

MINUTES OF CABINET

Tuesday, 19 January 2016
(7:00 - 8:01 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Laila Butt, Cllr Evelyn Carpenter, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

Apologies: Cllr Cameron Geddes

79. Declaration of Members' Interests

There were no declarations of interest.

80. Minutes (15 December 2015)

The minutes of the meeting held on 15 December 2015 were confirmed as correct.

81. Budget Monitoring 2015/16 - April to November (Month 8)

The Cabinet Member for Finance and Central Services introduced the report on the Council's capital and revenue position for the 2015/16 financial year, as at 30 November 2015.

The General Fund showed a projected end of year spend of £157.5m against the approved budget of £151.4m, which represented an increased overspend of £0.3m on the reported position at 31 October. The Cabinet Member commented on the reasons for the increased overspend position, a number of budget surpluses which were helping to mitigate the pressures and the improved forecast in respect of the General Fund reserve.

With regard to the Housing Revenue Account (HRA), the Cabinet Member referred to issues that were impacting on income and expenditure budgets and advised that rent collection rates were improving towards the target of 99.24%. It was also noted that expenditure on the Capital Programme was forecast to exceed the reprofiled budget of £131.5m by approximately £3.5m due, in the main, to the acceleration of the Riverside Secondary Free School project.

Cabinet **resolved** to:

- (i) Note the projected outturn position for 2015/16 of the Council's General Fund revenue budget at 30 November 2015, as detailed in paragraphs 2.1, 2.4 to 2.10 and Appendix A of the report;
- (ii) Note the progress against the agreed 2015/16 savings at 30 November 2015, as detailed in paragraph 2.11 and Appendix B of the report;
- (iii) Note the overall position for the HRA at 30 November 2015, as detailed in paragraph 2.12 and Appendix C of the report; and

- (iv) Note the projected outturn position for 2015/16 of the Council's capital budget as at 30 November 2015, as detailed in paragraph 2.13 and Appendix D of the report.

82. Budget Strategy Report 2016/17 to 2019/20

Further to Minute 24 (21 July 2015), the Cabinet Member for Finance and Central Services presented a report on the Council's projected financial position for 2016/17 and beyond, in light of the Local Government Finance Settlement (LGFS) announced by the Chancellor on 17 December 2015 and other issues which had impacted on the Council's Medium Term Financial Strategy (MTFS).

The LGFS was slightly better than expected but still presented the Council with a circa £63m budget gap by 2020/21 based on current projections. The position for the 2016/17 financial year had also improved and it was now anticipated that there would not need to be a call on reserves in order to set a balanced budget.

The Cabinet Member referred to a number of the budget pressures that had arisen during 2015/16 which had impacted on the MTFS since the meeting of 21 July 2015, which included:

- Review of Savings Proposals – The delay to the creation of a Leisure Trust had created a pressure of £1m in 2016/17, while the suspension of saving proposal ACS/SAV/12a in relation to commissioned advice and welfare rights advice services to residents would leave a further shortfall of £0.28m from 2016/17. In respect of the latter, the Cabinet Member for Adult Social Care and Health confirmed that the full funding to enable the service to continue during 2015/16 and 2016/17 had been identified, with the position for 2017/18 and beyond to be considered as part of the Ambition 2020 programme.
- London Living Wage – It was noted that full details of the proposal to apply the London Living Wage with effect from 1 January 2016 would be presented to the next meeting of the Cabinet.
- ELWA Levy – An increase of £0.626m for 2016/17, which was £0.45m above the projected increase. Members commented on the year-on-year increases to the ELWA levy and the constraints of ELWA's 25-year waste disposal contract, which the Leader advised was also a matter of discussion amongst the Leaders of the four ELWA boroughs. The Chief Executive advised that the issue was being considered under the Ambition 2020 programme but he stressed that the relative low level of recycling by Barking and Dagenham residents was also a significant factor and a change of behaviour was required if the Council's waste disposal costs were to reduce in the future.

The Cabinet Member for Finance and Central Services outlined some of the key issues arising from the LGFS that affected the MTFS position, which included the change in methodology for distributing Revenue Support Grant, the level of New Homes Bonus for 2016/17 to 2018/19 and the potential top-slicing to support the London Enterprise Panel, changes to Care Act funding and arrangements regarding Better Care Fund grant monies.

The MTFS also included provision for the Government's social care precept on Council Tax bills of 2% from 2016/17, which would be on top of the Council's planned 1.99% Council tax increase for 2016/17. The Cabinet Member for Adult

Social Care and Health commented that the introduction of the social care precept represented an abdication by the Government of its responsibilities to properly fund essential care services for the elderly and vulnerable. She added that as well as setting a very dangerous precedent, the Government's policy was discriminatory as the social care precept would be of greater benefit for those Tory-led Councils that had large Council Tax bases as opposed to boroughs like Barking and Dagenham that had higher levels of need but a lower Council Tax base. To exemplify the disparity, the Cabinet Member explained that the 2% precept equated to only £890,000 additional revenue, which was the equivalent of just 30 new placements.

Members also commented on the significant implications for working families as a consequence of the Government's intended £40,000 cap on household income for those living in social housing and the need for the Government to re-think its Tax Credits scheme as well as its plans for the Universal Credit scheme, as evidence now suggested that the arrangements would not succeed in encouraging people back into work.

Cabinet **resolved** to:

- (i) Note that the Council had a projected balanced budget in respect of 2016/17;
- (ii) Note the additions and amendments to the Medium Term Financial Strategy, as set out in sections 2, 3, 4 and 5 of the report;
- (iii) Note that the Council's budget strategy incorporated the 2% Council Tax charge in respect of the social care precept, as set out in paragraph 5.4 of the report;
- (iv) Note that the social care precept of 2% would be charged in addition to a 1.99% increase on Council Tax proposed for 2016/17;
- (v) Note that the Government had yet to announce whether the London Enterprise Panel (LEP) top slice would be applicable for 2016/17, which could reduce the Council's overall funding by c£1m as set out in paragraphs 6.6 to 6.8 of the report, and that should a LEP top slice be applicable, Members would be requested to approve a drawdown equivalent to the level of the top slice from reserves to enable the Council to set a balanced budget for 2016/17;
- (vi) Agree to fund £2m from reserves to mobilise the Ambition 2020 programme from April 2016 onwards, as set out in section 9 of the report; and
- (vii) Agree to the Council's capital bids for 2016/17 to 2019/20, as set out in section 10 and Appendix 2 to the report.

83. Housing Revenue Account Estimates and Review of Rents and Other Charges 2016/17

The Cabinet Member for Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2016/17.

The Cabinet Member advised that the main issue affecting the HRA was the Government's decision last summer to impose a 1% per annum reduction on tenants' rents for the five-year period commencing 1 April 2016. The change would reduce HRA income by £3m in 2016/17 and by a total of £33.6m over the full five-year period, significantly impacting on the Council's ambitious plans for the regeneration of estates and the refurbishment of its housing stock to Decent Homes standards. An additional consequence of the new arrangements imposed by the Government was the forced abandonment of the Council's five-year rent convergence policy agreed by Cabinet on 16 February 2015 (Minute 94 (iii)).

The Cabinet Member also referred to the potential implications of the Government's plan to impose the £40,000 per annum earnings cap for those living in social housing, which had been alluded to earlier in the meeting. From April 2017 those exceeding the earnings cap would be required to pay market rent which for those living in a Council property in Barking and Dagenham could mean a doubling of their monthly rent. Members questioned the Government's motives for the change and suggested that it would lead to many individuals choosing to leave employment in order to fall back under the threshold or for parents to ask their working-age children to leave the family home.

In response to the imposed 1% reduction on rent levels, the charges for other services had been reviewed with the aim of achieving full-cost recovery and, as a result, increases were proposed to several aspects including tenant service charges and refurbished garage rents. It was also proposed to extend the Safer Neighbourhood project, ran in partnership with the Police, across the Borough and to apply the 50p per week charge to all tenants and leaseholders. The Cabinet Member commented that the increases would enable the Council to continue to improve the range, quality and choice of homes as well as the quality of information and services to all tenants and leaseholders. It was also noted that a full business plan review would be conducted during 2016/17 to inform the position for 2017/18.

Members spoke in support of the Cabinet Member for Housing's proposals and particularly welcomed the expansion of the Safer Neighbourhood project, which had achieved excellent results and was much valued by housing estate residents, and the review of amenity green provision and charges which was to be undertaken during 2016/17. The Cabinet Member for Children's Services and Social Care suggested that the amenity green review should focus on the benefits that green spaces bring to local areas, with less emphasis on the parking pressures that could be eased through their conversion.

Cabinet **resolved** to:

- (i) Agree the Housing Revenue Account estimates for 2016/17 as detailed in Appendix 6 to the report;
- (ii) Agree an overall average Council dwelling rent reduction of 1.0%, equivalent to £0.96 per week, to apply to all Council stock including affordable rent properties;
- (iii) Agree to increase tenant service charges by an average of £2.84 per week;

- (iv) Agree that service charges be reviewed in respect of properties benefiting from amenity green space;
- (v) Agree to maintain communal heating and hot water charges at the current rate (in line with static energy prices) and to the introduction of a new tariff, based on actual costs incurred, during the course of 2016/17;
- (vi) Agree to increase garage rents by £3 per week (from £12 to £15 per week) for garages that had been refurbished to an appropriate standard and to apply the new charge following refurbishment works throughout the year;
- (vii) Agree that estate located parking spaces / bays be reviewed as part of the Council's parking review;
- (viii) Agree to extend the Safer Neighbourhood charge (50p per week) to all Council tenants that benefit from the service; and
- (ix) Agree that the above changes take effect from 4 April 2016.

84. Calculation and Setting of the Council Tax Base for 2016/17

The Cabinet Member for Finance and Central Services introduced the annual Council Tax Base setting report for the 2016/17 financial year.

It was noted that the number of Band D equivalent properties had increased by 3,119.93 compared to 2015/16, which would generate an additional £3.234m income. Members discussed the importance of factoring in Council Tax revenue considerations as part of development plans for vacant sites, as well as the inappropriate use of the original valuation bandings from April 1991 for the purposes of Council Tax classification. The Cabinet Member also clarified that the base for 2016/17 was 45,744.57 as stated in the body of the report and Appendix 1, and not the figure of 45,981.86 referred to in error in the published report's recommendation.

Cabinet **resolved** to agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham Council as its Tax Base for the year 2016/17 shall be 45,744.57 Band 'D' properties.

85. Procurement of Mechanised Street Sweeping Equipment

The Cabinet Member for Environment introduced a report on the proposed procurement of new street sweeping equipment as part of the major redesign of street cleansing operations agreed by the Cabinet on 16 December 2014 (Minute 71 (ii)).

The Cabinet Member confirmed that the new equipment would replace existing equipment that had reached the end of its operational life and that the new procurement was expected to offer much better value for money as well as an extended mechanised service.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for the supply of ten street sweeping vehicles, to be delivered through an EU compliant framework contract in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director of Customer, Commercial and Service Delivery, in consultation with the Cabinet Member for Environment, the Strategic Director of Finance and Investment and the Director of Law and Governance, to award the contract to the successful bidder.

86. Oracle R12 - Proposal to Extend Contract for Hosting and Support

The Cabinet Member for Finance and Central Services introduced proposals relating to the extension of the existing contractual arrangements with Capgemini for the hosting and 'Level 3' support for the Oracle R12 enterprise resource planning (ERP) system.

The Cabinet Member stressed the importance of retaining appropriate hosting and support services while the Council's future needs were fully assessed but he acknowledged that while the proposed extension represented the best outcome in the circumstances, it did not represent a particularly good deal from a purely financial perspective.

Cabinet **resolved** to:

- (i) Approve the extension of the contract for hosting and support for the One Oracle system, at a total cost to the Council of £1,027,935, to Capgemini on a two-year basis from 19 July 2016; and
- (ii) Delegate authority to the Strategic Director of Customer, Commercial and Service Delivery, in consultation with the Cabinet Member for Finance and Central Services, the Strategic Director of Finance and Investment and the Director of Law and Governance, to enter into the contract extension with Capgemini.

87. Other Business

The Leader placed on record the Council's appreciation of the efforts of all concerned in helping the Borough's schools to continue to climb the exam league tables.

The Leader also made special mention of Eastbury Community School which had recently been recognised as the "kindest school in the United Kingdom" in a contest organised by the publisher Penguin Random House Children's UK with support from the Anti-Bullying Alliance.