

MINUTES OF CABINET

Monday, 19 February 2018
(7:02 - 9:20 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Laila M. Butt, Cllr Cameron Geddes, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

Apologies: Cllr Evelyn Carpenter

89. Declaration of Members' Interests

There were no declarations of interest.

90. Minutes (23 January 2018)

The minutes of the meeting held on 23 January 2018 were confirmed as correct.

91. Budget Monitoring 2017/18 - April to December (Month 9)

The Cabinet Member for Finance, Growth and Investment presented a report on the Council's revenue budget monitoring position for the 2017/18 financial year as at 31 December 2017.

The General Fund showed a projected year-end overspend of £6.81m against the budget of £145.13m, which represented a slightly improved position to that reported for the end of November 2017 (Month 8). The Cabinet Member alluded to the new pressures and risks which affected a range of service areas and reiterated that it was unlikely that the position would improve to any significant degree by the end of the financial year.

The Housing Revenue Account (HRA) was forecast to be £0.51m below the planned revenue surplus contribution of £39.642m to the HRA Capital Programme, primarily due to a shortfall in rental income, and the Cabinet Member commented that residents were finding it increasingly difficult to pay all their bills as a consequence of the Government's ongoing austerity programme. The projected capital spend at Month 9 was £164.5m for the General Fund and £74.642 for the HRA, which represented overspends of £3.6m and £1.075m respectively.

The Cabinet Member also referred to proposed carry forwards into the 2018/19 revenue budget in respect of the local crowdfunding and School Improvement Partnership initiatives.

In response to a question regarding the overspend within the Looked After Children (LAC) placements budget, the Cabinet Member for Social Care and Health Integration suggested that the net increase of 20 LAC placements this year was unlikely to be a 'spike'. A modelling exercise using the latest demographic and needs data was expected to show that current levels would continue and, if that proved to be the case, the ongoing funding implications would be set out in a future report to the Cabinet.

The Cabinet **resolved** to:

- (i) Note the forecast outturn position for 2017/18 of the Council's General Fund revenue budget as detailed in section 2 and Appendix A of the report;
- (ii) Note the new financial risks and the suggested mechanisms for resolving them, as detailed in section 3 of the report;
- (iii) Approve the following year-end adjustments and carry forwards detailed in section 4 of the report:
 - a) up to £120,000 of unallocated match-funding monies for supporting the local crowdfunding platform;
 - b) up to £100,000 set-up costs in respect of the School Improvement Partnership.
- (iv) Note the overview of the HRA for 2017/18, as detailed in section 5 and Appendix B of the report; and
- (v) Note the forecast outturn of the Capital Programme as set out in section 6 and Appendix C of the report.

92. Budget Framework 2018/19 and Medium Term Financial Strategy 2018/19 - 2020/21

The Cabinet Member for Finance, Growth and Investment introduced the Council's proposed budget framework for 2018/19 which incorporated the following:

- the Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21;
- the General Fund budget for 2018/19;
- the level of Council Tax for 2018/19;
- funding reductions to 2020/21;
- the financial outlook for 2019/20 onwards;
- the Capital Programme for 2018/19 to 2021/22; and
- the strategy for the Flexible Use of Capital Receipts.

The Cabinet Member explained that the net General Fund budget for 2018/19 would be £145.368m, reducing to £139.012m in 2019/20. The Council was embarking on a range of exciting and innovative projects aimed at generating additional long-term revenue streams and the Cabinet Member referred to the significant issues that had impacted on the budget for 2018/19 and beyond, such as changes to grant arrangements, the London-wide Business rates pooling arrangements and the delivery of the Council's transformation programme.

The Cabinet Member pointed out that as well as the significant opportunities that the Council's major investment and regeneration programmes would bring, there would be accompanying pressures stemming from the increase in the Borough's population. Demand for services was difficult to control and it was only through raising the Council Tax and the Adult Social Care precept by the maximum permissible that the Council could maintain quality services to its community. It was noted that the Council had consulted widely on its key budget proposals for

2018/19 and the majority of respondents had acknowledged the need for the Council to raise Council Tax levels. Following on from that, the Cabinet Member alluded to the financial pressures that many of the Borough's residents were facing as a consequence of the Government's austerity programme and called upon the Government to rethink its approach due to the chaos that it was causing nationwide

The Cabinet Member referred to a number of other specific proposals within the report, such as:

- the proposed loan of £2.147m to Barking and Dagenham Trading Partnership, the Council's Traded Services delivery model, for the purchase of new fleet vehicles;
- the planned General Fund reserve levels of £17.03m at 31 March 2018 and £15.115m at 31 March 2019; and
- the proposed Capital Programme for 2018/19 – 2021/22 of £360.362m, which included £196.690m for HRA-funded schemes.

In response to points raised regarding air pollution and the promotion of 'green' fuels through the installation of new charging points across the Borough, the Chief Operating Officer agreed to provide Cabinet Members with details of the Trading Partnership vehicle purchase programme. Comments were also made regarding the Government's appalling treatment of the most vulnerable in the community through the real-term cuts to NHS and social care funding. Concluding the discussions, the Leader advised that the Council's funding from the Government was based on an outdated Borough population level of 185,000, whereas the true figure was over 200,000, and the Council was also having to meet other significant costs which should be met directly by the Government, such as the cost of secure accommodation placements for young people remanded into custody.

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

- (i) Approve a base revenue budget for 2018/19 of £145.368m, as detailed in Appendix A to the report, including the new savings proposals and other adjustments as detailed in the report;
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2018/19 to 2020/21 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the additional cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;
- (iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to finalise any contribution required to or from reserves in respect of the 2018/19 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2018;
- (iv) Approve the Statutory Budget Determination for 2018/19 as set out at Appendix C to the report, which reflects an increase of 2.99% on the amount of Council Tax levied by the Council, a further 3% increase in relation to the Social Care Precept and the final Council Tax proposed by

the Greater London Assembly (5.1% increase), as detailed in Appendix D to the report;

- (v) Note the update on the Council's transformation programme;
- (vi) Approve the provision of a loan of £2.147m from the General Fund to the Barking and Dagenham Trading Partnership to cover the cost of new vehicles;
- (vii) Approve the Council's draft Capital Programme for 2018/19 to 2021/22 totalling £360.362m, of which £163.672m related to General Fund schemes, as detailed in Appendix E to the report;
- (viii) Approve the updated Strategy for the Flexible Use of Capital Receipts at Appendix H to the report and, in doing so, note that the some of the associated savings targets shall be subject to final business cases and confirmation at future meetings; and
- (ix) Approve the updated Dedicated Schools Budget for 2018/19, including the hourly rate payable to Early Years providers (3 and 4-year olds), as detailed in section 14 of the report.

93. Housing Revenue Account: Estimates and Review of Rents and Other Charges 2018/19 and 30 Year Business Plan

The Cabinet Member for Finance, Growth and Investment presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2017/18, together with a 30-year HRA Business Plan.

The Cabinet Member advised that the main issue affecting the HRA was the Government requirement for social housing landlords to continue to reduce rents by 1% each year. While this had a nominal benefit to tenants it meant a loss of £900,000 revenue to the Council which could have been reinvested in maintaining and improving the Council's housing stock. The Cabinet Member added that the Government's Right To Buy (RTB) policies also meant that there were fewer properties available to those on the Council's waiting list and the average debt per property had increased to almost £17,000 as a result of the reduction in stock.

The HRA Business Plan reflected an increased bad debt provision for 2018/19 of £5.3m which the Cabinet Member suggested was necessary in view of the Government's ongoing programme of austerity and welfare reforms which would further impact on rent collection levels and cause further stress for individuals and families. Other proposals set out in the HRA Business Plan included £750,000 for a full stock condition survey and £15m over the next three years for improved fire prevention measures in flatted accommodation in the light of the Grenfell Tower tragedy.

The five-year Housing Capital Programme to 2022/23 totalled £323.62m, which included investment during 2018/19 of £50.716 in current stock and £22.304m in new homes. The Cabinet Member commented that the Council's shared ownership plans meant that those earning the London Living Wage, who would be unable to secure a full mortgage, would be able to get on to the home ownership

ladder in Barking and Dagenham. Following on from that point, the Leader observed that the Government's lack of investment in affordable housing was having a devastating effect on the ability of those who relied on social housing to live in the London area.

Arising from the discussions, officers were asked to provide the Cabinet Member for Corporate Performance and Delivery with a breakdown of the service charges for hostel accommodation.

The Cabinet **resolved** to:

- (i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be reduced by 1% in line with the national rent reduction arrangements, from the current average of £95.09 per week to £94.14 per week;
- (ii) Agree the following service charges for tenants:

Service	Weekly Charge 2018/19 £	Increase £
Grounds Maintenance	2.93	-
Caretaking	7.65	-
Cleaning	3.68	-
Estate Lighting	2.31	0.44
Concierge (12 hours)	10.06	-
Concierge (24 hours)	20.13	-
CCTV (SAMS)	6.17	-
Safer Neighbourhood Charge	0.50	-
TV aerials	0.68	0.68

- (iii) Agree that charges for heating and hot water increase by inflation (2.6%) in 2018/19 as follows:

Property size	Average Weekly Charge 2018/19 £
Bedsit	12.84
1 Bedroom	13.62
2 Bedroom	16.35
3 Bedroom	16.64
4 Bedroom	17.08

- (iv) Agree that rents for stock used as temporary accommodation continue to be set at 90% of the appropriate Local Housing Allowance (LHA);
- (v) Agree the following rent and services charges for hostel accommodation held in the General Fund, as detailed in paragraphs 2.15 - 2.18 of the report:

	Charge 2018/19
Rent – single room	£45.00 per night

Rent – family room	£50.00 per night
Service Charge – single room	£2.00 per night
Service Charge – family room	£2.50 per night

- (vi) Note that a Supported Housing Framework shall be developed which would categorise the Council's four hostel accommodation units as 'supported accommodation', thereby minimising the impact of the increases on tenants as a consequence of the Welfare Benefit Cap from April 2018;
- (vii) Agree that the above charges take effect from Monday 2 April 2018;
- (viii) Agree the proposed HRA Capital Programme for 2018/19 at Appendix 7 to the report;
- (ix) Approve the HRA Business Plan for 2018/19 at Appendix 8 and the financial assessment at Appendix 9 to the report;
- (x) Note the assumptions underpinning the HRA Business Plan which shall be reviewed annually; and
- (xi) Approve the proposed commissioning intentions for 2018/19 set out in Annex 1 to the HRA Business Plan.

94. Treasury Management Strategy Statement 2018/19

The Cabinet Member for Finance, Growth and Investment presented the draft Treasury Management Strategy Statement (TMSS) for 2018/19 which set out the Council's borrowing, investment and funding plans for the year ahead.

The Cabinet Member referred to the key issues within the TMSS, including interest rate forecasts and the potential effects of Brexit, and its importance in terms of supporting the Council's prudent approach to investments, borrowing and repayments. The report also set out details of the Council's operational boundary and authorised external borrowing limits for 2018/19.

The Cabinet **resolved to recommend the Assembly** to approve the Treasury Management Strategy Statement for 2018/19 and, in doing so, to:

- (i) Note the current treasury position for 2018/19 and prospects for interest rates, as referred to in paragraph 7.2 of the report;
- (ii) Approve the Council's Borrowing Strategy for 2018/19, incorporating the Debt Repayment Strategy and Policy on Borrowing in Advance of Need, at Appendix 2 to the report;
- (iii) Approve the Annual Investment Strategy for 2018/19, incorporating the Creditworthiness Policy and outlining the investments that the Council may use for the prudent management of its investment balances, at Appendix 1 to the report;
- (iv) Approve the Treasury Management and Prudential Indicators for 2018/19 – 2020/21, at Appendix 3 to the report;

- (v) Approve the Minimum Revenue Provision Policy Statement for 2018/19, representing the Council's policy on repayment of debt, at Appendix 4 to the report;
- (vi) Approve the Operational Boundary Limit of £1.002bn and the Authorised Borrowing Limit of £1.102bn for 2018/19, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 3 to the report; and
- (vii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to proportionally amend the counterparty lending limits agreed within the 2018/19 Treasury Management Strategy Statement.

95. Regional Adoption Agency: Adopt London East Business Case

The Cabinet Member for Social Care and Health Integration introduced proposals for the Council to join Havering, Newham, Tower Hamlets and Waltham Forest Councils in forming a regional adoption agency, to be known as 'Adopt London East', in line with the requirements of the Education and Adoption Act 2016.

The Cabinet Member explained that the pooling of resources within a regional adoption agency would significantly increase the pool of potential adopters and was also expected to reduce placement times, bring about efficiencies within the respective Councils and provide a better platform from which to work with the Courts to improve processes. Havering Council had offered to act as the host Borough and it was noted that a further report, accompanied by a Full Business Case, would be presented to the five Councils in the summer seeking formal approval to commence the joint arrangements.

Cabinet Members spoke in support of the project and also the particular difficulties that had been experienced within Barking and Dagenham with regard to placing children into new families.

The Cabinet **resolved** to:

- (i) Agree in principle to the Council's participation in the east London Regional Adoption Agency known as 'Adopt London East';
- (ii) Delegate authority to the Strategic Director of Service Development and Integration to progress the proposals and business case for Adopt London East on behalf of the Council; and
- (iii) Note that a further report shall be submitted later in the year seeking formal approval to the Council's participation in Adopt London East.

96. Corporate Plan 2017/18 - Quarter 3 Performance Reporting

The Cabinet Member for Corporate Performance and Delivery introduced the corporate performance framework report for the third quarter of the 2017/18 financial year.

Over half of the 47 key performance indicators (KPIs) were showing a 'green' rating against the 2017/18 target while five were rated as 'red'. The Cabinet Member suggested that some of the greatest challenges related to those areas where the Council worked in partnership with other organisations such as the Police and the NHS.

The Cabinet Member confirmed that there was still considerable work to do to improve performance across the board and he highlighted some of the key areas of improvement, such as the refuse collection service which had seen a drop in missed collections from 1 in 9 at one stage to now 1 in 200.

Other issues that arose during the discussions included:

- The Council's drive to significantly improve the number of new homes built in the Borough, particularly 'affordable' homes. The Cabinet Member for Economic and Social Development referred to the recent planning approval which would enable development to commence at Fresh Wharf Estate for up to 911 new homes and the ongoing dialogue aimed at progressing the delivery of a further 13,000 new homes, predominately in the Barking Riverside area. The Cabinet Member for Corporate Performance and Delivery made a further point regarding the number of planning approvals that had been granted but not progressed and he suggested that many were solely for the purpose of improving profit levels rather than a genuine intention to develop;
- The recent Challenge session aimed at improving the number of employment opportunities and associated support for people with learning difficulties; and
- The need to closely monitor any changes in Police-based statistics which may stem from the new Borough Command Unit arrangements.

The Cabinet **resolved** to:

- (i) Note progress against the Key Accountabilities as detailed in Appendix 1 to the report; and
- (ii) Note performance against the Key Performance Indicators as detailed in Appendix 2 to the report.

97. Local Implementation Plan 2018/19 Programme Amendments

Further to Minute 51 (17 October 2017), the Cabinet Member for Economic and Social Development advised that Transport for London (TfL) had reversed its decision to cut £236,000 from the Council's 2018/19 Local Implementation Programme (LIP) allocation for Corridors, Neighbourhoods and Supporting Measures' projects and, therefore, the report proposing a new LIP had been withdrawn. It was noted, however, that the Principal Road Renewal allocation had been withdrawn.

The Cabinet Member was critical of the confusion caused by TfL which had resulted in a lot of officer time being wasted and he thanked the Cabinet Member for Environment and Street Scene for her lobbying via London Councils which had

helped to persuade TfL to review its decision.

98. Procurement of Water Services for Corporate and Non-Domestic Council Buildings

The Cabinet Member for Finance, Growth and Investment presented a report on the proposed procurement of a water and waste water retailer in respect of the Council's corporate and non-domestic buildings.

The Cabinet Member referred to the options that had been considered and commented that the deregulation of the water market for business customers would hopefully lead to lower bills as a result of the new competition.

The Cabinet **resolved** to:

- (i) Approve the Council's participation in the mini-competition process, led by the Yorkshire Purchasing Organisation, to identify and select a supplier to meet the Council's retail water requirements with effect from April 2018, in accordance with the Council's Contract Rules and the strategy set out in the report; and
- (ii) Authorise the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to finalise any specific terms of the contract with the preferred bidder, award and enter into the call-off contract under the Framework Agreement, and do all things necessary to facilitate the execution, implementation and operation of the contract and an extension agreement(s).

99. Pay Policy Statement 2018/19

The Cabinet Member for Finance, Growth and Investment presented the draft Pay Policy Statement for the Council for 2018/19 which set out the key elements of the Council's pay policy, as required by the Localism Act 2011.

In line with the Council's commitment to pay its workers no less than the London Living Wage rate, the Cabinet Member referred to the proposed increase to the minimum rate of pay from £9.75 to £10.20 per hour with effect from 6 November 2017.

The Cabinet Member also referred to the pay ratios within the Statement which compared the Chief Executive's salary against the median salary figure for all employees and against the lowest paid employees. It was noted that the Council fared very well in comparison with other Councils, particularly bearing in mind that many of those Councils had outsourced services at the lower end of the pay range.

The Cabinet **resolved** to:

- (i) Agree the implementation of the London Living Wage increase from £9.75 to £10.20 per hour with effect from 6 November 2017; and

- (ii) **Recommend the Assembly** to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2018/19 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2018.

100. Be First Business Plan 2018 - 2023

The Cabinet Member for Finance, Growth and Investment presented the inaugural five-year rolling Business Plan of Be First, the Council-owned company launched on 1 October 2017 with the key objective of driving forward the delivery of the Council's regeneration agenda.

The Cabinet Member highlighted some of the key aspects within the Business Plan which included:

- The outline modelling for the delivery of a minimum of 9,700 new homes in the Borough by 2023, of which over 2,200 would be delivered under the Council's Investment and Acquisition Strategy;
- The business modelling to achieve the £10.3m financial contribution to the Council's Medium Term Financial Strategy (MTFS) from 2020/21 onwards;
- Outline proposals for the establishment of a Development Company (DevCo) to enable Be First to undertake development activity;
- Broader socio-economic benefits such as the creation of new employment and training opportunities; and
- The governance arrangements, which would ensure that transparent monitoring and control arrangements existed between Be First and the Council as 100% shareholder.

The Cabinet Member commented that the £10.3m contribution to the MTFS, coupled with other financial benefits that would stem from the delivery by Be First of the regeneration programme, such as increased Council Tax revenue, would help to protect other vital Council services and mitigate the ongoing funding cuts imposed by the Government.

Observations were made regarding the need for Be First to include all relevant partner organisations in the planning of major regeneration schemes, to ensure that the proper community infrastructure accompanied new housing, and the important role that ward councillors could play in developing plans for an area. In response, the Cabinet Member for Economic and Social Development advised that he intended to set up a working group which would take a holistic view of the response needed to significant increases in an area's population. He also acknowledged the need to involve ward councillors, although he stressed that their involvement should not be seen as an opportunity to veto projects that had already been approved.

Cabinet Members commented on the fresh impetus that Be First would be able to give major regeneration projects such as Barking Riverside and it was noted that plans had been approved by the Mayor of London and TfL for significant improvements to the rail and road network serving the area.

The Cabinet **resolved** to:

- (i) Approve the Be First Business Plan 2018/19 – 2022/23, at Appendix 1 to the report, subject to the appropriate legal construct for the DevCo trading vehicle Be First Developments Ltd being delegated in accordance with recommendation (ii) below;
- (ii) Agree in principle to the formation of a trading vehicle 'Be First Developments Ltd' and to delegate authority to the Director of Law and Governance, in consultation with the Chief Operating Officer and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to agree with Be First the appropriate legal construct and the terms of all the requisite legal documents and agreements (including a shareholder's agreement);
- (iii) Agree that the Council provides a state aid compliant facility of up to £100m of development funding, subject to it being within the agreed parameters of investment activity as outlined in paragraphs 3.18 and 3.19 of the report and subject to ensuring that adequate security is provided for the funding;
- (iv) Delegate authority to the Chief Operating Officer, advised by the Investment Panel, to:
 - a) agree the appropriate source(s) of funding for each individual approved development proposal;
 - b) approve the draw-down of development funding from the £100m facility subject to:
 - (i) a positive recommendation to proceed with each individual development proposal by the Investment Panel; and
 - (ii) that the funding for the facility, any drawn downs and borrowing costs are provided for in the Council's Medium Term Financial Strategy and the Chief Operating Officer is satisfied that the funding is in line with statutory guidance on local authority investments and is state aid compliant.
 - c) agree, in consultation with the Director of Law and Governance:
 - (i) the terms and form of such legal agreements (as are necessary) to give effect to the £100m development facility and to enter into such agreements on behalf of the Council;
 - (ii) the terms and form of legal agreements to give effect to the draw-downs as referred to above, including instruments providing security to the Council, and to enter into such agreements or security documents on behalf of the Council.
- (v) Approve the allocation of an additional £700,000 funding to Be First, to be made available in the form of an extension of the Working Capital Facility agreement, subject to the Chief Operating Officer being satisfied that it is financially prudent to do so;

- (vi) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to approve the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of the Council's capital programme as commissioned subject to:
 - a) compliance with relevant procurement and state aid law;
 - b) being satisfied as to the appropriate terms and financial implications;
 - c) being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.

- (vii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to approve the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of any approved schemes within the Council's Investment and Acquisition programme subject to:
 - a) the endorsement of the Council's Investment Panel;
 - b) compliance with relevant procurement and state aid law;
 - c) being satisfied as to the appropriate terms and financial implications;
 - d) being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.

(Part of this item was considered after a resolution had been passed to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended). During the item, the Cabinet also agreed to extend the proceedings for a reasonable period beyond the 9.00pm threshold, in accordance with the provisions of Part 2, Chapter 3, paragraph 7.1 of the Council Constitution.)

101. Investors in People 'Silver' Accreditation

The Leader was very pleased to announce that the Council had been awarded silver level accreditation against the Investors in People Standard following the recent assessment. The Leader also placed on record his appreciation of the work of the Cabinet Member for Equalities and Cohesion and officers which had helped the Council to improve its accreditation level from the bronze status awarded in 2014.