

Notice of Meeting

CABINET

Tuesday, 18 July 2023 - 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 Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones, Cllr Elizabeth Kangethe and Cllr Maureen Worby

Invited: Cllr John Dulwich (non-voting)

Date of publication: 10 July 2023

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, 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 20 June 2023 (Pages 3 - 12)

4. Medium Term Financial Strategy and Reserves Policy 2023/24 to 2027/28 (Pages 13 - 38)

5. ELWA Waste Disposal Contract - Outline Business Case (Pages 39 - 211)

Appendix 1 to the report is exempt from publication as it contains commercially confidential information (exempt under paragraph 3, Part 1, Schedule 12A of the

Local Government Act 1972 (as amended)).

6. **Council Tax Support Scheme 2024/25 - Options and Consultation (Pages 213 - 308)**
7. **Parking and Cost-of-Living Proposals (Pages 309 - 329)**
8. **New Build Schemes - Approval of Disposals, Head Leases and Loan Facility Agreements (Pages 331 - 340)**
9. **Procurement of Apprenticeship Training Provision (Pages 341 - 353)**
10. **Direct Award of Elements of the All-Age Care Technology Service Contract (Pages 355 - 365)**
11. **Procurement Strategy for Fire Doors Replacement Project (Pages 367 - 378)**
12. **Contract for Supported Living Services (Pages 379 - 393)**
13. **Any other public items which the Chair decides are urgent**
14. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. Item 5 above includes an appendix which is exempt from publication, as described. ***There are no other such items at the time of preparing this agenda.***

15. **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

- Residents are supported during the current Cost-of-Living Crisis;
- Residents are safe, protected, and supported at their most vulnerable;
- Residents live healthier, happier, independent lives for longer;
- Residents prosper from good education, skills development, and secure employment;
- Residents benefit from inclusive growth and regeneration;
- Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods;
- Residents live in good housing and avoid becoming homeless.

To support the delivery of these priorities, the Council will:

- Work in partnership;
- Engage and facilitate co-production;
- Be evidence-led and data driven;
- Focus on prevention and early intervention;
- Provide value for money;
- Be strengths-based;
- Strengthen risk management and compliance;
- Adopt a “Health in all policies” approach.

The Council has also established the following three objectives that will underpin its approach to equality, diversity, equity and inclusion:

- Addressing structural inequality: activity aimed at addressing inequalities related to the wider determinants of health and wellbeing, including unemployment, debt, and safety;
- Providing leadership in the community: activity related to community leadership, including faith, cohesion and integration; building awareness within the community throughout programme of equalities events;
- Fair and transparent services: activity aimed at addressing workforce issues related to leadership, recruitment, retention, and staff experience; organisational policies and processes including use of Equality Impact Assessments, commissioning practices and approach to social value.

MINUTES OF CABINET

Tuesday, 20 June 2023
(7:01 - 8:37 pm)

Present: Cllr Saima Ashraf (Deputy Chair in the Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones, Cllr Elizabeth Kangethe and Cllr Maureen Worby

Also Present: Cllr John Dulwich and Cllr Mukhtar Yusuf

Apologies: Cllr Darren Rodwell

4. Declaration of Members' Interests

There were no declarations of interest.

5. Minutes (23 May 2023)

The minutes of the meeting held on 23 May 2023 were confirmed as correct.

6. Provisional Outturn Report for the 2022/23 Financial Year

The Cabinet Member for Finance, Growth and Core Services presented the provisional Revenue and Capital Outturn report for the 2022/23 financial year.

The General Fund provisional revenue outturn for the financial year was £194.079m against the budget of £180.944m. Once other factors had been taken into account, the overall position represented an overspend of £25.509m. The primary reasons for the variance were inherent service-driven overspends of circa £8.1m across the Council, as well as year-end adjustments relating to bad debt provision and the Council's subsidiary company, Barking and Dagenham Trading Partnership Limited.

The Cabinet Member explained that the last 12 months had probably been the most challenging that the Council had faced in the past 10 years. He commented that whilst the term 'overspend' was technically correct in describing the situation the Council found itself in, it was merely a reflection of the significant underfunding from Central Government who had failed to implement Fair Funding reforms that would reflect the substantial population growth in the Borough, the level of deprivation and the high demand for social care services, which was compounded by a number of other councils indiscriminately placing high-needs families in Barking and Dagenham.

In order to cover the deficit position, the Cabinet Member referred to the various reserve funds that had been used and other proposed transfers to and from reserves for the 2022/23 financial year.

In respect of the Housing Revenue Account (HRA) and education-related expenditure via the Dedicated School Grant (DSG) budget, the Cabinet Member advised on provisional in-year overspends of £2.4m and £0.592m respectively,

which would be met from the specific reserves for those areas.

The 2022/23 Capital Programme showed a provisional outturn of £360.4m against the adjusted budget of £468.8m and the Cabinet Member confirmed the intention to carry forward the slippage into the 2023/24 programme. Whilst he acknowledged that a level of slippage would inevitably occur in such an ambitious programme, he took on board comments regarding the importance of setting a realistic and deliverable annual programme.

Cabinet **resolved** to:

- (i) Note that the General Fund provisional outturn position for 2022/23 was £194.079m, which represented an overspend of £25.509m once movements to and from reserves, income and an increase in corporate funding had been taken into account, as detailed in Appendix A to the report;
- (ii) Agree the transfers from corporate reserves to mitigate the 2022/23 overspend, as detailed in Appendix A to the report;
- (iii) Note that the Housing Revenue Account provisional outturn position for 2022/23 showed an overspend of £2.405m which shall be met from the HRA Reserve, as detailed in Appendix A to the report;
- (iv) Note that the Dedicated Schools Grant (DSG) budget provisional outturn position for 2022/23 showed an overspend of £0.592m which shall be met from the DSG Reserve, as detailed in Appendix A to the report;
- (v) Note that the Capital Programme provisional outturn position for 2022/23 showed an underspend of £92.09m against the revised budget of £467.868m and approve the carry forwards to 2023/24, as detailed in Appendices B and C to the report; and
- (vi) Note the update on progress on the year-end accounts and the work still outstanding, as set out in section 5 of the report.

7. Treasury Management Annual Report 2022/23

The Cabinet Member for Finance, Growth and Core Services introduced the Treasury Management Annual Report for 2022/23 which set out the key areas of performance, borrowing levels and other treasury management issues.

Key highlights within the report relating to the 2022/23 activities and performance included:

- Total Council borrowing (excluding internal HRA borrowing) was £1,547.7m;
- The Council did not breach its 2022/23 Operational Boundary limit of £1,600m or its Authorised Borrowing Limit of £1,700m, and complied with all other set treasury and prudential limits;
- Total treasury investments held was £54.0m (2021/22: £154.9m);
- Net General Fund interest income was a surplus of £6.5m compared to a budget of -£5.2m, an outperformance of £11.7m;

- £7.0m of the outperformance from interest income was transferred to the Investment Reserve, with the remaining balance used to cover shortfalls in the Investment and Acquisition Strategy (IAS);
- Investment income from the Council's IAS totalled £1.5m (2021/22: £4.3m) compared to a budget of £6.1m, an underperformance of £4.6m (covered by the outperformance in interest);
- The Council's average return on its commercial and property loans was 3.65% (4.42% for 2021/22);
- Interest payable totalled £40.9m (2021/22: £37.4m), consisting of £13.5m for PFI / Finance leases, £11.0m for the HRA and £16.4m for the General Fund;
- The Council borrowed £30m of medium-term General Fund borrowing at an average rate of 0.77% and an average duration of 2.4 years;
- The total long-term General Fund borrowing was £729.9m, comprising of market loans, Public Works Loan Board (PWLB), Local Authority, European Investment Bank and other loans;
- The value of short-term borrowing totalled £165.3m;
- HRA borrowing totalled £295.9m of long-term debt and £30.6m of internal borrowing;
- A loan impairment of £2.4m was made in 2021/22 against the loan to Barking and Dagenham Trading Partnership (BDTP) relating to the purchase of London East UK (LEUK), as outlined in paragraph 7.9 of the report; and
- A further impairment of £7.74m was required for 2022/23 relating to additional capitalised interest on the LEUK loan and two working capital loans to BDTP, as outlined in paragraph 7.10 of the report.

The Cabinet Member also referred to the expected increase of up to 0.5%, to 5%, in the Bank of England base rate, which was likely to result in a shift in the Council's borrowing strategy towards short-term borrowing for the time being. He also alluded to a range of measures being implemented to ensure that income from new developments and other investments was realised without unnecessary delays.

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

- (i) Note the Treasury Management Annual Report for 2022/23;
- (ii) Note that the Council complied with all 2022/23 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2022/23, as set out in Appendix 1 to the report; and
- (iv) Note that the Council borrowed £140.0m from the PWLB in 2022/23.

8. New Build Schemes: Approval of Disposals, Head Leases and Loan Facility Agreements

The Cabinet Member for Regeneration and Economic Development introduced a report on proposals to progress the disposal of 377 new homes across seven new residential developments led by Be First.

The Cabinet Member advised that, in line with the Council's Investment and

Acquisition Strategy (IAS) and the Be First Business Plan for 2022/23, all seven development sites were to be transferred, by way of leases, to the Barking and Dagenham Reside Regeneration Ltd (Reside) structure of companies who would be responsible for the letting and ongoing management of the properties. The Cabinet Member confirmed that the developments offered a varied supply of housing and all 377 properties would be let on Affordable Housing tenures.

Cabinet **resolved** to:

- (i) Approve, in principle, the disposal of the schemes listed below by the granting of long leases to the appropriate Reside entity (either Barking and Dagenham Homes Ltd (company no. 12090374), B&D Reside Weavers LLP (registered no. OC416198) or Barking and Dagenham Reside Regeneration Ltd (company no. 09512728));
 - Sacred Heart (Convent Court and Convent Mews), Dagenham, RM9 6FT
 - 200 Becontree Avenue, Dagenham, RM8 2TR.
 - A House for Artists, Barking, IG11 8SE.
 - Sebastian Court (Block A and Block B), Barking, IG11 9FE.
 - Chequers Lane (Block Kerwin House), Barking, RM9 6FR.
 - Challingsworth House (Block A), Barking, IG11 8TF.
 - Gascoigne East (Block C), Mizzen Street, Barking, IG11 7RQ
- (ii) Approve, in principle, the draft Heads of Terms and loans for each of the listed schemes to the appropriate Reside entity, as set out in section 2 and the appendices to the report;
- (iii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Strategic Director, Inclusive Growth, to agree and finalise the terms of the loans, leases and any other associated documents, and to take any steps necessary to ensure compliance with s123 of the Local Government Act 1972 and the Subsidy Control Act 2022; and
- (iv) Delegate authority to the Chief Legal Officer, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

9. Improvements at Chadwell Heath Cemetery including Provision of Multi-Faith Facility

The Cabinet Member for Public Realm and Climate Change presented a report on planned improvements to Chadwell Heath Cemetery, Whalebone Lane North, Marks Gate.

The works would include the provision of a new combined multi-faith prayer and reflection space alongside new toilet facilities at a projected capital cost of £350,000. The Cabinet Member advised that Strategic Community Infrastructure Levy (SCIL) funding had been identified to cover the capital costs while the ongoing revenue costs of circa £15,000 per annum would be met from additional income that the Cemeteries service expected to generate as a result of the

improvements.

Cabinet **resolved** to:

- (i) Approve the provision of a combined multi-faith prayer and reflection space and new toilet facilities at Chadwell Heath Cemetery;
- (ii) Approve the allocation of £350,000 SCIL funding to cover the capital cost of the project, and note that the associated revenue costs would be met from the Cemeteries' service income budget; and
- (iii) Delegate authority to the Strategic Director, My Place, on the advice of the Procurement Board and in consultation with the Strategic Director, Finance and Investment and the Chief Legal Officer, to progress the procurement and construction arrangements for the project and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder(s).

10. B&D Energy Ltd Business Plan 2023/24

The Cabinet Member for Finance, Growth and Core Services introduced a report on the B&D Energy Limited Business Plan for 2023/24.

The Cabinet Member confirmed that the draft Business Plan had, as was the case for all the Business Plans on tonight's agenda, been signed off by the respective company board and subject to scrutiny by the Council's Shareholder Panel prior to being submitted for Cabinet approval. The B&D Energy Limited Business Plan 2023/24 set out the company's plans to deliver low carbon energy generation projects to help support a sustainable low carbon energy future for the Borough. The report and Business Plan highlighted the key objectives to be delivered by B&D Energy over the coming year and beyond, together with the detailed financial analysis which was set out in the exempt Business Plan.

The Cabinet Member advised that since its last Business Plan, B&D Energy had chartered a very challenging global market and accrued over 700 customers, delivered £25m of infrastructure and leveraged in more than £15m of grant funding. While it had endured many growing pains and was still tackling legacy issues, the Cabinet Member commented that the prospects for the business to grow and reach profit remained credible. The Cabinet Member also alluded to the review of B&D Energy in 2022 which provided independent assurance regarding the financial model and business case and re-confirmed that the economic and environmental case for heat networks was still strong, despite rising energy costs and inflation. It was recognised that the coming five years would bring significant growth in the number of homes connected to B&D Energy and greatly assist the Council in meeting its decarbonisation targets and ambition to be the "green capital of the Capital", especially with the completion of the new Barking Town Centre District Heating Scheme expected in June 2024.

Cabinet **resolved** to:

- (i) Approve the B&D Energy Limited Business Plan 2023/24 as set out at Appendix 1 to the report; and

- (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Shareholder Panel, to take all necessary action to enable B&D Energy to implement its proposals within the Business Plan and to agree any variations to the Business Plan, legal agreements or shareholder agreement as necessary, subject to the provisions of the Subsidy Control Act 2022.

11. Barking and Dagenham Trading Partnership (BDTP) Business Plan 2023/24 - 2026/27

The Cabinet Member for Finance, Growth and Core Services presented the Barking and Dagenham Trading Partnership (BDTP) Business Plan for 2023/24 to 2026/27.

The Cabinet Member explained that many aspects of the BDTP group were performing well, such as its commercial cleaning, school catering and cleaning, and facilities management services. However, its property repairs and maintenance service continued to face significant challenges resulting in consistent under-performance and, as referred to in the earlier Outturn report, it had been necessary for the Council to make considerable provision in its 2022/23 accounts to mitigate for the possibility that some or all debts owed by BDTP to the Council may not be paid.

It was unsurprising therefore that the primary focus of the BDTP Business Plan was on the steps to be taken to turn the repairs and maintenance service around. The Cabinet Member alluded to the company's initial priorities, strategic objectives and improvement plans aimed at addressing the service delivery issues and the 14 'imperatives' to be delivered in the first year of the new Business Plan period. He expressed his confidence that the 'green shoots' of improvement and recovery referred to in the Business Plan were achievable. He strongly emphasised, however, the need for the company to maintain a fast pace in delivering on those imperatives, not only to enable BDTP to continue as a viable concern but, most importantly, to ensure that local residents received a standard of repairs and maintenance service that they expected and deserved.

Cabinet **resolved** to:

- (i) Approve the BDTP Business Plan for 2023/24 - 2026/27, as set out at Appendix 1 to the report; and
- (ii) Delegate authority to the Chief Executive, in consultation with the Shareholder Panel, to take all necessary action to enable BDTP to implement its proposals within the Business Plan and to agree any variations to the Business Plan, legal agreements or shareholder agreement as necessary, subject to the provisions of the Subsidy Control Act 2022.

12. Barking and Dagenham Reside Regeneration Ltd (Reside) Business Plan 2023-28

The Cabinet Member for Finance, Growth and Core Services presented the

Barking and Dagenham Reside Regeneration Ltd (Reside) Business Plan for 2023-2028.

It was noted that the number of properties managed by Reside had doubled between 2021 and May 2023 to almost 2,000 units and was projected to increase to circa 4,500 by the end of the five-year Business Plan period. The Cabinet Member advised that a key aspect in the first year of Reside's new five-year Business Plan was to establish a neighbourhood management service, consisting primarily of a team of neighbourhood leads directly employed by Reside who would be empowered to resolve resident and housing management issues at source. The move to the new neighbourhood model would enable Reside to achieve autonomy from the Council, which had always been the joint long-term aim. The new model would also incorporate the management of frontline services such as cleaning and caretaking, once those services could be safely and compliantly de-coupled from the Council. Reside also intended to procure a substantive new repairs and maintenance contract for all of its homes in the first year, subject to the successful outcome of a pilot that was currently underway.

The Cabinet Member commended the Business Plan, commenting that it provided a clear vision for the company's expansion and would enable it to enhance its reputation as the Borough's landlord of choice through the provision of cost-effective services.

Cabinet **resolved** to:

- (i) Approve the Barking and Dagenham Reside Regeneration Ltd (Reside) Business Plan 2023-28 as set out at Appendix A to the report; and
- (ii) Delegate authority to the Chief Executive, in consultation with the Shareholder Panel, to:
 - (a) approve the final timeline for withdrawal of services from the Council and delivery of the detailed Neighbourhood Management model as set out within the Business Plan;
 - (b) take all necessary action to enable Reside to carry out its proposals under the Business Plan and to agree any variations to the Business Plan, legal agreements or shareholder agreement as necessary, subject to the provisions of the Subsidy Control Act 2022;
 - (c) approve, subject to compliance with the Public Contracts Regulations 2015 and the company's contract rules, the exercise of all decisions relating to reserved matters to enable Reside to enter into any procurement or other commitment required to enable the delivery of the Business Plan, including:
 - (i) The procurement of a substantive repairs and maintenance provider (subject to a successful delivery of a pilot scheme)
 - (ii) The procurement of an income collection provider.

13. Barking and Dagenham School Improvement Partnership Business Plan 2023-2026

The Cabinet Member for Finance, Growth and Core Services introduced the Barking and Dagenham School Improvement Partnership (BDSIP) Business Plan

for 2023 - 2026.

The Cabinet Member explained that BDSIP was a not-for-profit organisation, with any surplus income generated being reinvested to improve the life-chances of young people in the Borough. The new Business Plan set out the key achievements against the 2020 - 2023 Business Plan and the vision, values, and strategic direction and priorities going forward, which were:

- Growing the client base beyond Barking and Dagenham so that, by 2026, BDSIP generate an additional 20% of its income from schools outside the borough (2022-23 baseline);
- Maintain service excellence, delivering a demonstrable, positive impact for all schools it worked in partnership with; and
- Develop its talent and remain an employer of choice for the best, most aspirational education professionals.

The Cabinet Member referred to the challenges faced by BDSIP as a consequence of the Covid-19 pandemic, which severely impacted a number of areas of the organisation's business, and the withdrawal by the Government of core funding via the Dedicated Support Grant (DSG) by 2025/26.

Cabinet Members expressed their full support for the Business Plan and commended the work undertaken by BDSIP. With reference to the Covid-19 pandemic and a report later on the evening's agenda relating to Social Value commitments that the Council sought from contractors, it was suggested that significant focus should be given to re-establishing work experience placements for the Borough's young people.

Cabinet **resolved** to endorse the BDSIP Business Plan 2023 - 2026 as set out at Appendix 1 to the report.

14. Contract for the Provision of Translation and Interpretation Services

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals relating to the direct award of a contract for the provision of translation and interpretation services.

In response to a question regarding the usage of translation and interpretation services across the Council, the Cabinet Member explained that the diversity amongst frontline officers at the Council's Contact Centre meant that a large proportion of enquiries received from residents whose first language was not English could be dealt with at that point, resulting in only a small proportion needing to be referred on to the translation and interpretation service.

Cabinet **resolved** to:

- (i) Agree the direct award of a maximum four-year contract for Translation and Interpretation Services to The Language Shop Limited via the Healthtrust Europe LLP Framework for Total Language Solutions: Interpretation, Translation and Transcription Services from Lot 1 (On-Site and/or Remote Interpretation, Translation and Transcription Services) and Lot 2 (Non-Spoken Interpretation and Translation Services), in accordance with the

strategy set out in the report; and

- (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Community Leadership and Engagement and the Chief Legal Officer, to award and enter into the contract and all other necessary or ancillary agreements with The Language Shop Limited to fully implement and effect the proposals.

15. Social Value Impact Report 2022/23

Further to Minute 10 (21 June 2022), the Cabinet Member for Finance, Growth and Core Services introduced a report on the progress and impact of the Council's Social Value in Procurement policy, which established a framework, guidance and process to ensure that Social Value proposals and principles formed part of major contracts let by the Council.

The Cabinet Member advised that of 52 relevant procurements with an annual value over £100,000 that were completed in 2022/23, all had included contractual commitments to provide some social value to the Borough and its residents. The report highlighted several examples of innovative projects that had been developed by contractors and clients, such as the plastic bottle recycling scheme whereby members of a school community brought in clean plastic bottles and the contractor turned them into a greenhouse for the students to use. Other social value benefits have included greater access to jobs, work experience, work placements and industry learning for Barking and Dagenham residents, as well as financial contributions to support local projects.

The Cabinet Member also referred to other initiatives being led by the Council's Social Value Coordinator, which included bi-monthly meetings between Council officers and the voluntary and community sector to ensure that, wherever possible, Social Value commitments reflected the needs, issues and priorities facing residents and helped build the capacity of existing initiatives to address them.

Cabinet **resolved** to:

- (i) Note the continued positive impact of the Council's Social Value in Procurement policy in terms of suppliers' social value commitments and associated outputs during 2022/23, as detailed in Appendix A to the report; and
- (ii) Note the Council's wider Social Impact across other Inclusive Economy sectors.

16. Debt Management Performance 2022/23 (Quarter 4)

The Cabinet Member for Finance, Growth and Core Services introduced the performance report covering the final quarter of the 2022/23 financial year in respect of the Council's debt management functions.

The Cabinet Member referred to the table at section 8.1 of the report which set out the collection rates across the various service areas. He commented that it was clear that many residents and businesses were having difficulties paying their bills

during the current cost-of-living crisis and the Council was committed to doing all it could to support those in need, while at the same time pursuing rigorous enforcement action against those that chose to avoid their responsibilities.

Cabinet **resolved** to note the performance of the debt management function carried out by the Council's Collection service, including the pressure on collection rates as a result of the cost-of-living crisis.

17. Procurement of Contract for the Provision of Leaseholder Insurance

The Cabinet Member for Finance, Growth and Core Services introduced a report on the need to procure a new contract for the provision of insurance cover for leaseholders of Council properties.

The Cabinet Member explained that public sector insurance was a limited, highly specialised market and the position regarding leaseholder insurance was particularly complex. Reinsurance costs had increased significantly over the last two years and the Council's current insurance provider, Avid Insurance Services Limited, had recently confirmed that it was no longer able to provide renewal terms and that the current contract would end on 29 September 2023, two years ahead of the scheduled expiry date.

The Cabinet Member advised on the proposed procurement arrangements for a new, maximum five-year contract and warned that the annual value of the contract was likely to increase from the current level of circa £1.35m per annum to around £2m per annum, which would have to be borne by the leaseholders. It was noted that leaseholders would be made aware of the likely increase as part of the statutory consultation arrangements.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for leaseholder insurance in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements to fully implement and effect the proposals.

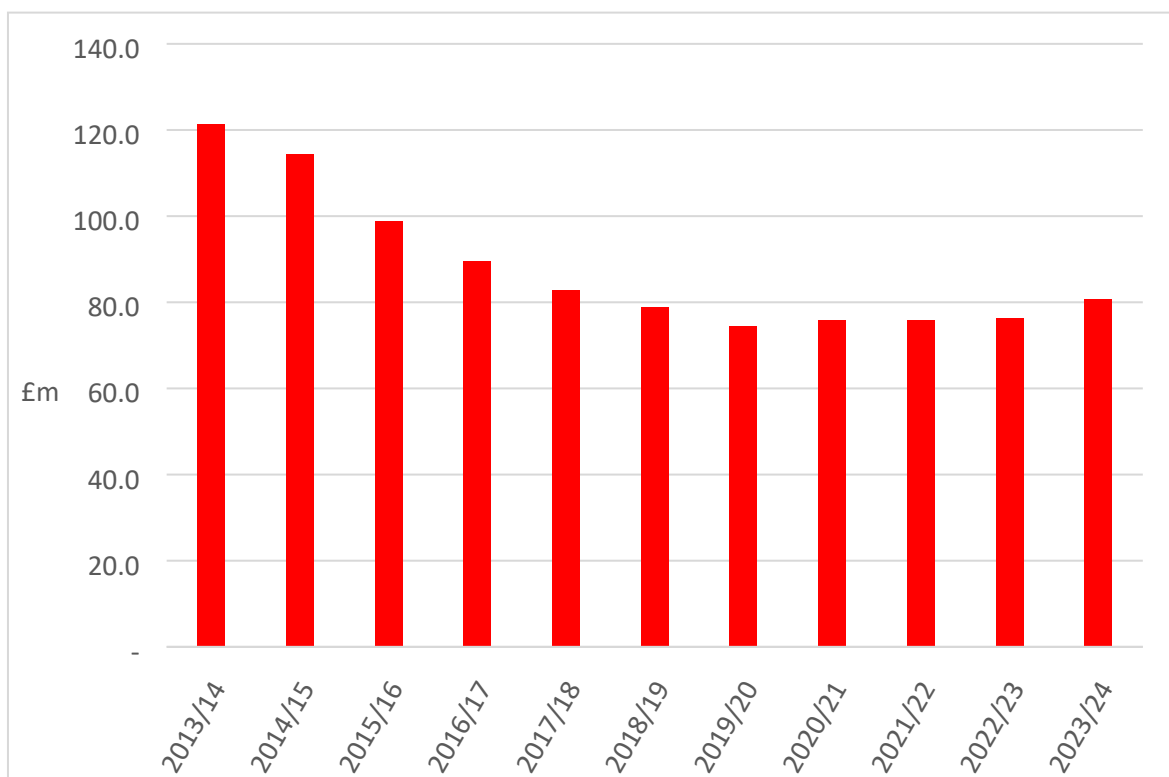
CABINET**18 July 2023**

Title: Medium Term Financial Strategy and Reserves Policy 2023/24 to 2027/28	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Philip Gregory, Strategic Director, Finance & Investment (S151 Officer)	Contact Details: Tel: 020 8227 5048 E-mail: philip.gregory@lbbd.gov.uk
Accountable Executive Team Director: Philip Gregory, Strategic Director, Finance & Investment	
Summary	
<p>This report sets out a draft Medium-Term Financial Strategy (MTFS) and Reserves policy for the period 2023-24 to 2027-28 for key Council (General Fund) services. It shows how the delivery of the corporate strategy and a well-run organisation goes hand in hand with organisational financial resilience. It has been prepared recognising the financial uncertainty arising from a period of increasing inflation following the COVID-19 pandemic and from uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2025-26 at the earliest, whilst taking into account anticipated demands and pressures.</p> <p>The MTFS identifies a cumulative gap of £28.3m during the MTFS period. This gap is to be closed through targets for both short-term and longer-term interventions which will require budget savings to be delivered to ensure a medium term financially balanced position. The report also sets out principles for a robust reserves policy.</p>	
Recommendation(s)	
Cabinet is recommended to:	
<ul style="list-style-type: none"> (i) Approve the Medium Term Financial Strategy 2023/24 to 2027/28 as set out at Appendix A to the report; (ii) Approve the Reserves Policy 2023/24 to 2027/28 as set out at Appendix C to the report; and (iii) Endorse the proposed approach to ensure the financial health of the Council over the medium term. 	
Reason(s)	
<p>The setting of a robust and balanced Medium Term Financial Strategy will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's</p>	

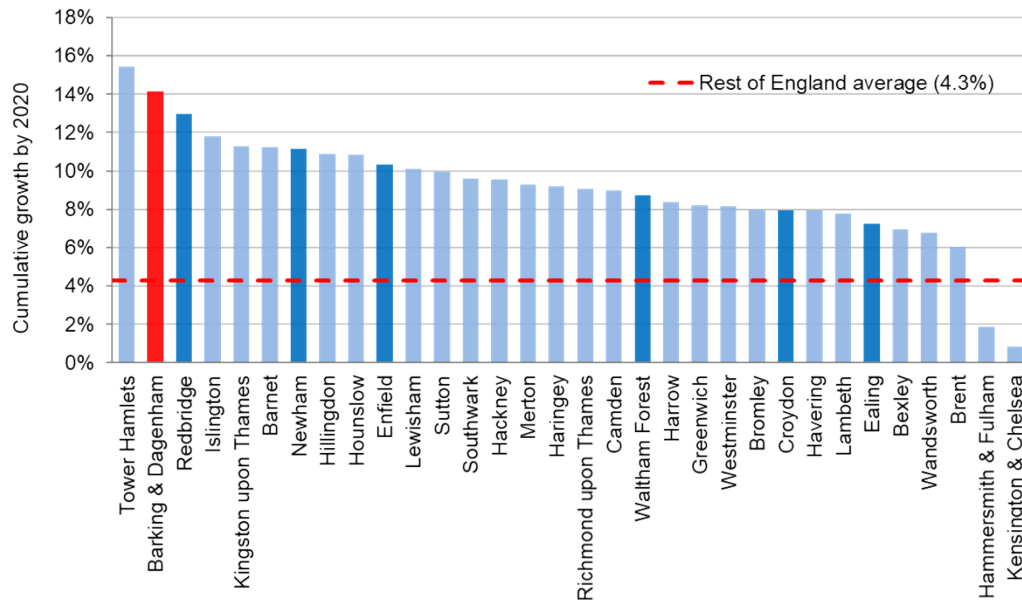
vision of One borough; one community; no one left behind and delivery of the priorities within available resources.

1. Introduction and Background

- 1.1. This report sets the context for the future financial position for the London Borough of Barking and Dagenham. The Medium Term Financial Strategy (MTFS) is a statement on the council's approach to the management of its financial resources to meet its Corporate Priorities. The MTFS also considers the appropriate level of reserves that the Council holds to mitigate current and longer-term risks.
- 1.2. In March 2023, Assembly approved the budget for 2023-24 including an indicative forward forecast for future years.
- 1.3. The funding the Council receives from government has consistently reduced since public sector austerity was introduced in 2010-11. In 2013-14 local government were allocated a share of business rates from their area. Since 2013-14 government grants have reduced by over 40%. In 2013-14 our grant was £126m, in 2023-24 our grant is £80.7m.



- 1.4. Barking and Dagenham has also seen the second highest population growth in London during the same time period and almost 10% higher than the average English local authority. Our residents tend to be younger than the average in other London boroughs and many of our residents face a range of challenges and disadvantages that mean that they may need help and support from the Council at some point.



- 1.5. The combination of reducing funding and a growing population meant the Council had to do something in order to be able to continue to provide services to local residents and businesses. The Ambition 2020 programme began in 2017 and delivered a fundamental restructure within the Council whilst setting out plans to deliver almost £50m in savings and increased income. A primary focus of the programme was to maximise housing, business and economic growth within the borough.
- 1.6. The COVID-19 pandemic had a profound and unprecedented impact on the activity and finances of the council since March 2020. The financial scarring effects of the pandemic will continue to impact demand for services and income due to the council for many years to come. Whilst the council is not alone in facing these challenges this does not lessen the scale of the challenge and the impact on the residents and businesses within the borough.
- 1.7. The economy is also having to cope with increasing inflation resulting in a cost-of-living crisis. The impact of this is uncertain apart from a high probability that costs will increase and income sources will be unlikely to keep up. This is discussed further in section 3 of the report.
- 1.8. The financial framework was anticipated to change as a result of the Ministry of Housing, Communities and Local Government (MHCLG) Fair Funding review from 2019-20. The Government has not begun consultation on introducing these reforms during 2023 which implies that another one-year financial settlement will be provided for 2024-25 with longer term funding reforms being introduced in 2025-26 at the earliest.
- 1.9. The impact of these delays to funding reform on the council is by no means clear. However, the MTFs brings together anticipated demands and pressures and sets out how the council will ensure a balanced medium-term position.
- 1.10. Medium term financial planning must make assumptions about the future demand profile and cost pressures on expenditure and on factors that affect income

sources. The MTFS represents a summary of these assumptions and their impact on the funding of the council.

- 1.11. The MTFS sets the financial envelope within which the council must fund its activities in order to set a balanced budget in each of the next 4 years. In order to begin the budget setting process for 2024-25 and beyond it is therefore prudent to revise the MTFS at the beginning of the budget setting process. Throughout the summer and autumn services plans and budgets will be produced to deliver a balanced budget for 2024-25. In addition, this process will allow the council to identify where savings may be achieved in future years and begin planning their delivery.
- 1.12. The MTFS provides assurance on the intended use and the overall level of reserves and the extent of underpinning commercial and financial planning risk.

2. Council Priorities and Strategic Framework

2.1. The MTFS is underpinned by the Council's Corporate Plan which sets out the vision of the council and seven strategic priorities by which the vision will be achieved:

- **Residents are supported during the current Cost of Living Crisis.** Our residents are particularly vulnerable to increasing costs, due to the existing level of deprivation and the residual effects of Covid. Building and maintaining financial resilience is integral to the aspirations our residents have. We must support those with the most need while preventing others from reaching crisis.
- **Residents are safe, protected and supported at their most vulnerable.** As a deprived borough, high numbers of residents are exposed to negative impacts on their health, wellbeing, and resilience, and need the support of care and support services. We need to come together with partners to build a system that supports, protects and safeguards children, young people and vulnerable adults.
- **Residents live healthier, happier, independent lives for longer.** Empowering and enabling residents to live healthier, happier, independent lives for longer requires action across the wider determinants of health, such as employment, education, transport, housing, and community networks which is why we are adopting a "health in all policies" approach enabling people to thrive and realise their potential.
- **Residents prosper from good education, skills development, and secure employment.** We believe in the potential of the people of Barking and Dagenham and are committed to creating and fostering opportunities and environments where they can thrive. Fundamental to this, is to support the provision of quality learning and training that enables people of all ages to achieve.
- **Residents benefit from inclusive growth and regeneration.** We have an ambition to accelerate economic growth whilst ensuring it benefits residents and every neighbourhood across the borough. We want to enable residents to thrive



by having access to high quality and affordable homes; and connect local people with the opportunities in the labour market. We want to continue to positively transform communities and encourage local businesses to grow; supporting and attracting long term investment that benefits our residents.

- **Residents live in, and play their part in creating safer, cleaner, and greener neighbourhoods.** We want Barking and Dagenham to be a place where people from all backgrounds feel safe and live well. We aim to do this by keeping our children and young people safe, tackling crime that affects people the most, reducing offending, and standing up to hate, intolerance and extremism.
- **Residents live in good housing and avoid becoming homeless.** Housing is an important determinant of health, wellbeing, and stability. The tragedy of Grenfell Tower and the recent death of Awaab Ishak from exposure to mould show the devastating potential consequences of unsafe housing. On the other hand, access to affordable, safe, and stable homes provides a foundation for a community in which residents can thrive and achieve their personal, professional, and social ambitions.

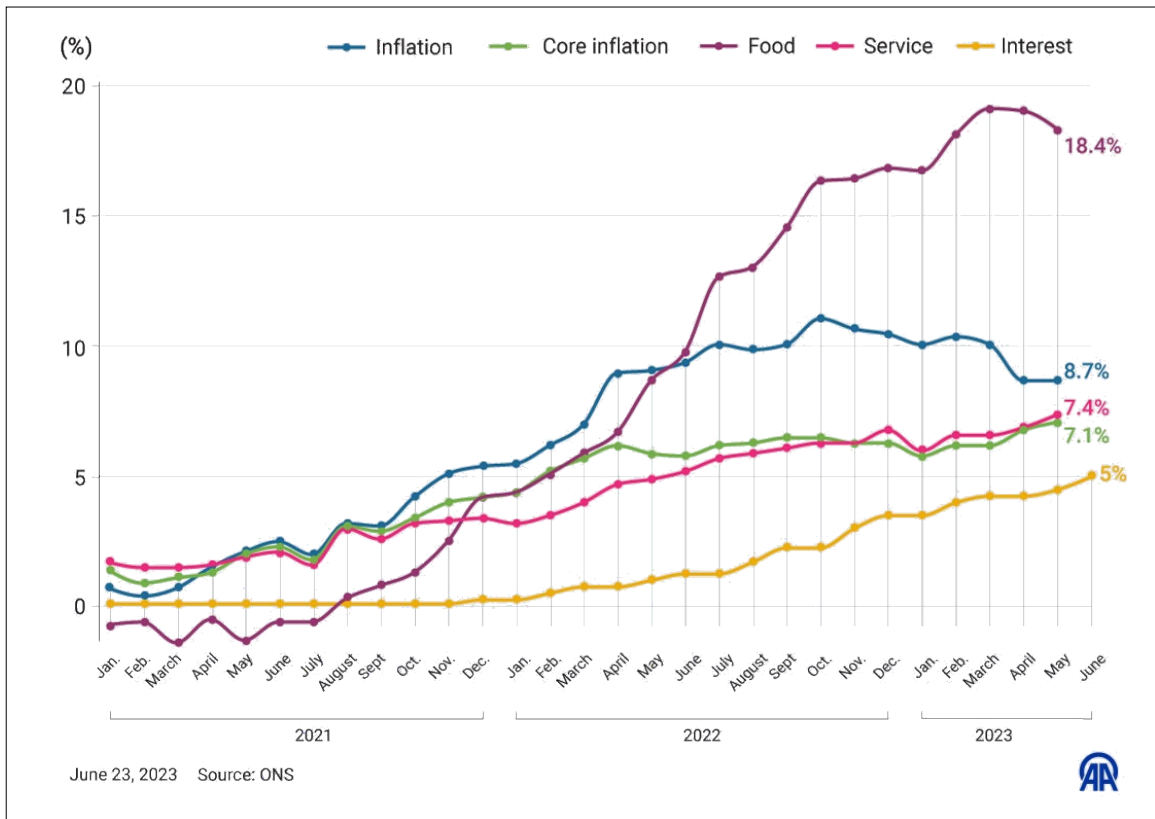
2.2. To support our priorities, a set of principles have been developed to be applied to our work across the whole Council. Together, with our values and culture, these principles will drive service delivery, performance, and innovation.

- Work in partnership.
- Engage and facilitate co-production.
- Be evidence-led and data driven.
- Focus on prevention and early intervention.
- Provide value for money.
- Be strengths-based.
- Adopt a “Health in all Policies” approach.
- Strengthen risk management and compliance.

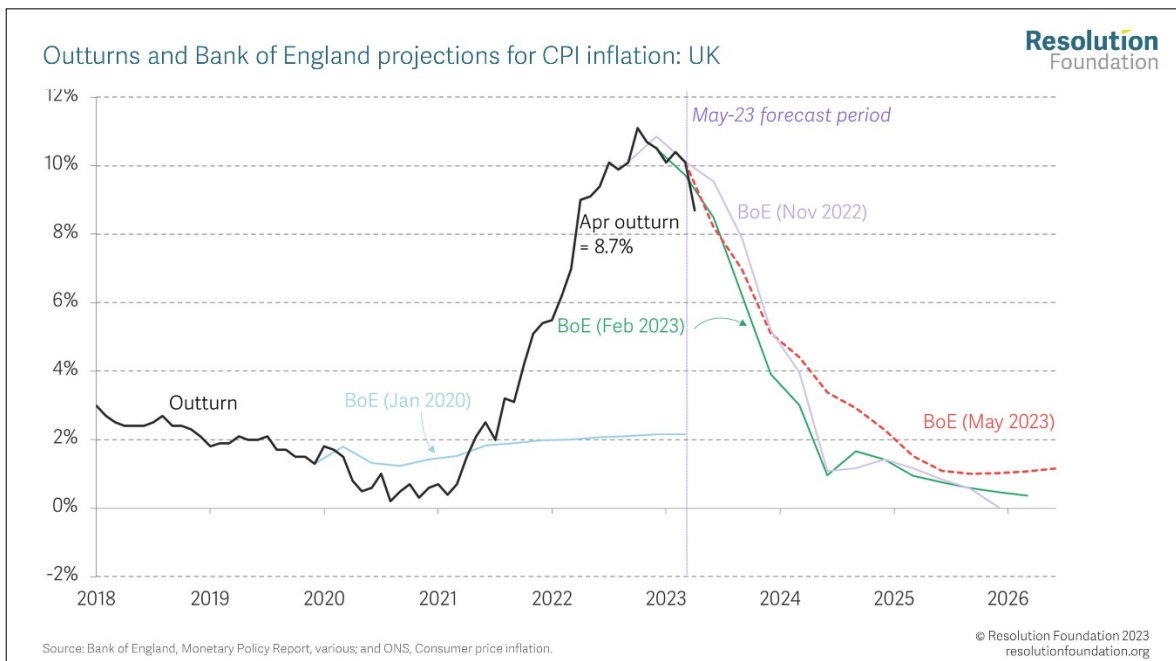
2.3. These priorities and principles will sit alongside our continued investment in the community and will drive all council activity in the years ahead. Critically, each has an important part to play in managing future demand on council services. The financial position set out in the MTFS is designed to reflect this position.

3. Cost of Living Crisis

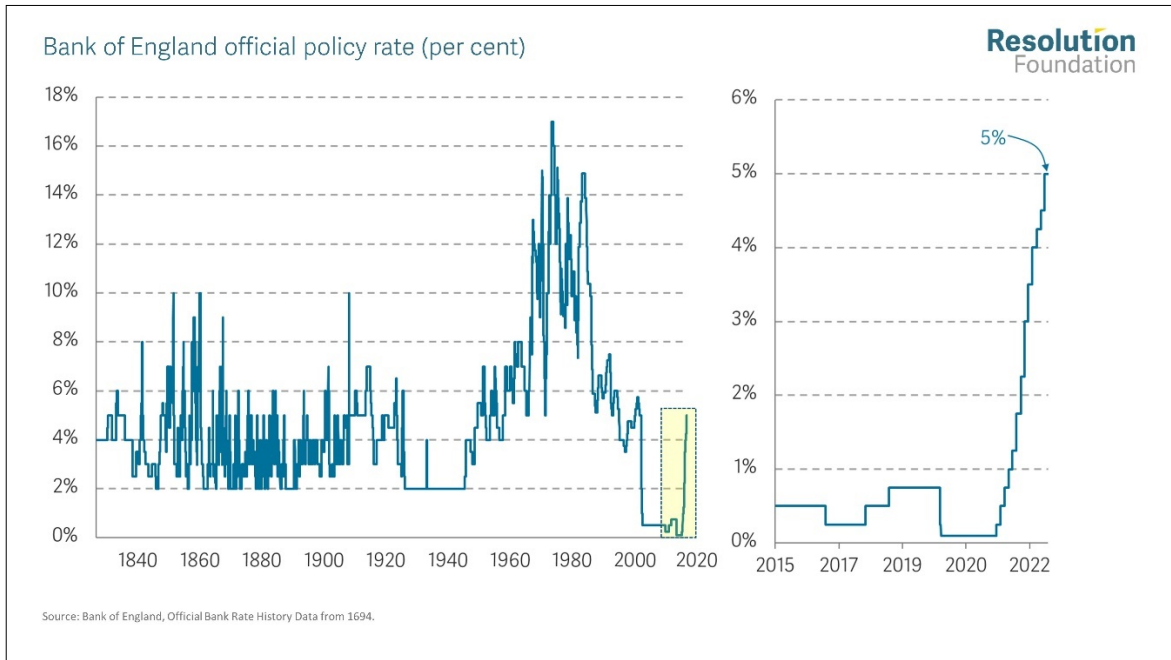
3.1. The cost-of-living crisis is driven by many factors that are primarily evidenced by increases in inflation (comparing current costs to how much they cost a year ago). There are a number of reasons for increasing inflation which started to increase in 2021 in large part due to increased spending on goods during the Covid crisis. As economies around the world, including in the UK, opened up after Covid restrictions eased, some businesses struggled to meet this extra demand because of difficulties in getting the materials used in their production. Russia’s continued invasion of Ukraine has led to sharp increases in the price of energy. The war in Ukraine has also caused an increase in the price of many agricultural commodities, such as grain, which are needed to produce food. There are also inflationary pressures from the UK economy including wage inflation as there are more job vacancies than there are people to fill them, which means employers are having to offer higher wages to attract job applicants. The chart below shows key components of inflation continuing to increase.



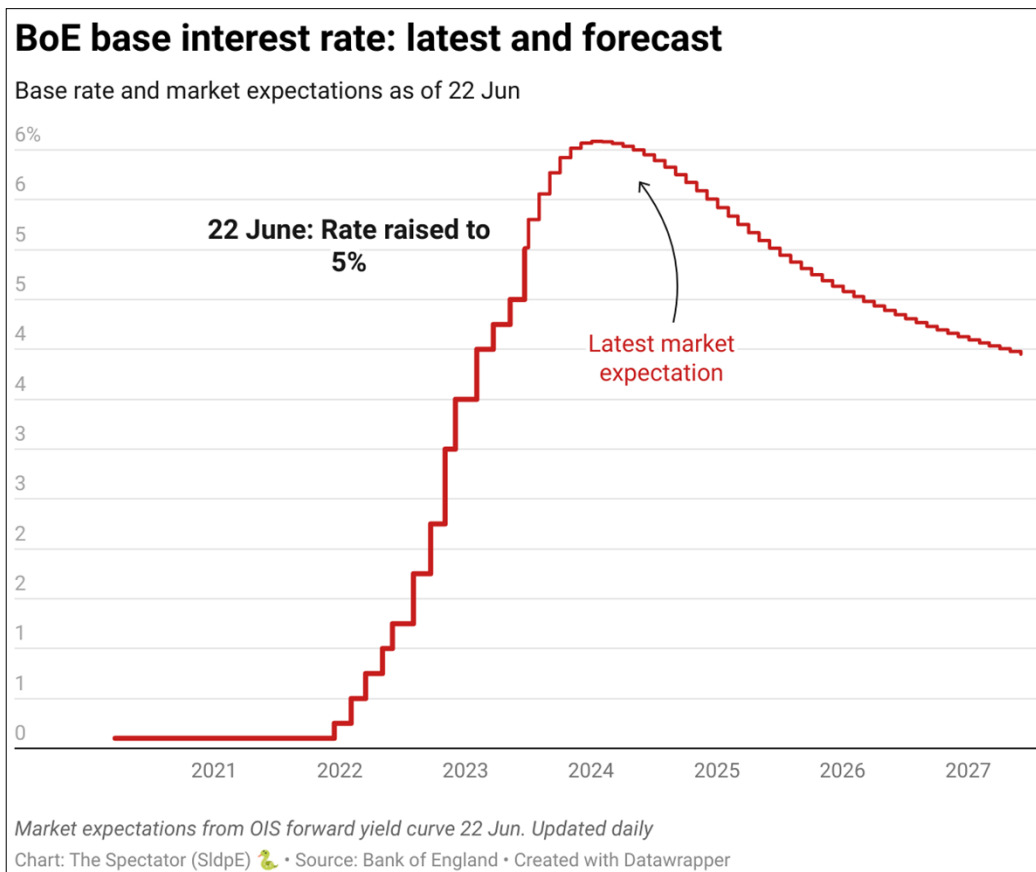
3.2. Inflation has risen sharply to levels not seen for many decades. On 21 June 2023, the Office for National Statistics (ONS) published data showing that twelve-month inflation in the Consumer Prices Index (CPI) was 8.7% in May (compared to 7.1% in the Euro-area and 2.7% in the US). The Bank of England forecast that CPI inflation is expected to fall to the 2% target by the end of 2024 as shown below.



3.3. In an effort to contain inflation and return it to the Governments 2% target the Bank of England has increased interest rates in recent months reaching 5.0% in June 2023. The last time rates were at 5.0% was September 2008.



3.4. Interest rates may continue to increase over coming months with financial markets expecting rates to increase to 6% before slowly reducing towards 4% in 2027.



- 3.5. The impact on the council is pronounced and creates significant financial pressure on budgets. The cost of goods and services, including energy costs, to the council are expected to increase during the current financial year. In addition, the pay award for 2023-24 is likely to be greater than the 4% included in budgets. These cost increases will create in-year budget pressures that services will need to manage.
- 3.6. The impact on local residents and businesses will also be extremely challenging. Barking and Dagenham is the most deprived London Borough and has the some of the highest levels of unemployment in the country. The council relies on council tax and business rates income to fund services and many services have income budgets from fees and charge which will continue to be under pressure during 2023-24.

4. COVID-19

- 4.1. The COVID-19 pandemic occurred after many years of financial pressures for local authorities. Even without COVID-19 there were underlying overspends or pressures in a number of areas, some of which worsened during the pandemic. There has been significant financial turmoil from many different aspects of their local roles, both from the delivery of services and as a conduit for central government to support local businesses.
- 4.2. The current expectation remains that there will no further Government support beyond what has been announced for previous financial years. It is expected that the demand for services will continue to emerge, particularly in social care services over the medium term.

5. Medium Term Financial Strategy Forecasts

- 5.1. The budget report to Cabinet in February 2023 set out the following financial forecasts:

Table 1: Financial position reported in February 2023

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Budget Gap (incremental)	-	3.991	5.689	6.181
Budget Gap (cumulative)	-	3.991	9.680	15.861
Council Tax Assumption	4.99%	4.99%	2.99%	2.99%

- 5.2. A review of the assumptions within the MTFS has been undertaken to inform this update, rolling forward these to 2027-28 to present the updated MTFS position. In response to increasing inflation the budget provision from 2024-25 onwards has been increased to take into account pay and price increases. In addition, the services grant from government which was expected to be provided for 2022-23 only has been included in 2023-24 and future years as the funding reforms promised from 2023-24 in place of the services grant are unlikely to materialise. Further details on assumptions within the MTFS are described in the following section of the report.

5.3. As shown in Table 2 the budget gap has increased from £15.861m to £28.312m.

Table 2: Recommended changes to the MTFS

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Budget Gap (incremental)	3.991	5.689	6.181	-
Updates	7.874	(2.007)	2.962	3.622
Budget Gap (incremental)	11.865	3.682	9.143	3.622
Budget Gap (cumulative)	11.865	15.547	24.690	28.312

- 5.4. The strategy to address the funding gap is through the following routes:
- Savings proposals: those that have been identified and those that are proposed for approval in this report.
 - Delivery of the corporate plan priorities and agreed transformation programmes to deliver sustainability in the longer term.
 - Continue to identify new investment opportunities to secure financial sustainability and deliver regeneration for the borough.
- 5.5. Included within the figures in Table 2 are increased allocations for inflation and demographic growth over the MTFS period. Inflation is provided for pay and price inflation with the actual pay award for 2023-24 still outstanding for most staff. Inflation is assumed to peak during 2023 and reduce to 2% by 2025. Demographic growth funding is an estimate of funding that will be required as the borough population grows, recognising that the cost of providing services to these additional residents will also grow. Services will be able to bid against these funding allocations and the final allocations for 2024-25 will be confirmed in the MTFS presented for approval by Assembly in March 2024.

Table 3: Inflation and Demographic Growth funding

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Inflation	9.267	6.665	3.941	3.999	3.999
Demographic Growth	4.068	4.287	4.629	4.776	4.776
Total:	13.336	10.942	8.570	8.776	8.776

- 5.6. The Section 151 Officer has assessed the minimum level of general fund balances at £12m and the Council currently holds £17m.
- 5.7. The Council uses reserves to support medium term financial planning and management. This is particularly important in the current economic climate and uncertainty regarding the impact of the wider economy, continuing demand following COVID and delays to local government funding reforms. The strategy of the Council is one focused on growth and investment in the borough. It is therefore necessary to hold reserves at sustainable levels to dampen the effect of short-term changes in the economy without putting at risk the longer-term goal of growth.

6. Key Assumptions

- 6.1. There are a number of assumptions that underpin the updated MTFS including:
- 6.2. There is an assumption of full achievement of previously approved transformation savings. The progress of the delivery of approved savings is reported in the regular budget monitoring reports to Cabinet. Any savings that are not delivered in full will result in an overspend and an increased drawdown on reserves.
- 6.3. Growth in budgets has been included where this has previously been agreed by Cabinet. The scope for growth in future budgets will be extremely limited beyond what has already been included for inflation and demographic growth. It is therefore likely that services will need to absorb some of the inflation and demand pressure in future years. Services will need to plan to over-achieve on savings in order to afford some breathing space to manage unexpected financial pressures within year.
- 6.4. Settlement funding and specific grant funding from Government will continue on the same principles that were applied in 2023-24 which increased 2023-24 funding compared to the MTFS assumptions by £7.9m, £4.1m of which related to changes in Adult Social Care responsibilities. The estimated increase in funding for 2024-25 compared to 2023-24 is £14.1m, £4.8m of which relates to changes in Adult Social Care responsibilities. It must be noted that most of these funding increases have been included in the MTFS already and is therefore not additional funding.

	2023-24 ESTIMATE	2023-24 ACTUAL	2024-25 ESTIMATE
Settlement Funding Assessment Grant	79.428	80.734	85.174
Business Rates Multiplier Compensation	6.307	10.196	10.757
Council Tax	76.750	77.780	84.112
New Homes Bonus	0.857	1.938	-
Lower Tier Services Grant	0.434	-	-
2022-23 Services Grant	5.458	2.331	2.240
Improved Better Care Fund	10.707	10.707	10.707
Social Care Grant	10.506	12.118	19.268
ASC Discharge Fund	-	1.501	2.598
LA share of iBCF Funding	-	4.508	-
Market Sustainability & Fair Cost of Care Funding	5.627	2.138	3.215
TOTAL SPENDING POWER	196.075	203.952	218.071
<i>Variance from 2023-24 estimate to actual</i>		7.877	
<i>Variance from 2023-24 actual to 2024-25 estimate</i>			14.119

- 6.5. To date the Government have not yet begun consultation on the implementation of funding reforms and so the implication is that the fair funding review and business rates reset will be introduced in 2025-26 at the earliest, if at all. DLUHC provided indicative funding allocations for 2024-25 when the 2023-24 allocations were provided in December 2022. Funding from Government from 2025-26 is less certain.
- 6.6. Indicative council tax increases of 4.99% for 2024-25 and 2.99% thereafter have been included. This may include a proportion of Adult Social Care Precept although the Government are yet to publish guidelines on council tax referendum limits beyond 2024-25. Growth in the council tax base has been estimated by using data on expected new homes being occupied over the MTF5 period. A prudent deduction has been made to account for properties that may be delayed or where council tax will not be payable in full, e.g., recipient of CTS. On this basis the growth in council tax base has increased from 1.5% to 3% per year. This results in additional council tax income as shown in the table below.

	2024-25	2025-26	2026-27	2027-28
Council tax base – 1.5% growth	54,126	54,939	55,763	56,599
Council tax base – 3.0% growth	54,927	56,575	58,272	60,020
Increase in council tax base	801	1,636	2,509	3,421
Band D council tax estimate	£1,531.35	£1,577.14	£1,624.30	£1,672.87
Increase in council tax income	£1.225m	£2.580m	£4.075m	£5.723m

7. Budget Risks

- 7.1. There are a number of risks that continue to influence the MTF5 including the following:
- 7.2. **Inflation:** The sharp increase in inflation in recent months has taken longer than expected to unwind back towards the Bank of England target of 2%. Core inflation (excluding food and fuel costs) is continuing to increase even though the overall level of inflation is decreasing. The decrease in inflation is taking longer to realise than forecast and there is a risk that the 2% target will not be met until 2025 or later.
- 7.3. **Interest rates:** The council has an investment and acquisition strategy (IAS) that requires significant borrowing. The Cabinet are presented with regular updates on the Treasury Management Strategy and performance against the targets that have been set.

Interest rates have been increased by the Bank of England in recent months to bring inflation under control and these may increase further and fall slower than previously forecast. Interest rate risks are managed through effective treasury management and the use of fixed rate loans where appropriate.

- 7.4. **Brexit:** The impact on Local Government upon leaving the EU may continue to have significant impacts on funding from Government, especially as the economic, social and financial implications of Brexit and subsequent trade deals become

clearer. There will be a continued assessment of the impact to the council as a result of the referendum vote to leave the EU which could include impacts on interest rates, migration, employment and business.

- 7.5. **Subsidiary Company performance:** The activity and performance of the council's subsidiary companies have a direct impact on the amount of borrowing the council undertakes. The greatest financial risks arise from regeneration activity and development within the Borough. Development schemes that are under construction or in the development pipeline are managed by Be First. Schemes are not presented to Cabinet for approval before due diligence and viability assessments are complete and approved by the officer Investment Panel. Operational residential schemes are managed by Reside. Performance of all council subsidiaries is monitored by the Shareholder Panel against the respective business plan, approved by Cabinet.
- 7.6. **Capacity to deliver approved savings:** If agreed savings are not achieved this will result in overspends and budget shortfalls in future years. Regular monitoring and reporting takes place, however, non-achievement of savings will require compensating reductions and management action to find compensating cost reductions where savings are no longer possible.
- 7.7. **Government funding:** The Government intends to change current funding mechanisms to reflect an increased emphasis on need and to reset the current business rates retention system. These proposals are expected to be delayed by at least another year which carries a high degree of uncertainty into the quantum of Government funding in 2024-25 and beyond. In the light of the extreme uncertainty surrounding Government funding the MTFP has included forecast income in 2024-25 based on current assumptions.
- **Budget and Spending Review:** A Spending Review from the Government is expected in the autumn. It is unclear whether this will be a single year or multi-year Spending Review and therefore whether local government will receive a single year or multi-year Settlement. Our current assumption is that there will be a one-year settlement whilst the Government continues to monitor the economic effect of inflation on the wider economy.
 - **Levelling Up:** Levelling up funding is currently being delivered through grant funding which must be bid for competitively for specific projects. It is unclear what impact the levelling up agenda will have on funding other than to state the fair funding review and business rates reset could be tools to deliver the missions of levelling up.
 - The **Fair Funding Review** of local government is likely to shift resources away from London. The design of new funding formula is predicated on moving to a more dynamic, realistic method of allocating funding that is able to respond to demographic changes. On this basis and considering the demographic changes within Barking and Dagenham, this approach may prove beneficial to us. We expect the new funding formula to be used to allocate funding from 2025-26 at the earliest.
 - The **Business Rates Retention** scheme is also being redesigned and is expected to be introduced from 2025-26 at the earliest. It is anticipated that the implementation of 100% business rates retention will be accompanied by additional responsibilities and therefore an increase in the costs borne by Local Government. The details of these responsibilities are to be confirmed.

- The **New Homes Bonus** funding for 2024-25 is expected to be reallocated within other grant allocations from government. It is unclear how the Government will incentivise local authorities to deliver additional housing within the new funding regime.
- The Government are introducing a new **Extended Producer Responsibility** scheme where government will collect a new fee related to packaging usage from retailers and this will be distributed to waste authorities. This scheme is due to be implemented during 2024, although there is little information available to be able to reliably estimate an income stream during 2024-25. Any additional income will be used to offset the anticipated increased costs of waste collection and loss of income from recycled materials.

7.8. **Achievement of Council Priorities:** The strategic framework requires appropriate oversight and governance to ensure it is delivered through effective programme management. Where performance indicators are not on target, corrective action will be required.

7.9. **Commercial Risks** arise from undertaking investments and from action taken by the Council's subsidiaries. These risks can be mitigated through effective due diligence on new commercial investments and continued robust appraisals of subsidiary business plans and forecast returns. The Shareholder Panel monitors the performance of the subsidiaries against their respective business plans and holds the Board of each company to account for the delivery of the strategic and financial objectives. Where planned financial returns are delayed or profitability is reduced there will be a direct cost to the Council to mitigate such losses. It must be noted that the forecast dividend from BDTP of £2.2m each year is unlikely to be received over the course of the MTFS. This shortfall will be covered by the Investment Reserve. Be First have prepaid returns to the Council until 2024-25. From 2025/26, Be First will need to deliver the expected dividend of £10.3m each year. If the dividends are not forecast to be achievable in the company business plans, the council will need to make additional savings to bridge the funding gap.

7.10. **Demand Pressures** arise from changes within the population and economic activity within the Borough. Assumptions on future demand for services have been included in the MTFS. Exceptional demands, particularly as a result of increasing inflation, that emerge will result in spending control within departments or corporate budgets.

7.11. **Pension Fund** risks include changing economic conditions and investment returns less than assumptions in the Pension Fund's investment strategy increases the risk of a deterioration in the Pension Fund's funding position and as a consequence there is a risk of an increase in the employer's contribution.

7.12. **Legislative changes** or the imposition of new responsibilities upon the council without adequate funding remains a risk.

8. Review of Reserves

8.1. Reserves are used to manage risks and are either usable or unusable. Unusable reserves arise from statutory accounting transactions and cannot be used to fund revenue or capital expenditure. This report only considers the Council's usable reserves. The Council's Reserves Policy is included in **Appendix C**.

- 8.2. A review of reserves has been carried out as at 31 March 2023 and balances based on the draft final accounts are summarised in **Appendix D**.
- 8.3. General fund balances are set aside to provide an emergency fund for exceptional circumstances. This fund is reviewed regularly and assessed as a minimum of £12m. Currently, the Council has some £17m in this reserve.
- 8.4. The forward forecast of reserves is maintained by the Section 151 Officer using assumptions on certain investment decisions and no additional budget pressures emerging during the course of the current financial year. A further review of reserves will take place later in the year.
- 8.5. The aim of the Medium Term Financial Strategy is to set out an affordable financial plan that provides for sustainable levels of spending, not dependent upon the use of one-off reserves, whilst providing for a prudent level of reserves for contingencies.

9. Approach to Budget Setting for 2024-25

- 9.1. The Medium Term Financial Strategy identifies a savings requirement of £28.3m by 2027-28. Proposals to meet this savings requirement will be presented to Cabinet in December alongside a public consultation for all proposals members are happy to proceed with as part of the Budget consultation process. The proposals, along with consultation results will be presented again to Cabinet in advance of Assembly in March 2024.

10. Financial Implications

Implications completed by: Philip Gregory, Strategic Director Finance & Investment (Section 151 Officer).

- 10.1. The detailed financial implications have been covered throughout the report. Members are asked to note the revised MTFs position as set out in section 5 of this report.

11. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 11.1. A local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. It must look and plan further and during any financial 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. Furthermore, the Council is subject to the Best Value duty under the Local Government Act 1999 to secure continuous improvement in an efficient, economic and effective way.
- 11.2. Section 25(1)(a) and (b) of the Local Government Act 2003 requires its Chief Finance Officer (Section 151 Officer) to report on the robustness of the estimates made for the purpose of calculating Council Tax, but more particular to the purposes of this report the adequacy of reserves hence the need for a Reserves

Policy. When considering what level of general reserve to hold applicable legislation includes s.31A, 42 and 43 of the Local Government and Finance Act 1992.

- 11.3. If during the Strategy period there are reductions or changes in service provision as a result of changes in the financial position, the local authority is free to vary its policy and consequent service provision but at the same time must have regard to public law considerations in making any decision lawfully as any decision eventually taken is also subject to judicial review. Members would also wish in any event to ensure adherence as part of good governance. Specific legal advice may be required on the detailed implementation of any agreed savings options. Relevant legal considerations are identified below.
- 11.4. Whenever there are proposals for the curtailment or discontinuance of a service or services, there will be a need for appropriate consultation. In some cases, this will be prescribed by statute, or by common / case law. For example, if savings proposals will affect staffing then it will require consultation with unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet and proper consideration of human rights. If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. The Council must have regard to:
- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;
 - any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
 - any rights which statute may have conferred on individuals and as a result of which the Council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);
 - the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
 - to any responses from stakeholders to consultation undertaken.

12. Corporate Policy and Equality Impact

- 12.1. The Equality Act 2010 requires a public authority, in the exercise of its functions, to have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant protected characteristic. As well as complying with legislation, assessing the equality implications can help to design services that are customer focussed, in turn leading to improved service delivery and customer satisfaction.
- 12.2. The Council's Equality and Diversity strategy commits the Council to ensuring fair and open service delivery, making best use of data and insight and reflecting the needs of the service users. Equality Impact Assessments allow for a structured, evidence based and consistent approach to considering the equality implications of proposals and should be considered at the early stages of planning.

- 12.3. There are no new savings proposals that put forward and EIAs have also been carried out for all existing saving to ensure the Council properly considers any impact of the proposal. The Council's transformation programme aims to redesign services to make them more person-centred and focussing on improving outcomes for residents. Therefore, in most cases the proposals have either a positive or neutral impact. However, where a negative impact has been identified, the Council will ensure appropriate mitigations are considered and relevant affected groups are consulted.

Public Background Papers Used in the Preparation of the Report:

- The Corporate Plan 2023 to 2026:
https://www.lbbd.gov.uk/sites/default/files/2023-06/LBBD9185_A4_CorporatePlan23_64pp_MAY23_digital.pdf

List of appendices:

- Appendix A – Medium Term Financial Strategy 2023/24 to 2027/28
- Appendix B – Budget Growth and Savings
- Appendix C – Reserves Policy 2023/24 to 2027/28
- Appendix D – Reserve Balances as at 31 March 2023

2022/23 Outturn	2023/24 Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
£m	£m	£m	£m	£m	£m	£m

NET COST OF SERVICES	172.194	187.190	187.190	212.040	217.078	226.357	231.782
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Financial Planning

Savings - Existing Plans	(3.499)	(1.290)	(1.290)	0.074	(0.122)	-	-
Pre-Approved Growth	11.436	6.183	6.654	4.932	2.011	1.756	-
Savings - to be identified	-	-	-	(11.865)	(3.682)	(9.143)	(3.622)
Savings Identified 23-24	-	(5.687)	(5.687)	(2.200)	(0.150)	(0.183)	-
Growth Identified 23-24	-	10.673	10.673	2.708	2.052	3.619	-
Inflation and Demographic Change	3.000	14.372	32.678	10.789	8.570	8.776	8.776
Capital	0.600	0.600	0.600	0.600	0.600	0.600	0.600

Reserves

Contributions to Earmarked Reserves	43.195	-	-	-	-	-	-
Contributions from Earmarked Reserves	(33.758)	(8.944)	(8.944)	-	-	-	-
Collection Fund draw down from reserves	-	(4.567)	(4.567)	-	-	-	-
Use of General Reserve	-	-	-	-	-	-	-
Net Expenditure after Reserves	193.168	198.529	217.306	217.078	226.357	231.782	237.536

Funding

NDR/RSG	(84.459)	(90.930)	(85.735)	(94.658)	(98.823)	(98.823)	(98.823)
Other Grants	(11.830)	(15.547)	(10.384)	(20.126)	(20.126)	(20.126)	(20.126)
Market Sustainability & Fair Cost of Care Grant	-	-	(5.326)	-	-	-	-
Services Grant	(3.978)	(2.241)	(5.458)	(2.333)	(2.333)	(2.333)	(2.333)
COVID Grants	-	-	-	-	-	-	-
(Surplus)/Deficit on Collection Fund	1.450	2.902	-	-	-	-	-
Company Dividends	(10.000)	(10.390)	(12.807)	(12.807)	(12.807)	(12.807)	(12.807)
Investment Income	(12.000)	(4.542)	(4.542)	(3.042)	(3.042)	(3.042)	(3.042)
Demand on Collection Fund	72.351	77.781	93.053	84.112	89.226	94.651	100.405

Council Taxbase	52,079.16	53,326.90	53,326.90	54,926.71	56,574.51	58,271.74	60,019.90
Council Tax at Band D (£)	1,389.24	1,458.57	1,458.57	1,531.35	1,577.14	1,624.30	1,672.86

Council Tax Precept £m	72.350	77.781	77.781	84.112	89.226	94.651	100.405
Percentage Increase in Council Tax	2.99%	4.99%	4.99%	4.99%	2.99%	2.99%	2.99%

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APPENDIX B

SAVINGS AND GROWTH PROPOSALS

Incremental Basis

		2023/24	2024/25	2025/26	2026/27	2027/28
*negative values (in brackets) are savings		£k	£k	£k	£k	£k
Savings Approved in March 2023						
Service Area	Saving Proposal					
Care and Support	Finance Review Officer	(57)	0	0	0	0
Care and Support	Early Help Investment deferral into 2024-25	(500)	500	0	0	0
Care and Support	Early Years & Childcare	(180)	0	0	0	0
Community Solutions	Fund HAM Hub through collection fund surplus 40% - reserve transfer (Non-HRA)	(390)	0	0	0	0
Community Solutions	Delete x5 FTE vacancy from Welfare	(230)	0	0	0	0
Community Solutions	Service Development - Delete x2 FTE and x1 FTE recharge to Supporting Families Grant	(197)	0	0	0	0
Community Solutions	Customer Services - Delete X1 CSO	(34)	0	0	0	0
Community Solutions	Customer Experience team - Delete Internet Officer Role	(51)	0	0	0	0
Community Solutions	Delete x3 FTE Vacancy from Triage	(120)	0	0	0	0
Community Solutions	Stop Play and Comm Service (4.5FTE). Transfer to Family Hubs to be funded by Grant	(160)	0	0	0	0
Community Solutions	Transfer to VCS - WILLIAM BELLAMY CHILDREN'S CENTRE	(30)	0	0	0	0
Community Solutions	Transfer to VCS - LEYS CHILDREN'S CENTRE	(15)	0	0	0	0
Community Solutions	Transfer to VCS - SUE BRAMLEY CHILDREN'S CENTRE AND LIBRARY	(15)	0	0	0	0
Community Solutions	Creation of Heritage site at VALENCE LIBRARY + 2.5FTE Sc5	(130)	0	0	0	0
Community Solutions	EVERYONE EVERY DAY - Reduce contribution	0	(150)	0	0	0
Community Solutions	Single customer access function	0	(150)	0	0	0
My Place	NRSWA Income Stream Opportunities - Public Highway	(52)	0	0	0	0
My Place	No longer have a dedicated Graffiti team.	(75)	0	0	0	0
My Place	Security of vacant land.	(10)	0	0	0	0
My Place	Reduce the opening days and times of the Town Hall and other buildings.	(50)	0	0	0	0
My Place	Closure of Pondfield depot	(25)	0	0	0	0
My Place	Increase the commercial income	(30)	0	0	0	0
Inclusive Growth	New Town Culture	(260)	33	0	(33)	0
Inclusive Growth	Line by Line Budget Review	(110)	0	0	0	0
Finance & IT	WAN bill reduction £80K	(80)	0	0	0	0
Finance & IT	ICT Consultancy £40K	(40)	0	0	0	0
Finance & IT	Staff Dev & train £28K	(28)	0	0	0	0
Finance & IT	Staff other expenses £10K	(10)	0	0	0	0
Finance & IT	Entity recharges + 10% £48K (income)	(48)	0	0	0	0
Finance & IT	Ezitracker £24K	(24)	0	0	0	0
Finance & IT	One Trust £10K	(10)	0	0	0	0
Finance & IT	Jontek £17K	(17)	0	0	0	0
Finance & IT	Oracle Saving	(409)	0	0	0	0
Finance & IT	Movement of growth for Fair Cost of Care	0	(2,283)	0	0	0
Law & Governance	Parking Services Income	(2,300)	(150)	(150)	(150)	0
Total		(5,687)	(2,200)	(150)	(183)	0

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Growth Approved in March 2023 (Excluding Invest to Save)						
Service Area	Growth Proposal					
Care and Support	Care & Support Commissioning (SQA)	288	0	0	0	0
Care and Support	Adults' Care and Support and Commissioning posts following CPG approval (Legislative Change and Demography)	1,494	70	0	0	0
Care and Support	Impact of Adult Social Care Charging Reforms (Legislative Change) -Fair Cost of Care and Cap on Care - Market Cost	3,400	100	1,500	100	0
Care and Support	Inflationary Impact Modelling (Contracted Expenditure)	2,273	1,205	0	0	0
Care and Support	One off costs in Commissioning - Programme and Projects	279	(279)	0	0	0
Care and Support	One off costs in ASC operations	344	(344)	0	0	0
Care and Support	Fair Cost of Care Income	(4,710)	0	0	0	0
Community Solutions	Temporary Accommodation Inflation	1,824	0	0	0	0
Community Solutions	Revenue Officers	42	42	42	0	0
Community Solutions	Council Tax Reduction Scheme (CTRS)	0	2,072	503	518	0
Community Solutions	Digitalisation	479	0	0	0	0
Community Solutions	Additional financial support for low income working age households through enhanced support within the Council Tax Reduction Scheme	163	(163)	0	0	0
My Place	Public Highway Reactive Maintenance and Management Inflation Risks	216	0	0	0	0
My Place	Waste - demography	291	0	0	0	0
My Place	Waste - operations	257	0	0	0	0
My Place	Waste - efficiency improvements	116	0	0	0	0
My Place	Waste - Bulky waste/Flytipping	127	0	0	0	0
My Place	Street Cleansing - Barking Riverside	245	0	0	0	0
My Place	Street Cleansing - Night time economy	224	0	0	0	0
My Place	Street Cleansing - inflation/demand	95	0	0	0	0
Inclusive Growth	Lakes & Watercourses	50	0	0	0	0
Inclusive Growth	New Town Culture	413	5	7	1	0
Inclusive Growth	Film Office income target reduction	122	0	0	0	0
Inclusive Growth	Procurement E-portal ongoing funding	72	0	0	0	0
Finance & IT	Social Media Records Management	14	0	0	0	0
Finance & IT	Product Management	160	0	0	0	0
Finance & IT	Service Excellence	300	0	0	0	0
Finance & IT	Cyber tooling	235	0	0	0	0
Finance & IT	IT 3rd party contract inflation	355	0	0	0	0
Finance & IT	ELWA	0	0	0	3,000	0
Strategy & Performance	Membership & Subscriptions Inflation	44				0
Strategy & Performance	Procurement of phase 2 of our predictive analytics programme (currently delivered in the form of One View).	380	0	0	0	0
Strategy & Performance	Insight Team additional staff	80	0	0	0	0
Law & Governance	Safeguarding	290	0	0	0	0
Law & Governance	PRPL Budget Gap - Reduction in Contribution to GF	460	0	0	0	0
Total Growth excluding Invest to Save		10,420	2,708	2,052	3,619	0
*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Invest to Save						
Service Area	Invest to Save Growth Proposal					
Inclusive Growth	Commercial Energy - Use better control to avoid costs	155	0	0	0	0
My Place	Highways - 2 Maintenance Posts to minimise future repairs	98	0	0	0	0
Total Invest to Save		253	0	0	0	0
Total Growth including Invest to Save		10,673	2,708	2,052	3,619	0

SAVINGS AND GROWTH PROPOSALS Incremental Basis

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Revised Inflation & Demographic Change						
Service Area	Saving Proposal					
Authority Wide	Staff Pay Award and Capacity Building - 4% for 2 years, then drop to 2% afterwards	8,359	5,655	2,941	2,999	2,999
Authority Wide	Non Staff Inflation	6,013	847	1,000	1,000	1,000
Demographic Provisions		0	4,287	4,629	4,776	4,776
Total Inflation & Demographic Change		14,372	10,789	8,570	8,776	8,776

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Savings Approved in previous years						
Service Area	Savings Proposal					
Community Solutions	Debt & Affordable Credit (2 years funding)	0	(420)	0	0	0
My Place	Property Management & Capital Delivery	(66)	(65)	(72)	0	0
Core	Digital Identity Verification (requires £100k Capital)	(25)	0	0	0	0
Core	Mobile Telephony move to Daisy from EE	72	0	0	0	0
Core	Streamline IT Procurement	(44)	(56)	(50)	0	0
Core	MPLS Replacement	0	115	0	0	0
EYCC	Staff Savings and DSG recharge	(35)	0	0	0	0
P&P	FPN income	(15)	0	0	0	0
P&P	Everyone Everyday	(100)	0	0	0	0
P&P	Parks	(500)	500	0	0	0
HR	Restructure	(577)	0	0	0	0
Total		(1,290)	74	(122)	0	0
Growth Approved in previous years						
Service Area	Growth Proposal					
Corporate Finance	ELWA Levy	800	800	800	800	0
My Place - Waste & Recycling	New year on year pressure of £2,295k by 2025/26 to implement the National Waste Strategy, including weekly food collection, free Green Garden Waste and weekly recycling.	295	1,000	1,000	0	0
My Place - Waste & Recycling	A one-off investment of £150k in 2022/23 will fund consultancy work to support implementation of the National Waste Strategy and public engagement to support implementation of the food waste service (reversal of £150k growth given in 2022-23)	(150)	0	0	0	0
My Place - Keeping the Streets Clean	There is a year-on-year pressure of £250k. This is the cost of addressing the pressure in the current budget to ensure delivery of current levels of activity is sustainable. This pressure has been considerably reduced over the last year.	250	0	0	0	0
My Place - Keeping the Streets Clean	There is a one-off budget requirement of £150k to support new strategies linked to resident behaviour change, waste minimisation and recycling. (Reversal of £150k growth given in 2022-23)	(150)	0	0	0	0
Care & Support	<u>Giving Children the Best Chance</u> There is a year-on-year pressure at a minimum of £3,000k. Additional funding is required to create a sustainable Early Help Service. Since the workshops, further work on the Early Help Target Operating Model (TOM) identified that an immediate investment of £1.6m is required to ensure the safety and effectiveness of the current service. The EH TOM also points to independent evidence suggesting a further estimated investment of £1.4m - subject to a business case - would curb predicted future demand on statutory services.	1,000	0	0	0	0
Care & Support	Market Sustainability & Fair Cost of Care Grant *This is a new grant we have assumed it will continue (Grant coming to Borough to be passported to the service.)	4,710	2,283			
Community Solutions	<u>Community Hubs (2 years funding)</u> There is an investment requirement in these services of £70k for 2 years (reversed in 2024-25). This is the cost of appointing a senior manager who would be responsible for getting the 17 hubs up and running, and then further developing, maintaining and managing the hubs.	1	(70)	0	0	0
Community Solutions	<u>BD-Can (one year funding only)</u> There is an investment of £112k to extend current resources to support the delivery of CAN (2 roles) for one year. (Growth reversed in 2023/24)	(112)	0	0	0	0
Community Solutions	Youth Zone (3 year funding agreement).	0	0	(200)	0	0

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Community Solutions	Building Capacity in the Social Sector (1 year FTC) in addition to the £112k proposal previously. (Growth reversed in 2023/24)	(63)	0	0	0	0
Community Solutions	Improving Debt Collection Invest to Save 21-22 Saving, not reversed at end of 12 month pilot. Expenditure £112k, to save £500k.	0	0	0	0	0
Community Solutions	Adjustment in provision for concessionary fares	313	1,586	1,031	956	0
Core	<u>Inclusive Workplace</u> There is a continued investment in these services required to maintain the delivery of Inclusive Workplace aspirations. This extends some of the temporary HR resources enabling the delivery of Inclusive Workplace priorities.	0	(100)	0	0	0
Strategy & Culture	<u>Opportunities to Participate</u> There is an investment requirement of £45k to bring the EFG London Jazz Festival and related community workshops and family programmes to the Borough. (Growth reversed in 2023/24)	(45)	0	0	0	0
Leisure	Concession fee income reprofiled	(666)	(567)	(620)	0	0
Total		6,183	4,932	2,011	1,756	0

Reserves Policy 2023-43 to 2027-28

- 1) Reserves can be classed as general reserve or earmarked reserves and they represent funds that are not part of the normal recurring budget but are distinct “pots” of finite funds.
- 2) The level of reserves is a key component of a robust and prudent medium-term financial strategy ensuring that funds are set aside for specific purposes or can be called upon to provide a buffer in the event of any unforeseen financial pressure. They are in effect the “shock absorbers” of the council’s finances and are the last line of defence to ensure resilience.
- 3) The council has a statutory duty under the Local Government Finance Act 1992 to determine the level of General Fund balances and reserves it maintains before it decides on the level of council tax. The level of balances should be based on the council’s own specific circumstances taking into account the risk exposure of the Council.
- 4) General reserves are set aside to provide an emergency fund for exceptional circumstances. This fund has been reviewed and assessed as having a minimum requirement of £12m. This money is set aside as a fund of last resort when all other reserves or budgets have been depleted. Currently, the council has some £17m in this reserve.
- 5) Other earmarked reserves are held for specific purposes. Some reserves such as dedicated schools grant are held for statutory purposes outside the direct control of the Council. Other non-ringfenced reserves are held for strategic purposes or to support operational delivery of services. For us, the key strategic reserve is the budget support reserve, which is intended to even out fluctuations year on year in the council financial performance. The use of this reserve is overseen by the CFO although it is forecast to be completely utilised by the end of 2023-24.
- 6) The day to day running of operational reserves is managed by the relevant budget holder under council delegation arrangements. These cover a wide range of activity – from elections, to replacing IT, to having an insurance fund.
- 7) Reserves should not be used to pay for continuing expenditure but are available as funding for one off items, invest to save initiatives or to provide time-limited support to manage transition.
- 8) As part of the Council’s review of risk and recognising the increasing commercial environment the Council is operating within, an additional investment risk reserve has been created.
- 9) The forward forecast of reserves is maintained by the CFO. There are exceptional budget pressures emerging as a result of the cost-of living crisis and increasing inflation and interest rates which may require the Council to utilise reserves to mitigate emerging financial pressures. Where earmarked reserves are utilised to fund one-off financial shocks, they will need to be replenished in future financial years.

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APPENDIX D

	Balance at 31 March 2023	Planned Use in MTFS	Planned Use of Carry Forwards	Forecast Balance 31 March 2024	Future Commitment/ Statutory Rinfence	Future Planned Use	Not Currently Earmarked
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General Reserves

General Reserve	(17.030)	-	-	(17.030)	-	-	(17.030)
Budget Support Reserve	(16.854)	15.610	-	(1.244)	-	-	(1.244)
Reserves - Closure Adjustments	-	-	-	-	-	-	-
Total General Reserves	(33.884)	15.610	-	(18.274)	-	-	(18.274)

Ring-Fenced Reserves

Abbey MRP 1	-	-	-	-	-	-	-
LEP Housing Rental (PRPL) Reserve	(1.817)	-	-	(1.817)	(1.817)	-	-
Public Health Reserve	(3.925)	-	0.334	(3.591)	(3.591)	-	-
Earmarked for Housing Capital	-	-	-	-	-	-	-
Lifecycle Reserve	(2.335)	-	0.196	(2.139)	(2.139)	-	-
Property Reserve	(0.004)	-	0.001	(0.003)	(0.003)	-	-
VAT Market Repayment Reserve	(0.223)	-	-	(0.223)	(0.223)	-	-
Parking Reserve (On Street)	(7.526)	-	0.382	(7.144)	(7.144)	-	-
ELHP Reserve	-	-	-	-	-	-	-
CR27 Hotel Deal reserve	(5.500)	-	-	(5.500)	(5.500)	-	-
Film Studios Developer Contribution	(0.844)	-	-	(0.844)	(0.844)	-	-
Social Housing Decarb Fund (BEIS)	(0.131)	-	-	(0.131)	(0.131)	-	-
BD Giving Endowment Fund	0.000	-	-	0.000	0.000	-	-
Parking (Off Street) Reserve	(1.154)	-	0.521	(0.633)	-	(0.633)	-
Isle of Dogs Travelodge Reserve	(5.500)	-	-	(5.500)	-	(5.500)	-
Non-DSG Education Grant Reserve	(0.935)	-	-	(0.935)	-	(0.467)	(0.467)
Abbey MRP 2	-	-	-	-	-	-	-
YOS Health & Justive from CCG	(0.116)	-	-	(0.116)	-	(0.116)	-
Leaving Care NEET Funding CMF	(0.140)	-	-	(0.140)	-	(0.140)	-
Mockingbird Grant	(0.039)	-	-	(0.039)	-	(0.039)	-
Parking Con 4 Active Travel Plan	(0.569)	-	-	(0.569)	-	(0.569)	-
Service Grants Carried Forward	-	-	-	-	-	-	-
Grant C/F- Social Care	(2.331)	-	1.530	(0.801)	-	-	(0.801)
Grant C/F- Comm Sol	(3.484)	-	3.113	(0.371)	(0.215)	-	(0.156)
Grant C/F- Corporate Finance	(2.315)	-	0.062	(2.253)	(1.993)	-	(0.260)
Grant C/F- Inclusive Growth	(0.773)	-	0.489	(0.284)	(0.284)	-	-
Grant C/F-Strategy	(0.234)	-	0.100	(0.134)	-	-	(0.134)
Total Ring-fenced Reserves	(39.894)	-	6.728	(33.166)	(23.884)	(7.464)	(1.818)

Non Ring-fenced Specific Reserves

Planned Future Expenditure							
Redundancy Reserve	-	-	-	-	-	-	-
Spend to Save Reserve	(2.000)	-	-	(2.000)	-	-	(2.000)
Education Youth & Childcare	(1.230)	-	0.127	(1.103)	(0.087)	(0.046)	(0.970)
Repairs Reserve	-	-	-	-	-	-	-
IT Reserve	(1.681)	-	-	(1.681)	-	-	(1.681)
Butler Court Reserve	-	-	-	-	-	-	-
Skills & Learning Reserve	(1.060)	-	-	(1.060)	(0.188)	(0.872)	-
NCIL Reserve	(0.561)	-	0.151	(0.410)	(0.410)	-	-
Spare	-	-	-	-	-	-	-
Welfare Reform Reserve	(4.061)	3.681	-	(0.380)	-	(0.380)	-
Departmental Reserves	-	-	-	-	-	-	-
Community Solutions	(5.220)	1.305	-	(3.915)	-	(3.915)	-
Social Care	(0.527)	-	0.150	(0.377)	-	-	(0.377)
Education	(0.140)	-	-	(0.140)	-	-	(0.140)
Comm Sol	(1.746)	-	0.464	(1.283)	-	(1.283)	-
Inclusive Growth	(1.341)	-	0.045	(1.296)	-	(1.256)	(0.040)

	Balance at 31 March 2023	Planned Use in MTFS	Planned Use of Carry Forwards	Forecast Balance 31 March 2024	Future Commitment/ Statutory Rinfence	Future Planned Use	Not Currently Earmarked
Strategy	(0.052)	-	0.019	(0.033)	-	-	(0.033)
My Place	(0.287)	-	0.287	-	-	-	-
Subtotal:	(19.908)	4.986	1.244	(13.678)	(0.685)	(7.751)	(5.241)
Specific Risk Reserves							
PFI Reserve	(6.564)	-	-	(6.564)	(6.564)	-	-
Insurance Reserve	(2.231)	-	-	(2.231)	-	(2.231)	-
Elections Reserve	(0.129)	-	-	(0.129)	(0.129)	-	-
Jo Richardson & Eastbury PFI Reserve	(7.719)	-	0.020	(7.699)	(7.699)	-	-
Legal Trading Reserve	(0.278)	-	-	(0.278)	(0.278)	-	-
Adult Social Care Reserve	-	-	-	-	-	-	-
Trewern Reserve	(0.401)	-	0.030	(0.371)	(0.371)	-	-
CMS Reserve	(0.358)	-	0.095	(0.263)	(0.263)	-	-
Levy Funding Reserve	(6.107)	-	0.564	(5.543)	-	(5.543)	-
Education Psychology Reserve	(0.149)	-	0.062	(0.087)	(0.087)	-	-
Subtotal:	(23.936)	-	0.772	(23.164)	(15.390)	(7.774)	-
Capital Reserves							
Capital Investment Reserves	(3.779)	-	-	(3.779)	-	(3.779)	-
Investment Reserves							
Investment Reserve	(16.168)	-	-	(16.168)	(16.168)	-	-
Dividends from Subsidiaries	(12.000)	-	12.000	-	-	-	-
Subtotal:	(28.168)	-	12.000	(16.168)	(16.168)	-	-
Collection Fund Reserve	-	-	-	-	-	-	-
Total Non Ring-fenced Reserves	(75.790)	4.986	14.015	(56.789)	(32.243)	(19.305)	(5.241)
Total General Fund Reserves	(149.569)	20.596	20.743	(108.229)	(56.128)	(26.769)	(25.333)
HRA Reserves							
Leasehold Repairs Reserve (HRA)	(11.148)	-	(1.644)	(12.791)	(12.791)	-	-
HRA General Reserve	(18.622)	-	-	(18.622)	(18.622)	-	-
HRA General Reserve	-	-	-	-	-	-	-
HRA Major Repairs Reserve	(13.844)	-	-	(13.844)	(13.844)	-	-
Total HRA Reserves:	(43.613)	-	(1.644)	(45.257)	(45.257)	-	-
Schools Reserves							
DSG Reserve	(10.073)	-	-	(10.073)	(10.073)	-	-
LMS Reserve	(11.381)	-	-	(11.381)	(11.381)	-	-
Total Schools Reserves	(21.455)	-	-	(21.455)	(21.455)	-	-
Total Reserves	(214.637)	20.596	19.099	(174.941)	(122.840)	(26.769)	(25.333)

CABINET**18 July 2023**

Title: ELWA Waste Disposal Contract – Outline Business Case	
Report of the Cabinet Member for Public Realm and Climate Change	
Open Report with Exempt Appendix 1 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Rebecca Johnson, Director of Public Realm	Contact Details: E-mail: rebecca.johnson@lbbd.gov.uk
Accountable Director: Rebecca Johnson, Director of Public Realm	
Accountable Strategic Leadership Director: Leona Menville, Strategic Director of My Place	
<p>Summary</p> <p>The East London Waste Authority (ELWA) is the statutory joint waste disposal authority for the London Boroughs of Barking & Dagenham, Havering, Newham and Redbridge (the Constituent Councils) and ELWA has a statutory duty to make arrangements for the treatment and disposal of the Local Authority Collected Waste (LACW) collected by (or on behalf of) the four Constituent Councils. These arrangements are currently discharged through the Private Finance Initiative (PFI) Integrated Waste Management Services Contract (IWMS Contract), which was entered into in December 2002 and is due to expire on 23 December 2027.</p> <p>In preparation for the expiry of the IWMS Contract, ELWA and the Constituent Councils, collectively the Partner Authorities, developed a new Joint Strategy for East London's Resources and Waste (the Joint Strategy) for the period from 2027 to 2057. The Joint Strategy sets out a direction of travel for the future management of waste after the expiry of the IWMS Contract. The Joint Strategy was adopted and ratified by each of the Partner Authorities in early 2022.</p> <p>The Joint Strategy commits ELWA to develop a procurement plan to support the delivery of future waste treatment and disposal services from 2027 onwards and to report to the Constituent Councils on the development of the procurement plan. The Outline Business Case (OBC) represents the first step towards the implementation of the procurement plan and has been produced to determine the preferred service delivery model for the new services at the expiry of the IWMS Contract. The OBC is at Appendix 1, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	

The key objectives that this exercise aims to achieve is around reducing future waste arisings, increasing recycling rates, reducing carbon impact, maximising opportunities for local regeneration, increasing social value and to manage waste in the most economically efficient way possible. The options proposed within the OBC creates an opportunity for a new stage of waste disposal management and partnership working between ELWA and the Constituent Councils.

ELWA has a statutory obligation to continue to deliver waste treatment and disposal services without interruption and the ratification of the OBC is necessary before ELWA can commence preparation for the procurement of these services.

Subject to all Constituent Councils agreeing to the recommendation, ELWA Authority Members will then be asked to approve the OBC at the ELWA Authority Meeting to be held on 29 September 2023.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree to support the East London Waste Authority's (ELWA) Outline Business Case (OBC) at Appendix 1 to the report;
- (ii) Agree in principle to the Frizlands Lane Reuse and Recycling Centre being made available as a site to the new contractor by way of property agreement, subject to a future report relating to relevant property arrangements as required; and
- (iii) Note the programme of work that ELWA intended to undertake in relation to the expiry and demobilisation of the current IWMS Contract, which shall include ELWA carrying out any required site inspections on behalf of the Council in relation to the Frizlands Lane Reuse and Recycling Centre.

Reason(s)

The aims of the Joint Strategy and subsequently the re-procurement of waste treatment and disposal services is underpinned by the commitment to ensure the procurement enables the Constituent Council's to manage municipal waste in the most environmentally considered way. This supports the Councils Corporate priority of 'Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods'.

1. Introduction and Background

- 1.1 The East London Waste Authority (ELWA) is the statutory joint waste disposal authority for the London Boroughs of Barking & Dagenham, Havering, Newham and Redbridge (the Constituent Councils) and ELWA has a statutory duty to make arrangements for the treatment and disposal of the Local Authority Collected Waste (LACW) collected by (or on behalf of) the four Constituent Councils. These arrangements are currently discharged through the Private Finance Initiative (PFI) Integrated Waste Management Services Contract (IWMS Contract), which was awarded to ELWA Ltd. (the IWMS Contractor) in December 2002 for a period of 25 years. The IWMS Contract is operated by Renewi (the IWMS Operator).

- 1.2 In preparation for the expiry of the IWMS Contract, ELWA and the Constituent Councils, collectively the Partner Authorities, developed a new Joint Strategy for East London's Resources and Waste (the Joint Strategy) for the period from 2027 to 2057. The Joint Strategy sets out a direction of travel for the future management of waste after the expiry of the IWMS Contract. The Joint Strategy has been adopted and ratified by each of the Partner Authorities in early 2022 and in the case of the Council approved at its Cabinet meeting on 18 January 2022.
- 1.3 In early 2022, ELWA also established the Procurement and Contract Expiry (PACE) Programme to manage the complex work associated with:
 - a) Contract Expiry and Transition: the activities required to manage the expiry and demobilisation of the IWMS Contract; and
 - b) Future Services Delivery: the activities required to ensure that new services arrangements are in place at the expiry of the IWMS Contract so that services continue to be delivered without interruption.
- 1.4 The PACE Programme is governed by a Programme Board, which consists of ELWA senior officers and Directors from each of the Constituent Councils. The Director of Public Realm attends each of the board meetings (bi-monthly) and has fed into the development of the Outline Business Case through the Programme Board, but also through a series of workshops attended by the Cabinet Member for Public Realm & Climate Change.
- 1.5 The Joint Strategy commits ELWA to develop a procurement plan to support the delivery of future waste treatment and disposal services from 2027 onwards and to report to the Constituent Councils on the development of the procurement plan.
- 1.6 The OBC is necessary to deliver the aims and objectives of the Joint Strategy, as adopted by Cabinet at its meeting on 18 January 2022 and so that ELWA can commence the procurement of the waste treatment and disposal services to be in place at the expiry of the Integrated Waste Management Services Contract (IWMS Contract).
- 1.7 ELWA will be the contracting authority for the procurement of the new service arrangements and, at the completion of the procurement process, ELWA will develop a Full Business Case (FBC) which will be subject to further confirmation of support by each of the Constituent Council's Cabinet.
- 1.8 The OBC is not seeking to set a budget for the years following the expiry of the IWMS Contract. There will be a future Cabinet report to formalise new levy arrangements from 2028/29 onwards. The timing will need to be considered alongside that of the FBC.
- 1.9 ELWA has a statutory obligation to continue to deliver waste treatment and disposal services without interruption and the ratification of the OBC is necessary before ELWA can commence preparation for the procurement of these services.

2. Proposal and Issues

2.1 ELWA developed the OBC using the Five Case Model and Green Book guidance provided by HM Treasury, which represents best practice on how to develop business cases. The following paragraphs explain what was done in each of the five cases and what was achieved.

2.2 Making the Case for Change (Strategic Case)

2.2.1 The Strategic Case of the OBC defined the scope of the project and demonstrated that change is needed.

2.2.2 The Joint Strategy demonstrates that change is needed because new service arrangements are required from late 2027 onwards when the IWMS Contract expires and ELWA has a statutory obligation to continue to deliver these services without interruption.

2.2.3 The scope of the OBC is “the management of all Local Authority Collected Waste (LACW) collected by (or on behalf of) the Constituent Councils, in accordance with the statutory duties of ELWA and the Joint Strategy of the Partner Authorities”.

2.3 Options Appraisal (Economic Case)

2.3.1 The Economic Case of the OBC consisted of a detailed assessment of alternative options. The process started with generating a long list of potential options which ELWA could consider at the end of the IWMS Contract. Five project dimensions were used to identify the long list of options, as follows:

- Service Delivery: to consider who is best placed to deliver the services, i.e. the private sector or the public sector;
- Service Scope: to consider how the waste treatment and disposal services could be packaged together in the future, for example combined together in one contract (integrated), or separated in a number of different contracts (disaggregated);
- Service Solution: to consider whether the waste facilities, which are required to treat and dispose of the LACW collected by (or on behalf of) the Constituent Councils, are provided by ELWA or by the private sector;
- Contract Duration: to consider the optimal duration of a future contract to replace any of the waste services under the IWMS Contract; and
- Capital Funding: to consider the options available for sourcing capital finance which may be required to develop waste infrastructure.

2.3.2 After the long list of options was generated, a further assessment was carried out and four options were shortlisted. These options were:

- **Option 1:** this option is similar to the current waste treatment and disposal arrangements but accounts for small changes which are required to meet new and anticipated waste legislation.

- **Option 2:** this option assumes that the current pre-treatment of residual waste, or black bag waste, which takes place at the facilities at Jenkins Lane and Frog Island, known as Mechanical Biological Treatment (MBT) process, will not be used in the future and instead these facilities are converted into waste reception facilities where waste delivered by the Constituent Councils is bulked and then transported elsewhere to be treated by merchant contractors.
- **Option 3:** like the previous option, this option assumes there is no longer a requirement to pre-treat residual waste at the facilities at Jenkins Lane and Frog Island. It assumes that the facility used for the pre-treatment at Frog Island is turned into a waste reception facility where waste is bulked and then transported elsewhere to be treated by merchant contractors; and the facility used for pre-treatment at Jenkins Lane is converted into a Materials Recovery Facility (MRF) where the dry recycling waste collected by the Constituent Councils is separated into different material streams which are then sent to other companies to turn into new products. Under this option the current Ilford Recycling Centre is no longer required because the dry recycling collected by the London Borough of Redbridge would be processed at the new MRF at Jenkins Lane.
- **Option 4:** this option envisages the closure of all operations currently delivered at Frog Island and the Ilford Recycling Centre. Under this option all LACW collected by the four Constituent Councils is delivered to Jenkins Lane, where there will be a new waste reception facility.

2.3.3 The assessment of the four options concluded that Option 2 should be taken forward. In parallel to this assessment, ELWA carried out preliminary market engagement with waste companies between January and March 2023. The selection of Option 2 is consistent with the views of the majority of the waste companies that participated in the preliminary market engagement. Option 2 minimises key risks identified with the other options, namely:

- Option 1: there were very few waste companies, at preliminary market engagement, who expressed willingness to continue to operate the current facilities at Jenkins Lane and Frog Island to pre-treat residual waste in the future when the IWMS Contract ends.
- Option 3: there were some waste companies, at preliminary market engagement, who expressed some interest in developing a new local facility to separate the dry recycling waste collected by the Constituent Councils, but given other risks, this is not considered the best route at this stage. There are ongoing and anticipated legislative changes in the waste sector, potential planning delays, and supply chain delays which are critical risks inherent to this option. In any event, an interim solution would be required whilst a new facility would be developed and commissioned. This option could be explored again in the future.
- Option 4: this option could be operationally very challenging given the impacts it is likely to have on the collection routes and rounds of some of the Constituent Councils; it could limit the ability of ELWA to implement business continuity given there would only be one waste reception and transfer facility; and finally the conversion of the facilities at Jenkins Lane may include regulatory risks in

securing permit/planning consents due to extra waste throughput and vehicle movements.

2.3.4 During preliminary market engagement, waste companies were also asked to provide their views on whether the waste treatment and disposal services should be procured as part of an integrated contract or separated into a number of waste services contracts. Most waste companies prefer a disaggregated contract rather than an integrated contract and the preference is also to disaggregate the contracts by waste stream. Different options were suggested in relation to contract lengths and these range from 2 to 15 years.

2.3.5 The conclusions of the Economic Case were, in relation to the five projects dimensions described in paragraph 2.3.1 above:

- Service delivery: the private sector is best placed to deliver the services at this stage. Public sector ('in-house') delivery of services was discounted at this stage as it would expose ELWA to risks which cannot or may be difficult to adequately predict and mitigate.
- Service Scope: the services in the current IWMS Contract will be delivered using several waste services contracts using a disaggregated model.
- Service solution: ELWA's existing assets at Jenkins Lane, Frog Island and Ilford Recycling Centre will be made available to the market during the procurement process for the delivery of waste reception and transfer services.
- Contract Duration: a mix of contract terms will be utilised, reflecting the market's views and considerations. The contract term for each waste stream will be defined after further market engagement to be held later in 2023.
- Capital Funding: it is anticipated that capital costs (e.g. building upgrades/conversion, equipment and vehicles) will be self-financed by ELWA by recourse to prudential borrowing. Any need for private sector funds will be determined during the procurement process.

2.4 The Preferred Procurement Option (Commercial Case)

2.4.1 The Commercial Case of the OBC determined the preferred procurement option and considered three options for packaging the disaggregated services:

- Contract Notice without Lots: the procurement of separate disaggregated services under a separate Contract Notice for each disaggregated service. Bidders must bid for all the disaggregated services included in the Contract Notice. For example, one Contract Notice for all of the Constituent Councils' Garden Waste.
- Contract Notice with Lots: the packaging of a disaggregated service into lots under one Contract Notice. Bidders may bid for some or all of the lots and may offer a "combined bid" which delivers economies of scale across more than one lot. For example, the splitting of the residual waste tonnage into smaller packages.

- Service Bundling – with or without Lots: the "bundling" of disaggregated services under one Contract Notice with or without lots. For example, waste reception and haulage services could be procured under the same Contract Notice as residual waste treatment (which may be split into further lots). Bidders could bid for waste reception, haulage and residual waste treatment as a combined proposal.

2.4.2 Each option was assessed for its strengths and weaknesses. The preferred procurement route is described in the following table for each of the disaggregated services (subject to refinement after further market engagement to be held later in 2023):

Disaggregated Service	Preferred Packaging Option
Garden Waste	Contract Notice without Lots
Food Waste	Contract Notice without Lots (<i>tentative</i>)
Dry Recycling	Contract Notice without Lots
Residual Waste (including Bulky Waste disposal)	Service Bundling with Waste Reception, Haulage and RRCs (with Lots being (i) Waste Reception, Haulage and RRCs (ii) Residual Waste (in one or more lots) (<i>tentative</i>)
Waste Reception, Haulage and RRCs (including Bring Banks and Bulky Waste recycling)	Service Bundling with Residual (with Lots) (see above) (<i>tentative</i>)

2.4.3 ELWA's existing assets at Jenkins Lane, Frog Island and Ilford Recycling Centre will be made available to the market during the procurement process for the delivery of waste reception and transfer services, however their use will not be mandatory. The procurement process will not mandate the delivery of waste to a particular waste reception facility, therefore there may be scope for direct delivery of waste to a new waste contractor(s) facility(-ies). It will be a requirement, however, that at least two waste reception and transfer facilities are provided as a minimum requirement to accept waste collected by (or on behalf of) the Constituent Councils.

2.5 Financial Viability (Financial Case)

2.5.1 The Financial Case built upon the outputs of the Economic Case to assess the financial viability of Option 2, which is the option that was selected from the Economic Case, against Option 1, which is the closest option to the current service arrangements. The Financial Case considered assumptions on taxation, financing and inflation. The metrics used to assess the options include the Net Present Value (NPV) and a comparison of cash flows over an assumed 15-year period.

2.5.2 The Financial Case also assumes that:

- a special purpose vehicle will not be required for the new service arrangements. This means that the financial risks will not be directly comparable to the IWMS Contract, as a series of smaller contracts and/or potentially several suppliers will, all else being equal, lead to lower concentration of risk.

- if any external finance is required, the source of external finance will be prudential borrowing from the Public Works Loan Board (PWLB).

2.5.3 The Financial Case concluded that Option 1 and Option 2 have very similar costs and revenue.

2.5.4 The Financial Case also considered several scenarios and sensitivities to assess how responsive the service cost is to the key financial modelling assumptions, including inflation, which is currently at an exacerbated level. On an average cost (net of revenue) per tonne basis both Option 1 and Option 2 base case results show a modest reduction compared to the inflated current IWMS Contract service cost.

2.5.5 The underlying cost assumptions have been based on generic industry data and actual costs at contract award will vary according to macro-economic factors over the next few years, such as supply/demand pressures in the waste sector, commodity markets, legislative change and the risk profile adopted in the new contracts. This demonstrates the importance of a competitive procurement to ensure the best market price. Inflation assumptions also drove a large change in the average cost per tonne, although it should also be anticipated that Constituent Council budgets may also increase at the same rate in nominal terms under these circumstances, limiting this impact.

2.5.6 ELWA and the Constituent Councils have an aspiration to bring the cost of the future services down below the current IWMS Contract service budget. At the OBC stage, the base case financial modelling has made various prudent and conservative assumptions in keeping with the typical approach to developing an OBC. This means that there is scope for the costs projected at this stage to reduce as the project develops and the forward plan takes shape. The assumptions incorporated in the base case financial modelling include:

- An additional 33% and 47% contingency have been added to the capital expenditure assumptions for Options 1 and 2 respectively.
- Insurance costs of approximately £3.4m p.a. are included – there are potential insurance savings from converting the MBT facilities, but these savings have not been quantified at this stage.
- Royalty costs of approximately £1m p.a. are currently included. These may not be required depending on the future use of any existing equipment at the MBT facilities.
- PWLB funding interest rate has been assumed to be at 4.46% in line with the current rate for a 15-year fixed facility (including Certainty Rate). In line with inflation, current interest rates are above the last 5-year average and are likely to reduce over time.

2.5.7 In addition, it is important to note that the option costings are based on ELWA's External Advisers knowledge of similar schemes and published literature, rather than site specific detailed appraisals. Costings have been carried out to concept/feasibility level, and as no detailed design has been carried out, the capital costings have a range of -30% to +50%, and operating costs have a range of -30% to +30%.

2.5.8 Finally, a detailed breakdown of the current IWMS Contract costs is not known, therefore there will be variance between the options analysis and current ELWA costs. For instance, the current MBT operation achieves some waste diversion through moisture loss and production of a compost like output (CLO), whereas Option 1 assumes that the CLO is directed to energy from waste, and Options 2-4 do not include moisture loss. The relative costs of the options depend upon the costs of the treatment process, which is commercially confidential information and/or subject to future competitive procurement, meaning generic industry data is used for the OBC.

2.6 Project Governance and Risk (Management Case)

2.6.1 This case of the OBC sets out the governance framework that will be in place for the delivery of the procurement process and beyond. The governance framework that has been established is described in the following paragraphs.

- Authority Members: ELWA is comprised of eight Members with two Members appointed annually by each of the Constituent Councils. ELWA Members are, collectively, those responsible for strategic and corporate management functions of ELWA as a Waste Disposal Authority.
- Management Board: ELWA Management Board is made up of the ELWA Managing Director (Chair), the ELWA Finance Director, the ELWA Monitoring Officer, the Directors responsible for Environmental issues in each of the four Constituent Councils. The ELWA Management Board is an advisory body that ensures co-ordination between ELWA and the Constituent Councils' services.
- Procurement Committee: A Procurement Committee has been established by ELWA at its Authority Meeting on 30 June 2023. The Procurement Committee comprises of one Member from each of the Constituent Councils and they are appointed annually at the ELWA's Annual General Meeting. The Procurement Committee has delegated decision making in respect of some aspects of the PACE Programme.
- PACE Programme Board: The PACE Programme Board is made up of ELWA Senior Management Team and the Directors responsible for Environmental issues in each of the four Constituent Councils, which includes the Director of Public Realm.
- External Advisers: ELWA has appointed external technical, legal and finance advisers to support the delivery of the PACE Programme.

2.6.2 There may be implications on the contract management functions discharged by ELWA as a result of the Preferred Procurement Option and these will be revisited as the procurement progresses.

2.6.3 ELWA officers and the external advisers will commence a new round of market engagement in summer 2023. It is only at this stage that the exact procurement strategy for each of the services will be determined.

- 2.6.4 Public procurement law will apply to all procurements, and they will all be undertaken using a competitive procedure.
- 2.6.5 It is currently anticipated that the first round of procurements will commence during spring 2024. These will be staggered, with the specific timings and order being refined and finalised following market engagement.
- 2.6.6 ELWA will be responsible for managing the procurement process. Cabinet will only be required to consider the Full Business Case (FBC), which will be produced by ELWA at the completion of the procurement process. ELWA Authority Members will award each of the service contracts replacing the IWMS Contract. Whilst it is not possible to provide a clear timeframe for the production of the FBC, this will need to be produced sufficiently ahead of the IWMS Contract expiry date in late 2027.

2.7 **Contract Expiry and Transition**

- 2.7.1 Alongside preparation of the OBC, ELWA has begun undertaking and planning for activities required to manage the expiry and demobilisation of the IWMS Contract, with its primary objectives being to ensure that: (i) the IWMS Contractor and IWMS Operator meet their contractual obligations for contract exit and transition, so that full value for money is obtained for the residual period of the contract until expiry; and (ii) the expiry and transition process fully support ELWA's plans for assets and services following PFI contract expiry, so as to ensure service continuity.
- 2.7.2 ELWA has put in place arrangements which are consistent with the Infrastructure and Projects Authority (IPA) guidance on hand back of PFI contracts, and its external advisers have prepared a report on the expiry of the IWMS Contract comprising:
- review of the expiry conditions under the IWMS Contract and wider contractual structure, and of stakeholder's interests across the supply chain ("baseline analysis");
 - recommendations on a commercial strategy in relation to the expiry process building on the baseline analysis, including a timeline in relation to the expiry process and list of actions.
- 2.7.3 The commercial strategy details key risks and recommended actions, and ELWA is factoring these into its programme for expiry and transition. The key actions include:
- the need for ELWA to protect its position under the IWMS Contract in relation to day-to-day services, which could deteriorate in the run up to expiry;
 - development and agreement with ELWA Ltd and Renewi of a hand back plan and programme to cover the detailed steps required (as the IWMS Contract is relatively high level); and
 - the need for ELWA to obtain data and information from ELWA Ltd and Renewi to allow ELWA to plan for future services and for the handover arrangements, and to ensure it is aware of current asset condition.

2.7.4 As is usual for PFI contracts, the IPA will conduct periodic peer reviews into ELWA's expiry and transition arrangements – and the reviews to date have been positive.

2.8 Property / Asset Issues

2.8.1 The Council leases Frizlands Lane Reuse and Recycling Centre (RRC), Rainham Road North, RM10 7HX for use under the IWMS Contract. Under the current leasing structure, ELWA was granted a headlease from the Council for a period of 30 years from 23 December 2002 until 22 December 2032, with ELWA granting the IWMS Contractor a corresponding underlease for a similar term of 30 years less 3 days to effectively expire on the 19 December 2032.

2.8.2 In relation to the process for the hand-back of the sites by the IWMS Contractor to ELWA, it is recommended that the Council engages ELWA to carry out any required site inspections to confirm that the IWMS Contractor leaves the sites in the appropriate condition and otherwise determine whether the IWMS Contractor has met its obligations relating to expiry and hand-back provisions in accordance with the terms of its underlease.

2.8.3 In relation to the new procurements, it is recommended that the existing structure of ELWA takes a headlease from the Council for Frizlands Lane Reuse and Recycling Centre, and ELWA granting an underlease to the relevant contractor (with that contractor being obliged under its contract with ELWA to comply with the terms of the underlease) is replicated. The IWMS Contractor will be replaced by a new contractor or contractors. No replacement contractor is expected to be a special purpose vehicle (unlike the IWMS Contractor) and each one is expected to be a substantive company.

3. Options Appraisal

3.1 The options appraisal is considered in detail in section 2.3 above.

3.2 Approval of the OBC is critical to enable ELWA to continue to deliver its statutory duty seamlessly beyond December 2027, at the expiry of the IWMS Contract. This will also be instrumental in designing the services to contribute to the aims, objectives and targets of the Joint Strategy.

3.3 The Joint Strategy commits ELWA to develop a procurement plan to support the delivery of future waste treatment and disposal services from 2027 onwards and to report to the Constituent Councils on the development of the procurement plan. The OBC represents the first step towards the implementation of the procurement plan.

3.4 The OBC includes a comprehensive assessment of the options considered, and reasons for their rejection.

4. Consultation

4.1 The OBC is not subject to its own public consultation process.

4.2 An eight-week public consultation was undertaken in 2021 on the draft Joint Strategy prior to its formal adoption by the Partner Authorities in early 2022, details of which can be found at <https://eastlondonwaste.gov.uk/jointstrategy/>.

- 4.3 ELWA has developed a Stakeholder Engagement Plan, which maps out the stakeholders and interested parties for the PACE Programme, the stages at which each will need to be engaged, and the likely focus of their interest in the PACE Programme. This is a live plan, which will continue to be enhanced and updated as the PACE Programme proceeds.
- 4.4 The proposals in this report were considered and endorsed by the PACE Programme Board, ELWA Management Board and discussed informally with ELWA Authority Members at a series of informal workshop sessions held throughout the development of the OBC. ELWA Authority Members also agreed to aspects of the OBC as this was developed, for example agreement on the scope of the services in the Strategic Case at a previous ELWA Authority Meeting.
- 4.5 The proposals in this report were considered and endorsed by the Executive Team at its meeting on 15 June 2023

5. Financial implications

Implications completed by: Katherine Heffernan – Head of Service Finance

- 5.1 ELWA is a separate statutory body with its own financial arrangements from the Constituent Councils. It is funded by a levy raised from those Constituent Councils to cover all expenditure in accordance with statutory requirements. The levy is apportioned to each of the Constituent Councils under an agreed method of apportionment, according to the number of households and the tonnage of waste collected annually in each borough. Any surpluses or deficits are initially retained by ELWA and the members will collectively agree how to manage the balances built up.
- 5.2 The OBC is not yet seeking to set a budget for the years following the expiry of the IWMS Contract. The primary purpose of the financial information used in the OBC is to establish that the option selected is affordable and that funding options have been considered.
- 5.3 The Preferred Procurement Option will be used as a benchmark during the procurement process and at the completion of procurement, when the FBC will be produced. There are several conservative assumptions that have been included in the base case of the financial model that will be revisited as the procurement progresses.
- 5.4 There will be a future Cabinet report to formalise new levy arrangements from 2028/29 onwards, when the Partner Authorities are clear on the future contract structures and the parameters of future contract payment mechanisms. The timing will need to be considered alongside that of the FBC.
- 5.5 It is expected that the LBBB contribution to ELWA will rise significantly over the next decade – however this is not mainly due to this procurement but to the forecast rise in population/household numbers. This projected rise will be built into the MTFS and reviewed.

6. Legal implications

Implications completed by: Dr Paul Feild, Principal Lawyer Standards and Corporate Governance

- 6.1 ELWA is a statutory joint waste disposal authority established under The Waste Regulation and Disposal (Authorities) Order 1985, serving the London Boroughs of Barking & Dagenham, Havering, Newham and Redbridge. Under s.51 of the Environmental Protection Act 1990 (EPA), ELWA has statutory duties to provide treatment and disposal services for waste collected by/for the Constituent Councils, as well as to provide places for the public to use to dispose of their own household waste. Under s.48 of the EPA, the Constituent Councils have an overall statutory duty to deliver all waste they arrange to be collected to facilities as directed by ELWA.
- 6.2 ELWA is incorporated as a separate single-purpose local authority with its own constitution, with governance undertaken by eight Members who are nominated to join ELWA from the four Constituent Councils (two per borough).
- 6.3 Many of the services for which ELWA is responsible are currently delivered through the IWMS Contract, which expires in December 2027.
- 6.4 ELWA and the Constituent Councils were statutorily required under s.32 of the Waste Emissions Trading Act 2003 (WET Act) to produce a Joint Strategy for East London's Resources and Waste (the Joint Strategy) to replace the existing strategy which is expiring. The Joint Strategy was formally adopted by the Council at the Cabinet meeting of 18 January 2022.
- 6.5 The OBC presented as part of this report is the first stage in ELWA's procurement plan to replace the IWMS Contract to ensure continuity of service.
- 6.6 ELWA will be the contracting authority for the procurement process that will follow. The procurement of the new services will be in compliance with relevant Procurement Law. It is noted that some or all of the procurements may fall under the new Procurement Bill which is due to come into force in Spring 2024.

7. Other implications

- 7.1 **Risk Management** - A risk register, which is in line with the corporate risk management strategy of ELWA, has been developed for the PACE Programme. This is continually reviewed and updated as part of programme management and governance.

The OBC has been developed using a significant amount of industry insight and experience, in order to identify the most suitable service delivery models, procurement routes and future contract structures that will attract market interest and minimise the risks to service continuity associated with the expiry of the IWMS contract.

- 7.2 **Staffing Issues** - There will be no direct impact on Council staff or staffing levels because of the OBC.

There may be TUPE implications associated with the expiry arrangements of the IWMS Contract and the procurement of new contracts. The implications are not known at this stage and will be managed by ELWA accordingly in due course. These potential implications would not affect LBB Council employees.

- 7.3 **Corporate Policy and Equality Impact** - The aims of the Joint Strategy and subsequently the re-procurement of waste treatment and disposal services is underpinned by the commitment to ensure the procurement enables the Constituent Council's to manage municipal waste in the most environmentally considered way. This supports the Councils Corporate priority of 'Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods'.

ELWA's OBC sets a direction of travel for the re-procurement of waste treatment and disposal services, and at this stage there is nothing that would suggest any adverse impacts for residents and other service users, including those with protected characteristics. As ELWA commences the procurement process, it is possible that Equality Assessments will be required for some elements of the services, which will be kept under review.

- 7.4 **Health Issues** - There are no direct health and wellbeing implications associated with the OBC, as no detailed decisions have yet been taken on the future structure or nature of waste treatment and disposal services.

The procurement of the services will be undertaken in accordance with the aims, objectives, priorities and actions set out in the Joint Strategy. Objective 7 of the Joint Strategy aims "to maximise all opportunities for local regeneration and increased social value benefits from waste and resource management, including employment, skills and wellbeing", and Chapter 6 of the Joint Strategy sets out the work that is being done to develop metrics against which social value, air quality and other impacts can be measured. ELWA will work closely with the Constituent Councils to develop a suitable evaluation framework and approach for evaluating solutions put forward by bidders during the procurement process that includes health and wellbeing considerations.

- 7.5 **Climate Emergency Issues** - It is not possible to determine at this stage the greenhouse gas emissions arising from waste treatment and disposal services that will be procured in the future. However, the procurement of the new contracts will be undertaken in line with the aims, objectives, priorities and actions set out in the Joint Strategy. This includes a focus on reducing the greenhouse gas emissions associated with wastes and resources management, alongside the aspirations on improving performance against tonnage-based indicators on waste generation, reuse, recycling, and use of landfill.

Greenhouse gas emissions arise during both the collection and treatment of waste, and the design of services at one of these stages can influence the emissions that result in the other. It will therefore be important to consider 'whole system' emissions when determining how best to design services and procure new contracts, in order to deliver the most favourable environmental outcomes for ELWA and the Constituent Councils. ELWA will work closely with the Constituent Councils to develop a suitable evaluation framework for evaluating solutions put forward by bidders during the procurement process which includes consideration of emissions. This approach will be developed in line with emerging national policy from the

Government's Resources and Waste Strategy, and in general conformity with the Mayor of London's London Environment Strategy

- 7.6 **Property / Asset Issues** - The Council leases Frizlands Lane Reuse and Recycling Centre (RRC), Rainham Road North, RM10 7HX for use under the IWMS Contract. Under the current leasing structure, ELWA was granted a headlease from the Council for a period of 30 years from 23 December 2002 until 22 December 2032, with ELWA granting the IWMS Contractor a corresponding underlease for a similar term of 30 years less 3 days to effectively expire on the 19 December 2032.

Section 2.8 of the report sets out arrangements for site inspections, hand-back arrangements and lease / underlease proposals for the new contract.

Public Background Papers Used in the Preparation of the Report:

[Joint Strategy for East London's Resources and Waste](#)

List of appendices:

- **Appendix 1** – Draft Outline Business Case (exempt document)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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CABINET**18 July 2023**

Title: Council Tax Support Scheme 2024/25 – Options and Consultation	
Report of the Cabinet Members for Finance, Growth and Core Services and Community Leadership and Engagement	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Authors: James Johnston, Welfare Service Manager & Donna Radley, Head of Welfare	Contact Details: james.johnston@lbbd.gov.uk donna.radley@lbbd.gov.uk
Accountable Director: Stephen McGinnes, Director of Support & Collections	
Accountable Executive Team Director: Fiona Taylor, Chief Executive	
<p>Summary</p> <p>The Council has a statutory duty to consider annually whether to revise its Local Council Tax Support (CTS) scheme for working age recipients, replace it with another scheme or retain the current scheme. This excludes the scheme that exists for pension age recipients which is a nationally prescribed scheme and cannot be varied locally.</p> <p>By Minute 16 (12 July 2022), the Cabinet agreed to support the proposal to undertake and commence modelling to replace the current CTS scheme with a new 'income banded discount' scheme to enable a draft replacement CTS scheme to be considered for implementation in 2024/25.</p> <p>This report updates on this fundamental review of the CTS scheme undertaken with consideration for the implementation of a replacement CTS scheme for 2024/25, with a view to providing a more transparent and simple approach, with predictable levels of support, via a new income banded discount scheme.</p> <p>This report sets out the reasons why the Council should consider replacing the scheme and includes proposals for a new replacement scheme, including analysis of the implementation arrangements.</p> <p>The Assembly has a legal duty to approve the CTS scheme by 31 January each year. The report seeks endorsement of the recommended scheme and approval to consult on the proposals, the outcome of which will be included in a report to the Assembly later in the year.</p>	
Recommendation(s)	
The Cabinet is recommended to:	

<p>(i) Agree the recommended 'income banded discount' CTS scheme (Model 1), as set out in sections 2.10 to 2.13 of the report, as the Council's draft proposed replacement CTS scheme for 2024/25; and</p> <p>(ii) Agree to the commencement of public consultation on the proposals to replace the current CTS scheme for 2024/25 with an income banded discount scheme.</p>
<p>Reason(s)</p> <p>To assist the Council in its efforts to support low-income residents with a fair and equitable approach to the management of their Council Tax costs through the core financial support provided by the CTS scheme, and to ensure its effective and efficient administration.</p>

1. Introduction and Background

- 1.1 The Welfare Reform Act in 2012 abolished Council Tax Benefit (CTB) from April 2013 and, in its place, support took the form of a local Council Tax Support Scheme (CTS). For working age customers, the scheme is determined by the Billing Authority and for those of pension age it is prescribed by legislation. The scheme that exists for pension age recipients is a national scheme and this cannot be varied at a local level. Prescribed regulation changes to the pension age scheme must be applied every financial year. The national pension age scheme and the default CTS scheme very much mirrors the former means tested national benefit scheme.
- 1.2 The Local Government Finance Act 2012 contains provisions for the setting up of local support schemes. The current scheme in Barking & Dagenham has been based around the default CTS Scheme and has been ratified by Assembly.
- 1.3 The Council must consider whether to revise or replace its CTS scheme each financial year, in accordance with requirements of schedule 1A of the Local Government Finance Act 1992, for working age recipients. However, it does not actually have to revise or replace its scheme and can choose to retain the scheme unchanged from the prior financial year.
- 1.4 In order to change its scheme the Council is required by law to:
- Consult with the major precepting authorities;
 - Consult with other persons it considers are likely to have an interest in the operation of the scheme including with the public on any draft scheme.
- 1.5 Local schemes must take account of and support the following principles:
- Work incentives and avoid disincentives for those moving into work;
 - The Council's duties to protect vulnerable people (under the Equality Act 2010, the Care Act 2014, the Child Poverty Act 2010 and the Housing Act 1996);
 - The Armed Forces Covenant.
- 1.6 The current CTS scheme in operation retains many of the core components of the former means tested national benefit scheme (CTB) and remains aligned with the

remaining Housing Benefit (HB) caseload and its administration, with a number of local provisions applied:

- The support for claimants is based on each individual's ability to pay through a means tested approach.
- Pensioners are protected under the nationally prescribed pension age CTS scheme and must be able to receive up to a 100% reduction under the national scheme rules.
- A "minimum payment" of 15% of their Council Tax liability is required for all working age claimants in Barking & Dagenham irrespective of their financial circumstances. This means maximum support is limited to 85% of the Council Tax bill.
- Those who fall under the working age scheme and with capital in excess of £10,000 are not eligible for CTS under this scheme.
- Limiting CTS to 2 children born after 1 May 2017 for all Universal Credit (UC) claimants in line with welfare reform.
- Accepting a new application for UC as an application for CTS without the requirement for a separate application made to the Council.

1.7 The main benefits of keeping the scheme aligned with HB administration were:

- HB & CTS was processed from one application form.
- The rules and calculations between HB & CTS were similar for both staff and residents.
- Administration costs were shared and relied on the HB administration grant via the Department for Work & Pensions (DWP).
- Award notices were generated as one notification due to being processed together.

1.8 The Council went to live to 'Full Service Universal Credit' in December 2018. From this date no new claims for HB have been accepted from working age claimants (excludes temporary & specified accommodation). This means that the main benefits of keeping the scheme aligned to HB have increasingly been lost and the link with administration of HB broken.

1.9 New claimants and those who experience a 'triggering' change in circumstances must now apply for UC. This is administered by the DWP and includes an amount towards housing costs, and they must apply to the Council for CTS separately.

1.10 Managed migration of the remaining Legacy Benefit case load to UC is due to commence in 2024. This will increasingly affect the administration of the CTS scheme.

1.11 The impact of UC on the administration of the current CTS scheme can be summarised as follows:

- Lower support (CTS award)
- A higher volume of changes

1.12 Expenditure on the CTS scheme has declined year on year since 2015, with the exception being the 2020/21 financial year due to the impact of Covid-19. The CTS caseload has also declined year on year with the value of CTS awards reducing

during this period for working age claimants. This is partly due to UC Migration, as recipients of UC receive lower levels of CTS through the current means testing process.

- 1.13 The current scheme has numerous ongoing issues with its administration that highlights the need for the Council to consider a replacement scheme to effectively administer and provide support to residents through the core support of the CTS scheme.
- 1.14 The requirement to consider a replacement CTS scheme means the Council should now consider the implementation of an income banded discount CTS scheme to address some of the issues that arise with the retention of the current CTS scheme.
- 1.15 An income banded discount scheme provides support based on bands of income and provides a percentage discount off the Council Tax bill (the CTS award). The number of discount bands, the level of discount and income thresholds can all be varied. Income banded discount schemes can be designed to be as simple or as complex as desired, can be made more or less generous and designed to support protected groups if required. Re-assessment of cases will only be required if income crosses one of the income band thresholds.
- 1.16 An income banded CTS scheme can be designed to assist households with low incomes and ensure that their Council Tax liability is manageable and fair.
- 1.17 It is difficult to vary the current CTS scheme to adopt or target different levels of support at a range of applicants. An income banded discount scheme gives the Council the opportunity to vary support based on a targeted approach to residents in line with Council objectives and Borough manifestos.
- 1.18 This paper sets out an overview of the current scheme, the impact of retaining the current scheme, proposals to implement an income banded discount scheme and the impact of this replacement scheme.

2. Proposal and Issues

2.1 An overview of the current CTS scheme (the default scheme)

- 2.1.1 The current CTS scheme is based on the centrally defined default scheme following the localisation of CTS in 2012/13. This is a complex means tested scheme in which incomes are compared to a needs allowance (applicable amount) calculated with reference to household circumstances and incomes.
- 2.1.2 This scheme must be retained by all Councils in respect of pensioner households (prescribed scheme). The scheme for working age households can be modified and varied by the Council, ensuring key principles and legislative requirements are met.
- 2.1.3 The Council has retained the 2013 default scheme for working age households but with a minimum payment of 15%, with some amendments and local provisions applied.
- 2.1.4 A significant investment was made by the Council into the 2023/24 scheme through a reduction in the minimum payment required from all claimants, from 25% to 15%.

This increased the maximum Council Tax bill that could be considered through a CTS award from 75% to 85%.

2.1.5 This was held to balance the need to better support low-income residents of the borough, including the most financially excluded, with their ongoing Council Tax costs. Residents are now supported with their ongoing cost of living through an increase in the value of the CTS award, reducing the payable Council Tax charge, increasing resident income, and this was balanced against the financial cost to the Council.

2.1.6 The current scheme retains some advantages which can be summarised as follows:

- Means testing allows support to be focused on those most in need financially and continues to protect these households
- Pensioners remain fully protected
- Pension age and working age claimants are assessed under the same scheme
- Does not impact disproportionately on any equality group

2.1.7 The current scheme however has a number of disadvantages which can be summarised as follows:

- Highly complex calculation of entitlement and legislative based assessment processes
- Reactive to minor changes in circumstances generating higher volumes of work, adjustments to awards and multiple Council Tax bill adjustments
- Complex administration for staff & complex for applicants to understand
- Difficult to simplify with little flexibility in the scheme available
- The impact of Universal Credit on administration of the scheme and the value of CTS awards
- Difficult to vary and change the levels of support for different types of applicant

2.2 The current CTS case load

2.2.1 The current CTS scheme¹ caseload is as follows:

Case load count	Working age	Pension age
15,216	10,717	4499

2.3 Current CTS expenditure

2.3.1 The current scheme expenditure² is as follows:

CTS expenditure	Working age	Pension age
£16,648,683.81	£11,216,501.52	£5,432,182.29

¹ CTS case load extraction 31.05.2023 (2023/24)

² CTS expenditure extraction 31.05.2023 (2023/24)

2.4 The main issues with the current CTS scheme

2.4.1 There are a number of issues with the current CTS scheme that will need addressing to ensure that the Council has a CTS scheme that ongoing is fit for purpose in future years and that continues to:

- Provide the greatest support to low income households.
- Reduce the administrative burden allowing for the efficient administration of the scheme.
- Provide a simplified approach for residents.

2.5 CTS and the impact of UC on the current scheme

2.5.1 The introduction of UC within the borough has brought a number of significant challenges to both the administration of CTS and also the collection of Council Tax generally.

2.5.2 In 2021/22, the collection rate for CTS claimants was 87.9% against an overall collection rate of 93.64%. The collection rate for CTS claimants in receipt of UC was lower at 83.1%.

2.5.3 In 2022/23 the collection rate for CTS claimants was 87.5% against an overall collection rate of 93.6%. The collection rate for CTS claimants in receipt of UC was lower at 81.8%.

2.5.4 The managed migration of the remaining Legacy Benefit caseload to UC is due to be commenced by the DWP in 2024 and will significantly impact on the CTS scheme.

2.5.5 Currently there are 5712 CTS claims that are UC recipients. This now accounts for 53% of the working age CTS case load (not applicable to pension age). As a consequence, a significant proportion of the case load remains to be migrated to UC.

2.5.6 The impact of UC on the CTS scheme can be summarised as follows:

- The reluctance of UC claimants to make a prompt claim for CTS leading to a loss of entitlement.
- The design of UC resulting in working age households receiving on average lower CTS awards.
- This can be attributed to taper deductions and work allowances. Under UC working households retain a higher proportion of earned income due to support being removed (taper deduction) at 55p per pound earned, a lower rate than for existing legacy benefits. Work allowances also allow for the retention of earnings without any reduction to UC awards. The higher retention of earned income means household income for some working households through their UC award is higher, leading to reduced CTS awards.
- UC restricts child allowances to two dependants (with certain exceptions). This on average results in lower applicable amounts for larger families and reduced CTS awards for these households.
- A high number of changes to UC cases are received from the DWP requiring an adjustment to awards. On average 40% of Universal Credit claimants have

between eight and twelve changes in entitlement per annum. The welfare service received 102,613 UC changes notifications in 2022/23.

- The current means tested scheme is reactive to change where any small change to income will require a change to the CTS award. Changes from UC notifications result in adjustments to CTS awards.
- These changes result in amendments to Council Tax liability and the re-calculation of Council Tax instalments due to the liability amount changing with an adjustment to the CTS award.
- Frequent instalment changes can make it difficult for residents to budget with continual changes and the reprofiling of Council Tax payment amounts, with multiple bills being issued.
- Frequent changes altering the amount of CTS awarded and consequently the sum of Council Tax to be collected can result in the bill payer being offered fewer instalments to pay, due to re-profiling, making it more difficult to pay.
- The increased costs of administration through multiple changes with significant additional staff and staff time being needed.
- Increased printing and postage costs due to these multiple UC changes, adjustments and Council Tax bills.
- Printing and postage costs are on average £150,000 per annum. A reduction in changes will reduce printing and postage costs and make an effective contribution to environmental concerns.

2.5.7 The existing means tested CTS scheme, which is highly reactive to change, will not be viable in the longer term now that UC has been rolled out fully within the borough and with a further substantial increase in UC claimants due to managed migration of the remaining legacy benefit caseload.

2.5.8 Any new scheme needs to deliver a scheme that is more compatible with the UC system, reflecting the changing caseload and does not respond to every change, while protecting the most vulnerable residents.

2.6 **The need for a simplified approach to the CTS scheme**

2.6.1 The existing CTS scheme is based on an old-fashioned means tested benefit scheme (CTB), which now has major defects which can be summarised as:

- It is complex for customers to understand and is based on a complex calculation of entitlement (means testing).
- Customers are not easily able to calculate their entitlement.
- The administration for staff is complex, with staff having to request significant amounts of information from applicants to process applications and changes.
- Staff have to undergo significant training to be proficient in processing claims.
- The current scheme is too reactive to change.
- It does not interact well with UC which is a benefit that is re-assessed every month.

2.6.2 A key driver and objective of the proposal to replace the CTS scheme is simplification and to ensure the scheme works better in the broader context, responding to external influences that directly impact the delivery of the scheme and payment of Council Tax.

- 2.6.3 A banded income discount scheme removes the means tested element of the current scheme allowing residents to easily calculate their entitlement based on their current income and household size.
- 2.6.4 There are several different types of banded income and discount CTS schemes, with variations such as:
- Not accounting for household size and type with discounts against income only.
 - Only accounting for employment as income and ignoring all other benefits and household size.
 - Varying discounts based on the Council Tax band.
- 2.6.5 These options are considered in the options appraisal.
- 2.6.6 Income bands allow for smaller changes in income to occur without the requirement for a change in the income band, and thus discount, meaning more stability and consistency in the award. This simplifies the process, requiring only more significant changes in income to be reported, allows the resident to calculate potential changes to the award in advance, and reduces the requirement to consistently adjust the level of the award.
- 2.6.7 This stabilisation of the award simplifies the process for Council Tax instalments due to a reduction in the re-profiling of the payments due to minor changes in the CTS award, making it simpler for residents to understand the Council Tax they are required to pay.
- 2.6.8 This will improve the customer journey and experience.
- 2.7 The need to help low-income households and assist in the collection of Council Tax**
- 2.7.1 Since 2013, the introduction of CTS, the majority of Councils have required all working age applicants to pay a minimum payment. Under the previous scheme (CTB) some claimants, based on the means test, were not required to pay any Council Tax and would have received full (100%) support.
- 2.7.2 In 2015/16 the Council introduced a maximum award of 75% requiring a minimum payment of 25%, irrespective of financial circumstances.
- 2.7.3 Based on the socio-economic indicators and level of deprivation and poverty within the borough the minimum payment was reduced from 25% to 15% in the current 2023/24 CTS scheme, representing a major investment by the Council in the financial support provided to residents through the CTS scheme.
- 2.7.4 By targeting support at those households least able to pay the Council can seek to reduce collection costs and improve collection rates for Council Tax.
- 2.7.5 The current CTS scheme cannot be easily varied to target differing levels of support against vulnerable residents and would require complex amendments to change the outcome of the means test applied. This would not meet the requirements for simplification of the scheme.

2.7.6 Retaining the current scheme with the migration of the remaining Legacy Benefit case load to UC will result in a reduction in support, as on average CTS awards are less for UC claimants due to the design of the current scheme and UC.

2.7.7 A replacement income banded discount scheme allows the Council the opportunity to look at varying the support provided, targeting support at the most vulnerable, while also providing support and incentives around employment, taking account of migration to UC, based on a simple discount scheme. This retains the objective of supporting low-income households with better targeted support.

2.8 The impact of retaining the current scheme into 2024/25

2.8.1 The council have worked with a specialist provider 'Policy & Practice' to model the outcomes on retaining the current CTS scheme into 2024/25³. This modelling is based on a CTS scheme extract from January 2023.

2.8.2 Maintaining the current scheme into 2024/25 would increase costs from £16.6m (2023/24) to £17.2m (2024/25).

Group	£/annum
All working age	£11,250,647
Pension age	£5,948,152
Total	£17,198,798

2.8.3 This was based on a projected 4.99% increase in Council Tax in 2024/25 and a 5.4% benefit uprating figure (based on projected CPI inflation figures).

2.8.4 The increase in scheme costs is driven primarily by these factors, with demand for the scheme variable and can be considered against the cost base increase for Council Tax.

Annual CTS in current scheme retained into 2024/25 compared to current scheme 2022/23			
Group	£/annum	Change (£/annum)	Change (%)
All working age	£11,250,647	£2,399,527	27.11%
Pension age	£5,948,152	£853,874	16.76%
Total	£17,198,798	£3,253,401	23.33%

2.8.5 The average weekly awards from the current scheme in 2022/23 can be modelled against the projected costs for retaining the scheme into 2024/25. This demonstrates the increase in the weekly award as scheme costs increase⁴.

	Current scheme in 2022/23	Current scheme in 2024/25
All working age	£16.49	£20.88
Legacy benefits	£17.29	£22.21
Universal Credit	£15.88	£20.32

³ Appendix 1 – Policy & Practice localised CTS Final Report

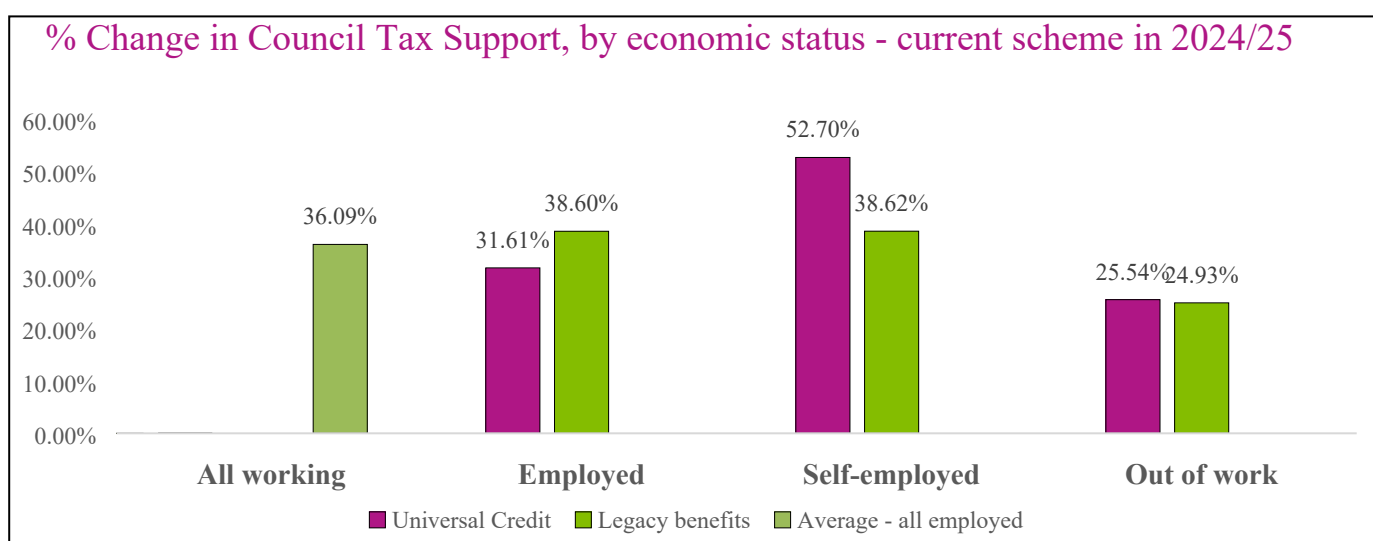
⁴ Appendix 1 – Policy & Practice localised CTS Final Report

2.8.6 The difference in awards between the old legacy benefits and UC, with UC cases having a lower award value should be noted.

2.8.7 UC awards will increase on average 1.51% less than existing legacy benefits if the current scheme is retained⁵.

Average weekly CTS awarded in current scheme retained into 2024/25, compared to current scheme 2022/23			
Group	Upated current scheme (£/week)	Change (£/week)	Change (%)
All working age	£20.88	£4.45	27.11%
UC	£20.32	£4.27	26.63%
Legacy benefits	£22.21	£4.88	28.14%

2.8.8 Increases in the support provided from retaining the current scheme into 2024/25 due to increased scheme costs is also modelled against economic status⁶.



2.8.9 As scheme costs are increasing due to Council Tax increases and Benefit uprating support average levels of support will consequently also increase through the means testing process.

2.8.10 Employed UC claimants will benefit less from increased support through the current scheme. UC allows claimants to keep more of their income with a work allowance and a more generous taper reduction against earnings. As a consequence, their income is higher leading to lower CTS awards. The current scheme will provide less support for residents as UC migration is completed.

2.8.11 Although the retention of the current scheme into 2024/25 will lead to increased support due to natural increases in costs, it will not address the issues of administration and defects with the scheme as outlined above and will increasingly fail to provide a scheme that can be effectively administered to support low income residents of the borough.

⁵ Appendix 1 – Policy & Practice localised CTS Final Report

⁶ Appendix 1 – Policy & Practice localised CTS Final Report

2.8.12 The drivers for changing the CTS scheme remain.

2.9 The proposed approach for the 2024/25 Council Tax Support scheme

2.9.1 In view of the issues with the retaining of the current scheme into 2024/25 and taking account of the drivers for change it is proposed that an alternative approach be taken for a replacement scheme in 2024/25.

2.9.2 This approach will:

- Vary the level of support to disabled households (disability uplift) while retaining the current levels of support for the poorest households.
- Address the issues caused by UC and the final migration of the remaining Legacy Benefit cases.
- Address the administrative issues and defects caused by a reactive scheme.

2.9.3 The main objectives of this scheme change can be summarised as follows:

- Is affordable and maintains a fiscally cost neutral position from natural increases in the cost of retaining the current scheme into 2024/25.
- Simplifies the scheme making it easy for residents to understand and access.
- Provides and protects the maximum level of support for all low-income households.
- Removes the requirement to continually make changes in awards making support more consistent and provides stability on managing household budgets.
- Improves how the scheme works with the UC system.
- Creates a scheme that is fair and equitable to all residents, requiring a fair contribution towards Council Tax from those who can pay while protecting the most vulnerable.
- Encourages and incentivises employment.
- Builds in capacity to better manage an increase in demand for the scheme (increased automations and more efficient administration).

2.9.4 An income banded discount scheme provides support based on bands of income and provides a set percentage reduction off the Council Tax bill (the award).

2.9.5 The number of discount bands, the level of discount and income thresholds can all be varied.

2.9.6 Banded schemes vary in the types of income taken into account, what circumstances are considered and the % of the discount awarded.

2.9.7 Income banded discount schemes can be designed to be as simple or as complex as desired, can be made more or less generous and designed to support protected groups if required.

2.9.8 Re-assessment of cases will only be required if income crosses one of the income band thresholds.

2.9.9 This approach will fundamentally redesign the scheme.

2.10 The proposed income banded discount scheme for 2024/25 (Model 1)

2.10.1 The key characteristics of the proposed income banded discount scheme for 2024/25 can be summarised as follows:

- Income bands based on all household income with a set discount % reduction in the Council Tax bill (the CTS award).
- The maximum award is set at 85% (in line with the current scheme) requiring a 15% minimum payment.
- Higher awards to applicants in receipt of disability benefits by granting applicants a higher discount automatically (disability uplift) by increasing the award by 5% in each income band to a maximum of 90%.
- The following incomes are disregarded in full:
 - Housing Benefit
 - UC Housing costs
 - UC Childcare support
 - Personal Independence Payment (PIP) & Disability Living Allowance (DLA)
- Flat rate non-dependant adult deduction of £5 per week (maintaining no deduction for those in receipt of disability benefits to mirror the current scheme).
- Household size allowance restricted to 2 dependants (to mirror UC and welfare reform). This aspect will be addressed in the Equalities Impact Assessment⁷.

2.10.2 The scheme proposes the following income bands and discounts:

Income Thresholds (Bands) £						
Band	Discount	Disability discount (5% uplift)	Single	Couple	1 child addition	2+ children addition
1	85%	90%	0-80	0-160	130	230
2	75%	80%	80-125	160-190	130	230
3	65%	70%	125-165	190-230	130	230
4	55%	60%	165-205	230-265	130	230
5	35%	40%	205-250	265-290	130	230
6	25%	30%	250-325	290-365	130	230

2.10.3 Income band thresholds and discounts are balanced against scheme affordability and overall scheme objectives.

2.10.4 To support the most vulnerable in the borough a disability uplift is proposed for those claimants in receipt of DLA/PIP (middle to higher rates) or the limited capacity to work (LCW) element of UC.

⁷ Appendix 2 – Equalities Impact Assessment (EIA)

- 2.10.5 Claimants with disability often incur higher costs, are disproportionately affected by rising costs in living, and are often unable to affect a change in their circumstances due to health conditions.
- 2.10.6 The disability uplift will automatically provide an uplift of 5% for all eligible claimants up to an increased maximum of 90%.
- 2.10.7 This will increase their award providing core support for the most vulnerable and disabled residents in the borough.
- 2.10.8 The current scheme applies a means tested approach to non-dependant (ND) adults in the household that requires significant amounts of administrative work to obtain details of income in order to determine the level of deduction applied.
- 2.10.9 The advantages of flat rate non-dependant deductions can be summarised as follows:
- Simplify the scheme and administration.
 - Existing protections remain for those in receipt of disability benefits.
- 2.10.10 The application of a flat rate non-dependant deduction of £5 per week, while maintaining the current exemptions due to receipt of disability benefits, will significantly simplify the administrative process required.
- 2.10.11 Applicants will be required to provide less information, and this will also make the approach simpler to understand with applicants only needing to know how many non-dependants they have in the household, to understand the deductions that will be applied.
- 2.11 The impact of the proposed income banded discount scheme (Model 1)**
- 2.11.1 Model 1 is a banded income discount scheme which takes into account all household income and size (restricted to 2 children).
- 2.11.2 Higher rates of discount are given to households on legacy benefits in receipt of PIP/DLA and households on UC who get the LCW/LCWRA element (disability uplift).
- 2.11.3 Flat rate non-dependent deductions are introduced at £5 per week with current scheme exemptions protected (receipt of disability benefits).

2.11.4 Model 1 compared to the current scheme in 2024/25⁸:

	Model 1 cost	Comparison to current scheme retained into 2024/25	
Group	£/annum	Change (£/annum)	Change (%)
All working age	£11,282,772	£32,125	0.36%
UC	£7,878,492	£217,384	2.84%
Legacy benefits	£3,404,281	-£185,258	-5.16%
Pension age	£5,948,152	£0	0.00%
Total	£17,230,924	£32,125	0.19%

2.11.5 Model 1 increases total scheme costs by £32k in comparison to costs if the current scheme were to be retained into 2024/25.

2.11.6 Average CTS costs for working age households under Model 1 increases by 0.36% compared to the current scheme retained into 2024/25.

2.11.7 Costs for UC households increase by 2.84%, whilst costs for households on legacy benefits decrease by 5.16%.

2.11.8 The impact of the proposed model as a comparison with the current scheme⁹:

Band	No. households	% households	Average weekly CTS Model 1	Average weekly CTS Current scheme in 2024/25
1	8,481	81.86	£22.40	£22.35
2	272	2.63	£20.23	£19.32
3	493	4.76	£17.87	£14.24
4	552	5.33	£16.22	£12.58
5	157	1.52	£10.44	£14.32
6	256	2.47	£7.96	£12.49
Losing support	149	1.44	£0	£14.52
Total	10,360			

2.11.9 The model increases the average level of support for 9,798 households (94.5%) of the caseload demonstrating its overall positive impact between bands 1-4 for residents with the lowest incomes.

2.11.10 The main reductions in support are for those claimants in higher bands with higher household incomes.

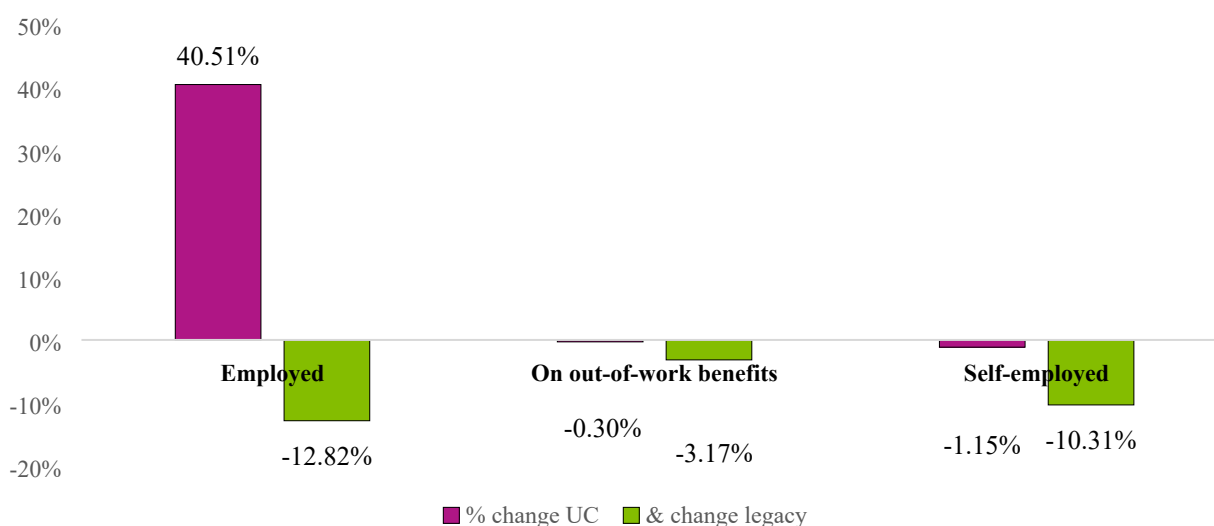
⁸ Appendix 1 – Policy & Practice localised CTS Final Report

⁹ Appendix 1 – Policy & Practice localised CTS Final Report

2.11.11 For households that lose out the majority are due to falling into income bands that give an award lower than the earnings taper in the current scheme (employed), as well as due to the introduction of flat rate non-dependant deductions.

2.11.12 This impact can also be modelled against employment status¹⁰:

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by economic status



2.11.13 This modelling demonstrates a positive impact of the new scheme on UC claimants in employment against the retention of the current scheme.

2.11.14 Employed households under the old legacy benefits lose out. This is because the average award for employed households on UC in the current scheme in 2024/25 is lower than that for legacy claimants. This means that awards in the current scheme in 2024/25 for employed households who are migrated from legacy to UC may drop. This model accounts for an artificial migration of 30% of the current legacy case load to UC by 2024/25.

2.11.15 These awards are evened out in the model, meaning UC households gain more compared to the current scheme in 2024/25.

2.11.16 The proposed scheme provides better support for employed earners on UC than the current scheme and therefore supports employment and does not disincentivise work.

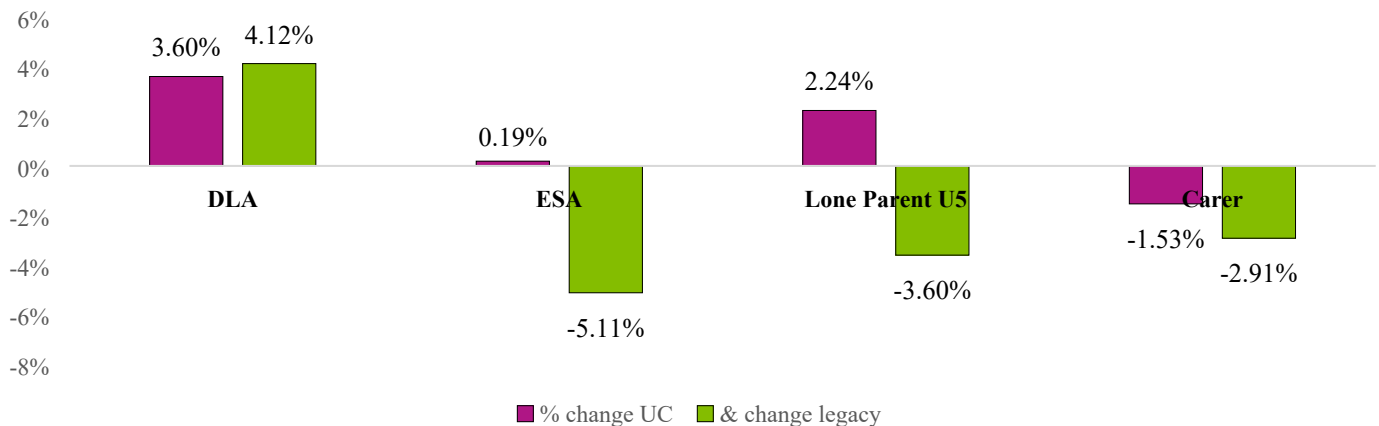
2.11.17 This is important in the context of managed migration of the remaining legacy benefit case load to UC which is due to commence in 2024.

2.11.18 The impact can also be modelled against types of claimant who are not in employment and have barriers to work¹¹.

¹⁰ Appendix 1 – Policy & Practice localised CTS Final Report

¹¹ Appendix 1 – Policy & Practice localised CTS Final Report

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by barriers to work



- 2.11.19 Disabled claimants (DLA) benefit from the new scheme due to the disability uplift increasing their discount. This helps to support our most vulnerable residents.
- 2.11.20 The proposed scheme protects the level of support (band 1) where most claimants with barriers to work fall, compared to the current scheme.
- 2.11.21 Reductions in support can be attributed to non-dependant deductions that were not previously payable now being applied due to the change to a flat rate deduction.
- 2.11.22 Further analysis on the impact of the proposed replacement scheme is contained in the Policy & Practice report and Equalities Impact Assessment (EIA) ¹², inclusive of those residents who may lose support.
- 2.11.23 The overall impact of the proposed new scheme increases support for 94.5% of the existing caseload. Legacy benefits on average will see slightly lower levels of support (-5.16%) however the scheme will provide greater support than the current scheme for UC claimants.
- 2.11.24 An average reduction in support for existing legacy benefit claimants is acceptable due to the planned migration to UC that will reduce and end receipt of these benefits during 2024.
- 2.11.25 A scheme that better supports claimants on UC, while protecting the most vulnerable is recommended.

2.12 How the new scheme will address the problems with the current CTS scheme

- 2.12.1 The simplicity of the proposed new scheme approach will help to address some of the problems associated with the administration of the current scheme. This can be summarised as follows:

¹² Appendix 2 – Equalities Impact Assessment (EIA)

The impact of UC

- 2.12.2 Income bands are sufficiently wide to ensure the scheme is less reactive to change reducing the number of adjustments to awards.
- 2.12.3 The current CTS scheme is reactive to minor changes and awards are altered even with very minor changes to income, generating multiple claim adjustments and Council Tax demands. The income banded approach means minor changes in income will no longer trigger a change in award and will reduce the number of adjustments.
- 2.12.4 This also supports the efficient administration of the scheme.

The need for a simplified approach

- 2.12.5 Significant simplification allowing for applicants to easily understand their award and how it has been calculated due to the removal of complex means testing.
- 2.12.6 Simplified administration with the removal of complex means testing for staff.
- 2.12.7 Income banded schemes are simpler to understand than the current scheme and therefore allows the Council to convey a relatively simple eligibility message to residents.

The need to assist low income households and assist in the collection of Council Tax

- 2.12.8 The varying of support with disabled applicants given increased awards, the maintenance of current levels of support for the poorest residents, and the encouragement and incentivisation of employment.
- 2.12.9 The current scheme is difficult to change and cannot be varied in the same way as an income banded scheme. To provide additional support such as the disability uplift would require complex changes in means testing that could not be simply explained to residents. An income banded approach allows the Council to target additional support in a simple way, while continuing to protect the lowest incomes.

2.13 Transition to the new scheme and the exceptional hardship scheme (Discretionary Council Tax Relief - DCTR)

- 2.13.1 The Council must acknowledge that any scheme change and transition to a new scheme will result in changed awards for some applicants.
- 2.13.2 Although the new scheme has been designed to protect the most vulnerable there will be some applicants who gain support, and some who lose support, due to a different design of the scheme.
- 2.13.3 The DCTR fund will remain in place and will be reviewed prior to presenting the final details of the proposed income banded discount scheme.
- 2.13.4 Where any applicant is likely to experience hardship, they will be encouraged to apply for DCTR.

2.13.5 The Council will consider all applications for DCTR on an individual basis, in line with current policy, taking account of current circumstances, income and expenditure.

2.13.6 Where appropriate further support towards the payment of Council Tax will be given to the applicant.

3. Options Appraisal

3.1 The options appraisal currently has the following options for the CTS scheme for 2024/25.

- Maintain the current scheme with no changes.
- Implement a replacement income banded discount scheme (Model 1).
- Implement a replacement income banded discount scheme with a reduction in the level of support (Model 2).¹³
- Consider other types of discount schemes

3.2 The implementation of a completely new income banded discount CTS scheme requires the following:

- Engagement with members, residents & voluntary sector groups to obtain feedback on potential changes.
- Engagement of an external third party to undertake scheme & financial modelling.
- Cabinet and assembly approval.
- Public consultation.
- ICT engagement for implementation.

3.3 Within this options appraisal consideration was given to retaining the current CTS scheme unchanged or implementing a replacement scheme.

3.4 A replacement scheme can either retain the current level of support against a fiscally cost neutral position or can reduce the level of support against a fiscal cost saving.

3.5 The retention of the current scheme in to 2024/25 is not held to address the administrative issues with the scheme as outlined above. The completion of managed migration to UC will cause further significant administrative issues, including an increase in adjustments to awards and the re-profiling of Council Tax instalments and will result in lower levels of support through the CTS award.

3.6 A retention of the current scheme will not provide an efficient and effective scheme for residents of the borough.

3.7 Model 1 is held to address the administrative issues with the retention of the current scheme, while maintaining the levels of support provided for the lowest income residents. Additional support is provided to disabled residents through the disability uplift and the proposed model also provides better levels of support for UC

¹³ Appendix 1 – Policy & Practice localised CTS Final Report

claimants in employment, incentivising employment. This is balanced against the financial cost to the Council, maintaining a fiscally cost neutral position, against the anticipated cost of retaining the current scheme into 2024/25.

3.8 For those reasons Model 1 is recommended.

3.9 Model 2¹⁴ has lower income thresholds and lower child additions and therefore provides lower levels of support:

Model 2	Income Thresholds (£, weekly)					
Band	Discount	Disability discount	Single	Couple	1 child addition	2+ children addition
1	85%	90%	0-90	0-150	100	180
2	75%	80%	90-115	150-175	100	180
3	65%	70%	115-135	175-195	100	180
4	55%	60%	135-160	195-220	100	180
5	35%	40%	160-200	220-260	100	180
6	25%	30%	200-240	260-300	100	180
7	0%	0%	240+	300+	100	180

3.10 Model 2 has a reduction in overall expenditure on the scheme and provides a cost saving to the Council against the anticipated cost of retaining the scheme into 2024/25.

	Model 2 cost	Comparison to current scheme retained into 2024/25	
Group	£/annum	Change (£/annum)	Change (%)
All working age	£10,618,931	-£631,716	-5.61%
UC	£7,386,984	-£274,125	-3.58%
Legacy benefits	£3,231,948	-£357,591	-9.96%
Pension age	£5,948,152	£0	0.00%
Total	£16,567,083	-£631,716	-3.67%

¹⁴ Appendix 1 – Policy & Practice localised CTS Final Report

3.11 Model 2 provides lower levels of support compared with retaining the current scheme into 2024/25 for all claimants:

Model 2	Average household support	Comparison to current scheme retained into 2024/25	
Group	£/week	Change (£/week)	Change (%)
All working age	£19.71	-£1.17	-5.61%
UC	£19.59	-£0.73	-3.58%
Legacy benefits	£20.00	-£2.21	-9.96%
Pension age	£25.29	£0.00	0.00%
Total	£21.41	-£0.82	-3.67%

3.12 This model is not held to sufficiently support residents of the borough with their Council Tax costs, during a time of a high cost of living, also considering the socio-economic demographics and poverty indicators of the borough. This model reduces core support for all claimants irrespective of vulnerability and income.

3.13 Consideration was given to other types of income banded and discount schemes as a possible replacement scheme:

Employment income only banded scheme

3.14 Income banding schemes can be based exclusively on household earnings. Consequently, all other benefits/income are disregarded.

3.15 Income banding based exclusively on earnings is the simplest banding scheme administratively as it only requires the Council to decide on the earnings of the household only.

3.16 The main disadvantage of an earnings only banded scheme is although other benefits are disregarded it fails to fully account for a needs allowance, which may penalise households with dependants. Often these households will incur higher expenses which are not fully met by receipt of other benefits such as Child Allowances or Child Tax Credit and this is not accounted for within the income bands.

3.17 Residents may feel the scheme disincentivises work as only those without employment will be provided with the highest levels of support.

Simple discount schemes

3.18 Basic discount schemes can vary in type but usually apply a simple assessment around a level of household income that applies a set % discount at above or below an income threshold. These schemes are usually designed to be admirably simple but also fail to account for household size and type.

Variations based on the Council Tax Band

- 3.19 Some discount schemes account for the Council Tax band to determine the levels of income or discount applied on the basis of variations in the cost of payments for bands.
- 3.20 This approach fails to meet the objectives of simplification and can often lead to complex grids where different Council Tax bands have differing levels of discount.
- 3.21 Proportionately although a level of discount has a higher monetary value in a higher band it remains fair and equitable with a recognition that larger properties have higher charges as reflected for residents not in receipt of CTS.
- 3.22 These types of income banded, and discount scheme are not held to sufficiently support residents or meet the objectives of simplification of the CTS scheme and were therefore not modelled.

4. Consultation process and feedback

- 4.1 Prior to the implementation of any change to the CTS scheme the Council is required to consult with the residents of the borough. The guiding principles that have been established through case law for fair consultation are as follows:
- The consultation must be carried out at an early stage when the proposals are still at a formative stage.
 - Sufficient information on the reasons for the decision must be provided to enable the consultees to carry out a reasonable consideration of the issues and to respond.
 - Adequate time must be given for consideration and responses to be made.
 - The results of the consultation must be properly taken into account in finalising any decision.
- 4.2 There is also a duty to consult with the major precept authorities who are statutory consultees.
- 4.3 The aims of any consultation should be to:
- Inform residents and help them understand the impact of the proposals.
 - Confirm why the proposals are being made.
 - Detail any alternative proposals.
 - Give purposeful consideration to realistic alternative proposals presented.
 - Obtain feedback on whether residents support the proposals.
- 4.4 The Council will be required to consult extensively on the proposals to change the CTS scheme due to the significant change to the scheme proposed.
- 4.5 The consultation will be primarily web based through an online survey form.
- 4.6 The survey will inform residents of the proposals to change the scheme and ask residents and stakeholders their opinions and views on:

- Replacing the current scheme with an income banded discount scheme for 2024/25 (Model 1)
- Other options including (Model 2)
- Retaining the current scheme unchanged.

- 4.7 The survey will be run through the Citizens Alliance website and will require promotion across the Council webpages, social media channels, E-newsletter, press releases & CTS award notification letters.
- 4.8 Current CTS claimants affected by the proposals will be contacted directly to explain possible changes to their award due to the changed scheme for 2024/25, to invite consultation and feedback on the proposed changes.
- 4.9 It is also anticipated that public workshops will be held at various sites throughout the borough, supported by outreach officers, to enable residents and stakeholders to engage with the proposals in person and these sessions will need to be widely promoted to ensure visibility and attendance.
- 4.10 Direct engagement with voluntary partners and stakeholders will be required with the support of the relevant internal teams to ensure a broad section of these partners are engaged in the consultation process.
- 4.11 CTS scheme consultations historically have poor response rates from residents and the Council will need to ensure it widely promotes the consultation to ensure engagement in the proposals.
- 4.12 This will include a communication strategy for inclusion to ensure all residents have equal access and uptake taking account of digital exclusion, non-English speakers, those engaged with community groups but not statutory authorities.

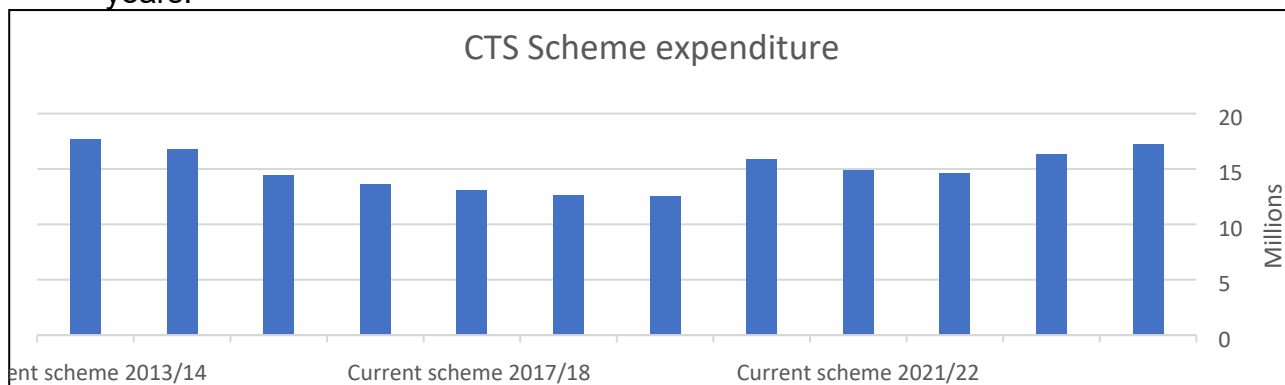
5. Financial Implication

Implications completed by: Nurul Alom, Group Accountant

- 5.1 The Council is required to maintain a CTS Scheme. This is now funded as part of the Council's overall funding settlement and so any increases or decreases in take up or cost fall upon the Council's budget (rather than being provided for by a grant) and becomes a cost to the authority's budget in the following financial year.
- 5.2 CTS expenditure has reduced year on year from the commencement of a localised CTS scheme in 2012/13 and will vary based on demand.
- 5.3 The impact of Covid-19 within the 2020/21 financial year saw significantly increased demand for access to the scheme resulting in an increase in expenditure of 26.4% and a CTS case load increase of approximately 10%. This was due to people who were in employment but lost that income during the pandemic and claimed for support. Additional discretionary funding provided by central government via the CTS scheme was also included in the total expenditure for this financial year and was not a cost to the Council. This was approximately 2.2 million in grant funding.

5.3 The overall impact of Covid-19 was significant in terms of expenditure and case load, reversing the trend of prior years' which had seen the caseload and expenditure decline year on year.

5.4 Expenditure and case load continued to reduce in the 2021/22 & 2022/23 financial years.



5.5 The Council made a significant investment into the CTS scheme for 2023/24 by reducing the minimum payment from 25% to 15%. This increased the scheme costs from 14.6m (2022/23) to 16.6m (2023/24) and ended year on year decreases in expenditure (excluding 2020/21).

5.6 The current CTS expenditure for the working age part of the scheme for 2023/24 is currently £11,217,667.60.

5.7 The current CTS expenditure for the pension age part of the scheme for 2023/24 is currently £5,434,026.65.

5.8 Total expenditure for the CTS scheme is currently £16,648,683.81 for 2023/24.

5.9 The total expenditure figure for 2023/24 also includes an award of £25 provided from the Department for Levelling Up, Housing and Communities (DLUHC) to provide additional support to low-income households in receipt of CTS with their Council Tax payments. The grant, which is to be administered through the Council's discretionary powers, is intended to provide a further rebate of up to £25 per household and is provided through grant funding of £405,573 and is not a cost to the Council.

5.10 This has added a cost of £380,400 to the current expenditure for 2023/24 funded through the grant.

5.11 The current CTS case load for 2023/24 is 15,216.

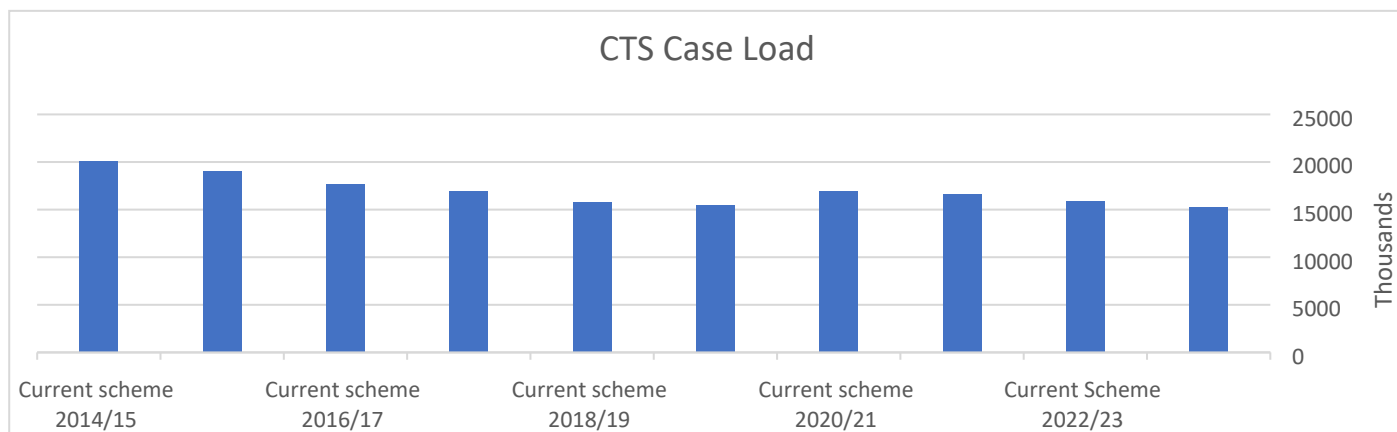
Case load count	Working age	Pension age
15,216	10,717	4499

5.12 This is a reduction of 668 on the case load of 15,884 in 2022/23

Case load count	Working age	Pension age
15,884	11,293	4591

5.13 This reduction is primarily in the working age case load (576). Although the pension age case load has reduced it reduces at a slower rate (4591 reduced to 4499)

5.14 The CTS case load has declined on average by -4.4% over the last 8 years (excluding 2020/21 – Impact of Covid-19).



5.15 The increased investment into the scheme for 2023/24 has not currently resulted in an increase in case load which will vary based on demand and access but has contributed towards an increased cost in support payable per week.

Age Group	Number of Households	Support Payable (£/annum) 2022/23	Support Payable (£/week) 2022/23
All working age	11,293	£9,425,605.09	£16.05
Pension age	4,591	£5,220,139.16	£21.86
Total	15,884	£14,645,744.25	£17.73

Age Group	Number of Households	Support Payable (£/annum) 2023/24	Support Payable (£/week) 2023/24
All working age	10,717	£11,217,667.60	£20.12
Pension age	4499	£5,434,026.65	£23.22
Total	15,216	£16,651,694.25	£21.04

5.16 Policy & Practice have modelled¹⁵ the anticipated cost for the 2024/25 scheme based on the retention of the current scheme.

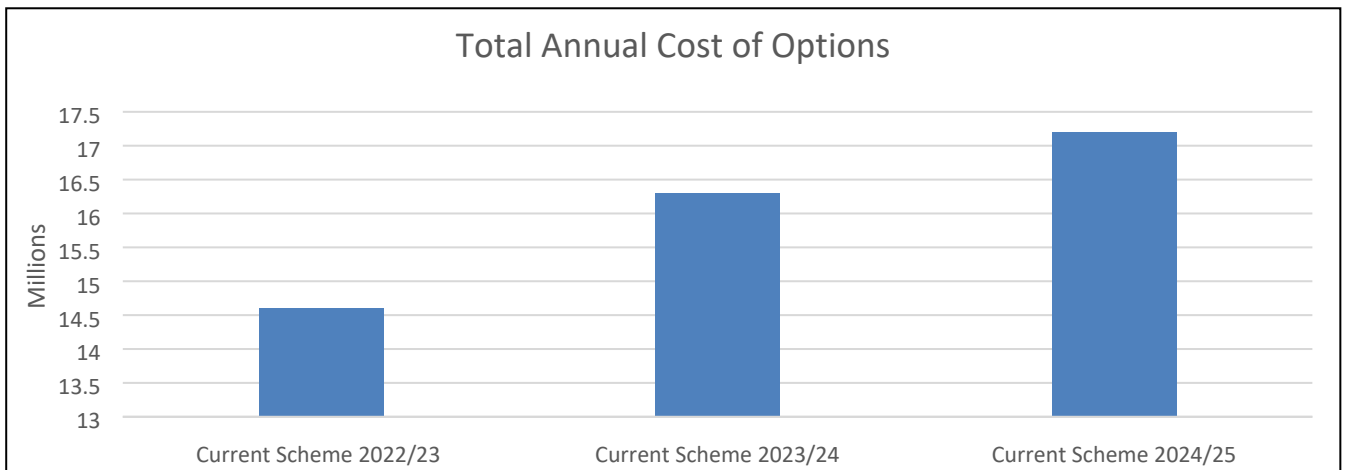
5.17 This modelling is based on an expected rise in Council Tax of 4.99% against this cost base, and a 5.4% benefit uprating figure (based on projected CPI inflation

¹⁵ Appendix 1 – Policy & Practice localised CTS Final Report

figures). This also accounts for a projected migration of 30% of the caseload to UC which will affect the overall cost of the scheme due to changed levels of support.

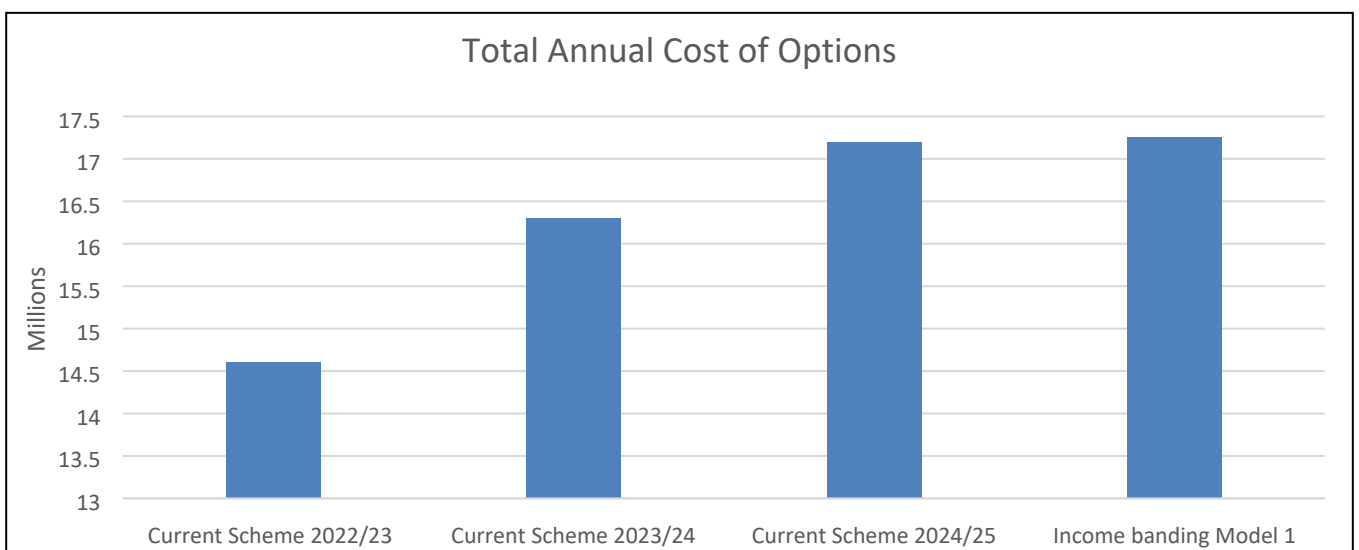
5.18 This will increase scheme costs to an anticipated £17.20m for 2024/25, should the current scheme be retained. The increase in scheme costs is driven primarily by these factors, with demand for the scheme variable and can be considered against the cost base increase for the Council Tax charge.

5.19 This is demonstrated by the annual cost of options below:



5.20 Modelling for the replacement income banded discount scheme for 2024/25 has been based on the anticipated expenditure if the current scheme was retained into 2024/25 of £17.20m.

5.21 The income banded discount scheme has been modelled at an expenditure of £17.23m.



5.22 This modelling has been undertaken by our 3rd party partner, Policy & Practice.

5.23 The Council is in the final procurement stage for the software required through the Capita Academy processing system, used to administer the current CTS scheme, to enable it to undertake its own financial modelling of the costs associated with the proposed replacement CTS scheme.

- 5.24 There remains a risk that this modelling for the anticipated scheme costs is more or less than anticipated.
- 5.25 The Council will be required to undertake its own financial modelling of these scheme changes. There remains a risk that both this modelling and the 3rd party modelling is more or less that anticipated due to uncertainty concerning the migration of the case load to UC, the impact and level of Benefit uprating, and Council Tax in increases.
- 5.26 Increased scheme costs into 2024/25 are driven significantly by increased CTAX charges. If at 4.99% this accounts for a significant increase in expenditure but simply reflects an increase in the cost base. Cost comparison between both schemes outlined below;

CTS Scheme	2024/25
15% Contribution Scheme (Existing Scheme)	£17.2m
Banded Scheme (Model 1)	£17.23m

- 5.27 The cost of either scheme will increase by £0.5m, in-line with the wider increase in Council Tax (estimated at 4.99%).

Risks to Financial Assumptions of cost;

- Assumed CTAX increase of 4.99%
- LBBD Modelling
- Outcome of Public Consultation
- Increase in caseload
- Impact of Cost of Living
- Impact inflation/interest
- Impact of transition to Universal Credit
- Government Policy (General Election 2024/25)

6. Legal Implications

Implications completed by: Dr Paul Feild, Principal Governance & Standards Lawyer

- 6.1 The Council is required to maintain and annually review its CTS scheme in accordance with Section 13A and schedule 1A of the Local Government Finance Act 1992.
- 6.2 Schedule 1A to the Local Government Finance Act 1992 requires the Council to make any revision to its scheme or any replacement scheme no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 6.3 As the CTS scheme is being proposed to be replaced with a new scheme it is a statutory requirement for the Council to carry out consultation on the changes as set out by the Local Government Finance Act 1992 Schedule 1A paragraph 5 and that paragraph 3 of the said Act.

- 6.4 Before making a scheme the Council is required to:
- Consult any major precepting authority which has a power to issue a precept to it.
 - Publish a draft scheme in such a manner as it thinks fit.
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 6.5 This paper sets out the proposals to change the CTS scheme and the required consultation.
- 6.6 Since the introduction of CTS schemes there have been a number of legal challenges in relation to the consultation undertaken. Most of these challenges have been in relation to the consultation undertaken in the sense of it being meaningful and to have due regard to equality impact assessments. As determined by a Supreme Court ruling in 2014 in the case R (Moseley) v London Borough of Haringey, consultation is critical when there is a possibility of an adverse outcome.
- 6.7 With regard to the recommended proposal the outcome is to maintain the level of support for the lowest incomes, while increasing the level of support for those with disability. However, due to the wider impact of replacing the scheme, potentially some claimants will gain support, and some claimants may lose support. ¹⁶
- 6.8 The proposed schemes subject to consultation may be subject to further change through the ongoing modelling process. Any proposed changes to the scheme are likely to retain the core elements of the schemes consulted on and reflect minor changes to the income band threshold or overall levels of discount granted only.

7. Other Issues

- 7.1 **Risk Management** - The Council is at the final procurement stage for the software required through the Capita Academy processing system, used to administer the current CTS scheme, to enable it to undertake its own financial modelling of the costs associated with the proposed replacement CTS scheme and for the implementation of an income banded discount scheme.

Consequently, the Council has relied on its external partner Policy & Practice (who have national expertise in modelling CTS schemes) to model both the projected expenditure on retaining the current CTS scheme into 2024/25, and the projected costs for a replacement discount income banded scheme.

A fiscally neutral cost for the replacement discount income banded scheme has been based upon projected costs for retaining the current scheme into 2024/25, with a natural increase in cost due to Council Tax increases, Benefit uprating and variance in demand. This has not been modelled through the Capita Academy system and therefore a risk is raised that the projected cost of the scheme is more or less than anticipated.

¹⁶ Appendix 1 – Policy & Practice localised CTS Final Report
Appendix 2 – Equalities Impact Assessment (EIA)

Until the Council has procured the required software for the Capita Academy system it is reliant on 3rd party modelling regarding projected costs for the scheme and this is raised as a risk. Furthermore, without the purchase of the required software the Council cannot implement the proposed replacement scheme as set out.

With the costs of the CTS scheme determined by demand, there remains a risk that future fluctuations in demand could place an additional financial burden on the Council.

The proposed scheme has been modelled to take account of full migration of the remaining legacy benefit case load to UC. Consequently, the scheme has been designed to provide greater support to these claimants than would have been afforded if the current scheme was retained. However, modelling has demonstrated the proposed new scheme may see reductions in support for some legacy benefit claimants. Managed migration is scheduled to commence in 2024 however no date or confirmation is available. Should the timetable for the commencement of managed migration be delayed the proposed scheme change may detrimentally affect some existing legacy benefit claimants pending the final migration to UC and is raised as a risk.

7.2 Contractual Issues - Final procurement of the required software for the Capita Academy system is in the final stages and has not yet been completed.

In the event any procurements are required as a result of the change in process, then they will be conducted in line with the contract Rules and the Public Contract Regulations 2015.

7.3 Corporate Policy and Equality Impact - There is a requirement under the Public Sector Equality Duty (section 149 of the equality act 2010) to have due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between people from different groups.
- Foster good relations between people from different groups.

An Equality Impact Assessment (EIA) of the proposal to replace the CTS scheme for 2024/25 has been undertaken and reviewed by the Strategy team and is attached in Appendix 2.

The report has identified there is potential for adverse impact on some protected characteristics from Model 1. There will be a positive impact on some and a negative impact on other working age claimants. Pension age claimants, who also have protected characteristics will not be affected as they are protected under the prescribed pension age scheme. This is demonstrated in the EIA.

The DCTR scheme will remain in place to mitigate against any potential issues that may arise from the EIA.

7.4 Health issues - Income (and debt) is the greatest determinant of health, in a positive way enabling people to afford factors that support healthy living (e.g. diet, physical activity, housing, etc.) and in a negative way driving poor health (e.g.

mental health, unhealthy behaviours, etc.). There the proposed Council Tax Support Scheme 2024/25 is welcome and should have an overall positive impact on health and wellbeing and the reduction of health inequalities, including for those with health issues or barriers.

The Barking & Dagenham Joint Health and Wellbeing Strategy 2019-23 includes an outcome that when residents need help, they can access the right support, at the right time in a way that works for them. As a simplified Scheme that is easier for applicants to understand with fewer barriers to access should support this outcome, since the proposed scheme is less reactive to minor changes in circumstances than the current Scheme, enabling residents with fluctuations in their household circumstances (e.g. to time off work for ill-health or caring) to financially plan.

The B&D Joint Strategic Needs Assessment highlight that people with a disability are at particular risk of disadvantage in all its forms, as they are more likely to be living on a low income, be unemployed or on unsuitable housing, putting their health at additional risk of further decline.

The proposed disability uplift will help financially protect disabled residents, who face higher living costs due to their disability and are often less able to affect a change in their circumstances due to limited capacity to work. However, it should be noted that claimants who may have a disability but are not in receipt of the qualifying benefits may be affected, and in some cases, may see reduced awards.

Public Background Papers Used in the Preparation of the Report: N/A

- [B&D Joint Health and Wellbeing Strategy 2019-23](#)
- [B&D Joint Strategic Needs Assessment](#)

List of appendices:

- **Appendix 1:** Policy & Practice – Localised Council Tax Support – Final Report
- **Appendix 2:** Equality Impact Assessment (EIA)
- **Appendix 3:** How does an income banded discount scheme work and Model 1 Scheme summary

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London Borough of Barking and Dagenham

Localised Council Tax Support

Final report

June 2023

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Executive Summary

The London Borough of Barking and Dagenham has commissioned Policy in Practice to provide an assessment of the current Council Tax Support (CTS) scheme and to examine possible future working-age scheme options. Figures are provided for the current scheme retained into 2024/25 and two models.

Council objectives

The London Borough of Barking and Dagenham council's core objectives for changing their CTS scheme are:

- Simplify the scheme to make it easier for residents to understand and access.
- Provide the maximum level of support for all low-income households.
- Reduce the need for frequent changes in awards, making support more consistent.
- Improve how the scheme interacts with Universal Credit.
- Create a scheme that is fair and equitable to all residents.
- Build in capacity to better manage an increase in demand for the scheme.
- Maintain a cost neutral position against the modelled spend for retaining the current scheme in 2024/25.

Wider objectives and council priorities related to CTS scheme design include:

- Support residents through the cost-of-living crisis.
- Make every contact count (reduce avoidable contact, improve customer service etc.).
- Build service capacity for the future.
- Improve council tax collection rates.
- Ensure equality, diversity and inclusion are at the heart of decision making.
- Support residents into employment.
- Support vulnerable residents.

How do the proposed models meet council objectives?

Both CTS scheme models presented in this report are for income banded schemes, which divide residents into bands based on their overall household income and apply a set discount to their council tax bill. This type of scheme can reduce administration costs compared to the current means-tested scheme as changes in income only trigger a recalculation of award when they cross one of the band thresholds.

Both schemes also allow for the maximisation of automation of applications for households on Universal Credit, using the Universal Credit Datashare (UCDS). This is achieved through the introduction of flat rate non-dependant deductions (because the UCDS does not include information on non-dependant income) and through the use of LCW/LCWRA status rather than receipt of Personal Independence Payment (PIP) or Disability Living Allowance (DLA) to determine vulnerability due to disability for households on UC (because the UCDS does not include information on PIP/DLA receipt).

Automating CTS applications for households on UC saves on the cost of processing manual applications. It also increases take-up amongst households migrating to UC from legacy benefits and prevents the build up of Council Tax arrears that can be caused by a delay in applying.

Both scheme options also provide an increase from the current maximum award of 85% of CT liability, to 90% and 95% respectively. This will benefit the most vulnerable households and will likely have a positive impact on council tax arrears amongst those receiving the maximum discount.

Introducing flat rate non-dependant deductions

Introducing flat rate non-dependant deductions of £5 per week reduces total annual scheme costs by £239,000 per year. It also reduces administration costs by simplifying award calculations and requiring less information from the resident. This aligns the scheme to maximise the administration of Universal Credit claims, as no information on non-dependant income is present in the UCDS.

The current practice of means-testing all non-dependants is inefficient. However, households with non-dependants on a passported benefit or with a low-income will lose out, as they will either see a deduction for the first time or their deduction will increase from the current rate of £4.20 to £5 per week. Existing exemptions remain for households in receipt of disability benefits.

There are 2,715 households in the caseload that have at least one non-dependant. Of these, 684 are exempt from non-dependant deductions as they receive a disability benefit. Of the remaining 2,031 households, 1,705 households will have higher deductions after introducing flat rate deductions of £5 per week and 324 will have lower deductions.

The average increase in deductions is £5.32 per week, whilst the average decrease in deductions is £6.55 per week. These changes in overall CTS awards are taken into account in the reports on impact of each model.

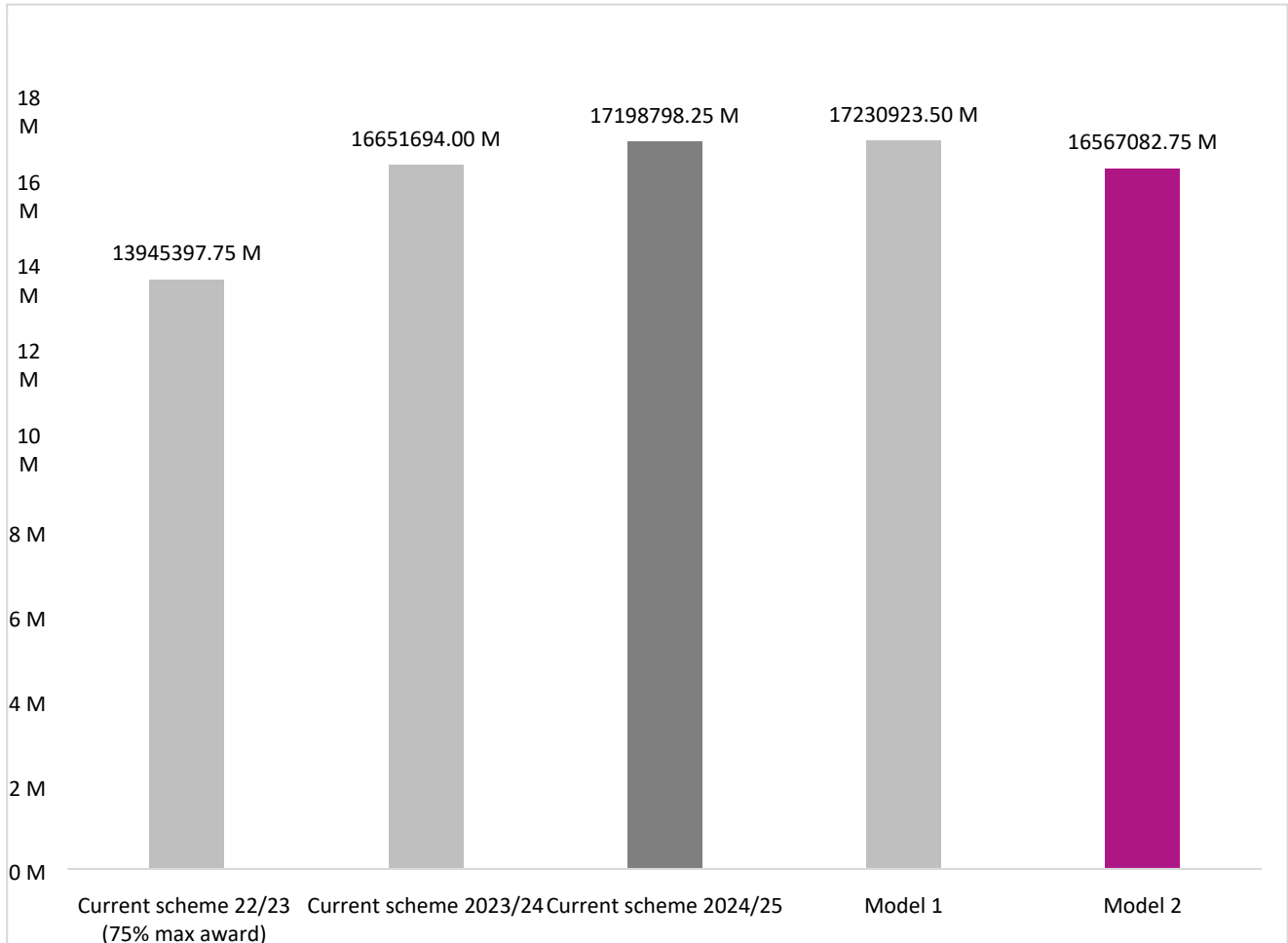
Weekly non-dependant deduction	Number of households
£5	1457
£10	452
£15	103
£20	16
£25	3

Households with an increase in deduction of £5 per week or more

Household type	Number of households
Couple with children	64
Couple without children	71
Lone parent	88
Single	186

Economic status	Number of households
Employed	47
out of work benefits	341
Self-employed	21

Total annual cost of options



Cost of current scheme, current scheme retained into 2024/25 and two models.

Average weekly award under options

Comparison of council tax support (£/week)				
	Current scheme in 2022/23	Current scheme in 2024/25	Model 1	Model 2
All working age	£16.49	£20.88	£20.94	£19.71
Legacy benefits	£17.29	£22.21	£21.06	£20.00
Universal Credit	£15.88	£20.32	£20.89	£19.59
CT Band				
A	£13.14	£16.46	£16.94	£16.73
B	£15.13	£19.00	£19.36	£18.63
C	£17.16	£21.80	£21.76	£20.26
D	£19.47	£24.68	£24.10	£22.15
EFGH	£23.64	£30.85	£30.44	£27.27
Tenure type				
Council tenant	£16.95	£21.35	£21.07	£20.50
Private tenant	£15.10	£19.42	£20.35	£17.80
No HB	£18.01	£22.53	£22.15	£21.35
Supported housing	£16.71	£21.13	£20.08	£19.44
HA tenant	£17.24	£21.81	£21.88	£20.88
Temporary accommodation	£15.86	£19.98	£17.66	£16.57
Tenure Unknown	£14.74	£18.60	£19.60	£18.94
Household type				
Single	£16.19	£20.39	£20.19	£19.97
Lone Parent	£15.90	£20.10	£20.29	£19.00
Couple no children	£20.28	£25.71	£25.08	£24.14
Couple with children	£17.07	£21.97	£22.65	£18.88

Economic status				
Employed	£10.05	£13.46	£15.74	£9.92
Out-of-work benefits	£17.67	£22.16	£21.91	£21.65
Self-employed	£15.62	£22.15	£20.36	£16.20
Barriers to work				
DLA or Similar	£17.90	£22.34	£23.19	£22.82
ESA or similar	£18.03	£22.54	£22.10	£21.75
LP child under 5	£15.87	£19.83	£20.13	£19.30
Carer	£18.91	£23.86	£23.39	£22.49

Average award under current scheme, current scheme retained, and two models, £/week.

Methodology

Modelling was carried out by running Barking and Dagenham's Council Tax Support and Housing Benefit administration data from the month of January 2023 through Policy in Practice's policy microsimulation engine, which models the full application of the national and local benefit system at a household level. The engine was carefully calibrated in advance to match the outputs of Barking and Dagenham's current CTS scheme.

The engine was then recoded to apply the changes relevant to each model, as well as annual uprating and inflation adjustments to provide accurate forecasts for 2024/25. Modelling was carried out using actual CTS caseload data from January 2021. Current scheme and modelled costs and forecasts represent the caseload as of this month.

Caseload breakdown

Age range	CTS claimants (main claimant)	Claims with disability (i.e. disability uplift criteria PIP/DLA/LCW)	Carers (receiving carers allowance)	Claims by household type			
				All claimants	Total	Single	Couple
16-24	195	29	12	182	13	96	46
25-34	1,824	570	303	1,571	253	480	1,018
35-44	2,808	1,052	532	2,124	684	570	1,688
45-54	2,691	1,250	540	1,937	754	515	858
55-65	2,857	1,547	428	2,236	621	228	125
66+	4,508	1,496	199	3,653	855	45	21

Age band	Barking & Dagenham population 2021	% of total	Council Tax Support claimants (incl. partners and children)	% of total
0-9	35,536	16.25%	5,719	2.61%
10-19	33,328	15.24%	6,362	2.91%
20-29	28,435	13.00%	955	0.44%
30-39	36,691	16.77%	3,234	1.48%
40-49	31,986	14.62%	3,523	1.61%
50-59	25,140	11.49%	3,219	1.47%
60-69	14,536	6.65%	3,024	1.38%
70-79	8,027	3.67%	2,534	1.16%
80+	5,071	2.32%	1,569	0.72%

Current scheme retained into 2024/25

Maintaining the current scheme into 2024/25 would increase costs from £13.95m to £17.20m, an increase of £3.25m or 23.33%. The increase is due to the maximum award

changing from 75% to 85% of CT liability from 2022/23, and due to benefit uprating of 10.1% for 2023/24 and 5.4% for 2024/25 (based on projected CPI inflation figures) and increases in CT liability. The 2024/25 scheme was modelled with a 4.99% increase in council tax liability in 2023/24 and 2024/25.

Annual CTR in current scheme retained into 2024/25, compared to current scheme			
Group	£/annum	Change (£/annum)	Change (%)
All working age	£11,250,647	£2,399,527	27.11%
Pension age	£5,948,152	£853,874	16.76%
Total	£17,198,798	£3,253,401	23.33%

Maintaining current system into 2024/25: annual cost

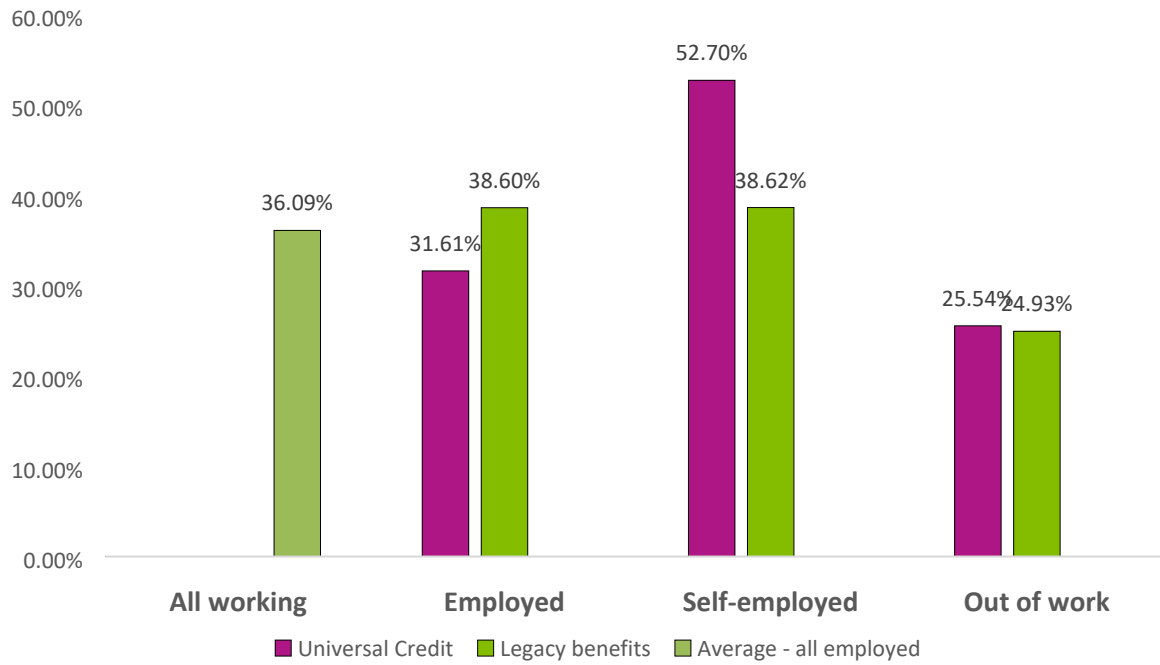
Costs would increase by 27.11% for working-age households and 16.76% for pension-age households.

Households on Universal Credit will see their awards increase by £4.27 per week on average. Working age households on legacy benefits would see their awards increase by £4.88 per week.

Average weekly CTR awarded in current scheme retained into 2024/25, compared to current scheme			
Group	Uprated current scheme (£/week)	Change (£/week)	Change (%)
All working age	£20.88	£4.45	27.11%
<i>UC</i>	<i>£20.32</i>	<i>£4.27</i>	<i>26.63%</i>
<i>Legacy benefits</i>	<i>£22.21</i>	<i>£4.88</i>	<i>28.14%</i>
Pension age	£25.29	£3.63	16.76%
Total	£22.22	£4.20	23.33%

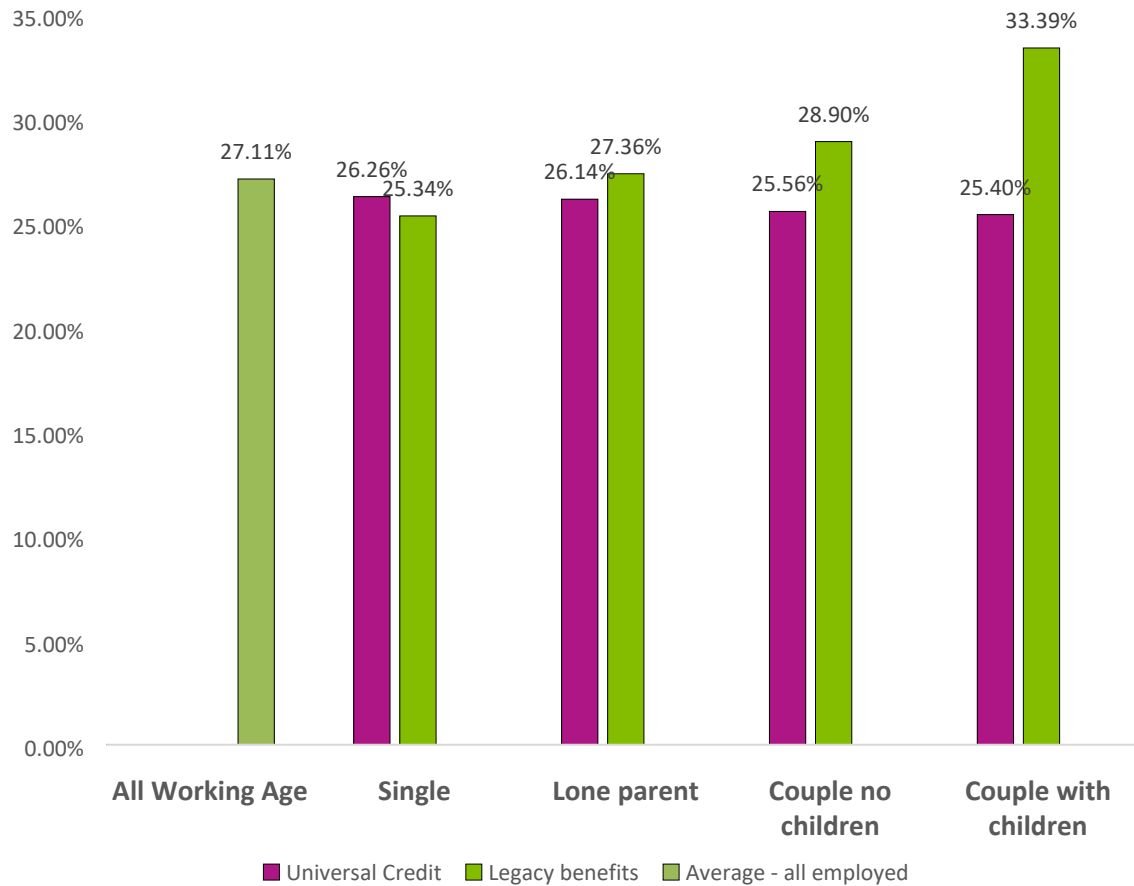
Maintaining current system into 2024/25: weekly support levels

% Change in Council Tax Support, by economic status - current scheme in 2024/25



Maintaining current system into 2024/25: % change by economic status

% Change in Council Tax Support, by household type - current scheme in 2024/25



Maintaining current system into 2024/25: % change by household type.

Model 1– key characteristics

Model 1 is a banded scheme, taking into account all income, with the following elements disregarded:

- Housing benefit / UC housing element
- Childcare support
- Personal Independence Payment / Disability Living Allowance

Higher rates of discount are given to households on legacy benefits in receipt of PIP/DLA and households on UC who get the LCW/LCWRA element.

Flat rate non-dependent deductions are introduced at £5 per week.

Model 1			Income Thresholds (£, weekly)			
Band	Discount	Disability discount	Single	Couple	1 child addition	2+ children addition
1	85%	90%	0-80	0-160	130	230
2	75%	80%	80-125	160-190	130	230
3	65%	70%	125-165	190-230	130	230
4	55%	60%	165-205	230-265	130	230
5	35%	40%	205-250	265-290	130	230
6	25%	30%	250-325	290-365	130	230

Band	No. households	% households	Average weekly CTS – Model 1	Average weekly CTS – Current scheme in 2024/25
1	8,481	81.86	£22.40	£22.35
2	272	2.63	£20.23	£19.32
3	493	4.76	£17.87	£14.24
4	552	5.33	£16.22	£12.58
5	157	1.52	£10.44	£14.32
6	256	2.47	£7.96	£12.49
Losing support	149	1.44	£0	£14.52
Total	10,360			

Model 1 – comparison

Cost and average CTS

Model 1 compared to current scheme and current scheme in 2024/25

Group	Model 1 cost £/annum	Comparison to cost of current scheme		Comparison to current scheme retained into 2024/25	
		Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£11,282,772	£2,431,652	27.47%	£32,125	0.36%
UC	£7,878,492	£3,045,203	63.00%	£217,384	2.84%
Legacy benefits	£3,404,281	-£613,551	-15.27%	-£185,258	-5.16%
Pension age	£5,948,152	£853,874	16.76%	£0	0.00%
Total	£17,230,924	£3,285,526	23.56%	£32,125	0.19%

Table 1: Model 1, Total cost of model (£/annum)

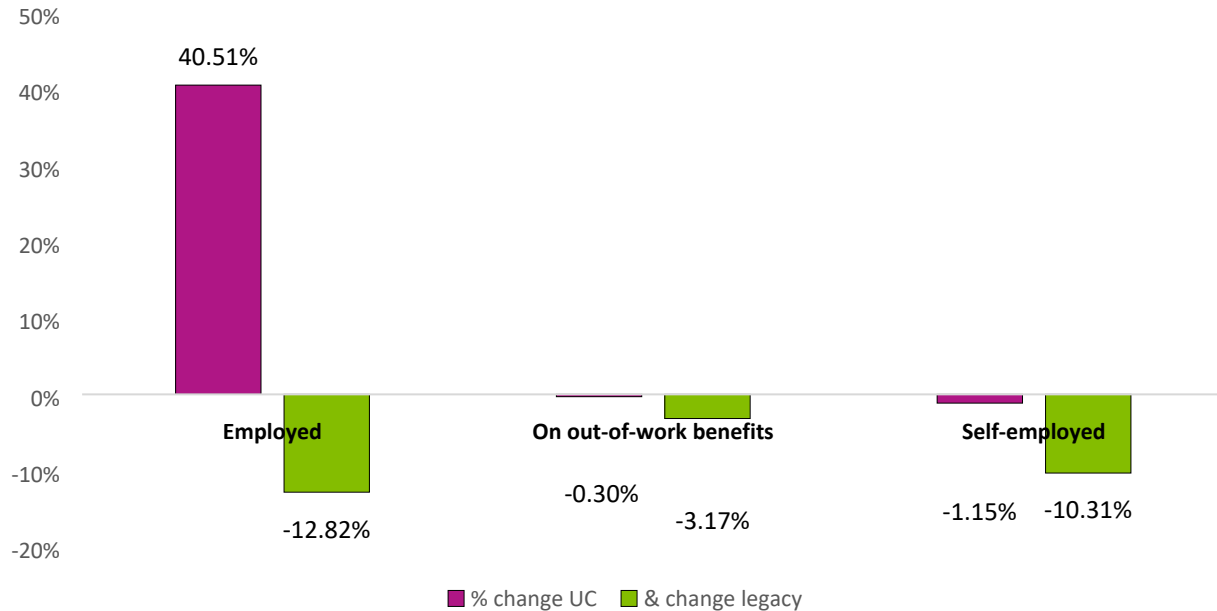
Model 1 increases total scheme costs by £32k in comparison to costs if the current scheme were to be retained into 2024/25. Average Council Tax Support for working age households under Model 1 increases by 0.36% compared to the current scheme maintained into 2024/25 (Table 1). Costs for UC households increase by 2.84%, whilst costs for households on legacy benefits decrease by 5.16%.

The increase in costs is driven by the increase in the maximum amount of support from 85% to 90% of CT liability and an equalisation in support for employed households on UC and legacy benefits.

Group	Average household support £/week	Comparison to cost of current scheme		Comparison to current scheme retained into 2024/25	
		Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£20.94	£4.51	27.47%	£0.06	0.29%
UC	£20.89	£4.85	30.23%	£0.58	2.84%
Legacy benefits	£21.06	£3.73	21.53%	-£1.15	-5.16%
Pension age	£25.29	£3.63	16.76%	£0.00	0.00%
Total	£22.26	£4.25	23.56%	£0.04	0.19%

Table 2: Model 1, average weekly council tax support (£/week)

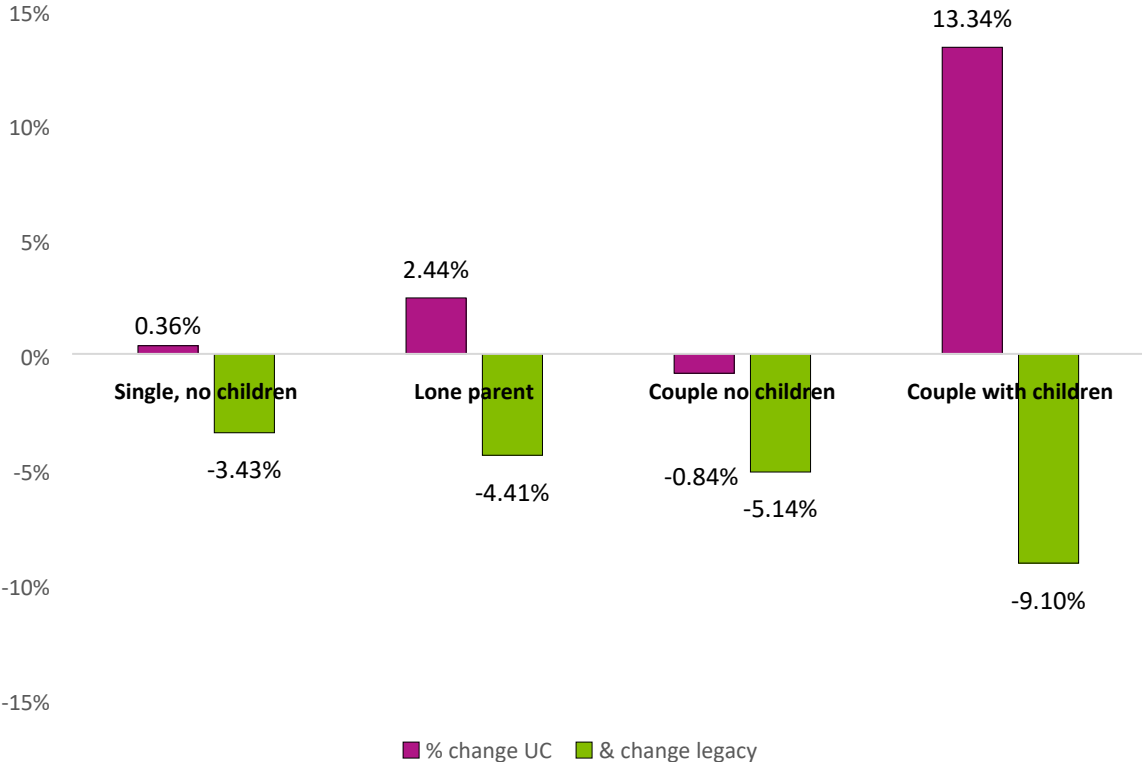
Percentage change in weekly CTR compared to current scheme retained into 2024/25, by economic status



Model 1: change in average CTS award, by economic status

Employed households on legacy benefits lose out slightly whilst those on UC gain. This is because the average award for employed households on UC in the current scheme in 2024/25 is lower than that for legacy claimants. This means that awards in the current scheme in 2024/25 for employed households who are migrated from legacy to UC may drop. These awards are evened out in the model, meaning UC households gain more compared to the current scheme in 2024/25.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by household type



Model 1: change in average CTS award, by household type

Couples with children on UC gain more as they are more likely to be employed.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by barriers to work



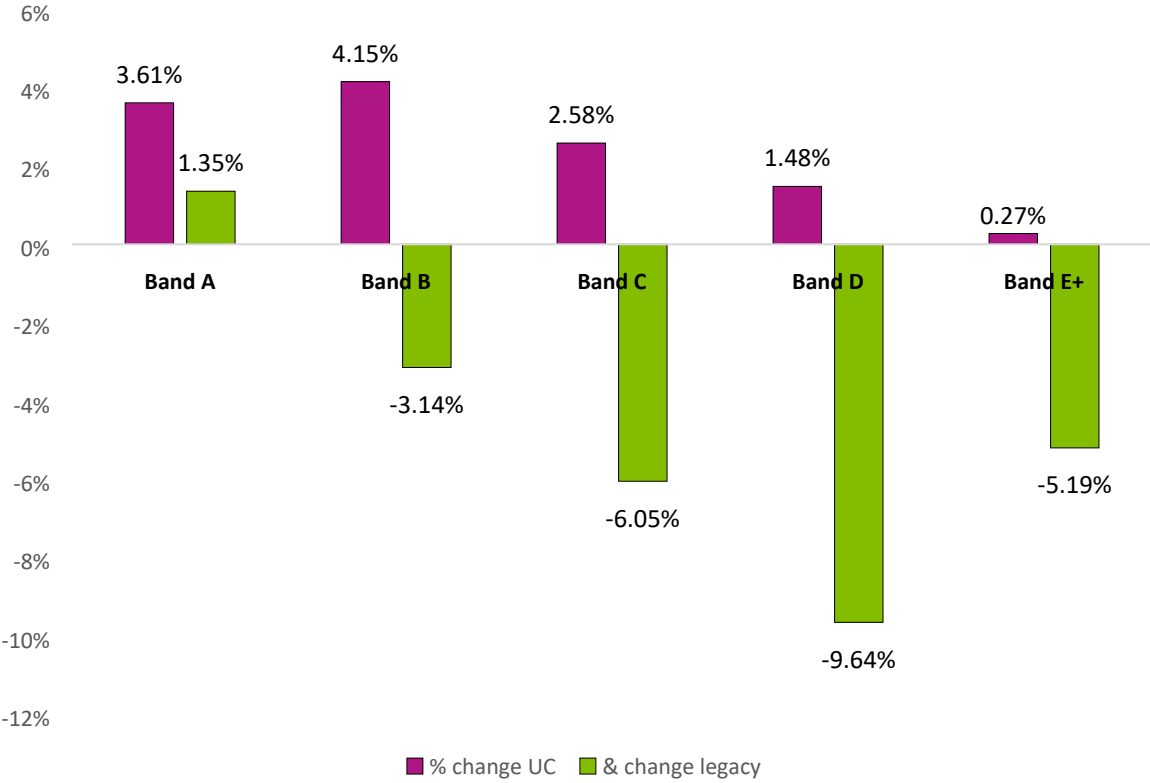
Model 1: change in average CTS award, by barriers to work.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by tenure type



Model 1: change in average CTS award, by tenure type.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by council tax band



Model 1: change in average CTS award, by council tax band.

Households losing out

584 households will lose more than £5 per week in support in this model, whilst 149 households will lose all support. This is 611 households in total, as 122 of the households losing more than £5 per week lose all support.

Of these households that are employed, the majority lose out due to falling into income bands that give an award than the earnings taper in the current scheme, as well as due to the introduction of flat rate non-dependant deductions. Of those out of work, the majority is due to the introduction of flat rate non-dependant deductions.

99 out of 3,334 households on PIP/DLA lose more than £5 per week, which is 3.0%. 56 of these households are employed or self employed. 79 out of 1,594 lone parents with a

child under 5 lose more than £5 per week, 67 of which are either employed or self-employed.

Households losing more than £5 per week or losing all support, by economic status and household type.

Economic status	Number of households
Employed	225
Out of work	328
Self-employed	58

Household type	Number of households
Couple with children	181
Couple without children	77
Lone parent	195
Single	158

Households losing all support, by economic status and household type.

Economic status	Number of households
Employed	109
Out of work	19
Self-employed	21

Household type	Number of households
Couple with children	73
Couple without children	4
Lone parent	63
Single	9

Model 2– key characteristics

Model 2 is a banded scheme, taking into account all income, with the following elements disregarded:

- Housing benefit / UC housing element
- Childcare support
- Personal Independence Payment / Disability Living Allowance

Higher rates of discount are given to households on legacy benefits in receipt of PIP/DLA and households on UC who get the LCW/LCWRA element.

Flat rate non-dependant deductions are introduced at £5 per week.

The band discounts are 5% higher than in Model 1. The income thresholds for single people in band 1 are slightly wider, whilst the income thresholds from band 2 onwards are lower. Both changes combined create a slight redistribution in support from employed to out of work households compared to Model 1.

Model 2			Income Thresholds (£, weekly)			
Band	Discount	Disability discount	Single	Couple	1 child addition	2+ children addition
1	85%	90%	0-90	0-150	100	180
2	75%	80%	90-115	150-175	100	180
3	65%	70%	115-135	175-195	100	180
4	55%	60%	135-160	195-220	100	180
5	35%	40%	160-200	220-260	100	180
6	25%	30%	200-240	260-300	100	180
7	0%	0%	240+	300+	100	180

Band	No. households	% households	Average weekly CTS – Model 2	Average weekly CTS – Current scheme in 2024/25
1	8,425	81.32	£22.38	£22.33
2	147	1.42	£19.70	£20.04
3	142	1.37	£17.85	£19.87

4	176	1.70	£14.96	£16.25
5	429	4.14	£10.04	£15.87
6	438	4.23	£7.46	£10.54
Losing support	603	5.82	£0	£13.56
Total	10,360			

Model 2 – comparison

Cost and average CTS

Model 2 compared to current scheme and current scheme in 2024/25

Group	Model 2 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2024/25	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£10,618,931	£1,767,811	19.97%	-£631,716	-5.61%
UC	£7,386,984	£2,553,695	52.84%	-£274,125	-3.58%
Legacy benefits	£3,231,948	-£785,884	-19.56%	-£357,591	-9.96%
Pension age	£5,948,152	£853,874	16.76%	£0	0.00%
Total	£16,567,083	£2,621,685	18.80%	-£631,716	-3.67%

Table 1: Model 2, Total cost of model (£/annum)

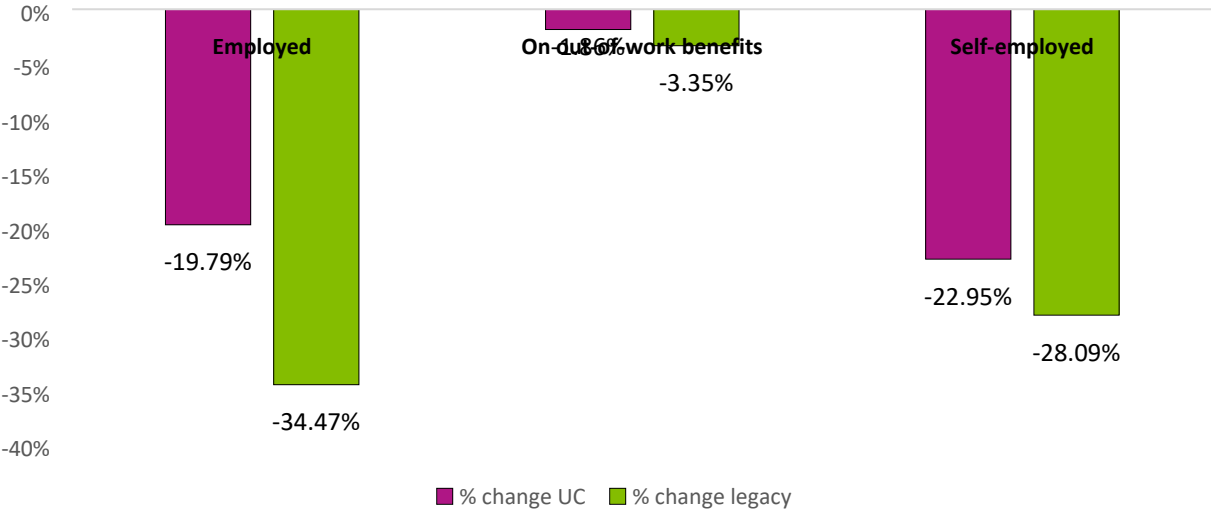
Model 2 decreases total scheme costs by £631.7k in comparison to costs if the current scheme were to be retained into 2024/25. Average Council Tax Support for working age households under Model 2 decreases by 5.61% compared to the current scheme maintained into 2024/25 (Table 1). Costs for UC households decrease by 3.58%, whilst costs for households on legacy benefits decrease by 9.96%. The average awards for UC and legacy claimants are evened out, although legacy awards are still slightly higher on average.

The decrease in costs is driven by the narrower income bands compared to Model 1. Households in band 1 have similar awards, whilst households in bands 2-6 lose support compared to the current scheme in 24/25 and compared to Model 1.

	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2024/25	
Group	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£19.71	£3.28	19.97%	-£1.17	-5.61%
<i>UC</i>	£19.59	£3.55	22.10%	-£0.73	-3.58%
<i>Legacy benefits</i>	£20.00	£2.67	15.38%	-£2.21	-9.96%
Pension age	£25.29	£3.63	16.76%	£0.00	0.00%
Total	£21.41	£3.39	18.80%	-£0.82	-3.67%

Table 2: Model 2, average weekly council tax support (£/week)

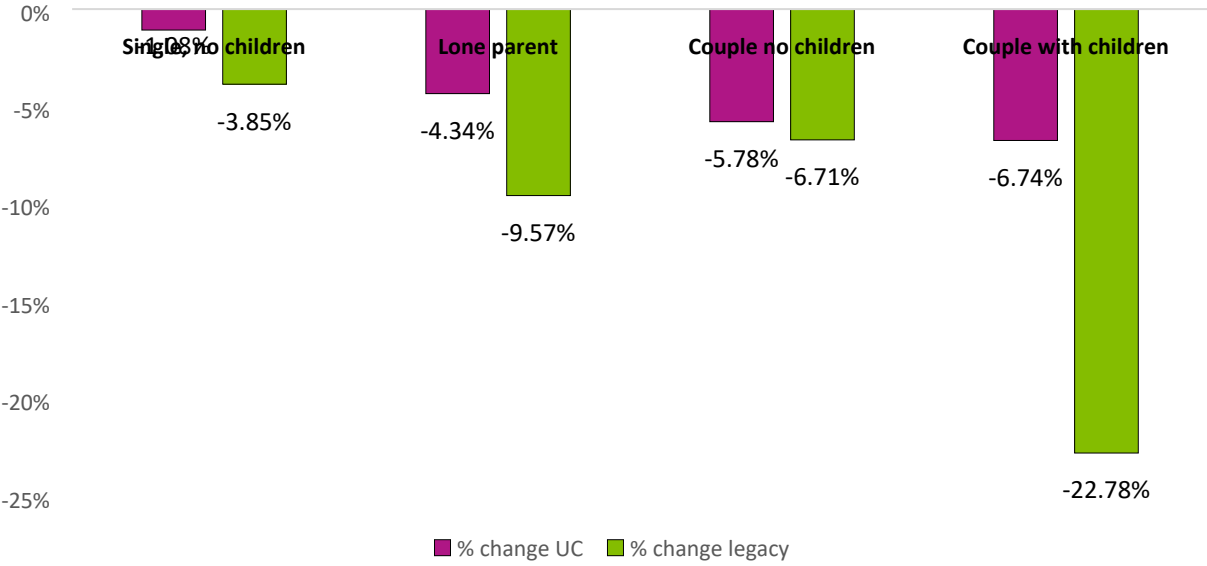
Percentage change in weekly CTR compared to current scheme retained into 2024/25, by economic status



Model 2: change in average CTS award, by economic status

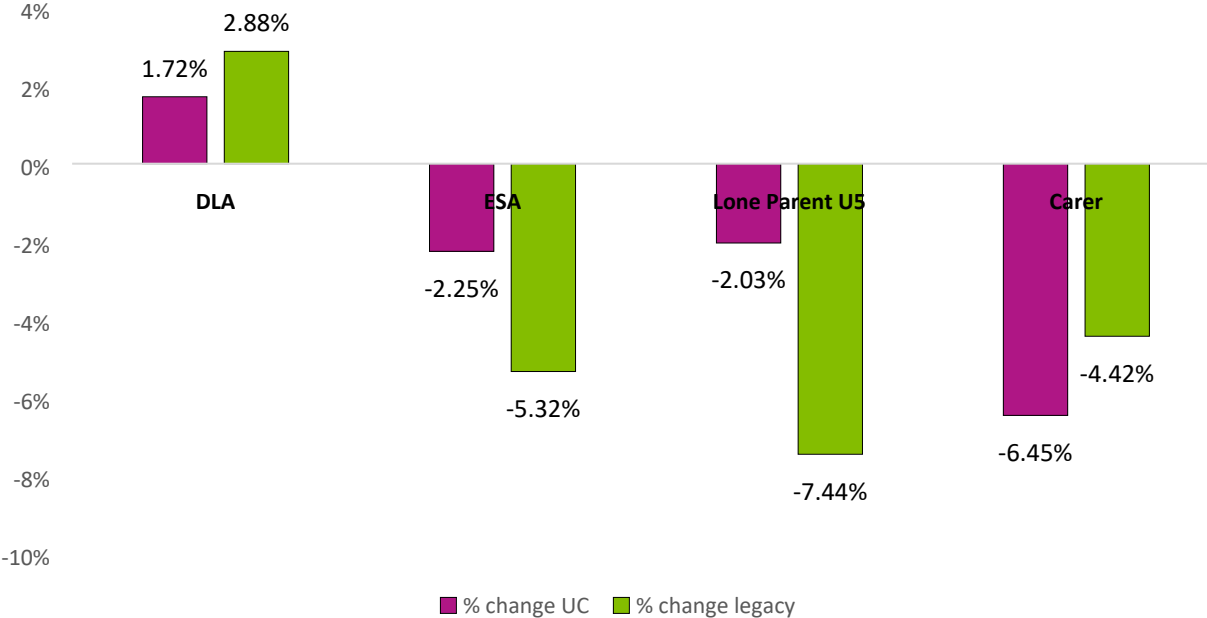
Employed households lose the most in this model due to the narrower income bands.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by household type



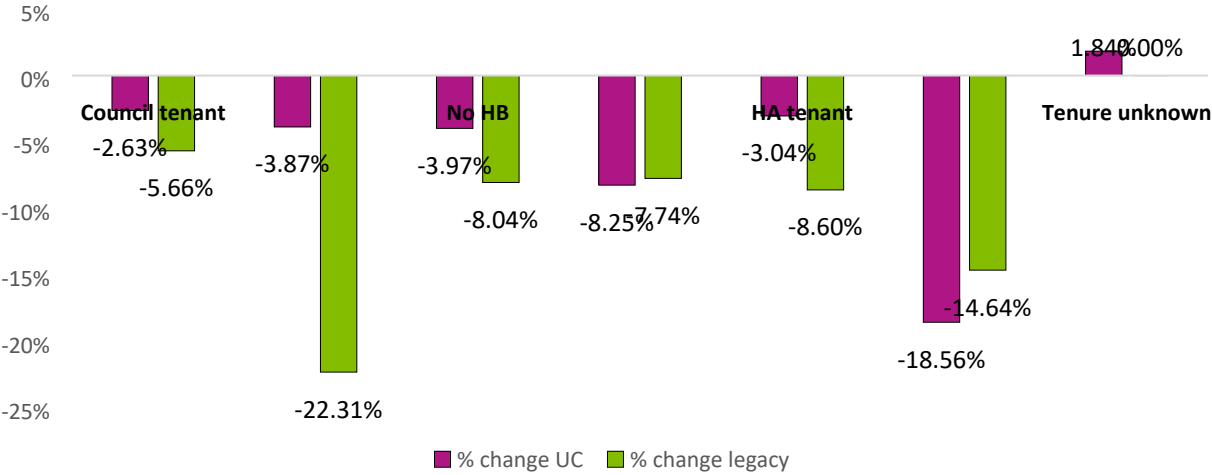
Model 2: change in average CTS award, by household type

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by barriers to work



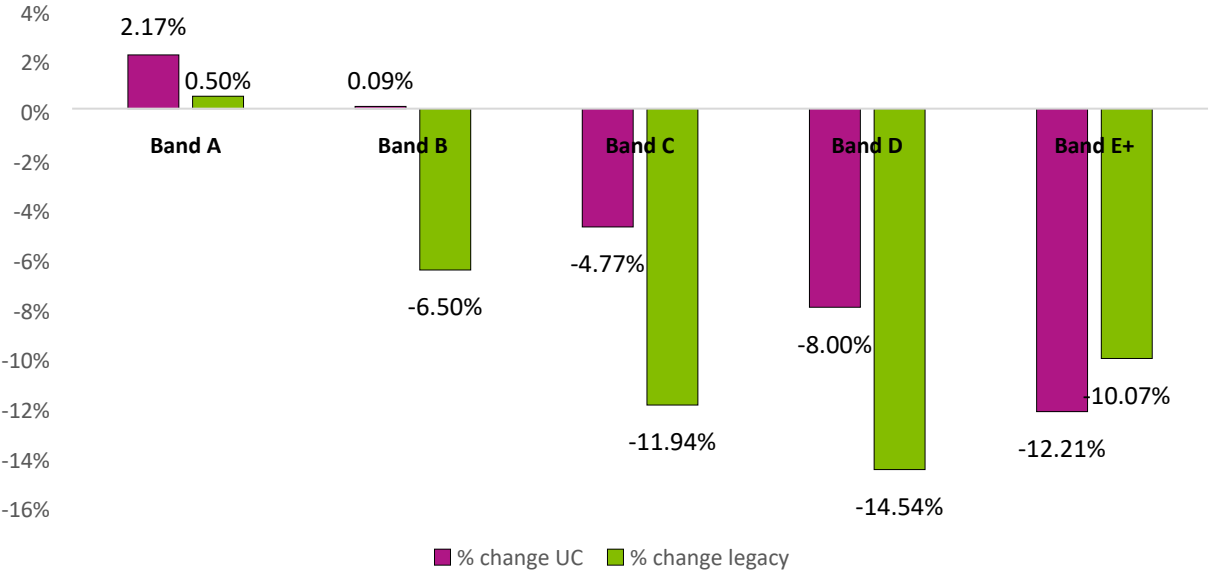
Model 2: change in average CTS award, by barriers to work

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by tenure type



Model 2: change in average CTS award, by tenure type

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by council tax band



Model 2: change in average CTS award, by council tax band

Households losing out

1,035 households will lose more than £5 per week in support in this model, whilst 603 households will lose all support. This is 1,133 households in total, as 505 of the households losing more than £5 per week lose all support.

Of these households that are employed, the majority lose out due to falling into income bands that give an award lower than the earnings taper in the current scheme, and due to the introduction of flat rate non-dependant deductions. More employed households lose out than in Model 2 as the income threshold in the highest band is lower. Of those out of work, the majority lose out due to the introduction of flat rate non-dependant deductions.

190 out of 3,334 households on PIP/DLA lose more than £5 per week, which is 5.7%. 106 of these households are employed or self-employed. 159 out of 1,673 lone parents with a child under 5 lose more than £5 per week, 137 of which are either employed or self-employed.

Households losing more than £5 per week or losing all support, by economic status and household type

Economic status	Number of households
Employed	556
Out of work	451
Self-employed	126

Household type	Number of households
Couple with children	413
Couple without children	99
Lone parent	399
Single	222

Households losing all support, by economic status and household type

Economic status	Number of households
Employed	447
Out of work	69
Self-employed	87

Household type	Number of households
Couple with children	317
Couple without children	19
Lone parent	238
Single	29

Contact details

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Senior Policy and Data Analyst

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Community and Equality Impact Assessment

As an authority, we have made a commitment to apply a systematic equalities and diversity screening process to both new policy development or changes to services.

This is to determine whether the proposals are likely to have significant positive, negative or adverse impacts on the different groups in our community.

This process has been developed, together with **full guidance** to support officers in meeting our duties under the:

- Equality Act 2010.
- The Best Value Guidance
- The Public Services (Social Value) 2012 Act

About the service or policy development

Name of service or policy	Replacement Council Tax Support scheme 2024/25
Lead Officer	James Johnston (Service Manager) & Donna Radley (Head of Welfare)
Contact Details	James.johnston@lbbd.gov.uk Donna.radley@lbbd.gov.uk

Why is this service or policy development/review needed?

The Welfare Reform Act in 2012 abolished Council Tax Benefit (CTB) from April 2013 and, in its place, support took the form of a local Council Tax Support Scheme (CTS). The Local Government Finance Act 2012 contains provisions for the setting up of local support schemes.

The current scheme in Barking & Dagenham has been based around the default CTS scheme.

The CTS scheme helps residents on low incomes to pay their Council Tax. Under the current scheme, a working-age household (Working age is anyone under Pension Credit age) liable for Council Tax could get up to 85% of the charge paid through the scheme, resulting in a minimum payment of 15% for all claimants, dependent upon their circumstances.

The council must consider whether to revise or replace its CTS scheme each financial year, for working age recipients. However, it does not actually have to revise or replace its scheme and can choose to retain the scheme unchanged from the previous financial year.

Pensioners are protected under the nationally prescribed pension age CTS scheme and must be able to receive up to a 100% reduction under the national scheme rules and this cannot be varied at a local level. Prescribed regulation changes to the pension age scheme must be applied.

This EIA is required for the proposals to implement a replacement CTS scheme for the financial year 2024/25 for working age households.

A new simplified version of the scheme is being proposed changing the scheme from the current means tested default scheme to an income banded discount scheme.

The current scheme has a number of disadvantages which can be summarised as follows:

- Highly complex calculation of entitlement and legislative based assessment processes
- Reactive to minor changes in circumstances generating higher volumes of work, adjustments to awards and multiple Council Tax bill adjustments
- Complex administration for staff & complex for applicants to understand
- Difficult to simplify with little flexibility in the scheme available
- The impact of Universal Credit (UC) on administration and awards
- Difficult to vary and change the levels of support for different types of applicant

The current default CTS scheme is less compatible with UC.

The impact of UC on the administration of the current CTS scheme can be summarised as follows:

Why is this service or policy development/review needed?

- Lower entitlement (CTS award)
- A higher volume of changes

UC claimants on average have less entitlement to CTS than existing legacy benefit claimants due to the design of UC.

The current CTS scheme is highly reactive to change. Administration costs are higher for UC claimants due to the monthly re-assessment of UC awards requiring processing and the adjustment of CTS. This results in claimants receiving up to 12 revised Council Tax bills and adjustment notices in the financial year. This may impact on Council Tax collection with amended Council Tax bill's being issued with rescheduled instalments. This creates confusion for the Council taxpayer and may contribute to increased Council Tax arrears.

Managed migration of the existing legacy benefit case load (with some exceptions for claimants in receipt of Employment & Support Allowance (ESA) to UC is scheduled to be undertaken in 2024.

This will have a significant impact on the existing case load.

If the current scheme is retained, it may not adequately support residents and this may act as a disincentive/barrier to work.

The existing scheme is too reactive to change and may not be viable in the long term due to the migration to UC.

In view of the issues with the retaining of the current scheme and taking account of the drivers for change it is proposed that an alternative approach be taken for a replacement scheme in 2024/25.

The main objectives of this CTS scheme change can be summarised as follows:

- Is affordable and maintains a cost neutral position from natural increases in the cost of retaining the current scheme into 2024/25
- Simplifying the scheme making it easy for residents to understand and access
- Provide the maximum level of support for all low income households
- Remove the requirement to continually make changes in awards making support more consistent and provide stability on managing household budgets
- Improve how the scheme works with the UC system
- Create a scheme that is fair and equitable to all residents, requiring a fair contribution from those who can pay while protecting the most vulnerable
- Encourages and incentivises employment
- Builds in capacity to better manage an increase in demand for the scheme (increased automation and more efficient administration)

An income banded discount scheme provides support based on bands of income and provides a percentage reduction off the Council Tax bill (the award). The number of discount bands, the level of discount and income thresholds can all be varied. Banded schemes vary in the types of income taken into account, what circumstances are considered and the % of the discount awarded. Income banded schemes can be designed to be as simple or as complex as desired, can be made more or less generous and designed to support protected groups if required. Re-assessment of cases will only be required if income crosses one of the income band thresholds.

Why is this service or policy development/review needed?

This approach will fundamentally redesign the scheme.

Income banding has the following advantages:

- Simplified and easier for applicants to understand
- Removal of complex means testing
- Simplified administration
- Reduced requirement to report changes in circumstances for applicants (workload)
- Significantly reduced number of claim adjustments and therefore Council Tax bill changes
- Reduced print & post costs due to reduced numbers of changes
- Targeted support at the most vulnerable (or other priority groups) (flexible scheme design)
- Easier to automate changes through existing IT platforms
- More compatible with Universal Credit

The [B&D Joint Health and Wellbeing Strategy 2019-23](#) includes an outcome that when residents need help, they can access the right support, at the right time in a way that works for them.

As a simplified Scheme that is easier for applicants to understand with fewer barriers to access should support this outcome, since the proposed scheme is less reactive to minor changes in circumstances than the current Scheme, enabling residents with fluctuations in their household circumstances (e.g. to time off work for ill-health or caring) to financially plan.

This EIA will consider the impact of introducing a banded income discount scheme in 2024/25.

Note this decision has not been taken.

This EIA analysis is based on a proposed draft CTS scheme to be considered by Cabinet.

There are a number of mitigations as set out in the report to support those who may be impacted.

The Strategy team has reviewed this EIA.

1. Community impact (this can be used to assess impact on staff although a cumulative impact should be considered).

What impacts will this service or policy development have on communities?
Look at what you know. What does your research tell you?

Please state which data sources you have used for your research in your answer below

Consider:

- National & local data sets
- Complaints
- Consultation and service monitoring information
- Voluntary and Community Organisations
- The Equality Act places a specific duty on people with 'protected characteristics'. The table below details these groups and helps you to consider the impact on these groups.
- It is Council policy to consider the impact services and policy developments could have on residents who are socio-economically disadvantaged. There is space to consider the impact below.

Overall borough wide demographics

- **Local communities in general**

Barking & Dagenham is a diverse borough with significant levels of deprivation as outlined by the following demographic trends below.

- **Population & Households**

Barking & Dagenham currently has a total population of 218,900.

The population size has increased by 17.7% from around 185,900 in 2011. This is higher than the overall increase for England of 6.6% and the 2nd highest in greater London and demonstrates the growth in population in the borough. Nearby boroughs such as Havering saw growth of only 10.4%.

In 2021 Barking & Dagenham ranked 80th for total population in Local Authority areas moving up 15 places since 2011.

There are currently 73,900 households in the borough.

This is broken down as follows:

- 1 person in household 23.7%
- 2 people in household 22.5%
- 3 people in household 18.9%
- 4 or more people in household 34.9% (London average 24.1%)

Single family households make up 62.9% of the household composition, higher than the London average of 58%.

The average household size is 2.96 the 4th highest average in England & Wales.

Barking & Dagenham therefore has a higher proportion of larger households and a higher proportion of single family households than the London average.

The population is expected to grow another 42% to 309,000 by 2041.

- **Age**

Of this population currently 57,150 are aged under 16. This is the highest proportion in England and Wales.

Of this population currently 142,700 are aged 16 – 64, and 19,050 aged over 65.

The largest age group bracket is age 35 – 39 with 8.5% (18,606) of the borough.

The average age in the borough is 33. This is lower than the London average of 35.

Barking & Dagenham has a significantly higher age profile between 0-19 than the London average.

The age profile has seen a decrease of 1.7% in people aged 65 and over, with an increase of 20.8% of people aged 15-64. The age profile for children under 15 has also increased by 17.3%.

57,100 (26.1%) of residents were aged under 16 on Census day, the highest proportion in England & Wales.

This demonstrates the changing profiles of the age of the population in Barking & Dagenham.

- **Disability**

Currently 13.2% of the population is registered as disabled under the Equality Act.

Barking & Dagenham currently has 4,790 people of working age (16-64) claiming Disability Living Allowance & 9,687 claiming Personal Independence Payment.

29.8% of households have at least one person who identifies as disabled, the highest proportion in London.

The [B&D Joint Strategic Needs Assessment](#) highlight that people with a disability are at particular risk of disadvantage in all its forms, as they are more likely to be living on a low income, be unemployed or in unsuitable housing, putting their health at additional risk of further decline

(DWP Stat-Xplore - 31.05.2022)

(Census 2021)

- **Gender reassignment**

9 in 10 Barking & Dagenham residents' gender identity was the same as sex registered at birth (90.4%)

Of all English & Welsh local authorities, Barking & Dagenham had the:

- highest proportion of trans women (0.25%)
- 3rd highest proportion of trans men (0.24%)
- 5th highest proportion of people whose gender identity was different but no specific identity given (0.64%)
- 17th highest who did not answer the gender identity question (8.4%)

- **Marriage & civil partnership**

Barking & Dagenham currently has 42.8% of the population married or in a civil partnership, up from 42.1% in 2011. The number of people who were married increased and fell across England.

41.8% of the population were never married or registered in a civil partnership.

8.1% are divorced or in a dissolved civil partnership.

12.8% of households were lone parents with dependant children the highest proportion in England & Wales.

(Census 2021)

- **Pregnancy & maternity**

There are currently 64.2 births per 1000 women of childbearing age the highest in London.

Barking & Dagenham saw England's joint second largest % rise in the proportion of households including a couple with dependant children from 20.9% in 2011 to 24.1% in 2021.

There are 9,4000 (12.8%) lone parent households with dependent children, the highest proportion in England & Wales.

Teenage pregnancy rates are 16.1 per 1000 females aged 15-17.

(Census 2021)

(Borough data explorer)

- **Race and ethnicity**

The proportion of the borough population identifying as coming from black and minority ethnic backgrounds has increased from 19.1% to 50.5% between the 2001 and 2011 censuses, and is now at 69.1%, the 10th highest in the country.

In 2021 25.9% of residents identified their ethnic group as Asian, Asian British or Asian Welsh, up from 15.9% in 2011. This 9.9% increase was the largest increase among high level ethnic groups in this area.

44.9% of residents identified as white compared with 58.3% in 2011.

21.4% of residents identified as Black, Black British, Black Welsh, Caribbean of African compared to 20% in 2011.

Ethnic diversity has increased between 2011 and 2021 with the percentage of non-white British residents rising by 18.6% over the decade.

The most common language of residents whose main language is not English is Romanian (4.8%) followed by Bengali (3.1%).

2 in 5 residents were born outside of the UK.

Barking & Dagenham has become increasingly ethnically diverse in the last 10 years.

(Census 2021)

- **Religion**

45.4% of the population identify as Christian, down from 56% in 2011.

18.8% identify with no religion.

24.4% of residents identify as Muslim, up from 13.7% in 2011. This rise of 10.7% was the largest increase in religious groups in Barking & Dagenham.

These groups are the predominant religion in the borough with the next highest identifying as Hindu at 3%.

(Census 2021)

- **Sex/Gender**

Currently 51.3% of the borough's residents are female, and 48.7% are male.

This is broken down by population:

- Male – 106,548
- Female – 112,202

(Census 2021)

- **Sexual orientation**

Nearly 9 in 10 Barking & Dagenham residents described their sexual orientation as Straight or Heterosexual (88.6%)

Of all English & Welsh local authorities, Barking & Dagenham had the:

- 4th highest proportion who described their sexual orientation as all other sexual orientations (0.07%)
- 23rd highest proportion who described their sexual orientation as Pansexual (0.38%)

- **Socio-economic disadvantage (deprivation in the borough)**

In April 2023 the updated poverty indicator tracker for Barking & Dagenham held the:

- 34th (worst) average rank (combining the 10 indicators of poverty) against all 309 English Local Authorities
- 32nd highest unemployment rate

- 5th highest rate of Universal Credit claimants in employment (previously 5th in the 2021 census)
- 7th highest proportion of households claiming Housing Benefits
- 70th highest proportion of households living in fuel poverty
- 63rd highest proportion of children under 16 living in relative low income families.

This compared to April 2022:

- 18th (worst) average rank (combining the 10 indicators of poverty) against all 309 English Local Authorities
- 2nd highest unemployment rate
- 2nd highest rate of Universal Credit claimants in employment (previously 5th in the 2021 census)
- 5th highest proportion of households claiming Housing Benefits
- 17th highest proportion of households living in fuel poverty
- 34th highest proportion of children under 16 living in relative low income families.

This showed a:

- Falling unemployment rate
- Reduction in fuel poverty (data remains pre cost of living crisis)
- Reduction in children living in relative low-income families

Within London the borough has the highest rates of:

- Universal Credit claimants in employment

The 3rd highest rate of

- Children aged under 16 living in relative low income families.

The 4th highest rate of:

- Households living in fuel poverty
- Income Support claimants

Barking & Dagenham has dropped from the 18th lowest (worst) to 34th lowest (worst) combining the 10 indicators of poverty. This is the first time Barking & Dagenham has:

- Featured outside of the top 20 (worst) Local Authorities since February 2020
- Not been the most impoverished borough (3rd)

Although these poverty indicators have improved Barking & Dagenham remains a very impoverished borough.

The 2021 census also provided data on poverty indicators:

- 46,100 (62.4%) of households have at least one measure of deprivation.
- 46% of children are estimated to live in poverty the 3rd highest in England & Wales.

- The borough also had an economically inactive rate of 35.9%, higher than the London average of 33.8%.
- 7% of the population were providing unpaid care.
- 58.5% of residents are economically active in employment, lower than the London average of 61.4%.
- 16.1% were employed in professional occupations with 15.9% employed in elementary occupations.
- The largest socio-economic classification was lower managerial, administrative and professional occupations at 15.3%, lower than the London average of 20.6%.
- 11.4% of the population were engaged in part time work of 15 hours a week or less, higher than the London average of 10.7%.
- 22.7% of the population hold no formal qualifications, higher than the London average of 16.2%.
- The number of residents renting privately has increased by 412% since 2001.
- 18,100 (24.5%) of households rent from the Council, the 3rd highest in England & Wales.
- 17.8% of households are living in a property without enough bedrooms, the 2nd highest proportion in England & Wales.

Income (and debt) is the greatest determinant of health, in a positive way enabling people to afford factors that support healthy living (e.g. diet, physical activity, housing, etc.) and in a negative way driving poor health (e.g. mental health, unhealthy behaviours, etc.).

The proposed Council Tax Support Scheme 2024/25 should have an overall positive impact on health and wellbeing and the reduction of health inequalities, including for those with health issues or barriers.

The socio-economic indicators in the borough highlight high levels of deprivation, poverty and issues with housing and present a challenging outlook for the Council.

Council Tax Support - Case load and demographics:

Case load:

There are currently 15,216 live CTS cases:

- 10,717 working age (16-64) (70.43%)
- 4499 pension age (65+) (29.57%)

The CTS working age caseload is currently 7.5% of the working age population of the borough.

The CTS pension age caseload is currently 23.6% of the pension age population of the borough.

Case load breakdown by demographic types¹:

The CTS case load can be broken down by age, household size and other characteristics such as disability.

Age range	CTS claimants (main claimant)	Claims with disability (PIP/DLA/LCW)	Carers (receiving carers allowance)	Claims by household type			
				All claimants	Total	Single	Couple
16-24	195	29	12	182	13	96	46
25-34	1,824	570	303	1,571	253	480	1,018
35-44	2,808	1,052	532	2,124	684	570	1,688
45-54	2,691	1,250	540	1,937	754	515	858
55-65	2,857	1,547	428	2,236	621	228	125
66+	4,508	1,496	199	3,653	855	45	21

Age band	Barking & Dagenham population 2021	% of total population by age bracket	Council Tax Support claimants	% of total
0-9	35,536	16.25%	0	0
10-19	33,328	15.24%	10	0.07%
20-29	28,435	13.00%	847	5.58%
30-39	36,691	16.77%	2627	17.29%
40-49	31,986	14.62%	2828	18.62%
50-59	25,140	11.49%	2756	18.14%
60 -69	14,536	6.65%	2525	16.62%
70-79	8,027	3.67%	2170	14.28%
80+	5,071	2.32%	1429	9.41%

CTS expenditure (cost):

CTS expenditure for the financial year 2023/24 is currently £16,648,683.81

CTS expenditure by age:

Of this expenditure £11,216,501.52 (67.37%) is against working age claimants and £5,432,182.29 (32.63%) is against pension age claimants.

¹ Policy & Practice localised CTS Final Report

Working age claimants currently make up 65.10% of the population and account for 70% of the CTS caseload and 67.36% of the total CTS expenditure.

Pension age claimants currently make up 8.70% of the population and account for 30% of the CTS caseload and 32.64% of the total CTS expenditure.

CTS case load by gender:

The current case load is split as follows:

Male – 33.31%

Female – 68.02%

CTS case load by ethnicity & race:

The Council does not collect this information about this characteristic as it is not a mandatory requirement for the processing of CTS.

There is currently no monitoring data available within the CTS case load data to distinguish claimants by race or ethnicity.

CTS case load by religion:

The Council does not collect this information about this characteristic as it is not a mandatory requirement for the processing of CTS.

There is currently no monitoring data available within the CTS case load data to distinguish claimants by religion.

CTS case load by sexual orientation:

The Council does not collect this information about this characteristic as it is not a mandatory requirement for the processing of CTS.

There is currently no monitoring data available within the CTS case load data to distinguish claimants by sexual orientation.

CTS case load by Gender reassignment:

The Council does not collect this information about this characteristic as it is not a mandatory requirement for the processing of CTS.

There is currently no monitoring data available within the CTS case load data to distinguish claimants by gender reassignment

CTS case load by Marriage and civil partnership:

The Council does not collect this information about this characteristic as it is not a mandatory requirement for the processing of CTS.

There is currently no monitoring data available within the CTS case load data to distinguish claimants by marriage and civil partnership.

CTS case load by Pregnancy and maternity:

The Council does not collect this information about this characteristic as it is not a mandatory requirement for the processing of CTS.

There is currently no monitoring data available within the CTS case load data to distinguish claimants by pregnancy.

Maternity can only be identified by those claimants in receipt of a Maternity Allowance benefit from the DWP. This will not account for claimants on paid maternity leave, in receipt of other benefits, or neither.

Potential impacts	Positive	Neutral	Negative	What are the positive and negative impacts?	How will benefits be enhanced and negative impacts minimised or eliminated?
Local communities in general					-
Age				<p>Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards.</p> <p>Although the impacts may differ by age group the calculation of CTS is not related to a person's age for the working age scheme.</p> <p>Any differences in entitlement will be as a result of other factors such as differences between the current means test and the new proposed income band thresholds, or the introduction of a flat rate non-dependant charge.</p> <p>No scheme changes are proposed for the pension age scheme which remains centrally prescribed.</p>	<p>It is not feasible to mitigate any potential adverse impacts on the basis of age alone.</p> <p>The following mitigations are in place to support claimants adversely affected by the proposed changes:</p> <ul style="list-style-type: none"> Resident consultation <p>Consulting residents about the proposed changes and asking for their views on how to mitigate any impact.</p> <p>Public forums will be available to residents at various locations for face to face surgeries.</p> <ul style="list-style-type: none"> Council Tax Discretionary relief (CTDR)

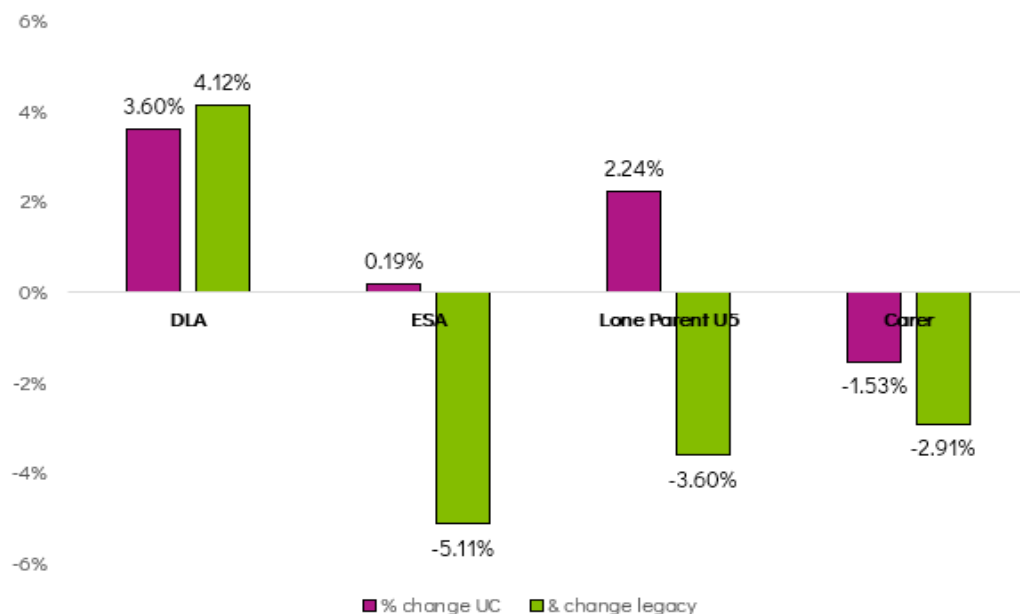
			<p>Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.</p>	<p>Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme.</p> <p>Section 13A of the Local Government Finance act 1992).</p> <ul style="list-style-type: none"> • Government funded hardship schemes and local welfare assistance <p>Maintaining an open application process for all residents for the Household Support Fund (HSF) and any other government funded discretionary schemes, including Council funded schemes, to support the wider costs of living for vulnerable residents, helping to assist with financial support and therefore the payment and collection of Council Tax.</p> <ul style="list-style-type: none"> • The Homes & Money HUB & Welfare Service <p>Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting</p> <ul style="list-style-type: none"> • Applying the Council's debt management policy <p>Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.</p>
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Disability	X	X	X	<p>Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards.</p> <p>The scheme proposes an increased level of discount of 5% for claimants in receipt of Personal Independence Payments (PIP) and Disability Living Allowance (DLA) for care and daily living at the middle or higher rates and the limited Capacity for Work (LCW) element of Universal Credit (UC).</p> <p>Carers allowance is not part of the qualifying criteria. Although these claimants may also incur additional costs overall scheme affordability has meant a prioritisation against those claimants in receipt of disability benefits.</p> <p>A 5% increase is applied on each band to ensure consistency of approach.</p> <p>This will affect a total of 5,944 claims and provide higher levels of support for this cohort.</p> <p>The maximum level of award is now 90% of the Council Tax charge which is higher than the 85% for all other claimants.</p> <p>This is a positive impact on disabled claimants from the proposed scheme.</p> <p>Claimants who may have disability but are not in receipt of</p>	<p>The benefits of the increased award (disability uplift) will be recognised by reduced Council Tax bills.</p> <p>It is not feasible to mitigate any potential adverse impacts for claimants with disability not in receipt of qualifying disability benefits on this basis alone.</p> <p>The following mitigations are in place to support claimants adversely affected by the proposed changes:</p> <ul style="list-style-type: none"> • Resident consultation <p>Consulting residents about the proposed changes and asking for their views on how to mitigate any impact.</p> <p>Public forums will be available to residents at various locations for face to face surgeries.</p> <ul style="list-style-type: none"> • Council Tax Discretionary relief (CTDR) <p>Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme.</p> <p>Section 13A of the Local Government Finance act 1992.</p>

		<p>the qualifying benefits will not benefit from this change and in some cases may see reduced awards due to variations in which income band they are in.</p> <p>The proposed scheme proposes to implement flat rate non-dependant deductions. This will continue to disregard these deductions where a claimant or partner are in receipt of DLA or PIP at the middle of higher rates as a qualifying benefit, ensuring the protections that were previously in place will remain.</p> <p>2,715 households have at least 1 non-dependant charge. Of these 684 are exempt from deductions due to receipt of disability benefits and will remain protected.</p> <p>There will therefore be no negative impact from the change to a flat rate non-dependant charge.</p> <p>Claimants who may have disability but are not in receipt of the qualifying benefits may be affected and, in some cases, may see reduced awards due to variations in the amount of non-dependant charge applied.</p> <p>No scheme changes are proposed for the pension age scheme which remains centrally prescribed.</p> <p>Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.</p>	<ul style="list-style-type: none"> • Government funded hardship schemes and local welfare assistance <p>Maintaining an open application process for all residents for the Household Support Fund (HSF) and any other government funded discretionary schemes, including Council funded schemes, to support the wider costs of living for vulnerable residents, helping to assist with financial support and therefore the payment and collection of Council Tax.</p> <ul style="list-style-type: none"> • The Homes & Money HUB & Welfare Service <p>Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting</p> <ul style="list-style-type: none"> • Applying the Council's debt management policy <p>Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.</p>
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Disability analysis²:

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by barriers to work



Model 1: change in average CTS award, by barriers to work.

The disability uplift has a positive impact on disabled claimants (DLA) who meet the qualifying criteria with an overall increase in the level of award from the proposed change.

Under the proposed scheme 611 households in total will lose more than £5 in support.

Of this 99 households on PIP/DLA lose more than £5 per week. This is against 3,334 households in receipt of PIP/DLA (3%). 56 of these households are employed/self-employed and lose support due to a variation in their income band against the current means tested scheme.

The proposed scheme proportionately benefits disabled claimants with a small number losing out and can be seen to be a positive change for residents with disability who receive relevant qualifying benefits.

<p>Gender reassignment</p>		<p>X</p>	<p>There is no CTS data held for this specific category.</p> <p>The scheme will not treat people of different genders any differently.</p> <p>The proposed changes to the CTS scheme will not have a</p>	<p>No impact.</p> <p>No mitigations are required.</p>
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² Appendix 1 – Policy & Practice localised CTS Final Report

			differential impact on people who are proposing to undergo, is undergoing, or has undergone a process (or part of a process) to re-assign their gender.	
Marriage and civil partnership				
		X	<p>There is no CTS data held for this specific category.</p> <p>The scheme will not treat people either married or in a civil partnership any differently.</p> <p>The proposed changes to the CTS scheme will not have a differential impact on people who are married or in a civil partnership.</p>	<p>No impact.</p> <p>No mitigations are required.</p>
Pregnancy and maternity				
		X	<p>There is no CTS data held for this specific category.</p> <p>Pregnancy does not affect the claimant's assessment of CTS unless there is a change in financial circumstances.</p> <p>The scheme will only treat people who are on maternity leave differently in so far as considering a change in their circumstances for income & household with regards to the income band discount awarded.</p> <p>The proposed changes to the CTS scheme will not have a differential impact on women who are pregnant or recently had a baby.</p>	<p>No impact.</p> <p>No mitigations are required.</p>
Race (including Gypsies, Roma and Travellers)				
		X	<p>There is no CTS data held for this specific category.</p> <p>There are ethnic inequalities in health, some of which are</p>	<p>No impact.</p> <p>No mitigations are required.</p>

			<p>associated to economic deprivation.</p> <p>The scheme will not treat people of different ethnicity or race any differently.</p> <p>A claimant's entitlement to CTS is decided in accordance with set criteria such as recourse to public funds and immigration status.</p> <p>The proposed changes to the CTS scheme will not have a differential impact on people because of their race or ethnicity.</p>	
Religion or belief		X	<p>There is no CTS data held for this specific category.</p> <p>The scheme will not treat people of different religion any differently.</p> <p>The proposed changes to the CTS scheme will not have a differential impact on people because of their religion or belief.</p>	<p>No impact.</p> <p>No mitigations are required.</p>
Sex	X	X	<p>Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards.</p> <p>Although the impacts may differ by sex the calculation of CTS is not related to a person's gender for the working age scheme.</p> <p>Any differences in entitlement will be as a result of other factors such as differences between the current means test and the new proposed income band thresholds, or the introduction of a flat rate non-dependant charge.</p>	<p>It is not feasible to mitigate any potential adverse impacts on the basis of sex alone.</p> <p>The following mitigations are in place to support claimants adversely affected by the proposed changes:</p> <ul style="list-style-type: none"> • Resident consultation <p>Consulting residents about the proposed changes and asking for their views on how to mitigate any impact.</p>

			<p>This information is recorded within a claimant's personal details.</p> <p>The case load is 33.31% male and 66.69% female for the lead claimant. Any changes that sees reduced awards will disproportionately affect female claimants.</p> <p>Changes in the proposed scheme are not gender specific. The same income threshold and discounts apply to all claimants.</p> <p>Childcare could be a potential barrier for a single parent looking to secure employment or increase their hours and may disproportionately affect woman. By disregarding the childcare element of UC the proposed scheme will support claimants and this may proportionately benefit female claimants.</p> <p>Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.</p> <p>The proposed changes to the CTS scheme will not have a differential impact on people because of their sex or gender.</p>	<p>Public forums will be available to residents at various locations for face to face surgeries.</p> <ul style="list-style-type: none"> • Council Tax Discretionary relief (CTDR) <p>Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme.</p> <p>(Section 13A of the Local Government Finance act 1992).</p> <ul style="list-style-type: none"> • Government funded hardship schemes and local welfare assistance <p>Maintaining an open application process for all residents for the Household Support Fund (HSF) and any other government funded discretionary schemes, including Council funded schemes, to support the wider costs of living for vulnerable residents, helping to assist with financial support and therefore the payment and collection of Council Tax.</p> <ul style="list-style-type: none"> • The Homes & Money HUB & Welfare Service <p>Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting</p>
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				<ul style="list-style-type: none"> Applying the Council's debt management policy <p>Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.</p>	
Sexual orientation		X	<p>There is no CTS data held for this specific category.</p> <p>The proposed changes to the CTS scheme will not have a differential impact on people because of their sexual orientation.</p>	<p>No impact.</p> <p>No mitigations are required.</p>	
Socio-economic Disadvantage	X	X	X	<p>Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards.</p> <p>Any differences in entitlement will be as a result of factors such as differences between the current means test and the new proposed income band thresholds, or the introduction of a flat rate non-dependant charge.</p> <p>94.11% of households will see a neutral or positive impact on their award from the scheme change.</p> <p>611 households will lose support (5.89%).</p> <p>The proposed scheme is as an average more beneficial for claimants on UC than existing legacy benefits, recognising the planned migration for all</p>	<p>It is not feasible to mitigate any potential adverse impacts on the basis of socio-economic disadvantage alone.</p> <p>The following mitigations are in place to support claimants adversely affected by the proposed changes:</p> <ul style="list-style-type: none"> Resident consultation <p>Consulting residents about the proposed changes and asking for their views on how to mitigate any impact.</p> <p>Public forums will be available to residents at various locations for face to face surgeries.</p> <ul style="list-style-type: none"> Council Tax Discretionary relief (CTDR)

		<p>remaining legacy benefits to UC in 2024.</p> <p>There remains a risk that any delay to managed migration to UC would see some legacy benefit claimants lose support until migrated to UC.</p> <p>There are 2,715 households with a non-dependant deduction.</p> <p>Only 13% of these deductions require a means test to establish income to determine the correct deduction.</p> <p>684 households remain exempt from the charge due to receipt of disability benefits mirroring the protections in the current scheme.</p> <p>1,705 households will have higher deductions from the introduction of a flat rate deduction however the majority of households (1457) will have deductions increased at the lowest deduction amount increasing from £4.60 to £5 per week.</p> <p>Flat rate non-dependant deduction changes will affect all household types and economic status.</p> <p>The overall impact of the scheme change is positive for the majority of claimants but there remains some households who will lose support.</p> <p>No scheme changes are proposed for the pension age scheme which remains centrally prescribed.</p> <p>Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.</p>	<p>Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme.</p> <p>Section 13A of the Local Government Finance act 1992.</p> <ul style="list-style-type: none"> • Government funded hardship schemes and local welfare assistance <p>Maintaining an open application process for all residents for the Household Support Fund (HSF) and any other government funded discretionary schemes, including Council funded schemes, to support the wider costs of living for vulnerable residents, helping to assist with financial support and therefore the payment and collection of Council Tax.</p> <ul style="list-style-type: none"> • The Homes & Money HUB & Welfare Service <p>Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting</p> <ul style="list-style-type: none"> • Applying the Council's debt management policy <p>Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.</p>
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Appendix 1 provides analysis of the impact of the proposed replacement CTS scheme.

CTS is in the main targeted at low income households that are financially disadvantaged to support the payment of Council Tax and therefore any change to the scheme will impact these households with some gaining support and some losing support.

Model 1 is a banded income discount scheme which takes into account all household income and household size (restricted to 2 children).

Higher rates of discount are given to households on legacy benefits in receipt of PIP/DLA and households on UC who get the LCW/LCWRA element (disability uplift).

Flat rate non-dependent deductions are introduced at £5 per week with current scheme exemptions protected (receipt of disability benefits).

The scheme proposes the following income thresholds (bands) £.

Income Thresholds (Bands) £						
Band	Discount	Disability discount (5% uplift)	Single	Couple	1 child addition	2+ children addition
1	85%	90%	0-80	0-160	130	230
2	75%	80%	80-125	160-190	130	230
3	65%	70%	125-165	190-230	130	230
4	55%	60%	165-205	230-265	130	230
5	35%	40%	205-250	265-290	130	230
6	25%	30%	250-300	290-365	130	230

The impact of the proposed model as a comparison with the current scheme if retained into 2024/25

Band	No. households	% households	Average weekly CTS Model 1	Average weekly CTS Current scheme in 2024/25
1	8,481	81.86	£22.40	£22.35
2	272	2.63	£20.23	£19.32
3	493	4.76	£17.87	£14.24
4	552	5.33	£16.22	£12.58
5	157	1.52	£10.44	£14.32
6	256	2.47	£7.96	£12.49
Losing support	149	1.44	£0	£14.52
Total	10,360			

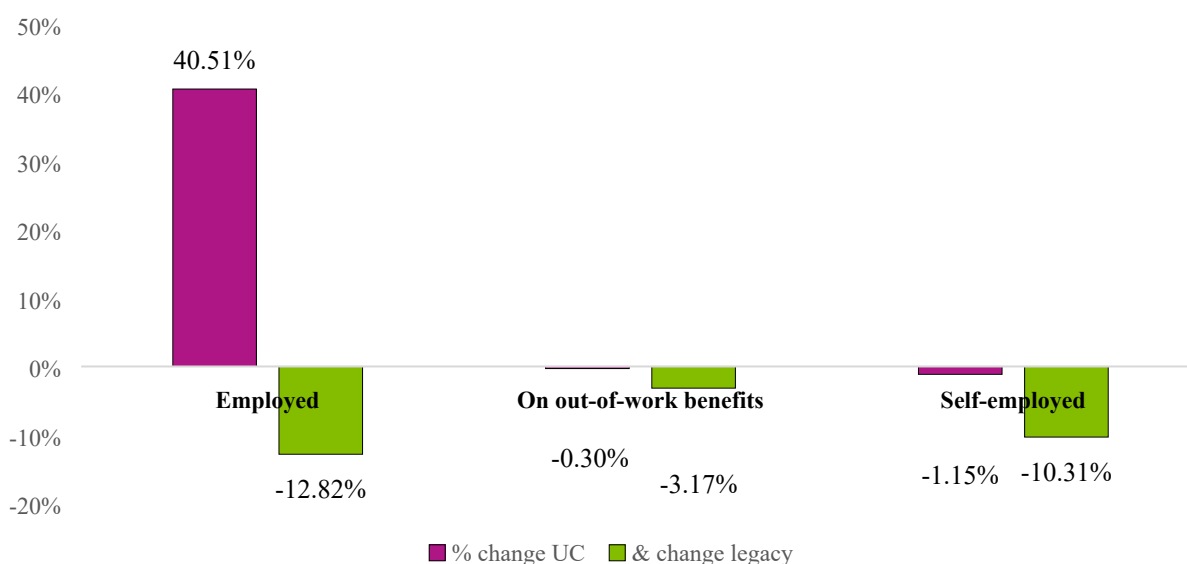
The model increases the average level of support for 9,798 households (94.5%) of the caseload demonstrating its overall positive impact between bands 1-4 for residents with the lowest incomes.

The main reductions in support are for those claimants in higher bands with higher household incomes.

For households that lose out the majority are due to falling into income bands that give an award lower than the earnings taper in the current scheme (employed), as well as due to the introduction of flat rate non-dependant deductions.

This impact can also be modelled against employment status:

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by economic status



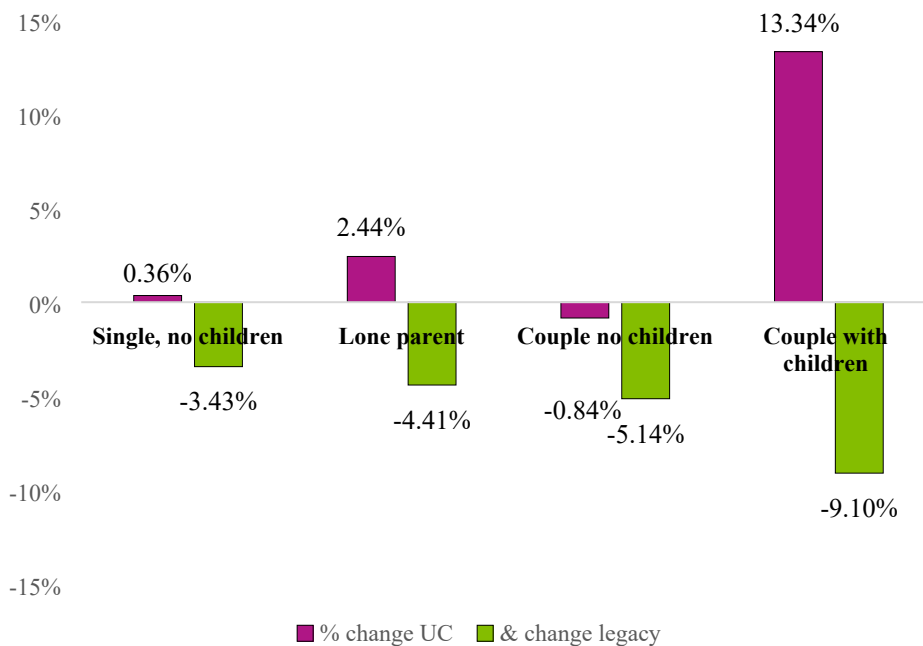
This modelling demonstrates a positive impact of the new scheme on UC claimants in employment against the retention of the current scheme.

Employed households under the old legacy benefits lose out. This is because the average award for employed households on UC in the current scheme in 2024/25 is lower than that for legacy claimants. This means that awards in the current scheme in 2024/25 for employed households who are migrated from legacy to UC may drop. This model accounts for an artificial migration of 30% of the current legacy case load to UC by 2024/25.

These awards are evened out in the model, meaning UC households gain more compared to the current scheme in 2024/25.

The proposed scheme provides better support for employed earners on UC than the current scheme and therefore supports employment and does not disincentivise work.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by household type



The modelling demonstrates a positive impact on most household types for claimants in receipt of UC.

Claimants in receipt of legacy benefits are disproportionately affected across all household types. This is in part caused by an artificial migration of this case load to UC (migration) in which these claimants may then receive overall lower awards due to this migration.

A scheme that better supports UC claimants is recommended due to the managed migration of the remaining legacy benefit case load to UC, due to commence in 2024. However should the migration be delayed some legacy benefit claimants may see reduced awards.

The proposed scheme mirrors welfare reform and UC by restricting the allowance for dependant children to two.

The Welfare Reform bill implemented a two child restriction from the 6 April 2017 where families were limited to financial support to their first two children.

The government's reasoning for limiting support to the first two children in a family is that those claiming benefits should face the same financial choices about having children as families who are supporting themselves solely through work.

The current scheme currently treats legacy benefit claimants differently to UC claimants. Restrictions on the child allowance applied within the UC award are also applied within the means test restricting the allowance unless exemptions are granted within the UC award.

Legacy benefit claimants do not currently have any restriction and are granted an allowance for all household dependants.

This has created an inequitable system where claimants are treated differently depending on the type of benefit they receive in the current scheme.

A restriction of the allowance to the first two children will disproportionately affect remaining legacy benefit claimants who are not subject to the restriction however this will align the scheme to how UC claimants are currently treated.

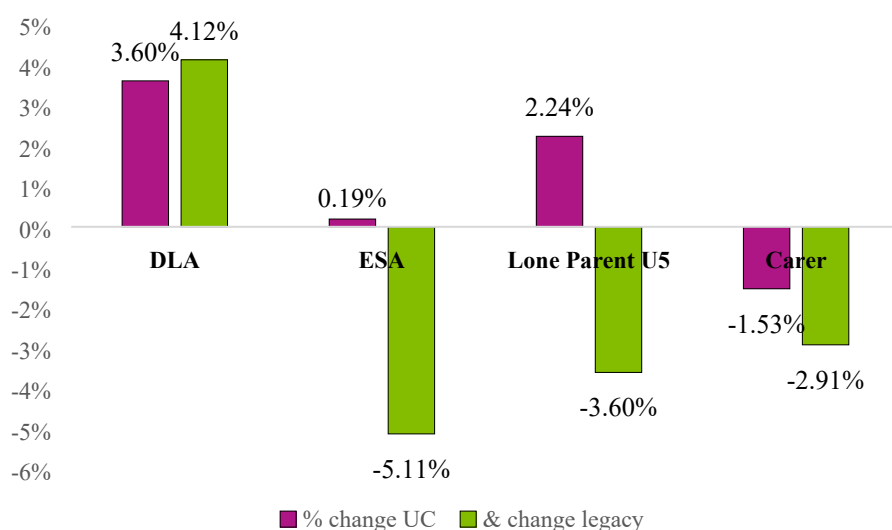
Barking & Dagenham has demographics in which 34.9% of households have four or more people in the household.

However the average household size in Barking & Dagenham is 2.96 residents per household which remains lower than the restriction to a couple and two children (four person).

It is acknowledged that due to a number of larger families in the borough that are not currently subject to a restriction through receipt of legacy benefits there may be an impact through lower awards due to this restriction being applied, and this may also impact larger families on UC as an ongoing concern.

A removal of this restriction would have significant financial implications for the overall affordability of the proposed scheme.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by barriers to work

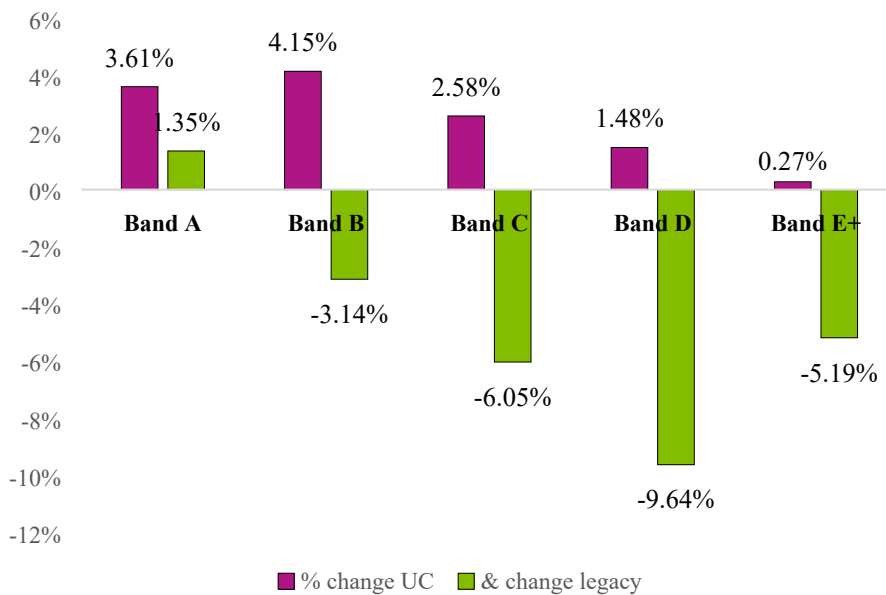


The disability uplift has a positive impact on disabled claimants (DLA) who meet the qualifying criteria with an overall increase in the level of award from the proposed change.

The proposed scheme proportionately benefits disabled claimants with a small number losing out and can be seen to be a positive change for residents with disability who receive relevant qualifying benefits.

Legacy benefit claimants that lose out do so due to changed flat rate non-dependant deductions with deductions now applied that were not previously.

Percentage change in weekly CTR compared to current scheme retained into 2024/25, by council tax band



Legacy benefit claimants lose out based on their Council Tax band which reflects overall lower levels of support for legacy benefit claimants.

UC claimants see a positive impact.

Introducing flat rate non-dependant deductions

The current practice of means-testing all non-dependants is inefficient with significant amounts of information required, and ongoing reviews to ensure accuracy and changes in circumstances are applied.

Introducing a flat rate non-dependant charge reduces administration by simplifying the process and requires less information from the resident.

Currently households with non-dependants in receipt of UC (without earnings) have no deduction while non-dependants in receipt of comparable legacy benefits have a deduction creating an inequitable system. A change to the scheme requiring a fair contribution is recommended.

A majority of households that have a non-dependant charge (77%) have no deduction or a minimum deduction of currently £4.60.

This means only 13% of the deductions require a means test to establish the correct deduction rate.

As a consequence, the means testing of non-dependant income is significantly inefficient in its administration of the scheme.

There are 2,715 households in the caseload that have at least one non-dependant. Of these, 684 are exempt from non-dependant deductions as they receive a disability benefit. The scheme will continue to disregard these deductions where a claimant or partner are in receipt of DLA or PIP at

the middle or higher rates as a qualifying benefit, ensuring the protections that were previously in place will remain.

This can also be further broken down to individual

Of the remaining 2,031 households, 1,705 households will have higher deductions, 409 have deductions increase by £5 or more after introducing flat rate deductions of £5 per week and 324 will have lower deductions.

The average increase in deductions is £5.32 per week, whilst the average decrease in deductions is £6.55 per week.

Weekly non-dependant deduction	Number of households
£5	1457
£10	452
£15	103
£20	16
£25	3

Households with an increase in deduction of £5 per week or more:

Household type	Number of households
Couple with children	64
Couple without children	71
Lone parent	88
Single	186

Economic status	Number of households
Employed	47
out of work benefits	341
Self-employed	21

The implementation of flat rate non-dependant charges will see a majority of the case load pay increased charges and will affect all household types and economic status.

Households losing out

Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards.

Any differences in entitlement will be as a result of factors such as differences between the current means test and the new proposed income band thresholds, or the introduction of a flat rate non-dependant charge.

611 households in total will lose out. 584 households will lose more than £5 per week and 149 households will lose all support.

There are currently 10,360 households resulting in 5.89% of households losing support.

149 households losing all support:

Economic status	Number of households
Employed	109
Out of work	19
Self-employed	21

Household type	Number of households
Couple with children	73
Couple without children	4
Lone parent	63
Single	9

611 households losing more than £5 per week:

Economic status	Number of households
Employed	225
Out of work	328
Self-employed	58

Household type	Number of households
Couple with children	181
Couple without children	77
Lone parent	195
Single	158

Of the households losing out that are employed, the majority lose out due to falling into income bands that give an award than the earnings taper in the current scheme, as well as due to the introduction of flat rate non-dependant deductions. Of those out of work, the majority is due to the introduction of flat rate non-dependant deductions.

99 out of 3,334 households on PIP/DLA (disabled) lose more than £5 per week, which is 3.0%. 56 of these households are employed or self-employed. 79 out of 1,594 lone parents with a child under 5 lose more than £5 per week, 67 of which are either employed or self-employed.

The scheme therefore has a neutral or positive impact on 94.11% of households compared to the current scheme.

The proposed scheme will benefit those claimants on UC more than existing legacy benefits and this has been designed to reflect the planned migration of the remaining legacy benefits to UC in 2024. There remains a risk that any delay to the proposed migration would disproportionately affect existing legacy benefit claimants across all types of household type and income and should be noted.

Any community issues identified for this location?		X		No issues recognised	No impact
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2. Consultation.

Provide details of what steps you have taken or plan to take to consult the whole community or specific groups affected by the service or policy development e.g. on-line consultation, focus groups, consultation with representative groups.

If you have already undertaken some consultation, please include:

- Any potential problems or issues raised by the consultation
- What actions will be taken to mitigate these concerns

Prior to the implementation of any change to the CTS scheme the Council is required to consult with the residents of the borough. The guiding principles that have been established through case law for fair consultation are as follows:

- The consultation must be carried out at an early stage when the proposals are still at a formative stage.
- Sufficient information on the reasons for the decision must be provided to enable the consultees to carry out a reasonable consideration of the issues and to respond.
- Adequate time must be given for consideration and responses to be made.
- The results of the consultation must be properly taken into account in finalising any decision.

There is also a duty to consult with the major precept authorities who are statutory consultees.

The aims of any consultation should be to:

- Inform residents and help them understand the impact of the proposals.
- Confirm why the proposals are being made.
- Detail any alternative proposals.
- Give purposeful consideration to realistic alternative proposals presented.
- Obtain feedback on whether residents support the proposals.

The Council will be required to consult extensively on the proposals to change the CTS scheme due to the significant change to the scheme proposed.

The consultation will be primarily web based through an online survey form.

The survey will inform residents of the proposals to change the scheme and ask residents and stakeholders their opinions and views on:

- Replacing the current scheme with an income banded discount scheme for 2024/25 (Model 1)
- Other options including (Model 2) and retaining the current scheme unchanged.

Provide details of what steps you have taken or plan to take to consult the whole community or specific groups affected by the service or policy development e.g. on-line consultation, focus groups, consultation with representative groups.

If you have already undertaken some consultation, please include:

- Any potential problems or issues raised by the consultation
- What actions will be taken to mitigate these concerns

The survey will be run through the Citizens Alliance website and will require promotion across the Council webpages, social media channels, E-newsletter, press releases & CTS award notification letters.

Current CTS claimants affected by the proposals may be contacted directly to explain possible changes to their award due to the changed scheme for 2024/25, to invite consultation and feedback on the proposed changes.

It is also anticipated that public workshops will be held at various sites throughout the borough, supported by outreach officers, to enable residents and stakeholders to engage with the proposals in person and these sessions will need to be widely promoted to ensure visibility and attendance.

Consideration will be given to the communication strategy for inclusion to ensure all residents have equal access and uptake given the links between exclusion in respect to communication given the link between exclusion and poor health (e.g. digital exclusion, non-English speakers, those engaged with community groups but not statutory authorities, etc.).

Direct engagement with voluntary partners and stakeholders will be required with the support of the relevant internal teams to ensure a broad section of these partners are engaged in the consultation process.

CTS scheme consultations historically have poor response rates from residents and the Council will need to ensure it widely promotes the consultation to ensure engagement in the proposals.

The outcome of the consultation will be reported to Cabinet.

3. Monitoring and Review

How will you review community and equality impact once the service or policy has been implemented?

*These actions should be developed using the information gathered in **Section 1 and 2** and should be picked up in your departmental/service business plans.*

Action	By when?	By who?
Impact of change monitoring by reviewing Council Tax collection rates and the number of CTS claims made and ongoing expenditure against the CTS scheme.	Ongoing	James Johnston
Regular monitoring based on performance frameworks	Ongoing	James Johnston

4. Next steps

It is important the information gathered is used to inform any Council reports that are presented to Cabinet or appropriate committees. This will allow Members to be furnished with all the facts in relation to the impact their decisions will have on different equality groups and the wider community.

Take some time to summarise your findings below. This can then be added to your report template for sign off by the Strategy Team at the consultation stage of the report cycle.

Implications/ Customer Impact

The current CTS scheme has numerous ongoing issues with its administration that highlights the need for the Council to consider a replacement scheme in order to effectively administer and provide support to residents through the core support of the CTS scheme.

The requirement to consider a replacement CTS scheme means the Council should now consider the implementation of an income banded discount CTS scheme to address some of the issues that arise with the retention of the current CTS scheme.

An income banded discount scheme provides support based on bands of income and provides a percentage discount off the Council Tax bill (the CTS award). The number of discount bands, the level of discount and income thresholds can all be varied. Income banded discount schemes can be designed to be as simple or as complex as desired, can be made more or less generous and designed to support protected groups if required. Re-assessment of cases will only be required if income crosses one of the income band thresholds.

An income banded CTS scheme can be designed to assist households with low incomes and ensure that their Council Tax liability is manageable and fair.

It is difficult to vary the current CTS scheme to adopt or target different levels of support at a range of applicants. An income banded discount scheme gives the Council the opportunity to vary support based on a targeted approach to residents in line with Council objectives and Borough manifestos.

The draft proposed replacement income banded discount CTS scheme for 2024/25 can be summarised to have the following equality impacts on current CTS claimants:

The draft proposed replacement income banded discount CTS scheme for 2024/25 can also be summarised to have the following overall impacts on residents of the borough.

The replacement CTS scheme will help the Council to meet key objectives contained in its corporate plan 2023 to 2026 which can be summarised as follows:

- **Putting residents at the heart of what we do**
 - Delivery on a new CTS scheme
 - Creates a scheme that is fair and equitable to all residents, requiring a fair contribution towards Council Tax from those who can pay while protecting the most vulnerable.
 - Simplifies the scheme making it easy for residents to understand and access when/if required.

- Looking at our risk management while we consider replacing our scheme
 - Making every contact count (reducing avoidable contact & providing better customer service)
 - Innovation to meet the challenges of today and tomorrow
 - Provides the borough with a CTS scheme that has recognised the need for change and provided a scheme that is fit for purpose into the future
 - Building service capacity for the future and Improving the efficiency of support available
 - Making it easier to get support
 - Being evidence lead and data driven on why we are changing our scheme
 - Providing value for money in how we administer our scheme
 - Cost neutral helping to support our medium term financial strategy and wider Council budgets and therefore does not require cuts to additional services to fund its cost.
 - Help to improve Council Tax collection rates
 - Reductions in printing/post costings
- **Support the big issues of poverty, unemployment, debt & inequalities**
 - Provides and protects the maximum level of support for all low income households.
 - Supporting residents through the cost of living crisis
 - Better financial resilience, stability and security
 - Support against unsustainable debt
 - Supporting the most vulnerable residents
 - Supporting, encouraging & incentivising employment and a return to employment
 - Help to live independent lives
- **Equality, diversity and inclusion at heart of decision making.**
 - Fundamental to how we approach a change in our scheme with a responsibility to the Equality Act.
 - Completing an EIA to assess the impact of our decisions on those with protected characteristics and to implement mitigations for adverse impacts where possible. EIA at the heart of decision making.

This EIA demonstrates an overall positive impact of the proposed draft CTS scheme change against equalities, diversity and the protected characteristics from the Equalities Act.

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How does an Income Banded Discount Council Tax Support (CTS) scheme work?

Calculating how much CTS a claimant receives is simplified with the introduction of an income banded discount scheme.

The scheme operates by offering a reduction in Council Tax liability based on the income level of the applicant and household size.

The scheme considers the total income of the applicant (household) to determine the level of Council Tax reduction applied. This assessment takes into account various sources of income, including employment, self-employment, benefits, pensions, and other financial resources.

Allowances are provided based on household size for single and couple applicants with additional allowances for up to 2 dependant children.

The scheme divides eligible households into income bands or tiers. Each band corresponds to a specific level of Council Tax reduction (%). The lower the income, the higher the % reduction provided.

Once the income band is determined, the scheme applies a predefined reduction percentage calculate the Council Tax reduction. For example, households in the lowest income band will receive a full or near-full exemption from paying Council Tax, while those in higher income bands will receive a smaller percentage reduction.

There is no complex means testing calculation applied.

Income can increase within an income band and have no effect on the level of support, therefore, greatly limiting the possibility of award adjustments and monthly revised Council Tax bills. A claimant's Council Tax bill will only be revised when they move into the next income band as the CTS award is adjusted.

Model 1: Summary

The CTS scheme for 2023/24 proposes the following income bands and discounts:

Income Thresholds (Bands) £						
Band	Discount	Disability discount (5% uplift)	Single	Couple	1 child addition	2+ children addition
1	85%	90%	0-80	0-160	130	230
2	75%	80%	80-125	160-190	130	230
3	65%	70%	125-165	190-230	130	230
4	55%	60%	165-205	230-265	130	230

5	35%	40%	205-250	265-290	130	230
6	25%	30%	250-325	290-365	130	230

Household income:

This scheme takes into account all household income such as:

- All Benefits
- Child Benefit
- Earnings
- Other income's such as student finance
- Pensions
- Child maintenance

Some incomes are disregarded from this overall household income and are not counted:

- Housing Benefit
- The Housing Costs element of UC
- Personal Independence Payments (PIP) & Disability Living Allowance (DLA)

Household size:

Income band thresholds are varied based on household type and size.

An additional allowance is granted for a maximum of 2 dependant children.

This combination of household size and household income is combined to place an applicant in a set bands (1-6).

The band discount (CTS award):

Each band (1-6) has a set % reduction of the payable Council Tax bill and this is provided through the CTS award.

Lower income households are placed into lower bands to ensure that they receive the maximum amount of support available reducing their remaining Council Tax bill.

Flat rate non-dependant deductions:

Non-dependant adults in the household are charged a flat rate deduction of £5 per adult, irrespective of their status or income.

Current protections against non-dependant deductions for disabled households in receipt of PIP/DLA are protected resulting in no deductions being applied for these households.

Disability uplift:

A disability uplift of 5% on top of the discount based on the band the applicant falls in is awarded for any applicant in receipt of PIP/DLA or the limited capacity to work (LCW) element of UC. This increases the level of support provided for the most vulnerable residents up to a maximum of 90% of the Council Tax bill.

Applicants can use their total household income to easily calculate the level of discount that will be awarded against their Council Tax bill based on the Council Tax band.

Applicants can also use the grid to determine the likely impact of any changes in their financial circumstances in their CTS award by looking at their total household income and the discount bands.

Examples of how the new discount income banding CTS scheme could be applied:

Council Tax band table 2023/24:

Council Tax Band	Full Charge 2023/24	Single person charge
A	£1,261.81	£946.36
B	£1,472.10	£1,104.07
C	£1,682.40	£1,261.80
D	£1,892.71	£1,419.54
E	£2,313.31	£1,734.99
F	£2,733.91	£2,050.44
G	£3,154.51	£2,365.89
H	£3,785.41	£2,839.06

Total household income (£ per week)	Household size	Council Tax Band
£350	Couple with 1 child	Band D

Example 1:

In the above example the applicant will fall into **Band 3** as their total household income of £350 per week falls into the income bracket of between £320 - £360 per week based on a household allowance for a couple and 1 child.

This means they will receive a discount of 65% of their Council Tax bill of £1,892.71 a year resulting in a CTS award of £1230.26.

This equates to a weekly CTS award of £23.65 against a full weekly charge of £36.39. This leaves a balance of £662.45 to pay.

Example 2:

Total household income (£ per week)	Household size	Council Tax Band
£85	Single person	Band C

In the above example the applicant will fall into **Band 2** as their total household income of £85 per week falls into the income bracket of between £80 - £125 per week based on a household allowance for a single person.

This means they will receive a discount of 75% of their Council Tax bill of £1261.80 a year resulting in a CTS award of £946.35.

This equates to a weekly CTS award of £18.19 against a full weekly charge of £24.26.

This leaves a balance of £315.45 to pay (£6.07 per week).

Example 3:

Total household income (£ per week)	Household size	Council Tax Band
£200 (PIP awarded)	Couple	Band E

In the above example the applicant will fall into **Band 3** as their total household income of £200 per week falls into the income bracket of between £190-£230 per week based on a household allowance for a couple.

This applicant is in receipt of Personal Independence Payment (PIP) which has been disregarded as income.

This results in the applicant being awarded the disability uplift and increases their maximum discount to 70%.

This means they will receive a discount of 70% of their Council Tax bill of £2313.31 a year resulting in a CTS award of £1619.31.

This equates to a weekly CTS award of £31.14 against a full weekly charge of £44.48.

This leaves a balance of £694 to pay (£13.34 per week).

CABINET**18 July 2023**

Title: Parking and Cost-of-Living Proposals	
Report of the Cabinet Member for Enforcement and Community Safety	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Daniel Connelly, Parking Design Manager	Contact Details: E-mail: daniel.connelly@lbbd.gov.uk
Accountable Director: Gary Jones, Operational Director, Enforcement and Community Safety	
Accountable Executive Team Director: Alison Stuart, Chief Legal Officer	
<p>Summary</p> <p>The cost-of-living crisis is an ongoing issue across the country and especially in Barking and Dagenham due to its high level of deprivation. Times are very challenging right now in regard to household finances i.e. rising energy bills, cost of food, fuel and mortgage and rent payments, which can also lead to wellbeing related issues for residents who are at the heart of our decision-making.</p> <p>The Council is already committed to providing support, advice and guidance to residents during this difficult time and the Parking service has identified two practical options to contribute to the package of support. These options relate to extending the periods of free-parking at Council-owned car parks and secondary shopping parades, as well as offering residents in new Controlled Parking Zone (CPZ) areas 10 free visitor permits in the first year.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Agree to extend the 'free' parking periods at Council-owned car parks from 1 hour to 2 hours and at secondary shopping parades (on-street) from 30 minutes to 1 hour in respect of all existing and future pay-by-phone locations; and (ii) Agree that households within future Controlled Parking Zone (CPZ) areas be offered 10 free visitor parking sessions in the first year. 	
<p>Reason(s)</p> <p>To assist the Council in achieving its priorities of "Residents are supported during the current Cost-of-Living Crisis" and "Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods".</p>	

1. Introduction and Background

- 1.1 Since July 2018, CPZ coverage across the borough has been expanding following consultation with ward members, emergency services, TfL, residents, businesses, schools and other community establishments. At the heart of this ongoing project is the Council's aim to improve safety, congestion and air quality across the borough, as well as providing a safer, fairer, consistent and a more transparent parking service.
- 1.2 The cost-of-living crisis is an ongoing issue within Barking and Dagenham with rising fuel, heating, food and mortgage and rent bills. We are mindful that in this current climate the decisions we take to implement new parking schemes or how we operate existing ones does have an impact on our local residents, particularly financial as residents are required to pay to park when visiting shopping hubs, local green spaces and other local services and amenities via car. Residents are also required to pay for their visitors such as family and friends within a CPZ which are currently sold at a rate of 75p for 4 hrs, £1.38 (1 day) or via a scratch card booklet which is £7.50 for 10 half day sessions and £13.80 for 10 full day sessions . A full list of permits prices can be found here. <https://www.lbbd.gov.uk/parking/parking-permits/parking-permit-prices>
- 1.3 The Parking service remains committed to the vision to achieve all the benefits CPZ provides, which is often accomplished via our emissions-based permit pricing structure which discourages “gas guzzlers” and unnecessary journeys being made. We are also currently supporting a number of other initiatives to help facilitate a change to cleaner, healthier and reduced-rate types of travel which link directly to the Council's priority of ensuring “Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods. For example:
- All parking permits and on street parking such a pay by phone are emission based with electric and very low emission vehicles being free of charge. Although capital cost for healthier vehicles can be higher the industry is working towards a lower price point for electric vehicles and low emission vehicles
 - Car Clubs – Parking are also committed to the car club project which aims to provide a platform for more accessible and sustainable travel within the borough and act as a cheaper alternative to actually owning a vehicle given all the costs associated with this such as car payments, insurance, fuel and maintenance etc.
 - Active travel – through the introduction of CPZ, residents are encouraged to choose active travel options such a cycling and walking to their desired destination which is not only healthier but comes either free or reasonably low in cost
 - E- scooter pilot across the borough
- 1.4 However we recognise this is an opportune moment to consider how we may support our residents during the cost-of-living crisis by easing the financial impact for residents as well as promoting a more positive CPZ programme. This is especially relevant given 62.4% of households in Barking and Dagenham are deprived which is the highest in England and Wales as identified within the Office of National Statistics Census 2021 (updated 5 April 2023). In addition, the proposed introduction of the Mayors Ultra Low Emission zone from 29 August this year which will likely further impact some resident's household budgets.

2. Proposal and Issues

2.1 The proposed changes focus specifically on two key areas:

- a) Extending free parking periods at pay by phone locations (Council car parks and within shopping parades); and
- b) Providing 10 free visitor parking sessions (per household) for residents

2.2 These two proposals are being put forward as the most common feedback themes we receive about the CPZ programme is based on the programme being imposed to make additional income for the Council and residents' concerns about their visitor parking and when using pay-by-phone locations. The proposals do not suggest a change to the fee structure for permits / parking but instead looks to provide additional value for money.

2.3 Extending free parking periods at pay by phone locations (Council car parks and within shopping parades)

2.3.1 Currently all users of Council car parks can obtain a 1-hour free parking period and 30 minutes free within secondary shopping parades, which must be registered via pay by phone. Our proposal seeks to essentially double the free parking period to 2 hours within car parks and 1 hour for secondary shopping parades for all users of existing pay by phone locations and future locations. With regards to the parking needs of some of our more vulnerable motorists such as blue badge holders we already have blue badge parking both within car parks and on street to facilitate safe and accessible parking and will continue to do so as we introduced new schemes. Blue badge holders can park within Council car parks for free within designated blue badge bays "as signed" and within any pay by phone locations for free all day.

2.3.2 It is also understood that some members of the community, particularly older people or those with hidden disabilities, may find it challenging to register their pay by phone parking via the app, which is why we also offer the following options:

- Pay by phone (telephone call) – motorists looking to park can use the automated telephone line which will support them in registering their parking. Parking colleagues also provide advice sessions within libraries for members of the community who would like additional support.
- Pay point – Motorist can pay for parking within local newsagents and nearby shops. To assist motorists in doing this we have a 10-minute observation period from when people park to when they have to have paid for their parking before enforcement is carried out.
- In addition to this, pay by phone parking session can be booked in advance with the help of friends and family.

2.3.3 However, it should be noted that this proposal does not suggest any changes to the existing pay by phone arrangement in terms of how motorists pay to park, instead considers only an extension to the free operating period as outlined. We have not operated a pay and display service since prior to the Covid 19 lockdown period, although machines remain onsite (until formally removed) but have been switched

off and unusable.

2.3.4 This will also help to address concerns raised previously about women's safety, particularly in town centres where they will be encouraged to park for longer and access parking spaces closer to essentially amenities and services without having to walk alone for long periods through quieter locations.

2.4 **10 free visitor parking sessions (per household) for residents**

2.4.1 To ease the financial pressure and anxiety from residents about visitor parking when new CPZ's are introduced, we are proposing to offer 10 free visitor parking sessions. The specific criteria that will apply is:

- All properties with a registered address within the new CPZ scheme may apply for a maximum of 10 free visitor parking sessions (per household) to be used within 1 year of a new CPZ being implemented. These will not be applied automatically and must be requested by or on behalf of the resident as required. The resident does not need to be a resident permit holder, nor do they have to own a vehicle.
- Applies to new schemes only and not those that are already in operation.
- These can be applied for online via their individual permit smarti account or for those residents not confident using online facilities may contact the parking customer care team who can assist with either booking the free sessions on their behalf or provide the resident with a free scratchcard booklet containing the 10 free parking session to be used as required.
- Visitor parking sessions may only be used when visiting resident within the designated CPZ and may not be used across the borough for other means.
- After the 10 free sessions have been used further session will need to be purchased if visitor parking is required.

2.4.2 It is anticipated that by offering initial free visitor parking sessions, this will transition residents and their visitors into the new scheme rather than having to pay straight away which, in turn will help to ensure residents are safe, protected, and supported at their most vulnerable by encouraging resident support networks to continue such as visits from family and friends, healthcare professions, carers etc., for which these visitors' session permits are often used. It is also envisaged that with this additional, upfront support will encourage residents to obtain visitor permits in the future and realise the benefits from doing so.

2.5 Both elements of this proposal are designed to provide better value for money for residents and visitors. In addition to reducing the financial impact, there are also other benefits to this proposal, such as improved access to free parking which enables more residents and other visitors, particularly those who are most affected by the ongoing cost of living crisis, to utilise local services and amenities at no cost during the extended free-parking periods. This will mainly be realised when residents are using local amenities which take longer than 30 minutes (secondary shopping parades) or an hour (Council car parks) such as local green spaces for dog walking and other recreational activities, attending doctors surgeries, medical centres, churches or getting a haircut or undertaking a weekly shop to name a few. In turn, this will encourage the use of local business which again has been raised as an issue as business owners feel charging people to park in pay by phone locations discourages custom, particularly where longer parking periods maybe required. It

should be noted that any additional parking required must be paid for in line with the existing emission based pay by phone tariff which remains unchanged as part of this proposal and can be viewed here <https://www.lbbd.gov.uk/parking/parking-area/where-you-can-park#c44d572c>

- 2.6 It should be noted that of these proposals are agreed, they will be continually reviewed in line with the ongoing cost of living crisis to ensure the above CPZ priorities are being met.

3. Options Appraisal

- 3.1 Make no change – the main consideration of this paper is to provide residents within new schemes to obtain free visitor parking, as an additional benefit during the cost-of-living crisis, making no change will not provide any additional benefits in this regard and may be seen as a missed opportunity to support our residents during a challenging time.
- 3.2 Extend free parking period to just **residents permit holders only**– This option was considered but was seen as not beneficial to other users who aren't resident permits holders as all residents may require the need to access local services. Even within CPZ not everyone requires a resident permit to park, most notably those who have a dropped kerb, or access to private parking. This option was also deemed to be unmanageable from a software perspective as the pay by phone system and permit smarti systems are not set up to link the two aspects. Furthermore, signage on street would become very confusing resulting in lack of compliance, increased appeals and ultimately a poorer customer service being provided to all users.
- 3.3 Provide 10 free visitor parking sessions to **all households which are located within a CPZ** (not just as part of new CPZ rollouts) – This option may be seen as fairer, particularly by existing CPZ resident permit holders and their visitors. However, this option was dismissed as existing permits holders have already been obtaining visitor permits. Restricting this to new schemes assists residents with the change in parking control and allows a longer period for visitor permits to be budgeted for and the process to be fully understood, which includes how to register a permit smarti account and effectively log visitor parking sessions and how scratchcard can be obtained and how these are used and the support that's available via the parking customer care team.
- 3.4 Both elements of this proposal are designed to provide better value for money for residents and visitors .However it is also important to remain focussed on the key CPZ priorities which are to:
- Reduce car ownership and the amount of motor vehicles journeys being made
 - Encourage active travel and use of public transport.
 - Improve air quality
 - Improve emergency access
- 3.5 Providing 10 free visitor parking sessions to all households located within CPZs will lead to these priorities becoming increasingly more difficult to achieve.

- 3.6 It is felt the recommended proposal offers a balanced approach by ensuring residents are supported during the cost-of-living crisis but, at the same time, ensuring residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods.

4. Consultation

- 4.1 Consultation has already been carried out with local residents regarding the final eight schemes (CPZ project 1) and there is a programme of consultation for CPZ project 2 over the next two years. If agreed, the additional benefits set out within this paper will form part of the consultation for future schemes.
- 4.2 The proposals in this report were considered and endorsed by the Executive Management Team at its meeting on 29 June 2023.

5. Financial Implications

Implications completed by: Afzal Hussain, Senior Accountant

- 5.1 This report seeks approval for the proposed changes focused specifically on two key areas:

Extending free parking periods at pay by phone locations (Council car parks and within shopping parades)

- 5.2 Currently all users of our Council car parks can obtain a 1-hour free parking period and 30 minutes free within secondary shopping parades, which must be registered via pay by phone. The proposal seeks to essentially double the free parking period to 2 hours within car parks and 1 hour for secondary shopping parades for all users of existing pay by phone locations and future locations.
- 5.3 It may be prudent to consider a 10% reduction in annual income which equates to circa £100k. There is a risk that this % reduction in income may be slightly higher due to proposal being open to all users.
- 5.4 This can be offset with the addition of new CPZ's as more pay by phone locations will be created.

Providing 10 free visitor parking sessions (per household) for residents

- 5.5 Additionally, to ease the financial pressure and anxiety from residents about visitor parking when new CPZ's are introduced we are proposing to offer 10 free visitor parking sessions.
- 5.6 Visitor scratch cards are sold at a rate of £7.50 for 10 half day sessions and £13.80 for 10 full day sessions. Based on the number of properties in the zone, if we assumed all would take one of each permit available to purchase we are looking at a potential income of £165k, however if we go with the assumption that potential average permit uptake of 37% and each permit holders, the income will be in the region of £61k.

- 5.7 Parking is forecasted to underspend in 23/24 and therefore the service will not be impacted by the potential loss of income from the above proposal.
- 5.8 Finance will monitor the income and expenditure during its monthly management meetings.

6. Legal Implications

Implications completed by: Dr. Paul Feild, Principal Standards & Governance Lawyer

- 6.1 The power to create Controlled Parking Zones is set out in section 45 of the Road Traffic Regulation Act 1984 (RTRA). The revenue generated by charges for on-street and off-street parking is subject to the requirement that it be placed within a ring-fenced account, operating in accordance with section 55 of the RTRA.
- 6.2 The power to charge and the purposes for which the money may be used has been tested in the courts. They have determined that the power is not to be used as a source of generating revenue, instead the charging regime ought to seek to be self-financing including covering earlier deficits and when a surplus is generated the purpose to which it may be allocated is set out in statute. That does not mean that finances should be on a knife-edge as it is quite lawful to be prudent and to budget for a surplus to allow for unforeseen expenses, shortfalls in other years, and payment of capital charges/debts.
- 6.3 As long as the revised scheme is viable, and bearing in mind it has been tested with an Equalities Impact Assessment then it will be within the Councils powers to adopt the refreshed scheme. With these considerations in mind any new strategy and charging regime will inevitably take time to settle down. As a result, following a periodic review there need to be additional fine-tuning as the financial picture emerges to ensure both viability and compliance with statutory obligations.

7. Other Implications

7.1 Risk Management

It is preferable to provide 10 free visitor sessions to just those residents who will from part of a new scheme. We are very considerate of the current climate and appreciate that those residents wouldn't have necessarily budgeted for the additional cost of visitor parking. We are mindful that this will provide a balanced approach and to assist residents and their visitors in successfully transitioning to having no parking control to having to use a new service and budget for permits. The reason why this isn't being offered to everyone is because many other CPZ have been in place for a few years and in some cases over 10 years so visitor arrangement is already full in place.

- 7.2 **Corporate Policy and Equality Impact** – Please refer to Appendix 1 Cost of Living Equalities Impact Assessment (EIA) which accompanies this report.

- 7.3 **Health Issues** – The parking team remain committed to promoting cleaner air, reduced car ownership, journeys, road safety and emergency access which all has a positive impact on health within the borough as more people will choose healthier

and active forms of travel. Its felt the proposal in this paper albeit not directly in support of these priorities are limited in a way that ensures this isn't hugely impacted and at the same time provides an added benefit of reducing money related stress during the cost of living crisis

Public Background Papers Used in the Preparation of the Report:

- Controlled Parking Zone Strategy
<https://modgov.lbbd.gov.uk/internet/documents/s155023/Parking%20Strategy%20Report.pdf>

List of appendices:

- Appendix 1 – Equality Impact Assessment

Community and Equality Impact Assessment

As an authority, we have made a commitment to apply a systematic equalities and diversity screening process to both new policy development or changes to services.

This is to determine whether the proposals are likely to have significant positive, negative or adverse impacts on the different groups in our community.

This process has been developed, together with **full guidance** to support officers in meeting our duties under the:

- Equality Act 2010.
- The Best Value Guidance
- The Public Services (Social Value) 2012 Act

About the service or policy development

Name of service or policy	Parking Enforcement Services
Lead Officer	Daniel Connelly – Parking Design Manager
Contact Details	Email – daniel.connelly@lbbd.gov.uk

Why is this service or policy development/review needed?
<p>This aim of this paper is to support a parking cost of living cabinet paper which seeks to make two key changes with regards to the ongoing Controlled Parking Zone (CPZ) programme</p> <ol style="list-style-type: none"> 1. Extend “free” parking period in Council owned car parks to 2hrs and extend “free” parking period to 1hr in secondary shopping parades (on street) for all. This relates to all existing and future pay by phone locations. 2. For all “new” CPZ implemented provide residents with 10 free visitor parking session for the first year. This doesn’t include existing CPZ locations

1. Community impact (this can be used to assess impact on staff although a cumulative impact should be considered).

<p>What impacts will this service or policy development have on communities? Look at what you know? What does your research tell you?</p> <p><i>Consider:</i></p> <ul style="list-style-type: none"> • National & local data sets • Complaints • Consultation and service monitoring information • Voluntary and Community Organisations • The Equality Act places a specific duty on people with ‘protected characteristics’. The table below details these groups and helps you to consider the impact on these groups.
<p>In July 2022 cabinet approved the CPZ strategy for 2022 – 25 which has the following main aims;</p> <ul style="list-style-type: none"> • Improved access to parking for residents, visitors, businesses and blue badge holders • Improved road safety, particularly around schools and community hubs which are used by the borough most vulnerable residents and visitors. • Improved Air Quality (Net zero ambitions) - In line with the requirements of the Mayor of London’s Transport Initiatives and Manifesto we have been encouraging members of the public to choose healthier and more sustainable methods of transport including, walking, cycling and public transport. • Reduced Traffic Congestion and improved access for the emergency services and Councils refuse collection team • Improved Access for pedestrians - Parking bays and yellow lines help to ensure pedestrians can safely use the footway which is especially needed for vulnerable residents such as wheelchair users and those who are partially sighted.

The cost of living crisis is an ongoing issue within Barking and Dagenham with rising fuel, heating, food and mortgage and rent bills. We are mindful that in this current climate the decisions we take to implement new parking schemes or how we operate existing schemes does have an impact on our local residents and visitors, particularly financial as residents are required to pay for permits (cost based on emissions and no. of vehicles permit household) to park near their homes or for their visitors or indeed visitors generally with pay by phone locations. This link provides a full list of parking fees and charges. [Parking | London Borough of Barking and Dagenham \(lbbd.gov.uk\)](https://www.lbbd.gov.uk/parking).

The parking team have been consulting for many years regarding the introduction of new CPZ's and the two most common feedback themes we receive from residents about the proposals are that the programme is a "money making initiative" and residents concerns about their visitor parking which is why the option below focus on these two key areas,

1. Extending "free" parking period in Council owned car parks to 2hrs and extend "free" parking period to 1hr in secondary shopping parades (on street) for all. This relates to all existing and future pay by phone locations.
2. For all "new" CPZ implemented provide residents with 10 free visitor parking session for the first year. This doesn't include existing CPZ locations

Extending free parking both within Council car parks and within shopping parades

Currently all users of the Councils car parks are able to obtain a 1hr free parking period and 30 minutes free within secondary shopping parades which must be registered via pay by phone. Our proposal seeks to essential double the free parking period to 2 hours within car parks and 1 hr for secondary shopping parades for all users of existing pay by phone locations and future locations. The main driver behind this is to ease the financial burden but there are also other benefits;

- Better access to free parking enabling more members of the community, particularly those on low income to leave the house and access local services and amenities and particularly those facilities which take longer than 30 minutes or an hour such as using local green spaces, attending doctors surgeries, medical centres, attending local churches or undertaking a weekly shop for example.

Provide residents with 10 free visitor parking sessions (per household) for the first year for new CPZ which are introduced following consultation.

The ease the financial pressure and anxiety from residents about visitor parking when new CPZ are introduced we are proposing to offer 10 free visitor parking sessions.

Specific criteria

- All properties with a registered address with the new CPZ scheme may apply for a maximum of 10 free visitor parking sessions (per household) to be used within 1 year of the zone being implemented. These will not be applied automatically and must be requested by or on behalf of the resident as required. The resident does not need to be a resident permit holder, nor do that have to own a vehicle.
- When we introduce a new scheme we formally write to affected residents and advise them how to obtain permits and all the support that is on offer for them to do so.
- Applies to new schemes only and not those that are already in operation

- These can be applied for online via their individual permit smarti account or for those residents not confident using online facilities may contact the parking customer care team who can assist with either booking the free sessions on their behalf or provide the resident with a free scratchcard booklet containing the 10 free parking sessions to be used as required.
- Visitor parking sessions may only be used when visiting resident within the designated CPZ and may not be used across the borough for other means.
- After the 10 free sessions have been used further sessions will need to be purchased if visitor parking is required.

It's difficult to accurately determine just how many residents will apply for the free visitor sessions. However based on the next round of schemes we are looking to introduce this would be in the region of 7000 properties if all households apply.

Demographics

Barking and Dagenham has:

- There are 218,900 residents
- (26.1%) of residents aged under 16
- There are 73,900 households
- 62.4% households in Barking & Dagenham were deprived – highest in England
- 41.3% of Barking & Dagenham residents were born outside of the UK – 16th highest in England
- Barking & Dagenham had the greatest increase in ethnic diversity of all English & Welsh local authorities between the 2011 and 2021 censuses

Of all English and Welsh local authorities, in terms of people aged 16 and over, Barking & Dagenham had the:

- 7th highest proportion who were unemployed (including full-time students) (5.6%)
- 4th highest proportion who were economically inactive due to looking after home or family (8.2%)
- 8th highest proportion who were economically inactive due to other reasons (4.8%)
- 9th lowest proportion who were retired (10.5%)

Of all English and Welsh local authorities, in terms of households, Barking & Dagenham has the:

- 3rd highest proportion who rent their home from the Council/Local Authority (24.5%)
- 13th highest proportion who live in terraced accommodation (41.6%)
- 2nd highest proportion living in a property without enough bedrooms (17.8%)
- 7th highest proportion living in a property without enough rooms (20.4%)
 - Just over a third (34.8%) of Barking & Dagenham households did not have access to a car or van
 - 9 in 10 Barking & Dagenham residents' gender identity was the same as sex registered at birth (90.4%)
 - Nearly 9 in 10 Barking & Dagenham residents described their sexual orientation as Straight or Heterosexual (88.6%)
 - Barking & Dagenham (2.29) has the lowest Qualification Index score of all London boroughs

- 22.7% residents aged 16 and over had no qualifications - highest proportion of all London boroughs
- Barking & Dagenham had the highest proportion of households in London where at least one person identified as disabled (29.8%)

Source

- Office of National Statistics Census 2021 (updated 5 April 2023)

Potential impacts	Positive	Neutral	Negative	What are the positive and negative impacts?	How will benefits be enhanced and negative impacts minimised or eliminated?
Local communities in general	x			<p>218,900 residents</p> <p>17.7% increase since Census 2011 (3rd highest in England & Wales)</p> <p>The positive impact has been outlined above.</p> <p>The main benefits of both proposals is to provide better value for money parking for resident permit holder and to ease the financial impact placed upon residents when a new CPZ is introduced.</p> <p>CPZ and parking schemes in general are often seen as money making schemes and this is an opportunity to provide additional parking provision for free in a way that still retains our key priorities to provide improvements to air quality, road safety, congestion and better access to parking in a variety of ways including, blue badge parking, residential parking, when visiting community hubs such as health centres, community centres as well as shopping amenities.</p> <p>The main risk associated with this is that resident who already live within CPZ will not benefit from the 1 free visitor parking session which also wasn't offered to them when their scheme was introduced. However, this is now being considered due to the ongoing cost of living crisis and will facilitate the implementation of the new zones and will "ease" residents both</p>	<p>Longer free parking period may lead to less turnover or parking resulting in less access to an available parking spaces, although its felt the benefits for longer free parking will outweigh this.</p> <p>Residents who live within existing CPZ and who won't benefit from the free visitor parking sessions may see this as unfair, however it is felt restricting this will help to ensure we retain our key principles to reduce unnecessary car journeys and in turn improve air quality , road access for emergency services , health and road safety.</p>

			financially and operationally into the new arrangement.	
Age	X		<p>Highest proportion (26.1%) of residents aged under 16 in England & Wales Its anticipated the introduction of 10 free visitor permits may encourage family and friends to visit older relatives who can be more prone to loneliness and require additional support as well as encouraging all ages to socialise at home.</p> <p>Extending free parking period will also encourage all residents to socialise and utilise local services without having to pay during the initial free period.</p> <p>There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone. It should be mentioned that within the UK you can apply for a provisional driving licence when you're 15 years and 9 months old. You can start driving a car when you're 17. You can drive a car when you are 16 if you get, or have applied for, the enhanced rate of the mobility component of Personal Independence Payment (PIP).</p>	<p>Its recognised that older people may feel less confident to use online facilities to obtain the free permit which is why we offer additional support such as,</p> <p>Via the parking customer care team (telephone line) who can register for the free sessions or provided resident with scratchcards.</p> <p>Local support and advice offered with Council libraries who can also assist with the process.</p>
Disability	X		<p>Barking & Dagenham had the highest proportion of households in London where at least one person identified as disabled (29.8%)</p> <p>The introduction of 10 free visitor permits may assist with mental health related issues or those with other additional needs by encouraging more accessible parking for healthcare professions, carers and other support networks including family and friends etc...</p> <p>It's also anticipated this will help ease financial related stress given the ongoing cost of living crisis.</p> <p>Typically, with pay by phone locations we have designated blue badge parking bays which assist the needs of motorist who have additional needs.</p> <p>Extending the free period will offer further support enabling them to</p>	<p>When we introduce a new scheme we formally write to affected residents and advise them how to obtain permits and all the support that is on offer for them to do so. This of course includes resident with disabilities, and we offer additional support via the parking customer care team (telephone line)</p>

			<p>access essential services within our town centres and around local amenities without having to pay during the free period.</p> <p>There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	<p>On all of our correspondence we include a paragraph which asks if your need information in a different language, larger font or braille to contact us directly and we can assist. This service is also offered via local libraries to ensure those who may not have English as their first language can fully understand.</p>
Gender reassignment		X	<p>9 in 10 Barking & Dagenham residents' gender identity was the same as sex registered at birth (90.4%)</p> <p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals on those people with gender reassignment. There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	
Marriage and civil partnership		X	<p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals based upon this protected characteristic. There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	
Pregnancy and maternity		X	<p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals based on pregnancy or maternity related issues. However pay by phone locations are often located near to local medical centres and GP surgeries as well as within shopping parades and town centres which provide various different services so a longer "free" parking period will result in more affordable and therefore more</p>	

			<p>accessibly parking where its most needed.</p> <p>The addition of 10 free visitor parking session will also benefit by facilitating free parking for family or healthcare professions who need to conduct home visits.</p> <p>There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	
Race (including Gypsies, Roma and Travellers)	X		<p>41.3% of Barking & Dagenham residents were born outside of the UK – 16th highest in England</p> <p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals based on race. There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	<p>On all of our correspondence we include a paragraph which asks if your need information in a different language, larger font or braille to contact us directly and we can assist. This service is also offered via local libraries to ensure those who may not have English as their first language can fully understand.</p>
Religion or belief	X		<p>Just under a quarter of Barking & Dagenham residents are Muslim (24.4%) - 10th highest proportion of all English and Welsh local authorities.</p> <p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals on those people differing religions or beliefs. However pay by phone locations are often located near to churches and other religious establishment so a longer “free” parking period will be positive for members of the community using these services.</p> <p>There will be no restriction on this protected characteristic to benefit from</p>	

			the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.	
Sex		X	<p>There is no evidence to suggest a differential impact (direct or indirect) based on sex. However we are aware as a department of concerns about women's safety in particular when not being able to park near to local amenities and having to walk alone. This proposal will help to improve this as longer free parking will be available within locations which are centrally located or located near to the motorist final destination.</p> <p>There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	
Sexual orientation		X	<p>Nearly 9 in 10 Barking & Dagenham residents described their sexual orientation as Straight or Heterosexual (88.6%)</p> <p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals on those people based on sexual orientation.</p> <p>There will be no restriction on this protected characteristic to benefit from the extended free parking period or when applying for the 10 free visitor parking sessions for their specific zone.</p>	
Socio-economic Disadvantage		x	<p>62.4% households in Barking & Dagenham were deprived –highest in England</p> <p>There is no evidence to suggest a differential impact (direct or indirect) of the proposals on those people based on economic disadvantage. However a longer free parking period will help ease the financial burden on those most affected by the ongoing cost of living crisis. This is also the case with regards to the offer of ten free visitor parking sessions which would otherwise cost £13.80. The introduction</p>	

			<p>of 10 free permits sessions will "ease" residents both financially and operationally into the new arrangement.</p> <p>In general terms the additional cost to resident who live within CPZ's will be felt more by those who are socio-economically disadvantaged and where its felt the additional free parking being offered will be most felt residents.</p> <p>It should be mentioned that an EIA was produced for the CPZ strategy 2022-25 which was approved by cabinet in July 2022.</p>	
Any community issues identified for this location?		X	<p>Applies to many locations across the borough including schools, community hubs and local shopping amenities. School safety is a particular concern given the vulnerabilities of young children attending school and contending with the motor vehicle.</p> <p>With regards to free visitor permits again this would only apply to new schemes so those residents who live in existing CPZ may feel this is unfair.</p>	<p>However existing CPZ have been in place for a while and households have likely budgeted for this whereas those which form part of the new rollouts this will be a new expense during a time when the cost of living crisis is becoming increasingly impactful to our residents.</p>

Other potential impacts include

The introduction of 10 free visitor permits will promote the use of the motor vehicle rather than reduce it which is contradictory to our CPZ policy which aims to encourage the use of public transport, improve air and safety for reducing car ownership and limit the number of motor vehicles journeys being made. However this is mitigated as this is limited to new scheme implementations and only within the first year.

Extending the free parking period in shopping parades and car parks again may encourage the use of the motor vehicle and could lead to less turnover of parked vehicles which could impact local business or the ability for more or varying people to park. However this is why we have limited this to 1 hour within secondary shopping parades where shorter stays are required such as the use of local hairdressers or small shopping trips compared with council cars parks where longer parking maybe be required. In both cases "all day" parking is restricted to encourage a healthy turnover of parking and any additional parking required must be paid for in line with a tariff based on emissions.

2. Consultation.

Provide details of what steps you have taken or plan to take to consult the whole community or specific groups affected by the service or policy development e.g. on-line consultation, focus groups, consultation with representative groups.

If you have already undertaken some consultation, please include:

- Any potential problems or issues raised by the consultation
- What actions will be taken to mitigate these concerns

Before CPZ's or changes to permit arrangements are introduced we consult with all affected stakeholders including portfolio holder, ward members, local residents, schools, businesses and other community hubs.

Statutory consultation involves public notices displayed on-street and within local publications.

When introducing a CPZ, the principals of the parking strategy are applied in respect of the hierarchy of needs and the following factors;

- Reduce congestion caused by parked vehicles and improve road safety;
- Make best use of the parking space available;
- Enforce parking regulations fairly and efficiently;
- Provide appropriate parking where needed;
- Ensure that the low emissions and air quality strategy for London is at the heart of our decision making.

To ensure consultation is fully inclusive to all members of the community we consult in a variety of ways including;

- Letter drop to all affected residents with follow up reminders letters being issued,
- Include all proposals online and with London Gazette and within other local publications

We encourage feedback via;

- One Borough Voice online
- Automated telephone line
- Parking customer care team over the phone
- Library staff
- Door to door engagement
- Email

In addition

- Where possible we make use of the new "community hubs" throughout all stages of the process as these will often be ideally located within the zone in question and can provide an additional route for residents to get information and provide feedback.
- Consider alternative methods of engagement through digital media and the communications team, one borough newsletter and other LBBB literature, libraries, community groups etc
- Attend local public meetings

3. Monitoring and Review

How will you review community and equality impact once the service or policy has been implemented? <i>These actions should be developed using the information gathered in Section 1 and 2 and should be picked up in your departmental/service business plans.</i>		
Action	By when?	By who?
There will be a need to continually monitor our approach to ensure permits are issued fairly and consistently and continue to discourage the use of the motor vehicle so that our key priorities are achieved but also in a way that is sympathetic with the ongoing cost of living crisis and the strain this put upon local residents, especially given 62.4% households in Barking & Dagenham were deprived at the time of the 2021 census which is the highest in England.	Ongoing	The Parking Service

4. Next steps

Implications/ Customer Impact
<p>The impact of our proposals has been outlined above and will have many positive benefits. We are mindful that members of the community, especially those who won't benefit from the 10 free visitor permits may see this as unfair. However this proposal intends to provide an additional benefit for new schemes since the cost of living crisis has arisen and its key to restrict the amount of free parking being made available so that we continue to promote our the key CPZ priorities which are</p> <ul style="list-style-type: none"> • Improved access to parking for residents, visitors, businesses and blue badge holders • Improved road safety, particularly around schools and community hubs which are used by the borough most vulnerable residents and visitors. • Improved Air Quality (Net zero ambitions) - In line with the requirements of the Mayor of London's Transport Initiatives and Manifesto we have been encouraging members of the public to choose healthier and more sustainable methods of transport including, walking, cycling and public transport. • Reduced Traffic Congestion and improved access for the emergency services and Councils refuse collection team • Improved Access for pedestrians - Parking bays and yellow lines help to ensure pedestrians can safely use the footway which is especially needed for vulnerable residents such as wheelchair users and those who are partially sighted <p>In addition, we must remain committed to the priorities of the Council, most notably ensuring residents are supported during the cost of living crisis but at the same time ensure residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods.</p>

5. Sign off

The information contained in this template should be authorised by the relevant project sponsor or Divisional Director who will be responsible for the accuracy of the information now provided and delivery of actions detailed.

Name	Role (e.g. project sponsor, head of service)	Date
Alison Stuart	Chief Legal Officer and Monitoring Officer	20/06/2023

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CABINET**18 July 2023**

Title: New Build Schemes – Approval of Disposals, Head Leases and Loan Facility Agreements	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report	For Decision
Wards Affected: Gascoigne	Key Decision: Yes
Report Author: Uju Eneh, Programme Manager – Place and Development, Inclusive Growth	Contact Details: Uju.Eneh@lbbd.gov.uk
Commissioning lead: Rebecca Ellsmore, Strategic Head of Place and Development	
Accountable Executive Team Director: James Coulstock, Interim Strategic Director of Inclusive Growth	
<p>Summary</p> <p>Following a report to Cabinet in June 2023 that secured approvals for loans and leases to allow 377 new homes to transfer into the Reside portfolio, this report lists a further 583 new homes (across three new build schemes) that are proposed to also transfer to Reside. The schemes included in this report are all part of the Gascoigne Estate Renewal Programme.</p> <p>The properties have been delivered within the Council’s Investment and Acquisitions Strategy (IAS) which was most recently presented to Cabinet in November 2022.</p> <p>This report seeks delegated approval to complete the documents required to dispose of the properties by way of leases to the appropriate Reside entities, alongside a series of loans to enable these disposals.</p> <p>The schemes for which approval is sought are as follows:</p> <ul style="list-style-type: none"> • Gascoigne West Phase 1 (Block Cargo IG11 7DE, Block Carrier IG11 7NE, Block Forge IG11 7NH) • Gascoigne East Phase 2, Block E2 (Herring Court IG11 7YT, Leleu Court IG11 7YW, Mather Court IG11 7YX, Shuckford Court IG11 7YY, Tide Street IG11 7NJ, Ketch Street IG11 7RY) • Gascoigne East Phase 2 Block F1 and F2 (Fifeshire Court IG11 7YP, Cutter Court IG11 7XB, Sailor Court IG11 7YR, Ewars Marsh Court IG11 7WZ, Mizzen Street) 	

Recommendation(s)

The Cabinet is recommended to:

- (i) Approve, in principle, the disposal of the schemes listed below by the granting of long leases to the appropriate Reside entity (either Barking and Dagenham Homes Ltd (company no. 12090374), B&D Reside Weavers LLP (registered no. OC416198) or Barking and Dagenham Reside Regeneration Ltd (company no. 09512728)):
 - **Gascoigne West Phase 1** (Block Cargo IG11 7DE, Block Carrier IG11 7NE, Block Forge IG11 7NH)
 - **Gascoigne East Phase 2, Block E2** (Herring Court IG11 7YT, Leleu Court IG11 7YW, Mather Court IG11 7YX, Shuckford Court IG11 7YY, Tide Street IG11 7NJ, Ketch Street IG11 7RY)
 - **Gascoigne East Phase 2 Block F1 and F2** (Fifeshire Court IG11 7YP, Cutter Court IG11 7XB, Sailor Court IG11 7YR, Ewars Marsh Court IG11 7WZ, Mizzen Street)
- (ii) Approve, in principle, the draft Heads of Terms and loans for each of the listed schemes to the appropriate Reside entity, as set out in section 2 of the report;
- (iii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Strategic Director, Inclusive Growth, to agree and finalise the terms of the loans, leases and any other associated documents, and to take any steps necessary to ensure compliance with s123 of the Local Government Act 1972 and the Subsidy Control Act 2022; and
- (iv) Delegate authority to the Chief Legal Officer, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

Reason(s)

The decisions are required to enable the disposal of three New Build schemes to the relevant B&D Reside companies, helping to meet the Council's aim to increase the supply of affordable housing options for residents and to ensure efficient property management.

1. Introduction and Background

- 1.1 By Minute 8 (20 June 2023), the Cabinet approved arrangements for 377 new homes built across the borough to transfer to Reside entities. That report advised that similar reports would follow in the future and this report lists a further 583 new homes (across three new build schemes) that have been or are being built by Be First – the regeneration arm of the Council. These three schemes are all part of the Gascoigne Estate Renewal Programme and are also part of the Council's Investment and Acquisition Strategy (IAS) .

- 1.2 Gascoigne Estate is the largest housing estate in Barking Town Centre, as such the regeneration of this estate is crucial to the overall placemaking objectives of the Council. The Gascoigne Estate Renewal Programme was approved by Cabinet through a series of reports between July 2010 and July 2016. Since 2022, a total of 412 new homes have been built as part of the programme with a further 223 new homes to be completed this year. This demonstrates the Council's commitment to providing affordable, high quality new homes. The schemes in this report will offer residents a varied supply of homes with 58.3% to be let on affordable tenures.
- 1.3 Of the three new build schemes mentioned in this report, Gascoigne West Phase 1, and Gascoigne East Block E2 have been completed. Gascoigne East Blocks F1 and F2 will be completed in two stages, Block F1 is estimated to be completed at the end of July 2023, and Block F2 is estimated to be completed at the end of August 2023.
- 1.4 In order to ensure the efficient management of the new properties the Council set up several companies and limited liability partnerships (LLPs) under the 'Reside' banner, together with Barking and Dagenham Homes, which is a company limited by guarantee and owned by the Council. It is intended that properties delivered by the Investment and Acquisition Strategy will be transferred into Reside companies and LLPs by way of leases, with the specific Reside vehicle being identified for each site depending on the type of units and tenures included in the scheme. Details on the legal status and ownership of each of the Reside entities is contained in section 3 below.
- 1.5 This report updates Members on the practical completions and estimated handovers to the Council of three new build schemes that were approved by Cabinet between 2010 and 2016. It then seeks approval for the disposal of these properties by granting long leases to companies within the group of Reside entities. The length of the leases and loan amounts are set out in paragraphs 2.5 - 2.15 below.

2. Proposal and Issues

- 2.1 The Investment and Acquisitions Strategy funds development and recovers borrowing costs from the income generated. The combination of grants, lease premiums and the repayment of the loans set out below will cover the Council's borrowing on the schemes. As the lease premium and loan amount is directly related to the cost of the scheme there may be some minor changes to the premium and loan amounts. The recommendation therefore seeks delegated authority to the Strategic Director Finance and Investment to finalise the loan terms, including the final lease premium and loan amount, to reflect this.

Best Consideration

- 2.2 To comply with section 123 of the Local Government Act 1972, the schemes in this report must be disposed of at best consideration reasonably obtained evidenced by professional valuation. To ensure that we comply with this legislation, we will obtain Red Book valuations and the recommendations will only be enacted should the S151 Officer be satisfied that Best Consideration has been achieved.

Subsidy Control

- 2.3 Officers are seeking Counsel's opinion on whether the financial modelling of the loans set out below meet the key requirements for public authorities under the Subsidy Control Act 2022 - or if they would constitute any form of a subsidy. This work is underway therefore this report requests delegated authority to the S151 Officer to proceed with the recommendations above if they are satisfied that either there is no Subsidy or that approval has been obtained from the Subsidy Advice Unit.

Schemes and proposed leases

- 2.4 The disposal of each scheme will happen by the way of long lease and a linked loan. The following sections set out the proposals for the loans, headleases and loan facility agreements for each of the three schemes mentioned in the summary:

2.5 Gascoigne West Phase 1 (Block Cargo)

Units and tenures	16 London Affordable Rent units
PC date	31 st March 2022
Reside entity	Barking & Dagenham Homes Ltd (Company No - 12090374)
Draft Heads of Terms	
Lease Start date:	8/11/2022
Lease Length:	130 Years
Lease Premium:	£5,252,632
Grant Funding:	GLA
Grant Amount:	£1,600,000
Loan:	£3,652,632

2.6 Gascoigne West Phase 1 (Block Cargo)

Units and tenures	12 Target Rent units	14 Target Rent units
PC date	31 st March 2022	
Reside entity	B&D Reside Weavers LLP (Registered No - OC416198)	Barking & Dagenham Homes Ltd (Company No - 12090374)
Draft Heads of Terms		
Lease Start date	21/11/2022	21/11/2022
Lease Length	130 Years	130 Years
Lease Premium	£6,315,465	£4,650,285
Grant Funding:	GLA and RTB	GLA
Grant Amount:	£2,790,186	£1,400,000
Loan	£3,525,279	£3,250,285

2.7 **Gascoigne West Phase 1 (Block Carrier)**

Units and tenures	80 Affordable Rent units
PC date	31 st March 2022
Reside entity	B&D Reside Weavers LLP (Registered No - OC416198)
Draft Heads of Terms	
Lease Start date	15/08/2022
Lease Length	130 Years
Lease Premium	£33,925,790
Grant Funding:	RTB
Grant Amount:	£13,570,316
Loan	£20,355,474

2.8 **Gascoigne West Phase 1 (Block Forge)**

Units and tenures	79 Market Rent units
PC date	31 st March 2022
Reside entity	Reside Regeneration Ltd (Company No: 09512728)
Draft Heads of Terms	
Lease Start date	01/04/2023
Lease Length	25 Years
Lease Premium	£33,349,179
Grant Funding:	None
Grant Amount:	None
Loan	£33,349,179

2.9 **Gascoigne East Phase 2 Block E2 (Herring Court, Mather Court & Ketch Court)**

Units and tenures	72 Market Rent units
PC date	28 th February 2023
Reside entity	Reside Regeneration Ltd (Company No: 09512728)
Draft Heads of Terms	
Lease Start date	01/04/2023
Lease Length	25 Years
Lease Premium	£31,242,869
Grant Funding:	None
Grant Amount:	None
Loan	£31,242,869

2.10 **Gascoigne East Phase 2 Block E2 (Shuckford Court, Leleu Court & Ketch Street)**

Units and tenures	80 London Affordable Rent Units
PC date	28 th February 2023
Reside entity	Barking & Dagenham Homes Ltd (Company No - 12090374)
Draft Heads of Terms	
Lease Start date	20/03/2023
Lease Length	130 Years
Lease Premium	£20,331,170
Grant Funding:	GLA
Grant Amount:	£ 8,000,000
Loan	£12,331,170

2.11 **Gascoigne East Phase 2 Block E2 (Shuckford Court and Leleu Court)**

Units and tenures	7 Affordable Rent Units
PC date	28 th February 2023
Reside entity	B&D Reside Weavers LLP (Registered No - OC416198)
Draft Heads of Terms	
Lease Start date	20/03/2023
Lease Length	130 Years
Lease Premium	£3,131,162
Grant Funding:	GLA
Grant Amount:	£1,260,264
Loan	£1,870,898

2.12 **Gascoigne East Phase 2 (Block F1 – Fifeshire Court and Cutter Court)**

Units and tenures	92 Market Rent units
PC date	Estimated end of July 2023
Reside entity	Reside Regeneration Ltd (Company No: 09512728)
Draft Heads of Terms	
Lease Start date	TBC
Lease Length	25 Years
Lease Premium	£44,905,917
Grant Funding:	None
Grant Amount:	None
Loan	£44,905,917

2.13 Gascoigne East Phase 2 (Block F1/F2 – Sailor Court and Mizzen Street)

Units and tenures	48 Affordable Rent Units
PC date	Estimated end of July 2023
Reside entity	B&D Reside Weavers LLP (Registered No - OC416198)
Draft Heads of Terms	
Lease Start date	TBC
Lease Length	130 Years
Lease Premium	£22,861,209
Grant Funding:	RTB
Grant Amount:	£9,145,937
Loan	£13,715,272

2.14 Gascoigne East Phase 2 (Block F1 – Ewars Marsh Court)

Units and tenures	79 Shared Ownerships
PC date	Estimated end of July 2023
Reside entity	B&D Reside Weavers LLP (Registered No - OC416198)
Draft Heads of Terms	
Lease Start date	TBC
Lease Length	130 Years
Lease Premium	£37,031,641
Grant Funding:	RTB
Grant Amount:	£3,002,000
Loan	£34,029,641

2.15 Gascoigne East Phase 2 (Block F2 – Mizzen Street)

Units and tenures	4 London Affordable Rent units
PC date	Estimated end of August 2023
Reside entity	Barking & Dagenham Homes Ltd (Company No - 12090374)
Draft Heads of Terms	
Lease Start date	TBC
Lease Length	130 Years
Lease Premium	£2,332,181
Grant Funding:	GLA
Grant Amount:	£400,000
Loan	£1,932,181

3. Company / LLP information

- 3.1 The Reside entities mentioned above are part of a larger scheme of Reside companies and LLPs. The relevant information regarding each entity is detailed below:

- 3.2 Barking and Dagenham Homes Ltd (Co No:12090374) is a company Limited by guarantee with one member, the Council, which wholly owns it.
- 3.3 Barking and Dagenham Homes Ltd is in the process of becoming a Registered Provider with the Regulator of Social Housing. It is anticipated that this process will be complete by the end of 2023.
- 3.4 B& D Reside Weavers LLP (OC416198) is a limited liability partnership owned by (1) Barking and Dagenham Giving, which is a company limited by guarantee and a registered charity (Co No: 09922379, charity:1166335) and (2) B&D Reside Regeneration LLP (OC400585).
- 3.5 B&D Reside Regeneration LLP is jointly owned by (1) Barking and Dagenham Reside Regeneration Ltd (Co No: 09512728) and (2) London Borough Of Barking And Dagenham.
- 3.6 B&D Reside Weavers LLP is owned 90% by Barking and Dagenham Giving and 10% by B&D Reside Regeneration LLP. The Council does not wholly own or control B&D Reside Weavers LLP; it is controlled by the charity Barking and Dagenham Giving. The Council cannot therefore make any decisions as member or partner to give direction to it in the way that it can direct its wholly owned vehicles.

4. Options Appraisal

- 4.1 **Do nothing:** The Council's Investment and Acquisitions strategy highlights the importance of collaborating with Be First and Barking & Dagenham Reside to ensure the correct mix of tenure is agreed and built. If the Council does not now dispose of these completed homes to the stated entities the Council will need to manage and let the properties directly.
- 4.2 **Dispose to a third party:** If the Council decides to dispose of these new homes to a third party there is a risk the Council could lose control of new housing stock which has been built to benefit local residents and address the borough's housing needs.
- 4.3 **Dispose to the entities stated in the report as per the recommendations:** By disposing of these new homes by the way of a leases to the proposed entities, the Council will see the benefit of rental income as the turnover will come back to the Council from the homes held in B&D Weavers LLP. In addition to this, this option will enable transparency and the ability of the Council to influence how homes are let and managed in B&D Homes Ltd and B&D Weavers. Finally, B&D Homes Ltd have charitable objectives in place post registration which ensure that the surplus that they generate are used to benefit the residents of the London Borough of Barking and Dagenham.

5. Consultation

- 5.1 These proposals are in line with the Council's Investment and Acquisitions Strategy. The decision to approve the IAS was taken in public by Cabinet in November 2022. All relevant stakeholders are in agreement with the terms set out in this report.

6. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 This report seeks Cabinet approval for the disposals of a number of completed developments by granting long leases to a number of Reside companies, including Barking and Dagenham Homes Ltd, Company Number: 12090374 B&D Reside Weavers LLP, Registered number: OC416198 or Barking and Dagenham Reside Regeneration Ltd, Company number: 09512728 as set out in the body of the report.
- 6.2 For each scheme the total development cost has been used to produce the lease premium, with the loan amount then reduced by any grant to produce the loan amount. Each loan will generally be for 52 years, with the first two years being interest only followed by a 50-year debt repayment schedule. At the end of the 52 years the net costs to build each property will be fully paid off. The repayment schedule matches the Minimum Revenue Provision that the Council needs to be allocate from its revenue budget to cover the net development costs for each scheme. In a few cases, specifically for Social Housing (London Affordable Rent and Target Rent), it may be necessary for a 5-year interest only period to be agreed, with a subsequent 50 year repayment period (55 years in total) to ensure that the schemes are viable and can be transferred into Barking and Dagenham Homes Ltd.
- 6.3 A fixed interest rate for the loan period has been set for each loan based on tenure type. The loan rates were agreed by Cabinet in April 2022 as part of the Investment and Acquisition Strategy report. A lower rate has been agreed for social housing, which reflects the viability pressure of this much lower rent tenure. Interest rates are fixed at the time of construction and confirmed at handover to allow certainty over the schemes costs and ensure they remain viable when they are transferred to Reside. When rates are agreed then borrowing is allocated to the scheme and is linked to long term borrowing, predominantly from the Public Works Loan Board (PLWB).
- 6.4 Interest rates have increased significantly over the past year and the interest rate for pre-gateway 4 schemes and schemes agreed in 2022, are at a higher rate than these schemes and reflect the increased borrowing cost to the Council.
- 6.5 As part of finalising the loan agreements, advice on the valuation and Subsidy will be sought. In addition, the figures in this report are subject to minor amendments as final costs for some of the schemes are still being confirmed but it is expected that changes will be minimal.

7. Legal Implications

Implications completed by: Dr Paul Feild, Principal Standards and Governance Solicitor

- 7.1 The general power of competence in section 1 of the Localism Act 2011 provides sufficient power for the Council to participate in the transactions and enter into the various proposed agreements, further support is available under Section 111 of the Local Government Act 1972 which enables the Council to do anything which is

calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

- 7.2 The Council participating in the proposals as a local authority is an emanation of the state, and as such the Council must comply with the Subsidy Control Act 2022. This means that local authorities cannot subsidise commercial undertakings or confer upon them an unfair economic advantage. The report does not identify any specific aspect of the proposed disposals by lease to the Councils Companies detailed at other than as a commercial transaction and it is understood a valuation will take place. The situation regarding the loan agreements is that if the lending is to be on other than on a commercial basis it must be compliant with the UK Subsidy Control Regime. Being new legislation while guidance has been issued there is no case law yet established setting out the application in real circumstances. For this reason, professional advice in the form of legal opinion is being procured as obviously the Council needs to get this transaction right first time. Nevertheless, as there is no intention in the structure of the Investment and Acquisition Scheme to operate other than on a commercial going concern, then the lease disposals terms should reflect that.
- 7.3 The companies proposed to take the leasehold interests are detailed in paragraph 3 above.
- 7.4 The leases will be on commercial terms for the periods set out in paragraph 2 above. The reason for the use of leases rather than outright disposal is that the head lease will give the Council greater control over the stewardship of the site than would be the case with freehold disposal because obligations on the leaseholder will be contractually binding and any sub-leases in due course will also be bound.
- 7.5 The sites must be disposed in accordance with the Local Government Act 1972 Section 123 at best consideration evidenced by professional valuation. Furthermore, appropriate due diligence should be carried out regarding title and that the necessary appropriation steps be carried out with each site as may be required.

Public Background Papers Used in the Preparation of the Report:

- Treasury Management 2022/23 Mid-Year Review, November 2022 Cabinet report (<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12608&Ver=4>)

List of appendices: None

CABINET**18 July 2023**

Title: Procurement of Apprenticeship Training Provision	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Rachel Lyus, Apprenticeship and Career Development Manager	Contact Details: Tel: 020 8227 5061 E-mail: rachel.lyus@lbbd.gov.uk
Accountable Director: Gail Clark, Director of Workforce Change	
Accountable Executive Team Director: Fiona Taylor, Chief Executive	
<p>Summary:</p> <p>This report is seeking approval to enter into agreements with the Yorkshire Purchasing Organisation (YPO) to facilitate the procurement and purchasing of apprenticeship training and assessment.</p> <p>The previous arrangement for procuring apprenticeship training via Eastern Shires Purchasing Organisation (ESPO) has expired and will not be renewed by ESPO.</p> <p>After reviewing available options, the Apprenticeship Manager has evaluated both YPO and Crown Commercial services frameworks. It has been determined that YPO presents the most efficient route to market. This will enable the Council to collaborate with local providers who are already affiliated with the YPO framework.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Agree that the Council proceeds with the procurement of a four-year contract for the provision of apprenticeship training via the YPO Framework, in accordance with the strategy set out in the report; and (ii) Delegate authority to the Director of Workforce Change, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to award and enter into all contracts and other necessary or ancillary agreements with YPO and service providers to fully implement and effect the proposals. 	

Reason(s)

To assist the Council in achieving its priority of “Residents prosper from good education, skills development and secure employment”.

1. Introduction and Background

- 1.1 The Government introduced the apprenticeship levy in 2017. All employers with a pay bill over £3m would be subject to a 0.5% charge that would be held in a digital account and the only way to access these funds would be to purchase apprenticeship training and assessment programmes for new apprentice recruits and existing staff. Funds not spent on training and assessment within 24 months of it entering the account will be lost to Central Government.
- 1.2 Maintained schools contribute 0.5% of their pay bill to the funds paid into the levy account. In 2022, maintained schools spent £212,248 on apprenticeship training and assessment and the Council spent £480,695. Schools are responsible for the procurement of their own apprenticeship training and assessment and therefore only Council apprenticeship provision will be purchased via the YPO, if approved.
- 1.3 The Council’s Apprenticeship Action Plan is underpinned by six key priorities and links to the ‘Barking and Dagenham Corporate Plan 2023-2026’ by continuing to show leadership on apprenticeships in the Council offering apprenticeship employment opportunities to our residents, especially those from under-represented groups. The Council is committed to providing equal access to career development opportunities for the workforce by providing support in acquiring experience and skills needed to progress.
- 1.4 Following the Government’s withdrawal for the public sector apprenticeship target the Council has introduced its own target of 5% of the workforce to be undertaking an apprenticeship across all services. This will ensure an increase in the number of apprenticeship opportunities for residents and the upskilling and support career progression of its existing workforce. Therefore, we should expect to see an increase in the council's levy spend and procurement activity.
- 1.5 The Education and Skills Funding Agency (ESFA) has already approved preferred partner training providers, through their own due diligence process. The Council can only contract with providers who are on the Register of Apprenticeship Training Providers (RoATP).

2. Proposed Procurement Strategy

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

- 2.1.1 The Apprenticeship Framework offered by YPO is expected to facilitate the procurement of apprenticeship training and assessment for both newly recruited apprentices and existing staff.
- 2.1.2 Training providers must ensure the delivery of apprenticeship training provision of exceptional quality.

- 2.1.3 The criteria for selection will be based on the requirements of the service and the individual undertaking the apprenticeship.
- 2.1.4 Ongoing monitoring and review of the contract period will ensure that the criteria are met, and any necessary adjustments are made.
- 2.2 Estimated Contract Value, including the value of any uplift or extension period**
- 2.2.1 There is no cost to the Council for joining the framework, costs are incurred when calling off the framework and YPO charge training providers an administration fee to register with the framework.
- 2.2.2 The current levy funds held in the digital account as of 1 May 2023 is £2,415,137 this amount includes the contribution made by all maintained schools, both the council and schools contribute 0.5% of their pay bill into the levy account. In 2022 schools contributed approximately 60% and the council 40% of the annual total levy income. Only council apprenticeship training and assessment requirements will be purchased via the YPO framework. Schools are responsible for their own procurement arrangements. Council apprenticeship contracts will be awarded to approved training providers for cost of the apprenticeship standard required. Contracts will be agreed in accordance with council procedures.
- 2.3 Duration of the contract, including any options for extension**
- 2.3.1 The new framework agreement with YPO is expected to come into place from 1 August 2023 for a duration of four years.
- 2.3.2 Contracts awarded via the YPO will be for the duration of the apprenticeship standard plus one optional year extension. Apprenticeship standard duration will vary depending on the type and level and can range from 1 – 6 years.
- 2.4 Is the contract (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
- 2.5 Recommended procurement procedure and reasons for the recommendation**
- 2.5.1 Apprenticeships to be purchased via the YPO apprenticeship framework from 1st August 2023 through mini competitions or direct award in accordance with the framework terms and conditions.
- 2.6 The contract delivery methodology and documentation to be adopted**
- 2.6.1 The agreement between YPO and the council will be monitored and reviewed by the Apprenticeship and Career Development Manager. Providers will sign up to YPO's standards terms and conditions. Sign off arrangements will be in accordance with council procedures.

- 2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**
- 2.7.1 The ability to procure apprenticeship training and assessment will effectively reduce the risk of funds lost back to the government. Having a one stop shop for all apprenticeship training and assessment purchases at all levels, ensuring local providers have the opportunity to deliver council apprenticeship requirements and to standardise processes to mitigate delays in awarding contracts.
- 2.7.2 Using a framework will ensure quality of provision and avoid additional administration.
- 2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**
- 2.8.1 Individual training programmes will be procured and the award criteria for contracts under 100K will be set at 30% price and 70% quality. 10% social value will also be included in the award criteria for all contracts over 100k with the criteria on quality being adjusted to 60%.
- 2.8.2 The funding bands for each apprenticeship standard is set by the government and therefore, training providers have very little movement when pricing their provision. The councils apprenticeship levy funds cannot be released for any training and or assessment payments over the set funding bands.
- 2.9 How the procurement will address and implement the Council's Social Value policy**
- 2.9.1 Social Value will be evaluated against all tenders over 100k using the social value tool kit and will be given 10% of the scoring weighting that will form part of the tender documentation. Local providers will be included in all tender applications where apprenticeship training provision is available. Providers will be required to evidence their delivery plan against the method statements. This will be evaluated by a panel. Social value commitments made by the winning supplier are then monitored throughout the duration of the contract.
- 2.10 London Living Wage (LLW)**
- 2.10.1 All Council employed apprentices are paid the London Living Wage (LLW) or above dependent on the apprenticeship job requirements and level. All businesses that apply for the transfer of the Council's levy funds are required to pay all employees no less than the LLW.
- 2.11 How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**
- 2.11.1 The Council's 2030 Net Zero targets means that the authority rapidly needs to address its Scope 3 emissions, which make up 77% of its carbon footprint. An estimated 53% of this is produced by the activities of our supply chains and procured contractors, so where possible and as required by each service, the apprenticeship contracts will support service delivery plans to decarbonise and support Net Zero targets.

2.11.2 As a minimum, providers will be asked to demonstrate their organisation's commitment to carbon reduction, evidenced by their own published net zero and carbon reduction strategies or agree to undertake a net zero audit to help them move their company onto that journey as a condition of award of contract.

2.11.3 Successful providers will be expected to provide annual updates on progress in carbon reduction as a key KPI.

3. Options Appraisal

3.1 **Open market tender:** this option was rejected due to the volume and variant of requirement, this would be labour intensive, commercially non efficient and could result in variant terms and conditions being used.

3.2 **An alternative framework:** this option has been rejected as after investigation of the Crown Commercial Services (CCS) framework and the expiry of the ESPO framework, both would not meet the varying needs of the Council and in particular local service provision.

3.3 **Do nothing:** this option was rejected as the Council would not be able to spend its annual allocation, and this funding would be issued to the Government, and the Council would lose its financial benefit.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 The Workforce Board and Procurement Board were consulted on 12 April and 15 May 2023 respectively and supported the proposal to purchase Apprenticeship Training Provision through the Yorkshire Purchasing Organisation (YPO) Apprenticeship framework.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

6.1 The report recommends using the YPO framework for the provision of apprenticeship training and assessment services. This is a recognised route to market and would satisfy the requirements as set out in the Council's Contract Rules and UK legislation (PCR2015).

6.2 The Council would initially be accessing the main framework, which would then allow for a call off process to be conducted on each of the sets of requirements which is permissible under the terms of the framework.

6.3 The route to market is compliant and also considers the localised supply chain.

7. Financial Implications

Implications completed by: Afzal Hussain, Senior Accountant

- 7.1 This report is seeking approval to enter into agreements with Yorkshire Purchasing Organisation (YPO) for the procurement and purchasing of apprenticeship training and assessment.
- 7.2 All employers with a pay bill of over 3 million would be subject to a 0.5% charge that would be held in a digital account and the only way to access these funds would be to purchase apprenticeship training and assessment programmes for new apprentice recruits and existing staff. Funds not spent on training and assessment within 24 months of it entering the account will be lost to central government.
- 7.3 The current levy funds held in the digital account as of 1 May 2023 is £2,415,137. Contracts will be awarded to approved training providers for cost of the apprenticeship standard required.
- 7.4 There will be no budget pressure to the Council.

8. Legal Implications

Implications completed by: Kayleigh Eaton, Principal Contracts and Procurement Solicitor

- 8.1 This report seeks approval to use the YPO Framework agreement which is expected to come into place from 1 August 2023. The framework has been procured in accordance with the Public Contracts Regulations 2015 under the Light Touch Regime for use by all public sector organisations, LBBD is therefore permitted to use this framework. This also ensures compliance with the Council's own Contract Rules which state at rule 40.1 that officers may access and call off services from a framework agreement if the framework allows.
- 8.2 The Council will enter into an Access Agreement with YPO for the duration of the framework which will allow the Council to call off its requirements from the Framework when the need arises. This ensures a compliant route to market for apprenticeship contracts.

9. Other Implications

- 9.1 **Risk and Risk Management** – approval of the recommendations in this report is in support of the Council's Strategic Risk 'CR.10 - Recruitment and Retention of Staff' which identifies growing our apprenticeship schemes as a key mitigating control. Appendix B
- 9.2 **Corporate Policy and Equality Impact** - An Equality Impact Assessment screening has been carried out and is attached at Appendix A. Following that assessment, it was determined that a full EIA was not required.
- 9.3 **Business Continuity / Disaster Recovery** - For each call off, Business Continuity will be discussed with the supplier and recorded and monitored for the duration of the contracts.

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

List of appendices:

- Appendix A: Equality Impact Assessment screening
- Appendix B: Risk Register

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Equality Impact Assessment Screening Tool

Equality Impact Assessments help the Council to comply with its public sector duty under the Equality Act 2010 to have due regard to equality implications. EIAs also help services to be customer focussed, leading to improved service delivery and customer satisfaction.

The Council understands that whilst its equalities duty applies to all services, it is going to be more relevant to some decisions than others. We need to ensure that the detail of Equality Impact Assessments (EIAs) are proportionate to the impact of decisions on the equality duty, and that in some cases a full EIA is not necessary.

This tool assists services in determining whether plans and decisions will require a full EIA. It should be used on all new policies, projects, functions, staff restructuring, major development or planning applications, or when revising them.

Full guidance on the Council’s duties and EIAs and the full EIA template is available at [Equality Impact Assessments](#).

Proposal/Project/Policy Title	Procurement of the Apprenticeship Training Provision through the Yorkshire Purchasing Organisation (YPO) Apprenticeship framework.	
Service Area	Human Resource and Organisational Development	
Officer completing the EIA Screening Tool	Rachel Lyus	
Head of Service	Rosemary Oduntan- Oke	
Date	24/05/2023	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	To enter into agreements with Yorkshire Purchasing Organisation (YPO) for the procurement and purchasing of apprenticeship training and assessment. The board previously approved the use of procuring apprenticeship training via Eastern Shires Purchasing Organisation (ESPO) and this contract had come to an end and is not being renewed by ESPO. The Apprenticeship Manager has reviewed YPO and Crown Commercial services frameworks and YPO will be the most efficient route to market allowing LBBB to work with Local Providers that are already signed up to the framework.	
Protected characteristic	Impact	Description
Age	Positive impact (L)	The age of new apprentices and existing staff undertaking

		apprenticeships is monitored monthly and reported to the Workforce Board.
Disability	Positive impact (L)	To increase the number of apprentices with a disability is one of the 6 key priorities that underpins the apprenticeship action plan.
Gender re-assignment	Not applicable (N/A)	Will not have a negative impact, adjustments will be made accordingly where required.
Marriage and civil partnership	Not applicable (N/A)	Not perceived to have a negative impact.
Pregnancy and maternity	Positive impact (L)	Apprenticeships can be paused for those that are on pregnancy and maternity related leave and can also be an option for women returners to apply for apprenticeship opportunities at all levels across the council.
Race	Positive impact (L)	Race of apprentices is monitored, and any underrepresentation will be identified. Currently the data is comparable to the overall workforce and borough population.
Religion	Not applicable (N/A)	Timings of religious occasions and events are considered when planning apprenticeship work and training where appropriate.
Sex	Not applicable (N/A)	Not perceived to have a negative impact. Breakdown of Male/ Female and Unknown is reported and monitored.
Sexual orientation	Not applicable (N/A)	Not perceived to have a negative impact.

Socio-Economic Disadvantage¹	Positive impact (L)	The increase of apprenticeship opportunities for borough residents will support local unemployment and education attainment.
How visible is this service/policy/project/proposal to the general public?		Medium visibility to the general public (M)
What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc		Low risk to reputation (L)

If your answers are mostly H and/or M = **Full EIA to be completed**

If after completing the EIA screening process you determine that a full EIA is not relevant for this service/function/policy/project you must provide explanation and evidence below.

All answers resulted in positive impact or not applicable and therefore it is felt that a full EIA is not required. Should there be any changes to the provision, the EIA will be reviewed.

¹ Socio-Economic Disadvantage is not a protected characteristic under the Equality Act. London Borough of Barking and Dagenham has chosen to include Socio-Economic Disadvantage as best practice.

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Risk Register

APPENDIX B

Risk description	Likelihood of the risk occurring	Impact if the risk occurs	Severity Rating based on impact & likelihood.	Owner Person who will manage the risk.	Mitigating action Actions to mitigate the risk e.g. reduce the likelihood.	Contingent action Action to be taken if the risk happens.	Progress on actions	Status	Useful resources
Supplier failure	Low	Low	Low	Rachel Lyus - Apprenticeship and Career Development Manager	Apprentices and Line Managers agree commitment with all parties, setting out roles and responsibilities. The Apprenticeship and Career Development Manager manages provider contracts and monitors performance.	The payments will be stopped on the levy account and a new provider will be sourced to deliver the rest of the programme.			
Poor performance	Medium	Medium	Medium	Apprenticeship Line Managers and Apprenticeship and Career Development Manager.	Apprentices and Line Managers agree commitment with all parties setting out roles and responsibilities. The Apprenticeship and Career Development Manager manages provider contracts and monitors performance.	Within the terms and conditions agreed, monthly progress reports are required for each individual on an apprenticeship programme.			
Price instability	Low	Low	Low	Apprenticeship and Career Development Manager.	All apprenticeship standards have been allocated funding bands assigned by the Department of Education. All apprenticeship training and assessment is paid via the apprenticeship levy account and within the set funding bracket for each standard.	Any changes made by the government to the funding bands will be amended in the terms and conditions and adjusted in the levy account.			
Fraud	Low	Low	Low	Apprenticeship and Career Development Manager.	All Training Providers have been assessed and approved by the DFE. The YPO has their own screening and application process that must be met to register with the framework to deliver apprenticeship training and assessment. The levy account is hosted via the government gateway and only approved providers can access funds. All training providers are also subject to Ofsted inspections.	All payments to the Training Providers will be paused until investigated. The DFE, YPO and internal fraud investigation team will be notified.			

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CABINET**18 July 2023**

Title: Direct Award of Elements of the All-Age Care Technology Service Contract	
Report of the Cabinet Member for Adult Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Louise Hider-Davies, Head of Commissioning (Adults)	Contact Details: E-mail: louise.hiderdavies@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director, Care and Support	
Accountable Executive Team Director: Elaine Allegretti, Strategic Director, Children and Adults	
<p>Summary</p> <p>The All-Age Care Technology service was tendered in 2021 and mobilised in 2022, following approval at Cabinet in February 2021. Due to the poor performance of the current service provider, a decision was made in May 2023 to partially terminate several elements of the contract. The requirement of this service is essential due to the local authority's obligations under the Care Act 2014 and no break in service can occur. Since the end of May 2023, the current service provider has continued to retain the terminated elements of the service, until an alternative provider could be awarded. An alternative provider has now been sought urgently to deliver the terminated elements of the service. Three prospective providers were consulted to explore the market. Out of the three consulted, only one provider confirmed that it could offer the service.</p> <p>Following legal advice, this report is seeking to directly award the terminated aspects of the current All Age Care Technology Service contract to Alcove for a two-year period (plus an optional 6-month extension only to be used if the digital switchover carries risk to residents), under reg 32(2)(c). This is while an open procurement process is run.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the direct award of a contract to Alcove for the management and delivery of the terminated aspects of the All-Age Care Technology service, in accordance with the strategy set out in the report; and (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration and the Chief Legal Officer, to award and enter into the contract and any extension periods with Alcove to fully implement and effect the proposals. 	

Reason(s)

To accord with the Council's Contract Rules and the Public Contract Regulations 2015 following the partial termination of a contract and the urgent need to source a provider to ensure continuity of service. The All-Age Care Technology Contract assists the Council in achieving its obligations under the Care Act 2014, as well as two of the priorities set out in the new Corporate Plan for 2023-2026:

- Residents are safe, protected, and supported at their most vulnerable;
- Residents live healthier, happier, independent lives for longer.

1. Introduction and Background

1.1 By Minute 85 (15 February 2021), the Cabinet resolved to approve the procurement of an All-age Care Technology solution to the residents of Barking and Dagenham, in accordance with the strategy set out in the [report \(minute 85\)](#).

1.2 The above link to the report provides a comprehensive overview of the key service elements that were being procured. However, for ease, the following summarises the three key service elements that make up the All-Age Care Technology service:

- **Service Element 1** – Innovation and development of technology and/or digital services for Barking and Dagenham residents that complement their own support and networks. This includes the combination of substantial expertise in both Social Care and Technological Innovation and how the intersection and collaboration of these specialisms can generate a model greater than the sum of its parts. Integral to this is the requirement to continuously improve and extend the range and use of technological and digital services and products to meet individually identified health and social care outcomes so the digital offer in Barking and Dagenham remains at the cutting-edge of technological advancement.
- **Service Element 2** – A 'Technology First' cultural change including a Care Technology Learning and Development programme so care and support provision in Barking and Dagenham becomes truly digital in its nature, enriched, and enhanced by technological solutions. This will include working with the Council, our partners, the care market, and our residents to understand and utilise digital technology and connectivity.
- **Service Element 3** – An innovative new operating model for leveraging care technologies and data to support better outcomes in care and support and deliver significant financial benefits. This includes the sourcing and deployment of technological and digital services and products curated to meet individual resident needs. Critical to this will be the collection, aggregation and analysis of data attained through such solutions to provide actionable insights pertinent to both support planning and the immediate welfare of our residents so that LBBD can keep people safe both proactively and reactively. This will include a flexible response-based service grounded in social care expertise and insight, to supplement the community response mobilised through the technology deployed.

1.3 Following the decision to approve the procurement at Cabinet in 2021, a comprehensive tender exercise was undertaken which culminated in the final award of the contract to the current contractor. This then led to a complex four-month mobilisation phase spanning matters relating to existing clients and significant technical considerations. A summary of the tender activity and dates were as follows:

Activity	Timeline
Tender and evaluation	April – December 2021
Contract award	December 2021
Mobilisation	January – May 2022
New service 'go live'	23 May 2022

1.4 The new service went live at midday on 23 May 2022, successfully transferring 2,440 residents from the former Careline service to the current contractor whilst maintaining service continuity and avoiding any break in connection to the monitoring centre. A series of immediate benefits of the new service has been felt by residents since the new service commenced including:

- The provision of a new falls pick-up service;
- 627 new residents connected;
- Provision of new digital technology to approx. 1000 residents.

1.5 Notwithstanding the above successes, there have been a series of failures within the current service which have inhibited the All-Age Care Technology service from supporting LBBD to fully realise its vision and ambition for Care Technology. As a result of these failures and the contractor's poor performance across two of the three service elements, the Council took the decision to partially terminate the service with the current contractor on 25 May 2023.

1.6 As a result of the partial termination, the contractor has retained the following core operational service elements of the current All-Age Care Technology service:

- 24/7 monitoring and response service;
- The falls pick-up service;
- Data insights and integration;
- Social value elements as outlined in the original tender;
- The standard aspects relating to liability and risk management, in addition to, staff background and development, safeguarding (including escalations), accessibility, information governance, IT and Technical, connectivity, business continuity and any other relevant compliance or legislative requirements.

1.7 It was agreed that the current contractor would continue to deliver on some key, ancillary aspects of the service until such time that a new provider was awarded and mobilised following legal advice. This included referral management, assessments, installations, collections and repairs.

1.8 The partial termination of the All-Age Care Technology Service has left the local authority in an urgent situation. The limited provision of these services on an interim basis under the current contractor carries a risk for the Authority, especially in relation to its duties under the Care Act 2014. Additionally, some aspects have ceased delivery entirely, such as the innovation and culture change elements of the

service which are fundamental to the delivery of the vision, as well as other technical practicalities for the Council such as the fact that the digital switchover requires urgent upgrades to the technology that a number of our residents have in place.

- 1.9 As a result, the local authority has taken legal advice to determine the best way forward and the procurement strategy below has been proposed to enable the local authority to fulfil the requirements of the full service and to take forward its duties under the Care Act 2014.

2. Proposed Procurement Strategy

Outline specification of the works, goods or services being procured

Overview and context

- 2.1 As stated above, more information on the service elements, the service outcomes, the benefits and the data compliance and integration elements of the service can be found in the original Cabinet report.
- 2.2 For the benefit of this report, the local authority is looking to directly award a contract for the management and delivery of two of the three elements under the All-Age Care Technology contract (as set out in the specification), that were terminated with the current contractor. This includes assessments and installations, along with the associated culture change and the provision of technological innovations.
- 2.3 Following legal advice, and due to the urgency involved, the local authority approached three prospective providers. The providers included two former bidders that originally bid for the All Age Care Technology service in 2021, as well as a third provider who had previously undertaken a pilot Pathfinder project with the local authority.
- 2.4 Providers were asked to consider:
 - Their interest in delivering the partially terminated elements of the contract;
 - An estimated mobilisation timeframe to operationalise the service elements from Friday 30 June;
 - The minimum viable duration that the bidder would consider undertaking this contract for; considering mobilisation timeframes, technical integrations, digital switchover etc;
 - Whether the elements could be delivered within the annual budget of £300k, supported by the accompanying technology capital budget of £0.5m-£1.5m per the original Cabinet report.
- 2.5 Responses were received from all three prospective providers, however only one provider was able to express an ability and willingness to pick up the service with the urgency required. This provider is Alcove and it is proposed that under the grounds of Regulation 32(2)(c) of the Public Contracts Regulations 2015 (see legal comments below), Cabinet directly awards the terminated aspects of the original All Age Care Technology service to Alcove. As per the legal advice, the contract will be awarded for a two-year period while an open procurement process is run for the

longer-term service. This is the minimum possible timeframe that the contract can be awarded, noting the potential disruption that the anticipated digital switch over will cause towards the end of 2024 and mobilisation and de-mobilisation periods.

- 2.6 Alcove has significant experience and an excellent reputation in delivering technology enabled care services and works with a number of local authorities and NHS organisations across the UK. The organisation has over 18,000 devices and users globally in a range of settings and cohorts across social care and are committed to person-centred co-production and delivery.

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

- 2.7 The estimated cost of the service to be directly awarded to Alcove is £4.5m and can be broken down as per the following:

Contract term	Service budget	Technology budget
Year 1	£300,000	£1.5m (max)
Year 2	£300,000	£1.5m (max)
Optional 6 months extension	£150,000	£750,000 (max)
Total	£750,000	£3,750,000
	£4.5m in total over 2 years (+ 6 months)	

Duration of the contract, including any options for extension

- 2.8 Initial term of two years with an option to extend by a period of six months, in the event that the digital switchover prevents the safe transition of clients, and the Authority has no alternative options the extension period will be taken.
- 2.9 It should be noted that mobilisation will begin immediately (from Friday 30 June) as no break in service can occur for the reasons set out above.

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?

- 2.10 Yes. This contract award would ordinarily be subject to the Light Touch Regime but as an open market procurement strategy is not being used, this does not apply.

Recommended procurement procedure and reasons for the recommendation

- 2.11 Regulation 32(2)(c) of the Public Contract Regulations 2015, being the use of the negotiated procedure without prior publication. This would be a waiver of the Contract Rules under r 35.5(h) being exceptional circumstances (i.e., a partially terminated contract due to poor provider performance and no other alternative). The services are essential and no gap in service provision is possible as this would breach the Council’s duties under the Care Act 2014. Consequently, an open procurement for the terminated aspects of the service is implausible in these urgent circumstances.

The contract delivery methodology and documentation to be adopted

- 2.12 The Council shall be using its standard terms and conditions, which contain a robust termination clause, including the option to terminate without cause on the provision of 12 months' notice. Any minor breaches may also be grounds for termination. However, Commissioning intends to closely monitor the provider with regular meetings and reporting, mitigating the need for such measures. Should they be required, the terms of the contract provides for grounds to terminate.

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

- 2.13 Benefits tracked will be both financial and non-financial and may include the following cost saving and cost avoidance measures:

Cost saving (cashable)	Cost avoidance (non-cashable)
Reduction in domiciliary care packages / hours of care	Avoidance of higher cost care packages both in the community and in care homes
Reduction in care home placements/1:1 hours	Delayed admission to care homes
Reduction in supported living packages	Avoiding short term admissions to care home delaying the need for the introduction of long-term care services
Reducing the use of primary and community care resources	Supporting family/informal carers
Reducing the number of delayed transfers of care and their length	Reducing the number of unplanned hospital admissions/readmissions
Reducing the number of emergency ambulance call-outs and unnecessary A&E presentations	

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

- 2.14 As per process set out in paras 2.3-2.5 above.

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

- 2.15 As this procurement is a Waiver/Direct Award, LBBD is not able to evaluate the Social Value commitments offered. However, to comply with the Councils strategy to ensure Social Value is delivered by all supplier's contracting with the council for over £100,000, Alcove have been notified of the Councils Social Value policies and will be provided with the Social Value Toolkit. As part of the contract signing agreement, LBBD will liaise with the Alcove account manager to discuss and encourage Social Value commitments.
- 2.16 Any commitments made will be in addition to the service Alcove are providing and will be monitored by the Commissioning team.

London Living Wage (LLW)

- 2.17 Alcove will pay London Living Wage in accordance with requirements on all contracts for services and works where the contract is for at least two hours a week for eight consecutive weeks.

How the Procurement will impact/support the Net Zero Carbon Target and Sustainability

- 2.18 As per the specification for the All-Age Care Technology service, Alcove will be expected to ensure that their processes are as efficient as possible to support a reduced carbon footprint. A key element of the specification relates to the provider taking a proactive approach to maximising the use and recycling of solutions where possible. In addition, where equipment is deemed end of life, Alcove will be expected to establish environmentally friendly methods of disposal to help LBBD reduce its carbon footprint. These elements will be discussed and taken forward as part of mobilisation and contract monitored through the Commissioning team.

Contract Management methodology to be adopted

- 2.19 The contract will contain specific service requirements and expected outcomes as above. Key performance indicators will be outlined in the service specification and agreed with the provider. Commissioners will undertake the contract and performance management of the service. Contract monitoring meetings will take place on a monthly basis and a robust mobilisation plan will be followed with weekly mobilisation meetings.
- 2.20 Robust governance arrangements for the service will be implemented that draw in necessary strategic input, including the development of a strategic relationship management plan and overseeing spend and benefits delivered.

3. Options Appraisal

- 3.1 A full options appraisal for the service was presented in the original Cabinet report. In terms of this contract award, the following options were assessed:
- 3.1.1 **Option One: Do nothing:** This option was discounted as the service could not operate with significant gaps due to the partial termination with the existing contractor. The contract forms part of our obligations under the Care Act 2014 and therefore operating without these service elements is not an option. This would also compromise our ability to achieve the vision and ambition set out for the service in the original tender as well as the local authority's ability to meet obligations under the Digital Switchover.
- 3.1.2 **Option Two: Undertake a competitive tender process:** This option was rejected due to the extreme urgency in the need to fulfil the terminated elements of the service. A competitive tender process shall be undertaken, but for the interim period, a provider must be in place to operate this essential service.
- 3.1.3 **Option Three: use of a negotiated procedure without prior publication through regulation 32 of the PCR 2015 and waive the Contract Rules under**

rule 35.5(h) (recommended): Following legal advice and the process undertaken above, this option is being pursued and is our preferred option, enabling the Council to award the contract on the basis of urgency and necessity.

4. Waiver

- 4.1 Under rule 35.5(h) where there are other circumstances which are genuinely exceptional, the Contract Rules may be waived and a contract may be directly awarded (or negotiated without prior publication, as the case may be).

5. Consultation

- 5.1 A series of engagement activities have been undertaken which contribute to the overarching care technology and digital agenda. This includes consultation with residents and professionals which have been undertaken directly through the reviews conducted by Healthwatch, SOCITM, and 'Breezie' as outlined in the previous Cabinet report.
- 5.2 A key facet of the Care Technology service is the consultation and co-production with residents, families and professionals and this will be undertaken by Alcove as part of the contract award.
- 5.3 The proposals in this report were considered and endorsed by the Procurement Board on 7 July 2023.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

- 6.1 The Councils Contract Rules require all spend in the Gold threshold to be procured in the open market. Due to the urgency and the fact the requirement was unforeseen, Procurement Board and Cabinet are able to waive the Contract Rules.
- 6.2 As stated in the report, the recommended route to market is to award a contract without prior competition (negotiated process) which, if justified, can be conducted in conjunction with Regulation 32 of the Public Contract Regulations 2015.

7. Financial Implications

Implications completed by: Paul Durrant (Finance Manager – People & Resilience)

- 7.1 This report seeks Cabinet agreement that the Council proceeds with the contract award to Alcove for 2 years, 6 months for management and delivery of all-age Care Technology solutions to the residents of London Borough of Barking and Dagenham.
- 7.2 The estimated contract value for the entire contract period of 2 years, 6 months is £4.5million. This indicates an annual funding requirement of £1.8million effective from 30 June 2023.
- 7.3 There is currently £1.650m funding available for the annual contract value:

Source of Funding	Annual funding
Service budget (former Careline)	£740,000
Assistive Technology budget	£160,000
Better Care Fund	£450,000
DFG contribution	£300,000
Confirmed funding	£1,650,000
Contract sum required	£1,800,000
Retained service budget for current contractor (monitoring and response)	£300,000 (approx.)
Total budget requirement	£2,100,000
Shortfall	£450,000

- 7.4 This would leave a contract shortfall of £0.450m. However, there is a requirement to provide equitable support to both Social and Private residents. To deliver our statutory duty there is a requirement for the Housing Revenue Account (HRA) to provide a financial contribution. Presently, £0.500m is set aside for this commitment and would make the model sustainable in 2023-34. This is being put forward in the HRA Funding for the Capital Programme Report presentation at the Asset and Capital Board.
- 7.5 In 2024-25 there is currently no commitment to support this service by way of HRA Funding, which would leave a deficit of £0.450m.
- 7.6 It should be noted, that the HRA business plan is currently under review and the commitment to support this programme is at risk. If this commitment were withdrawn the contract would not be sustainable. However, it should be noted that we would be treating social residents differently to private residents, which is likely to face legal challenge.
- 7.7 Government Funding for Disabled Facilities Grant is intended to fund adaptations for owner occupiers, private tenants, or private registered providers. However local authorities with a Housing Revenue Account should fund adaptations for council tenants.
- 7.8 The methodology for charging for both the HRA (social residents) and Disabled Facilities Grant (private residents) needs to be reviewed to ensure a consistent equitable treatment is applied.

8. Legal Implications

Implications completed by: Lauren van Arendonk, Contracts & Procurement Lawyer

- 8.1 This report seeks to approve the award of a contract to Alcove through regulation 32 of the Public Contract Regulations 2015 (PCR 2015). Reg 32 of the PCR 2015 permits the use of the negotiated procedure without prior publication in specific and unique circumstances.
- 8.2 In the specific cases and circumstances laid down under regulation 32, contracting authorities may award public contracts by a negotiated procedure without prior publication. Under reg 32(2)(c), insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting

authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with, an authority may award a contract without prior publication.

- 8.3 Due to the poor performance of the current contract, which was unforeseeable and outside the control of the authority, the Council. The Public Contract Regulations 2015 permit a waiver of the standard open procurement process, if the requirements under reg 32 are met, specifically, circumstances outside of the authority's control that require urgent contract award. The decision maker may approve a waiver of the Contract Rules and contract award without prior publication in certain permitted circumstances; the current circumstances seem to meet the requirements for regulation 32.
- 8.4 Subsequently, it follows that a waiver of the Contract Rules is required. Rule 35.5(h) permits a waiver of the Contract Rules in exceptional circumstances, enabling a contract to be directly awarded to a provider. In this case, the direct award shall take the form a contract award through the negotiated procedure and without prior publication.
- 8.5 Importantly, the contract is being awarded for a period of 2 years, plus 6 months – which would only be used if the digital switchover were to prevent the safe transition of residents to a new supplier. This is only insofar as is necessary, as a procurement process would take 12 months to run and mobilisation of the service (and demobilisation at the end of the term) also take several months either side. Given that this contract needs to align with the current contract with the remaining elements, two years is the minimum term. This route to contract was supported by external legal advice obtained.

9. Other Implications

- 9.1 **Risk and Risk Management** – The register, to be completed imminently, will provide a systematic review of potential risks in areas such as Information Governance, Compliance, Business Continuity, Cybersecurity, Technological Changes, Vendor Management, and Legal Obligations. This document will be periodically updated to reflect any changes in the operational or regulatory landscape, ensuring it remains a relevant and effective risk management tool. High-level risks relating to these areas have also been identified and captured in the Departmental Risk Register for Adult Social Care.
- 9.2 **Corporate Policy and Equality Impact** – The EIA for the All-Age Care Technology service can be found as part of the original Cabinet documentation pack here: [Care Technology - App B.pdf \(lbbd.gov.uk\)](#)
- 9.3 This service will allow us to expand the Council's current service offer enabling more people to participate in and benefit from Care Technology and Digital solutions. This will build resilience, choice and improved well-being in people that receive care and support services from the Council. This approach in building solutions aims to address current shortfalls for key groups in accessing such services. The Service should meet the needs of diverse user groups, for example by providing language support according to LBBB policies, or arranging visits compatible with religious preferences (e.g. avoiding certain days). Groups include (but are not limited to):

- Black and ethnic minority communities
- Religious communities
- Adults with visual and/or auditory impairments, including deaf blind adults
- End of life/palliative care
- Adults with communication difficulties
- Non-English speakers
- Adults with British Sign Language (BSL) as their first language
- Adults with learning and/or physical disabilities and/or mental health issues, including dementia

9.4 **Safeguarding Adults and Children** – As per the service specification, the service providers will be reviewing whether the individual is safe, as set out in the Pan-London Multi-Agency Safeguarding Policy & Procedures. Compliance with Barking and Dagenham’s safeguarding policies with a clear understanding of the council’s responsibilities and liabilities will be integral to the contract monitoring process.

9.5 **Health Issues** - The services provided through this contract will have a positive impact on the health and wellbeing of the local community, supporting residents to better self-manage their own health including long-term conditions, perform tasks they would otherwise be unable to do and/or increase the ease or safety with which tasks can be performed.

9.6 **Business Continuity / Disaster Recovery** - the following actions will take place to support and mitigate the impacts on the continuity of supply to the Council:

- Alcove will prioritise and ensure sufficient resilience in the supply chain. This includes implementing a robust Business Continuity Plan and establishing resilient supply chains. The initial Business Continuity Plan with Alcove is already in place.
- The provider's Business Continuity Plans will be refined and enhanced throughout the mobilisation phase to ensure their appropriateness and effectiveness in addressing potential disruptions.
- The resilience of the supply chain will be considered a crucial component of the contract obligations. The provider will be obligated to incorporate and maintain business continuity measures to guarantee uninterrupted supply to the Council. These measures and the BCP will be tested on an annual basis by the provider in partnership with the local authority.

9.7 Overall, these measures will provide assurance that the selected provider is committed to safeguarding the continuity of supply. By actively addressing potential disruptions and enhancing the resilience of the supply chain, the Council can rely on a reliable and uninterrupted flow of goods or services from the provider.

Public Background Papers Used in the Preparation of the Report:

Report to Cabinet 15 February 2021 (Minute 85), [Procurement of an All-age Care Technology Service](#)

List of appendices: None

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CABINET**18 July 2023**

Title: Procurement Strategy for Fire Doors Replacement Project	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report	For Decision
Wards Affected: Various	Key Decision: No
Report Author: Anthony Wiggins – Head of Property Management and Capital Delivery	Contact Details: Tel: 07561 702896 E-mail: anthony.wiggins@lbbd.gov.uk
Accountable Director: Alan Caddick, Director of Homes & Assets	
Accountable Executive Team Director: Leona Menville, Strategic Director of My Place	
<p>Summary:</p> <p>The Council has an obligation to ensure that its housing stock is safe, secure and fit-for-purpose. Fire safety is particularly important, and the Council has an ongoing programme of replacing fire doors within its portfolio as part of the HRA Stock Investment Programme.</p> <p>By Minute 82 (20 February 2023), the Cabinet agreed not to recharge leaseholders for front entrance doors (FEDs) in high-rise flatted blocks but to recharge for works to communal doors and associated installation works connected to the fire door replacement programme.</p> <p>Specifications have since been drafted for the next phase of the fire door programme and this report seeks Cabinet approval to the proposed procurement route which includes provision for the recharging of leaseholders in accordance with the decision made by Cabinet in February 2023.</p> <p>The proposed procurement route is via the framework agreement, initiated by BDMS, which allows LBBD to utilise the framework for works delivered outside of BDMS.</p> <p>This framework runs until November 2024 and is therefore suitable for the procurement of the next batch of fire doors as outlined in this report.</p>	
Recommendation(s)	
The Cabinet is recommended to:	
(i) Agree that the Council proceeds with the procurement of a contract for replacement fire doors and associated works in accordance with the strategy set out in the report; and	

- (ii) Authorise the Strategic Director of My Place, in consultation with the relevant Cabinet Member(s), the Strategic Director, Finance & Investment and the Chief Legal Officer, and subject to endorsement by Procurement Board, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements to fully implement and effect the proposals.

Reason(s)

To assist the Council to meet its statutory responsibilities under the Fire Safety Act 2021 and maintain a fire door replacement programme from a compliance and stock investment programme perspective.

It also contributes to meeting the Corporate Priority number 7 (Residents live in good housing and avoid becoming homeless) within the Corporate Plan 2023-2026.

1. Introduction and Background

- 1.1 The Council has an ongoing fire door replacement programme as part of its overall compliance programme. Financial provision is made annually, within the HRA Stock Investment Programme for fire related works.
- 1.2 Works are identified using existing data (on condition and remaining life expectancy of major components) and through recommendation made within the ongoing programme of Fire Risk Assessments (FRA's) being undertaken within My Place.
- 1.3 On 20 February 2023 Cabinet received a report on the Phase 1 of the fire door programme and were asked to consider the leasehold recharge implications for future phases.
- 1.4 Cabinet agreed Option 2, which was for leaseholders in high-rise flatted blocks to be gifted their front fire doors (FED's) and be recharged a proportion of the works to communal doors and associated installation works.
- 1.5 Since then, the next phase of the fire door replacement programme has been developed (detailed specification and associated works details) and it is proposed that the next phase is procured via the framework agreement, initiated by BDMS which allows LBBB to utilise the framework for works delivered outside of BDMS.
- 1.6 Blocks within the next phase have been identified as Millard Terrace, Dagenham, Thaxted House, Dagenham, Oldmead House Dagenham, & Bartletts House Dagenham.

2. Proposed Procurement Strategy

- 2.1 A specification of requirement has been developed to ensure the doors and surrounds meet the needs of the current legislation. In choosing the door and frames for this programme, My Place has considered several door manufacturers to ensure that they meet the Council standards, approved by the Compliance manager, meet current building regulations and national agreed Code of Practice standards.

- 2.1.1 **Quality assurance:** In choosing the door and frames for this programme, My Place has considered several door manufacturers to ensure that they meet the Council standards, current building regulation and national agreed Code of Practice standards. The doors and frames chosen will be solid hardwood timber doors and solid hardwood timber frames and carry full certification.
- 2.1.2 **Fire and smoke resistance:** All door and frame sets within the scope of this project have test evidence demonstrating that they meet the performance requirement in the Building Regulations guidance for fire resistance and smoke control from both sides and an independent (UKAS or the equivalent) Third-Party certification.
- 2.1.3 **Installation:** The door and frame sets must meet the Council specification which includes manufacture, install, and certificate to FIRAS and UKAS standards which gives the Council assurance of one stop process.
- 2.1.4 **Security:** The Fire door and frame sets to flat front entrance doors meet the Police “Secure by Design” (SBD) certification and thermal transmittance and acoustics certification to a British Standard PAS24:2012.
- 2.2 The LBB/ BDMS Framework is a LTQA and Section 20 (leasehold recharge) compliant framework which will enable the works to be procured. The tenders will be batched as follows:
- 2.3 **Batch 1 (Non-Section 20 Works)**
Replacement of fire rated front entrance fire doors, including door header panels and side cupboard doors, in line with the report approved by Cabinet in February 2023
- 2.4 **Batch 2 (Section 20 Works)**
Communal door sets for cross-corridor and lobby entrance doors, including dry-riser, electrical intake, bin chute, incinerator doors and all associated fire compliance works.
- 2.5 Mini-competition between BDMS framework suppliers for both batches will be completed and will be evaluated 60% price, 30% quality and 10% social value.
- 2.6 It is envisaged that the works will be delivered directly by My Place. This will include Project Management, Contract Administration, Principal Designer, Quantity Surveying and Clerk of Works roles.
- 2.7 **Outline specification of the works, goods or services being procured**
- 2.7.1 Batch 1 - Replacement of fire rated front entrance fire doors, including door header panels and side cupboard doors.
- 2.7.2 In line with Cabinet approval (20th February 2023) to not recharge leaseholders in high-rise blocks for replacement FEDs, Section 20 will not apply to Batch 1.
- 2.7.3 Batch 2 – Communal door sets for cross-corridor and lobby entrance doors, including dry-riser, electrical intake, bin chute, incinerator doors and all associated fire compliance works. Section 20 will apply to Batch 2.

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

2.8.1 Estimated contract value £4m for both batches.

Batch 1 - £1m Budget Estimate

Batch 2 - £3m Budget Estimate

2.9 Duration of the contract, including any options for extension

2.9.1 If approved, the contracts will be tendered in August 2023. The construction phase of the project to be undertaken over more than 1 financial year. This is considered a priority project and financial provision has been made within the 2023/24 Stock Investment Programme budget, based on the forecast spend that aligns with this timetable.

2.10 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?

2.10.1 The contracts are subject to PCR2015, but the value of works is below the current UK Threshold.

2.11 Recommended procurement procedure and reasons for the recommendation

2.11.1 LBBB will be using the BDMS Framework to tender the works between the framework suppliers. This is an LTQA and Section 20 compliant framework.

2.12 The contract delivery methodology and documentation to be adopted

2.12.1 The contract form to be used is JCT Minor Work 2016, with LBBB amendments.

2.12.2 The projects will be managed and the contract administered directly by My Place project managers.

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

2.13.1 Replacement fire doors will provide the residents with increased fire and smoke protection and meet our obligations under the Fire Safety Act.

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

2.14.1 Mini competition between framework suppliers using 60% price, 30% quality and 10% social value (See social value details later in this report).

2.15 How the procurement will address and implement the Council's Social Value policy

2.15.1 The evaluation criteria will award 10% of the potential marks to social value considerations. Each tender will consider the potential social benefits offered to the borough and its residents. To guide suppliers, we will give potential bidders access to the Council's Social Value Toolkit where information is provided regarding the Social Value themes, ideas of outputs including the borough's priorities for example attending schools and colleges job fairs or careers advice, funding foodbanks, litter picking etc. Any social value commitments agreed with the successful supplier will be contractually binding and these will be managed and reported on as part of the Contract Management process.) The evaluation process will take note of the Council's legal obligation to consider Social Value under the Public Services (Social Value) Act 2012.

3. Options Appraisal

- 3.1 The option to do nothing was considered and rejected because the defects of the fire doors place the council at considerable risk and the Council's responsibilities for fire safety.
- 3.2 Alternative frameworks including CHIC, Southeast Consortium were considered and rejected due to a prolonged procurement process due to LTQA and Section 20 compliance.
- 3.3 Open tendering was considered and rejected because the nature of this work is specialised and the Council's agreed detailed specification for the doors combined with our objective of having the ability to manufacturer, install, and certificate doors can only be met by a limited number of suppliers within the southeast.
- 3.4 The strategy set out in this report provides the best approach for a timely and cost-effective route to meet obligations set out in the Fire Safety Act. The LBBD/ BDMS Framework is an LTQA and Section 20 compliant framework it will assist us to procure the work more expediently.

4. Waiver

- 4.1 A waiver is not required for this report.

5. Consultation

- 5.1 The proposals in this report will be considered at the July Procurement Board. Due to the timing of the works required, Cabinet approval is sought subject to the endorsement of the arrangements by the Procurement Board, which is aware of this timetable.

6. Corporate Procurement

Implications completed by: Richard Barrett, Category Manager

- 6.1 The report seeks to run a mini competition between the 9(nine) contractors under the BDMS/BDTP Housing Repairs and Associated Services Framework utilising

specifically Lot 1(one) General Building Repair Works. It is noted that the requirements will be delivered outside of BDMS.

- 6.2 The tender stage will contain a robust door specification including full industry safety standards and full certification that will need to be achieved to ensure safety and that all aspects of quality and goods installed will meet or exceed the requisite technical standards.
- 6.3 The report outlines that works will be provisioned in two batches to allow for Section 20 works (recharge) and non-Section 20 which facilitates the Cabinet decision for leaseholders in high-rise flatted blocks to be gifted their front fire doors.
- 6.4 The Evaluation weightings are stated in the report as being 60% Price 30% Quality 10% Social Value. The weightings seem suitable for the mini-competition and includes the requisite 10% Social Value.

7. Financial Implications

Implications completed by: Sandra Pillinger Group Accountant

- 7.1 The estimated cost for Batch 1 – Replacement of front entrance doors - is £1m. The estimated cost of Batch 2 – replacement of communal doors is £3m.
- 7.2 The HRA stock investment capital programme for 2023/24 and future years is currently under review with a view to reducing the scope of the programme and re-prioritising works. The Fire Doors replacement programme falls into the health and safety category, so is a priority for investment.
- 7.3 The Leaseholder Charging Policy for Fire Doors at High Rise blocks was agreed at Cabinet in February 2023. Option 2 was agreed: FEDs will be supplied and installed to leaseholder properties within high-rise blocks (ie- those blocks 18 metres and above), and those leaseholders will not be recharged. Leaseholders in non-high-rise blocks will be charged for their replacement FEDs and all leaseholders will be recharged a fair proportion of the cost of communal doors.
- 7.4 The recovery of leaseholder contributions must be maximized, so section 20 must be followed in respect of Batch 2 – replacement of communal doors. At this stage it is not known how much will be recoverable from leaseholders.

8. Legal Implications

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

- 8.1 This report is seeking approval to use the BDMS Repairs and Maintenance framework (RS4) to procure works to replace fire doors at the above-mentioned blocks.
- 8.2 This report states that the total value of the procurement will be approximately £3 million, which is below the threshold for works contracts. Nevertheless, the client department is intending to use a framework which will satisfy the Council's Contract Rules. Rule 4.2 (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.

- 8.3 The use of the BDMS framework will satisfy the above requirements as the Council is permitted to call off from the framework, which has been set up following a compliant process and is valid until 30 November 2024.
- 8.4 This report notes that the proposed framework is a Qualifying Long Term Agreement (QLTA) under The Services Charges (Consultation Requirements) (England) Regulations 2003. When qualifying works are carried out under a QLTA a series of notices must be served on all residential leaseholders who are required to pay above £250 for the works. Failure to serve notices will mean the Council cannot recover more than £250 from the affected leaseholders.
- 8.5 Contract Rule 6.5 (a) of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.
- 8.6 The legal team will be able to assist the client department with putting in place the contract with the supplier.

9. Other Implications

- 9.1 **Risk Management** - A risk-based approach has been considered throughout this report and reflected in the proposed procurement option.
- 9.2 **Property / Asset Issues** - Undertaking these works will improve the condition of stock, achieve compliance and benefit residents of the blocks.
- 9.3 **Corporate Policy and Equality Impact** - A copy of the Equalities Impact Assessment Screening Tool is attached at Appendix 1.

Public Background Papers Used in the Preparation of the Report:

- Cabinet Report - Leaseholder Charging Policy (Fire Door Programme) - 20th February 2023

List of appendices:

- **Appendix 1** – Equality Impact Assessment Screening Tool

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Equality Impact Assessment Screening Tool

Equality Impact Assessments help the Council to comply with its public sector duty under the Equality Act 2010 to have due regard to equality implications. EIAs also help services to be customer focussed, leading to improved service delivery and customer satisfaction.

The Council understands that whilst its equalities duty applies to all services, it is going to be more relevant to some decisions than others. We need to ensure that the detail of Equality Impact Assessments (EIAs) are proportionate to the impact of decisions on the equality duty, and that in some cases a full EIA is not necessary.

This tool assists services in determining whether plans and decisions will require a full EIA. It should be used on all new policies, projects, functions, staff restructuring, major development or planning applications, or when revising them.

Full guidance on the Council's duties and EIAs and the full EIA template is available at [Equality Impact Assessments](#).

Proposal/Project/Policy Title	Fire Door Replacements – Tranche 2	
Service Area	My Place	
Officer completing the EIA Screening Tool	Terry Wood	
Head of Service	Tony Wiggins – Head of Property Management & Capital Delivery	
Date	26/06/2023	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/decisions sought.	The capital works project is for the replacement of fire rated doors within four high-rise blocks. The obvious risk that fire doors prevent the spread of fire and smoke which could lead to a serious “Grenfell” type incident leading to loss of life and possible prosecution of the Council and individual officers.	
Protected characteristic	Impact	Description
Age	Positive impact (L)	The overall impact of this project for this protected characteristic will be positive as it will protect all residents from the risk of fires. The installation of fire doors will provide fire and smoke protection for a minimum of 30 minutes meeting current building

		regulations and requirements of the Fire Safety Act. This time is considered adequate for all residents to escape the building but particularly those residents' escorting children, or elderly. The doors can also be unlocked from the inside by using a simple thumb screw mechanism avoiding the need to find keys to unlock the door and facilitating easy escape.
Disability	Positive impact (L)	<p>The overall impact of this project for this protected characteristic will be positive as it will protect all residents from the risk of fires.</p> <p>The installation of fire doors will provide fire and smoke protection for a minimum of 30 minutes meeting current building regulations and requirements of the Fire Safety Act. This time is considered adequate for all residents to escape the building but particularly those residents with disabilities/mobility problems, or people confused in the emergency. The doors can also be unlocked from the inside by using a simple thumb screw mechanism avoiding the need to find keys to unlock the door and facilitating easy escape.</p>
Gender re-assignment	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Marriage and civil partnership	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Pregnancy and maternity	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected

		characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Race	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Religion	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Sex	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Sexual orientation	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
Socio-Economic Disadvantage^[1]	Not applicable (N/A)	Based on the evidence, it is not anticipated that the policy will have a negative impact relating to this protected characteristic. The overall impact of this project for this protect characteristic will be positive as it will protect all residents from the risk of fires.
How visible is this service/policy/project/proposal to the general public?		High visibility to the general public (H)
What is the potential risk to the Council's reputation?		High risk to reputation (H)

Consider the following impacts – legal, financial, political, media, public perception etc	
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If your answers are mostly H and/or M = **Full EIA to be completed**

If after completing the EIA screening process you determine that a full EIA is not relevant for this service/function/policy/project you must provide explanation and evidence below.

<p>The Equality Impact Assessment screening process has been completed.</p> <p>It is proposed that the following wording is added to the procurement strategy report being presented to procurement subgroup on 03/07/23.</p> <p>The Equality Impact Assessment screening process has been completed and acknowledged by the Strategy Team. It has been determined that a full EIA is not needed for these works.</p>
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[\[1\]](#) Socio-Economic Disadvantage is not a protected characteristic under the Equality Act. London Borough of Barking and Dagenham has chosen to include Socio-Economic Disadvantage as best practice.

CABINET**18 July 2023**

Title: Contract for Supported Living Services	
Report of the Cabinet Member for Adult Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Elizabeth Kitto, Commissioning Manager, Adult Services	Contact Details: elizabeth.kitto@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director, Care and Support	
Accountable Executive Team Director: Elaine Allegretti, Strategic Director, Children and Adults	
<p>Summary</p> <p>Supported living services are essential for people known to both the Life Planning and Mental Health Teams. Supported living settings are commissioned when a person known to one of these teams cannot live independently due to their individual needs or vulnerabilities. A supported living setting enables the individual to live as independent life as possible in a safe environment where they are supported to achieve and maintain their independence.</p> <p>There have historically been two contracts in place, the first being a block contract which was for 12 services supporting a total of 45 people. There has also been a framework contract in place since April 2019 which has 23 providers, but this has not been extensively utilised. The current block contract has not been able to accommodate all individuals on account of inability to meet certain needs, resulting in rooms remaining void at the expense of the Council. Spot purchasing arrangements have also been used to find bespoke accommodation, which is not under pre-negotiated terms by LBBDD. It gives the opportunity for greater choice and control for the service user - for example if they wish to reside close to family members who live out of the borough. The disadvantages could be lack of quality assurance or commissioning oversight.</p> <p>The new contract will bring those two contracts together into one framework and reduce the need for spot purchasing through a wider range of providers to meet the changing needs and demands on this service. Operational colleagues will be provided with a service directory to ensure the framework is utilised. All providers must comply with London Living Wage.</p>	
Recommendation(s)	
The Cabinet is recommended to:	

- (i) Agree that the Council proceeds with the procurement of a maximum four-year framework contract for Supported Living Services in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration and the Chief Legal Officer, to award and enter into the contract(s) for the framework agreement and all other necessary or ancillary agreements with the successful bidders to fully implement and effect the proposals.

Reason(s)

To assist the Council in meeting its priorities of “residents are safe, protected and supported at their most vulnerable” and “residents live healthier, happier, independent lives for longer”.

1. Introduction and Background

- 1.1 Supported Living arrangements aim to increase individual’s independence and skills by reducing dependency over a period of time. This should therefore increase the independence of the adult and reduce the amount of paid and unpaid support that they need. This enables people to try new things, allows the provision of care and support in their own homes and may support people to move-on to more independent forms of accommodation.
- 1.2 The Council has a statutory duty to ensure that vulnerable adults have access to supported accommodation, which supports functionality, wellbeing and enables the service user to live fully.
- 1.3 The current Supported Living model is no longer fit for purpose. Block contracts have been found to be financially inefficient and the model requires bulk commissioning and guarantees work for a singular company. Due to this, the Council pays for voids and providers can decline potential service users for various reasons, including lack of provision to meet needs. The redesigned service will focus on working with providers to ensure that we have sufficient provision for service users with specialist needs, e.g., autism, a gap identified by the Market Position Statement as well as creating greater financial efficiency.
- 1.4 There are currently three types of Supported Living contracts being delivered:
 - **The block contract** – The block contract is a bulk purchase of services. This contract guarantees work and pay for the provider. We currently use this system regarding 12 properties in which care is provided by a singular company. The advantage of this system is prepaid supported living spaces are available for use. The disadvantage of this system is not all rooms are filled and clients can be, and are, rejected based on a lack of ability to meet needs. This is not a cost-effective contract model.
 - **The framework contract** – Supported living accommodation can be ‘pulled’ from the framework in line with an individual’s bespoke care needs; with the goal of enable a service user to live as independently as possible. There are 23 providers on the framework of which the majority are not utilised for a variety of

reasons. The advantage of this system is that LBBB only pay for the placements made; there is greater opportunity to access a wide variety of services, skills and accommodation; if used appropriately spot purchasing becomes less necessary.

- **Spot purchase** – This allows social workers / commissioners to find bespoke accommodation, which is not under pre-negotiated terms by LBBB. It gives the opportunity for greater choice and control for the service user- for example if they wish to reside close to family members who live out of the borough. The disadvantages could be lack of quality assurance or commissioning oversight. There is a need to provide spot purchasing in certain circumstances alongside the rules of the Care Act. Each spot purchase is an individual contract and must remain an option to meet legislative requirements and provided where required in exceptional cases.

1.5 The Care Act has a number of aspects directly relevant to the delivery of Supported Living services. These will need to be taken into consideration as the model and the specification as the future service is developed. These include:

- **Wellbeing and prevention** - The promotion and maintaining of a person's wellbeing is now enshrined in law.
- **Person-centred, person-led processes** - Central to the wellbeing principle is the ethos that the individual is best placed to make decisions about their care and support, and that a person-centred system takes account of the individual's views, wishes and beliefs. As part of the tender the successful provider will be required to involve the service user in all aspects of their care.
- **Personalisation** - Independence, choice and control are key themes of the Care Act which aims to complete the mainstreaming of personalisation and stimulate the proliferation of choice of services to meet different needs (and/or meet those needs differently).
- **Outcomes Driven:** Commissioners are remodelling the service with a robust specification that is outcomes driven. Due to the complexity and chronicity of needs, we need providers that can meet the presentations of service users within the disability and mental health teams.

2. Proposed Procurement Strategy

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

2.1.1 It is recommended that the current contract format is altered from a block and framework model to a framework model alone. Following this, a retender of the services which incorporates the block contract into the framework contract will be enacted. This will improve cost efficiency and create greater opportunity to harness specialist skills.

2.1.2 All the successful providers that meet the quality threshold during the tendering process will be included on a general framework. These providers will offer service users supported living services. An address book of providers on the framework will be issued to operational colleagues with highlighted areas of specialism.

2.1.3 We are looking to procure framework contracts for the supported living service and award a three-year contract with an option to extend for a further one-year. .

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

2.2.1 The cost of Supported Living services for the period 2018/19 to Apr'22-Jan'23 is set out in the table below:

	2018/19	2019/20	2020/21	2021/22	Apr'22 - Jan'23
Disability service	£2,352,852	£4,551,307	£6,425,309	£7,223,008	£7,216,953
Mental Health Services	£2,111,188	£3,034,907	£3,614,295	£4,526,573	£4,440,021
Total	£4,464,040	£7,586,214	10,039,604	11,749,581	11,656,974

2.2.2 Based on the above data and taking into account current inflationary factors and projected increase in demand, it is estimated that the yearly cost of this contract will be as follows:

	2024/25	2025/26	2026/27	2027/28
Disability Services	£9,000,000	£9,500,000	£10,000,000	£10,500,000
Mental Health Services	£5,000,000	£5,250,000	£5,500,000	£5,750,000
Total	£14,000,000	£14,750,000	£15,500,00	£16,250,000

2.3 Duration of the contract, including any options for extension

2.3.1 The contract period for the framework agreement is three years with an option to extend for a further one year. This is scheduled to go live at the latest in April 2024.

2.4 **Is the contract subject to (a) the (UK) 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 The contract is subject to the (UK) Public Contracts Regulations 2015 and as a social care contract is subject to the Light Touch Regime. As the estimated value of the contract is higher than the set threshold (currently £663,540), it needs to be opened up to competition and be advertised in Find a Tender as required by the Regulations.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The framework for the Supported Living services will be procured in line with the Public Contract Regulations 2015 through a 'light touch regime' taking into account the small number of specialist providers. The recommended procurement route is a competitive open tender procedure; the tender opportunity will be advertised in Find a Tender, Contracts Finder, and the Council's website and e-tendering portal (Bravo). The process will widen the competition and ensure the Council gets best value for money for this service.

- 2.5.2 The Council will issue the contract in line with the Public Contract Regulations for the provision of the service with a break and variation clauses. The contracts will be further tightened with service specification requirements and expected outcomes. Key performance indicators will be outlined in the service specification and agreed with the providers. Performance management will be carried out by the Council.
- 2.6 The contract delivery methodology and documentation to be adopted.**
- 2.6.1 The tender process will be undertaken to establish a framework for supported living services. Successful providers will be given no guarantee of work throughout the term of the framework.
- 2.6.2 Supported living services are identified as part of an assessment process, all decisions relating to providing supported living settings are made at the service resource panel, where suitability of provision and cost are considered. A financial assessment is undertaken for all individuals and where the threshold is met the service user may be requested to contribute to their care. Council standard terms will be used in the contracts. A break clause will be included in the contract allowing notice to be given by the Council for no fault termination. This allows increased flexibility should a significant change in service provision be required.
- 2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**
- 2.7.1 This tender process will not deliver financial savings for the local authority. It will however mean that it will be able to deliver high quality Supported Living services which enable the council to fulfil its duties which are detailed in the Care Act 2014.
- 2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**
- 2.8.1 The quality to social values ratio upon which the contracts will be awarded will be 60% Quality, 30% Cost and 10% Social Value. All providers who express an interest in the tender will be issued with a tender pack which will give clear details on the price/quality criteria and weightings. The tendering process will use lots. Lots will be based on both age and need to ensure coverage for both adults and children as well as a range of mental health and physical needs.
- 2.8.2 During the application process, to join the framework, quality and pricing must be considered. We will ask questions around quality of care in keeping with the specification and ask for a submission of an approximate pricing document that will be scored separately.
- 2.8.3 The responses will be assessed by representatives from commissioning, the disabilities service and quality assurance and scored against a set criteria. Those who meet the criteria are to be added to our framework with a cut-off point of 30 providers.

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

2.9.1 The Council's social value responsibilities are taken through its vision: One borough; One community; London's growth opportunity.

2.9.2 Through the award of the contracts to the providers, the Council will ensure that services are provided to some of the boroughs most vulnerable adults.

2.9.3 Through the procurement process tenderers will be asked to evidence how they will provide additional social value across the council through the delivery of these services. The outputs will commence when the individual provider reaches payment of over £100,000 from LBBB.

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

2.10.1 The contract will contain specific service requirements and expected outcomes. Key performance indicators will be outlined in the service specification and agreed with the providers. Reviews of the service will be undertaken via placement visits, outcomes and PQIT visits.

2.10.2 In addition to the monitoring, home care providers are reviewed by the council's Quality Assurance Team. If there are any concerns with the quality of the service provided the Commissioning Manager and the Quality Assurance Team will work closely with the provider to address the issue and follow a robust improvement plan which addresses the issues.

3. **Options Appraisal**

3.1 The following options were considered when deciding what should be commissioned:

Option 1: Do Nothing (Rejected) - Providing MH and LD supported living is a statutory duty. If the framework was not refreshed, we would have to spot purchase care which is costly and time consuming for brokerage.

Option 2: Utilising a Dynamic Purchasing System (DPS) (Rejected) - A DPS is unlikely to be suitable for this service. Every requirement would need to be advertised for at least 10 days and there is a continual administrative burden upon the service to manage new providers that wish to be part of the DPS. There would be the benefit of new providers being added over the life of the DPS but the administrative and procedural requirements of a DPS would not be suitable for the operational requirements of the service. The consistent addition of new providers would also create a potentially unwieldy system.

Option 3: Join an already existing framework with another local authority (Rejected) – The use of an existing combined framework is reliant on shared goals amongst authorities as well as mutual agreement on pricing structures and criteria through which to grade our prospective providers. This may lead to a continuous negotiation in service delivery between leading parties which can slow down progress as well as periodically work against the goals of LBBB to ensure that shared needs are met fairly.

Option 4: Recommission a Framework for Supported living services (Recommended) -This will enable LBBB to select providers based on our standards of quality and specification and ensure we have achieved maximum value for money and efficiency in delivering services to LD and MH service users. It will ensure that we are not paying for void rooms and can accommodate a wide range of service users with varied needs. This will benefit the L.A from both a quality and service delivery perspective as well as financially.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 In the development of the commissioning model, a Quality Assurance Manager from Adults' Care and Support was consulted to gain a greater understanding of the outcomes within the current system. The proposed model addresses some of the issues which were highlighted as problematic with the current model, such as void rooms, varied standards of care, the framework settings being overlooked for the purposes of spot purchasing and individuals being housed out of borough.

5.2 The current care providers were also consulted on the options for the service moving forwards including care providers, landlords and care/ support staff within the supported living area. Their feedback meant that the proposed model of care must cater to not only the physical and mental needs of clients but also the social aspects indicating the importance of matching groups of service users appropriately. This further supports the use of a framework model allowing for access to a wide range of settings.

5.3 Internal consultation has taken place with legal, procurement and operational teams to review the efficiency of the current service model and plan for better delivery at a more cost-effective rate.

5.4 The proposals were also considered and endorsed by the Procurement Board on 17 April 2023.

6. Corporate Procurement

Implications completed by: Francis Parker Senior Procurement Manager

6.1 The proposals in this report are compliant with the Council's Contract Rules and the PCR 2015.

6.2 A Framework is likely the most suitable option for the delivery of this contract.

6.3 A lotted tender process is likely to yield a response which ensures a spread of skills and age range provisions.

7. Financial Implications

Implications completed by: Lawrence Quaye, Finance Business Partner

- 7.1 Supported Living across both Mental Health and Disability service has had significant historical budget pressures/overspend due to growing demand and rising unit costs. Current year forecast is £1.7million overspend (£850k in Mental Health and £850k in Disability service). However, the service has been given budgetary growth in the next financial year 2023/24 and part of it will be used to mitigate some of these pressures.
- 7.2 To alleviate future pressures, this tender must focus on achieving value for money and efficiencies.

8. Legal Implications

Implications completed by: Kayleigh Eaton, Principal Contracts and Procurement Solicitor, Law and Governance and Mehzbeen Patel, Employment Solicitor

- 8.1 This report is seeking approval to set up a four-year framework for Supported Living Services.
- 8.2 The services being procured are subject to the Light Touch Regime under the Public Contracts Regulations 2015 (the Regulations). The value of the proposed framework is above the threshold meaning that it will need to be advertised in Find a Tender. There are no prescribed procurement processes under the light touch regime, therefore the Council may use its discretion as to how it conducts the procurement process provided that it complies with principles of transparency and equal treatment of economic operators; conducts the procurement in conformance with the information that it provides in the Find a Tender advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement, a contract award notice is required to be published in Find a Tender.
- 8.3 This report states that the contract will be advertised in Find a Tender, on the Council's e-tendering portal (Bravo), Contracts Finder and the Council's website in compliance with the Regulations. This appears to be following a compliant tender process.
- 8.4 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.
- 8.5 In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.
- 8.6 The Transfer of Undertakings (Protection of Employment) Regulations 2006 applies on a "relevant transfer". The move away from block care contracts to framework agreements does not preclude the need to consider the application of TUPE, although it is often unclear at the outset if it applies, as the work may be split between multiple contractors. TUPE usually applies if there is a transfer of an economic entity that retains its identity following a transfer. In the event that it is not

possible to ascertain which provider will carry out the majority of the work that is transferring, TUPE is unlikely to apply as work will be divided in a way whereby it would be impossible to determine where employees should transfer. However, if it is possible to determine which employees were dedicated to a particular activity and which contractor will now provide that service, it is possible that TUPE will apply to this transfer. In that case, employment contracts for the group of employees that were dedicated to the delivery of the contract for the outgoing provider, will automatically transfer to the new provider on the date of transfer.

9. Other Implications

9.1 Risk and Risk Management

Risk	Likelihood	Impact	Risk Category	Mitigation
Delay to/ failed procurement process	Low	Medium	Low	A realistic timetable has been set for this procurement process; failure is highly unlikely with the current interest level from providers. Spot purchasing ensures individual placement agreements will continue aside from this procurement process.
No tender received	Low	High	Medium	Barking and Dagenham have a very high number of supported living providers in the borough with 23 on the current framework alone. It is therefore very unlikely that no tenders will be received. All providers registered in the borough will be notified of the upcoming tender.
Successful provider is unable to deliver the service	Low	Low	Low	The fact that the procurement process will result in a number of providers being awarded contracts will mitigate the impact should a provider be unable to deliver a service or chose to withdraw from the contract.
Contract award decision challenged by unsuccessful provider(s)	Low	Low	Low	The procurement process will be carried out in line with Council's contract rules and UK Public Contracts Regulations. Legal and corporate procurement will be consulted, and documentation will be kept for the required amount of time.

9.2 **Corporate Policy and Equality Impact** – The proposals detailed in this report align and support the Council's overall vision and priorities, as shown in the reasons section of this report. An Equality Impact Assessment has also been completed (Appendix 1) to ensure that the service is delivered to the best standards.

- 9.3 **Safeguarding Adults and Children** – Safeguarding is paramount to the delivery of quality services that can allow service users to reach their full potential. Full DBS checks must be present for all individuals working within supported living services as well as frequent training on safeguarding issues which is updated regularly for all staff. All providers working with young people aged 17 must inform CQC to ensure registration compliance. Additionally, sites must be arranged appropriately to ensure best fit matching for service users to spaces to ensure positive outcomes physically and mentally. This includes matching clients via gender, age and ability parameters to ensure a harmonious living environment conducive to positive outcomes.
- 9.4 **Health Issues** – Appropriate care must be provided for individuals in supported living services to ensure their health needs are met. Facilities must provide trained staff and secure areas for medication (as required).

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

List of appendices:

- **Appendix 1** – Equality Impact Assessment Screening Tool

Equality Impact Assessment Screening Tool

Equality Impact Assessments help the Council to comply with its public sector duty under the Equality Act 2010 to have due regard to equality implications. EIAs also help services to be customer focused, leading to improved service delivery and customer satisfaction.

The Council understands that whilst its equalities duty applies to all services, it is going to be more relevant to some decisions than others. We need to ensure that the detail of Equality Impact Assessments (EIAs) are proportionate to the impact of decisions on the equality duty, and that in some cases a full EIA is not necessary.

This tool assists services in determining whether plans and decisions will require a full EIA. It should be used on all new policies, projects, functions, staff restructuring, major development or planning applications, or when revising them.

Full guidance on the Council's duties and EIAs and the full EIA template is available at [Equality Impact Assessments](#).

Proposal/Project/Policy Title	The provision of a Framework of Providers that can provide Supported Living	
Service Area	Disability and Mental Health Services	
Officer completing the EIA Screening Tool	Jackie Fisher & Elizabeth Kitto	
Head of Service	Clare Brutton	
Date	10/01/2023	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/decisions sought.	To put in place a framework contract to deliver Supported Living for residents known to the Disability and Mental Health services. Supported Living is a statutory service offering residential placements and care to individuals unable to currently live independently. The goal of the service is to equip residents with skills to improve their physical, social, mental and economic wellbeing and build towards a more independent life.	
Protected characteristic	Impact	Description
Age	Positive impact (L)	This service aims to develop and maintain independence of individuals in a safe home setting.

		<p>The framework contract will have a wide range of providers that can meet the individual needs of service users known to the disability and mental health teams. We will be considering the age and individuals needs as part of the tendering process ensuring we are able to provide these services for all ages. There is no average age in Supported Living facilities, our residents currently range from 19-80.</p> <p>The framework will also include provisions for 16+ service users which will require OFSTED registration but will enable a smooth transition from children to adult social care.</p>
Disability	Positive impact (L)	<p>Using the Framework model will provide greater opportunities to offer bespoke accommodate to a wide range of service users known to the disability and mental health teams.</p> <p>The residential units are catered to specific needs with ceiling hoists and wet rooms available in some residential placements.</p> <p>Staff are training to high standards to work with individuals with specific needs and 1:1 care is available for all those who need it at each facility.</p> <p>Individuals with known disabilities will be highly positively impacted by this service which will instil independent skills and provide care.</p>
Gender re-assignment	Not applicable (N/A)	<p>No perceived negative impact on this protected characteristic</p> <p>The service is provided where there are people eligible for LD and MH care. Individuals who are going through gender re-assignment will have equal access to the service as those who identify as their birth assigned gender.</p>
Marriage and civil partnership	Not applicable (N/A)	<p>No perceived negative impact on this protected characteristic</p> <p>The service is provided where there is eligible social care need for people</p>

		with LD and MH needs. Individuals who are married or in civil partnerships will be offered the same as unmarried users.
Pregnancy and maternity	Not applicable (N/A)	<p>No perceived negative impact on this protected characteristic</p> <p>The service is provided where there is eligible social care need for people with LD and MH needs. It is not restricted. Those with maternity needs or who are pregnant will be offered the same service as those who are do not/ are not.</p>
Race	Not applicable (N/A)	<p>LBBD has a responsibility to support all those with eligible Social Care needs regardless of the race of the individual with the need.</p> <p>The current demographic data indicates that more than half of the residents in supported living are White British (53 percent). 11 percent of users are Black African. The final 36 percent of users represent 15 other ethnic backgrounds. This indicates that users are from a wide spectrum of races and cultures.</p> <p>Individuals are housed regarding a best fit scenario and cultural background is taken into account when placing individuals in residential care.</p>
Religion	Not applicable (N/A)	We continue to be culturally sensitive to the needs of service users. It is important to recognise and meet cultural needs and build links with relevant community groups. This will be mapped and monitored to ensure that cultural awareness training is provided to all staff to educate individuals around religious and cultural needs.
Sex	Not applicable (N/A)	The service is open to both men and women. It is for anyone who has eligible needs. The service currently

		has more men than women in the residential care.
Sexual orientation	Not applicable (N/A)	Services will be delivered appropriately and equally with no changes in care or service as a result of sexual orientation. We will encourage providers to offer anti discrimination training on this issue. This will be mapped and monitored to ensure that equality training is provided to all staff to educate individuals around sex, gender and sexual orientation
Socio-Economic Disadvantage¹	Not applicable (N/A)	Services will be delivered appropriately according to need rather than economic ability. The service is means tested but efforts are made to ensure good quality care to all who require this service as it is statutory. The service has no digital aspects.
How visible is this service/policy/project/proposal to the general public?		Low visibility to the general public (L) The supported living environments are not highly public spaces and support residents with mental health issues and learning difficulties. The level of visibility is low. Policy documents will be submitted to the local council and available to the public but in keeping with GDPR, information around specific residents will not be in the public domain.
What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc		Low risk to reputation (L) There is low reputational risk to the council around the creation of a framework model for the supported living service. There is limited visibility and as such limited public perception of the service. In keeping with the Care Act of 2014, we have a legal need to create services bespoke to the needs of service users which a framework will allow. This is a statutory service ergo its recommissioning is unlikely to cause any political upset. The service

¹ Socio-Economic Disadvantage is not a protected characteristic under the Equality Act. London Borough of Barking and Dagenham has chosen to include Socio-Economic Disadvantage as best practice.

	has no links to the media and finances for the service are controlled by independent assessments of care giver needs and supplied by LBBD as required.
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If your answers are mostly H and/or M = **Full EIA to be completed**

If after completing the EIA screening process you determine that a full EIA is not relevant for this service/function/policy/project you must provide explanation and evidence below.

This is an EIA for the framework contract for residents known to the disability and mental health service who require Supported Living services. The aim of the tender is to provide a wider range of providers that can deliver one or both types of service for all ages and abilities. This will give a great continuity of care across these all-age services; it will also give greater choice and control over the services they wish to access.

We will be looking for local providers to diversify the support they can offer and to give residents a greater opportunity to live life to the full with the support they need and to maintain links to their local community. In keeping with instructions above- there does not appear to be a need for a full EIA due to the lack of H/M outcomes in the answers.

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