

MINUTES OF CABINET

Tuesday, 16 December 2014
(6:00 - 8:09 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Laila Butt, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr James Ogungbose, Cllr Bill Turner and Cllr Maureen Worby

Also Present: Cllr Syed Ahammad, Cllr Rocky Gill, Cllr Kashif Haroon, Cllr Eileen Keller, Cllr Margaret Mullane, Cllr Linda Reason and Cllr Phil Waker

Apologies: Cllr Lynda Rice

66. Declaration of Members' Interests

There were no declarations of interest.

67. Minutes (18 November 2014)

The minutes of the meeting held on 18 November 2014 were confirmed as correct.

68. Questions

The Chair advised that he would not be allowing questions from non-Cabinet Members or the public at the meeting.

69. Call-In of Decision re: Employment of a Political Assistant and a Leader and Members' Services Manager

The Cabinet Member for Finance advised on the Public Account and Audit Select Committee's consideration of a call-in of Minute 49(xi) of the Cabinet on 18 November 2014 in respect of the withdrawal of part of saving CEX/SAV/09 (presented to Cabinet on 7 October 2014) in order to recruit a Leader and Members' Services Manager and a Political Assistant in the Democratic Services section.

The Cabinet Member reported on the Select Committee's considerations, its decision to uphold the call-in and its recommendation for an alternative course of action. The Cabinet Member advised, however, that he felt that the Cabinet's original proposal was appropriate in the context of the Peer Review report and the new leadership's ambitious agenda for the future.

Cabinet **resolved** to:

- (i) Note the outcome of the Public Accounts and Audit Select Committee's consideration of the call-in of the Cabinet's decision to withdraw part of saving CEX/SAV/09 in order to recruit a Leader and Members' Services Manager and a Political Assistant in the Democratic Services section; and

- (ii) Confirm the decision made under Minute 49(xi) of the last meeting to recruit a Leader and Members' Services Manager and a Political Assistant.

70. Budget Monitoring 2014/15 - April to October 2014 (Month 7)

The Cabinet Member for Finance introduced the report on the Council's capital and revenue position for the 2014/15 financial year, as at 31 October 2014.

The General Fund showed a projected end of year spend of £166.6m against the total approved budget of £165.3m, which represented an improvement of £1.8m on the position as at 30 September 2014 due to the implementation of spending control measures across Council services. The Cabinet Member stressed that there remained a projected year-end overspend of £1.3m and the pressures within the Children's Services division were under constant review. In respect of the latter, the report contained a proposal to use balances carried forward from 2013/14 to support expenditure within the service in the current year.

The Cabinet Member for Finance also referred to the addendum to the report which the Chair agreed 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. The addendum related to recent pay award arrangements and included a proposal to increase the minimum hourly rate from £9 to £9.20 per hour for Council employees and agency staff, which would exceed the new London Living Wage rate of £9.15 per hour. The Cabinet Member confirmed that provision of up to £0.5m had been set aside but he hoped that the increase would be contained within existing budgets.

It was also noted that the Housing Revenue Account (HRA) continued to show a projected break-even position for the year while the Capital Programme showed a projected spend of £142.4m.

Cabinet **resolved** to:

- (i) Note the projected outturn position for 2014/15 of the Council's General Fund revenue budget at 31 October 2014, as detailed in paragraphs 2.4 to 2.10 and Appendix A of the report;
- (ii) Note the impact on the outturn position of expenditure restrictions and early savings implementation agreed at 25 September Cabinet and detailed in paragraph 2.2 of the report;
- (iii) Note the progress against the agreed 2014/15 savings at 31 October 2014, as detailed in paragraph 2.11 and Appendix B of the report;
- (iv) Note progress against the agreed 2014/15 HRA savings as detailed in paragraph 2.12 and Appendix B of the report;
- (v) Note the overall position for the HRA at 31 October 2014, as detailed in paragraph 2.12 and Appendix C of the report;
- (vi) Approve the drawdown of £270,000 from Children's Services reserve as detailed in paragraph 2.5;

- (vii) Agree that all permanent Council staff and agency staff working on Council assignments be paid the equivalent of at least £9.20 per hour with effect from 1 January 2015; and
- (viii) Agree to review the minimum hourly rate for all Council staff in December each year with any increase applying from the following January.

71. Budget Strategy 2015/16

Further to Minute 31 (7 October 2014), the Cabinet Member for Finance presented a report on the Council's budget position for 2015/16 and beyond and, in particular, the budget savings options for 2015/16 and 2016/17 which had been subject to public consultation and Select Committee scrutiny in recent months.

The Cabinet Member advised that the Government's public spending cuts had forced the Council to make in excess of £90m of savings over the previous four years. The latest Local Government Finance Settlement meant that the Council had to make further savings of £38m over the next two years to achieve a balanced budget position and Members commented on the impact that the Government's programme of cuts was having on the Council's ability to maintain front-line services.

It was noted that the extensive consultation on the savings options considered at the meeting on 7 October 2014 had resulted in a number of proposals being revised or withdrawn. As a consequence, the original savings total of £18.9m for 2015/16 and 2016/17 had reduced by £3.1m to £15.7m, which the Cabinet Member for Finance explained would have to be met from reserves alongside the £4.1m shortfall that was already anticipated. With regard to the savings options that had been revised or withdrawn as a result of the public consultation and Select Committee scrutiny, Members made specific reference to the green waste garden collection service and driver pre-start payments within the Environmental Services division and also the borough's Youth Service. In respect of the latter, the Cabinet Member for Children's Social Care referred to the positive engagement from the BAD Youth Forum which had been instrumental in the decision to reduce the proposed cut in funding from £600,000 from 2015/16 to £100,000 in 2015/16 and £200,000 in 2016/17.

The Cabinet Member for Finance reported that in addition to the Government's reduction in central grants, the Welfare Provision Grant was to end. The Council's allocation for 2014/15 of £915,000 had been used to maintain the Local Emergency Support Scheme, which provided crisis payments and community care support payments for eligible residents to help ease severe financial pressures, provide emergency travel payments and prevent serious risk to the health and safety. Members spoke on the importance of the scheme to the most vulnerable in the community and asked officers to report to a future meeting on the options for retaining a scheme.

The Cabinet Member for Finance referred to the cumulative effect of the funding changes and final savings proposals on the Council's overall budget position, which would reduce reserves by approximately £9.4m to leave a General Fund reserve level of £23.8m. It was noted that although that was above the prudent

reserve threshold of £15m, the Council could not sustain a continued use of reserves to achieve a balanced budget position in the future. Members commented that the way forward was to achieve future growth and a fairer settlement from the Government to reflect the pressures brought about by unprecedented population growth and other demographic issues affecting Barking and Dagenham.

Cabinet **resolved** to:

- (i) Note the amendments to the consulted savings proposals as set out at Appendix A to the report;
- (ii) Approve the revised saving proposals that have been through consultation as set out in Appendix B to the report;
- (iii) Approve the additional saving proposals for management implementation as set out in Appendix C to the report;
- (iv) Approve the additional saving proposals that were presented to the Public Accounts and Audit Select Committee on 2 December as set out in Appendix D to the report;
- (v) Approve the draw down from reserves required to deliver a balanced budget in 2015/16 and 2016/17;
- (vi) Approve the draw down from reserves required to fund the investment needed to deliver the savings proposals, as detailed in paragraph 4.7 of the report; and
- (vii) Agree that officers should report further on options to continue a Local Emergency Support Scheme from 2015/16 in the light of the withdrawal of Central Government funding for the service with effect from 31 March 2015.

72. Corporate Delivery Plan 2014/15 - Quarter 2 Update

Further to Minute 33 (7 October 2014), the Leader of the Council presented a performance report in respect of the priority projects and performance indicators agreed as part of the Corporate Delivery Plan, which also included an update on the LGA Peer Challenge Implementation Plan.

The report covered the quarter 2 period up to 30 September 2014 and the Leader advised that he had asked officers to improve the presentation of the information for future reports. In respect of the quarter 2 data, observations were made in respect of the following:

- **NEETS** – The proportion of 16 to 18 year olds not in education, employment or training had not improved and the Cabinet Member for Regeneration outlined some of the issues and the steps being taken to achieve an improvement.
- **Housing Re-lets** – It was noted that the 71-day average to re-let Council properties in 2013/14 was primarily due to the excessive specification for void properties. The specification had now been reduced to a more appropriate level and the most recent data suggested that the turnaround time was back

below 30 days.

- **School GCSE Results** – The latest GCSE results showed that the borough's pupils scored 3% above the national average for 5 or more passes at A*-C grades.

The Cabinet Member for Education and Schools also referred to the need for the plans for major regeneration projects in the borough, and specifically the Beam Park project, to fully take into account school place provision. To this end, the Cabinet Member for Regeneration was invited to attend future meetings of the Admissions Forum at which the issue of future planning for school places was to be discussed.

The Cabinet Member for Children's Social Care also requested additional information in future reports in relation to the implications of the population and demographic growth in the borough and suggested that Cabinet Members' ownership of performance data was integral to the successful delivery of the Council's new vision and priorities.

Cabinet **resolved** to:

- (i) Note the performance for the priority projects and KPIs, agreeing any actions to address any lack of progress or deteriorating performance, and
- (ii) Note the progress towards delivering the actions set out in the Peer Challenge Implementation Plan.

73. Future Delivery of Vehicle Maintenance and Related Services

The Cabinet Member for Finance introduced a report on the future delivery of vehicle maintenance services to the Council in anticipation of the expiry of the current contract with an external provider in August 2015.

An options analysis had identified that an in-house vehicle maintenance model, supported by local specialist companies, was the most economically advantageous option. As part of the proposal, opportunities would be created for local young people through apprentice positions and additional income generation opportunities would also be explored.

Arising from the discussions it was noted that a future report to Cabinet on equalities matters would include issues relating to apprenticeships.

Cabinet **resolved** to:

- (i) Approve the recommended option to 'in-source' the Vehicle Maintenance Workshop at the expiry of the current contract on 31 August 2015, including the transfer of the current workforce back to the Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE); and
- (ii) Authorise the Corporate Director of Adult and Community Services, in consultation with the Chief Finance Officer and the Head of Legal and Democratic Services, to explore the potential for the incorporation of a Trading Company to facilitate 3rd Party Vehicle Maintenance with the

objective of income generation.

74. The Broadway Theatre - New Management Arrangements

(Prior to this item, the film “Taking our place on London’s cultural and creative map”, which the Council commissioned from students at Barking and Dagenham College, was shown.)

The Leader of the Council introduced a report on proposals to further support the Council’s vision for the Borough to be recognised as East London’s cultural hub through new partnership arrangements with Barking and Dagenham College in respect of The Broadway theatre, as well as outline plans relating to the creation of an Artists Enterprise Zone (AEZ) in the Borough.

The Leader explained that under the proposed arrangements with Barking and Dagenham College, the Barbican and London Guildhall School of Music and Drama were expected to become key partners in the delivery of exciting new arts initiatives at The Broadway. The Leader also outlined the proposed leasing and funding arrangements going forward and suggested that the lease should be on a full repairing and insuring, commercial rent basis with three-yearly reviews. Officers confirmed that all appropriate provisions to protect the Council’s interests would be included in the lease agreement and also undertook to provide Cabinet Members with details of the proposed commitment of up to £500,000 from the capital programme prior to any expenditure being incurred.

Cabinet **resolved** to:

- (i) Authorise the Chief Executive, in consultation with the Head of Legal and Democratic Services and Chief Finance Officer, to grant a lease, on a commercial rent and full repairing and insuring basis with three-yearly reviews, from 1 April 2015 or sooner, for The Broadway theatre to Barking and Dagenham College to expire on 31 August 2023;
- (ii) Agree to provide a grant to the College equivalent to the rent that would be paid for the duration of the lease (subject to reviews) on the basis that the shared vision for the theatre is being successfully delivered;
- (iii) Agree to commit to make an additional annual revenue contribution of £50,000 to the Barking and Dagenham College for a guaranteed period of three years from April 2015, to support the ongoing provision of a professional performance programme at the venue and to enable access by local arts organisations and community groups;
- (iv) Agree to commit up to £500,000 capital programme investment to address essential works that have been identified in the recent condition survey of the building and other improvements that will support the new way of working that is envisaged for the venue;
- (v) Agree to compensate the Barking and Dagenham College for redundancy costs that may be incurred by them for any Council employees who are redeployed to the College under TUPE legislation within twelve months of transfer, with payments to be capped at the level the staff would have

received if they had remained employees of the Council; and

- (vi) Agree, in principle, to Barking Town Centre becoming London's first Artists Enterprise Zone and for officers to undertake further work with the Greater London Authority to define an AEZ programme, which will be the subject of a further report to Cabinet for approval prior to implementation.

75. Debt Management Performance and Write-Offs 2014/15 (Quarter 2)

The Cabinet Member for Finance introduced the performance report for the second quarter period ending 30 September 2014 in respect of the debt management function carried out by the Revenues and Benefits Service within Elevate East London, together with details of the debts written-off as uncollectable during the period and comparable information from the previous year.

The Cabinet Member referred to the overall positive collection rates although issues were raised regarding the accrual of debt due to a failure to open an account following a tenancy succession and also the poor collection rate for Penalty Charge Notices in respect of traffic enforcement.

Cabinet **resolved** to:

- (i) Note the contents of this report as it relates to the performance of the debt management function carried out by the Revenues and Benefits service operated by Elevate East London, including the performance of enforcement agents; and
- (ii) Note the debt write-offs for the second quarter of 2014/15 and that a number of these debts will be published in accordance with the policy agreed by Cabinet.

76. Fairer Funding

(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.)

The Cabinet Member for Finance tabled a report on the Government's changes to Revenue Support Grant (RSG) arrangements that had a significant negative impact for Barking and Dagenham and many neighbouring boroughs.

It was noted that since April 2013, the Government had frozen the proportional distribution of RSG to local authorities and would not be reassessing the calculation until 2020. As a consequence, local authorities experiencing larger than average increases in population growth during that time would be disadvantaged. Furthermore, the system of 'damping', which protected local authorities from unreasonable decreases in RSG as a result of the annual review process, was also stopped in 2013.

The Cabinet Member referred to graphs set out at Appendices 1 and 2 to the report which showed the estimated impact of the changes for Barking and Dagenham and all other London Boroughs for the period 2013/14 to 2020/21.

With regard to population growth, Barking and Dagenham had the 2nd highest projected cumulative growth at 14% against a national average of 4.3%, which was estimated to result in the Council losing out on over £7m a year in RSG by not having the increase in population factored into the distribution formula. The cessation of 'damping' had resulted in a loss of RSG of £7.9m in 2013/14 and £7m in 2014/15 and was projected to cost the Council almost £50m over the full period up to 2020/21.

The Leader concurred with the view that the Council should actively lobby the Government for a fairer RSG system and commented that the poorest in London appeared to be paying for the richest in London under the current arrangements. He added that the issue had already been raised with a number of neighbouring Councils and lobbying plans had been supported by the North East London Strategic Alliance.

Cabinet **resolved** to:

- (i) Support actions by the Council that seeks a fair share of Revenue Support Grant from Central Government;
- (ii) Support actions by other Local Authorities that assists the Council in seeking a fair share of Revenue Support Grant from Central Government; and
- (iii) Approve, in principle, the provision of resources to assist the Council and other Local Authorities in actions that seek to ensure the Council receives a fair share of the Revenue Support Grant from Central Government.

77. 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 paragraphs 3 and 6 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

78. Rationalisation of Corporate Office Portfolio

The Cabinet Member for Finance presented a report on the proposed rationalisation of the corporate office portfolio as part of the Council's budget saving and Flexible Ways of Working programmes.

The Cabinet Member referred to the long-list of 11 options at Appendix 1 to the report and advised that a short-list of five was established based on the following criteria:

- contributes to achieving the Council's objectives;
- generates financial savings and minimises borrowing;
- enhances and protects the community's civic heritage;
- increases efficiency by reducing officer time in moving between buildings for meetings within the borough and throughout London;
- enables more integrated working across service areas through the co-location of staff spatially centralised and co-ordinated open plan offices.

From the short-list, the preferred option based on the assessment criteria was Option 4c, which involved the retention and open plan of Barking Town Hall; the retention of Pondfield House; the conversion of Dagenham Civic Centre to secondary school use; the disposal of Roycraft House to Agilisys with leaseback of two floors for Council office use; and the disposal / redevelop of Frizlands Offices and John Smith House as offices / residential use. The Cabinet Member explained that the preferred option included a desk ratio of 5.5 for every 10 staff which was challenging but, overall, represented the best financial option for the Council.

The Leader advised that the preferred option would retain the Civic Centre as a public building and discussions were ongoing regarding its use for secondary education. The Leader acknowledged the Civic Centre as an historic and culturally important building but added that in the current financial climate he felt that protecting jobs and providing services were a greater priority.

Cabinet Members stressed the importance of effective project management and the need to keep all Members of the Council fully informed and up-to-date with developments as the scheme progressed.

Cabinet **resolved** to:

- (i) Approve Option 4c (retain and open plan Barking Town Hall; retain Pondfield House; convert Dagenham Civic Centre to secondary school use; dispose of Roycraft House to Agilisys with leaseback of two floors for Council office use; dispose / redevelop Frizlands Offices and John Smith House as offices / residential use) as the recommended option to rationalise the Council's office portfolio and help increase operational efficiency to support the implementation of Flexible Ways of Working;
- (ii) Approve the borrowing of £4.31m from the Public Works Loan Board (PWLB) to fund the capital expenditure required to implement Option 4c as set out in the report;
- (iii) Delegate authority to the Chief Executive, in consultation with the Head of Legal and Democratic Services, the Chief Finance Officer and the Cabinet Members for Finance and Regeneration, to negotiate terms and agree the contract documents to fully implement and effect the projects; and
- (iv) Authorise the Head of Legal and Democratic Services, or an authorised delegate on her behalf, to execute all of the legal agreements, contracts and other documents on behalf of the Council.

79. Review of the Elevate Contract

The Cabinet Member for Central Services introduced a report on options for the future delivery of services currently provided by Elevate East London under the joint venture partnership agreement between the Council and Agilisys.

The Cabinet Member advised that constructive discussions had taken place with representatives of Elevate and Agilisys and he outlined the four options that had

been developed, namely: (1) Do nothing and continue the existing arrangements until the end of the contract in December 2017; (2) Early termination of the contract and the return of all services to the Council; (3) Review and rationalisation of Elevate services, with Elevate retaining the services where it had the most business expertise and was able to add value, together with the return of all other contracted services to the Council; and (4) Enter into a more direct contractual relationship with Agilisys, with Elevate only existing as a procurement shell through which the services would be sub-contracted to Agilisys.

The Cabinet Member referred to the key financial issues and benefits associated with the preferred option (3) and also the conditions sought by Agilisys as part of any agreement, which included the enactment of the three-year extension clause contained in the original contract for the services that were to remain in Elevate and the removal of the 40-day break clause.

Members spoke on their experiences of the Elevate service and sought clarification from officers on issues relating to future management expertise and Elevate's future standing as a body that could attract new business. With regard to the conditions sought by Agilisys, Members confirmed that they would wish for a contract break clause to be retained in some form in order to protect the Council's interests.

Cabinet **resolved** to:

- (i) Review and rationalise the existing Elevate East London services as outlined in Option 3 in the report and, as part of that review, to a review of the current break clause provisions (on the proviso that appropriate break clause arrangements are retained) and the enactment of the three-year contractual extension to 2020; and
- (ii) Authorise the Chief Finance Officer, in consultation with relevant Cabinet Members, to continue to progress negotiations with Elevate East London / Agilisys, where appropriate, to implement the agreed option.

80. Compulsory Purchase of Eyesore Properties

The Cabinet Member for Housing introduced a report on proposals to compulsory purchase properties in the River ward area.

The Cabinet Member explained that the properties had been empty for approximately 10 years and the owner had resisted numerous approaches from the Council aimed at enabling the properties to be returned for habitable use. The Director of Housing confirmed that the sale of the units to a Registered Social Housing Provider was one of three options for future use, although the first option to be assessed would be the viability of retaining the properties via the Housing Revenue Account.

Arising from the discussions:

- Members were asked to provide the Director of Housing and the Cabinet Member for Housing with details of other eyesore properties in the Borough which they believed should be pursued through the compulsory purchase

- route; and
- Officers were asked to ensure that, in future, owners of eyesore properties are 'named and shamed' once the legal processes have been completed as a way of publicising the Council's determination to deal with irresponsible private homeowners.

Cabinet **resolved** to:

- (i) Agree the compulsory purchase of the eyesore properties referred to in the report, utilising the Council's powers under section 17 of the Housing Act 1985 and the Acquisition of Land Act 1981; and
- (ii) Delegate authority to the Corporate Director of Housing, in consultation with the Chief Finance Officer and the Head of Legal and Democratic Services, to approve the terms and conditions of the acquisition of the properties and either their retention for use as Council properties via the Housing Revenue Account or their subsequent disposal to a registered provider or at auction.