

MINUTES OF CABINET

Tuesday, 20 June 2023
(7:01 - 8:37 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, Cllr Elizabeth Kangethe and Cllr Maureen Worby

Also Present: Cllr John Dulwich and Cllr Mukhtar Yusuf

Apologies: Cllr Darren Rodwell

4. Declaration of Members' Interests

There were no declarations of interest.

5. Minutes (23 May 2023)

The minutes of the meeting held on 23 May 2023 were confirmed as correct.

6. Provisional Outturn Report for the 2022/23 Financial Year

The Cabinet Member for Finance, Growth and Core Services presented the provisional Revenue and Capital Outturn report for the 2022/23 financial year.

The General Fund provisional revenue outturn for the financial year was £194.079m against the budget of £180.944m. Once other factors had been taken into account, the overall position represented an overspend of £25.509m. The primary reasons for the variance were inherent service-driven overspends of circa £8.1m across the Council, as well as year-end adjustments relating to bad debt provision and the Council's subsidiary company, Barking and Dagenham Trading Partnership Limited.

The Cabinet Member explained that the last 12 months had probably been the most challenging that the Council had faced in the past 10 years. He commented that whilst the term 'overspend' was technically correct in describing the situation the Council found itself in, it was merely a reflection of the significant underfunding from Central Government who had failed to implement Fair Funding reforms that would reflect the substantial population growth in the Borough, the level of deprivation and the high demand for social care services, which was compounded by a number of other councils indiscriminately placing high-needs families in Barking and Dagenham.

In order to cover the deficit position, the Cabinet Member referred to the various reserve funds that had been used and other proposed transfers to and from reserves for the 2022/23 financial year.

In respect of the Housing Revenue Account (HRA) and education-related expenditure via the Dedicated School Grant (DSG) budget, the Cabinet Member advised on provisional in-year overspends of £2.4m and £0.592m respectively,

which would be met from the specific reserves for those areas.

The 2022/23 Capital Programme showed a provisional outturn of £360.4m against the adjusted budget of £468.8m and the Cabinet Member confirmed the intention to carry forward the slippage into the 2023/24 programme. Whilst he acknowledged that a level of slippage would inevitably occur in such an ambitious programme, he took on board comments regarding the importance of setting a realistic and deliverable annual programme.

Cabinet **resolved** to:

- (i) Note that the General Fund provisional outturn position for 2022/23 was £194.079m, which represented an overspend of £25.509m once movements to and from reserves, income and an increase in corporate funding had been taken into account, as detailed in Appendix A to the report;
- (ii) Agree the transfers from corporate reserves to mitigate the 2022/23 overspend, as detailed in Appendix A to the report;
- (iii) Note that the Housing Revenue Account provisional outturn position for 2022/23 showed an overspend of £2.405m which shall be met from the HRA Reserve, as detailed in Appendix A to the report;
- (iv) Note that the Dedicated Schools Grant (DSG) budget provisional outturn position for 2022/23 showed an overspend of £0.592m which shall be met from the DSG Reserve, as detailed in Appendix A to the report;
- (v) Note that the Capital Programme provisional outturn position for 2022/23 showed an underspend of £92.09m against the revised budget of £467.868m and approve the carry forwards to 2023/24, as detailed in Appendices B and C to the report; and
- (vi) Note the update on progress on the year-end accounts and the work still outstanding, as set out in section 5 of the report.

7. Treasury Management Annual Report 2022/23

The Cabinet Member for Finance, Growth and Core Services introduced the Treasury Management Annual Report for 2022/23 which set out the key areas of performance, borrowing levels and other treasury management issues.

Key highlights within the report relating to the 2022/23 activities and performance included:

- Total Council borrowing (excluding internal HRA borrowing) was £1,547.7m;
- The Council did not breach its 2022/23 Operational Boundary limit of £1,600m or its Authorised Borrowing Limit of £1,700m, and complied with all other set treasury and prudential limits;
- Total treasury investments held was £54.0m (2021/22: £154.9m);
- Net General Fund interest income was a surplus of £6.5m compared to a budget of -£5.2m, an outperformance of £11.7m;

- £7.0m of the outperformance from interest income was transferred to the Investment Reserve, with the remaining balance used to cover shortfalls in the Investment and Acquisition Strategy (IAS);
- Investment income from the Council's IAS totalled £1.5m (2021/22: £4.3m) compared to a budget of £6.1m, an underperformance of £4.6m (covered by the outperformance in interest);
- The Council's average return on its commercial and property loans was 3.65% (4.42% for 2021/22);
- Interest payable totalled £40.9m (2021/22: £37.4m), consisting of £13.5m for PFI / Finance leases, £11.0m for the HRA and £16.4m for the General Fund;
- The Council borrowed £30m of medium-term General Fund borrowing at an average rate of 0.77% and an average duration of 2.4 years;
- The total long-term General Fund borrowing was £729.9m, comprising of market loans, Public Works Loan Board (PWLB), Local Authority, European Investment Bank and other loans;
- The value of short-term borrowing totalled £165.3m;
- HRA borrowing totalled £295.9m of long-term debt and £30.6m of internal borrowing;
- A loan impairment of £2.4m was made in 2021/22 against the loan to Barking and Dagenham Trading Partnership (BDTP) relating to the purchase of London East UK (LEUK), as outlined in paragraph 7.9 of the report; and
- A further impairment of £7.74m was required for 2022/23 relating to additional capitalised interest on the LEUK loan and two working capital loans to BDTP, as outlined in paragraph 7.10 of the report.

The Cabinet Member also referred to the expected increase of up to 0.5%, to 5%, in the Bank of England base rate, which was likely to result in a shift in the Council's borrowing strategy towards short-term borrowing for the time being. He also alluded to a range of measures being implemented to ensure that income from new developments and other investments was realised without unnecessary delays.

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

- (i) Note the Treasury Management Annual Report for 2022/23;
- (ii) Note that the Council complied with all 2022/23 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2022/23, as set out in Appendix 1 to the report; and
- (iv) Note that the Council borrowed £140.0m from the PWLB in 2022/23.

8. New Build Schemes: Approval of Disposals, Head Leases and Loan Facility Agreements

The Cabinet Member for Regeneration and Economic Development introduced a report on proposals to progress the disposal of 377 new homes across seven new residential developments led by Be First.

The Cabinet Member advised that, in line with the Council's Investment and

Acquisition Strategy (IAS) and the Be First Business Plan for 2022/23, all seven development sites were to be transferred, by way of leases, to the Barking and Dagenham Reside Regeneration Ltd (Reside) structure of companies who would be responsible for the letting and ongoing management of the properties. The Cabinet Member confirmed that the developments offered a varied supply of housing and all 377 properties would be let on Affordable Housing tenures.

Cabinet **resolved** to:

- (i) Approve, in principle, the disposal of the schemes listed below by the granting of long leases to the appropriate Reside entity (either Barking and Dagenham Homes Ltd (company no. 12090374), B&D Reside Weavers LLP (registered no. OC416198) or Barking and Dagenham Reside Regeneration Ltd (company no. 09512728));
 - Sacred Heart (Convent Court and Convent Mews), Dagenham, RM9 6FT
 - 200 Becontree Avenue, Dagenham, RM8 2TR.
 - A House for Artists, Barking, IG11 8SE.
 - Sebastian Court (Block A and Block B), Barking, IG11 9FE.
 - Chequers Lane (Block Kerwin House), Barking, RM9 6FR.
 - Challingsworth House (Block A), Barking, IG11 8TF.
 - Gascoigne East (Block C), Mizzen Street, Barking, IG11 7RQ
- (ii) Approve, in principle, the draft Heads of Terms and loans for each of the listed schemes to the appropriate Reside entity, as set out in section 2 and the appendices to the report;
- (iii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Strategic Director, Inclusive Growth, to agree and finalise the terms of the loans, leases and any other associated documents, and to take any steps necessary to ensure compliance with s123 of the Local Government Act 1972 and the Subsidy Control Act 2022; and
- (iv) Delegate authority to the Chief Legal Officer, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

9. Improvements at Chadwell Heath Cemetery including Provision of Multi-Faith Facility

The Cabinet Member for Public Realm and Climate Change presented a report on planned improvements to Chadwell Heath Cemetery, Whalebone Lane North, Marks Gate.

The works would include the provision of a new combined multi-faith prayer and reflection space alongside new toilet facilities at a projected capital cost of £350,000. The Cabinet Member advised that Strategic Community Infrastructure Levy (SCIL) funding had been identified to cover the capital costs while the ongoing revenue costs of circa £15,000 per annum would be met from additional income that the Cemeteries service expected to generate as a result of the

improvements.

Cabinet **resolved** to:

- (i) Approve the provision of a combined multi-faith prayer and reflection space and new toilet facilities at Chadwell Heath Cemetery;
- (ii) Approve the allocation of £350,000 SCIL funding to cover the capital cost of the project, and note that the associated revenue costs would be met from the Cemeteries' service income budget; and
- (iii) Delegate authority to the Strategic Director, My Place, on the advice of the Procurement Board and in consultation with the Strategic Director, Finance and Investment and the Chief Legal Officer, to progress the procurement and construction arrangements for the project and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder(s).

10. B&D Energy Ltd Business Plan 2023/24

The Cabinet Member for Finance, Growth and Core Services introduced a report on the B&D Energy Limited Business Plan for 2023/24.

The Cabinet Member confirmed that the draft Business Plan had, as was the case for all the Business Plans on tonight's agenda, been signed off by the respective company board and subject to scrutiny by the Council's Shareholder Panel prior to being submitted for Cabinet approval. The B&D Energy Limited Business Plan 2023/24 set out the company's plans to deliver low carbon energy generation projects to help support a sustainable low carbon energy future for the Borough. The report and Business Plan highlighted the key objectives to be delivered by B&D Energy over the coming year and beyond, together with the detailed financial analysis which was set out in the exempt Business Plan.

The Cabinet Member advised that since its last Business Plan, B&D Energy had chartered a very challenging global market and accrued over 700 customers, delivered £25m of infrastructure and leveraged in more than £15m of grant funding. While it had endured many growing pains and was still tackling legacy issues, the Cabinet Member commented that the prospects for the business to grow and reach profit remained credible. The Cabinet Member also alluded to the review of B&D Energy in 2022 which provided independent assurance regarding the financial model and business case and re-confirmed that the economic and environmental case for heat networks was still strong, despite rising energy costs and inflation. It was recognised that the coming five years would bring significant growth in the number of homes connected to B&D Energy and greatly assist the Council in meeting its decarbonisation targets and ambition to be the "green capital of the Capital", especially with the completion of the new Barking Town Centre District Heating Scheme expected in June 2024.

Cabinet **resolved** to:

- (i) Approve the B&D Energy Limited Business Plan 2023/24 as set out at Appendix 1 to the report; and

- (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Shareholder Panel, to take all necessary action to enable B&D Energy to implement its proposals within the Business Plan and to agree any variations to the Business Plan, legal agreements or shareholder agreement as necessary, subject to the provisions of the Subsidy Control Act 2022.

11. Barking and Dagenham Trading Partnership (BDTP) Business Plan 2023/24 - 2026/27

The Cabinet Member for Finance, Growth and Core Services presented the Barking and Dagenham Trading Partnership (BDTP) Business Plan for 2023/24 to 2026/27.

The Cabinet Member explained that many aspects of the BDTP group were performing well, such as its commercial cleaning, school catering and cleaning, and facilities management services. However, its property repairs and maintenance service continued to face significant challenges resulting in consistent under-performance and, as referred to in the earlier Outturn report, it had been necessary for the Council to make considerable provision in its 2022/23 accounts to mitigate for the possibility that some or all debts owed by BDTP to the Council may not be paid.

It was unsurprising therefore that the primary focus of the BDTP Business Plan was on the steps to be taken to turn the repairs and maintenance service around. The Cabinet Member alluded to the company's initial priorities, strategic objectives and improvement plans aimed at addressing the service delivery issues and the 14 'imperatives' to be delivered in the first year of the new Business Plan period. He expressed his confidence that the 'green shoots' of improvement and recovery referred to in the Business Plan were achievable. He strongly emphasised, however, the need for the company to maintain a fast pace in delivering on those imperatives, not only to enable BDTP to continue as a viable concern but, most importantly, to ensure that local residents received a standard of repairs and maintenance service that they expected and deserved.

Cabinet **resolved** to:

- (i) Approve the BDTP Business Plan for 2023/24 - 2026/27, as set out at Appendix 1 to the report; and
- (ii) Delegate authority to the Chief Executive, in consultation with the Shareholder Panel, to take all necessary action to enable BDTP to implement its proposals within the Business Plan and to agree any variations to the Business Plan, legal agreements or shareholder agreement as necessary, subject to the provisions of the Subsidy Control Act 2022.

12. Barking and Dagenham Reside Regeneration Ltd (Reside) Business Plan 2023-28

The Cabinet Member for Finance, Growth and Core Services presented the

Barking and Dagenham Reside Regeneration Ltd (Reside) Business Plan for 2023-2028.

It was noted that the number of properties managed by Reside had doubled between 2021 and May 2023 to almost 2,000 units and was projected to increase to circa 4,500 by the end of the five-year Business Plan period. The Cabinet Member advised that a key aspect in the first year of Reside's new five-year Business Plan was to establish a neighbourhood management service, consisting primarily of a team of neighbourhood leads directly employed by Reside who would be empowered to resolve resident and housing management issues at source. The move to the new neighbourhood model would enable Reside to achieve autonomy from the Council, which had always been the joint long-term aim. The new model would also incorporate the management of frontline services such as cleaning and caretaking, once those services could be safely and compliantly de-coupled from the Council. Reside also intended to procure a substantive new repairs and maintenance contract for all of its homes in the first year, subject to the successful outcome of a pilot that was currently underway.

The Cabinet Member commended the Business Plan, commenting that it provided a clear vision for the company's expansion and would enable it to enhance its reputation as the Borough's landlord of choice through the provision of cost-effective services.

Cabinet **resolved** to:

- (i) Approve the Barking and Dagenham Reside Regeneration Ltd (Reside) Business Plan 2023-28 as set out at Appendix A to the report; and
- (ii) Delegate authority to the Chief Executive, in consultation with the Shareholder Panel, to:
 - (a) approve the final timeline for withdrawal of services from the Council and delivery of the detailed Neighbourhood Management model as set out within the Business Plan;
 - (b) take all necessary action to enable Reside to carry out its proposals under the Business Plan and to agree any variations to the Business Plan, legal agreements or shareholder agreement as necessary, subject to the provisions of the Subsidy Control Act 2022;
 - (c) approve, subject to compliance with the Public Contracts Regulations 2015 and the company's contract rules, the exercise of all decisions relating to reserved matters to enable Reside to enter into any procurement or other commitment required to enable the delivery of the Business Plan, including:
 - (i) The procurement of a substantive repairs and maintenance provider (subject to a successful delivery of a pilot scheme)
 - (ii) The procurement of an income collection provider.

13. Barking and Dagenham School Improvement Partnership Business Plan 2023-2026

The Cabinet Member for Finance, Growth and Core Services introduced the Barking and Dagenham School Improvement Partnership (BDSIP) Business Plan

for 2023 - 2026.

The Cabinet Member explained that BDSIP was a not-for-profit organisation, with any surplus income generated being reinvested to improve the life-chances of young people in the Borough. The new Business Plan set out the key achievements against the 2020 - 2023 Business Plan and the vision, values, and strategic direction and priorities going forward, which were:

- Growing the client base beyond Barking and Dagenham so that, by 2026, BDSIP generate an additional 20% of its income from schools outside the borough (2022-23 baseline);
- Maintain service excellence, delivering a demonstrable, positive impact for all schools it worked in partnership with; and
- Develop its talent and remain an employer of choice for the best, most aspirational education professionals.

The Cabinet Member referred to the challenges faced by BDSIP as a consequence of the Covid-19 pandemic, which severely impacted a number of areas of the organisation's business, and the withdrawal by the Government of core funding via the Dedicated Support Grant (DSG) by 2025/26.

Cabinet Members expressed their full support for the Business Plan and commended the work undertaken by BDSIP. With reference to the Covid-19 pandemic and a report later on the evening's agenda relating to Social Value commitments that the Council sought from contractors, it was suggested that significant focus should be given to re-establishing work experience placements for the Borough's young people.

Cabinet **resolved** to endorse the BDSIP Business Plan 2023 - 2026 as set out at Appendix 1 to the report.

14. Contract for the Provision of Translation and Interpretation Services

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals relating to the direct award of a contract for the provision of translation and interpretation services.

In response to a question regarding the usage of translation and interpretation services across the Council, the Cabinet Member explained that the diversity amongst frontline officers at the Council's Contact Centre meant that a large proportion of enquiries received from residents whose first language was not English could be dealt with at that point, resulting in only a small proportion needing to be referred on to the translation and interpretation service.

Cabinet **resolved** to:

- (i) Agree the direct award of a maximum four-year contract for Translation and Interpretation Services to The Language Shop Limited via the Healthtrust Europe LLP Framework for Total Language Solutions: Interpretation, Translation and Transcription Services from Lot 1 (On-Site and/or Remote Interpretation, Translation and Transcription Services) and Lot 2 (Non-Spoken Interpretation and Translation Services), in accordance with the

strategy set out in the report; and

- (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Community Leadership and Engagement and the Chief Legal Officer, to award and enter into the contract and all other necessary or ancillary agreements with The Language Shop Limited to fully implement and effect the proposals.

15. Social Value Impact Report 2022/23

Further to Minute 10 (21 June 2022), the Cabinet Member for Finance, Growth and Core Services introduced a report on the progress and impact of the Council's Social Value in Procurement policy, which established a framework, guidance and process to ensure that Social Value proposals and principles formed part of major contracts let by the Council.

The Cabinet Member advised that of 52 relevant procurements with an annual value over £100,000 that were completed in 2022/23, all had included contractual commitments to provide some social value to the Borough and its residents. The report highlighted several examples of innovative projects that had been developed by contractors and clients, such as the plastic bottle recycling scheme whereby members of a school community brought in clean plastic bottles and the contractor turned them into a greenhouse for the students to use. Other social value benefits have included greater access to jobs, work experience, work placements and industry learning for Barking and Dagenham residents, as well as financial contributions to support local projects.

The Cabinet Member also referred to other initiatives being led by the Council's Social Value Coordinator, which included bi-monthly meetings between Council officers and the voluntary and community sector to ensure that, wherever possible, Social Value commitments reflected the needs, issues and priorities facing residents and helped build the capacity of existing initiatives to address them.

Cabinet **resolved** to:

- (i) Note the continued positive impact of the Council's Social Value in Procurement policy in terms of suppliers' social value commitments and associated outputs during 2022/23, as detailed in Appendix A to the report; and
- (ii) Note the Council's wider Social Impact across other Inclusive Economy sectors.

16. Debt Management Performance 2022/23 (Quarter 4)

The Cabinet Member for Finance, Growth and Core Services introduced the performance report covering the final quarter of the 2022/23 financial year in respect of the Council's debt management functions.

The Cabinet Member referred to the table at section 8.1 of the report which set out the collection rates across the various service areas. He commented that it was clear that many residents and businesses were having difficulties paying their bills

during the current cost-of-living crisis and the Council was committed to doing all it could to support those in need, while at the same time pursuing rigorous enforcement action against those that chose to avoid their responsibilities.

Cabinet **resolved** to note the performance of the debt management function carried out by the Council's Collection service, including the pressure on collection rates as a result of the cost-of-living crisis.

17. Procurement of Contract for the Provision of Leaseholder Insurance

The Cabinet Member for Finance, Growth and Core Services introduced a report on the need to procure a new contract for the provision of insurance cover for leaseholders of Council properties.

The Cabinet Member explained that public sector insurance was a limited, highly specialised market and the position regarding leaseholder insurance was particularly complex. Reinsurance costs had increased significantly over the last two years and the Council's current insurance provider, Avid Insurance Services Limited, had recently confirmed that it was no longer able to provide renewal terms and that the current contract would end on 29 September 2023, two years ahead of the scheduled expiry date.

The Cabinet Member advised on the proposed procurement arrangements for a new, maximum five-year contract and warned that the annual value of the contract was likely to increase from the current level of circa £1.35m per annum to around £2m per annum, which would have to be borne by the leaseholders. It was noted that leaseholders would be made aware of the likely increase as part of the statutory consultation arrangements.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for leaseholder insurance in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, 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.