

# MINUTES OF CABINET

Monday, 19 February 2024  
(7:00 - 8:15 pm)

**Present:** Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Elizabeth Kangethe and Cllr Maureen Worby

**Apologies:** Cllr Dominic Twomey, Cllr Sade Bright, Cllr Kashif Haroon, Cllr Jane Jones and Cllr John Dulwich

## 84. Declaration of Members' Interests

There were no declarations of interest.

## 85. Minutes (23 January 2024)

The minutes of the meeting held on 23 January 2024 were confirmed as correct.

## 86. Revenue Budget Monitoring 2023/24 (Period 9, December 2023)

The Cabinet Member for Community Leadership and Engagement introduced the Council's revenue budget monitoring report for the 2023/24 financial year as of 31 December 2023 (period 9).

The Council's General Fund revenue budget for 2023/24 was previously set at £199.002m, although the Cabinet Member advised that since period 8 the budget had been updated to £194.46m to reflect the movement of the Capitalised Interest budget of £4.542m to the Central Expenses budget in order to improve transparency of the performance of the Investment and Acquisition Strategy (IAS) budget.

The forecast outturn position at the end of December projected a net overspend of £9.336m after transfers to and from reserves, which represented an improvement of £1.203m on the position at period 8, and the Cabinet Member commented on the main reasons behind the movement. The Housing Revenue Account (HRA) continued to show a projected overspend of circa £5.0m for 2023/24.

Cabinet **resolved** to:

- (i) Note the projected £9.336m revenue overspend forecast at Period 9 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report and note the net projected year end drawdown of £4.73m reserves to support the in-year position;
- (ii) Note the projected £5.005m revenue overspend forecast for the Housing Revenue Account, as set out in section 6 and Appendix A of the report;
- (iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 4 and Appendix A of the report;

- (iv) Note the movement in Reserve drawdown as indicated in section 5 of the report and that the Cabinet shall be asked to approve the drawdown of reserves to support any overspends at final outturn (post March 2024), subject to finalisation of the actual spend against budget; and
- (v) Note the transfer of the Capitalised Interest budget of £4.542m from General Fund revenue funding to the Central Expenses budget.

## **87. Budget Framework 2024/25 and Medium Term Financial Strategy 2024/25 to 2026/27**

The Cabinet Member for Adult Social Care and Health Integration introduced the Council's proposed budget framework for 2024/25 which incorporated the following:

- Proposed General Fund revenue budget for 2024/25;
- Proposed level of Council Tax for 2024/25;
- Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27;
- Draft Capital Budget for 2024/25 and revised Capital Programme 2024/25 to 2026/27;
- Strategy for the Flexible Use of Capital Receipts 2024/25;
- Chief Financial Officer's Statutory Finance Report (Section 25 Statement)

The proposed General Fund net budget for 2024/25 was £221.745m, which incorporated a drawdown from reserves of £8.809m to balance the 2024/25 budget after the inclusion of £15.595m of savings and £54.129m of growth from the 2023/24 revised budget. In order to achieve that budget, it would be necessary for the Council to increase its element of the Council Tax by 4.99%, made up of 2.99% for general spending and 2% that would be ringfenced as an adult social care precept. The Greater London Authority element of the Council Tax would increase by 8.6%.

The Cabinet Member referred to the steps taken by the Council to achieve a balanced budget for 2024/25 in the context of high inflation, the cost-of-living crisis, increasing pressures and demand for social care services and the continued uncertainty around local government finances. The Government's delay in introducing Fair Funding reforms meant that Barking and Dagenham continued to be significantly disadvantaged due to its population increase and high levels of deprivation which were not being properly funded by the Government.

The Cabinet Member commented specifically on the Council's debt levels which had been highlighted in the press, primarily as a consequence of the problems being experienced at a number of other local authorities, several of whom had issued Section 114 notices in view of their inability to achieve and/or set a balanced budget. Those local authorities had arrived at that position for various reasons, some due to poor investment decisions, yet the position at Barking and Dagenham was substantially different as its debt had arisen from sound investment decisions to achieve growth in the Borough. Since 2016, the Council and its subsidiary, Be First, had delivered 1,465 new homes with a further 2,336 under construction and the borrowing that had been secured to deliver that investment was at low interest rates, typically below 2%, and based on a return to

the Investment and Acquisition Strategy (IAS) of at least 5% in the longer term.

The Cabinet Member also highlighted a number of other important aspects within the report, which included:

- The key principles that underpinned the Council's Medium Term Financial Strategy, as set out under paragraph 4.14 of the report;
- The key financial risks for both the local government sector as a whole and those specific to Barking and Dagenham, as detailed in section 18 of the report;
- The key implications of the Local Government Finance Settlement for 2024/25, as set out under paragraph 7.7 of the report, and the continued failure of the Government to provide local authorities with any confidence to plan for the future;
- The service budgets for 2024/25, which included details of the growth, inflation and savings to be achieved in each area, as set out under paragraph 12.1 of the report;
- The Council's reserves position for 2024/25, which meant that the main budget reserve would remain above the £12m minimum level previously set even after the drawdown to achieve a balanced budget for 2023/24; and
- The outcome of the budget consultation exercise recently undertaken which reflected the local community's acknowledgement of the need for the Council to increase Council Tax by the maximum amount allowed in order to deliver its aspirations and the priorities that were most important to residents.

The Cabinet Member stressed that the savings for 2024/25 which had been identified through the Star Chamber process and other means must be achieved in order to help avoid overspends in the years ahead, a view which was reinforced by the Strategic Director, Resources, during the meeting and in her Section 25 Statement.

Cabinet colleagues raised several questions and observations which the Cabinet Member for Adult Social Care and Health Integration responded to. Further clarification was also sought on Barking and Dagenham's position regarding the possibility of having to issue a Section 114 notice. The Cabinet Member for Adult Social Care and Health Integration offered her view that the Council was as far away as possible to having to issue such a notice for the reasons discussed. The Strategic Director, Resources, as the statutory Chief Financial Officer, also commented that the Council was in a relatively strong position given all of the issues it faced, although she was very robust in the view that the risks highlighted in the report, the delivery of the proposed savings and the implementation of new service delivery models were fundamental aspects for the Council to avoid being brought into Section 114 territory.

In concluding the discussions, the Leader placed on record the Cabinet's appreciation to senior management and other officers for their efforts in helping to present a balanced budget.

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

- (i) Agree that the basic amount of Council Tax (Band D equivalent) shall increase by 2.99%, and by a further 2% for the Adult Social Care precept,

bringing the total increase to 4.99%;

- (ii) Agree that the Council Tax to be set for 2024/25 shall be £1,531.35 for a Band D property, comprising £1,310.70 for core Council Tax and £220.65 for the Adult Social Care precept, an increase of £43.61 and £29.17 per year respectively;
- (iii) Note that the Council shall levy an additional £471.40 on the Band D amount above on behalf of the Greater London Authority which represented an increase of 8.6%;
- (iv) Note the amount of 54,916.54 as the Council Tax Base for Barking and Dagenham for 2024/25, an increase of 1,589.69 on the previous year, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under the Local Government Finance Act 1992 (as amended);
- (v) Agree, in setting the Council's General Fund revenue budget, to set the Council Tax requirement at £84.096m for 2024/25;
- (vi) Consider and have due regard to budget consultation feedback with residents and businesses as set out in Section 20 to the report and note that no changes were recommended as a result;
- (vii) Agree the Statutory Budget Determination for 2024/25 as set out at Appendix D to the report;
- (viii) Approve the proposed General Fund Revenue Budget for 2024/25 as set out in Appendix A to the report, subject to any changes required from the final Local Government Finance Settlement;
- (ix) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to make further changes to the 2024/25 budget proposals prior to the Assembly meeting up to a maximum amount of £1.0m or as determined by the final Local Government Finance Settlement;
- (x) Agree the new savings and growth proposals as set out in Appendix B to the report;
- (xi) Agree that the current budget gap of £8.809m shall be funded from use of reserves for 2024/25 and to note that additional permanent savings proposals shall need to be identified;
- (xii) Approve the latest General Fund Medium Term Financial Strategy 2024/25 to 2026/27 as set out in section 4 and Appendix A to the report;
- (xiii) Note that the proposals maintain a General Fund balance of £12m in line with the Council's approved Reserves Policy (July 2023);
- (xiv) Note the projected reserve balances at 31 March 2025 following the planned use of £8.809m to achieve a balanced budget, as set out in Section

19 of the report;

- (xv) Approve the Council's provisional Capital Programme, including Investment and Acquisition Strategy (IAS) schemes, for 2024/25 to 2026/27 as detailed in section 8 and Appendix G to the report;
- (xvi) Agree to set a Capital Budget for 2024/25 at £209.462m, as detailed in Appendix G to the report;
- (xvii) Approve the Strategy for the Flexible Use of Capital Receipts 2024/25 at Appendix I to the report, in line with the regulatory requirements to facilitate the delivery of efficiency savings including capitalisation of redundancy costs; and
- (xviii) Note the Chief Financial Officer's Statutory Finance Report (Section 25 Statement) as set out in Appendix H to the report and, in particular, their determination of "the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves".

## **88. Treasury Management Strategy Statement 2024/25 and Capital Strategy 2024/25 to 2026/27**

The Cabinet Member for Adult Social Care and Health Integration introduced the Treasury Management Strategy Statement (TMSS) 2024/25 report which set out the Council's borrowing, investment and funding plans for the year ahead.

The Cabinet Member highlighted the main points within the report, several of which had been considered as part of the Budget Framework 2024/25 discussions, and confirmed that the TMSS 2024/25 would be presented for approval, alongside the Budget Framework 2024/25 report, to the Assembly meeting on 28 February 2024.

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

- (i) Note the current treasury position for 2024/25 and prospects for interest rates, as referred to in sections 4 and 8 of the report;
- (ii) Approve the Annual Investment Strategy 2024/25 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;
- (iii) Approve the Council's Borrowing Strategy 2024/25 to 2026/27, as set out in Appendix 2 to the report;
- (iv) Approve the Capital Prudential and Treasury Indicators 2024/25 to 2026/27, as set out in Appendix 3 to the report;
- (v) Approve the Operational Boundary Limit of £1.9bn and the Authorised Borrowing Limit of £2.0bn for 2024/25, 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;

- (vi) Approve the Capital Strategy, including the Capital Programme for 2024/25 to 2026/27, as set out in Appendix 4 to the report;
- (vii) Approve the revised Minimum Revenue Provision Policy Statement for 2024/25, the Council's policy on repayment of debt, as set out in Appendix 5 to the report;
- (viii) Note that changes made to the Prudential Code and Treasury Management code, published in December 2021, have been fully implemented for the 2024/25 TMSS;
- (ix) Approve the Liability Benchmark data in section 11, including the impact of schemes agreed in 2022 but also the impact of pipeline schemes on the amount of borrowing required by the Council;
- (x) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to consider the increase in short-term cash held from borrowing;
- (xi) Note the economic, development and operational risks for the IAS schemes as outlined in section 8 and within the IAS and Borrowing reports;
- (xii) Note the Council's total borrowing is £1.260bn, split into £296m for the HRA, £689m of long-term borrowing and £275m of short-term borrowing;
- (xiii) Approve the CFR projections of £2.022bn for 2024/25, £2.11bn for 2025/26 and £2.02bn for 2026/27; and
- (xiv) Note that the Investment and Acquisitions Strategy shall be updated and presented for approval in April 2024.

## **89. Innovative Sites Programme**

Further to Minute 10 (16 June 2020), the Cabinet Member for Regeneration and Economic Development presented a report which gave an update on the Council's Innovative Sites Programme (ISP) and proposed amendments to the original assessment criteria and disposal arrangements.

The Cabinet Member advised on the main objectives of the ISP, which focused on the development of small sites (up to 0.3 hectares) outside of Be First's main direct delivery programme. Key principles of the ISP were to provide new innovative and specialist housing which met the needs of vulnerable groups, encouraged community-led / small builder developments and applied innovative housing design / delivery methods.

In light of new legislation that was expected to ban leasehold sales, a new approach to the ISP was required and it was now proposed that properties developed under the ISP be for freehold disposal. Furthermore, the assessment criteria for disposal bids had been updated to reflect the significant change in the housebuilding industry since 2020 and sites were no longer going to be marketed

with planning permission.

The new ISP identified a total of 29 sites for development, split into three workstreams as shown below, with the potential of creating circa 155 new units:

- Workstream 1 - total allocation of thirteen sites to be systematically disposed of in three phases through the GLA's portal;
- Workstream 2 - a total allocation of four sites to be disposed in a phased approach across two tranches via the GLA's small sites portal;
- Workstream 3 - a total allocation of twelve sites suitable to deliver homes for various vulnerable groups.

Cabinet **resolved** to:

- (i) Approve the freehold disposal of sites within Workstream 1 of the Innovative Sites Programme, as listed under paragraph 1.14 of the report;
- (ii) Delegate authority to the Strategic Director of Inclusive Growth to approve the inclusion (or exclusion) of sites to the ISP and allocations to the three ISP workstreams, acting on the advice of the Council's Assets and Capital Board;
- (iii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development, to approve the assessment criteria for schemes put forward by external organisations / groups;
- (iv) Delegate authority to the Strategic Director, Resources, acting on the advice of the Assets and Capital Board, to approve final land values and disposals; and
- (v) Delegate authority to the Head of Legal, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the proposals.

#### **90. Padnall Lake Phase 2, Gascoigne East Phase 3A Block I and Gascoigne West Phase 2 - Approval of Disposals, Head Leases and Loan Facility Agreements**

Further to Minute 80 (23 January 2024), the Cabinet Member for Regeneration and Economic Development introduced a report on proposals to progress the disposal of a further 558 new homes built at the Padnall Lake Phase 2, Gascoigne East Phase 3A Block I and Gascoigne West Phase 2 redevelopment projects.

The Cabinet Member advised that, as with previous reports, the properties would be disposed of by way of long leases and associated loans to the Barking and Dagenham Reside Regeneration Ltd (Reside) structure of companies following practical completion over the coming months.

Cabinet **resolved** to:

- (i) Approve, in principle, the disposal of the New Build schemes below by the

granting of long leases to the to the appropriate Reside entity identified in the report;

**Padnall Lake Phase 2**

- 1-26 Feldwick Road, Chadwell Heath, Romford, RM6 5BF
- Flat 1-44 Newcombe House, Feldwick Road, Chadwell Heath, Romford, RM6 5BG

**Gascoigne East Phase 3A Block I**

- Trilene House, Bowline Street, Barking

**Gascoigne West Phase 2**

- Chand House, St Pauls Road, Barking, IG11 7AU
- Plaice House, St Pauls Road, Barking, IG11 7AN
- Trawler House, St Pauls Road, Barking, IG11 7QH
- 9, 11, 13, 15, 17, 19, 21, 23, 25 and 27 St Pauls Road, Barking, IG11 7DT
- Fishmonger House, Healey Street, Barking, IG11 7HJ
- Gilderson House, Healey Street, Barking, IG11 7EW
- 1-12 Healey Street, Barking, IG11 7ET
- 1-4 Sole Walk, Barking, IG11 7HE
- 32, 34, 36, 38 and 40 Gascoigne Road, Barking, IG11 7LG

- (ii) Approve, in principle, the indicative draft Heads of Terms for leases and loans for Padnall Lake Phase 2, Gascoigne East Phase 3A Block I and Gascoigne West Phase 2 to the appropriate Reside entity, as set out in section 2 of the report;
- (iii) Delegate authority to the Strategic Director, Resources, in consultation with the Strategic Director, Inclusive Growth, to agree and finalise the terms of the loans, leases and any other associated documents, and to take any steps necessary to ensure compliance with s123 of the Local Government Act 1972 and the Subsidy Control Act 2022 provided that such action does not materially affect the approvals granted by Cabinet; and
- (iv) Delegate authority to the Head of Legal, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

**91. Valence House Museum and Borough Archive Conservation Project**

The Cabinet Member for Community Leadership and Engagement presented a report on a successful application for grant funding to support a major conservation project at Valence House Museum and Archives.

The funding would facilitate key improvements to buildings and grounds at Valence House, incorporating the Museum and adjacent Archives, the Visitor Centre and surrounding green spaces. In addition to securing a total of £881,250 from the Arts Council of England, the Culture and Heritage service had also secured a further £150,000 in grant and identified a further £175,000 from the Council's current Capital Programme to fund the approved project. The Cabinet



Member explained, however, that additional fundraising and new income opportunities would need to be generated over the next five years to fully achieve the Council's longer-term aspirations for community-focused arts and heritage services.

Cabinet colleagues spoke in support of the project and expressed their thanks to officers within the Culture and Heritage service for their continued commitment to enhancing the cultural and local history offer for local residents and others to celebrate and enjoy.

Cabinet **resolved** to:

- (i) Approve the inclusion of the Valence House Museum and Borough Archive Conservation project in the Capital Programme in the sum of £1,206,250, made up of Arts Council of England grant totalling £881,250, UK Shared Prosperity capital grant of £150,000 and £175,000 from the Council's Parks Commissioning capital budget for lakes and watercourses;
- (ii) Note the planned trajectory for the delivery of the project, as set out in the report; and delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Head of Legal, to enter into all necessary agreements with the Arts Council to fully implement and effect the proposals; and
- (iii) Note that further significant fundraising will be required in the next 2-5 years to meet the Council's statutory responsibilities for its listed heritage sites and the accredited Borough Archives.

## **92. Social Infrastructure Contract 2024-2028**

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals for the procurement of a new, maximum four-year Social Infrastructure contract to support the on-going, effective engagement between the Council and the voluntary and community sector (VCSE), the various partner organisation within the VCSE and local residents, with the combined aim of working together to tackle the most pressing local issues.

The Cabinet Member advised that despite the significant financial pressure faced by the Council, it was fully recognised that continued funding should be allocated to the Social Infrastructure contract to support the vital role that the VCSE played in the Borough and the strength of the relationship between the Council and the VCSE. The BD\_Collective were commissioned to provide the original social infrastructure support service and had been responsible for introducing a range of new initiatives and networks that had proved invaluable in supporting the local community throughout, especially during the Covid-19 pandemic and the continuing cost-of-living crisis. The successful tenderer would be expected to build on those foundations and continue to attract external funding to support local projects and programmes.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for a Social Infrastructure support service, in accordance with the strategy set out

in the report; and

- (ii) Delegate authority to the Chief Executive, in consultation with the Cabinet Member for Community Leadership and Engagement, the Strategic Director, Resources and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.

### **93. Procurement of an Internet Proxy and VPN Services Contract**

The Leader introduced a report on proposals to procure a new, maximum four-year contract for Internet Proxy and Virtual Private Network (VPN) services commencing 1 August 2024.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for an Internet Proxy and VPN Supplier via the CCS RM6100 – Technology 3 Framework Lot 3a – End User Services Framework, in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Resources, in consultation with Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.

### **94. Pay Policy Statement 2024/25**

The Leader introduced a report on the Council's Pay Policy Statement for 2024/25, which the Council was required to agree annually in accordance with the Localism Act 2011.

The Leader referred to the various elements that made up the Pay Policy Statement and the prudent approach taken by the Council in respect of the remuneration of its senior management in view of the significant financial pressures that it faced.

Cabinet **resolved to recommend the Assembly** to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2024/25 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2024.