

# MINUTES OF CABINET

Tuesday, 23 January 2018  
(7:00 - 8:14 pm)

**Present:** Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Laila M. Butt, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

## **76. Declaration of Members' Interests**

There were no declarations of interest.

## **77. Minutes (12 December 2017)**

The minutes of the meeting held on 12 December 2017 were confirmed as correct.

## **78. Budget Monitoring 2017/18 - April to November (Month 8)**

The Cabinet Member for Finance, Growth and Investment presented a report on the Council's revenue budget monitoring position for the 2017/18 financial year as at 30 November 2017.

The General Fund showed a projected year-end overspend of £6.878m against the budget of £145.13m, which represented an increase of £0.995m on the position reported for 31 October 2017. The Cabinet Member alluded to the new pressures and risks detailed in the report and confirmed that it was unlikely that the position would improve to any significant degree by the end of the financial year. The Housing Revenue Account (HRA) showed an unchanged projection from the previous month's £0.769m deficit position against the budgeted contribution of £39.642m to the HRA Capital Programme.

The Cabinet Member for Social Care and Health Integration referred to the increased pressures within the Adults' Care and Support service and drew particular attention to the excellent work of the Mental Health Crisis Intervention team which had overseen just one delayed discharge from hospital in the last reporting period, compared to another London local authority which had experienced over 4,000 in the same period.

In respect of the increased overspend within the Disabilities Care and Support service stemming from the high cost of two out-of-borough care packages which the Council had funding responsibilities for, the Cabinet Member confirmed that an urgent review had been undertaken and no other 'potentially unknown' cases had been identified.

The Cabinet **resolved** to:

- (i) Note the forecast outturn position for 2017/18 of the Council's General Fund revenue budget as at 30 November 2017, as detailed in section 2 and Appendix A of the report;

- (ii) Note the new financial risks and the suggested mechanisms for resolving them, as detailed in section 3 of the report;
- (iii) Note the overview of the Housing Revenue Account for 2017/18 , as detailed in section 4 and Appendix B of the report; and
- (iv) Note the update on the Capital Programme as detailed in section 5 of the report.

## **79. Barking and Dagenham Reside - A Reinvigorated Approach**

The Cabinet Member for Finance, Growth and Investment presented a report on plans for a reinvigorated approach for Barking and Dagenham Reside (B&D Reside), the special purpose vehicle (SPV) established by the Council to hold and manage affordable housing developments with the Borough.

By Minute 50 (13 November 2012), the Cabinet had agreed the structural and governance arrangements for the creation of B&D Reside. Since that time, the company had been successfully managing approximately 600 properties via various commissioning arrangements with the Council as it had no directly employed staff. The Cabinet Member explained that the Council's major programme of housing development over the next five years was expected to increase the B&D Reside property portfolio by at least another 3,000 properties and it was necessary, therefore, to review the structural arrangements for the company to ensure that it was fit-for-purpose going forward. Following a review, a series of key actions were proposed which included the formation of B&D Reside as a single management entity with a new Board of Directors, directly-appointed staff and refined governance arrangements with the Council as sole shareholder.

Cabinet Members spoke in support of the innovative approach as a means of maintaining the Council's drive to provide high-quality, affordable homes to social tenants. The Cabinet Member for Economic and Social Development also made the point that the construction of 3,000 new homes over the next five years would mean that, despite the ongoing loss of Council housing due to Right to Buy sales, a greater number of homes would be available to those on the Council's housing waiting list.

The Cabinet **resolved** to:

- (i) Approve the creation of a Reside Management Company on the terms set out in paragraph 2 of the report;
- (ii) Agree that the shareholder role of the Council be exercised through the Cabinet advised by the Shareholder Panel;
- (iii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to commence the recruitment and selection of a Chair of the Board of Directors; and
- (iv) Delegate authority to the Director of Law and Governance to prepare and execute articles of association or partnership agreements and any relevant

legal agreements or documents on behalf of the Council to implement the creation of the new Reside company.

## **80. B&D Energy - 'White Label' Energy Supplier**

The Cabinet Member for Finance, Growth and Investment presented a report on an initiative aimed at providing local residents with the opportunity to subscribe to competitive, cheaper fuel tariffs through a 'white label' partnership with a reputable energy supplier.

The Cabinet Member advised that although recent Government estimates suggested that 10% of Barking and Dagenham households suffered from fuel poverty, the Council's own assessments found that in some areas of the Borough that percentage was as high as 38%. The initiative would, therefore, enable local residents to take advantage of bespoke, locally branded energy tariffs that were expected to consistently be amongst the top 15% best offers in the energy market. It was noted that an options appraisal had included the potential for the Council to establish itself as a fully licensed, independent energy company but that option was not considered appropriate at the present time.

The Cabinet Member referred to the planned communications strategy that would support the launch of the initiative and help achieve the goal of attracting at least 3,000 customers in the first year of the service.

Cabinet Members welcomed the proposal and spoke on the need to break the hold that the largest energy suppliers continued to have in the market which penalised loyal customers, the obscenity of key meter charges which penalised those on the lowest incomes and the focus on helping those currently in arrears with their high tariff deals to move over to the more affordable 'white label' tariff.

The Cabinet **resolved** to:

- (i) Approve the proposed 'white label' approach to deliver a branded energy supply to the residents of Barking and Dagenham, as detailed in Option 2 in the report; and
- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Economic and Social Development and the Director of Law and Governance, to develop and register the intellectual property rights in the trademarks and branding for the energy products to be delivered through the white label option and enter into the contracts and all other necessary or ancillary agreements with the successful bidder in accordance with the strategy set out in the report.

## **81. Pooling of Business Rates**

Further to Minute 62(iv) (14 November 2017), the Cabinet Member for Finance, Growth and Investment introduced a report on the Council's proposed participation in a London-wide Business Rates pooling arrangement in place of the current joint arrangement with Basildon, Havering and Thurrock Councils.

The Cabinet Member confirmed that the new London-wide arrangement was

expected to deliver a financial benefit to the Council of £2.8m in 2018/19, helping to protect services provided to local residents. The scheme had received the support of each of the 33 London local authorities and City of London had agreed to be the 'lead authority', assuming responsibility as the accountable body and administrator of the pooled fund.

The Cabinet **resolved** to:

- (i) Approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34(7)(1) of Schedule 7B Local Government Finance Act 1988;
- (ii) Delegate the Council's administrative functions as a billing authority to the appropriate lead authority / joint committee;
- (iii) Delegate authority to the Leader and the Chief Operating Officer to agree the operational details of the pooling arrangements with the participating authorities;
- (iv) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance, to enter into such agreement(s) as may be necessary to implement the Pool and to negotiate, finalise and execute the same on behalf of the Council; and
- (v) Appoint the Leader as the Council's representative at meetings to consider the allocation of the Strategic Investment Pot and to authorise the Leader, in consultation with the Cabinet Member for Finance, Growth and Investment, the Chief Executive and the Chief Operating Officer, to take decisions on behalf of the Council in respect of Strategic Investment Pot allocations.

## **82. Council Tax Support Scheme 2018/19**

The Cabinet Member for Finance, Growth and Investment presented a report on the proposal to retain the existing Council Tax Support Scheme and £50,000 discretionary hardship fund, in order to continue to support local residents that found themselves in exceptional financial hardship.

The Cabinet **resolved to recommend the Assembly** to agree that the Council Tax Support Scheme implemented for 2017/18 be retained for 2018/19.

## **83. Calculation and Setting of the Council Tax Base for 2018/19**

The Cabinet Member for Finance, Growth and Investment introduced the annual Council Tax Base setting report for the 2018/19 financial year.

The Cabinet Member advised that the number of Band D equivalent properties had increased by over 1,500 compared to 2017/18, which would generate an additional £1.7m of income based on the current rate of Council Tax. Arising from a question, the Chief Operating Officer agreed to respond to Cabinet Members on the rationale for the number of A\* equivalent properties.

The Cabinet **resolved** to agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham Council as its Tax Base for the year 2018/19 shall be 48,782.31 Band 'D' properties.

(Councillor Turner left the meeting at the conclusion of this item.)

#### **84. Essex and Suffolk Water Agreement**

Further to Minute 112 (8 April 2014), the Cabinet Member for Finance, Growth and Investment presented a report on the outcome of negotiations with Essex and Suffolk Water (ESW) regarding the collection of water and sewerage charges from social housing tenants by the Council on behalf of ESW.

The Cabinet member advised that the commission payable to the Council would increase from the 15% level under the current agreement with ESW to 17%, backdated to 1 April 2017.

The Cabinet **resolved** to agree that the Council enters into a revised three-year agreement with Essex and Suffolk Water for the collection of water and sewerage charges from social housing tenants, effective from 1 April 2017, on the terms set out in the report.

#### **85. 'Made in Dagenham' Film Studios**

Further to Minute 74 (15 November 2016), the Cabinet Member for Economic and Social Development presented proposals to progress the Council's ambitions for television and film studios at the former Sanofi site, Rainham Road North, Dagenham, as part of a mixed-use development.

The Cabinet Member advised that a feasibility study, jointly funded with the Mayor of London, had concluded that "Dagenham East represents a rare chance to build a world-class film studio within the boundaries of Greater London". Discussions had taken place with the other landowners at the site regarding the best way to deliver the studio proposal and the wider regeneration aims, which would include housing, retail and London's largest data centre and create a significant number of new job opportunities for local people. The Cabinet Member also referred to the perceived advantages to the Council of becoming the majority landowner at the site, in line with the Council's Investment and Acquisition Strategy objectives, and the borrowing costs associated with the acquisitions.

Cabinet Members spoke in support of the proposals and particular regard was made to the new and exciting job opportunities that would be created on the site and the important links to other recent initiatives in the Borough, such as the creation of the Coventry University London campus. The Cabinet Member for Economic and Social Development confirmed that the Council's expectations for high-quality architectural developments had been impressed on potential development partners and it was also acknowledged that a comprehensive Sustainable Neighbourhood Strategy for the area should be commissioned in order to maximise the benefits for the local community.

The Cabinet **resolved** to:

- (i) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to enter into all necessary agreements to complete the freehold purchase of the Baytree land, as identified in Appendix 1 to the report, on the terms set out in paragraphs 2.1 to 2.3 and Appendix 2 of the report;
- (ii) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Member for Finance, Growth and Investment, to enter into all necessary agreements to complete the freehold purchase of the Londoneast-uk surplus land site and the lease of The Cube site, as identified in Appendix 1 to the report, on the terms set out in paragraphs 2.4 to 2.5 and Appendix 2 of the report;
- (iii) Note that a further report shall be presented to Cabinet on the possible purchase of The Cube site at the expiry of the lease arrangement in December 2022; and
- (iv) Agree the Council's objectives for the film studio site as set out in paragraphs 2.6 to 2.8 of the report and that Be First commence a process to select the partner(s) who best delivers the objectives.

#### **86. Purchase of Transport House, 46 - 48 New Road, Dagenham**

The Cabinet Member for Economic and Social Development introduced a report on the proposed acquisition of Transport House, 46 – 48 New Road, Dagenham, due to its strategic importance to the Council's regeneration plans for the south Dagenham area.

The building was currently occupied by Unite the Union who wished to sell its freehold interest and relocate elsewhere in the Borough. The site was adjacent to the former Ford Stamping Plant, itself in the final stages of demolition, and acquisition by the Council would increase its stake in the regeneration of the area. The report also set out the proposed terms of the acquisition, the borrowing costs and the intended leaseback arrangements with Unite pending relocation.

The Cabinet **resolved** to:

- (i) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to enter into all necessary agreements to complete the freehold purchase of the Transport House site, as identified in Appendix 1 to the report, on the terms set out in the report and Appendix 3 to the report; and
- (ii) Delegate authority to the Investment Panel, following consultation with the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to approve the future disposal of the site in line with the Council's Investment Strategy objectives.

## 87. Private Business

The Cabinet **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

## 88. Vicarage Field Financing Proposal

The Cabinet Member for Economic and Social Development introduced a report on the proposed terms of a loan facility to Lagmar (Barking) Limited, a wholly owned subsidiary of Benson Elliot Real Estate Partners IV LP, to facilitate the redevelopment of the Vicarage Field site in Barking Town Centre.

The regeneration plans for the site included 855 residential units, a 150-room hotel and 350,000 sq.ft. of retail, leisure and public service space. Discussions, led by Be First on behalf of the Council, had identified the potential for the Council, as freeholder of the site, to provide funding to Benson Elliot, who held a 99-year renewable head lease for the site, to take the project forward, in line with the Council's Investment and Acquisition Strategy objectives.

The report set out the proposed commercial terms of the loan facility, which would generate additional annual revenue to the Council of circa £1.2m in the first three years in the form of a contribution to Be First's income target, and the steps needed to take the project forward.

The Cabinet **resolved** to:

- (i) Agree borrowing of up to £35m from the Public Works Loan Board within the General Fund to facilitate the redevelopment of the Vicarage Field site in Barking Town Centre, as set out in the report;
- (ii) Agree to lend £35m to Lagmar (Barking) Limited, a wholly owned subsidiary of Benson Elliot Real Estate Partners IV LP, substantially on the terms set out in paragraphs 2.15 to 2.21 of the report;
- (iii) Agree that Be First, as agent for the Council, lead the negotiations in respect of the loan facility, including appointment and management of commercial, financial and legal due diligence advisors, with Benson Elliot Real Estate Partners IV LP;
- (iv) Note that detailed negotiations shall be supported by a team of financial, commercial and legal advisors appointed to advise Be First and the Council on the proposals, the Council's costs in connection with the loan to be reimbursed by Benson Elliot Real Estate Partners IV LP;
- (v) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to scrutinise the due diligence reports, negotiate terms and agree the contract documents to fully implement and effect the proposals set out in the report; and

- (vi) Authorise the Director of Law and Governance, in consultation with the Chief Operating Officer, to execute all the legal agreements, contracts and other documents on behalf of the Council.