

MINUTES OF CABINET

Monday, 16 February 2015
(7:00 - 9:05 pm)

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

Also Present: Cllr Irma Freeborn

Apologies: Cllr Laila Butt

91. Declaration of Members' Interests

There were no declarations of interest.

92. Minutes (27 January 2015)

The minutes of the meeting held on 27 January 2015 were confirmed as correct.

93. Budget Monitoring 2014/15 - April to December 2014 (Month 9)

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 December 2014.

The General Fund showed a projected end of year spend of £166.9m against the total approved budget of £165.3m. The Cabinet Member advised that he expected a balanced budget to be achieved by the year end but that the pressures within the Children's Services division, which had increased by £0.1m on the position reported at the last meeting, continued to be challenging. It was also noted that the Housing Revenue Account (HRA) continued to show a projected break-even position for the year.

With regard to capital expenditure, the projected spend was £134.6m against the revised budget of £143.2m which represented a further slippage of £1.3m on the position reported at the last meeting. Cabinet Members sought assurances regarding the deliverability of the annual Capital Programme and referred in particular to the Decent Homes programme. The Director of Housing commented that he shared Members' concerns regarding slippage in the Decent Homes programme which had primarily stemmed from delays in procurement. To that end, he had commissioned an independent review on deliverability and would report to Cabinet in due course. In the meantime, the Director agreed to provide Cabinet Members with details of future years' Decent Homes projects.

Cabinet **resolved** to:

- (i) Note the projected outturn position for 2014/15 of the Council's General Fund revenue budget at 31 December 2014, as detailed in paragraphs 2.1, 2.4 to 2.10 and Appendix A of the report;

- (ii) Note the progress against the agreed 2014/15 savings at 31 December 2014, as detailed in paragraph 2.11 and Appendix B of the report;
- (iii) Note progress against the agreed 2014/15 HRA savings as detailed in paragraph 2.12 and Appendix B of the report;
- (iv) Note the overall position for the HRA at 31 December 2014, as detailed in paragraph 2.12 and Appendix C of the report; and
- (v) Note the projected outturn position for 2014/15 of the Council's capital budget as at 31 December 2014, as detailed in paragraph 2.13 and Appendix D of the report.

94. Housing Revenue Account Estimates and Review of Rents and other Charges 2015/16

The Cabinet Member for Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2015/16.

The Cabinet Member advised on the key aspects of the proposals, which included the establishment of a five-year rent policy to achieve convergence with a formula rent; significant investment in the existing housing stock (£347m), new homes (£198m) and estate renewal (£60m) over the next ten years; and an average rent increase of 4%, equivalent to £3.67 per week.

Members spoke in support of the proposals and it was suggested that officers should continue to review all charges to ensure the removal of any perceived unfairness within the system.

Cabinet **resolved** to:

- (i) Agree the Housing Revenue Account estimates for 2015/16 as detailed in Appendix 6 to the report;
- (ii) Agree an overall average Council dwelling rent increase of 4.0%, equivalent to £3.67 per week, and affordable rents to increase by 2.2% consistent with Government policy of CPI+1% as per the Affordable Homes Programme;
- (iii) Agree a five-year rent policy enabling convergence with formula rent by 2019/20;
- (iv) Agree an increase to tenant service charges of 5.8% (£1.93 per week);
- (v) Agree an additional provision for communal heating and hot water charges of 1.2% (£0.32 per week) based upon an inflationary uplift;
- (vi) Agree an increase to garage rents of £1, from £11 to £12 per week, and the establishment of a repairs and maintenance programme;
- (vii) Agree that officers initiate a review of estate located parking spaces/bays;
- (viii) Agree that rents for commercial properties increase in line with lease

agreements; and

(ix) Agree that the above changes take effect from 6 April 2015.

95. Budget Framework 2015/16

The Cabinet Member for Finance introduced the Council's proposed budget framework for 2015/16 which incorporated the following:

- The Medium Term Financial Strategy (MTFS) for 2015/16 to 2018/19;
- The General Fund budget for 2015/16;
- The level of Council Tax for 2015/16;
- The financial outlook for 2016/17 onwards;
- The Capital Programme for 2014/15 to 2016/17.

The proposed General Fund net budget for 2015/16 was £151.44m, compared to a revised net budget for 2014/15 of £165.32m. The Cabinet Member explained that the Coalition Government's continued cut to public sector funding meant that grant funding had reduced from £107.87m for 2014/15 to £88.3m for 2015/16, and was expected to reduce further to £79.52m for 2016/17. As a consequence and despite the package of savings measures implemented by the Cabinet at its meeting on 16 December 2014, it was necessary to propose a Council Tax increase for the first time in seven years in order to protect essential services. The 1.99% increase to Council Tax would be equivalent to an additional £20 per annum, or 40p per week, for the average Band D property.

The Cabinet Member referred to the proposed 1% transaction cost to be applied to Council Tax payments made by credit card and also highlighted a number of other funding issues that had impacted on the budget for 2015/16 and beyond.

Issues which arose during the discussions included:

- The ongoing budget pressures caused by the annual increase to the East London Waste Authority (ELWA) levy – The Chair advised that he would be discussing the matter with the other Borough Leaders.
- Children's Placement Pressures – The Chief Finance Officer explained that the £3m budget pressure in the MTFS only related to 2015/16 as the service budgets would be realigned next year and ongoing pressures factored in to the base budget.
- Incentives for prompt payment – The Cabinet Member for Finance acknowledged that there may be scope in the future to offer discounts or other incentives but any proposals would need to be considered in the context of collection rates and other pressures.
- Impact of demographic changes – The Cabinet Member for Children's Services and Social Care reiterated the need to assess the financial and other impacts of the changing demographics in the Borough in order for the Council to effectively plan for the future.

Cabinet resolved to recommend the Assembly to:

(i) Approve a base revenue budget for 2015/16 of £151.444m, as detailed in Appendix A to the report;

- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2015/16 to 2018/19 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report;
- (iii) Delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to finalise any contribution required from reserves in respect of the 2015/16 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2015;
- (iv) Approve the Statutory Budget Determination for 2015/16 as set out at Appendix C, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, plus the Council Tax agreed by the Greater London Assembly (1.3% reduction), as detailed in Appendix D to the report;
- (v) Approve the Council's draft Capital Programme for 2014/15 to 2016/17 as detailed in Appendix E to the report; and
- (vi) Agree that the full economic cost be levied as a charge on fees paid by credit cards for Council Tax, as detailed in paragraph 7 of the report.

96. Treasury Management Strategy Statement 2015/16

The Cabinet Member for Finance presented the Council's draft Treasury Management Strategy Statement (TMSS) for 2015/16.

The Cabinet Member referred to the Council's treasury position at 31 December 2014, which included a £4.626m investment in Barking Riverside Limited which the Chief Finance Officer provided further details on. A further £89m had been borrowed from the European Investment Bank (EIB) in January 2015, to support the estate regeneration proposals approved by the Cabinet on 4 August 2014 (Minute 16 refers), at a rate of 2.207% for the full 30-year term of the loan which was a significantly better rate than was used in the financial modelling for the project. The Cabinet Member explained that whilst that was clearly to the benefit of that project, the projections elsewhere in the TMSS in relation to income from cash balances meant that the Council may not achieve its income targets unless interest rates increased in the next year or two.

The Cabinet Member also highlighted changes to the investment strategy going forward in respect of duration and counterparty risks, which would enable the Council to take advantage of potential higher returns while retaining sufficient safeguards.

Cabinet resolved to recommend the Assembly to:

- (i) Note that on 15 January 2015 the Council borrowed £89 million from the European Investment Bank as outlined in section 4.5 of the report;
- (ii) Adopt the Treasury Management Strategy Statement for 2015/16 as set out in the report and in doing so:
 - (a) Note the current treasury position for 2015/16 and prospects for interest

rates, as referred to in sections 4 and 7 of the report;

- (b) Approve the Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2015/16 as referred to in section 9 of the report;
- (c) Approve the Annual Investment Strategy and Creditworthiness Policy for 2015/16 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;
- (d) Approve the Authorised Borrowing Limit of £800m for 2015/16, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as set out in Appendix 3 to the report;
- (e) Approve the Treasury Management Indicators and Prudential Indicators for 2015/16, as set out in Appendix 3 to the report;
- (f) Approve the Minimum Revenue Policy Statement for 2015/16, representing the Council's policy on repayment of debt, as set out in Appendix 4 to the report;
- (g) Maintain the authority delegated to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the initial increase in cash from the EIB but also the subsequent decrease in cash balances as payments are made to the SPV; and
- (h) Agree that the delegated responsibility be reviewed as part of the 2014/15 Treasury Management Outturn Report to Assembly in July 2015.

97. Future Management Arrangements for the Council's Culture and Sport Service

The Leader of the Council introduced a report on the outcome of a high-level options appraisal in respect of the future delivery and management of the Council's culture and sport services, in order to achieve the efficiencies within the service that were required to realise the £1m savings target by 2016/17.

Four main options had been identified and the preferred option related to the formation of a new Trust, which would be a non-profit distributing organisation (NPDO) in the form of a limited company with charitable status. The Leader explained that an 'in principle' decision was being sought that would enable officers to further develop the preferred option and report back to Cabinet later in the year. Arising from the discussions, officers clarified issues relating to the business rates saving, community halls and library services.

Cabinet **resolved** to:

- (i) Note the range of options available for the future management of culture and sport services;
- (ii) Agree, in principle, that culture and sport services shall transfer to a new model of operation;
- (iii) Approve the formation of a Trust (non-profit distributing organisation) to deliver a range of health and wellbeing services;
- (iv) Agree that the Council will play an active part in the new Trust through nominations by the Leader of the Council to the Board of the Trust;
- (v) Agree that the Trust shall become operational on or as soon as possible after 1 January 2016;
- (vi) Agree that one-off revenue expenditure of up to £250,000 be allocated from the £500,000 contingency identified within the use of General Fund reserves for invest to save initiatives, to meet the legal and other costs associated with transferring the services to the new Trust; and
- (vii) Note that prior to implementation a further report shall be presented to Cabinet setting out the services to be commissioned from the Trust, the expected outcomes and the financial arrangements.

98. Pay Policy Statement 2015/16

The Cabinet Member for Central Services presented the draft Pay Policy Statement for the Council for 2015/16, setting out the Council's key statements of its pay policy as required under the Localism Act 2011.

The Cabinet Member referred to the key principles of the Statement and advised that the Chief Executive would be reviewing the Council's senior management structure over the coming months, which may result in mid-year changes being required to the Statement.

Cabinet **resolved to recommend the Assembly** to approve the London Borough of Barking and Dagenham Pay Policy Statement for 2015/16 as set out at Appendix A to the report, for publication on the Council's website with effect from 1 April 2015.

99. Implementing the Equality and Diversity in Employment Policy

The Cabinet Member for Central Services reported on the proposed implementation of a number of positive actions aimed at helping the Council to achieve the commitment within its Equality and Diversity in Employment Policy to have a workforce representative of the local community.

The Cabinet Member referred to a number of the proposals and commented that representatives from the black and minority ethnic (BME) and other under-represented group staff networks could be involved in aspects of the recruitment process in the future. The Chief Executive suggested that the proposals that were set out in the report were a good starting position and that a future report to

Cabinet should deal with the Cabinet Member for Central Services' wider proposals as well as other issues raised at the meeting in relation to targets within the policy and the funding arrangements for the project.

Cabinet **resolved** to:

- (i) Agree the following targets as part of the Council's Equality and Diversity in Employment Policy:
 - (a) That recruitment in any one year should reflect the breakdown of the working population in the Borough;
 - (b) To achieve an annual 10% increase in 2015/16 to 2017/18 in the proportion of the workforce from the BME community (i.e. a 2.7% increase in 2015/16 on the baseline of 27%);
 - (c) To reduce the number of staff who do not declare whether they have a disability or not by 30% in 2015/16, in order for a suitable target to be set for future years to increase the number of people with disabilities working in the organisation.
- (ii) Support a campaign to promote tolerance of all nine groups recognised as "protected characteristics in the Equality Act 2010" equally, to be led by the Divisional Director of Human Resources and Organisational Development in consultation with the Cabinet Member for Central Services; and
- (iii) Agree that officers report further on the issues raised at the meeting relating to recruitment and interviewing, targets within the policy and the funding arrangements for the project.

100. Procurement of an Alternative Education Provision Service for Year 11 Children

The Cabinet Member for Education and Schools presented a report on proposals to procure a five-year contract to provide an alternative education service for Year 11 children, which would cater for children moving into the Borough with no allocated school place or those who would benefit from alternative provision outside the mainstream setting.

The Cabinet Member referred to the success of the current contractual arrangements with Lifeline, which were due to expire on 31 August 2015, and advised that over 90% of the children had gone on to further education, employment or training. In response to questions, the Cabinet Member confirmed that the children would be taught by qualified teachers and that there would be scope to extend the facility to more than 30 children if the need arose, although the aim was always for as many children as possible to be allocated places in the mainstream setting.

Cabinet **resolved** to:

- (i) Agree for the Council to proceed with the procurement of a contract for an Alternative Education Provision (AEP) for a period of five years (three years with an option to extend for a further two years dependent upon funding and satisfactory performance) in accordance with the strategy set out in this

report; and

- (ii) Delegate authority to the Corporate Director of Children's Services, in consultation with the Cabinet Member for Education and Schools, the Chief Finance Officer and the Head of Legal and Democratic Services, to award and execute the contract and other documents on behalf of the Council following the appointment of a provider.

101. Options for Providing Support to Vulnerable Residents

The Cabinet Member for Adult Social Care and Health presented a report on options for providing support to the most vulnerable in the community.

By Minute 71 (vii) of the meeting on 16 December 2014, officers were asked to report further on options for the continuation of a local emergency support scheme in light of the anticipated withdrawal of Government grant funding for such schemes from 31 March 2015. Successful lobbying led to the Government announcing that some funding would continue for 2015/16, albeit at a reduced level.

The Cabinet Member advised that the grant allocation would enable the Council to maintain a comparative local emergency support scheme and, with that in mind, proposed a six-month extension to the existing arrangement with Harmony House. Alongside that proposal a new initiative, known as BandD Together, was being progressed with key voluntary sector partners and several other community focussed projects were also being developed.

The Cabinet Member confirmed that the Council's programme of 'civic pride' events would be used to raise awareness of the services available and how residents could access them and the plan was for 50 Community Checkpoints to be in place by the end of 2015. Members also discussed the take-up rates of the services currently provided and initiatives that would help to build on the community spirit in the Borough.

Cabinet **resolved** to:

- (i) Agree the continued funding of a Local Emergency Support Service, at a reduced level of £300,000 for 2015-16, using the additional Revenue Support Grant in the local government financial settlement issued on 3 February 2015;
- (ii) Agree to the funding of the development of the CommunityConnect knowledge platform to support the Community Checkpoints model being developed and to agree to waive the Council's Contract Rules for the pump priming in recognition of the development work that has already been completed on this initiative;
- (iii) Agree that a fixed term post be established to accelerate progress on the development of alternative proposals for a local safety net;
- (iv) Delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Adult Social Care and

Health, the Head of Legal and Democratic Services and the Chief Finance Officer, to award:

- The contract with Harmony House for a six month period from 1 April 2015 by a waiver under the Council's Contract Rules.
- Funding towards the development of CommunityConnect knowledge platform of not more than £80,000 and to waive the Council's Contract Rules accordingly.

102. The Care Act 2014

The Cabinet Member for Adult Social Care and Health introduced a report on key aspects of the Care Act 2014, which highlighted the impact for the Council and its partners, the approach to implementation and an assessment of the financial pressures that were likely to arise.

The Cabinet Member explained that the legislation would have implications across all services, with a key focus being on the integration of services. There would be changes to access arrangements and new obligations would mean that an individual's circumstances and needs must be taken into account.

Cabinet **resolved** to note the impacts for the Council of the Care Act 2014 as detailed in the report.

103. Care and Support Deferred Payments Scheme

The Cabinet Member for Adult Social Care and Health introduced a proposed Care and Support Deferred Payment Scheme for the Borough.

The Cabinet Member explained that the proposals would bring the Council's current scheme into line with the requirements of the Care Act 2014, with a key feature being the ability of a person receiving care to defer some or all of their care costs by having a charge placed on property that they owned.

Cabinet **resolved** to:

- (i) Note the introduction of national eligibility criteria for Deferred Payment Schemes to be introduced by all Councils;
- (ii) Agree the Care and Support Deferred Payment Scheme policy as set out in Appendix 1 to the report;
- (iii) Agree that the Council shall apply the nationally-set maximum interest rate;
- (iv) Agree that the Council shall apply a one-off set up administration fee of £500 and subsequent administration charges as incurred;
- (v) Agree the use of online property sites and local newspapers, in the first instance, for determining whether there would be sufficient equity to be eligible for the scheme.

104. Care and Support Charging Policy

Following on from the above, the Cabinet Member for Adult Social Care and Health presented a report on the proposed charging policy in respect of care and support services provided under the Care Act 2014.

The Cabinet Member highlighted the key areas of the policy, including the services that would be exempt from charges and the new 'light touch' approach to financial assessments. The Cabinet Member for Finance advised that it may be appropriate to review aspects of the policy in the event of changes to the mechanism for calculating eligibility.

Cabinet **resolved** to:

- (i) Confirm that the Council will continue its current policy of charging for adult social care;
- (ii) Note the introduction of the Care Act 2014 as the new legal charging framework for care and support services provided under the Act;
- (iii) Agree that the Care and Support Charging Policy set out at Appendix 1 be implemented from 1 April 2015 for all new service users and implemented on a phased basis for all existing service users; and
- (iv) Delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Adult Social Care and Health and the Chief Financial Officer, to put in place transitional protection in appropriate circumstances.

105. Inspection of Arrangements for Supporting School Improvement

The Cabinet Member for Education and Schools introduced a covering report and letter relating to the inspection by Ofsted of the arrangements for supporting school improvement, which had been undertaken between 24 - 28 November 2014. The formal notification from Ofsted, in the form of a letter dated 1 December 2014, had not been received until after the statutory publication of the papers for the meeting and the Chair agreed that it 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 advised that, overall, the report was very positive and acknowledged the excellent working relationship between the Council and school leaders, recognising in particular the autonomy of school leaders to drive through improvements. Some areas for development had been identified and an action plan was being produced to deal with those issues. It was noted that had the inspection been carried out under the previous framework, the arrangements would have been judged 'effective' which had been afforded to only two of fifteen local authorities inspected since May 2013.

The Cabinet Member for Education and Schools placed on record her appreciation to all involved in the inspection and the Leader of the Council extended his congratulations to the schools, pupils and his Council colleagues for their work

which had culminated in such a positive inspection.

Cabinet **resolved** to note the contents of the inspection report.

106. Debt Management Performance and Write-Offs 2014/15 (Quarter 3)

The Cabinet Member for Finance introduced the performance report for the third quarter period ending 31 December 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 and responded to an enquiry regarding the loophole which had allowed a number of companies to avoid business rates. The Leader suggested that the Council should ask the House of Commons Public Accounts Committee to look into the matter.

Cabinet **resolved** to:

- (i) Note 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 third quarter of 2014/15 and that a number of the debts would be published in accordance with the policy agreed by Cabinet.

107. Pan-London Parking Appeals Service on Private Land ('POPLA') - Delegation to London Councils' Transport and Environment Committee

(The Chair agreed that this item 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 Chief Executive introduced a report on the request from London Councils' Transport and Environment Committee (LCTEC) Executive Sub-Committee that London local authorities formally delegate specific functions concerning the appeals service for parking on private land, to remove any legal doubt as to LCTEC's authority to deliver an appeals service for parking on private land for the British Parking Association (BPA), an accredited trade association, under contract.

Cabinet **resolved** to:

- (i) Formally confirm that the functions delegated to London Councils' Transport and Environment Committee (LCTEC) to enter into the arrangements with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
- (ii) Delegate the exercise of section 1 of the Localism Act 2011 to LCTEC for the purpose of providing an appeals service for parking on private land under contract on a full cost recovery basis;

- (iii) Agree the amendment of the LCTEC Governing Agreement to this end; and
- (iv) Authorise the Head of Legal and Democratic Services to sign, execute and return the Memorandum of Participation on the Council's behalf.