

MINUTES OF CABINET

Monday, 17 February 2020
(7:02 - 8:27 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Margaret Mullane, Cllr Lynda Rice and Cllr Maureen Worby

99. Declaration of Members' Interests

Councillor Geddes declared a non-pecuniary interest in agenda item 17, "Use of Appropriation Powers - Land at Crown House and Linton Road Car Park, Barking" as a Director of the Barking Enterprise Centre and left the meeting prior to the matter being discussed in accordance with paragraph 10.3, Chapter 1, Part 5 (Councillors' Code of Conduct) of the Constitution.

100. Minutes (21 January 2020)

The minutes of the meeting held on 21 January 2020 were confirmed as correct.

101. Budget Monitoring 2019/20 - April to December (Month 9)

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's revenue budget monitoring position for the 2019/20 financial year as at 31 December 2019 (Month 9) and the revised Capital Programme.

The General Fund showed a projected end of year overspend of £8.214m against the budget of £148.82m. There was an increase of £0.395m in the overall expenditure forecast made up of small increases across a number of services, £0.286m in Community Solutions and £0.318m in Contracted Services. However, there had been an improvement in the Public Realm forecast for the first time in many years. The increase in expenditure forecast was offset by a £0.5m increase in Corporate Income resulting in a net reduction of £0.1m since month 8.

Members were critical of the Government's reliance on 2011 census data to calculate the Council's funding need, as that data no longer accurately reflected the Borough population. Concern was also expressed at proposals to end the census altogether, which would potentially create gaps in local data and therefore make service planning more difficult.

Cabinet **resolved** to:

- (i) Note the projected revenue outturn for Council services as set out in sections 2 to 12 and Appendix A to the report;
- (ii) Note the implications for the reserves position and the need to identify in year action in relation to General Fund expenditure;

- (iii) Approve the additions to the Capital Programme as set out in section 13 and Appendix C to the report; and
- (iv) Note the projected outturn on the Capital Programme as set out in section 13 and Appendix B to the report.

102. Budget Framework 2020/21 and Medium Term Financial Strategy 2020/21 - 2023/24

The Cabinet Member for Finance, Performance and Core Services introduced the Council's proposed budget framework for 2020/21 which incorporated the following:

- The General Fund revenue budget for 2020/21;
- The level of Council Tax for 2020/21;
- The Medium Term Financial Strategy (MTFS) for 2020/21 to 2023/24;
- The draft Capital Investment Programme for 2020/21 to 2023/24; and
- An update on the Dedicated Schools Grant and Local Funding Formula for Schools.

The Cabinet Member stated that, notwithstanding the fast-growing population and huge increases in demand for services, the Council must strive to attain its vision of a Borough where people thrived and were proud to live.

The Cabinet Member for Educational Attainment and School Improvement referred to the need to top-slice the schools funding block and the pressure that would create, particularly in special schools. She also referred to the fluctuations in school numbers, largely stemming from new housing developments in the Borough.

Members discussed the social impacts of the Government's austerity measures, including extortionate rents, poverty and inadequate support for schools and the challenges these posed to the Council and its partners in meeting residents' needs.

Cabinet **resolved to recommend the Assembly** to:

- (i) Approve a base revenue budget for 2020/21 of £155.796m, as detailed in Appendix A to the report;
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2020/21 to 2023/24 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the additional cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;
- (iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services, to finalise any contribution required to or from reserves in respect of the 2020/21 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2020;

- (iv) Approve the Statutory Budget Determination for 2020/21 as set out at Appendix C to the report, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, an Adult Social Care precept of 2.00% and the final Council Tax proposed by the Greater London Assembly (3.6% increase), as detailed in Appendix D to the report;
- (v) Note the update on the current projects, issues and risks in relation to Council services, as detailed in sections 9-12 of the report;
- (vi) Approve the Council's draft Capital Programme for 2020/21 totalling £318.006m, of which £72.540m are General Fund schemes, as detailed in Appendix E to the report;
- (vii) Approve the Flexible Use of Capital Receipts Strategy as set out in Appendix F to the report;
- (viii) Note the update on Dedicated Schools Funding and approve the Local Funding Formula factors as set out in section 15 and Appendix G; and
- (ix) Note the Chief Finance Officer's Statutory Finance Report as set out in section 15 of the report, which includes a recommended minimum level of reserves of £12m.

103. Housing Revenue Account: Estimates and Review of Rents and Other Charges 2020/21

The Cabinet Member for Regeneration and Social Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2020/21, and the available HRA resources within the context of the 30-year Business Plan.

The Cabinet Member advised that the Council was able to increase rents for the first time since the Government imposed a 1% rent reduction policy on all providers of social housing from April 2016. The report proposed that rents increase by the Consumer Price Index (at September 2019) plus 1% from April 2020, which meant that the average weekly rent for a HRA property would rise by £2.52 per week, from £93.35 to £95.87 per week.

Members referred to the investment made as part of the Housing Capital Programme and commended services for achieving the rate of 91% of council homes to the 'Decent Homes' standard.

Cabinet **resolved** to:

- (i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be increased by CPI (September 2019) of 1.7% + 1%, from the current average of £93.35 per week to £95.87 per week;
- (ii) Agree the following service charges for tenants:

Service	Weekly Charge 2020/21	Increase / reduction
Grounds Maintenance	£2.93	£0
Caretaking	£7.65	£0
Cleaning	£3.68	£0
Estate Lighting	£3.92	£0.07
Concierge	£10.06	£0
CCTV (SAMS)	£6.17	£0
Safer Neighbourhood Charge	£0.50	£0
TV aerials	£0.62	£0.02

- (iii) Agree that charges for heating and hot water increase by CPI (September 2019), as follows:

Property size	Weekly Charge 2020/21
Bedsit	£13.34
1 bedroom	£14.16
2 bedroom	£16.99
3 bedroom	£17.30
4 bedroom	£17.75

- (iv) Agree that the above charges take effect from 1 April 2020;
- (v) Agree the 18-month Investment in Existing Stock programme at Appendix 5 to the report and the HRA Capital Programme for 2020/21, as set out in paragraph 4.4 of the report; and
- (vi) Agree that the street purchase properties listed in Appendix 6 to the report be appropriated from the General Fund to the Housing Revenue Account, by use of section 122 of the Local Government Act and section 17 of the Housing Act 1985 for the purposes of Part II of the HRA, on the terms set out in section 8 of the report.

104. Treasury Management Strategy Statement 2020/21

The Cabinet Member for Finance, Performance and Core Services introduced a report on the Treasury Management Strategy Statement 2020/21 which set out the Council's borrowing, investment and funding plans for the year ahead.

Cabinet **resolved to recommend the Assembly** to adopt the Treasury Management Strategy Statement for 2020/21 and, in doing so, to:

- (i) Note the current treasury position for 2020/21 and prospects for interest rates, as referred to in section 7.2 of the report;
- (ii) Approve the Annual Investment Strategy 2020/21 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;

- (iii) Approve the Council's Borrowing Strategy 2020/21 to 2023/24, as set out in Appendix 2 to the report;
- (iv) Note that the Capital Strategy 2020/21, incorporating the Investment and Acquisitions Strategy, shall be updated and presented for approval in June 2020;
- (v) Approve the Capital Prudential and Treasury Indicators 2019/20 – 2023/24, as set out in Appendix 3 to the report;
- (vi) Approve the Minimum Revenue Provision Policy Statement for 2020/21, representing the Council's policy on repayment of debt, as set out in Appendix 4 to the report;
- (vii) Approve the Operational Boundary Limit of £1.25bn and the Authorised Borrowing Limit of £1.35bn for 2020/21, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 4 to the report; and
- (viii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services, to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to consider the increase in cash from borrowing and any subsequent decrease in cash balances as payments are made to the Special Purpose Vehicle.

105. Contract for Provision of SIA Security and Ancillary Services

The Cabinet Member for Enforcement and Community Safety presented a report on proposals to retender the Council's SIA security and ancillary services contract.

In response to questions, the Cabinet Member confirmed that:

- The opportunity would be advertised on the Council's website and in local papers, as well as other sources;
- The procurement procedure would encourage bidders from within the Borough;
- It would be a condition of the contract that the successful company attend job fairs and local job shops to provide assistance for job seekers; and
- The selected company would be encouraged to source any new staff from the local area.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for SIA Security and Ancillary Services in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Operational Director of Enforcement, in consultation with the Cabinet Member for Enforcement and Community Safety, the Director of Law and Governance and the Chief Operating Officer, to conduct the procurement and award and enter into the

contract(s) and all other necessary or ancillary agreements with the successful bidder including any period of extension.

106. Contract for Provision of Temporary / Interim Staff and Ancillary Services

The Cabinet Member for Finance, Performance and Core Services presented a report on the provision of temporary/ interim staff and ancillary services.

Cabinet **resolved** to:

- (i) Approve the re-procurement and award of contract for the provision of temporary / interim staff and ancillary services, through the ESPO framework (Mstar3) Lot 1b – Managed Service Provider, to Adecco UK in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to award and enter into the contract and all other necessary or ancillary agreements including the period of extension.

107. Procurement of a Strategic Advisory Framework

The Cabinet Member for Finance, Performance and Core Services presented a report on the procurement of a Strategic Advisory Framework (SAF).

The Cabinet Member advised that the SAF sought to bring together the Council's recent requirements for specific technical and investment advisors for its commercial investments as well the provision of services, currently delivered via Elevate, which could not be procured via that route post December 2020.

Cabinet **resolved** to:

- (i) Approve the procurement of a Strategic Advisory Framework in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to enter into the framework agreements, call off contracts and all other necessary or ancillary agreements with the successful bidder(s) plus any access agreements with participating authorities.

108. Pay Policy Statement 2020/21

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's Pay Policy Statement for 2020/21 in accordance with the requirements of the Localism Act 2011.

Cabinet **resolved** to:

- (i) Agree the implementation of the London Living Wage increase from £10.55

to £10.75 per hour for employees and apprentices operating in service areas covered by Green Book terms and conditions, with effect from 4 November 2019; and

- (ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2020/21 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2020.

109. Purchase of the former Muller Factory Site, Selinas Lane, Chadwell Heath

The Cabinet Member for Finance, Performance and Core Services introduced a report on the proposed purchase of the former Muller Factory Site, Selinas Lane, Chadwell Heath, which was currently designated as a 'Locally Significant Industrial Site' (L-SIS). The report proposed to acquire the plot by means of newly formed special purpose vehicles (SPV) which would be 100% owned by the Council.

Cabinet **resolved** to:

- (i) Agree that the Council company Be First Developments Limited shall be activated;
- (ii) Agree, as shareholder, to the change of name of Be First Developments Limited to Be First Developments (Muller) Limited and to authorise the Chief Operating Officer to take all necessary action on behalf of the Council to effect that change, to agree the articles and to negotiate and agree service contracts for the directors and any shareholder agreements;
- (iii) Agree to the proposed purchase of the former Muller site by Be First Developments (Muller) Limited on the terms set out in the report and authorise the Chief Operating Officer to negotiate and enter into all the necessary agreements on behalf of the Council and give approvals on behalf of the Council as shareholder and Chief Operating Officer, in consultation with the Director of Law and Governance, to complete on the proposed transaction subject to satisfactory due diligence and an independent valuation;
- (iv) Agree to the Council borrowing the sum set out in Appendix 2 to the report, to finance the acquisition of the Former Muller Site including site purchase planning promotion and ground investigations works subject to all necessary due diligence dependant on confirmation, or otherwise of the site being a Transfer of a Going Concern;
- (v) Agree to the formation of a new development holding company 'Be First Development (Holdings) Ltd' on the terms set out in the report, to be owned by the Council and hold Be First Developments (Muller) Limited as its subsidiary and to authorise the Chief Operating Officer to take all necessary action in connection with the creation of the company as Shareholder and Chief Operating Officer, in consultation with the Director of Law and Governance, including agreeing an interim business plan, Shareholder Agreement, making any necessary resolutions and entering any other associated legal documents and contracts to give effect to this proposal;

- (vi) Agree to the appointment of Directors to the new companies as detailed in the report and to authorise the Chief Operating Officer, in consultation with the Director of Law and Governance, to agree any changes to the Boards;
- (vii) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance, to agree the loan agreement and any associated guarantees and debentures referred to in the report and grant any indemnities subject to all necessary due diligence; and
- (viii) Authorise the Chief Operating Officer, in consultation with the Investment Panel, to set up Companies with a nominal share value or Partnerships in preparation for Council Projects and to appoint interim Directors to those Companies or nominee partners to the partnerships.

110. Private Business

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).

111. Use of Appropriation Powers - Land at Crown House and Linton Road Car Park, Barking

(The Cabinet Member for Regeneration and Social Housing left the meeting prior to consideration of this item and did not partake in any discussions or the decision-making).

The Cabinet Member for Finance, Performance and Core Services introduced a report on the use of appropriation powers in relation to development of land at Crown House and Linton Road Car Park, Barking.

Cabinet **resolved**, having given due consideration to the Human Rights Act 1998 and the Council's Public Sector Equality Duty as set out in Section 149 of the Equalities Act 2010, to approve the exercise of the Council's powers under Section 122 of the Local Government Act 1972 to appropriate the land at Crown House and Linton Road, as shown edged blue in Appendix 3 to the report, for planning purposes and the subsequent reliance on section 203-206 of the Housing and Planning Act 2016 to override third party interests of neighbouring properties infringed by the development.