

MINUTES OF CABINET

Tuesday, 28 June 2016
(7:00 - 8:20 pm)

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

6. Declaration of Members' Interests

There were no declarations of interest.

7. Minutes (24 May 2016)

The minutes of the meeting held on 24 May 2016 were confirmed as correct.

8. Revenue and Capital Final Outturn 2015/16

Further to Minute 3 of the last meeting, the Cabinet Member for Finance, Growth and Investment introduced a report on the final revenue and capital outturn position for the 2015/16 financial year.

The Cabinet Member confirmed that the position remained unchanged from the provisional outturn reported to the last meeting, with the exception of the incorporation of £0.1m of revenue transactions of Barking & Dagenham Reside Limited into the Council's accounts following external advice from the Council's external auditor and a further £0.04m from Barking & Dagenham Reside (Abbey Road).

Arising from the discussions, officers confirmed that the funding for the Creative Industries project within the Capital Programme related to the Ice House Quarter refurbishments, where 7 of the 11 units had now been taken up.

Cabinet **resolved** to:

- (i) Note the final outturn position for 2015/16 of the Council's revenue budget, as detailed in paragraph 2.1 of the report;
- (ii) Agree to transfer the surplus of £0.14m generated by Barking and Dagenham Reside Ltd and Barking and Dagenham Reside (Abbey Road) to an earmarked reserve, as detailed in paragraph 2.3 of the report;
- (iii) Note the final outturn position for the Housing Revenue Account, as detailed in paragraph 2.2 of the report; and
- (iv) Note the final outturn position for 2015/16 of the Council's capital budget and approve the re-profiled budget for 2016/17, as detailed in paragraphs 4.1 and 4.2 and Appendix A of the report.

9. Corporate Delivery Plan - End of Year (2015/16) Performance Summary

The Cabinet Member for Corporate Performance and Delivery introduced the 2015/16 end of year report in respect of the key performance indicators and priority projects agreed as part of the Corporate Delivery Plan as well as progress against the LGA Peer Challenge Implementation Plan.

The Cabinet Member advised that future performance monitoring reports would have a new, more dynamic format that focused on the top 40 key performance indicators and key tasks for each Cabinet Member portfolio.

Cabinet **resolved** to:

- (i) Note the closedown report for the LGA Peer Review Implementation Plan update;
- (ii) Note the final summary of progress on the Corporate Priority Projects; and
- (iii) Note the performance against the key performance indicators during 2015/16.

10. Right to Invest - Tenant Shared Ownership Scheme

Further to Minute 107 (9 March 2016), the Cabinet Member for Finance, Growth and Investment presented a report on the outcome of the public consultation on the Council's plans to introduce a non-statutory Tenant Shared Ownership Scheme.

The Cabinet Member explained that the Tenant Shared Ownership Scheme, known as 'Right to Invest', was aimed at Council tenants who aspired to become homeowners but were unable to secure a mortgage to buy their property outright. The scheme would counter some of the effects of the Government's 'pay to stay' and other proposals under the Housing and Planning Act 2016 by enabling Council tenants who may have had to leave their homes because of the new legislation to now hold a stake in their property and continue to contribute to their local community. It was also noted that the new scheme may also reduce the number of Council properties lost to the Right To Buy.

The Cabinet Member advised that there had been a limited but positive response to the public consultation and he referred to the summary of responses at Appendix 2 to the report. Cabinet Members spoke in support of the innovative scheme and noted that it had also been endorsed by the new Mayor of London.

Cabinet **resolved** to:

- (i) Note the outcome of the public consultation carried out in respect of the Tenant Shared Ownership Scheme as detailed in the report and summarised in Appendix 2 to the report;
- (ii) Adopt the Tenant Shared Ownership Policy as set out in Appendix 1 to the report;

- (iii) Authorise the Strategic Director for Growth and Homes, in consultation with the Cabinet Member for Finance, Growth and Investment, to agree the implementation date of the scheme and related policy; and
- (iv) Authorise the Director of Law and Governance, or an authorised delegate on her behalf, to negotiate and execute all necessary legal agreements and other documentation on behalf of the Council.

11. Heritage Strategy 2016-2020

The Cabinet Member for Community Leadership and Engagement presented the draft Heritage Strategy which set out the vision for the Borough's heritage to be at the heart of the community and to make a recognised positive contribution to improving the lives of the people who live, work and visit the Borough.

The Cabinet Member explained that the Strategy would be a key component in raising civic pride and that it sought to achieve the outcomes identified by both Ambition 2020 and the Growth Commission. The Strategy was set around eight key heritage focus areas and nine priority action themes and included a detailed action plan covering the full four-year period.

Cabinet Members commended the Strategy and the work of the staff within the service, referring to the rich history of the Borough and the many local events that were arranged throughout the year. It was noted that Valence House had been included in The Guardian newspaper's "Best 50 free things to do in east and south London" city guide. The Leader commented that civic pride came from the Borough's past and he felt that the Strategy promoted that excellently. The Cabinet Member for Community Leadership and Engagement concluded by suggesting that the Strategy document would act as a great guide for new residents and visitors to the Borough.

Cabinet **resolved** to approve the Barking and Dagenham Heritage Strategy 2016 - 2020, as set out at Appendix 1 to the report.

12. Ethical Care Charter

The Cabinet Member for Social Care and Health Integration presented a report on the Ethical Care Charter, launched by the UNISON Union, which sought to establish a minimum baseline for the safety, quality and dignity of care by ensuring fair conditions for homecare workers.

The Charter covered aspects such as service user needs, remuneration, contracts, training and continuity of service. The Cabinet Member referred to the Council's positive position on each aspect, with minimum 30 minute appointments, providers paying at least the National Living Wage and the majority paying the London Living Wage and a survey of service users showing that over 92% were satisfied with the home care service that they received over the last three months. Cabinet Members were also pleased to note that the Council was addressing the issue of zero-hour contracts and that robust training and monitoring arrangements were in place.

Cabinet Members placed on record their appreciation of UNISON for initiating and

promoting the Charter and of the work of the Cabinet Member, the Strategic Director and her staff to ensure that Barking and Dagenham's home care services were fit for purpose.

Cabinet **resolved** to agree that the Council signs up to the principles outlined in the UNISON Ethical Care Charter for the commissioning of homecare.

13. Treasury Management Annual Report 2015/16

The Cabinet Member for Finance, Growth and Investment introduced the Treasury Management Annual Report for 2015/16 which set out the key areas of performance during the year.

The Cabinet Member referred to the higher than predicted investment and interest earnings in 2015/16 but explained that the recent 'Brexit' vote was likely to mean that, going forward, interest rates would fall below the Council's predicted level and, therefore, impact negatively on interest earnings. The immediate impact of 'Brexit' had, however, provided an opportunity to secure additional long-term funding at low rates of interest, with £20m having been borrowed from the Public Works Loan Board (PWLB) in the days immediately following the EU Referendum which was on top of £30m borrowed earlier in the month.

In response to questions, the Cabinet Member advised that the funding previously secured via the European Investment Bank was secure although the 'Brexit' vote may impact on the success of any future applications for EIB funding. The Cabinet Member also confirmed that the Council's cash balance would reduce as the major Capital Programme and Ambition 2020 projects were implemented.

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

- (i) Note the Treasury Management Annual Report for 2015/16;
- (ii) Note that the Council complied with all 2015/16 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2015/16;
- (iv) Approve the amendments to the counterparty limits as set out in section 4.4 of the report;
- (v) Note that the Council borrowed £50m from the PWLB in June 2016 to fund capital expenditure; and
- (vi) Maintain the delegated authority to the Strategic Director for Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Investments, to continue to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to take into account the additional cash holdings resulting from borrowing from the European Investment Bank and the PWLB.

14. Contract for Provision of Personal Protective Equipment (PPE) and Corporate Uniform

The Cabinet Member for Finance, Growth and Investment introduced a report on the proposed procurement of a new contract to provide personal protective equipment (PPE) and corporate uniform, to enable the Council to continue to meet its obligations under the Health and Safety at Work Act 1974.

Cabinet **resolved** to:

- (i) Approve the proposals for the procurement of a contract for Personal Protective Equipment (PPE) and Uniform in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director for Customer, Commercial and Service Delivery, in consultation with Cabinet Member for Finance, Growth and Investment, the Strategic Director for Finance and Investment and the Director of Law and Governance, to conduct the procurement and award the contracts for the initial term and, if required, the period of extension to the successful bidder(s).

15. Director of Public Health Annual Report 2015/16 "Focusing on what matters: Opportunities for improving health"

The Cabinet Member for Social Care and Health Integration introduced the Director of Public Health's Annual Report for 2015/16 which focussed on issues of concern and opportunities to improve the health of the local community.

The Cabinet Member advised that the concept of "preventing the preventable" was a key component of the report and the creation of the Accountable Care Organisation, in partnership with Havering and Redbridge Councils, would be the primary tool for transforming the delivery of health and Council care services in the future. The report also reflected on the negative impact that the Government's austerity measures continued to have on the health and social wellbeing of local people and the actions that would help to improve life expectancy rates.

In response to the question, the Director of Public Health commented that he considered the greatest achievement during 2015/16 to be the utilisation of the full Public Health Grant allocation on a range of projects that extended beyond direct health services and which helped to achieve real outcomes for local people, such as tackling domestic violence and helping individuals and families to avoid eviction from their homes.

Cabinet Members commended the report and made a number of observations which included:

- The importance of encouraging individuals, and particularly those from the black and minority ethnic communities, to talk to health and other professionals about their concerns early on;
- The need to raise awareness through education and training of ways for individuals to improve their health and recognise the symptoms of illness;
- The lower life expectancy and healthy life expectancy rates for residents of

Barking and Dagenham, even in comparison with London Boroughs with similar demographics.

Cabinet **resolved** to approve the publication of the Director of Public Health's Annual Report for 2015/16, as attached at Appendix 1 to the report.

16. Establishment of Council-owned Energy Services Company - B&D Energy Ltd

Further to Minute 115 (24 March 2015), the Cabinet Member for Finance, Growth and Investment presented a report on the detailed plans for the creation of a Council-owned Energy Services Company (ESCO), to be known as 'B&D Energy Limited'.

The Cabinet Member referred to the main aspects and advantages of the ESCO, which were to:

- catalyse investment and funding for a wide range of energy-related investment opportunities that may not otherwise be available;
- act as expert project developer and asset manager to optimise the use of existing and new energy assets;
- assume technical, contract and performance risk related to energy projects and energy services;
- supply heat, hot water and, subject to regulatory restrictions, electricity to residential and commercial customers;
- develop community-owned energy enterprises;
- work with a wide range of external partners to develop schemes, drawing on private sector expertise for the benefit of the Council and community; and
- compliment the Council's holistic approach to tackling domestic carbon emissions, fuel poverty and providing affordable warmth.

The Cabinet Member outlined the costs associated with the establishment of the ESCO and the working capital required to support the initial projects under the Barking Town Centre District Heating Scheme, which represented the first of four proposed District Heating Schemes. The Cabinet Member also clarified the position regarding the interest rate assumptions in the financial modelling and that the ESCO's operations would not be supported by Government funding.

Cabinet Members spoke in support of the proposals and the Leader commented that B&D Energy Limited would be the largest scheme of its kind across London, supporting the Council's aim to be recognised as "the Green capital of the Capital".

Cabinet **resolved** to:

- (i) Agree the establishment of an Energy Services Company as a Company Limited by Shares, as group holding company for the purposes of producing and supplying low and zero carbon heat, power, energy efficiency and related services to the Council, schools and the community including residential and commercial consumers;
- (ii) Agree that the company be named 'B&D Energy Limited';

- (iii) Agree the establishment of a Special Purpose Vehicle(s) as required by B&D Energy Limited to develop, own and procure the construction, management and maintenance of heat and energy assets on a project by project basis for the purposes of risk management, financing and operational efficiency;
- (iv) Agree the following strategic aim and objectives of B&D Energy Limited:
 - (a) The strategic aim of B&D Energy Limited is to develop and deliver the Council's strategic energy and carbon reduction objectives;
 - (b) The objectives of B&D Energy Limited are to:
 - deliver affordable heat, low carbon and renewable energy projects
 - reduce fuel poverty
 - create wider social and economic benefits for the community
 - generate income
- (v) Approve the initial B&D Energy Limited Business Plan at Appendix 1 to the report;
- (vi) Agree that a business plan be submitted to Cabinet for approval by the B&D Energy Limited Board on an annual basis thereafter or such other frequency as may be required for the approval of specific projects;
- (vii) Agree that B&D Energy Limited shall be established to provide heat and power to the following initial projects as the first element of the Barking Town Centre District Heating Scheme:
 - Gascoigne East regeneration area
 - Greatfields School Academy
 - Axe Street residential and mixed use development
 - Barking Town Hall and Abbey Leisure Centre
- (viii) Agree that the Council borrow £3.0m to on-lend to B&D Energy to fund the initial projects set out in (vii) above;
- (ix) Agree the provision of cash flow support of £1.7m from the Invest to Save reserve to establish B&D Energy Limited and to provide working capital;
- (x) Agree that B&D Energy shall develop District Energy Schemes for the following projects as set out in the Business Plan:
 - Barking Town Centre District Heating Scheme
 - Dagenham Civic Centre District Energy scheme including the Civic Centre, Becontree Leisure Centre and Ship & Anchor and Becontree regeneration schemes;
 - Heath Ward South West;
 - Village Ward West;
 - Thames Eastern End Thames View

- Chadwell Heath
 - Village ward East
- (xi) Approve the following nominations as company executive directors of B&D Energy Limited and to delegate authority and responsibility to implement the B&D Energy business plan to:
- Strategic Director for Finance and Investment
 - Strategic Director for Growth and Homes
 - Strategic Director for Customer, Commercial and Service Delivery
- (xii) Delegate authority to the Strategic Director for Finance and Investment to approve the selection and appointment of non-executive director(s) to provide sector expertise and support to the executive directors, in order to help deliver the objectives of B&D Energy Limited;
- (xiii) Delegate authority to the Strategic Director for Finance and Investment, in consultation with the Director of Law and Governance and the Cabinet Members for Economic and Social Development and Finance, Growth and Investment, to negotiate terms and agree the corporate, loan and contract documents to fully implement and effect the project(s); and
- (xiv) Delegate authority to the Director of Law and Governance, or an authorised delegate on her behalf, to execute all of the legal agreements, contracts and other documents on behalf of the Council.

(Part of this item was considered after the resolution had been passed to exclude the public and press from the remainder of meeting under the provisions of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as the information related to the financial and business affairs of the Council and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.)