority, a further report will be brought back to Cabinet / Council, as appropriate, for a final decision.

## Cabinet

(Reason for decision – Option 1 is considered the most advantageous way forward for the Authority in delivering its future depot requirements.

Cabinet agreed to declare the Killingworth site surplus to the Authority's requirements in October 2015 subject to a potential purchaser being found. Market interest is now confirmed and scored against the criteria important to the Authority. With Cabinet's approval, a sale can now be progressed and the preferred future depot solution (new build) implemented).

### **CAB27/07/16 Capita Partnership (All Wards)**

In November 2012 the Authority had entered into a 15 year contract with Capita to deliver technical services. While some aspects of that contract had been successfully delivered there had been significant problems. Specifically, the General Fund savings generated by the partnership alongside issues relating to the finance of the services, the strategic alignment of the partnership to the Authority's priorities and some aspects of performance.

An officer team comprising Senior Leadership Team Members, service leads, finance and legal representatives had been working closely with Cabinet Members to examine the issues with a view to finding appropriate resolution.

That work had included extensive examination of the original business cases, detailed work on the managed budgets passed to Capita when the partnership had begun, re-setting service planning and aligning it with the priorities of the Mayor and Cabinet and, finally, challenging performance and value for money.

Changes had been made in the 2015/16 Budget to reflect the work done on the managed budgets and, for the last two years, Capita's agreed Service Plan had been increasingly in line with the policy priorities of the Mayor and Cabinet. However, performance in some areas had continued to be a concern and the partnership had still not made a sufficiently positive impact on the General Fund.

Officers had therefore worked with Capita who had produced a proposal which aimed to tackle the remaining issues.

Cabinet received a report seeking approval, in line with the original contract, to accept a proposal from Capita which would lead to a variation in the contract to adjust responsibilities, costs, fees and savings assumptions tested in negotiation with Officers.

The report summarised the final proposal from Capita and also set out alternative options explored by officers working with Cabinet Members.

The following decision options were available for consideration by Cabinet:

Option 1: accept the recommendations at paragraph 1.2 of the report to accept and implement the Capita proposal.

Option 2: reject the recommendations at paragraph 1.2 of the report to accept and implement the Capita proposal.

**Resolved** that (1) the proposal presented by Capita to address the weaknesses in the partnership be approved;

(2) approval be given to a variation in the contract (the heads of terms, set out in Appendix A to the report) which secures appropriate benefit to the Authority and strengthens performance management arrangements; and  
(3) the Deputy Chief Executive be authorised, in consultation with the Head of Environment Housing and Leisure, the Head of Law and Governance, the Head of Finance, the Deputy Mayor, the Cabinet Member for Housing and Transport and the Cabinet Member for Finance and Resources to finalise the documentation to support those decisions including the transfer of responsibilities between the Authority and Capita.

(Reason for decision – It reflects a tested response to the issues arising from the original contract and meets the success criteria agreed between the Officer Team and the Cabinet Members).

### **CAB28/07/16 Newcastle Airport Refinancing (All Wards)**

The loan facility which the Newcastle International Airport Limited (NIAL) Group had entered into in 2012 became repayable in December 2017. Cabinet received a report seeking approval to delegate authority to the Elected Mayor to consent to proposals for a new loan facility, once the process of securing a new loan facility had been concluded, in order to secure the best terms available.

The following decision options were available for consideration by Cabinet:

Option 1: approve the recommendation and delegate authority to the Elected Mayor to consider and, if appropriate, give the Authority's consent to the proposals, once the outcome of the process had been finalised. This would ensure the Authority took advantage of the best terms available on a new loan facility.

Option 2: not to approve the recommendation and ask for a further report to be brought back to Cabinet to consent to the proposals, if appropriate, once the outcome of the process had been finalised. This option was not practicable given the timescales involved in making the final decision.

Option 3: not to approve the recommendation and not give consent to the proposals. This option was not recommended as it would mean that the Airport would not be able to proceed with the refinancing at this time and therefore would expose the Authority to additional risk and less favourable terms on a different loan facility in the future as the current loan facility became repayable in December 2017.

**Resolved** that delegated authority be granted to the Elected Mayor to consider and, if appropriate, give the Authority's consent to the proposals for a new loan facility, once the outcome of the process has been finalised.

(Reason for decision – It will ensure the Authority takes advantage of the best terms available on a new loan facility).

### **CAB29/07/16 Date and Time of Next Meeting**

6.00pm on Monday 15 August 2016

**Minutes published on 14 July 2016.**

**With the exception of Minute CAB24/07/16 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 23 June 2016.**

**The decisions contained in Minute CAB24/07/16 are not subject to call-in and may be implemented immediately.**