

Notice of Meeting

CABINET

Tuesday, 19 October 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

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Please note that this meeting will be webcast and members of the press and public are encouraged to view the proceedings via this method due to COVID-19 restrictions. Those wishing to attend the meeting in person must provide evidence of a negative Lateral Flow Test on arrival and wear a face mask at all times, including while seated in the public gallery on the second floor of the Town Hall. 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 21 September 2021 (Pages 3 - 8)

4. Revenue Budget Monitoring 2021/22 (Period 5, August 2021) (Pages 9 - 40)

5. Commissioning and Delivery of the DfE Holiday Activities and Food Programme (Pages 41 - 55)

- 6. Procurement of Water Services for Corporate and Non-Domestic Council Buildings (Pages 57 - 67)**
- 7. Company Board Arrangements (Pages 69 - 73)**
- 8. Any other public items which the Chair decides are urgent**
- 9. 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/observe Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. The item below is exempt from publication under paragraphs 3 and 5 of Part 1, Schedule 12A of the Local Government Act 1972 (as amended) as the report contains commercially confidential information and legal professional privileged information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

- 10. Short-Term Contract for SIA Security and Ancillary Services (Pages 75 - 83)**
- 11. 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, 21 September 2021
(7:00 - 8:13 pm)

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

32. **Death of Inder Singh Jamu and Neal Crowley**

The Chair paid tribute to former Councillor, Freeman and Alderman Inder Singh Jamu and Freeman Neal Crowley who both recently passed away and asked all those present to join him in a minute's applause in recognition of their significant contributions to the Borough.

33. **Declaration of Members' Interests**

There were no declarations of interest.

34. **Minutes (13 July 2021)**

The minutes of the meeting held on 13 July 2021 were confirmed as correct.

35. **Revenue Budget Monitoring 2021/22 (Period 4, July 2021) and Q1 Capital Programme Update**

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's revenue budget monitoring position for the 2021/22 financial year as at 31 July 2021 (period 4) and the capital budget position for quarter 1.

The Cabinet Member explained that there remained a considerable degree of uncertainty across both the UK and global economies which would continue to impact on local government finances. The COVID-19 pandemic and the effects of Brexit had put even more pressure on services and led to delays in construction projects and increased costs due to supply issues and labour shortages, all of which had impacted on the Council's revenue and capital budgets.

The Council's General Fund revenue budget for 2021/22 was £173.614m but, as a consequence of all those factors, the forecast outturn position at the end of July projected a net overspend of £9.712m. It was noted that although the Council had added a net £17.817m of growth to the 2021/22 budget and prudently set aside a specific Budget Support reserve of £11.433m, a worsening of the overspend position could require a drawdown from the £17m available in the main General Fund reserve. The Cabinet Member highlighted some of the main areas of overspend which were presented in a new format to Cabinet, aimed at providing greater clarity on the key risks, mitigations and opportunities across service areas.

The overall Capital Programme for 2021/22 was £411.511m, consisting of

£61.926m for the General Fund, £306.370m for Investments and £43.215m for the Housing Revenue Account (HRA), and expenditure at the end of the first quarter was £71.349m. The Cabinet Member referred to a number of proposed changes to and reprofiling within the overall programme and, following on from his earlier comments regarding the rise in construction costs, advised on an additional £3.97m that was required to support the delivery of the Industria (Intensifying Barking's Industry) Programme.

Cabinet Members discussed the challenges being faced at the moment and expressed their criticism of the Government for increasing National Insurance contributions and forcing local authorities to increase Council Tax to support social care, which would impact on the disposable income of every resident of the Borough. The Cabinet Member for Social Care and Health Integration drew particular attention to the misinformation coming from Government relating to the extra funding to 'solve' the NHS and social care problems and referred specifically to the Government's rhetoric that individuals would not now be expected to pay over £86,000 during their lifetime towards their care. While the Cabinet Member welcomed the cap on care costs, she made clear that it only related to the direct provision of care services and would not apply to the provision of, for example, accommodation, meals and laundry services, which would mean that those in care homes would continue to be expected to contribute up to a further £20,000 per year towards their overall service provision. The Cabinet Member for Educational Attainment and School Improvement also advised on the significant financial pressures being faced by many primary schools across London due to falling pupil numbers and the resultant loss of funding.

Cabinet resolved to:

- (i) Note the projected revenue outturn forecast for the 2021/22 financial year, as set out in sections 2 and 3 and Appendix A of the report;
- (ii) Note the update on key savings programmes and commercial income, as set out in section 4 of the report;
- (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;
- (iv) Approve the changes to the Capital Programme totalling £22.745m and £10.669m reprofiling, resulting in a net increase to the current 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.

36. Refurbishment of Redundant Units via Habitat for Humanity - Update

Further to Minute 48 (17 September 2019), the Cabinet Member for Community Leadership and Engagement introduced a report on proposed revised terms with Habitat for Humanity (HfH) for the refurbishment of dilapidated, Council-owned flats above shops at 496 Gale Street, 16a Woodward Road and 4-5 Royal Parade,

Church Street, Dagenham, to accommodate care leavers identified by the Council's Children's Care and Support service.

The Cabinet Member advised that the original proposals were based on the successful delivery of a similar project with HfH at 35b East Street, Barking. However, delays caused by COVID and the general increase in construction costs referred to earlier in the meeting meant that the original terms were no longer viable. The Cabinet Member confirmed that the revised terms maintained the original social and community outcomes while ensuring that the schemes continued to represent value for money for the Council.

Cabinet **resolved** to:

- (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;
- (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 HfH;
- (iii) Approve the revised terms of the arrangement with HfH, as set out in the report;
- (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
- (v) Delegate authority to the Strategic Director, 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.

37. Land Transfers to Support Delivery of Film Studios in the Borough

Further to Minutes 35 (20 October 2020) and 50 (17 November 2020), the Cabinet Member for Regeneration and Economic Development introduced a report on the proposed lease of two small areas of Council-owned land to facilitate the delivery of Eastbrook Studios Limited's plans for film studios in the Borough.

The Cabinet Member advised that the first area of land was at the former Welbeck Steel site, River Road, Barking, which UK Power Networks (UKPN) had identified for a new sub-station to provide adequate power to the new studio development at the site. The second area was a thin strip of land lying between the public highway at Rainham Road South, Dagenham and the main film studio site which, due to being on a gradient, attracted litter and was challenging to clear. As Eastbrook Studios Ltd were tasked with creating a strong and attractive frontage to the site in the later phases of the development, it was appropriate to transfer the land to the company to enable it to deliver that aim.

Cabinet **resolved** 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.

38. Future of Roycraft House, Linton Road, Barking - Proposed Lease Arrangements

Further to Minute 8 (25 May 2021), the Cabinet Member for Regeneration and Economic Development presented a report on the outcome of the procurement process for a workspace operator to develop and run the Roycraft House office building in Barking Town Centre, which was to become surplus to the Council's requirements later in the year.

The workspace consultancy, Workwild, had been commissioned to work alongside Be First to undertake research and assess demand for a new, innovative destination and focal point for local communities and businesses. That work indicated a strong demand and, following an initial Expressions of Interest stage, four organisations were shortlisted to submit detailed proposals. The Cabinet Member commended the quality of each of the four bids and was pleased to report that Make It Group had been chosen as the preferred bidder, its proposal being described 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 Cabinet Member referred to the financial arrangements for the project, which would not only result in the Council achieving considerable savings from no longer being responsible for the building but also receiving a rental income from Make It Group. It was also noted that Make It Group would be investing circa £1m into the project and further grant support, on top of £20,000 already secured, would be sought from the Mayor of London's High Street Challenge Fund.

Cabinet Members spoke of their overwhelming support for the project and the significant contribution it was expected to make to the night-time economy in the Town Centre, its synergies with existing initiatives such as the Barking Enterprise Centre and the Borough's thriving Business Forum, including the Young Entrepreneurs network.

Cabinet **resolved** 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.

39. Procurement of Elections Stationery and Printing Services Contract

The Cabinet Member for Finance, Performance and Core Services introduced a report setting out 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.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a maximum five-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 procurement and award and enter into the contract and all other necessary or ancillary agreements with the successful bidder(s), in accordance with the strategy set out in the report.

40. Debt Management Performance 2021/22 (Quarter 1)

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

The Cabinet Member referred to the impact of COVID-19 on collection rates and debt recovery practices since the pandemic began and the financial difficulties that it had caused many residents of the Borough. He also referred to the Government's decision to cease the £20 per week additional payment to Universal Credit (UC) recipients from early October 2021, which he felt was a clear example of the Government's failure to understand the difficulties that many in the community continued to face. The Cabinet Member commented that the top-up to UC had been a much-needed lifeline to many and to withdraw it at a time when general food costs were increasing due to the impacts of Brexit and there were unprecedented rises in energy costs would, in his opinion, lead to many residents having to choose "whether to eat or to heat" over the winter period.

With regard to collection rates, the Cabinet Member advised that they were, in general, returning to target levels and enforcement action had recommenced following a hiatus during the peak COVID period. He added, however, that while summonses for outstanding debts, such as non-payment of Council Tax, were

once again being issued he was very proud of the Council's pro-active approach to supporting residents in financial difficulty and drew attention to the work of the Council's Community Solutions service and, in particular, the Homes and Money Hub, which offered a range of support and advice to those with complex problems. Cabinet Members concurred with those sentiments and reference was also made to the Community Food Club, which could help residents on low incomes and/or in financial difficulties by reducing their food shopping bill by approximately £20 per week.

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

CABINET

19 October 2021

Title: Revenue Budget Monitoring 2021/22 (Period 5, August 2021)	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Katherine Heffernan and Philippa Farrell, Heads of Service Finance,	Contact Details: E-mail: Katherine.heffernan@lbbd.gov.uk Philippa.farrell@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
Summary	
<p>This report sets out the Councils 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 £184.872m which would be an overspend of £11.258m or £10.737m once income is taken into account. This is a worsening of the position by around £1m compared to last month. This can be managed by use of the budget support reserve which was £11.433m at the end of the previous financial year; however, this will deplete the reserve increasing the risk in future years. The position will continue to be closely monitored and in-year remedial actions may need to be put in place if the overspend continues to increase.</p>	
Recommendation(s)	
Cabinet is recommended to:	
<ul style="list-style-type: none"> (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; and (ii) Note the update on savings proposals, as set out in section 4 of the report. 	
Reason(s)	
<p>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.</p>	

1. Introduction and Background

- 1.1 This is the second 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 (Counter Fraud), 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 £184.873m. 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 then this would result in an overspend of £10.738m. 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.

Table 1.	NET FULL			
	YEAR BUDGET	Full Year Forecast	Variance	Change
COMMUNITY SOLUTIONS	24,009	27,139	3,130	
CORPORATE MANAGEMENT	5,310	2,903	(2,408)	
INCLUSIVE GROWTH	1,292	1,967	676	
LAW AND GOVERNANCE	(1,321)	(1,267)	54	(85)
MY PLACE	16,529	19,111	2,583	254
PEOPLE AND RESILIENCE	124,179	129,332	5,153	857
STRATEGY & CULTURE	3,617	5,688	2,071	
TOTAL EXPENDITURE	173,614	184,873	11,258	1,026
FUNDING	(173,614)	(174,134)	(520)	
TOTAL NET POSITION	173,614	184,873	11,259	1,026

3. Key Variances

- 3.1 This section provides a high-level summary of the main variances. There has been little change in most forecasts except where staffing costs have worsened in My Place and demand pressures continue to increase in Care and Support. 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 - £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.** Following the introduction of new CPZs and increased activity as the lockdown has eased there has been an increase in Parking income. This can be volatile and will be monitored throughout the year. Currently it is assumed to be transferred to the Parking Account reserve.

- 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 in the past year 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 £2.1m in Children's Care and Support as a result of these two issues. In addition, there are similar pressures in Disabilities for Children with Disabilities. There is also a short-term increase in the Equipment and Adaptations budget as the service works through a backlog built up during the lockdown period when access to homes of vulnerable people was restricted for their protection.
- 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 – of which £2.641m are new savings approved in the MTFs, £5.033m are unachieved A2020 brought forward from the previous year(s) and £0.536m are Transformation programme savings in Care and Support. £4.799m of these savings depend on efficiencies and cost reductions and £3.411m are based on new or increased income.
- 4.2 To date only £0.381m of savings are assessed as securely delivered and a further £0.891m are considered low risk. This leaves £6.938m (85%) high or medium risk.
- 4.3 High risk savings include the Contact Centre restructure, savings on the Foyer lease arrangements and £2.2m relating to debt and income improvements.
- 4.4 The budget also includes a target of £12.4m returns from the Council's subsidiary companies. At present there is good confidence that this can be met through dividends paid by Be First for the financial years 2019/20 and 2020/21 (Dividends are paid in arrears following the audit of the accounts and may be delayed in times of uncertainty.) There is no dividend expected from BDTP.

5. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

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

6. Legal Implications

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

- 6.1 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.
- 6.2 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 together with logistic challenges which is causing 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 Other Implications

- 7.1 **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.
- 7.2 **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.

Public Background Papers used in preparation of this report

- The Council's MTFS and budget setting report was presented to Assembly on 3rd March 2021.
<https://modgov.lbbd.gov.uk/Internet/documents/s144013/Budget%20Framework%202021-22%20Report.pdf>

List of appendices:

- Appendix A: Revenue Budget Monitoring Pack

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London Borough of Barking and Dagenham Budget Monitor: Period 5

Content Links

[Overall Summary](#)

[Community Solutions](#)

[Corporate Management](#)

[Inclusive Growth](#)

[Law and Governance](#)

[My Place](#)

[People and Resilience](#)

[Strategy and Culture](#)

[Savings and Income](#)

[Community Outbreak Management Fund COVID](#)

[Companies](#)

one borough; one community; no one left behind

**Barking &
Dagenham**

London Borough of Barking and Dagenham Budget Monitor: Period 5

Table 1.	Controllable BUDGET FY	Non- Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month	Direction of Travel
COMMUNITY SOLUTIONS	17,168,748	6,840,150	27,138,926	3,130,028	-	-	3,130,028	-	
CORPORATE MANAGEMENT	3,968,140	1,342,250	2,902,612	(2,407,778)	-	-	(2,407,778)	-	
INCLUSIVE GROWTH	272,991	1,018,760	1,967,446	675,695	-	-	675,695	-	
LAW AND GOVERNANCE	1,341,900	(2,663,360)	(3,821,059)	(2,499,599)	-	2,552,607	53,008	(85,238)	✓
MY PLACE	9,331,640	7,196,870	19,161,348	2,632,838	(50,000)	-	2,582,838	<u>253,714</u>	^
PEOPLE AND RESILIENCE	99,835,601	24,343,420	129,818,646	5,639,625	(486,740)	-	5,152,885	<u>857,093</u>	^
STRATEGY & CULTURE	8,978,030	(5,361,190)	7,576,162	3,959,322	(1,888,012)	-	2,071,310	-	
TOTAL EXPENDITURE	140,897,050	32,716,900	184,744,081	11,130,131	(2,424,752)		11,257,986	1,025,569	^
FUNDING	(140,897,050)	(32,716,900)	(174,134,408)	(520,458)			(520,458)		
TOTAL NET POSITION	0	0	10,609,673	10,609,673	(2,424,752)	0	10,737,528	1,025,569	^

Summary: £11.3m Overspend , 8% of Budget

This is a worsening position from last period by

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 fewer 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 5

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	7,196,345	1,021,528			1,021,528	
COMMUNITY SOLUTIONS	8,903,837	762,310	11,558,147	1,892,500			1,892,500	
COMMUNITY PARTICIPATION AND PREVENTION	6,694,014	1,473,920	8,383,934	216,000			216,000	
TOTAL NET POSITION	17,168,748	6,840,150	27,138,926	3,130,028	0	0	3,130,028	0

Key Drivers of the Position:

The total overspend for the Department is **£4.8m**.

This has been reduced by (£1.6m) mitigations.

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

This excludes COVID related costs charged to COMF.

- Income target for Brocklebank & Foyer have not been removed, the buildings have been decommissioned. £775k
- CC & Careline (historic budget gap) £459k
- Works & Skills Loss of grant £400k
- R&B Contact Centre (pressure of Agency cost) £380k
- Comsol gap (includes £250k income target) £315k
- Pressure of TA (Voids & demand led) £250k
- Pressure of NRPF £216k
- Digitalisation £180k
- Contribution to Innovate system which was unbudgeted £155k

Total Variance £3.130m

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	Green
RSI funding SO1 posts	42,000	Green
Homelessness growth for 21/22	260,000	Green
Homelessness growth for 21/22	280,000	Green
Gatefiled Final Payment	53,000	Green
new burdens grant for Bus Rate	229,000	Green
Social Care funding 2 posts PO2 & Scale 5	96,000	Amber
2x Scale 5 - Frontline post	66,000	Amber
Invest to Save (from Growth)	100,000	Amber
GLA collection grant	250,000	Amber
Brocklebank Rent	58,000	Red
Transformation or CSR	100,000	Red
Total Potential Savings	1,646,500	

Community Solutions: Period 5 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)

- 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.
- We are not able to identify Impacts which may arise from the Afghanistan Support Scheme. However, we do expect financial implications to arise.
- It is assumed COVID-19 related costs c£1m will be funded from COMF and other COVID Grants.

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 £245k, 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.
- An amount of £775k is earmarked to be funded from Treasury relating to decommissioning of Brocklebank and development of Foyer.

Community Solutions: Period 5

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

		Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
COMMUNITY SOLUTIONS								
SUPPORT AND COLLECTIONS	SUPPORT SERVICES	1,525,920	3,310,220	2,550,920	1,021,528			1,021,528
COMMUNITY SOLUTIONS	DIRECTOR OF COMMUNITY SOLUTIONS	405,250	276,700	878,250	473,000			473,000
	WORK & SKILLS	1,298,120	903,860	1,698,120	400,000			400,000
	CUSTOMER CONTACT	6,994,192	-460,050	8,013,692	1,019,500			1,019,500
COMMUNITY PARTICIPATION AND PREVENTION	TRIAGE SERVICES	2,671,044	174,000	2,887,044	216,000			216,000
TOTAL NET POSITION		12,894,526	4,204,730	16,028,026	3,130,028	0	0	3,130,028

Page 19

The overspend is due to 3 main lifecycles:

Support & Collections: £1.021m (Decommissioning of Brocklebank £525k, development of Foyer £250k, TA voids and demand £250k)

Community Solutions: £1.892m (relates to Comsol historic gap £318k, cost of Innovate (one-off) £155k, W&S loss of grants £400k, digitalisation costs for Intranet re-design and strategy £180k and customer contact caseload agency costs (one-off) £380k & historic budget gap £459k). The Contact Centre is working on automation and efficiencies currently with a view to realise cost reductions by mid October 2022. This should bring the service back in line within budget.

Community Participation & Prevention: £216k (NRPF is a statutory function which has seen a 65% increase in demand compared to 2020/21)

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

Corporate Management: Period 5

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

Table 3.

CORPORATE MANAGEMENT	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
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	5,041,760	2,615,040	5,248,022	(2,408,778)			(2,408,778)
TOTAL NET POSITION	3,968,140	1,342,250	2,902,612	(2,407,778)	0	0	(2,407,778)

- 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

NONE required in this area

Corporate Management: Period 5 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.

Inclusive Growth: Period 5

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

Table 4.

INCLUSIVE GROWTH	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
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
TOTAL NET POSITION	272,991	1,018,760	1,967,446	675,695	0	0	675,695

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 5

Forecast Position: Net income of £3.821m; overspend of £53k; 4% adverse variance)

Table 5.

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	(4,846,530)	1,293,500	(6,174,842)	(2,621,812)		2,552,607	(69,205)
LEADERS OFFICE	251,790	(258,450)	36,540	43,200			43,200
TOTAL NET POSITION	1,341,900	(2,663,360)	(3,821,059)	(2,499,599)	0	2,552,607	53,008

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-Parking income is forecast to over-achieve by £2.5m. PCN income over the first quarter has been strong, averaging £886k per month. It is anticipated that income will dip towards the end of the calendar year when some cameras will be out of use, but overall annual income including permits is forecast to be £14m. The excess will be taken to the Parking reserve at year end.

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 5 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.
- Parking income is volatile and depends on driver behaviour and compliance. There is a risk that the income forecast will not be met although this is currently considered unlikely. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals.

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

- 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.

My Place: Period 5

Forecast Position: £19.161m (overspend of £2.633m, 13.7% 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	(396,200)	7,784,670	9,056,890	1,668,420	(50,000)		1,618,420	89,664
PUBLIC REALM	9,727,840	(587,800)	10,104,458	964,418			964,418	214,050
TOTAL NET POSITION	9,331,640	7,196,870	19,161,348	2,632,838	(50,000)	0	2,582,838	303,714

Key Drivers of the Position (Summary):

- My Place: £1.668m adverse variance due mainly 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 - £1.207m adverse variance related to excess expenditure on transport (£949k) and staff (£336k).
 - b. The above line is offset partly by Parks and Environments (£143k) 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. The underlying cause of the HRA recharge budget issue is being investigated to help determine where the service goes from there.

My Place: Period 5 Risk and Opportunities

Forecast Position: £19.161m (overspend of £2.633m, 13.7% 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 6. Outturn is online at Period 5 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 5

Forecast Position: £130m (overspend of £5.15m, 4.1% variance)

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	33,601,567	2,320,830			2,320,830	586,271
ADULT'S CARE & SUPPORT	19,493,720	3,076,900	22,570,620					
COMMISSIONING - CARE AND SUPPORT	10,167,314	965,320	11,651,673	519,039			519,039	519,039
PUBLIC HEALTH	(559,250)	63,000	19,406	515,656	(486,740)		28,916	
CHILDREN'S CARE & SUPPORT	38,253,960	1,216,300	41,557,360	2,087,100			2,087,100	(248,216)
EDUCATION, YOUTH & CHILDCARE	3,575,560	16,645,460	20,418,020	197,000			197,000	
TOTAL NET POSITION	99,835,601	24,343,420	129,818,646	5,639,625	(486,740)	0	5,152,885	857,094

Key Drivers of the Position (Summary):

- **Disabilities Service:**
 - CWD LAC Disaggregation –is responsible for the majority of the pressure this is due to a total of 7 new clients since April at an average cost of £4k per week.
 - There is also one off pressure of £300k in the minor Equipment & Adaptations budget due to a backlog of works built up over the pandemic.
- **Commissioning Care and Support**
 - Early Help Service has transferred over to Commissioning this month, bringing with it a pressure of £450k, this is due to a shortage of staff which need immediate short term coverage.
- **Children's Care & Support:**
 - Approx. £900k of the £2.0m 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.
- **Education, Youth & Childcare:**
 - £197k relates to unachievable income budgets due to historical corporate budget adjustments

In Year Mitigation	Amount	RAG Rating
CCS: Commissioning Led cost reduction initiatives 21/22		
Joint CCG Funding agreed over and above current budget	£226,000	
Care leaver transitions into supported accommodation and stepping down of 2	£278,000	
Retrospective residential price reductions	£82,000	
CCS: Operational Led cost reduction initiatives 21/22		
Reduction of venue hire, subsistence, mobile phone and staff expenses	£110,200	
DIS: COMF Grant	£276,400	
Potential Total Savings	£972,600	

People and Resilience: Period 5 Risk and Opportunities

Forecast Position: £130m (overspend of £5.15m, 4.1% 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 TOM has yet to be finalised, it is expected that the cost of the service will significantly rise once this is complete as the service is currently significantly understaffed.
- Loss of funding such as the BCF in the future is a significant risk for Commissioning as it generally funds annual contract uplifts.
- 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 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.
- Potential funding of £277k to mitigate part of the Early Help pressure available from the transformation pot if approval is given.

People and Resilience: Disabilities Financial Risk Deep Dive Full Year

Forecast Position: £33.6m (overspend of £2.32m, 7.4% against Budget)

DISABILITIES CARE AND SUPPORT	FULL BUDGET FY	DEPRECIATION	RECHARGES	Non-Controllable BUDGET FY	Controllable BUDGET FY	Full Year Forecast	Variance	Movement from last month
DISABILITIES CENTRES	1,950,310	32,480	472,650	505,130	1,445,180	1,988,016	37,706	50,189
DISABILITIES CARE PACKAGES	15,467,360	4,660	234,500	239,160	15,228,200	16,356,773	889,413	300,000
DISABILITIES TEAMS	4,883,467		243,950	243,950	4,639,517	2,954,747	(1,928,720)	
CHILDRENS CARE PACKAGES	2,605,600				2,605,600	2,941,981	336,381	
SEND PACKAGES	2,892,200		1,388,200	1,388,200	1,504,000	3,745,148	852,948	(194,792)
CWD PLACEMENTS	3,481,800				3,481,800	5,614,903	2,133,103	430,874
TOTAL NET POSITION	31,280,737	37,140	2,339,300	2,376,440	28,904,297	33,601,567	2,320,830	586,271

The disabilities service is showing a net £2.3m pressure at P5 which is a £586k increase from last month.

This position can be attributable to two keys budget pressures in this financial year;

- First is the one-off pressure on the equipment and adaptations budget due to a backlog caused by the pandemic last year now coming through, this will cause a £300k pressure on the budget this year, but demand is expected to return to normal once this backlog is cleared.
- The remaining pressure is on the new Children with Disabilities budget which now has a pressure of £2.1m due partially to 7 new clients costing an average of £4k per week, as well as an inherent budget shortfall of £900k that the service came over with.

It should be noted that the disabilities service received £5.1m in growth funding that has been partially distributed to the services with the remainder being held in the Disabilities team service thus the large underspend on this line, this should have been allocated by P6 monitoring.

There has been an increase of £586k to the projected overspend from P4, the reasons for this are as follows;

- £300k - Increase in cost of equipment and minor adaptations as mentioned above.
- £481k – Packages for CWD in care due to a couple of new clients that have been added to the 5 already factored into last month's position, as well as approximately £250k of miscoded transactions moved over from children's care and support.
- (£195k)- Reduction in the Home to School transport costs, due mainly to now forecasting the COMF funding that will mitigate one-off COVID related expenses.

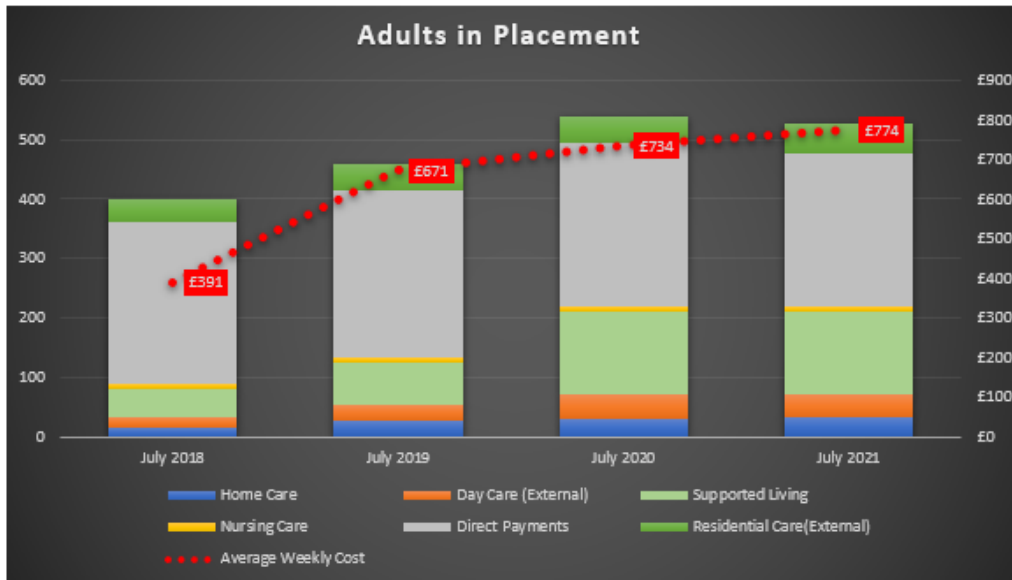
People and Resilience: Disability Services Financial Risk Deep Dive Full Year - Continued

Forecast Position: £33.6m (overspend of £2.32m, 7.4% against Budget)

Children's Care & Support : Placement Numbers and Weekly Costs

Placement Type	Number of Adults in placement				Average Weekly cost				Cheapest Placement				Most expensive placement			
	Jul-18	Jul-19	Jul-20	Jul-21	Jul-18	Jul-19	Jul-20	Jul-21	Jul-18	Jul-19	Jul-20	Jul-21	Jul-18	Jul-19	Jul-20	Jul-21
Home Care	16	27	31	34	£182	£256	£245	£392	£29	£29	£33	£33	£525	£2,147	£1,190	£5,544
Day Care (External)	16	25	39	36	£165	£215	£228	£209	£40	£14	£35	£69	£884	£1,118	£1,095	£1,095
Supported Living	49	74	141	141	£767	£935	£971	£965	£15	£15	£44	£61	£1,862	£5,000	£5,078	£5,078
Nursing Care	8	7	9	7	£918	£810	£1,057	£1,057	£508	£504	£616	£616	£1,302	£1,496	£1,600	£1,600
Direct Payments	272	282	276	258	£311	£307	£294	£372	£15	£15	£15	£15	£2,352	£2,352	£2,352	£2,352
Residential Care(External)	39	44	43	50	£1,281	£1,504	£1,610	£1,651	£416	£638	£663	£663	£3,558	£5,110	£5,110	£5,110

*Please note that the numbers reported here were as at the end of July of each year and may not be the highest figure in that year.



The data on this slide support the narrative of rising numbers and cases which driving up the cost of social care provision in LBBD.

The table above shows year on year weekly package costs which on average have risen by approx. 34% since 2018, Homecare in isolation costs us nearly double that of what it used to cost in 2018.

Residential is one of our most costly placement types with there being consistently year on year clients costing us in excess of £5k per week. Homecare is generally one of the cheaper forms of care but we currently have one client on 24/7 care costing us over £5k per week, this goes to show that complexity of cases play a significant factor on care costs and part of the reason for rising care costs over the years.

The graph adjacent shows the change in number of service users and you can see a steady rise, key point to note is the sharp rise in Residential and Supported living which are our more expensive placement type.

Controc was implemented in June 2018 so the data shown here is not the full year picture

People and Resilience: Children's Financial Risk Deep Dive Full Year

Forecast Position: £41.6m (overspend of £2.087m, 5% against Budget)

CHILDREN'S CARE AND SUPPORT	FULL BUDGET FY	DEPRECIATION	RECHARGES	Non-Controllable BUDGET FY	Controllable BUDGET FY	Full Year Forecast	Variance	Movement from last month
YOUTH OFFENDING SERVICE	1,254,930		145,260	145,260	1,109,670	1,129,909	(125,021)	(5,287)
ASSESSMENTS	3,795,440		196,250	196,250	3,599,190	4,561,458	766,018	5,983
OPERATIONAL DIRECTOR AND CENTRAL SPEND	7,344,500		27,420	27,420	7,317,080	2,428,914	(4,915,586)	60,768
EMERGENCY DUTY	275,000				275,000	278,000	3,000	
CARE MANAGEMENT	5,639,700		350,820	350,820	5,288,880	5,857,665	217,965	18,096
PLACEMENTS CLIENT COSTS	14,249,210		14,830	14,830	14,234,380	20,356,717	6,107,507	(376,706)
ASYLUM SEEKERS	219,200				219,200	286,735	67,535	
PLACEMENTS INTERNAL COSTS	4,118,300		347,030	347,030	3,771,270	4,033,291	(85,009)	35,218
EXPLOITATION & MISSING	450,590				450,590	501,281	50,691	13,713
SPECIALIST INTERVENTION HUB	2,123,390		134,690	134,690	1,988,700	2,123,390		
TOTAL NET POSITION	39,470,260	0	1,216,300	1,216,300	38,253,960	41,557,360	2,087,100	(248,216)

There has been a reduction of £248k in the net position primarily down to a correction of miscoded placements costs which has now been transferred to Disabilities services. As it stands we can summarise **the overspend position of £2.0m** into 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, which has meant more staff have been employed and interim staff retained, leading to an **approx. £900k increased pressure on Staffing budgets**.

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. 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 there has also been a significant rise in the cost of these placements year on year too.

In terms of the overspend position this year, our placement costs have increased by **just over £1.1m**, this can be attributed largely to secure placements and residential. The pandemic has caused the cost of residential placements to surge due to a lack of alternative provisions or options during lockdown, which led to an inflated market that cannot be easily stepped down. Secure was an area that saw significant reduction during the pandemic, however since the return to normal we have seen numbers increase, these placements are inherently costly with one example of a child placed at £10.5k per week, any rise in numbers here can easily tip the budget significantly overspent.

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.

Strategy and Culture: Period 5

Forecast Position: £7.653m net expenditure; overspend of £2.057m; 57% adverse variance

Table 8.

STRATEGY & CULTURE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
CULTURE & RECREATION	(83,350)	1,041,190	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	562,140	349,570	1,943,219	1,031,509	(1,102,006)		(70,497)
COMMUNICATIONS	1,338,510	(1,155,740)	197,270	14,500			14,500
TOTAL NET POSITION	8,978,030	(5,361,190)	7,576,162	3,959,322	(1,888,012)	0	2,071,310

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 couriating £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 5 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 5

Forecast Position: Online

P4 VARIANCE	REPORT LEVEL	2021/22 PERIOD 5			
		BUDGET £'000	FORECAST £'000	VARIANCE £'000	CHANGE £'000
(£1,356)	SUPERVISION & MANAGEMENT	44,514	42,598	(£1,916)	(£560)
(£272)	REPAIRS & MAINTENANCE	18,564	18,233	(£331)	(£60)
£326	RENTS, RATES ETC	423	752	£329	£3
£0	INTEREST PAYABLE	10,742	10,742	£0	£0
£0	DEPRECIATION	16,879	16,879	£0	£0
£0	DISREPAIR PROVISION	0	0	£0	£0
£0	BAD DEBT PROVISION	3,309	2,782	(£527)	(£527)
£0	CDC RECHARGE	685	685	£0	£0
(£1,301)	TOTAL EXPENDITURE	95,116	92,671	(£2,445)	(£1,144)
(£798)	CHARGES FOR SERVICES & FACILITIES	(£20,581)	(£21,261)	(£680)	£118
£808	DWELLING RENTS	(£86,882)	(£85,059)	£1,823	£1,015
£8	NON-DWELLING RENTS	(£770)	(£752)	£18	£10
£0	INTEREST & INVESTMENT INCOME	(£50)	(£50)	£0	£0
£17	TOTAL INCOME	(£108,283)	(£107,122)	£1,161	£1,144
£1,284	TRANSFER TO HRA RESERVE	£ -	£1,284	£1,284	£ -
0	TRANSFER TO MRR	13,167	13,167	£ -	£ -
0		£0	£ 0	£ 0	£ 0

Key Drivers of the Position (Summary):

- Supervision & Management: **(£1.916m)**

(£1.432m) of underspend on internal recharges which is predominantly due to the My Place Recharge reduction compared to budget for BD Cleaning. An investigation is ongoing. (£300,000) on utilities, (£100,000) on security of premises budget not required this year and (£44,000) on Service Improvement Budget.

The **movement** from Period 4 of **(£560,000)** was primarily down to a further forecast reduction in the My Place HRA Recharge **(£522,000)** and the Service Improvement Budget **(£44,000)**.

- Bad Debt Provision: **(£527,000)**

The budget has been prudently set at £3.309m for several years and has always been required at some level each year to bolster the existing provision. Last year the additional provision rose by 50%. However, it is not normally the case that the whole budget is required.

The movement this month is equal to the variance and relates to revising the estimate downwards. Before the next period, a review of the current BDP estimate will be carried out.

- Dwelling Rents/Service Charges: **£2.4m**

£1.5m relates to void rates higher than both budget and last years Outturn. £401k Street Purchases which is in part also linked to void rates. £601k on service charges, adjusted for the Leaseholder Reserve movement £1.284m, where water and sewerage recovery is lower than budgeted in part due to RTB sales and excess voids.

HRA: Period 5 Risk and Opportunities

Forecast Position: online

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

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

- £1.0m - 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. The current outturn reflects a forecast £527,000 underutilisation.

In Year Savings: Period 5

Savings

Delivered	£238,000	5%
High Risk	£961,000	20%
Low Risk	£449,000	9%
Medium Risk	£3,151,147	66%
Total	£4,799,147	100%

Income

Delivered	£143,000	3%
High Risk	£2,201,000	46%
Low Risk	£442,070	9%
Medium Risk	£625,000	13%
Total	£3,411,070	100%

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. A savings target of £250k has been added to the Foyer, which is unachievable until the site is re-developed. This will be an on-going issue until such time the Council purchases the lease from L&Q and re-develops the site. Initial assessments would indicate that the Council may no longer wish to pursue the purchase of the lease. We are awaiting a formal decision.

Medium Risk: At 66% 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.

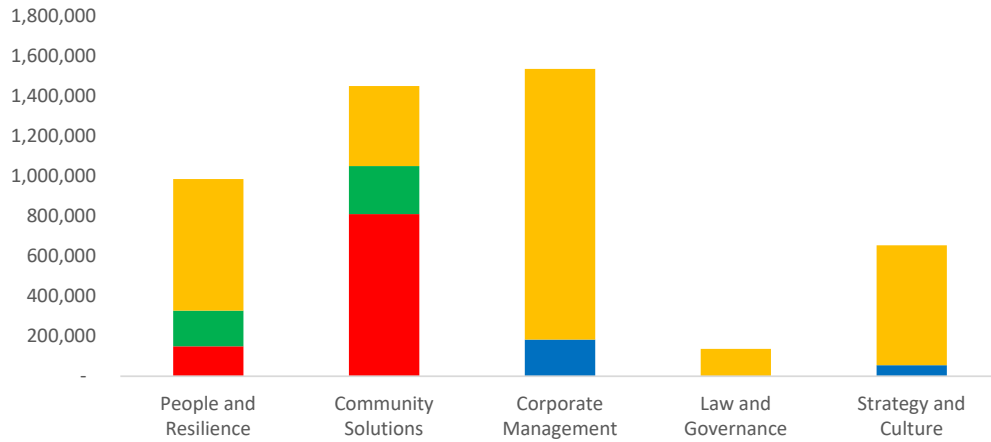
Income:

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.

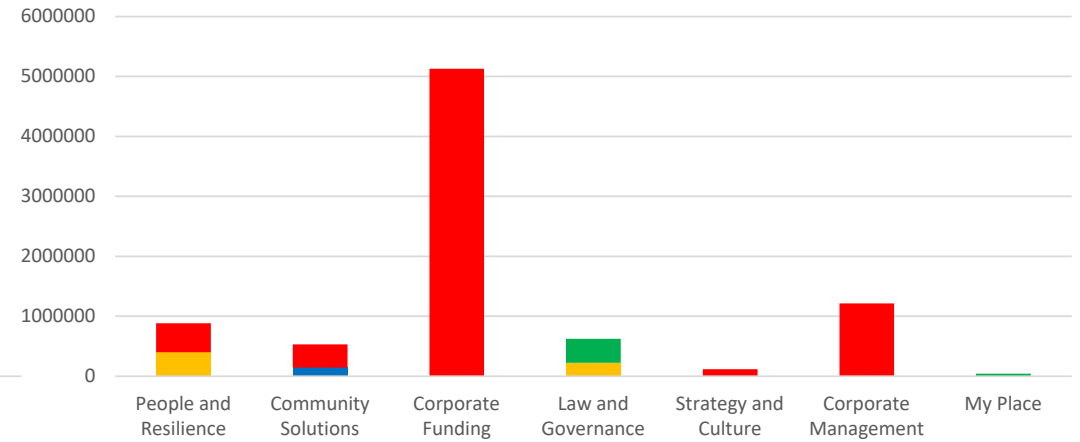
Medium Risk: £400k of income generation in Adults social care. £145k in enforcement regulatory service income and £80k of Barking Market extra day income are identified as medium risk.

In Year Savings: Period 5

2021/22 Additional Savings Targets



2021/22 Income: Risk Rated



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

Across the MTFS c£16m in savings needs to be delivered. 75% 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 66% rated as high risk. C£2.7m is to be made in 2022/23 and c£0.1k is due in 2023/24. Across the MTFS 57% is high risk.

COMF: Period 5

Forecast Position: £ 3.2m , Pressure of £89k , 3% Overspend

Government provided Community Outbreak Management Funding for 2020/21 and 2021/22. LBBD did not spend all of it's COMF in 2020/21 and therefore carried forward £1.3m which was added to the £1.9m awarded in 2021/22. The total available funding is therefore £3.2m

To date we have spent £0.9m, with c£300k on vaccination support, c£300k on SEND travel, c£200k on one off equipment purchase, enhanced cleaning and comms and security for TA. The remaining amounts are focused on enforcement.

LBBD is forecasting to spend £3.2m, the biggest driver in the forecast is £500k on enhanced cleaning, c£500k on Homelessness and TA with the need to hold voids for self-isolation, additional enforcement actions and cleaning.

Actual	Forecast
£0.9m	£2.3m

Companies Position: Period 5

Dividend income remains high risk.

The Medium-Term Financial Plan outlined a target of £12.4 from Company Dividends. Included in the £12.4m are income targets of £4.3m for Be First and £0.9m for BDTP which were included in the savings and income target programme.

At present we are forecasting the following for each company:

- BDTP – no dividend is forecast for this financial year and over the next two years of the MTFP
- Be First – we are forecasting £14.4m for this year, post tax, this is the dividend for 2019/20 and 2020/21. c£2m of this will be transferred to reserves
- Reside – There will be a marginal dividend, this will not offset the pressures and we will not be certain on the position until closer to year end
- BD Energy – no income is forecasted in this financial year

As of March 2021, included within the MTFP is income from dividends and investment activity from subsidiary companies. The income targets currently in the MTFP are shown in the table below:

£million	2020-21	2021-22	2022-23	2023-24	2024-25
Be First	4.733	10.390	10.895	10.707	10.707
BDTP	1.225	2.100	2.100	2.100	2.100
TOTAL INCOME TARGET	5.958	12.490	12.995	12.807	12.807

Transformation: Period 5

Forecast Position: c5.7m

	21/22 Total Forecast Costs	
Core	£428,000	
Trans: Adults	£650,000	
Trans: Childrens	£72,000	
Trans: ComSol	£383,000	
Trans: Dispersed Working Programme Costs (exc AB's Capital Works)	£638,000	This amount is going to rise as the team provide more detail on forecasts - Will update ASAP. £887k is left of budget after 20/21 actuals
Transformation	£280,000	
ERP	£3,240,000	
Total	£5,691,000	

Transformation Programme:

The above information needs to be overlayed with the available capital receipts. With the decision to not sell Roycraft there is a high risk of a need to fund some of this activity from reserves. This will be the next step in reporting on transformation. It is important we track this spend and ensure we have avenues to meet any shortfalls.

The programme at most risk is ERP, there has been a delay in the delivery date of the new ERP. Currently the medium-term delivery date forecast can be met within existing budget of £4.9m and contingency of c£2.9m.

CABINET

19 October 2021

Title: Commissioning and Delivery of the DfE Holiday Activities and Food Programme	
Joint Report of the Cabinet Member for Educational Attainment and School Improvement and the Cabinet Member for Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Erik Stein – Head of Participation, Opportunity and Wellbeing	Contact Details: Tel: 07772229185 E-mail: erik.stein@lbbd.gov.uk
Accountable Director: Jane Hargreaves, Commissioning Director, Education	
Accountable Strategic Leadership Director: Elaine Allegretti, Strategic Director, Children and Adults	
<p>Summary:</p> <p>On 8 November 2020, the Department for Education (DfE) announced that the holiday activities and food programme will be expanded across the whole of England in 2021. The programme has provided healthy food and enriching activities to disadvantaged children since 2018, beginning in 11 pilot areas. The programme covers the Easter, Summer and Christmas holidays in 2021.</p> <p>The DfE has made £220 million available to local authorities to coordinate free holiday provision, including healthy food and enriching activities. Barking and Dagenham's confirmed allocation for the HAF programme is £1,126,450. This is broken down as £113,290 for financial year 2020-21 and £1,013,250 for 2021-22. Programmes can subsidise places on existing holiday provision as well as commission new activities, and any unspent funds in 2020-21 may be rolled forward.</p> <p>The Council received its grant determination letter from the DfE on 7 February 2021, with the expectation that holiday provision with a food offer be commissioned and recruited to for the Easter and Summer holidays. The Council commissioned six organisations to deliver provision over the Easter holidays through direct awards. For the Summer, the Council offered the opportunity for providers to bid through One Borough Live, with a view to commissioning a range of organisations with a range of specialisms to ensure geographic reach.</p> <p>The short period between confirmation of the Council's grant and the expectation for delivery to be in place, factoring in the necessary lead in time for publicity and recruitment of children and young people, did not allow the Council to conduct a full tender exercise. This is in keeping with other LAs who, like Barking and Dagenham, sought to commission a variety of providers by disaggregating their overall grant.</p> <p>This report sets out the approach taken to ensure that a comprehensive programme was in place for the Easter and Summer holidays 2021, as well as proposals for the delivery of</p>	

the programme for the Christmas holidays 2021 and in future years should funding from the DfE continue.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the commissioning and delivery of the Holiday Activities and Food Programme for the 2021 Christmas holiday period, in accordance with the strategy set out in the report;
- (ii) Note the action taken to ensure delivery of the Holiday Activities and Food Programme for the 2021 Easter and Summer holiday periods, as set out in the report;
- (iii) Authorise the Commissioning Director for Education, in consultation with the Cabinet Members for Social Care and Health Integration and Educational Attainment and School Improvement, 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 bidders, in accordance with the strategy set out in the report; and
- (iv) Authorise the Commissioning Director for Education, in consultation with the Cabinet Members for Social Care and Health Integration and Educational Attainment and School Improvement, the Strategic Director, Law and Governance and the Managing Director, to conduct future procurements and award contracts for the delivery of the Holiday Activities and Food Programmes in the event that the Department for Education continues to provide adequate funding.

Reason(s)

In order to achieve the expectations of the DfE Holiday Activities and Food programme, and conditions of grant, the Council sought to disaggregate its £1.1m grant contribution and conduct a competitive bidding exercise to secure a range of potential providers and put in place a programme in good time for the Easter and Summer holidays in 2021. This was in lieu of being able to conduct a formal tender exercise, due to insufficient time available.

1. Introduction and Background.

1.1 School holidays can be particular pressure points for some families because of increased costs (such as food and childcare) and reduced incomes. For some children that can lead to a holiday experience gap, with children from disadvantaged families:

- less likely to access organised out-of-school activities;
- more likely to experience 'unhealthy holidays' in terms of nutrition and physical health;
- more likely to experience social isolation.

- 1.2 Free holiday clubs are a response to this issue and evidence suggests that they can have a positive impact on children and young people and that they work best when they:
- provide consistent and easily accessible enrichment activities;
 - cover more than just breakfast or lunch;
 - involve children (and parents) in food preparation.
- 1.3 On 8 November 2020, the Government announced that the holiday activities and food programme will be expanded across the whole of England in 2021. The programme has provided healthy food and enriching activities to disadvantaged children since 2018, beginning in 11 of pilot areas. The programme will cover the Easter, summer and Christmas holidays in 2021. Full details can be view via the [Holiday activities and food programme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/holiday-activities-and-food-programme)
- 1.4 Government has made £220 million available to Councils to coordinate free holiday provision, including healthy food and enriching activities. Barking and Dagenham's confirmed allocation for the HAF programme is £1,126,450. This is broken down as £113,290 for financial year 2020-21 and £1,013,250 for 2021-22. Programmes can subsidise places on existing holiday provision as well as commission new activities, and any unspent funds in 2020-21 may be rolled forward.
- 1.5 The funding must be used to provide access to holiday activity programmes as follows:
- At least 4 hours for 4 days a week for 4 weeks the Summer, and a week in Easter and Christmas
 - Inclusive and accessible provision
 - Provision offered to all FSM children of statutory school age in the LA
- 1.6 Up to 10% of the funding can be used for coordination costs. Government expects local coordinators to:
- Map provision
 - Award funding
 - Support providers and work collaboratively
 - Promote provision
 - Develop sustainable approaches
- 1.7 The minimum standards for the delivery of high-quality provision include healthy food (meeting the school food standards) enriching activities, physical activities, nutritional education, and robust policies and procedures. Government wants children attending clubs to:
- Eat more healthily
 - Be more active
 - Take part in engaging and enriching activities
 - Be safe and not isolated
 - Have greater knowledge of health and nutrition
 - Be more engaged with school and other services
 - Have greater knowledge and awareness of holiday club provision

1.8 Details of the school food standards can be found here - <https://www.gov.uk/government/publications/school-food-standards-resources-for-schools>. A proportion of the funding can also be used for capital spend that supports organisations' capacity to provide food for children and young people alongside the delivery of activities.

2. Coordination of HAF programme in Barking and Dagenham.

2.1 The clear (and pressing) expectations set out by Government regarding the rollout and delivery of HAF required considerable coordination. Pilot LA areas have managed HAF in a range of different ways from coordinating internally to procuring a single organisation to plan and deliver the entire programme.

2.2 It was felt that in order to best meet the needs of our residents, particularly the most vulnerable, LA coordination is required. The HAF programme provides a significant opportunity to engage with our most vulnerable residents as well as strengthen our early help offer and develop the community's capacity to support. As up to 10% of the HAF grant allocation may be spent on coordination costs, an interim project manager was appointed. There is no commitment from Government to fund beyond the 2021-2022 financial year. Therefore, this is an agency staff member in order to ensure that programmes were rolled out in time for the Easter holidays and onwards.

2.3 Responsibility for the rollout and delivery of the HAF programme sits under Participation, Opportunity and Wellbeing within Education Commissioning. This service area has prior experience of delivering holiday activity programmes across a number of sites and has a broad overview and understanding of the provision of positive activities for young people in the borough. In addition, there are several key LA programmes that HAF links into, such as:

- Step Up, Stay Safe Programme, including the Lost Hours campaign
- School's Out, Get Active (CommSol)
- Team Around the School
- Contextual Safeguarding

2.4 Key stakeholder and partners for the effective delivery of HAF include:

- Barking and Dagenham Trading Partnership (to support the provision of food)
- Early Years and Childcare (LBBD)
- Community Solutions Healthy Lifestyles Team (LBBD)
- Children's Commissioning (LBBD)
- Cultural Education Partnership and School Games Organisers (LBBD)
- Parks, Heritage and Leisure (LBBD)
- Step Up Stay Safe (LBBD)
- School Inclusion (LBBD)
- All Age Disability Service (LBBD)
- Care and Support, including YOS (LBBD)
- Marketing and Communication (LBBD)
- Public Health
- Schools
- Future Youth Zone
- Community Safety Commissioned Providers' Forum

- Barking and Dagenham Collective

- 2.5 A steering group comprising of members from the majority of these partners is established and has helped to guide the work of the HAF programme.
- 2.6 Barking and Dagenham Trading Partnership form an important partner for the delivery of HAF as they are able to meet and deliver the food offer for providers who are unable to provide a food offer that meets school food standards.

3. Procurement Strategy for Easter holidays

- 3.1 The DfE made clear that it was not expecting LAs to implement full face to face programmes for the Easter Holidays 2021 due the extremely short period of time available to procure and implement provision. Grant letters were only received by LAs on 7 February 2021.
- 3.2 Give the short period of time available, the LA established relationships with providers who already have existing partnerships with schools and commissioned them to deliver a face-to-face offer through a series of direct awards. We had the opportunity to work with the following six providers, who delivered across 12 sites in the borough over the Easter holidays at a total cost of £130,871.77.

- Ballerz
- Inspire Minds Through Sports
- Premier Education
- Ultimate Vision
- West Ham Community Foundation
- Future Youth Zone.

- 3.3 The delivery sites were as follows, with the food offer delivered by Barking and Dagenham Trading Partnership for every site expect for The Youth Zone and Sue Bramley Centre, where the Future Youth Zone delivered directly:

Ripple Primary – Ultimate Vision
Gascoigne Primary – Ultimate Vision
Grafton Primary School – Ultimate Vision

St. Peter's Catholic Primary – Inspire Minds Through Sports

Jo Richardson Community School – West Ham Community Foundation

Manor Junior School – Premier Education
Roding Primary School - Premier Education
Thames View Infants – Premier Education
Rose Lane Primary – Premier Education

Future Youth Zone – OnSide
Sue Bramley Centre – OnSide

Valence Primary – Ballerz

- 3.4 A total of 851 children and young people were reached through face-to-face provision over Easter. Many LAs were unable to provide any face-to-face provision. Site visits and observations were conducted with all providers with the exception of one, with the following areas of impact directly observed on our young people:
- Improved diet;
 - Exposure to foods that young people do not consume at home;
 - Involvement in more activities than those who do not attend holiday hubs;
 - Improved behaviour in young people;
 - Readiness to learn;
 - Young people developing new friendships;
 - Young people spending time with people that they wouldn't otherwise meet.
- 3.5 With it not being possible to commission a fuller face to face programme in time, the DfE placed an expectation on LAs that they must supplement their face-to-face activity offer with the provision of activity packs. We took the opportunity to partner with BD Creative to commission, design, print and distribute activity packs for all ages that linked in with the borough's GLOW Festival, which took place during the Easter holidays. We printed packs for all children on role at our schools, not just Free School Meal eligible, with 40,000 packs distributed to pupils in the last week of term in time for the festival over Easter.

4. Proposed Procurement Strategy

4.1 Outline specification of the works, goods or services being procured

4.1.1 The DfE's Holiday Activity and Food Programme funding must be used to provide access to holiday activity programmes as follows:

- At least 4 hours for 4 days a week for 4 weeks the Summer, and a week in Easter and Christmas
- Inclusive and accessible provision
- Provision offered to all FSM children of statutory school age in the LA

4.1.2 The minimum standards for the delivery of high-quality provision include healthy food (meeting the school food standards) enriching activities, physical activities, nutritional education, and robust policies and procedures. Government wants children attending clubs to:

- Eat more healthily
- Be more active
- Take part in engaging and enriching activities
- Be safe and not isolated
- Have greater knowledge of health and nutrition
- Be more engaged with school and other services
- Have greater knowledge and awareness of holiday club provision

4.1.3 Taking into consideration the delivery of our Easter programme, DfE expectations and the conditions of grant, it was important for the Council to ensure it had a wider and more extensive programme reach for the Summer. In consultation with Children's Commissioning, it was felt that an open bidding process delivered through the borough's One Borough Live portal gave the Council the necessary

means with which to allow for competitive tendering to secure the necessary range of providers, and sufficient programme lead in time to make sure providers would have enough time to adequately recruit for the Summer holidays.

- 4.1.4 The bidding pro-forma and process for the HAF programme was built around the process the Council used to deliver the Neighbourhood Community Infrastructure Levy (NCIL) - [Neighbourhood Fund \(NCIL\) application guidance.pdf \(lbbd.gov.uk\)](#). It was felt that the NCIL application process struck the correct balance between competitive dialogue and being able to commission a wide variety of organisations, from large providers to small community organisations, in good time to support a successful programme.
- 4.1.5 Working alongside Children's Commissioning and the HAF steering group to draft application guidance, the application process was launched on 15 March 2021, with a deadline given of 23 April - [Holiday Activities and Food Programme Fund 2021 | One Borough Voice \(lbbd.gov.uk\)](#). We requested that all applications submit the following information as part of the due diligence process:
- Constitution or governing document in the case of non-for-profit organisations;
 - Equalities and Diversity policy and procedures;
 - Safeguarding policy and procedures;
 - Public Liability Insurance;
 - Accounting or financial information to prove solvency.
- 4.1.6 The application process was shared widely with prospective providers, including through the borough's resident newsletter (24/03/21). A presentation was also given to The BD Collective's Children and Young People's Network, to ensure that local voluntary sector organisations were aware of the fund and how to apply. In addition, a HAF programme briefing was held on 31 March for any prospective providers to ask questions. The session was attended by approximately 20 providers. The briefing was recorded and placed on the public application page and can be viewed at <https://youtu.be/YIsSEeiSScQ>. Following a request from The Collective, the application deadline for the programme was also extended to 26 April, to allow for more organisations to apply.
- 4.1.7 A scoring matrix was developed to facilitate the assessment of bids. The scoring matrix was signed off by the HAF steering group on 22 April 2021 and focused on the following, in keeping with the DfE expectations of grant:
- Project outcomes;
 - Project characteristics;
 - Project signposting;
 - Project costing.

Consideration was also given to the geographic location of delivery to ensure that there was a good spread of activities across the borough that would be accessible to our more deprived families who would find travel an additional barrier.

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

4.2.1 26 bids were received in total, including a consortium bid made up of 6 organisations (i.e. 32 providers in total). As a result of the scoring, 21 providers were commissioned to deliver across 30 locations in the borough, ranging from schools to leisure centres to community centres. The size of providers' respective programmes varied according to their capacity to deliver and delivery sites. The total cost of delivery, including the provision of 32,000 meals through Barking and Dagenham Trading Partnership, was £765,092.36. A summary of the commissioned programmes is as follows.

Provider	Location(s)
Sport Leisure Management	Abbey Leisure Centre
	Becontree Health Leisure Centre
	Jim Peters Stadium
Al Madina Mosque, Barking (Barking Muslims Association trust)	AL Madina Mosque Community
	HIVE Women Centre
Trinity School	Trinity School
Ballerz LTD	Valence Primary School
Westminster Drug Project (WDP)	The Vibe
Studio 3 Arts - Galleon Community Centre	Greatfields School
Youth League	The Attik Youth Centre
	Oval Road North Play Area
Ultimate Vision Sports Limited	Ripple Primary School
	William Bellamy Primary School
	Gascoigne Primary School
	Goresbrook School
	Grafton School
Inspire Minds Through Sports	St Peters RC Primary School
	Parsloes Primary School
	William Ford C of E Junior School

Company Drinks	Barking Park Outdoor Bowls Club
West Ham United Foundation	Jo Richardson School
Progressive Sports South Essex	Riverside School
Barking & Dagenham (LBBD-led consortium made up of Cocoon, Make Your Mark, Thames Ward Community Project, Dagenham Eagles, UKON Careers, Riverside Muslim Association)	Barking Learning Centre
	Marks Gate Community Centre
	Dagenham Library
	Sue Bramley Children's Centre
Art Bash	Valence House Museum & Garden
Future Youth Zone	Future Youth Zone
Premier Education	Rose Lane Primary School
	Roding Primary School
	Manor Junior School

4.2.2 The programme offer is deliberately diverse, in keeping with the principle to disaggregate the grant, and encompasses private providers, the voluntary and community sector (VCS) and schools as direct providers. VCS providers include arts-based organisations, a local mosque, a community association and a substance misuse service. All providers had a food offer in place, delivered either via Barking and Dagenham Trading Partnership (the vast majority of providers), or delivered directly. Those that delivered their food offered directly were visited by BDTP to assess the quality of provision and that it met school food standards.

4.2.3 Contract sizes varied considerably because of the nature of providers' respective offers i.e. some activities require equipment and/ or smaller staff ratios. Some also delivered for more than 4 hours a day, and/or required additional snacks. Some providers worked with over 500 individual children and young people, and others less than 50. This means that unit costs are not a fair way of making value for money judgements around provision. Processes are being reviewed for Christmas to ensure that more accurate value for money comparisons can be made, including hourly unit costs upon application.

4.2.4 There is not the opportunity to extend or uplift any of the contracts.

4.3 Duration of the contract, including any options for extension

4.3.1 Each provider was contracted to deliver for 4 weeks over the Summer holidays, in keeping with the DfE expectations of the programme. There are no options for extension as there is no confirmation that the HAF programme will continue for the 2022-23 financial year.

4.4 Is the contract subject to (a) the (EU) 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?

4.4.1 Yes, but the values being entered into for each contract are below the light touch threshold

4.5 Recommended procurement procedure and reasons for the recommendation

4.5.1 Individual direct award of contracts based on the bid return from each bidder that was assessed against output-based criteria.

4.6 The contract delivery methodology and documentation to be adopted

4.6.1 Contracts were delivered through a mixture of Council and third-party premises. The Council's standard terms and conditions were used to draft the contracts and included a clause to withhold 15% of payment should the Council deem a provider to have not made sufficient effort in trying to recruit eligible programme participants.

4.7. Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract

4.7.1 The awarding of these contracts has allowed the Council to meet the expectations of the DfE Holiday Activities and Food Programme and grant. Successful rollout of these contracts provided high quality and engaging holiday activities with a healthy food offer for our most economically deprived children, young people and families.

4.7.2 The programme offer provided places for approximately 30% of our Free School Meal eligible children and young people, with significant benefits seen with regards to:

- Improved diet;
- Exposure to foods that young people do not consume at home;
- Involvement in more activities than those who do not attend holiday hubs;
- Improved behaviour in young people;
- Readiness to learn;
- Young people developing new friendships;
- Young people spending time with people that they wouldn't otherwise meet.

4.7.3 This provision therefore forms a key element of the Council's early help offer, particularly in the context of COVID recovery. There are significant savings for the Council as a result of the successful rollout of the programme, including to public health, risk of debt and homelessness, and anti-social behaviour and serious youth violence.

4.7.4 Monitoring of the programme includes quantitative and qualitative evaluation and data relating to:

- Number of participants
- Number of girls.

- Number of boys.
- Number of FSM participants.
- Number of SEND participants.
- Average number of hours attended.

4.7.5 This forms part of the regular monitoring return for the DfE. It is worth noting that DfE chose to come and visit Barking and Dagenham's programme over the Summer, as they felt was among the strongest nationally. Postcodes of participants were also collated to allow the LA to 'heat map' participants in the programme.

4.8. **Criteria against which the tenderers are to be selected and contract is to be awarded**

4.8.1 The DfE has set out clear expectation for the use of the HAF programme grant. The Council developed a scoring matrix that closely matched these requirements that was signed off by the HAF steering group. These are summarised as follows:

1. HAF Attachments Required	
organisation's constitution or governing document	
organisation's annual financial report	
organisation's children's safeguarding policy	
organisation's equalities and diversity policy	
organisation's public liability insurance certificate	
2. Key Criteria	
Healthy Food Offer	
Enrichment Activity	
Physical Activity	
Nutritional Education	
Schedule - 4 Hours / 4 Days summer / Winter	
3. Project Outcome	
Eat More Healthy	
Be more active	
Engaging and enriching activities	
Be safe and not isolated.	
Greater knowledge of health and nutrition	
Engagement with other schools and services	
Greater knowledge of holiday club provision	
4. Project Characteristics	
Protective Characteristics of project	
5. Additional Questions	
Will the project require support form B&D trading partners?	
Will the project improve equality & Inclusion for groups with protected characteristics?	
Demonstrated sign posting to external organisations	
Does the project benefit YP from the borough of B&D?	
Does the proposal meet HAF programme dates and times?	
Has the project received grant funding from other funding bodies?	
Is the programme innovative?	
Is the programme Transformative?	
6. Project Sign posting	
Does Proposal demonstrate additional needs for family?	

Health Support
Safeguarding
Substance misuse
Other (not listed in app)
7. Finance / Price
Programme Fees included in proposal
Detailed Breakdown of Fees in proposal
8. Additional Considerations
Programme Ward
Programme Age

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

4.9.1 The DfE Holiday Activities and Food Programme forms part of Government's Covid-recovery package. It seeks to address food poverty in deprived families during the school holidays, when families are most at risk as they cannot access free school meals. The provision of a range of engaging holiday activities with a healthy food offer also supports positive outcomes in children and young people in terms of physical activity and emotional health and wellbeing. Around 30% of the borough's total FSM population have the potential to be reached through the programme through direct activity, and 100% through the provision of activity packs.

4.10 **Contract Management methodology to be adopted**

4.10.1 Appropriate contracts have been put in place with all providers according to individual value, in consultation with Legal Services. Contract management includes regular site visits to all providers during programme delivery, and clear expectations around qualitative and quantitative reporting in line with DfE requirements. Contract monitoring is led by the HAF Programme Commissioning Manager, who in turn reports to the Head of Participation, Opportunity and Wellbeing within Education Commissioning.

5. **Options Appraisal**

5.1 Option 1: Do Nothing

A lack of free Summer and Christmas holiday provision for vulnerable children places children and their families at greater risk of food poverty, social isolation, poor mental health and possible academic failure. Many of the participating children will not have participated in any kind of structured social activity outside of school since 20 March 2020 when the first lockdown began. Doing nothing leaves our most vulnerable at the greatest risk, given that the school holidays are already well-evidenced as being a time of risk for vulnerable families. It also places the Council's ability to deliver the DfE's Holiday Activities and Food Programme at massive risk, with potential serious reputational damage and other penalties.

5.2 Option 2: Under competitive tender exercise in accordance with the Council's Contract Rules.

A well-publicised and competitive bidding process was undertaken, to allow organisations to bid for funding using our One Borough Live website. All bids were evaluated and scored using a matrix which was reviewed by a multi-agency steering group. The DfE is expecting for LAs to provide Summer and Christmas holiday activities in line with the funding they have provided under the Holiday Activities and Food Programme. Receiving grant confirmation and conditions on 7 February 2021 did not provide the Council with the opportunity to complete a full competitive tender in time for the Summer holidays, or providers sufficient lead in time to publicise and enrol participants. Therefore, the grant was disaggregated to allow for a diverse and robust offer to be put in place in good time.

In addition, the providers that have been contracted are uniquely placed to deliver their programmes given their relevant experience and existing partnerships in the borough, including our schools. No single provider would have been able to deliver the entire programme on behalf of the Council given the programme size, need for a diverse offer (including geographically) and delivery of similar opportunities in neighbouring boroughs.

5.3 Option 3: Deliver in house by Community Solutions.

This option was considered and rejected because the team have not got the required skills and resources to deliver this in the timeframe. It would need a period of time for programme development and design and therefore they would not be able to mobilise a similar/adapted programme in an adequate timeframe.

6. Consultation

6.1 Two Portfolio Holder briefings have been presented to the Cabinet Members for Educational Attainment and School Improvement, and Health and Social Care, dated 28/01/21 and 21/06/21. Both briefings outlined the principles of programmes and seek endorsement for the borough's strategy for implementation. The June 2021 report also reported back on the success of the borough's Easter HAF programme, as well as summarise the provision in place for the Summer.

6.2 Voluntary and Community Organisations were consulted via The BD Collective's Children and Young People's Network, which received a presentation and discussion around HAF on 25 February 2021. The briefing session following the publication of the bidding process on the 31 March, also allow prospective providers to ask questions and consult around the process.

7. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement.

7.1 The paper outlines the process that has been conducted to allocate the HAF Funding for 2020/2021.

7.2 The funds have been allocated by DfE and the process used to review and assess the suitability of the bids received have been matched closely to the required DfE Outputs.

- 7.3 The assessments are deemed to be fair open and transparent with the award allocations for contract do not exceed the services or light touch thresholds.
- 7.4 Based on the information contained in the paper I cannot see any reason not to approve the recommendations as made.

8. Financial Implications

Implications completed by: Kofi Adu, Group Finance Manager.

- 8.1 To achieve the expectations of the DfE Holiday Activities and Food programme, and conditions of grant, the Council have conducted a competitive bidding exercise to secure a range of potential providers and put in place a programme for Summer holidays in 2021.
- 8.2 26 bids were received in total, including a consortium bid made up of 6 organisations (i.e. 32 providers in total). As a result of the scoring, 21 providers were commissioned to deliver across 30 locations in the borough, ranging from schools to leisure centres to community centres. This program is funded from the holiday activities and food programme grant. The programme will cover the Easter, summer and Christmas holidays in 2021. There will be no impact on the council's general fund.

9. Legal Implications

Implications completed by: Tessa Odiah, Locum Contracts and Procurement Solicitor

- 9.1 This report outlines the process that has been followed to procure and distribute the Funding for the Holiday Activities and Food (HAF) programme for the current financial year in the Borough.
- 9.2 In keeping with the DfE expectation of the grant funding, which is to provide access to holiday activities and food programme for disadvantaged young people during the holiday periods, a competitive tender exercise was conducted to secure a range of providers and put in place a programme for the project.
- 9.3 The procurement strategy and assessment of bidders outlined in the body of the report appears to be compliant with the requirements of the applicable law and Council's constitution and Contract Rules.
- 9.4 Legal Services support the recommendations outlined in this report.

10. Other Implications

- 10.1 **Corporate Policy and Equality Impact** – by successfully rolling out the DfE's Holiday Activities and Food Programme, the Council is helping to meet the needs of our most economically deprived families at a time when they are most at risk of inequality i.e. the school holidays. The provision of a range of engaging positive activities over the Summer holidays can provide a unique opportunity to meaningfully engage with vulnerable families and impact on positive outcomes.

- 10.2 **Safeguarding Adults and Children** – the provision of a comprehensive programme of holiday activities with a food offer supports the Council’s strategy around contextual safeguarding by providing safe space for vulnerable children and young people.
- 10.3 **Health Issues** – the provision of positive activities with a physical activity and food offer that meets school food standards will support the physical wellbeing and mental health of our children and young people.
- 10.4 **Crime and Disorder Issues** – the provision of a range of positive activities for children and young people will contribute to tackling anti-social behaviour and reducing serious youth violence.

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

List of appendices: None

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CABINET

19 October 2021

Title: Procurement of Water Services for Corporate and Non-Domestic Council Buildings	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Leeann Kenny, Energy Officer	Contact Details: Tel: 07772 221550 E-mail: leeann.kenny@lbbd.gov.uk
Accountable Strategic Leadership Director: Lisa Keating, Strategic Director, My Place	
<p>Summary:</p> <p>The water retail market for business customers was deregulated in England from April 2017 and, to comply with Public Contracts Regulations 2015, the Council will have to procure a new water contract when our current contract expires on 30 April 2022.</p> <p>The London Energy Project (LEP) has now closed, and local authorities are having to procure new water contracts on their own. Barking and Dagenham Council is seeking to lead on a joint procurement exercise with four other local authorities to collaboratively procure a new water contract. The benefits of this are shared resources during the procurement process and approaching a framework provider as a collective to run a joint mini tender on the authorities' behalf.</p> <p>The contract term is for two years with an option to extend for a further two years, giving a total contract value of c.£2,450,000 (this is the value of the wholesale and retail costs). The water retailer purchases the water from the wholesaler and then sells this onto to the Council. The value of the wholesale component of the contract is c.£2,303,000 approximately 94% of the total contract value. These wholesale costs are passed on directly to the Council by the retailer. The value of the retail component of the contract is c.£147,000 over the term of the four-year period, which is approximately 6% of the total contract value. These are the costs that may differ from retailer to retailer and are the main subject of the proposed tender process.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <p>(i) Approve the Council's participation in the mini competition process, to be carried out by LASER, to procure a supplier to meet the Council's retail water requirements with effect from 1 May 2022, in accordance with the strategy set out in the report; and</p> <p>(ii) Authorise the Strategic Director, My Place, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Strategic Director, Law and Governance, to finalise any specific terms of the contract with the</p>	

preferred bidder and award and enter into the contract(s) and all other necessary or ancillary agreements to facilitate the execution, implementation, and operation of the contract, including any extension agreement.

Reason(s)

To assist the Council in meetings its priority of a “well run organisation”.

1. Introduction and Background

- 1.1 Deregulation of the retail water market aimed to introduce competition into the marketplace to encourage improvement and innovation to products and services and better value for money for the customer.
- 1.2 Retail suppliers can compete for the custom of all eligible customers. These licensed retailers are responsible for primarily invoicing, customer services and meter reading. These elements can be contracted separately or through a single retailer who will package these services along with other products such as water efficiency advice, leak detection, advanced metering etc. The value of the retail service is on average 6% of the overall water and wastewater contract value.
- 1.3 Barking & Dagenham Council are proposing a joint procurement exercise with four other local authorities through the LASER Framework Y16045. The group’s principal purpose is to use authorities’ combined spending power to minimise risk; reduce procurement, contract operation and back-office costs and achieve better commercial outcomes.
- 1.4 Conclusions are:
 - While the water retail market has been deregulated for nearly four years, the market is still very immature.
 - The Council is eligible to choose its supplier of retail services. This is on average only 6% of the overall contract value. The rest of the contract value (94%) can be linked to the wholesalers.
 - A collaborative approach with four other local authorities with a mini competition to call off from the LASER Y16045 Framework for Potable Water, Sewerage and Ancillary Services.
- 1.5 For Members’ information, the domestic water market is currently not de-regulated. However, a review is taking place in 2025 and it is possible that it will be deregulated at this point. Should this be the case, it is likely that the Council would seek to utilise the LASER Framework to procure a water supplier for these domestic supplies. A further report for the procurement of domestic water supplies would be submitted to Cabinet for approval at the appropriate time setting out the detailed procurement proposals and arrangements for consultations.

2. Proposed Procurement Strategy

2.1 That we procure through the LASER Y16045 Framework which is fully compliant with the Public Contracts Regulations 2015 and OJEU requirements. LASER's mini tender service will help simplify the procurement process and help us reduce our internal procurement costs.

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

2.1.1 The procurement of water and sewage services; and ancillary services from a single water supplier. LASER will tailor the mini tender weightings which will be agreed by the participating local authorities to the specific requirements around price, quality, social value, and additional services.

2.1.2 LASER will run a mini competition for the tender of drinking water and sewerage services under a single retailer, Key performance indicators and poor performance remedies included within the framework will help to protect customers.

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

2.2.1 The total value of the LBB contact is approximately c.£2,450,000 (£612,500 per annum). This is for a total of four years, a two-year contract with a possible two-year extension.

2.2.2 The total contract costs of approximately £2,450,000 is for both corporate and schools' buildings. The projected split is as follows:

- Corporate costs £770,000 (£192,500 per annum)
- Schools costs £1,680,000 (£420,000 per annum)

2.2.3 A full breakdown of the contract costs can be found in Appendix A.

2.3 Duration of the contract, including any options for extension

2.3.1 At this stage, the optimal contract duration appears to be two years with the option to extend for a further period of up to two years. This is because a contract of less than two years will not represent value for money for the authority due to the cost of procurement and onboarding of supplies with a potential new supplier. The water industry price review will take effect in 2025 and its impact will need to be considered as part of any future water procurement from 2026 onwards.

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 Yes subject to Public Contract Regulations, this contract is not for services for social health, education, or other services subject to Light Touch Regime.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The recommended route is to utilise the LASER Framework as part of the collaboration with four other local authorities, with LASER managing the procurement process on our behalf. The Council has been notified that this framework has been extended by LASER to 3 June 2022.

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 Water Supply and Sewerage Services, led by LASER a division of Kent Commercial Services Ltd, Contracting Authority Kent County Council (OJEU Award notice – 2017S132-269790)

2.6.2 Where possible we will seek to re-use as many of the Terms and Conditions that were agreed by the London Energy Project (LEP) as part of our current contract. These would be considered “Best Practice” and give the Council the best legal protection.

2.6.3 Terms and Conditions will be identified as part of the pre-planning for the mini competition, this will be in consultation with the four other local authorities and LASER to ensure that we get the best value.

2.6.4 Framework and contract KPIs and SLAs will be agreed with LASER as part of confirming the Statement of Requirements (SoR). LASER will then manage the Framework contract between the successful bidder the Council. The Council will manage their own contract with agreed and contractual KPIs and SLA with the supplier. Reporting formats, frequency and escalation routes will all be included in the SoR and the contract.

2.6.3 Social Value reporting will also be included as part of the contractual reporting from the supplier to the Council. Frequency and format will be agreed directly with the supplier.

2.6.4 The contract will be financed through existing budgets and budget holders already have budget for their existing water supplies, so there is no additional funding required other than inflationary costs which is standard practice for utilities. A 2% inflationary cost has already been included within the contract values stated, this the standard annual price increase for water service contracts.

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

2.7.1 The Council has already realised efficiency gains in back-office savings through consolidated billing. There is still an opportunity for improved contract and account management which is why the recommendation is to procure through the LASER Framework for this contract. The opportunity to make significant cashable savings against the total invoiced water contact price is low, because the non-competitive (wholesaler) element rarely makes up more than 90% of the overall value.

2.7.2 Compliance with Public Contract Regulations 2015 is required; Cabinet Office guidance suggests that a competitive process should be followed from April 2018 onwards. Therefore, at the very least, a competitively tendered joint approach with

four other local authorities enables all authorities to achieve a low-cost/low-resource route to compliance.

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

2.8.1 The following criteria will be used to evaluate tenders:

- Quality
- Cost
- 10% Social Value

The exact weighting for Quality and Cost are yet to be determined as we are still in the early stages of dialogue with LASER however, they are likely to be approximately 55% cost and 35% Quality. This is closely aligned to the scorings that were used as part of the previous water procurement exercise managed by the London Energy Project (LEP).

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

2.9.1 As part of the mini competition process being managed by LASER we will seek to include our Social Value requirement as part of the SoR. 10% scoring criteria will be used as standard to evaluate all tender responses.

2.9.2 We are seeking to appoint to a supplier who shares our Social Value aspirations and goals and one who will commit to delivery of projects and activities against our five key themes:

- Investing in local people
- Investing in our local economy
- Environment sustainability
- Community participation and engagement
- People, independence, and resilience

2.9.3 All Social Value targets that are agreed with the successful supplier will be contractually binding and these will be managed and reported on as apart to the Contract Management reporting.

2.9.4 The delivery of agreed Social Value Targets/projects will be included the contract management of this contract. The council will track progress of the agreed targets/projects, and these will be reviewed at the supplier meetings. Frequency of these meetings and reporting is yet to be defined as we are still working with LASER to define the SoR that will be used for the tender for the mini competition.

2.10 Contract Management methodology to be adopted

2.10.1 My Place are responsible for the procurement and contract management of this contract.

2.10.2 The frequency of supplier meetings and reporting is currently being defined as part of the SoR but as a minimum it will include the following:

- Supplier meetings
- Annual spend report
- Billed report
- Unbilled report
- Meter read report
- Query management report
- Carbon report

3. Options Appraisal

3.1 Do Nothing

This is not an option as part of Public Contracts Regulations 2015 the Council is required to procure a new water contract when our current contract ends on 30 April 2022.

3.2 Conduct our own open market procurement

Given that the water market is still relatively new and that we have no experience in procuring water we felt that this option was a higher risk option and for that reason it was discounted. We would also not benefit from any increased purchasing power by entering into an agreement on our own. A review of other Frameworks has been undertaken as part of the options appraisal.

3.3 LASER Procurement Only Service (POSO)

This is our preferred option of using The LASER Potable Water, Sewerage and Ancillary Services, Y16045. Following the mini competition, a sole water provider will be appointed for the delivery of both water, waste, and ancillary services. We will be working collaboratively with four other local authorities to reduce procurement costs and leverage any possible discounts are a result of increased spend as a collaborative.

The current LASER Framework runs from 26 April 2017 to 25 April 2021, this Framework has been extended until 3 June 2022 This means we can procure a contract for the full 4-years starting with a contract start date of 1 May 2022 and an end date of 30 April 2026. The cost for using this framework is 1% the total contract spend and 1% for ancillary services.

LASER will manage the end-to-end procurement process on behalf of the participating local authorities, this includes LASER providing additional assistance during the scoping of requirements stage to ensure that all local authorities receive a service that is fit for purpose and delivers value for money.

3.4 YPO Framework

A review of the current YPO Framework runs from 11 December 2020 - 26 October 2024, using this framework would mean that we would need re-procure another contract in two years' time as no call off can go beyond the end of the framework. This would mean additional procurement costs and potential onboarding costs if the supplier were to change. Since the closure of the LEP our visibility of the management of this framework by YPO has not been visible. Charges for using this framework are 0.5% total cost of the contract and 1% for ancillary services. For these reasons this option has been discounted.

3.5 **Crown Commercial Service (CCS) Framework**

The current CCS Framework RM6178 runs from 1 December 2020 - 30 November 2024. Charges for using this framework are 1% of the total contact cost. These charges are the same as the LASER framework; participating local authorities would need to prepare their own procurement documents themselves if using this framework. Due to our lack of experience with procuring water services this was seen as a higher risk option and for this reason this option was discounted.

3.6 **NEPO Framework**

The current NEPO Framework NEPO311 runs from 1 April 2021 - 31 March 2023 (with an option to extend until 31 March 2025, using this framework would mean that we would need to re-procure another contract in two years' time. This would mean additional procurement costs and potential onboarding costs if the supplier were to change. Charges for using this framework are 5% of the retail water charges. There is only one supplier on the current NEPO Framework, so in essence this would be a direct award contract as there are no other suppliers. For this reason and the need to reprocure in two years' time this option was discounted.

4. **Waiver**

4.1 Not applicable.

5. **Consultation**

5.1 This contract is for the supply of water and waste for corporate buildings and non-domestic buildings, all key stakeholders within the Council have been consulted as part of the internal sign off process.

5.2 As part of the member sign off process Councillor Twomey and Councillor Ashraf were consulted on the draft paper.

5.3 The proposals in this report were considered and endorsed by the following:

Sub-Procurement Board - 6 September 2021

Procurement Board - 20 September 2021

6. **Corporate Procurement**

Implications completed by: Euan Beales, Head of Procurement

6.1 The Council's Contract Rules require all spend over £50,000 to be tendered in the open market, this requirement can also be satisfied through the use of an open and accessible framework.

6.2 LASER is a recognised framework owner and has been in the Local Authority Utilities market for a substantial amount of time and is affiliated to Kent County Council, and as such they understand Local Authorities and their priorities.

6.3 The paper proposes a collaboration with other local authorities to exercise economies of scale and pooling of resources during the procurement process, which should drive a good competition. It is noted that each Local Authority will enter into its own contract and will be responsible for its own service.

- 6.4 It should be noted that the wholesale elements of the costs cannot be separated out and the total cost of the water both inward and outward would be billed as a completed package, the element this procurement will impact is the retail element which accounts for circa 6% of the total cost. The best outcome is to have a single provider conducting the retail elements for both service provisions.
- 6.5 Based on the detail contained in this report I cannot see any reason not to approve the recommendations as made.

7. Financial Implications

Implications completed by: Joel Gandy, Finance Business Partner

- 7.1 The report recommends that the Council join four other Councils in utilising an existing LASER framework to procure a contract for corporate and non-domestic buildings. The estimated value of the contract is approximately £2.5m over a four-year period, although there is an option to cease after year 2.
- 7.2 The value of the contract will fluctuate and be dependent on factors like price inflation, competition, and Council non-domestic stock levels. Schools have the choice of whether to use the framework approach and therefore this will be another factor.
- 7.3 The majority of the value relates to the wholesale price of water, including infrastructure, which is approximately 90 to 94% of the overall cost of water supply. The remainder is the deregulated retail element which is where competition can be utilised to deliver value for money. However, the market is in its infancy still having deregulated only in 2017.
- 7.4 The contract value is estimated based on actual expenditure incurred by the council currently, with an uplift, therefore is within the overall budget envelope. The commitments are spread mostly across corporate buildings (e.g. Town Hall), schools and housing. Any domestic elements of housing are not included in this contract.
- 7.5 It is unlikely that savings can be made from the contract, although the approach should support mitigation of expected inflationary increases in the wholesale price over the life of the contract.

8. Legal Implications

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

- 8.1 Under the Water Act 2014 the water market for business consumers was deregulated in April 2017, at which point the Council is allowed to switch its current water provider at any time but must do so in compliance with the Public Contract Regulations 2015.
- 8.2 This report sets out the recommendation that the Council jointly procures a contract with four other local authorities through the LASER Framework Y16045 from 1 May

2022 for 2 years with a 2-year extension option. The Council has been notified by LASER that its framework has been extended for use to 3 June 2022.

- 8.3 The nature and value of these services are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR15). The PCR 2015 permit contracting authorities to call off valid frameworks in order to procure goods, services, works, as required. In compliance with the principles of the Regulations the call-off process must be transparent, non-discriminatory and fair.
- 8.4 The requirements for competitive tendering, as contained within the Council's Contracts Rules, are met as Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the call-off is made in line with the Framework terms and conditions.
- 8.5 In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.
- 8.6 In view of the proposed contract value for the supply/service exceeding £100,000 the contract must be under seal.

9. Other Implications

9.1 Risk and Risk Management

The best value and lowest financial risk option for the council is to procure with four other local authorities. This joint authority approach will minimise procurement costs, reduce risk through collaboratively working and allow the council to capitalise on the best deal possible through combined purchasing power. However, it is worth noting that the retailer component of the contract is only 6% of the total cost so there are limited opportunities for cost savings.

- 9.2 **Corporate Policy and Equality Impact** - The procurement of single contract for water, waste water and ancillary services for corporate buildings will deliver operational efficiencies that help support the delivery of the Council's Strategic Priorities that are outlined in the Council's Corporate Plan; as well as supporting the delivery of specific strategies and policies such as the Environment Strategy and Social Value Policy. There are no anticipated equality impacts associated with this procurement.

- 9.3 **Well Run Organisation** - The current water contract has already delivered back-office savings in terms of staff time in both My Place and Accounts Payable through the implementation of consolidated billing. The Council would seek to continue to operate a consolidated billing model as part of the new contract; and are seeking to include service innovation to deliver savings or operational efficiencies as part of the Council's Statement of Requirements for the new contract.

- 9.4 **Environment Strategy** - Leak detection is a new service that has been included in the current contract and will be requirement for the new contract. The ability to identify leaks quickly and get them resolved saves money, water, and carbon. As part of the contract the successful bidder will be expected to innovate around

service offerings that will help to council to reduce both its water and carbon consumption, this requirement is being include in the Statement of Requirements (SoR).

9.5 **Social Value Policy** - We are seeking to appoint a supplier who shares our Social Value aspirations and one who will contractually commit to delivering activities and projects that support the delivery of our five key themes:

- Investing in local people
- Investing in our local economy
- Environment sustainability
- Community participation and engagement
- People, independence, and resilience

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

List of appendices:

Appendix A – breakdown of contract costs

The water contract is comprised of two elements, the wholesale cost of the water supply and the retail cost of the water supply.

- The wholesale cost accounts for approximately 94% of the total water costs
- The retail cost accounts for approximately 6% of the total water costs.

The total water costs for LBBD are £2,450,000, this is split as follows:

- Approximately £770,000 are costs associated with corporate buildings
- Approximately £1,680,000 are costs associated with schools buildings

The water retailer purchases water from the wholesaler, these costs are passed on directly to LBBD. The retailer then charges LBBD for providing the water from the wholesaler to the Council. These retail costs may differ from retailer to retailer and is the main subject of the contract tender.

The tables below provide a breakdown of the water contract costs:

Description – Contract Value	Cost	Duration
Total contract value	£2,450,000	2+2 years
Annual contract value	£612,500	Per annum

Description – Wholesale Costs	Cost
Total Contract Wholesale Costs (~94% of total contract costs)	£2,303,000
Annual wholesale costs	£575,750

Description – Retail Costs	Cost
Total Contract Retail Costs (~6% of total contract costs)	£147,000
Annual retail costs	£36,750

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CABINET**19 October 2021**

Title: Company Board Arrangements	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Hilary Morris, Commercial Director	Contact Details: Tel: 0208 227 3017 E-mail: hilary.morris@lbbd.gov.uk
Accountable Director: Hilary Morris, Commercial Director	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
<p>In 2017 the Council created a number of new commercial companies, the majority of which are 100% Council-owned and which the Council controls strategically, predominantly through approval of Annual Business Plans. As the sole shareholder, the Council has a key role in approving the appointment of some roles on the independent company Boards.</p> <p>Nearly four years since the creation of the companies there is a need to review some of these arrangements as set out within this report.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to delegate authority to the Chief Executive, in consultation with the Shareholder Panel, to approve on behalf of the Council as shareholder the appointment of individuals to Company Boards, including negotiating any remuneration packages or other contract terms in accordance with the relevant Company Policy.</p>	
Reason(s)	
<p>To facilitate the 'well-run organisation' priority by ensuring appropriate arrangements for the succession of new appointments to Company Boards.</p>	

1. Introduction & Background

- 1.1 Best practice governance for commercial companies recommends boards self-evaluate their effectiveness on a regular basis. Listed companies and many regulated entities in the UK are required to do so annually and the UK was one of the first countries to introduce the requirement for external board evaluations for FTSE 350 companies. Although our commercial companies are not in the FTSE 350 and are not legally required to undertake external board evaluations, the Council commissioned Board reviews for each of its wholly owned companies during 2021 in accordance with that good practice.

- 1.2 An external and independent board evaluation is an opportunity for companies to strengthen the organisations they oversee by reviewing decision-making, refining strategic focus and clarifying goals and priorities. They are also an opportunity for boards to enhance their reputation by demonstrating their commitment to governance excellence. All of the Council wholly-owned companies participated in our externally-run board effectiveness review process and each company Board has had its own independent report with recommendations to consider and implement.
- 1.3 In summary, the board evaluations did not highlight any significant concerns regarding the effectiveness of any of the Council's company boards, although each board received a report with individual recommendations for improvement. Although these differed for each company the reports included recommendations including; formalising an annual board agenda cycle; formalising annual reviews of risk management procedures and internal controls; and annually considering all aspects of board and senior executive appointments. Formalising an approach to succession planning for Board appointments to ensure the Boards retained appropriate skills and experience as well as had a plan to stagger the retirement (where appropriate) of existing and recruitment of new appointees, was also a common theme across all four companies which reflects the maturity and evolving nature of the businesses.
- 1.4 This recommendation has come at a timely point as some original board appointments need to be reviewed as their tenure is almost over and because the current Chair of the Reside Board has indicated she will not stand for a second term when her original three-year tenure ends in October 2021. There are, therefore, a number of activities currently being undertaken with several of the companies that may result in a requirement to recruit new board members.

2. Current Position

Reside

- 2.1 As noted, the current Chair of the Reside Board has announced her intention not to stand for a further three-year tenure when her current contract ends in October 2021. The feedback from our external board reviewer, as well as the Housing Quality Network who supported Reside with their board appraisals, was very positive about the way the board functions as well as being positive about the performance of the current Chair. However, given the recent departure of the Reside Managing Director there is an opportunity for the Council to take the lead on appointing a new Chair of the Board, who can then take the lead in recruiting a new permanent Managing Director.
- 2.2 Although it is unfortunate that there is no handover between appointments, the process outlined where the Chair is appointed first is similar to that adopted when the companies were first created. This structure will enable the Council as well as the Board to input into decisions regarding who will lead the strategic and operational elements of the company forward to ensure these are closely aligned. It is anticipated that the Chair of the Shareholder Panel will be closely involved in the selection of the new Chair of Reside.

Barking and Dagenham Homes Limited

- 2.3 In January 2019, Cabinet agreed to the creation of a company which was intended to become a Registered Provider with the Regulator of Social Housing (RSH). This was principally in response to changes in the grant regime for affordable housing. These changes, first introduced by the Greater London Authority in late 2018, meant that local authorities were able to receive grant for new affordable homes at higher rates than previous programmes. However, the rules on some grant-funded homes mean that they must be held by an organisation that is a Registered Provider. None of the existing Reside vehicles were suitable to become a Registered Provider, so the decision was made to establish a new vehicle – Barking and Dagenham Homes Ltd (BDHL).
- 2.4 BDHL is now entering the final stages of the process to become a Registered Provider, with registration expected before the end of 2021. As a Registered Provider, BDHL will need to remain compliant with the RSH's regulatory framework around governance and service standards. Currently, the Chair of Reside is also the Chair of BDHL, and this initial arrangement has been effective at overseeing the process of establishing BDHL and taking it through the registration process. Now is the natural time to review BDHL's Chair arrangements in anticipation of it becoming an RP, and the Chair of Reside/BDHL stepping down. Subject to consultation with Shareholder Panel, it is proposed that the next Chair of BDHL is separate to the Chair to Reside, and not a member of the Reside Board. This is in line with best practice for RP governance. The two boards will continue to work closely together to drive service improvements across the new build portfolio.

B&D Energy

- 2.5 The current board of B&D Energy Ltd comprises only three voluntary Non-Executive Directors (NEDs) of which two are independent and one is a current Council Officer. B&D Energy Board is therefore the smallest and the most recently formed of all the company boards. Despite its relatively recent formation, B&D Energy participated in the board evaluation and welcomed the opportunity to have an early assessment of its effectiveness. Despite its relatively new formation the board evaluation noted that it performs well in certain areas, although it was recognised that there were a number of areas of governance best practice that required attention. Some of the recommendations made included undertaking a skills audit and putting in place a development plan for the board as well as reviewing the company strategy on a regular basis due to the evolving market.
- 2.6 In addition to being the smallest of our company boards, B&D Energy currently has no technical expertise on the board, a matter the Shareholder Panel recently raised with the company, and recommended it review. B&D Energy have acknowledged that industry expertise is needed amongst Board members and in addition to actions following the recommendations noted above, it is considering how it might attract an industry professional as an additional Board member. It is likely that in such a niche industry, attracting a suitable candidate may require the company to offer remuneration for the role, which would mean the company would need to consider its approach to remuneration for the rest of the Board, where the appointees are not in the dual role of Council officers. A talent management / organisational development plan will therefore need to be developed in tandem with the refresh of the B&D Energy business plan for 2022.

Barking and Dagenham Trading Partnership

- 2.7 The Barking and Dagenham Trading Partnership Ltd (BDTP) also participated in the board evaluation and generally scored well although, as with the other boards, there are areas where recommendations for improvements have been made such as the development of a clearer policy regarding conflicts of interest and that the format of board papers be improved to ensure clearer understanding of the purpose for papers. The summary indicated that there was a high level of understanding of the issues brought to the board and that the board functioned well.
- 2.8 However, BDTP have advised that three of its four NED Board members are approaching the end of their original three-year tenure and that the contract for the fourth NED, the Chair of the BDTP Board, was extended last year to ensure consistency during the pandemic. Following a change in Executive leadership with the appointment of a new Chief Executive Officer, the Board has recommended the Council approve the extension of the existing NEDs contracts with phased termination dates to allow time for a shareholder led review of the composition of the Board and develop a strategy for the phased introduction of new board members. In due course, this would involve the company undertaking a skills audit in order to make recommendations to the Council on a suitable succession plan.

3. Consultation

- 3.1 The Shareholder Panel have been consulted on all proposals and endorse the proposed approach

4. Financial Implications

Implications completed by: Sandra Pillinger, Group Accountant

- 4.1 There are no direct financial implications to implementing the recommendations of this report.

5. Legal Implications

Implications completed by: Ian Chisnell, Major Projects Solicitor

- 5.1 Section 1 of the Localism Act 2011, the general power of competence ("GPC") empowers local authorities to do anything that an individual can lawfully do provided that the activity is not expressly prohibited by other legislation. Activities authorised by the GPC can include investment, trading or charging decisions which may be undertaken through commercial (corporate) vehicles with the primary aim of benefiting the authority, its financial management, its area or its local communities. The power is wide and provided that the specific activity is not expressly restricted or proscribed by other legislative provisions, it will be within the parameters of the GPC power. Under s4 of the Localism Act 2011, if the Council is trading services then this must be done through a company.
- 5.2 Most of the Council's companies are Regulated Companies under the Local Government and Housing Act 1989.

- 5.3 A company is governed by its Articles and these deal with the appointment of directors. Usually, the Articles in model form allow the directors to appoint other directors. However, the Council has restricted this power either in the Articles or Shareholder Agreement (an agreement between the Council and the company) to prevent such appointment or dismissal without shareholder consent.
- 5.4 Under the Constitution the shareholder power is exercised by Cabinet and this report seeks a delegation of the power to the Chief Executive in consultation with the Shareholder Panel.
- 5.5 The directors are usually employees of the Company.

Public Background Papers Used in the Preparation of the Report:

Report on the 'Update on the Reinvigoration of Barking and Dagenham Reside' approved by Cabinet on 22nd January 2019:

<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=76312>

List of appendices: None

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