

THE CABINET

Tuesday, 22 November 2011
(5:00 - 5:45 pm)

Present: Councillor L A Smith (Chair), Councillor R Gill (Deputy Chair), Councillor H J Collins, Councillor C Geddes, Councillor M A McCarthy, Councillor L A Reason, Councillor P T Waker and Councillor J R White

Also Present: Councillor L Butt, Councillor R Douglas, Councillor N S S Gill, Councillor G Letchford and Councillor J E McDermott

Apologies: Councillor J L Alexander and Councillor M M Worby

63. Declaration of Members' Interests

Councillor White declared a personal interest in relation to the report "Six Monthly Performance Review of Elevate Joint Venture and Proposal for Authority to Open Negotiations for the Transfer of Further Services" as he was a Council-appointed representative to the Elevate East London LLP Board.

64. Minutes (18 October 2011)

The minutes of the Cabinet meeting on 18 October were confirmed as correct.

65. Budget Monitoring 2011/12 - April to September 2011

The Cabinet Member for Finance and Education presented a report on the Council's revenue and capital budget position for 2011/12 as at 30 September 2011.

The General Fund showed an improved position at the end of September with a projected year-end overspend of £2.2m (before the planned £1.5m contribution to balances) compared to £4m as reported at the last meeting. The Cabinet Member referred to the current areas of overspend which included £0.8m in the Environmental Services division and the Corporate Director of Housing and Environment advised that action plans had been drawn up to mitigate these overspends as well as the £1m shortfall in delivering the in-year savings target.

The Cabinet Member confirmed that the Housing Revenue Account (HRA) continued to show a positive position, with a projected additional contribution to the HRA reserve of £71,000, and he outlined the current position in respect of the Capital Programme.

The report also contained proposals in respect of a transfer from the Contingency budget to meet a shortfall in savings due to the delay in implementing revised terms and conditions of employment across the Council, capital budget adjustments to reflect the current status of projects and a General Fund transfer from Housing to Revenues and Benefits. In respect of the latter, the Cabinet Member advised that the proposal had been deferred pending further discussions.

Cabinet agreed:-

- (i) To note the projected outturn position for 2011/12 of the Council's revenue budget as detailed in paragraphs 2.3 to 2.12 and Appendix A of the report;
- (ii) To note the progress against the 2011/12 savings targets as detailed in paragraph 2.13 and Appendix B of the report;
- (iii) To note the position for the HRA as detailed in paragraph 2.14 and Appendix C of the report;
- (iv) To note the projected outturn position for 2011/12 of the Council's capital budget as detailed in paragraph 2.15 and Appendix D of the report;
- (v) Approve the transfer from the Contingency budget of £630,000 to offset the savings shortfall in Central Expenses; and
- (vi) Approve the capital budget adjustments as set out in appendix E of the report.

66. Budget Strategy 2012/13 - Proposed Change to the Council's Redundancy Scheme

The Cabinet Member for Customer Services and Human Resources presented a report on proposed changes to the Council's current redundancy scheme moving from 66 weeks' pay at maximum to 45 weeks' pay at maximum.

The Cabinet Member advised that the current scheme which offered 66 weeks' pay at maximum could no longer be sustained due to the financial pressures faced by the Council, and local government in general. There was, however, an acknowledgement that staff affected by the current savings proposals should be able to benefit from the current scheme arrangements and it was therefore proposed to have staggered implementation arrangements.

The Leader of the Council reported that stemming from the latest discussions with Union representatives on the proposals, an undertaking had been given to suspend the implementation of the proposal to move to 30 weeks' pay at maximum to allow further discussions between the Council and Unions on possible alternative proposals.

Cabinet agreed:

- (i) That the Council's policy on redundancy, as required by Regulation 7 of the 2006 Local Government Act (Early Termination of Employment) (Discretionary Compensation) (England and Wales), be amended as follows:
 - a. For redundancy notices issued on or after 1 December 2011, the enhanced redundancy compensation payments to LBB and schools non-teaching staff be reduced from x2.2 of the equivalent statutory redundancy weeks to x1.5 of the equivalent statutory redundancy weeks (i.e. up to 45 weeks' pay at maximum, depending on age and service);

- b. That where further savings proposals are made for the 2012/13 financial year in advance of the setting of the budget by the Assembly on 22 February 2012, the arrangements in (a) above be extended for a comparable period of time to those staff affected to enable them to volunteer for redundancy at the enhanced rates;
- (ii) That the above revisions to the redundancy scheme be recommended for adoption by Governing Bodies of schools; and
- (iii) That the option of implementing the statutory redundancy scheme (i.e. up to 30 weeks' pay at maximum, depending on age and service) be suspended pending further discussions between the Council and Unions on possible alternative proposals.

67. Funding Adult Social Care

The Cabinet Member for Children and Adult Services reported on the potential implications for the Borough and its residents of the findings of the Dilnot Commission on Funding of Care and Support and the proposed response to the Government's consultation exercise 'Caring for our Future'.

The Cabinet Member advised that there had been cross-party recognition of the significant pressures on funding for adult social care as population ages and the demand for services increased and, as a consequence, an independent commission, chaired by Mr Andrew Dilnot, was appointed by the Government in July 2010 to undertake a comprehensive review. In the same period the Government had also asked the Law Commission to review social care legislation.

- The Cabinet Member outlined the key findings of the Dilnot Commission which represented a radical review of the way that people would contribute towards the cost of their care, namely:
- Individual's lifetime contributions to their social care costs should be capped at a total proposed contribution of £35,000;
- The means-tested threshold above which people were liable for their full care costs should be increased from £23,250 to £100,000;
- All those who become adults with a pre-existing care and support need should be eligible for free state support immediately, with a sliding scale of charging for people aged 40 plus;
- There should be national eligibility criteria for access to adult social care services.

The Cabinet Member advised that while the Dilnot recommendations would reduce the injustice caused by the current funding arrangements which penalised individuals who had saved and invested for their future, the Government had failed to address the already apparent gap between the available funding for adult social care and the current need which would only increase under the proposals. In addition, there would be significant resource implications for local authorities in meeting their new responsibilities which the Government would equally need to address if these recommendations were implemented.

In September the Government had launched a further consultation exercise

'Caring for our Future' which would inform its forthcoming White Paper on the reform of adult social care and funding.

Cabinet **agreed**:-

- (i) To note the findings of the Dilnot Commission and the implications for Barking and Dagenham as outlined in the report; and
- (ii) The Council's response to the Department of Health's engagement paper 'Caring for our Future' as set out at Appendix 4 to the report.

68. Shared Procurement of Oracle R12 Upgrade

The Cabinet Member for Customer Services and Human Resources presented a report on proposals to upgrade the Council's current Enterprise Resource Planning (ERP) system, which provided the platform for human resources and financial information, through a shared procurement with other local authorities and led by the London Borough of Lambeth.

The Council's current ERP system, Oracle R11, was implemented in 2001 and was nearing the end of its operational life. The Cabinet Member explained that the current system had been highly customised to suit the Council's requirements but that this approach had proved to be less cost effective due to the costs involved with customisation. It was therefore proposed to move to a standardised Oracle 12 system, shared with a number of other local authorities, which would achieve economies in terms of procurement, implementation and maintenance as well as opening up greater opportunities for shared services.

The Cabinet Member referred to the estimate £3m cost of the replacement Oracle system and it was confirmed that ongoing revenue savings would be achieved through reduced staff costs as a result of the improved processes that the new system would deliver. The Corporate Director of Children's Services also confirmed that initial discussions with Headteachers on the system upgrade had been positive and that these discussions would continue to ensure that the new system met their requirements.

Cabinet **agreed**:-

- (i) To enter into an arrangement with the named London Boroughs for the joint procurement of a Framework Agreement for the provision of a shared and standardised Oracle system replacing the Council's existing customised system, as detailed in the report;
- (ii) To authorise the Corporate Director of Finance and Resources, in consultation with the Divisional Director of Legal and Democratic Services, to enter into the contract; and
- (iii) The allocation of £3 million (£2m from the Council's capital reserve and £1m from the Invest-to-Save revenue fund) to replace the existing system with a re-implemented shared service made available through the joint procurement process.

69. A Strategy for Disabled Adaptations

The Cabinet Member for Children and Adult Services presented a report on the proposed future strategy for adaptations to disabled and older people's homes.

The Cabinet Member advised that opportunities under the new Housing Revenue Account (HRA) self financing scheme from April 2012 and a review of the delivery of private sector adaptations, via a direct payment grant scheme, would enable basic adaptations to be available to larger numbers of older and disabled people across all housing tenures. It was noted that relatively inexpensive one-off spend on major adaptations was proven to reduce incidents of hospitalisation due to falls and postpone the need for high-cost residential services. Adaptations were also a major cause for complaint to the Council as demand continued to outstrip the available resources.

Cabinet **agreed**:-

- (i) To fully fund all adaptations to Council properties via the HRA self financing scheme;
- (ii) That all housing associations and private landlords be asked to fund adaptations for their tenants;
- (iii) To the development of a preventative direct payment grant scheme for people who are not eligible for help via other schemes, as set out in the report; and
- (iv) To note the decision to delay re-tendering the administration of Disabled Facilities Grants, in order to ensure that ongoing arrangements would fit with other schemes.

70. Community Engagement and Empowerment Strategy 2011-2014

The Chief Executive presented a report from the Cabinet Member for Crime, Justice and Communities which introduced the Council's Community Engagement and Empowerment Strategy 2011-2014 entitled "Listening to the Word on the Street".

The Chief Executive explained that the strategy built on the Council's strong track record of engaging effectively and imaginatively with local people to inform service delivery and design and supported elected Councillors in their roles as community leaders.

Cabinet **agreed** to adopt the Community Engagement and Empowerment Strategy 2011-2014 attached as Appendix 1 to the report.

71. Proposed Amalgamation of Cambell Infant and Junior Schools to form Cambell Primary School

The Cabinet Member for Finance and Education presented a report on the proposal to amalgamate Cambell Infant and Junior Schools to form an all-through Primary School with effect from the start of the Spring Term 2012.

The Cabinet Member outlined the key benefits of amalgamating the two schools and it was confirmed that the school governors had been instrumental in the proposal being progressed so quickly. In relation to the prospect of amalgamating other linked infant and junior schools in the future, the Corporate Director of Children's Services confirmed that early last year she had attended Governing Body meetings to promote the benefits of amalgamation and it was hoped that further proposals would come forward in due course.

Cabinet **agreed** the amalgamation of Cambell Infant School and Cambell Junior School to form Cambell Primary School with effect from 1 January 2012.

72. Youth Offending Service Inspection, July 2011

The Corporate Director of Adult and Community Services introduced a report on the outcome of the assessments by Her Majesty's Inspectorate of Probation (HMIP) and the Care Quality Commission (CQC) of the Council's Youth Offending Service (YOS).

The HMIP undertook a 'core case inspection' during July 2011 which focussed on the three main areas of safeguarding, reducing risk of harm and reducing the likelihood of reoffending. The Cabinet was pleased to note that the YOS had been recognised as one of the best in the country for 'reducing the likelihood of reoffending' and was currently the highest scoring overall in the London region.

The CQC inspection focused on health issues relating to young offenders. The Corporate Director highlighted a number of the strengths that had been identified but also referred to the criticism by the CQC of a lack of involvement by the NHS partners in the planning, review and delivery of YOS health provision services and programmes in the borough. It was noted that the NHS partners had been asked to prepare an action plan in response to the CQC's criticisms.

Cabinet noted the report and congratulated the YOS Team on its work.

73. Housing Capital Investment Programme 2011-12 Update

The Cabinet Member for Housing presented a report on the progress of the interim investment programme for the Council's housing stock approved by the Cabinet on 14 June 2011 (Minute 4 refers) together with proposals for additional investment in the current financial year to accelerate the programme in advance of the introduction of the Housing Revenue Account (HRA) self-financing scheme from April 2012.

The Cabinet Member advised that the opportunity to accelerate the programme had arisen following a review of the Council's borrowing capacity in advance of the new HRA self-financing arrangements. As a consequence, it was proposed to invest an additional £10m in the current financial year, funded from borrowing via the Public Works Loan Board over a five-year period. It was noted that the total borrowing costs over the five-year period would be approximately £1.1m and the Corporate Director of Finance and Resources advised that this would need to be assessed as part of the financial modelling for the project to ensure that it represented value-for-money and that the business case for appropriate benefits against the £1.1m extra cost was sufficiently made.

The Cabinet Member referred to the range of works that would be undertaken to Council houses across the borough, in accordance with the Council's strategic housing investment priorities, and the longer-term benefits that would be achieved. In respect of the procurement of the various schemes, the Cabinet Member confirmed that an element would be undertaken by the Council's housing repairs and maintenance contractor, Enterprise, and wherever appropriate the remaining works would be packaged in such a way to encourage local and small-scale firms to bid for work.

Cabinet **agreed**:-

- (i) To note the progress made in delivering the interim housing capital investment programme as set out in Appendix 1 to the report;
- (ii) The additional investment programme totalling £10m as set out in Appendix 2 to the report; and
- (iii) To authorise the Corporate Director of Housing and Environment, in consultation with the Corporate Director of Finance and Resources, the Divisional Director for Legal and Democratic Services and the Cabinet Member for Housing, to procure the additional works, agree terms and award contracts in respect of each scheme.

(The Chair agreed that the report could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)

74. Private Business

Agreed 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 paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

75. Six Monthly Performance Review of Elevate Joint Venture and Proposal for Authority to Open Negotiations for the Transfer of Further Services

The Cabinet Member for Customer Services and Human Resources presented a report which showed the performance of Elevate East London over the first six months of the joint venture together with proposals to open negotiations on the possible transfer of further Council services into the partnership arrangement.

The Cabinet Member advised that a number of additional services had been identified for potential transfer which would create an opportunity to make savings in support of the Council's Medium Term Financial Strategy without impacting on the delivery of frontline services and, in some cases, improving services. These services were:

- HR Service Centre (transactions)
- Pensions and Payroll Administration
- Property Services
- Facilities Management Contract Management at PFI Schools

- Technical Support and Help Desk Reception Team
- Revenues and Benefits Client Team

In line with the joint venture arrangements, Elevate East London had prepared Strategic Business Cases which detailed the proposed transfers and the Cabinet Member advised on the next steps, including the commencement of TUPE consultations with the staff and Unions, in advance of a proposed transfer date of 1 April 2012. It was noted that a further report would be presented to Cabinet in January 2012 clarifying the detailed financial, contractual and clienting arrangements.

In relation to performance during the first six months of the contract, it was noted that Elevate East London had met or exceeded most of the performance indicators measured. In response to a point that several of the targets did not appear to be particularly challenging and should be reviewed, the Cabinet Member commented that the original targets had been based on the achievement levels prior to the partnership and that he was confident that the improvement that had already been achieved would continue. The Corporate Director of Finance and Resources clarified that the performance targets would be reviewed each year.

Cabinet agreed:-

- (i) To note the six-monthly performance report of Elevate East London for the period up to 30 September 2011 as detailed in Appendices 1 and 2 to the report;
- (ii) The Strategic Business Cases and proposal by Elevate East London for the transfer of the services listed above from the Council to Elevate East London;
- (iii) That Elevate East London proceed to prepare and submit to the Council a Full Business Case in relation to the proposed transfer of the services listed above to Elevate East London;
- (iv) To authorise the Corporate Director of Finance and Resources, in consultation with the Divisional Director for Legal and Democratic Services, to negotiate the terms of the transfer with Elevate East London prior to submission to Cabinet of the Full Business Case; and
- (v) To authorise the Chief Executive and the Corporate Director of Finance and Resources to begin the TUPE consultation with staff and unions.