

MINUTES OF CABINET

Monday, 13 February 2017
(7:03 - 8:23 pm)

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

Apologies: Cllr Bill Turner

93. Declaration of Members' Interests

There were no declarations of interest.

94. Minutes (17 January 2017)

The minutes of the meeting held on 17 January 2017 were confirmed as correct.

95. Budget Monitoring 2016/17- April to December (Month 9)

The Cabinet Member for Finance, Growth and Investment introduced a report on the Council's capital and revenue position for the 2016/17 financial year, as at 31 December 2016.

The General Fund showed a projected end of year spend of £154.8m against the approved budget of £150.3m, which represented an improvement of approximately £0.5m on the previous month's position. The main budget pressures continued to be within the Children's Social Care and Homelessness services and the Cabinet Member commented that a new phase of Government welfare system changes would affect even more working families and lead to a likely increase in Homelessness applications.

The Housing Revenue Account (HRA) showed a projected year end underspend which would result in a contribution of £1.92m to the HRA reserve. Expenditure on the wide range of school, housing and other infrastructure projects within the Capital Programme was forecast to be slightly above budget at £199.335m.

The Cabinet **resolved** to:

- (i) Note the projected outturn position for 2016/17 of the Council's General Fund revenue budget at 31 December 2016, as detailed in section 4 and Appendix A to the report;
- (ii) Note the overall position for the Housing Revenue Account at 31 December 2016, as detailed in section 5 of the report;
- (iii) Note the progress made on budgeted savings to date, as detailed in section 6 and Appendix B to the report; and
- (iv) Note the projected outturn position for 2016/17 of the Council's capital

budget as at 31 December, as detailed in section 7 and Appendix C to the report.

96. Budget Framework 2017/18 and Medium Term Financial Strategy 2017/18 - 2020/21

The Cabinet Member for Finance, Growth and Investment introduced the Council's proposed budget framework for 2017/18 which incorporated the following:

- the Medium Term Financial Strategy (MTFS) for 2017/18 to 2020/21;
- the General Fund budget for 2017/18;
- the level of Council Tax for 2017/18;
- funding reductions to 2020/21
- the financial outlook for 2018/19 onwards;
- the Capital Programme for 2017/18 to 2020/21; and
- a strategy for the Flexible Use of Capital Receipts.

The Cabinet Member explained that the budget proposals for next year and beyond moved away from the traditional 'salami-slicing' of service budgets and were a reflection of the Council's new investment-led approach. Due to historical deprivation factors, Barking and Dagenham was more reliant on Government grant than any other London Borough, with 84% of the Council's funding coming directly from the Government. However, the Government's programme of austerity measures would mean that, by the end of the decade, Barking and Dagenham's budget would have been halved since 2010. The Cabinet Member commented that it was therefore essential for the Council to reduce its reliance on Government funding and generate new income opportunities through innovation and regeneration. One example was the creation of Be First, which would act as the conduit between the Council and developers for all aspects of the Council's regeneration agenda. On that issue, the Cabinet Member clarified that the sum of £3.54m had been set aside to fund the start-up costs of the new company.

The General Fund net budget for 2017/18 would be £144.686m, compared to the net budget for 2016/17 of £150.314m. A 1.99% increase was proposed to the Local Authority Precept element of Council Tax and a further 3% Adult Social Care Precept increase. The Cabinet Member confirmed that the revenue received from the 3% increase would be ring-fenced for adult social care services, although he commented that the responsibility for protecting the most vulnerable should rest firmly with the Government and not passed on to local taxpayers through the Council Tax. The Cabinet Member also acknowledged that, in hindsight, the Council should not have frozen Council Tax for seven consecutive years up to 2014/15, as a 2% year-on-year increase over that period would have strengthened the Council's base budget position by circa £15m.

The Cabinet Member highlighted some of the other key elements of the budget proposals which included plans to invest £750m over the coming years to provide new, affordable housing in the Borough, the creation of a £250m Investment Budget and £100m Land Acquisition Budget to support the Council's investment and regeneration plans, together with a further £1/3 billion investment in the Borough's schools, parks and street cleaning and enforcement services. It was also noted that a report would be presented to the next meeting of the Cabinet on new plans to improve local neighbourhoods in the Borough.

Cabinet Members spoke in support of the proposals and particular reference was made to:

- The Council's vision for the future being underpinned by a sustainable budget and clear priorities, informed by the Borough Manifesto;
- On-going efforts to secure additional funding from the Department for Education and the Education Funding Agency towards improvements to the existing school stock, which included an invitation to Mike Green, Director of Capital at the EFA, to visit the Borough next month;
- The Government's tactic of hiding its own deficiencies by, in effect, forcing local authorities to apply the 3% Adult Social Care Precept to Council Tax in order to just maintain existing services to the most vulnerable in society;
- The launch of the sign-up scheme for the new paid-for green garden waste collection service; and
- The Lesbian Gay Bisexual Trans (LGBT) History Month celebrations that were taking place during February 2017.

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

- (i) Approve a base revenue budget for 2017/18 of £144.686m, as detailed in Appendix A to the report;
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2017/18 to 2020/21 allowing for other known pressures and risks at the 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 2017/18 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2017;
- (iv) Approve the Statutory Budget Determination for 2017/18 as set out at Appendix C to the report, which reflects an increase of 1.99% 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 (1.5% increase), as detailed in Appendix D to the report;
- (v) Approve the Council's draft Capital Programme for 2017/18 to 2020/21 totalling £373.877m, as detailed in Appendix E to the report;
- (vi) Approve the Strategy for the Flexible Use of Capital Receipts at Appendix H to the report and, in doing so, note that the projected savings targets are subject to final business cases and confirmation at future meetings; and

- (vii) Approve the indicative 2017/18 allocation to Early Years providers (3-4 year olds) of £15.441m and the centrally retained funding, which shall be limited to £1.081 million in 2017/18 and reduce further to an estimated £0.772 million in 2018/19.

97. Treasury Management Strategy Statement 2017/18

The Cabinet Member for Finance, Growth and Investment presented the draft Treasury Management Strategy Statement (TMSS) for 2017/18 which set out the Council's borrowing, investment and funding plans for the year ahead.

The TMSS included a proposal to provide a loan of up to £3.5m to Be First, the Council-owned company that would be responsible for all aspects of the Council's regeneration agenda including the delivery of circa 2,000 new homes each year for the next 20 years. The Cabinet Member commented that as well as the regeneration benefits that such a level of development would bring to the Borough, the Council would also benefit from increased New Homes Bonus and additional Council Tax revenue.

The Cabinet Member also referred to the economic issues that had, and continued to, influence borrowing decisions and interest earnings and he placed on record his appreciation of the work of the Council's Treasury Management team during the year.

The Cabinet **resolved to recommend the Assembly** to adopt the Treasury Management Strategy Statement for 2017/18 and, in doing so, to:

- (i) Note the current treasury position for 2017/18 and prospects for interest rates, as referred to in section 6 of the report;
- (ii) Approve the Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2017/18 as referred to in section 9 of the report;
- (iii) Approve the Annual Investment Strategy and Creditworthiness Policy for 2017/18 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;
- (iv) Approve the Authorised Borrowing Limit of £902m for 2017/18, 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;
- (v) Approve the Treasury Management Indicators and Prudential Indicators for 2017/18, as set out in Appendix 3 to the report;
- (vi) Approve the Minimum Revenue Provision Policy Statement for 2017/18, representing the Council's policy on repayment of debt, as set out at Appendix 4 to the report;
- (vii) Maintain the delegated 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 Treasury Management Strategy Statement to take account of any increase in cash from borrowing and any subsequent decrease in cash balances as payments are made to the Special Purpose Vehicle;

- (viii) Agree to review the delegated responsibility as part of the 2017/18 Treasury Management Outturn Report;
- (ix) Approve a loan of up to £3.5m to Be First, which is the new Council-owned company to manage the delivery of the Borough regeneration agenda;
- (x) Approve a loan of up to £150,000 for Traded Services;
- (xi) Agree to delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to agree contractual terms, including the rate, duration and security as part of the loan agreements with Be First and Traded Services; and
- (xii) Note that further reports would be presented to the Cabinet in the event that the required working capital loans for Be First and Traded Services exceed the limits set out above.

98. Housing Revenue Account: Estimates and Review of Rents and Other Charges 2017/18 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's requirement under the Welfare Reform and Work Act 2016 for social housing landlords to reduce rents by 1% each year over four years. Although the reduction would be positively received by the vast majority of tenants, it represented a significant income loss to the Council of £33.6m over the four-year period in comparison to the projected income under the previous rent policy, and would impact on the Council's plans for maintaining and improving its housing stock. The Cabinet Member added that the Government's Right To Buy policies also had a negative impact on the HRA, particularly as receipts were only part-retained by the Council with the remainder being used by the Government to subsidise the private sector housing market.

Tenant service charges were to be frozen for 2017/18 and the Cabinet Member confirmed that plans to achieve a full-cost recovery position for grounds maintenance, caretaking and estate cleaning services would be included in the proposals for 2018/19. The Cabinet Member also advised on an increase to hostel accommodation daily rents for 2017/18 to meet the higher costs associated with running the premises and the application of the target rent formula for void properties.

The five-year Housing Capital Programme to 2021/22 totalled £318.44m, which included circa £173m for investment in current stock, £33m for estate renewal,

£110m for new build properties and £1.75m on a new IT system. It was also noted that the 30-year HRA Business Plan would be reviewed and updated each year.

Cabinet Members spoke in support of the proposals and commended the capital investment in current properties and estates. Arising from the discussions, the Cabinet Member for Finance, Growth and Investment confirmed that a new stock condition survey would be undertaken during 2017/18. Officers also responded to enquiries relating to the interest charges of £10.059m within the HRA and the use of General Fund monies to support the estate renewal programme.

The Cabinet **resolved** to:

- (i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be reduced in line with the national rent reduction programme, from the average of £98.02 per week to £96.35 per week;
- (ii) Agree that all new lettings, once a property becomes empty, be set at the target rent (minus 1% for each of the years that rents have been reduced by legislation) or the rent paid by the previous tenant, whichever is the higher;
- (iii) Agree that service charges for tenants are frozen at 2016/17 levels;
- (iv) Agree that charges for heating and hot water are frozen at 2016/17 levels;
- (v) Agree that rents for stock used as temporary accommodation be set at 90% of the appropriate Local Housing Allowance (LHA);
- (vi) Agree that service charges for hostels held in the General Fund are increased as set out in paragraph 2.7 of the report;
- (vii) Agree that the above changes take effect on Monday 3 April 2017;
- (viii) Approve the proposed HRA Capital Programme for 2017/18 as set out at Appendix 7 to the report;
- (ix) Approve the HRA Business Plan as set out 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 2017/18 as set out in Annex 1 to the HRA Business Plan.

99. Heritage Lottery Fund Bid for the Abbey Green and Barking Town Centre Conservation Area Townscape Heritage Project

The Cabinet Member for Economic and Social Development presented a report on a proposed second-round funding application to the Heritage Lottery Fund's (HLF) Townscape Heritage initiative to support a range of projects within the Abbey and Barking Town Centre Conservation Area, including locally listed properties across

the East Street and Station Parade area.

The Cabinet Member referred to some of the improvements that had already been made to the Town Centre landscape and the key projects that would be supported by the funding bid. The projects included heritage-led shopfront and building improvements as well as landscape enhancements at Abbey Green and St. Margaret's Church. The Council's bid would also support the establishment of two new officer posts to project manage the delivery phase of the scheme and to deliver an education and activity programme. It was further noted that representatives of St. Margaret's Church were preparing their own bid for funding to support restoration and improvement works to the scheduled ancient monument at Abbey Green.

Cabinet Members expressed their support for the application and commented on the possible role that the Technical Skills Academy and local schools could have in supporting the project.

The Cabinet **resolved** to:

- (i) Support a second-round funding application to the Heritage Lottery Fund's Townscape Heritage programme in the sum of £1.151m for a heritage building improvement scheme and educational project in the Abbey and Barking Town Centre Conservation Area on the terms set out in the report; and
- (ii) Agree that the Council contributes up to £407,500 of match funding towards the total project cost of £1.712m.

100. 2017/18 Local Implementation Plan Funding Submission

The Cabinet Member for Economic and Social Development introduced a report on the proposed funding application to Transport for London (TfL) to support plans for a range of transport and cycling network enhancement schemes as well as various road safety projects in the Borough during 2017/18.

The Cabinet Member referred to the key projects within the £2.126m funding bid for 2017/18 and advised that in addition to the number of road safety improvements outside of primary schools, surveys would be carried out at all primary school locations in the Borough to ensure that adequate safety arrangements were in place in view of the phasing out of the school crossing patrol service.

The Cabinet **resolved to recommend the Assembly** to approve the 2017/18 Local Implementation Plan funding submission to Transport for London, as set out at Appendix 1 to the report.

101. Pay Policy Statement 2017/18

The Cabinet Member for Finance, Growth and Investment presented the draft Pay Policy Statement for the Council for 2017/18 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 £9.40 to £9.75 per hour, with effect from 31 October 2016. The Cabinet Member also confirmed that the Chief Executive had achieved his objective to reduce the cost of the 'top 5%' within the organisation by £1m from the baseline position as at May 2015, with permanent establishment costs set to be £1.036m lower on 1 April 2017.

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

- (i) Agree the implementation of the London Living Wage increase from £9.40 to £9.75 per hour with effect from 31 October 2016; and
- (ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2017/18 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2017.

102. Former Sacred Heart Convent - Conversion and Redevelopment Proposals

Further to Minute 127 (19 April 2016), the Cabinet Member for Finance, Growth and Investment introduced a report on proposals for the future use of the site and the associated funding issues.

The proposals for the site included:

- The conversion of the upper two floors and part of the ground floor of the existing building to provide 17 units of temporary accommodation provision with associated resident facilities, reception, administration, and management areas;
- The occupation of the remaining ground floor areas by a creative industries or arts company to ensure that the unique existing features of the building including the staircase, panelled rooms and chapel were retained and preserved; and
- The development of the garden areas adjacent to the main building for a new build residential scheme comprising between 53 – 63 self-contained units (dependant on planning and detailed design) for families and couples in need of temporary accommodation.

Cabinet Members also noted the capital and revenue implications associated with providing either 62, 70 or 80 units of accommodation on the site and the proposed arrangements for procuring the necessary works.

The Cabinet **resolved** to:

- (i) Agree the scope of renovations to the upper two floors of the former Sacred Heart Convent to provide 17 units of temporary accommodation with associated amenity and reception areas utilising part of the ground floor;
- (ii) Agree the proposal to redevelop the surrounding garden and car park area

to provide between 53 - 63 units (subject to planning and further detailed design) as specifically designed temporary accommodation in a courtyard arrangement, as contained in the outline design document in Appendix 2 to the report;

- (iii) Agree to seek a commercial occupier for the remainder of the ground floor space at the maximum rent achievable and at no net ongoing revenue cost, in accordance with the Borough's focus on creating opportunities to encourage Creative and Arts industries to move to the Borough;
- (iv) Agree that the cost of the works be met from the General Fund, at between £7.3 and £8.4m depending on the confirmed unit numbers;
- (v) Delegate authority to the Strategic Director of Growth and Homes, in consultation with the Cabinet Member for Finance, Growth and Investment, to sign off the final Procurement Strategy for the appointment of a main contractor and associated consultants for the project following its endorsement by the Procurement Board, in accordance with the Council's Contract Rules, the European Tendering Regime and Public Contract Regulations; and
- (vi) Delegate authority to the Strategic Director for Growth and Homes, in consultation with the Chief Operating Officer and the Director of Law and Governance, to procure the projects and award the respective project contracts.