

MINUTES OF CABINET

Tuesday, 14 December 2021
(7:00 - 8:08 pm)

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

Apologies: Cllr Saima Ashraf and Cllr Elizabeth Kangethe

59. Declaration of Members' Interests

There were no declarations of interest.

60. Minutes (16 November 2021)

The minutes of the meeting held on 16 November 2021 were confirmed as correct.

61. Revenue Budget Monitoring 2021/22 (Period 7, October 2021) and Quarter 2 Capital Programme Update

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's revenue budget monitoring position for the 2021/22 financial year as at 31 October 2021 (period 7) and the capital budget position for quarter 2.

The Council's General Fund revenue budget for 2021/22 was £173.614m and the forecast outturn position at the end of October projected a net overspend of £9.299m, which represented an improvement of £0.85m compared to the previous month. It was noted that the specific Budget Support reserve of £11.433m would cover that overspend without requiring a drawdown from the main £17m General Fund reserve. The Cabinet Member stressed, however, the importance of continuing to reduce areas of overspend and identify mitigating measures and new opportunities that would improve the overall position, particularly in view of the difficulties that would be faced in future years.

The adjusted Capital Programme for 2021/22 was £432.043m, consisting of £82.46m for the General Fund, £306.37m under the Investment and Acquisition Strategy and £43.22m for the Housing Revenue Account (HRA). The Cabinet Member advised that expenditure at the end of the second quarter was £129.46m and the end of year forecast position was £366.54m, representing forecast slippage of £65.5m which, in the main, would be reprofiled into future years. The report also set out a number of proposed adjustments to the Capital Programme to reflect the current status of several projects across service areas.

The Cabinet Member referred to the range of issues that were impacting on the Council's finances and the failure of the Government to properly recognise those pressures. Cabinet Members considered the challenges being faced at the moment and measures that the local community could do to help reduce costs, such as minimising waste over the Christmas holiday period.

Cabinet **resolved** to:

- (i) Note the projected revenue outturn forecast for the 2021/22 financial year as set out in sections 2 and 3 and Appendix A of the report;
- (ii) Note the update on savings and commercial income, as set out in section 4 of the report;
- (iii) Approve the revised Capital Programme for 2021/22 of £432.043m, incorporating the adjustments set out in section 5 of the report; and
- (iv) Note the Q2 capital expenditure and forecast spend for the year as set out in sections 6 and 7 and Appendix B to the report.

62. Budget Strategy 2022/23 to 2025/26

Further to Minute 23 (13 July 2021), the Cabinet Member for Finance, Performance and Core Services presented a report on the updated position regarding the Council's Medium Term Financial Strategy (MTFS) and the proposed Budget Strategy for 2022/23 and beyond.

The Cabinet Member explained that the Council continued to face significant financial challenges despite the prudent approach that it had taken in recent years. The Government's three-year spending review in October had raised hopes of a three-year Local Government Finance Settlement which would help councils to plan ahead with a degree of certainty; however, it was becoming much more likely that only a one-year settlement would again be announced by Government in the coming days.

The COVID-19 pandemic continued to impact on current and future spending plans and the lack of a commitment from the Government to support councils with those extra costs and pressures meant that Barking and Dagenham faced a cumulative budget gap of £36.3m by 2025/26. The Cabinet Member commented that there remained a great deal of uncertainty regarding the Government's 'Levelling Up' agenda and other funding reforms and he highlighted the New Homes Bonus as an example, quoting the Finance Director's assessment in the report that the potential removal of the New Homes Bonus without replacement "could have a catastrophic detrimental effect on the MTFS as it is a key element of the Be First business plan target and underpins our efforts to regenerate the Borough".

The Cabinet Member referred to the proposed savings and growth proposals for 2022/23, which had recently been considered by the Overview and Scrutiny Committee, and the proposals to consult with the local community on the budget preparations and a planned 3% increase to Council Tax for 2022/23. He also drew attention to the Government's increase of 1.25% to National Insurance contributions, which would impact the Council as an employer as well as local residents directly through their wages, and the lack of proper funding to cover local government pay awards.

Cabinet **resolved** to:

- (i) Note the continued commitment to delivering the savings proposed in the MTFS reports approved by Assembly in February 2017 and updated in subsequent years;
- (ii) Note the new proposed savings and growth proposals put forward for 2022/23 onwards, as set out in Appendix 1 to the report, prior to inclusion in the Budget Report in Spring 2022;
- (iii) Agree the proposed consultation process for the budget, as set out in section 9 of the report; and
- (iv) Agree to consult Borough residents and taxpayers on the levying of a 2% General Council Tax increase and a 1% Social Care Precept to support the Borough's most vulnerable residents, subject to these thresholds being confirmed.

63. Dedicated Schools Budget and School Funding Formula 2022/23

The Cabinet Member for Educational Attainment and School Improvement presented a report on the Dedicated Schools Budget and Schools Funding Formula for 2022/23, which included an update on the Government's plans to move to a National Funding Formula (NFF) from 2023/24 onwards.

The Cabinet Member opened by thanking the Borough's family of schools for their ongoing efforts in the most challenging of circumstances and to Council officers for their work. With regard to the Government's NFF proposals, it was noted that they would ultimately result in allocations being set in accordance with a fixed formula and distributed directly to schools, without any input from the local authority or adjustment for specific local circumstances. Furthermore, the NFF would see a shift of funding from primaries to secondaries and result in London schools being treated less favourably over time, as well as a gradual eradication of funding to cover the support services provided to schools by local authorities.

The Cabinet Member referred to the provisional allocations for 2022/23 across the four funding areas of the Schools block (the main allocation to schools), the Central block (central costs for core Local Authority education services), the High Needs block (additional costs for Special Educational Needs pupils) and the Early Years block (childcare and pre-school services). The overall allocation for 2022/23 was £321.054m compared to £312.403m in 2021/22, with several areas suffering a real term cut especially in the main Schools block. The High Needs block was to receive a 10.1% increase in 2022/23 to £46.861m, although it was noted that there had been many years of underfunding in that area and the Borough's schools were reporting a large increase in demand that was likely to lead to an overspend in the current financial year. With that in mind, the Cabinet Member together with Dame Margaret Hodge MP and the Cabinet Member and Champion for Disabled People had recently written to the Secretary of State for Education calling for a solution to the crisis in funding for children with complex needs which had been exacerbated by the pandemic.

The Cabinet Member outlined the main principles underlying the allocations for 2022/23 and confirmed that the proposals had been consulted on and approved by

the Schools Forum and local schools.

Cabinet **resolved** to:

- (i) Note the update on the latest Education Funding Changes and, in particular, the move towards a fixed National Funding Formula;
- (ii) Note the indicative allocation of Dedicated Schools Grant for 2022/23 as set out in section 3 of the report;
- (iii) Approve the 2022/23 strategy for the Schools Block as set out in section 4 of the report;
- (iv) Approve, subject to consultation with schools and (vi) below, the proposed principles for the design of the Local Schools Funding Formula as set out in section 4 of the report;
- (v) Note the allocated funding and strategy for the High Needs Block as set out in section 5 of the report;
- (vi) Note the allocated funding and strategy for the Central Services Block as set out in section 6 of the report; and
- (vii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Finance Director, Schools Forum and the Cabinet Member for Educational Attainment and School Improvement, to approve the final 2022/23 school funding formula for submission to the Education and Schools Funding Agency.

64. Debt Management Performance 2021/22 (Quarter 2)

The Cabinet Member for Finance, Performance and Core Services introduced the performance report covering the second quarter of the 2021/22 financial year in respect of the Council's debt management functions.

The Cabinet Member referred to the ongoing impact of COVID-19 on the finances of many local residents, with over 32,000 now claiming Universal Credit (UC) compared to less than 14,000 when the outbreak began. Residents' difficulties had been compounded by the Government's decision to cease the £20 per week additional UC payment from early October 2021 and the Cabinet Member suggested that the number of UC claimants would increase further in the third quarter with the ending of the national furlough scheme.

With regard to collection rates, the Cabinet Member welcomed the general increase in revenues received in the current financial year compared to the last, which he felt was testament to residents' resilience as well as the Council's proactive intervention and support measures such as the Homes and Money Hub, which offered a range of support and advice to those in financial difficulty. Reference was also made to the Council's future proposals relating to the establishment of a Community Banking Service and a Credit Union.

Cabinet Members commented on the unacceptable position that the Government

was forcing on residents with its unfair policies that impacted most on deprived areas such as Barking and Dagenham and questioned the Government's 'Levelling Up' agenda which appeared to be to the significant detriment of deprived areas in London.

Cabinet **resolved** to note the performance of the debt management function carried out by the Council's Revenues service, including the improvement of collection rates and the continued recovery techniques applied to reduce the impact of the COVID-19 pandemic.

65. Disposal of Land - Wedderburn Road, Barking

The Cabinet Member for Finance, Performance and Core Services introduced a joint report on the proposed terms of the sale of Council-owned land at Wedderburn Road, Barking, deemed surplus to the Council's requirements, to facilitate a private development of 12 flats at the location.

The Cabinet Member advised that the terms of disposal had been independently assessed in line with Royal Institution of Chartered Surveyors guidelines and that the development by Broom Consultants Limited, who owned the adjoining site at 2A Cranborne Road, had received planning approval in December 2020.

Cabinet **resolved** to:

- (i) Approve the sale of the Council-owned land at Wedderburn Road, Barking, as shown edged red in the site plan at Appendix 1b to the report, to Broom Consultants Ltd on the terms set out in Appendix 2 to the report;
- (ii) Delegate authority to the Strategic Director, My Place, in consultation with the Strategic Director, Law and Governance and the Cabinet Member for Finance, Performance and Core Services, to agree the final terms and contract documentation to fully implement the sale of the site; and
- (iii) Authorise the Strategic Director, Law and Governance, or an authorised delegate on her behalf, to execute all the legal agreements, contracts, and other documents on behalf of the Council.

66. Chris Naylor, Chief Executive

The Leader placed on record the Council's appreciation to Chris Naylor, Chief Executive, who was leaving the Council on 15th December to take up an exciting new opportunity in the private sector.

The Leader referred to the significant achievements since Mr Naylor had joined as Chief Executive over seven years ago, which had seen the Council rise from relative obscurity to being regarded as one of the leaders within local government. Members gave Mr Naylor a round of applause and extended their very best wishes to him for the future.