

MINUTES OF CABINET

Tuesday, 13 November 2018
(7:05 - 8:48 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Margaret Mullane, Cllr Lynda Rice and Cllr Maureen Worby

46. Declaration of Members' Interests

There were no declarations of interest.

47. Minutes (16 October 2018)

The minutes of the meeting held on 16 October 2018 were confirmed as correct.

48. Budget Monitoring 2018/19 - April to September (Month 6)

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's revenue and capital budget monitoring position for the 2018/19 financial year as at 30 September 2018 (Month 6).

The underlying position was similar to that at the end of August (Month 5), although the development of an action plan within the People and Resilience directorate was forecast to achieve a £2.5m reduction in the overspending within the service. Therefore, the overall net overspend position for the Council was now predicted to be £3.8m at the year-end. The Cabinet Member for Social Care and Health Integration commented on the Government's continued under-funding of social care services for children and families which had led to the current pressures being experienced within the service. On that subject, it was pointed out that Barking and Dagenham had a 15% real-term reduction in its funding for 2018/19 which was double the London average, yet the level of overspend was only half of the London average.

The Cabinet Member for Finance, Performance and Core Services also referred to the allocation of Improved Better Care Fund grant and other virements relating to Adult Social Care budgets, as well as an additional funding request of £40,000 to complete the BMX track project and bringing forward £305,000 of future years' allocation to finance the replacement of two Waste Services vehicles.

The Cabinet **resolved** to:

- (i) Note the current forecast outturn position for 2018/19 of the Council's General Fund revenue budget as detailed in section 2 and Appendix A to the report;
- (ii) Approve the proposed budget virement totalling £4.062m in respect of Adult Social Care budgets, as detailed in Appendix B to the report; and

- (iii) Approve the two proposed revisions to the 2018/19 Capital Programme, as detailed in section 5 of the report.

49. Budget Strategy 2019/20 to 2020/21

Further to Minute 17 (17 July 2018), the Cabinet Member for Finance, Performance and Core Services presented a report on the Budget Strategy for 2019/20 to 2020/21 and an update on the Council's Medium Term Financial Strategy (MTFS).

The Cabinet Member explained that the Council had achieved over £122m of savings since the Government embarked on its austerity programme in 2010 and the Council's current MTFS, which covered the four-year period 2017/18 to 2020/21, had identified further savings of circa £58m. As a consequence of the Council's financial planning, no new savings proposals were necessary for 2019/20 and the predicted budget gap of £570,000 could be met by a drawdown from the 2018/19 Council Tax Collection Fund surplus. The Cabinet Member also referred to the Council's ambitious Transformation Programme and the need to allow the new arrangements to bed-in before assessing how future years' savings could be achieved. With that in mind, it was noted that the development of a new MTFS for the period up to 2023/24 would commence in the New Year.

With regard to the plans for the 2019/20 budget, the Cabinet Member confirmed that a 1.99% Council Tax increase would be proposed. The public consultation on the Council's plans would also include the option of an additional 1% levy specifically for services for children and young adults with disabilities, to help mitigate the pressures on those services as a result of Government underfunding.

The Cabinet **resolved** to:

- (i) Note that no new savings proposals are being brought forward for 2019/20 and the Council remains committed to delivering the savings proposed in the Medium Term Financial Strategy reports approved by the Assembly in February 2017 and 2018;
- (ii) Support the drawdown of £0.570m from Collection Fund surpluses in order for the Council to set a balanced budget for 2019/20, which shall be reflected in the Council's statutory budget setting report in February 2018;
- (iii) Agree the proposed consultation process for the 2019/20 budget proposals, as set out in section 6 of the report;
- (iv) Agree to consult on the levying of a local 1% "Social Care Precept" to support the Borough's most vulnerable residents; and
- (v) Note the proposals for the development of a new MTFS for the period 2020/21 to 2023/24.

50. Draft Education and Participation Strategy 2018-22 and Schools' Annual Performance Review 2017-18

The Cabinet Member for Educational Attainment and School Improvement

introduced a report on the draft Education and Participation Strategy 2018-2022 and the performance of schools during the 2017/18 academic year.

The Cabinet Member conveyed her appreciation to all those involved in the development of the draft Strategy and referred to the five priorities that had been adopted, which were:

- 1) Ensuring that all children and young people have a place in a school, college or early years setting that is judged 'Good' or 'Outstanding' by Ofsted;
- 2) Exceeding national and then London standards where we have not already achieved this;
- 3) Improving opportunities for all young people post-16 and reducing the numbers of young people not in education, employment or training in the borough;
- 4) Supporting the wellbeing and resilience of children and young people and the educational settings which nurture them; and
- 5) Maximising the Council's levers and influences so that the Council can play an even stronger role in raising aspirations and increasing opportunities for the children and young people that live and learn here.

The Cabinet Member made reference to the Government's failure to properly fund education provision in Barking and Dagenham and highlighted the pressures in the High Needs block, which funded additional support and specialist provision for children and young people with additional and often complex needs. On that issue it was noted that a rally, led by Headteachers from across the country, was to take place on the evening of Tuesday 20 November 2018 to demand that the Government provided more money for schools and the Cabinet Member encouraged colleagues to support the rally.

The Cabinet Member referred to a number of the key achievements during the 2017/18 academic year and stressed the importance of maintaining the family of schools in order to continue to deliver improvements to the education of children and young people in the Borough. In that regard, the Cabinet Member advised that it was understood that the Diocese of Brentwood was considering transferring the Catholic Schools in the Borough into an Academy Trust. Members spoke against the proposal and it was noted that the Leader had written to the Diocese to convey the Council's objections and was currently awaiting a response.

Cabinet Members commended the achievements of pupils and School staff during the year and particular reference was made to the increase in the number of the Borough's pupils who were going on to Higher Education, with approximately 30% of students at the Coventry University campus (CU London) coming from the local area. Reference was also made to the contribution from CU London towards the Colin Pond Trust bursary programme and its work with the Council to ensure that the curriculum on offer to students was reflective of the new opportunities that the Council's regeneration programme could offer in the future, such as the film studios development at Dagenham East.

The Cabinet **resolved** to:

- (i) Approve the draft Education and Participation Strategy 2018-22, including the five priority areas, as set out at Appendix 1 to the report;

- (ii) Authorise the Commissioning Director for Education, in consultation with the Cabinet Member for Educational Attainment and School Improvement, to make any non-material amendments to the Strategy prior to its publication;
- (iii) Renew the Council's commitment to continuing to strengthen and develop the partnerships with Barking and Dagenham's family of schools, the Barking and Dagenham School Improvement Partnership, Barking and Dagenham College, CU London and other key partners to achieve the best possible outcomes and opportunities for the Borough's children and young people;
- (iv) Note performance against the two overarching objectives of the Education Strategy 2014-17, as set out in section 2 of the report; and
- (v) Note the performance of schools in national tests and examinations, as set out in Appendix 2 to the report.

51. North East London Commissioning Partnership - Residential Placements for Looked After Children

The Cabinet Member for Social Care and Health Integration introduced a report on the proposal to participate in the North East London Commissioning Partnership (NELCP) procurement for the provision of residential placements for Looked After Children (LAC).

The Cabinet Member advised that the joint procurement, to be led by Havering Council as lead Borough, would seek to secure up to 35 residential LAC placements within the geographical footprint of Northeast London. The main aims of the joint procurement were to achieve better outcomes for young people by enabling them to stay closer to their local area, as well as providing the local authorities with improved value for money. In response to a question, the Cabinet Member confirmed that the expected 20% reduction in the average weekly cost of a placement was a realistic target based on experiences elsewhere and could equate to a cumulative saving of over £1.3m in a full year.

Cabinet Members spoke in support of the proposals and were particularly pleased that young people in care had been engaged in the procurement development process and would continue to be involved through the assessment of contractors' performance.

The Cabinet **resolved** to:

- (i) Agree that the Council participates in the North East London Commissioning Partnership for the joint procurement, led by the London Borough of Havering, for the block provision of up to 35 residential placements for Looked After Children across the region, in accordance with the Council's Contract Rules and the strategy detailed in the report; and
- (ii) Delegate authority to the Director of People and Resilience, in consultation with the Cabinet Member for Social Care and Health Integration, the Chief Operating Officer and the Director of Law and Governance, to award and enter into the agreement and all other ancillary agreements upon

conclusion of the procurement process.

52. Income Generation through Advertising Strategy

The Cabinet Member for Finance, Performance and Core Services introduced a report on proposals to increase revenue through a range of new advertising initiatives.

The Cabinet Member advised that the Council's existing, longstanding advertising arrangements were not sustainable going forward and, therefore, a specialist company, Out of Home Media (OOHM), had been engaged to scope the opportunities to increase income through outdoor advertising. The OOHM report identified opportunities to generate potential income of over £500,000 over a two-year period through a number of different projects, while at the same time fostering and promoting civic pride across the Borough.

The Cabinet **resolved** to:

- (i) Agree to the appointment of Out of Home Media Consultancy to deliver the strategic approach to advertising and achieve the recurring income generation targets of between £115,000 and £270,000 per annum;
- (ii) Agree the approach to reduce the number of small format advertising sites and focus on maximising income from large scale advertising development in the most commercially attractive locations in the Borough;
- (iii) Agree to move to a digital advertising infrastructure where commercially viable, while at the same time maximising income from some carefully selected existing advertising stock;
- (iv) Delegate authority to the Director of Policy and Participation to approve the final procurement strategies for each project following consideration and endorsement by the Procurement Board in accordance with the Council's Contract Rules;
- (v) Delegate authority to the Director of Policy and Participation, in consultation with the Cabinet Member for Finance, Performance and Core Services, the Chief Operating Officer and the Director of Law and Governance, to conduct the various procurements in accordance with the strategy set out in the report and enter into the contracts and all other necessary or ancillary agreements with the successful bidder(s); and
- (vi) Agree to the design and implementation of an outdoor advertising policy to cover the enforcement of illegal fly-posting and street banner advertising.

53. Contracts for Provision of Bespoke Packages for Children's Care Services

The Cabinet Member for Social Care and Health Integration introduced a report on proposals to procure qualified, experienced private and voluntary providers to work with the Council's Access to Resource Team to deliver bespoke early intervention support in relation to children's care services.

The Cabinet Member referred to the success of the Access to Resource Team and the significant financial benefits stemming from the intervention work that they are associated with, which was estimated at over £2m in 2016/17. With regard to the new framework arrangements, the Cabinet Member advised that the contract would be for a four-year term commencing 1 April 2019 and, in the meantime, interim contractual arrangements with two providers had been put in place.

The Cabinet **resolved** to:

- (i) Agree the procurement of a four-year framework contract for the provision of Bespoke Packages of Care Services for Children in Need, Children in Care and Children subject to a Child Protection Plan, in accordance with the Council's Contract Rules and the strategy set out in the report; and
- (ii) Delegate authority to the Director of People and Resilience, in consultation with the Cabinet Member for Social Care and Health Integration, the Chief Operating Officer and the Director of Law and Governance, to award and enter into the framework agreements and all other necessary or ancillary agreements with the successful bidders.

54. Fees and Charges 2019

The Cabinet Member for Finance, Performance and Core Services introduced a report on the proposed fees and charges for Council services, the majority of which came into effect from 1 January 2019.

The fees and charges had been assessed against the principles of the Council's Charging Policy framework and the vast majority would either remain unchanged or be subject to an increase of 3.2% in line with the Retail Price Index (at July 2018). With regard to charges in respect of leisure centres and other services that were no longer directly provided by the Council, the Cabinet Member confirmed that service providers were typically restricted to inflation-only increases unless the Council approved otherwise.

The Cabinet **resolved** to:

- (i) Agree the proposed fees and charges as set out in Appendix A to the report, to be effective from 1 January 2019 unless otherwise stated;
- (ii) Note the fees and charges no longer applicable from 1 January 2019, as set out in Appendix B to the report; and
- (iii) Delegate authority to the Director of People and Resilience, in consultation with the Chief Operating Officer and the relevant Cabinet Members, to set fees and charges to be applied from September for schools and academic year based activities.

55. Treasury Management 2018/19 Mid-Year Review

Further to Minute 94 (19 February 2018), the Cabinet Member for Finance, Performance and Core Services presented the mid-year progress report in respect of the Council's treasury management activities.

The report included details of the Council's cash, interest budget and debt positions as at 30 September 2018, as well as a summary of the performance of the investment portfolio. The Cabinet Member explained that the Council's plans for growth and improved outcomes for local people were reliant on the success of the Council's Investment and Acquisition Strategy, which was underpinned by the Council's treasury management activities.

The Cabinet Member also advised on the approach to risk management and debt repayments. With regard to the Council's redevelopment projects that had been funded from borrowing, Cabinet Members were pleased to note that the completed schemes at Abbey Road and Gascoigne Phase 1 (Weavers) were now generating sufficient income to cover all associated borrowing and maintenance / running costs, as well as providing a surplus income stream for the Council.

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

- (i) Approve the revised 2018/19 Minimum Revenue Provision at Appendix 1 to the report;
- (ii) Note the Treasury Management Strategy Statement Mid-Year Review 2018/19;
- (iii) Note that in the first half of the 2018/19 financial year the Council complied with all 2018/19 treasury management indicators;
- (iv) Note that the value of investments, as at 30 September 2018, totalled £300.2m;
- (v) Note that the value of long-term borrowing, as at 30 September 2018, totalled £612.0m, which comprised market, Public Works Loan Board, Local Authority and European Investment Bank loans;
- (vi) Note that the value of short-term borrowing, as at 30 September 2018, totalled £144.7m; and
- (vii) Note the increased resources made available through the finance restructure to monitor the Council's Investment and Acquisition Strategy's funding requirement and cashflow monitoring requirements.

56. Development of former Abbey Sports Centre Site, Axe Street, Barking

Further to Minute 65 (18 November 2014), the Cabinet Member for Regeneration and Social Housing presented an update report on the redevelopment of the former Abbey Sports Centre site.

The Cabinet Member confirmed that the proposed redevelopment would continue to offer a mix of residential properties and commercial space, as well as a community-focussed cinema and accommodation for Care City, the joint venture between the Council and North East London NHS Foundation Trust. There were, however, two main changes to the original plans. Firstly, the development would now comprise a total of 170 residential units of which circa 35% would be

affordable (at a blended 70% of market rent); the original scheme was based on a total of 147 units for private sale. The second related to the funding of the project, as it was now proposed that the Council would provide the development finance to Sherhill (Barking) Limited on commercial terms.

Cabinet Members welcomed the revised proposals and commented on the success of the Care City project, which had already established itself as a national test-bed centre for some of the latest innovations in the health and social care fields. Reference was also made to some recent criticism of the Council's regeneration plans for the Town Centre area, particularly in relation to the height of some developments. The Cabinet Member for Regeneration and Social Housing and the Leader of the Council both responded to the criticisms, pointing out the Council had received support for its regeneration projects from heritage and other recognised bodies and was committed to protecting open spaces and designated green belt land for the benefit of the whole community.

The Cabinet **resolved** to:

- (i) Approve the proposed changes to the scheme design and for the Council to provide short-term development finance to Sherhill (Barking) Limited up to the sum of £28m on the terms set out in Appendix 2 to the report, to be funded via borrowing through the General Fund from the Public Works Loan Board;
- (ii) Delegate authority to the Chief Operating Officer, in consultation with Director of Law and Governance and the Cabinet Member for Regeneration and Social Housing, to scrutinise the due diligence reports, negotiate final terms and agree the contract/loan documents to fully implement and effect the proposals set out in the report; and
- (iii) Authorise the Director of Law and Governance, or an authorised delegate on her behalf, in consultation with the Chief Operating Officer, to execute all the legal agreements, contracts, loan, security and other documents on behalf of the Council.

57. London-east UK Ltd - Proposed Asset Purchase

The Cabinet Member for Finance, Performance and Core Services introduced a report on the opportunity for the Council to progress its plans for a major, mixed-use development at the former Sanofi site at Dagenham East, through the acquisition of further land at the site.

By Minute 13 (19 June 2018), the Cabinet had agreed terms for the freehold purchase of the two sites owned by Londoneast-uk Limited (LEUK) at the former Sanofi site. During the course of the discussions to finalise those arrangements, it was suggested that the Council may wish to acquire 100% of the share capital in LEUK and, in effect, take over the business and its assets, which included the freehold of approximately 15.5 acres of land at the site.

The Cabinet Member advised that initial, positive discussions had taken place with the Managing Director and Chairman of the Barking & Dagenham Trading Partnership (BDTP) regarding the potential for BDTP to acquire the LEUK

business as a going concern. That acquisition could be funded by way of a commercial loan from the Council to BDTP, although it was noted that should that option not proceed it could still be in the Council's interests to acquire the entire LEUK land interests itself.

The Cabinet Member referred to the initial financial and due diligence work that had been undertaken, which was summarised in the exempt section of the agenda, and confirmed that a full independent valuation of the LEUK land interests and further professional advice was currently being sought. In order to progress the matter, it was also proposed that authority to determine the preferred route and finalise all the arrangements be delegated to officers in consultation with relevant Cabinet Members.

The Cabinet **resolved** to:

- (i) Agree that the Council should seek to acquire LEUK's land and business interests at the former Sanofi site, in accordance with the strategy set out in the report and subject to all appropriate due diligence, viability / value for money assessments;
- (ii) Delegate authority to the Chief Operating Officer, following consideration by the Investment Panel and in consultation with the Director of Law and Governance, the Cabinet Member for Finance, Performance and Core Services and the Cabinet Member for Regeneration and Social Housing, to determine the preferred method of purchase and final terms including, if appropriate, a working capital loan to Barking and Dagenham Trading Partnership subject to:
 - a) a detailed business case;
 - b) appropriate due diligence and assessments, including viability / value for money / financial / tax related implications;
 - c) compliance with state aid law and principles in advancing a loan or other assistance on commercial market facing terms;
 - d) legal due diligence and advice from external advisers on the corporate acquisition;
- (iii) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance, the Cabinet Member for Finance, Performance and Core Services and the Cabinet Member for Regeneration and Social Housing, to enter into all necessary agreements to give effect to the proposals, subject to a recommendation from Investment Panel to approve the financial soundness and viability of the purchase.

58. Any Other Business: Early Intervention Youth Fund

The Cabinet Member for Enforcement and Community Safety was pleased to announce that the Council, in partnership with the London Borough of Redbridge, had been awarded two-year funding of £319,000 from the Home Office Early Intervention Youth Fund. The funding would support the Councils' long-term approach to tackling serious violence through a range of measures aimed at steering primary and secondary school children at risk of exploitation or becoming involved in or coerced into crime away from that lifestyle.

