

MINUTES OF CABINET

Tuesday, 19 March 2019
(7:00 - 8:35 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

98. Declaration of Members' Interests

Councillor Bright declared a non-pecuniary interest in relation to the item "Amalgamation of Marks Gate Infant and Junior Schools to form a Primary School" as she was a member of the Marks Gate Federation Governing Body.

99. Minutes (18 February 2019)

The minutes of the meeting held on 18 February 2019 were confirmed as correct.

100. Budget Monitoring 2018/19 - April to January (Month 10)

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 31 January 2019 (Month 10).

The underlying General Fund position had improved slightly from the previous month, with a projected end of year overspend of £3.985m against the budget of £145.368m. The Cabinet Member also referred to proposals within the report in relation to the carry forward of unspent revenue into the next financial year, virements between budgets, a working capital support facility in the form of a pre-approved loan of up to £200,000 to B&D Reside to support the ongoing development of the business model for the company, and the formalisation of amendments to the Capital Programme that were reported to the last meeting.

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 3 and Appendix A to the report;
- (ii) Approve the carry forward requests into 2019/20 as detailed in section 4 and Appendix B to the report;
- (iii) Approve a working capital facility of up to £0.2m for the B&D Reside group of companies on the terms set out in section 5 of the report;
- (iv) Approve a virement in 2018/19 in respect of the Street Purchasing income and expenditure budgets and a virement from 2019/20 onwards in respect of the disaggregation of the placements budget for Children with Disabilities, as detailed in section 6 of the report; and

- (v) Approve the reprofiled Capital Programme for 2018/19 of £284.758m, as detailed in Appendix D to the report.

101. Amalgamation of Marks Gate Infant and Junior Schools to form a Primary School

The Cabinet Member for Educational Attainment and School Improvement presented a report on the proposed amalgamation of Marks Gate Infants and Junior Schools to form an all-through primary school from the start of the 2019/20 academic year.

The Cabinet Member referred to the key benefits of the amalgamation and the progress already being made under the leadership of the new Executive Headteacher. With regard to the changes to funding arrangements, it was noted that the joint Governing Body was fully aware of the funding reductions that would result as a direct consequence of the amalgamation and continued to review their impact.

The Cabinet **resolved** to agree the amalgamation of Marks Gate Infant and Junior Schools into a single Primary School with effect from 1 September 2019.

102. Contract for the Provision of a Domestic and Sexual Violence Service

The Cabinet Member for Social Care and Health Integration introduced a report on the proposal to commission a number of separate services aimed at tackling domestic and sexual violence via a new contract with a single, strategic partner from 1 October 2019.

The Cabinet Member explained that the Council currently commissioned a number of services from several external voluntary providers. The new arrangement would bring together elements of refuge, advocacy, therapeutic support and community engagement under one service provider who would be responsible for delivering a service that could be adapted to the changing needs of residents and fluctuating budgets. The new arrangement would also bring additional benefits, including the ability to source other potential funding streams to strengthen sustainability through the service.

The Cabinet Member referred to some of the key domestic and sexual violence challenges and the Ending Violence Against Women and Girls Strategy 2018-2022, recently adopted by the Health and Wellbeing Board, which set out a needs-led approach to tackling the problems in Barking and Dagenham. A future report to the Cabinet would also set out arrangements for a new, independent commission to look, in particular, at overcoming the perceived acceptance and 'normalisation' of domestic and sexual violence amongst the local community.

Cabinet Members spoke on some of the positive activities already being undertaken by the Council and voluntary sector in the Borough to raise awareness of domestic and sexual violence issues and the support services available to victims. The Cabinet Member also confirmed that support services related to the entire community, including the LGBT community, and the new contract included specific requirements regarding fully accessible services and their promotion /

visibility across all groups.

The Cabinet **resolved** to:

- (i) Agree, in accordance with the provisions of clause 6.6(h) of the Council's Contract Rules, to waive tendering requirements and directly award the contract for the provision of an Independent Domestic and Sexual Violence Advocacy Service for a three-month period up to 30 September 2019;
- (ii) Agree that the Council proceeds with the procurement of a contract with a strategic partner to deliver outcomes based Domestic and Sexual Violence Services with effect from 1 October 2019, in accordance with the strategy set out in the report; and
- (iii) Delegate authority to the Commissioning Director of Adults Care and Support, in consultation with the Cabinet Member for Health and Social Care Integration and the Director of Law and Governance, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful partner, in accordance with the strategy set out in the report.

103. Commercial Company Business Plans

The Cabinet Member for Finance, Performance and Core Services introduced the Barking and Dagenham Trading Partnership (BDTP) Business Plan for 2019-2022 and the Barking and Dagenham School Improvement Partnership (BDSIP) Business Plan for 2019/20.

The Cabinet Member reminded colleagues that the formation of Council-owned companies was a key aspect of the Council's growth-led transformation programme. The BDTP and BDSIP, alongside Be First, B&D Reside and B&D Energy, were key elements of that programme and it was noted that the Council's approach to commercialisation had been officially recognised with the award of "Entrepreneurial Council of the Year" at the Local Government Chronicle (LGC) Awards 2019 on 13 March 2019.

The Business Plans included information on the activities of the companies to date and showed that both were ahead of their respective projected financial targets for 2018/19. Performance levels were also very positive, with 93% of the Borough's schools choosing to participate in the BDSIP while the BDTP had kept 99% of appointments on time, completed 97% of repairs during the first visit and had an overall satisfaction rate of 97.5%.

The Cabinet Member referred to the detailed proposals and financial arrangements for 2019/20 within the Business Plan documents (which were in the exempt section of the agenda due to their commercially confidential nature) and confirmed that the Council's Shareholder Panel had scrutinised the assumptions and proposals within the Plans in detail.

One aspect of the BDTP Business Plan related to its future plans following the recent acquisition of Londoneast-uk Limited (LEUK), as part of the long-term objective of growing its trading activity through securing new business, and the

associated land acquisition that formed part of the arrangements agreed by the Cabinet under Minute 57 (13 November 2018). The Cabinet Member was very pleased to announce that BDTP had recently reached an 'in principle' agreement with University College London (UCL) for the sale of part of the LEUK land to UCL to facilitate the development of a world class research facility, which would further boost the regeneration of the area and bring significant benefits to the local economy.

It was also noted that the Be First Business Plan 2019-2024 would be presented to the Cabinet at its May meeting.

The Cabinet **resolved** to:

- (i) Approve the Barking and Dagenham Trading Partnership Business Plan for 2019/20 – 2021/22, as set out at Appendix A to the report;
- (ii) Agree to the Barking and Dagenham Trading Partnership entering into any procurement related agreement or commitment required to enable the delivery of the Business Plan, subject to:
 - (a) compliance with relevant procurement law;
 - (b) compliance with its own scheme of delegation;
 - (c) compliance with state aid rules; and
 - (d) any other relevant approvals by the Council which may be relevant or required for the specific project.
- (iii) Endorse the Barking and Dagenham School Improvement Partnership Business Plan 2019/20, as set out at Appendix B to the report.

104. B&D Energy Limited Business Plan 2019/20

The Cabinet Member for Regeneration and Social Housing introduced the 2019/20 Business Plan for B&D Energy, the Council's Energy Services Company (ESCo).

The inaugural B&D Energy Business Plan was approved by the Cabinet in June 2016 and had overseen the successful delivery of the Becontree District Heating Network, which provided energy to the existing Leisure Centre, the new 50-metre swimming pool and to 170 residential units. The key focus of the 2019/20 Business Plan related to the continued development of District Energy Networks, specifically in the Barking Town Centre area, and Energy Performance Contracting.

The Barking Town Centre project would deliver supplies of low carbon heat to approximately 8,000 homes and 60,000m² of commercial floor area and had already been identified by the Greater London Authority as 'Strategically Significant'. The capital cost of developing the network had been estimated at £31.5m and the Cabinet Member confirmed that while the Council would fund the vast majority, via a commercial loan to B&D Energy, the viability of the scheme was entirely dependent on receiving at least £5m grant funding from the Government.

The Business Plan also set out proposed changes to the management and operational structure of the company, as well as steps to strengthen and clarify the

governance and accountability arrangements underpinning the relationship between the Council and B&D Energy.

Cabinet Members spoke in support of the latest initiatives aimed at providing low cost, low carbon heat and power to the local community as part of the Council's drive to reduce energy poverty and promote Barking and Dagenham as the "Green Capital of the Capital".

The Cabinet **resolved** to:

- (i) Approve the B&D Energy Limited Business Plan for 2019/20, as set out at Appendix 1 to the report;
- (ii) Approve the creation of a Strategically Significant District Energy Network across Barking Town Centre ("the Scheme"), subject to the receipt of grant funding from the Department of Business Energy and Industrial Strategy (BEIS) Heat Network Investment Project (HNIP) and as generally set out in the Business Plan;
- (iii) Agree the submission of an application to the BEIS for HNIP grant funding in the sum of £5m;
- (iv) Agree, subject to the receipt of HNIP grant, to the Council borrowing £27.2m (including £1.7m approved via the 2016 Business Plan) and on-lend to B&D Energy on state aid compliant terms to fund the balance of the project capital costs of the Scheme;
- (v) Delegate authority to the Director of Inclusive Growth, in consultation with the Finance Director, 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 negotiate terms and agree the corporate loan(s), shareholder agreement, and all associated contract documents in a manner compliant with state aid rules to fully implement and effect the Scheme and the Business Plan;
- (vi) Delegate authority to the Director of Inclusive Growth, in consultation with the Finance Director, 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 negotiate the final terms and enter into long leases (for 20 years or longer) in respect of the new Energy Centre and energy centre/substations at Abbey and Becontree Leisure Centres, subject to a valuation pursuant to the requirements as to disposals in section 123 of the Local Government Act 1972 and state aid principles being complied with; and
- (vii) Delegate authority to the Director of Law and Governance to execute all of the legal agreements, contracts, loans, shareholder agreement, long leases in respect of the Energy Centre and Becontree and Abbey Leisure Centres and any other documents required for the delivery of the Scheme or the Business Plan on behalf of the Council or B&D Energy Limited as may be applicable.

105. Institutional Funding Proposal - ApartHotel Investment

The Cabinet Member for Finance, Performance and Core Services presented a report on a proposal, as part of the Council's Investment and Acquisition Strategy (IAS), to enter into an investment arrangement with an Institutional Investor and an Aparthotel operator regarding a new hotel development in Aldgate, east London.

The Cabinet Member referred to a similar project in respect of a Travelodge hotel development in Poplar that the Cabinet had approved by Minute 68 (11 December 2018) and outlined the key elements of the proposed agreements for the current proposal, including the liabilities and responsibilities of each party. The Council had commissioned specialist property consultants to advise on the project and the due diligence and risk analysis work that had been undertaken showed that the proposal met the criteria and objectives of the IAS. With regard to the Council's responsibilities under the 50-year Head Lease in the event of the Aparthotel operator not renewing at the expiry of the initial 25-year Sub-Lease, the Cabinet Member confirmed that the development's design would lend itself to a range of other possible future uses, including affordable housing, which significantly mitigated the Council's risks in that respect.

The Cabinet **resolved** to:

- (i) Agree the draft Heads of Terms between the Council and the Institutional Investor as detailed in Appendix 1 to the report;
- (ii) Agree that the Council enter an Agreement to Lease with the Institutional Investor and the Aparthotel Operator on state aid compliant market terms;
- (iii) Agree that the Council enter a 50-year Head Lease with the Institutional Investor on state aid compliant market terms;
- (iv) Agree that the Council grant a 25-year sub-lease with an option to renew to a specialist Aparthotel operator;
- (v) Delegate authority to the Chief Operating Officer, in consultation with Director of Law and Governance and the Cabinet Member for Finance, Performance and Core Services, to negotiate final heads of terms, final commercial and lease terms and agree the contract and ancillary legal documents to fully implement and effect the proposals set out in the report;
- (vi) Authorise the Director of 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; and
- (vii) Delegate authority to the Chief Operating Officer, in consultation with Director of Law and Governance, to incorporate a special purpose vehicle (whether a company or Limited Liability Partnership) if considered necessary and appropriate, such incorporation to include such shareholders or members' agreement as may be required.

106. Debt Management Performance and Write-Offs 2018/19 (Quarter 3)

The Cabinet Member for Finance, Performance and Core Services introduced the performance report for the third quarter of the 2018/19 financial year in respect of the debt management functions carried out on behalf of the Council by the Revenues and Benefits service within Elevate East London.

The Cabinet Member referred to the financial pressures faced by many local residents which had impacted on some collection rates and suggested that the rollout of the Government's Universal Credit scheme would force many more families and individuals into debt. With regard to Leaseholders' debt collection performance, it was noted that steps were being taken to bring performance back on target.

The Cabinet **resolved** to:

- (i) Note the performance of the debt management function carried out by the Revenues and Benefits service operated by Elevate East London, including the performance of enforcement agents; and
- (ii) Note the debt write-offs for the third quarter of 2018/19.