

MINUTES OF CABINET

Tuesday, 18 February 2014
(5:00 - 6:22 pm)

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

Also Present: Councillor A K Ramsay and Councillor D Twomey

Apologies: Councillor L A Smith

91. Declaration of Members' Interests

There were no declarations of interest.

92. Minutes (21 January 2014)

The minutes of the meeting held on 21 January 2014 were confirmed as correct.

93. Budget Monitoring 2013/14 - April to December 2013 (Month 9)

The Cabinet Member for Finance presented a report on the Council's capital and revenue position for the 2013/14 financial year, as at 31 December 2013.

The General Fund showed a projected end of year surplus of £8.4m against the total approved budget of £178.3m, which exceeded the planned surplus of £5.2m and would result in a projected General Fund balance of £25.9m at the year end. The Housing Revenue Account (HRA) was projected to have a year-end surplus of £0.2m while the Capital Programme showed a projected spend of £129.6m against the total revised budget of £138.2m.

Cabinet resolved:

- (i) To note the projected outturn position for 2013/14 of the Council's General Fund revenue budget at 31 December 2013, as detailed in paragraphs 2.4 to 2.9 and Appendix A of the report;
- (ii) To note the progress against the 2013/14 savings targets at 31 December 2013, as detailed in paragraph 2.10 and Appendix B of the report;
- (iii) To note the position of the Housing Revenue Account at 31 December 2013, as detailed in paragraph 2.11 and Appendix C of the report; and
- (iv) To note the projected outturn position for 2013/14 of the Council's capital budget at 31 December 2013, as detailed in paragraph 2.12 and Appendix D of the report.

94. Fees and Charges 2014/15

The Cabinet Member for Finance presented a report on the proposed fees and charges for Council services, to come into effect from 1 April 2014.

The Cabinet Member advised that the majority of charges were set to increase by an average of 3%, in line with inflation. In respect of the parking fees for shopping parade areas as listed in Appendix A to the report, it was noted that the schedule incorrectly showed an increase being applied to the hourly charges for 2014/15 whereas those charges should have been shown as remaining at the 2013/14 levels.

Cabinet resolved:

- (i) To approve the proposed fees and charges as set out in Appendix A to the report, to be effective from 1 April 2014, with the exception of the proposed increase to Shopping Parade parking charges at lines 443 to 446 and 454 to 456 in Appendix A which shall remain at the 2013/14 levels shown in the table headed "On-Street Pay & Display - Secondary Shopping Parades e.g. Broad Street, High Road Chadwell Heath, Faircross Parade (Monday to Sunday)" in Appendix B to the report;
- (ii) To note the fees and charges no longer applicable from 31 March 2014, as set out in Appendix B, subject to the amendment referred to in (i) above;
- (iii) To delegate authority to the Corporate Director of Children's Services, in consultation with the Chief Finance Officer and the Cabinet Members for Finance and Children's Services, regarding the setting of fees and charges which are applied from September for schools and academic year based activities; and
- (iv) To delegate authority to the Corporate Director of Adult and Community Services and the Corporate Director of Housing and Environment, in consultation with the Chief Finance Officer and the relevant Cabinet Members, to amend the fees and charges for Park Events once the policy decision on service direction has been agreed.

95. Housing Revenue Account Estimates and Review of Rents and other Charges 2014/15

The Cabinet Member for Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2014/15.

The Cabinet Member advised that the proposed average rent increase of 1.9% was expected to be the second lowest increase by any London borough and would mean that Barking and Dagenham continued to have the lowest Council house rents in London. Other proposals included a 13% decrease to tenant service charges, equivalent to £3.49 per week, a 9% (£1.32 per week) increase to communal heating and hot water charges to reflect the anticipated increase in energy costs to the Council and a single, standard charge of £11 per week for garages.

The Cabinet Member stated that in order to present a balanced budget for

2014/15, the importance of keeping to a minimum any increase in rents and other charges in such difficult times for local residents had been balanced against the need to continue to provide high quality services. To that end, the Cabinet Member referred to other key aspects of the overall HRA budget for 2014/15 which included:

- The significant investment in, for example, new kitchens and bathrooms via the Housing Capital Programme which would help to reduce on-going revenue costs in these areas;
- The delivery of the repairs and maintenance service via the in-house Direct Labour Organisation;
- A reduction in management costs as part of an overall £6.1m package of savings;
- A restructuring of the Estate Management service as part of the overall savings package which would include centralising the service into one team, rather than separate Barking and Dagenham teams, and based from a single location in Pondfield Road, Dagenham alongside the repairs and maintenance service;
- Continuing to work towards a fairer distinction between rents for houses and those for flats;
- The introduction of new 'local supplier' contracts to enable local businesses to successfully bid for work on behalf of the Council;
- Supporting new skills initiatives such as the "Step Up" programme via the HRA to help local people into work; and
- Initiatives aimed at tackling fuel poverty in the Borough.

With regard to the £6.1m package of savings to be achieved during 2014/15, the Cabinet Member confirmed that the savings options would be the subject of consultation along the lines of previous years' savings for General Fund services, with the final proposals presented for the Cabinet's approval as appropriate.

Cabinet resolved:

- (i) To approve the Housing Revenue Account estimates for 2014/15 as detailed in Appendix 6 to the report, subject to the agreement of saving proposals which will be reported to Cabinet separately;
- (ii) To approve the use of HRA balances where savings are not fully delivered in 2014/15, in order to achieve a balanced budget;
- (iii) To approve an overall average Council dwelling rent increase of 1.9%, equivalent to £1.69 per week and comprising the following:
 - New build and acquired Council homes (rents set at 50% of local market rents or at affordable rents above this (65%)) - 3.7% average increase, consistent with Government policy of RPI+0.5% as per Affordable Homes Programme.
 - Other houses - 2.3% average increase.
 - Other flats - 1.4% average increase.
- (iv) To approve a decrease to tenant service charges of 13% (£3.49 per week);

- (v) To approve an additional provision for communal heating and hot water charges of 9% (£1.32 per week), which represents the anticipated rise in energy costs to the Council for these services;
- (vi) To approve a single, standard charge of £11 per week for garages and a further review of parking spaces;
- (vii) To approve the increase in rents for commercial properties in line with lease agreements; and
- (vii) That the above changes shall take effect from 1 April 2014.

96. Budget Framework 2014/15

The Cabinet Member for Finance introduced the Council's proposed budget framework for 2014/15 which incorporated the following:

- The Medium Term Financial Strategy (MTFS) for 2014/15 to 2017/18
- The General Fund budget for 2014/15
- The level of Council Tax for 2014/15
- The financial outlook for 2015/16 onwards
- The Capital Programme for 2013/14 to 2015/16

The proposed General Fund net budget for 2014/15 was £165.3m, compared to a revised net budget for 2013/14 of £178.3m. The Cabinet Member advised that a range of budget savings for 2013/14 and 2014/15 had been approved by the Cabinet on 19 December 2012 (Minute 64) in anticipation of continued Government cuts in public service expenditure. As a consequence and following confirmation by the Department for Communities and Local Government of the grant allocation for 2014/15, there was an overall budget gap of £1.1m for 2014/15 which, it was proposed, would be met from a one-off contribution from reserves. A Capital Programme of £250.2m for 2014/15 and 2015/16 was proposed, which included £134m for HRA-related schemes.

The Cabinet Member commented that the prudent approach that had been taken meant that it was possible for the Council to keep its Council Tax at the same level for the sixth consecutive year, as a means of helping local residents during these difficult times. However, further savings in excess of £70m would need to be found over the next few years against the backdrop of increasing pressures such as the Care Bill which was currently progressing through Parliament. The Cabinet Member confirmed that detailed reports on children and adult care funding would be presented to future meetings of the Cabinet.

Issues which arose during the discussions included:

- Children's placement costs - the Cabinet Member for Children's Services referred to improvements to the referral processes that were being discussed with the Police and the vital role of the Borough's Children's Centres in improving outcomes for families, particularly through early intervention. It was noted that while early intervention was considered crucial from both a moral and financial perspective, the non-statutory nature of much of this work would have to be balanced against the pressures

- arising from other statutory functions;
- Section 106 Funding - it was noted that the projected reduction in future years' revenue was partly due to the new Community Infrastructure Levy arrangements which would typically replace Section 106 agreements as the principal source of funding relating to new planning applications;
- Reduction in the GLA precept - the Mayor of London's budget for 2014/15 meant a reduction in the GLA precept of 1.3%, which equated to a reduction of £4 per year for Barking and Dagenham residents. The Cabinet Member for Housing suggested that the Mayor's budget should have reduced further now that the 'top up' funding to support the 2012 Olympics was no longer required and he also questioned the use of public money to subsidise the sale of the Olympic Park. It was noted that the Crossrail project could be one reason for the minimal reduction in the GLA precept.

The Cabinet Member for Finance also advised on the opportunity for the Council to offer discretionary rate relief of up to £1,000 during 2014/15 for premises with a rateable value is less than £50,000. Approximately 1,400 businesses in the Borough could benefit from the arrangement which would be at no cost to the Council.

Cabinet resolved to recommend the Assembly:

- (i) To approve a base revenue budget for 2014/15 of £165.3m, as detailed in Appendix A to the report;
- (ii) To approve the adjusted Medium Term Financial Strategy (MTFS) position for 2014/15 to 2017/18 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report;
- (iii) To delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to vary the contribution required from reserves in respect of the 2014/15 budget gap, pending confirmation of levies and further changes to Government grants prior to 1 April 2014;
- (iv) To approve the Statutory Budget Determination for 2014/15 as set out at Appendix C, which reflects a freeze on the amount of Council Tax levied by the Council, plus the final Council Tax announced by the Greater London Assembly on 14 February 2014 (1.3% reduction), as detailed in Appendix D to the report;
- (v) To approve the Council's Capital Programme for 2013/14 to 2015/16 as detailed in Appendix E to the report; and
- (vi) To approve the grant of business rate relief of £1,000 to all eligible retail premises with a rateable value of less than £50,000 in 2014/15 and 2015/16, as detailed in paragraph 7 of the report.

97. Treasury Management Strategy Statement 2014/15

The Cabinet Member for Finance presented the Council's draft Treasury Management Strategy Statement (TMSS) for 2014/15.

The Cabinet Member advised that the overall TMSS included details of the

proposed borrowing limit for the year and a range of other aspects aimed at ensuring that the Council had prudent and robust arrangements in place to meet all of its financial commitments and responsibilities, in line with the requirements of Section 15(1) of the Local Government Act 2003.

Arising from discussions on issues relating to the ethical nature of the banking industry, the Council's current cash investment arrangements and the need to explore other opportunities for local authority investments, the Chief Finance Officer undertook to present a discussion paper for Cabinet Members' future consideration.

Cabinet resolved to recommend the Assembly:

- (i) To adopt the Treasury Management Strategy Statement for 2014/15 attached as Appendix 1 to the report and, in doing so, to:
 - (a) Note the current treasury position for 2013/14 and prospects for interest rates, as referred to in sections 6 and 7 of Appendix 1 to the report;
 - (b) Approve the Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2014/15 as referred to in sections 9 - 12 of Appendix 1 to the report;
 - (c) Approve the Authorised Borrowing Limit (General Fund and HRA) of £500m for 2014/15, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as set out in Appendix 1B to the report;
 - (d) Approve the Treasury Management Indicators and Prudential Indicators for 2014/15, as set out in Appendix 1B to the report;
 - (e) Approve the Minimum Revenue Policy Statement for 2014/15, representing the Council's policy on repayment of debt, as set out in Appendix 1C to the report; and
 - (f) Approve the Annual Investment Strategy and Creditworthiness Policy for 2014/15 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1D to the report.

98. Pay Policy Statement 2014/15

The Cabinet Member for Adult Services and Human Resources presented the draft Pay Policy Statement for the Council for 2014/15, setting out the Council's key statements of its pay policy as required under the Localism Act 2011.

As well as covering areas such as the level and elements of remuneration for each chief officer, the policy also examined the relationship between the remuneration of chief officers and the lowest paid employees within the Council. The Cabinet Member referred to the decision taken last year to set a minimum pay rate equal to £9.03 per hour for all Council employees (excluding those on apprenticeship schemes) and agency staff working on Council assignments, which meant that the

Council continued to have the highest minimum wage across London. Furthermore, the Council paid the inner-London weighting allowance to its teachers.

The Chief Executive advised that staff surveys continued to indicate that the Council was a 'good' employer.

Cabinet **resolved to recommend the Assembly** to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2014/15 as set out at Appendix A to the report, for publication on the Council's website with effect from 1 April 2014.

99. Private Rented Property Licensing Scheme

The Cabinet Member for Crime, Justice and Communities presented a report on the proposed introduction of new schemes which would mean that all private rented sector housing in the Borough was covered by compulsory licensing.

Borough-wide Selective Licensing and Additional Licensing schemes would provide for much greater interaction between the Council and landlords and seek to increase the responsibility of landlords to deal with issues such as anti-social behaviour through conditions attached to a license, as well as to improve the conditions for private tenants. The Cabinet Member advised that many local residents lived in poor quality private rented accommodation, particularly those in houses in multiple occupation (HMOs), and suggested that it was important that the Council led by example and required private landlords to register and maintain at least minimum standards.

It was noted that Newham Council had recently received approval to introduce similar arrangements and the evidence base to support the introduction of the schemes in Barking and Dagenham was equally as strong. With regard to publicity and registration issues, officers explained that all private tenants and landlords on the Council's records would be written to in the lead up to the implementation of the new schemes and tenant and landlord packs would be produced. It was confirmed that the packs would be made available to letting agents in the Borough to ensure that new tenants were aware of what standards they should expect and that there would also be flexibility in the registration process to encourage landlords to take advantage of the early application discount.

Cabinet **resolved**:

- (i) To note the representations received in response to the consultation on the proposed introduction of additional licensing of houses in multiple occupation (HMOs) and selective licensing of other private rented property;
- (ii) **To recommend the Assembly to resolve:**
 - (a) To designate a selective licensing area of the district of the London Borough of Barking and Dagenham as delineated and edged red on the map at Appendix 1(a) to the report;
 - (b) To designate an additional licensing area of the district of the London

Borough of Barking and Dagenham as delineated and edged red on the map at Appendix 1(b) to the report;

- (c) That the selective licensing scheme shall be cited as the London Borough of Barking and Dagenham Designation for an Area for Selective Licensing No 1, 2014;
- (d) That the selective licensing designation shall come into force on 1 September 2014;
- (e) That the additional licensing scheme shall be cited as the London Borough of Barking and Dagenham Designation for an Area for Additional Licensing of Houses in Multiple Occupation No 2, 2014;
- (f) That the additional licensing designation shall come into force on 1 September 2014;
- (g) That the schemes shall be known collectively as the Barking and Dagenham Private Rented Property Licensing Scheme;
- (h) To adopt the Private Rented Property Licensing Scheme Conditions as set out in Appendix 2 to the report;
- (i) That the fees and charges set out in Appendix 3 to the report be applied to the Private Rented Property Licensing scheme;
- (j) To delegate authority to the Corporate Director of Housing and Environment to make changes to the proposed implementation where necessary and ensure that all statutory notifications are carried out in the prescribed manner for each designation; and
- (k) To delegate authority to the Corporate Director of Housing and Environment to grant licences under the Council's Private Rented Property Licensing Scheme.

100. 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).

101. Implementation of Phase 1 of the Leys Estate Redevelopment and Purchase of Units at 699 Rainham Road South

The Cabinet Member for Housing introduced a report on the proposed housing mix and financial arrangements for Phase 1 (Birdbrook Close) of the Leys Estate redevelopment, the appointment of the main contractor for that site and the purchase of 29 residential units at a separate development at 699 Rainham Road South, Dagenham.

The sum of £12.746m had been allocated within the Housing Capital Programme for the Phase 1 redevelopment. However, design changes required by the Mayor

of London as part of the grant support conditions and other amendments arising from the planning approval process had resulted in a total project cost estimate of £14.884m inclusive of fees and contingencies. In view of the additional budget requirement, the Cabinet Member advised that officers had been asked to consider options which would enable the Phase 1 project to proceed within the overall budget parameters.

The preferred option (Option 3a) to achieve that aim involved the sale of approximately 19 of the 89 units to be developed under Phase 1, with the receipt used to offset the £2.3m budget deficit, meet additional costs of approximately £600,000 associated with the increased specification for the circa 19 units to be sold and other related costs, and to contribute towards the purchase of 29 flats and the site freehold at the Weston Homes development at 699 Rainham Road South, Dagenham. The remaining shortfall would be met from the reallocation of the £2.5m Street Purchase budget within the Housing Capital Programme.

The Cabinet Member commented that the proposed approach represented the best outcome in view of the financial constraints and would enable the Phase 1 redevelopment works to commence without further delay.

Cabinet resolved:

- (i) To approve the appointment of the preferred tenderer, Mulalley and Co Ltd, as main contractor for the construction of Phase 1 (Birdbrook Close) of the Leys Estate redevelopment in the total contract sum of £14,884,008 inclusive of fees and contingencies;
- (ii) To approve the outright sale of circa 19 houses at the Leys Phase 1 development (Option 3a) to offset the increase in construction costs beyond the £12.6m set aside in the Housing Capital Programme, with any surplus to be allocated towards the purchase of the 29 units at 699 Rainham Road South;
- (iii) To approve additional expenditure of £601,287 to cover the cost of the increased specification for the private sale units, Stamp Duty Land Tax, Community Infrastructure Levy payments and sales, marketing and legal fees;
- (iv) To approve the purchase of 29 flats and the reversionary site freehold at 699 Rainham Road South on the terms set out in the report; and
- (v) To delegate authority to the Chief Executive, in consultation with the Cabinet Member for Housing, the Corporate Director of Housing and Environment and the Head of Legal and Democratic Services, to agree the final terms in respect of (ii) and (iv) above.