

**Notice of Meeting**

**CABINET**

**Tuesday, 21 September 2021 - 7:00 pm**  
**Council Chamber, Town Hall, Barking**

**Members:** Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and Cllr Dominic Twomey (Deputy Chair); Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Elizabeth Kangethe, Cllr Margaret Mullane and Cllr Maureen Worby

Date of publication: 13 September 2021

Chris Naylor  
Chief Executive

Contact Officer: Alan Dawson  
Tel. 020 8227 2348  
E-mail: alan.dawson@lbbd.gov.uk

---

Please note that this meeting will be webcast to enable the press and public to view the proceedings. Public access to the Town Hall is restricted at the current time and only those invited to attend shall be admitted. To view the webcast click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

**AGENDA**

**1. Apologies for Absence**

**2. Declaration of Members' Interests**

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.

**3. Minutes - To confirm as correct the minutes of the meeting held on 13 July 2021 (Pages 3 - 12)**

**4. Revenue Budget Monitoring 2021/22 (Period 4, July 2021) and Q1 Capital Programme Update (Pages 13 - 50)**

**5. Refurbishment of Redundant Units via Habitat for Humanity - Update (Pages 51 - 58)**

6. **Land Transfers to Support Delivery of Film Studios in the Borough (Pages 59 - 67)**
7. **Future of Roycraft House, Linton Road, Barking - Proposed Lease Arrangements (Pages 69 - 76)**
8. **Procurement of Elections Stationery and Printing Services Contract (Pages 77 - 82)**
9. **Debt Management Performance 2021/22 (Quarter 1) (Pages 83 - 91)**
10. **Any other public items which the Chair decides are urgent**
11. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). ***There are no such items at the time of preparing this agenda.***

12. **Any other confidential or exempt items which the Chair decides are urgent**

## Our Vision for Barking and Dagenham

# **ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND**

## Our Priorities

### **Participation and Engagement**

- To collaboratively build the foundations, platforms and networks that enable greater participation by:
  - Building capacity in and with the social sector to improve cross-sector collaboration
  - Developing opportunities to meaningfully participate across the Borough to improve individual agency and social networks
  - Facilitating democratic participation to create a more engaged, trusted and responsive democracy
- To design relational practices into the Council's activity and to focus that activity on the root causes of poverty and deprivation by:
  - Embedding our participatory principles across the Council's activity
  - Focusing our participatory activity on some of the root causes of poverty

### **Prevention, Independence and Resilience**

- Working together with partners to deliver improved outcomes for children, families and adults
- Providing safe, innovative, strength-based and sustainable practice in all preventative and statutory services
- Every child gets the best start in life
- All children can attend and achieve in inclusive, good quality local schools
- More young people are supported to achieve success in adulthood through higher, further education and access to employment
- More children and young people in care find permanent, safe and stable homes
- All care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs
- Young people and vulnerable adults are safeguarded in the context of their families, peers, schools and communities

- Our children, young people, and their communities' benefit from a whole systems approach to tackling the impact of knife crime
- Zero tolerance to domestic abuse drives local action that tackles underlying causes, challenges perpetrators and empowers survivors
- All residents with a disability can access from birth, transition to, and in adulthood support that is seamless, personalised and enables them to thrive and contribute to their communities. Families with children who have Special Educational Needs or Disabilities (SEND) can access a good local offer in their communities that enables them independence and to live their lives to the full
- Children, young people and adults can better access social, emotional and mental wellbeing support - including loneliness reduction - in their communities
- All vulnerable adults are supported to access good quality, sustainable care that enables safety, independence, choice and control
- All vulnerable older people can access timely, purposeful integrated care in their communities that helps keep them safe and independent for longer, and in their own homes
- Effective use of public health interventions to reduce health inequalities

## **Inclusive Growth**

- Homes: For local people and other working Londoners
- Jobs: A thriving and inclusive local economy
- Places: Aspirational and resilient places
- Environment: Becoming the green capital of the capital

## **Well Run Organisation**

- Delivers value for money for the taxpayer
- Employs capable and values-driven staff, demonstrating excellent people management
- Enables democratic participation, works relationally and is transparent
- Puts the customer at the heart of what it does
- Is equipped and has the capability to deliver its vision

## MINUTES OF CABINET

Tuesday, 13 July 2021  
(7:02 - 9:17 pm)

**Present:** Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Syed Ghani, Cllr Elizabeth Kangethe, Cllr Margaret Mullane and Cllr Maureen Worby

**Apologies:** Cllr Cameron Geddes

### 20. Declaration of Members' Interests

There were no declarations of interest.

### 21. Euro 2020 Football Tournament

The Leader of the Council conveyed the Borough's congratulations to the England national football team for reaching the final of the recent Euro 2020 tournament. The Leader commended the players' conduct both before and after the tournament and strongly condemned those who had targeted some of the players with racial abuse.

### 22. Minutes (22 June 2021)

The minutes of the meeting held on 22 June 2021 were confirmed as correct.

### 23. Medium Term Financial Strategy and Reserves Policy 2021-22 to 2025-26

The Cabinet Member for Finance, Performance and Core Services introduced a report on the Council's Medium-Term Financial Strategy (MTFS) and Reserves Policy for the period 2021-22 to 2025-26.

The Cabinet Member explained that the MTFS had been developed against the backdrop of the financial uncertainty stemming from the COVID-19 pandemic and the ongoing pressures facing the local government sector in view of the Government's delay in implementing Fair Funding reforms and 75% business rates retention until 2023-24 at the earliest.

The MTFS identified a cumulative funding gap of £25.1m over the five-year period. To ensure an ongoing financially balanced position, the intention was to close the gap through both short and longer-term interventions which would require budget savings to be delivered. The report also set out principles for a robust reserves policy and the Cabinet Member was pleased to confirm that the Council's prudent management of its finances meant that it was not necessary to use General Fund reserves in 2020/21, thereby providing the Council with a buffer for the forthcoming year.

Cabinet Members expressed dismay at the lack of financial support from the Government for essential Council services and vowed to continue to pressure the

Government to deliver its funding promises.

Cabinet **resolved** to:

- (i) Approve the Medium Term Financial Strategy and Reserves Policy 2021-22 to 2025-26 as set out in Appendices A and C to the report and the approach proposed to ensure the financial health of the Council over the medium term;
- (ii) Approve the 2021/22 budget adjustments as detailed in paragraphs 9.1 - 9.5 of the report;
- (iii) Approve the addition to the Capital Programme and drawdown of up to £927,000 from the Parking Reserve to fund upgrades to the CCTV control room and cameras, as detailed in paragraphs 9.6 - 9.9 of the report; and
- (iv) Approve the drawdown of £1.05m from the Investment and Acquisition Strategy (IAS) reserve to fund additional resources to support the delivery of IAS returns, as detailed in paragraph 9.10 of the report.

#### **24. Review of School Places and Capital Investment - Update**

The Cabinet Member for Educational Attainment and School Improvement presented the latest six-monthly update report on school places provision and capital investment in educational provision.

The report set out the most up to date information on the projected demand for school places for September 2021 as well as capital expenditure proposals to progress projects to enhance and improve school provision. The Cabinet Member advised that there had been a dip in demand for reception-age places, potentially due to Brexit and COVID-19, however numbers were expected to recover within the next two years.

A review of the impact of new housing developments in the Borough over the next 15 years had been carried out and it was noted that there was a projected 60% increase in school pupil numbers from now until 2036, which equated to a requirement for 26 new primary schools and 9 new secondary schools. The Cabinet Member advised that, to meet that need, developers would be expected to show in future planning applications how they would meet the need for well positioned, appropriately sized school sites.

The Cabinet Member also advised that the forecast growth of pupils needing additional support through an Educational Health Care Plan (EHCP) was estimated to be an additional 249 pupils until 2026.

Cabinet Members reflected on the difficult challenge ahead for the Council in achieving such an increased number of school places but were reassured that the forward planning and strategy that had served the Council so well to date would continue to do so for years to come.

Cabinet **resolved** to:

- (i) Approve the inclusion in the Capital Programme of the DfE grant allocations for 2021/22 and 2022/23, as detailed in sections 5, 6 and 7 of the report;
- (ii) Approve the proposed allocation of funding as set out in section 8 and, in particular, paragraph 8.15 of the report, to support the provision of new school places and improvements, some of which need to be ready for September 2021;
- (iii) Delegate authority to the Strategic Director, Children and Adults, acting on advice from the Procurement Board, to approve the final procurement strategies for projects noted in the report; and
- (iv) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Education Attainment and School Improvement, the Managing Director and the Strategic Director, Law and Governance, to conduct the procurements and award the respective project contracts.

## **25. Corporate Plan 2020-22 - Q 3 and Q4 2020/21 Performance Monitoring**

The Cabinet Member for Finance, Performance and Core Services introduced a report which summarised performance in quarters three and four of 2020/21 against the numerous metrics and deliverables contained in the Council's Corporate Plan 2020-22 and also set out proposed revisions to the Single Performance Framework.

Cabinet Members were invited to speak on key aspects within their portfolios and the issues raised included:

### **Community Leadership and Engagement**

- Collaboration with other partner organisations had been key, with the creation of BD Giving assisting local communities to engage with and help residents; and
- Engagement with the community had successfully taken place online despite the difficulties faced.

### **Social Care and Health Integration**

- 70% of young people's placements had been maintained despite the pressure on the individuals and carers; and
- Over 90% of care leavers continued to live in suitable accommodation.

### **Educational Attainment and School Improvement**

- Online learning had been successful during lockdown and additional support given to vulnerable people, which had created stronger relationships with parents and families; and
- Praise for the School Admissions service which had, once again, successfully delivered national offer day for new primary and secondary school placements, with Barking and Dagenham having the highest first preference rate for Reception classes.

### **Enforcement and Community Safety**

- An average of 4,000 COVID-19 compliance visits had been undertaken by the

- Enforcement Team each week; and
- £170,000 of fines had been issued to non-compliant private landlords, a figure which was expected to increase with the easing of lockdown and more access to properties.

### **Public Realm**

- Despite pressures on staffing levels due to COVID-19, domestic, recycling and green garden waste collection rates continued to exceed the 99% target for scheduled day collections; and
- Frontline staff continued to ensure that the Borough's parks stayed clean despite being much busier due to an increase in 'staycations'.

### **Employment, Skills and Aspiration**

- The Homes and Money Hub had remained open throughout COVID-19, with services continuing to evolve during the pandemic response; and
- As at March 2021, 641 unemployment learners were accessing learning at the Barking and Dagenham Adult College with 191 starts in employment programmes, both above the target rate, and 850 people had been supported into employment of which 147 were long-term unemployed.

The Leader congratulated the local community for coming together and overcoming challenges during the COVID-19 pandemic and referred to the 'Thank You' roadshow organised by the Council for residents during the previous week.

Cabinet **resolved** to:

- (i) Note the performance highlights and areas of improvement during quarters 3 and 4 of the 2020/21 financial year, as set out in Appendix 1 to the report, and
- (ii) Agree revisions to the Single Performance Framework as set out in Appendix 2 to the report.

## **26. Contract for Supply of Furniture, Fixtures and Fittings for Early Years Education Settings and Temporary Residential Accommodation**

The Cabinet Member for Educational Attainment and School Improvement introduced a report on the proposed procurement of a contract for the supply of furniture, fixtures and fittings for Early Years education settings and temporary residential accommodation.

The Cabinet Member advised that the key benefits of the proposed contract, to commence on 1 April 2022 for a maximum of four years, included the provision of high-quality, cost-effective furniture, fixtures and fittings, and the ability to utilise a multi-lot approach that would provide variety and enable both local and national suppliers to compete for the contract.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for Furniture, Fixtures and Fittings for the Council's Early Years Education Settings and Temporary Residential Accommodation in accordance with the



strategy set out in the report; and

- (ii) Authorise the Strategic Director, Children and Adults, in consultation with the relevant Cabinet Members, the Strategic Director, Law and Governance, and the Managing Director, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder, in accordance with the strategy set out in the report.

## **27. East London Joint Resources and Waste Strategy 2027-2057 - Public Consultation**

The Cabinet Member for Public Realm presented a report on the preliminary draft of the East London Joint Resources and Waste Strategy (ELJRWS) 2027-2057, developed by the East London Waste Authority (ELWA) and its four constituent Boroughs (collectively the 'Partner Authorities').

The Cabinet Member advised that the context around the Partner Authorities delivering waste management services was subject to considerable change over the coming years and had been reflected in the new ELJRWS. Key aspects of note included forthcoming changes to national waste policy and the ending of ELWA's current waste management contract in 2027, with the need to develop successor arrangements. There would also be an increased expectation from the Mayor of London that the Partner Authorities met their obligations to be in 'general conformity' with the London Environment Strategy (LES).

The Cabinet Member outlined the proposed arrangements for the publication and associated stakeholder / public consultation of the ELJRWS, which was due to take place from mid-July to mid-September 2021.

Cabinet **resolved** to:

- (i) Approve the release of the Preliminary Draft of the East London Joint Resources and Waste Strategy (ELJRWS) and associated documents to the four statutory consultees (Environment Agency, Greater London Authority, Historic England, and Natural England);
- (ii) Approve the start of the public consultation on the ELJRWS in line with the proposals set out in the report; and
- (iii) Delegate authority to the Strategic Director, My Place, in consultation with the Cabinet Member for Public Realm, to approve any appropriate minor amendments within the strategy document and/or changes in the public consultation timeline.

## **28. Reside Business Plan 2021-26**

The Cabinet Member for Finance, Performance and Core Services introduced a report on the Reside Business Plan for 2021-26.

The Cabinet Member advised that the next five years would see a significant growth in the number of homes to be managed by Reside, with current projections

suggesting that the property portfolio would grow from just over 1,000 properties to 3,500 by 2026. It was essential, therefore, to scale up operations to enable the successful delivery of affordable homes for local people and he felt that the Business Plan represented a robust and fit-for-purpose document to deliver those outcomes. He stressed, however, that the Business Plan had been developed at a time when the full, long term impacts of COVID-19 were largely unknown and it was possible, therefore, that the Company's ability to deliver certain outcomes could be impacted as a result. With that in mind, it was noted that performance against the Business Plan would be closely monitored through the Shareholder Panel.

Cabinet **resolved** to:

- (i) Approve the Barking and Dagenham Reside Regeneration Ltd (Co No (09512728) Business Plan 2021-26 at Appendix A to the report, subject to the conditions set out below; and
- (ii) Authorise the Council's Managing Director, in consultation with the Shareholder Panel, to:
  - (a) approve the final detailed operational model and any costs associated with delivering the Property Management functions and any associated legal or contractual documentation.
  - (b) approve the strategy for reviewing and updating the Reside Group structure to ensure it is in the best possible position to achieve its strategic outcomes and to fulfil its legal obligations.
  - (c) take all necessary action to enable Reside to carry out its proposals under the Business Plan and to agree any variations to the business plan or shareholder agreement and enter any agreements or warranties necessary.
  - (d) take all necessary action to wind up or otherwise repurpose any companies in the structure on behalf of the Council as shareholder and apply for all necessary consents to do so.

## **29. BDTP Interim Business Plan 2021-24**

The Cabinet Member for Finance, Performance and Core Services introduced a report on the Barking and Dagenham Trading Partnership (BDTP) Interim Business Plan for 2021-24.

The Cabinet Member advised that, due to the COVID-19 pandemic, the Interim Business Plan only covered a three-year period, instead of the typical five, and set out where the business currently stood with regards to operational delivery and financial performance, and the actions that need to be taken to put the Company back on track to achieve the objectives set out in the Shareholder Agreement. A detailed budget for the 2021/22 financial year was included in the Plan, along with forecasts of projected returns for the following two years, and it was noted that the current year projections would be updated at the end of September 2021 and a revised three-year plan covering the periods 2022/23, 2023/24 and 2024/25 would be presented for approval before the end of the current financial year.

The Cabinet Member stressed the importance of BDTP securing new work /

contracts to ensure a sustainable future in a post COVID-19 environment, due to the direct impact on Borough residents of the services it provided and the fact that many local residents worked for the partnership. BDTP had recognised the need to develop a Service Improvement Plan (SIP) for BD Services and a thorough review of the infrastructure required to support all areas of Group activity.

Cabinet **resolved** to:

- (i) Approve the BDTP Interim Business Plan 2021-24 at Appendix A to the report, subject to the conditions set out below; and:
- (ii) Authorise the Council's Managing Director, in consultation with the Shareholder Panel, to:
  - (a) Approve the outcome of the Service Improvement Plan, including the approval of any contractual variations required as a result of that programme;
  - (b) Approve the request for the Council to issue up to £5m for working capital loan and agree all loan documentation or any documentation required to approve the utilisation of funds from the realisation of profit at LEUK, subject to due diligence and ensuring there is no breach of subsidy;
  - (c) Approve expenditure of £1.6m to remove any backlog repairs works and allocate the remainder of the £3.5m business improvement investment;
  - (d) Take all necessary action to enable BDTP to carry out its proposals as set out within the Business Plan, except those reserved by these recommendations, and to agree any variations to the business plan.

(Standing Order 7.1 (Part 2, Chapter 3, of the Council Constitution) was suspended at this juncture to enable the meeting to continue beyond the two-hour threshold.)

### **30. Delivery of Barking Riverside Health and Wellbeing Hub**

The Cabinet Member for Social Care and Health Integration presented a report on the proposed delivery of a Health and Wellbeing Hub in the Barking Riverside area.

The Cabinet Member advised that Barking Riverside had been identified as one of the NHS's Healthy New Towns, showcasing how new development could embed improved health and wellbeing from the outset, as well as being a key feature of the Council's aspirations to create a District Centre in the locality. The new Hub would combine a new leisure centre with pool together with health and community facilities to encourage physical activity, social interaction with others and healthy living. The New Model of Care would see statutory and community partners working together to empower residents and facilitate activation of the Barking Riverside community by ensuring that services were accessible and appropriate for maximising health outcomes for all residents.

The Cabinet Member referred to the Section 106 Agreement which formed part of Barking Riverside Limited's (BRL) outline planning approval for the area and the

further feasibility work that had been undertaken by BRL, in consultation with the Council and the Clinical Commissioning Group (CCG), to develop the plans for the area. As a combined leisure, health and community facility was not originally envisaged, it was noted that it would be necessary to vary the current Section 106 Agreement with BRL to enable the plans to be progressed. The feasibility work had also identified a preferred option whereby the Council would lead on the delivery, financing and management of the Hub, which would include borrowing via the General Fund and recouping the projected funding gap, after receipt of the BRL contribution of circa £22.25m, via rental income. It was further noted that the Council's leisure service provider, Everyone Active, would manage the leisure element of the Hub.

Cabinet **resolved** to:

- (i) Approve the development by the Council of the Barking Riverside Health and Wellbeing Hub on the terms set out in the report, which include the Council taking a long leasehold interest of the site shown edged red in Appendix 1 to the report at nil cost and entering into a Land and Works agreement with Barking Riverside Limited for the development;
- (ii) Approve the borrowing of up to £39.95m within the General Fund, subject to satisfactory due diligence and receiving confirmation of BRL's contribution of £22.253m, as detailed in paragraph 2.2 of the report, being paid to the Council on Practical Completion;
- (iii) Support the proposed variation of the current Section 106 Agreement with relevant parties in respect of the Barking Riverside Development to reflect the changing circumstances and delivery of the Health and Wellbeing Hub, which shall be subject to the necessary approvals via the planning regime; and
- (iv) Delegate authority to the Managing Director, in consultation with the Strategic Director, Law and Governance, to agree and execute any agreements and contract documents to fully implement the project.

### **31. Proposed Purchase of 62 Residential Units at Town Quay Wharf, Barking**

The Cabinet Member for Finance, Performance and Core Service introduced a report on the proposed purchase of 62 new, affordable tenure homes at Town Quay Wharf, Barking.

The Cabinet Member advised that Weston Homes PLC had secured planning permission to redevelop Town Quay Wharf and provide 147 new homes (35% affordable), new ground floor commercial space and a central public area on the River Roding. Weston Homes had approached the Council and Be First with an opportunity to accelerate the project via a Development Agreement whereby the Council would purchase 62 units on completion at a discounted rate in exchange for the transfer of Council-owned land in the locality to facilitate the overall development scheme. The development project would also include adjustments to the Town Quay road network to make better use of the land and river frontage.

The Cabinet Member explained that Be First would manage the transaction on

behalf of the Council and monitor the development process to practical completion, estimated in 2024/25. Once completed, the new units would be held and operated by Reside as part of its residential portfolio, with any financial surplus made being paid back to the Council. It was confirmed that the proposed terms were in accordance with the Council's Investment and Acquisition Strategy criteria and would help the Council to achieve its 'Inclusive Growth' objectives through the provision of much needed, affordable social housing.

Cabinet **resolved** to:

- (i) Approve the purchase of 62 affordable tenure homes from Weston Homes on a turnkey basis for the price of £14,635,162 (circa £236k per unit);
- (ii) Agree to the transfer of LBBD land at Town Quay Wharf to Weston Homes PLC to facilitate the Town Quay redevelopment proposal as a consideration contribution towards the acquisition of the 62 affordable tenure homes;
- (iii) Agree the borrowing of up to £11,295,534 (net development cost) within the General Fund from the Public Works Loan Board to finance the entire development subject to satisfactory due diligence;
- (iv) Approve in principle to enter into a Development Agreement with Weston Homes to deliver 62 units for a total development cost £16,331,251 for expected completion in 2024 subject to satisfactory due diligence, including acceptable parent company and SPV checks and security arrangements;
- (v) Agree the scheme meets the Investment & Acquisition Strategy financial performance metrics delivering a positive net present value of £3.5m;
- (vi) Approve the appointment of relevant technical due diligence and legal advisors and to manage the transaction on behalf of Be First and the Council;
- (vii) Agree to the use of an existing or the establishment of a Special Purpose Vehicle(s) as required within the Barking & Dagenham Reside structure to develop, own, let, sale and manage and maintain the homes in accordance with the funding terms in a loan agreement between the Council and Special Purpose Vehicle;
- (viii) Agree to allocate £924,000 GLA Shared Ownership grant funding, subject to a successful bid, to support the financial viability of the shared ownership tenure;
- (ix) Agree to allocate £2,900,000 GLA LAR grant funding, subject to a successful bid, to support the financial viability of the LAR tenure;
- (x) Agree the 2.5% Be First fee of £422,862 to act as Development Manager and Construction manager on behalf of the Council;
- (xi) Agree to set up a Capital code with the required budget of £16,331,251 to deliver the project;

- (xii) Agree to transfer £20,000 of pre-Gateway 2 costs incurred by Be First to date to the Capital code;
- (xiii) Delegate authority to the Managing Director, in consultation with the Strategic Director, Law and Governance, to agree and execute any legal agreements and contract documents to fully implement the project; and
- (xiv) Delegate authority to the Finance Director, in consultation with the Managing Director and Cabinet Member for Finance, Performance and Core Services, to agree the funding and finance arrangements to fully implement the project.

## CABINET

21 September 2021

<b>Title:</b> Revenue Budget Monitoring 2021/22 (Period 4, July 2021) and Q1 Capital Programme Update	
<b>Report of the Cabinet Member for Finance, Performance and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Katherine Heffernan and Philippa Farrell, Heads of Service Finance, David Dickinson, Head of Treasury and Investments	<b>Contact Details:</b> E-mail: <a href="mailto:Katherine.heffernan@lbbd.gov.uk">Katherine.heffernan@lbbd.gov.uk</a> <a href="mailto:Philippa.farrell@lbbd.gov.uk">Philippa.farrell@lbbd.gov.uk</a>
<b>Accountable Director:</b> Philip Gregory, Finance Director	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Managing Director	
<p><b>Summary</b></p> <p>This report sets out the Council's budget monitoring position for 2021/22. highlighting key risks and opportunities.</p> <p>The Council's General Fund budget for 2021/22 is £173.614m. At this early stage of the financial year there is still significant uncertainty in the forecast position due to continued financial risks arising from the Covid epidemic. The current forecast outturn position is £183.846m which would be an overspend of £10.232m or £9.712m once income is taken into account. This can be managed by use of the budget support reserve which was £11.433m at the end of the previous financial year.</p> <p>The overall capital programme for 2021/22 is £411.511m, consisting of £61.926m for the General Fund, £306.370m for Investments and £43.215m for the Housing Revenue Account (HRA). At the end of the first quarter, expenditure of £71.349m or around 17% had been incurred. However, at this stage programme managers are still planning to spend their full programme amount.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) Note the update on key savings programmes and commercial income, as set out in section 4 of the report;</li> <li>(iii) Note the 2021/22 Quarter 1 Capital Programme expenditure position, as set out in section 5 and Appendices B and C of the report;</li> </ul>	

- (iv) Approve the changes to the Capital Programme totalling £22.745m and £10.669m reprofiling, resulting in a net increase to this year's programme of £12.076m, as set out in paragraphs 5.1 - 5.3 and 5.6 – 5.10 of the report; and
- (v) Approve an increase in the Industria programme budget of £3.97m, in light of the tender returns, to a total development budget of £38.618m, as set out in paragraphs 5.4 - 5.5 of the report.

**Reason(s)**

As a matter of good financial practice, the Cabinet should be informed about the Council's financial risks, spending performance and budgetary position. This will assist in holding officers to account and inform further financial decisions and support the objective of achieving Value for Money as part of the Well Run Organisation.

**1. Introduction and Background**

- 1.1 This is the first budget monitoring report to Cabinet for the 2021/22 financial year. The financial outturn for the previous financial year was a net underspend after transfers to and from reserves of £1.951m (subject to finalisation of the external audit). This was the net result of a large overspend of £26.13m offset by additional in year grant income from the Government of £28.02m. The grant income was provided to meet the financial challenges to Local Government from the Covid pandemic and the lockdown/other measures taken to contain it. The overspend was driven by a range of factors including underlying demographic pressures, additional costs and demands arising from Covid and delays in making savings and income.
- 1.2 There has been a net £17.817m of growth added to the budget for 2021/22 as part of the Council's budget setting process in February in order to meet the then known pressures especially those in Care and Support. This was funded from Council tax increases, commercial returns and government grants including special grants to meet additional Covid related costs in the first quarter of the year.
- 1.3 Despite the growth this year has a high level of financial risk including the continuing impact of the Covid pandemic and its aftermath, the potential impacts of Brexit, the long-standing pressures that impact across the Local Government sector and the high levels of deprivation and disadvantage that already existed for residents of the borough.
- 1.4 As part of our ongoing improvement programme a more streamlined budget monitoring process has been introduced. This has resulted in some changes to the format of the budget monitoring report. This report is now a high-level summary with key information and action points with more detailed being contained within the appendices.

**2. Overall Financial Position**

- 2.1 The 2021/22 budget was approved by the Cabinet in February and is £173.613m – a net increase of £17.817m from last year. Growth funding was supplied for Care and Support (to meet demographic and cost pressures), Community Solutions (for



Homelessness, Temporary Accommodation and the Creation of a Customer Experience Team), Inclusive Growth (Economic Development Team), Legal and Finance, Participation and Engagement and Council-wide (staff pay award and non-staff inflation). It also includes £8.201m of savings plans – most of which were brought forward from previous years.

- 2.2 As the table below shows the expenditure forecast is £183.864m. This is a prudent estimate and as it is still early in the year it is possible that this can be managed down. However, if the final outturn is in line with this forecast, this would result in an overspend of £9.71m. This level of overspend can be fully met from the budget support reserve without the need for recourse to the General Fund which will remain at £17m. However, this would reduce the Council’s ability to absorb further financial risks or support new investment in transformation in future years.
- 2.3 A proportion of the additional pressures are driven by the Covid epidemic – however as time has passed some of the additional costs have now become the “new normal” and it is becoming increasingly hard to draw a sharp distinction between covid costs and business as usual. Additional government support has been provided for the first quarter of the year and this has already been built into the forecasts.

<b>Table 1.</b>	<b>FULL YEAR BUDGET (£000)</b>	<b>Full Year Forecast (£000)</b>	<b>Forecast Variance (£000)</b>
COMMUNITY SOLUTIONS	24,009	27,139	3,130
CORPORATE MANAGEMENT	5,044	2,636	(2,408)
INCLUSIVE GROWTH	1,292	1,967	676
LAW AND GOVERNANCE	(1,114)	(976)	138
MY PLACE	16,529	18,858	2,329
PEOPLE AND RESILIENCE	124,138	128,434	4,296
STRATEGY & CULTURE	3,717	5,789	2,071
<b>TOTAL EXPENDITURE</b>	<b>173,614</b>	<b>183,846</b>	<b>10,232</b>
FUNDING	(173,614)	(174,134)	(520)
<b>TOTAL NET POSITION</b>	<b>0</b>	<b>9,711</b>	<b>9,712</b>

### 3. Key Variances

- 3.1 This section provides a high-level summary of the main variances. More detail on all Council services is given in Appendix A.
- 3.2 **Community Solutions** - This service is facing a range of different financial risks and pressures including demand and cost pressures that may be partly covid driven in Homelessness, NRPF and the contact centre, additional costs from Digitalisation and the Innovate IT system and the loss of some external grant funding. In response a range of mitigation actions have already been put in place and the service continues to work on new grant bids to replace lost funding and long-term strategies to manage homelessness.
- 3.3 **Corporate Management** - There is a forecast underspend of £1.4m in central expenses from provisions and corporate contingencies. This effectively serves as a buffer against service overspends. It should be noted that this is a much lower

figure than in previous years as more funding has been moved into service department budgets. There is also an underspend on the ELWA levy budget.

- 3.4 **Inclusive Growth** - There is an overspend in this area from income shortfalls of £335k for historic grants no longer being received, which needs to be corrected in the MTFs, and £281k from the Film Unit where income generation is still being adversely affected by the impact of Covid.
- 3.5 **Law and Governance** - There is currently a small overspend forecast linked to staffing pressures in some areas and income shortfalls in Enforcement. However, Enforcement income is improving steadily and so there is potential for the budget to return to balance (or even underspend) before year end.
- 3.6 **My Place** - There are long standing pressures in this service in both Homes and Assets and Public Realm including staffing and agency costs (which have been exacerbated by Covid and the self-isolation rules), transport costs and income from the HRA and commercial rents. The service is undertaking an in-depth review of its operating model to identify its true funding needs and where there is scope for cost reductions.
- 3.7 **People and Resilience** - There has been a very substantial increase in the Children's Care and Support caseload which is thought to be linked to Covid and lockdown. In addition, the number of children requiring residential care placements and the cost of that provision has also risen. Altogether there is an overspend of £2.3m in Children's Care and Support as a result of these two issues. There are similar pressures in Children with Disabilities services.
- 3.8 **Strategy and Culture** - The main pressure in this area is the loss of the Leisure concession income and financial support to the provider directly linked to Covid. In addition, there are income shortfalls across heritage and leisure and historic pressures in the ICT budget.

#### 4. **Savings and Commercial Income**

- 4.1 There is a savings target of £8.210m for 2021/22. £2.641m are new savings approved in the MTFs, £5.033m are unachieved A2020 savings brought forward from the previous year(s) and £0.536m are Transformation programme savings in Care and Support. £4.649m of these savings depend on efficiencies and cost reductions and £3.561m are based on new or increased income.
- 4.2 There are £3.282m high-risk savings including the contact centre restructure, changes to the Foyer, Continuing Health Care and Charging income in Adults and Disabilities and improvements in corporate debt and income including the Council Tax Support Scheme.
- 4.3 There are £3.776m of medium risk savings including staffing reductions following the return of the Elevate services, Children's process efficiencies and commissioning savings, delays in exiting Roycraft House and Enforcement income including the additional day in the Barking Market. All savings will be monitored throughout the year to ensure that progress continues to be made and alternatives identified where necessary.

- 4.4 As part of its savings and growth strategy, the Council has created subsidiary companies which are expected to provide a commercial return to the main budget. These returns are made in arrears following approval and audit of the previous year's accounts. The accounts for 2020/21 are not yet finalised.
- 4.5 Current indications are that Be First will be able to make a return – however this is not likely to be confirmed until later in the year. BDTP has been adversely affected by Covid and there is a significant risk that they will not be able to make any payment. This creates a risk of £2m to the Council's commercial income.

## **5 Capital Programme Quarter 1**

- 5.1 The overall capital programme for 2021/22 is £412.5m, consisting of £61.9m for the General Fund, £306.4m for Investments and £43.2m for HRA. This excludes the Transformation Programme.
- 5.2 This represents a net increase since the MTFs was approved of 12.078m. This is a net figure after £22.745m additions and changes to the programme and £10.669m reprofiling between years. Where new capital schemes are agreed, for example in the Investment and Acquisition Strategy (IAS), these will be added after each Cabinet and will be reported as an adjustment against the base budget for the year. There have been £23.709m additions to the capital programme offset by a reduction of £0.964m on the TFL schemes. The main changes to the Capital Programme are as follows:
- The programme now includes a scheme of £15.533m for Green Homes. This is the total across a multi borough collaboration agreement and is fully funded by external grant from BEIS and Salix. There is also an HRA scheme for £1.9m to fulfil the match-funding requirement. It is currently shown in 21-22 but is likely to be reprofiled once plans are developed further.
  - The Council has been made aware of contaminated land adjacent to Eastbrookend Country Park. The cost of decontamination will be met from a provision made for this purpose during the previous financial year. This is an increase of £1.5m.
  - The grant funding available from Transport for London has been reduced. Following a detailed review, the revised programme is £0.964m lower in 21-22 with the main reductions being made on the bus priority schemes and the Cycle Route 10.
  - The My Place programme has been increased by £1.060m for Dispersed Working and Ward Capital Spend. This programme was previously approved in February but is now being added to this year's programme. The Wards budget has been moved into My Place from other.
  - The Education Youth and Childcare programme is funded by a range of capital grants from the ESFA/DfE. Regular reports are provided to Cabinet on this programme – most recently in July 2021. The programme has been updated in line with the grant funding and schemes approved. This has resulted in an increase of £5.6m in 21/22.
- 5.3 Cabinet is asked to approve the above amendments which are incorporated into Appendix B (in the 'Adjustment' column.).

- 5.4 Approval is also sought for an increase to the Industria (Intensifying Barking's Industry) Programme which was approved by Cabinet in December 2020 (Minute 59) with a total development cost of £34.65m (listed under 'Commercial Investments' within the approved Capital programme. Following a contract tendering exercise in summer 2021, the project now seeks a total development cost of £38.618m, inclusive of interest and project contingency. This price is based on the actual construction tender return at the time of writing in August 2021 and presents a maximum contract price agreed with McLaren Construction Limited, the main contractor appointed following competitive tender via the Be First Development Framework. This represents a £3.97m increase from the December 2020 Cabinet agreed development cost, mainly attributed to the increase and high volatility of construction material, labour market costs and design developments. As a result, the financial performance has worsened but the scheme remains viable with a positive net present value (NPV).
- 5.5 It is recommended that the Cabinet approve a revised total development cost for Industria of £38.618m to enable the project to proceed, with a Practical Completion date of the end of January 2023. The profiling of this new cost will be included in the Quarter 2 update in the Autumn.

5.6 The following reprofiling changes have also been made:

Scheme	Original 2021-22 budget	Reprofiled to 2022-23	Revised Budget
Disabled Facilities Grant	2,589	-1,007	1,582
Core/IT programme	2,376	-258	2,118
Parsloes Park	5,996	-1,199	4,797
Other Park/Play Programmes	2,857	-358	2,499
CPZ Schemes	1,959	-1,235	724
Vehicle Fleet Replacement	2,210	-860	1,350
Abbey Green HLF Project	1,367	-200	1,167
Investments	311,922	-5,552	306,370
TOTAL	331,276	-10,669	320,607

- 5.8 The IAS programmes in particular have had a detailed profiling review in line with development timescales agreed by the Investment Panel.
- 5.9 In addition the HRA programme has been reallocated within the approved total.
- 5.10 A summary of the programme is provided in the table below and a list of all the projects is included in Appendix B with more detailed notes in Appendix C. Cabinet is requested to approve the revised Capital Programme for 2021/22.
- 5.11 As shown in the table below actual expenditure in the first quarter was generally low. However, at this stage all programme managers are planning to spend to their full allocation for the year.
- 5.12 There is one anticipated overspend on the HRA Estate Renewal Programme which funds the costs of decants and buybacks.

Department	Full Year Budget	Adjustment	Revised Budget	Q1 YTD Expenditure	Q1 Forecast	Budget Remaining
Adults Care & Support	2,589	-	1,582	15	1,582	1,567
Community Solutions	74	1,007	74		74	74
Core	2,376	-	2,118	89	2,118	2,030
CIL	1,501	258	1,501	156	1,501	1,345
Culture, Heritage & Recreation	8,852	-	8,795	242	8,795	8,553
Enforcement	1,960	56	724	208	724	516
Inclusive Growth	-	1,235	15,533		15,533	15,533
Transport for London schemes	2,375	-	1,411	119	1,411	1,292
My Place	6,498	964	8,139	619	8,139	7,520
Public Realm	2,517	-	1,657	38	1,657	1,620
Education, Youth and Childcare	13,010	860	18,626	7,982	18,626	10,643
Other	2,544	-	1,765	16	1,765	1,749
<b>General Fund</b>	<b>44,296</b>	<b>17,630</b>	<b>61,926</b>	<b>9,484</b>	<b>61,925</b>	<b>52,442</b>
<b>HRA</b>						
Stock Investment (My Place)	35,130	-	35,130	1,925	35,130	33,205
Estate Renewal (Be First)	5,155	1	5,155	3,157	5,900	1,998
New Build Schemes (Be First)	2,931		2,931	172	2,931	2,759
<b>HRA Total</b>	<b>43,216</b>	<b>-1</b>	<b>43,215</b>	<b>5,253</b>	<b>43,961</b>	<b>37,962</b>
<b>Investments</b>						
Residential Developments	276,682	-	271,679	51,027	271,679	220,652
Temporary Accommodation	5,439	5,003	5,439	910	5,439	4,529
Commercial Investments	29,801	-	29,252	4,674	29,802	24,578
<b>Investments Total</b>	<b>311,922</b>	<b>-5,552</b>	<b>306,370</b>	<b>56,611</b>	<b>306,920</b>	<b>249,759</b>
<b>Total</b>	<b>399,434</b>	<b>12,078</b>	<b>411,512</b>	<b>71,349</b>	<b>412,806</b>	<b>340,163</b>

## 6. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 6.1 This report is one of a series of regular updates to Cabinet about the Council's financial position.

## 7. Legal Implications

Implications completed by Dr Paul Feild, Senior Standards and Governance Lawyer

- 7.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.
- 7.2 Nevertheless, the unique situation of Covid 19 presents the prospect of the need to purchase additional supplies and services with heavy competition for the same resources which causes scarcity and rising costs. Still, value for money and the legal duties to achieve best value still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained. We must continue careful tracking of these costs and the reasoning for procurement choices to facilitate grounds for seeking Covid 19 support funds.
- 7.3 It is noted that BDTP is not expected to make a positive return to the Council for this year (para 4.5 supra). This will need close monitoring, particularly in terms of its operating viability and delivery of its business plan. As local government is an emanation of the state, the Council must comply with UK Law regarding Subsidies (previously called State Aid). This means that local authorities cannot subsidise their commercial undertakings or confer upon them an unfair economic advantage. While the UK has left the European Union (EU), issues regarding state aid have not ceased. For example, the UK membership of the World Trade Organisations agreement on trade also has requirements regarding State Aid albeit somewhat less prescriptive than the EU. In a nutshell Council trading enterprises in the parlance of the Trade and Cooperation Agreement 2020, must operate on 'a level playing field' as other operators in the public and private sectors and must deliver a positive rate of return on investment.

## 8. Other Implications

- 8.1 **Risk Management** – Regular monitoring and reporting of the Council's budget position is a key management action to reduce the financial risks of the organisation.
- 8.2 **Corporate Policy and Equality Impact** – regular monitoring is part of the Council's Well Run Organisation strategy and is a key contributor to the achievement of Value for Money.

8.3 **Property / Asset Issues** – this report includes an update on the Council’s Capital Programme

**Public Background Papers Used in the Preparation of the Report:**

- The Council’s MTFs and budget setting report was presented to Assembly on 3<sup>rd</sup> March 2021.  
<https://modgov.lbbd.gov.uk/Internet/documents/s144013/Budget%20Framework%202021-22%20Report.pdf>
- Intensifying Barking’s Industry Project  
<https://modgov.lbbd.gov.uk/Internet/documents/s142503/IBI%20Report.pdf>

**List of appendices:**

- Appendix A: Revenue Budget Monitoring Pack
- Appendix B: Q1 Detailed Capital Programme
- Appendix C: Capital Monitoring Notes

This page is intentionally left blank



## London Borough of Barking and Dagenham Budget Monitor: Period 4

Table 1.	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
<b>COMMUNITY SOLUTIONS</b>	17,168,748	6,840,150	27,138,926	3,130,028			3,130,028
CORPORATE MANAGEMENT	3,701,290	1,342,250	2,635,762	(2,407,778)			(2,407,778)
INCLUSIVE GROWTH	272,991	1,018,760	1,967,446	675,695			675,695
LAW AND GOVERNANCE	1,548,900	(2,663,360)	(976,214)	138,246			138,246
MY PLACE	9,331,640	7,196,870	18,857,634	2,329,124			2,329,124
<b>PEOPLE AND RESILIENCE</b>	99,794,851	24,343,420	128,920,802	4,782,532	(486,740)		4,295,792
STRATEGY & CULTURE	9,081,130	(5,363,690)	7,676,762	3,959,322	(1,888,012)		2,071,310
<b>TOTAL EXPENDITURE</b>	<b>140,899,550</b>	<b>32,714,400</b>	<b>186,221,119</b>	<b>12,607,169</b>	<b>(2,374,752)</b>		<b>10,232,417</b>
FUNDING	(140,899,550)	(32,714,400)	(174,134,408)	(520,458)			(520,458)
<b>TOTAL NET POSITION</b>	<b>0</b>	<b>0</b>	<b>12,086,711</b>	<b>12,086,711</b>	<b>(2,374,752)</b>	<b>0</b>	<b>9,711,959</b>
<b>DEDICATED SCHOOLS GRANT</b>	<b>(1,698,690)</b>	<b>1,698,690</b>					
<b>HRA</b>	<b>(34,332,066)</b>	<b>34,332,066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Summary:

The position overall is an overspend – this is a worsening in the position since last month of £0.864m – largely within Care and Support

### Key Risks and Opportunities:

- Children’s and Disability.
  - There are large financial pressures in Children's Care and Support arising from additional demand. Increases in the numbers of Children requiring social care intervention is leading to staffing pressures and increases in the cost of care and numbers of children with the most complex needs requiring residential/specialist care is leading to an overspend on placements.
- Community Solutions
  - There are a range of pressures in Community Solutions arising from additional needs/demand and also some income losses
  - Over 80% of savings/income targets are still at risk.
- We are now holding lower central budgets following the write-off of savings and distribution of some contingencies. This should improve the service position but means there is much less of a buffer than in previous years.

## Community Solutions: Period 4

Forecast Position: £27.1m (overspend of £3.130m, 11.5% variance)

Table 2.

COMMUNITY SOLUTIONS	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
SUPPORT AND COLLECTIONS	1,570,897	4,603,920	7,296,345	1,021,528			1,021,528	
COMMUNITY SOLUTIONS	8,903,837	762,310	6,212,499	969,500			969,500	
COMMUNITY PARTICIPATION AND PREVENTION	6,694,014	1,473,920	13,630,082	1,139,000			1,139,000	80,008
<b>TOTAL NET POSITION</b>	<b>17,168,748</b>	<b>6,840,150</b>	<b>27,138,926</b>	<b>3,130,028</b>	<b>0</b>	<b>0</b>	<b>3,130,028</b>	<b>80,008</b>

### Key Drivers of the Position:

The total overspend for the Department is **£4.880m**.

This has been reduced by **(£1.750m)** mitigations.

The reported overspend of **£3.130m** is caused by the following:

- |  |                |
|--|----------------|
| • Income target for Brocklebank & Foyer have not been removed, the buildings have been decommissioned. | £775k          |
| • Pressure of NRPF   | £216k          |
| • Works & Skills Loss of grant   | £281k          |
| • Contribution to Innovate system which was unbudgeted   | £155k          |
| • Pressure of TA (Voids & demand led)  | £250k          |
| • R&B Contact Centre (pressure of Agency cost)   | £500k          |
| • CC & Careline (historic budget gap)  | £459k          |
| • Digitalisation   | £180k          |
| • Comsol gap (includes £250k income target)  | £314k          |
| <b>Total Variance</b>  | <b>£3.130m</b> |
- **The loss of grant are due to combination of reduced amounts previously confirmed by grant providers , unsuccessful bids and ceased grants**
  - **Agency costs are due to increased demand and dealing with backlog of cases at contact centre**

### Mitigation Table (Mitigations are included in the forecast):

In Year Mitigation	Amount	RAG Rating
Coroners court - One Year Lease (from July)	112,500.00	Green
RSI funding SO1 posts	42,000.00	Green
Homelessness growth for 21/22	260,000.00	Green
Homelessness growth for 21/22	280,000.00	Green
Gatefiled Final Payment	53,000.00	Green
new burdens grant for Bus Rate	229,000.00	Green
Social Care funding 2 posts PO2 & Scale 5	96,000.00	Amber
2x Scale 5 - Frontline post	66,000.00	Amber
Invest to Save (from Growth)	100,000.00	Amber
GLA collection grant	250,000.00	Amber
Tranformation or CSR	100,000.00	Red
Brocklebank mitigation credit	58,000.00	Red
Adult college bus rate discount	104,000.00	Red
<b>Total Potential Savings</b>	<b>1,750,500.00</b>	

## Community Solutions: Period 4 Risk and Opportunities

Forecast Position: £27.1m (overspend of £3.130m, 11.5% variance)

### **Risks: (These are risks that are NOT in the forecast that we are monitoring)**

- The Adult College business rate discount is under review, and the ripple road building may not meet the required criteria to attract the business rate discount. (£104k)
- Although Brocklebank has been decommissioned, there are ancillary costs being charged to the cost centre which may have an aggregate impact on the budget. We are investigating what these costs relates to.
- There are inherit risk associated with expected grants for Works & Skills, as there are possibility of the bids not being approved.
- Contributions towards additional costs associated with Community Banking worth £100k may not materialised.

### **Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)**

- Additional funding from corporate worth £400k to support the careline budget may reduce the forecasted overspend.
- Possible recharge of £300k to BDMS for additional duties at Contact centre will have a positive impact on the forecast
- Works & Skills have put forward grant bids worth circa £363k, if successful will reduce the overspend forecast
- A £250k gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.

## Community Solutions: Support and Collections

**Forecast Position: £27.1m (overspend of £3.130m, 11.5% variance)**

	FULL BUDGET FY	DEPRECIATION	RECHARGES	Non-Controllable BUDGET FY	Controllable BUDGET FY	Full Year Forecast	Variance
DIRECTOR OF COMMUNITY SOLUTIONS	405,250		276,700	276,700	128,550	878,250	473,000
REVENUE SERVICES	950,580	870,710	422,990	1,293,700	-343,120	947,108	-3,472
WORK & SKILLS	1,298,120	237,060	666,800	903,860	394,260	1,578,620	280,500
TRIAGE SERVICES	2,671,044		174,000	174,000	2,497,044	2,887,044	216,000
CUSTOMER CONTACT	6,994,192	7,630	-467,680	-460,050	7,454,242	8,133,192	1,139,000
SUPPORT SERVICES	1,525,920	2,772,860	537,360	3,310,220	-1,784,300	2,550,920	1,025,000
<b>Total</b>	<b>18,878,483</b>	<b>3,932,870</b>	<b>1,672,940</b>	<b>5,605,810</b>	<b>13,272,673</b>	<b>22,008,511</b>	<b>3,130,028</b>

In this text box: Please outline the pressure drivers, what action is being taken if any, what further risks, or opportunities exist

**The overspend are due to 3 main lifecycles:**

Support & Collections : £1.021m (Cost of Innovate, NRPF, TA voids and demand )

Works & Skills & Dir of Com: £970k (relates to Comsol historic gap and W&S loss of grants

Participation & Prevention: £1.139m (relates to digitalisation costs and customer contact caseload agency costs & budget gap)

An amount of £775k is earmarked to be funded from Treasury relating to decommissioning of Brocklebank and development of Foyer.

## Corporate Management: Period 4

Forecast Position: £2.6m (underspend of £2.4m, 65% variance)

CORPORATE MANAGEMENT	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
STRATEGIC LEADERSHIP	442,560	(746,620)	(303,060)	1,000			1,000	
FINANCE	2,852,430	(537,890)	2,314,540					
IAS	(4,368,610)	11,720	(4,356,890)					
CENTRAL EXPENSES	4,774,910	2,615,040	4,981,172	(2,408,778)			(2,408,778)	220,000
<b>TOTAL NET POSITION</b>	<b>3,701,290</b>	<b>1,342,250</b>	<b>2,635,762</b>	<b>(2,407,778)</b>	<b>0</b>	<b>0</b>	<b>(2,407,778)</b>	<b>220,000</b>

- There is an underspend of £1.4m in Central Expenses. This is a much smaller underspend than in previous years as several provisions have been released into service budgets including the £2m for write off of non achieved savings. This provides much less of a buffer against service overspends.
- The recent one off £50 bonus payment to staff has been funded from this budget
- There is also an underspend of £0.9m against the ELWA levy budget reflecting the latest agreement with the authority.

### Mitigation Table

There are no mitigations in this area.

## Corporate Management: Period 4 Risk and Opportunities

Forecast Position: £2.6m (underspend of £2.4m, 65% variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- A £2m budget provision has been made for the 21/22 pay award ie approx. a 2% uplift. If a higher award is made this will cause a budget pressure (either here or dispersed among services.)
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes a provision in line with last year may be required which would be an overspend of £1m. If the position worsens then further provision would be required.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- Currently the forecast assumes full spend against a number of contingency budgets including the central redundancy pot and insurance. If these are not required then this will contribute further underspends the Council position.
- In addition to the reduced in year ELWA contribution some previous funding has been returned to the member authorities. This is not included in the forecast as plans for its use are being considered.

## Inclusive Growth: Period 4

Forecast Position: £1.967m (overspend of £0. 676m, 52% variance)

INCLUSIVE GROWTH	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
COMMERCIAL	(220,819)	(216,700)	(126,096)	311,423			311,423	
INCLUSIVE GROWTH	493,810	1,235,460	2,093,542	364,272			364,272	
<b>TOTAL NET POSITION</b>	<b>272,991</b>	<b>1,018,760</b>	<b>1,967,446</b>	<b>675,695</b>	<b>0</b>	<b>0</b>	<b>675,695</b>	<b>0</b>

### Key Drivers of the Position (Summary)

The £676k variance is caused by:

- An income target for Inclusive Growth of £394k which is forecast to under-achieve by £335k. This target was set several years ago on the basis of grant income which is no longer received. The only income received by IG is the CIL admin fee which is minimal.
- A shortfall of £281k on Film Unit income, mitigations need to be worked up in this area.
- £67k unfunded Added Years Compensatory costs

Mitigation Table: There are no mitigations within the forecast. Mitigations are being worked on in relation to the film office.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- The forecast is based on gross income of £344,000 for the Film Unit and is based on known income to date. The level of income is anticipated to increase as the year progresses. However, it's unlikely that the net income target of £244,000 will be met, as the opportunity to generate income has been impacted by the reduction in filming locations.

## Law and Governance: Period 4

Forecast Position: (£0.976m) (overspend of £0.138m, 12% variance)

LAW AND GOVERNANCE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
WORKFORCE CHANGE / HR	2,132,460	(1,762,520)	406,540	36,600			36,600
LAW & ASSURANCE	3,804,180	(1,935,890)	1,910,703	42,413			42,413
ENFORCEMENT	(4,639,530)	1,293,500	(3,329,997)	16,033			16,033
LEADERS OFFICE	251,790	(258,450)	36,540	43,200			43,200
<b>TOTAL NET POSITION</b>	<b>1,548,900</b>	<b>(2,663,360)</b>	<b>(976,214)</b>	<b>138,246</b>	<b>0</b>	<b>0</b>	<b>138,246</b>

### Key Drivers of the Position (Summary):

Following WFB approval we have recharged the Director of Law and Governance and PA Salaries across LGHR. This will require services to work to contain these costs which altogether come to £244k

Enforcement- There is a small net variance from combined shortfalls in income offset by large staffing underspends from vacancies across the Directorate.

Leaders office: Insufficient historical staff budget 16k , pressure due to new restructure 15k, recharges of Legal services Director 12k

### Mitigation Table:

Mitigations are being worked on by the services. It is expected that it will be possible to hold vacancies or make other small savings to offset any pressures.



## Law and Governance: Period 4 Risk and Opportunities

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- The Private Sector Property Licensing (PRPL) scheme has a challenging income target across five years and so there is a long term risk that it might not generate sufficient net income to meet the income target of £1.924m. This is not currently assessed as high risk but must be monitored.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- Parking Income: There is potential possibility that the Parking income may overachieve by approx. 500k at year end based on current performance. However, the Parking income is volatile and therefore we are not recognising the possible overachievement at this point in the year.
- There are significant staff vacancies currently being recruited to following major reorganisation. The level of underspend may vary depending on the success of the recruitment campaign.
- Barking Market Income: The current income level is influenced by post COVID activities. The monthly income can increase or decrease in future. An extra day was added based on a return to pre COVID levels, this is not being achieved yet and it depends on how COVID impact develops.
- Expenditure on COVID-related activities, eg the COVID response team and test centre security costs may be funded from COMF grant. The forecast assumes that these costs are unfunded.

## My Place: Period 4

Forecast Position: £18.858m (overspend of £2.329m, 14.1% variance)

Table 6.

MY PLACE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
MY PLACE	(132,900)	7,784,670	9,230,526	1,578,756			1,578,756	16,584
PUBLIC REALM	9,464,540	(587,800)	9,627,108	750,368			750,368	34,070
<b>TOTAL NET POSITION</b>	<b>9,331,640</b>	<b>7,196,870</b>	<b>18,857,634</b>	<b>2,329,124</b>	<b>0</b>	<b>0</b>	<b>2,329,124</b>	<b>50,654</b>

### Key Drivers of the Position (Summary):

- My Place: £1.4m adverse variance due to the recharge of expenditure to the HRA being below budget. The expenditure is being incurred but was identified as non-HRA after the 2021/22 budget was set.
- Public Realm:
  - a. Operations - £1.048m adverse variance related to excess expenditure on transport and people.
  - b. The above line is offset partly by Parks and Environments (£198k) due to excess income recharges for Ground Maintenance and Compliance (£129k) having favourable income forecasts, mainly on pest control.

Mitigation Table: No mitigations currently in place.

## My Place: Period 4 Risk and Opportunities

Forecast Position: £18.858m (overspend of £2.329m, 14.1% variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- £230k: Commercial Rental Income due fell in 2020/21 by £170k compared to budget. The service lead is reviewing the current leases in time for Period 5. Outturn is online at Period 4 therefore a risk if 2020/21 is a trend.
- £150k: Dispersed Working Saving (Roycraft House) £312k - the original projected timeline of the closure date has slipped. £50k already in Outturn but risk of further slippage. This is a one off risk for 2021/22.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- (£250k) There is an opportunity that forecast Agency expenditure will reduce due to the easing of restrictions. Particularly around the changing requirements on self-isolation if you come into contact with an individual with C-19.
- Unquantifiable – Transport, with investment in new fleet in recent years, it can be expected that some further reduction in transport expenditure should be realisable from less hire, leasing and breakdowns.

## People and Resilience: Period 4

Forecast Position: £129m (overspend of £4.3m, 4.3% variance)

Table 7.

PEOPLE AND RESILIENCE	Controllable BUDGET FY	Non- Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
DISABILITIES CARE AND SUPPORT	28,904,297	2,376,440	33,015,297	1,734,560			1,734,560	611,560
ADULT'S CARE & SUPPORT	19,463,720	3,076,900	22,540,620					
COMMISSIONING - CARE AND SUPPORT	10,197,314	965,320	11,162,634					(275,000)
PUBLIC HEALTH	(600,000)	63,000	(21,344)	515,656	(486,740)		28,916	(41,084)
CHILDREN'S CARE & SUPPORT	38,253,960	1,216,300	41,805,576	2,335,316			2,335,316	
EDUCATION, YOUTH & CHILDCARE	3,575,560	16,645,460	20,418,020	197,000			197,000	
<b>TOTAL NET POSITION</b>	<b>99,794,851</b>	<b>24,343,420</b>	<b>128,920,802</b>	<b>4,782,532</b>	<b>(486,740)</b>	<b>0</b>	<b>4,295,792</b>	<b>295,477</b>

### Key Drivers of the Position (Summary):

- **Children's Care & Support:**
  - Approx. £900k of the £2.3m pressure is due to additional staffing required to manage increased caseloads over the past year due to COVID
  - The remaining pressure is within Corporate Parenting, in particular Residential placement costs which has seen a substantial increase over the past year due to a lack of suitable affordable placements, which has been exasperated because of COVID.
- **Disabilities Service:**
  - CWD LAC Disaggregation – Cohort of 21, increase of 5 placements at an average cost of £4.3kpw, main cause for overspend in this area.
- **Education, Youth & Childcare:**
  - £197k relates to unachievable income budgets due to historical corporate budget adjustments

### Mitigation Table

No mitigations in this area currently.

## People and Resilience: Period 4 Risk and Opportunities

Forecast Position: £128.5m (overspend of £4.3m, 4% variance)

### **Risks: (These are risks that are NOT in the forecast that we are monitoring)**

- D2A CCG Funding to cease – Nursing placement rates inflated due to COVID Discharges which will be difficult to bring back down to LBBB rates in the short term, this additional cost currently being covered by CCG funding which is due to end in September.
- The outcome of the Norfolk judgement is still a significant risk factor, the cost to the service is currently unknown but it is likely to be very significant if the legal case goes against us.
- Early Help service has yet to be transferred over to Care & Support, however this service is expected to come with significant budget challenges that is likely to worsen the position within PIR.
- Loss of funding such as the BCF in the future is a significant risk for Commissioning as it generally funds annual contract uplifts.
- Anticipated pressure on Minor Equipment and Adaptations budget in the region of £300-500k due to a backlog of requests that have built up over the past 18 months due to covid, some of which is delayed demand, others are delays in completion.
- The Sexual Health service commissioned by Public Health is a demand led service, although there is no data to support a significant increase in demand, if such a scenario was to occur this could cause the service to overspend.

### **Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)**

- Grant funding of £750k is available for LBBB to bid for. The department is in the process of doing so. The cost of delivering the service would be £500k, this would allow £250k of staff costs to be offset against this project. Decision on award to be in September.
- The use of Care Technology is the biggest opportunity care and support has to exploit, currently going through a tendering process, this is not expected to bring about any cost's reductions/avoidance this financial year, but the hope is that we should see these benefits in the coming years.
- The SEN transport service is currently being reviewed with the expectation that the cost of service can be significantly reduced for the forthcoming academic year. This is due to COVID restrictions being lifted and therefore being able to cut down routes and busses as social distancing arrangements can now be lifted.
- The successful step down on any LAC in a high-cost placement will help reduce overall costs. The service conducts regular panel meetings to assess suitability of the children to be moved into less expensive settings whilst not compromising on the quality of care.

## People and Resilience: Children's Financial Risk Deep Dive Full Year Forecast Position: £41.8m (overspend of £2.3m, 6% against Budget)

Service	FULL BUDGET FY	DEPRECIATION RECHARGES	Non-Controllable BUDGET FY	Controllable BUDGET FY	Full Year Forecast	Variance	
YOUTH OFFENDING SERVICE	1,254,930	145,260	145,260	1,109,670	1,135,197	(119,733)	
ASSESSMENTS	3,795,440	196,250	196,250	3,599,190	4,555,475	760,035	
OPERATIONAL DIRECTOR AND CENTRAL SPEND	7,344,500	27,420	27,420	7,317,080	2,368,146	(4,976,354)	
EMERGENCY DUTY	275,000	0	0	275,000	278,000	3,000	
CARE MANAGEMENT	5,639,700	350,820	350,820	5,288,880	5,839,569	199,869	
PLACEMENTS CLIENT COSTS	14,249,210	14,830	14,830	14,234,380	20,733,423	6,484,213	
ASYLUM SEEKERS	219,200	0	0	219,200	286,735	67,535	
PLACEMENTS INTERNAL COSTS	4,118,300	347,030	347,030	3,771,270	3,998,073	(120,227)	
EXPLOITATION & MISSING	450,590	0	0	450,590	487,568	36,978	
SPECIALIST INTERVENTION HUB	2,123,390	134,690	134,690	1,988,700	2,123,390	0	
<b>TOTAL NET POSITION</b>	<b>39,470,260</b>	<b>0</b>	<b>1,216,300</b>	<b>1,216,300</b>	<b>38,253,960</b>	<b>41,805,576</b>	<b>2,335,316</b>

Children's Care and Support received £5.2m in growth funding which has not yet been allocated out to the service areas, which is why the variances across the services are so volatile. Once this piece work is completed the picture of the main areas of pressure will be more clearer visually.

As it stands we can summarise **the overspend position of £2.3m** into to two key areas, staffing and placements.

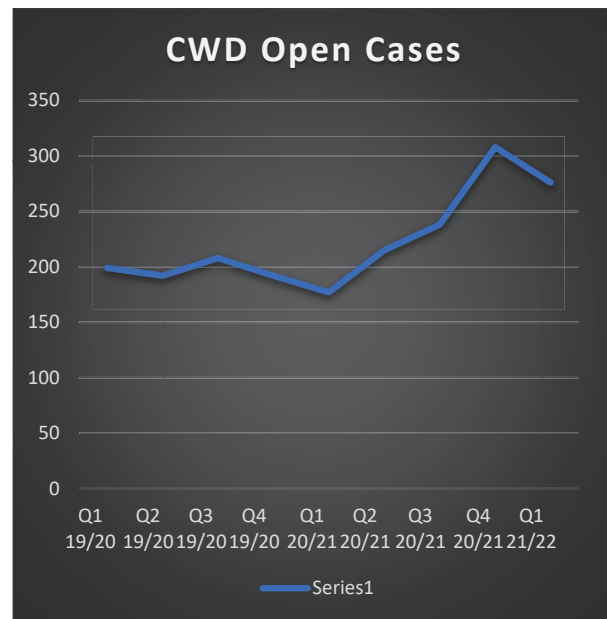
The impact of COVID has significantly impacted the services ability to achieve the efficient levels of staffing as expected from the implementation of the TOM, due to rise in number of cases, staff isolating, shielding and not being able to travel and meet clients thus delaying assessments has meant more staff have been employed and interim staff retained, leading to an **approx. £1.4m more forecasted spend on Staffing in 21/22 than spent in 20/21.**

The second part is placements costs which for a number of reasons have continued to rise, ultimately the impact of COVID has affected the provider market, raising the cost of placements even where numbers have not increased, but the graphs on the next slide also show a significant rise in numbers too even though as a service we have placed more children in internal fostering which is by far our most cost effective placement. Residential, secure and Family Assessment units are our most costly placement types and there has been a steady rise in the numbers placed in these types of care but you can also see a significant rise in the cost of these placements over the last 4 years which is outstripping the work being done to contain and manage the numbers in these areas.

In terms of the overspend position this year, our placement costs have increased by **just over £800k** this year and this can be attributed largely to secure placements which alone are costing the service £763k more this year than last, majority of this can be pinpointed to one extremely expensive placement costing us £10.5k pw thus £546k for the year, this was one area where the lockdown meant virtually a zero cost to the council on secure placements last year.

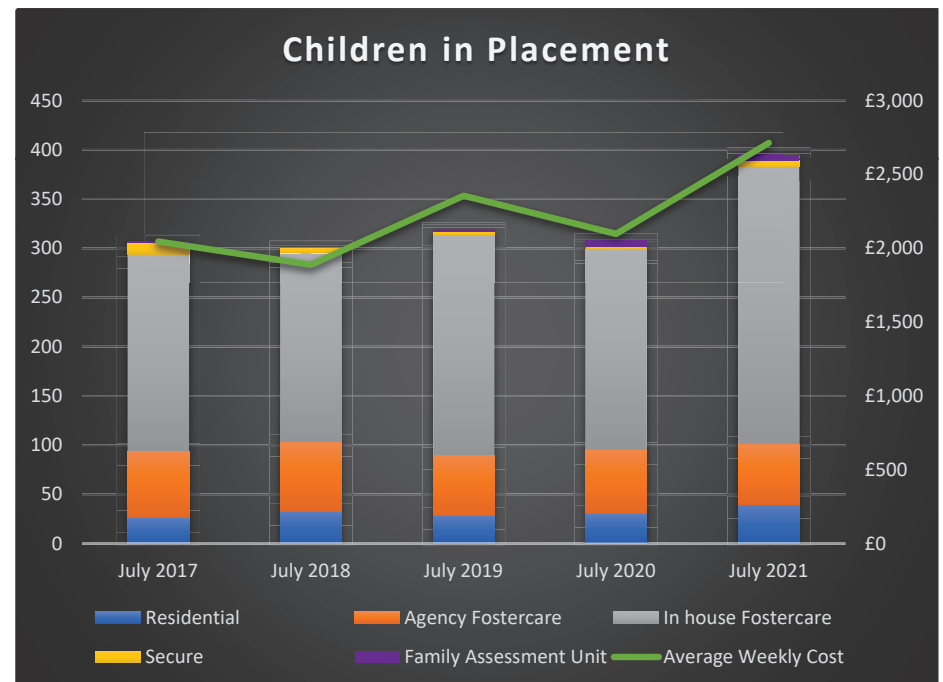
People and Resilience: Children's Financial Risk Deep Dive Full Year - Continued  
 Forecast Position: £41.8m (overspend of £2.3m, 6% against Budget)

Placement Type	Number of children in placement					Average Weekly cost					Cheapest Placement					Most expensive placement				
	Jul-17	Jul-18	Jul-19	Jul-20	Jul-21	Jul-17	Jul-18	Jul-19	Jul-20	Jul-21	Jul-17	Jul-18	Jul-19	Jul-20	Jul-21	Jul-17	Jul-18	Jul-19	Jul-20	Jul-21
Residential	26	33	29	31	40	£3,606	£3,278	£3,332	£4,466	£4,340	£840	£908	£833	£1,250	£1,090	£5,953	£5,099	£5,203	£7,350	£7,054
Agency Fostercare	68	70	61	64	61	£881	£778	£920	£984	£1,002	£563	£624	£630	£689	£689	£1,400	£1,690	£1,874	£2,600	£1,850
In house Fostercare	200	192	224	204	282	£375	£320	£316	£321	£324	£250	£250	£250	£250	£250	£750	£350	£350	£350	£429
Secure	12	5	3	3	6	£2,115	£1,820	£3,687	£2,737	£3,930	£1,239	£1,337	£1,323	£1,680	£2,247	£5,593	£3,752	£6,755	£4,284	£10,500
Family Assessment Unit	1	0	2	6	6	£3,249	£0	£3,525	£1,976	£3,970	£1,600	£0	£3,450	£1,807	£3,250	£3,298	£0	£3,600	£2,100	£4,410



### CIN Numbers

Open Cases	Value
Mar-20	2,349
Mar-21	2,889
Increase	540
Percentage Increase	23%



## People and Resilience: Disabilities Financial Risk Deep Dive Full Year

Forecast Position: £33m (overspend of £1.73m, 5.5% against Budget)

Service	FULL BUDGET			Non-Controllable		Full Year	Variance
	FY	DEPRECIATION	RECHARGES	BUDGET FY	BUDGET FY	Forecast	
DISABILITIES CENTRES	1,950,310	32,480	472,650	505,130	1,445,180	1,937,827	(12,483)
DISABILITIES CARE PACKAGES	15,467,360	4,660	234,500	239,160	15,228,200	16,056,773	589,413
DISABILITIES TEAMS	4,883,467		243,950	243,950	4,639,517	2,954,747	(1,928,720)
CHILDRENS CARE PACKAGES	2,605,600			0	2,605,600	2,941,981	336,381
SEND PACKAGES	2,892,200		1,388,200	1,388,200	1,504,000	3,939,940	1,047,740
CWD PLACEMENTS	3,481,800			0	3,481,800	5,184,029	1,702,229
<b>TOTAL NET POSITION</b>	<b>31,280,737</b>	<b>37,140</b>	<b>2,339,300</b>	<b>2,376,440</b>	<b>28,904,297</b>	<b>33,015,297</b>	<b>1,734,560</b>

Disabilities service received £5.1m in growth funding this has been partially distributed to the services with the remainder being held in the Disabilities team service thus the large underspend on this line. As it stands the growth will cover the current pressures across LD and SEND leaving the only significant pressure within CWD which is the new service inherited from Children's care and support this year.

The service pressures were not fully included in the version of the Financial Pressures statement and so began the year with a £900k pressure, this pressure has worsened with the increase of 5 new clients in July at an average cost of £4,300 per week, accounting for a further £800k, added to the original pressure this equates for the £1.7m overspend on this line alone and therefore the overarching reason for the overall overspend for this division.



## Strategy and Culture: Period 4

Forecast Position: £7.653m (overspend of £2.057m, 55% variance)

STRATEGY & CULTURE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
CULTURE & RECREATION	(80,850)	1,038,690	3,385,153	2,427,313	(786,006)		1,641,307
CHIEF INFORMATION OFFICER	7,160,730	(5,596,210)	2,050,520	486,000			486,000
STRATEGY & PROGRAMMES	662,740	349,570	2,043,819	1,031,509	(1,102,006)		(70,497)
COMMUNICATIONS	1,338,510	(1,155,740)	197,270	14,500			14,500
<b>TOTAL NET POSITION</b>	<b>9,081,130</b>	<b>(5,363,690)</b>	<b>7,676,762</b>	<b>3,959,322</b>	<b>(1,888,012)</b>	<b>0</b>	<b>2,071,310</b>

### Key Drivers of the Position (Summary):

#### Leisure:

- Loss of Concession Fee income £1,312k due to COVID
- Financial support for COVID to the Leisure provider (Everyone Active ) up to £878k

#### IT :

- Loss of Income from traded entities £313k
- 10% increase in licences due to 250 new users and IT equipment couriering £79k, primarily due to working from home.
- Reduced income from schools due to replacement of VoIP by 8\*8 telephony £45k
- There was a 5% vacancy factor applied to the salaries budget on transfer from Elevate. This is not being met.

### Mitigation Table:

Leisure: Use of Leisure Recovery Grant from Central Government £514.5k to mitigate Leisure overspend. This grant is certain.

## Strategy and Culture: Period 4 Risk and Opportunities

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- There is an income target of £733,000 within Parks Commissioning including £600k for income from soil importation to Central Park. It has been assumed in the forecast that this will be met, but there won't be certainty around either the amount or the timing until the contract is signed in the autumn.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- Income from Digital Advertising is set to increase. There are currently 33 small format advertising units for which the minimum guaranteed rental income is £5000 per unit plus a 35% share of income above the guaranteed sum. New units will be coming on-stream throughout the year and will generate additional income. There will be two large format sites in place before year end which will generate £10k each pa. The budget monitor does not currently include any income surplus over and above the target of £158,000.

## HRA: Period 4

Forecast Position: Online

REPORT LEVEL	2021/22 PERIOD 4			
	BUDGET	FORECAST	VARIANCE	CHANGE
	£'000	£'000	£'000	£'000
SUPERVISION & MANAGEMENT	44,514	43,158	(£1,356)	£0
REPAIRS & MAINTENANCE	18,564	18,292	(£272)	£0
RENTS, RATES ETC	423	749	£326	£0
INTEREST PAYABLE	10,742	10,742	£0	£0
DEPRECIATION	16,879	16,879	£0	£0
DISREPAIR PROVISION	0	0	£0	£0
BAD DEBT PROVISION	3,309	3,309	£0	£0
CDC RECHARGE	685	685	£0	£0
<b>TOTAL EXPENDITURE</b>	<b>95,116</b>	<b>93,814</b>	<b>(£1,301)</b>	<b>0</b>
CHARGES FOR SERVICES & FACILITIES	(£20,581)	(£21,379)	(£798)	£0
DWELLING RENTS	(£86,882)	(£86,074)	£808	£0
NON-DWELLING RENTS	(£770)	(£762)	£8	£0
INTEREST & INVESTMENT INCOME	(£50)	(£50)	£0	£0
<b>TOTAL INCOME</b>	<b>(£108,283)</b>	<b>(£108,265)</b>	<b>£17</b>	<b>£0</b>
<b>TRANSFER TO HRA RESERVE</b>	<b>0</b>	<b>£1,284</b>	<b>1,284</b>	<b>£ -</b>
<b>TRANSFER TO MRR</b>	<b>13,167</b>	<b>13,167</b>	<b>0</b>	<b>0</b>
	£0	0	0	0

### Key Drivers of the Position (Summary):

- Supervision & Management: (£1.356m)

(£909,000) of underspend on internal recharges which is predominantly due to the My Place Recharge reduction. (£300,000) for costs budget but deemed one off in nature to 2020/21.

- Repairs & Maintenance: (£272,000) - DLO projected underspend of (£413,000) offset by a range of smaller non-specific overspends.
- Rents, Rates & Insurance: £326,000 - the overspend relates to premises insurance expenditure.
- Total Income – Virtually online, however, there is concern that this could worsen, and a risk has been placed on the next slide.

## HRA: Period 4 Risk and Opportunities

Forecast Position: online

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- £1.0m - Dwelling rental income levels may well be revised down in the coming months once we consider the impact of RTB forecasts and regeneration decanting impact and also long term voids.
- £100k – Tenant Service Charges Income will also be impacted in relation to voids, RTB and regeneration.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- £1.5m - The Bad Debt Provision budget is set at £3.309m and has historically not been fully required at year end. The opportunity value allows for some growth in the overall BDP but should be seen as a maximum figure. A review of the BDP is planned in September in time for Period 6.

## In Year Savings: Period 4

### 2021/22 Savings and Income Targets

#### Savings

High Risk	931,000	20%
Medium Risk	3,151,147	68%
Low Risk	440,000	9%
Delivered	127,000	3%
<b>Total</b>	<b>4,649,147</b>	<b>100%</b>

#### Income

High Risk	2,351,000	66%
Medium Risk	625,000	18%
Low Risk	442,027	12%
Delivered	143,000	4%
<b>Total</b>	<b>3,561,027</b>	<b>100%</b>

For the purpose of reporting the savings, additional income, and dividend targets have been separated and RAG rated.

#### Savings:

**High Risk:** The contact Centre Restructure identified c£560k of savings which are recorded as high risk. The Foyer has saving of £250k, which is unachievable due to XXXXX. The CHC transition within adults is recorded as high risk due to XXXXXX.

**Medium Risk:** At 68% this is the biggest segment of savings. £1m of this is the result of Elevate Exit savings being identified as at risk. £600k relating to Central Park landscaping, further information will be available in September. c.£650k of savings from Children's Efficiencies are also recorded as medium risk. The remainder is a timing delay in exiting Roycraft House and HR restructure resulting in the savings being unlikely to be recognised in full.

#### Income:

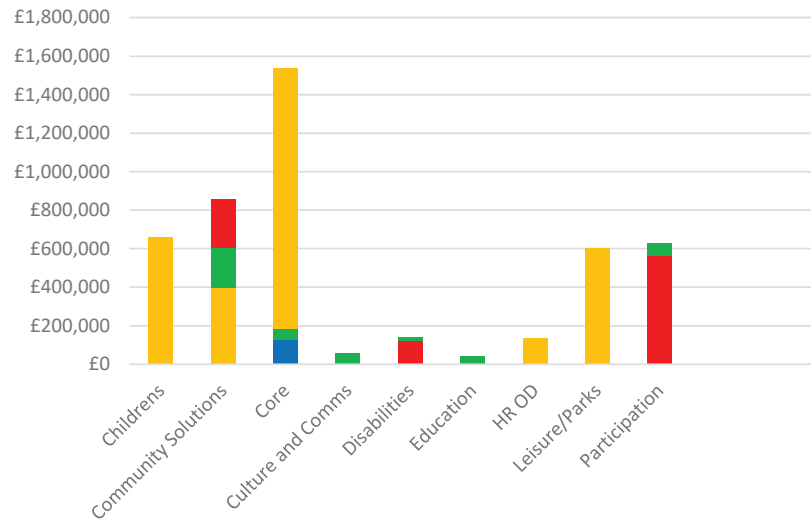
**High Risk:** £600k of CTSS, £614k of Central Core debt, £483k of Disabilities improvements, and £388k of improving debt collection income is recorded as high risk. Leisure and Parks Concessionary fee of £91k will not be met and Adults Charging of £151k is recorded as high risk.

**Medium Risk:** £400k of income generation in Adults social care. £145k in enforcement regulatory service income and £80k of Barking Market extra day income are identified as medium risk.

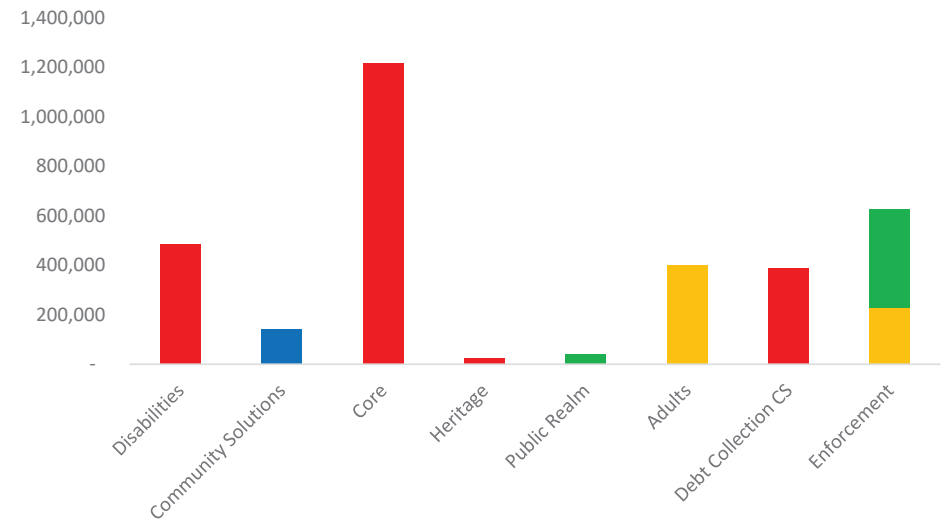
**Dividend:** The dividend income remains at high risk.

## In Year Savings: Period 4

2021/22 Savings: Risk Rated



2021/22 Additional Income targets



### MTFS Savings/Income Position: 2021/22 to 2024/25

Across the MTFS c£16m in savings needs to be delivered. Most of these proposals are to be delivered in 2021/22, c£13m, meaning that it is crucial that savings are delivered in this year. Of these 63% rated as high risk. C£2.7m is to be made in 2022/23 and c£0.1k is due in 2023/24.

## APPENDIX B

Project	Name	Full Year Budget	Adjustment	Revised Budget	Q1 YTD Spend	Q1 Forecast	22/23 Budget	23/24 Budget
		£000's	£000's					
<b>Adults Care &amp; Support</b>								
FC00106	Disabled Facilities Grant	2,589	1,007	1,582	15	1,582	2,848	
<b>Total for Adults Care &amp; Support</b>		<b>2,589</b>	<b>1,007</b>	<b>1,582</b>	<b>15</b>	<b>1,582</b>	<b>2,848</b>	
<b>Community Solutions</b>								
FC03060	Barking Learning Centre Works	74		74		74		
FC04036	Upgrade & enhancement of Security at BLC							
<b>Total for Community Solutions</b>		<b>74</b>		<b>74</b>		<b>74</b>		
<b>Core</b>								
FC02877	Oracle R12 Joint Services	68	33	35		35		
FC03052	KTLO	2,264	577	1,687	24	1,687		
FC03059	Customer Services Channel Shift	6	291	297	18	297		
FC03068	ICT End User Computing	38	62	100	47	100	258	
<b>Total for Core</b>		<b>2,376</b>	<b>258</b>	<b>2,118</b>	<b>89</b>	<b>2,118</b>	<b>258</b>	
<b>CIL (external)</b>								
FC05027	Kingsley Hall	60		60		60		
FC05028	Box Up Crime	265		265	1	265		
FC05029	East End Women's Museum	225		225		225		
FC05030	Green Community Infra "Company Drinks"	13		13		13		
FC05031	Becontree Centenary - Create London	542		542	155	542		
FC05062	Litter in Parks (CIL)	96		96		96		
FC05063	BRL Thames Clipper (CIL)	300		300		300		
<b>Total for CIL</b>		<b>1,501</b>		<b>1,501</b>	<b>156</b>	<b>1,501</b>		
<b>Culture, Heritage &amp; Recreation</b>								
FC03032	Parsloes Park Activation	5,996	1,199	4,797	28	4,797	1,199	
FC03090	Lakes	254		254	44	254	150	150
FC04013	Park Infrastructure Enhancements	54		54	11	54		
FC04017	Fixed play facilities	102		102	8	102		
FC04018	Park Buildings – Response to 2014 Building Surveys	135	35	100	2	100	35	
FC04031	Reimagining Eastbury	17		17	2	17		
FC04033	Redressing Valence	391		391	115	391		
FC04043	The Abbey: Unlocking Barking's past, securing its future	159		159	5	159	161	
FC04080	Children's Play Spcs & Fac (CIL)	204		204		204	55	
FC04081	Parks & Open Spcs Strat 17	245	95	150	2	150	95	
FC04084	Central Park Masterplan Implementation	1,006		1,006	21	1,006		
FC04085	Play Facility at Valence Park	5		5		5		
FC05060	Safer Parks (CIL)	84	42	42		42	42	
FC05061	B&D Local Football Facility (CIL)	157	157				157	
FC05089	De-contamination adjacent to ECB		1,500	1,500	5	1,500		
FC04042	Community Halls	15		15		15		
	Pending Projects	29	29					
<b>Total for Culture, Heritage &amp; Recreation</b>		<b>8,852</b>	<b>56</b>	<b>8,795</b>	<b>242</b>	<b>8,795</b>	<b>1,893</b>	<b>150</b>
<b>Enforcement</b>								
FC02982	Consolidation & Expansion of CPZ	1,781	1,235	546	208	546	2,235	
FC04015	Enforcement Equipment	178		178		178		
	Pending Projects							
<b>Total for Enforcement</b>		<b>1,960</b>	<b>1,235</b>	<b>724</b>	<b>208</b>	<b>724</b>	<b>2,235</b>	
<b>Inclusive Growth</b>								
FC05084	Green Homes		15,533	15,533		15,533		
<b>Total for Inclusive Growth</b>			<b>15,533</b>	<b>15,533</b>		<b>15,533</b>		
<b>Transport for London schemes</b>								
FC02898	Local Transport Plans	203		203	8	203		
FC02964	Road Safety Improv Schms 19-20							
FC05052	Dagenham Heathway 'Healthy Streets' Corridor Improvements				12			
FC04094	Becontree Heath Low Emission	476		476	31	476		
FC04095	Station Access Improv Prog							
FC05056	Valance Avenue 'Healthy Streets' Corridor Improvements	11		11	3	11		
FC05057	Eastbury Manor House Access	33		33	7	33		
FC05058	Minor Works (Various Locations)	10	16	26	35	26		
FC05079	Cycle Future Route 10	197	130	67	34	67		
FC05080	Low Traffic Neighbourhood	514		514	6	514		
FC05083	Bus Priority	835	755	80	5	80		
	Pending Projects	95	95					
<b>Total for TFL schemes</b>		<b>2,375</b>	<b>964</b>	<b>1,411</b>	<b>119</b>	<b>1,411</b>		
<b>My Place</b>								
FC02811	Ward Capital Spend		578	578	47	578	340	340
FC03064	Street Lighting Prog 2015-2019	62		62		62		
FC03065	HIP 2016-17 Footways & Carriageways	3,726		3,726	399	3,726	3,485	3,820
FC04064	Bridges and Structures	933		933	7	933	300	
FC03011	Struct Rep's & Maintce-Bridges	33		33		33		
FC05018	Stock Condition Survey	1,054		1,054	90	1,054	1,000	1,000
FC05055	Road Safety Improvements Programme (Various Locations)	186		186	9	186		
FC04063	Flood Risk and Drainage Grant (Formally Flood Risk Management)	143		143		143		
FC04029	Engineering Works (Road Safety)	66		66	18	66		
FC04019	Replacement of Winter Maintenance Equipment / Gully Motors	5		5	3	5		
FC05048	Procuring in cab tech for waste vehicles and subsequent licences etc	140		140		140	65	30
FC05075	Reside Capital - Abbey Road							
FC05077	Community Hubs and Dispersed Working	153	1,060	1,213	48	1,213		
	Pending Projects	3	3					
<b>Total for My Place</b>		<b>6,498</b>	<b>1,641</b>	<b>8,139</b>	<b>619</b>	<b>8,139</b>	<b>5,190</b>	<b>5,190</b>
<b>Public Realm</b>								
FC04012	Bins Rationalisation	100		100		100		
FC04070	Vehicle Fleet Replacement	2,202	852	1,350		1,350	860	
FC03083	Chadwell Heath Cemetery Extension	149		149		149		
FC04028	Hand Arm Vibration	42		42	38	42		
FC04016	On-vehicle Bin Weighing System for Commercial Waste	16		16		16		
FC04014	Refuse Fleet	8	8					
<b>Total for Public Realm</b>		<b>2,517</b>	<b>860</b>	<b>1,657</b>	<b>38</b>	<b>1,657</b>	<b>860</b>	
<b>Education Youth &amp; Childcare</b>								
FC03042	Additional SEN Provision	4		4		4		
FC04052	SEND 2018-21	863	6	870	121	870		
FC04053	School Conditions Allocation 2018-20	188	31	157	92	157		
FC04059	Chadwell Heath	100	100				100	6,900

FC04072	School Condition Actns 18-19	664	77	586	36	586		
FC04087	SCA 2019/20 (A)	115	23	92	44	92		
FC04097	Trinity Special School Expansion	344	334	10	4	10		
FC05033	SCA PRIORITY WORKS 20/22	1,136		1,136	486	1,136		
FC05034	Schools Expansion Programme 20/22	1,046	446	600	24	600	446	
FC05040	Healthy School	311		311	14	311		
FC05069	SCA 20-21	3,164	1,064	2,100	953	2,100	928	
	<b>Primary</b>							
FC03053	Gascoigne Primary 5forms to 4 forms	135		135	53	135		
FC04058	Marks Gate Infants & Juniors 2018-20	1,996	996	1,000	61	1,000	1,046	
FC04071	Roding Primary Classroom Reinstatement	84	84					
FC04098	Ripple Suffolk Primary	241		241	329	241		
FC05078	Greatfields Primary	730	230	500	8	500	10,089	
	<b>Secondary</b>							
FC03018	Eastbury Secondary	172		172		172		
FC03020	Dagenham Park	77		77		77		
FC03022	New Gascoigne (Greatfields) Secondary School	1,229	8,771	10,000	5,688	10,000	7,120	
FC03054	Lymington Fields New School	436	197	633	68	633		
	Pending Projects	26	26					
	<b>Total for Education Youth &amp; Childcare</b>	<b>13,010</b>	<b>5,616</b>	<b>18,626</b>	<b>7,982</b>	<b>18,626</b>	<b>19,729</b>	<b>6,900</b>
	<b>Other</b>							
FC02969	Creative Industry ( formerly Barking Bathouse)							
FC03099	Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project	1,367	200	1,167	16	1,167	200	
FC04051	Street Property Acquisition 2017-19	50		50		50		
FC04056	Abbey Road Infrastructure	11		11		11		
FC02811	Wards Capital	578	578					
FC05038	82A AND 82B OVAL ROAD SOUTH	325		325		325		
	TBD	117		117		117		
	TBD	95		95		95		
	<b>Total for Other</b>	<b>2,544</b>	<b>778</b>	<b>1,765</b>	<b>16</b>	<b>1,765</b>	<b>200</b>	
	<b>General Fund Total</b>	<b>44,296</b>	<b>17,630</b>	<b>61,926</b>	<b>9,484</b>	<b>61,926</b>	<b>33,213</b>	<b>12,240</b>

	<b>HRA</b>							
	<b>Stock Investment (My Place)</b>							
FC00100	Aids and Adaptations	2,300	500	1,800	115	1,800		
FC02933	Voids	2,722	1,722	1,000	489	1,000		
FC03039	Estate Roads & Environ 18/19	3		3		3		
FC03045	External Fabric - Blocks	39		39		39		
FC03048	Fire Safety Imp - 2015/16	67	67					
FC04002	Lift Replacement Programme	100	1,112	1,012	752	1,012		
FC04003	Domestic Heating Replacement	876	676	200		200		
FC04004	Box-Bathroom Refurbs (Apprenticeships)	462	300	162		162		
FC04006	Minor Works & Replacements	1,000	300	700		700		
FC05002	Externals 1 - Houses & Blocks	10,629	129	10,500	948	10,500		
FC05003	Externals 2 - Houses & Blocks	1,504	2,000	3,504		3,504		
FC05004	Door Entry Systems	1,203	200	1,403	8	1,403		
FC05005	Compliance	475	597	1,073	15	1,073		
FC05006	Fire Safety Improvement Works	3,170	1,820	1,350	6	1,350		
FC05007	Fire Doors	4,290	1,140	3,150	6	3,150		
FC05008	De-Gassing of Blocks	50	30	20		20		
FC05009	Lateral Mains	1,500	1,150	350		350		
FC05011	Communal Boilers	842	542	300	120	300		
FC05013	Estate Roads Resurfacing	930	1,930	1,000	250	1,000		
FC05014	Energy Efficiency inc Green Street	1,448	2,052	3,500	33	3,500		
FC05015	Other Works	52	215	163	108	163		
FC03027	ESCO	74	74					
FC05000	DH Internal	3,296	204	3,500	52	3,500		
FC05068	Adaptations and Extensions	400		400		400		
	Pending Projects	4	4					
	<b>Total for Stock Investment (My Place) (My Place)</b>	<b>35,130</b>	<b>1</b>	<b>35,130</b>	<b>1,925</b>	<b>35,130</b>		
FC02820	Estate Renewal	5,155		5,155	3,157	5,900		
	<b>Estate Renewal</b>	<b>5,155</b>		<b>5,155</b>	<b>3,157</b>	<b>5,900</b>		
	<b>New Build Schemes</b>							
FC02931	Leys New Build Dev (HRA)	43		43		43		
FC03071	Mellish and Sugden	2,880	6	2,875	163	2,875		
FC02970	Marks Gate	12		12	7	12		
FC02988	Bungalows (Stansgate, Mrgt Bon)	6	6		1			
FC03009	Leys Estate Ph 2							
	<b>Total for HRA New Builds</b>	<b>2,931</b>		<b>2,931</b>	<b>172</b>	<b>2,931</b>		
	<b>Total for HRA</b>	<b>43,216</b>	<b>1</b>	<b>43,215</b>	<b>5,253</b>	<b>43,960</b>		
	<b>Investment Strategy &amp; Be First</b>							
	<b>Residential Developments</b>							
FC04067	12 Thames Road	33,912	24,522	9,390	66	9,390	32,114	21,062
FC04065	200 Becontree	1,366	1,500	2,867	1,071	2,867		
FC03089	Becontree Heath New Build							
FC03072	Sacred Heart	3,137	251	3,389	1,700	3,389		
FC04069	Crown House	25,991	1,926	24,065	7,636	24,065	2,472	
FC04062	GEP2 C1	9,417	4,230	13,647	13,435	13,647	16	
FC04062	GEP2 E		35,027	35,027		35,027	23,693	7,862
FC04062	GEP2 F		36,919	36,919		36,919	47,498	2,762
FC05026	Gascoigne East Phase 3	23,451	14,951	8,499	1,268	8,499	43,811	20,723
FC02985	Gascoigne West (Housing Zone)				1			
FC04099	Gascoigne West P1 Development (Phase 1)	26,145	2,842	28,987	7,926	28,987	6,090	972
FC05025	Gascoigne West Phase 2	42,270	3,058	39,213	4,815	39,213	76,135	30,553
FC03086	A House for Artists	2,012	670	2,682	1,201	2,682	210	
FC04068	Oxlow Road	10,387	7,439	2,947	685	2,947	10,773	7,540
FC05035	Padhall Lake	32,521	14,098	18,423	1,027	18,423	69,459	5,087
FC04075	Rainham Road South	10,569	10,569				6,534	8,199
FC04066	Roxwell Road	11,324	2,904	8,419	474	8,419	10,036	10,396
FC03080	Royal British Legion	4,348	944	3,405	12	3,405	10,698	10,590
FC03084	Sebastian Court - Redevelop	5,219	1,630	6,848	4,304	6,848		
FC03058	Kingsbridge Shared Ownership							



FC05065	Chequers Lane	11,785	506	12,291	3,477	12,291	1,280	
FC05066	Beam Park				34			
FC05073	Gascoigne East 3B	9,893	8,559	1,334	126	1,334	39,242	52,542
FC05020	Woodward Road	11,927	2,445	9,482	1,364	9,482	7,111	
FC05071	Brocklebank Lodge		2,836	2,836	10	2,836	6,591	4,951
FC05023	GLA-Housing Zone 2019							
FC05076	Gascoigne East Phase 2 (E1)				349			
FC04090	Site London Rd/North Street				44			
FC05082	Trocoll House	1,007		1,007		1,007		
	<b>Total for Residential</b>	<b>276,682</b>	<b>5,003</b>	<b>271,679</b>	<b>51,027</b>	<b>271,679</b>	<b>393,764</b>	<b>183,238</b>
	<b>Temporary Accommodation</b>							
FC04077	Weighbridge	984		984	50	984		
FC04078	Wivenhoe Containers				340			
FC05021	Grays Court				479			
FC04101	Margaret Bondfield	4,455		4,455	41	4,455	239	
	<b>Total for Temporary Accommodation</b>	<b>5,439</b>		<b>5,439</b>	<b>910</b>	<b>5,439</b>	<b>239</b>	
	<b>Commercial Investments</b>							
FC04091	Welbeck Wharf	884		884	99	884		
FC04102	CR27							
FC05024	Film Studios				3,741			
FC04057	Travelodge Dagenham							
FC05037	Dagenham Road Street Purchases				4			
FC05049	Innovative Sites Programme	129		129		129		
FC04086	Travelodge Isle of Dogs	253		253	1	253		
FC05074	Barking Business Centre				16			
FC05070	23 Thames Road							
FC05067	Dagenham Heathway- Shopping Centre				21			
FC05072	Industria	28,535	549	27,986	792	28,536	6,534	
FC05041	Transport House							
	<b>Total for Commercial</b>	<b>29,801</b>	<b>549</b>	<b>29,252</b>	<b>4,674</b>	<b>29,802</b>	<b>6,534</b>	
	<b>Total for Investment Strategy</b>	<b>311,922</b>	<b>5,552</b>	<b>306,370</b>	<b>56,611</b>	<b>306,920</b>	<b>400,537</b>	<b>183,238</b>
	<b>Total Overall</b>	<b>399,434</b>	<b>12,078</b>	<b>411,512</b>	<b>71,349</b>	<b>412,806</b>	<b>433,751</b>	<b>195,478</b>

This page is intentionally left blank

### **2021/22 Q1 Spend**

The 2021/22 Q1 spend was £71.349m with £56.6m (78%) spent in the IAS and the £15.4m spent on the rest of the capital programme.

Spend, especially in the IAS, is expected to accelerate in the latter part of 2021/22 as more schemes start on site.

Officers are monitoring the impact of Covid-19 on the organisation's ability to deliver its capital programme in 20/21. A monthly highlight report is tracking delivery of the main areas of spend and risk. Be First have produced an action plan to bring the new build delivery programme back on track after some delays caused by the pandemic, to ensure they deliver the programme as planned this year.

This appendix contains a summary of each department capital spend for Q1 and the forecast for 2021/22. Percentage of spend per departmental budget has been included.

#### 1.2 **Investments (18%):**

The capital budgets are loaded as gross spend, with grant and sales funding removed via funding to produce a net borrowing amount. Expenditure where the spend is incurred in a Special Purpose Vehicle, such as for Muller, have been removed as this is reflected as a loan rather than capital spend.

Work has been undertaken to improve the reporting and prevent a significant underspend being reported. However, in-year agreements and cost increases can mean that the final budget may differ significantly compared to the budget proposed.

#### 1.2 **General Fund (15%):**

Adults Care & Support: Covid-19 has delayed spend in Q1, with some households reluctant to allow entry of contractors/workmen, £1.007m of funding has been profiled to 2022/23. Adaptations in the Council's own stock are reported under HRA

Community Solutions: The Touchdown Project is responsive to address COVID compliancy. Spend will commence in Q2.

Community Infrastructure Levy Schemes: Community Infrastructure Levy is collected from new developments in the borough to pay for infrastructure to support growth and is payable on commencement of development. Schemes are due for completion by the end of 2021/22.

Core: Budgets brought forward to fund enhancement of IT software/hardware and Service Recipients experience. There is a need for complete replacement of end user devices for 2022/23 with discussions in progress (£2.5m). Alongside end user device's a list of Major line of Business systems require

upgrading or replacement in 2022/23 onwards, with further scoping in development.

#### Culture, Heritage & Recreation:

Parsloes Parklife Activation has regional significance for its football pitch provision and the improvement of associated facilities. Along with the Central Park Masterplan to create new landscape and facilities spearheads, other project progressing with delivery are lake improvements, de-contaminating land adjacent to Eastbrookend Country park, park infrastructure and heritage schemes.

Education, Youth and Childcare: The Education programme is financed by DfE grant, the projects fall into two broad categories of either school's expansion or building works related to condition surveys, accessibility (SEN) and general improvements.

Enforcement: Spend on CPZ and enforcement equipment will now continue in 2021/22, although there has been a delay in spend during Q1.

My Place: Includes Council's requirement to dispersed working and community hubs. Infrastructure work to highways and bridges are expected to be committed as per budget. Work is being carried out to profile the remaining budgets for the Q2 report.

Transport for London (TfL): TfL are in the process of confirming funds available, which have been changed as a result of Covid-19.

Public Realm: Spend will commence in Q2 relating to Vehicle fleet replacements.

### **1.3 HRA Capital (12%):**

The HRA capital programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore, they do not pose a pressure on the General Fund.

Monitoring is split into stock investment, estate renewal and new build. The new build scheme has a budget of 2.931m and the estate renewal is currently budgeted at £5.155m.

### **1.4 Transformation**

The budget will largely be funded by capital receipts and work is being completed in identifying the level of capital receipt expected for 2021/22, which will predominantly be from the sale of the film studio land to Hackman and for the sale of other assets held.

## CABINET

21 September 2021

<b>Title:</b> Refurbishment of Redundant Units via Habitat for Humanity Model – Update	
<b>Report of the Cabinet Member for Community Leadership &amp; Engagement and the Cabinet Member for Finance, Performance &amp; Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Village and Mayesbrook	<b>Key Decision:</b> Yes
<b>Report Authors:</b> Andy Bere, Asset Manager (My Place) Carson Millican (Project Manager – Empty Properties)	<b>Contact Details:</b> 07971 111401 <a href="mailto:andy.bere@lbbd.gov.uk">andy.bere@lbbd.gov.uk</a> <a href="mailto:carson.millican@lbbd.gov.uk">carson.millican@lbbd.gov.uk</a>
<b>Accountable Strategic Leadership Director:</b> Lisa Keating, Strategic Director, My Place	
<p><b>Summary:</b></p> <p>This report provides an update to Cabinet on the original decision made on 17 September 2019 (Minute 48) regarding an arrangement with Habitat for Humanity (HfH) in respect of works to several empty and dilapidated flats above shops within the General Fund commercial property portfolio, which included the approval of leases to HfH for three properties (496 Gale Street, 16a Woodward Road and 4-5 Royal Parade, Church Street).</p> <p>This update report sets out the basis of the original schemes, the impact of the delays due to the Covid pandemic, the subsequent discussions with HfH and the proposed amendments to the terms that were agreed in the September 2019 Cabinet Report. These revised terms maintain the original social and community outcomes of the schemes whilst ensuring the schemes remaining value for money for the Council.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Confirm the Council's commitment to the original schemes at 496 Gale Street, 16a Woodward Road and 4-5 Royal Parade, Church Street, Dagenham, based on the identified outcomes and the benefits derived from the East Street pilot project;</li> <li>(ii) Agree, in accordance with the provisions of paragraph 6.6 (h) of the Council's Contract Rules, to waive tendering requirements and directly award the contract to deliver and manage the works on the three properties to Habitat for Humanity (HfH);</li> <li>(iii) Approve the revised terms of the arrangement with HfH, as set out in the report;</li> <li>(iv) Approve an increase to the Capital Programme of £574,000, to be funded by General Fund borrowing, over 2021/22 to 2022/23, as detailed in paragraph 5.11 of the report; and</li> </ul>	

- (v) Delegate authority to the Strategic Director of My Place, in consultation with the Cabinet Member for Community Leadership and Engagement and the Strategic Director, Law and Governance, to finalise all the terms and enter into the appropriate contracts and all other necessary agreements with HfH to enable the projects to be delivered.

#### **Reason(s)**

The proposals contribute to the Council's vision and priorities set out in the Corporate Plan:

- Develop place-based partnerships.
- Shape great places and strong communities through regeneration
- Enable greater independence and protect the most vulnerable.

## **1. Introduction and Background**

- 1.1 At the meeting on 17 September 2019, Cabinet received and approved a report on the terms of an arrangement with Habitat for Humanity (HfH) regarding the refurbishment of three further dilapidated flats above shops, to be used to accommodate care leavers identified by Children's Care and Support (<https://modgov.lbbd.gov.uk/Internet/documents/s133762/Redundant%20Units%20Report.pdf>) .
- 1.2 The model for the additional units identified within the report (496 Gale Street, 16a Woodward Road and 4-5 Royal Parade, Church Street) was to refurbish and let them, based on the original pilot scheme undertaken with HfH at 35b East Street, Barking, which refurbished a flat above a shop unit that was subsequently let to vulnerable people (care leavers) from the Children's Care & Support Service, who use the properties for independent living, as per the terms of the original approval.
- 1.3 The reason for choosing HfH and the benefits of using this particular model, were outlined in the September 2019 Cabinet Report and included the exciting possibility of working with a global charity who provide decent, affordable homes for vulnerable people in housing need in locally appropriate ways around the world. The model is based around the values of HfH of empowerment and partnership by engaging different sectors of society (voluntary, private and public) in helping communities to provide local solutions to housing and community needs. HfH work across the Country carrying out a range of construction-based projects to bring empty and underused buildings back into good community use as affordable rented homes for groups in local need such as vulnerable people and disadvantage young people.
- 1.4 As part of the overall package within the schemes, HfH have secured grant funding from nationwide foundations to provide on-site construction skills training for young people in colleges to learn practical on-site construction skills and this unique model is therefore more than just a construction related project with the method of delivery providing much wider social and community value working with an ethical and responsible partner who have access to interest free grant funding.
- 1.5 The pilot project at East Street provided training for several young people from Barking & Dagenham College who were apprentice students and through that

relationship, enabled 5 young people with learning disabilities receive long-term work-readiness training on site, through the HfH REACH programme.

- 1.6 The model is aimed at bringing back into use several properties, whilst creating social and community benefits during the construction phase and providing accommodation for care leavers once works are completed.
- 1.7 Due to the nature of the works, Planning approval is only required for 4-5 Royal Parade (which has already been obtained). Specifications have been prepared for all three properties and works to the first of the three identified properties (496 Gale Street Dagenham) was due to start in 2020. Some works were undertaken (site clearance and preparation etc) but then ceased due to the Covid Pandemic.

## **2. Current Position and Revised Terms**

- 2.1 With lockdown restrictions having eased, HfH have reviewed the schemes and updated the Council on the impact that the pandemic has had on progressing the works. These included, the increased costs of the works due to the effect on the construction industry resulting from the pandemic, (cost and availability of materials), Brexit (supply chains) and subsequent amendments to the specification, as well as the associated cost of borrowing that HfH were able to secure due to market fluctuations that have occurred since 2019.
- 2.2 The overall outcome of these changes has therefore prompted some suggested changes to the original terms set out in the September 2019 Cabinet decision, which Cabinet are asked to approve in this report.
- 2.3 The original terms were based on HfH funding the works through a combination of interest free grants and financial borrowing through a third party. Prior to works commencing, HfH would have entered into a lease with the Council for a period that allowed the repayment of the loan (via the terms set out in the 2019 Cabinet Report). At the end of this period, the lease would have ceased with no further payments required and the Council would continue using the refurbished units.
- 2.4 With the interest rate that HfH were able to secure for the loan element of the works, having changed during the pandemic, the recent review of the schemes found that due to these interest rate changes, the repayment terms were no longer value for money for the Council and that a new financing model was required to ensure the schemes continued to meet their original objectives and outcomes.
- 2.5 The proposed terms recently discussed with HfH is for the Council to fund the works using the Council's own borrowing, with payment made to HfH upon successful completion (and sign-off) of the works and receipt of warranties and certificates. HfH would still appoint the contractor (using a tendering process) and have a recognised industry standard building contract in place. The Council (as client) will have a separate agreement with HfH that safeguards both the Council's and HfH's interest in the model and the use of the building.
- 2.6 HfH will continue to contribute a grant element (secured through their various funders), that will contribute 24% of the cost for each scheme. The grants have been secured on the basis that the properties are used to provide accommodation for 'vulnerable people', hence the intention to use these properties for care leavers,

who would otherwise be accommodated by other means. An agreement will therefore be created outlining these terms and Children’s Care and Support have confirmed that they have significant demand for these types of properties and have committed to working in partnership on the various schemes.

- 2.7 The overall model therefore, will require a waiver, permitting the Council to enter into a direct contract with HfH. This is sought under Rule 6.6 (h) that “there are other circumstances which are genuinely exceptional” on the basis of the deal being proposed with the grant funding offer.
- 2.8 This new approach to the funding of these schemes ensures that the Council obtains value for money, whilst continuing to receive the social and community value and outcomes from the schemes and it is proposed that all three schemes are similarly financed.
- 2.9 The impact on the cost changes on the individual schemes are outlined in the table below:

Scheme	Original Works Cost Estimate (Sept 2019)	Revised Cost Estimate (Aug 2021)
496 Gale Street, Dagenham	£189,000.00	Total Cost (TC) £221,944.00 (works & fee) Grant: £53,267.00 (24%) <b>TC less Grant:</b> £168,677.00  Which would be the payment made to HfH and the amount funded by LBBB borrowing and represents a 17.4% increase.
16a Woodward Road, Dagenham	£191,000.00	Total Cost (TC): £213,471.00 (works & fees) Grant: £51,233.00 (24%) <b>TC less Grant:</b> £162,238.00  Which would be the payment made to HfH and the amount funded by LBBB borrowing and represents a 11.8% increase
4-5 Royal Parade, Church Street, Dagenham	£358,000.00	Total Cost (TC): £437,257.00 (comprising £117,951.00 commercial & £319,306.00 residential)-works & fees Grant: £76,633.00 (24%) <b>TC less Grant:</b> £242,673.00 (residential)  Which would be the payment made to HfH and the amount funded by LBBB borrowing and represents a 22% increase.  Note. The total cost includes £117,951 for the cost of works of the grd flr commercial premises, which has been allowed for within the GF Capital Programme (Project FC05018 Stock Condition Works). The grant only applies to the residential accommodation.
Total Borrowing		<b>£573,588.00</b> (to be added to the capital programme)



- 2.10 An initial review of the pilot scheme at 35 East Street, Barking, which was occupied from December 2019, was recently conducted which confirmed that the schemes continue to deliver the intended outcomes for Children's Services in providing quality accommodation for care leavers, which are owned and administered by the Council's General Fund.

### **3. Options Appraisal**

- 3.1 This report seeks to amend the terms of the arrangement originally agreed by Members in September 2019, which set out the original options, which remain relevant and consistent with these revised terms.

### **4. Consultation**

- 4.1 The revised terms set out in this report are the outcome of consultation with Habitat for Humanity (HfH) alongside Finance, Inclusive Growth, Legal Services, Children's Commissioning and Children's Care and Support colleagues, to ensure both the original outcomes are maintained and the terms represent value for money for the Council. The proposals in this report were considered and endorsed by the Assets and Capital Board at its meeting on 14 July 2021.

### **5. Financial Implications**

Implications completed by: Joel Gandy, Finance Business Partner

#### **Gale Street**

- 5.1 Under the original Cabinet paper, the plan for 496 Gale Street, was to enter a lease arrangement with Homes for Humanity (HfH) similar to the East Street Project. The Council would then pay a fixed annual rental amount for a set period of years until the lease expired to cover the cost of financing the refurbishment.
- 5.2 Once the works were completed and fixtures and fittings were in place, Children Services would then utilise the new accommodation space for care leavers. The service would pay for the rent set at the Single Person Allowance Rate (currently £101.63 per week) claimable by the care leavers. These extra available spaces would help alleviate the pressure of finding accommodation for care leavers at risk of becoming homeless.
- 5.3 As outlined in this updated report to Cabinet, early clearance work by HfH on Gale Street was started shortly before the pandemic and then put on hold. A revised project cost was put forward in late May 2021 which outlined that both the cost of construction and external borrowing by HfH was projected to have risen for the scheme.
- 5.4 The cost of construction is driven by market and environmental factors and therefore little we can do to minimise this. However, HfH are a global building charity therefore are expected to secure economies of scale.
- 5.5 The cost of borrowing has been revisited and this report proposes that the Council use its borrowing capability to secure a more competitive interest rate, thereby reducing the financing cost of the scheme. Indeed, the internal borrowing rate also

allows for a Treasury Management margin, so if there are unforeseen factors this can be flexed as a mitigation measure.

- 5.6 The benefit of working with HfH is in utilising their specialised skillset and access to grant funding to reduce the net cost to the authority of repurposing asset space that has become dilapidated. Therefore, this paper recommends a direct award route.
- 5.7 It is therefore recommended to request an addition to the 2021/22 Capital Programme of £168,677 to be financed by LBBB borrowing. The assets are not part of the Housing Revenue Account.
- 5.8 Whilst the costs have changed, the financial benefit of the scheme is apparent. Children’s Services currently place care leavers in private settings costing on average £350 per week per person. Gale Street (the first project) will offer 3 places each at the Single Person Allowance Rate. The care leaver budget is under pressure therefore the implementation of this scheme will assist in cost avoidance for the service which is on average estimated at £13,000 per annum per place.

### **Future Schemes**

- 5.9 16A Woodward Road and 4-5 Royal Parade Church Street, both also in Dagenham, were originally identified in the previous cabinet paper. It is not unreasonable for these schemes to also be advantageous to the authority and provide further cost avoidance opportunities. It is proposed that these schemes will be scoped and managed via Assets & Capital Board in due course. In addition, Royal Parade, will also refurbish two business spaces available for commercial let, thereby making these units easier to let and generate additional income for the authority.
- 5.10 Across the three currently identified schemes, the total borrowing outlay is estimated at £574,000. The latter two schemes, if approved, would be expected to be completed in 2022/23.
- 5.11 The table below reflects the Capital Programme requirement, to be funded by General Fund borrowing, across the three schemes:

Capital Programme <b>Addition</b>	<b>2021/22</b> £'000	<b>2022/23</b> £'000	<b>Total</b> £'000
496 Gale Street	169		169
16a Woodward Road		162	162
4-5 Royal Parade, Church Street		243	243
<b>Total</b>	<b>169</b>	<b>405</b>	<b>574</b>

## **6. Legal Implications**

Implications completed by Kayleigh Eaton, Senior Contracts and Procurement Solicitor and Ann Towndrow, Property Solicitor, Law & Governance

- 6.1 This report seeks permission to amend the previously agreed route to deliver the works at the three addresses identified in this report. The proposal is now that the

main contract with HfH for these projects will be based on management contracts, rather than property contracts. It is then proposed that HfH will enter into separate contracts in its own name with the contractors carrying out the works. Collateral warranties will then be entered into protecting the Council's interests.

- 6.2 As HfH have not been procured, a waiver of the Council's Contract Rules will be required, waiving the requirement to tender for the services they will be providing in overseeing and managing the works. The total fees payable to HfH for managing these works over the three projects is below the UK procurement threshold so a waiver can be granted under rule 6.6 of the Council's Contract Rules.
- 6.3 This report states that HfH will appoint building contractors following a tendering process. This process should be compliant with the Council's Contract Rules.
- 6.4 In order for the schemes, and hence the Council, to continue to benefit from the grants available to HfH, it is expected that the third parties providing the grants will require an undertaking from the Council to use the properties for accommodation for vulnerable people and care leavers. A contractual commitment to the terms will be dealt with by way of separate agreements entered into at the same time.
- 6.5 Pending the building contracts being entered into, HfH are being allowed to commence some preparatory works to the properties at its own risk under temporary licences to occupy.

## 7. Other Implications

- 7.1 **Procurement Issues** - The procurement of the Contractors will be conducted by HfH and as such will be required to conform to the Council's Contract Rules and in the event the works exceed the current UK threshold for works, then the process will need to be PCR 2015 compliant. The waiver process for the current schemes and potential additional schemes (assumed will be sub threshold in aggregated terms) is deemed as compliant with the Councils requirements.
- 7.2 **Risk Management Issues** - This update considers the impact of the risk associated with proceeding with the original terms of the deal agreed by Cabinet in September 2019 and proposes an alternative proposal which reduces the financial risk to the Council, whilst still delivering the same outcomes.
- 7.3 **Corporate Policy & Equality Impact Issues** – The schemes continue to support the original objectives of the model agreed by Cabinet in September 2019, whilst amending some of the financial terms. The model has also built a relationship between HfH and Barking & Dagenham College that provides trainee opportunities for young people.
- 7.4 **Safeguarding Adults & Children's Issues** – The schemes will continue to support the original objectives of the model agreed by Cabinet in September 2019, with Children's Care & Support continuing to nominate the residents who will reside at the properties and the schemes will provide much needed move-on accommodation for care leavers

- 7.5 **Crime and Disorder Issues** – There are no general crime and disorder issues, and these schemes will bring back in use, properties that remain in a poor condition and subject to the potential of attracting anti-social behaviour and criminal damage.
- 7.6 **Property / Assets Issues** – This update considers the property asset impacts of the schemes that will deliver refurbished properties to be accommodated by tenants nominated by the Council and deliver the outcomes outlined in this report which meet property asset objectives.

**Public Background Papers Used in the Preparation of the Report:** None

**List of Appendices:** None

## CABINET

21 September 2021

<b>Title:</b> Land Transfers to Support Delivery of Film Studios in the Borough	
<b>Report of the Cabinet Member for Regeneration and economic Development</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Thames and Eastbrook	<b>Key Decision:</b> No
<b>Report Author:</b> David Harley, Head of Regeneration, Be First	<b>Contact Details:</b> Tel: 07870 278181 E-mail: david.harley@befirst.london
<b>Accountable Director:</b> Ed Skeates, Director of Development, Be First	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Managing Director	
<b>Summary</b>	
<p>The delivery of film studios in the borough is a major regeneration objective of the Council and Be First. Cabinet agreed to a long leasehold sale of the Dagenham East site and a shorter lease of the former Welbeck Steel site to Eastbrook Studios Ltd to deliver new sound stages and associated facilities. An amended planning application for the Dagenham scheme is currently being determined and, if successful, construction would commence at the end of the year.</p> <p>In progressing the delivery of film studios, two issues have emerged whereby transfers of small pieces of Council-owned land are needed to facilitate the developments.</p> <p>The first relates to the former Welbeck Steel site on River Road. The Council has provided Eastbrook Studios Ltd with a 10 year lease and ability to extend by a further 10 years. Following discussion with UK Power Networks (UKPN), in order to deliver the power supply needed for the studios, a new sub-station is required. As is standard with UKPN, they require a 99-year lease to be in place for the site before constructing a new substation (via London Power Networks PLC). This therefore requires the Council's approval. The site required is only circa 4m by 4m (see plan at Appendix 1). This would enhance the Council's asset through having additional power supply. A nominal £1 payment would be paid for the land by UKPN/LPN with a peppercorn rent but all the Council's legal costs would be covered by Eastbrook Studios Ltd.</p> <p>Secondly a thin strip of land lies between the public highway at Rainham Road South and the Film studio site at Dagenham East as shown in Appendix 2. This strip consists of a steep gradient and currently consists of vegetation. Given the gradient it attracts litter which is challenging to clear. Eastbrook Studios Ltd are tasked with creating a strong and active frontage to this part of the site opposite Dagenham East Station in the later phases of their development. Having the ownership of this strip will ensure they can deliver this. No premium is sought – the land has no value and the maintenance liability would move to Eastbrook Studios. Again, Eastbrook Studios Ltd would cover all the legal fees.</p>	

## **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Council enters into a 99-year lease with London Power Networks PLC for the site shown in Appendix 1, on the terms set out in the report;
- (ii) Agree that the Council enters into a 250-year lease with Eastbrook Studios Ltd for the site shown in Appendix 2, on the terms set out in the report; and
- (iii) Authorise the Strategic Director, Law and Governance to enter into all necessary agreements to facilitate the lease arrangements.

## **Reason(s)**

The transfer of the two small pieces of land will help facilitate the delivery of film studios in the borough which will deliver a wide range of socio-economic benefits in line with the Borough manifesto.

## **1. Introduction and Background**

- 1.1 Delivery of film studios in the Borough is a long-standing priority and is now extremely close to delivery. Cabinet agreed to enter into leases with Eastbrook Studios Ltd to deliver sound stages at Dagenham East and a sister facility on the River Roding at Welbeck Wharf. Amendments to enhance the Dagenham East scheme are currently going through the planning process and if approved would enable construction to commence before the end of the year.
- 1.2 In progressing their delivery plans, Eastbrook Studios Ltd have identified the need for the Council to transfer two very small pieces of land in order to facilitate development on both sites. The Council's Constitution states that a Cabinet decision is required before any lease over 20 years can be entered into.

## **2. Proposal and Issues**

### **Welbeck Wharf, 8 River Road**

- 2.1 The former Welbeck Steel site has been leased to Eastbrook Studios Ltd for 10 years with the ability for them to extend by a further 10 years. In developing their plans to convert the existing warehouses into sound stages, they have identified that additional power supply is required. This requires a new electricity sub-station. This would be built by the London branch of UK Power Networks (UKPN) who, as a standard, require a 99 year for the land where the sub-station would be built. The site would be approximately 4 by 4 metres and will be able to be accessed from the public highway rather than through the film studio site. This is shown in appendix 1.
- 2.2 The sub-station would have no operational impact on the site or hinder future opportunities – similarly it would not impact on the public highway. Indeed, the additional power supply facilitated by the land transfer enhances the Council's land.

## **Rainham Road South Land**

- 2.3 Between the land leased to Eastbrook Studios Limited for 250 years and the public highway on Rainham Road South is a thin strip of land which consists of dense planting and is on a steep gradient given the road forms a bridge over the railway lines. See appendix 2.
- 2.4 As yet Eastbrook Studios have not developed plans for the front part of the Dagenham East site instead focussing on progressing the studios towards the rear of the site. As part of the land sale, Eastbrook Studios Limited are required to deliver a strong, active frontage onto Rainham Road South. They are starting to work on their proposals for this site which will be subject to the usual planning processes. However, it is clear that the Council owned strip is a barrier to achieving the objectives of a strong, active frontage.
- 2.5 The strip is currently a maintenance liability for the Council as it is difficult to remove litter and clear vegetation due to the gradient and fencing/hoarding on both sides. As such the land has negligible value and the Council will benefit considerably for the redevelopment of the wider Dagenham East site including this land.
- 2.6 The land is not a 'ransom' strip as Eastbrook have full access to the site. Not transferring the land would result in the Council hindering delivery of its own objectives for the frontage.

## **3. Options Appraisal**

- 3.1 Do Nothing

### **Welbeck**

Not providing a lease to UKPN would severely limit Eastbrook Studios power supply and their opportunity to maximise the use of the site with numerous productions. It may even result in them deciding the site is only suitable for storage and workshops rather than filming. This would be a major missed opportunity to maximise the socio-economic benefits from the site.

### **Rainham Road South**

This would hinder Eastbrook Studios Ltd's ability to achieve a strong, active frontage.

- 3.2 Seek a premium

Neither UKPN or Eastbrook Studios would pay a premium given both would be investing in the sites. Given the size of the sites any value would be very difficult to assess. The Council has secured good value for its long leasehold sales to Eastbrook Studios.

## **4. Consultation**

- 4.1 There has been very extensive and positive consultation on the proposals for film studios; however there has been no consultation on the specific proposals in the report given the size of the two sites.

- 4.2 The proposals in this report were endorsed by Corporate Strategy Group on 19 August 2021.

## **5. Commissioning implications**

Implication completed by Darren Mackin, Head of Commissioning and Place, Inclusive Growth

- 5.1 Delivery of film studios in the Borough will have a transformation impact and form a key part of the Inclusive Growth agenda. The proposals in this report help facilitate delivery of these objectives.

## **6. Financial Implications**

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 The report sets out proposals for two small pieces of land to be transferred to UKPN and Eastbrook Studios in order to help facilitate the development of film studios on two sites. Previous Cabinet reports set out the positive financial implications of those leasehold sales. No premiums or rent are proposed for the two sites. This is standard for a transfer to UKPN for a new sub-station and will enhance the long-term value of the Welbeck Wharf site through improved power supply. The Rainham Road strip is a potential maintenance liability for the Council and given the desire for a strong public frontage, this can only be achieved if Eastbrook Studios are able to utilise the land as part of their frontage. The strip is not a 'ransom' strip as alternative access is available – it is about co-ordinating the land ownership so the Council's objectives can be met.
- 6.2 Eastbrook Studios Limited have given an undertaking to fully cover the Council's fees in association with this work.

## **7. Legal Implications**

Implications completed by: Ann Towndrow, Property Solicitor, Law & Governance

- 7.1 In accordance with the Constitution, Part 4, Chapter 4 (Land Acquisition and Disposal Rules), Section 2.2 (Control by the Cabinet), the disposal of all property either long-lease (over 20 years) or by sale of the freehold must be approved by the Cabinet.
- 7.2 Under s123 of the LGA a local authority may dispose of land subject to a duty to obtain the best consideration reasonably obtainable (includes the grant of a lease). A disposal may be at an undervalue if the transaction will contribute to the social and economic well-being of its area and the reasons for the disposals and value are dealt with in the report.
- 7.3 The general power of competence under section 1 of the Localism Act 2011 provides the Council with the power to do anything that individuals generally may do.
- 7.4 Furthermore, Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the



discharge or any of its functions, whether or not involving expenditure, borrowing, or lending money, or the acquisition or disposal of any rights or property.

## **8. Other Implications**

- 8.1 **Risk Management** – Responsibility for the sites would fall to the new owners.
- 8.2 **Contractual Issues** - LBBB Legal have had a fees undertaking from Eastbrook Studios Ltd and will carry out the necessary agreements on behalf of the Council.
- 8.3 **Staffing Issues** – Be First working with LBBB legal have facilitated this as part of supporting delivery of the film studios. LBBB Legal fees are covered by Eastbrook Studios.
- 8.4 **Corporate Policy and Equality Impact** – Delivery of film studios has been a long-standing Council policy which delivers a wide range of benefits in line with the Borough manifesto. The proposals in this report support the delivery of those objectives.
- 8.5 **Property / Asset Issues** – Whilst transferring land from the Council to third parties, the land areas are very small and actually deliver broader benefits to the Council's property assets as a whole.

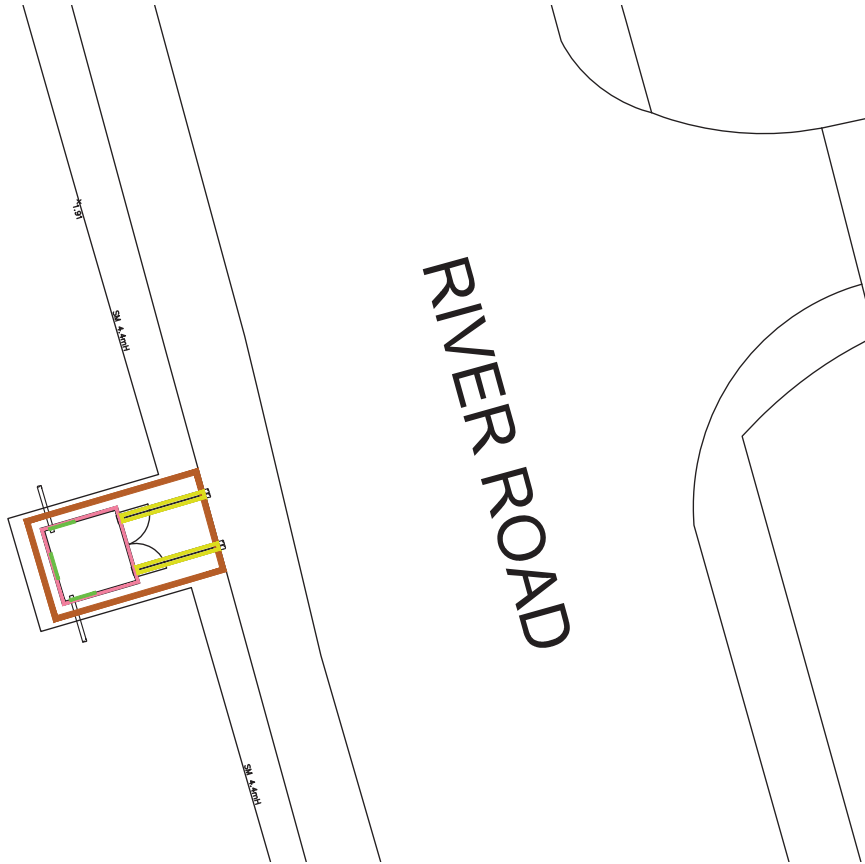
**Public Background Papers Used in the Preparation of the Report:** None

### **List of appendices:**

Appendix 1: Site Plan for Welbeck Wharf Sub station

Appendix 2: Site plan for Rainham Road South land strip

This page is intentionally left blank



Substation Access Plan ~ Scale 1:200

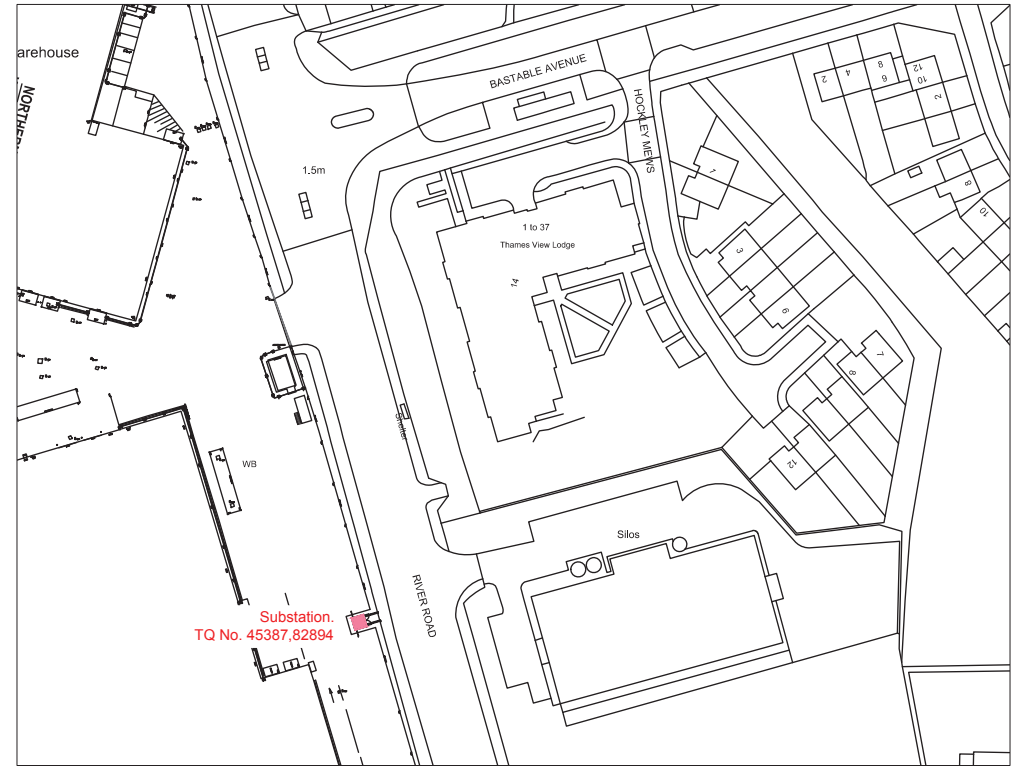
Key.

Substation/ HV Switchroom.

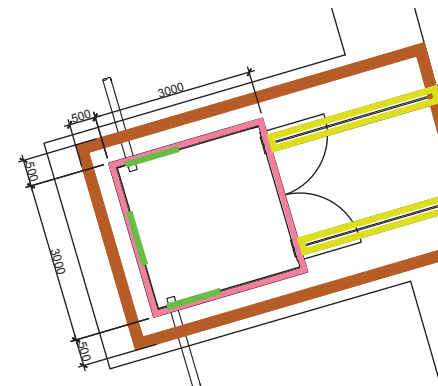
Access for Cables.

24 Hour Access for Men, Materials and Cables.

Ventilation.



Location Plan ~ Scale 1:250



Substation Plan ~ Scale 1:100

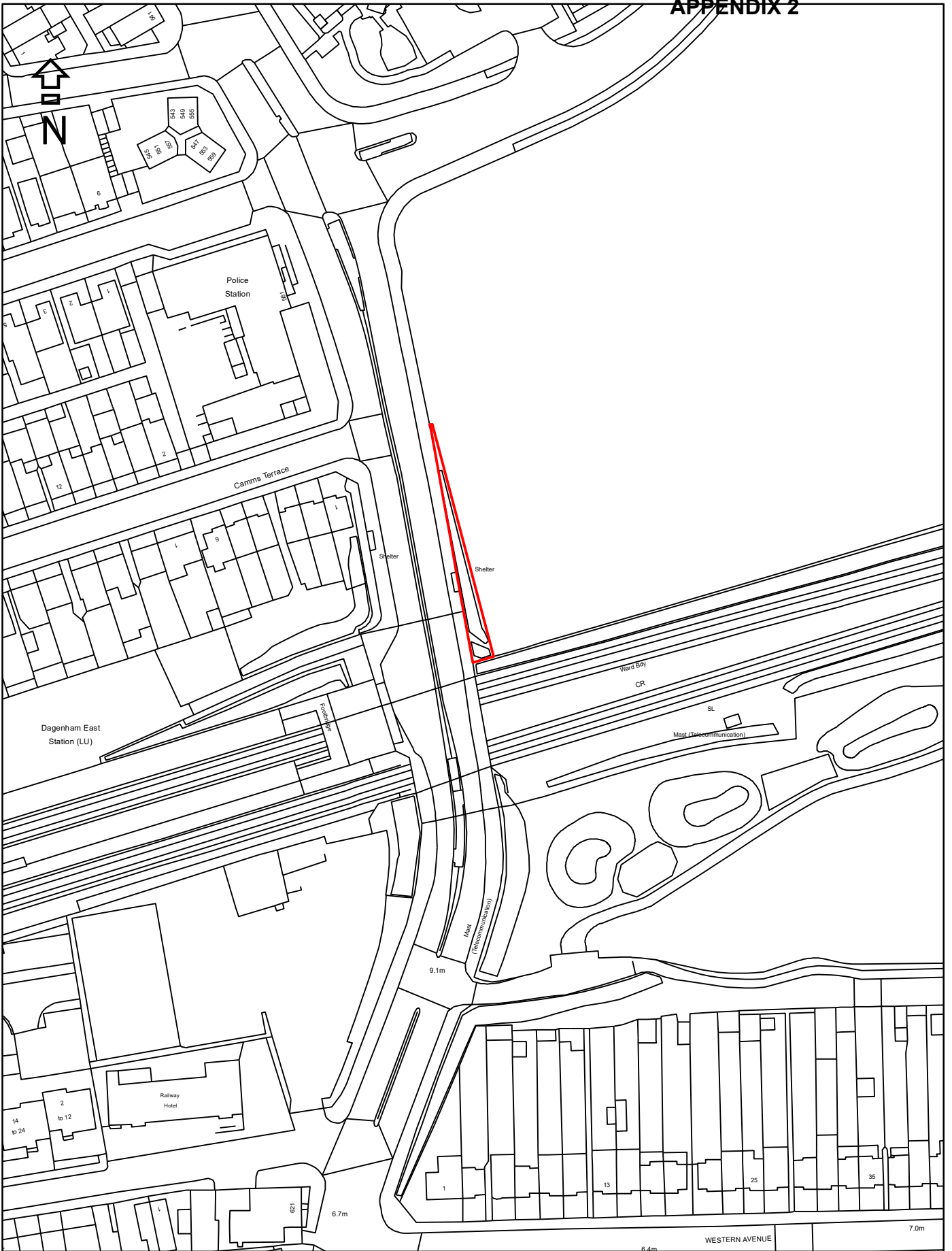
Rev	Description	Revised By	Date
Issued For Information Only			



**Substation Design Team**  
57 Pratt Street, Camden, London. NW1 0PD

Title		
Substation at: Welbeck Wharf, River Road, Barking, IG11 0JE		
Date Drawn	Scale @ A3	
21/07/21	As shown @ A3	
Drawn By	Building Officer	Project Designer
P Hobbs	A Hill	I Usmar
Drawing Number	Rev	

This page is intentionally left blank



© Crown copyright. All rights reserved  
 Licence number - 100019280 (2015)

Land at Rainham Road South, Dagenham

**Barking &  
 Dagenham**

Town Hall, Barking Scale:-  
 Barking, Essex produced By:- JRoach

**1:1,250**

Tel: - 020 8215 3000 Date - 19.08.2021

This page is intentionally left blank

## CABINET

21 September 2021

<b>Title:</b> Future of Roycraft House, Linton Road, Barking – Proposed Lease Arrangements	
<b>Report of the Cabinet Member for Regeneration and Economic Development</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Abbey	<b>Key Decision:</b> No
<b>Report Author:</b> David Harley, Head of Regeneration, Be First	<b>Contact Details:</b> Tel: 07870 278181 E-mail: david.harley@befirst.london
<b>Accountable Director:</b> Ed Skeates, Director of Development, Be First	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Managing Director	
<p><b>Summary</b></p> <p>By Minute 8 of the meeting on 25 May 2021, the Cabinet agreed proposals to tender for a workspace operator for Roycraft House, offering a lease of up to 10 years noting that a further Cabinet report would set out the results of the tender process and seek approval to enter into a lease and associated Service Level agreement with the successful bidder.</p> <p>A two-stage process was held whereby an Expressions of Interest stage in May 2021 enabled interested parties to set out their experience. Six expressions of interest were submitted and evaluated with the highest scoring four organisations invited to respond with a more detailed proposal assessed against a range of quality and price criteria. The four organisations submitted strong bids and a clear winner emerged on both price and quality.</p> <p>The highest scoring bidder was Make It Group, who were extremely enthusiastic for an ambitious scheme in Barking which responded to all Council's requirements and will actively engage local stakeholders. This report sets out the evaluation process and Make It Group's proposals.</p> <p>Alongside this process, Be First (through the new Barking Town Centre Stakeholder Group) submitted an Expression of Interest to the Mayor of London's High Street Challenge and was successful in securing £20,000 for developing the Roycraft House proposal further, specifically ensuring local residents and stakeholders are actively involved in shaping the proposal. The next stage of the High Street Challenge requires bids in October for more significant capital and revenue funding. If this funding is secured it will be used for additional physical refurbishment that will enable a more ambitious range of activities and facilities and achieve a wider outreach.</p>	
<b>Recommendation(s)</b>	
The Cabinet is recommended to:	

- (i) Agree that the Council enters into a 10-year lease (plus an initial five months for fit-out works) and Service Level Agreement with Make It Group to operate Roycraft House as workspace, in line with the bid submission and subsequent consultation; and
- (ii) Delegate authority to the Managing Director, in consultation with the Cabinet Member for Finance, Performance and Core Services, the Cabinet Member for Regeneration and Economic Development and the Strategic Director, Law and Governance, to conclude the lease and any related documents to deliver the objective to operate Roycraft House as a workspace.

**Reason(s)**

The reuse of Roycraft House can contribute to each of the Council's priorities of "Inclusive Growth", "Participation and Engagement" and "Well Run Organisation" through utilising Council assets to deliver a wide range of socio-economic benefits.

## **1. Introduction and Background**

- 1.1. Roycraft House is one of the few large office buildings in Barking Town Centre. As it becomes surplus to Council requirements later this year it offers the chance to secure revenue savings alongside delivering a range of positive benefits. Roycraft House is a 5-minute walk from Barking station - as such it is a prime opportunity site. The Cabinet report in May set out the context and assessed a range of options for the building/site.
- 1.2. Cabinet agreed to go out to the market for workspace operators to set out proposals for the building under a 10-year lease.
- 1.3. Vacating Roycraft house and passing holding costs to another party would generate revenue savings for the Council. The annual running/maintenance costs for Roycraft are just over £450,000 per annum.

## **2. Proposal and Issues**

- 2.1. A workspace consultancy, Workwild, who have hands on experience of delivering workspace, were commissioned in November 2020 to carry out workspace research in Barking Town Centre. As part of their research they spoke to existing workspace operators in the town centre and a range of local businesses. They identified the local demand for workspace that is not currently being served, in particular for young people. In-depth soft market testing also suggested workspace operators are interested to operate in Barking Town Centre and with the proven demand of workspace in the local area.
- 2.2. With Roycraft House becoming surplus due to the Council requiring less office space as a result of the disbursed working strategy, it was recommended the Council should consider delivering a 'hybrid' model of managed workspace at Roycraft House.



## Selection Process

- 2.3. In May 2021 Cabinet has made the decision to go out to tender for a workspace operator for Roycraft House offering a lease of up to 10 years. Officers also agreed to tender the opportunity as a lease as the most efficient and commercial attractive route for the operator selection.
- 2.4. An Expression of Interest was issued to seek interested workspace operators who can deliver an innovative and high-quality workspace at Roycraft House. The opportunity was openly marketed. The Council received six bids and which were assessed on both quality and price.
- 2.5. The highest-scoring four organisations were invited to stage 2 and asked to prepare a more detailed proposal. Clear evaluation criteria were set out in the brief for bidders. The selection panel for both EOI and stage 2 consisted of David Harley, Head of Regeneration at Be First, Lily Kwong at Be First who is managing the project and Tess Lanning, Head of Enterprise and Employment. Support was provided by consultancy Workwild. Further briefings were held with other Council officers and the Cabinet Portfolio holder.
- 2.6. The four organisations submitted strong bids. However Make It Group's proposal scored the highest in both price and quality leading to a total score of 90.

No.	Bidder	Total
1	Make It Group	90
2	Bidder A	83
3	Bidder B	73
4	Bidder C	60

## Preferred operator's proposal

- 2.7. Make It Group presented an ambitious transformation of Roycraft House to be a new destination and focal point for local communities and businesses. They will be offering a wide range of affordable workspace targeting the Council's identified growth industries, especially the creative sector, complemented by tailored business support activities.
- 2.8. Make It Group describe their proposal as "a multi-faceted destination for the local community, visitors and a workspace for 208 independent businesses. Home to some of London's most exciting makers, food stars, retailers, content creators, designers, social enterprises and start-up businesses – including an event/café and community space, a rooftop garden, a co-working floor and a series of public facing creative facility spaces. The ground floor will become a flexible public space to eat, drink, entertain, meet, connect or simply just be." It will include a new entrance into the existing car park which will become a Makers yard including some retail units. Their sister company, [Bearded Kitten](#), a creative experience agency, have extensive experience of creating exciting spaces and will be able to deliver the majority of the fit out works themselves rather than rely on external contractors.

- 2.9. Whilst some of the bidders sought loan funding from the Council, Make It Group are proposing to invest more than £1m of private capital investment into the project. They have proposed a rent of £892,500 over the 10-year lease term, with additional profit share with the Council based on revenue thresholds. The engagement stage set out below will refine the proposal and associated business plan.
- 2.10. It is estimated 600 people will be accessing the workspace with proposals to ensure usage reflects the diversity of the Borough. The project is expected to deliver 10,000 hours of skillshare and 7,000 hours of free space for local communities.

### **Next Steps**

- 2.11. The report seeks Cabinet approval on the appointment, and for the Council to enter into a 10-year lease and service level agreement (SLA) with the preferred operator Make It Group. The SLA will set out the social value output delivery targets and enable active evaluation and monitoring by the Council. The lease with Make It Group is expected to start from January 2022 to enable work on site where the 10-year lease term will start from July 2022, subject to final negotiation between parties.
- 2.12. Make It Group is expected to start a series of engagement activities with local communities which will continue to shape their proposal for Roycraft House. Make It Group will also aim to set up an independent advisory board, consisting of local residents and stakeholders, that will shape the development and delivery of Roycraft House in the long term.
- 2.13. The engagement stage will ensure the proposals enhance and complement, rather than directly compete with, nearby facilities like BEC, ThreeSixty and A House for Artists.
- 2.14. Make It Group will also work on the building's design and planning in the coming months, with the expectation to start work on site in spring 2022 leading to opening in summer 2022.
- 2.15. It is expected the full vacating of staff at Roycraft house will be completed by September 2021. Officers will work on the transitional arrangements including security of the building before the building is handed over to Make It Group.
- 2.16. In relation to the second stage of Mayor of London's High Street Challenge bid in October, Be First together with Make It Group will continue to work with the Barking Town Centre Stakeholder Group in the outreach and development of the bid. A wide range of engagement activities are planned across coming months to ensure local residents and stakeholders are actively involved in shaping the proposal including specific focus groups. Should the Roycraft project be successful in the next stage of the GLA bid, the funding will enable more ambitious range of activities and wider outreach of local communities such as additional event activities at Makers yard and opening up a roof top garden to improve accessibility.

### **3. Options Appraisal**

- 3.1. The alternative options for Roycraft House were assessed in the May 2021 Cabinet report. This report assesses the different bids received. Given the quality of

responses it is not felt that going back out to the market would secure any better proposals. Any shorter lease length would not be acceptable to the preferred bidder.

#### **4. Consultation**

- 4.1. Workwild's feasibility study involved consultation with a range of Barking Town centre stakeholders. The Barking Town Centre Stakeholder Group also endorsed the project. The next stage of the project will involve extensive consultation and involvement of residents and other stakeholders in defining the proposals for the facility. This includes utilising BDCAN. Make It Group would also establish an Advisory Board including local stakeholders.
- 4.2. The proposals in this report were considered and endorsed by the Corporate Strategy Group at its meeting on 19 August 2021.
- 4.3. A meeting of Barking workspace providers was held on 1 September to discuss the proposal and critically how to maximise the benefits as each new facility improves Barking's offer to the benefit of all providers. It was clear that there is existing strong demand for space especially from local entrepreneurs (with many spaces full) and that the Borough's growth will facilitate requirements for more space.

#### **5. Commissioning implications**

Implication completed by Darren Mackin, Head of Commissioning and Place, Inclusive Growth

- 5.1 The proposals set out in this report are a good example of how the Council can use its assets to deliver inclusive growth. Roycraft House is a key council owned asset in a prime location in Barking Town Centre. Agreeing to this lease will enable the space to be repurposed to attract new businesses and employment opportunities in the borough.
- 5.2 In addition to this the proposals will also contribute to wider place making aspirations that the council has for Barking Town Centre. Opening up the ground floor of the building to include a café and public space, will provide welcome new amenity within the town centre. The building is located close to the Barking Enterprise Centre and the House for Artists (which Be First are developing), which form a cluster of creative and commercial uses for the town centre.

#### **6. Financial Implications**

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 The report sets out the results of a competitive process to select a workspace operator to take a 10-year lease of Roycraft House.
- 6.2 There will be savings of approximately £456.5k per annum available to the Council from not holding Roycraft House. This would come into effect from the date of the lease – expected to be January 2022.

- 6.3 The preferred bidder's proposal included a rent from the second year of operation plus a gainshare proposal if certain occupancy rates are achieved. The rent is £892,500 over the 10-year lease. Make It Group are also proposing to invest more than £1m of private capital investment into the project.
- 6.4 No further capital or revenue funding is required from the Council. The preferred bidder is also not seeking loan funding from the Council. They will however work with the Council to seek additional grant funding including from the Mayor of London to further enhance the proposed facility.
- 6.5 Due diligence on Make it Group still needs to be completed and any contract award/lease will be subject to a full due diligence check.

## **7. Legal Implications**

Implications completed by: Dr Paul Feild Senior Governance and Standards Solicitor and Sayida Hafeez Senior Property Solicitor

- 7.1 The Council is the freehold owner of the site both the building and its land including the attached ground level car park. The preferred option proposal in this report is to seek an occupier to take control of the building and site for a period of time potentially for up to ten years. At end of which the site may be developed according to a future master plan for the locality.
- 7.2 The option agreed by Cabinet was to seek by tender an occupier which could deliver the use of the site as a workspace as envisaged by the Workwild consultancy in paragraph 2.4 above. Such activities will need to be regulated by use clauses. To achieve a necessary fit-out it may be necessary to carry out refurbishment works which would be financed within the lease conditions.
- 7.3 As observed the Council is the owner of the site and the granting of a lease is a disposal of land assets is and governed by the Local Government Act 1972, section 123. This provides that (subject to consent of the Secretary of State) a Local Authority should not dispose of its land for other than the best that can be reasonably obtained, unless the lease is for a term that does not exceed seven years. The proposed head lease would exclude the right to extend a commercial lease under the Landlord and Tenant Act 1954.
- 7.4 The procurement process is designed to get the best outcome to ensure value for money as required by the Best Value duty required by the Local Government Act 1999. The Council further has to power to enter the arrangements by virtue of the general power of competence in section 1 of the Localism Act 2011 provides sufficient power for the Council to participate in the transaction and enter into the various proposed agreements, further support is available under Section 111 of the Local Government Act 1972 which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
- 7.5 As the Council is part of local government it is an emanation of the state, the Council must comply with UK Law regarding giving subsidies. This means that local authorities cannot subsidise commercial undertakings or confer upon them an

unfair economic advantage. While last year the UK left the European Union (EU), issues regarding state aid have not ceased. For example, there remains the EU-UK Trade and Cooperation Agreement and the UK membership of the World Trade Organisations agreement on trade. So, requirements regarding state assistance albeit somewhat less prescriptive than the EU remain. Nevertheless, under the proposals the Council will be entering into the arrangements mainly for financial purposes. The leasing and letting of Roycraft House are market activities and in agreeing final terms for the occupier and financial arrangements regarding any refurbishment/ alteration works the Council should be satisfied they are state aid compliant that is that there is no unlawful subsidy. To do this the Council should ensure it acts as a market operator would, meaning the terms it agrees should be such that an operator or investor in the private sector would agree to those terms given the same or similar circumstances.

- 7.6 As a potential, though not mandatory option, the Council could seek evidence from a commercial adviser whether in their opinion market/private sector parties in the same circumstances would be likely to do agree to the same or broadly comparable terms which constitute the market norm. Such a report (confirming that private/market sector parties will do so) will evidence conformity and compliance.

## 8. Other Implications

### 8.1 Risk Management

Risk/Issue	Description/Mitigation
Risk (1)	<p><b>Risk:</b> Preferred partner unable to deliver  <b>Mitigation:</b> The bid was extremely good with an experienced team followed up by interviews and advice of Workwild. Next stage will be refining the proposal and engagement with local groups including potentially involving other partners in delivery of sub elements. The Council will maintain an active role in the project giving advice.</p>
Risk (2)	<p><b>Risk:</b> Difficulty getting occupation by businesses  <b>Mitigation:</b> There is evidence of demand and Make it Group have a good track record of attracting businesses. Whilst Roycraft has a significant amount of space which may take time to fill the flexible/broad range of the offer should encourage occupation.</p>
Risk (3)	<p><b>Risk:</b> Unexpected costs for physical works  <b>Mitigation:</b> Bidders had the chance to view the building and see various information. It is clear that elements such as the rooftop garden require additional feasibility work before they can be confirmed. High Street Challenge funding will help support that and contribute towards delivery costs if successful. The Bidder is aware there is no additional funding available from the Council. Bearded Kitten (part of the team) have extensive experience of delivering fit out works themselves.</p>

- 8.2 **Contractual Issues** – LBB Legal will be involved in concluding the lease and SLA with Make It London.

- 8.3 **Staffing Issues** – The selection process was managed by Be First working with Inclusive Growth with the support of Workwild.
- 8.4 **Corporate Policy and Equality Impact** – The proposal to reuse Roycraft House as a hybrid workspace links to the corporate priorities of Well Run Organisation, Inclusive Growth, and Participation and Engagement. The building is now recognised to be surplus to requirements, as the Council has demonstrated it is able to work efficiently with reduced office space, and the proposal to change the usage will result in an annual revenue saving. The proposal also creates commercial and community spaces, based on research of local need and demand, bringing a range of socio-economic benefits to Barking Town Centre.

The equality impacts of the plan to vacate Roycraft House and the dispersed working arrangements for Council staff who worked there are being considered through a thorough Equality Impact Assessment process. Make It Group's bid was very strong on ensuring the needs of the Borough's diverse communities are taken account of in developing the proposals. They plan extensive consultation including with focussed groups plus they have experience in running workspace that attract a diverse mix of occupiers reflecting the local population.

Their proposals will enhance physical accessibility to the building.

- 8.5 **Safeguarding Adults and Children** - The proposal can form part of the initiative where safe spaces are identified across the borough.
- 8.6 **Health Issues – Improving the Health and wellbeing of LBBD residents** is a Council priority so ensuring Make It Group have health promoting policies and initiatives in place (including for active travel, healthy eating and no smoking) will support this.
- 8.7 **Crime and Disorder Issues** – Any works and design will be reviewed to reduce any potential crime or disorder arising from the new development. The building/site will have a much more active feel which supports nature surveillance.
- 8.8 **Property / Asset Issues** – The property has been identified surplus to Council's requirement. The proposal saves the Council running/holding costs, achieves a rental income and, critically, retains the asset from the Council for further decision making in 10 years' time.

**Public Background Papers Used in the Preparation of the Report:** None

**List of appendices:** None

**CABINET****21 September 2021**

<b>Title:</b> Procurement of Elections Stationery and Printing Services Contract	
<b>Report of the Cabinet Member for Finance, Performance and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Alan Dawson, Head of Governance & Electoral Services	<b>Contact Details:</b> Tel: 020 8227 2348 E-mail: alan.dawson@lbbd.gov.uk
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Strategic Director, Law and Governance	
<b>Summary:</b>  This report seeks approval to the procurement strategy for an initial four-year contract, with an option to extend for a further year, for the provision of elections stationery and printing services, with an anticipated start date of 1 February 2022.	
<b>Recommendation(s)</b>  The Cabinet is recommended to:  (i) Agree that the Council proceeds with the procurement of a maximum five-year year contract for the supply of elections stationery and printing services, in accordance with the strategy set out in the report; and  (ii) Authorise the Strategic Director, Law and Governance, in consultation with the Cabinet Member for Finance, Performance and Core Services, to conduct the procurements and award and enter into the contracts and all other necessary or ancillary agreements with the successful bidder(s), in accordance with the strategy set out in the report.	
<b>Reason(s)</b>  To meet the statutory requirements in relation to election services and assist the Council to meet its priority of a "Well Run Organisation".	

**1. Introduction and Background**

- 1.1 In May 2016 and following a competitive tendering exercise, the Council entered into a contract with Financial Data Management (FDM) for the provision of elections stationery and printing services for a three-year period commencing 8 June 2016 with the option to extend for a further year at the Council's discretion. The extension clause was applied and the contract formally expired on 7 June 2020.

- 1.2 Prior to the COVID-19 pandemic, the intention was to review the specification for this contract, as well as the contract for the supply of Individual Electoral Registration (IER) stationery, printing and other IER services which was to expire at the same time. Due to the uncertainty at the time however, it was decided not to retender the contracts and, instead, to progress 1-year direct award arrangements with the existing providers, FDM and Civica Election Services (CES) Limited respectively.
- 1.3 For information, the IER services contract has subsequently been relet via a further direct award contract for the six-month period ending 31 January 2022, to enable the 2021 annual canvass to be delivered while preparations for a similar 4 + 1 year contract commencing 1 February 2022 is progressed. Cabinet approval for that contract is not required as the value is below the £500,00 threshold.
- 1.4 Although the latest contract with FDM for the provision of elections stationery and printing services expired on 13 September 2021, it does not need to be extended for the interim period as the next set of elections, the Locals, do not take place until May 2022. The commissioning of services for that election, and any resultant expenditure, will commence after 1 February 2022 by which time the new contract will be in place.

## 2. Proposed Procurement Strategy

### 2.1 Outline specification of the works, goods or services being procured

#### 2.1.1 Contract for Supply of Elections Stationery and Printing Services

- Design, supply, printing and delivery (either to Council offices for staff delivery or via Royal Mail delivery) of enveloped A5-size Polling Cards;
- Design, supply, printing and mail delivery of Postal Voting packs;
- Design, supply, printing and delivery (to Council offices) of Ballot Papers;
- Design, supply, printing and delivery (to Council offices) of other election stationery, posters etc.

### 2.2 Estimated Contract Value, including the value of any uplift or extension period

#### 2.2.1 The estimated contract value is as follows:

	Estimated 4 years	Estimated 4+1 Years	Estimated 5 years incl. 2% annual uplift
Supply of Elections Stationery and Printing Services	£400,000	£500,000	£520,400

2.2.2 Expenditure on election-related activities is met from F25160 (Elections) for all non-Local election activities such as Parliamentary and GLA elections. Expenditure incurred on non-Local elections is reclaimable from the respective body (ie. Cabinet Office or GLA).

2.2.3 Expenditure on Local election activities is met from F25180 (Local Elections) and the Council sets aside £75,000 per annum in order to provide a £300,000 overall budget to deliver the four-yearly election.



## 2.3 Duration of the contract, including any options for extension

2.3.1 The contract will be let for four years with an option to extend for one year, giving a potential duration of five years from 1 February 2022 to 31 January 2027.

## 2.4 Is the contract subject to (a) the Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?

2.4.1 This contract is subject to the Public Contracts Regulations 2015. The Light Touch Regime is not relevant to this contract.

## 2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The contract will be procured via open tender and advertised in Find a Tender (<https://www.find-tender.service.gov.uk>), the Council's e-tendering portal (Bravo), Contracts Finder, the Council's website and inclusion in the B&D Business Forum Newsletter.

### Outline Procurement Timetable:

Procurement Strategy Report to Procurement Sub Board	August 2021
Procurement Strategy Report to Procurement Board	August 2021
Procurement Strategy Report to Cabinet	21 September 2021
Advertisement of Contract Notices	September / October 2021
Tenders returned and evaluation	October 2021
Award Report to Procurement Board	November 2021
Implementation	January 2022
Contract Commencement	1st February 2022

## 2.6 The contract delivery methodology and documentation to be adopted

2.6.1 The contract will be let using the Council's standard Terms and Conditions. The successful contractor will be required to maintain a full electronic set of information on the goods/services provided to the Council. This data will be accessible to LBBD officers in the form of Management Information when requested.

2.6.2 It is intended that contract prices will be agreed for the duration of the contract period but provision has been made for a 2% annual uplift to account for any potential price increases which cannot be controlled (ie. Royal Mail increased prices) or other rises which will be agreed by both parties before being applied.

## 2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract

2.7.1 The procurement will provide the Council with cost effective, high-quality services to enable the Returning Officer to meet their statutory requirements and relevant performance standards.

## 2.8 **Criteria against which the tenderers are to be selected and contract is to be awarded**

2.8.1 The contracts will be awarded through a scoring matrix based on 65% price, 25% quality and 10% social value. The primary focus on price is due to the design / artwork aspects of the services being largely pre-set and well established, including the delivery timetables for the services to be provided.

## 2.9 **How the procurement will address and implement the Council's Social Value policies**

2.9.1 The Council's approach to social value asks major contractors to contribute to the achievement of the Borough Manifesto goals and targets. The aim of this policy is to ensure that the Council maximises the social, economic, and environmental wellbeing that it delivers through its expenditure. The policy also ensures that the Council is aligned to the requirements of the Public Services (Social Value Act) 2012.

2.9.2 Bidders will be expected to demonstrate how they can add value to the work of the Council in line with the Social Value Framework and will be assessed accordingly. It is envisaged that "Investment in Local People" and "Investment in Local Economy" will be the primary themes of the Council's Social Value policy that bidders will be asked to focus on.

## 2.10 **Contract Management methodology to be adopted**

2.10.1 The Council will provide the contractors with a detailed specification which will detail the contracts management methodology to be adopted by the contractors throughout the contracts term. A named contract manager will lead the process supported by others from within the Electoral Services team.

## 3. **Options Appraisal**

3.1 **Option 1: Do Nothing - Rejected.** This option is not viable as the value associated with the services requires that a full tender exercise must be carried out for the spend to be compliant with the Councils Contract Rules and Public Contracts Regulations 2015

3.2 **Option 2: Use of existing corporate printing contract with Xerox – Provisionally Rejected.** Discussions are ongoing with Xerox regarding the potential for them to undertake the services via the corporate contract and any economies of scale that may be achieved. Should these discussions result in a positive outcome, the proposal to tender this contract via the open procedure will be discontinued and the service incorporated into the corporate contract. However, in order to meet the timescales for letting this contract should it be appropriate / necessary to go out to tender, approval to proceed via the open procedure is required.

3.3 **Option 3: Utilise an existing Framework Agreement – Rejected:** There are no existing Framework Agreements in place which cover the services required.

3.4 **Option 4: Open tender – Recommended:** Procuring via the open tender route will provide an equal opportunity for both local and national providers to tender for these

contracts, in line with the Council's social value requirements, as well as providing the opportunity for efficient and cost-effective procurement through economies of scale.

#### **4. Waiver**

4.1 Not applicable.

#### **5. Consultation**

5.1 The report was considered and endorsed at the Procurement Sub-Group and Procurement Board meetings in August 2021.

#### **6. Corporate Procurement**

Implications completed by: Sam Woolvett

6.1 Corporate Procurement will be managing the tender process for this procurement.

6.2 The timetable is dependent on the full suite of tender documents being written within the timescales stated in the report.

#### **7. Financial Implications**

Implications completed by: David Folorunso – Finance Business Partner

7.1 This report seeks approval to proceed with the procurement of a 4 + 1 year contract for the Supply of Elections Stationery and Printing Services, in accordance with the strategy set out in the report.

7.2 The estimated cost of this proposal over the full 5-year period is £520,400. This will be met from a combination of budget provisions from the grant funding from the Cabinet Office, General Fund budget and drawdown from Election Reserve if necessary.

7.3 The expenditure will be monitored as part of the budget monitoring arrangement for the service area.

#### **8. Legal Implications**

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law & Governance

8.1 This report is seeking approval to tender a contract for Elections Stationery and Printing Services, for 4 years with the option to extend for an additional year from 1 February 2022.

8.2 It is anticipated that the estimated value of the contract will be in excess of the threshold for goods and services under the Public Contracts Regulations 2015 (the Regulations) and therefore a competitive tendering process will be required, which will be subject to the full application of the Regulations. In compliance with this, paragraph 2.5.1 states that the tenders will be run using the open process and advertised in Find a Tender, the Council's e-tendering portal (Bravo), Contracts

Finder, the Council's website and inclusion in the next issue of the B&D Business Forum Newsletter.

- 8.3 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements above £500,000 in value must be submitted to Cabinet for approval.
- 8.4 In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement processes with the approval of Corporate Finance.
- 8.5 The procurement procedure anticipated by this report would appear to be following a compliant tender exercise and Legal Services will be available to assist and advise upon further instruction.

## **9. Other Implications**

- 9.1 **Risk and Risk Management** – The contract specification will set out the detailed requirements for the services, including the need to align services, where appropriate, with the Council's current election and electoral registration IT system, Xpress, to ensure the timely and secure transfer of data. The planning process for both the annual canvass and election preparations will also ensure that services are delivered in accordance with statutory and other set timescales.
- 9.2 **Corporate Policy and Equality Impact** – Much of the printing and stationery associated with this contract will be in a prescribed form as set by the Government / Electoral Commission. An Equalities Impact Assessment or Screening Tool is, therefore, not required.

**Public Background Papers Used in the Preparation of the Report:** None

**List of appendices:** None

**CABINET****21 September 2021**

<b>Title:</b> Debt Management Performance 2021/22 (Quarter 1)	
<b>Report of the Cabinet Member for Finance, Performance and Core Services</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Stuart Kirby, Revenues Manager	<b>Contact Details:</b> E-mail: <a href="mailto:stuart.kirby@lbbd.gov.uk">stuart.kirby@lbbd.gov.uk</a>
<b>Accountable Strategic Leadership Director:</b> Mark Fowler, Strategic Director of Community Solutions	
<p><b>Summary</b></p> <p>This report sets out the performance of the Revenues service in the collection of revenue and debt management for the first quarter of the financial year 2021/22. The report demonstrates that performance is stable and continuing to improve year on year in terms of overall cash collection, though continuing to be impacted by Covid-19 and welfare reform measures.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended 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.</p>	
<p><b>Reason</b></p> <p>Assisting in the Council's Policy aim of ensuring an efficient organisation delivering its statutory duties in the most practical and cost-effective way. This ensures good financial practice and adherence to the Council's Financial Rules on the reporting of debt management performance and the total amounts of debt written-off each financial quarter.</p>	

**1. Introduction and Background**

- 1.1. This report sets out performance for the first quarter of the 2021/22 municipal and financial year and covers the overall progress of each element of the service since April 2021.
- 1.2. The Revenues service is responsible for the collection of Council Tax, Business Rates, Housing Benefit Overpayments, General Income, Rents and for the monitoring of cases sent to Enforcement Agents for unpaid parking debts.

## 2. Covid-19 – debt recovery restrictions

- 2.1. The restrictions on court action for Council Tax were lifted in December 2020, and virtual courts were introduced. The ban on evicting tenants for non-payment of rent was lifted on the 1 June 2021.
- 2.2. After a trial court held in January 2021, the first major Council Tax court was held in February 2021 and have continued since monthly. Liability orders are obtained at the court, in bulk, and allow further enforcement action to be initiated, i.e., Enforcement Agents. Courts were initially limited by the Court Service to 1,500 summonses and have now been increased to 3,000.

## 3. Financial impacts upon residents

- 3.1. Data from Government shows a continued increase in residents claiming Universal Credit. However, the increase slowed in April and May but increased again in June.

Month	People on Universal Credit	Monthly change
Feb-20	13,913	
Mar-20	14,544	631
Apr-20	18,077	3,533
May-20	26,405	8,328
Jun-20	27,866	1,461
Jul-20	28,620	754
Aug-20	28,966	346
Sep-20	29,405	439
Oct-20	30,054	649
Nov-20	31,279	1,225
Dec-20	32,019	740
Jan-21	32,206	187
Feb-21	32,517	311
Mar-21	32,681	164
Apr-21	32,691	10
May-21	32,730	39
Jun-21 (provisional)	32,962	232

- 3.2. These statistics are taken from the DWP website and June is a provisional figure and is likely to change.

## 4. Council Tax

- 4.1. Collection Rates

Council Tax		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 1	+2.2%	+£2,017,096

<b>Council Tax</b>		
<b>Period</b>	<b>Increase/decrease 2019/20 %</b>	<b>Increase/decrease 2019/20 £</b>
Quarter 1	+0.3%	+£267,000

4.2. Arrears

<b>Council Tax</b>		
<b>Period</b>	<b>Increase/decrease 2020/21</b>	<b>Increase/decrease 2019/20</b>
Quarter 1	+£406,015	+£43,876

4.3. In 2019/20 a total of 12,354 summonses were issued for non-payment throughout the course of the year, whereas since January 2021, 11,532 have been issued. This placed significant pressure upon the service and additional resource has been brought in to assist. The table below shows the number of summonses issued since April 2020; summonses were not sent in March 2020 due to the pandemic.

<b>Month</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
April	614	0	1,854
May	3,493	0	545
June	1,455	0	5,957
July	1,047	0	
August	1,060	0	
September	939	0	
October	655	0	
November	887	0	
December	963	0	
January	970	99	
February	271	1,408	
March	0	1,669	
<b>Total</b>	<b>12,354</b>	<b>3,176</b>	<b>8,356</b>

4.4. Whilst summonses have been issued, care is being taken to ensure that residents are supported and where appropriate summonses are withdrawn to avoid unnecessary action and costs.

4.5. For residents still in financial difficulty, budgeting advice is being give and affordable payment agreements are being made.

4.6. Support is also given by the Homes and Money Hub where the resident may be experiencing more complex problems and the following assistance is also given:

- Budgeting assistance (income and expenditure)
- Training advice
- Referral to the Job shop
- Maximisation of benefit entitlement
- Tenancy sustainment

- 4.7. Collection rates have improved but it is still evident that some residents are experiencing financial difficulty because of the pandemic. However, the emphasis placed on supporting these residents has in many cases helped them to restart payment and better control their debts.

## 5. Business Rates

### 5.1. Collection Rates

<b>Business Rates</b>		
<b>Period</b>	<b>Increase/decrease 2020/21 %</b>	<b>Increase/decrease 2020/21 £</b>
Quarter 1	-0.4%	-£235,026

<b>Business Rates</b>		
<b>Period</b>	<b>Increase/decrease 2019/20 %</b>	<b>Increase/decrease 2019/20 £</b>
Quarter 1	-4.6%	-£2,442,774

- 5.2. Quarter 1 collection rates are below the same time in 2020/21. This is as a result of the change in Retail, Hospitality and Leisure Rate Relief which took place in June. Prior to this adjustment, collection rates had improved and as a result both April and May returned a 1% increase compared with 2020/21.
- 5.3. Retail Rate relief existed prior to April 2020 and businesses received a 50% reduction. In 2020/21 the Government increased the relief to 100% and extended it to hospitality and leisure sectors. In 2021/22 the Government again amended this relief, giving businesses 100% relief for the first 3 months and then reducing this to 66% for the remainder of the year.
- 5.4. The 100% relief was adjusted to 66% in June to allow businesses to begin making payment in July. As a result, the amount to be collected for the year increased by £4.4m and the collection percentage reduced. This is expected to quickly improve in the second quarter.
- 5.5. All Government grants have now been paid. This includes the Additional Revenues Grant (ARG) of £6.1m. A further £1.2m will be allocated by Government and will partially fund the BEC business support project.
- 5.6. Recovery of Business Rates will recommence in July. Businesses will be sent a letter or called prior to the first reminder being sent to advise them that payment of contact is essential.



## 6. Rents

### 6.1. Collection Rates

<b>Rents</b>		
<b>Period</b>	<b>Increase/decrease 2020/21 %</b>	<b>Increase/decrease 2020/21 £</b>
Quarter 1	+0.35%	+£360,740

<b>Rents</b>		
<b>Period</b>	<b>Increase/decrease 2019/20 %</b>	<b>Increase/decrease £</b>
Quarter 1	-0.2%	-£168,893

- 6.2. Collection rates have significantly improved in the first quarter of 2021/22. Additional resources have been used to increase the number of residents in arrears that can be contacted.
- 6.3. Whilst some tenants are still experiencing financial difficulty because of the pandemic, work continues to assist them in making regular payments and to work towards clearing arrears where this is possible.
- 6.4. Throughout 2020/21 and the first quarter of 2021/22, statutory reminders have not been sent due to the ban on evictions. Tenants have still been regularly contacted by phone and by letter but the process leading to eviction was suspended.
- 6.5. This process will be restarted in July 2021 and all cases with arrears reviewed and statutory reminders will be sent. This restarting of the process will allow for eviction action to commence for those tenants deliberately not paying their rent.

## 7. Reside

- 7.1. During the latter part of 2020/21 the methodology used to measure collection rates was reviewed. As a result, a more accurate measurement was devised and applied.
- 7.2. The table below shows performance against target for 2021/22.

<b>RESIDE</b>		
<b>Period</b>	<b>Increase/decrease 2020/21 %</b>	<b>Increase/decrease 2020/21 £</b>
Quarter 1	+2.31%	+£323,209

- 7.3. The team continue to contact tenants that have fallen into arrears. Only 10 cases remain where contact cannot be established from an initial 70 case with arrears. All contacted cases are making payment to bring their accounts up to date.
- 7.4. Visits to the remaining tenants that have failed to pay or make contact will take place during quarter 2.
- 7.5. A full review of cases with large or increasing arrears will be undertaken during quarter 2 and where appropriate the process of eviction started.

## 8. General Income

### 8.1. Collection Rates

General income		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 1	+0.35%	+£360,740

General income		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 1	-21.03%	-£2,946,072

- 8.2. General Income collection frequently varies depending on when invoices are issued during the quarter.
- 8.3. In preparation for the Oracle replacement system, issuing departments have been undertaking a cleansing exercise. This has resulted in significant changes to the invoicing structure within Oracle. This has made accurate comparisons between departments problematic.
- 8.4. Whilst changes to the invoicing structure has made comparisons difficult, the database cleansing exercise is an essential piece of work and will ensure that the new system operates correctly. The team continue to pursue unpaid invoices to ensure collection rates improve.

## 9. Homecare – Adult Social Care

### 9.1. Collection Rates

Homecare		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 1	+9.7%	+£34,679

Homecare		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 1	-25.3%	-£90,783

- 9.2. Due to the cleansing exercise in Oracle, some invoices attributed to Homecare have been moved to different issuing departments and renamed. This has made collection comparisons problematic and only so collection rates shown in this report will have a level of error.
- 9.3. A review of these changes is being undertake with the intention of producing a collection rate from the end of July onwards, however it is unlikely that this will be comparable with previous collection rates.

## 10. Housing Benefit Overpayments

### 10.1. Collection Rates

Housing Benefit Overpayments		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 1	-0.69	-£176,426

Housing Benefit Overpayments		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 1	-1.64%	-£423,122

10.2. Housing benefit overpayment collection has reduced because of the increase in debtors applying for Universal Credit.

10.3. A main source of Housing Benefit Overpayment income is via deductions from ongoing housing benefit or directly from earnings. The increase in Universal Credit claimants has had a direct effect upon this stream of income. The DWP prioritises deductions and Housing Benefit Overpayments are given a lower priority, below mortgage, rent, child maintenance, council tax, gas, electricity, fines etc.

10.4. Direct deductions from earnings are also lower than before the pandemic due to the increases in Universal Credit claimants.

10.5. The team is currently focusing upon identifying debtors that would normally be paying via these deductions to pursue direct payment.

## 11. Collection rates

11.1. The table below shows collection rates for quarter 1. Targets are based primarily upon 2020/21 collection rates and the stretch target 2019/20.

Collection Area	Collection Rate	Target	Stretch
Council Tax current year	29.83%	27.6%	29.5%
Council Tax arrears	£828,254	£422,239	£784,378
Rents	23.12%	22.77%	23.28%
Business Rates	26.63%	27.1%	27.1%
General Income	64.32%	62.02%	85.35%
Leasehold	44.41%	37.66%	38.43%
Commercial rent	53.74%	47.54%	51.40%
Homecare	43.34%	33.7%	68.6%
Housing Benefit Overpayment	3.58%	4.27%	5.23%
Reside	82.72%	82.40%	87.40%

11.2. In some cases, the stretch target has been adjusted due to external changes that are not within the control of the service i.e., Business Rates stretch target has been adjusted due to the change in the Retail Hospitality Relief.

## **12. Financial Implications**

Implications completed by: Kofi Adu, Group Accountant

- 12.1. Compared to the same period last year, collection rates are higher across most categories of debt, 2019/20 pre-pandemic collection rates are slightly higher in a couple of areas, but collection rates are gradually improving. This is due to the impact of the Covid-19 pandemic on the ability of residents and businesses to pay, given their reduced financial circumstances and on restrictions placed on the debt collection process as outlined in Section 2 above.
- 12.2. The Revenues team has been working closely with the wider Community Solutions to identify residents in financial difficulty and to provide support to assist in tackling financial problems and managing debt. In addition, a new data led approach is being taken which is more targeted. It is anticipated that the introduction of community banking in the borough will accelerate the wider support given to residents in financial difficulty and managing debt.
- 12.3. Collecting all debts due is critical to funding the Council and maintaining cashflow. Monthly performance monitoring meetings with the Strategic Director of Community Solutions focus on where the targets are not being achieved to improve prompt collection of Council revenues.
- 12.4. The Council maintains a bad debt provision which is periodically reviewed. Increases to the provision are met from the Council's revenue budget and reduce the funds available for other Council expenditure.
- 12.5. The risks to the council's general fund posed by covid-19 debt recovery restrictions are monitored regularly and reported to ensure mitigated actions are taken to minimise the financial impact to the council. The financial impact of court cases due to Covid-19 is also being monitored and reported regularly.

## **13. Legal Implications**

Implications completed by: Dr. Paul Feild, Senior Governance Lawyer

- 13.1. Monies owed to the Council in the form of debts are a form of asset that is the prospect of a payment sometime in the future. The decision not to pursue a debt carries a cost and so a decision not to pursue a debt is not taken lightly.
- 13.2. The Council holds a fiduciary duty to the ratepayers and the government to make sure money is spent wisely and to recover debts owed to it. If requests for payment are not complied with then the Council seeks to recover money owed to it by way of court action once all other options are exhausted. While a consistent message that the Council is not a soft touch is sent out with Court actions there can come a time where a pragmatic approach should be taken with debts as on occasion, they are uneconomical to recover in terms of the cost of process and the means of the debtor to pay. The maxim no good throwing good money after bad applies. In the case of rent arrears, the court proceedings will be for a possession and money judgement for arrears. However, a possession order and subsequent eviction order

is a discretionary remedy, and the courts will often suspend the possession order on condition the tenant contributes to their arrears.

- 13.3. Whilst the use of Introductory Tenancies as a form of trial tenancy may have some impact in terms promoting prompt payment of rent as only those tenants with a satisfactory rent payment history can expect to be offered a secure tenancy, people can fall behind and get into debt. The best approach to resolve their predicament is to maintain a dialogue with those in debt to the Council, to offer early advice and help in making repayments if they need it and to highlight the importance of payment of rent and Council tax. These payments ought to be considered as priority debts rather than other debts such as credit loans as without a roof over their heads it will be very difficult to access support and employment and escape from a downward spiral of debt. The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.
- 13.4. As observed the Covid 19 pandemic is having a detrimental effect on debt management with a combination of severe pressures on households and businesses. Even though the vaccination programme has contributed to a recovery it is anticipated that it will not be until well into autumn before economic normality is approached and many businesses and activities may not return in the same form.
- 13.5. The inevitable debt management implications are that with the legal enforcement options being limited by Government measures preventing the resort to eviction as a means to enforcement of debt for all of the financial year 2020 to 2021 because of the national Covid 19 crisis, the short-term debts and more particularly irrecoverable debts inevitably increased despite the very best efforts of all the teams involved. Now this last option has been restored the message that debts will be pursued in due course is being pressed home however such action is tempered with targeted efforts to help citizens and businesses successfully manage their debts.

**Public Background Papers Used in the Preparation of the Report:** None

**List of appendices:** None

This page is intentionally left blank