

# MINUTES OF CABINET

Tuesday, 19 September 2023  
(7:00 - 8:32 pm)

**Present:** Cllr Saima Ashraf (Deputy Chair in the Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones and Cllr Elizabeth Kangethe; Cllr John Dulwich

**Also Present:** Cllr Mukhtar Yusuf

**Apologies:** Cllr Darren Rodwell and Cllr Maureen Worby

## 31. Declaration of Members' Interests

There were no declarations of interest.

## 32. Minutes (18 July 2023)

The minutes of the meeting held on 18 July 2023 were confirmed as correct.

## 33. Revenue Budget Monitoring 2023/24 (Period 4, July 2023) and Q1 Capital Programme Update

The Cabinet Member for Finance, Growth and Core Services introduced the Council's revenue budget monitoring report for the 2023/24 financial year as at 31 July 2023 (period 4) and the quarter 1 Capital Programme update.

The Council's General Fund revenue budget for 2023/24 was £199.002m and the forecast outturn position at the end of July projected a net overspend of £14.579m once a planned drawdown from reserves of £5.818m had been taken into account. The Cabinet Member referred to the key factors behind last year's General Fund overspend, the vast majority of which were entirely outside the Council's control and were continuing to be experienced in the current financial year. He commented that the significant drawdown from reserves in the last financial year meant that the current level of projected overspend was not sustainable and, in response to that, he, the Chief Executive and the interim Strategic Director, Finance and Investment, had held a series of 'Star Chamber' meetings with portfolio holders and Directors over recent weeks to look in detail at ways to bring down expenditure levels. That exercise had proved productive and a range of steps were being implemented as well as new ways of delivering services, although the Cabinet Member added that several other potential future pressures had also been uncovered during the process.

The Housing Revenue Account (HRA) was also experiencing a projected overspend of £7.5m and the Cabinet Member referred to the key factors behind that position.

With regard to the Capital Programme for 2023/24, the Cabinet Member was pleased to report that the revised programme was on track to spend against budget once revised proposals, as set out in the report, were taken into account.

Those changes would result in revised budgets of £353.256m for 2023/24, £155.863m for 2024/25 and £95.384m for 2025/26

The Cabinet Member also alluded to issues relating to the handover and letting of properties within the Council's Investment and Acquisition Strategy (IAS), the position relating to agreed savings proposals and proposed virements from the central budget provision to meet inflation costs within the Children's Care and Support and other services.

Cabinet **resolved** to:

- (i) Note the projected £14.579m revenue overspend forecast for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report;
- (ii) Note the projected £7.5m revenue overspend forecast for the Housing Revenue Account, as set out in section 4 and Appendix A of the report;
- (iii) Approve the changes to the Capital Programme as detailed in paragraph 5.2 of the report, resulting in revised budgets of £353.256m for 2023/24, £155.863m for 2024/25 and £95.384m for 2025/26;
- (iv) Note the forecast outturn for the 2023/24 Capital Programme, as set out in paragraph 5.3 of the report;
- (v) Note the issues set out in paragraphs 5.4 to 5.6 of the report regarding the handover and letting of new properties, particularly concerning private rental schemes, and the steps being taken to remedy the issues; and
- (vi) Approve virements from the central budget provision totalling £2.718m, as detailed in section 6 of the report.

#### **34. Gascoigne East Phase 3b Development - Revised Proposal**

Further to Minute 43 (18 October 2022), the Cabinet Member for Regeneration and Economic Development presented a report on revised proposals relating to the Gascoigne East Phase 3b development project.

The Cabinet Member explained that since the decision was taken to award the development contract to Wates in the sum of circa £142m, a number of external factors had significantly impacted on the ability to deliver the scheme at the originally approved target price, not least the level of inflation within the construction industry which had risen from approximately 3% to 23%. In order for the project to meet the established metrics under the Council's Investment and Acquisitions Strategy (IAS), including producing a positive cumulative cashflow in year 1, officers from the Council, Be First and Reside had reviewed all aspects of the project and developed a package of achievable, albeit challenging, measures that would enable the project to proceed. The key measures were:

- Switching the original 167 Market Rent (MR) properties to Affordable Rent (AR) to enable £36m of Right to Buy (RTB) receipts to be allocated;
- Applying a service charge to the London Affordable Rent (LAR) properties of

circa £33 a week, noting that tenants would be made fully aware of the service charge in advance and that it was expected that the additional cost would be covered by an increased Housing Benefit allowance;

- The Council funding £5.7m of public realm works, to be met from Section 106 or other identified alternative funding;
- Applying 40% RTB receipts for the 3 and 4-bed LAR properties;
- Increasing the rental inflation position on AR tenures from 2% to 2.5%;
- Reducing the long-term interest rates on LAR properties from 3.5% to 3% and on AR properties from 4% to 3.5%;
- Reducing Reside operating costs to 20% above benchmark rates from 2028;
- Assuming that AR properties were let within one month from handover.

The Cabinet Member advised that consideration had also been given to revising the development scheme, delaying its implementation and/or abandoning the project. However, apart from the significant contribution that the project would have in terms of providing affordable, sub-market rentable properties to the local community, there were several other key reasons for committing to the development. Those included the level of costs that had already been incurred on the project to date and the projected additional costs of retendering the development contract in a couple of years' time. Furthermore, it was noted that the proposed package of measures would enable the project to proceed in line with the existing planning consent and building control position, avoiding the need for costly redesign of the scheme and the inevitable delays associated with applying for a new planning consent to meet updated planning regulations.

Arising from the discussions, the Cabinet Member confirmed that the proposed use of significant RTB receipts for the Phase 3b project, along with similar proposals relating to the Beam Park development also on the evening's agenda, would substantially deplete the availability of RTB receipts to support future schemes in the pipeline.

The Cabinet Member provided reassurance to the Cabinet Member for Finance, Growth and Core Services that the additional sources of funding required would be available and he confirmed that the package of measures would be kept under constant review. It was further noted that officers would continue to lobby the Greater London Authority and other potential sources of external funding to further improve the viability of projects.

Cabinet **resolved** to:

- (i) Approve the recommendation to proceed with the Gascoigne East Phase 3b development project at the new contract sum agreed with Wates of £147,996,637;
- (ii) Approve the revised total development cost of £174,657,138 including forecast capitalised interest (£169,256,073 excl. interest);
- (iii) Approve the implementation of steps 1 to 4E, as set out in paragraph 2.17 of the report, as the most viable proposal that meets the IAS metrics and the steps required to achieve this position;
- (iv) Approve the handover loan to Reside at £96,080,179, comprising

£75,170,844 for Affordable Rental homes and £20,913,031 for the London Affordable Rent homes;

- (v) Approve in principle the use of Council funding of up to £5,987,703 for the public realm works, to be funded from the future disposal of commercial asset(s) or Section 106 monies;
- (vi) Approve the revised use of Right to Buy Receipts of up to £52m to support the viability of the Affordable Rent homes and 3-4 bed London Affordable Rent homes;
- (vii) Approve the revised use of GLA Affordable Housing Grant of £6m and GLA Right to Buy ringfenced monies of £9,754,813;
- (viii) Approve the allocation, subject to the endorsement of the Assets and Capital Board, of £1,771,784 of S106 contributions to support the viability of the LAR homes or the delivery of public realm; and
- (ix) Note that Scenario 4E meets the IAS return metrics producing a Net Present Value of +£40m and a positive cumulative cashflow in year 1.

### **35. Development of Land at Beam Park, Dagenham - Revised Proposals**

Further to Minute 34 (20 October 2020), the Cabinet Member for Regeneration and Economic Development presented a report on revised proposals relating to the Beam Park development project.

The decision taken in October 2020 related to the purchase of up to 936 homes over three phases (then known as phases 3, 4 and 5 - now known as phases 6, 7 and 8) on the western side of Beam Park (adjacent to Dagenham Green) for a mixed tenure scheme. The subsequent Development Agreement entered into with Countryside Properties (CPUK) was based on a fixed price for the properties but with indexation added for construction inflation. The Cabinet Member advised, however, that as was the case with the Gascoigne East Phase 3b project earlier on the evening's agenda, it had been necessary to review the Council's position in the development project due to increased costs.

A similar package of achievable measures had been drawn up that would enable the project to proceed in accordance with the metrics within the Council's IAS, which included:

- Acquiring 520 units within Phase 6 of the Beam Park development (excluding commercial units) from CPUK on a turnkey basis, made up of 265 AR, 134 Shared Ownership (SO), 59 LLR and 62 LAR properties;
- Applying a service charge to the LAR properties;
- Allocating £36.4m of Right to Buy (RTB) receipts, as a result of the switch from MR properties to AR properties;
- Increasing the rental inflation position on AR tenures from 2% to 2.5%;
- Reducing Reside operating costs to 20% above benchmark rates from 2028;
- Applying an interest rate of 4% for LAR, LLR and SO tenures and 5% for AR properties.

The Council had also originally intended to purchase properties with Phase 7 of the Beam Park project. The Cabinet Member advised, however, that the near-exhaustion of RTB receipts to support the Gascoigne Phase 3b and Beam Park Phase 6 projects meant that even by applying remedial measures, Phase 7 would not achieve a cashflow positive position, especially as construction inflation indexation would continue to apply under the terms of the original Development Agreement.

The Cabinet Member confirmed that, across the two projects, approximately 150 properties would be made available to families on the Council's housing waiting list and he also responded to points raised by the Cabinet Member for Finance, Growth and Core Services in relation to the alternative options that had been considered.

Cabinet **resolved** to:

- (i) Agree the viability improvement measures set out in the report to enable the acquisition of 520 units within Phase 6 of the Beam Park development (excluding commercial units) from CPUK on a turnkey basis for an estimated total price of £166.4m and total scheme cost (including interest) of £183.5m;
- (ii) Allocate up to £36.4m of Right to Buy receipts to ensure positive cashflows for Phase 6 of the Beam Park development;
- (iii) Approve a handover loan to Reside of £114,356,401 to develop, own, let, sell, manage and maintain the Phase 6 properties in accordance with the funding terms set out in the report;
- (iv) Note that the revised proposals for Phase 6 of the Beam Park development meet the IAS return metrics, producing a Net Present value of £38,943,950;
- (v) Agree to confirm to CPUK that as the Council was unable to meet the Funding Condition within the Development Agreement in respect of Phase 7 of the Beam Park development, the Council was not able to proceed with the acquisition of properties within that phase; and
- (vi) Note that should additional grant or loan funding be secured which provided a positive cashflow for Phase 7 of the Beam Park development, a further report would be submitted to Cabinet.

### **36. Re-Procurement of Leisure Services Contract**

The Cabinet Member for Community Leadership and Engagement introduced a report in respect of the procurement of a new provider to operate the Council's Leisure Services contract which covered the management of Abbey Leisure Centre, Becontree Heath Leisure Centre and the Jim Peters Stadium.

The Cabinet Member advised that the Council's existing operator had invoked a break clause in the current concession contract procured in 2017 and would be exiting the contract with effect from 14 September 2024. Therefore, it was necessary to procure a new provider and the Cabinet Member outlined the key

outcomes and deliverables under the new, maximum 15-year contract.

Cabinet Members spoke on the underlying reasons behind the existing provider's decision to terminate the contract and the loss of income to the Council as a result. It was recognised, however, that the retendering of the contract would provide opportunities to expand use of the facilities, especially those at the Jim Peters Stadium, by all sectors of the local community.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a Leisure Services Contract in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Community Leadership and Engagement, the Strategic Director, Finance and Investment and the Head of Legal Services, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements to fully implement and effect the proposals.

### **37. Sale of Land at the Former Bull Public House, Rainham Road South, Dagenham**

The Cabinet Member for Regeneration and Economic Development presented a report on the proposed disposal of a small area of Council-owned land adjacent to the former Bull Inn on Rainham Road South, to facilitate a residential development by Hollybrook of approximately 72 properties at the location.

The area of Council land measured approximately 150 sq.m. and the Cabinet Member referred to the proposed terms of the sale, which were set out in an appendix to the report, and other issues which supported the proposal.

Cabinet **resolved** to:

- (i) Agree that the Council disposes of the area of land, as shown edged red in the plan at Appendix 1 to the report, to Rainham Road South Limited (a subsidiary of Hollybrook) on the terms set out in Appendix 2 to the report;
- (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Head of Legal Services and the Cabinet Member for Regeneration and Economic Development, to agree the final terms and contract documentation to fully implement the sale of the site; and
- (iii) Authorise the Head of Legal Services, or an authorised delegate on their behalf, to execute all the legal agreements, contracts, and other documents on behalf of the Council.

### **38. Annual Youth Justice Plan 2023/24**

The Cabinet Member for Children's Social Care and Disabilities presented the Barking and Dagenham Youth Justice Plan for 2023/24, which set out the work and achievements of the service over the last 12 months and how it had impacted

first time entrants into the criminal justice service, re-offending of children and young people and reduced the numbers of children in custody.

The Cabinet Member was pleased to report that, overall, the service had positively impacted all three areas, with all three performance indicators decreasing over the last five years. Whilst Barking and Dagenham remained higher than London and National averages with regard to use of custody and first-time entrants, the Cabinet Member clarified that the Borough had the highest proportion of 0-16 year olds in the country as well as high levels of deprivation.

The Cabinet Member highlighted other achievements within the service and confirmed that the Plan had been agreed by the local multi-agency youth justice management board and submitted to the Youth Justice Board in line with the conditions of grant and national expectations.

Cabinet Members spoke in support of the Plan and the prevention work being undertaken by the service despite the lack of funding from Central Government and were encouraged to contact the Portfolio holder with any suggestions they had to enhance the service.

Cabinet **resolved** to:

- (i) Note the Barking and Dagenham Youth Justice Plan 2023/24 and the work of the youth justice service in addressing youth crime in the borough and the priorities for 2023/24, as set out in Appendix 1 to the report; and
- (ii) **Recommend the Assembly** to adopt the Barking and Dagenham Youth Justice Plan 2023/24.

### **39. Appointee and Deputyship Service Policy**

The Chair presented a report on behalf of the Cabinet Member for Adult Social Care and Health Integration in respect of an updated Appointee and Deputyship Service policy.

The Chair explained that, in accordance with the Mental Capacity Act 2005 and the Care Act 2014, the Council offered a service to those who, through lack of capacity and support, were unable to manage their personal assets and finances due to mental incapacity. Since 2017, the Council had charged a nominal fee for providing the Appointee service and, in 2021, introduced a Deputyship service for those who similarly lacked mental capacity and support but who fell outside the purview of the Appointee service due to their level of income. In response to the growing demand for Appointee and Deputyship services, a review of the Council's policies and charging arrangements was conducted in line with the Court of Protection Rules 2017 (COP) and other statutory guidance.

Cabinet Members welcomed the updated policy as a further commitment to the Council's vision of "No one left behind".

Cabinet **resolved** to:

- (i) Agree the Appointee and Deputyship Policy as set out at Appendix 1 to the

report, to be effective from 1 April 2024; and

- (ii) Agree to the commencement of public consultation in respect of the proposed charges associated with the Appointee and Deputyship Policy.

#### **40. Contract for School Data and Applications Solution Software**

The Cabinet Member for Educational Attainment and School Improvement introduced a report on proposals to enter into a maximum seven-year contract with Access Solutions for the provision of support, maintenance and additional modules relating to the Synergy system.

The Cabinet Member explained that Synergy was the main IT system that supported the Council's education and school admissions service. As well as providing ongoing maintenance and support for those aspects, the new contract would incorporate additional modules covering aspects such as special educational needs and disabilities (SEND) services and greater integration between systems.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract with Access Solutions for the proposed Synergy database merge and the purchase of additional software modules to support the single view of the child and safeguarding via the YPO software applications and data framework 1095, in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Commissioning Director, Education, in consultation with the Head of Legal Services, to award and enter into the contract and any extension periods with Access Solutions to fully implement and effect the proposals.

#### **41. Contract for the Provision of Security Doors and Screens for Council and Other Properties**

The Cabinet Member for Finance, Growth and Core Services presented a report on proposals to procure, via an open tender process, a new contract for the provision for security screens and doors to secure properties when they are decanted, vandalised or there had been a forced entry by the Police or other emergency services.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of the provision for security screens and doors on a maximum five-year term in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, My Place, in consultation with the Head of Legal Services, to conduct the procurement and enter into the contract and all other necessary or ancillary agreements, including contract extensions, with the successful bidder.



## 42. Debt Management Performance 2023/24 (Quarter 1)

The Cabinet Member for Finance, Growth and Core Services presented the latest debt management performance report covering the first quarter of the 2023/24 financial year.

The Cabinet Member stressed the need for the Council to maximise the collection of monies owed in order to fund core services, although he acknowledged that many residents and business were struggling during the current cost-of-living crisis. The Collection Service was implementing a number of new initiatives aimed at increasing collection and debt recovery rates as well as additional measures to support those in difficulty and the Cabinet Member confirmed that further information on those initiatives would come forward in future quarterly reports. Further consideration was also being given to target collection rates and levels of arrears in certain areas.

Cabinet **resolved** to note the performance of the debt management function carried out by the Council's Collection service, including the improvements in collection in some areas and the challenges in others.