Barking & Dagenham

Notice of Meeting

CABINET

Tuesday, 23 January 2024 - 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: 15 January 2024

Fiona Taylor
Chief Executive

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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. Members are reminded that the provisions of paragraph 9.4 of Part 5, Chapter 1 of the Constitution in relation to Council house rent arrears applies to agenda item 5.

3. **Minutes - To confirm as correct the minutes of the meeting held on 19 December 2023 (Pages 3 - 6)**

4. **Revenue Budget Monitoring 2023/24 (Period 8, November 2023) (Pages 7 - 76)**

5. **HRA Budget and Rent Setting for 2024/25 and Draft 30-Year Business Plan (Pages 77 - 99)**

6. **Dedicated Schools Budget and School Funding Formula 2024/25 (Pages 101 - 113)**

7. **School Place Planning and Capital Investment Update (Pages 115 - 130)**

8. **Council Tax Support Scheme 2024/25 (Pages 131 - 263)**

9. **Debt Management Performance 2023/24 (Quarter 2) (Pages 265 - 275)**

10. **Calculation and Setting of the Council Tax Base 2024/25 (Pages 277 - 285)**

11. **Corporate Plan 2023-2026 - Outcomes Framework Performance Report Q1 and Q2 2023/24 (Pages 287 - 337)**

12. **Oxlow Lane Redevelopment - Approval of Disposal, Head Lease and Loan Facility Agreement (Pages 339 - 352)**

13. **Procurement Strategy for the LBBD Development Framework 2024 - 2028 (Pages 353 - 381)**

    Appendix B 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)).

14. **Procurement of 8x8 Telephony Services Contract (Pages 383 - 394)**

15. **Procurement of Culvert Repair Works at Choats Road, Barking (Pages 395 - 402)**

16. **Any other public items which the Chair decides are urgent**

17. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

The public and press have a legal right to attend / observe Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. Item 13 above includes an appendix which is exempt from publication, as described. ***There are no other such items at the time of preparing this agenda.***

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

Barking & Dagenham

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, 19 December 2023
(4:04 - 4:49 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones and Cllr Maureen Worby; Cllr John Dulwich

Apologies: Cllr Elizabeth Kangethe

65. Declaration of Members' Interests

There were no declarations of interest.

66. Minutes (14 November 2023)

The minutes of the meeting held on 14 November 2023 were confirmed as correct.

67. Revenue Budget Monitoring 2023/24 (Period 7, October 2023)

The Cabinet Member for Finance, Growth and Core Services introduced the Council's revenue budget monitoring report for the 2023/24 financial year as of 31 October 2023 (period 7).

The Council's General Fund revenue budget for 2023/24 was £199.002m and the forecast outturn position at the end of October projected a net overspend of £11.605m after transfers to and from reserves, which represented an improvement of £1.047m on the position at period 6. The Housing Revenue Account (HRA) was showing a projected overspend of £7.08m for 2023/24, which was unchanged from period 6.

The Cabinet Member reiterated the issues that were impacting on the in-year position for the General Fund, such as continuing demand pressures and increasing social care costs, as well as the effect that the projected overspend would have on reserves and the Council's ability to set a balanced budget for 2024/25. The report also set out the key organisation risks and key assumptions made within the organisational forecast and the Cabinet Member stressed the need for portfolio holders and senior management to continue to make every effort to reduce the overspend position by the year-end.

The Cabinet Member also advised on a recent review of various non-ringfenced reserves which had identified the capacity to move some allocations within those reserves to the main Budget Support Reserve.

Cabinet **resolved** to:

(i) Note the projected £11.605m revenue overspend forecast at Period 7 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report, and the net projected year-end drawdown of £4.888m to support the in-year position, as shown in Table 1 of the report;

(ii) Note the projected £7.08m revenue overspend forecast for the Housing Revenue Account, as set out in section 4 and Appendix A of the report;

(iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 5 and Appendix A of the report;

(iv) Approve a virement of £10,733,468 from the Enforcement Service budget to the Public Realm budget to reflect the transfer of the Parking service to Public Realm during period 7; and

(v) Approve the re-appropriation of reserves of £3.684m to the Budget Support Reserve from other non-ringfenced reserves, as detailed in section 6 of the report.

68. Budget Strategy 2024/25 to 2026/27

Further to Minute 20 (18 July 2023), the Cabinet Member for Finance, Growth and Core Services presented a report on the updated position regarding the Council's Medium Term Financial Strategy (MTFS) and the proposed Budget Strategy for 2024/25 and beyond.

The Cabinet Member advised that the Government had only published the draft Local Government Finance Settlement for 2024/25 the previous evening and, therefore, the assumptions used in the preparation of the report would need to be reviewed to ensure that they reflected the published position.

Referring to his comments last year that the 2023/24 financial year was likely to be the most challenging that the Council had faced, the Cabinet Member advised that whilst that prediction had proven correct, he was in no doubt that the 2024/25 financial year would prove even more challenging. He cited the Government's failure to introduce the Fair Funding reforms that had been promised for several years and its clear acceptance that social care services were underfunded, by forcing local authorities to apply the maximum 2% social care precept to annual Council Tax bills, as two of the main reasons why the next financial year was likely to push the Council's ability to set a balanced budget to the very limit.

The Council's projected budget gap for 2024/25 was £23.335m after current savings and growth proposals were taken into account. The savings proposals of circa £10.618m were set out in Appendix A to the report and the Cabinet Member advised on the planned consultation process for those and the other key aspects of the budget setting process, such as the proposed Council Tax increase of 4.99% (inclusive of the 2% social care precept). It was also noted that the Strategic Director, Resources, was leading on the identification of additional savings proposals for 2024/25 which would be included in the consultation process.

With regard to reserve balances, the Cabinet Member commented on the impact that the current year's projected overspend would have on the main General Fund reserve if it remained at the current level. It was noted that as part of the annual budget setting process, the Council's S151 Officer was required to issue a statement that he/she was satisfied that the Council also had sufficient reserves to mitigate against key financial risks. The Cabinet Member referred to the statement in the report that the Council must reduce its expenditure significantly over the short to medium-term to match its funding and income and that difficult decisions would be required on service delivery to ensure that the Council reached a sustainable budget position. He stressed the importance of the Council taking responsibility for those difficult decisions, as the alternative could result in independent commissioners being appointed by the Government to come into the Borough and make decisions with little or no regard for the local community or the Council's vision.

Cabinet Members acknowledged the challenges being faced by the Council and expressed their criticism of the Government for its relentless programme of austerity. Reference was also made to the Government's failure to deal with the consequences of the Covid-19 pandemic, which had led to significant additional demand for social care, educational support and other health and wellbeing-related services.

Cabinet **resolved** to:

(i) Note the revised Budget Gap for 2024/25 of £23.335m and the projection of the future Medium Term Financial Strategy position for years 2025/26 and 2026/27;

(ii) Note the current savings and growth proposals to help balance the 2024/25 budget as detailed in Appendix A to the report and agree the arrangements for public and stakeholder consultation as set out in Section 7 of the report;

(iii) Agree to consult Borough residents and taxpayers on the levying of a 2.99% General Council Tax increase and a 2% Adult Social Care Precept to support the Borough's most vulnerable residents, subject to those thresholds being confirmed by Central Government;

(iv) Note that from 2024/25, the Council's policy to support alignment with the London Living Wage in its contracts with third parties shall be reviewed on a contract-by-contract basis; and

(v) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to agree any additional savings proposals for 2024/25 for public consultation.

69. Urgent Action - Potential Acquisition of the former Chaseview Care Home, Dagenham Road, Rush Green, Romford

The Cabinet Member for Finance, Growth and Core Services introduced a report on Urgent Action taken by the Chief Executive on 30 November 2023 which enabled the Council to submit a bid to purchase the former Chaseview Care Home. The Cabinet Member also advised on the current position regarding the Council's bid.

Cabinet **resolved** to:

(i) Note the action taken by the Chief Executive, in accordance with the Urgent Action procedures set out in Part 2, Chapter 16, paragraph 4 of the Council Constitution, in relation to:

(a) Agreeing that Be First, on behalf of the Council, submit a bid as set out in Appendix 2 to the attached report for the acquisition of the former Chaseview Care Home;

(b) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, the Strategic Director, Inclusive Growth and the Head of Legal, to submit a best and final bid should the Council be successful in the initial bid round;

(c) Note that the final bid would be subject to further refinement of the modelling and financial assumptions along with better profiling of the delivery plan to take into account legal, procurement and planning timelines; and

(d) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to complete the necessary documentation to acquire the site should the Council's bid be successful.

(ii) Note that subsequent to the submission of the Council's bid, confirmation had been received that HC One had received higher bids from established care home providers and was currently considering the detail of those bids.

CABINET

23 January 2024

Title: Revenue Budget Monitoring 2023/24 (Period 8, November 2023)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Nurul Alom, Finance Manager David Dickinson, Head of Capital and Investments	**Contact Details:** E-mails: nurul.alom@lbbd.gov.uk david.dickinson@lbbd.gov.uk
Accountable Director: Nish Popat, Interim Deputy Section 151 Officer	
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources	

Summary

This report sets out the Council's revenue budget monitoring position for 2023/24 as at the end of November 2023 (Period 8), highlighting key risks and opportunities and the forecast position.

At the end of November, forecast expenditure after transfers to and from reserves is now £209.542m resulting in a forecast overspend of £10.540m. This represents a positive movement of £1.065m from Period 7. Work to reduce spending will need to continue further to prevent any further drawdowns from Council's reserves.

At the end of the last financial year, the Council was overspent across a range of service areas and whilst one of this was one-off in nature, there was an underlying permanent core budget pressure, which continues to impact the current financial year. The factors contributing to this, especially increasing needs and costs of social care services, have continued and worsened into this financial year resulting in a further overspend forecast position.

The Council's General Fund budget for 2023/24 is £199.002m. Based on the information available at the end of October (Period 7) overall expenditure was forecast to be £215.495m with a planned drawdown from reserves of £4.888m making a forecast overspend of £11.605m. The Council continues to be impacted by needs and increasing care costs related to social care. Continued mitigations and cost reductions will be pursued to ensure the Council limits the overspend by year end. In addition to the reserve drawdown of £4.88m, the base budget has £15.01m of budgeted drawdown and it is also expected that £10.3m Be First dividend will be funded from reserves. This will take the total reserve drawdown to £30.20m before covering any overspends.

There is also the inherent risk that demand costs increase and other unforeseen costs materialise which result in additional expenditure or shortfalls of income not currently include within the P8 forecast.

There is also a projected overspend of £5.052m on the HRA although this is a positive movement of (£2.029m) from Period 7. However, this level of overspend is not sustainable and work is currently underway to reduce this level of overspend going forward.

Currently corporate funding is expected to be in line with the budget but this year's dividend from Be First (estimated at c£10.3m) is planned to be drawn down from reserves. Last year an exceptional return was made from the Muller deal, and this year Be First will not be able to meet their dividend target and therefore the Muller Reserve will be used to cover the dividend budget. This drawdown is in addition to the £4.888m indicated above.

If the forecast level of overspend continues, this will result in the use of earmarked reserves to balance the budget for 2023/24 and/or potentially drawing of funds down from the General Fund balance which is currently c£17m. This will reduce the financial resilience of the Council and curtail future ability to meet cost pressures. It is important to maintain a strong level of the general balance to meet any unknown future risks and all efforts must be made to reduce in year overspends to nil and deliver services within existing budgets. The position will continue to be closely monitored.

Recommendation(s)

Cabinet is recommended to:

(i) Note the projected £10.540m revenue overspend forecast at Period 8 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report and note the net projected year end drawdown of £4.88m reserves to support the in-year position;

(ii) Note the projected £5.052m revenue overspend forecast for the Housing Revenue Account, as set out in section 6 and Appendix A of the report;

(iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 4 and Appendix A of the report;

(iv) Note the movement in Reserve drawdown as indicated in section 5 of the report and that the Cabinet shall be asked to approve the drawdown of reserves to support any overspends at final outturn (post March 2024), subject to finalisation of the actual spend against budget; and

(v) Note that a review of reserve balances was being conducted and an updated position shall be provided as part of the Budget Setting report in February 2024.

Reason(s)

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

Chapter 2 of Part 4 of the Council's Constitution requires regular reporting to Cabinet on the overall financial position of each service and the current projected year-end outturn together with corrective actions as necessary.

1. Introduction and Background

1.1 This budget monitoring report to Cabinet reflects the forecast position for the end of the 2023/24 financial year as at end of November 2023 (Period 8).

1.2 This financial year continues to see the high level of financial risk realised in 2022/23 outturn feeding into 2023/24 together with new financial pressures. Rising inflation and interest rates not only drives increases in demand for Council services and support as the cost living increases but also directly impacts the costs paid by the Council to staff and suppliers. The financial performance of the Council's companies has also been impacted which. in turn. impacts on their ability to pay dividends to the Council.

1.3 The overspend identified in this report is significant will contain both one-off and permanent budget pressures and will be factored into the Council's Budget and MTFS Planning process in terms of long-term financial implications on the Council. It is important that the Council begins to significantly reduce the forecast overspend in order to ensure the Council remains financially sustainable over the coming years.

1.4 Using reserves is only a temporary form of funding and permanent solutions will need to be found for ongoing budget pressures. Significant earmarked reserves were utilised in closing off the 2022/23 and the continued drawdown of reserves to support budget pressures is unsustainable. As using reserves is only a temporary funding source, viable solutions will still need to be identified to deliver permanent budget savings and in a relatively short space of time.

2. Overall Financial Position - General Fund

2.1 The 2023/24 budget was approved by the Assembly in March 2023 and is £199.002m – a net increase of £16m from the previous year. Growth funding was supplied to most services to meet known demand and cost pressures and a central provision was made for the expected Local Government pay award. In addition, there were £7.049m of savings included in the budget.

2.2 As **Appendix A** shows, the expenditure forecast is £209.542m, after planned transfers to and from reserves, resulting in a net overspend of £10.540m. Approved transfers to and from reserves are not normally considered to be overspends since they are planned and agreed spending for which funding sources has been identified – often grant income brought forward from previous years. The table below summarises the overall financial forecast for the Council followed by an explanation highlighting the key drivers behind the forecasts. More detail is given in Appendix A.

Table 1: Overall Financial Forecasted Position by Directorate

		This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves		
	Outturn 2022/23	Revised Budget	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance	Movement from Last Period
PEOPLE & RESILIENCE	117,190,113	116,957,652	79,777,170	131,542,706	(105,766)	14,479,288	15,061,278	(581,990)
LAW AND GOVERNANCE	(5,174,523)	6,531,051	2,707,621	4,734,744	1,376,000	(420,307)	(399,997)	(20,310)
STRATEGY	3,546,790	9,755,640	6,808,842	9,601,275	(363,662)	(518,027)	(326,687)	(191,340)
INCLUSIVE GROWTH	2,229,661	1,078,456	1,962,931	2,713,573	(1,645,738)	(10,621)	118,512	(129,133)
COMMUNITY SOLUTIONS	25,021,966	14,461,470	9,517,349	16,521,424	(4,104,086)	(2,044,132)	(1,778,613)	(265,519)
MY PLACE	15,247,563	4,448,439	32,384,164	2,834,360	210,000	(1,404,079)	(1,349,968)	(54,111)
CORPORATE MANAGEMENT	52,696,852	2,619,356	2,301,272	3,712,383	(161,574)	931,453	685,586	245,867
SUB-TOTAL DIRECTORATES	**210,758,420**	**155,852,064**	**135,459,349**	**171,660,465**	**(4,794,826)**	**11,013,575**	**12,010,111**	**(996,536)**
CENTRAL EXPENSES		13,566,066	(3,890,349)	15,300,919		1,734,853	108,597	1,626,256
INTEREST PAYABLE		14,681,085	3,021,515	10,082,152		(4,598,933)		(4,598,933)
INTEREST RECEIVED		(6,502,960)		(4,040,752)		2,462,208		2,462,208
MRP		10,048,004		10,048,004			(1,622,153)	1,622,153
LEVIES PAID		15,445,900	14,071,570	15,445,900				
SUB-TOTAL CORPORATE EXPENSES		***47,238,094***	***13,202,736***	***46,836,223***		***(401,872)***	***(1,513,555)***	***1,111,684***
GENERAL FUND I&E (EXC. IAS)	**210,758,420**	**203,090,158**	**148,662,085**	**218,496,688**	**(4,794,826)**	**10,611,704**	**10,496,556**	**115,147**
IAS COMMERCIAL (NET OPERATING RETURN)		(2,445,905)		(3,217,934)		(772,029)	(1,326,719)	554,690
IAS RESIDENTIAL (RESIDE SCHEME SURPLUS)		(2,810,000)		(2,265,000)		545,000	2,435,145	(1,890,145)
IAS OTHER				(1,127,000)		(1,127,000)		(1,127,000)
IAS INTEREST PAYABLE				8,186,000		8,186,000		8,186,000
IAS INTEREST RECEIVED				(6,904,000)		(6,904,000)		(6,904,000)
IAS MRP		1,168,000		1,168,000				
SUB-TOTAL IAS		***(4,087,905)***		***(4,159,934)***		***(72,029)***	***1,108,426***	***(1,180,455)***
GENERAL FUND I&E	**210,758,420**	**199,002,253**	**148,662,085**	**214,336,754**	**(4,794,826)**	**10,539,675**	**11,604,982**	**(1,065,308)**

Directorate key movements

2.2.1 **People and Resilien**ce has a positive movement of £0.6m from period 7. The movement is due to an increase in income for Adult Services through direct payment refunds and a change to bad debt provision, and step down of placements and a reduction in agency staffing levels within Children's Services.

2.2.2 **Strategy** has had a positive movement of £0.2m from period 7. This is mainly due to suspending recruitment into vacant posts for remainder of the 2023/24 financial year and take up of Mobility services still not at pre-pandemic levels.

2.2.3 **Inclusive Growth** has had a positive movement of £0.1m from Period 7. This improvement is mainly due to the insurance recharge to tenants for Aparthotel at 27 Commercial Road (Lease and Lease back).

2.2.4 **Community Solutions** has had a positive movement of £0.3m from Period 7. This improvement is mainly due to reduction in print & postage costs, release of agency staff and recalculation of HRA recharges.

2.2.5 **Corporate Management** has had a negative movement of £0.2m from period 7. The adverse movement is primarily due to 2023/24 Audit fees being higher than originally forecasted and Fidelity Insurance premium recharge. There is further risk that audit fees may be higher than estimated.

2.2.6 **Central expenses** has had a negative movement of £1.1m. We have split corporate budgets between General Fund and IAS to improve transparency of the performance of the IAS. This has resulted in a negative movement in Central Expenses. However, there is a corresponding positive movement in the IAS. Therefore, the cause of this variance is not new and simply as a result of breaking down the presentation.

2.2.7 **IAS** has had a positive movement of £1.2m from the previous month. We have split corporate budgets between General Fund and the IAS to improve transparency of the performance of the IAS. This has resulted in a positive movement in the IAS. However, there is a corresponding negative movement in Central Expenses. Overall, the IAS is underspending by £0.072m.

2.3 **Key Organisational Risks contained within the forecast are outline below**

2.3.1 Temporary Accommodation rental properties being available. We are currently at capacity within our own hostels and have received several hand-back requests for Private Sector Landlord's which may lead to the Council being forced to move tenants into more expensive accommodation such as into B&B's and Hotels. Modelling is being carried out against various assumptions which will enable a more robust forecast. This is a national issue. This will also impact support for Social Care clients with the immigration status of No Recourse to Public Funds (NRPF)

2.3.2 Social Care budgets are highly dependent on demand for services and effects of price rises on provision of care packages. As costs of care are very high even small changes in numbers of people needing support can cause large swings in the overall forecast. The Adult's service was holding some health funding in reserve to offset against potential winter pressures, but this has now been released to offset budget pressures much earlier than anticipated, which carries significant risk.

2.3.3 My Place is the managing agent for Reside properties. It therefore attracts expenditure which in turn must be passed to the relevant reside company. There is currently an issue with the breakdown of the expenditure between HRA and Reside properties and this may impact on My Place being able to secure payment for invoices from the relevant company, leaving the service with an overspend.

2.3.4 Commercial Services – Leisure Income: Sports and Leisure Management has given notice that they will be terminating the Leisure contract from September 2024. It is assumed that SLM will continue to pay the concession fee up to the termination date. The assumed income is £665k in 2023/24. For the MTFS there is a risk that the new leisure provider will be able to provide the same level of management fee income to the Council as factored into the MTFS.

2.3.5 Contaminated Land by Eastbrookend Park. Although a provision was made for this issue at the end of 21/22 there remains a risk. Considerable progress has been made in implementing the decontamination Action Plan, and the immediate threat of prosecution by Thames Water has been withdrawn. However long-term arrangements for the future of the effluent treatment plant and alternative measures to prevent the discharge of landfill leachate to the Thames Water drainage asset are yet to be identified and investigated. If the plant and equipment fail the Council could potentially breach its consent to discharge which may result in fresh prosecution action.

2.3.6 HB subsidy and overpayments recovery, the forecasts are based on the current returns and are subject to change throughout the year. There are new players in the market that are claiming the Supported Exempt Status, this means they are exempt from Universal Credit and can claim HB. DWP will only pay the amount in rent to the LA that is advised by the rent officer. Where there are new entrants to the market there is no comparator for rent and therefore there are risks that the LA will be picking up the cost of the gap between the rent officer rate and the provider rate.

2.3.7 The Council continues to face increased risk of interest rate changes which are directly impacting on the UK gilt markets and subsequently impacts on Council's own borrowing costs. The Council has a significant amount of borrowing that will need to be refinanced over the next 12 months and this is likely to be at higher interest rates. The Treasury Strategy will manage these risks within the prudential indicators but will result in additional costs. The Council will need to consider wider operational matters to manage this risk.

2.3.8 The Council's IAS programme has invested heavily on asset acquisition and wider regeneration particularly on residential schemes. This has required significant amount of borrowing to support the investment. Over 2023/24 the performance of the IAS has reduced, and returns have dropped significantly both as a result of longer durations to let new properties and higher interest rates. As the IAS section 4 shows at the moment this is projected to generate a very small surplus but should interest rate increase or further delays in generating lease return are experienced this could result in a cost to the General Fund.

2.4 **Key assumptions made within the Organisational Forecast are outlined below**

2.4.1 Forecasts are provided by budget holders and service managers with Finance advice and support. based on existing data and information.

2.4.2There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.7m has been distributed to services and a further £0.7m is shown as an underspend against declared service pressures leaving c£2m being held as a contingency and may be released at year end based on final accounts.

2.4.3 Care and Support figures are based on known clients and care packages held on CONTROC and does not factor in clients going through the onboarding process. Any increases in clients or shifts in types of placements above this assumption will create variances. Since individual clients can require very expensive packages these budgets can be very volatile. Further work is now being picked up to better forecast for placement spend with a clear model being developed.

2.4.4 Quarter two debt monitoring did not require an increase in bad debt provision as the increase in debt to-date is attributed to seasonal effects so there is currently no forecast for this being required. Bad debt is revisited Quarterly and will be updated in P9 with a final position identified and reported at year end.

2.4.5 As highlighted above, it is assumed that the company dividends of £10.3m will be drawn down from reserves and this position is factored within Corporate Funding. Be First £10.3m will be covered from the IAS reserve using the Muller Profit. If these reserves were not drawn down the overspend would increase by £10.3m.

2.4.6 Parking Income has been forecast to include the current trend. Currently forecasting additional income of £1.2m of which £0.2m will be transferred to Reserves and c£1m additional off-street income is included in the outturn position. There are schemes to come online in year that may increase the achieved income. We have been prudent in the income forecast. There is a potential uplift of c£0.3m up to c£.5m but this will depend on the timescales of delivering schemes.

3. Service Variances

3.1 People & Resilience – forecast overspend £14.5m

People and Resilience									
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves		
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement
Adult's Disabilities	20,056,478	19,878,126	16,850,068	23,035,495	0	0	3,157,369	3,527,882	(370,513)
Adult's Care and Support	22,025,777	23,488,264	13,500,501	27,787,655	0	0	4,299,391	4,318,956	(19,565)
Commissioning Care and Support	9,849,999	14,649,312	2,037,766	14,226,543	0	0	(422,769)	(591,487)	168,718
Public Health	(339,189)	(318,250)	(248,688)	(318,249)	0	0	1	1	0
Children's Care and Support	45,863,019	41,525,407	32,517,235	47,347,748	0	(105,766)	5,716,575	5,696,202	20,372
Education, Youth and Childcare	4,102,925	3,948,391	6,613,681	4,094,250	0	0	145,859	(0)	145,860
Early Help Service	2,876,729	3,198,355	474,931	2,516,427	0	0	(681,928)	(580,303)	(101,625)
Children's and Young People Disabilitie	13,913,317	10,588,047	7,993,150	12,852,837	0	0	2,264,790	2,690,027	(425,237)
Grand Total	**118,349,054**	**116,957,652**	**79,738,645**	**131,542,706**	**0**	**(105,766)**	**14,479,288**	**15,061,278**	**(581,990)**

3.1.1 Overall, there is an overspend of £14.479m across the whole of People and Resilience. This is a positive movement of £0.582m since last month.

3.1.2 This is largely due to an increase in income for Adult Services through direct payment refunds, a change to bad debt provision, and step down of placements and a reduction in agency staffing levels within Children's Services.

3.1.3 The underlying pressure is largely to the cost of implementing supplier uplifts and paying the London Living Wage to all providers, which had led to a pressure of £5.6m. The service is experiencing a significant rise in the number of Education, Health and Care plans, which has resulted in an increasing overspend on the Children with Disabilities budget. The impact of Young B&D is also significant. There are around 300 18-25s receiving care, who are causing a significant financial pressure as they transfer to Adults. The clients transferring are entering Adult care at far greater cost than those clients leaving. Given the numbers, this will have long-term financial implications for the authority.

3.1.4 Placement forecasts within Children's and Adults Services are based on actual client's full year costs as shown in the social care placements database (ContrOcc). The service intends to move towards a position where the forecast incorporates estimated future activity, which should lead to less volatility in the monthly forecast. The current estimated outturn moving to this methodology is a likely year end overspend of approximately £16m. This work has commenced and has been partially incorporated into the P7 forecast.

3.1.5 A review of Adult Social Care debt identified 210 clients for whom a financial assessment had not been undertaken due to non-engagement but bills were rightly issued as required under statute. £3.8m income has been forecast to be written off this financial year due to lack of oversight of those clients that were non-engaging. It has been assumed that £2.6m of this amount can be met from the existing bad debt provision, so the revenue impact is expected to be £1.2m.

3.2 Corporate Management – forecast overspend £0.931m

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CORPORATE MANAGEMENT	**2,619,356**	**2,619,356**		**2,301,272**	**3,712,383**		**(161,574)**	**931,453**	**685,586**
STRATEGIC LEADERSHIP	425,369	425,369		362,262	513,024		(99,360)	(11,705)	(52,303)
FINANCE	13,516,100	13,516,100		12,297,394	13,589,927		(62,214)	11,613	(219,710)
WORKFORCE CHANGE / HR	1,917,111	1,917,111		2,922,070	2,800,156			883,045	909,100
LEADERS OFFICE	271,251	271,251		230,020	319,750			48,499	48,499
TECHNICAL - CORP MGMT	(13,510,475)	(13,510,475)		(13,510,475)	(13,510,475)				

3.2.1 The overspend in Corporate Management has increased by c£246k. This is due to a forecast increase on Audit Fees and an increase in the Fidelity insurance premium for loss due to employee theft and fraud. Officers are currently waiting for schedules of additional costs to be provided by the Council's external auditors and this could result in further additional costs to be accrued.

3.2.2 IT (within Finance) is reflecting an underspend of (£1.3m) with an increase in the underspend of (£222k) due to holding staffing vacancies.

3.2.3 Workforce Change/HR is forecast to overspend by c£883k, a favourable movement of £26k from P7 due to a decrease in staffing costs. The review of the HRA recharge has led to an income deficit of £437k. This change, along with ongoing challenges, has made it impractical for HR to meet the originally projected savings of £577k in the 2023/24 financial year. The delays in implementing the ERP system and the Self-Service Manager model are contributing factors to this setback. Furthermore, the Leader's Office is grappling with a historical budget pressure of £50k.

3.3 Central Expenses – forecast underspend (£0.4m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CENTRAL EXPENSES	**47,238,094**	**47,301,094**	**(63,000)**	**13,202,736**	**46,836,223**			**(401,872)**	**(1,513,555)**
CORPORATE MANAGEMENT	(641,000)	(641,000)			(860,323)			(219,323)	(219,323)
GENERAL FINANCE	47,736,984	47,799,984	(63,000)	9,191,495	47,633,431			(103,553)	(1,393,882)
HOUSING BENEFIT SUBSIDY	142,110	142,110		4,011,241	63,115			(78,995)	99,650

3.3.1 Corporate Management – Recalculation of the HRA recharges has had a positive movement against budget.

3.3.2 There is a slight underspend in General Finance as a result of separating the General Fund and IAS borrowing costs. The key driver for the slight underspend is slightly lower interest cost compared to budget.

3.3.3 There is £79k underspend on HB Overpayment Recovery and Subsidy due to overpayment reclaims.

3.4 Law & Governance – forecast underspend (£0.4m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
LAW AND GOVERNANCE	**6,531,051**	**6,531,051**		**2,707,621**	**4,734,744**	**1,406,000**	**(30,000)**	**(420,307)**	**(399,997)**
LEGAL	3,628,084	3,628,084		3,591,941	3,540,421		(30,000)	(117,663)	(144,523)
ENFORCEMENT	2,902,967	2,902,967		(884,320)	1,194,323	1,406,000		(302,644)	(255,474)

3.4.1 There was a favourable movement of c£47k within Enforcement from P7 was due to reduction in forecasted spend, however Legal had an adverse movement of c£27k from that reported in P7.

3.4.2 Legal and Democratic services are reporting an underspend of c£117k, an adverse movement of c£27k from P7. This is primarily due to a virement within Democratic Services for c£18k for Mobile Canvass App and the Employer Liability Insurance within Legal being higher than forecasted.

3.4.3 It is worth noting Legal are forecasting an overspend of c£42k, this overspend is primarily due to the recalculation of the HRA recharge, resulting in an income shortfall of c£180k within Legal. In summary, while Legal and Democratic Services have experienced a favourable financial outcome due to the conversion of agency staff and staff resignations, Legal's overspend is partially offset by the ongoing vacancies in both departments.

3.4.4 The Enforcement P8 outturn position reflects an underspend of c£303k following the transfer of around £1.4m in Private Rented Property Landlord income to reserves. The favourable outturn position is due to the freeze in recruitment to vacant positions. Currently, there are 59 vacant positions within Enforcement, with 29 of them being temporarily filled by agency staff.

3.4.5 The Private Sector Property Licensing (PRPL) scheme income target will be met and a transfer of c£1.4m to reserve for future years.

3.5 Strategy – forecast underspend (£0.518m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
STRATEGY	**9,755,640**	**9,755,640**		**6,808,842**	**9,601,275**	**0**	**(363,662)**	**(518,027)**	**(326,687)**
STRATEGY & INSIGHT	8,392,400	8,392,400		5,720,947	8,120,136	0	(351,662)	(623,926)	(480,541)
COMMUNICATIONS	1,363,240	1,363,240		1,087,895	1,481,139	0	(12,000)	105,899	153,854

3.5.1 The Directorate forecast underspend of (£518k) is a (£191k) increase in the underspend. This is largely due to a (£138k) favourable movement within the Mobility Service and improvements in the forecast for Events (£30k) and the Comms team (£18k).

3.5.2 There are underspends across the following services, mainly due to vacancy savings: Customer Contact (£313k), Strategy (£155k), and Insight (£137k). Advertising is forecast to exceed the £236k income target by (£50k).

3.5.3 There are overspends within Communications and Events £106k and the PMO £32k. These overspends are in the main driven by a shortfall in HRA income: £112k in Comms and £116k in the PMO. These overspends are mitigated by holding vacant posts.

3.5.4 The following sums are being drawn down from reserves: £283k growth funding for the Customer Experience team, £50k to Insight for the One View, £19k for salaries carry forwards within Strategy and £12k Womens' Empowerment funding to Events.

3.6 Inclusive Growth – forecast overspend £0.01m

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
INCLUSIVE GROWTH	**1,078,456**	**1,078,456**		**1,962,931**	**2,713,573**	**145,898**	**(1,791,636)**	**(10,621)**	**123,658**
COMMERCIAL	(1,366,836)	(1,366,836)		(701,263)	(1,714,728)	145,898	0	(201,994)	(7,934)
INCLUSIVE GROWTH	2,445,292	2,445,292		2,664,194	4,428,301	0	(1,791,636)	191,373	131,592

3.6.1 Inclusive Growth are forecast to overspend by £10k. The £500k Soil Importation income target and the £133k Commercial Income target within Parks Commissioning are unachievable. The Directorate has succeeded in mitigating these overspends through holding vacancies and other management action. The overspend has reduced by (£134k) from Period 7.

3.6.2 The main reason behind the movement is due to the inclusion in the forecast of the (£114k) income from the insurance recharge for Aparthotel at 27 Commercial Raod (Lease and Lease back).

3.6.3 The main risk within this service area is income from the leisure contract, although the risk is from September 2024/25 when the current leisure contract ends. The procurement process for a new leisure provider is underway, and it is not yet known what level of management fee income will be secured.

3.6.4 Drawdowns from reserves consist of £1m of grant income, £648k from the Welfare reserve, and £221k from the Made in Dagenham film reserve. The £154k transfer to reserves is the balance from the Leisure contract termination fee.

3.7 Community Solutions – forecast underspend of (£2.044m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
COMMUNITY SOLUTIONS	**14,461,470**	**14,461,470**		**9,517,349**	**16,521,424**	**400,000**	**(4,504,086)**	**(2,044,132)**	**(1,778,613)**
SUPPORT AND COLLECTIONS	7,017,112	7,017,112		5,590,534	7,390,099	0	(1,511,164)	(1,138,177)	(961,823)
COMMUNITY SOLUTIONS	1,069,410	1,069,410		715,174	898,530	0	(146,000)	(316,880)	(294,335)
COMMUNITY PARTICIPATION & PREV	7,679,948	7,679,948		4,516,640	9,537,795	400,000	(2,846,922)	(589,075)	(522,455)
TECHNICAL - COMSOLS	(1,305,000)	(1,305,000)		(1,305,000)	(1,305,000)	0	0	0	0

3.7.1 Within this forecast there is a financial pressure of £3.4m – mostly relating to services no longer being charged to the HRA. This is being managed in-year with a mitigation plan including holding vacancies and drawing heavily on reserves. The service has also been successful in increasing its income including grant income from the GLA, Health income and HRA recharges.

3.7.2 The key risks are Becontree Collection Service achieving the forecast income of £650k in 2023/24 and limiting the use of B&B's and Hostels for Temporary Accommodation.

3.8 My Place – forecast underspend of (£1.404m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
MY PLACE	**4,448,439**	**4,448,439**		**32,384,164**	**2,834,360**	**210,000**	**0**	**(1,404,079)**	**(1,349,968)**
HOMES AND ASSETS	(1,145,987)	(1,145,987)		16,158,653	(410,150)	0	0	735,837	849,361
PUBLIC REALM	5,594,426	5,594,426		16,225,510	3,244,509	210,000	0	(2,139,916)	(2,199,329)

3.8.1 The Directorate underspend of (£1.404m) comprises an underspend in Public Realm of (£2.139m) offset by a £0.735m overspend in Homes and Assets. The Homes and Assets pressure results from a reduced ability to charge to the HRA and a shortfall on Commercial Property income while the Public Realm underspend relates to an increased recharge to HRA of appropriate costs following reviews, staffing vacancies being held ahead of a restructure and due to recruitment pause and finally the Parking surplus (£1.08m) adjusted for £210,000 transfer to the Parking Reserve at year end.

3.8.2 Homes and Assets is currently forecasting a £0.573m overspend within the Commercial Portfolio, this is seen as an underlying pressure within the outturn. The Strategic Director has tasked the Commercial Lead with completing a full asset list and rent roll to determine the recoverability of the pressure and support budget setting assumptions for 2024/25. This is currently being validated.

3.8.3 One of the primary risks for Homes and Assets is its ability to recover costs in the role of the managing agent for the Reside group of entities. This raises several risks from identifying all Reside related expenditure, aggregating it between the different blocks and companies, raising service charge invoices and managing the debt position of this all within the General Fund. The risk is that the service is left holding the expenditure.

3.8.4 The position has slightly improved this month by £54,000, largely due to a reduction in repairs and maintenance and security costs on properties within the Commercial portfolio.

3.9 Savings

Service Area	RED	AMBER	GREEN
Care and Support		(237)	(500)
Community Solutions	(130)	(220)	(1,122)
EYCC		(35)	
Finance & IT			(735)
HR	(577)		
Inclusive Growth	(500)		(370)
Law & Governance			(2,300)
My Place	(155)		(153)
P&P	(15)		
Grand Total	**(1,377)**	**(492)**	**(5,180)**

3.9.1 The MTFS savings target for 20234/24 is £7.049m and at P8:

- £1.377m (20%) are rated **red**, not being achieved; (HR £0.577m, Parks income £0.5m, My Place £0.15m, Valence library £0.13m)
- £0.492m (16%) are rated **amber/green**, forecast as uncertain and may only be part achieved
- £5.18m (64%) are rated **green**, fully achieved (either now or by year end) or expected to be achieved in year.

3.9.2 Red savings are reflected in the service forecasts and contribute towards the overspends. Unachieved savings in the current financial year increases the risk to the medium-term financial strategy moving forward and will increase the budget gap unless viable alternative savings can be found.

3.9.3 The table below is a list of the unachieved savings in 2023/24:

Service Area	Savings Proposal	2023/24 Target £'000
P&P	FPN income	(15)
Inclusive Growth	Parks Commissioning - Soil Importation	(500)
HR	Restructure	(577)
Community Solutions	Creation of Heritage site at Valence Library	(130)
My Place	No longer have a dedicated Graffiti team	(75)
My Place	Reduce the opening days and times of the Town Hall and other buildings	(50)
My Place	Increase the commercial income	(30)
		(1,377)

4. Investment and Acquisition Strategy and Treasury Management

4.1 The Council has an Investment and Acquisition Strategy (IAS) with the primary purpose of supporting the regeneration of the borough. The IAS was approved to be self-financing and potentially generate a 5% target return.

4.2 In previous year, the IAS Strategy has provided a significant return to the Council, both through IAS net returns but also dividends and income from Be First. The net return is after costs of borrowing have been taken into account. The IAS now has a significant amount of borrowing, forecast to be over £900m by the end of 2023/24 (currently at £842m as at P8). This is reported on in detail at regular intervals but a short summary of the current in-year forecast is provided in Appendix A (Pages 11 onwards). Further details were provided as part of the Mid-Year Treasury Management Strategy update to Cabinet in November 2023.

4.3 In addition to the current IAS borrowing of £842m the Council's general Treasury Management and Capital Borrowing has c £111m of borrowing. The Council is highly geared with debt, and this will create further risk particularly as the debt needs to be refinanced which will be at higher interest rates. Slides 11 and 12 of Appendix A details the total borrowing which is split across various funds and also details loan assets against housing companies such as Be First and Reside.

4.4 The IAS includes returns from commercial and residential assets but also requires a treasury management strategy to underpin the borrowing to fund the assets. In addition to the IAS, the Council has other borrowing requirements to fund capital expenditure on assets and these are reported as part of a General Fund treasury return. Net returns for each element are summarised below:

- £332k Surplus – General Fund Treasury Strategy
- £72k Surplus - Investment and Acquisition Strategy

4.5 Overall the IAS and Treasury strategy is forecast to provide a £404k surplus. This is significantly below the £7m+ surplus generated by the IAS over the past three years and there are no forecast additional surpluses, such as from the sale of the Film Studio or from the sale of Muller, forecast for 2023/24. The reduced return is due to several factors including:

i. Losses on Private Rental schemes due to delays in letting properties. Private rental schemes are still not fully let and income is significantly below hold costs.
ii. Delays in selling Shared Ownership schemes, leaving several properties vacant and not earning income, with borrowing costs on the full build cost for each unit.
iii. General delays in letting properties resulting in a loss of income but also additional security and hold costs.
iv. Increased management costs for commercial holdings and reduced income from several schemes, including Maritime House and Thames Road.
v. Increased interest costs, although these are contained through capitalising the interest against developments and through secured longer-term borrowing.

4.6 The above pressures largely remain and there are still a number of Private rental schemes (PRS) units that remain void and a number of SO schemes that are not sold. For PRS, which contain a significant amount of borrowing, lettings have been outsourced to estate agents but remain slow. Currently a scheme of 92 units that completed in September 2023, Fifeshire and Cutter, remains vacant and costs over £100k per month in interest alone.

4.7 Currently 79 SO units for Ewars Marsh remain unsold and 12 units (from a total of 56 units) in Challingsworth remain unsold. Costs per month are also in excess of £100k.

4.8 Security costs for both Residential and Commercial units remain high as unlet schemes need to be secured. These costs were not forecast and remain a pressure.

4.9 Improvements in the lettings and sales of the properties will see a significant improvement in the IAS net returns but the delays and inefficiencies that currently remain, along with a lack of adequate performance reporting from Reside, will continue to have a negative impact on the IAS return.

5 Reserves

5.1 The Council has £147.29m in brought forward Reserves from 2022/23. The current projection is that the Council will drawdown £4.88m of reserves to support in year activity before taking into account the overspend of £10.540m. The current budget has a provision of £15.01m to be drawdown to cover costs of collection fund deficits and this was approved by Cabinet and Assembly as part of the 2023/24 Budget Setting. In addition, the budget expected that BeFirst will pay for the £10.3m of annual dividend budget, however BeFirst have indicated that they are unable to declare dividend this year and so this budget will require a further call of £10.3m from an existing BeFirst Muller Reserve.

5.2 The overspend of £10.54m should that remain at year end, will also need to be funded from a further call on the reserves. At P8 the overspend is a projection and a final overspend figure will be confirmed at year end,

5.3 Therefore, the total reserve drawdown for 23/24 could become £40.74m once all reserves identified in paragraphs 5.1 and 5.2 are accounted for. This is a significant drawdown and indicates that the Council's is overspending considerably more than its annual budget allocation and thus resource availability. Every, effort is being made to reduce the call on reserves and options to reduce the overspend are being looked as part of the monthly monitor.

5.4 A review is being conducted of reserves and an updated position will be provided to Cabinet in February 2024 as part of the Budget Setting report for 24/25. The Council currently has spend outside of the monitor which requires a call on reserves, most of these are simply ex-grant monies that have a condition attached to them and so can only be used for specific purposes. Currently, this is projected to result in a drawdown of £10.5m in further reserves on top of those explained in paragraph 5.1 to 5.3.

6 Housing Revenue Account

6.1 The HRA is forecasting to overspend by £5.052m. The primary cause of the overspend is the significant increase in the BDMS contract for Housing Repairs and Maintenance which has increased from £15.7m to £25.5m, an agreed increase after budget setting, the budget has not been adjusted to reflect change, hence the overspend. This movement is not like-for-like with some cost activities being removed and others added during the one-year contract extension. The overall increase, taking account of the Direct Labour Organisation (DLO) underspend is £9.7m across Repairs and Maintenance, Supervision and Management

6.2 The HRA overspend projection has reduced from prior month by (£2.0m). Compliance works have been reviewed with some activities slipping into 2024/25. Furthermore, DLO projected spend has further reduced as overtime is recoverable under contract. Finally, estimated recharges from the General Fund budgets have reduced this year, in part due to the recruitment pause effect.

6.3 These costs are being party mitigated by a slowdown in the capital programme leaving residual pressures of £5.052m. HRA reserves stand at £18.4m and may reduce by a further £1m once the HRA for 2022/23 is finalised. Drawing a further £5m from reserves will materially deplete HRA reserves. However, should both events occur, the HRA reserve balance is expected to be just above the minimum reserve target balance of 10% of total income. It should also be noted that reducing capital spending may result in a further increase in reactive costs in future years vs planned.

6.4 There are a range of quantifiable risks confronting the HRA totalling £2.040m together with at least 10 further areas that are non-quantified. The most significant quantified risk at this time is £1.5m relating to Fleet costs incurred within BDMS which they are seeking to recover outside of the contract price but is yet to be agreed by My Place. The remainder of the risk relate to budget estimates for service charges income, Council Tax on voids and security costs that are lower than previous year's outturn and require careful monitoring. In terms of opportunities, there is upwards of (£700,000) from bad debt provision budget which is higher than last year's outturn and at P8 expected to be £500k lower than budget and £200k potential underspend from compliance work included in revenue budgets but now expected to be completed through the capital programme.

7. Financial Implications

Implications completed by: Nish Popat, Deputy Section 151 Officer

7.1 This report is one of a series of regular updates to Cabinet about the Council's financial position and the main body of the report provides key financial implications.

8 Legal Implications

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

8.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

8.2 In spite of inflationary pressures such as the Post covid and war in Eastern Europe shocks, the fiduciary duty to Council taxpayers and the Government for proper stewardship of funds entrusted to the Council together with ensuring value for money plus the legal duties to achieve best value still apply. Furthermore, there remains an obligation to ensure statutory services and care standards for the vulnerable are maintained.

8.3 We must continue careful tracking of all costs and itemise and document the reasoning for procurement choices to ensure expenditure is in line with the Local Government Act 1999 duty to secure continuous improvement in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. If there should be need to make changes in services provision, then there is a duty to carry out proper consultation and have due regard to any impact on human rights and the Council's Public Sector Equality Duty under the Equality Act 2010 before finalising any decision.

9. Other Implications

9.1 **Risk Management –** Regular monitoring and reporting of the Council's budget position is a key management control to reduce the financial risks to the organisation and features on the Council's strategic risk register.

9.2 **Corporate Policy and Equality Impact –** Regular budget monitoring is key to the Council being a well-run organisation, which provides value for money for residents. It also ensures that the Council will be able to focus resources on delivering the priorities set out in the Corporate Plan 2023-26. Where any new savings proposals are put forward, or if there is need to make changes in services provision, the Council has a duty to carry out proper consultation and have due regard to any impact on people with protected characteristics, as part of the Council's Public Sector Equality Duty under the Equality Act 2010. The equality implications should be considered at the early stages of planning.

Public Background Papers used in preparation of this report:

- The Council's MTFS and budget setting report, Assembly 1 March 2023 Budget Framework 2023-24 Report (lbbd.gov.uk)

List of appendices:

- **Appendix A:** Revenue Budget Monitoring Pack 2023/24 (Period 8)

Finance Budget Monitoring – General Fund

APPENDIX A

2023/24

P8 (November 2023)

Period 8: Overspend of £10.5m, a positive movement of £1.06m from previous period

		This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves			
	Outturn 2022/23	Revised Budget	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance	Movement from Last Period	
PEOPLE & RESILIENCE	117,190,113	116,957,652	79,777,170	131,542,706	(105,766)	14,479,288	15,061,278	(581,990)	
LAW AND GOVERNANCE	(5,174,523)	6,531,051	2,707,621	4,734,744	1,376,000	(420,307)	(399,997)	(20,310)	
STRATEGY	3,546,790	9,755,640	6,808,842	9,601,275	(363,662)	(518,027)	(326,687)	(191,340)	
INCLUSIVE GROWTH	2,229,661	1,078,456	1,962,931	2,713,573	(1,645,738)	(10,621)	118,512	(129,133)	
COMMUNITY SOLUTIONS	25,021,966	14,461,470	9,517,349	16,521,424	(4,104,086)	(2,044,132)	(1,778,613)	(265,519)	
MY PLACE	15,247,563	4,448,439	32,384,164	2,834,360	210,000	(1,404,079)	(1,349,968)	(54,111)	
CORPORATE SERVICES	52,696,852	2,619,356	2,301,272	3,712,383	(161,574)	931,453	685,586	245,867	
SUB-TOTAL DIRECTORATES	**210,758,420**	**155,852,064**	**135,459,349**	**171,660,465**	**(4,794,826)**	**11,013,575**	**12,010,111**	**(996,536)**	
CENTRAL EXPENSES		13,566,066	(3,890,349)	15,300,919		1,734,853	108,597	1,626,256	
INTEREST PAYABLE		14,681,085	3,021,515	10,082,152		(4,598,933)		(4,598,933)	
INTEREST RECEIVED		(6,502,960)		(4,040,752)		2,462,208		2,462,208	
MRP		10,048,004		10,048,004			(1,622,153)	1,622,153	
LEVIES PAID		15,445,900	14,071,570	15,445,900					
SUB-TOTAL CORPORATE EXPENSES		***47,238,094***	***13,202,736***	***46,836,223***		***(401,872)***	***(1,513,555)***	***1,111,684***	
GENERAL FUND I&E (EXC. IAS)	**210,758,420**	**203,090,158**	**148,662,085**	**218,496,688**	**(4,794,826)**	**10,611,704**	**10,496,556**	**115,147**	
IAS COMMERCIAL (NET OPERATING RETURN)		(2,445,905)		(3,217,934)		(772,029)	(1,326,719)	554,690	
IAS RESIDENTIAL (RESIDE SCHEME SURPLUS)		(2,810,000)		(2,265,000)		545,000	2,435,145	(1,890,145)	
IAS OTHER				(1,127,000)		(1,127,000)		(1,127,000)	
IAS INTEREST PAYABLE				8,186,000		8,186,000		8,186,000	
IAS INTEREST RECEIVED				(6,904,000)		(6,904,000)		(6,904,000)	
IAS MRP		1,168,000		1,168,000					
SUB-TOTAL IAS		***(4,087,905)***		***(4,159,934)***		***(72,029)***	***1,108,426***	***(1,180,455)***	
GENERAL FUND I&E	**210,758,420**	**199,002,253**	**148,662,085**	**214,336,754**	**(4,794,826)**	**10,539,675**	**11,604,982**	**(1,065,308)**	

Period 8: Overspend of £10.5m, a positive movement of £1.06m from previous period

Key Drivers:

The most significant movement is from People and Resilience which moved positively by (£0.582m), Community Solutions (£0.265m), Strategy (£0.191m) and Inclusive Growth (£0.129m). Law and Governance had a positive movement of (£0.020m) and My Place moved by (£0.54m). Corporate Management has had a negative movement of £0.246m.

People and Resilience: £0.582m decrease in forecast expenditure.
The positive movement is due to an increase in income for Adult Services through direct payment refunds and a change to bad debt provision, and step down of placements and a reduction in agency staffing levels within Children's Services.

Strategy: (£0.191m) decrease in forecast expenditure.
This improvement from P6 is due to suspending recruitment into vacant posts for remainder of the 2023/24 financial year and take up of Mobility services still not at pre-pandemic levels.

Inclusive Growth: (£0.129m) decrease in forecast expenditure.
This improvement is mainly due to the insurance recharge to Tenants for CR27.

Community Solutions: (£0.265m) decrease in forecast expenditure.
The improvement from P7 is mainly due to reduction in print & postage costs, release of agency staff and recalculation of HRA recharges.

Corporate Management: £0.246m increase in forecast expenditure.
The adverse movement from P7 is primarily due to 2023/24 Audit fees being higher than originally forecasted and Fidelity Insurance premium recharge.

Central Expenses: £1.1m increase in forecast expenditure.
We have split corporate budgets between General Fund and IAS to improve transparency of the performance of the IAS. This has resulted in a negative movement in Central Expenses. However, there is a corresponding positive movement in the IAS

Key assumptions

- Forecasts are provided by budget holders and service managers with Finance advice and support
- Staff are costed within services at 22/23 pay rates. An estimate of the additional costs, average 5% pay increase, has been included in Central Expenses resulting in a £2.3m release in forecast and forms part of the Corporate Management outturn forecast.
- There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.3m has been distributed to services and a further £0.7m is shown as an underspend against declared service pressures leaving c£2m.
- Care and Support figures are based on known clients and care packages held on ContrOcc and does not factor in clients going through the onboarding process . Any increases in clients or shifts in types of placement above this assumption will create variances. Since individual clients can require very expensive packages these budgets can be very volatile. Further work is now being picked up to better forecast for placement spend with a clear model being developed.
- Quarter two debt monitoring did not support an increase in bad debt provision so there is currently no forecast for this being required. Bad debt is revisited Quarterly and will be updated in P9 with a clearer position identified at year end
- It is assumed that the company dividends total of £10.4m will be drawn down from reserves and this position is factored within the Corporate Management Directorate. Be First dividends of £10.4m will be covered from the IAS reserve using the Mueller Profit in part as the company are unlikely to deliver returns 23/24. Not drawing down these reserves will further add to the overspend by £10.4m.
- Parking Income has been forecast to include the current trend. Currently forecasting additional income of £1.2m of which £0.2m will be transferred to Reserves and c£1m is included in the outturn position. There are schemes to come online in year that may increase the achieved income. We have been prudent in the income forecast. There is a potential uplift of c£0.3m up to c£.5m but this will depend on the timescales of delivering schemes.
- There is no variance reported on borrowing and interest costs and income or the MRP budget – in previous years this has been managed by use of reserves.

Funding assumptions

- The Budget assumes funding from Subsidiaries of c£10.4m via dividends, however this seems unlikely as stated in this report. The non-achievement of dividend will now be funded from Reserves.

- There was a deficit on the 22/23 Collection Fund that will be brought into this year's General Fund (in accordance with regulations.) This will be covered by a drawdown from reserves as reported in the February 2023 budget and this was planned.

- The Market Sustainability Grant was given by Government to cover Adult Social Care costs but was given as part of our overall Spending Power. It is therefore shown as Corporate Funding and has been used to fund Adult's budget growth.

- There are currently no forecast variances on Corporate Funding. In previous years the Council has received additional in year section 31 grants – if this occurs again this year this will potentially be used to offset the overspend or to replenish reserves.

Period 8: Movement in Reserves

	Opening Balance	Budgeted Drawdown 23-24	In Year Inter Reserve Transactions 23-24	Planned Drawdowns 23-24 (P8)	Transfer to Reserve (P8)	BeFirst Dividend Reserve Drawdown	Drawdowns not in P8 - require approval	Release to BSR - pending transfer	Closing Balance (before overspend)
	£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m
General Reserves	(17.03)	0.00	0.00	0.00	0.00		0.00	0.00	(17.03)
Budget Support Reserve	(16.84)	13.51	0.53	0.00	0.00		0.00	(3.68)	(6.48)
Sub total	**(33.87)**	**13.51**	**0.53**	**0.00**	**0.00**	**0.00**	**0.00**	**(3.68)**	**(23.51)**
Ring-fenced Reserves	(28.91)	0.00	(0.53)	4.32	(1.64)		5.49	1.53	(19.74)
PFI Reserves	(14.28)	0.00	0.00	0.00	0.00		0.00	0.00	(14.28)
Levy Funding Reserve	(6.11)	0.00	0.00	0.00	0.00		0.00	0.00	(6.11)
Sub total	**(49.30)**	**0.00**	**(0.53)**	**4.32**	**(1.64)**	**0.00**	**5.49**	**1.53**	**(40.13)**
Non Ring-Fenced Reserves									
Corporate Reserves	(5.91)	0.00	0.00	0.67	0.00		1.37	0.00	(3.88)
People & Resilience	(0.54)	0.20	0.01	0.00	0.00		0.17	0.00	(0.17)
Legal, Governance & HR	(0.41)	0.00	0.00	0.00	0.00		0.00	0.00	(0.41)
Strategy	(0.05)	0.00	0.00	0.03	0.00		0.02	0.00	(0.00)
Inclusive Growth	(1.34)	0.00	0.00	0.11	0.00		0.00	0.00	(1.23)
Community Solutions	(12.64)	1.31	(0.01)	1.40	0.00		3.11	1.66	(5.18)
My Place	(0.29)	0.00	0.00	0.00	0.00		0.00	0.29	0.00
Collection Fund Reserves	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
Sub total Non-ringfenced	**(21.18)**	**1.50**	**0.00**	**2.21**	**0.00**	**0.00**	**4.66**	**1.95**	**(10.86)**
IAS & Capital Reserves									
Investment Reserves	(16.17)	0.00	1.13	0.00	0.00		0.00	0.00	(15.03)
Mueller Reserve	(12.00)	0.00	0.00	0.00	0.00	10.39	0.00	0.00	(1.61)
CR27 Hotel Deal reserve	(5.50)	0.00	(0.57)	0.00	0.00		0.00	0.00	(6.07)
Isle of Dogs Travelodge Reserv	(5.50)	0.00	(0.57)	0.00	0.00		0.00	0.00	(6.07)
Capital Reserves	(3.78)	0.00	0.00	0.00	0.00		0.00	0.00	(3.78)
Sub total IAS Reserves	**(42.95)**	**0.00**	**0.00**	**0.00**	**0.00**	**10.39**	**0.00**	**0.00**	**(32.56)**
Total	**(147.29)**	**15.01**	**0.00**	**6.52**	**(1.64)**	**10.39**	**10.15**	**(0.20)**	**(107.06)**

- A number of financial risks have materialised in 2023/24 resulting in the need to use reserves to cover the forecast overspend of £10.5m. The Budget Support Reserve has a balance of £6.48m. However, there is insufficient 'free' reserves to cover the 2023/24 forecast overspend and management action is required to bring spend in-line with budgets.
- Further details are provided in Section 5 of the main report.
- It is to be borne in mind that the 2024/25 base budget, after savings, has a budget gap of £23m, as outlined in the Budget Strategy Report.

Key risks

- The Ethical Collection Service is forecasting income of £650k. The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance believe the income will range between £500k - £600k and this may increase the outturn variance.

- Temporary Accommodation rental properties available - We are currently at capacity within our own hostels and have received several hand backs requests for PSL's which may lead to an overspill into B&B's and Hotels. Modelling is being carried out against various assumptions which will enable a more robust forecast. This is a national issue. This will also impact support for Social Care clients with the immigration status of No Recourse to Public Funds (NRPF)

- Social Care budgets are highly dependent on demand for services which cannot be controlled at the point of need. As costs of care are very high even small changes in numbers of people needing support can cause large swings in the overall forecast. The Adult's service was holding some health funding in reserve to offset against potential winter pressures, but this has now been released, which carries significant risk.

- My Place is the managing agent for Reside properties. It therefore attracts expenditure which in turn must be passed to the relevant reside company. The risk if there is insufficient breakdown of the expenditure then My Place will not be able to secure invoices from the relevant company and will be left with an overspend.

- Commercial Services – Leisure Income: SLM has given notice that they will be terminating the Leisure contract from September 2024. It is assumed that SLM will continue to pay the concession fee up to the termination date. The assumed income is £665k in 2023/24. It is highly unlikely that the new leisure provider will be able to provide the same level of management fee income to the Council as factored into the MTFS.

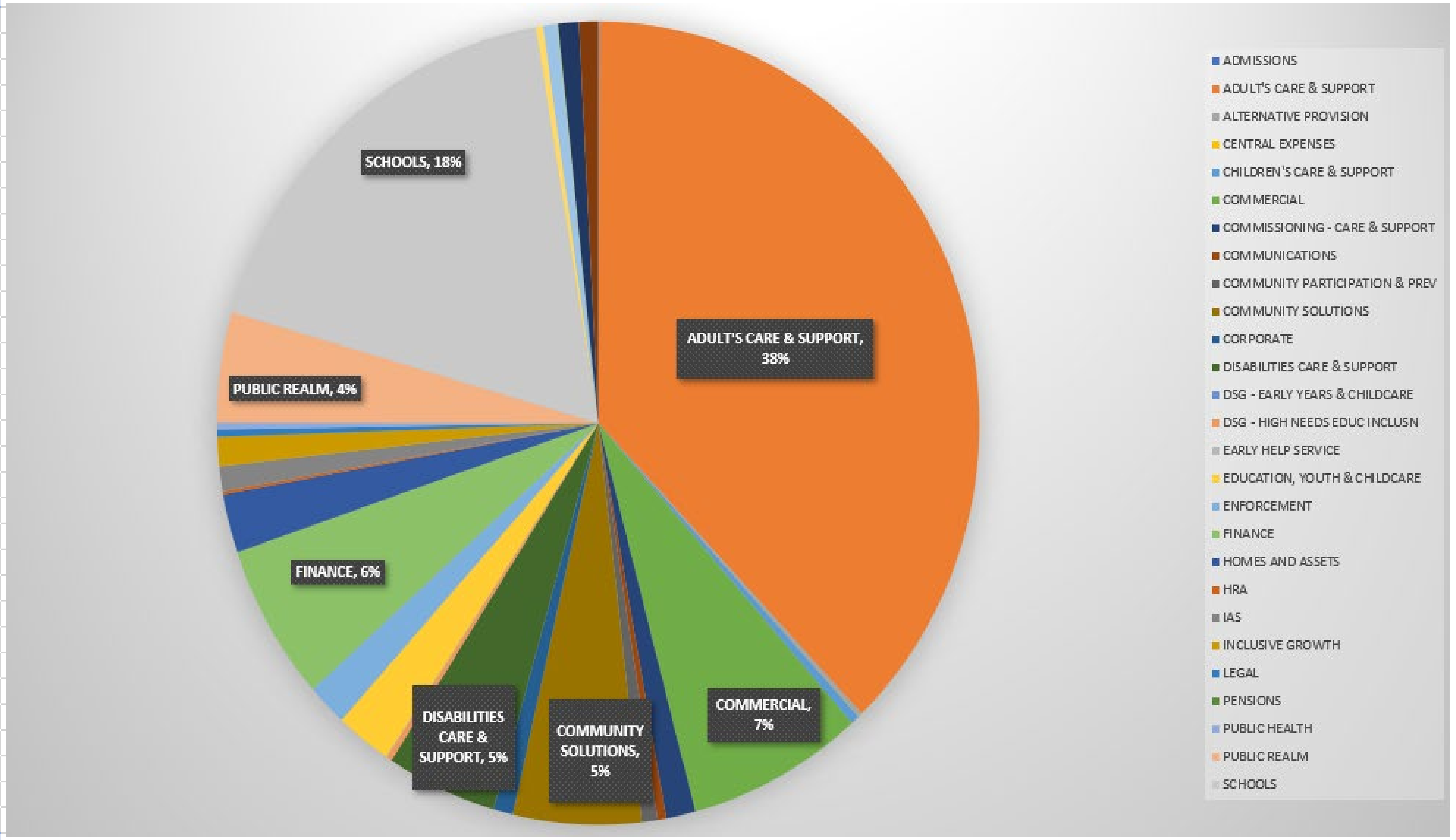
- Contaminated Land by Eastbrookend Park. Although a provision was made for this issue at the end of 21/22 there remains a risk. Considerable progress has been made in implementing the decontamination Action Plan, and the immediate threat of prosecution by Thames Water has been withdrawn. However long-term arrangements for the future of the effluent treatment plant and alternative measures to prevent the discharge of landfill leachate to the Thames Water drainage asset are yet to be identified and investigated. If the plant and equipment fail the Council could potentially breach its consent to discharge which may result in fresh prosecutory action.

- HB subsidy and overpayments recovery, the forecasts are based on the current returns and are subject to change throughout the year. There are new players in the market that are claiming the Supported Exempt Status, this means they are exempt from Universal Credit and can claim HB. DWP will only pay the amount in rent to the LA that is advised by the rent officer. Where there are new entrants to the market there is no comparator for rent and therefore there are risks that the LA will be picking up the cost of the gap between the rent officer rate and the provider rate.

- Based on current projections the reserve levels drop considerably, a reduction of over £50m in a single year.

Bad Debt – This is Updated Quarterly. Current Position P6

Row Labels	Sum of Overdue 0-12 months	Sum of Overdue 12-24 months	Sum of Overdue 24-36 months	Sum of Overdue 36 months +	Sum of TOTAL SUM
ADMISSIONS	2,574	26,729	-	1,106	30,409
ADULT'S CARE & SUPPORT	6,182,826	4,795,652	2,981,441	4,690,990	18,650,909
ALTERNATIVE PROVISION	270	50,110	7,326	29,524	87,230
CENTRAL EXPENSES	-	-	-	7,608	7,608
CHILDREN'S CARE & SUPPORT	3,190	120,853	6,020	48,672	178,734
COMMERCIAL	3,688,599	-	230	5,643	3,694,472
COMMISSIONING - CARE & SUPPORT	210,940	202,009	154,831	47,430	615,209
COMMUNICATIONS	78,007	32,089	37,210	30,723	178,029
COMMUNITY PARTICIPATION & PREV	167,893	19,487	52,829	90,672	330,881
COMMUNITY SOLUTIONS	836,325	1,197,016	641,326	1,485	2,676,152
CORPORATE	298,730	103,931	5,154	520	408,334
DISABILITIES CARE & SUPPORT	501,683	767,223	394,552	657,576	2,321,034
DSG - EARLY YEARS & CHILDCARE	-	-	25	75	100
DSG - HIGH NEEDS EDUC INCLUSN	20,720	88,516	967	230	110,433
EARLY HELP SERVICE	-	15,857	-	-	15,857
EDUCATION, YOUTH & CHILDCARE	296,977	119,977	328,687	426,219	1,171,861
ENFORCEMENT	276,902	194,519	311,969	58,177	841,567
FINANCE	1,139,343	598,561	979,531	400,831	3,118,265
HOMES AND ASSETS	520,237	208,474	179,863	258,142	1,166,715
HRA	60	37,053	18,321	5,804	61,238
IAS	143,273	129,601	139,946	81,000	493,819
INCLUSIVE GROWTH	43,560	197,660	299,818	37,747	578,786
LEGAL	96,145	23,059	10,729	20,632	150,564
PENSIONS	280	-	-	-	280
PUBLIC HEALTH	-	80,000	49,200	-	129,200
PUBLIC REALM	519,892	821,540	754,992	94,614	2,191,038
SCHOOLS	8,598,880	215,738	9,714	17,106	8,841,437
SCHOOLS - FUNDING	-	150,000	-	-	150,000
STRATEGIC LEADERSHIP	-	-	-	281,213	281,213
STRATEGY & TRANSFORMATION	-	-	24,530	3,646	28,175
SUPPORT AND COLLECTIONS	-	278,412	112,943	42,956	434,312
WORKFORCE CHANGE / HR	65,128	185,989	27,166	120,061	398,344
Grand Total	**23,692,434**	**10,660,054**	**7,529,317**	**7,460,402**	**49,342,206**



The above data comes from the 'All Invoices' report run from E5 and has been split out by Directorate based on the cost centre linked to the invoice.

The data shows total invoices outstanding as at 30th September 2023 and has been sorted into aging buckets.

Total Bad Debt above includes LBBD schools and companies which would normally be excluded when calculating the bad debt provision.

At end of quarter two the total level of debt had increased since quarter 1 – however it is thought this be in part a seasonal effect. We will not include bad debt in the forecast until the trend is clearly established.

2023-24 Savings Progress Overview

There were several savings targets identified as part of the MTFS process. The table opposite shows the performance in relation to those savings by area.

It is crucial that savings proposals are met, or alternatives found.

More detail on the specific savings can be found in the appendices.

Service Area	RED	AMBER	GREEN
Care and Support		(237)	(500)
Community Solutions	(130)	(220)	(1,122)
EYCC		(35)	
Finance & IT			(735)
HR	(577)		
Inclusive Growth	(500)		(370)
Law & Governance			(2,300)
My Place	(155)		(153)
P&P	(15)		
Grand Total	**(1,377)**	**(492)**	**(5,180)**

Finance Budget Monitoring – HRA,DSG and Investment Strategy

2023/24

P7 (October 2023)

General Fund Treasury Strategy (P8)

Type of Income / Expense	31/10/2023 Holdings	P7 Rate	P7 2023/24 Forecast	P7 2023/24 Budget	P7 Variance	30/11/2023 Holdings	P8 Rate	P8 2023/24 Forecast	P8 2023/24 Budget	P8 Variance	Comments
GF Capital Borrowing	**£'000**	**%**	**£'000**	**£'000**	£'000	**£'000**	**%**	**£'000**	**£'000**	£'000	
GF - Market	16,711	3.71%	631	14,681	-14,050	**16,711**	**3.71%**	**631**	**14,681**	**-14,050**	Budget based on external borrowing requirement
Captialised Interest			0	-4,542	4,542			**0**	**-4,542**	**4,542**	Budget adjusted for the £4.542m capitalised interest
GF – ST Borrowing	94,017	4.65%	2,708	0	2,708	**104,417**	**4.77%**	**3,620**	**0**	**3,620**	ST borrowing average rate increasing
LEUK Loan Provision			2,140		2,140			**2,140**		**2,140**	Likely write-off of interest from LEUK
Interest Pressure Provision			750		750			**100**		**100**	Part of provision used for interest pressure
Provision for Loss on Studio 3 Arts			224		224			**224**		**224**	Provision of loss againts Studio 3 Arts
HRA Interest					0			**77**		**77**	Interest owed to the HRA for net balance
WC Loan Be First			431		431			**0**		**0**	Provision for Be First Interest
WC Loan BDTP			553	0	553			**553**	**0**	**553**	Provision for BDTP Interest
Total GF Borrowing	110,728	3.02%	7,436	10,139	-2,703	**121,128**	**3.51%**	**7,345**	**10,139**	**-2,794**	Net forecast for General Fund
General Fund Investments											
WC Loan Be First	-5,046	8.75%	-431			**-5,046**	**8.75%**	**-431**			Working Capital loan interest - Be First
WC Loan BDTP	-5,000	11.25%	-553			**-5,000**	**11.25%**	**-553**			Working Capital loan interest -BDTP
Energy Company Loan	-7,259	7.00%	-436			**-7,259**	**7.00%**	**-436**			Loans to the Energy Company
LEUK Loan	-26,476	8.06%	-2,140			**-26,476**	**8.06%**	**-2,140**			LEUK Interest Charge
Other Loans	-6,644	4.53%	-486			**-6,643**	**4.53%**	**-481**			Small loans, generally fixed rate
Total GF Investments	-50,425		-4,046	-6,503	2,457	**-50,424**	**8.01%**	**-4,041**	**-6,503**	**2,462**	
Net General Fund	60,303		3,390	3,636	-246	**70,705**		**3,304**	**3,636**	**-332**	Small Sumplus against net budget cost of £3m

Key issues:

- Investment strategy income and expenditure removed but budget remains. Forecast is for a small surplus to the General Fund of £332k after several provisions.
- Holdings reflect the month end position and not the average holding amount.
- Forecast under pressure from interest rate increases on short-term borrowing provision largely used up.
- Interest payable budget adjusted for £4.542m virement for capitalised interest and £638k Temporary Accommodation virement.
- ST borrowing allocated to variable rate loans to reduce risk but variable rate loans include working capital loans and LEUK loans are under pressure.
- ST borrowing also used to replace internal borrowing, with remaining ST borrowing used to fund IAS commercial.
- Provisions for loans to companies remains as there is a lack of clear strategy around dealing with subsidiary loans.
- ST borrowing costs increased in P8 with rates over 5% and average rate at 4.77%, although have reduced in December 2023.

Investment and Acquisition Strategy Funding (P8)

Type of Income / Expense	31/10/2023 Holdings	P7 Rate	P7 2023/24 Forecast	P7 2023/24 Budget	P7 Variance	30/11/2023 Holdings	P8 Rate	P8 2023/24 Forecast	P8 2023/24 Budget	P8 Variance	Comments
IAS Borrowing	£'000	%	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	
IAS - Market	71,563	2.21%	1,584		1,584	**71,563**	**2.21%**	**1,584**		**1,584**	European Investment Bank and Green Bank Loans
IAS – PWLB	313,249	1.96%	5,821		5,821	**312,849**	**1.96%**	**5,818**		**5,818**	Borrowed for IAS schemes
PWLB Affordable Rent	141,303	1.96%	2,855		2,855	**141,303**	**1.96%**	**2,855**		**2,855**	Borrowed for Operational Affodable Rent Schemes
PWLB LAR / TR	42,249	1.96%	866		866	**42,249**	**1.96%**	**866**		**866**	Borrowed for Operational LAR/TR Schemes
PWLB PRS / SO	104,291	1.96%	2,043		2,043	**104,291**	**1.96%**	**2,043**		**2,043**	Borrowed for Operational PRS / SO Schemes
IAS - ST Borrowing	142,283	4.65%	4,097		4,097	**142,283**	**4.77%**	**4,933**		**4,933**	Potentially will increase by mitigated by provision
Capitalised Interest			-10,231		-10,231			**-11,291**		**-11,291**	Based on AUC and average borrowing cost - updated quarterly
Interest Pressure Provision			0		0			**250**		**250**	Provision used for Interest Pressure - now in ST forecast
Muller Equity	28,032	5.39%	1,127		0	**28,032**	**5.39%**	**1,127**		**1,127**	No return
Total IAS Borrowing	842,970	2.13%	8,164	0	7,036	**842,570**	**2.13%**	**8,186**	**0**	**8,186**	Overspend due to delays in letting and commercial returns
Reside Loans											
Reside Loans - B&D Homes	-42,249	2.26%	-1,001	0	-1,001	**-42,249**	**2.26%**	**-1,001**	**0**	**-1,001**	Current Loans to B&D Homes
Reside Loans - Weavers	-141,303	2.65%	-3,867		-3,867	**-141,303**	**2.65%**	**-3,867**		**-3,867**	Current Loans to Weavers
Reside Loans - other	-6,756	3.08%	-168		-168	**-6,756**	**3.08%**	**-168**		**-168**	Current Other Reside Loans
Reside Loans to be completed	-77,202	2.64%	-589		-589	**-77,202**	**2.64%**	**-589**		**-589**	Schemes that will complete in second half of 2023/24
Treasury Investments	-18,200	3.84%	-1,279		-1,279	**-15,200**	**3.84%**	**-1,279**		**-1,279**	Current Treasury Cash Holdings
Reside Leases Interest expected	-104,291				0	**-104,291**				**0**	Leases to Reside for PRS and SO
Total IAS / Treasury Returns	-390,000		-6,904	0	-6,904	**-387,000**	**0**	**-6,904**	**0**	**-6,904**	Surplus return
Net IAS Treasury Return			1,259	0	132			**1,282**	**0**	**1,282**	**IAS return on Treasury part of developments**

Key issues:

- Investment strategy income and expenditure separated from General Fund and HRA and now has no budget allocated as needs to cover costs with no Council funding.
- Interest payable is netted off against capitalised interest. Interest from internal borrowing for commercial schemes now removed and is reported as part of the IAS Investment Return.
- Lease income is currently forecast as a net nil position due to continued delays in letting PRS properties and slow sales for shared ownership schemes and is paid via Reside surpluses.
- ST borrowing allocated to commercial schemes has put pressure on the net return from commercial that gets allocated to Be First and a provision has been included.
- Interest margin on loans provides an additional return to the strategy, although this has been reduced by the poor lettings of PRS and sales of Shared Ownership.
- The net deficit from treasury management for the IAS is £1.282m and largely reflects the impact of moving the internal interest charge to the IAS reporting.
- Total IAS borrowing is £842.6m at an average cost of 2.13%. Residential average on-lending rate is 2.65%.

Investment and Acquisition Strategy Returns (P8)

Type of Income / Expense	P7 2023/24 Forecast	P7 2023/24 Budget	P7 Variance	P8 2023/24 Forecast	P8 2023/24 Budget	P8 Variance	Comments
IAS Return	**£'000**	**£'000**	£'000	**£'000**	**£'000**	£'000	
Net Commercial Income	-5,598	-1,252	-4,346	-5,598	-2,446	-3,152	Gross Rent from Commercial holdings
Asset Management Costs	177	0	177	398	0	398	Mainly Industria - reduces return to Be First
Other Costs	350	0	350	524	0	524	Legal and Security Costs
MRP	1,458	-1,154	2,482	1,458	0	1,458	Charged as assets have no firm plan for redevelopment
Muller Interest				-1,127		-1,127	To be used to cover interest costs
Total Commercial	**-3,613**	**-2,406**	**-1,337**	**-4,345**	**-2,446**	**-1,899**	
IAS Residential Income	-1,706	-2,810	1,104	0	-2,810	2,810	Forecast net surplus from Reside inc;luding PRS and SO lease income
Reside Ltd				640		640	Estimate from Reside P7
Abbey Roding				-472		-472	Estimate from Reside P7
Weavers LLP				-1,981		-1,981	Estimate from Reside P7
Regen LLP				-812		-812	Estimate from Reside P7
Regen Ltd				-1,141		-1,141	Estimate from Reside P7
Provision				1,500		1,500	Reside and Muller Surpluses
Total Residential	**-1,706**	**-2,810**	**1,104**	**-2,265**	**-2,810**	**545**	
Net IAS Position	**-5,319**	**-5,216**	**-233**	**-6,610**	**-5,256**	**-1,354**	
Net IAS & Interest Cost	**-5,187**	**-5,216**	**-101**	**-5,328**	**-5,256**	**-72**	IAS and Treasury Forecast is £207k surplus
Abbey Road Contribution	-600	-600	0	-600	-600	0	Abbey Road 2 Contribution
CR27 Lease and Leasback	-862	-862	0	-862	-862	0	Travelodge and CR27 Hotel deals - lease surplus
Leases and Reserves	-314	-314	0	-314	-314	0	Travelodge and CR27 Hotel deals - lease surplus
Total IAS	**-6,962**	**-6,991**	**-101**	**-7,104**	**-7,032**	**-72**	

Key issues:

- The interest charge on commercial has been moved and is reported as part of Treasury returns. This change improves the IAS return, but the net position remains the same.
- The strategy includes the two-hotel lease and lease back deals (CR27 and Travelodge). Both hotels have reserves that have been inflated each year but will not be inflated for 2023/24 as there is sufficient current reserves of £12.1m for both hotels.
- **Returns from Reside are currently estimates based on P7 and a provisions of £1.5m has been included until the returns have been fully analysed.**
- **Further work is required with Reside to confirm the returns are net of all costs. This is an urgent action as there is currently limited visibility over returns for 2023/24.**
- **D**ebt repayment (MRP) is allocated to the commercial portfolio and is a cost of £1.458m but this will reduce the cost of the commercial assets.
- **Commercial income is forecast before interest costs.**

Investment and Acquisition Reserves forecast 2023/24 – P8

Reserves	2022/23	2023/24
CAPITAL INVESTMENT RESERVE	3,779	**3,779**
INVESTMENT RESERVE	15,067	**15,139**
CR27 Hotel Inflation	720	**720**
Travelodge Hotel Interest	381	**381**
CR27 Reserve	5,500	**5,500**
Travelodge Reserve	5,500	**5,500**
Total Reserves	30,947	**31,019**

Key issues:

- The value of the reserves is forecast to increase from £30.95m to £31.02m.
- The IAS reserve is used to protect the IAS from significant market fluctuations, including interest rates and losses.
- Each individual scheme within the IAS has several assumptions that include some contingency and it is only as a last resort that this reserve will be required.
- However, there are pressure from losses incurred at handover, with significant delays from Private Rental lets.
- Pressures on the strategy is also from interest rate increases, with short-term borrowing increasing from near zero in 2021 to 5.25% currently. This has reduced the surplus return from commercial, but rates potentially could decrease into 2024.
- Interest rate increases and build costs have put pressure on the pipeline of schemes, with many schemes now unviable based on the current assumptions used to calculate the viability of schemes.
- The reserve is significant but is against a strategy of a billion and includes some protection against any accounting issues that may need adjustments for the four years of accounts still to be audited, but also from interest pressures, commercial losses and other investment pressures.

Minimum Revenue Provision 2023/24 – P8

Type of Income / Expense	31/10/2023 Holdings		2023/24 Forecast	2023/24 Budget	Variance
MRP	£'000		£'000	£'000	£'000
Core Council Borrowing	213,964		9,850	10,224	374
IAS Commercial	170,007		1,154	1,154	-0
Completed Reside Schemes - Community/Public Realm	5,507		0	0	0
PRS	82,897		0	0	0
Reside schemes (AUC)	435,605		14	14	0
Loans/Equity on completed schemes	179,799		0	0	0
IAS Writeoff	244		244	0	-244
HRA	343,858		0	0	0
MRP excluding PFI and Finance Leases	1,431,880		11,261	11,216	-45
Finance Leases and PFI	275,360		4,492	4,492	0
Grand Total	1,707,241		15,754	15,708	-45

Key issues:

- Minimum Revenue Provision (MRP) is a revenue cost to repay capital spend within the General Fund (it is not charged for the HRA).
- MRP is split into General Fund schemes, IAS Commercial, IAS Residential (PRS, loans and Assets under construction).
- The total spend, including leases such as the Hotel income strips, Reside Limited and PFI schemes contribute to the Council's Capital Financing Requirement (CFR), which is currently £1.7 billion. This will increase to over £2 billion as additional spend the IAS is accounted.
- MRP will increase significantly over the next few years as the IAS properties become operational and MRP is charged on the loans to Reside.
- MRP between the IAS and General Fund will be reported separately.
- A small overspend of £45k is currently being forecast but this could change to an underspend as recharges to the IAS commercial budget are confirmed.

Investment and Acquisition Assets Under Construction

Scheme Name	No. of homes	Tenure Type	Company	Practical Completion Date	Loan Value	Fixed Rate
Gascoigne East Block F1	79	Shared Ownership	BDHL	01/09/2023	£34,029,641	2.75%
Gascoigne East Block F1/F2	48	Affordable Rent	B&D Reside Weavers LLP	01/09/2023	£13,715,272	2.75%
Gascoigne East Block F2	4	London Affordable Rent	BDHL	30/10/2023	£1,932,181	2.20%
Gascoigne East Block J	*66*	London Affordable Rent	*BDHL*	11/01/2024	*£14,608,712*	*2.25%*
Gascoigne East Block J	*58*	Affordable Rent	*B&D Reside Weavers LLP*	11/01/2024	*12915764*	*2.75%*
Oxlow Lane	*22*	London Affordable Rent	*BDHL*	01/03/2024	*£9,352,184*	2.75%
Oxlow Lane	*41*	Affordable Rent	*B&D Reside Weavers LLP*	01/03/2024	*£4,534,382*	2.25%
Gascoigne West Phase 2	*122*	Affordable Rent	*B&D Reside Weavers LLP*	11/03/2024	*£36,225,408*	2.75%
Gascoigne West Phase 2	*46*	London Affordable Rent	*BDHL*	11/03/2024	*£12,295,941*	2.25%
Gascoigne West Phase 2	*60*	Target Rent	*BDHL*	11/03/2024	*£15,964,858*	2.25%
Gascoigne East Phase 3A	*102*	Affordable Rent	*B&D Reside Weavers LLP*	01/05/2024	*£29,014,154*	2.75%
Woodward Road	*1*	London Affordable Rent	*BDHL*	07/06/2024	*£455,681*	2.25%
Woodward Road	*55*	Affordable Rent	*B&D Reside Weavers LLP*	07/06/2024	*£15,006,756*	2.75%
12 Thames Road	*77*	London Affordable Rent	*BDHL*	28/06/2024	*£20,043,020*	2.25%
12 Thames Road	*79*	Affordable Rent	*B&D Reside Weavers LLP*	28/06/2024	*£18,133,463*	2.75%
Padnall Lake Phase 2	*13*	London Affordable Rent	*BDHL*	01/05/2024	*£6,037,036*	2.25%
Padnall Lake Phase 2	*57*	Affordable Rent	*B&D Reside Weavers LLP*	01/05/2024	*£13,175,955*	2.75%
Town Quay Wharf	*29*	Target Rent	*BDHL*	01/05/2025	*£4,619,827*	2.50%
Town Quay Wharf	*33*	Shared Ownership	*BDHL*	01/05/2025	*£3,644,885*	3.00%
Roxwell Road	*25*	London Affordable Rent	*BDHL*	01/07/2025	*£4,755,542*	2.25%
Roxwell Road	*62*	Affordable Rent	*B&D Reside Weavers LLP*	01/07/2025	*£13,303,341*	2.75%
Transport House	*31*	London Affordable Rent	*BDHL*	01/12/2025	*£4,872,865*	2.25%
Transport House	*47*	Affordable Rent	*B&D Reside Weavers LLP*	01/12/2025	*£8,180,634*	2.75%
Beam Park Phase 6	*62*	London Affordable Rent	*BDHL*	01/05/2026	*£16,603,970*	4.50%
Beam Park Phase 6	*265*	Affordable Rent	*B&D Reside Weavers LLP*	01/05/2026	*£53,612,591*	5.00%
Beam Park Phase 6	*134*	Shared Ownership	*BDHL*	01/05/2026	*£28,677,663*	5.00%
Beam Park Phase 6	*59*	London Living Rent	*BDHL*	01/05/2026	*£13,654,378*	5.00%
Gascoigne East Phase 3B	*90*	London Affordable Rent	*BDHL*	01/05/2026	*£20,913,031*	3.00%
Gascoigne East Phase 3B	*244*	Affordable Rent	*B&D Reside Weavers LLP*	01/06/2026	*£75,170,844*	3.50%
Homes Total	**2,011**		**Estimated Loan Total**		**£505,449,979**	

Key issues:

- The table shows schemes agreed schemes that still need to complete and are under construction.
- Loan rate is fixed but the loan value may vary based on the final outturn position for each build.
- Loans and leases will be agreed with Reside and B&D Homes.
- A total of 2,011 homes are still to be completed (excluding Trocoll House) over the next three years.
- Interest rate pressure is impacting on the IAS but mainly in commercial with most of the borrowing required already secured for schemes up to Beam Park.
- Interest rate pressure will impact returns for Shared Ownership as sales are currently slow.
- Practical completion dates do change and these reflect the current position for the completion of the first phase on any scheme.
- Gascoigne East 3b and Beam Park 6 have higher interest rates to reflect the future borrowing requirement.

Commercial Subsidiaries

Be First

- In FY23/24 budget, we have the annual target return of £10.3m which is made up of the following components:
  - **New Homes Bonus** - £1.9m forecast for the year
  - **Commercial Income** – Expected to be at least the same level as FY23/24 - £300k
  - **Dividend** – the remaining balance to be made up from dividend
    - Be First did not declare a dividend in FY22/23 which means no dividend will be received in FY23/24
    - The gap will be filled by the Muller earmarked reserve

- **BD Group**
  - No dividend expected this year
  - Significant work underway to return to breakeven position

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HRA: Period 8

The HRA is projecting **£5.052m** **overspend** at Period 8, a positive movement of **(£2.029m)**. The movement can largely be attributed to DLO reduced overtime (£268,000), Compliance works deferring to 2024/25 (£823,000), reduction in recharges (£718,000) and improvement in interest forecasts.

The primary cause of the overspend is the significant increase of the BDMS R&M Contract which has gone from a budget of £15.670m to £26.472m. **The contract was agreed after the budget was set.** Adjusting for DLO expenditure, the net impact is **£9.7m.** The voluntary MRR allocation has been released as part mitigation (£6,680m).

P7 VARIANCE	2023/24 FORECAST OUTTURN REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£'000	£'000	£'000	£'000
£2,371	SUPERVISION & MANAGEMENT	48,394	50,080	£1,686	(£685)
£6,901	REPAIRS & MAINTENANCE	24,473	30,224	£5,751	(£1,150)
£1,146	RENTS, RATES ETC	1,587	3,029	£1,442	£296
£0	INTEREST PAYABLE	11,300	11,010	(£290)	(£290)
£0	DISREPAIR PROVISION	0	500	£500	£500
£0	BAD DEBT PROVISION (BDP)	3,309	2,809	(£500)	(£500)
(£170)	CDC RECHARGE	1,102	849	(£252)	(£82)
£10,247	**TOTAL EXPENDITURE**	**90,164**	**98,501**	**£8,336**	**(£1,911)**
(£331)	DWELLING RENTS	(£90,432)	(90,812)	(£380)	(£48)
£11	NON-DWELLING RENTS	(£765)	(751)	£14	£3
£2,266	CHARGES FOR SERVICES & FACILITIES	(£26,158)	(24,082)	£2,076	(£190)
£0	INTEREST & INVESTMENT INCOME	(£400)	(583)	(£183)	(£183)
£1,945	**TOTAL INCOME**	**(£117,755)**	**(£116,228)**	**£1,527**	**(£418)**
£12,193	**NET TOTAL BEFORE CAPITAL**	**(£27,591)**	**(£17,727)**	**£9,864**	**(£2,329)**
£1,555	DEPRECIATION	19,210	20,765	£1,555	£0
(£6,680)	TRANSFER TO MAJOR REPAIR RESERVE (MRR)	6,680	0	(£6,680)	£0
(£5,126)	**CAPITAL PROGRAMME FUNDING**	**£25,891**	**£20,765**	**(£5,126)**	**£0**
£7,067	**NET TOTAL AFTER CAPITAL**	**(£1,700)**	**£3,038**	**£4,738**	**(£2,329)**
£14	TRANSFER TO HRA LEASEHOLDER RESERVE	£1,700	2,014	£314	£300
£7,080	**TRANSFER FROM/(TO) HRA RESERVE**	**(£0)**	**£5,052**	**£5,052**	**(£2,029)**

Key Drivers of the Position (Summary):

- **Supervision & Management: £1.686m** **overspend**
  BDMS Contract £3.565m relating to Management of We Fix and agency mostly offset by the removal of reside related costs from the HRA position in 2023/24 and Recharges into the HRA from the GF. The positive movement **(£685,000)** from P7 is the net impact of both My Place and HRA Fixed Recharges being revised.

- **Repairs and Maintenance: £5.751m** **overspend**
  We Fix activity is the driving cause, **BDMS Contract £7.238m** relating to service costs (materials, subcontractors, contact centre etc) and Fleet costs **£500,000** are slightly offset by **Direct Labour Organisation (DLO)** **(£1.159m)** and **Compliance** **(£831,000)** underspend**.** Positive movement as per summary paragraph.

- **Other Expenditure Lines: £899,000** **overspend**
  Rents, Rates: £1.442m - Insurance £1.058m reflects higher 2023/24 premiums on Building Insurance together with a recognition that the HRA will likely have to pay **Council Tax** for its void properties **£385,000**. This is offset in part by a reduction in the projected **CDC recharge** **(£252,000)** which was also reviewed alongside other recharges. **Interest Payable** **(£290,000)** has largely reduced due to HRA debt balances reducing slightly.

- **Income: £1.527m** **under recovery**
  Services & Facilities £2.076m is reflecting the removal of Reside income from the HRA position in 2023/24. **Dwelling Rents** is partially mitigating this **(£380,000)** due to reduced RTB sales and likely slippage in Estate Regeneration timetable. Improved **Interest Rates** means a positive outlook for cash balances **(£183,000).**

- **Capital Programme & Financing:** **(£5,126m)** **underspend**
  This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). **Depreciation** is expected to increase by **£1.555m** compared to budget and is mandatory. The **MRR** budget allocation has been released **(£6.680m)** to offer partial mitigation to the in-year overspend but capital borrowing costs could rise in future years for the HRA.

As the HRA in year position must balance at Outturn, should mitigation not be identified, then this would require funding from the HRA Reserve (£18.4m).

Risks: £2.050m + 10 unquantified risks
Opportunities: (£700,000) +1 unquantified opportunity.

Dedicated Schools Grant (DSG)

Estimated DSG forecast for 23/24 is an overspend of **£3.5m,** this is mainly due to pressures within High Needs Block. The main drivers are combination of the following factors:

- Out of borough non-maintained **fees & top-up payments**
- **Revised HN funding allocation** announced in July by DfE reduced our HN funding by **£1.1m** from £50.9m to £49.8m due to import & export adjustments and recoupment for academies.
- **One-off exceptional payment**s to schools to help alleviate the financial pressures schools are facing due to the ongoing demand and complex cases of children with SEND
- **The overspend will be funded from DSG reserves.**
- **There's no impact on the councils General Fund.**

Dedicated Schools Grant {DSG} Forecast	2023-24 Budget	2023-24 Projected Outturn	Surplus / (Deficit) Outturn March 2024
	£'000	£'000	£'000
Schools Block – ISB	188,955	188,955	0
Central Block	2,162	2,162	0
High Needs Block	49,837	53,337	(3,500)
Early Years Block	23,174	23,174	0
Total	**264,128**	**267,628**	**(3,500)**
DSG Surplus B/F			10,073
Revised DSG Reserve			**6,573**
add EY refund			264
23/24 DSG Reserve			**6,837**
Of which:			
SFFD retained		963	
Growth & Falling Fund B/F		309	
Net DSG Reserve			**5,565**

Capital Programme to P7

Strategic Function	Budget	Actuals to P7	Forecast	Forecast Variance	Change in Variance	Budget 2024/25	Budget 2025/26	Budget 2026/27
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
GF - CARE & SUPPORT	3,719	1,045	3,719	(0)	(0)	2,918	0	0
GF - INCLUSIVE GROWTH	6,373	170	5,897	(476)	4	611	0	0
GF - CIL	761	35	726	(35)	0	0	0	0
GF - TFL	2,978	458	2,523	(455)	(285)	0	0	0
GF - ICT	3,285	2,450	3,516	232	32	200	200	200
GF - COMMUNITY SOLUTIONS	6	(4)	6	(0)	(0)	0	0	0
GF - CULTURE & HERITAGE	1,118	39	524	(594)	0	294	294	0
GF - PARKS COMMISSIONING	12,925	5,068	10,921	(2,004)	(23)	0	0	0
GF - ENFORCEMENT	173	2	173	(0)	(0)	0	0	0
GF - MY PLACE	3,919	910	2,452	(1,467)	(550)	9	0	0
GF - PUBLIC REALM	8,510	3,995	5,707	(2,803)	(650)	200	0	0
GF - EDUCATION, YOUTH & CHILD	15,253	8,197	16,260	1,006	599	8,559	11,466	0
GF - SALIX	130	40	130	0	130	0	0	0
General Fund	**59,150**	**22,405**	**52,554**	**(6,596)**	**(743)**	**12,791**	**11,959**	**200**
HRA STOCK INVESTMENT	14,000	4,437	14,000	0	0	14,000	14,000	0
HRA ESTATE RENEWAL	4,000	1,498	4,000	(0)	(0)	4,400	0	0
HRA NEW BUILD SCHEMES	544	142	820	276	0	0	0	0
HRA Total	**18,544**	**6,077**	**18,820**	**276**	**0**	**18,400**	**14,000**	**0**
IAS RESIDENTIAL	242,297	126,624	242,466	169	(35,873)	115,427	50,642	0
IAS COMMERCIAL	17,450	12,620	16,443	(1,007)	(18,457)	36	0	0
Investments Total	**259,747**	**139,243**	**258,909**	**-837**	**-54,329**	**115,463**	**50,642**	**0**
Total	**337,441**	**167,725**	**330,284**	**(7,157)**	**(55,072)**	**146,654**	**76,601**	**200**

Capital programme 2023/24 (P7)

The capital programme is funded from various sources including, grants, s106, CIL (Community Infrastructure Levy), revenue resources, HRA resources and borrowing. The value of schemes in the 2023/24 programme which are funded from borrowing is £284.149m . This is a reduction of £153m in the amount of borrowing that was approved in the Budget Report to February Cabinet.

Capital Programme Monitoring P7

Forecast outturn expenditure for 2023/24 is £330.284m which results in an in-year variance of £7.157m below budget. This is a decrease in the forecast position from P6 of £55.072m (P6 showed forecast of £47.915m more than the in-year budget).

The IAS is reporting a variance against current year budget of £837k which is a significant decrease in forecast compared to P6 (which showed accelerated spend of £53.492m). The budgets will be updated in P8 to reflect an accelerated spend for Gascoigne West 2, inclusion of Gascoigne East 3b and to reflect a revised cashflow for Transport House.

The General Fund programme is reporting a forecast of £6.596m below in-year budget which is a slight decrease in the forecast spend with the P6 forecast variance of £5.853m below budget, though with some differences between service areas. The main changes in variance are due to the following:

- Education: Increased costs due to general building cost inflation and also accelerated spend compared to original budget profiling. All Education spend is funded from grants which have already been received but are profiled into future year budgets. Total expenditure will be contained within the available grant balances.
- The previous overspend forecast on Bridges and Structures was due to Choats Road culvert essential works which are now forecast to be within 24/25. This is reflected within commitments on E5.
- My Place – stock condition survey forecast revised down by £500k to reflect delays in procuring the Frizlands fuel tanks and CCTV works.

It should also be noted that highways projects have moved from My Place to Public Realm and CPZ works moved from Enforcement to Public Realm to reflect a recent restructure.

Appendices:

Directorate Detail Budget Monitoring

2023/24

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People and Resilience: Period 8

People and Resilience									
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves		
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement
Adult's Disabilities	20,056,478	19,878,126	16,850,068	23,035,495	0	0	3,157,369	3,527,882	(370,513)
Adult's Care and Support	22,025,777	23,488,264	13,500,501	27,787,655	0	0	4,299,391	4,318,956	(19,565)
Commissioning Care and Support	9,849,999	14,649,312	2,037,766	14,226,543	0	0	(422,769)	(591,487)	168,718
Public Health	(339,189)	(318,250)	(248,688)	(318,249)	0	0	1	1	0
Children's Care and Support	45,863,019	41,525,407	32,517,235	47,347,748	0	(105,766)	5,716,575	5,696,202	20,372
Education, Youth and Childcare	4,102,925	3,948,391	6,613,681	4,094,250	0	0	145,859	(0)	145,860
Early Help Service	2,876,729	3,198,355	474,931	2,516,427	0	0	(681,928)	(580,303)	(101,625)
Children's and Young People Disabilities	13,913,317	10,588,047	7,993,150	12,852,837	0	0	2,264,790	2,690,027	(425,237)
Grand Total	**118,349,054**	**116,957,652**	**79,738,645**	**131,542,706**	**0**	**(105,766)**	**14,479,288**	**15,061,278**	**(581,990)**

Overall Summary

Overall, there is an overspend of £14,479m across the whole of People and Resilience. This is a positive movement of £0.582m since last month

The positive movement in due to an increase in income for Adult Services through direct payment refunds and a change to bad debt provision, and step down of placements and a reduction in agency staffing levels within Children's Services.

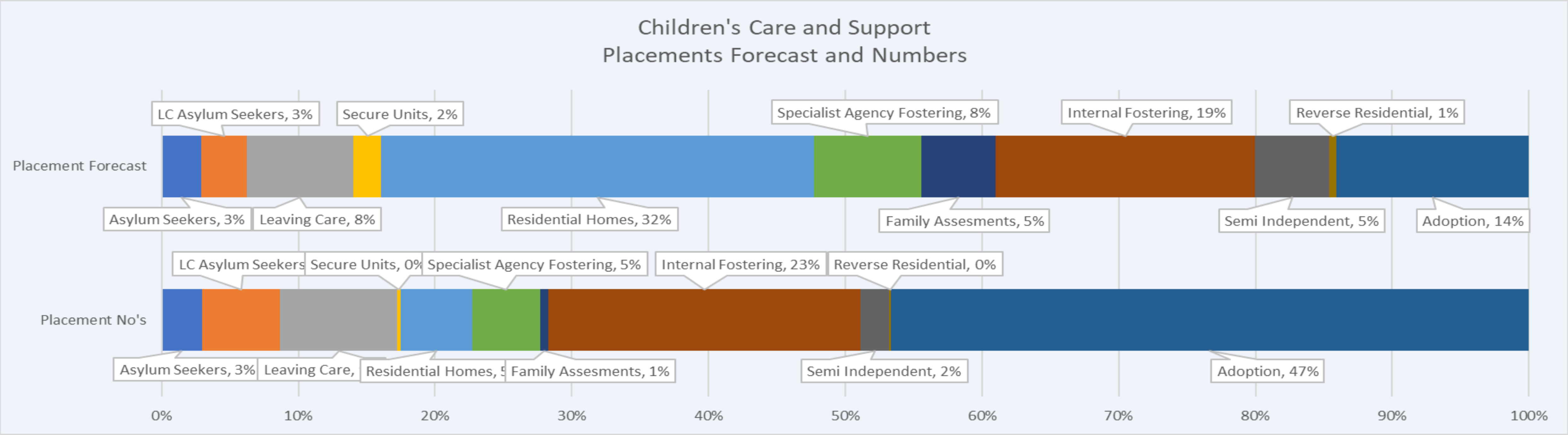
The underlying pressure is largely to the cost of implementing the council policy of London Living Wage through it's providers contracts and uplifts, which had led to a pressure of £5.6m. The service is experiencing a significant rise in the number of Education, Health and Care plans, which has resulted in an increasing overspend, and reflective of the increasing demand of Children with complex needs as showing in the disabilities budget. The impact of Young B&D is also significant, the growing number of young and younger working age population in the borough, which has seen steady increases in the number of young working age adults, predominantly with the LD and mental health service, totalling approximately 300 residents, and requiring life long care, replacing older residents with more medium and shorter term care. The clients transferring are entering Adult care at far greater cost than those clients leaving. Given the numbers, this will have long-term financial implications for the authority. It should be noted, that a significant number of those clients were not known to children's services in the borough.

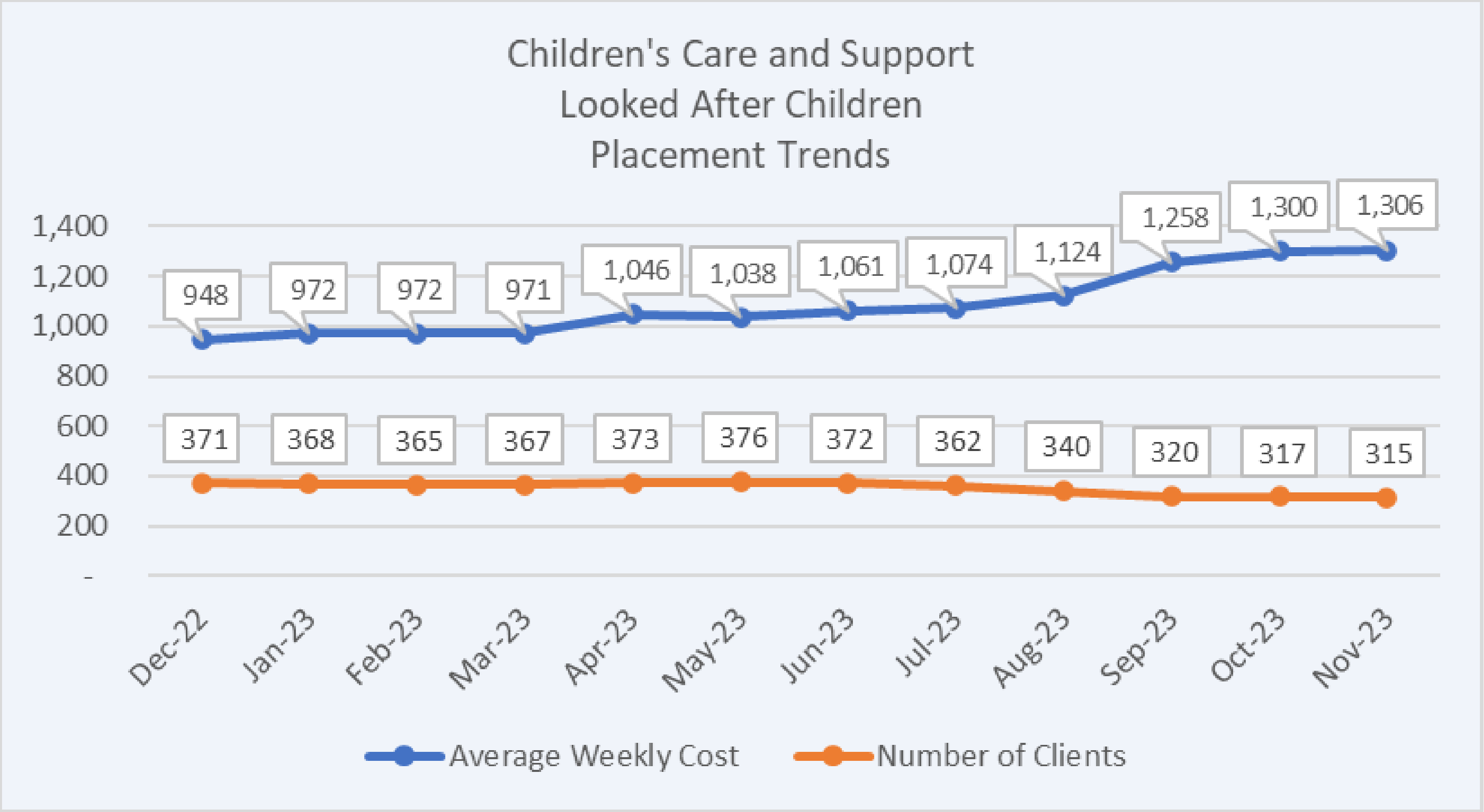
Key assumptions & Risks

Placement forecasts within Children's and Adults Services are based on actual client's full year costs as shown in the social care placements database (ContrOcc). The service intends to move towards a position where the forecast incorporates estimated future activity, which should lead to less volatility in the monthly forecast. The current estimated outturn moving to this methodology is a likely year end overspend of approximately £16m. As this is work in progress, the forecast has not yet been updated to reflect this likely increase.

A review of Adult Social Care debt identified 210 clients for whom a financial assessment had not been undertaken due to non-engagement or capability issues. £3.8m income has been forecast to be written off this financial year. It has been assumed that £2.6m of this amount can be met from the existing bad debt provision, so the revenue impact is expected to be £1.2m.

People and Resilience: Period 8 Children's Data





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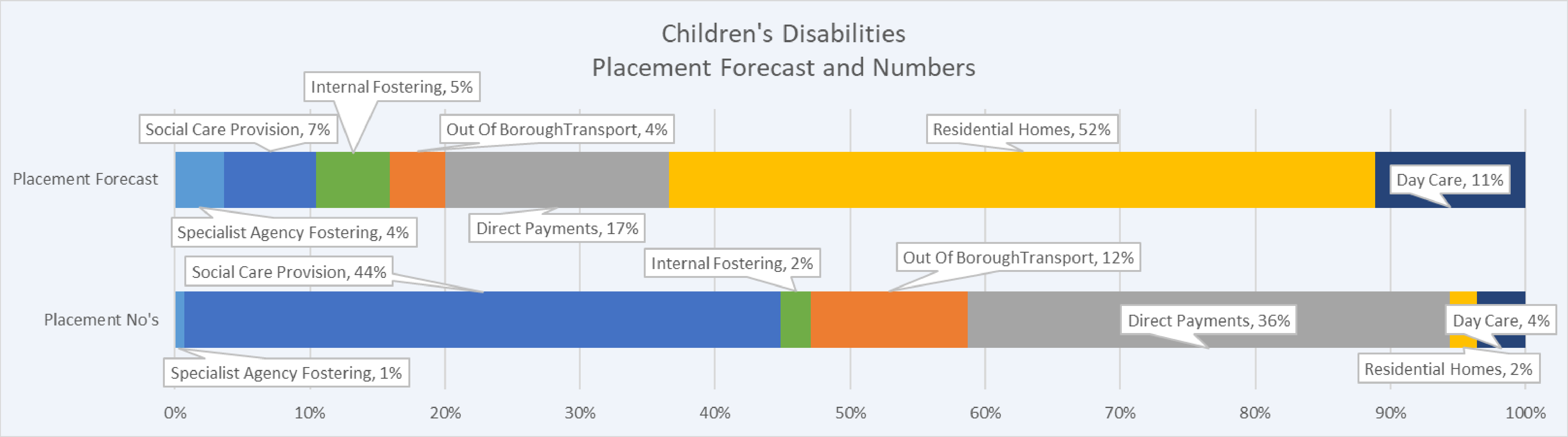
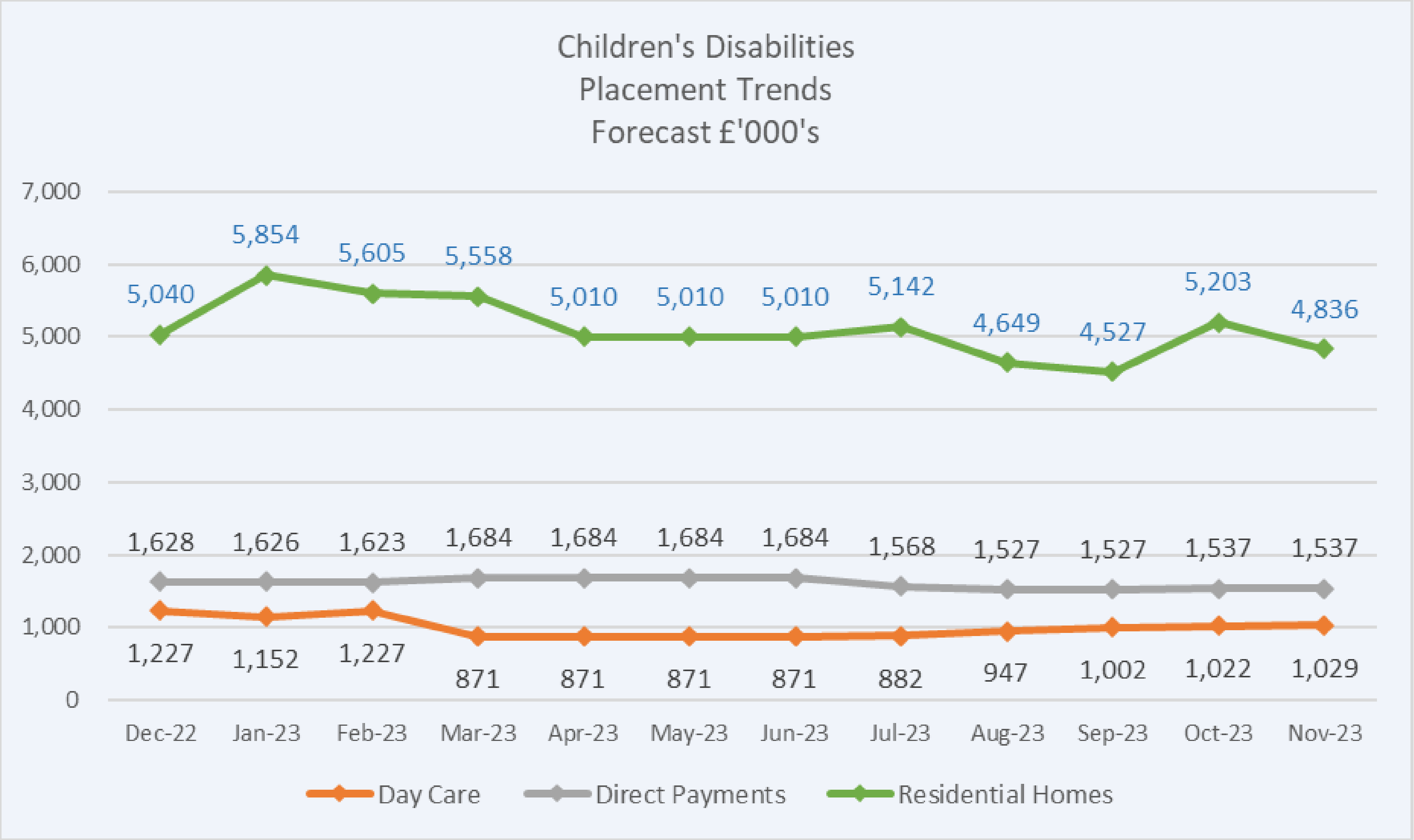
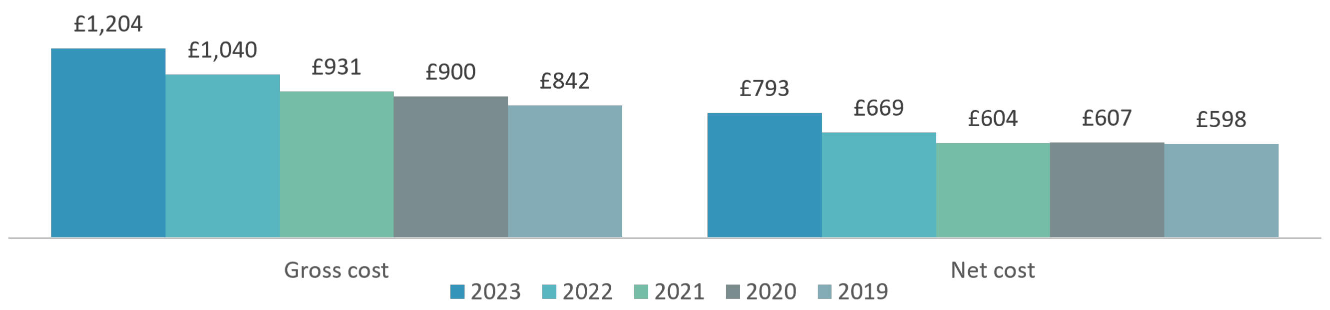




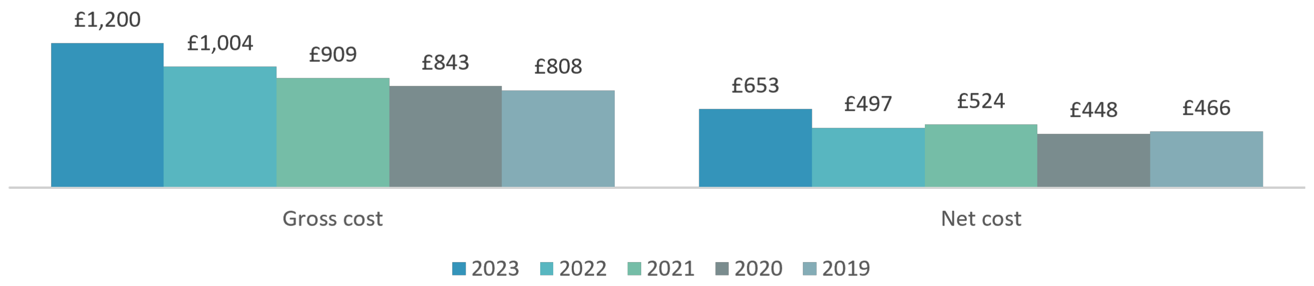
People and Resilience: Period 8 Adults Data

All Placements – Average Cost

All placements



Nursing



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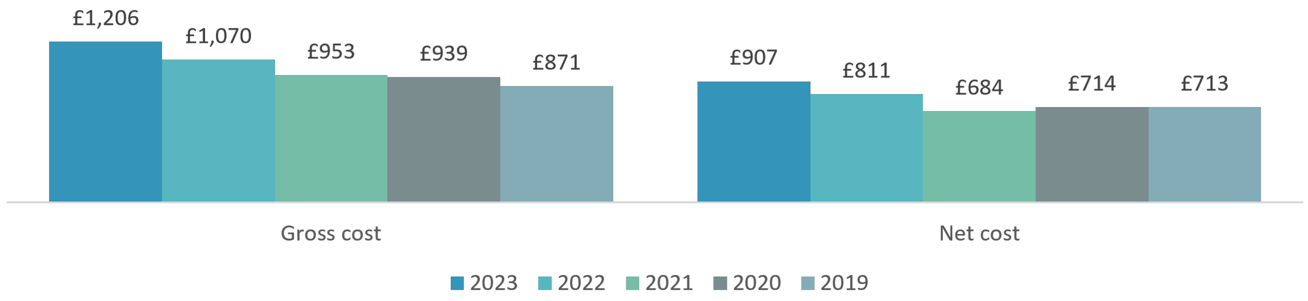
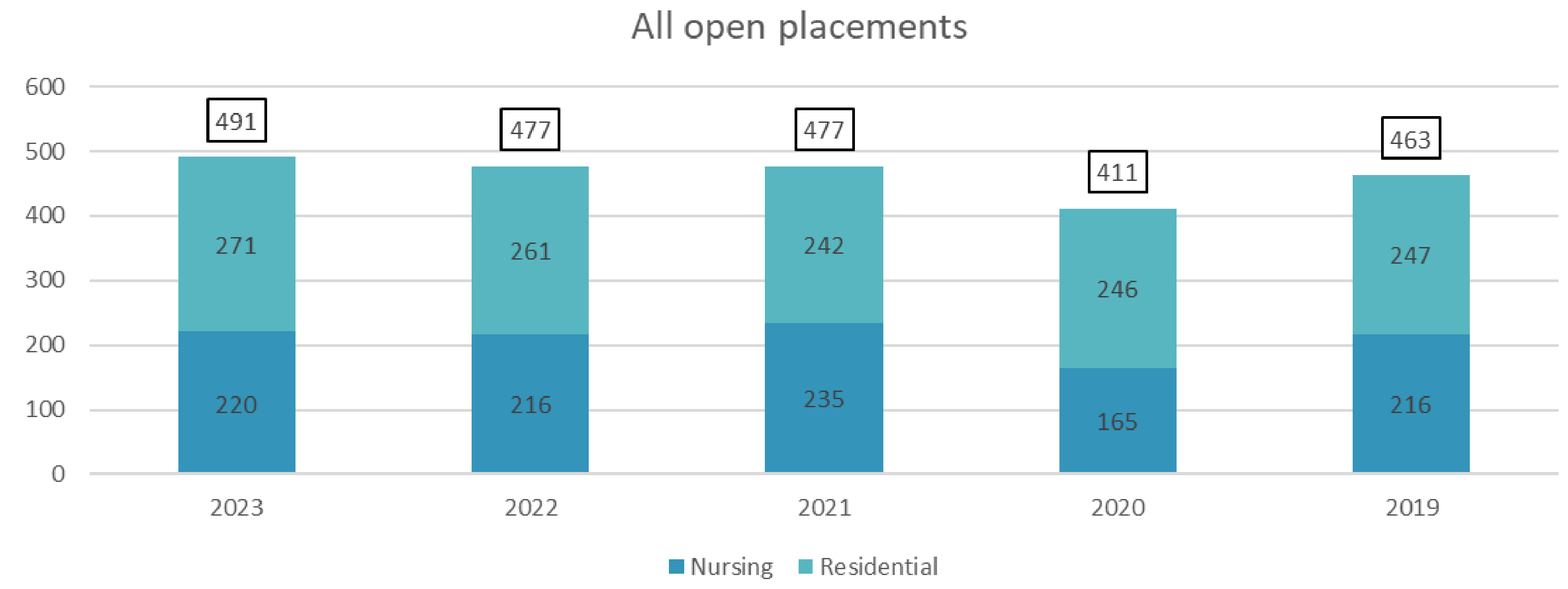
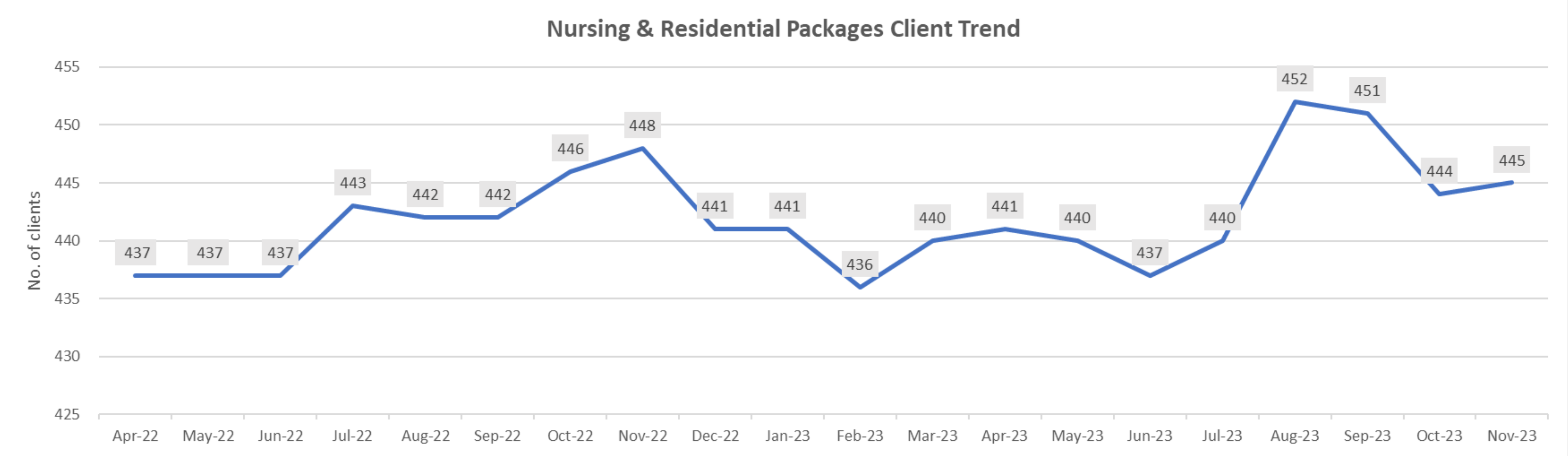
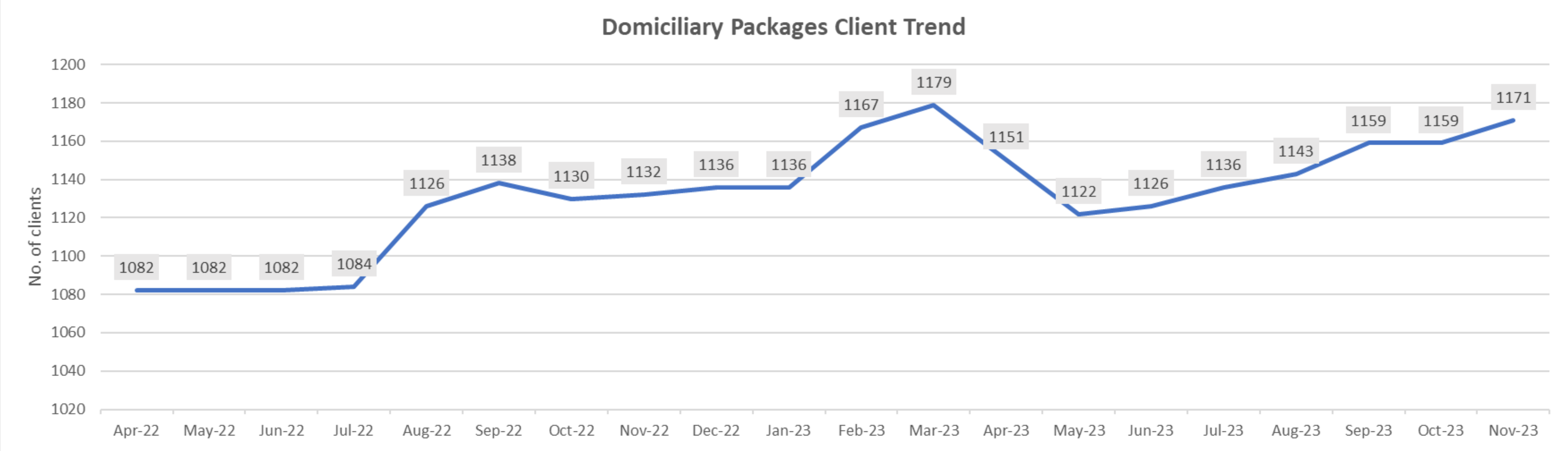
Residential

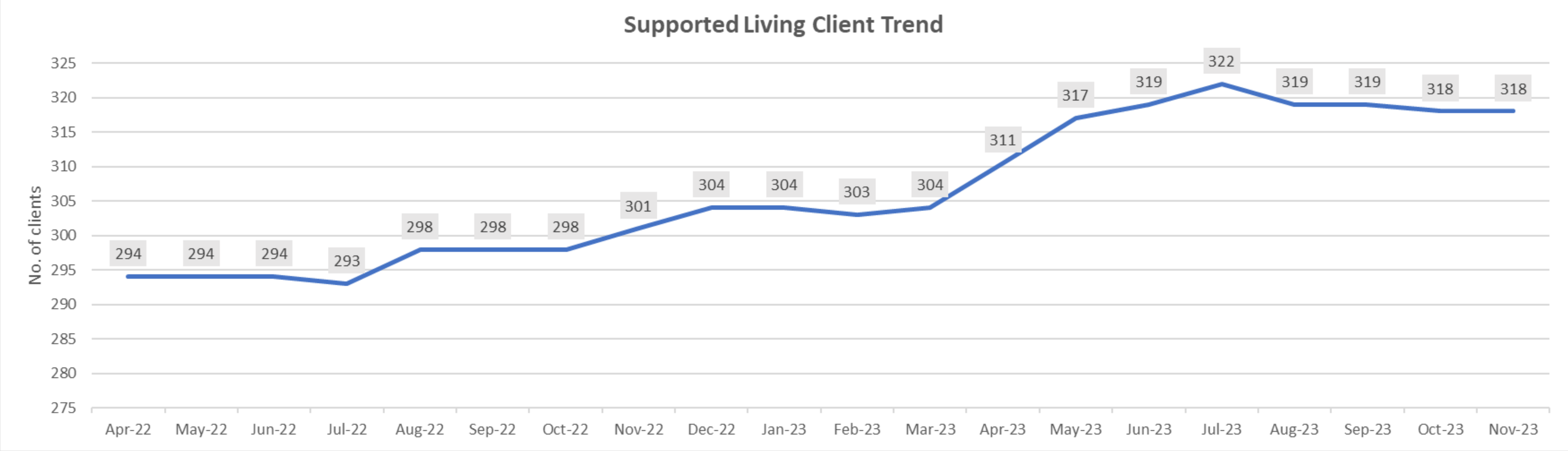


- Average gross placement prices, the market price of placements, have risen year on year. There was a 16% increase between 2022 to 2023.
- Average net costs to the council (the gross price minus contributions from others) had been relatively stable from 2019 to 2021 but increased by 11% between 2021 and 2022 and has further increased by 18.5% in 2023.
- Gross cost of a residential care placement is approximately £6 more than a nursing placement but costs the council £254 more (higher net cost).
- Net cost of average nursing care is nearly half that of the gross cost due to high rate of contributions for this placement type, which reduces cost to the council. Overall nursing placements have higher rates of client contributions and other contributions and greater proportion of full cost clients.









People and Resilience: Period 8 – Adults with Disabilities

Adult's Disabilities										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(3,445,678)	(3,337,300)	(2,419,830)	(5,044,440)	0	0	(1,707,140)	(1,208,841)	(498,299)	1
Staffing	1,913,592	2,998,618	1,562,945	2,397,305	0	0	(601,313)	(601,313)	(0)	2
Agency	468,468	0	204,176	414,829	0	0	414,829	414,829	0	
Premises	73,874	31,600	30,331	120,117	0	0	88,517	88,517	0	
Transport	5,781	22,600	10,357	7,301	0	0	(15,299)	(15,299)	0	
Supplies & Services	116,672	328,800	26,017	103,713	0	0	(225,087)	(120,652)	(104,435)	
Third Party Payments	20,923,769	19,833,808	17,436,073	25,036,670	0	0	5,202,862	4,970,641	232,221	3
Grand Total	**20,056,478**	**19,878,126**	**16,850,068**	**23,035,495**	**0**	**0**	**3,157,369**	**3,527,882**	**(370,513)**	

1. **Income - Variance (£1.7m), Movement (£0.5m)**

   The variance is largely due to the receipt of and £1.1m additional Market Sustainability and Improvement fund from central government to support the workforce and inflationary pressures incurred by providers, £0.186m from ICB Discharge fund and Client's contribution improvement.

   The movement is £0.150m improvement in Direct payment refund, £0.104m provision for bad debt improvement and £0.244m client contribution invoice cancellation movement.

2. **Staffing and Agency- Variance (£0.6m), Movement £0.0m**

   Whilst the variance is not material, it should be noted that there are vacant social workers posts, which recruitment is underway.

3. **Third Party Payments- Variance £5.2m, Movement £0.2m**

   Variance is made up of an uplift of £2.9m (16.17%) which was applied to all disability placements in 23-24 and £2.2m historical pressures from prior year 22-23. Market Sustainability Grant, £1.1m was applied to mitigate some of the pressure. Additionally, cheaper placements are ending and being replaced with comparatively expensive ones.

   Movements is attributable to £0.160m increase in transitional case and £0.068m in Supported Living

People and Resilience: Period 8 – Adults Care & Support

Adult's Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(45,031,421)	(42,649,757)	(33,227,784)	(44,676,852)	0	0	(2,027,095)	(1,058,002)	(969,093)	1
Staffing	8,665,541	10,887,963	6,047,317	9,030,805	0	0	(1,857,158)	(2,257,179)	400,021	2
Agency	696,896	0	731,637	1,625,217	0	0	1,625,217	1,625,217	(0)	
Premises	225,553	110,580	183,679	189,967	0	0	79,387	79,387	0	
Transport	48,628	36,100	35,475	46,404	0	0	10,304	10,304	0	
Supplies & Services	2,982,059	601,403	(504,846)	(119,715)	0	0	(721,118)	(732,450)	11,332	3
Third Party Payments	54,438,521	54,501,975	40,235,023	61,691,829	0	0	7,189,854	6,651,679	538,175	4
Grand Total	**22,025,777**	**23,488,264**	**13,500,501**	**27,787,655**	**0**	**0**	**4,299,391**	**4,318,956**	**(19,565)**	

N.B. The last period variance shown above does not reflect what was reported at P7, the below comments reflect the movement based on the reported P7 position.

1. **Income - Variance (£2.0m), Movement (£0.073m)**

   The variance is due to receipt of additional Discharge Funding of £1.6m, £0.264m Market Sustainability Improvement and £0.328m Kallar Lodge uplift in income.

   The movement is due to £0.074m of clients previously being assessed as responsible for the cost of their care. This decision has now been reversed by the Financial Assessment Team.

2. **Staffing an Agency- Variance (£0.2m), Movement (£0.015m)**

   Variance is attributable to some CQC inspection ready growth positions not yet recruit to.

3. **Supplies and Service – Variance (£0.7m), Movement (£0.074m)**

   This variance is due to the allocation of £0.420m better Care Fund and in year bad debt provision improvement.

4. **Third Party Payments- Variance (£7.2m), Movement (£0.098)**

   Variance is largely attributable to the 16.17% uplift across all care types, which has caused an increased cost of £5.6m and the ongoing pressure of £2.9m in Mental Health, which overall has been part mitigated by the growth allocation of £3m. Additionally, cheaper placements are ending and being replaced with comparatively expensive ones.

People and Resilience: Period 8
– Commissioning Care & Support

Commissioning Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Period Movement	£250k deminimus
Income	(13,578,742)	(11,423,670)	(11,569,224)	(12,819,368)	0	0	(1,395,698)	(1,395,698)	0	1
Staffing	6,206,405	7,772,221	4,354,292	6,746,324	0	0	(1,025,897)	(1,121,122)	95,225	2
Agency	1,787,606	0	1,817,203	2,472,039	0	0	2,472,039	2,326,494	145,545	
Premises	2,678	0	4,267	0	0	0	0	0	0	
Transport	10,447	11,600	6,151	5,079	0	0	(6,521)	(7,205)	684	
Supplies & Services	198,750	1,702,027	(55,589)	1,507,382	0	0	(194,645)	(122,512)	(72,133)	3
Third Party Payments	15,222,854	16,587,134	7,480,666	16,315,088	0	0	(272,046)	(271,444)	(602)	4
Grand Total	**9,849,999**	**14,649,312**	**2,037,766**	**14,226,543**	**0**	**0**	**(422,769)**	**(591,487)**	**168,718**	

1. **Income – Variance (£1.4m), Movement £0.0m**

   This variance is largely due to additional grant income from Supporting Families Grant and Public Health grant reserve.

2. **Staffing and Agency – Variance £1.4m, Movement £0.2m**

   This is due to service agency staff costs mainly for Early Help and Start for Life projects. The service has vacancies filled by agency staff, due to delays in recruiting to vacant posts. Movement is due to reviews of some agency contract end dates.

3. **Supplies and Services – Variance (£0.2m), Movement (£0.1m)**

   This variance is due to underspend meant to fund agency staff costs. This will be re-aligned into the staffing budget.

4. **Third Party Payments – Variance (£0.3m), Movement £0.0m**

   The variance is due to savings from renewal of a major contract.

People and Resilience: Period 8
– Public Health Grant

Public Health										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(19,381,114)	(18,367,693)	(14,186,876)	(18,367,243)	0	0	450	450	0	
Staffing	737,863	1,209,740	615,218	1,229,959	0	0	20,219	20,219	0	
Agency	425,327	0	349,541	337,760	0	0	337,760	337,760	0	
Premises	73	0	0	0	0	0	0	0	0	
Transport	216	0	495	0	0	0	0	0	0	
Supplies & Services	603,868	13,781,953	134,958	6,054,102	0	0	(7,727,851)	(7,727,851)	0	
Third Party Payments	4,001,161	2,994,750	904,039	2,756,750	0	0	(238,000)	(238,000)	0	
Recharges	13,273,418	63,000	11,933,938	7,670,423	0	0	7,607,423	7,607,423	0	
Grand Total	**(339,189)**	**(318,250)**	**(248,688)**	**(318,249)**	**0**	**0**	**1**	**1**	**0**	**1**

- Public Health (PH) is grant funded by Office for Health Improvement and Disparities (OHID), forecast includes reserve movement resulting in a net nil overall variance.

- Even though PH is reporting a breakeven, the Senior Procurement and Contracts Manager has identified a potential underspend of £0.550m and is looking at re-prioritising budgets towards services permitted within the terms of the grant.

- It should be noted that the service has £3.94m in reserves, which has been raised as a concern by OHID. A 3-year business plan has been developed and the expenditure against allocations is being closely monitored.

- The service will continue to review allocations for levels of spend, with the objective of re-prioritising where underspends are identified.

People and Resilience: Period 8 – Children with Disabilities

Children's and Young People Disabilities										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(902,139)	(757,600)	(564,088)	(1,429,938)	0	0	(672,338)	(672,338)	0	1
Staffing	939,002	1,621,081	1,122,277	1,260,087	0	0	(360,994)	(386,569)	25,575	2
Agency	1,088,694	0	213,949	414,997	0	0	414,997	425,630	(10,633)	
Premises	12,307	50,000	13,016	12,558	0	0	(37,442)	(17,443)	(19,999)	
Transport	2,167,617	1,498,988	1,300,641	2,508,624	0	0	1,009,636	1,009,636	0	3
Supplies & Services	1,329,250	510,860	161,763	634,283	0	0	123,423	189,151	(65,728)	
Third Party Payments	9,278,586	7,664,718	5,745,592	9,452,226	0	0	1,787,508	2,141,960	(354,452)	4
Grand Total	**13,913,317**	**10,588,047**	**7,993,150**	**12,852,837**	**0**	**0**	**2,264,790**	**2,690,027**	**(425,237)**	

1. Income – Variance (£0.7m), Movement (£0.0m)

Variance is due to an expected DP clawback not previously forecast, figures are yet to be verified by finance.

2. Staffing and Agency – Variance £0.0m, Movement £0.0m

We are currently expected to come in on budget for staffing costs.

3. Transport – Variance £1.0m, Movement £0m

The variance for this service is driven by the demand for transport services. Although we have seen an increase in transport requests we have been able to accommodate those within existing services with no additional cost.

4. Third Party Payments – Variance £1.8m, Movement (£0.4m)

The variance of £1.8m is pressure from residential placements, demand led service currently with 19 clients at an average cost of £0.3m per annum. Movement was due to step of down of placements for a couple of children.

People and Resilience: Period 8 – Childrens Care & Support

Children's Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(6,625,992)	(5,258,300)	(2,647,919)	(6,348,912)	0	0	(1,090,612)	(749,612)	(341,000)	1
Staffing	16,535,939	20,034,874	11,167,755	16,213,098	0	(105,766)	(3,927,543)	(3,804,074)	(123,469)	2
Agency	4,199,453	522,000	3,085,965	3,848,058	0	0	3,326,058	3,640,347	(314,289)	
Premises	223,932	239,700	21,806	181,100	0	0	(58,600)	(58,600)	0	
Transport	274,443	286,900	177,418	225,001	0	0	(61,899)	(66,099)	4,200	
Supplies & Services	2,605,859	1,771,530	883,200	2,716,033	0	0	944,503	367,503	577,000	3
Third Party Payments	28,649,385	23,928,703	19,829,010	30,513,370	0	0	6,584,667	6,366,737	217,930	4
Grand Total	**45,863,019**	**41,525,407**	**32,517,235**	**47,347,748**	**0**	**(105,766)**	**5,716,575**	**5,696,202**	**20,372**	

Income – Variance (£1.1m), Movement (£0.3m)

This variance is due to additional income from Trading Standards, Youth Justice Board, Public Health, and HM Prisons and Probation, the movement this month is due to additional funding being secured from DfE and Public Health.

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Staffing and Agency – Variance (£0.6m), Movement (£0.4m)

This variance is due to the service carrying 60fte vacancies, currently covered by 49.6fte agency staff, along with an underspend on recruitment budget which had been used for overseas recruitment last year.

The movement is due to a reduction in the number of agency staff overall, and an increase to permanent staff.

Currently Public Health have agreed to provide funding of circa £0.4m to cover staffing costs for PAUSE and other roles within the service. With additional income from Health, MoJ, and other bodies funding a number of other roles within the service.

Supplies and Services – Variance £0.9m, Movement £0.6m

This variance is being driven by legal costs for cases being presented at court.

The movement reflects the reduced recharge for legal advocacy work over and above the standard corporate legal recharge.

A contingency fund of £0.5m was added to cover costs for children we expect to be placed in care before the end of the year, with placements for them currently being sourced.

Third Party Payments – Variance £6.6m, Movement £0.2m

- Looked After Children – Variance is driven by number of residential placements, currently 38 active clients, with 3 placements in excess of £10k per week.
- Non-Looked After Children – Variance and movement relatively small, reflecting minor changes to rates/placements
- Other – Variance is due to high-cost placements within the safeguarding service.

	Clients	Budget £'000	Forecast £'000	Variance £'000	Movement £'000
LAC	315	15,512	21,442	5,930	(52)
Non LAC	491	7,252	7,209	(43)	(11)
Other	-	1,165	1,862	697	280
Total	**806**	**23,929**	**30,513**	**6,585**	**218**

People and Resilience: Period 8 – Early Help

Early Help Service										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(1,909,529)	(1,462,330)	(2,068,333)	(1,412,333)	0	0	49,997	49,997	0	
Staffing	2,741,402	4,545,660	2,447,803	3,781,244	0	0	(764,416)	(662,792)	(101,624)	1
Agency	1,056,302	0	65,050	32,491	0	0	32,491	32,492	(1)	
Premises	0	0	0	0	0	0	0	0	0	
Transport	6,848	0	7,926	0	0	0	0	0	0	
Supplies & Services	965,301	0	22,485	0	0	0	0	0	0	
Third Party Payments	16,405	115,025	0	115,025	0	0	0	0	0	
Grand Total	**2,876,729**	**3,198,355**	**474,931**	**2,516,427**	**0**	**0**	**(681,928)**	**(580,303)**	**(101,625)**	

1. **Staffing and Agency – Variance (£0.6m), Movement (£0.1m)**

   This is due to the services inability to fill all vacancies, partly due to recruitment freeze. The movement is due to review of start dates for vacant positions and postponing them to later dates.

Corporate Management: Period 8

Forecast Position: £3.7m (Overspend £0.9m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CORPORATE MANAGEMENT	**2,619,356**	**2,619,356**		**2,301,272**	**3,712,383**		**(161,574)**	**931,453**	**685,586**
STRATEGIC LEADERSHIP	425,369	425,369		362,262	513,024		(99,360)	(11,705)	(52,303)
FINANCE	13,516,100	13,516,100		12,297,394	13,589,927		(62,214)	11,613	(219,710)
WORKFORCE CHANGE / HR	1,917,111	1,917,111		2,922,070	2,800,156			883,045	909,100
LEADERS OFFICE	271,251	271,251		230,020	319,750			48,499	48,499
TECHNICAL - CORP MGMT	(13,510,475)	(13,510,475)		(13,510,475)	(13,510,475)				

Key Drivers of the Position:

There is a forecast overspend of £0.9m in Corporate Management, an adverse movement of £246k from P7 primarily due to 2023/24 Audit fees being higher than originally forecasted and Fidelity Insurance premium recharge. As a structural change, the Accounts payable and Procurement Services have been lifted and shifted from Inclusive Growth to Finance in P8.

- **Strategic Leadership (Chief Executive)** is forecast to underspend by (£11,705) due to holding a vacancy offset by PA agency costs. The PA budgets are awaiting to be moved, which will net off the agency spend.

- **Finance (inc. IT)** is forecast to underspend by (£6,349).

IT is reporting an underspend of (£1.3m), a favourable movement of (£222,300) from P7 attributable to holding vacancies.

- (£1.38m) most of the overall IT variance is projected on IT Staff and Agency. The underspend could decrease depending on IT business as usual work requiring interim expertise to cover the shortfall in resource.

- (£63,700) forecast overachievement is on external recharges for entity telephone and IT service charges. Further work is underway to agree the recharge position for the financial year reliant on finalising service level agreements with the entities which may alter the projected position.

- £175,500 forecast overspend on IT Projects where the income target needs to be reduced to reflect a lower value of project work.

The underspend in IT is offset by a net £1.3m overspend in other **Finance** areas where we see an adverse movement of £415,000 from P7. The change is due to 23/24 scale fees were recently published and increased Fidelity Insurance recharge budget pressures.

Corporate Management: Period 8

Forecast Position: £3.7m (Overspend £0.9m)

Key Drivers of the Position: Continued:

- Procurement – £45,303 overspend –Procurement remains affected by an increased £145,000 HRA income shortfall contributing to the increased overspend.
- Accounts Payable – (£20,000) underspend – an improvement of (£24,800) from P7 due to an agency staff being appointed into a permanent role.
- Workforce Change/HR is forecast to be overspent by c£883k, a favourable movement of £26k from P7 due to the decrease in staff related costs, there has been no change in Leader's Office position from P7. Therefore, Workforce Change/HR and Leaders Office are expected to overspend by c£932k. Within the HR department, re-evaluation of the Housing Revenue Account (HRA) recharge has led to an income deficit of £437k. This change, along with ongoing challenges, has made it impractical for HR to meet the originally projected savings of £577k in the 2023/24 financial year. The delays in implementing the ERP system and the Self-Service Manager model are contributing factors to this setback. Furthermore, the Leader's Office is grappling with a historical budget pressure of £50k.
- The 161,574 transfer from reserves covers a £99,300 drawdown from Invest to Save reserves to fund a diagnostic social care service review and £62,200 IT Cyber Security grant brought forward

Corporate Management: Period 8 Risk and Opportunities

HR and Leaders Office

- HR income levels need to be meet in order to deliver against the forecast
- Further delays in implementing the Self-Service Manager model will delay the MTFS savings.

HR and Leaders Office

- Vacate Porters Avenue will reduce the forecast overspend by £100k
- Explore options around outsourcing Occupational Health

Central Expenses: Period 8

Forecast Position: £46.8m (Underspend £0.4m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CENTRAL EXPENSES	**47,238,094**	**47,301,094**	**(63,000)**	**13,202,736**	**46,836,223**			**(401,872)**	**(1,513,555)**
CORPORATE MANAGEMENT	(641,000)	(641,000)			(860,323)			(219,323)	(219,323)
GENERAL FINANCE	47,736,984	47,799,984	(63,000)	9,191,495	47,633,431			(103,553)	(1,393,882)
HOUSING BENEFIT SUBSIDY	142,110	142,110		4,011,241	63,115			(78,995)	99,650

Key Drivers of the Position:

- Corporate Management – Recalculation of the HRA recharges has had a positive movement against budget.
- There is a slight underspend in General Finance as a result of separating the General Fund and IAS borrowing costs. The key driver for the slight underspend is slightly lower interest cost compared to budget.
- There is £79k underspend on HB Overpayment Recovery and Subsidy due to overpayment reclaims.

Law and Governance: Period 8

Forecast Position: Underspend of c£0.4m after transfer of c£1.4m PRPL income to reserve.

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
LAW AND GOVERNANCE	**6,531,051**	**6,531,051**		**2,707,621**	**4,734,744**	**1,406,000**	**(30,000)**	**(420,307)**	**(399,997)**
LEGAL	3,628,084	3,628,084		3,591,941	3,540,421		(30,000)	(117,663)	(144,523)
ENFORCEMENT	2,902,967	2,902,967		(884,320)	1,194,323	1,406,000		(302,644)	(255,474)

Key Drivers of the Position (Summary):

There was a favourable movement of c£47k within Enforcement from P7 was due to reduction in forecasted spend, however Legal had an adverse movement of c£27k from that reported in P7.

LEGAL

Legal and Democratic services are reporting an underspend of c£117k, an adverse movement of c£27k from P7. This is primarily due to a virement within Democratic Services for c£18k for Mobile Canvass App and the Employer Liability Insurance within Legal being higher than forecasted.

It is worth noting Legal are forecasting an overspend of c£42k, this overspend is primarily due to the recalculation of the HRA recharge, resulting in an income shortfall of c£180k within Legal.

In summary, while Legal and Democratic Services have experienced a favourable financial outcome due to the conversion of agency staff and staff resignations, Legal's overspend is partially offset by the ongoing vacancies in both departments.

ENFORCEMENT

The Enforcement P8 outturn position reflects an underspend of c£303k following the transfer of around £1.4m in PRPL income to reserves. The favourable outturn position is due to the freeze in recruitment to vacant positions. Currently, there are 59 vacant positions within Enforcement, with 29 of them being temporarily filled by agency staff.

The Private Sector Property Licensing (PRPL) scheme income target will be met and a transfer of c£1.4m to reserve for future years.

Law and Enforcement: Period 7 Risk and Opportunities

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

- The Barking Market - there is no budget provision for Security in the Market c£45k. Traders Parking is now covered by the Markets Team which has created a budget gap of £24k. The Waste Collection SLA is currently being agreed which is likely to cause a further gap of c£80k.
- Discussion are being held re: Street Cleaning in Barking Market. Public Realm are proposing to charge the cost of £360k to the Markets which is not reflected in the forecast.
- The potential end of the SLA with Thurrock Council would mean a net decrease in Legal's income of c£80k. The current value of the contract with Thurrock Council is £320k, the cost to deliver the council is c£240k (5 FTE's). This will not impact this financial year as there is a notice period of 6 months.

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

Strategy: Period 8

Forecast Position: £9.6m (Underspend of £0.5m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
STRATEGY	**9,755,640**	**9,755,640**		**6,808,842**	**9,601,275**	**0**	**(363,662)**	**(518,027)**	**(326,687)**
STRATEGY & INSIGHT	8,392,400	8,392,400		5,720,947	8,120,136	0	(351,662)	(623,926)	(480,541)
COMMUNICATIONS	1,363,240	1,363,240		1,087,895	1,481,139	0	(12,000)	105,899	153,854

Key Drivers of the Position:

The Strategy directorate is forecast to underspend by £518,000 at the end of Period 8 an improvement of (£191,340).

Strategy & Insight – Forecast Position (623,926) underspend, a (£143,386) positive shift from P7 attributable to Customer Contact mobility service.

Insight and Innovation:

- **The Advertising contract** is expected to exceed the income target by (£50,400) based on historical revenue information. Nonetheless, the excess income is variable and subject to change based on economic conditions.
- **Insight hub** is also forecast to underspend by (£137,300) attributable to (£179,000) salaries underspend from vacancies.

Strategy: The following 3 cost centres (PMO, Corporate Strategy Team and Director of Strategy) net result will be a balanced budget.

- **The PMO** main contributing factor to the £32,231 overspend, is the removal of the HRA income (the net result of which is a shortfall of £116,643).
- **The Corporate Strategy team** is forecast to underspend by (£143,923). However, this underspend is needed to directly support the overspend in PMO.
- **Director of Strategy** is forecasting an underspend of (£11,159) due to a recruitment gap into the Strategy Director post.

Customer Contact:

- **Customer Contact**: With a budget of £6,368m has a forecast underspend of (£313,338) mainly due to delayed recruitment of vacant roles. The Improved variance of (£138,432) from P7 is attributable to Mobility Service - reduced take-up (£141k) (still not at pre-pandemic level). Customer Services Leaver (£16k). Internal market for chargeable work diminishing, adding a new pressure of £20k.

Forecast Position: £9.6m (Underspend of £0.5m)

Key Drivers of the Position: (Continued)

Communications (Campaigns and Events) – Forecast Position: £105,899 overspend, a (£48,000) favourable movement from the P7 mainly due to an adjustment to the Bad debt provision and increase in actual income. The HRA income shortfall of £112,000 is the main contributing factor to the overspend.

- **Community Events** are forecast to underspend by (£62,200) a positive shift in the variance from P7 due to an adjusted bad debt provision and increased income. The overall underspend due to scaling back the WEM and BMAC events (21,000), and reduced salaries costs from secondments terminating early (£26,000).

- **Civic Events** are reflecting £25,900 over budget due to overspend on salaries by £14,000 and £15,000 on overtime offset by a small reduction in the cost of events.

- **Marketing & Communications** is forecast to overspend by £142,200 owing to £112,500 reduced HRA income and £17,000 of cancelled duplicate invoices in relation to previous years. The favourable shift from P7 of (£17,800) is primarily due to reductions in expenditure forecast.

The £363,662 transfer from Reserves represents a drawdown of £50,000 from the Supporting Families grant for the One View programme, £19k towards the salaries cost of the WRES post in the Director of Strategy service, £282,662 for Customer Experience Team Growth bid and £12k towards Women Empowerment event.

Strategy: Period 8 Mitigations Table

Forecast Position: Forecast £9.6m (underspend of £0.5m)

Service	Pressure	RAG/ Mitigation Amount	In Year Mitigation Comment
PMO	32,231		Pressure relates to £116,643 HRA shortfall, mitigated by managed underspend in Corporate Strategy Team
Civic Events	25,925		Mitigation : Purchase cards spend - Team are working hard to keep spends to an absolute minimum. Members Allowance- A spending cap has been introduced on the engagements that the Mayor and her guests attend to ensure budget is not exceeded to gather different quotes and choose the cheapest option for all events to ensure value for money. The Mayors Fundraising events - now solely funded from the Mayors Charity Account from which overtime for these events will be funded
Marketing & Communication	142,191		The Pressure largely due to HRA income shortfall of £112,491
Customer Services	418,266		The Pressure due to HRA Fixed Recharge income shortfall of £434,728, offset by other underspends within Customer Contact
Registrars	32,431		Pressure is due to building maintenance costs of a Grade 2 listed building, offset by other underspends within Customer Contact
Other underspends	(1,169,071)		
Total	**(518,027)**		

Strategy Period 8 Risks and Opportunities

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

- Customer Experience generate income providing digital services to departments within LBBD. The current target of £60k may fall short due to council wide budget freeze.

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

- Income from Digital Advertising is an area of opportunity. There is potential for new units to generate additional income of around £15k per annum. This is less than previous estimates which have been affected by the recent economic downturn. Despite this, negotiations are in progress with providers to establish the best possible position for the council. If we cannot achieve a good deal we may decide to wait a year before going to market again. This would delay the income stream. The service is currently in discussions with procurement, finance and external advisers to decide the best route.

Inclusive Growth: Period 8

Forecast Position: £2.7m (Underspend of £10k)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
INCLUSIVE GROWTH	**1,078,456**	**1,078,456**		**1,962,931**	**2,713,573**	**145,898**	**(1,791,636)**	**(10,621)**	**123,658**
COMMERCIAL	(1,366,836)	(1,366,836)		(701,263)	(1,714,728)	145,898	0	(201,994)	(7,934)
INCLUSIVE GROWTH	2,445,292	2,445,292		2,664,194	4,428,301	0	(1,791,636)	191,373	131,592

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to underspend **by (£10,621)** at the end of Period 8, an improvement of (£134,279) from P7 mainly due to the insurance recharge to Tenants for CR27 and a lift and shift of Procurement and Accounts Payable services from Commercial to Finance. The main budget pressure in Inclusive Growth is the 23/24 one- off (£500,000) MTFS Soil importation income target and (£133,000) commercialisation income target, both unachievable in 23/24 and in future years. As a result, the £133K Income Target is being deleted from financial year 24/25.

Commercial Services – Forecast an underspend of (£201,994) an improvement of (£194,060)

- **The Core Commercial Team** is projecting a **(£128,500)** underspend**,** attributable to senior management role becoming vacant in December and a vacancy.
- **The CR27** Investment is forecasting a **(£66,900) income overachievement** a favourable movement of (£113,700) relating to an estimated Insurance Recharge to Tenants. Further work is underway with our Real Estate advisors and Aviva to determine the 22/23 Financial year backdated rent increase payable, which is anticipated to favourably alter this position if the amount payable is less than expected.
- **The Isle of Dogs TL** investment is forecast to **overachieve by (£6,500).** The small movement from P7 is due to further external advice costs expected in FY 23/24.
- **Leisure** is forecasting a breakeven position after incorporating part of the £200,000 termination payment to cover re-procurement costs and historic leisure centres invoice write offs. The balance of £145,989 is to be held in reserves to cover part of the 24/25 income shortfalls. Leisure income for financial years 24/25 to 27/28 will be reduced as it is unlikely the new Leisure contract will provide the return as originally modelled in the MTFS. The forecast further assumes the 23/24 concession income of £665,575 will be received in full, with half (333k) already received.

Forecast Position: £2.7m (Underspend of £10k)

Key Drivers of the Position (continued):

Inclusive Growth – Forecast an overspend of £191,373 an increase of £59,800 from P7 mainly due the Film Office lift and shift to Inclusive Economy as well as the Adult College and Employment and Skills pay award related costs to be funded through grant.

- **Parks Commissioning** is forecasting £524,300 overspend. Parks Commissioning main cost driver is the one off £500,000 income generation target from the soil importation that cannot be achieved in year and £133,000 income generation from Parks commercialisation projects as the income is credited to the events Team. In the absence of these income targets, the service would be significantly underspending.

- **Culture and Heritage** is reflecting a £2,010 overspend from P7. The change in the variance from P7 arises from a general increase in Insurance premium recharges.

- The **Inclusive growth core teams** (Inclusive Economy, place and development, Sustainability and core IG) forecast a combined **(368,341)** underspend**,** a favourable movement of (£44,700) mainly due to spending reductions.

  The Film Office previously in commercial is now within Inclusive Economy. The service is projecting £71,145 income underachievement due to the recent Actors Strike impacting the film service to generate income from larger budget production. However, as the strike has now finished, production enquiries are increasing and the service is forecast to cover all costs. The Film Office forecast position includes a drawdown of £40,000.

- **Development Planning** is projecting a pressure of £40,600 driven by Added Years Compensatory pension payments to ex – employees. There is no existing budget allocation to cover these costs.

- **Adult College, Apprenticeships and Employment & skills** are projecting an underspend of (33,300) an adverse movement of £79,600 from P7 due pay award salaries funded through grant. The apprenticeships service alone is forecast to overspend by £159,300. Following a review of its financial sustainability, the winding down process of apprenticeship delivery has been formally initiated and may potentially increase the overspend once actual lost income and payments to providers is finalised. The overspend will be absorbed within the overall Employment & Skills underspends.

The £1.8m transfer from Reserves, represents a drawdown from Inclusive Growth and other reserves: Made in Dagenham Endowment programme (£185,300), Welfare reserve (£603,728) and (£1m) from grants brought forward.

Inclusive Growth: Period 8 Mitigations Table

Forecast Position: £2.7m (£10,621 underspend)

Service	Pressure	RAG/ Mitigation Amount	In Year Mitigation Comment
Film	71,145		Industry strikes have completed. The film service will be covering costs and still bring in a small surplus to the council although not meeting the income target. £40k Reserve Drawdown is being used to reduce the £111k overspend down to £71k
Commissioning & programmes	40,626		No planned mitigation. Pressure relates to Added Years Compensatory pension costs with no supporting budget
Employment Team **(Apprenticeships)**	159,321		Although the Employment Team service is now forecasting an underspend as a whole,the **apprenticeships service is now formally** winding down delivery to mitigate the cost pressure in the long run. The winding down process could potentially increase the overspend once actual lost income and payments to providers is finalised. The underspend will be absorbed within the overall underspends and Employment & Skills departmental reserve if necessary. Full year effect of cost avoidance to be achieved in the coming financial years.
Parks Commissioning	524,373		Parks Commissioning main cost driver is the £500,000 income generation target from the soil importation that cannot be achieved in year. In addition a further pressure of £133,000 income generation from Parks commercialisation projects which will not be achieved as part of the 23/24 MTFS - The £133k income target will be removed from the 24/25 MTFS
Other underspends	(806,086)		
Total	**(10,621)**		

Inclusive Growth: Period 8 Opportunities

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

Inclusive Growth Bad Debt Provision:

- Inclusive growth (IG and Commercial) have had to date a combined bad debt provision Credit of £356,300. This has not been reflected in the forecast as two more Bad debt provision postings are pending. There is a high possibility for the provision to remain as a credit which will further increase the overall underspend for the service.

Food Sector, Make it Here, Adult College

- We are using the food and film sector endowments from the City of London and MBS/Hackman to leverage additional funding from external funders – including a potential grant from Film London – and establish sustainable training programmes that do not require significant ongoing funding from the Council/key partners.

- There is an opportunity for the Adult College to maximise their assets to generate more income

Heritage and Culture

- Valence House Museum is awaiting a response to the legal challenge on the rates currently being charged to the site. Our expectation based on legal advice is we will receive a significant reimbursement; however, we have just encountered a setback from the VO who have queried whether different rates should be charged to different buildings across the broader site, which could mean another year-long delay in their formal response and the reimbursement.

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

Parks Commissioning:

- Tennis Development Proposal – as per the associated report presented to Cabinet on 21.03.23 Parks Commissioning has secured internal (£75,400) and external funding from the LTA (£327,417) to invest in the borough's 17 tennis courts to bring them back up to a playable standard.

- Work on site commenced at Central Park (the first of 5 x sites) on 11th August, followed by Barking Park, St Chads Park, Old Dagenham Park, and Greatfields Park. 2 of the 5 Barking & Dagenham sites have now been gated by CIA (Old Dagenham Park & Greatfields Park) and the Smart Access systems installed. The associated completing dates for the remaining 3 sites are: Barking Park 27-28th November, St Chads Park 29-30th November, and Central Park 30th November

- The completions dates for temporary lines (note: due to the deteriorating weather conditions the full colour spraying has been scheduled for next Spring), fencing, nets and posts going in and sign off will hopefully be agreed at the next Project Progress meeting (Friday 17th November).

- The contract for the management and maintenance of the borough's tennis courts went out to tender on 23rd October. The submission deadline is 17th November. Award will be December with mobilisation in January 2024.

- External funding – Parks commissioning was successful in securing Rewild London (Round 2) funding including £39,000 and £35,410 respectively to deliver the River Rom Phase II and Reptile Survey projects. These projects will deliver significant social, environmental, and economic benefits for the borough and residents. £50k has been secured from London Marathon Community Trust's 'Active Spaces Fund' and will be used to refurbish the toddler play area at Old Dagenham Park. Other external funding bids and associated EOIs (e.g., Environment Agency's Natural Flood Management Programme) are also being prepared.

Inclusive Growth: Period 8 Risks

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

Food Sector, Make it Here

- There are long term risks to economic development funding, as the food, film and care sector projects are all funded by temporary grants/endowments. We are working with key partners to secure ongoing funding.

Heritage and Culture

- There is a risk The Arts Council grant for Archivist is not guaranteed for future years – net £41k.

- The Women's Museum project is currently being funded through the Cultural Commissioning budget, with additional funds being granted through SCIL. Currently there is a future budget pressure expected next financial year as the site is opened and operational costs will need to be covered into the long term. The Service is looking into fundraising significantly into the coming months to meet this pressure, and in the interim period will continue to support the project through CC

Commercial Risk:

- There is an inherent risk that external market factors may make it more difficult for tenants of the Council's hotel investments to meet their rent payments

Parks Commissioning - Contaminated land adjacent to Eastbrookend Country Park – risks:

- Remaining risk of prosecution from Thames Water – if LBBD fails to deliver the agreed Contaminated Land Action Plan.
- Lack of clarity about the future management and maintenance of the contaminated land, and especially the Effluent Treatment Plan, and where this responsibility sits within the Council.
- Vehicular access – the planning application is now ready and will be submitted once the planning application fee has been processed.
- Electricity supply – a permanent electricity supply is essential to avoid future dependency on generator use and diesel deliveries. We are currently waiting for a fee proposal from Arcadis to prepare tender documents and administer the terms of the engineering contract in relation to the contestable works.
- Drainage proposal – work commenced on site on Monday 25th September. However, as reported to ACB on 8th November work had to be suspended as a large area of contaminated land was encountered whilst installing the new drainage pipe. Arcadis is investigating an alternative route, but this will be subject to a topographical survey and further ground investigations (e.g., trial pits). Inevitably this will add costs and introduce time delays.

Community Solutions: Period 8

Forecast Position: £16.5m (underspend of £2m, -14% Variance)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
COMMUNITY SOLUTIONS	**14,461,470**	**14,461,470**		**9,517,349**	**16,521,424**	**400,000**	**(4,504,086)**	**(2,044,132)**	**(1,778,613)**
SUPPORT AND COLLECTIONS	7,017,112	7,017,112		5,590,534	7,390,099	0	(1,511,164)	(1,138,177)	(961,823)
COMMUNITY SOLUTIONS	1,069,410	1,069,410		715,174	898,530	0	(146,000)	(316,880)	(294,335)
COMMUNITY PARTICIPATION & PREV	7,679,948	7,679,948		4,516,640	9,537,795	400,000	(2,846,922)	(589,075)	(522,455)
TECHNICAL - COMSOLS	(1,305,000)	(1,305,000)		(1,305,000)	(1,305,000)	0	0	0	0

Key Drivers of the Position:

The total overspend pressure for Community Solutions is **c£3.7m**

The recalculation of the HRA recharge has resulted in an income shortfall of **c£3.1m** across Community Solutions. There are delays in delivering MTFS savings across Community Participation & Prevention of **£0.3m** which is being closely monitored. The MTFS savings for transfer of buildings to VCS has been paused due to the emerging locality model proposals from Adults.

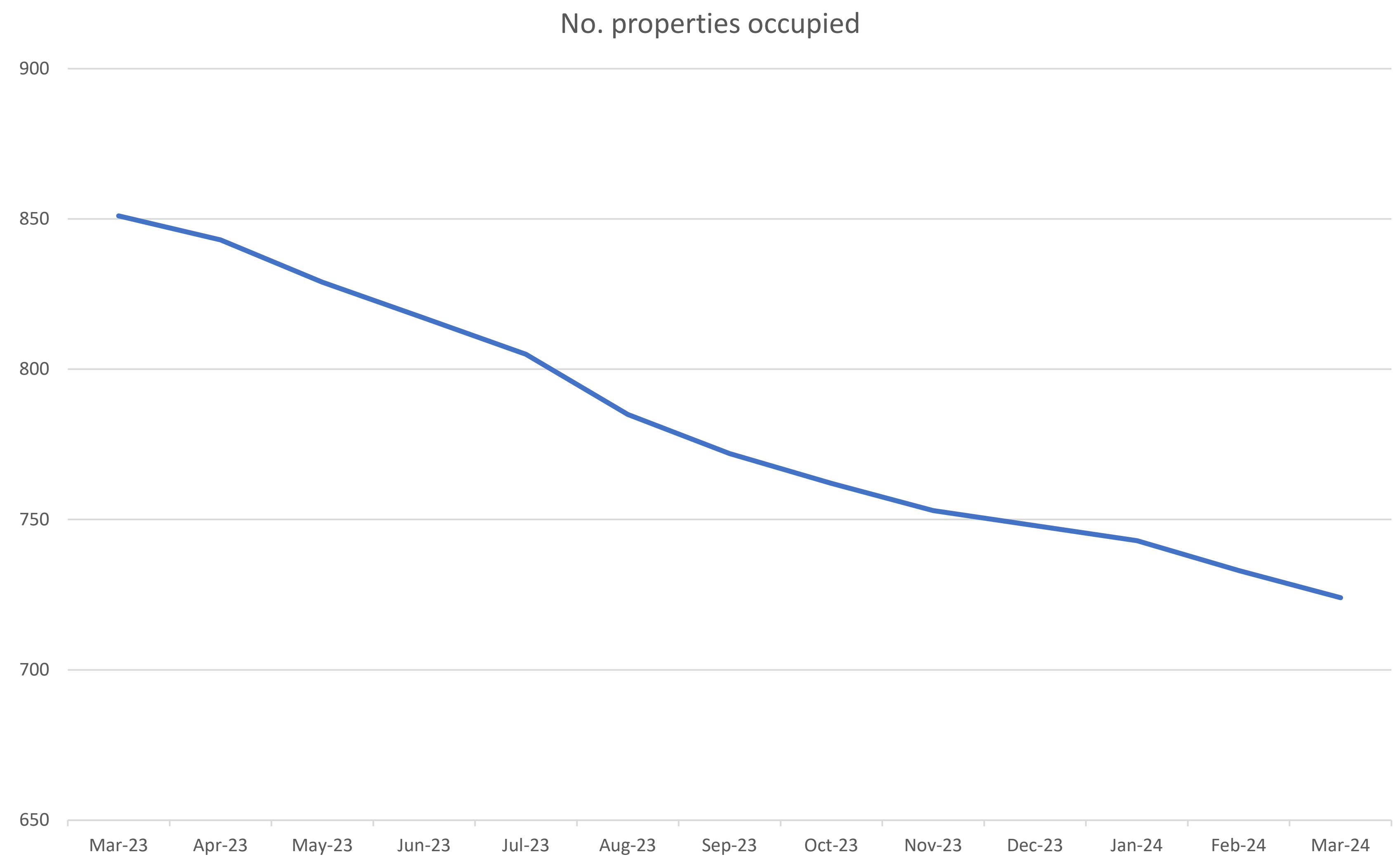
The Ethical Collection Service is forecasting an overspend of **£0.2m.** The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance still believe the overspend will range from **£0.2m - £0.4m** and this may increase the outturn variance.

Community Solutions have taken a number of difficult decisions and identified one-off mitigations of **c£3.9m** to reduce the outturn variance, which are listed in the mitigations table. It is to be noted that these mitigations come with their own level of risk/impact and this will be closely monitored.

Refugee Client Allowance applications have reduced significantly, **£0.4m** of the **£0.9m** grant will be moved to reserves for 2024/25.

Community Solutions: Period 8 Data

Forecast Position: £16.5m (underspend of £2m, -14% Variance)



My Place Summary: Period 8

Forecast Position: (£1.404m) underspend

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
MY PLACE	**4,448,439**	**4,448,439**		**32,384,164**	**2,834,360**	**210,000**	**0**	**(1,404,079)**	**(1,349,968)**
HOMES AND ASSETS	(1,145,987)	(1,145,987)		16,158,653	(410,150)	0	0	735,837	849,361
PUBLIC REALM	5,594,426	5,594,426		16,225,510	3,244,509	210,000	0	(2,139,916)	(2,199,329)

Executive Summary

My Place is projecting a (£1.404m) underspend, an overall favourable movement of £54,000.

It should be noted that the service is carrying significant risks of £2.1m with (£50,000) Opportunities.

The variance is driven by:

- **Parking (£1.080m)** surplus**, HRA Fixed Recharges (£828,000), Employee Expenses (£323,000)** across Public Realm mainly and areas of Homes and Assets **(£721,000)**. Offset by **Commercial Portfolio £573,000, My Place Recharge £656,000 and £318,000** mainly on contributions to the provision for bad debt.

Homes & Assets: Period 8 £735,000 overspend, a favourable movement of (£114,000)

Commercial Portfolio is reflecting **£573,000 overspend**, an improvement of **(£70,000)** due to reduced expenditure on repairs, maintenance and security.

- £595,000 income under recovery. The service continues to work with General Income on producing the underlying asset list and rent roll to support forecast and future budget assumptions. The file has now been created but requires validation and additional information to be included to support forecasting and budgeting.
- The income under-recovery is offset by a **(£22,000)** underspend in expenditure budgets, mainly the Repairs and Maintenance budget.

My Place Recharge Budget: £656,000 overspend, is caused by the net impact of changes to the corporate support recharges on the My Place Recharge budget. The pressure element of £1.051m will not change, as this activity has ceased. The mitigating element is a forecast based in 2022/23 activity.

Continued next slide.

Property Assets is **underspending** by **(£127,000)**, a favourable movement of (£66,000)
Asset Management is forecasting a **(£92,000) underspend**:

- (£136,000) due to vacancies being held pending restructure.
- £265,000 on premises costs.
- (£221,000) forecast income for ELWA use of depot and increased staff capitalisation.

- Major Works is forecasting a **£32,000 overspend** due to reduced staff capitalisation output.

Homes & Assets (Other Areas): (£366,000) underspend offering partial mitigation to the Commercial Portfolio and Recharge pressure. This is mainly from staffing in areas like Business Development and Contract Management and contract commitment revisions.

Public Realm: Period 8 (£2.140m) underspend

The Forecast variance relates to:

- **Parking (£1.080m)** underspend after reserve movement**.** The in-year Parking Off-Street income surplus of **(£0.75m)** will not be transferred to reserve and is included in the outturn forecast as a mitigation. Parking are also overachieving the Traffic Management Order income by net **(£0.25m),** which is also included in the outturn forecast. Parking surplus of **(£0.2m)** will be transferred into Parking reserves (ring fenced).
- **Public Realm Commercial and Admin** is forecasting an **underspend** of **(£787,000),** due to income over-recovery in areas such as Trade Waste and Pest Control.
- **Parks and Environment** are forecasting an underspend of **(£444,000),** largely due to a surplus on the fixed recharge to the HRA, plus salary underspends.
- **Waste Operations** are forecast to underspend by **(£123,000)** due to a **(£57,000)** underspend on management salaries and a **(£66,000)** over-recovery on Bulky Waste income.
- Other services within Public Realm are in total forecast to overspend by **£295,000**, mainly within **Fleet**, where the Fleet Workshop is forecasting a shortfall on recharge income.

There has been an adverse movement since Period 7 of **£59,000:**

- Within Waste Operations there is an increase in the forecast of £90,000 on agency costs, although overall Waste services are forecast to underspend by (£123,000).
- The Highways service has been charged for the annual cost of Employer Liability Insurance in Period 8. The cost of the premiums is £69,000 more than the available budget. Overall Highways is forecast to underspend by (£175,000).
- These adverse movements are offset by favourable movements in **Parking** (£37,000), **Commercial and Admin** (£44,000) and **Parks and Environment** (£17,000), largely due an increase in staffing underspends.

2023-24 Savings

*negative values (in brackets) are savings		2023/24 Target £k	RAG RATING
Service Area	Saving Proposal		
Finance & IT	WAN bill reduction £80K	(80)	
Finance & IT	ICT Consultancy £40K	(40)	
Finance & IT	Staff Dev & train £28K	(28)	
Finance & IT	Staff other expenses £10K	(10)	
Finance & IT	Entity recharges + 10% £48K (income)	(48)	
Finance & IT	Ezitracker £24K	(24)	
Finance & IT	One Trust £10K	(10)	
Finance & IT	Jontek £17K	(17)	
Finance & IT	Oracle Saving	(409)	
Law & Governance	Parking Services Income	(2,300)	
My Place	Property Management & Capital Delivery	(66)	
Finance & IT	Digital Identity Verification (requires £100k Capital)	(25)	
Finance & IT	Streamline IT Procurement	(44)	
EYCC	Staff Savings and DSG recharge	(35)	
P&P	FPN income	(15)	
Community Solutions	Everyone Everyday	(100)	
Inclusive Growth	Parks Commissioning - Soil Importation	(500)	
HR	Restructure	(577)	
Total		**(7,049)**	

GREEN	4548
AMBER/G	1124
RED	1377
	7049

2023-24 Savings

		2023/24 Target £k	RAG RATING
*negative values (in brackets) are savings			
Service Area	Saving Proposal		
Care and Support	Finance Review Officer	(57)	
Care and Support	Early Help Investment deferral into 2024-25	(500)	
Care and Support	Early Years & Childcare	(180)	
Community Solution	Fund HAM Hub through collection fund surplus 40% - reserve transfer (Non-HRA)	(390)	
Community Solution	Delete x5 FTE vacancy from Welfare	(230)	
Community Solution	Service Development - Delete x2 FTE and x1 FTE recharge to Supporting Families Grant	(197)	
Community Solution	Customer Services - Delete X1 CSO	(34)	
Community Solution	Customer Experience team - Delete Internet Officer	(51)	
Community Solution	Delete x3 FTE Vacancy from Triage	(120)	
Community Solution	Stop Play and Comm Service (4.5FTE). Transfer to Family Hubs to be funded by Grant	(160)	
Community Solution	Transfer to VCS - WILLIAM BELLAMY CHILDREN'S CENTRE	(30)	
Community Solution	Transfer to VCS - LEYS CHILDREN'S CENTRE	(15)	
Community Solution	Transfer to VCS - SUE BRAMLEY CHILDREN'S CENTRE/ LIBRARY	(15)	
Community Solution	Creation of Heritage site at VALENCE LIBRARY + 2.5FTE Sc5	(130)	
My Place	NRSWA Income Stream Opportunities - Public Highway	(52)	
My Place	No longer have a dedicated Graffiti team.	(75)	
My Place	Security of vacant land.	(10)	
My Place	Reduce the opening days and times of the Town Hall and other buildings.	(50)	
My Place	Closure of Pondfield depot	(25)	
My Place	Increase the commercial income	(30)	
Inclusive Growth	New Town Culture	(260)	
Inclusive Growth	Line by Line Budget Review	(110)	

CABINET

23 January 2024

Title: HRA Budget and Rent Setting for 2024/25 and Draft 30-Year Business Plan	
Report of the Cabinet Member for Community Leadership and Engagement and the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Tom Hart, Head of Business Development and Improvement and Alex Essilfie-Bondzie, Interim Head of Finance - My Place and Inclusive Growth	**Contact Details:** E-mail: tom.hart@lbbd.gov.uk alex.essilfie-bondzie@lbbd.gov.uk
Accountable Executive Team Directors: Leona Menville, Strategic Director, My Place and Jo Moore, Interim Strategic Director, Resources	

Summary

The Council as a stock owning local authority has an obligation to maintain a Housing Revenue Account (HRA) with a balanced budget. This is the income and expenditure relating to the management of the Council's housing stock. The Council holds and manages 16,407 social housing properties and provides services to 3,925 leaseholders.

2024/25 will be the last of the 5-year period of government rent regulation allowing maximum social rent increases of CPI + 1%. The 5-year period includes 2023/24 when uplifts were limited to 7% following the historically high inflation rates of that year.

Rents and certain service charges on HRA properties can be fully covered by Housing Benefit/Universal Credit if needed in most cases. The Council's Community Solutions department also offer support to tenants who need assistance with financial management and budgeting and income maximization. There are also Discretionary Housing Payments, and the Household Support Fund may be available for some eligible households who are struggling with their housing costs.

A 30-year HRA business plan has been modelled in considering the resources available to manage the housing stock and to inform the recommended rent levels and the HRA budgets for 2024/25 for both revenue and capital expenditure. These considerations include retaining the capacity to maintain and manage the existing stock, address requirements in new fire safety regulations and support estate renewal and regeneration of Council estates.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be increased by 7.7%, in line with the Government's current rent policy of CPI +1% (with CPI for September 2023 of 6.7% being used as the base), meaning an increase to the average rent for general needs from £108.72 per week to £117.07 per week;

(ii) Agree the following service charges for tenants:

Services	**Weekly Charges 2024/25**	**Increase / (Reduction)**	**Basis of Increase**
Grounds Maintenance	£3.16	£0.23	CPI+1%
Caretaking	£8.03	£0.38	Cost Recovery
Cleaning	£3.86	£0.18	Cost Recovery
Estate Lighting	£4.34	nil	Cost Recovery
Concierge	£11.93	£0.85	CPI+1%
CCTV (SAMS)	£7.31	£0.52	CPI+1%
Safer Neighbourhood Charge	£0.60	£0.03	Cost Recovery
TV Aerials	£0.67	£0.05	CPI+1%

(iii) Agree that charges for heating and hot water be reduced by 5.5% in line with decreases in the estimated charges for 2024/25 provided by suppliers as follows:

Property size	Weekly Charges 2023/24	Weekly Charge 2024/25
Bedsit	£29.52	£27.89
1 bedroom	£31.56	£29.82
2 bedroom	£38.21	£36.11
3 bedroom	£38.92	£36.78
4 bedroom	£39.94	£37.74

(iv) Note that following the annual review of current charges and insight from the provider, water charges shall increase by 10% while sewerage charges shall remain at the current year's rates;

(v) Agree the HRA Income and Expenditure budget for 2024/25 and note the changes from the 2023/24 budget, as detailed in section 3 of this report.

(vi) Agree a £24.7m capital programme for the HRA in 2024/25 and note the indicative 4-year HRA capital programme detailed in section 4 of the report;

(vii) Agree that the above charges take effect from 1 April 2024;

(viii) Note the draft HRA 30-year business plan, as detailed in section 2 of the report, and the indicative 30-year financial forecasts set out in Appendices A and B to the report; and

(ix) Note that the final version of the HRA Business Plan shall be presented to Cabinet in March 2024 after a comprehensive review by the Strategic Director, Resources.

Reason(s)

The recommendations in this report align with the Council's priority for residents to live in good housing and avoid becoming homeless. This is alongside helping to facilitate inclusive growth and regeneration in the borough through the Estate Renewal programme.

The Housing Revenue Account enables the Council to continue to provide affordable housing for residents in well maintained accommodation as well as support the Council's investment in new homes.

The Council annually reviews housing rents and other charges to ensure they comply with government policy and deliver on the priorities of the Council to residents. It also has a duty to give prior notification to tenants before the charges can be applied from the new financial year.

Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account, using valid assumptions, that avoids a deficit.

Furthermore, it is considered best practice for the Council to prepare a 30-Year Business Plan for the HRA on an annual basis. The purpose of this exercise is to keep the long-term financial viability of the HRA under regular review.

1. Introduction and Background

Legislative context

1.1 The Local Government and Housing Act 1989 requires the Council to manage its housing stock, and to balance its accounts for the housing stock as a ring-fenced account. This means the Housing Revenue Account (HRA) does not receive any subsidy from the Government, or from Council Tax, nor is it allowed to subsidise the General Fund. The legislation sets out those items that can be charged to the HRA and forms the basis of the income and expenditure budget detailed in section 3 of this report.

1.2 The Localism Act 2011 introduced a new method of managing the HRA called self-financing whereby in return for taking a share of the national housing debt, local authorities could retain any rental surpluses, and manage their HRA in the future. It is good practice therefore for Councils to produce a minimum 30-year business plan which forecasts the income that will be received alongside the expenditure required to manage and maintain the properties.

Policy context

1.3 There have been several changes in the external environment over the last 12 years which have impacted on the HRA business plan. The most significant of these was the one per cent rent reduction policy which was imposed through the Welfare Reform and Work Act 2016 which ended in 2019/20. This forced all providers of social housing to reduce rents by one per cent for four years from April 2016. The policy replaced the previous national rent policy of an increase of CPI plus one per cent, which was reinstated again from 2020/21. However, there was a further policy intervention for 2023/24 where the CPI + 1% uplift was capped at 7% in the face of the historically high inflation levels (peaking at 11.1%) of that year. The cumulative impact of the rent reductions and limits on the business plan is significant and affects the level of resource available within the HRA to maintain the stock and increase provision of Social Housing.

1.4 The Government published its Policy on Social Rents in February 2019 following a consultation. It stipulated that local authority social rents would come under rent regulation and be subject to the Rent Standard from April 2020. The Standard includes an annual rent increase cap of CPI plus 1% lasting for five years to 2024/25.

1.5 There are many new pressures on expenditure that were not considered in the HRA debt settlement in 2012 that underpins the current self-financing HRA framework. These include the effects of Brexit, Grenfell and the impact on fire regulations and cladding, the recent damp and mould issues highlighted by the death of a child in Rochdale, a global pandemic lasting 3 years together with escalating geopolitical tensions in Ukraine, Israel and other places in the world which has affected supply chains, human resource availability and ultimately fuelled inflation.

1.6 The income restrictions and expenditure pressures combine to deliver a picture that is completely different from 2012 and the expectations placed on HRAs at the time. While the government has responded to these issues with some legislation and announcement of new proposals, there has been little specific funding for social housing providers. This means the investment required to maintain and improve the HRA stock, meet new green policies and consumers standards demanded by the Regulator of Social Housing all rely on the rental income, capital receipts largely from Right to Buy disposals and borrowing.

2. Housing Revenue Account 30 Year Business Plan

2.1 The 30-year business plan of the Housing Revenue Account details how the Council will use income generated from rents and other sources including borrowing to manage and maintain the housing stock as well as support development of new properties in the borough over that period. The financial business plan model provides a view based on a set of assumption on whether the Council can:

- maintain a minimum HRA working balance (or at least a positive one); and afford to repay its housing loans as they fall due; and
- meet its obligations to maintain the housing stock within the Decent Homes Standard (DHS) and any other legislative building requirements; and
- meet the requirements of the Regulator of Social Housing (RSH) in terms of the Rent Standard and the Consumer Standard.

2.2 The assumptions used are based on evidence from the Council's rent and asset management systems, budgets proposals from service managers in relation to the management and maintenance of the housing stock comprising of 16,407 tenanted stock and 3,925 leaseholders. The HRA's portfolio of loans and internal debt have also been considered as part of this business plan review alongside current economic forecasts of inflation for future years based on the latest data from the Office for Budget Responsibility. A list of the key assumptions is attached to the report as Appendix C while the 2024/25 budget proposal is detailed in section 3 of this report.

2.3 The base business plan which has the proposed budget for 2024/25 as Year 1 and the base from which future forecasts in the model have been made is attached to this report as Appendix A. This model also reflects the investment required to maintain the housing stock at decent homes standards. The investment need is based on a stock condition survey completed in 2018/19 but updated to reflect current prices and new requirements. A summary of the investment required for the next 30 years is also captured in Appendix A. The total amount over the 30 years after applying inflation is £1.8 billion. This figure does not include any assumptions for decarbonizing the stock which was estimated at between £870m and £1.0bn based on the Barking and Dagenham Net Zero Carbon Roadmaps and Framework report submitted to Cabinet in November 2023.

2.4 HRA opening debt for 2023/24 is £313.1m consisting of internal borrowing of £17.2m and external borrowing of £295.9m. The base plan estimates that this will grow to £987.3m by year 30 (2053/54) based on the assumption that the HRA will borrow to meet the investment required to maintain the stock as indicated by the stock condition survey. Interest on external loans specifically taken for the HRA are based on the rates agreed while historical internal borrowing arrangements are based on the Council's average cost of borrowing. Details of the interest assumptions including for new loans are provided in Appendix C.

2.5 These estimates, under the base model show that the Council's HRA will go into deficit by year 13 or 2036/37. This is largely driven by the significantly higher interest costs from the increased borrowing to fund the investment in the existing stock. After accounting for other sources of capital funding such as using Major Repairs Reserves, Revenue Contributions to Capital Expenditure, un-ringfenced HRA Capital Receipts and Leaseholder contributions, the base model still requires additional borrowing totalling £780.6m over 30 years to fund its capital expenditure.

HRA Business Plan Sensitivity Model

2.6 As the base model indicates the HRA will go into deficit by 2036/37 a Sensitivity Model was developed to determine the level of investment in the stock that the HRA can undertake and remain viable over 30 years. All other assumptions in this Sensitivity Model are identical to those assumed in the base model.

2.7 Under this model the HRA remains viable for 18 years, going into deficit in 2041/42 when the HRA is scheduled to make a debt repayment of £50m in that year. This extension in the number of years the HRA remains viable has been achieved by reducing the stock investment requirement by 33% or £600m to £1.2bn over 30 years. There is the additional option of refinancing the £50m debt repayment due in 2036/37 to extend the period of viability even further.

2.8 The reduced investment requirement in the Sensitivity Model has been used to inform the capital programme requested for approval for 2024/25 and the indicative budgets for the next 4 years. Also informing the 2024/25 programme is the Council's limited capacity to scale up its operations to undertake the investment requirement, given the current supply chain and labour issues faced by suppliers of maintenance services and procurement timescales. These delays and scaled down investments in the existing stock puts at risk the Council's ability to keep the stock at decent homes standard over the long term.

2.9 To mitigate this risk the Council is planning to undertake a new stock condition survey from 2024/25, spread over 4 years, for which budget provision has been made in the proposed 2024/25 capital programme. This will also support a planned review of the repairs and maintenance contracts with the aim of replacing them with more commercial based models that enable benchmarking to industry standards to help drive value for money. The new stock condition survey will also support better decision making around Estate Renewal projects to ensure they deliver savings to the HRA.

2.10 The Council is also restructuring its departments to make them more suited to current unpredictable external environment and new challenges confronting Councils. It is anticipated that the restructure will enable further efficiency savings to be delivered in the departments that support the HRA to further reduce costs and generate surplus to fund investments in the existing stock.

Key Business Risks

2.11 The scaled down capital programme in the medium to long term can impact on void levels which impacts on the rent income available to manage and maintain the stock as well as meet debt costs. It is anticipated that steps indicated in paragraphs 2.9 and 2.10 will enable the Council to increase its capacity to fund the whole of the investment required.

2.12 Interest rates remain high after the base rate was increased by Bank of England over a short period of time to 5.25% from the historical low rates of the last decade. The HRA under the base model will borrow at these higher rates if these rates continue into the medium to long term, however by basing the capital programme on the Sensitivity Model the Council ensures it keeps borrowing levels at a sustainable level.

2.13 2024/25 represents the last year of the allowed CPI plus 1% rent uplifts and the government are yet to indicate how much they would allow rents to increase after that year. The models currently prudently assume that the rents will go up by CPI only for the remainder of the 30 years of the plan.

3. 2024/25 HRA Income and Expenditure Budget

3.1 The HRA income and expenditure budget for 2024/25 sets out the revenue budgets required to manage and maintain the stock on a day-to-day basis in the coming financial year. Details of the key changes in budget from the current to the newly proposed 2024/25 budgets are provided below and consists of dwelling and non-dwelling rental income, other charges for services provided to tenants and leaseholders as well as expenditure items relating to the management and maintenance of the stock.

3.2 The operating environment remains challenging for the Council's HRA with higher running cost from the historically high inflation of recent years, which peaked 11.1% in October 2022. Coupled with this are difficulties with supply chains following Brexit, recent geopolitical confrontations and tensions and human resource shortages. Additional to these are newly introduced fire regulations, problems with cladding highlighted by Grenfell, recent damp and mould issues and the global pandemic all converge to form the context within which these budgets are proposed.

Dwelling Rents

3.3 Rent increases for social housing are largely determined by government regulations. Having initially agreed in 2015 to a rent regime which would allow social rents to rise by CPI + 1% for ten years, the government imposed a four-year rent reduction policy of 1% per annum from 2016/17 to 2019/20. From April 2020 it announced that for next five years, rents would be allowed to rise by CPI + 1% (using September CPI). However, in the face of the unusually high CPI inflation of September 2022, the government set a one-off cap of 7% on rent increases in 2023/24 with the policy reverting to the CPI + 1% for the final year 2024/25. Links to the Rent Standards of 2020 and 2023 are provided under the Public Background Papers section of this report. The current rent regime ends on 31 March 2025 and the government will need to consult with Registered Providers during the coming year as to how rent may be allowed to increase in future. There is no view on whether the increases will be at CPI or above CPI, or even whether some form of convergence to the formula rent will be allowed. The recommended prudent assumption for business planning from 1 April 2025, is only to assume increases of CPI.

3.4 The rent paid by tenants is the main source of funding for expenditure incurred in the running of social housing stock including the capital programme and paying down the HRA debt and interest costs. Real term reduction in rents therefore directly affects the funding available to invest in the housing stock. The cost of running the HRA is expected to increase in line with inflation with significant investment needed to meet important new fire safety and energy regulations and keep the stock generally in decent living condition. This includes the social regulator's requirement for Councils to be regulated against the Consumer Standard. This is new this year and will potentially bring additional cost burden in both revenue and capital as tenants are now encouraged to make landlords aware of failings which must be recorded and addressed.

3.5 To help generate funds for these investments it is recommended that general needs secure, affordable and sheltered housing rents are increased by the maximum 7.7% permitted by government rent policy. This is based on CPI in September 2023 of 6.7% plus 1% and will result in an average increase on the weekly rent for general needs from £108.72 in 2023/24 to £117.07 in 2024/25 per week.

3.6 The indicative average increase by bed size is shown in the table below:

No of Bedrooms	2023/24 Average Rent Per week	2024/25 Average Rent Per Week	Rent Increase Per Week
0	£82.35	£88.69	£6.34
1	£91.14	£98.12	£6.98
2	£109.11	£117.49	£8.38
3	£119.88	£129.11	£9.23
4	£128.87	£138.79	£9.92
5	£132.67	£142.88	£10.21

3.7 The additional amount of income expected to be generated from the rental income is £6.318m after adjusting for changes in stock numbers from the Right-to-Buy scheme and estate renewal programme.

3.8 For most tenants who are in receipt of Housing Benefit or Universal Credit, the rent increases will be covered by an increased benefit payment. In addition, tenants who are at risk of falling into debt can be offered support by Community Solutions and some will be able to access Discretionary Housing Payments or the Household Support Fund.

Non-dwelling Income

3.9 Non-dwelling income relates to income from the letting of HRA garages to tenants and residents. It is proposed that the budget is uplifted by the September 2023 CPI of 6.7% to ensure income generation keeps pace with the cost of maintaining and running the garages. This increase will represent the first increase in three years.

Service Charges

3.10 Tenant service charges are specific charges for services that some tenants receive, and others do not and forms a large part of the Charges for Services and Facilities line in the HRA Income and Expenditure budget. The list of charges which are identified separately are set out below. The charges are expected to be no more than the actual cost of the service. Not all tenants pay service charges and so currently an estimated 10,000 do not pay any service charges due to the type of property they occupy. The current and proposed charges are set out below:

Service	Charges for 2023/24	Proposed charges for 2024/25	Increase / reduction	Basis of Increase
Grounds Maintenance	£2.93	£3.16	£0.23	CPI+1%
Caretaking	£7.65	£8.03	£0.38	Cost Recovery
Cleaning	£3.68	£3.86	£0.18	Cost Recovery
Estate Lighting	£4.34	£4.34	nil	Cost Recovery
Concierge	£11.08	£11.93	£0.85	CPI+1%
CCTV (SAMS)	£6.79	£7.31	£0.52	CPI+1%
Safer Neighbourhood Charge	£0.57	£0.60	£0.03	Cost Recovery
TV Aerials	£0.62	£0.67	£0.05	CPI+1%

3.11 Service charges are reviewed annually to ensure they reflect the full cost of services rendered to beneficiaries of the service to avoid cross subsidies by other tenants who do not receive the service. The proposed increases in charges reflect the estimated increase in the cost of providing these services and so do not generate a financial benefit to the HRA. Where the weekly increase in charge will be more than CPI plus 1% the increase has been capped at that level in line with government guidelines for social housing providers to endeavour to maintain annual service charge increases for existing services within the CPI plus 1% limit used for rent uplifts.

Heating and hot water charge

3.12 The other main contributor to the change in the Charges for Services and Facilities budget is the Heating and Hot Water Charge. Properties that benefit from a communal heating hot water system are required to pay this weekly fixed rate charge alongside the rent. This is set based on the estimated charges and usage provided by suppliers and apportioned on the basis of size of the properties that utilise the service. In 2024/25, the energy suppliers are estimating a marginal decrease in energy costs compared to the 2023/24 estimates, as a result, it is recommended that the heating and hot water charge be reduced by 5.5%. The table below shows the proposed charges to tenants. If the decrease is not passed on, then these tenants would be subsidising the overall HRA which would not be equitable.

Property size	Weekly Charge 2023/24	Weekly Charge 2024/25	Increase / Decrease
Bedsit	£29.52	£27.89	(£1.63)
1 bedroom	£31.56	£29.82	(£1.74)
2 bedroom	£38.21	£36.11	(£2.10)
3 bedroom	£38.92	£36.78	(£2.14)
4 bedroom	£39.94	£37.74	(£2.20)

Water and Sewerage Charges

3.13 Water and Sewerage services are provided by external providers to residents with the Council collecting the income from tenants on behalf of the providers for a commission. The rates applied to tenants' accounts in respect of this are provided by the supplier. Following a review of current charges and information supplied by the providers, water will be increased by 10% from April 2024, with sewerage remaining at the current year rates.

Supervision and Management

3.14 The management and maintenance of the Council's housing stock is split between a number of service delivery agents. My Place department provides landlord services, while functions such as the Housing Register and tenancy support are managed in the Community Solutions department. Repairs and maintenance are delivered by BD Management Service (BDMS) a wholly owned Council Company, with My Place department acting as client managers.

3.15 The supervision and management budgets which comprises of staffing (including supervision of repairs & maintenance), utilities and other cost of services provided to tenants and leaseholders are projected to increase by £2.7m, an increase of 5.6% on the 2023/24 budgets. This reflects estimated increases in staffing costs, proposed increments from utility suppliers and estimated inflation uplifts on services provided by other suppliers.

Repairs and Maintenance

3.16 The Council reduced the budget for repairs and maintenance and did not pay inflation for operatives during the four-year period, between 2016/17 to 2020/21, when the HRA was required to apply one per cent rent reduction. Following this period annual uplifts have been below inflation since 2018/19 and has not accounted for overheads of BD Management Service. This is no longer sustainable in the face of significant increases in inflation in construction and maintenance services and only results in significant in year overspends. It is proposed that the repairs and maintenance budget is increased by £0.9m to take account of these pressures in 2024/25 and sustain improvements in tenant satisfaction and improved performance achieved in 2023/24. In 2024/25 My Place department plans to recommission the repairs and maintenance contract using an industry standard commercial contractual arrangement to help drive value for money through regular benchmarking of repair and maintenance cost and performance to industry metrics.

Rent, Rates, Etc

3.17 Recent increases in insurance premiums mean the rents, rates, etc budget of the HRA is forecast to increase by £2.2m. Within this budget is premises insurance which is expected to increase from £1.6m to £3.5m. Budget provision for council tax paid on void properties has also now been made. While the Council will be looking to minimise the void levels, it is still anticipated that a small number of properties will incur council tax charges while these properties are void.

Bad Debt Provision

3.18 Current cost of living crisis has led to an increase in tenant arrears, and therefore the risk of bad debt. It is prudent to assume that the full bad debt provision built from the Covid era be maintained in 2024/25 to manage this risk. The Council's income team will continue to recover as much of the arrears as possible while colleagues from Community Solutions also carry on their important responsibility of signposting tenants in need of financial support to government funding for alleviating these challenges such as Housing Benefits and Universal Credit.

Interest Payable and Receivable

3.19 The HRA receives interest on its notional reserves held in the General Fund and pays interest on loans both internally from the General Fund and externally. The interest expected from its reserves is expected to reduce by £0.124m following the forecast reduction of the reserves from 18m at end of 2022/23 to £12.8m by end of 2023/24. Interest payable on HRA loans is expected to reduce by £0.474m to account for planned reductions in the use of internal borrowings in 2023/24 and 2024/25 compared to assumptions made in the 2023/24 budget.

3.20 The proposed HRA Income and Expenditure budget for 2024/25 is set out below.

2024/25 HRA INCOME AND EXPENDITURE BUDGET			
REPORT LEVEL	2023.24 BUDGET	CHANGES	2024.25 BUDGET
	£'000	£'000	£'000
SUPERVISION & MANAGEMENT	48,393	2,700	51,094
REPAIRS & MAINTENANCE	24,473	892	25,365
RENTS, RATES ETC	1,587	2,188	3,775
INTEREST PAYABLE	11,300	(474)	10,826
BAD DEBT PROVISION (BDP)	3,309	0	3,309
CDC RECHARGE	1,102	(156)	945
TOTAL EXPENDITURE	**90,164**	**5,150**	**95,314**
DWELLING RENTS	(90,432)	(6,318)	(96,750)
NON-DWELLING RENTS	(765)	(36)	(801)
CHARGES FOR SERVICES & FACILITIES	(26,158)	1,783	(24,375)
INTEREST & INVESTMENT INCOME	(400)	124	(276)
TOTAL INCOME	**(117,755)**	**(4,447)**	**(122,202)**
NET TOTAL BEFORE CAPITAL	**(27,591)**	**702**	**(26,888)**
DEPRECIATION	19,210	3,403	22,613
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	6,680	(4,605)	2,075
CAPITAL PROGRAMME FUNDING	**25,891**	**(1,202)**	**24,688**
NET TOTAL AFTER CAPITAL	**(1,700)**	**(500)**	**(2,200)**
TRANSFER TO HRA LEASEHOLDER RESERVE	1,700	500	2,200
TRANSFER FROM/(TO) HRA RESERVE	**0**	**0**	**0**

Reserves

3.21 The HRA holds reserves built from surpluses earned in previous years to help smooth over periods of budget pressures and fund the capital programme. In 2023/24 an estimated £5.8m is expected to be drawn from reserves to cover that year's overspend and is driven largely by repairs and maintenance costs. This will result in an estimated closing balance of £12.8m by end of the year, representing 10.8% of the forecast total HRA income for 2023/24, compared to the target minimum of 10% or £11.8m reserve balance.

3.22 With the estimated opening HRA reserve for 2024/25 of £12.8m surpassing the 2024/25 target reserve of £12.2m, an estimated £2.1m of the surplus expected to be generated in 2024/25 will be transferred to the Major Repairs Reserve to fund investments in the capital programme.

4. HRA Capital Programme

4.1 The HRA capital programme is largely funded from the rent income paid by tenants. The Council is required to set aside money every year for major repairs based on the annual depreciation charge of the HRA. Additional revenue contributions can also be made from the income and expenditure budget instead of growing the HRA reserve balance. The Council can also use part of the capital receipts from sale of HRA assets and following the lifting of the HRA borrowing cap, can borrow to invest in new and existing housing stock.

4.2 Currently the bulk of the Council's HRA capital expenditure is invested in the existing housing stock and aimed at ensuring the stock meet the Decent Homes Standard as well as maintaining the communal and estate environment. In addition, the Council undertakes estate renewal and new build/acquisition programmes. More information about these three programmes is given in their respective sections below.

4.3 The affordability of the capital programme has been determined using the 30-year HRA business plan. The proposed programme is therefore based on the amount the HRA can invest in and continue to maintain a viable housing revenue account over a 30-year period. Based on a stock condition survey completed in 2018/19 and updated to current prices, the investment requirement for the next 30 years amounts to £1.8 billion when inflated. However, this is not sustainable in the refreshed HRA as it indicates the HRA will run out of reserves by year 13 of the model. This is largely because the HRA must borrow an estimated £0.8 billion as it only generates just over half of what it needs from rental income and other sources.

4.4 To ensure that the HRA maintains a healthy minimum cash reserve over the next 30 years, the 30-year capital programme has been reduced in the Sensitivity Model to a level that is more sustainable and enables the HRA to maintain positive reserves until year 18 or 2042/43 when a £50m loan repayment becomes due. This period of maintaining positive HRA reserves can be extended further if the loan repayment is re-financed as expected. The revised capital programme which represents a reduction of £0.6 billion to a new figure of £1.2 billion has been used to inform the 2024/25 capital programme requested and the indicative figures for 2025/26 to 2028/29.

4.5 All landlords are expected to invest in their properties to reduce their carbon footprint and while there are currently limited legislative requirements on landlords, it is expected that soon there will be a requirement for all homes that are let to be Energy Performance Certificate Band C or better by the end of the decade. The government is also yet to make available the funding needed to support landlords to improve the energy efficiency of their stock. The business plan has not made provision for decarbonization given the limited resource available to invest in the existing stock.

4.6 The proposed capital programme for 2024/25 and the indicative programme for the next 4 years to 2028/29 is summarised below:

Budget Type	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Internal Works	4,058	5,587	7,552	5,807	6,356
External Works	5,072	6,983	9,440	7,258	7,945
Compliance / Communal	4,666	6,425	8,685	6,678	7,310
Estate Environs	2,029	2,793	3,776	2,903	3,178
Landlord Works	2,029	2,793	3,776	2,903	3,178
Other	2,435	3,352	4,531	3,484	3,814
Estate Renewal	4,400	0	0	0	0
Total Capital Investment	**24,688**	**27,934**	**37,760**	**29,034**	**31,781**

Funded By:	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Other RTB Receipts	0	232	3,226	3,200	3,173
Leaseholder Contributions	0	1,000	1,000	1,000	1,000
Major Repairs Reserve	22,613	23,612	23,711	24,185	24,669
Revenue Contribution to Capital Outlay	2,075	3,090	5,063	649	2,939
New Borrowing	0	0	4,759	0	0
TOTAL FUNDING	**24,688**	**27,934**	**37,760**	**29,034**	**31,781**

Investment in Existing Stock

4.7 The focus of HRA capital expenditure is on investment in the housing stock and estates. The stock investment programme is focused on the following five groups of works:

1. Internal: kitchens, bathrooms, boilers and rewire
2. External: roofs, windows, doors, rainwater goods
3. Communal/compliance: fire doors, lifts, communal boilers, lateral mains, water tank replacement, asbestos removal, door entry systems
4. Estate Environment Works: road surfaces, footpaths, garages
5. Landlord Works: disabled adaptations, capital voids, energy efficiency
6. Other: Contingencies, ICT projects

4.8 Cabinet is asked to agree a budget of £20.288m for 2024/25. The approval will give authorisation to My Place department to start the design and procurement of these works against the agreed budget. This investment is higher than the £14m budget available this year and originally proposed for 2024/25 and will enable the service to scale up its activities and catch up on schemes that slipped in 2023/24 after the budget was reduced to £14m to accommodate the significant increase in the repairs contract in 2023/24.

4.9 The stock investment programme hit its target of fewer than 10% of properties not meeting the Decent Homes Standard. Continuing to reduce this figure to zero so Council homes are decent is a major aim of the stock investment programme.

4.10 Where works are carried out that benefit leaseholder properties the Council may recover the relevant proportion of costs from the leaseholder. These funds are used to offset the overall cost of the programme.

Estate Renewal

4.11 The Council has been delivering a rolling programme of Estate Renewal schemes since 2011 with an agreed budget set year to year. The HRA Estate Renewal budget mainly funds home loss and disturbance payments for tenants and buy back of leasehold stock to create vacant possession on the estate to facilitate its development. It has also funded the actual costs of demolition in some locations.

4.12 Phase 4 Gascoigne is the only project with an active decant and buyback programme and is the final phase of the master plan programme as approved by Cabinet in June 2014. This phase contains the last 4 high rise large panel system blocks in the Councils stock. In accordance with the decision of the Corporate Assurance Group on 13th October 2022 the Be First decant team have been working with the Landlord Services team in My Place department to expedite the relocations from these blocks due to ongoing compliance and disproportionate collapse risk.

4.13 The proposed budget for 2024/25 to complete Phase 4 is £4,400,000.

4.14 Estate Renewal projects continue to be a key component in the plans for delivering the Councils long-term regeneration vision for the borough. In addition to delivering more and better homes they also assist with tackling some of the HRA housing stock that requires higher levels of capital investment to meet decent homes, retro fit and other compliance standards. Bringing forward viable schemes is more challenging than ever and future projects will need to be prioritised to the ones that represent the greatest long-term savings to the HRA Capital Programme.

4.15 A working group of representatives from the Council and Be First are reviewing an agreed list of further Pipeline projects that includes a number of Estate Renewal schemes. The group is also considering alternatives to direct delivery and Council funding to continue to move the programme forward. The Estate schemes on this list have all been sighted in previous versions of the Be First Business Plan Pipeline and includes schemes that have already been flagged as priority schemes based on existing Asset Management information like Millard Terrace, Padnall and Reynolds Court. The delivery of these and other pipeline schemes such as 90 Stour Road, Ibscott Close and Harts Lane will continue to be assessed alongside any other priorities that emerge from the planned new stock condition survey and ability to meet retro fit and compliance requirements.

4.16 All future proposals brought to Cabinet will need to fully set out the HRA Asset Management case alongside the delivery arrangements and the normal statutory consultation and necessary Ballot requirements.

New Build Programme

4.17 The main approach to new build for the Council is through General Fund borrowing, with the homes built by Be First and ultimately managed by Reside. The intention is to invest most of the future 1-4-1 receipts in this programme. There are also plans to fund a small new build programme through the HRA, primarily for specialist housing to support vulnerable residents under the Innovative Sites Programme.

4.18 An estimated provision of £40,000 is expected from the HRA to fund Workstream 1 of the Innovative Sites Programme but had not yet been fully agreed to be incorporated in this report. Workstream 1 has a total allocation of 13 sites to be disposed in a phased approach across three tranches via the GLA's portal. The objective of Workstream 1 is to dispose of LBBD owned sites to Small and Medium Size Enterprise (SME) developers for the delivery of housing for local people. SMEs have the resource and capabilities to invest in and deliver small sites in innovative ways that would typically not be economical for Be First to deliver. Phasing disposal will allow both the GLA and Be First to effectively resource the process as well as provide sufficient opportunity for bidders to respond.

5. Consultation

5.1 Consultation on the proposals in this report have taken place with the Leader, the Cabinet Member for Community Leadership and Engagement and the Cabinet Member for Finance.

5.2 The Executive Team considered and endorsed the proposals at its meeting on 4 January 2024.

6. Financial Implications

Implications completed by: Nish Popat, Deputy Section 151 Officer and Alex Essilfie-Bondzie, Interim Head of Finance, My Place and Inclusive Growth.

6.1 The Council is required to maintain a ring-fenced Housing Revenue Account (HRA) for the management of its social housing properties. All expenditure on Social Housing must be fully funded from rental income with no call on funding from Council Tax receipts and other general council funds. The Council is also required to have business planning processes in place to ensure that the HRA remains sustainable over at least a 30-year period.

6.2 The rent and service charge uplifts proposed in this report are in line with government social rent setting guidance that allows social housing providers to increase rent by CPI plus 1% for 5 years from 2019/20. This followed 4 years of rent reduction in the period immediately following the introduction of HRA self-financing in 2012. The 5 years of rent uplifts was set aside in 2023/24 with the introduction of a rent cap of 7% in the face of peak inflation of 11.1%. The impact of the rent uplift on the budget is impacted by Right-to-Buy sales which reduces the income that otherwise would have been available to support the HRA.

6.3 The government reinstated the rent increases of up to CPI plus 1% from 2024/25, and this report recommends rents for LBBD tenants are increased by 7.7% in 2024/25. This is based on the September 2023 CPI of 6.7% plus the 1% cap permitted under the government rent policy.

6.4 The rent increase will assist the HRA to generate income to continue to manage the housing stock and sustain recent improvements in performance indicators on repairs and maintenance in 2023/24. Provision to continue with the current work to reduce damp and mould incidents among the stock has also been made within this budget proposal.

6.5 These increases in rent and the running costs of the HRA have been modelled through the 30-year HRA business plan. This shows that the HRA does not generate enough resources to meet the investment required to sustain the stock based on the income forecasts and level of borrowing required to support the investment and will result in the HRA reserves going into deficit by year 13 of the plan. To ensure the viability of the HRA is sustained a Sensitivity Model has been developed alongside the base model that reduces the investment in the stock to a more sustainable level. This has been used to inform the 2024/25 capital programme requested for approval in section 4 of this report.

6.6 The Sensitivity Model of the HRA Business Plan does indicate that in Year 18 it will become unviable under existing policies and assumptions. Therefore, close monitoring of the HRA finances will be required to ensure actions and decisions are taken to bring the HRA back into a balanced position.

6.7 While the indicative capital programme shown in section 4 of the report is below the amounts required to maintain the stock at the levels required by the stock condition survey over the 30-year period, the provision for the first year has been designed to match the capacity of the service to scale up and utilise all funding available while it undertakes a new and improved stock condition survey to inform new contractual arrangements with repair suppliers and stock investment strategies. Budget provision has been made in the capital budget for 2024/25 for the new stock condition survey set to be commissioned in 2024/25 and executed over a 4-year period. The new survey will also enable the Council to make informed decision on how to approach long term investment in the Council stock and help set out a clearer plan for achieving decarbonisation targets for the housing stock.

7. Legal Implications

Implications completed by Dr Paul Feild, Principal Standards & Governance Solicitor

7.1 The setting of the rent and other housing charges is a Cabinet function. The basis for setting rent is Section 24 of the Housing Act 1985 which provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses.

7.2 Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities to: (i) to produce and make available for public inspection, an annual budget for their HRA, which avoids a deficit; (ii) to review and if necessary, revise that budget from time to time and (iii) to take all reasonably practical steps to avoid an end of year deficit.

8. Other Implications

8.1 **Risk Management –** Rental income will be used to manage and maintain the Council's housing stock and any surplus will be invested in capital works to improve and maintain the stock. It therefore supports the reduction and mitigation of housing related risks such as fire, damp and moult and housing related health impacts.

Charging the right levels of rent also ensure that HRA remains viable to meet its borrowings costs as they become due.

8.2 **Contractual Issues –** There are no new contractual arrangements emanating from the proposals in this report.

8.3 **Staffing Issues –** There are no staffing issues emanating from the proposals in this report.

8.4 **Corporate Policy and Equality Impact –** The report proposes that rents are increased in line with government regulations. HRA rents remain low compared to market rents even following the proposed increase, and in general are around 35% of market rents in the borough. The rental increase proposed this year is considered proportionate because rent is the main source of income for the HRA, funding services to Council tenants as well as maintenance of the housing stock and supporting investment in new affordable housing properties in the borough. Rents for HRA properties can be fully covered by Housing Benefit/Universal Credit if needed in most cases. These directly deliver on the Council's priorities of residents living on good housing and avoiding becoming homeless as well as facilitating work to ensure residents benefit from inclusive growth and regeneration.

Community Solutions will be available to offer support to tenants who need assistance with financial management and budgeting and income maximization. In addition, Discretionary Housing Payments and the Household Support Fund may be available for some eligible households who are struggling with their housing costs

8.5 **Safeguarding Adults and Children –** Rental income will be used to manage and maintain the Council's housing stock and provide specific services and support for tenants including families and vulnerable adults.

8.6 **Health Issues –** The social housing provided in the HRA provide submarket rent secure accommodation that insulates tenants from the current challenges in the London rental market with its attendant negative impact on mental health. An increase in rental cost risks adding financial strain which impacts on mental and physical health (through e.g. food security) of tenants; and it will be important to ensure active promotion and intervention to ensure those at risk of debt are supported early and to monitor any increasing rates of those becoming financially vulnerable and requiring additional support. Furthermore, the investment into tackling damp and mould specifically can help tenants avoid respiratory diseases and other illnesses associated with this disrepair. While the general maintenance undertaken on the housing stock has the benefit of reducing incidents of injury from accidents on the estates. Removal of asbestos is a critical factor in preventing avoidable mortality. In relation to housing and health fuel poverty/cold homes are risk factors for illness and can be mitigated against by adequate external maintenance (roofs, door, windows.) In the long-term action to improve insulation is warranted; and should be considered in line with developing national policy.

8.7 **Crime and Disorder Issues –** Among the services funded from rental income are Council initiatives to support victims of domestic abuse and the tackling of antisocial behaviours on council estates.

8.8 **Property / Asset Issues –** Rental income will be used to manage and maintain the Council's housing stock and any surplus generated can additionally be invested in capital works to improve and maintain the stock.

Public Background Papers Used in the Preparation of the Report:

- Rent Standard, April 2023: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1136773/Rent_Standard_April_2023.pdf
- Rent Standard, April 2020: 2020 Rent Standard (from April 2020) - GOV.UK (www.gov.uk)

List of appendices:

- **Appendix A:** Base Plan – 30 Year HRA Income and Expenditure Forecasts and Stock Investment Requirement
- **Appendix B:** Sensitivity Scenario – 30 Year HRA Income and Expenditure Forecasts with a Capped Stock Investment Requirement.
- **Appendix C:** HRA Business Plan Assumptions

APPENDIX A

Housing Revenue Account Income and Expenditure Forecasts:

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income	97,727	102,516	103,865	105,227	106,602	107,990	111,495	110,805	112,232	113,671	115,123	118,830	118,066	119,556	121,058	122,573	124,100	128,055	127,673	130,232
Service Charge Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Void Losses	-977	-1,022	-1,035	-1,049	-1,063	-1,076	-1,111	-1,104	-1,118	-1,133	-1,147	-1,184	-1,176	-1,191	-1,206	-1,221	-1,236	-1,275	-1,272	-1,297
Non-Dwelling Rents	801	824	840	857	874	892	909	928	946	965	984	1,004	1,024	1,045	1,066	1,087	1,109	1,131	1,153	1,177
Charges For Services	24,375	25,057	25,558	26,069	26,591	27,123	27,665	28,218	28,783	29,358	29,946	30,545	31,155	31,779	32,414	33,062	33,724	34,398	35,086	35,788
Contribution Towards Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SP Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	**121,926**	**127,375**	**129,228**	**131,105**	**133,005**	**134,928**	**138,958**	**138,847**	**140,842**	**142,862**	**144,906**	**149,195**	**149,069**	**151,188**	**153,332**	**155,501**	**157,696**	**162,308**	**162,641**	**165,899**
S&M - General	-53,094	-54,580	-55,672	-56,785	-57,921	-59,079	-60,261	-61,466	-62,695	-63,949	-65,228	-66,533	-67,864	-69,221	-70,605	-72,017	-73,458	-74,927	-76,425	-77,954
S&M - Special	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Charges	-3,775	-3,881	-3,959	-4,038	-4,119	-4,201	-4,285	-4,371	-4,458	-4,547	-4,638	-4,731	-4,826	-4,922	-5,021	-5,121	-5,223	-5,328	-5,434	-5,543
Responsive & Cyclical	-23,365	-23,958	-24,438	-24,926	-25,425	-25,933	-26,452	-26,981	-27,521	-28,071	-28,632	-29,205	-29,789	-30,385	-30,993	-31,613	-32,245	-32,890	-33,548	-34,218
Depreciation	-22,613	-23,246	-23,711	-24,185	-24,669	-25,162	-25,666	-26,179	-26,703	-27,237	-27,781	-28,337	-28,904	-29,482	-30,071	-30,673	-31,286	-31,912	-32,550	-33,201
Debt Mgmt Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debts	-3,309	-3,471	-3,517	-3,563	-3,610	-3,657	-3,775	-3,752	-3,800	-3,849	-3,898	-4,024	-3,998	-4,048	-4,099	-4,150	-4,202	-4,336	-4,323	-4,410
Total Expenditure	**-106,156**	**-109,137**	**-111,296**	**-113,498**	**-115,743**	**-118,033**	**-120,439**	**-122,749**	**-125,177**	**-127,653**	**-130,179**	**-132,830**	**-135,380**	**-138,058**	**-140,789**	**-143,574**	**-146,414**	**-149,392**	**-152,281**	**-155,326**
Net Cost of Services I&E	**15,770**	**18,238**	**17,932**	**17,607**	**17,262**	**16,896**	**18,519**	**16,098**	**15,665**	**15,209**	**14,728**	**16,365**	**13,689**	**13,130**	**12,543**	**11,927**	**11,282**	**12,916**	**10,360**	**10,573**
Corp & Demo Core	-945	-972	-991	-1,011	-1,031	-1,052	-1,073	-1,094	-1,116	-1,139	-1,161	-1,185	-1,208	-1,232	-1,257	-1,282	-1,308	-1,334	-1,361	-1,388
Continuing Operations (not service specific)	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0
Net Cost of HRA Services	**14,825**	**17,266**	**16,941**	**16,596**	**16,230**	**15,844**	**17,447**	**15,004**	**14,549**	**14,070**	**13,567**	**15,181**	**12,481**	**11,898**	**11,286**	**10,645**	**9,974**	**11,582**	**9,000**	**9,185**
Interest Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Charges	-10,826	-11,257	-11,667	-11,783	-12,179	-12,616	-12,616	-12,975	-13,454	-13,919	-14,513	-15,150	-15,887	-16,434	-16,824	-17,027	-17,174	-17,443	-15,945	-16,391
G/L on Sale of HRA Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Deficit) in Year on HRA Services	**3,999**	**6,009**	**5,273**	**4,813**	**4,051**	**3,228**	**4,831**	**2,029**	**1,095**	**152**	**-946**	**30**	**-3,406**	**-4,537**	**-5,538**	**-6,382**	**-7,200**	**-5,861**	**-6,945**	**-7,206**
Provision for Debt Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Arranged Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-50,000	0	0
Repayment of Revolver	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to MRR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from / (to) Other Revenue Reserve	-2,200	-2,262	-2,307	-2,353	-2,400	-2,448	-2,497	-2,547	-2,598	-2,650	-2,703	-2,757	-2,812	-2,868	-2,926	-2,984	-3,044	-3,105	-3,167	-3,230
RCCO	-2,075	-3,966	-2,972	0	-4,220	0	-3,287	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Deficit) for the Year	**-276**	**-218**	**-6**	**2,460**	**-2,568**	**780**	**-953**	**-518**	**-1,503**	**-2,498**	**-3,649**	**-2,726**	**-6,218**	**-7,405**	**-8,464**	**-9,366**	**-10,244**	**-58,966**	**-10,112**	**-10,436**
HRA Surplus / (Deficit) b/f	**10,623**	**10,622**	**10,618**	**10,824**	**13,609**	**11,371**	**12,440**	**11,781**	**11,493**	**10,205**	**7,886**	**4,358**	**1,691**	**-4,555**	**-12,125**	**-20,916**	**-30,776**	**-41,722**	**-102,112**	**-114,367**
Major Repairs Reserve Interest	9	4	0	83	83	55	55	0	0	0	0	0	0	0	0	17	17	0	0	0
Other Capital Receipts Reserve Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment Provision Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RTB Receipts for Repl Homes Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other RTB Receipts Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Reserve Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Account Interest	266	210	212	241	246	235	239	230	215	179	121	60	-28	-165	-327	-512	-718	-1,424	-2,143	-2,392
HRA Surplus / (Deficit) c/f	**10,622**	**10,618**	**10,824**	**13,609**	**11,371**	**12,440**	**11,781**	**11,493**	**10,205**	**7,886**	**4,358**	**1,691**	**-4,555**	**-12,125**	**-20,916**	**-30,776**	**-41,722**	**-102,112**	**-114,367**	**-127,196**

STOCK INVESTMENT REQUIREMENT

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CAPITAL EXPENDITURE TYPE	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Internal Works	-4,966	-28,480	-8,361	-4,173	-19,319	-8,463	-9,422	-6,506	-10,436	-26,010	-29,457	-27,551	-28,464	-20,579	-33,414	-12,721	-5,621	-15,897	-6,170	-9,635
External Works	-6,207	-18,208	-21,836	-6,225	-41,688	-6,996	-11,445	-25,489	-18,865	-19,468	-7,486	-19,314	-17,714	-15,430	-4,455	-10,424	-27,534	-15,542	-24,768	-35,804
Compliance / Communal	-5,711	-1,416	-1,678	-3,600	-1,746	-2,207	-13,223	-14,790	-3,442	-1,724	-6,241	-4,140	-4,320	-3,450	-3,320	-3,237	-6,677	-6,643	-2,398	-4,506
Estate Environs	-2,483	-1,851	-1,888	-1,926	-1,964	-2,004	-2,044	-2,085	-2,126	-2,169	-2,212	-2,256	-2,301	-2,347	-2,394	-2,442	-2,491	-2,541	-2,592	-2,644
Landlord Works	-1,062	-2,665	-2,738	-2,836	-3,145	-2,847	-2,486	-2,766	-2,624	-2,629	-2,393	-2,611	-2,575	-2,527	-2,328	-2,430	-2,716	-2,508	-2,653	-2,821
Other	0	-1,234	-1,259	-1,284	-1,310	-1,336	-1,362	-1,390	-1,417	-1,446	-1,475	-1,504	-1,534	-1,565	-1,596	-1,628	-1,661	-1,694	-1,728	-1,762
Estate Renewal	-4,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INVESTMENT REQUIREMENT	**-24,829**	**-53,855**	**-37,760**	**-20,044**	**-69,172**	**-23,854**	**-39,983**	**-53,025**	**-38,911**	**-53,445**	**-49,263**	**-57,376**	**-56,910**	**-45,899**	**-47,509**	**-32,882**	**-46,700**	**-44,824**	**-40,309**	**-57,173**

21	22	23	24	25	26	27	28	29	30
2044/45	**2045/46**	**2046/47**	**2047/48**	**2048/49**	**2049/50**	**2050/51**	**2051/52**	**2052/53**	**2053/54**
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
132,842	135,504	138,220	143,701	143,816	146,698	149,638	152,638	158,691	158,818
0	0	0	0	0	0	0	0	0	0
-1,323	-1,349	-1,376	-1,431	-1,432	-1,461	-1,490	-1,520	-1,580	-1,581
1,200	1,224	1,249	1,274	1,299	1,325	1,351	1,378	1,406	1,434
36,504	37,234	37,978	38,738	39,513	40,303	41,109	41,931	42,770	43,625
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
169,222	**172,612**	**176,070**	**182,282**	**183,195**	**186,865**	**190,609**	**194,428**	**201,287**	**202,296**
-79,513	-81,103	-82,725	-84,380	-86,067	-87,789	-89,545	-91,335	-93,162	-95,025
0	0	0	0	0	0	0	0	0	0
-5,654	-5,767	-5,882	-6,000	-6,120	-6,243	-6,367	-6,495	-6,625	-6,757
-34,903	-35,601	-36,313	-37,039	-37,780	-38,536	-39,306	-40,092	-40,894	-41,712
-33,865	-34,543	-35,233	-35,938	-36,657	-37,390	-38,138	-38,901	-39,679	-40,472
0	0	0	0	0	0	0	0	0	0
-4,498	-4,588	-4,680	-4,866	-4,870	-4,967	-5,067	-5,168	-5,373	-5,378
-158,433	**-161,602**	**-164,834**	**-168,223**	**-171,494**	**-174,924**	**-178,423**	**-181,991**	**-185,733**	**-189,344**
10,789	**11,010**	**11,236**	**14,059**	**11,701**	**11,941**	**12,186**	**12,436**	**15,555**	**12,952**
-1,416	-1,444	-1,473	-1,502	-1,532	-1,563	-1,594	-1,626	-1,659	-1,692
-0	-0	-0	-0	-0	-0	-0	-0	-0	-0
9,373	**9,566**	**9,763**	**12,556**	**10,169**	**10,378**	**10,592**	**10,810**	**13,896**	**11,260**
0	0	0	0	0	0	0	0	0	0
-16,848	-17,375	-18,509	-19,289	-20,878	-22,819	-25,481	-28,335	-28,498	-30,261
0	0	0	0	0	0	0	0	0	0
-7,475	**-7,809**	**-8,746**	**-6,732**	**-10,709**	**-12,441**	**-14,889**	**-17,525**	**-14,603**	**-19,001**
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	-50,000	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
-3,295	-3,361	-3,428	-3,496	-3,566	-3,638	-3,710	-3,785	-3,860	-3,938
0	0	0	0	0	0	0	0	0	0
-10,769	**-11,170**	**-12,174**	**-10,229**	**-14,275**	**-16,078**	**-18,599**	**-71,309**	**-18,463**	**-22,939**
-127,196	**-140,616**	**-154,710**	**-170,100**	**-183,833**	**-201,927**	**-222,205**	**-245,434**	**-322,365**	**-347,460**
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
-2,652	-2,924	-3,216	-3,504	-3,819	-4,199	-4,630	-5,622	-6,632	-7,179
-140,616	**-154,710**	**-170,100**	**-183,833**	**-201,927**	**-222,205**	**-245,434**	**-322,365**	**-347,460**	**-377,577**

21	22	23	24	25	26	27	28	29	30	
2044/45	**2045/46**	**2046/47**	**2047/48**	**2048/49**	**2049/50**	**2050/51**	**2051/52**	**2052/53**	**2053/54**	**TOTAL**
£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	
-18,701	-8,486	-10,610	-10,614	-14,853	-11,376	-7,922	-35,527	-15,030	-10,234	-458,998
-13,916	-42,094	-62,378	-20,200	-113,230	-42,916	-168,777	-35,396	-98,923	-50,398	-1,003,128
-2,794	-5,114	-3,353	-2,818	-2,721	-3,819	-2,672	-2,435	-3,821	-4,147	-128,164
-2,697	-2,750	-2,805	-2,862	-2,919	-2,977	-3,037	-3,097	-3,159	-3,223	-74,286
-2,468	-2,896	-3,188	-2,548	-3,887	-2,858	-4,595	-2,732	-3,571	-2,910	-83,014
-1,798	-1,834	-1,870	-1,908	-1,946	-1,985	-2,024	-2,065	-2,106	-2,148	-47,869
0	0	0	0	0	0	0	0	0	0	-4,400
-42,372	**-63,174**	**-84,205**	**-40,948**	**-139,555**	**-65,931**	**-189,026**	**-81,254**	**-126,612**	**-73,060**	**-1,799,859**

APPENDIX B

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income	97,727	102,516	103,865	105,227	106,602	107,990	111,495	110,805	112,232	113,671	115,123	118,830	118,066	119,556	121,058	122,573	124,100	128,055	127,673	130,232	132,842	135,504
Service Charge Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Void Losses	-977	-1,022	-1,035	-1,049	-1,063	-1,076	-1,111	-1,104	-1,118	-1,133	-1,147	-1,184	-1,176	-1,191	-1,206	-1,221	-1,236	-1,275	-1,272	-1,297	-1,323	-1,349
Non-Dwelling Rents	801	824	840	857	874	892	909	928	946	965	984	1,004	1,024	1,045	1,066	1,087	1,109	1,131	1,153	1,177	1,200	1,224
Charges For Services	24,375	25,057	25,558	26,069	26,591	27,123	27,665	28,218	28,783	29,358	29,946	30,545	31,155	31,779	32,414	33,062	33,724	34,398	35,086	35,788	36,504	37,234
Contribution Towards Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SP Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	**121,926**	**127,375**	**129,228**	**131,105**	**133,005**	**134,928**	**138,958**	**138,847**	**140,842**	**142,862**	**144,906**	**149,195**	**149,069**	**151,188**	**153,332**	**155,501**	**157,696**	**162,308**	**162,641**	**165,899**	**169,222**	**172,612**
S&M - General	-53,094	-54,580	-55,672	-56,785	-57,921	-59,079	-60,261	-61,466	-62,695	-63,949	-65,228	-66,533	-67,864	-69,221	-70,605	-72,017	-73,458	-74,927	-76,425	-77,954	-79,513	-81,103
S&M - Special	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Charges	-3,775	-3,881	-3,959	-4,038	-4,119	-4,201	-4,285	-4,371	-4,458	-4,547	-4,638	-4,731	-4,826	-4,922	-5,021	-5,121	-5,223	-5,328	-5,434	-5,543	-5,654	-5,767
Responsive & Cyclical	-23,365	-23,958	-24,438	-24,926	-25,425	-25,933	-26,452	-26,981	-27,521	-28,071	-28,632	-29,205	-29,789	-30,385	-30,993	-31,613	-32,245	-32,890	-33,548	-34,218	-34,903	-35,601
Depreciation	-22,613	-23,246	-23,711	-24,185	-24,669	-25,162	-25,666	-26,179	-26,703	-27,237	-27,781	-28,337	-28,904	-29,482	-30,071	-30,673	-31,286	-31,912	-32,550	-33,201	-33,865	-34,543
Debt Mgmt Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debts	-3,309	-3,471	-3,517	-3,563	-3,610	-3,657	-3,775	-3,752	-3,800	-3,849	-3,898	-4,024	-3,998	-4,048	-4,099	-4,150	-4,202	-4,336	-4,323	-4,410	-4,498	-4,588
Total Expenditure	**-106,156**	**-109,137**	**-111,296**	**-113,498**	**-115,743**	**-118,033**	**-120,439**	**-122,749**	**-125,177**	**-127,653**	**-130,179**	**-132,830**	**-135,380**	**-138,058**	**-140,789**	**-143,574**	**-146,414**	**-149,392**	**-152,281**	**-155,326**	**-158,433**	**-161,602**
Net Cost of Services I&E	**15,770**	**18,238**	**17,932**	**17,607**	**17,262**	**16,896**	**18,519**	**16,098**	**15,665**	**15,209**	**14,728**	**16,365**	**13,689**	**13,130**	**12,543**	**11,927**	**11,282**	**12,916**	**10,360**	**10,573**	**10,789**	**11,010**
Corp & Demo Core	-945	-972	-991	-1,011	-1,031	-1,052	-1,073	-1,094	-1,116	-1,139	-1,161	-1,185	-1,208	-1,232	-1,257	-1,282	-1,308	-1,334	-1,361	-1,388	-1,416	-1,444
Continuing Operations (not service specific)	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0
Net Cost of HRA Services	**14,825**	**17,266**	**16,941**	**16,596**	**16,230**	**15,844**	**17,447**	**15,004**	**14,549**	**14,070**	**13,567**	**15,181**	**12,481**	**11,898**	**11,286**	**10,645**	**9,974**	**11,582**	**9,000**	**9,185**	**9,373**	**9,566**
Interest Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Charges	-10,826	-10,826	-10,896	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,969	-10,954	-9,219	-9,219	-9,219	-9,219
G/L on Sale of HRA Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Deficit) in Year on HRA Services	**3,999**	**6,440**	**6,045**	**5,627**	**5,262**	**4,875**	**6,478**	**4,035**	**3,580**	**3,102**	**2,598**	**4,212**	**1,512**	**929**	**317**	**-324**	**-995**	**628**	**-219**	**-34**	**155**	**348**
Provision for Debt Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Arranged Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-50,000	0	0	0	0
Repayment of Revolver	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to MRR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from / (to) Other Revenue Reserve	-2,200	-2,262	-2,307	-2,353	-2,400	-2,448	-2,497	-2,547	-2,598	-2,650	-2,703	-2,757	-2,812	-2,868	-2,926	-2,984	-3,044	-3,105	-3,167	-3,230	-3,295	-3,361
RCCO	-2,075	-3,090	-5,063	-649	-2,939	-3,897	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Deficit) for the Year	**-276**	**1,089**	**-1,326**	**2,626**	**-77**	**-1,470**	**3,981**	**1,488**	**983**	**452**	**-105**	**1,455**	**-1,300**	**-1,939**	**-2,609**	**-3,308**	**-4,039**	**-52,477**	**-3,386**	**-3,264**	**-3,140**	**-3,013**
HRA Surplus / (Deficit) b/f	**10,623**	**10,622**	**11,938**	**10,838**	**13,706**	**13,903**	**12,696**	**17,051**	**19,012**	**20,567**	**21,696**	**22,278**	**24,420**	**23,737**	**22,442**	**20,607**	**18,341**	**15,632**	**-35,814**	**-38,407**	**-40,762**	**-42,868**
Major Repairs Reserve Interest	9	4	0	0	0	0	80	117	183	261	255	227	141	189	351	663	1,003	1,244	1,542	1,710	1,880	2,013
Other Capital Receipts Reserve Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment Provision Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RTB Receipts for Repl Homes Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other RTB Receipts Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Reserve Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Account Interest	266	223	225	243	273	263	294	356	390	416	433	460	475	455	423	379	326	-212	-750	-801	-847	-887
HRA Surplus / (Deficit) c/f	**10,622**	**11,938**	**10,838**	**13,706**	**13,903**	**12,696**	**17,051**	**19,012**	**20,567**	**21,696**	**22,278**	**24,420**	**23,737**	**22,442**	**20,607**	**18,341**	**15,632**	**-35,814**	**-38,407**	**-40,762**	**-42,868**	**-44,756**

STOCK INVESTMENT REQUIREMENT

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CAPITAL EXPENDITURE TYPE	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Internal Works	-4,058	-5,587	-7,552	-5,807	-6,356	-6,641	-4,363	-6,899	-4,002	-6,833	-5,920	-7,464	-7,290	-5,006	-5,245	-2,235	-4,911	-4,448	-3,454	-6,735	-3,681	-7,745
External Works	-5,072	-6,983	-9,440	-7,258	-7,945	-8,302	-5,454	-8,624	-5,003	-8,542	-7,400	-9,330	-9,113	-6,258	-6,556	-2,793	-6,139	-5,559	-4,318	-8,418	-4,601	-9,681
Compliance / Communal	-4,666	-6,425	-8,685	-6,678	-7,310	-7,637	-5,018	-7,934	-4,603	-7,858	-6,808	-8,584	-8,384	-5,757	-6,032	-2,570	-5,648	-5,115	-3,972	-7,745	-4,233	-8,907
Estate Environs	-2,029	-2,793	-3,776	-2,903	-3,178	-3,321	-2,182	-3,450	-2,001	-3,417	-2,960	-3,732	-3,645	-2,503	-2,622	-1,117	-2,456	-2,224	-1,727	-3,367	-1,840	-3,873
Landlord Works	-2,029	-2,793	-3,776	-2,903	-3,178	-3,321	-2,182	-3,450	-2,001	-3,417	-2,960	-3,732	-3,645	-2,503	-2,622	-1,117	-2,456	-2,224	-1,727	-3,367	-1,840	-3,873
Other	-2,435	-3,352	-4,531	-3,484	-3,814	-3,985	-2,618	-4,140	-2,401	-4,100	-3,552	-4,478	-4,374	-3,004	-3,147	-1,341	-2,947	-2,669	-2,072	-4,041	-2,208	-4,647
Estate Renewal	-4,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INVESTMENT REQUIREMENT	**-24,688**	**-27,934**	**-37,760**	**-29,034**	**-31,781**	**-33,206**	**-21,817**	**-34,496**	**-20,011**	**-34,167**	**-29,600**	**-37,320**	**-36,452**	**-25,032**	**-26,225**	**-11,173**	**-24,557**	**-22,238**	**-17,271**	**-33,674**	**-18,403**	**-38,725**

23	24	25	26	27	28	29	30
2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
138,220	143,701	143,816	146,698	149,638	152,638	158,691	158,818
0	0	0	0	0	0	0	0
-1,376	-1,431	-1,432	-1,461	-1,490	-1,520	-1,580	-1,581
1,249	1,274	1,299	1,325	1,351	1,378	1,406	1,434
37,978	38,738	39,513	40,303	41,109	41,931	42,770	43,625
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
176,070	**182,282**	**183,195**	**186,865**	**190,609**	**194,428**	**201,287**	**202,296**
-82,725	-84,380	-86,067	-87,789	-89,545	-91,335	-93,162	-95,025
0	0	0	0	0	0	0	0
-5,882	-6,000	-6,120	-6,243	-6,367	-6,495	-6,625	-6,757
-36,313	-37,039	-37,780	-38,536	-39,306	-40,092	-40,894	-41,712
-35,233	-35,938	-36,657	-37,390	-38,138	-38,901	-39,679	-40,472
0	0	0	0	0	0	0	0
-4,680	-4,866	-4,870	-4,967	-5,067	-5,168	-5,373	-5,378
-164,834	**-168,223**	**-171,494**	**-174,924**	**-178,423**	**-181,991**	**-185,733**	**-189,344**
11,236	**14,059**	**11,701**	**11,941**	**12,186**	**12,436**	**15,555**	**12,952**
-1,473	-1,502	-1,532	-1,563	-1,594	-1,626	-1,659	-1,692
-0	-0	-0	-0	-0	-0	-0	-0
9,763	**12,556**	**10,169**	**10,378**	**10,592**	**10,810**	**13,896**	**11,260**
0	0	0	0	0	0	0	0
-9,219	-9,219	-9,219	-9,219	-10,756	-12,486	-11,815	-12,727
0	0	0	0	0	0	0	0
544	**3,338**	**950**	**1,160**	**-164**	**-1,676**	**2,081**	**-1,467**
0	0	0	0	0	0	0	0
0	0	0	0	0	-50,000	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-3,428	-3,496	-3,566	-3,638	-3,710	-3,785	-3,860	-3,938
0	0	0	0	0	0	0	0
-2,884	**-159**	**-2,616**	**-2,478**	**-3,874**	**-55,460**	**-1,780**	**-5,404**
-44,756	**-46,812**	**-46,174**	**-48,550**	**-51,605**	**-56,346**	**-113,488**	**-117,555**
1,751	1,735	1,190	419	204	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-924	-938	-950	-996	-1,071	-1,682	-2,288	-2,405
-46,812	**-46,174**	**-48,550**	**-51,605**	**-56,346**	**-113,488**	**-117,555**	**-125,365**

23	24	25	26	27	28	29	30	TOTAL
2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
-11,853	-3,102	-22,722	-7,893	-32,407	-10,744	-19,706	-8,883	-239,544
-14,817	-3,878	-28,403	-9,867	-40,508	-13,430	-24,632	-11,104	-299,429
-13,631	-3,568	-26,130	-9,077	-37,268	-12,356	-22,661	-10,215	-275,475
-5,927	-1,551	-11,361	-3,947	-16,203	-5,372	-9,853	-4,441	-119,772
-5,927	-1,551	-11,361	-3,947	-16,203	-5,372	-9,853	-4,441	-119,772
-7,112	-1,861	-13,633	-4,736	-19,444	-6,446	-11,823	-5,330	-143,726
0	0	0	0	0	0	0	0	-4,400
-59,267	**-15,512**	**-113,610**	**-39,467**	**-162,033**	**-53,721**	**-98,528**	**-44,414**	**-1,202,118**

APPENDIX C

Description	Assumptions used in the Business Plan
Inflation CPI	Uplifted in 2024/25 (6.7%), 2025/26 (2.8%), and 2026/27 (2%) + every year after
Efficiency savings	£7m reduction on repairs contract assumed for 2024/25 will reduce the size of the increase required to align 2023/24 budget to current contract price
Minimum HRA Balances	Minimum HRA reserve balance of £11m representing 10% of total revenue has been set over the 30 years of the business plan to increase by 2% per annum
Rent Income uplift (dwellings)	Model assumes CPI plus 1% for 2024/25 and CPI only from 2025/26 onwards
Rent Income uplift (non-dwellings)	2024-25 are budgets provided based on current performance. Years thereafter assume CPI uplifts applied to non-dwellings income
Void Rate	Void rate of 1% applied to Council dwellings throughout the business plan. This amounts to £977k in 2024/25
Non-staffing budgets	Assumes actual budgets based on performance for 2024-25 and increased by 2.8% in 2025/26 and 2% in 2026/27 and thereafter 2%.
Bad debt allowance	3.4% assumed based on current trend.
Interest rate on borrowing	Interest on loans specifically taken for the HRA remains on the interest used in loan agreement while internal borrowing is based on Council's average cost of borrowing which 2024/25 (3.01%), 2025/26 (3.01%) 2026/27 onwards (3.01%). New loans interest forecast are 2024/25 (4%), 2025/26 (3.5%) 2026/27 onwards (3%)
Minimum Interest Cover Ratio (ICR)	A minimum interest cover of 1.2% has been set to the affordable limit for debt in the HRA business plan
HRA Debt balance	The HRA CFR opening CFR for 2024/25 is estimated to be £313.065m.
Debt Repayment	Repayment of debt assumes debt will be repaid when they become due at the end of their terms.
Right To Buy (RTB)	110 RTB sales are assumed annually to year 19, then nil. This corresponds with the end of the agreement with DLUHC. The model assumes a profile of sizes of properties in line with historic experience and values and discounts seen in the current market. Values are assumed to be frozen into 2024/25 then rise by 1% per annum.
Major Repairs	Uplifted in line with CPI above (6.7%, 2.8% then 2% thereafter) other than disabled adaptations, capital void contingency and communal works budgets which are assumed fixed
R&M uplift	Uplifted in line with CPI above (6.7%, 2.8% then 2% thereafter)
Major Repairs Reserve	This is funded from amounts set aside as depreciation in the income and expenditure budget of the HRA. The model assumes they are all used to fund the HRA capital programme when available.
Leaseholder Reserve	Around £2m per annum + inflation is assumed to go into a reserve for dealing with Leaseholder Capital Works. It is assumed that from 2025/26 onwards, £1m of this reserve per Annum will fund leaseholder works in the capital programme figures.
Non- 1-4-1 Capital Receipts	From 2026/27 onwards, RTB receipts retained in relation to the LA share and the allowable debt will be used to fund the capital programme rather than GF capital works
RTB 1-4-1 Receipts	All RTB 1-4-1 receipts are assumed to be given away to another RP or fund Be First projects before they require repayment to the Treasury

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CABINET

23 January 2024

Title: Dedicated Schools Budget and Schools Funding Formula 2024/25	
Report of the Cabinet Member for Educational Attainment and School Improvement	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Amar Barot, Head of Finance for People Services	**Contact Details:** E-mail: Amar.Barot@lbbd.gov.uk
Accountable Director: Jane Hargreaves, Commissioning Director – Education, Youth and Childcare	
Accountable Executive Team Directors: Jo Moore, Strategic Director, Resources, and Elaine Allegretti, Strategic Director, Children and Adults	

Summary

This report provides an update on the national and local Education Funding position and the likely impact on schools and other Education services in Barking and Dagenham. It also sets out the Dedicated Schools Budget (DSB) strategy for 2024-25 and the principles to be used for the Local Funding Formula for Schools following discussion with Schools Forum and consultation with schools. The report also considers the implications for the Council of the funding changes and the risks and opportunities that arise as a result.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the indicative allocation of Dedicated Schools Grant for 2024/25 as set out in section 2 of the report;

(ii) Approve the strategy for the Dedicated Schools Budget as set out in section 3 of the report;

(iii) Approve, subject to consultation with Schools and the Schools Forum, the proposed principles for the design of the Local Schools Funding Formula as set out in section 4 of the report;

(iv) Note the allocated funding and strategy for the three other funding blocks as set out in section 5 of the report;

(v) Approve the increases in the Early Years so that the funding rate for three and four year olds is increased to £5.15 per hour and that for two year olds is increased to £6.09 per hour; and

(vi)	Delegate authority to the Strategic Director, Children and Adults, in consultation with the Strategic Director, Resources, the Schools Forum and the Cabinet Member for Educational Attainment and School Improvement, to approve the final 2024/25 school funding formula for submission to the Education and Schools Funding Agency.

Reason(s)

The Dedicated Schools Budget is part of the Council's overall budget and Local Authorities are required to develop and maintain a Local Funding Formula to distribute funding to schools.

1. Introduction and Background

1.1 Most Education funding is provided by the Department of Education in the form of a specific ringfenced grant to Local Authorities known as the Dedicated Schools Grant. This was first introduced in 2006 and at that time was based on the allocations within Local Authority budgets for Education. However, since that time the direction of travel has been towards replacing this with a national formula-based allocation with funding based on population and indicators of additional needs such as deprivation and poor attainment.

1.2 The DSG is made up of four blocks that fund different components of the 3-16 Education system: the Schools Block which makes up most of the allocations to individual schools, the High Needs Block which provides funding for Special Schools, Alternative Provision, and Additional support for students with Special Education Needs in mainstream schools, the Early Years block which provides funding for two, three and four year olds education and the Central Block which funds various central services such as Admissions and School Improvement. More information is given on each of the blocks in the report.

1.3 The ultimate intention of Department of Education policy is that Schools Block funding will be passported straight to schools based on the National Funding Formula. However, there is a transitional period before this happens during which time the Local Authority is required to set its own formula in consultation with its School Forum and local schools although this must be within the tight framework set out in national guidance. The details of the LBBD formula are also set out in this report.

1.4 In general the effect of operation of the National Funding Formula for the Schools Block would be to move funding away from London authorities towards other areas although this effect has been dampened by the use of a funding floor. In practice given that Education funding at the national level has been subject to limited increases for many years what this means is that London schools have tended to see only minimal below inflation increases in funding with greater increases going to schools in other areas. Combined with a demographic dip in the primary population this has created financial pressures for most LBBD schools which will tend to worsen if pay, energy and other costs continue to increase as is likely.

1.5 On the other hand the move to a formula-based allocation has improved funding for the High Needs Block which had previously been severely underfunded. However, this remains an area of financial pressure at the local and national level.

2. The Dedicated Schools Grant

2.1 As described above the Dedicated Schools Grant is made up of four blocks which fund different aspects of the Education system. The table below shows the current year's allocation and the indicative funding for 2024-25 as published by the DfE and the final allocation published in December 2023. Note that the indicative funding is based on the School Census data for October 2022 while the final allocation is in line with pupil numbers in Census data from October 2023.

Dedicated Schools Grant	2023-24	2024-25 Indicative Allocation	2024-25 Final Allocation
	£m	£m	£m
Schools Block	262.447	272.424	275.744
High Needs Block	54.607	56.965	57.291
Central Services Block	2.162	2.107	2.118
Early Years Block	23.174	23.174*	36.292
TOTAL	342.390	354.670	367.846

*No indicative allocation for Early Years was issued by the Department

2.2 The Schools Block funding for LBBD has been increased by 5% per pupil.

2.3 There has been another increase in the High Needs Block. This reflects both the national funding increase in this area and the continued movement towards the formula-based allocation. The additional grant for High Needs has been included in the block funding and amounts to £2.358m.

2.4 The Central block has been uplifted by inflation for ongoing commitments (admissions, copy right licence and statutory duties) but part of the block that relates to historic spending allocations is being reduced by 20% per annum in line with the Government intention to standardise central spending.

2.5 The Early Years allocation has only just been published. An update will be provided as to the impact on providers shortly. We will ensure that the maximum possible increases are passed on to the frontline.

3. Schools Block

3.1 The Schools block is made up of three components. The largest component is the formula led allocation calculated at the individual school level and aggregated to the Local Authority area. Then there are special premises factors such as rates and PFI costs which have not yet been formularised but are set based on last year's actuals. Finally, there is the Growth Fund which is set at Local Authority level based on a formula capturing the change in school age population between census dates.

3.2 The national formula for schools funding is intended to provide more consistency and transparency around funding so that when fully implemented, similar children in similar schools will be funded at the same level (adjusted for local cost variations.) It therefore provides a basic age weighted pupil unit (AWPU) of funding for each student in a school with further funding allocated to factors that are indicative of additional needs (deprivation, English as an additional language and low prior attainment) and a small amount of funding for school led funding (a lump sum and funding for rates and exceptional premises costs.)

3.3 The AWPU in the national formula is lower than was previously the case for LBBD schools (this is the case for most London authorities) resulting in a distribution of funding away from London on average. However, the additional needs factors are highly weighted so schools with these kinds of students are partially compensated for this. Finally, a funding floor has been used to contain funding losses at a minimum level. (The floor is set on a per pupil basis.) For 2024-25 this has been set at between 0.0% and 0.5%. This is obviously far below inflation and so will result in financial pressures for all schools who receive only this uplift.

3.4 This year all 43 primary schools in Barking and Dagenham are on the funding floor, receiving only the minimum increase 0.5% in per pupil funding with the application of the Minimum Funding Guarantee (MFG). No secondary/all through schools are on the floor funding level.

3.5 The DfE have used the national formula to calculate individual allocations for all schools in the country. This has then been used to calculate the aggregate Schools Block allocation for each authority and derive the relevant average funding unit of £6,804. The final allocations were published in December 2023.

3.6 Since 2018-19 Growth funding has been allocated on a formula based on population changes between one October census and the previous one. In practice for LBBD this is resulting in a less generous allocation than previously. Our local growth funding policy has been revised to reduce funding allocated for new classes opening in September to the AWPU level only (the minimum possible.) This effectively requires new classes to be partly cross subsidised from the school's overall budget. We expect the estimated growth funding available for 2024-25 enough to meet the growth requirement. However, should there be a deficit on growth funding, we will fund any deficit from the DSG reserve rather than top sliced from the schools block – this means that we are passing through as much funding available to schools as possible.

3.7 In addition although there is overall pupil growth in the secondary phase and in some geographical areas in the primary phase, in other areas there is a temporary dip in primary numbers. Demographic modelling suggests that this is only temporary but for some schools this short-term funding drop is hard to manage so the Schools Forum has agreed that a small fund should be made available to support those schools. This will also be funded from the reserve.

3.8 The provisional NFF allocation for LBBD -Schools block is shown in the table below.

	2023-24	2024-25 Indicative	2024-25 Final
Pupil Nos*	40,261	40,261	40,518.50
Primary Unit of Funding (PUF)	£5,492	£5,737	£5,737
Secondary Unit of Funding (SUF)	£7,402	£7,741	£7,741
LA Allocation excluding growth & premises factors	£251,417,653	£262,787,105	£264,925,767
LA supplementary grant (pupils 5-16)			
Total SB baseline (excluding growth)	**£251,417,653**	**£262,787,105**	**£264,925,767**
Baseline per pupil (excluding growth)	£6,245	£6,527	£6,538
Provisional % change in 2024-25	1.63%	1.14%	4.69%
LA Allocation through premises funding	£9,463,966	£9,636,860	£9,636,862
LA Growth Allocation	£1,565,576	*£1,565,576	£1,181,681
TOTAL PUBLISHED SCHOOLS BLOCK	**£262,447,195**	**£273,989,541**	**£275,744,320**

* No indicative LA Growth Allocation was released by DfE

4. The Local Funding Formula for Barking and Dagenham for 2024-25

4.1 The Department of Education have started the transition to a fully formula-based methodology for individual schools and have introduced further restrictions on how far Authorities can move away from the national formula in order to set a local formula that meets the needs of schools in their areas.

4.2 Barking and Dagenham has been moving its formula closer to national figures and we use the national rates for all the additional needs factors (i.e., funding for deprivation, low prior attainment, and other needs.) However, we have been using the flexibility to shift more funding towards the primary phase in line with a policy principle agreed with Schools Forum. Prior to introduction of the national formula there was a local funding ratio of 1:1.35 between the primary and secondary sectors. However, the national formula comes out with a ratio of 1:1.42. Over recent years the formula has directed more money towards to the secondary sector and this appears to be a government intention.

4.3 The Schools Finance team carried out some modelling and presented three options to Schools Forum and the whole community of schools (both maintained schools and academies). These options were all within the range of values allowed by the transition rules and resulted in three different funding ratios:

- Model A 1:1.42 – a straight application of the NFF formula
(This model is unaffordable, and the cash allocation is exceeded by £982k).

- Model B 1:1.42 – an intermediate option, incorporating capping and scaling to ensure the model is affordable.

- Model C 1:1.36 – all factors as per NFF rates, with the exception of AWPU, which has been adjusted to allocate additional funding to the primary sector.

In all models, all other factors were the same. However, the minimum funding guarantee was in place to ensure all schools received a minimum 0.5% per pupil uplift.

4.4 The models were consulted upon with a deadline of December 14th. Responses will be collated and published at the January 2024 Schools forum meeting.

4.5 Cabinet are therefore asked to approve the following principles to be used for the 2024-25 Local Funding Formula:

(a) To Apply NFF rates for funding factors including area cost adjustment of 13.05%with the exception of AWPU.

(b) To adjust the AWPU rates to remain within the cash limit and to achieve 1:1.36 ratio between primary and secondary phases or as close to it as possible. This means secondaries would be funded 36% more per pupil than a primary in recognition of their greater costs. The notional funding allocations published by the DfE are showing that most primary schools are having to be supported through the funding floor factor in respect of the minimum 0.5% per pupil uplift. This is because the pupil led factors are not fully effective in driving the funding allocations and result in minimum increases through the formula.

(c) To apply no capping and scaling unless necessary to allow the formula to operate in a reasonable, fair and stable manner. This means that schools will retain all their gains under the formula. However, in the final model, it may be necessary to apply capping and scaling to ensure that the formula remains affordable.

(d) To provide Minimum Funding Guarantee (MFG) protection of 0.5% This measures the percentage increase in per pupil funding between the 2023-24 and 2024-25 formula budget after removing lump sum and rates. The regulations allow the MFG to be set between 0.0% and 0.5%.

4.6 These principles will be approved at the January Schools Forum meeting on 16 January 2024 following the results of the consultation. It is therefore recommended that the Cabinet also approve these principles. This means that the additional needs factors have been established using the National funding formula amounts as a starting point, but the basic age weighted pupil funding has been adjusted in line with the principles above.

4.7 The DfE released updated census data and revised funding allocations on 19th December. These required Finance to adjust some factor weightings or other aspects of the calculation. This was done in line with the principles approved and in consultation with Schools Forum and local schools. Cabinet is asked to approve delegated authority of the final sign off to the Strategic Director, Children and Adults, in consultation with the Strategic Director, Resources, and the Cabinet

Member for School Improvement and Educational Attainment. Any significant changes will be reported back to Cabinet in February.

5. High Needs Block

5.1 The High Needs Block provides funding for Local Authorities (rather than for delegation to schools) and is made available to meet the additional costs of supporting students with special educational needs aged 0 to 25 years. The funding was previously based on historical allocations with very little linkage to actual levels of need in an area. It is now set on a formula basis.

5.2 The block funds a range of services including Alternative Provision, Special Schools and ARPs and additional support to High Needs students in mainstream schools. The table below shows the budget allocation for 2023-24. This is an area of high demand that needs strict management and creative strategies. Note that the table differs from the total grant allocation as it has been adjusted for “recoupment” – payments made at source to Special Academies and Free Schools.

	2024/25 Budget
Alternative Provision, inc, commissioned service	4,042,936
ARP Funding	11,040,112
DSG – Education Inclusion.	2,161,587
Out of Borough & Non-Maintained Funding	8,318,115
HN Top Ups – Post 16	2,413,600
SEN Panel Top Ups	5,661,000
LACHES, Lang. Support	372,999
Initiatives	925,601
Special School Funding	15,326,499
EY Portage & Youth Service	619,264
Parent Support & Health	1,435,282
Total Budget	**52,316,995**

5.3 The allocation for 2024/25 has increased by £2.358m or 4.3%. This means that there is no requirement to transfer monies from the Schools Block to support expenditure. It is however likely that the High Needs Block will continue to need careful management in order to contain costs within the total funding. The Authority works closely with representatives from local schools through the High Needs Working Party to devise strategies to manage and reduce demand and control costs.

6. Central Services to Schools Block

6.1 The Central Block was created in 2018/19 by combining the residual Education Services Grant of £0.6m and £1.9m of funding allocations for central services previously agreed by Schools Forum. The latter is made up specific continuing statutory functions (Admissions and running a Schools Forum) and local arrangements for historically agreed services. The Government's clear intention is to move the ESG and statutory functions elements towards a per head funding regime and to taper off historically agreed services over time.

6.2 CSSB is funding the following services:

Service	**2023-24**	**2024-25**
Admission Service	671	691
Schools Forum	62	64
Copy right Licences	186	192
Statutory responsibilities	769	792
Total budget for ongoing resp.	**1,688**	**1,738**
School Improvement	44	35
Schools Estates	62	50
School Games Organiser	21	17
Trewern outdoor education	85	68
Community Music Service	126	101
Advisory Teachers	136	109
Total Historic Commitments	**474**	**379**
TOTAL CENTRAL SERVICES BLOCK	**2,162**	**2,118**

6.3 Funding for ongoing services is now based on population with a small additional weighting for deprivation. The rate has increased by 2.4% in 2024-25; it has been provisionally assumed this will apply to all services. There will be a further 20% reduction of £0.095m to the historic service block in 2024-25.

6.4 The summary below shows how the services funded from the historic element of the CSSG is being remodelled to mitigate the 20% annual reductions:

- **School improvement** – the reductions are being offset by School Improvement contingency and reserves, the reductions will be absorbed by the school improvement service through rationalisation and service redesign.

- **Advisory Teachers** – this is part of BDSIP contract, and the savings have been passported as a reduction to the contract price.

- **Community Music Service** – the service has remodelled the delivery by entering into a service level agreement with schools.

- **Trewern outdoor education** – to mitigate the impact of the reductions, Trewern has been working on various service delivery options including remodelling of staff deployment, providing additional offers to schools to increase income and build-up of financial reserves.

- **School games organiser** – the reduction in DSG funding is being replaced by other grants such as the young Londoners Fund, Inspiring Futures, Sports England etc.

- **Schools' estates** – the reduction is being mitigated by capitalisation of eligible staffing costs that meets the criteria for capital funding, this is assign to the building of school assets.

7. Early Years Block

7.1 Funding for Early Years was also announced in December and is shown below based on an estimated take up..

	Rates 2023/24	Total Funding 2023/24	PTE 2024/25	Annual Entitlement (Hrs) 2024/25	Funded Hours 2024/25	Rates 2024/25	Total Funding 2024/25
Universal entitlement for 3 and 4 year olds	£6.01	£14,658,023	4,278.84	570	2,438,939	£6.29	£15,340,926
Additional 15 hours entitlement for eligible working parents of 3 and 4 year olds	£6.01	£4,144,858	1,209.93	570	689,660	£6.29	£4,337,963
2 year old disadvantaged entitlement			1,125.56	570	641,569	£9.21	£5,908,853
2 year old entitlement for working parents	£6.36	£4,080,380	738.91	570	421,179	£9.21	£3,879,056
Under 2s entitlement			374.37	570	213,391	£12.58	£2,684,458
Early years pupil premium for 3 and 4 year olds		£176,174	498.51	570	284,151	£0.68	£193,222
Early years pupil premium for 2 year olds			281.53	570	160,472	£0.68	£109,122
Early years pupil premium for under 2s			14.08	570	8,026	£0.68	£5,458
Disability access fund for 3 and 4 year olds*		£114,264	190.00			£910.00	£172,900
Disability access fund for 2 year olds*			53.00			£910.00	£48,230
Disability access fund for under 2s*			13.00			£910.00	£11,830
		£23,173,700					**£32,692,019**

7.2 The DfE have increased the hourly rate used in this overall allocation and it is recommended that these increases be passed on to providers.

7.3 Cabinet are asked to approve the increase of the early years funded rates as follows:

- the 3 and 4 year old funded rates will increase by £0.28 to £6.29.
- the 2-year-olds funded rates will increase by £2.85 to £9.21

8. Financial Implications

Implications completed by Amar Barot, Head of Finance, People Services

8.1 As presented in this report. The Dedicated Schools Grant is a ringfenced grant provided by the Department of Education. The updated allocation for 2024-25 incorporating October 2023 pupil census data is £367.846m (including funding for Academies).

9. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

9.1 The Dedicated Schools Grant is payable to local authorities under section 14 of the Education Act 2002. It is as set out in this report a 'ring fenced grant' that is to say it must be solely spent on the grant conditions and guidance as been prepared by the Education and Skills Funding Agency (ESFA) to assist local authorities in the operation of the dedicated schools grant (DSG).

9.2 Each year new regulations are issued as they only cover one year the current being School and Early Years Finance (England) Regulations 2020. In 2024-25, The Council will continue to determine schools' budget allocations at a local level, through a local funding formula, though in future years to come this will change to a national set funding formula.

10. Other Implications

10.1 **Risk Management -** There is a risk that for some schools the funding available may not fully meet their expected operating costs and financial pressures. The Minimum Funding guarantee that limits any reduction in funding to 0.5%% per pupil offers some mitigation as it provides a smoothing mechanism preventing sudden funding changes. The Council will continue to work with Schools and others to ensure there are high standards of financial management and control to meet these funding challenges.

10.2 **Staffing Issues –** Many schools in Barking and Dagenham will receive only a small uplift in their funding and where schools are also experiencing changes in roll numbers there may be budget pressures which impact on staffing plans. The Authority has taken some steps to support schools through the creation of a falling rolls fund and access to loans via the Financial Difficulties Fund. Schools are encouraged to work with HR in order to mitigate the impact on individual staff members and to avoid compulsory redundancies as far as possible.

10.3 **Corporate Policy and Equality Impact –** The National Funding Formula provides additional funding to meet the educational and safeguarding needs of students with specific characteristics that indicate higher levels of need and vulnerability such as deprivation, lower prior attainment and speaking English as an additional language. This is reflected in the Local Formula

10.4 **Safeguarding Adults and Children -** The additional needs factors and the pupil premium provide targeted support for looked after children and those entitled to free school meals. The High Needs block is available to provide support for students with complex educational needs and disabilities.

Public Background Papers Used in the Preparation of the Report:

- DSG Operational Guidance
  Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK (www.gov.uk)

List of appendices:

- **Appendix A** – Schools Funding Formula Factors & proposed funding model for LBBD

Appendix A -: Total Funding Passing Through Each Factor in 2023/24 and LBBD preferred option for 2024/25

A	B	C	D	E	F	G	H	I
	2023/24 Pupil Units	2023/24 Local (LBBD) Rates	2023/24 Total Funding	2024/25 NFF Rates ACA	2024/25 Pupil Units	2024/25 Local Rates	2024/25 Total Funding	% Movement in Pupil nos
Primary (Years R-6)	24,390	£3,990	£97,317,104	£4,027	24,351	4,125	£100,455,059	-0.16%
Key Stage 3 (Years 7-9)	9,647	£5,294	£51,072,472	£5,678	9,871	5,536	£54,645,856	2.32%
Key Stage 4 (Years 10-11)	6,227	£5,967	£37,173,289	£6,400	6,334	6,240	£39,524,160	1.72%
Primary:								
FSM	6,244	£545	£3,400,794	£554	6,194	£554	£3,431,117	-0.80%
FSM6	6,685	£800	£5,347,795	£927	6,552	£927	£6,074,300	-1.98%
IDACI Band F	4,415	£261	£1,152,239	£266	4,369	£266	£1,160,644	-1.04%
IDACI Band E	9,004	£318	£2,860,995	£322	9,142	£322	£2,945,403	1.53%
IDACI Band D	3,743	£499	£1,869,020	£503	3,626	£503	£1,824,070	-3.14%
IDACI Band C	2,640	£545	£1,437,949	£548	2,667	£548	£1,462,403	1.03%
IDACI Band B	382	£579	£221,202	£582	362	£582	£210,540	-5.39%
IDACI Band A	3	£760	£2,289	£769	4	£769	£3,075	32.89%
Secondary:								
FSM	4,650	£545	£2,532,705	£554	4,868	£554	£2,696,678	4.69%
FSM6	5,429	£1,169	£6,345,411	£1,357	5,418	£1,357	£7,350,088	-0.20%
IDACI Band F	2,982	£380	£1,133,672	£384	2,982	£384	£1,146,332	0.00%
IDACI Band E	5,626	£505	£2,841,158	£509	5,831	£509	£2,966,533	3.64%
IDACI Band D	2,455	£704	£1,726,965	£712	2,455	£712	£1,748,563	0.02%
IDACI Band C	1,720	£772	£1,327,329	£780	1,753	£780	£1,367,829	1.94%
IDACI Band B	292	£828	£242,094	£837	266	£837	£222,648	-8.94%
IDACI Band A	5	£1,055	£5,277	£1,068	6	£1,068	£6,414	20.02%
EAL 3 Primary	7,175	£658	£4,722,145	£667	7,343	£667	£4,897,975	2.35%
EAL 3 Secondary	777	£1,776	£1,380,014	£1,792	888	£1,792	£1,590,548	14.23%
Mobility - Primary	480	£1,072	£514,433	£1,085	586	£1,085	£636,446	22.24%
Mobility - Secondary	118	£1,543	£182,463	£1,560	167	£1,560	£259,951	40.93%
Primary Low Attainment	7,176	£1,311	£9,404,934	£1,323	7,769	£1,323	£10,276,894	8.27%
Secondary low attainment (year 7)	3,621	£1,986	£7,191,285	£2,007	3,637	£2,007	£7,298,642	0.44%
Lump Sum		£145,251	£8,134,031	£151,945		£151,945	£8,660,841	
Split Sites - ***new methodology in 24/25***			£1,400,000	£60,710		£60,710	£764,900	
Split Sites - Basic Elligibility				£30,412		£30,412		
Split Sites - Distance Funding								
Rates			£4,739,397				£4,739,397	
PFI funding			£3,743,262				£4,132,564	
Minimum Funding Guarantee @ 0.5%			£1,459,888				£2,062,734	
Growth Fund			£1,565,576				£1,181,691	
MFG as % of Total Funding			0.56%					
Total cost of Formula- growth& falling rolls			**262,447,186**				**275,744,296**	
Total NFF budget allocation							**275,744,320**	
Cash balance + surplus /(shortfall)							**24**	
Primary Secondary Ratio			**1: 1.35**				**1: 1.36**	
Minimum Funding Guarantee			**0.50%**				**0.50%**	
Capping & Scaling			**No**				**No**	

CABINET

23 January 2024

Title: School Place Planning and Capital Investment Update	
Report of the Cabinet Member for Educational Attainment and School Improvement	
Open Report	**For Decision**
Wards Affected: All Wards	**Key Decision:** Yes
Report Author: Andrew Carr Group Manager School Investment, Organisation and Admissions	**Contact Details:** Tel: 020 8227 2254 E-mail: andrew.carr@lbbd.gov.uk
Accountable Director: Jane Hargreaves, Commissioning Director, Education	
Accountable Executive Team Director: Elaine Allegretti, Strategic Director, Children and Adults	

Summary

The report provides an update on the forecast demand for education places in primary, secondary and special needs settings. It provides the context as to why these are changing and actions which must be considered to ensure that going forward there is a suitable balance of places available to match the anticipated demand over the next 5-10 years. The detail of the report with regards to school places is based upon an annual data submission to inform the Department for Education (DfE) of the trends occurring at a local, regional, and national level.

Further, the report sets out new grant allocations received from the DfE, new proposed projects using grant funding and some changes to the programme of investment currently approved by Cabinet.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the actions being taken by officers to manage school places across the Borough and to meet the demand for specialist places;

(ii) Approve the proposed projects, allocations of funding and procurement routes as set out in paragraphs 8 and 9 of the report, to support the provision of new school places and improvements; and

(iii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Educational Attainment and School Improvement and the Head of Legal, to conduct the procurements and award the respective project contracts.

Reason(s)

The decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and to support priority 4 of the Council's Corporate Plan 2023-2026.

1. Introduction and Background

1.1 It has been the practice to provide Cabinet with regular information on the forecast demand of pupil numbers at Primary, Secondary and for those who require Special Educational Needs places. The Council has a statutory obligation to provide a suitable school place for every child who lives in the Borough and wants a school place, so there is a need to ensure there are sufficient places available at any given time.

1.2 The report provides an overview of the forecast demand for pupil places in primary, secondary and special need places for the next 5 years but also an indication of longer-term trend for the next 10 years using the data we have available.

1.3 To ensure that there are sufficient high-quality places to meet current and future demand for mainstream and specialist places for pupils with Special Educational Needs (SEND), intelligence led forecasting takes into consideration the following factors.

- Numbers of pupils currently in the Borough;
- GLA data including population, migration and birth numbers;
- Transition rates from birth to Reception age five years later;
- New housing proposals as advised in the Local Plan Review and planning applications received for proposed housing developments;
- Historical data and trends such as migration pattens and those pupils who live in the borough but choose schools outside;
- Internal knowledge of recent population fluctuations, in particular the impact of population movements into and out of the Borough.

1.4 LBBD forecasts, over the last 20 years or more, for the short term have been accurate to within 92% to 97% of actuals, although the impact of leaving the EU and the pandemic has affected the accuracy of longer-term forecasts.

1.5 These forecasts are part of our annual submission to the DfE. The DfE takes these into account together with 5-year view of demography to determine the level of capital grant to the Council, to create school places or for the DfE to agree the opening of a new school as needed. This year, for the first time, the DfE has asked all Local Authorities to submit data on the demand for special education needs places. Growth in demand and the lack of special needs places has become a national issue.

2. Update on Pupil Numbers and Capacity for September 2023

2.1 Over the past 15 years, the pupil population in the borough has increased by 43%. There are now 45,239 pupils attending Barking and Dagenham Schools. The borough's demography has changed significantly reducing the average age of the population, which is counter to the national trend. The Borough has the highest population (26.1%) of residents aged under 16 in England and Wales (Census 2021). Migration from inner London increased. driven by the comparatively lower rents and cost of buying in the borough. In response, there was a need to rapidly expand existing schools and / or to build new schools for new communities, to ensure that every child young person had a suitable school place.

2.2 More recently, the demand for school places has declined which is a London wide issue. This is due to several factors: a declining birth rate; EU nationals leaving post Brexit, families moving out of London during and after the pandemic; and the cost-of-living crisis. Demand is increasing where the most vulnerable have been affected by the loss of education during the pandemic. Typically, they need support for speech and language skills. The picture is complex in London overall, but more so for Barking and Dagenham where there are significant housing developments underway or are planned which leads to increases in demand for school places. This means that whilst some schools are undersubscribed there are areas of the borough which will need new schools / school places.

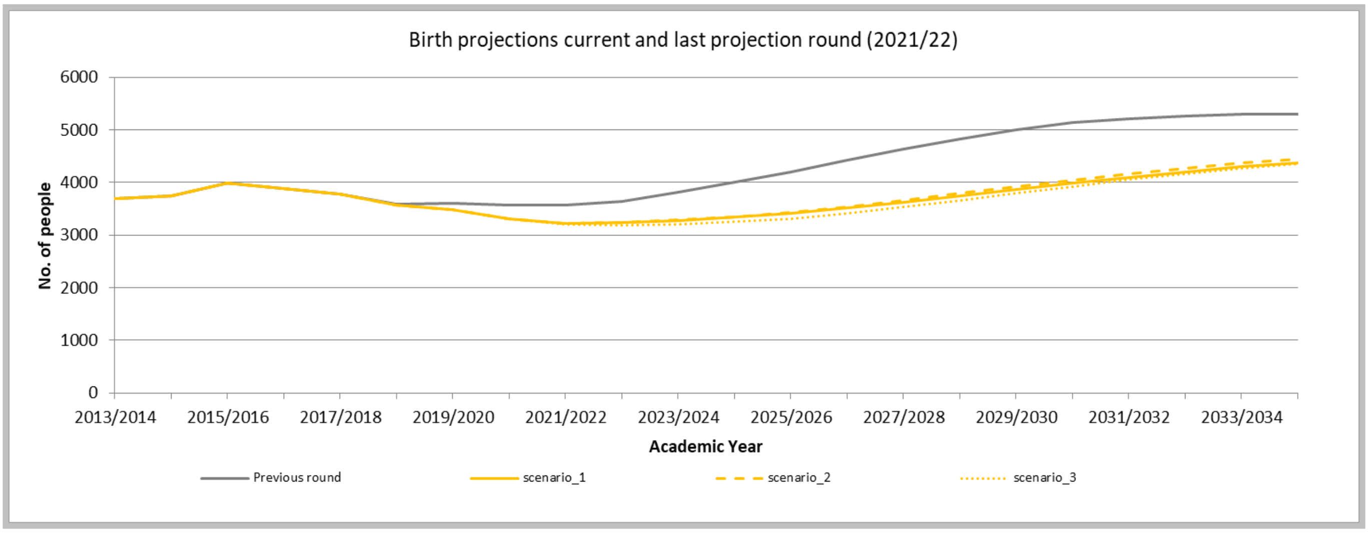
2.3 In making investment decisions to create new or to retain existing school places, a view is taken about the longer-term prospects of the durability of the need for the places. For example, when the Council wished to retain schools in the late 1980s and early 1990s the Council was pressurised into closing schools and land disposal. This situation was reversed within five years where school numbers grew and have grown since. Permanent school buildings are intended to last at least 60 years and are thus intergenerational investments. Currently we are experiencing a downturn in school numbers. However, the quantity of housing planned and under construction means that the need for school places is likely over the longer term, to remain. We are seeing surplus places in a number of localities in the borough and the prospect of growing shortages in others.

3. Mainstream Primary update

3.1 For primary school places forecasts focus on Reception numbers as an indication of demand over the long term.

3.2 In some parts of the borough there is a reduction in demand for Reception school places. This is further complicated by parental preference for popular schools can fill their full capacity numbers whilst equally performing schools nearby may struggle. Looking ahead, there is a foreseeable need for more school places where new housing is being built or planned – for example - Beam Park, South Dagenham, and Barking Riverside.

3.3 Birthrates in the Borough have fallen but to a lesser extent than London overall and would appear to have plateaued, as shown below.



3.4 Our Reception forecasts indicate a decline in demand until around 2028 after which they will start to recover slowly. Below is the table for all primary year groups including Reception where you can see the reduction on numbers working through the respective year groups each year.

All PA's	Reception	1	2	3	4	5	6
2022/23	3438	3511	3673	3457	3361	3611	3584
2023/24	3300	3469	3509	3646	3438	3343	3589
2024/25	3189	3330	3465	3484	3627	3420	3320
2025/26	3104	3216	3327	3442	3465	3608	3398
2026/27	3289	3131	3215	3302	3422	3449	3584
2027/28	3261	3319	3127	3191	3284	3405	3427
Capacity May 23	**4235**	**4235**	**4235**	**4235**	**4235**	**4235**	**4235**

3.5 The most significant drop in demand is being seen in the central part of the borough. To manage this, several schools have agreed to reduce their published planned admission number (PAN) so that they can plan appropriately and remain financially viable.

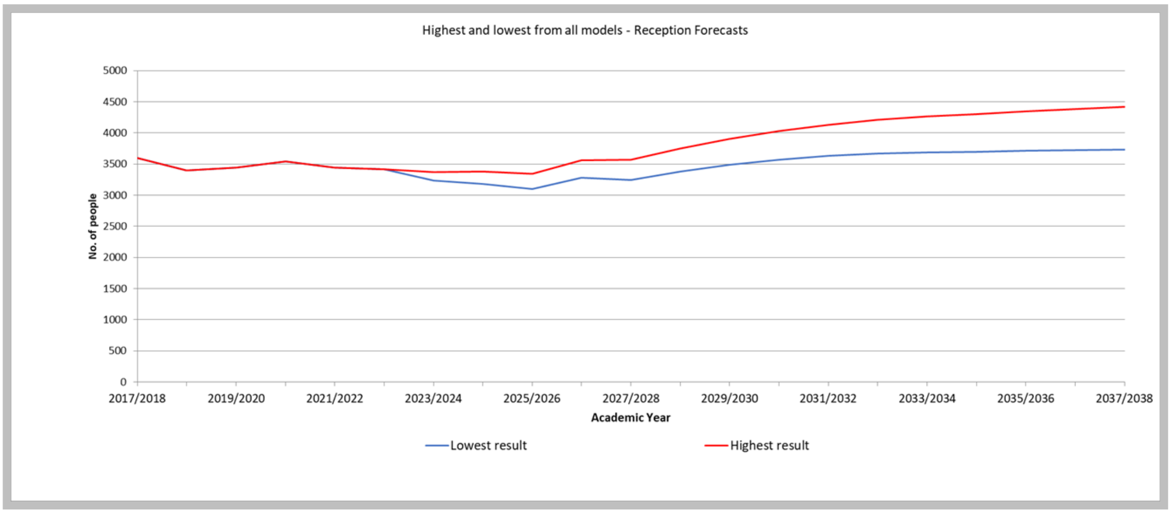
3.6 To ensure schools collectively remain financially viable, a review of the school estate is being undertaken to see if there are any opportunities for rationalisation and perhaps a possibility of creating specialist accommodation. Previously the Council has expanded 75% of the existing school estate to meet demand. The review will consider the possibility of some form of viable contraction as an option to reflect to lower demand and which would be sustainable in the long run. Any proposals would be reported to Cabinet for consideration.

3.7 Although we are seeing the contraction of demand to some parts of the borough, we still need to continue the longer-term work of planning new schools for new communities resulting from major housing developments, including the following:

- Beam Park development: a 3FE primary school will be needed to meet pupil demand arising from this development. The housing development has been delayed. In consultation with the DfE it was agreed that the planned opening of this school should be delayed until 2027 and will be kept under review. The reason is to maintain demand to nearby schools in the interim. The project is fully funded by the DfE.

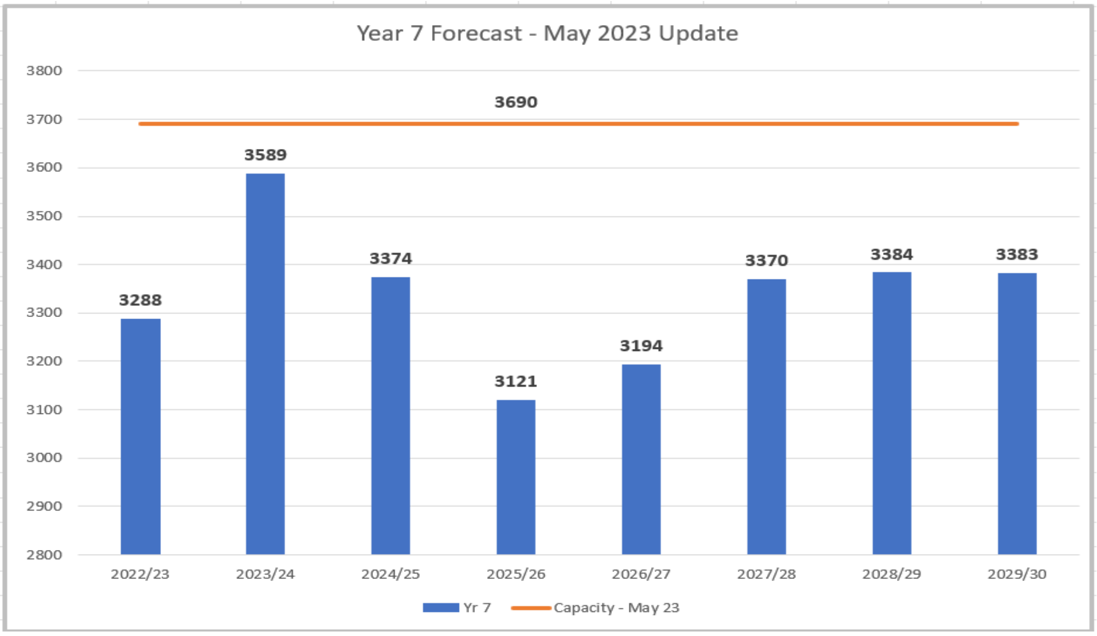
- Mallard Primary is a 3FE Primary School located within the Barking Riverside development. This is the next primary school needed as the development is built out. It has been agreed with the DfE that this school would be required to open in 2026/7. The project is again fully funded by the DfE and, as with the above project, will be kept under review to ensure nearby schools are at capacity.

3.8 Taking a longer-term view, the 10 Year Reception forecasts better illustrates the recovery of pupil numbers as a whole but this is geographically over a wider area since it takes into account the new population arising from the new housing developments.



4. Mainstream Secondary Provision

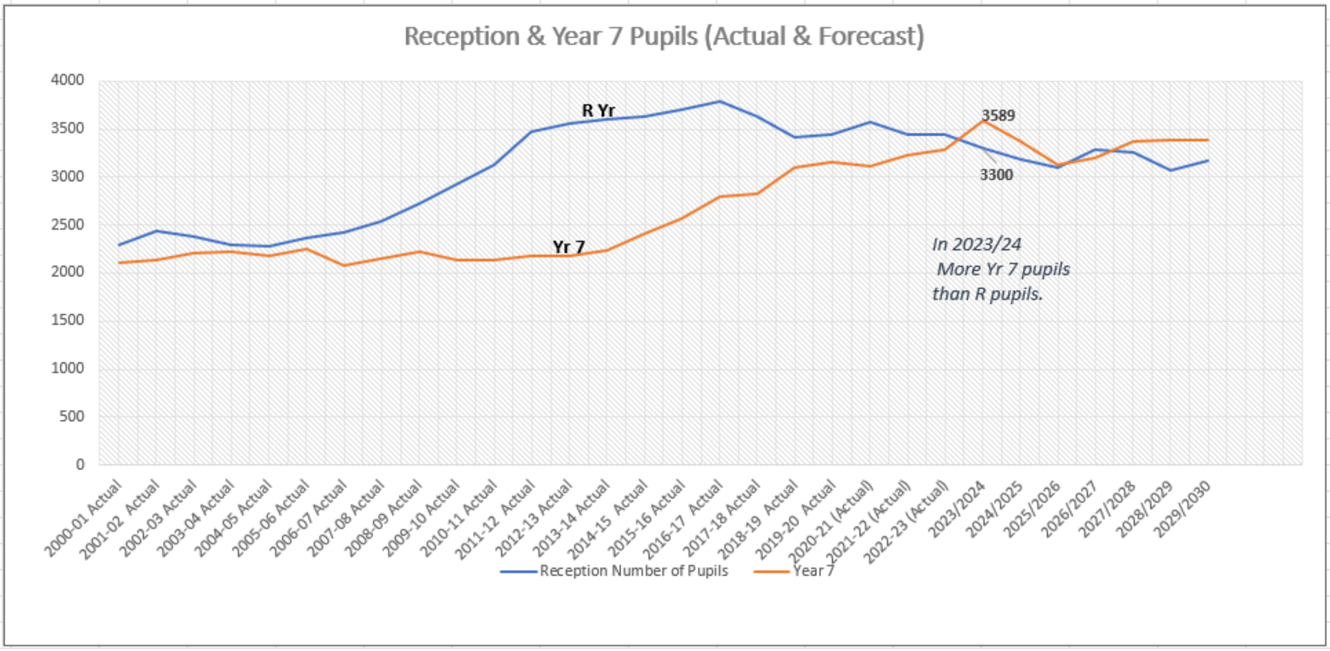
4.1 Since 2013, the demand for secondary school places has steadily grown reflecting the earlier growth in the primary cohort feeding though into Year 7 at the start of secondary school. Today, the demand for Secondary School places is forecast to peak this year after which we anticipate the demand easing until 2027/28 when numbers will start to recover.



4.2 It is anticipated that the spread of vacancies, with a few exceptions, is likely to be more evenly distributed across the borough. Nevertheless, we will discuss with Secondary Headteachers collectively a view for capping planned admission numbers if they wish for the academic year 2025/26.

4.3 In relation to new housing developments, a need was previously identified for secondary school provision in South Dagenham. This was to manage the anticipated demand which would arise from Dagenham Green (Ford Stamping Plant) and Beam Park housing developments. DfE approval was given in 2017 for the opening of a new secondary school called Beam High School in which they would build the school which would be located in Dagenham Green, land secured through a section 106 agreement. To date, insufficient development has come forward which would generate the additional demand to open viably without adversely affecting nearby secondary schools. The school operator, Partnership Learning Trust in consultation with the DfE and LA agreed to withdraw their application from the DfE. What this means is that the project will now not proceed however in future years once these developments are more advanced the opening of a new school can be revisited with the DfE.

4.4 The graph below shows both the Reception (starting primary school) and Year 7 (starting secondary school combined. It best illustrates when external events impact upon demand and the natural time lag between primary and secondary demand.



5. Current demand for Special Educational Needs and Disabilities (SEND) and specialist places

5.1 Numbers of Pupils with SEND continue to rise exponentially in terms of the proportion of the pupil population and severity of their disabilities. The summer 2023 count indicated that there were 2,401 pupils with an Education Healthcare Plan (EHCP) who were allocated across the following provisions below.

Make Up of Provision

SEND Establishment type	%
Mainstream Schools	61.1
Special Schools	26.8
Independent Special School	3.9
Out of Borough Schools	8.0
Other	0.2

5.2 Using the Department for Education data published in January 2023, we can see the number of pupils with an EHCP in the borough has almost doubled since 2015/16 and increased by approximately 240 from 3 years ago and now equates to 3.7% of the school population (the London average is 4.5%). Based on this data, we could expect the number of additional EHCP's to increase by circa 120 per year. The demand is placing an immense pressure in finding suitable placements together with the right support these pupils need.

Educational Health Care Plans in Barking & Dagenham for statutory school age pupils.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	3-year average (2020/21 to 2022/23)
Total	914	974	1,050	1,123	1,255	1,389	1,570	1,699	1,576
Annual Increase		60	76	73	132	134	110	129	124
EHCP %	2.2%	2.4%	2.5%	2.7%	3%	3.3%	3.5%	3.7%	3.5%

5.3 There are two new Special schools being procured by the DfE which will provide much needed additional facilities in the Borough. Pathways moved into their newly completed school in November 2023 located in South Dagenham. The second, Oxlow Bridge has been subject to many delays however it has recently secured planning permission and it is anticipated that construction will commence in early 2024 with an opening date of September 2025.

5.4 Further provision is required, not just to meet the demand coming through, typically Autism Spectrum Disorder (ASD) and Social Emotional, Mental Health (SEMH) but also the severity of needs being presented. This position is not unique, most Local Authorities are struggling with similar demands. An element of this has arisen from the pandemic where there are high numbers of primary age pupils who need speech and language support. Also, Barking and Dagenham Schools have an enviable reputation for being inclusive which attract families moving to the Borough. Our Additional Resource Provisions (ARPs) located within schools are a success in our community and now being replicated elsewhere across the country. Currently, some of our SEMH ARPs have had to reduce their capacity to meet the more complex needs of pupils who are attending. In response, we are looking to establish further smaller units at other schools to maintain capacity.

5.5 For the Secondary age cohort of special needs pupils, we require further provision in both mainstream and in Special Schools. Many Year 6 pupils currently in mainstream primary ideally need the support of a special school and whilst some pupils will go to a Secondary school ARP's, the offer is different due to the constraints of the curriculum. Our current challenge is to create further capacity both in mainstream and special and where possible to avoid placements outside of the borough. Here there are several workstreams underway.

5.6 As part of this early work, the Partnership Learning (PL)Trust which operates Riverside Special School were approached to consider expanding their age range to include post 16. PL submitted a business case to the DfE supported by the LA which was subsequently approved and would operate from September 2023.

6. New Grant Allocations and contributions for 2023

6.1 The DfE announced in April 2023 its grant allocations to Councils for both Basic Need – (new school places) and funding for school condition (repair and maintenance).

6.2 The Council received £5,250,195 School Condition grant for 2023/24 to invest in the maintenance of school buildings. We anticipate that the DfE will announce in

March/April 2024 the School Condition Grant for 2024/25 which once known will be included within the capital programme. In addition, the Council has received an allocation of £1,873,828 for 2025/26 for Basic Need to create additional specialist places.

6.3 The Council have received £505,464 from a planning Section106 planning agreement as a contribution towards school places.

7. DfE Schools Rebuilding Programme

7.1 In early 2022, Education Officers submitted a bid to the DfE's Schools Rebuilding Programme for Barking Abbey School. This Programme is aimed at school buildings that need modernisation or replacement. The bid covered both the Sandringham and Longbridge Road sites. During the summer holidays of 2022, DfE surveyors undertook site visits and inspections to validate the bid.

7.2 Earlier this year the LA were advised that Barking Abbey School had been selected for a future wave of the Schools Rebuilding Programme and in July 2023 the were notified that the school had been placed in Group 2 of 50 schools which will be delivered from April 2025. We have been advised that dialogue with the DfE will commence in 2024 but at this stage, have not been provided with further details of the size and scale of the investment but it seems likely to be significant.

8. **New Proposed Major Capital Projects**

8.1 As part of our capital strategy to meet the demand for specialist places, the following projects are proposed. The financing of these is contained within section 9 of the report.

8.2 **Trinity School New build and remodel.** Trinity School is a large all age 300 place Special school who has a mixed cohort of pupils with highly complex needs covering ASC, SLD, Behaviour, PMLD and MSI. School buildings are spread across the site – the result of years of piecemeal development. Accordingly, the site has a number of challenges: parking and transport vehicle logistics; sub-optimal accommodation locations and adjacencies; 'left-over' external areas; aging and time-expired accommodation. Additionally, the site lacks obvious civic / community presence despite the importance of the work of the school. Most of the school's operations take place in buildings scarcely visible from the main road.

8.3 It is proposed to remodel the site including the removal of end-of-life structures and replacing those with two new buildings. The main building will be a bespoke Living and Learning Centre (LLC). This will provide improved accommodation for the most vulnerable and complex needs pupils and will enable the co-location of the dedicated and highly skilled staff. The migration of high-needs pupils to a new LLC building from the main school would also release spaces that will be re-assigned to more productive uses.

8.4 In terms of procurement, it is proposed to use the Local Education Partnership (LEP) to deliver the project. The LEP has successfully delivered many projects for the Council and is currently onsite constructing Greatfields Primary School in Barking.

8.5 **Mayesbrook School – Outreach Tuition Plus - Conversion of Rectory Road Library**

Mayesbrook Park School is an Alternative Provision School which is based across three campuses, Mayesbrook Park, Erkenwald and Seabrook. The School provides a broad range of education services for pupils who have behavioural, emotional, social difficulties, who may be permanently excluded or temporarily suspended or who may be medically ill. They cater in the broadest terms for some of the most vulnerable pupils in the borough.

8.6 Mayesbrook operates a Home Tuition service for pupils up to the age of 16 years old. The service is primarily aimed at those who are medically ill or suffer from social difficulties and can be termed as having Emotionally Based School Avoidance (EBSA). Home tuition is used also as an interim arrangement for pupils with an Education Health and Care Plan (EHCP) and a specialist place is being sought. Where possible, the service aims to work with the pupil and family, to return to mainstream education.

8.7 Current arrangements pose a number of difficulties. Demand for specialist places is increasing. Sometimes the family home environment is not conducive to teaching and learning. Further, in the transition from home to a mainstream school it is often very difficult to secure suitable spaces in which to teach and the pupil to learn.

8.8 Senior Education Leaders and the Headteacher of Mayesbrook Park School have developed a new operating model: Outreach Tuition Plus, to further support students in the transition from home tuition to mainstream school. It will provide 1 to 1 teaching of pupils alongside counselling, mentoring and additional support to families. Outreach Tuition Plus will be an extended service of Mayesbrook Park School's Home Tuition service. It is planned to be delivered from a repurposed Rectory Road Library building.

8.9 The Library building was previously leased and used as a social club. The club fell into administration and the lease was surrendered. Vacant for two years, the building is currently in a poor state of repair. It is a locally listed building, but with a sympathetic restoration and conversion it will provide suitable places for the service. In terms of procurement, it is proposed to approach the Local Education Partnership (LEP) to deliver this project alongside our Trinity proposals so to achieve value for money.

8.10 **All Saints Catholic Secondary School proposed New ARP.** The leadership of All Saints Catholic School have come forward with an offer to operate a new Alternative Resource Provision (ARP). Currently pupils who attend an ARP within a Catholic Primary School do not have the option of a Secondary ARP offer within a Secondary Catholic school environment when they move to secondary education. Under the proposals, a scheme would be developed which could initially accommodate 6 pupils at any given time. It is anticipated that the school and the Diocesan will use their framework of professional consultants to develop the scheme and tender the project. Discussions are underway with parties to move the project forward.

8.11 **Trinity Special School**– Conversion and extension of former caretaker's house to create a family/carer support unit. In developing the remodelling project of Trinity School, a need was identified how best the school can support parents and carers of pupils who attend Trinity School. The project is part of the wider redevelopment discussed from para 8.2 and originally was proposed to be developed ahead of the main scheme. In terms of procurement, it is proposed subject to agreement that the project will be carried out by BDTP, one of the Councils trading companies. The partnership with BDTP has developed over the past 9 months where they are successfully delivering several education projects under the new management arrangements.

8.12 **SEND projects at Schools**. The SEND workstream is a continuation of smaller projects at schools where spaces are being reconfigured or created to provide additional places for pupils with SEND and also to improve the environments of existing. The are currently 15 proposed projects in the pipeline. The largest project is at Barking Abbey school where it is proposed to install some additional demountable classrooms and to undertake some remodelling to enable expansion of their existing ARP. This project will be over £500,000 and it is proposed that we will utilise an existing established framework to procure these units.

8.13 **Retrospective procurement approval -** At Northbury Primary School we are proposing to support the schools' pupils who have special education needs with a dedicated resource called a In School Provision (ISP). The set up is similar to the LA's commissioned Additional Resource Provisions ARP. Previously, funding has been set aside for the project which will have a build cost of approximately £800k. As the project is over £500k, under the Councils Constitution it requires members approval with regards to the proposed procurement route. Keen to push the project forward, the Procurement Board agreed the best approach would be a competitive open tender route but require member approval before going forward. Members are asked to approve such procurement route.

8.14 **Various Schools -Replacement of lath and plaster ceilings -** A programme is being developed to replace a number of lath and plaster ceilings in a number of school buildings constructed in the 1930's. Works have been identified to be carried out in 2024 and possibly 2025. It is anticipated that the value of these works will be in excess of £500,000 which will be funded from the school condition grant mentioned in para 6.3 of this report. It is proposed to procure these works through the Barking and Dagenham Trading Partnership BDTP, the Councils wholly owned company who will be required to demonstrate value for money. The exact scope of works and programme will be finalised in early January 2024. Members are asked to approve this proposed procurement route.

9. Current position regarding capital funding

9.1 Members will be aware that the Council has been prudent in its use of capital grants when creating mainstream and specialist places. This has been achieved partly through the expansion of existing schools but also identifying suitable and efficient routes to market such as the Local Education Partnership (LEP) on larger projects which has enabled the Council to seek continuous improvement, innovation and value for money, Frameworks such as NHS for modular buildings and finally traditional tending. The proposed projects identified in section 8 of this report are primarily aimed at increasing SEND provision and or improving the quality of existing places to meet the severity of needs of our most vulnerable.

9.2 **Confirmed funding available.** The table below shows our current funding position. This includes our new Basic Need allocation but also a section 106 planning contribution to education provision.

Previous funding balance position (adjusted for reconciliation to actual grant balances and remaining budgets)	£19,041,502
New Basic Need Allocation	£1,873,823
Section 106 Planning agreement	£505,464
Sub Total funding available	**£21,420,789**

9.3 **Proposed new Projects to be funded.**

Trinity School -New build and remodel	£9,800,000
Mayesbrook School – Outreach Tuition Plus	£1,550,000
All Saints ARP Provision	£1,000,000
Trinity House	£800,000
SEND Projects various schools	£3,250,000
Sub Total	**£16,400,000**

9.4 **Balance carried forward.**

Funding available	**£21,420,789**
Proposed new projects	**£16,400,000**
Balance retained for future years projects	**£5,020,789**

10. Options Appraisal

10.1 The agreed investment strategy (see Future Planning Programme to meet Basic Need [including SEN places] 2019 to 2027 Cabinet 21 January 2020) is first to expand provision on existing school sites as far as practicable to meet local demand on a forward looking basis (i.e. to seek value for money solutions which have longevity); secondly to seek and build on sites in areas of demand in Council or other public ownership that are suitable for development as a school and which also offer value for money and longevity; then subsequently to support those external providers that have access to further capital funding and are capable and willing to provide high quality inclusive education places that comply with the Council's Admissions Policies.

10.2 The variables that influence the delivery of this strategy are: demand fluctuations; the willingness of governing bodies to accede to expansion plans; funding limitations; cost variances – specific to sites and timescales to achieve cost efficient / competitive prices often in short timescales.

10.3 Options exist for any specific scheme and are explored to ensure that the overall strategic outcomes sought are achieved in the most beneficial way being economic and appropriate for the school. Other overall strategies e.g. to rely on outside providers to meet the prospective short fall of school places would not be effective on their own: timescales and speed of reaction are too short.

11. Consultation

11.1 These proposals are not Ward specific. There has been consultation with a range of officers throughout the Council in order that appropriate matters are considered including financial, legal, procurement and others mentioned in section 12 of this report.

12. Procurement Implications

Implications completed by: Euan Beales, Head of Procurement and Accounts Payable

12.1 The spend detailed in the report will be procured in line with legislation at the time of the procurement and in line with the Council's Contract Rules and governance processes.

13. Financial Implications

Implications completed by: Alison Gebbett – Capital Accountant

13.1 This report provides an update on projected pupil numbers and planned place provision for the upcoming year but also longer-term projections, along with the known resources available to support this provision. There will be increasing numbers of school pupils in the borough over the next 15 years due to housing developments and people moving into the area due to cheaper housing. The report also highlights the demand for special educational needs and sets out the options that are being reviewed.

13.2 The report sets out the pot of available uncommitted grant funding for funding new schemes for both new pupil places and SEND provision. This has been reconciled against actual grants received and announced and the existing budget allocations as reported to Assets and Capital Board monthly and reported to Cabinet quarterly as part of the capital monitoring finance report.

13.3 Proposed new projects to be funded from the Basic Need and High Needs grant pot are set out at 9.3 above totalling £16.4m and Cabinet approval is requested to add this amount to the capital programme.

13.4 This report also sets out capital programme funding announced of £5,250,195 Schools Condition Capital. Cabinet approval is requested to also add this to the capital programme.

13.5 These allocations are all fully grant (or section 106) funded and will have no additional financial implications for the Council. Any major risks, issues or overspending that becomes. apparent will be monitored, managed, and reported on as part of the Council’s normal quarterly capital monitoring process.

14. Legal Implications

Implications completed by: Lauren van Arendonk, Principal Contracts and Procurement Lawyer (Acting), Law & Governance

14.1 Any procurement carried out must comply with the Council's Contract Rules and the Public Contracts Regulations 2015 (the "Regulations") where the contract has a value in excess of procurement thresholds set out in the Regulations.

14.2 In line with the Contract Rules, Cabinet can indicate whether it is content for the Chief Officer or delegated authority to award the contract following the procurement process with the approval of Corporate Finance.

14.3 The report author and responsible directorate are advised to keep the Council's Legal team fully informed at every stage of the proposed tender exercises. The team will be on hand and available to assist and answer any questions that may arise.

14.4 Local authorities have legal duties to identify and assess the special educational needs of children and young people for whom they are responsible. Local authorities become responsible for a child or young person in their area when they become aware that the child or young person has or may have special educational needs and the local authority must ensure that those children/young people receive support to help them in "achieving the best possible educational and other outcomes".

14.5 Each local authority is required to publish a Local Offer detailing relevant information about all the services and support it expects to be available for children/young people with special educational needs and/or a disability for whom they are responsible. The Local Offer must set out what the local authority expects in terms of support provided by schools/colleges, educational health and care provision, training provisions, transport arrangements from home to school/college and support for preparing the young person for adulthood and independent living. The local authority has a duty to secure sufficient school places which applies to all children, including those with SEND.

15. Other Implications

15.1 **Risk Management** - The provision of school places is a matter which is directly identified in the Corporate Risk Register and listed at Corporate Risks 31 – Provision of School Places. An assessment of specific risks is set out below:

Risk that funding levels will not be sufficient to meet demand to create new education places needed - This risk is high impact (4) and medium (3) probability = 12 red. This risk is being managed by purchasing the most affordable accommodation which is system build where possible. Post control the risk is high impact (4) and low (2) probability = 8 amber.

Risk that funding levels will not be sufficient to create suitable new school places - This risk is high impact (4) and high (4) probability = 16 red. This risk is being managed by purchasing the most affordable accommodation, which is system build, and blending it with site specific proposals. Post control the risk is high impact (4) and low (2) probability = 8 amber.

Primary and Secondary schools: risk that site availability would prevent delivery of school places in the areas where demand is highest - This risk is high impact (4) and medium (3) probability = 12 red. This risk is being mitigated, as far as practicable, by expanding all available sites in high demand areas, and reviewing other buildings for potential school use. Post control the risk is still high impact (4) and medium (3) probability = 12 red.

Risk that the cost of the rate of deterioration of the school estate will outrun the funding available to maintain it - This risk is high impact (4) and high (4) probability = 16 red. This risk is being mitigated as far as practicable by lobbying DfE for improvements in funding. Post control the risk is high impact (4) and medium (3) probability = 12 red.

Risk that final costs will be higher than estimate costs - This risk is high impact (4) and high (4) probability = 16 red. This risk is managed through monthly finance meetings and initial planning figures that architects and schools are asked to work within being set below the highest estimate to allow for unforeseen challenges.

15.2 **Contractual and Procurement Issues -** It is anticipated that projects will be procured through options related either to the Local Education Partnership or through the Council's Framework of Contractors or other national or local frameworks which are accessible to the Council to secure value for money. It is a requirement of the grant funding to achieve value for money and demonstrate that all procurement options have been evaluated.

Legal, procurement and other professional advice will be sought regarding the appropriate procurement routes and contractual agreements to procure and secure the individual projects. All procurement activity will be conducted in compliance with the Council's Contract Rules and EU Legislation. The procurement routes will be approved at Procurement Board which will consider a report from Education Commissioning about a procurement strategy based on a project basis. This will ensure that Value for Money is tested.

Projects will be subject to the Capital Appraisal Process and the agreement of the Procurement Board to progress schemes.

15.3 **Staffing Issues -** There are no specific staffing issues although the growing demand for school places will create additional opportunities in schools for both teaching and non-teaching staff.

15.4 **Corporate Policy and Equality Impact -** The decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and support the intention of the Council's Vision and Priorities, including encouraging civic pride, enabling social responsibility, and growing the Borough. It is part of the mitigation of Corporate Risk 31 – Inability to Provide School Places.

The short-term impact of the recommendations for the coming year would be positive for customers on all counts of race, equality, gender, disability, sexuality, faith, age and community cohesion. The longer-term outlook is unlikely to be positive on the proposed funding levels as it will be difficult to address need on current budget levels.

15.5 **Safeguarding Adults and Children -** Adoption of the recommendations in the short term would contribute to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure children's facilities are provided in an integrated manner, having regard to guidance issued under the Childcare Act 2006 in relation to the provision of services to children, parents, prospective parents, and young people.

15.6 **Health Issues -** The health and wellbeing board and JSNA highlight the importance of investing in early intervention and education to support children's and young people's long-term wellbeing. The evidence and analysis set out in Fair Society, Healthy Lives (Marmot Review) has been developed and strengthened by the report of the Independent Review on Poverty and Life Chances. The reports draw attention to the impact of family background, parental education, good parenting and school-based education, as what matters most in preventing poor children becoming poor adults. The relationship between health and educational attainment is an integral part of our Health and Wellbeing Strategy. At this point there is no need to change the focus of the Health and Wellbeing Strategy as a result of this report. Healthy Schools funding is to be welcomed.

15.7 **Crime and Disorder Issues -** Appropriate consideration of the development of individual projects will take into account the need to design out potential crime problems and to protect users of the building facilities.

15.8 **Property / Asset Issues -** This proposed decision would facilitate the improvement and renewal of Council assets.

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

List of Appendices: None

CABINET

23 January 2024

Title: Council Tax Support Scheme 2024/25	
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	

Summary

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.

At its meeting on the 17 October 2023 (Minute 47 refers) the Cabinet agreed to support the recommended 'income banded discount' CTS scheme (Model 1) as set out in sections 1.20 – 1.22.22 of this report, as the Council's draft proposed replacement CTS scheme for 2024/25 and agreed to the commencement of a public consultation on these proposals.

Due to the changes proposed to the CTS scheme, it was necessary for a public consultation to be undertaken in advance, which was carried out between 23 October 2023 and 23 November 2023.

This report updates on the outcome of the public consultation and provides final recommendations for the replacement of the CTS scheme 2024/25.

A detailed analysis of the responses to the CTS consultation is set out at Appendix 1. This reflects support for the proposal to implement a replacement CTS scheme for 2024/25 as set out.

The Assembly has a legal duty to approve the CTS scheme by 1 March 2024 each year. The report seeks endorsement of the recommended CTS scheme for 2024/25.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to:

(i) Agree, in light of the positive response to the public consultation, to adopt Model 1 as set out in sections 1.20 – 1.22.22 of this report, as the Council's replacement CTS scheme for 2024/25; and (ii) Agree the carry forward of £250,000 Council Tax Discretionary Hardship Funding, provided within the Welfare Reserve, from 2023/24 to 2024/25.
Reason(s) To support the Council in how it delivers and supports 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 through the implementation of a replacement scheme ensuring its effective and efficient administration that is fit for purpose in future years.

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.
- Note the 2 children limit does not currently apply to claimants on older legacy benefits within the current CTS scheme which does not apply a restriction. This creates an inequitable approach dependant on the type of benefit received.
- Accepting a new application for Universal Credit (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 now scheduled to commence in April 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 (CTS award)

- Repeated changes to Council Tax instalments for payment

1.12 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.

1.13 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.

1.14 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 varying support based on a targeted approach to residents in line with Council objectives and Borough manifestos.

1.15 The scheme will be reviewed annually to reflect changing levels of demand, changes in the wider welfare system and to ensure that it remains affordable to the Council.

1.16 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.

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

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

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

- Is affordable and maintains a fiscally cost neutral position (within tolerance) 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 remains 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).

1.17.3 This approach will fundamentally redesign the scheme.

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

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

- Income band thresholds 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 for all applicants.
- The following incomes are disregarded in-full from the assessment of total household income:
    - Housing Benefit
    - UC Housing costs
    - UC Childcare support
    - UC limited capacity for work
    - UC Carers element
    - UC disabled child element
    - Child Benefit
    - War Pensions
    - Personal Independence Payment (PIP) & Disability Living Allowance (DLA)
    - Armed forces compensation payments
    - Child maintenance
    - Guardian/Fostering allowance
- All other household incomes are taken into account.
- Flat rate non-dependant adult deductions of £7.50 per week (maintaining no deduction for those in receipt of disability benefits to mirror the current scheme) are applied.
- Household size allowance is restricted to 2 children (to mirror UC and welfare reform). This aspect will be addressed in the Equalities Impact Assessment.
- The capital limit for eligibility to the scheme is reduced to £6,000 (currently £10,000).

1.18.2 The scheme proposes the following income bands thresholds and discounts:

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1+ Children addition	Single 2+ Children addition	Couple 1+ Children addition	Couple 2+ Children addition
1	85%	£0-£96	£0-£164	£0 - £184	£0 - £284	£0 - £252	£0 - £352
2	70%	£96 - £140	£164 - £208	£184 - £228	£284 - £338	£252 - £296	£352 - £406
3	55%	£140 - £168	£208 – £238	£228 - £262	£338 - £382	£296 - £334	£406 - £456
4	40%	£168 - £188	£238 - £260	£262 - £296	£382 - £426	£334 - £370	£456 - £506
5	25%	£188 - £208	£260 - £282	£296 - £320	£426 - £460	£370 - £396	£506 - £542
6	15%	£208 - £240	£282 – £316	£320 - £376	£460 - £506	£396 - £452	£542 - £605

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

1.18.4 The current scheme applies a means tested approach to non-dependant (ND) adults in the household that requires significant administration.

1.18.5 The application of a flat rate non-dependant deduction of £7.50 per week, while maintaining the current exemptions due to receipt of disability benefits, will significantly simplify the administrative process required.

1.18.6 This change will increase the level of the deduction applied compared to the anticipated deductions from the current scheme into 2024/25. This represents a cost saving in expenditure on the scheme.

1.18.7 The capital limit threshold is reduced to £6,000. Any applicant with capital that exceeds £6,000 will not be eligible for the scheme. This simplifies the approach with the majority of applicants holding capital under the threshold and the £6,000 limit continues to protect applicants with low levels of capital that will not require verification. Calculations for assumed tariff incomes from capital held will no longer be required.

1.19 **The impact of the proposed income banded discount scheme (Model 1)**

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

1.19.2 Model 1 compared to the current scheme in 2023/24.

1.19.3 Internal modelling (Capita Academy modelling tool)

Household Type	Number of cases	Current scheme Expenditure 2023/24	Proposed income banded scheme Expenditure 2023/24	Saving	Saving %
Elderly	4503	£5,362,681.46	£5,370,851.26	£8,170.02	0.15%
Couple	419	£480,286.19	£446,603.01	-£33,683.20	-7.01%
Couple & 1 Child +	290	£274,670.87	£314,399.96	£39,729.08	14.46%
Couple & 2 Child +	1102	£1,158,991.53	£1,159,386.69	£395.15	0.03%
Single	2300	£2,156,829.67	£2,098,220.49	-£58,609.22	-2.72%
Single & 1 Child +	1292	£1,174,619.68	£1,182,138.84	£7,519.13	0.64%
Single & 2 Child +	2171	£2,069,571.99	£2,080,318.67	£10,746.62	0.52%
Passported	3047	£3,404,175.48	£3,423,135.89	£18,960.38	0.56%
Grand Total	15124	£16,081,826.87	£16,075,054.80	-£6,772.04	-0.04%

1.19.4 The income banded scheme has been modelled against a balanced cost neutral Position (within a tolerance) based on a comparison with current scheme expenditure.

1.19.5 This has been modelled at an approximate cost saving of £6,772.04 were the Scheme to have been implemented within the current financial year.

1.19.6 This provides a breakdown of the current CTS expenditure by household type as a comparison against the proposed income banded scheme.

1.19.7 The 'passported' household type refers to those claimants in receipt of old-style legacy benefits such as Employment Support Allowance or Income Support which 'passport' the claim award to the maximum amount of 85% automatically.

1.19.8 The proposed scheme has a fiscally neutral cost against the current scheme expenditure within the current financial year and this would be expected to be replicated into the 2024/25 financial year balanced against the expected expenditure if the current scheme were to be retained, taking account of natural variations in expenditure due to demand.

1.19.9 External modelling by our third party partner Policy & Practice has been used to forecast the anticipated cost of retaining the current scheme into 2024/25 as this cannot be modelled internally, and is set out at Appendix 4.

1.19.10 This forecast modelling has also been used to model the impact of implementing the proposed income banded discount scheme into 2024/25.

	Model 1 cost 2024/25	Current scheme projected cost 2024/25	Comparison to current scheme 2024/25	Change
All working age	£11,371,562.00	£11,334,081.00	+£37,481.00	0.33%
Pension age	£5,677,251.00	£5,677,251.00	£0	0%
Total	£17,048,813.00	£17,011,332.00	+£37,481.00	0.22%

All working age (breakdown)	Model 1 cost 2024/25	Current scheme projected cost 2024/25	Comparison to current scheme 2024/25	Change
Group	£/annum	£/annum	Change (£/annum)	Change (%)
UC	£6,635,703.00	£6,556,492.00	+£79,211	1.21%
Legacy Benefits	£4,735,860.00	£4,777,590.00	-£41,730	-0.87%
Total	£11,371,562.00	£11,334,081.00	+£37,481	0.33%

1.19.11 Model 1 increases total scheme costs by £37,481 in comparison to the projected current scheme expenditure in 2024/25. This is 0.22%.

1.19.12 This sets the implementation of the proposed scheme within a tolerance of the cost neutral position against anticipated expenditure were the current scheme to be retained.

1.19.13 Internal modelling has demonstrated a fiscally neutral position for model in comparison with current expenditure 2023/24. This position is expected to be maintained into 2024/25 and is substantiated by the external modelling.

1.19.14 Variances in external modelling due to the type of modelling engine used and interpretation of data sets are an accepted risk and may result in actual expenditure being higher or lower than projected.

1.19.15 Increased demand and expenditure on the scheme into 2023/24 may also result in higher than forecasted expenditure figures.

1.19.16 Expenditure figures and forecasting for 2024/25 are based on June 2023 CTS caseload and expenditure.

1.19.17 Further analysis on the impact of the proposed replacement scheme is contained in the Policy & Practice report (Appendix 4) and Equalities Impact Assessment (Appendix 3)

1.19.18 The overall impact of the proposed new scheme increases support as an average for 94% of the existing caseload. Legacy benefits on average will see slightly lower levels of support (-0.18%) however the scheme will provide greater support than the current scheme for UC claimants (+1.21%)

1.19.19 An average reduction in support for existing legacy benefit claimants should be considered in light of planned migration to UC that will reduce and end receipt of these benefits during 2024 (with some exemptions for ESA claimants).

1.19.20 A scheme that better supports claimants on UC, while protecting the most vulnerable is recommended.

1.19.21 The simplicity of the proposed new scheme approach will help to address some of the problems associated with the administration of the current scheme as set out in the October Cabinet paper.

1.20 **Transition to the new scheme and the exceptional hardship scheme (Council Tax Discretionary Relief - CTDR)**

1.20.1 The Council must acknowledge that any scheme changes and transition to a new scheme will result in changed awards for some applicants.

1.20.2 The Council must consider with any revision to the scheme that has the effect of reducing or removing a deduction for claimants whether any transitional protection is applicable as it sees fit. This is a statutory obligation under schedule 1A of the Local Government Finance Act 1992.

1.20.3 A CTDR scheme supports the Council position that no transitional protection is required for the scheme changes proposed as an option to support applicants affected by the change is available.

1.20.4 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.

1.20.5 Agreement will be required on any level of funding for the DCTR scheme.

1.20.6 A loss of funding for the CTDR scheme will result in the Council having less available means to mitigate issues that arise for applicants who suffer a loss of award from the change in scheme.

1.20.7 The Council has determined that no transitional protection is required for the scheme change.

1.20.8 It is recommended that the Council agree a provision of funding for the CTDR scheme to ensure mitigations are available through the scheme to support affected applicants during the 2024/25 financial year.

1.20.9 The Council made a significant investment into the CTDR fund for 2023/24 from the welfare reserve fund. It is proposed that a % of this fund is ring fenced and utilised in 2024/25.

1.20.10 This will ensure sufficient support is available to support applicants affected by the scheme change while ensuring support also remains available for other residents struggling with their Council Tax costs.

2. Consultation Process

2.1 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.

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

2.3 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.

2.4 A consultation on proposed changes to the CTS scheme was run between 23 October 2023 and 24 November 2023.

2.5 The consultation was run through an online survey form and was available and open to all Barking & Dagenham residents and stakeholders with an interest in the operation of the CTS scheme. Paper forms were also available on request.

2.6 The survey provided residents with an overview of the proposals to change the scheme and provided a separate policy document with further detail. It asked residents and stakeholders their opinions and views on replacing the current scheme with an income banded discount scheme for 2024/25 (Model 1).

2.7 The consultation covered the following:

- **Part 1:** The introduction of an income-based banded discount scheme (the income bands)
- **Part 2**: Disregarding certain benefits, incomes and elements of Universal Credit.
- **Part 3:** The household size will be limited to a maximum of two dependent children allowances for all applicants within the scheme when calculating the CTS award.
- **Part 4**: Introducing one deduction amount of £7.50 per week for all adults in the household removing different levels of deductions.
- **Part 5**: Reducing the capital and savings limit to £6,000 and removing the assumed income from capital (tariff income) from the calculation of CTS.
- **Part 6**: Sending notification letters.
- **Part 7**: Making the Council Tax Discretionary Relief fund available for residents to apply for additional financial support if they are affected by the change in the scheme.
- **Part 8**: Alternative options to changing the CTS scheme.
- **Part 9:** Final comments and suggestions on the proposed CTS scheme

2.8 The survey was run through the Citizens Alliance website.

2.9 The consultation was widely promoted on the Citizens Alliance Network website alongside the main Council website. Social media was used to promote and advertise the consultation on Council Facebook and Twitter pages with additional paid promotions to increase the reach. Promotion was also undertaken on the BD collective to ensure that other organisations were aware of the proposals. E-newsletters and press releases were issued.

2.10 Direct engagement was sought with key voluntary sector partners CAB & DABD and their responses are available in Appendix 1 & 2. This ensured their engagement in the consultation process.

2.11 Key internal teams such as Homes & Money Hub were consulted on the proposals.

2.12 All CTS claimants were written to directly (including Pensioners) to explain possible changes to their CTS award due to the proposed scheme change for 2024/25. This provided a basic overview of the proposed changes and a before/after CTS calculation to show how their actual award might change under the new scheme. The letter invited consultation and feedback on the proposed changes.

2.13 All CTS award notification letters were amended to promote the consultation.

2.14 Two public workshops were held at Barking & Dagenham Learning Centre to enable residents to engage with the proposals in person and these sessions were widely promoted to ensure visibility and attendance. A total of 57 residents were seen at these workshops. The workshops provided a good opportunity to engage with residents to explain the proposals and discuss how the changes affected them individually.

2.15 Outreach support was available to support any residents with the completion of the survey who were digitally excluded and unable to complete the survey online.

2.16 The welfare Service was also open for any other enquiries or support that was required to complete the survey.

3. Consultation Feedback

3.1 A total of 368 completed surveys were received.

3.2 Appendix 1 the ‘Council Tax Support Scheme 2024/25 Consultation Report’ provides a detailed analysis of the responses to the consultation.

3.3 The consultation had:

- 7,550 visits
- 5,772 visited at least 1 page.
- 1,059 visited multiple pages.
- 12,238 page views
- 305 downloaded the policy document.
- 725 visited the policy section.

3.4 The outcome of the consultation survey results can be summarised as follows:

- 72% of respondents were in receipt of CTS
- 56% of respondents identified as disabled or having a health issue
- 66% of respondents were female
- 38.5% of respondents were from an ethnic background
- 79% of respondents read the background information on the change proposed

➢ **Part 1**: 44% of respondents agreed with the income thresholds for the income bands. The remaining % did not know or disagreed.
➢ **Part 2**: 63% of respondents agreed with disregarding certain benefits and incomes. The remaining % did not know or disagreed.
➢ **Part 3:** 51% of respondents agreed with limiting the household size to a maximum of 2 children. The remaining % did not know or disagreed.
➢ **Part 4**: 53% of respondents agreed with introducing a flat rate non-dependant deduction. The remaining % did not know or disagreed.
➢ **Part 5**: 49% of respondents agreed with reducing the capital limit to £6,000. The remaining % did not know or disagreed.

- **Part 6**: 65% of respondents agreed with sending less notification letters. The remaining % did not know or disagreed.
- **Part 7**: 73.1% of respondents agreed with making a DCTR fund available. The remaining % did not know or disagreed.
- **Part 8**: 50.5% of respondents agreed with the implementation of the replacement CTS scheme. The remaining % did not know or disagreed.

3.5 A significant number of comments were made by respondents. Those who completed the survey and agreed with the proposals tended to make less comments than those who disagreed.

3.6 Questions were raised against the overall level of the income band thresholds with concern that these were too low and would not sufficiently support low income and vulnerable residents.

3.7 The proposed scheme makes significant provision to disregard elements of Universal Credit to support vulnerable residents, including the Carer Element, no further disregards are applied for Carers Allowance and the impact on Carers received several comments expressing concern at support for this demographic.

3.8 A removal of disability premiums present within the current scheme (means testing) which may reduce the award under the proposed scheme was raised and will affect some claimants with protected characteristics.

3.9 The simplification of the scheme received positive comments.

3.10 As part of the feedback received from the consultation it is recommended that further household income disregards be applied.

3.11 It is proposed that child maintenance payments, guardian allowances, fostering allowances and military compensation payments are now disregarded as household income. This will mirror UC rules and further support households in receipt of these incomes.

3.12 109 cases were identified as currently in receipt of child maintenance. the cost of disregarding this income is costed at £8,734.12.

3.13 13 cases were identified as currently in receipt of fostering/guardianship allowances. The cost of disregarding the income is costed at £5,920.02.

3.14 No cases were identified with military compensation payments. There is no current financial implication.

3.15 As the cost of implementing these further disregards is low as part of consultation feedback it is recommended this be adopted as part of the proposed scheme.

3.16 Feedback was received from our key voluntary sector partners. DABD were supportive of the proposals as a whole but raised concern over the 2-child and capital limits. CAB provided feedback on the online form and also in a separate document. This raised significant concerns over the detail and impact of the scheme on those who may lose support. CAB disagreed with the loss of the means tested approach (the current scheme) and did not recognise the reasons to change the scheme as set out. A response on behalf of the Council has been issued and is awaiting further feedback.

3.17 A greater majority of respondents agreed with each part of the consultation than disagreed with the proposals.

3.18 50.5% agreed with implementing the proposed scheme with only 21.2% disagreeing. 28.3% did not know.

3.19 The consultation has confirmed that overall a majority of those residents/organisations who completed the survey were supportive of the Council's proposal to implement a replacement scheme as set out. Opposition to implementing the scheme was significantly less.

4. Options Appraisal

4.1 The options appraisal now considers 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).

4.2 The retention of the current scheme in to 2024/25 is not held to address the administrative issues with the scheme as outlined in the October Cabinet report.

4.3 A retention of the current scheme will not provide as an efficient and effective scheme for residents of the borough into 2024/25.

4.4 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 by protecting the majority of applicants in band 1 at an 85% discount comparable to the current scheme. The model provides better levels of support for UC claimants in employment, incentivising employment. This is balanced against the financial cost to the Council, against the anticipated cost of retaining the current scheme into 2024/25.

4.5 The implementation of a banded scheme has been designed to safeguard & support our most vulnerable residents. The scheme will be reviewed annually to reflect changing levels of demand, changes in the wider welfare system and to ensure that it remains affordable to the Council.

4.6 For the reasons outlined above Model 1 is the recommended proposal.

5. Financial Implications

Implications completed by: Nurul Alom – Finance Manager

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 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 £16.01m (2023/24), an additional cost of £1.5m. Overall, the Scheme cost has increased. The modelling was completed by Policy & Practice (specialist external advisor) as outlined in the above report.

5.3 The Council identified c£1.3m from reserve to fund the increase in cost for 2023/24, this estimated was based on a 2.99%Council Tax increase for 2023/24. However, the increase was 4.99% and the Welfare Reserve was reprofiled and the Council updated its estimate to £1.5m. There is no in-year pressure associated with the current scheme in 2023/24. However, the forecast cost of the scheme has increased from £16.01m to £16.46m and the deficit on Council Tax into 2024/25 will now increase by a further £0.45m, due to increase in CTRS caseload in 2023/24.

5.4 As part of the 2023-2027 MTFS process Community Solutions proposed a new methodology for the application of the CTRS scheme, to achieve a more flexible and administratively suitable model to accommodate the cost-of-living crisis and the move nationally to Universal Credit. The cost of the proposed model was submitted in the MTFS cycle and is contained in the below table. This was based on a 2.99% Council Tax increase as was known at the time.

Growth requests approved	2024/25	2025/26	2026/27
CTS 2.99%	2,072,052	503,162	518,256
CTS 4.99%	2,572,052	803,162	818,256
Additional pressure on MTFS (estimated on 4.99% uplift, not 2.99% previously assumed)	500,000	300,000	300,000

5.5 The modelling above was completed on 2.99%. If we apply an assumed uplift of 4.99% instead then we would require an additional estimated £0.5m in 24/25, and an estimated £0.3m in 25/26 and 26/27. This is all subject to Council Tax uplifts and therefore is subject to change.

5.6 There is no funding identified to fund the additional 2%. This would need to be subject to growth in the MTFS. Although, it should be noted that the impact of the scheme would not be a direct cost to the service but a direct impact on the Collection rate of the Collection Fund and the reduced collections.

CTS Scheme	2024/25
15% Contribution scheme (existing Scheme)	£17.5m
Banded Scheme (Model 1)	£17.5m

5.7 The cost of either scheme will increase by £1m into 2024/25 against the current expenditure for 2023/24, in-line with the wider increase in Council Tax (estimated at 4.99%).

5.8 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)

5.9 Council Tax Discretionary Hardship Funding of £500k was earmarked from the Welfare Reserve for 2023/24. It is proposed to carry forward £250k into 2024/25 to support the transition from the current scheme to Model 1.

6. Legal Implications

Implications completed by: Dr Paul Feild, Principal Standards and Governance 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. Approval of the Council Tax Support Scheme is an Assembly function.

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 This paper sets out the consultation and responses in the final decision-making process regarding the proposed change to implement a replacement CTS scheme.

6.5 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.

6.6 With regard to the recommended proposal the outcome is to maintain the level of support for the lowest incomes. However, due to the wider impact of replacing the scheme, potentially some claimants will gain support, and some claimants may lose support. Some claimants will see their awards unchanged. There is therefore an adverse outcome for some claimants.

6.7 Schedule 1A to the Local Government Finance Act 1992 (revisions to and replacement of scheme) also requires the Council to consider providing transitional protection whereby the scheme change has the effect to reduce or remove entitlement from any class of person entitled as the Authority sees fit.

6.8 The provision of a DCTR fund provides mitigation for those classes of persons entitled who may see a reduction in their award due to the scheme change by providing an option to apply for additional financial assistance to support their increased Council Tax costs through the fund.

7. Other Issues

7.1 Risk Management

7.1.1 The Council has now procured the software required through the Capita Academy system, used to administer the current CTS scheme, for the implementation of an income banded discount scheme.

7.1.2 User acceptance testing will be required for the new scheme/system and will require planned time and resources to undertake.

7.1.3 The end of year process must be commenced on time and will require support on testing, implementation, and time frames to ensure the new scheme is correctly installed for end of year processing. A decision to retain the current scheme, after consultation, and not implement the proposed Model 1 may jeopardise the completion of the end of year process. Due to timings end of year testing must commence in December 2023 and must be done on the proposed banded scheme and the current scheme pending ratification of the final agreed scheme. This may require additional planned time and resources to undertake.

7.1.4 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. Their report is at Appendix 4.

7.1.5 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 due to system limitations and therefore a risk is raised that the projected cost of the scheme is more or less than anticipated.

7.1.6 This risk has been partly mitigated by internal modelling for the replacement scheme against the current scheme in 2023/24. This has demonstrated a fiscally neutral expenditure position within the current financial year and supports the extension of this position into 2024/25.

7.1.7 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 expenditure figures and modelling were based on a CTS caseload extract from June 2023. Current expenditure figures to date (November 2023) show an increase in current scheme expenditure of c£0.45m caused by an increased demand on the scheme and welfare take up initiatives. As a consequence, the expected cost of the CTS scheme into 2024/25 is expected to be higher than originally forecast.

7.1.8 Changes to the CTS scheme will result in changes to the level of some CTS awards, with some residents receiving higher awards, some residents receiving lower awards and some residents seeing their award unchanged. This is because the replacement scheme will not exactly match the current scheme and will apply different levels of discount compared to household and income.

7.1.9 The Council is protecting the maximum level of the discount at 85% to ensure the most vulnerable low-income residents in the borough remain protected however modelling has demonstrated that 14% of current applicants may be worse off under the new scheme. A total of 1501 claims have been identified as at risk of receiving lower support in 2024/25 if the scheme is implemented.

7.1.10 A total of 169 claims were identified as losing all support (100%) of their current award. This represents a small percentage of the overall case load. This is raised as a risk due to the significant impact on some applicants during a period of high cost of living however is balanced against 1501 claims identified as receiving higher support and 7631 claims remaining unchanged. The EIA will also identify negative impacts on applicants with protected characteristics. Claims with disability benefits, Carers, and those with ill health and sickness benefits may in some cases receive lower awards and be adversely affected by the scheme change.

7.1.11 The proposed scheme has been modelled to take account of the future 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 is support for some legacy benefit claimants. Managed migration is now scheduled to commence in April 2024 mitigating this risk. 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.

7.1.12 The timetable for managed migration also exempts certain categories of legacy benefit claims from the migration process, such as certain Employment & Support Allowance claims. These cases will remain as legacy benefit claims.

7.1.13 To support applicants adversely affected by the scheme change the Council has contracted a voluntary sector partner (DABD) to work with identified high loss and disabled claims who have been adversely affected by the scheme change. Additional support will be provided on income maximisation, benefit checks, income and expenditure and debt advice.

7.1.14 The Council Tax Discretionary Relief (CTDR) fund may be used to mitigate some of the impacts of the scheme change on applicants who lose support. A loss of funding for this scheme will reduce the available mitigation. A significant loss of funding available will affect the support the Council can provide to mitigate the losses experienced by some applicants as we transition between schemes. This is raised as a considerable risk given the number of affected applicants who may lose as part of the change.

7.1.15 The outcome of the consultation has been majority supportive of the proposed scheme change however this was not unqualified with concerns being raised over key component parts of the proposed scheme.

7.2 **Corporate Policy and Equality Impact**

7.2.1 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.

7.2.2 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 3.

7.2.3 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.

7.2.4 A reduction in funding for the CTDR scheme will affect mitigations available against any potential issues that may arise from the EIA. The Council will have reduced means to mitigate against any potential issues that arise from the scheme change on applicants who may lose part or all of their award, who hold protected characteristics.

Public Background Papers Used in the Preparation of the Report:

- "Council Tax Support Scheme 2024/25 – Options and Consultation" report to Cabinet 17 October 2023 (https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12957&Ver=4, Minute 47)
- "B&D Joint Health and Wellbeing Strategy 2019-23" report to Assembly 30 January 2019 (https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=179&MID=10014, Minute 48)
- "B&D Joint Strategic Needs Assessment" report to Health & Wellbeing Board 13 September 2022 (https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=669&MID=12758, Minute 19)

List of appendices:

- Appendix 1: Council Tax Support scheme 2024/25 – Full consultation report
- Appendix 2: CAB response to the consultation
- Appendix 3: Equality Impact Assessment (EIA)
- Appendix 4: Policy & Practice localised CTS Final Report

Barking & Dagenham

APPENDIX 1

Proposed replacement Council Tax Support Scheme 2024/25

Public Consultation Report

Author

James Johnston

Welfare Service

Support & Collections

Contents

Introduction and background

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).

Council Tax Support is currently a means tested discounts for Council Tax. The amount of the discount awarded is based on the income and size of the household. A means test is applied, and an award granted for those eligible. This discount is applied directly to the Council Tax account to reduce the amount to be paid.

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 Council Tax Support Scheme

The Council has a statutory duty to consider annually whether to revise its Local Council Tax Support 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.

The final scheme must be approved by Assembly.

The Council is proposing to replace the existing CTS scheme with a new simplified scheme for working age residents by introducing income bands rather than looking at precise household income to calculate the CTS award (the means test).

The scheme operates by offering a reduction in the payable Council Tax based on the income level of the applicant (and partner) and its household size. There is no complex means testing calculation applied.

Income can increase within an income band and have no effect on the amount of discount awarded, unless the change means household income is now in a different income band. This limits the number of changes that are required to be made.

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

The simplicity of the proposed new scheme approach will help to address some of the problems associated with the current scheme.

The purpose of this report is to set out the Council Tax Support scheme 2024/25 consultation process and key consultation findings.

The results of this consultation will help to determine the final Council Tax Support Scheme for 2024/25 with full details of the new scheme to be published in February/March 2024.

The proposed changed scheme would come into effect from the 1 April 2024.

Methodology

Barking & Dagenham Council undertook a consultation on proposed changes to the Council Tax Support scheme 2024/25 between the 23 October 2023 and 23 November 2023.

The consultation questionnaire and survey along with consultation policy documents was published online and was available through the Citizens Alliance Network website.

Residents were also able to email their views on the consultation to the Benefits department directly.

The survey was available and open to all Barking & Dagenham residents and stakeholders with an interest in the operation of the Council Tax Support scheme.

The consultation was promoted on the Citizens Alliance Network website alongside the main Council website. The BD collective was also used for promotion. Social media was used to promote and advertise the consultation on Council Facebook and Twitter pages. Results from social media promotion are available later in the report. Press releases were also issued.

Internal newsletters were also issued to promote the survey to staff within the wider Council.

The consultation was also directly promoted with key voluntary organisations.

All residents in receipt of CTS (15,000) were written to individually to advise of the proposed change to the CTS scheme and the potential impact on their CTS award with current/proposed award details to show the possible impact of the scheme change. This included pension age claimants who are not directly affected by the scheme change.

Workshops were held on site at both Barking & Dagenham Learning centres to support residents with any questions or comments on the scheme, and to support the completion of the survey. These were promoted in all available comms. Paper forms were also available on request.

Notification letters for all current Housing Benefit and Council Tax Support claims were also inserted with paragraphs promoting the consultation.

Results for the consultation will be made available through the Council website.

Summary of results

A total of 368 residents/voluntary organisations responded to the consultation survey.

This is a significant increase on the consultation survey from the 2022/23 scheme change (86 completed surveys).

Historically Council Tax Support consultations have had low engagement from residents.

Respondents did not have to answer every question so the total number of responses for each question may vary.

Every effort was made to promote and ensure visibility of the survey for residents/stakeholders to engage with the proposals.

No direct emails were received from residents regarding the consultation.

2 enquiries were received via Councillors directly in response to consultation letters issued to confirm the possible impact on a current CTS award.

Completed paper forms were converted to the online survey to ensure consistency in the results.

43 residents attended BLC and 14 residents attended DLC as part of the onsite workshops. Various sets of circumstances (higher/lower/unchanged awards under the proposed scheme) were seen from residents with advice and guidance provided. Both working age and pensioners were consulted with. 13 paper forms were issued to residents with 4 returned.

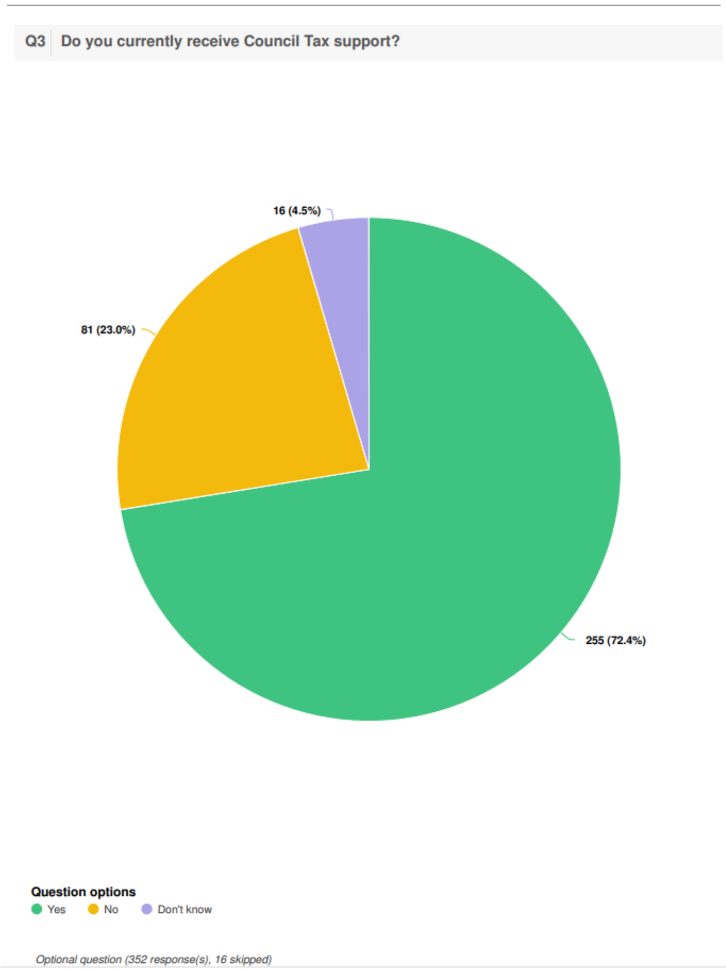
Survey summary outcomes:

- 72% of completed survey respondents were in receipt of CTS
- 44% agreed with the proposed income band thresholds
- 51% ultimately agreed with the implementation of the proposed scheme

The proposed scheme had higher positive responses on average for all the survey questions asked with a majority of residents supporting the proposals.

Survey Demographics

Respondents were asked a range of demographic questions about themselves to help us understand the characteristics of the people who took part in the consultation.

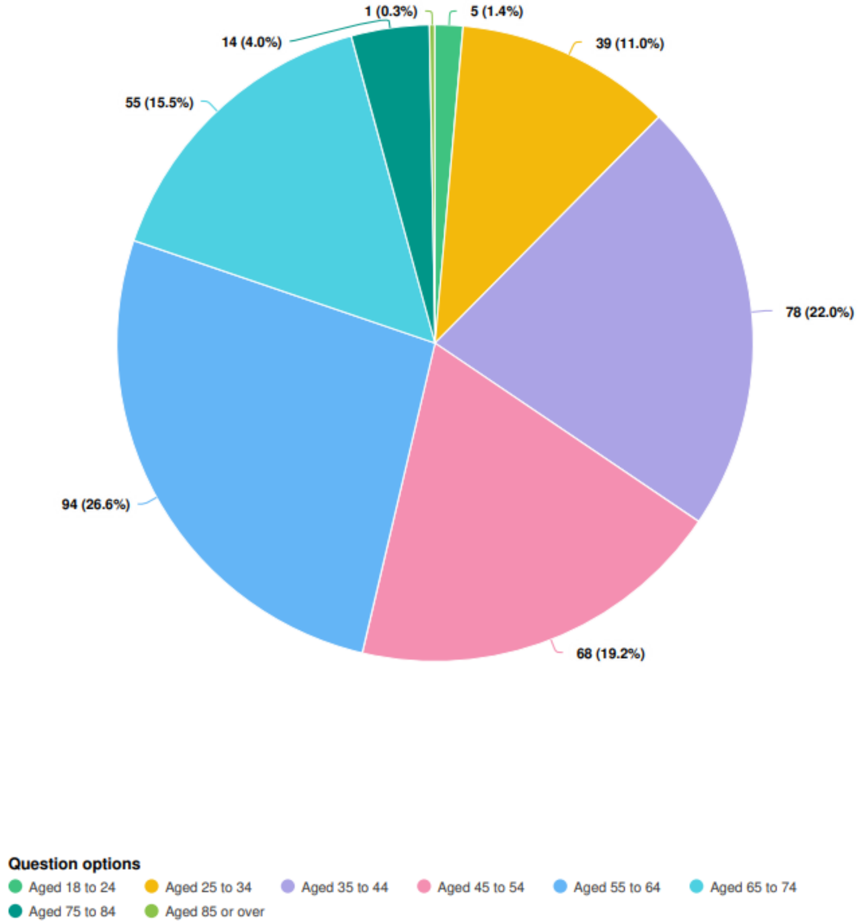


In receipt of CTS	Number of residents	Percentage
Yes	*255*	*72.4%*
No	*81*	*23%*
Don't know	*16*	*4.5%*

A significant majority of respondents were in receipt of CTS and therefore had an active interest in the administration of the scheme.

Despite this 23% of respondents were not in receipt of CTS which provides some balance to the outcome of the responses received.

Q4 Which age band are you in?

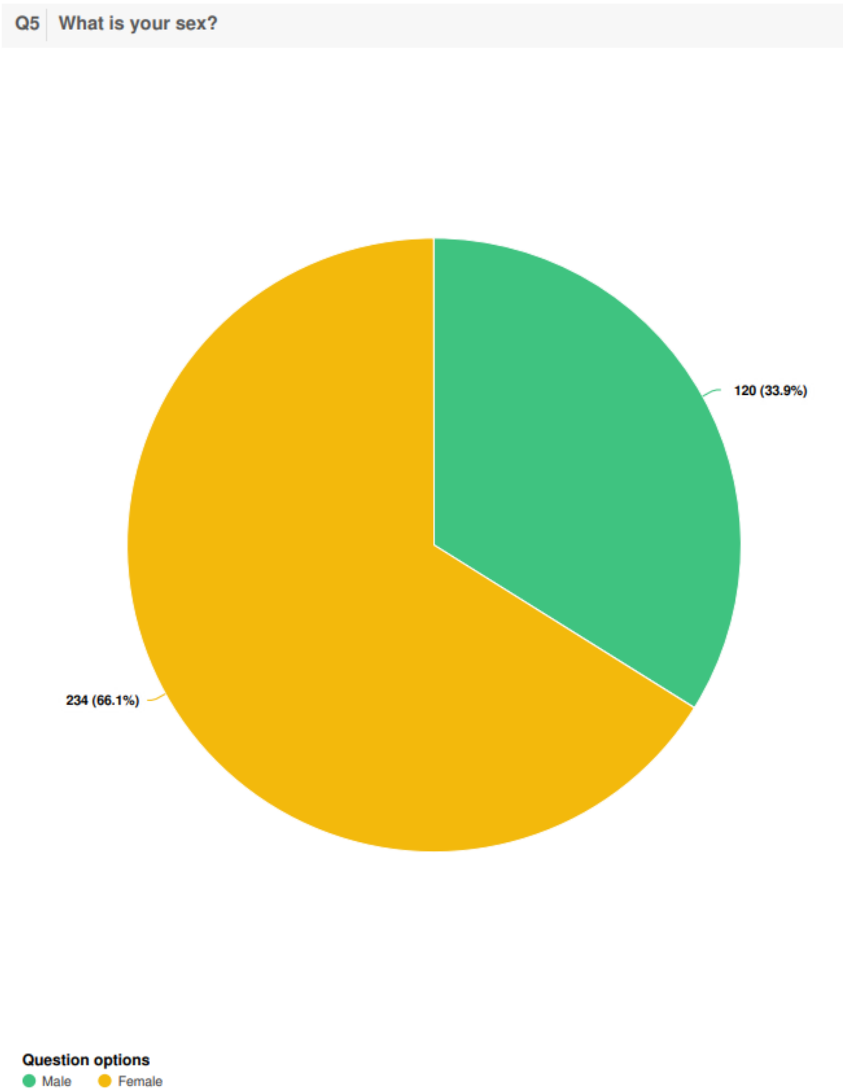


Age	Number of residents	Percentage
18-24	*5*	*1.4%*
25-34	*39*	*11%*
35-44	*78*	*22%*
45-54	*68*	*19.2%*
55-64	*94*	*26.6%*
65-74	*55*	*15.5%*
75-84	*14*	*4%*
85+	*1*	*0.3%*
Prefer not to say	*0*	*0%*

The largest demographical group to be represented in the survey was aged between 55-64. This is the second largest demographical group for the working age CTS scheme. The largest age demographical group in the CTS scheme is 35-44 and this had the second highest response rate.

The largest borough age demographic is 30-39.

Pension age claimants (65+) still contributed to the survey despite not being directly impacted by the change.



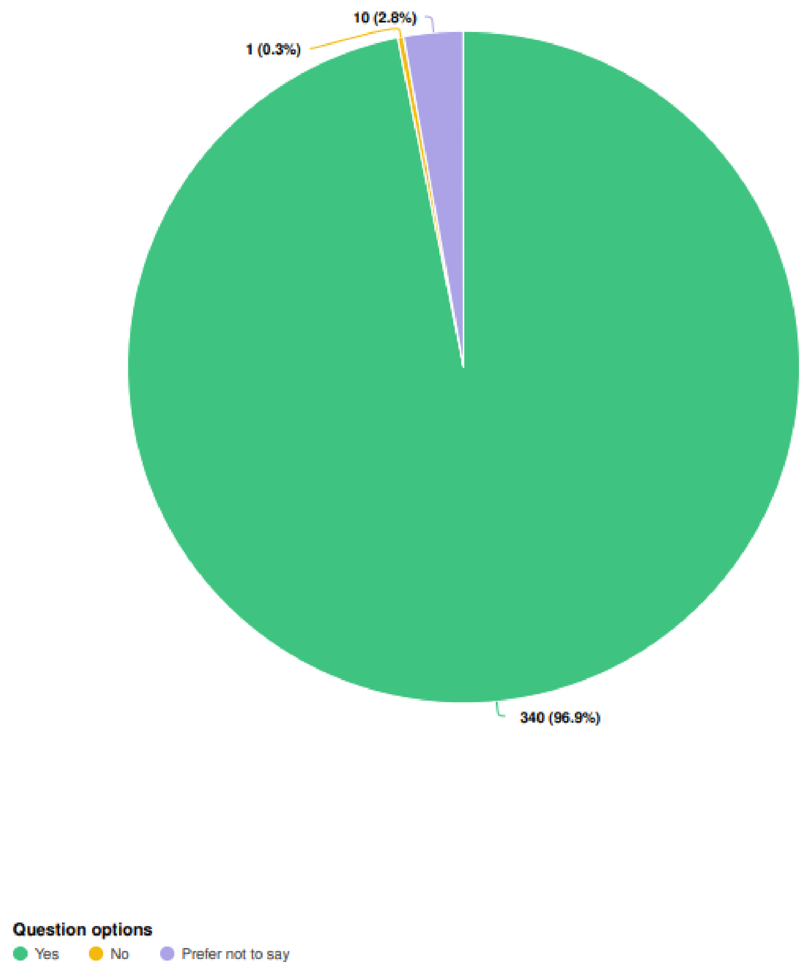
Gender	Number of residents	Percentage
Male	*120*	*33.9%*
Female	*234*	*66.1%*

A significant majority of the respondents were from female residents with 66.10% coming from this demographic.

This is comparable to the CTS case load as a whole which is 66.88% female.

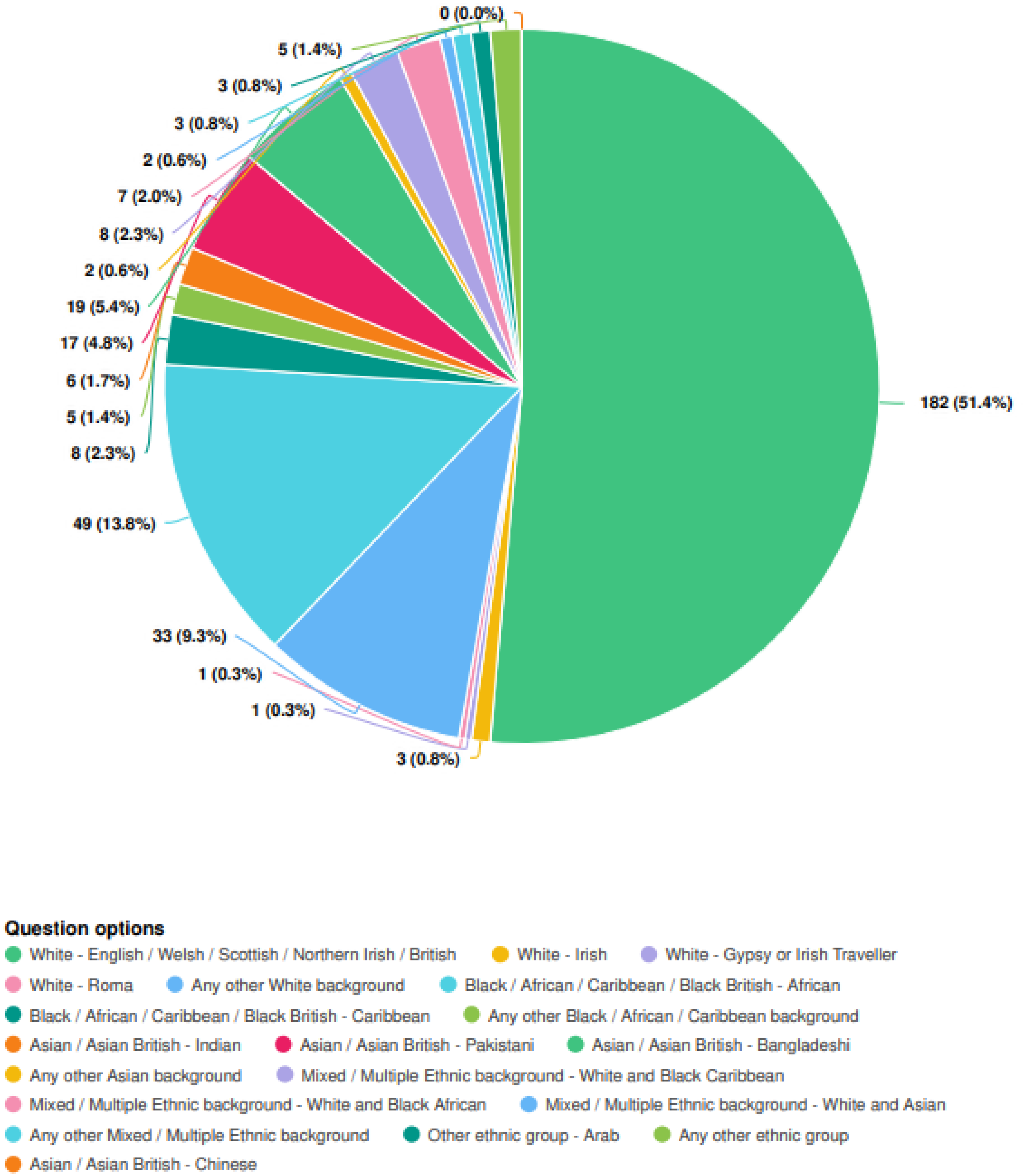
This is comparably higher than the borough demographics of 51.5% of residents identifying as female.

Q6 Is the gender you identify with the same as your sex registered at birth?



Gender identification	Number of residents	Percentage
Yes	*340*	*96.9%*
No	*1*	*0.3%*
Prefer not to say	*10*	*2.8%*

Q7 What is your ethnic group?



Ethnic group	Number of residents	Percentage
White – English	*182*	*51.4%*
White - Irish	*3*	*0.8%*
White – Gypsy or Irish traveller	*0*	*0%*
White - Roma	*0*	*0%*
Any other white background	*33*	*9.3%*
Black / Black British - African	*49*	*13.8%*
Black / Black British Caribbean	*8*	*2.3%*
Asian / Asian British - Indian	*6*	*1.7%*
Asian / Asian British - Pakistani	*17*	*4.8%*
Asian / Asian British - Bangladeshi	*19*	*5.4%*
Any other Asian background	*3*	*0.8%*
Mixed / Multiple ethnic background – white and black Caribbean	*8*	*2.3%*
Mixed / Multiple ethnic background – white and black African	*8*	*2.3%*
Mixed / Multiple ethnic background – white and black Asian	*7*	*2.0%*
Any other mixed background	*3*	*0.8%*
Other ethnic group – Arab	*3*	*0.8%*
Any other ethnic group	*5*	*1.4%*
Asian / Asian British - Chinese	*0*	*0%*

A majority of residents identified themselves as being from a white background with 60.7% identifying. This is significantly higher than the current borough wide demographics confirming 44.9% of residents identifying as coming from white backgrounds.

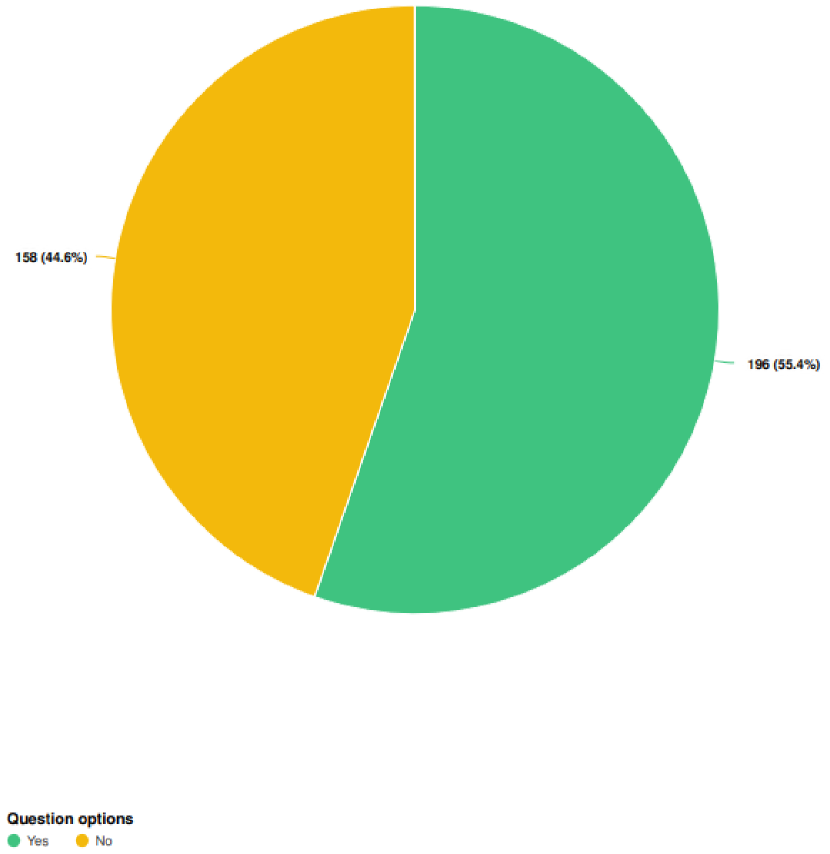
The next highest ethnic group was Black / Black British – African with 13.8% identifying.

This is lower than the current borough wide demographics confirming 21.4% (this includes Black British Caribbean).

Ethnic minorities are significantly under represented against current borough wide demographics from the 2021 census which shows 69.1% of the borough now identifies as coming from black and ethnic minority back grounds.

There is no data on the ethnic make up of the CTS scheme as this information is not required for the administration of the scheme and therefore cannot be accurately collected under the current/proposed schemes.

Q8 Do you have a health problem or disability that limits your day to day activities?



Illness/Disability	Number of residents	Percentage
No	*196*	*55.4%*
Yes	*158*	*44.6%*

A majority of residents identified themselves as having a health problem or disability.

13.2% of the population is registered as disabled under the Equality Act and 29.8% of households have at least one person in the household who identifies as disabled in the borough.

Currently 6.6% of residents in the borough are claiming disability benefits.

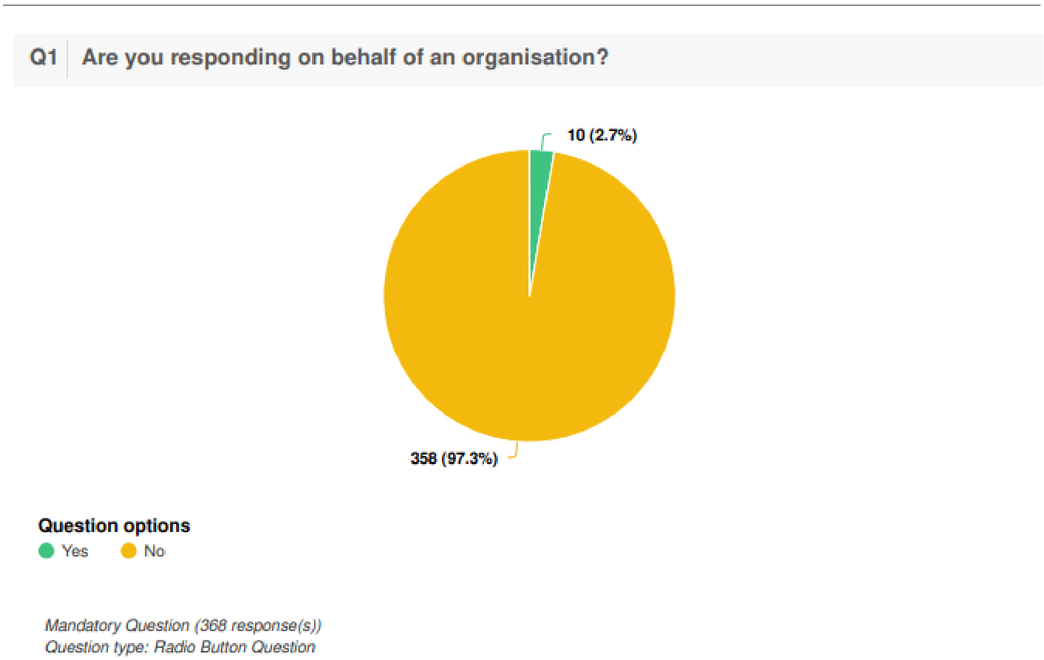
6,436 current CTS claims have either a disabled benefit or a limited capacity to work element of Universal Credit.

A response of 55.4% of those surveyed with a health problem or disability is over represented against borough demographics suggesting an interest in the proposals from this cohort of residents.

Residents with ill health and disability are often vulnerable with low income who require more financial support.

Survey results and analysis

The following analysis provides a breakdown of the survey results.



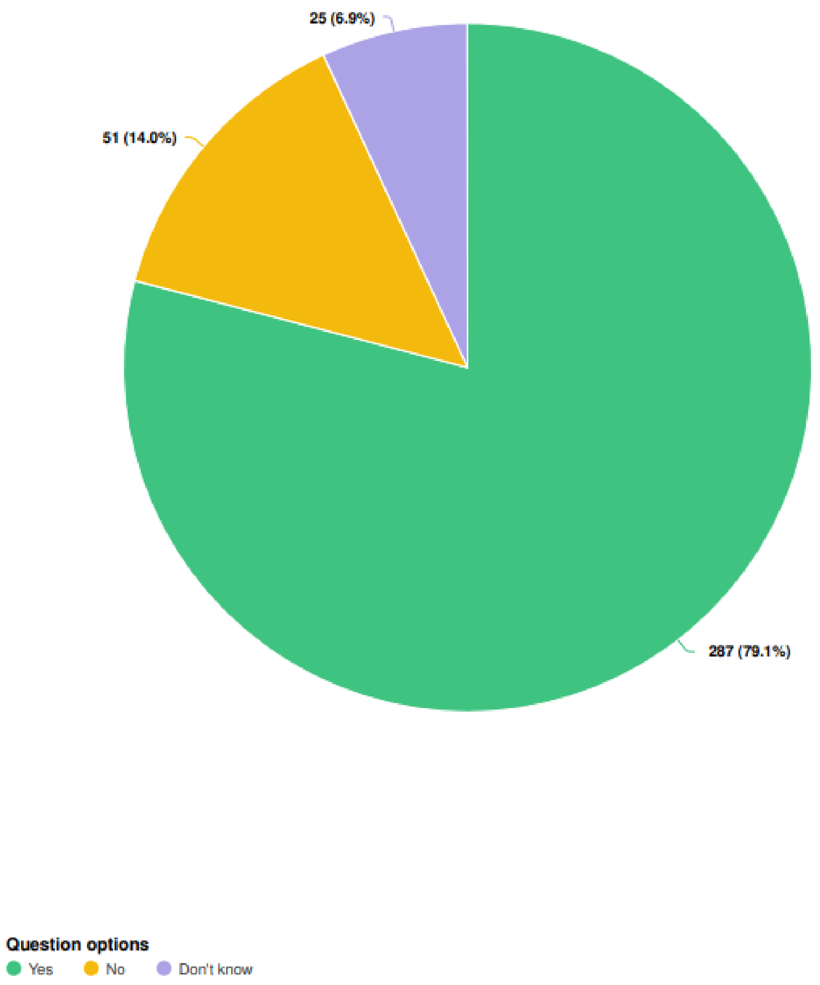
	Number of residents	Percentage
Resident of the borough	*358*	*97.3%*
Other organisation	*10*	*2.7%*

Other organisations
LBBD
LBBD – Homes & Money HUB
DABD
CAB
Royal British Legion

The majority of responses received were from residents in the borough.

Responses were received from our key voluntary sector partners CAB & DABD.

Q9 Have you read the background information about the Council Tax Support (CTS) scheme?



Background information	Number of residents	Percentage
Yes	*287*	*79.1%*
No	*51*	*14%*
Don't know	*25*	*6.9%*

A majority of the responses received confirmed they had read the background information policy document. This is important to ensure that residents were provided with basic information on how the proposed scheme will work and why the Council is proposing to make this change.

Part 1: The introduction of an income-based banded discount scheme (the income bands)

The introduction of an Income banded discount CTS scheme to replace the current scheme for all working age applicants from 01 April 2024.

It is proposed that a simple income banded CTS scheme based on household income will replace the existing scheme.

The Council is not looking to reduce the overall cost of the scheme. However, the change will mean some people may get more support, and some may get less support. Most residents will receive the same support next year.

What are we proposing?

We are proposing a simplified income banded scheme.

Table 1 shows the level of discount that will be available.

Table 1:

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1 children addition	Single 2+ children addition	Couple 1 children addition	Couple 2+ children addition
1	85%	£0-£96	£0-£164	£0 - £164	£0 - £284	£0 - £252	£0 - £352
2	70%	£96 - £140	£164 - £208	£164 - £228	£284 - £338	£252 - £296	£352 - £406
3	55%	£140 - £168	£208 – £238	£228 - £262	£382 - £426	£334 - £370	£406 - £456
4	40%	£168 - £188	£238 - £260	£262 - £296	£426 - £460	£370 - £396	£456 - £506
5	25%	£188 - £208	£260 - £282	£296 - £320	£460 - £506	£370 - £396	£506 - £542
6	15%	£208 - £240	£282 – £316	£320 - £376	£460 - £506	£396 - £452	£542 - £605

The scheme for pension age (aged 66 and over) households is set by government and will continue to operate in the same way as it does currently.

Possible benefits and disadvantages

The possible benefits of introducing an income-based banded discount scheme are:

- Provide up to 85% support (the maximum award) for residents on the lowest incomes.
- Some households will receive greater support

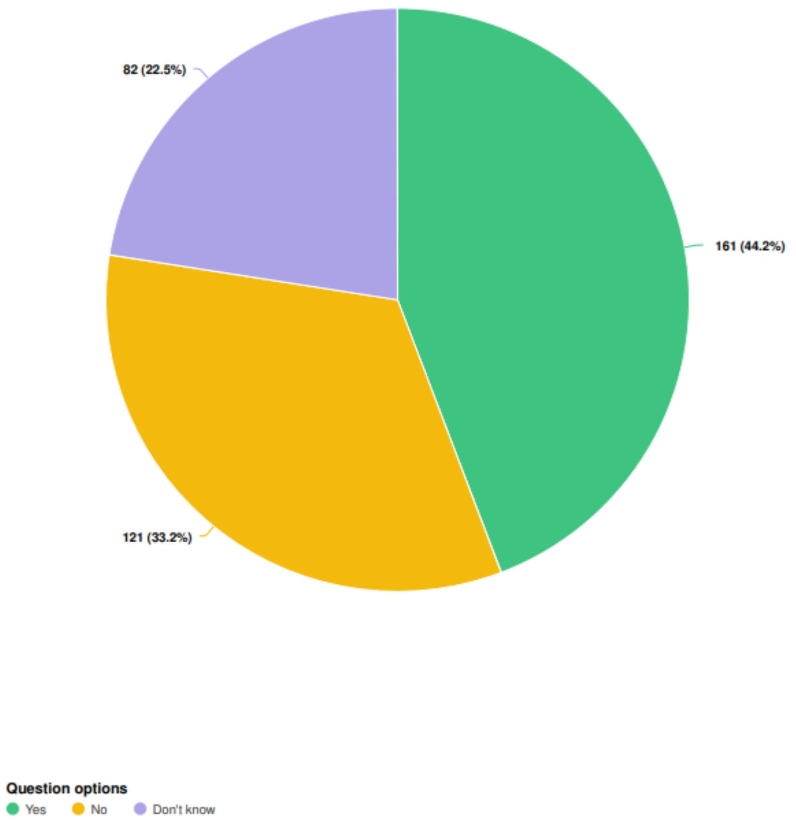
- Be easy to understand for residents.
- Provide greater stability to residents in receipt of CTS by reducing the number of Council Tax demands during the year, preventing multiple changes to monthly instalments helping residents to budget.
- Will work better with the Universal Credit system.

The possible disadvantages of introducing an income-based banded discount scheme are:

- Some households will receive less support.
- Some households with more than 2 children are likely to receive less support.

Survey response

Q10 **Do you agree with introducing an income-based banded discount scheme as shown above?**



The consultation provided the proposed income banding grid where the proposed levels of income and discount (the CTS award) were confirmed.

Income banding grid	Number of residents	Percentage
Yes	*161*	*44.2%*
No	*121*	*33.2%*
Don't know	*82*	*22.5%*

A majority of respondents supported the proposed income bands although this was not unqualified with approximately a third disagreeing with the proposed income band thresholds. Concerns were raised that the thresholds and levels of award were too low.

Free text comments

135 individual comments were made on part 1.

''This is an unfair scheme which will further disadvantage unpaid carers leaving them with higher bills to pay when we are already struggling''

''From the table provided although I am in receipt of ESA Support Group, Child Tax Credit and Child Benefit my income from benefits would mean I would receive a 55% discount? Now I receive the maximum discount. How can I afford to pay £80- £100 per month while on benefits. Also some households will be penalised for having children How is that fair in relation to paying council tax? If I am private renting liable for council tax earning an average wage with 4 children then my new big expense will be council tax which will overtake my energy bill??''

''The income band is too narrow and doesn't reflect the cost of renting or mortgaging your home and paying for other essentials such as water and energy''.

''I am in Band 5 . i have multiple children and used to receive £23 per week and now its changed to £8 per week that doesn't not make sense at all. this is not suitable at all''

Part 2: Disregarding certain benefits, incomes and elements of Universal Credit.

By moving to an income banded discount CTS scheme some incomes and benefits will not be included in the calculation of the total household income. This helps to protect residents who need support the most including disabled households.

What are we proposing?

We are proposing that the following benefits and income are not counted when assessing the household income:

- Disability Living Allowance
- Personal Independence Payment

- War Pensions

To help to protect households with children:

- Child Benefit

For residents in receipt of Universal Credit:

- Housing costs element
- Limited capability for work element
- Disabled child element
- Carer element
- Childcare costs element

Possible benefits and disadvantages

The possible benefits of not counting these incomes are:

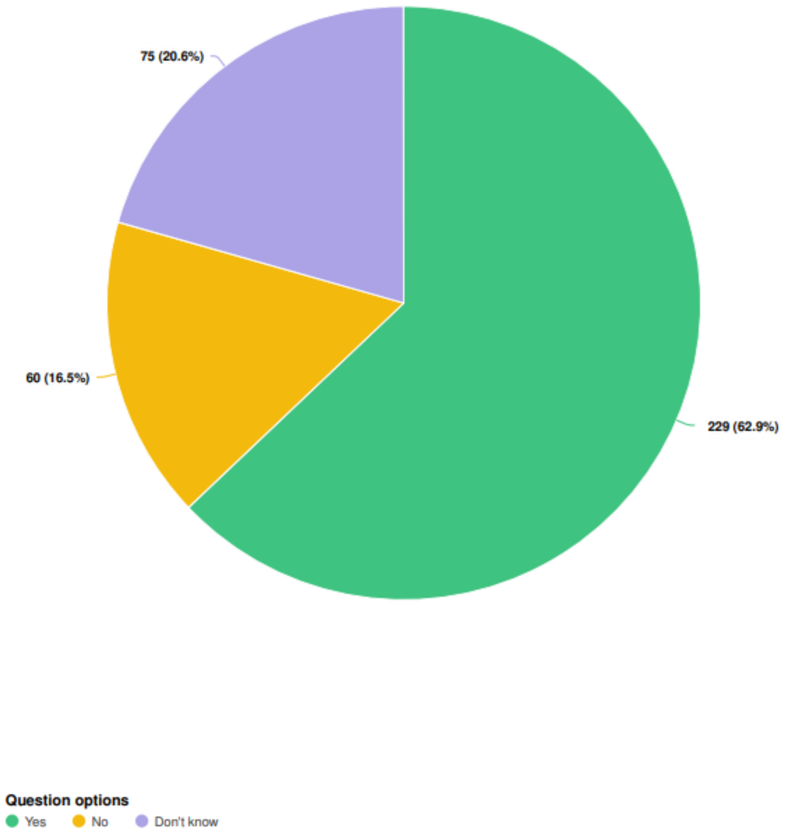
- It will help residents who need support the most.
- It will help to support families.
- It will encourage families with child care costs into work.
- It will maintain the Council's commitment to supporting members and former members of the armed forces.
- The proposed changes are easy to include within the proposed scheme.

The possible disadvantages of not counting these incomes are:

- The proposal will increase the overall cost of the scheme and has to be balanced against the final cost of the proposed scheme.
- There are no disadvantages to residents who qualify for the CTS scheme.

Survey response

Q11 Do you agree with disregarding certain benefits, income and elements of Universal Credit as shown above?



The proposed scheme will disregard certain benefits and elements of Universal Credit to ensure that some incomes received due to disability or ill health for example are not counted as income to protect vulnerable claimants.

Disregarding incomes	Number of residents	Percentage
Yes	*229*	*62.9%*
No	*60*	*16.5%*
Don't know	*75*	*20.6%*

A significant majority of respondents supported this proposal and the reasons why these incomes should be disregarded.

A low proportion of respondents were opposed to this approach.

Free text comments

61 individual comments were made.

'Carers allowance should also be a disregarded income'.

'I am saying yes because it seems my benefits are dismissed from calculations. I obviously don't know how it will effect others'.

'I am VERY concerned you are going to include Carers allowance as Means tested benefit and Penalise people on this benefit'.

'It is good that the benefits above have been disregarded, but there is concern that the additional disability premiums have been lost within the calculation even though the disability benefits do have a disregard. This could mean that disabled people are adversely affected. Also there is no mention of a child maintenance disregard, this may have been overlooked, but if this is the case then it just provides an argument, as previously demonstrated with the UC, HB and CTS £20 disregard which was changed and replaced with a full disregard due to absent parents using this as an excuse to not pay child maintenance and cause other social impact on the child in respect of contact etc'.

'I think child benefit should be taken into consideration as those who work hard and try to do the right thing should not be punished by having their services reduced for those that do not consider their actions and are too busy having multiple children they cannot support'.

Part 3: The household size will be limited to a maximum of two dependent children allowances for all applicants within the scheme when calculating the CTS award.

In the current CTS scheme, applicants who have children are awarded a dependant's addition (an extra amount you can get if you have children) within the calculation of their needs allowance. There is no limit to the number of allowances currently applied within the current CTS scheme for applicants in receipt of old legacy benefits. Applicants in receipt of Universal Credit may be subject to the restriction.

From April 2017 the Government scheme limited dependants in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. Some applicants were protected where they made a claim before that date and already had more than two dependants.

What are we proposing?

The new scheme will be based on an income band which considers the number of dependent children within the household; however, it will be limited to two, for all applicants.

This will ensure all applicants are treated the same.

Child benefit continues to be paid for every dependant, and this will not count towards the applicants' household income.

Possible benefits and disadvantages

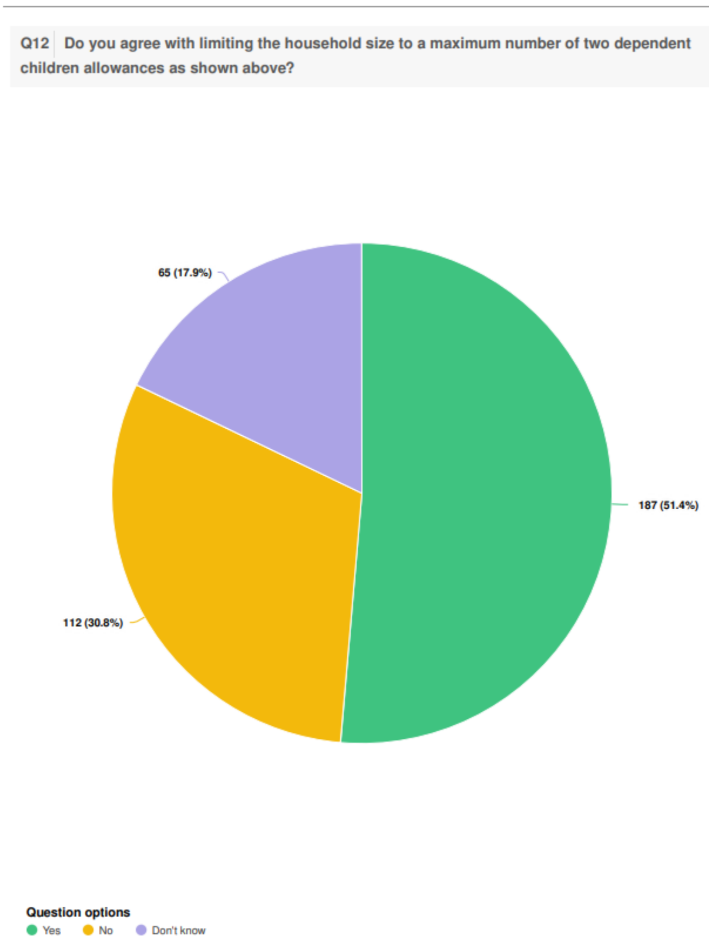
The possible benefits of restricting the child allowance to a maximum of 2 are:

- CTS will be brought into line with all other welfare benefits.
- All applicants will now be treated the same with no difference based on the type of benefit received.
- The allowances are simple and easy to understand for applicants.
- The allowances proposed for 2 children are more generous than the current allowances.
- Child Benefit continues to not be included.

The possible disadvantages of restricting the child allowance to a maximum of 2 are:

- Applicants with three or more dependent children may now receive less CTS. This may affect larger families in the borough.

Survey response



Limiting household size	Number of residents	Percentage
Yes	*187*	*51.4%*
No	*112*	*30.8%*
Don't know	*65*	*17.9%*

A majority of residents supported the proposal to restrict the household size (two children) in line with welfare reform with just under a third being opposed to the proposal.

Free text comments

85 individual comments were made.

'This change will leave families in hardship'.

'It concerns me with those who got more children who will struggle more'.

'Households on a low income will ultimately suffer the most with the 2 child rule. I appreciate we need a fair system but please understand that the children of those households will be affected by any change to the household purse'.

'As previously mentioned the loss to larger families will be significant and we propose an additional band for 3 or more children or some kind of transitional protection in the short term. This will alleviate the impact particularly to those who already have a sanction with the benefit cap where collection will be unlikely'.

'You should limit it to one child. Then those that have more pay. I think this proposal should be adopted, if the wider proposal is not one I agree with so that CTS is limited to include one child, but if not that then definitely two rather than unlimited as it is now'.

Part 4: Introducing one deduction amount of £7.50 per week for all adults in the household removing different levels of deductions.

The current scheme applies non-dependent deductions for other adults living in the property over the age of 18.

The current deductions range from £0 - £14.15 per week depending on the circumstances of the non-dependant adult.

The CTS award is then reduced by the amount of the deduction.

Protections for applicants who receive disability benefits such as Personal Independence Payments are in place which means no deductions are taken for any adult in the property.

Currently, to understand what the right level of deduction is, we have to ask applicants for lots of information. And we have to review this regularly.

What are we proposing?

We are proposing to remove the different levels of deductions and replace these with one deduction for all non-dependant adults.

Possible benefits and disadvantages

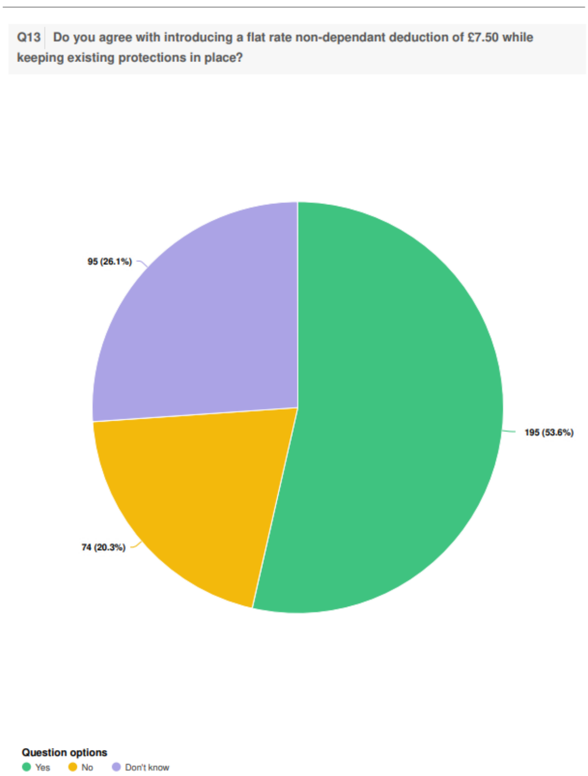
The possible benefits of introducing a flat rate non-dependant deduction are:

- Simplifies the scheme.
- Requires less information to be provided.
- Existing protections remain for those in receipt of disability benefits.
- Small increase for those paying the lowest deduction.
- Deductions required from those with non-dependants in receipt of income that are not currently receiving a deduction is fair.
- Some applicants will have reduced deductions.

The possible disadvantages of introducing a flat rate non-dependant deduction are:

- By not setting the level of the deduction against the income of the non-dependant adult those with higher incomes will have the same deduction as those with lower incomes.
- Some applicants will have increased deductions.

Survey response



Flat rate Non-Dependant charge	Number of residents	Percentage
Yes	*195*	*53.6%*
No	*74*	*20.3%*
Don't know	*95*	*26.1%*

A majority of residents supported the proposal to introduce a flat rate non-dependant deduction.

A significant number of respondents were unsure of the proposal but a low number disagreed with the proposal as a whole.

Free text comments

58 individual comments were made.

'Most younger non dependents would not be earning a decent amount of money, so just deducting £7.50 a week off the council tax would put even more financial pressure on the parent, because no doubt they would still be topping up their young adults income to some extent despite no longer getting any support for them. You don't stop supporting your children just because they have left education '.

'The mean tested method is fairer and ensure that those with higher incomes pay more and those with lower incomes pay less. This way not one person is more disadvantaged than the other'.

'It will only punish the resident who might have to pay for the non-dependant themselves, as it's not guaranteed the non-dependant will want to pay the extra to pay the resident will have in their new bill, even though it's actually the non-dependant who should pay'.

Part 5: Reducing the capital and savings limit to £6,000 and removing the assumed income from capital (tariff income) from the calculation of CTS.

The current scheme has a capital and savings limit of £10,000.

Currently for every £250 of savings over £6,000 and up to £10,000 an additional income of £1 (tariff income) is added to an applicants assessed weekly income.

What are we proposing?

We are proposing that the capital and savings limit is reduced to £6,000 and no tariff income will be calculated. Any capital and savings under £6,000 will be ignored.

Any applicants who currently have capital and savings of more than £6,000, will no longer be granted a Council Tax Support discount.

Currently, most current CTS applicants do not hold capital and savings over £6,000.

Possible benefits and disadvantages

The possible benefits of reducing the capital and savings limit to £6,000 are:

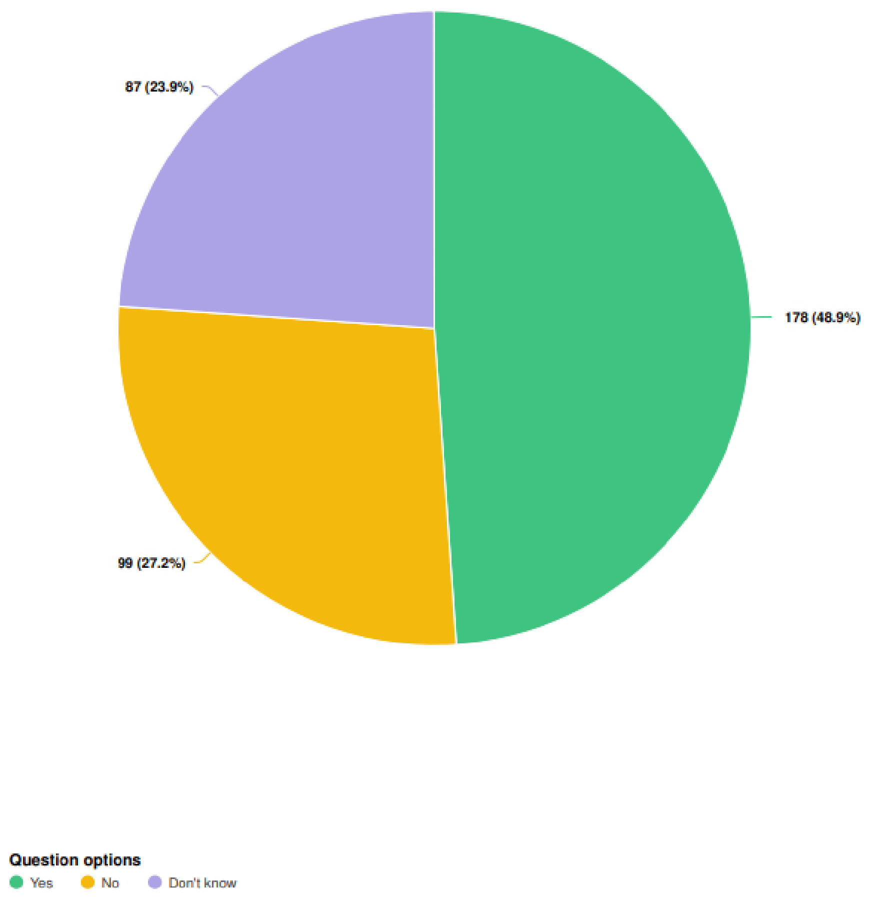
- The £6,000 limit protects those applicants with relatively low levels of capital and savings.
- Tariff income is no longer calculated.
- Most current applicants are unaffected.

The possible disadvantages of reducing the capital and savings limit to £6,000 are:

- Any applicants who currently have capital and savings of more than £6,000 will no longer be granted a CTS discount.

Survey response

Q14 Do you agree with reducing the capital and savings limit from £10,000 to £6,000 as shown above?



Capital threshold	Number of residents	Percentage
Yes	*178*	*48.9%*
No	*99*	*27.2%*
Don't know	*87*	*23.9%*

A majority of residents supported the proposal to reduce the capital threshold from £10,000 to £6,000.

A significant number of respondents were unsure of the proposal but a low number disagreed with the proposal as a whole.

Free text comments

71 individual comments were made.

'I am not in this bracket at all, but just think it may make it hard on people saving for a house deposit etc'.

'Think people need some savings for life's unexpected events'.

'This will affect people who have savings between 6k-10k. People may now not qualify if they have an amount between this'.

'Don't feel this will have a big impact although there will be some who will lose out who are just at £6k or slightly above but does add simplicity of the overall model'.

'Their savings should be used before all benefits kick in . This was my case decades ago - my savings was used'.

'People are living from their savings (who had any) and they should not be punished by holding on to their tiny little savings for emergency. They taxed that amount, they worked for it, nobody has anything to do with that money'.

Part 6: Sending notification letters

What are we proposing?

A banded income discount scheme means no changes to the CTS award are required unless a change to the household income or household size results in income falling into a different discount band.

If we have a banded scheme for CTS we don't want to send you letters unless you move band and the amount you have to pay changes,

Possible benefits and disadvantages

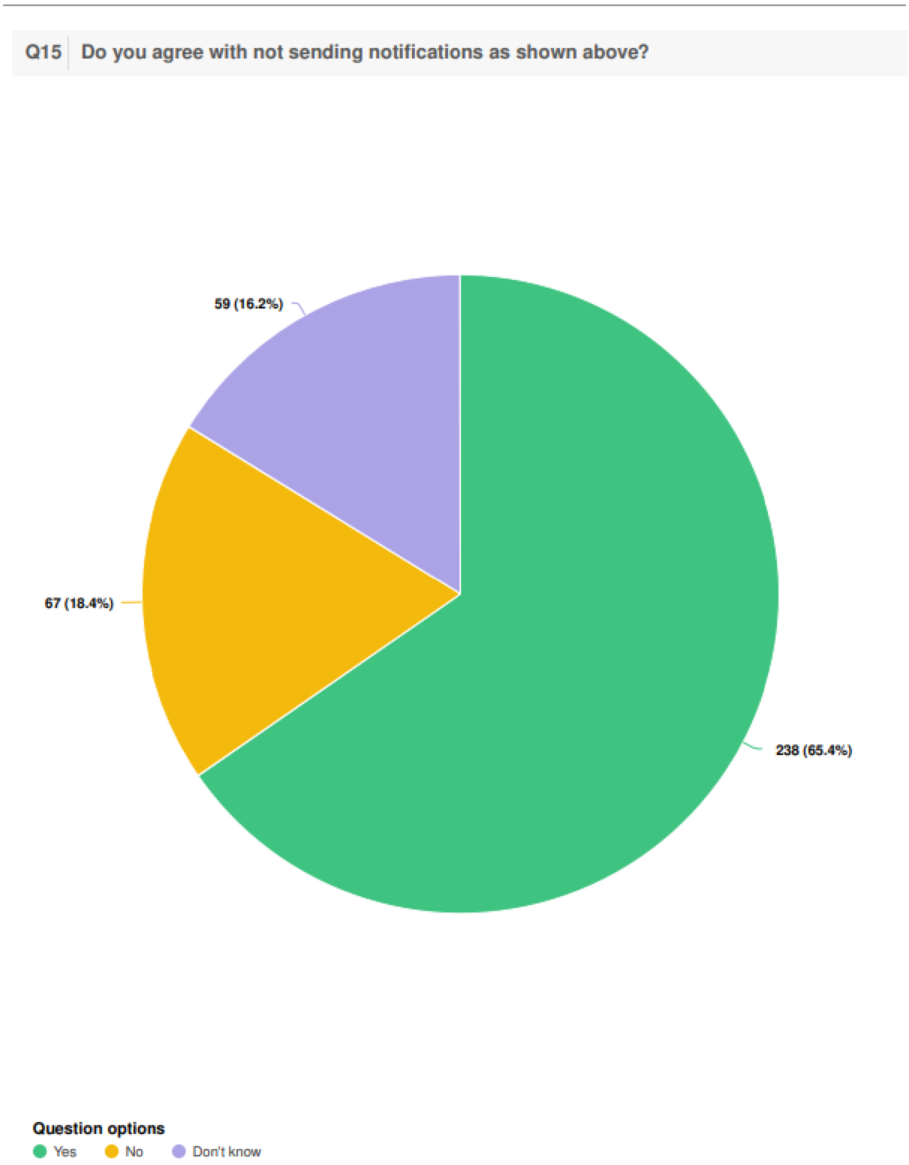
The possible benefits of not sending notification letters unless there is a change in the discount band are:

- Applicants receive less notifications and only if there is an actual change to the discount band.
- We reduce our printing and postage costs.
- We reduce our carbon footprint and protect the environment.

The possible disadvantages of not sending notifications are:

- We do not see any disadvantages from this change.

Survey response



Sending notification letters	Number of residents	Percentage
Yes	*238*	*65.4%*
No	*67*	*18.4%*
Don't know	*59*	*16.2%*

A significant majority of residents supported the proposal to reduce the number of notification letters being sent, only sending a notification when a genuine change occurs.

A low number disagreed with the proposal as a whole.

Free text comments

47 individual comments were made.

'People need to be kept up to date on things like this'.

'Sometimes letters get misplaced and we need them for certain proof for help with certain things. Like vet treatment. We need letters through'.

'Every few months, I set a budget using available financial data, if I get no notification I will forget what payments need to be made. I strive on constant reminders - less reminders will result inconsistent and late payments' .

'If no changes happen then no need for extra letters as long as you can see your account online'.

Part 7: Making the Council Tax Discretionary Relief fund available for residents to apply for additional financial support if they are affected by the change in the scheme

The Council currently offers a Discretionary Council Tax Relief fund for residents who are suffering from financial hardship and may be struggling to pay their Council Tax costs.

Applications for support can be made and are considered on an individual basis.

We can make awards to reduce the amount of Council Tax due.

What are we proposing?

We want to continue to make this fund available for residents of the borough to make an application for further support, including for those who may lose support as part of the scheme change.

Possible advantages and disadvantages

The possible benefits of having a Discretionary Council Tax Relief fund are:

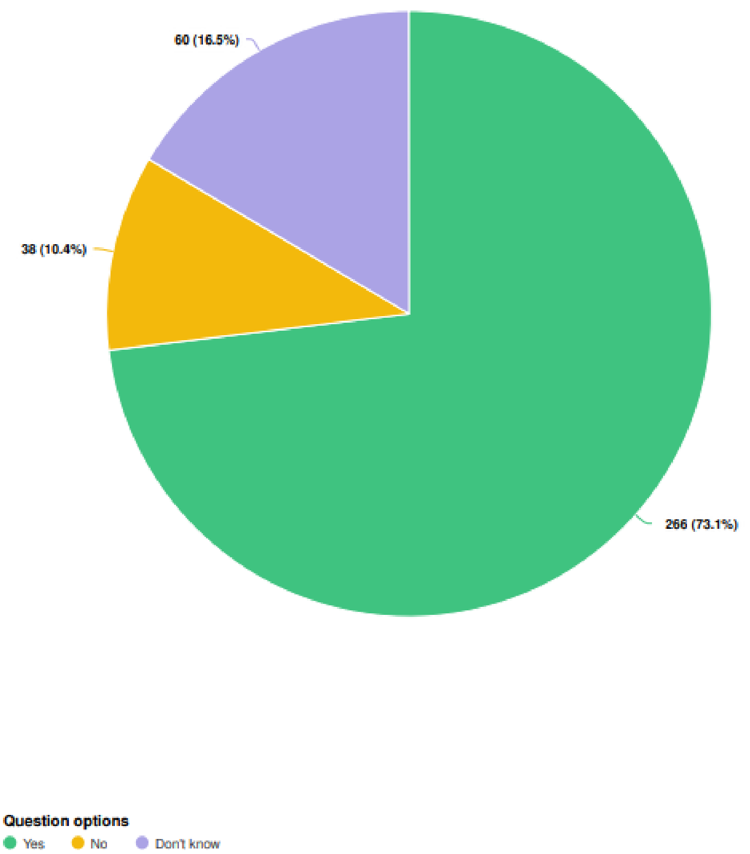
- The scheme offers residents who need support the most a way to apply for it..
- The scheme provides an option to apply for additional support for residents who are affected by the change to a new CTS scheme.

The possible disadvantages of having a Discretionary Council Tax Relief fund are:

- The Council has to use its own funds to support the scheme and this may have an effect on the Council's wider budget and financial planning. .
- There are no disadvantages for applicants who qualify for CTS.

Survey response

Q16 Do you agree with the Council making a Discretionary Council Tax Relief fund available as shown above?



A significant majority of respondents were very supportive of the proposal to ensure a Discretionary Council Tax Relief fund was made available. Very few respondents opposed this proposal.

Free text comments

37 individual comments were made.

'Do agree that this needs to be accessible, although the number supported will be determined by the amount in the fund. Is there any opportunity for a transitional fund to those who are the biggest losers which is automatically given so the resident does not need to rely on an application'.

'More people will be applying for the fund, because your increasing their bills. Makes no sense'.

'There are residents on my street claiming benefits and able to work. The council needs to tighten on giving out handouts and reduce the burden on the taxpayer'.

'This applications are complicated and are rejected for no reason. This discretionary funds are not easy to access even when one is struggling. It is like applying for a mortgage'.

'It will affect council other services because council may have to cut other vital services, save money to provide this extra funds'.

Part 8: Alternative options to changing the CTS scheme

The Council has considered several other options for the CTS scheme for 2024/25, including replacing the scheme and keeping the current scheme unchanged.

There are a number of issues with the current CTS scheme that need to be looked at so that the Council has a CTS scheme that continues to:

- Provide the greatest support to low-income households.
- Reduce the administrative burden allowing for the scheme to run well.
- Provide a simple system for residents.

The Council believes the proposed income banded discount scheme will meet these objectives and this is the recommended new scheme.

An alternative income banded discount scheme is not being proposed.

The Council retains the option of keeping the current CTS scheme unchanged for 2024/25.

Possible advantages and disadvantages

The possible advantages of keeping the current CTS scheme unchanged are:

- Means testing allows support to be focused on those most in need financially and continues to protect these households.
- Pension age and working age claimants are assessed under the same scheme.

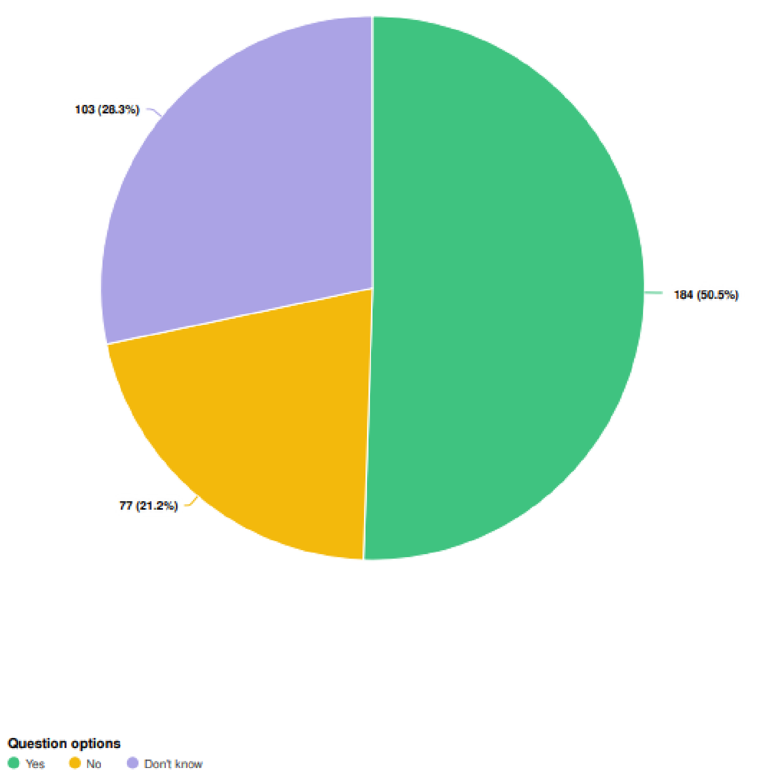
- Does not impact disproportionately on any equality group.

The possible disadvantages of keeping the current CTS scheme unchanged are:

- Highly complex calculation of awards.
- Reactive to minor changes 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.
- The impact of Universal Credit on administration of the scheme.
- Difficult to change the levels of support to different types of applicant.

Survey response

Q17 Do you agree that the Council should implement a replacement scheme as proposed in this consultation?



This survey response was important as based on the proposals above this question asked for final approval of the scheme proposals taking account all aspects consulted on.

A majority of respondents (50.5%) ultimately agreed with the proposals to change the scheme.

However a significant number of respondents remained unsure with more than a quarter (28.3%) selecting don't know. This suggests that there remains a lack of understanding of the proposals.

Only 21.2% of respondents formally disagreed with the proposals for the scheme.

The main response on alternatives was to leave the scheme unchanged and continue the means tested approach.

Free text comments

64 individual comments were made.

'Leave the scheme as it is for now until the cost of living crisis gets better. The majority of families especially unpaid carers are already struggling with food and bill costs without any further changes to support levels'.

'You are removing support from those who need it the most, deliberately placing them in further financial difficulty than they're already suffering due to the cost of living crisis'.

'To be honest I feel this is in the interest of the council and not residents'.

'It is quite obvious that no system implemented either now or before was ever ideal or perfect I take the view that if this will save from duplication of administration and by extension money and make it simpler and easier for an applicant to claim. Then it wise from time to time to review the effectiveness of any scheme and in a Morden 21st century it is right to look at modal change in accordance with central government law'.

'Because the current system is fairer and is also mean tested meaning support is targeted at the right group of people. I think the council should focus on the admin side of things, and how they can simplify and reduce cost that way instead. The alternative will cause havoc for single income households and other unidentified vulnerable people'.

'We do agree in principle for the change to happen as there are a lot of positives i.e.., simplicity, cost, reduction in notifications and the bulk of people being either better off or staying the same. However, there are adverse effects that need to be borne in mind and we believe with a few tweaks i.e.., additional band for 3 and over children or transitional payment and no non dependent deduction for those on basic benefits i.e.., UC and legacy. We do not believe that this will lose the simplicity of the model.   We do appreciate that this will increase cost, but could this be covered from Discretionary Funds'?

'Because you are making people like us carers and disabled people pay £663 a year more disgusting'.

'How is this council even considering this very unfair change forced on some people and find it remotely acceptable. As I would be worse off £284.96 without any change of circumstance obviously I'm going to vote no, just like all the other residents who will lose out big. I can understand it would be better for the council, but for me £284.96 is a lot of money I can't afford to lose. My suggestion is only working couples who are well off and not struggling financially should be made to lose out by a lot. Thank you'.

'Whilst agreeing that a more simplified system is needed I'm not sure how families that will be worse off will cope as most (including myself) are struggling in the cost of living crisis'.

'Although the current scheme is reactive to any income change, it does provide the greatest equality, as no group is bearing the burden of the proposed change'.

'More consultations required'.

'Keeping an element of means testing to focus on those most in need of financial support is vital. It provides a degree of fairness both to those receiving and to the tax payer'.

Part 9: Your final comments and suggestions on the proposed CTS scheme

The Council is proposing to move to an income banded discount CTS scheme.

The proposed replacement CTS scheme will simplify the approach and work better with the Universal Credit system.

The maximum award will be protected at 85%.

There will be some residents who receive higher awards and some who receive lower awards. Many residents will have no change to their current award.

Free text comments

128 individual comments were made.

A broad range of comments were received with concerns expressed on the financial impacts of the proposed scheme change.

The simplification of the scheme received positive comments.

'Unpaid carers need to be protected. We are already struggling with food and bill costs. Any changes to the existing scheme could impact peoples mental health and wellbeing'.

'It seems quite simple and an advantage to me'.

'I think this is a good scheme for those with low income'.

'You cannot please all of the people all of the time and some will object & some will accept - with the majority rule wins for all changes - it seems very complex and far too much to take in & understand without in depth explanations therefore i expect the changes will go ahead'.

'It will simplify the approach and work better with U.C'.

'The current scheme is extremely complicated and difficult to understand. I received over 10 15page letters in a two month period when there was a change to my PIP and it took months to rectify with the assistance of BDCAB causing a lot of stress and anxiety. A scheme that is standard across the board will be much easier for residents to understand and the council to manage'.

'Not every claimant receives Universal Credit. The current system assesses each family by their financial means and this proposed new system will detrimentally effect families on other benefits during a cost of living crisis'!

‘I don’t agree with any changes because people with disabilities will not be able to afford it’.

‘To keep the whole process as simple and fast as possible. Disabled residents like myself are highly dependent on prompt financial help with the least complex applications /procedures’.

‘Those not working, claiming full benefits will qualify for 85% discount. Those who are struggling as a single parent, who work full time, and do not get any other benefits only child benefit will get the lowest discount. Makes you not want to work full time, you feel worser off’.

‘The recent change is going to affect my household as I won’t be able to afford if my council tax support gets decreased, please could you kindly consider and cancel the new changes’.

‘Although I agree with the new system it should be reviewed after 2 years to see how much the cost has risen, (Can we afford it) also I am concerned that if the new system is too rigid those who would receive less help than before could be too badly disadvantaged. Would this be monitored’?

‘CTS should be based on individual households as people like me could be worse off especially as the cost of living has gone up massively, I only have one child living with me but for others who have 2+ kids I think would be cruel on the children to penalise the parents on having additional kids’

‘People are already struggling. if the scheme makes them worse, it is not fit for purpose’.

‘This changes should not be implemented at all not especially when we are going through the universal credit switch’.

‘Any scheme that risks moving residents into (further) hardship is not a good scheme. How long is the discretionary fund available, as some residents may need a permanent top up’.

‘Although I agree with the new system it should be reviewed after 2 years to see how much the cost has risen, (Can we afford it) also I am concerned that if the new system is too rigid those who would receive less help than before could be too badly disadvantaged. Would this be monitored?’

‘People on very low income should get 100% Council tax support’

‘This calculation being caped at 2 kids is not fair. If we have more than that the we are always going to be broke and begging for food as things get too expensive especially food. It should be looked at and extended. Its not easy these days as bills are going up. I could just stay home and depend on benefits but as a role model for 4 kids, a single parent and I’m a part time nurse trying hard to put food on the table and buy essentials for the home. Its really difficult!’

‘In my view it's important to keep help all low income people and single mother , in Barking and Dagenham, we really need help’.

‘We have already provided alternative suggestions and we do hope that these will be considered. We do feel the way the consultation has been presented is very good and has provided the opportunity to better understand the proposals’.

‘We disagree that maximum award will be protected at 85%’

Survey responses from internal teams

Homes and Money HUB

Part 1: The introduction of an income-based banded discount scheme (the income bands)

'Due to significant losses for larger families who previously have received the benefit, it is too much to take away at a single time. You refer to other benefits who have adopted the 2 child rule, but this is in relation to children born after April 2017, so there is a disregard for older children. You have not made any provision for these families apart from where you point out that the allowances for the first two children are more generous. We do get the simplicity of the scheme as a benefit but is there any provision for an additional band i.e, for 3 or more children that will reduce the loss, even slightly or a transitional allowance that will cushion the change, even for a short period. Also bearing in mind a lot of larger families are already benefit capped, this just adds another penalty which is unlikely to be collected and may result in large debts, Court fees etc'.

Do you agree? No

Part 2: Disregarding certain benefits, incomes and elements of Universal Credit.

'It is good that the benefits above have been disregarded, but there is concern that the additional disability premiums have been lost within the calculation even though the disability benefits do have a disregard. This could mean that disabled people are adversely affected. Also there is no mention of a child maintenance disregard, this may have been overlooked, but if this is the case then it just provides an argument, as previously demonstrated with the UC, HB and CTS £20 disregard which was changed and replaced with a full disregard due to absent parents using this as an excuse to not pay child maintenance and cause other social impact on the child in respect of contact etc'.

Do you agree? Yes

Part 3: The household size will be limited to a maximum of two dependent children allowances for all applicants within the scheme when calculating the CTS award.

'As previously mentioned the loss to larger families will be significant and we propose an additional band for 3 or more children or some kind of transitional protection in the short term. This will alleviate the impact particularly to those who already have a sanction with the benefit cap where collection will be unlikely'.

Do you agree? No

Part 4: Introducing one deduction amount of £7.50 per week for all adults in the household removing different levels of deductions.

'This is contrary to the housing situation currently as it discourages people to remain in the family home which is required due to the current housing crisis. It doesn't seem fair to expect someone on Universal Credit to contribute the same as someone in full time employment. If someone on Universal Credit was looking to get their own property they would likely pay less, however this is not an option in the current climate due to lack of housing in the borough and beyond. This could also potentially cause conflicts within households and family members thrown out of the property and then becomes a homeless problem. We do get that again it does simplify the system so that non-dependents do not need to provide evidence etc. which in itself can cause conflict and hardship when this is not provided. Perhaps by providing a disregard for those non-dependents on non-working Universal Credit or any other basic legacy benefit would create a fairer system'.

Do you agree? No

Part 5: Reducing the capital and savings limit to £6,000 and removing the assumed income from capital (tariff income) from the calculation of CTS.

'Don't feel this will have a big impact although there will be some who will lose out who are just at £6k or slightly above but does add simplicity of the overall model'.

Do you agree? No

Part 6: Sending notification letters.

'This is a good thing. We often see residents who are frustrated with the number of letters they receive when they had thought they had the situation sorted and we have to explain that this is just the system generating letters, so appreciate this change and will cut down significantly on the cost of postage'.

Do you agree? No

Part 7: Making the Council Tax Discretionary Relief fund available for residents to apply for additional financial support if they are affected by the change in the scheme.

'Do agree that this needs to be accessible, although the number supported will be determined by the amount in the fund. Is there any opportunity for a transitional fund to those who are the biggest losers which is automatically given so the resident does not need to rely on an application'.

Do you agree? No

Part 8: Alternative options to changing the CTS scheme.

'We do agree in principle for the change to happen as there are a lot of positives ie., simplicity, cost, reduction in notifications and the bulk of people being either better off or staying the same. However, there are adverse effects that need to be borne in mind and we believe with a few tweaks ie., additional band for 3 and over children or transitional payment and no non dependent deduction for those on basic benefits ie., UC and legacy. We do not believe that this will lose the simplicity of the model. We do appreciate that this will increase cost, but could this be covered from Discretionary Funds?'

Do you agree? No

Part 9: Your final comments and suggestions on the proposed CTS scheme

'We have already provided alternative suggestions and we do hope that these will be considered. We do feel the way the consultation has been presented is very good and has provided the opportunity to better understand the proposals'.

Barking & Dagenham

Survey responses from voluntary sector organisations

DABD

Part 1: The introduction of an income-based banded discount scheme (the income bands)

No comment.

Do you agree? Yes

Part 2: Disregarding certain benefits, incomes and elements of Universal Credit.

No comment.

Do you agree? Yes

Part 3: The household size will be limited to a maximum of two dependent children allowances for all applicants within the scheme when calculating the CTS award.

'Residents with larger families may have already made long-term budgeting decisions regarding employment and childcare. Its also possible that this proposal would adversely affect some communities and ethnic groups more than others.'

Do you agree? No

Part 4: Introducing one deduction amount of £7.50 per week for all adults in the household removing different levels of deductions.

No comment.

Do you agree? Yes

Part 5: Reducing the capital and savings limit to £6,000 and removing the assumed income from capital (tariff income) from the calculation of CTS.

'Low-income families should be encouraged rather than discouraged to save. This change feels like it penalizes financially prudent residents. It could also impact those that have temporary savings (such as from the sale of a vehicle which would be used against a replacement, or money received as compensation)'.

Do you agree? No

Part 6: Sending notification letters.

No comment.

Do you agree? Yes

Part 7: Making the Council Tax Discretionary Relief fund available for residents to apply for additional financial support if they are affected by the change in the scheme.

No comment.

Do you agree? Yes

Barking & Dagenham

Part 8: Alternative options to changing the CTS scheme.

No comment.

Do you agree? Yes

Part 9: Your final comments and suggestions on the proposed CTS scheme

'Provided there is full communication/engagement with clients with regards to options available to improve their income and outgoings. Services available to help with benefit checks/finding work/applying for grants available etc. Offering areas like libraries to connect both online and in person with people to support clients.
Staff fully trained with the IAG to give to the clients, then this will be a great scheme going forward'.

Citizens Advice Bureau (CAB)

CAB have provided an extensive response to the consultation separately which is added as Appendix 2 to the consultation.

CAB requested further information concerning analysis and the Equalities Impact Assessment which is publicly available from the October Cabinet papers for their reference.

Currently CAB have disagreed with the loss of the means tested approach (the current scheme) and they do not recognise the reasons to change the scheme as set out.

A response on behalf of the Council has been issued and is awaiting a further response from CAB.

Royal British Legion

'The Royal British Legion (RBL) welcome that Barking and Dagenham Council's proposed new CTS is already disregarding as income all War Pensions. As detailed in Appendix 1.

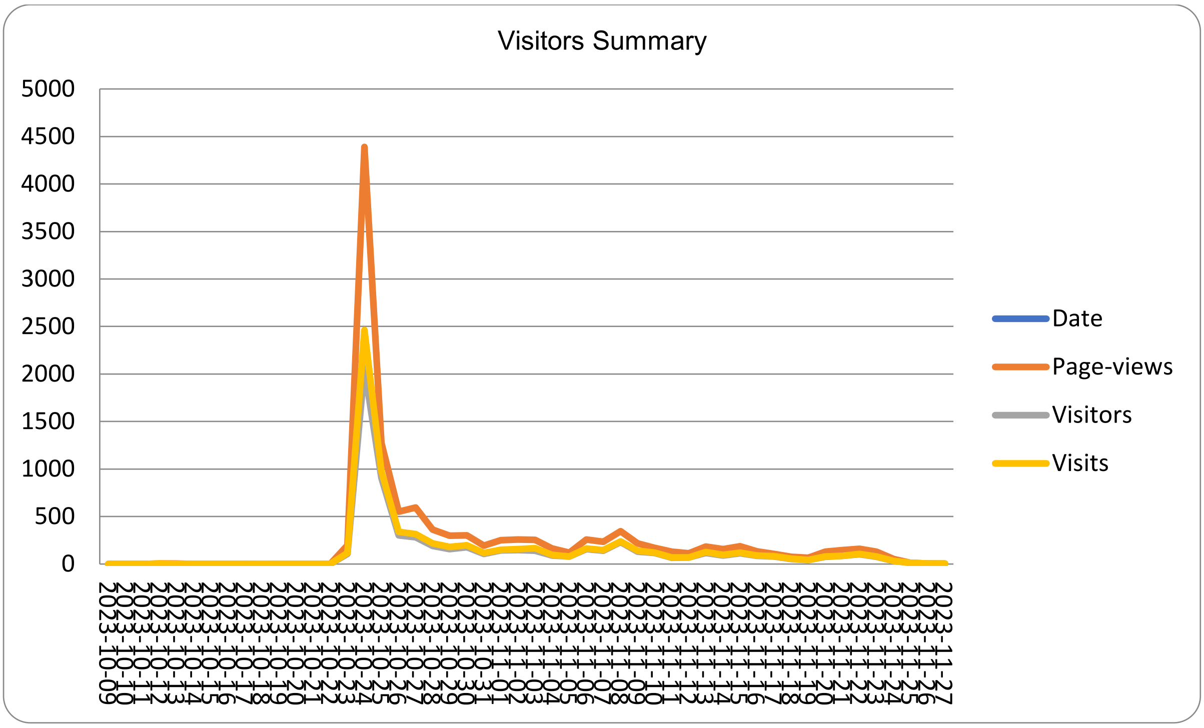
However, we note with concern that the consultation paperwork and survey only refers to one form of military compensation, War Pensions. It is essential that all forms of military compensation, including War Pensions, Armed Forces Compensation Scheme, Service Invaliding Pensions (SIPs) and Service Attributable Pensions (SAPs) are disregarded in full, and this is highlighted in relevant policy.

RBL also recommends that the Council seeks to introduce these same disregards in relation to all other locally administered benefits'.

RBL also recommend that the Council Tax Support scheme proposals should operate in line with Universal Credit guidance and consider SIPs and SAPs as compensation, and not income'.

Consultation statistics and social media promotion

The consultation had wide engagement.



A majority of views and visits were during the opening of the consultation.

The consultation had:

- 7,550 visits
- 5,772 visited at least 1 page
- 1,059 visited multiple pages
- 12,238 page views
- 305 downloaded the policy document
- 725 visited the policy section
- 368 completed surveys

These statistics demonstrate that although only 368 surveys were completed in full a significant number of residents viewed the pages and were therefore aware of the proposals to change the scheme.

CTS consultations have historically low engagement rates for all Local Authorities. The completion rate for this consultation is considered to be above expectations.

A majority of residents found out about the consultation through social media promotion.

Social media stats (posts on Facebook and Twitter):

- Posts reached – 33,528
- Had impressions (how many times it was shown on someone's screen) – 37,589

Paid social media promotion delivered impressive results with over 30,000 posts and impressions generated.

This helped to significantly promote the consultation.

Final conclusions

The demographics of those residents surveyed was not reflective of the overall demographics of the borough. Female residents, residents with long-term illness or disability and those with a white ethnic background were all over represented within the survey. Ethnic minorities and male residents were all under represented within the survey. The age demographic also did not match the largest age brackets in the borough.

A large majority of those who completed the survey were in receipt of CTS and therefore had a direct interest in the administration of the scheme.

The approval rates for the proposed scheme was variable dependant upon which part of the proposal was consulted on and ranged from 44-71%.

Disagreement rates ranged from 10-33%.

More respondents supported each of the individual proposals than disagreed however support was not unqualified.

Those who completed the survey and agreed with the proposals tended to make less comments than those who disagreed. As a consequence a significant number of comments were received that were critical and disagreed with the proposals.

Questions were raised against the overall level of the income band thresholds with concern that these were too low and would not sufficiently support low income and vulnerable residents. This is a legitimate response in light of the context of the low-income demographics of the borough. **33% disagreed with the income bands which was the highest disagreement rate against any of the proposals and should be noted.**

The proposed scheme makes significant provision to disregard elements of Universal Credit to support vulnerable residents, including the Carer Element however no further disregards are applied for Carers Allowance and **the impact on Carers is highlighted as a concern.** The scheme makes no further provisions for Carers.

A removal of disability premiums present within the current scheme is also a legitimate issue raised and will **affect some claimants with protected characteristics which is highlighted as a concern.** This is addressed within the Equalities Impact Assessment.

30% of respondents disagreed with the 2-child limit. This reflected concern over support for larger families. Barking & Dagenham has a higher proportion of larger families than the Greater London average, however the average household size in the borough is 2.96 residents per household. Child allowances have been set higher than the child elements of Universal Credit to mitigate the restriction however **larger families may see significant losses of award and this is highlighted as a concern.**

The introduction of a flat rate non-dependant deduction, a reduction in the capital limit and sending less notifications had a positive response with 48% -53.6% agreeing with these proposals.

Making a Discretionary Council Tax Relief (DCTR) available was very popular with 73% agreeing on this proposal. This should be duly noted for consideration.

An overall majority agreed with implementing the proposed scheme (50.5%).

only 21.2% disagreed with implementing the scheme however a significant number 28.3% were unsure.

The consultation has confirmed that overall a majority of those residents/organisations who completed the survey were supportive of the Council's proposal to implement a replacement scheme as set out. Opposition to implementing the scheme was significantly less.

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<u>Response to LBBD Council Tax Support Scheme change proposals consultation</u>

<u>Who are we?</u>

Citizens Advice Barking & Dagenham is a charity that has worked in the justice space for 85 years.

Welfare rights debt and housing our always the 3 top areas of advice demand and across the 300 other local offices that make up the Citizens Advice movement.

Our mission is to provide the advice people need for the problems they face and to influence and challenge negative policies and practices that affect people's lives. We are here for everyone but focus our resources on those most vulnerable in our Borough.

Our work amongst other aims is focused on reducing poverty and inequality including in relation to disability and child poverty.

CABD routinely delivers advice and casework in welfare rights (benefits/social security) alone to over 3000 residents a year. This includes income maximisation up to the social security appeal upper tribunal.

CABD leads the BD Advice Plus Network of advice agencies which include DABD, Independent Living Agency and BD Carers, local charities whose missions and services are focused on disabled and long term ill residents, families and households.

We work closely with LBBD as both a committed partner to meet Borough ambition and ensure No one is left behind.

We are respected as a critical friend and have a strong relationship with the council of mutual respect.

What we say below does not take away from our deep insight into the level of effort and commitment LBBD has in meeting its ambition for residents. Indeed we have due to time constraints left out the great benefits and improvements we know LBBD has made in recent years and that have seen at first hand, benefit and progress our own charitable mission.

We recognise that the very challenging and difficult environment for residents and local authorities is significantly driven by central government policy over many years.

However as set out below there is a lot more work that needs to be done by LBBD as regards the shaping and proposals for a change in the current CTS scheme.

<u>Council Tax Support Scheme change proposals</u>

We have read your consultation policy document 'Have your say on proposed changes to the Council Tax Support scheme 2024/25'.

A. Universal Credit relationship to your CTS scheme proposals

Your policy document: On page 2 you explain the current CTS scheme is less compatible with the UC scheme. What appears to be suggested here is that the UC scheme '*awarded monthly..results in lots of changes to income …up to 12 changes per year*' So they '*effect the amount ..you need to pay and…make it difficult for residents to budget*'. In administrative terms for LBBD, this also results increased administration (inc. printing and postage) and staffing costs. As more people move onto UC and away from legacy benefits the new CTS scheme needs to change the way it is administered and to meet increased future demand.

The points we would make here are:-

(i) There has always been a need to respond to resident's change of circumstances whether in 'income' or 'needs' (see our point regarding needs further below).

In our experience since the government started to reform the welfare social security system from 2010 onwards, the level of 'changes in circumstance' were much greater under the legacy system before UC was introduced. UC was not largely in the system but in recent years is increasingly so. There has been a higher administrative burden on LBBD due to the need to administer CTS with both the legacy and UC schemes running parallel with each other. No doubt this has had additional operational resource burdens for LBBD.

The government reform to replace legacy system with the UC system is based on the core premise is that it 'administratively simplifies the social security' system and in our experience we do accept that it does achieve this aim regardless of a number of problems with it.

As you recognise the DWP UC managed migration in Barking and Dagenham over the next period will mean more residents moving over to UC. Over the next 2.5 years the old legacy system will be largely abolished.

We have to question the concern that you have about rising demand.

Residents currently on legacy benefits are largely the recipients of CTS and this would quite rightly continue. By virtue of low incomes these residents do need to continue to rely on this additional element of social security support. In this situation there is no significant ‘greater demand’ argument. If there is what is the data that supports your policy argument in relation to this segment of residents?

Aside from this segment, who are the ever greater numbers of residents moving into UC i.e. what is your data forecasting and assumptions here as there is no detail. i.e. who are these residents and why?

We can of course imagine that there is may be a real issue of greater demand but without more information we cannot feedback on this.

See conclusion to this section.

(ii) We accept that in government welfare to work reforms have driven a rise in precariat gig economy, low pay and variable incomes that have forced changes in circumstance. The system became very complex because it was extremely difficult for residents and the council to keep administration smooth.

For many years in welfare reform the drivers for advice in this regard were all due to a complex system leading to backlogs, poor administration, delays in administration. It led to huge rises in overpayment decisions, claw backs and residents having to challenge these decisions. These problems are resolving themselves through technology and system simplification and due to progress over time in the past few years.

There are other problems but this one does seem to be receding. This is the case even though residents are still struggling with the system impacts of historical debt.

See conclusion to this section.

Conclusion

Reduce administration pressures of changes in circumstance: Whilst UC presents a number of social security problems for those who are ‘losers’ when migrating to UC, the UC system itself simplifies administration so one could assume that this therefore simplifies the CTS administration as a natural consequence without a further need to change the whole current CTS scheme.

The level of ‘income’ changes forcing ‘increased’ administration is less (see above). The Tax credit regime is receding as part of UC simplification and that in itself together with ‘real time information’ appeared to drive past problems.

The issue of residents struggling and failing across 3-4 schemes to notify relevant changes in circumstance created huge problems for them and for the scheme administration.

This is receding through a ‘simplified’ UC system. The need to administrate CTS across 2 schemes legacy and UC is also receding.

Residents and independent advice welcomes an easier ability to understand when they need to apply, file changes in circumstance etc. the technology improvements as regards My Account are now more settled and stonger habits and routines have been formed by residents. This itself makes administration both for residents and LBBD easier.

i.e. The administrative system for residents and LBBD is much simpler now than it has been and will be simpler again through managed migration from legacy.

So we need more information to understand the administrative pressures. The reasons you have set out to support a change the scheme don't seem to add up.

Simpler administration will be better able to cope with rising demand: Currently in terms of what has been set out we cannot see the detail – if at all - of why UC drives greater administration costs for CTS directly tied to rising demand.

We accept that there are transitional administrative costs of moving CT support to those on legacy to UC. But as said above the numbers should more or less stay the same and not increase demand.

This means we ask to ask for more information of the modelling of the projected rises in demand that you set out (from £16.1M to £17.2M) and what the specific drivers for that?

In conclusion, our feedback in this section appears to directly contradict a main plank of the policy rationale. By natural evolution of social security system change there will be greater streamlining and greater simplification overall for both residents and LBBD.

There is no acknowledgement in the policy document of the larger system change and without that there is no robust argument made out for the need to change the CTS scheme on the basis you have set out.

We appreciate that you may have detailed data and internal information that might contradict in turn what we say above. We request more information so we can understand this area more and feedback further as needed.

B. Disproportionate focus 'means – income' and very little focus on resident & household 'needs'

We are extremely concerned that the new CTS scheme proposals do not make sufficiently clear the reductions that can and will occur for many low income households.

The policy document as drafted provides no detail that we can engage with in a meaningful, measured or more constructive way than what we have had to set out below.

Currently however your CTS proposals and policy rationale will have a significant negative impact on the poorest and most vulnerable households in the borough.

The level of this negative of impact may be significantly disproportionate to and could directly affect and set back any ability to meet your overall stated policy aims (see policy aims below).

It may be that the assertions we making from what we have read (see below) are not correct and that all things we set out have been catered for. We do sincerely hope that in whole or part this is the case.

However we are minded by the fact that even the case studies you yourselves provide in Appendix 2 reflect our concerns here. The resident scenarios in 66% of the case studies demonstrate a significant negative impact for those residents and households.

So as to explain our assertion above more clearly we need to provide a brief summary of the approach to the current CTS scheme.

CTS is a means-tested benefit. The ‘whole means test’ is not purely about income it is a test balancing *needs* of the applicant household versus ‘means – income’.

Your document mentions a lot about ‘means – income’ but not nearly enough about needs. .

The ‘whole means calculation’ has been settled for a great many years and is designed to directly incorporate standard amounts to reflect ‘needs’. These are called ‘applicable amounts’ and ‘premiums’.

The steps to take ‘needs’ into account are logically within the calculation so as to reach a final end ‘income’ figure of ‘income’ from which the amount of CTS to be paid can be identified.

(i) **There is nothing in your policy document that speaks to ‘applicable amounts’ or ‘premiums’ so they have been removed?**

These are the set amounts to reflect ‘needs’. The decision of how CTS benefit an applicant gets depends on a comparison of what someone ‘needs’ with their ‘means’ (income). But without you explaining what your treatment is of these as regards your new CTS scheme we can only assume that you have removed them.

If you are removing these elements from the new CTS scheme there are grave implications for low income and vulnerable residents – CTS is reduced.

Under the current CTS scheme, entitlement is calculated using the same applicable amounts used for HB award calculation:-

HB/CTS applicable amount is made up:-

- personal allowances (single/lone parent/couple)
- children allowances

Plus premiums depending on an applicant's family circumstances and any disabilities

- Disabled child
- Disability
- Enhanced disability
- Severe disability
- Carer

We need to see a sufficient policy rationale for any removal of the above or what is still within the new CTS scheme and where within any new proposed calculation.

Without this information we cannot see the extent to which the 'needs' of the applicant household have been taken into account by you in the new proposals. Currently on the face of it there is a huge change and a significant removal of the recognition of needs of the applicant/household.

(ii) **Income - vague and have earning disregards been removed?**

Earnings are taken into account after tax and NI contributions i.e. it is Net. There are **standard earning disregards** –

- E.g. for a single parent regardless of how many hours working the disregard is £ 25 a week
- E.g. for a couple regardless of children or hours worked its £20
- for those getting WTC or working enough hours for WTC entitlement will get £17.10

Some benefits as regards disability are fully disregarded and we welcome that you have retained this approach in your current CTS proposals.

In the final stage of the calculation – when you compared the applicable amount with the total income, if the income exceeded the applicable amount for CTS you would take the weekly CT liability (minus eg 25% single person discount) and would apply a deduction of 20% of their excess income – if even the 20% of excess income was higher than the weekly CT liability, the a person was not entitled to CTS.

Also, under the current scheme, if someone is on UC or PC and apply for CTS within one month of applying for UC/PC, the date of the CTS application is the date of the UC/PC benefit claim.

Without sufficient information we cannot understand the extent to which the new calculation changes the old calculation approach. On the face of it if it is an entirely different type of calculation that can cause huge negative impacts on applicant households.

(iii) **The definition of Income in the new CTS proposals is not clear. How 'income' is defined. Is it Net or Gross? Is it income 'weekly' or 'monthly'?**

Your ‘Have you say’ guide says that it includes ‘some benefits, pensions and other incomes’ however is does keep the old rules of CHB, PIP/DLA and UC disability and carer elements disregarded in full?

We understand and cautiously welcome the suggestion that you are aligning to the old scheme by disregarding PIP, DLA and disability element on UC and child benefit. However we do not have enough information in the document as to what Income means for you so it is difficult to give robust feedback at this stage.

But we cannot see the extent of negative affects of the change without further information.

(iii) Approach to Backdating in current scheme: In addition, if someone on UC or on all other means tested benefits (IS, ib-JSA, irESA, PC) applies for CTS within a month of becoming liable of pay CT for the first time, the date of their application is the date they became liable for CT - so basically it was backdated one month).

Can you clarify the situation regarding the approach to backdating in the new CTS scheme proposals? If the current approach is not included in the new scheme there will be further reductions and impacts on applicants.

(iv) Introduction of ‘Non-dependents’ into the new calculation approach: there never was a non-dependent deduction on CTS. It applies in the HB and UC schemes. People on legacy or UC already have non-dependent benefit reductions so as to arrive at a final figure. Your introduction of this in the new CTS scheme appears to ‘doubles’ the non-dependent deduction already affecting households on low incomes. The issues of non-dependents in squeezed and low income households is translated on the ground into stress within the family household relationships leading at worst to family breakdown and homelessness of the adult non dependent. This is particularly the case with the transitional 16-17 year old and under 24 year old adults in a welfare reform environment where anyone under 35 has had their social security levels eroded to an extent that it is impossible to move out and live independently.

Some modelling on the impact on current CTS recipients will have been done and we would like to see this along with the forecasts of the impact of this introduction of non-dependents into the calculation.

(v) **Significantly limiting of the means test in relation to ‘needs’ – the ‘2 child cap’ proposal**

Your proposals restricting the children allowances to maximum two when previously it was based on the number of children in the household.

Taking into account the ‘means’ part and significantly limiting the ‘needs’ part means that you are only taking into account if someone is single or living in a couple and how many children they have with a 2 child cap.

In this way a family with three or four children or above is seen as having the same 'needs' as a family with two.

(vi) Narrowing Capital thresholds to CTS eligibility

The reduction from 10,000 to 6,000 in the poorest London Borough may have minimal impact on the majority of current CTS recipients. We do not know what the forecast savings may be from this change in the eligibility threshold. However working families who have saving habits and longer term planning ambitions will be disadvantaged through this reduction. It would helpful to understand this as we assume it is based on future forecasts.

The current wicked environment for residents and households

Everyone has seen the worst fall in living standards since records began. The cost of living crisis has been present in B&D for many years. Your own cost of living research data is showing that residents struggling last year are now unable to cope. Despite the fall in fuel prices, the high cost of food and other household essentials is set to remain for the foreseeable future. On top of these rises are increases in rents that disproportionately affect residents in the private rented sector and in service charges of council owned accommodation.

These costs must be made up from income and social security regime falls significantly short in terms of any contribution -if at all - towards them. Residents and households are also in a welfare to work regime within a stagnant economy of low growth and jobs that do not pay. The rises in living or London living wage falls on employers and is not mandatory. The low levels of literacy and skills in the borough do not lend themselves in the foreseeable period to improve income to cover costs or council priority debts.

Conclusion

As you may be aware despite the winners in UC the significant losers are within these households and communities.

Every penny counts right now and reductions in entitlement have a knock on affect that can create debts both to council tax and rent or increasing levels of acute poverty and household stress leading to rises in domestic abuse, homeless or eviction for instance.

In your policy document you refer to the current scheme as 'an old fashioned means tested benefit. But this appears to be an intentional denigration of a rationale system that was designed to balance income and needs as set out.

In terms of what is at risk of disappearing from the current CTS calculation as against what may be protected in the new CTS scheme there is simply not enough information.

In a just and fair society there must be a minimum income to cover what public sector big or local government considers someone needs to live on according to their personal/family circumstances. The ‘applicable amounts & premiums’ are set in the current CTS scheme calculation to guide the importance of recognising ‘need’.

Child Poverty Action, Citizens Advice and other national anti-poverty charities have seen and commentated on the central government erosion of the definition of poverty and minimum income to get people out of poverty. The end poverty now and end child poverty coalitions have been up against it hence the importance of these campaigns.

C. Policy aims stress tested and Equality Impact Assessment required

There is a real need for us to have an understanding of the level of stress testing you have done of the new CTS scheme proposals against higher Policy Aims upwards to the Borough Manifesto and No one left behind

In your policy document you reference the Corporate Plan 2023 to 2026 and include priorities

- Residents supported during the current cost of living crisis
- Residents are safe, protected and supported at their most vulnerable
- Residents avoid becoming homeless

We cannot see how the proposals as set out robustly meet these priorities? On the face of it we think the policy proposals are detrimental and run counter to meet them.

Currently even on your own case studies 66% of working age residents will be worse off and these will be those on the poorest incomes and the most vulnerable.

We do not have sufficient information to robustly raise a concern regarding the impact across all residents and communities who are protected in law.

We cannot see evidence in the policy document that an EIA has been done. If one has been done then we would like to see a copy of it?

There is a real need for a robust EIA to inform the impact of the CTS proposals across all residents who have protected characteristics.

e.g. Black and Minority ethnic households form the majority in private rent sector housing and are worse affected currently by income shocks and may ordinarily be more affected by the changes in the proposed scheme.

e.g. Women whether in those communities or not either as lone parents or the main parent carer of children in a couple household may face barriers to work and so that sub-segment might ordinarily be more affected by the changes in the proposed scheme.

e.g. UC may make working families better off but the losers in UC are most vulnerable. They include very specific households who have protected characteristics and not just the disabled and long-term ill.

Conclusion

We are all experiencing the worst fall in living standards since records began. Barking and Dagenham is the poorest London Borough. Despite the reduction in fuel inflation, inflation in food and other household essentials is set to stay with us for the foreseeable future.

There is a level of low literacy and language skills across low income residents. There is a lack of available work that pays as well as numerous other barriers that are part of every day life e.g. children or disability. There are rising levels of unaffordable rents. All of this means that any schemes that squeeze incomes further can have catastrophic affects.

It in this vein that we have to set out our feedback. It matters a lot what may happen with any new scheme.

D. Further feedback, case studies and scenarios from us post additional information being received from you

We are happy to meet with you to understand the new scheme in more detail.
We need to know much more as indicated.

In this way we can more clearly set out any concerns we have and also do our own stress testing and impact assessments as against our own data.

Thank you. If you have any questions or queries please contact Pip Salvador-Jones, our chief officer – cab.director@bdcab.org.uk . We look forward to hearing from you.

Citizens Advice Barking and Dagenham 23.11.23.

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

COMMUNITY AND EQUALITY IMPACT ASSESSMENT	

About the service or policy development

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

COMMUNITY AND EQUALITY IMPACT ASSESSMENT	

Why is this service or policy development/review needed?
The impact of UC on the administration of the current CTS scheme can be summarised as follows: • 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 manging household budgets • Improve how the scheme works with the UC system • Create a scheme that remains 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

Why is this service or policy development/review needed?
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. 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.**

COMMUNITY AND EQUALITY IMPACT ASSESSMENT	

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 un 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 15,126 live CTS cases[1]:

- 10,625 working age (16-64) (70.24%)
- 4501 pension age (65+) (29.76%)

The CTS working age caseload is currently 7.4% 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 types[2]:

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

[1] CTS case load extraction June 2023
[2] Policy & Practice localised CTS Final Report

*Case load statistics may vary dependent upon the date of the data set.

Age range	CTS claimants (main claimant)	Claims with disability (PIP/DLA/LCW)	Carers (receiving carers allowance)	Claims by household type			
	All claimants	Total		Single no children	Couple no children	Family with 1 child	Family with 2+ children
16-24	187	21	16	53	7	88	39
25-34	1,888	479	304	349	20	531	988
35-44	2,959	912	569	501	37	610	1,811
45-54	2,861	1,383	549	1,085	188	578	1,010
55-65	2,897	2,082	453	2,037	464	245	151
66+	4,496	1,559	255	3,624	811	39	22

[3]

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%	6	0.01%
20-29	28,435	13.00%	824	2.89%
30-39	36,691	16.77%	2672	7.28%
40-49	31,986	14.62%	2891	9.03%
50-59	25,140	11.49%	2793	11.10%
60 -69	14,536	6.65%	2568	17.66%
70-79	8,027	3.67%	2203	27.44%
80+	5,071	2.32%	1457	28.73%

CTS expenditure (cost):[4]

CTS expenditure for the financial year 2023/24 is currently £16,081,826.87

CTS expenditure by age:

Of this expenditure £10,722,852.64 (66.67%) is against working age claimants and £5,358,974.33 (33.33%) is against pension age claimants.

[3] Policy & Practice localised CTS Final Report

[4] CTS expenditure extraction June 2023

Working age claimants currently make up 65.10% of the population and account for 70% of the CTS caseload and 66.67% 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 33.33% of the total CTS expenditure.

CTS case load by gender:

The current case load is split as follows[5]:

Male – 5,105 cases (33.12%)

Female – 10,309 cases (66.88%)

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 claimant's 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 claimant's 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 claimant's 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 claimant's by gender reassignment

CTS case load by Marriage and civil partnership:

[5] CTS case load extract September 2023

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 claimant's 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 claimant's 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				Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards. 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. A claimant must be of working age to be affected by the scheme change. Any differences in entitlement will be as a result of other factors such as differences between the current means test and the new	It is not feasible to mitigate any potential adverse impacts on the basis of age alone. The following mitigations are in place to support claimants adversely affected by the proposed changes: • Resident consultation Consulting residents about the proposed changes and asking for their views on how to mitigate any impact. Public forums will be available to residents at

				proposed income band thresholds, or the introduction of a flat rate non-dependant charge. No scheme changes are proposed for the pension age scheme which remains centrally prescribed. Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.	various locations for face to face surgeries. The LA will also look at what contact it can make with those financially impacted by the proposed scheme to look at income maximisation option, better off calculations for UC, referrals into Work and Skills & discretionary funding opportunities. • Council Tax Discretionary relief (CTDR) Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme. Section 13A of the Local Government Finance act 1992). • Government funded hardship schemes and local welfare assistance If applicable - 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.

					• The Homes & Money HUB & Welfare Service Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting • Applying the Council's debt management policy Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.
-					
Disability	X	X	X	Working age claimants with disabilities will be affected by the proposed replacement scheme. Some claimants may have increased awards, some claimants may see reduced awards and some claimants will have no change to their existing award. The proposed income banded scheme will continue to disregard income received from qualifying disability benefits (DLA or PIP). This will mirror the current scheme and will protect disabled claimants. The current scheme provides additional premiums for some claimants in receipt of qualifying disability benefits. Premiums allow a claimant to have a higher level of income before the means test taper is applied to reduce the	It is not feasible to mitigate any potential adverse impacts for claimants with disability on this basis alone. The following mitigations are in place to support claimants adversely affected by the proposed changes: • Resident consultation Consulting residents about the proposed changes and asking for their views on how to mitigate any impact. Public forums will be available to residents at various locations for face to face surgeries.

				CTS award based on household income. The proposed income banded scheme does not contain premiums. As a consequence claimants with a qualifying disability who would have been entitled to a disability premium may see a reduced award as more of their income will be taken into account to calculate the CTS award. This will primarily affect claimants with qualifying disability benefits with higher incomes in receipt of existing legacy benefits. This may affect claimants in work or with other benefits such as Carers Allowance. The loss of disability premiums may detrimentally affect claimants with qualifying disability benefits under the new scheme. Premiums are not contained within UC and therefore claimants in receipt of this type of benefit will not be affected. Disabled claimants in receipt of legacy benefits are likely to be disproportionately affected as these claims may have disability premiums currently awarded. Disabled claimants currently in receipt of the maximum award under the current scheme due to low incomes are likely to remain in band 1 under the proposed scheme and would therefore remain unchanged. Some disabled claimants will benefit from the proposed change.	• Council Tax Discretionary relief (CTDR) Targeted work could be added if scheme available specifically to mitigate this impact If applicable - Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme. Section 13A of the Local Government Finance act 1992. • Government funded hardship schemes and local welfare assistance If applicable - 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. • The Homes & Money HUB & Welfare Service Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting

				Claimants in receipt of UC will not lose out due to a loss of disability premiums. The limited capacity to work element of UC and the Carers element are disregarded as income and not counted. This helps to support disabled claimants who are often in receipt of these additional awards. Disabled claimants in receipt of UC who are in employment may benefit from more generous awards for the calculation of household income for UC employed earners under the proposed scheme. The scheme also proposes to implement flat rate non-dependant deductions of £7.50 per week. The proposed scheme will continue to disregard these deductions where a claimant or partner are in receipt of a qualifying benefit (DLA or PIP at the middle of higher rates) ensuring the protections that were previously in place under the current scheme will remain. 2,807 households have at least 1 non-dependant charge. Of these 1,570 are exempt from deductions due to receipt of disability benefits and will remain protected. There will therefore be no negative impact from the change to a flat rate non-dependant charge for claimants in receipt of qualifying disability benefits. Claimants not in receipt of qualifying disability benefits could be affected by this change. The implementation of a capital limit of £6,000 may impact on a	• Applying the Council's debt management policy Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.

				disabled claimant with capital over this threshold. No scheme changes are proposed for the pension age scheme which remains centrally prescribed. Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.	

Disability analysis:

Internal modelling against the current financial year (2023/24)[6] has considered the impact of the proposed scheme on claimants with a qualifying disability benefit (PIP/DLA).

Figures are considered to indicative only and are not a precise measurement of impact.

Household type	Worse off Cases	Total £	Average Per case
Working Age - Non-Passported - Couple	84	£43,948.74	£523.20
Working Age - Non-Passported - Single	135	£48,261.78	£357.49
Working Age - Non-Passported - Couple & 1 Child +	16	£5,816.62	£363.54
Working Age - Non-Passported - Couple & 2 Child +	88	£59,461.47	£675.70
Working Age - Non-Passported - Single & 1 Child +	45	£16,280.40	£361.79
Working Age - Non-Passported - Single & 2 Child +	94	£45,073.23	£479.50
Working Age - Passported - Other	1	£250.98	£250.98
	463	**£219,093.22**	**£473.20**

A total of 463 cases were identified as potentially having lower awards with a qualifying disability benefit on the claim. The average lost award was £473.20 per year.

	Better off Cases	Total £	Average Per case

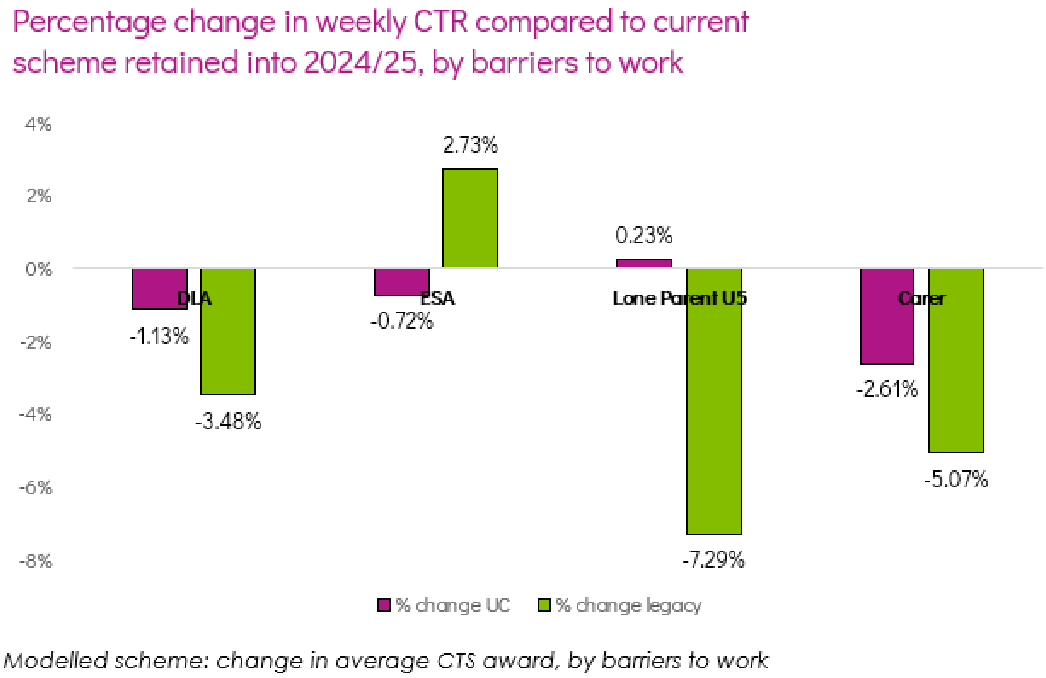
[6] Appendix 2 – Internal modelling (financial and impact analysis) (Capita system)

Working Age - Non-Passported - Couple	29	£5,896.98	£203.34
Working Age - Non-Passported - Single	55	£19,079.34	£346.90
Working Age - Non-Passported - Couple & 1 Child +	19	£7,257.38	£381.97
Working Age - Non-Passported - Couple & 2 Child +	50	£18,060.68	£361.21
Working Age - Non-Passported - Single & 1 Child +	39	£10,893.01	£279.31
Working Age - Non-Passported - Single & 2 Child +	71	£14,233.48	£200.47
Working Age - Passported - Other	112	£57,153.20	£510.30
	375	**£132,574.07**	**£353.53**

A total of 375 cases were identified as potentially having higher awards with a qualifying disability benefit on the claim. The average increased award was £353.53 per year.

Although only indicative this modelling demonstrates the potential impacts on applicants with disability and protected characteristics from the proposed scheme and should be noted.

Policy & Practice[7] have modelled the impact analysis for 2024/25 of the proposed scheme on claimants with barriers to work.



[7] Appendix 1 – Policy & Practice localised CTS Final Report

This demonstrates overall a slight reduction in the CTS award as an average for claimants in receipt of qualifying disability benefits (DLA/PIP). This may be due to some of the reasons as outlined above.

Legacy benefits as a whole are generally disproportionally affected with a greater loss.

The financial impact of these changes on the CTS award is relatively small and demonstrates a marginal impact as an overall average[8].

Within this average change of the CTS award some claimants will see greater or smaller losses with this replicating for those that gain.

Barriers to work	Current scheme 2024/25	Income banded scheme 2024/25
DLA or Similar	£22.52	£22.03
ESA or similar	£22.08	£22.33
LP child under 5	£19.71	£19.55
Carer	£23.54	£22.66

Gender reassignment		X		There is no CTS data held for this specific category. The scheme will not treat people of different genders any differently. The proposed changes to the CTS scheme will not have a 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.	No impact. No mitigations are required.

[8] Appendix 1 – Policy & Practice localised CTS Final Report

Marriage and civil partnership		X		There is no CTS data held for this specific category. The scheme will not treat people either married or in a civil partnership any differently. The proposed changes to the CTS scheme will not have a differential impact on people who are married or in a civil partnership.	No impact. No mitigations are required.
Pregnancy and maternity		X		There is no CTS data held for this specific category. Pregnancy does not affect the claimant's assessment of CTS unless there is a change in financial circumstances. 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. The proposed changes to the CTS scheme will not have a differential impact on women who are pregnant or recently had a baby.	No impact. No mitigations are required.
Race (including Gypsies, Roma and Travellers)		X		There is no CTS data held for this specific category. There are ethnic inequalities in health, some of which are associated to economic deprivation.	No impact. No mitigations are required.

				The scheme will not treat people of different ethnicity or race any differently. A claimant's entitlement to CTS is decided in accordance with set criteria such as recourse to public funds and immigration status. The proposed changes to the CTS scheme will not have a differential impact on people because of their race of ethnicity.	
Religion or belief		X		There is no CTS data held for this specific category. The scheme will not treat people of different religion any differently. The proposed changes to the CTS scheme will not have a differential impact on people because of their religion or belief.	No impact. No mitigations are required.
Sex	X	X		Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards and some claimants may see reduced awards. Although the impacts may differ by sex the calculation of CTS is not related to a person's gender for the working age scheme. 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.	It is not feasible to mitigate any potential adverse impacts on the basis of sex alone. The following mitigations are in place to support claimants adversely affected by the proposed changes: • Resident consultation Consulting residents about the proposed changes and asking for their views on how to mitigate any impact. Public forums will be available to residents at various locations for face to face surgeries.

				This information is recorded within a claimant's personal details. The case load is 33.12% male and 66.88% female for the lead claimant. Any changes that sees reduced awards will disproportionately affect female claimants as they are the majority. Changes in the proposed scheme are not gender specific. The same income threshold and discounts apply to all claimants. 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. Childcare payments made through the childcare element of Child Tax Credits cannot be disregarded in the proposed scheme. This creates an inequitable approach with childcare elements disregarded for UC and not for existing legacy benefits. The full migration of the remaining legacy benefit claims to UC will remove this inequality. Pension age claimants are protected and will continue to receive full support, inclusive of outreach services. The proposed changes to the CTS scheme will not have a differential impact on people because of their sex or gender.	• Council Tax Discretionary relief (CTDR) Maintaining a discretionary Council hardship fund open for applications from all residents and ensuring this is promoted so residents are aware of the scheme. (Section 13A of the Local Government Finance act 1992). • Government funded hardship schemes and local welfare assistance If applicable - 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. • The Homes & Money HUB & Welfare Service Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting • Applying the Council's debt management policy

					Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.
Sexual orientation		X		There is no CTS data held for this specific category. The proposed changes to the CTS scheme will not have a differential impact on people because of their sexual orientation.	No impact. No mitigations are required.
Socio-economic Disadvantage	X	X	X	Working age claimants will be affected by the proposed replacement scheme. Some claimants may have increased awards, some claimants may see reduced awards and some claimants will see their awards unchanged. 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. 1,501 (14%) households have lower awards in the model (2024/25). 1,597 (14%) households have higher awards in the model. 7,631 (72%) households will see their awards remain unchanged. The proposed scheme is as an average more beneficial for claimants on UC than existing legacy benefits, recognising the	It is not feasible to mitigate any potential adverse impacts on the basis of socio-economic disadvantage alone. The following mitigations are in place to support claimants adversely affected by the proposed changes: • Resident consultation Consulting residents about the proposed changes and asking for their views on how to mitigate any impact. Public forums will be available to residents at various locations for face to face surgeries. • Council Tax Discretionary relief (CTDR) If applicabl;Maintaining a discretionary Council hardship fund open for applications from all

				planned migration for all remaining legacy benefits to UC in 2024. There remains a risk that any delay to managed migration to UC would see some legacy benefit claimants lose support until migrated to UC. Some claims will retain lower levels of support even after migration to UC. There are currently 2,807 households with a non-dependant deduction under the current scheme 2023/24. 1,570 households remain exempt from the charge due to receipt of disability benefits. This will be mirrored under the proposed scheme and this protection will remain. Of the remaining 1,237 households 890 will have higher deductions from the introduction of a flat rate deduction and 347 will have lower deductions. Flat rate non-dependant deduction changes will affect all household types and economic status. The overall impact of the scheme change is positive with 86% retaining the same level or an increased level of support but there remains some households who will lose support, and some will lose up 100% of their current award. No scheme changes are proposed for the pension age scheme which remains centrally prescribed.	residents and ensuring this is promoted so residents are aware of the scheme. Section 13A of the Local Government Finance act 1992. • Government funded hardship schemes and local welfare assistance If applicable - 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. • The Homes & Money HUB & Welfare Service Services supporting vulnerable residents to maximise their income including welfare benefit take up, advice and support on debts and budgeting • Applying the Council's debt management policy Ensuring the fair and ethical collection of Council Tax and assisting residents who are experiencing financial difficulty.

				Pension age claimants are protected and will continue to receive full support, inclusive of outreach services.	

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).

The scheme considers the total income of the household to calculate the level of Council Tax discount applied.

Some incomes are disregarded from overall household income and are not counted such as Disability Living Allowance, Personal Independence Payment and some elements of Universal Credit such as Limited Capacity for work, Carer Element, Disabled Child Element and Child Care Element. Child Benefit and war pensions are also not counted as income.

These incomes must be deducted from the household income used to calculate the band and discount. An additional allowance is granted for children in the household. In line with national welfare policy this is restricted to a maximum of +2 children. Any household with more than +2 children will not receive any additional allowances which will be restricted to a maximum of +2 children.

Non-dependant adults in the household are charged a flat rate deduction of £7.50 per adult irrespective of their status or income. This reflects that most non-dependants have income either through employment or welfare benefits. It also reduces the requirement for applicants to provide evidence of the status of household members.

Current protections against non-dependant deductions for disabled households in receipt of Personal Independence Payments and Disability living Allowance (for care at the middle or higher rate) remain resulting in no deductions being applied for these households.

Non-dependant partners and full-time students will also not be subject to a deduction mirroring the current scheme.

A capital limit of £6,000 is being proposed. This reduces the limit from £10,000 under the current scheme. Any resident with capital over £6,000 will not be eligible for the scheme.

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

Income banding table

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1+ children addition	Single 2+ children addition	Couple 1+ children addition	Couple 2+ children addition
1	85%	£0-£96	£0-£164	£0 - £184	£0 - £284	£0 - £252	£0 - £352

2	70%	£96 - £140	£164 - £208	£184 - £228	£284 - £338	£252 - £296	£352 - £406
3	55%	£140 - £168	£208 – £238	£228 - £262	£338 - £382	£296 - £334	£406 - £456
4	40%	£168 - £188	£238 - £260	£262 - £296	£382 - £426	£334 - £370	£456 - £506
5	25%	£188 - £208	£260 - £282	£296 - £320	£426 - £460	£370 - £396	£506 - £542
6	15%	£208 - £240	£282 – £316	£320 - £376	£460 - £506	£396 - £452	£542 - £605

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 2024/25	Average weekly CTS Current scheme in 2024/25
1	8,829	82.3	£22.22	£22.10
2	301	2.8	£19.17	£15.60
3	556	5.2	£16.15	£11.03
4	489	4.6	£11.42	£9.68
5	213	2.0	£7.24	£10.22
6	150	1.4	£4.39	£11.89
No longer eligible	169	1.6	£0	£14.55
Total	10,729			

The model increases the average level of support for 10,175 households (94%) 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 (5-6) with higher household incomes. These see more significant drops in support.

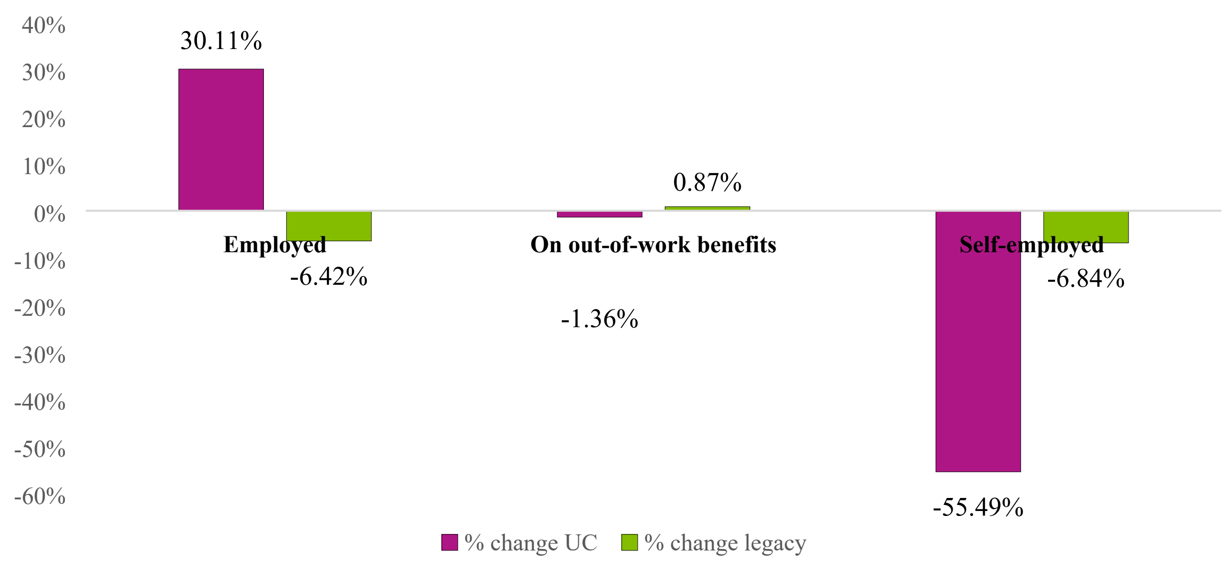
169 households lose 100% of their current award. This will be a substantial impact for these claimants with potentially large financial losses.

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.

The restriction of the children addition to two children will also impact households with larger families and result in lower awards.

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.

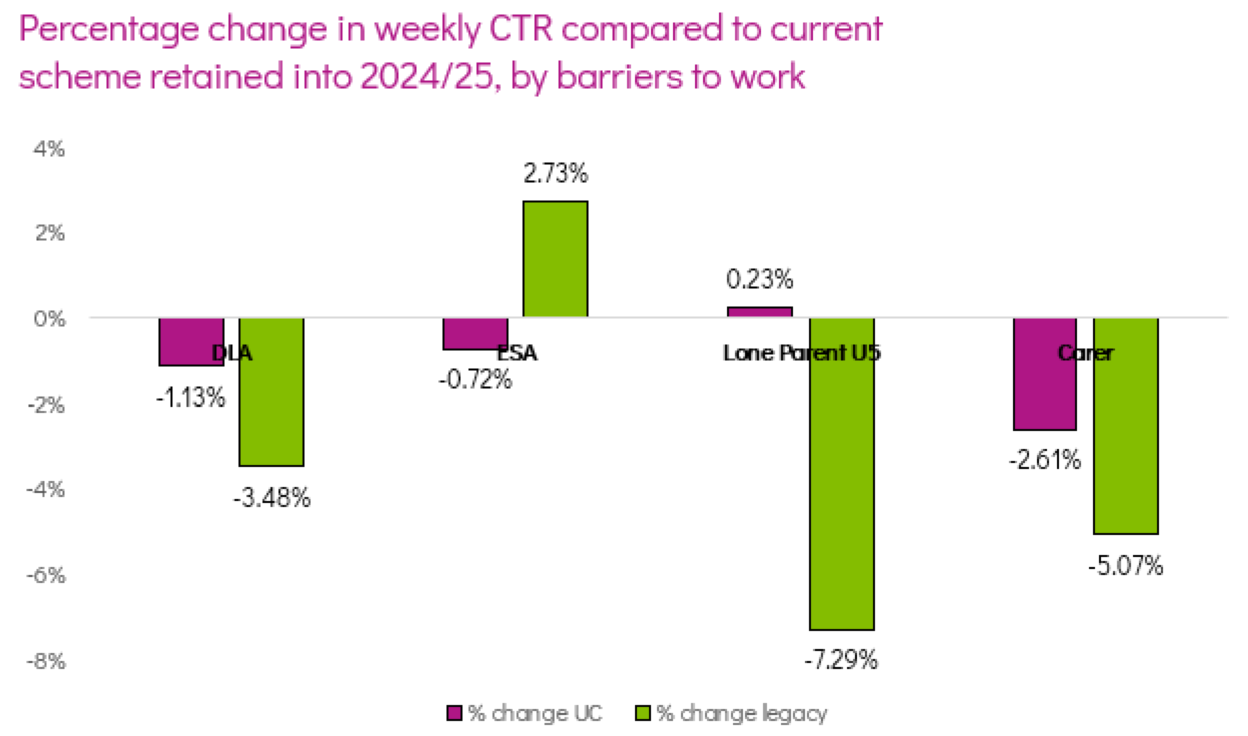
Employed households under the old legacy benefits lose out. This is because of a different calculation of household income under the income band for these cases and may also be due to non-dependant deductions.

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.

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.

The data set identified for self-employed claims on UC is very small due to the way UC is reported. The large drop in support for these households is skewed by the small sample size and is not taken as representative.



Modelled scheme: change in average CTS award, by barriers to work

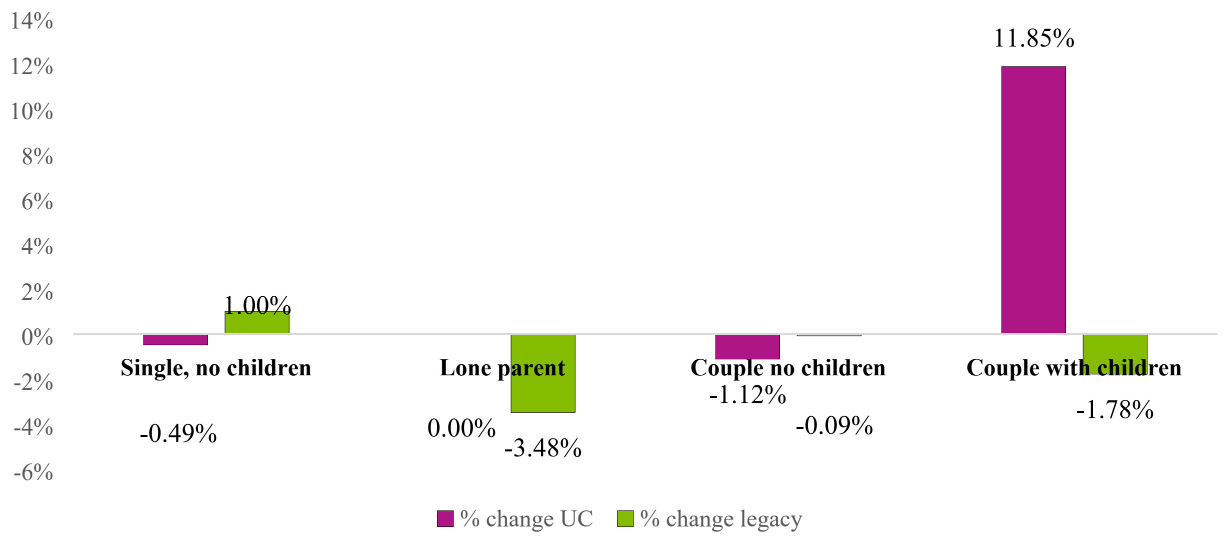
Disabled claimants (DLA) see a slight reduction as an average. This can be attributed to a loss of disability premiums from the current scheme that are not contained in Model 1 and a difference of support from the income band threshold against the current means test.

The proposed scheme protects the level of support (band 1) where some claimants with barriers to work fall, compared to the current scheme.

Reductions in support can also be attributed to non-dependant deductions for households not in receipt of qualifying disability benefits that were not previously payable now being applied due to the change to a flat rate deduction.

Legacy benefits are again more adversely affected than UC maintaining this trend as an average.

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



The modelling demonstrates a broadly flat impact on most households with small variations as an average percentage change to the CTS award.

Couples with children on UC are benefiting. These households tend to be in employment and will benefit from more generous awards as UC employed.

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 in 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.

Children allowances have been set at £88 for the first child and £100 for the second child. A higher amount of Child Benefit is awarded for the first child and is disregarded in the scheme. Reducing the allowance for the first child and increasing it for the second child aligns the overall incomes received consistently.

The child element in UC is currently £62.26 per week. By setting the children allowances at a higher level although restricted to two children for one child the allowance is higher and for two children is equivalent to three children within a UC award.

This alleviates some of the impact of restricting the allowance to two children.

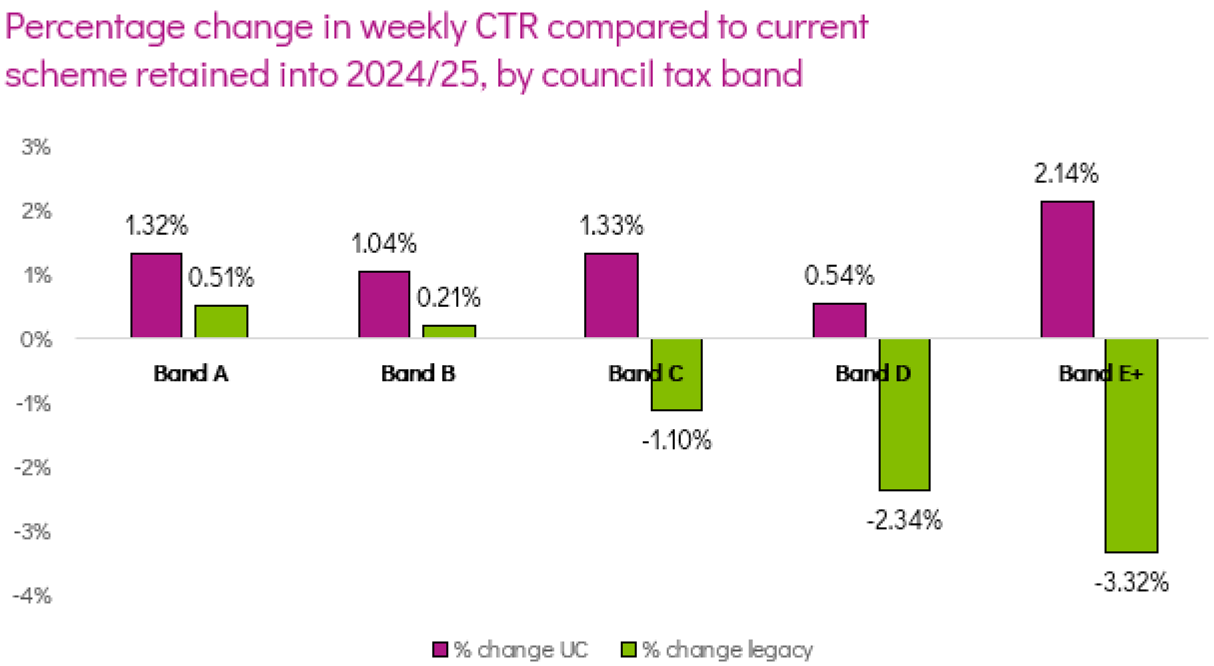
Barking & Dagenham has demographics in which 34.9% of households have four or more people in the household.

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.

Some household with three of more children may see significant losses of awards, in some cases this may result in 100% of an award being lost and is raised as a risk.

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



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 from claimants, 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 currently have a non-dependant charge have no deduction or a minimum deduction of £4.60. Deductions are prescribed and applied in line with yearly regulatory updates to the current ‘default’ CTS scheme and have not been set by the Council.

Any increase in the minimum deduction will therefore affect a majority of the deductions currently applied.

As a majority of deductions are at the minimum rate a means test to establish the correct deduction rate is only required for a smaller number of claims.

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

There are 2,807 households in the caseload that have at least one non-dependant. Of these 1,570 are exempt from non-dependant deductions as they receive a qualifying 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.

Protections also remain for non-dependants who are full time students and partners of a non-dependant are also not charged a separate deduction. This mirrors the current scheme.

Of the remaining 1,237 households, 890 households will have higher deductions and 324 will have lower deductions after the introduction of a flat rate deduction of £7.50 per week.

The average increase in deductions is £5.60 per week, whilst the average decrease in deductions is £5.49 per week.

Total number of new deductions

Weekly non-dependant deduction	Number of households
£7.50	985
£15	216
£22.50	34

£30	2

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

Household type	Number of households
Couple with children	46
Couple without children	38
Lone parent	171
Single	194

Economic status	Number of households
Employed	75
out of work benefits	352
Self-employed	22

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

Single claimants and out of work households are the largest demographic type to see an increase in deductions.

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. Many claimants will see their award unchanged.

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.

1,501 households have lower awards in the proposed model than the current scheme in 2024/25 (with a tolerance of a difference in award of 10p).

749 households lose support due to having higher non-dependant deductions.

There are currently 10,729 households resulting in 14% of households losing support.

169 households lose all support with 51 of these due to having capital over the reduced capital threshold of £6,000.

Economic status	Number of households	Average loss of support £ per week
Employed	557	£7.18
Out of work	770	£6.62
Self-employed	174	£8.06

The largest majority of households that will lose support are households out of work.

Of the households losing out 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, 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.

Household type	Number of households	Average loss of support £ per week
Couple with children	341	£8.07
Couple without children	105	£8.57
Lone parent	609	£6.92
Single	446	£5.90

Lone parent households are the largest household overall that loses support.

169 households losing all support (100% of their current award)

Economic status	Number of households	Average loss of support £ per week
Employed	105	£11.28
Out of work	49	£20.20
Self-employed	15	£18.97

Household type	Number of households	Average loss of support £ per week
Couple with children	39	£15.03
Couple without children	15	£14.43
Lone parent	72	£13.79
Single	43	£15.41

The impact of losing all support is considerable and should be noted.

Employed households are the largest household to lose all support.

However this represents only 1.57% of the total case load.

The implementation of an income banded CTS scheme in replacement for the current means tested scheme will always result in winners and losers. It is not possible to exactly replicate a means tested scheme while removing the element of means testing.

Income band thresholds and the discounts granted will differ resulting in differences in the new CTS award.

The council has sought to mitigate the impact of the change through the design of the scheme to reduce the overall number of claimants who will lose against their current award.

The highest level of discount (band 1) has been protected at 85% to continue to ensure the lowest income households retain the highest level of support compared to the current scheme. A total of 1,597 households will benefit from an increased award with an average weekly increase of £7.03. This is balanced against 1,501 household who lose on average £6.99 per week. Based on this outcome the scheme change will be neutral or beneficial to 86% of the current case load.					
Any community issues identified for this location?		X		No issues recognised	No impact

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.

COMMUNITY AND EQUALITY IMPACT ASSESSMENT	

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

- 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)
- Retaining the current scheme unchanged.
- Any other comments

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 will be contacted directly to explain possible changes to their award (before/after) 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 **Section1 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.

COMMUNITY AND EQUALITY IMPACT ASSESSMENT	

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:

- **Age** - Scheme changes will affect all working age claimants but are not related to a person's age beyond the criteria to be working age.
- **Disability** – Some claimants will be better off and some worse off. Legacy benefit claimants are more likely to be affected. Protections against non-dependant deductions remain. The EIA highlights negative impacts on this group.
- **Gender re-assignment** – No impact
- **Marriage and civil partnership –** No impact
- **Pregnancy and maternity –** No impact
- **Race (including Gypsies, Roma and Travellers) –** No impact
- **Religion or belief –** No impact
- **Sex –** Impacts may differ by sex but the calculation of CTS is not related to a persons gender.
- **Sexual orientation –** No impact
- **Socio-economic Disadvantage –** Some claimants will see increased awards, some reduced award and some will see awards unchanged. All types of household and income status will be affected. The impact of the changes will not always be consistent.

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 remains 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 a variable impact of the proposed draft CTS scheme change against equalities, diversity and the protected characteristics from the Equalities Act.

Some groups with protected characteristics will be affected and lose support.

Some low income groups will be affected and lose all support.

The level of losses is variable on each case.

Some groups will be better off from the change and this will benefit all types of characteristics.

Overall the impact of the scheme for 86% of current claimants is either neutral or positive.

APPENDIX 4

London Borough of Barking and Dagenham

Localised Council Tax Support

Final report

September 2023

www.policyinpractice.co.uk

Contents

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.

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 changes meet council objectives?

The CTS scheme model presented in this report is an income banded scheme, which divides residents into bands based on their overall household income and applies 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.

The scheme also allows 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).

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.

Introducing flat rate non-dependant deductions

Introducing flat rate non-dependant deductions of £7.50 per week reduces total annual scheme costs by £117,500 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 £7.50 per week. Existing exemptions remain for households in receipt of disability benefits.

There are 2,807 working-age households in the caseload that have at least one non-dependant. Of these, 1,570 are exempt from non-dependant deductions as they receive a disability benefit or because the non-dependant is a full-time student. Of the remaining 1,237 households, 890 have higher deductions and 347 have lower deductions after introducing flat rate non-dependant deductions of £7.50 per week.

The average increase in deductions is £5.60 per week, whilst the average decrease in deductions is £5.49 per week. These changes in overall CTS awards are taken into account in the reports on impact of each model.

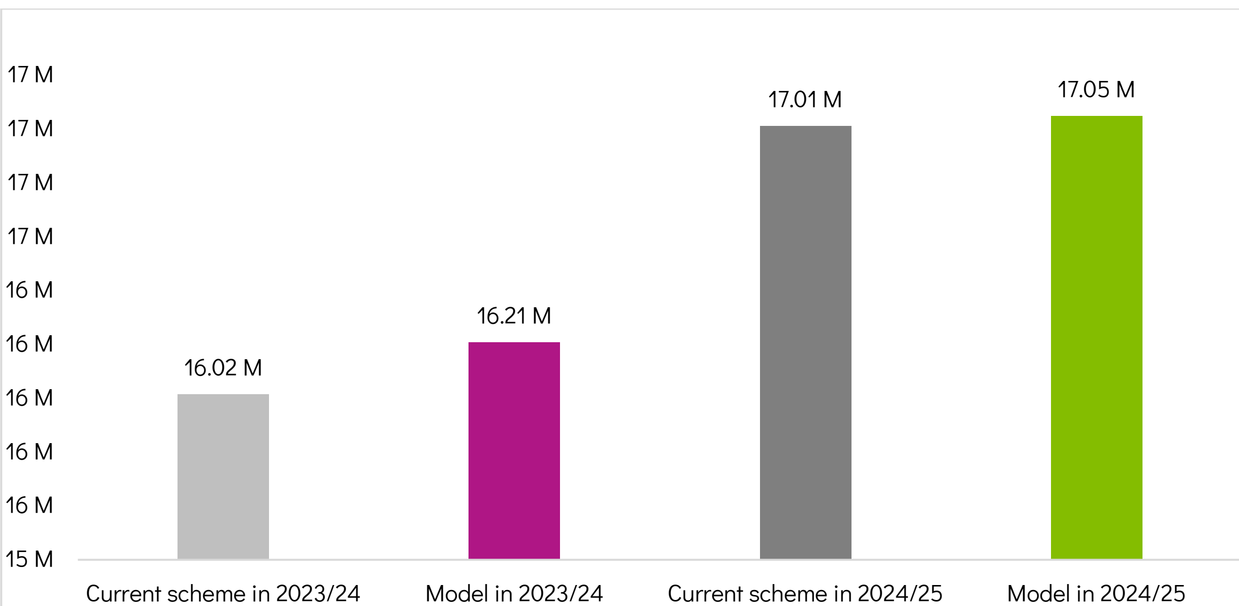
Weekly non-dependant deduction	Number of working age households
£7.50	985
£15	216
£22.50	34
£30	2

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

Household type	Number of working age households
Couple with children	46
Couple without children	38
Lone parent	171
Single	194

Economic status	Number of working age households
Employed	75
On out of work benefits	352
Self-employed	22

Total annual cost of options



Cost of current scheme, current scheme retained into 2024/25, model in 2023/24 and model in 2024/25.

Average weekly award under options

Comparison of council tax support (£/week)				
	Current scheme in 2023/24	Model in 2023/24	Current scheme in 2024/25	Model in 2024/25
All working age	£19.13	£19.48	£20.19	£20.25
Legacy benefits	£19.47	£19.65	£20.50	£20.32
Universal Credit	£18.89	£19.35	£19.97	£20.21
CT Band				
A	£15.45	£15.68	£16.26	£16.42
B	£17.49	£17.78	£18.45	£18.58
C	£19.87	£20.28	£20.98	£21.04
D	£22.25	£22.48	£23.54	£23.37
EFGH	£28.57	£29.22	£30.14	£30.18
Tenure type				
Council tenant	£19.70	£19.83	£20.74	£20.75
Private tenant	£17.52	£18.79	£18.55	£19.28
No HB	£21.39	£21.17	£22.54	£22.20
Supported housing	£18.84	£18.35	£19.81	£19.03
HA tenant	£20.24	£20.46	£21.38	£21.40
Temporary accommodation	£17.56	£15.41	£18.55	£15.70
Tenure Unknown	£17.14	£17.73	£18.11	£18.56
Household type				
Single	£18.82	£18.91	£19.81	£19.86
Lone Parent	£18.47	£18.54	£19.46	£19.27
Couple no children	£23.44	£23.52	£24.73	£24.59
Couple with children	£19.74	£21.48	£21.04	£21.89

Economic status				
Employed	£11.48	£14.03	£12.41	£13.72
Out-of-work benefits	£20.81	£20.71	£21.88	£21.77
Self-employed	£18.31	£18.14	£19.62	£18.17
Barriers to work				
DLA or Similar	£21.42	£21.04	£22.52	£22.03
ESA or similar	£21.00	£21.26	£22.08	£22.33
LP child under 5	£18.72	£18.75	£19.71	£19.55
Carer	£22.35	£21.63	£23.54	£22.66

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 May 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 May 2023. Current scheme and modelled costs and forecasts represent the caseload as of this month and do not take account of any potential changes in the caseload.

Caseload breakdown

Age range	CTS claimants (main claimant)	Claims with disability (i.e. PIP/DLA/ESA)	Carers (receiving carers allowance)	Claims by household type			
	All claimants	Total		Single (no children)	Couple (no children)	Family with 1 dep	Family with 2+ dep
16-24	187	21	16	53	7	88	39
25-34	1,888	479	304	349	20	531	988
35-44	2,959	912	569	501	37	610	1,811
45-54	2,861	1,383	549	1,085	188	578	1,010
55-65	2,897	2,082	453	2,037	464	245	151
66+	4,496	1,559	255	3,624	811	39	22

Age band	Barking & Dagenham population 2021	% of total	Council Tax Support claimants (incl. partners and children)	% of total
0-9	35,536	16.25%	5,819	2.66%
10-19	33,328	15.24%	7,082	3.24%
20-29	28,435	13.00%	952	0.44%
30-39	36,691	16.77%	3,365	1.54%
40-49	31,986	14.62%	3,774	1.73%
50-59	25,140	11.49%	3,372	1.54%
60 -69	14,536	6.65%	3,017	1.38%
70-79	8,027	3.67%	2,529	1.16%
80+	5,071	2.32%	1,541	0.70%

Current scheme retained into 2024/25

Maintaining the current scheme into 2024/25 would increase costs from £16.02m to £17.01m, an increase of £996k or 6.22%. This increase is driven by a projected increase in Council Tax liability by 4.99% and benefit rates by 7.5%.

Annual CTR in current scheme retained into 2024/25, compared to current scheme			
Group	£/annum	Change (£/annum)	Change (%)
All working age	£11,334,081	£593,830	5.53%
Pension age	£5,677,251	£402,362	7.63%
Total	*£17,011,332*	*£996,191*	*6.22%*

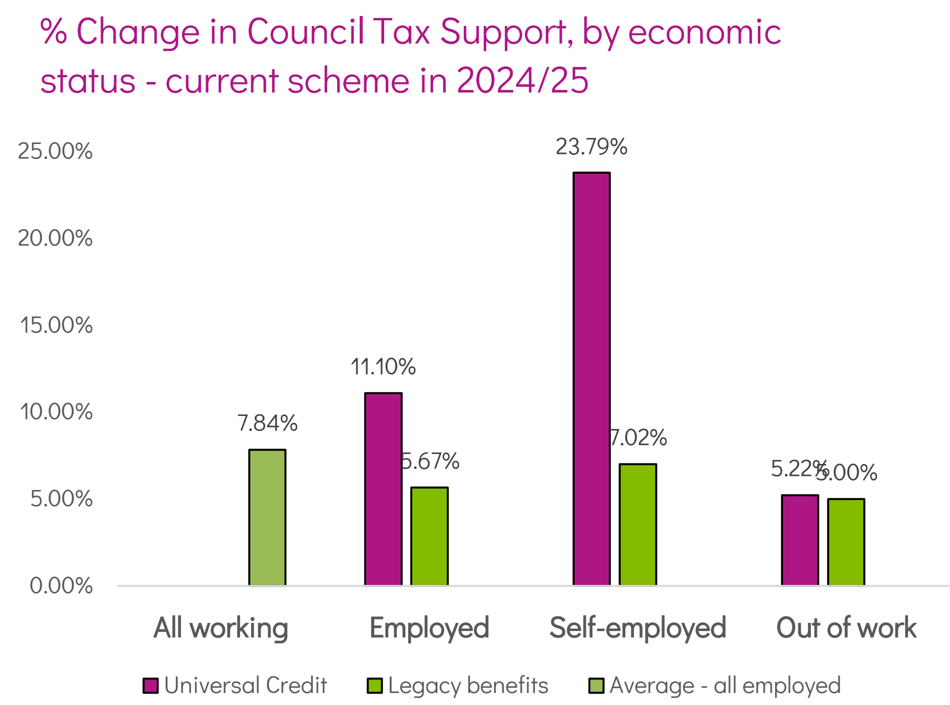
Maintaining current system into 2024/25: annual cost

Costs would increase by 5.53% for working-age households and 7.63% for pension-age households.

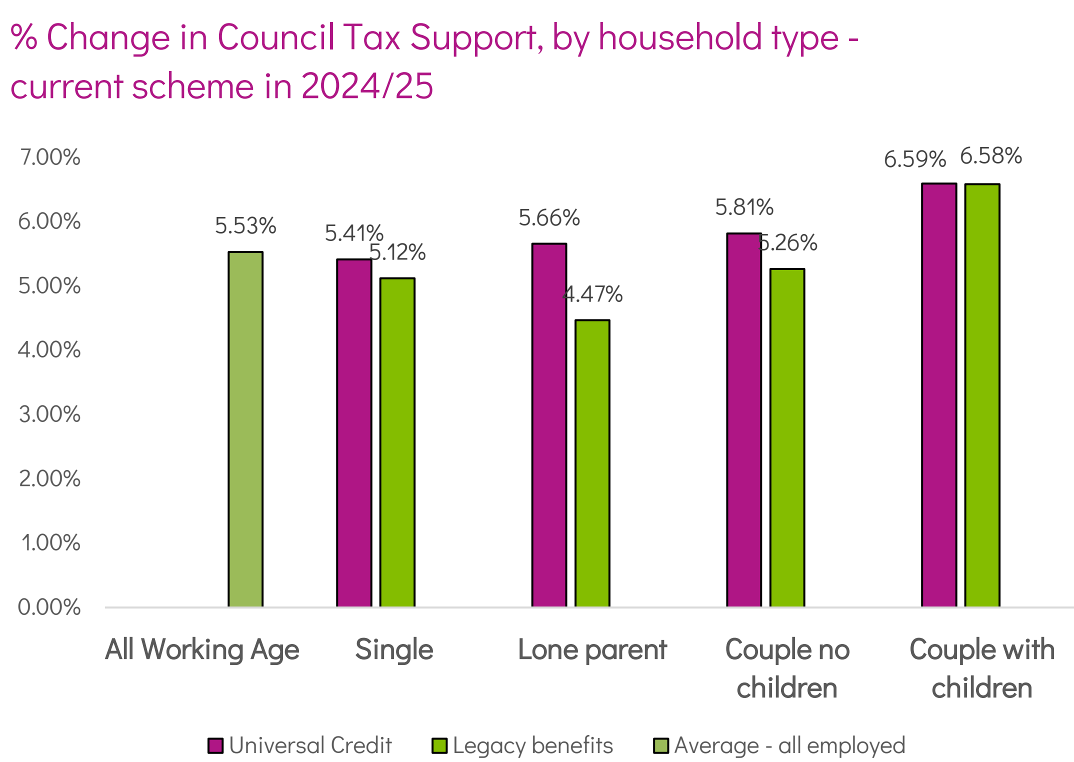
Households on Universal Credit will see their awards increase by £1.08 per week on average. Working age households on legacy benefits would see their awards increase by £1.03 per week.

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	£20.19	£1.06	5.53%
UC	*£19.97*	*£1.08*	*5.70%*
Legacy benefits	*£20.50*	*£1.03*	*5.29%*
Pension age	£24.31	£1.72	7.63%
Total	*£21.40*	*£1.25*	*6.22%*

Maintaining current system into 2024/25: weekly support levels



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



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

Modelled scheme – key characteristics

The modelled scheme 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 / UC limited capability for work element
- UC child disability element
- Child benefit

Flat rate non-dependent deductions are introduced at £7.50 per week.

The capital limit is reduced from £10,000 to £6000.

Income Thresholds (£, weekly)							
Band	Discount	Single	Couple	Single, 1 child	Single, 2+ children	Couple, 1 child	Couple, 2+ children
1	85%	0-96	0-164	0-184	0-284	0-252	0-352
2	70%	96-140	164-208	184-228	284-338	252-296	352-406
3	55%	140-168	208-238	228-262	338-382	296-334	406-456
4	40%	168-188	238-260	262-296	382-426	334-370	456-506
5	25%	188-208	260-282	296-320	426-460	370-396	506-542
6	15%	208-240	282-316	320-376	460-506	396-452	542-605

Modelled scheme in 2023/24 – comparison

Cost and average CTS

Modelled scheme compared to current scheme in 2023/24

	Modelled scheme cost	Comparison to cost of current scheme in 2023/24	
Group	£/annum	Change (£/annum)	Change (%)
All working age	£10,934,167	£193,916	1.81%
UC	£6,354,158	£151,299	2.44%
Legacy benefits	£4,580,009	£42,617	0.94%
Pension age	£5,274,890	£0	0.00%
Total	*£16,209,057*	*£193,916*	*1.21%*

Table 1: Modelled scheme in 2023/24, Total cost of model (£/annum)

The modelled scheme in 2023/24 is £194k more than the current scheme. Average Council Tax Support for working age households under the modelled scheme increases by 1.81% compared to the current scheme (Table 1). Costs for UC households increase by 2.44%, whilst costs for households on legacy benefits increase by 0.94%.

Average support for households on legacy benefits is £0.30 per week more than for households on UC in the modelled scheme, compared to £0.58 per week more in the current scheme.

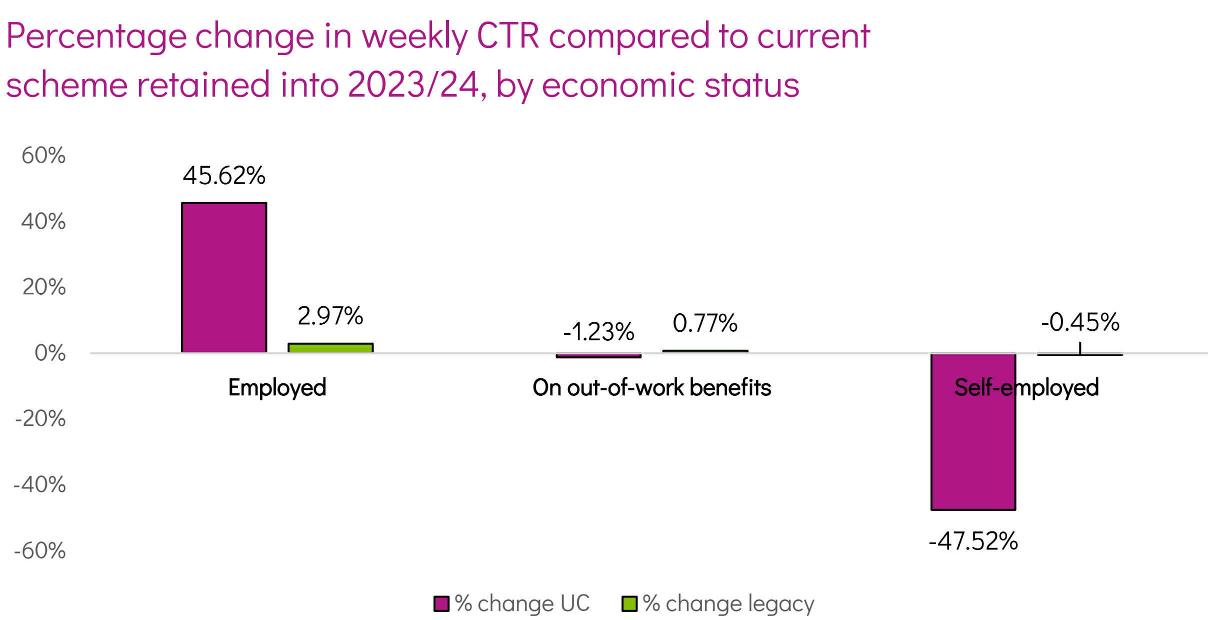
	Average household support	Comparison to cost of current scheme	
Group	£/week	Change (£/week)	Change (%)
All working age	£19.48	£0.35	1.81%
UC	*£19.35*	£0.46	2.44%
Legacy benefits	*£19.65*	£0.18	0.94%
Pension age	*£22.59*	£0.00	0.00%
Total	*£20.39*	*£0.24*	*1.21%*

Table 2: Modelled scheme in 2023/24, average weekly council tax support (£/week)

Household breakdown by income bands

Band	No. households	% households	Average weekly CTS – Modelled scheme in 2023/24	Average weekly CTS – Current scheme in 2023/24
1	8,883	82.8	£21.13	£21.01
2	394	3.7	£18.53	£12.90
3	567	5.3	£15.29	£9.42
4	466	4.3	£10.93	£8.76
5	139	1.3	£6.73	£9.44
6	139	1.3	£4.14	£10.74
Losing support	141	1.3	£0	£13.89
Total	*10,729*			

Household impact

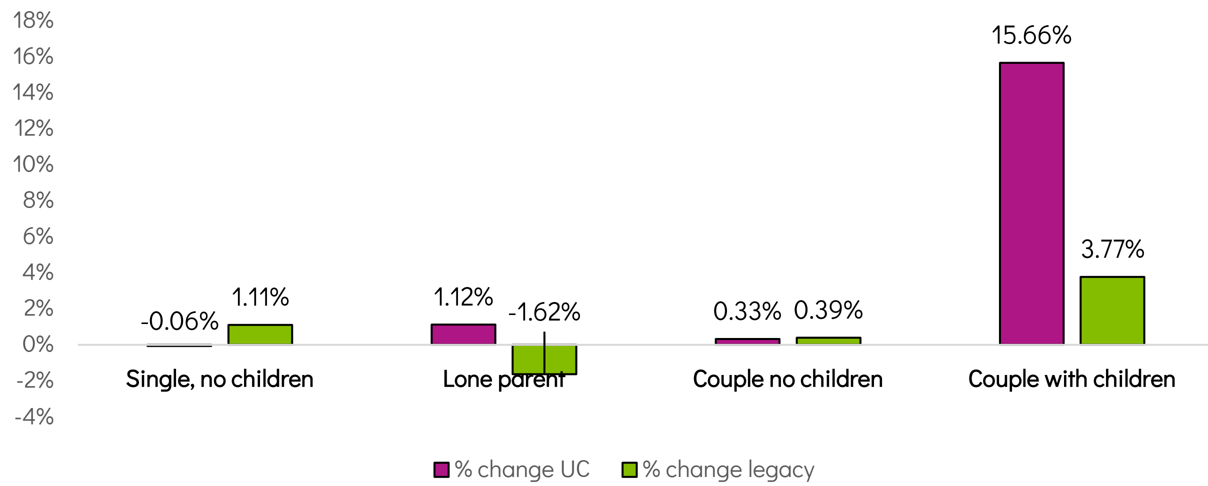


Modelled scheme in 2023/24: change in average CTS award, by economic status

Employed households on UC gain more than those on legacy. 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 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.

There are only 5 households on UC identified as self-employed in the dataset, so the large average drop in support for these households is skewed by the small sample size. This small sample may be because it is not always possible to determine if UC households are self-employed in the data used for this analysis.

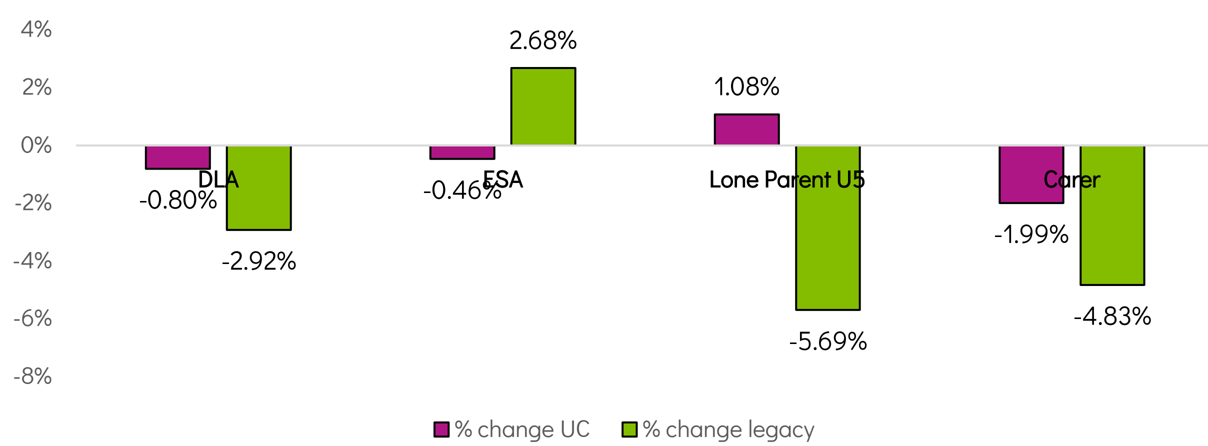
Percentage change in weekly CTR compared to current scheme in 2023/24, by household type



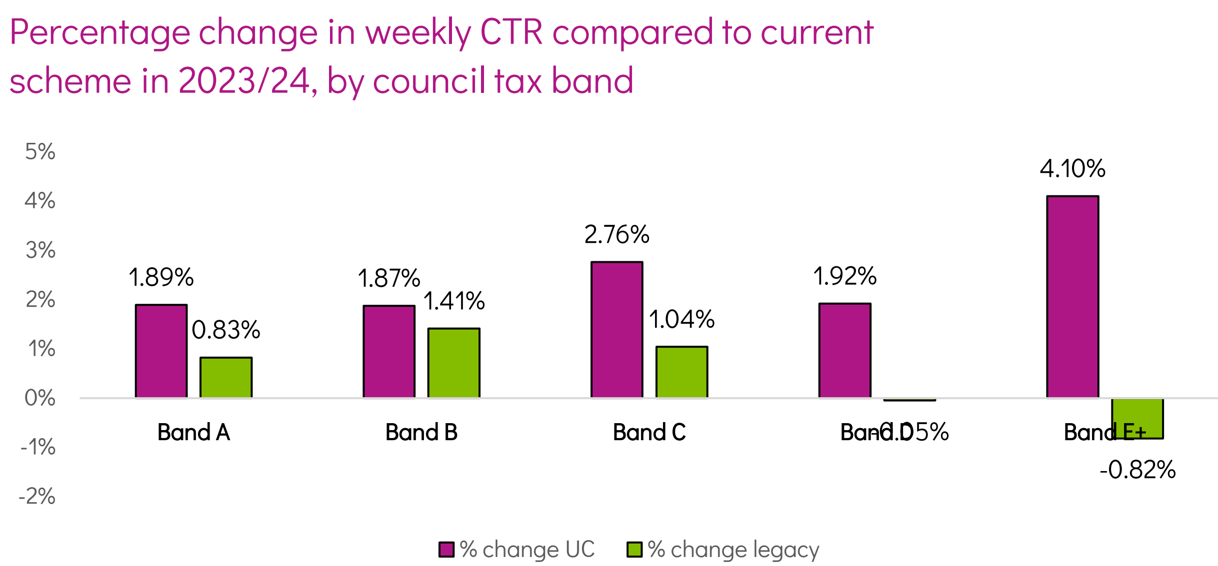
Modelled scheme: change in average CTS award, by household type

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 2023/24, by barriers to work



Modelled scheme: change in average CTS award, by barriers to work.



Modelled scheme: change in average CTS award, by council tax band.

Households losing out

1,367 households have lower awards in this model than the current scheme in 2023/24 (with a tolerance of 10p per week), with an average weekly loss of £6.65, whilst 1,740 households have higher awards (with a tolerance of 10p per week), with an average weekly increase of £7.37.

Households lose out due to falling into income bands that give a lower award than the earnings taper in the current scheme, or due to having higher non-dependant deductions under the flat-rate rules. 749 households lose out due to having higher non-dependant deductions than in the current scheme.

141 households lose all support. 51 of these lose all support due to having savings over £6000.

Households with lower awards, by economic status and household type.

Economic status	Number of households	Average weekly decline in support
Employed	468	£6.79
Out of work	758	£6.40

Self-employed	141	£7.53

Household type	Number of households	Average weekly decline in support
Couple with children	292	£7.04
Couple without children	96	£8.42
Lone parent	545	£6.86
Single	434	£5.72

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

Economic status	Number of households	Average weekly decline in support
Employed	82	£10.02
Out of work	47	£19.49
Self-employed	12	£18.36

Household type	Number of households	Average weekly decline in support
Couple with children	27	£15.39
Couple without children	15	£13.15
Lone parent	61	£12.69
Single	38	£15.03

Modelled scheme in 2024/25 – comparison

Cost and average CTS

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

	Modelled scheme cost in 2024/25	Comparison to cost of current scheme in 2023/24		Comparison to current scheme retained into 2024/25	
Group	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£11,371,562	£631,311	5.88%	£37,481	0.33%
UC	£6,635,703	£432,843	6.98%	£79,211	1.21%
Legacy benefits	£4,735,860	£198,468	4.37%	-£41,730	-0.87%
Pension age	£5,677,251	£402,362	7.63%	£0	0.00%
Total	***£17,048,813***	***£1,033,672***	***6.45%***	***£37,481***	***0.22%***

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

Costs for the modelled scheme in 2024/25 are £37.5k more than the current scheme in 2024/25. There is a smaller increase in 2024/25 than 2023/24 as wages and benefit income have been uprated by projected inflation, whilst the income thresholds have not.

Average Council Tax Support for working age households under the model increases by 0.33% compared to the current scheme maintained into 2024/25 (Table 1). Costs for UC households increase by 1.21%, whilst costs for households on legacy benefits decrease by 0.87%.

	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	£20.25	£1.12	5.88%	£0.07	0.33%
UC	*£20.21*	£1.32	6.98%	£0.24	1.21%
Legacy benefits	*£20.32*	£0.85	4.37%	-£0.18	-0.87%

Pension age	*£24.31*	£1.72	7.63%	£0.00	0.00%
Total	*£21.45*	*£1.30*	*6.45%*	*£0.05*	*0.22%*

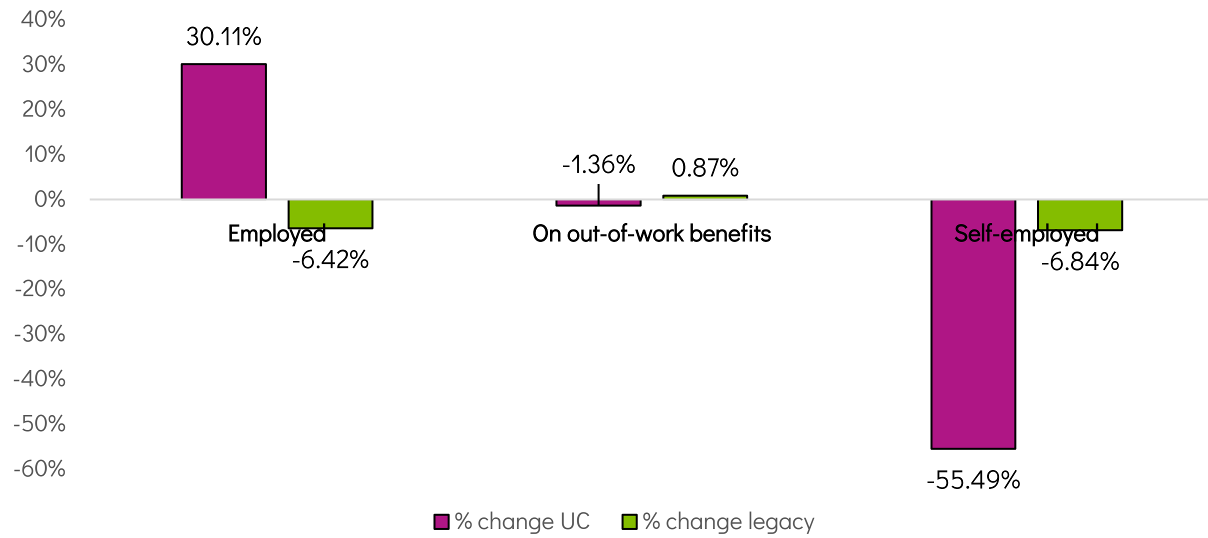
Table 2: Model 2, average weekly council tax support (£/week)

Household breakdown by income bands

Band	No. households	% households	Average weekly CTS – modelled scheme in 2024/25	Average weekly CTS – Current scheme in 2024/25
1	8,829	82.3	£22.22	£22.10
2	301	2.8	£19.17	£15.60
3	556	5.2	£16.15	£11.03
4	489	4.6	£11.42	£9.68
5	213	2.0	£7.24	£10.22
6	150	1.4	£4.39	£11.89
Losing support	169	1.6	£0	£14.55
Total	*10,729*			

Household impact

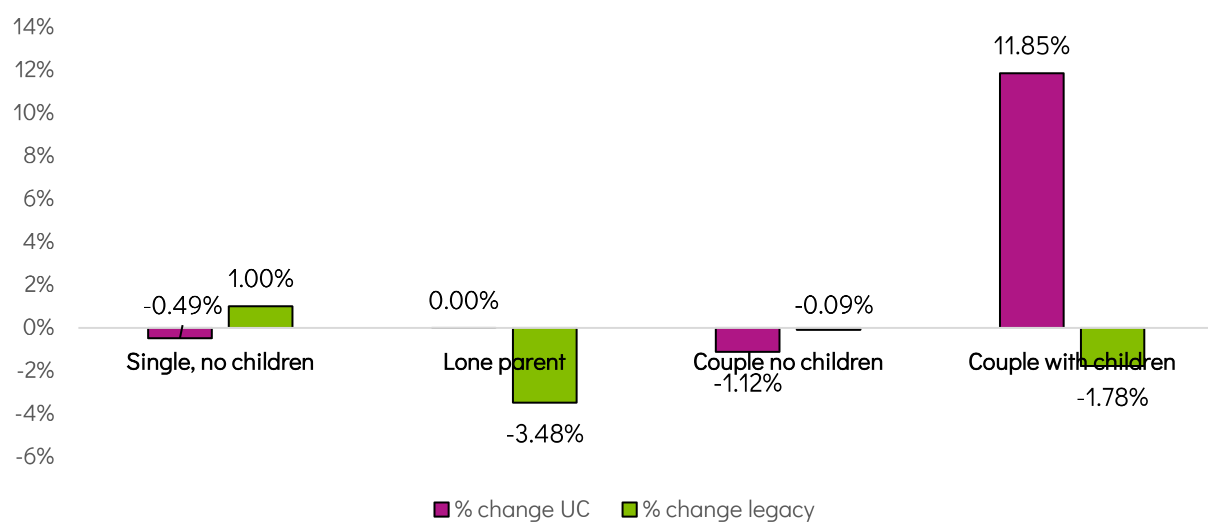
Percentage change in weekly CTR compared to current scheme retained into 2024/25, by economic status



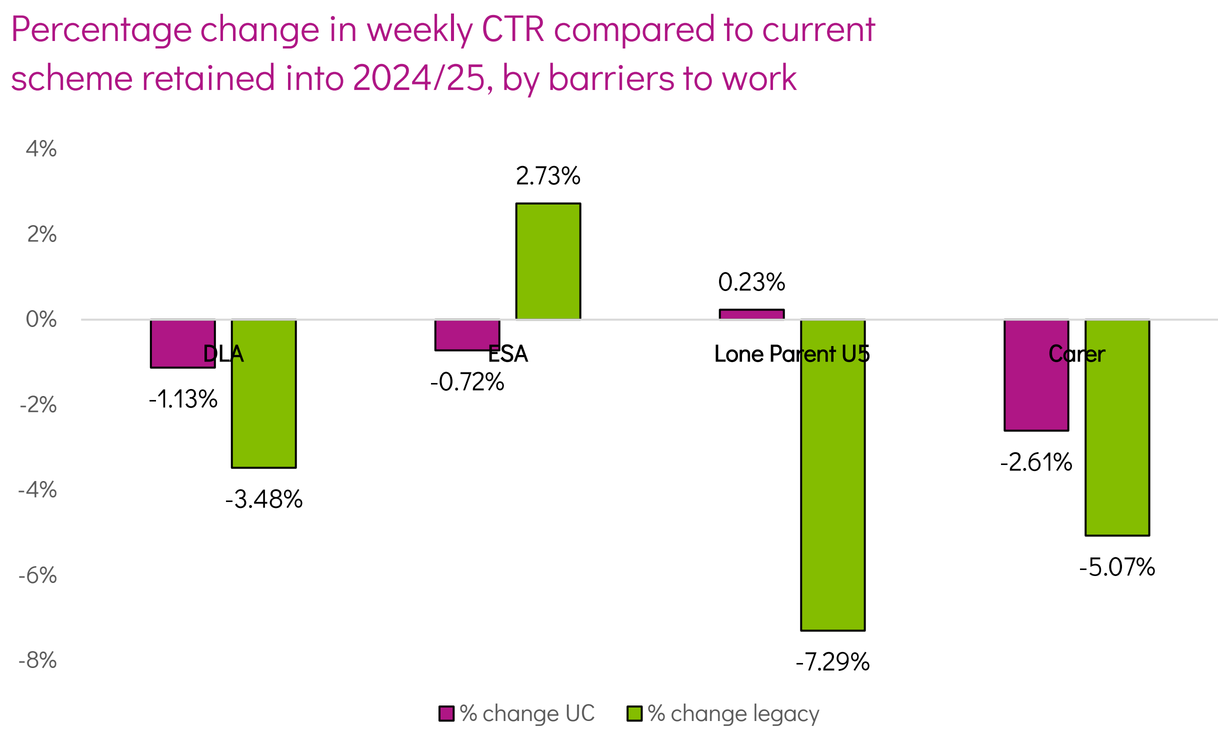
Modelled scheme: change in average CTS award, by economic status

There are only 5 households on UC identified as self-employed in the dataset, so the large average drop in support for these households is skewed by the small sample size. This small sample may be because it is not always possible to determine if UC households are self-employed in the data used for this analysis.

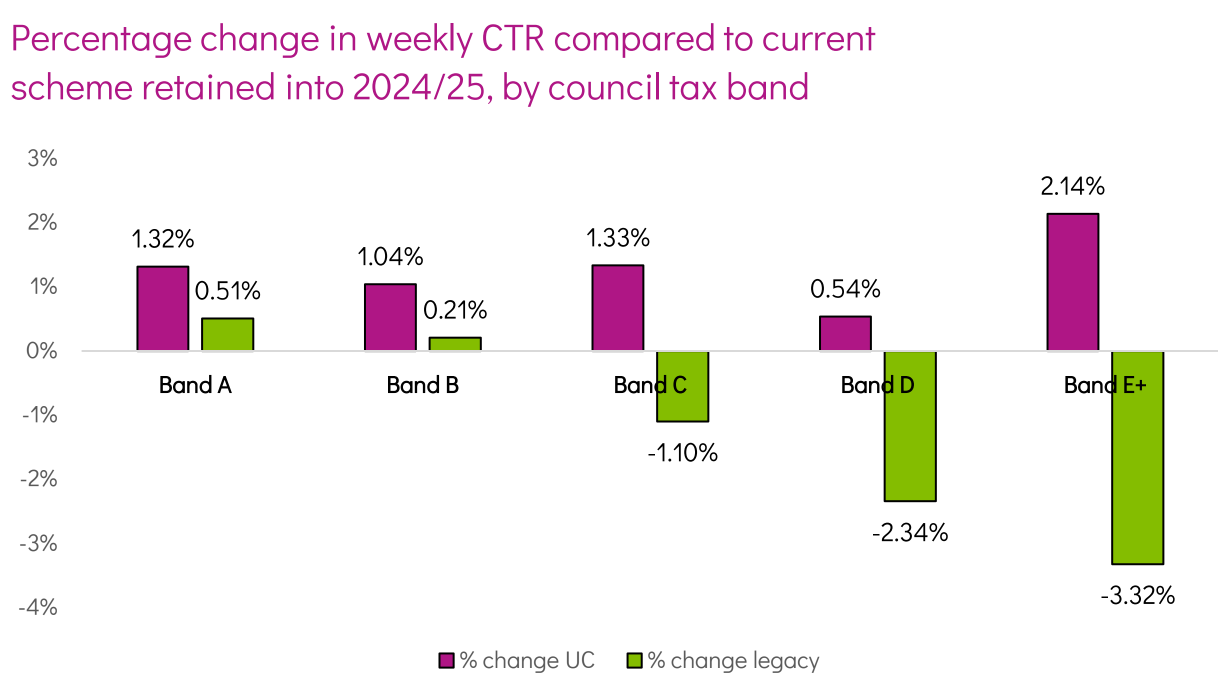
Percentage change in weekly CTR compared to current scheme retained into 2024/25, by household type



Modelled scheme: change in average CTS award, by household type



Modelled scheme: change in average CTS award, by barriers to work



Modelled scheme: change in average CTS award, by council tax band

Households losing out

1,501 households have lower awards in this model than the current scheme in 2024/25 (with a tolerance of 10p per week), with an average weekly loss of £6.99, whilst 1,597 households have higher awards (with a tolerance of 10p per week), with an average weekly increase of £7.03.

Households lose out due to falling into income bands that give a lower award than the earnings taper in the current scheme, or due to having higher non-dependant deductions under the flat-rate rules. 749 households lose out due to having higher non-dependant deductions than in the current scheme.

169 households lose all support. 51 of these lose support due to having savings over £6000.

Households with lower awards, by economic status and household type.

Economic status	Number of households	Average weekly decline in support
Employed	557	£7.18
Out of work	770	£6.62
Self-employed	174	£8.06

Household type	Number of households	Average weekly decline in support
Couple with children	341	£8.07
Couple without children	105	£8.57
Lone parent	609	£6.92
Single	446	£5.90

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

Economic status	Number of households	Average weekly decline in support

Employed	105	£11.28
Out of work	49	£20.20
Self-employed	15	£18.97

Household type	**Number of households**	**Average weekly decline in support**
Couple with children	39	£15.03
Couple without children	15	£14.43
Lone parent	72	£13.79
Single	43	£15.41

Contact details

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CABINET

23 January 2024

Title: Debt Management Performance 2023/24 (Quarter 2)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Author: Stuart Kirby, Head of Collections	**Contact Details:** E-mail: stuart.kirby@lbbd.gov.uk
Accountable Director: Stephen McGinnes, Director of Support and Collections	
Accountable Strategic Leadership Director: James Coulstock, Strategic Director Inclusive Growth	
Summary This report sets out the performance of the Collections service in the collection of revenue and debt management for the second quarter of the financial year 2023/24.	
Recommendation(s) The Cabinet is recommended to note the performance of the debt management function carried out by the Council's Collection service, including the improvements in collection in some areas and the challenges in others.	
Reason Assisting in the Council's Policy aim of ensuring an efficient organisation delivering its statutory duties in the most practical and cost-effective way. This ensures good financial practice and adherence to the Council's Financial Rules on the reporting of debt management performance and the total amounts of debt written-off each financial quarter.	

1. Introduction and Background

1.1. This report sets out performance for the second quarter of the 2023/2024 financial year and covers the overall progress of each service element since April 2023.

1.2. The Collection service is responsible for the collection of Council Tax, Business Rates, Housing Benefit Overpayments, General Income, Rents and for the monitoring of cases sent to Enforcement Agents.

2. Council Tax

Current Year

2.1. The table below shows the full amounts to be collected in the first two quarters. The collection rate in quarter 1 exceeded the amount required reflecting the decision by some residents to pay annually in advance.

	EXPECTED £	ACTUAL	DIFFERENCE	PERCENT COMPARISON
QUARTER 1	29,323,049	30,200,350	877,301	103.0%
QUARTER 2	58,646,097	56,262,785	- 2,383,312	95.9%

2.2. At the end of quarter 2 54.1% of the annual council tax has been collected. This is 0.8% lower than the same time last year.

2.3. Two factors have resulted in collection being different from the same point last year. The first is linked to the Government's £150 council tax rebate scheme which ran in the first 6 months of 2022 and the second relates to discount and exemption reviews undertaken this year.

2.4. In September 2022 the Government's £150 council tax rebate scheme was completed. A total of 63k £150 payments were made to taxpayers from April until September 22 totalling £9.4m. However, 11.5k residents failed to claim this payment and therefore, per Government guidance, 11.5k £150 payments were applied to those council tax accounts, totalling £1.7m. Although £1.7m was applied to council taxpayer accounts, approximately, £950k resulted in accounts falling into credit, with the remaining £750k paid to reduce council tax debt.

2.5. In addition, reviews have been undertaken into taxpayers claiming single person discounts and exemptions. As a result, the collectable amount has increased by £790k in September 23

2.6. The combined impact of these 2 factors is £1.5m or 1.4% of the collectable debt, and therefore the percentage of collection will be shown as less when compared with last year. This additional revenue will be collected between now and the end of the financial year.

Arrears

2.7. The arrears position has improved since the start of the year with a reduction of £5m from the start of the year, from £26.3m to £21.3m. The table below shows the amount collected and written off, other refers to backdated council tax support, discounts or exemptions.

	01/04/2023	PAID	WRITTEN OFF	OTHER	30/09/2023
ARREARS	£26,362,521	£1,504,036	£3,071,730	£415,015	£21,371,740

2.8. All outstanding debt is within the debt recovery process. The majority of which is currently with enforcement agents either for active enforcement or for tracing action.

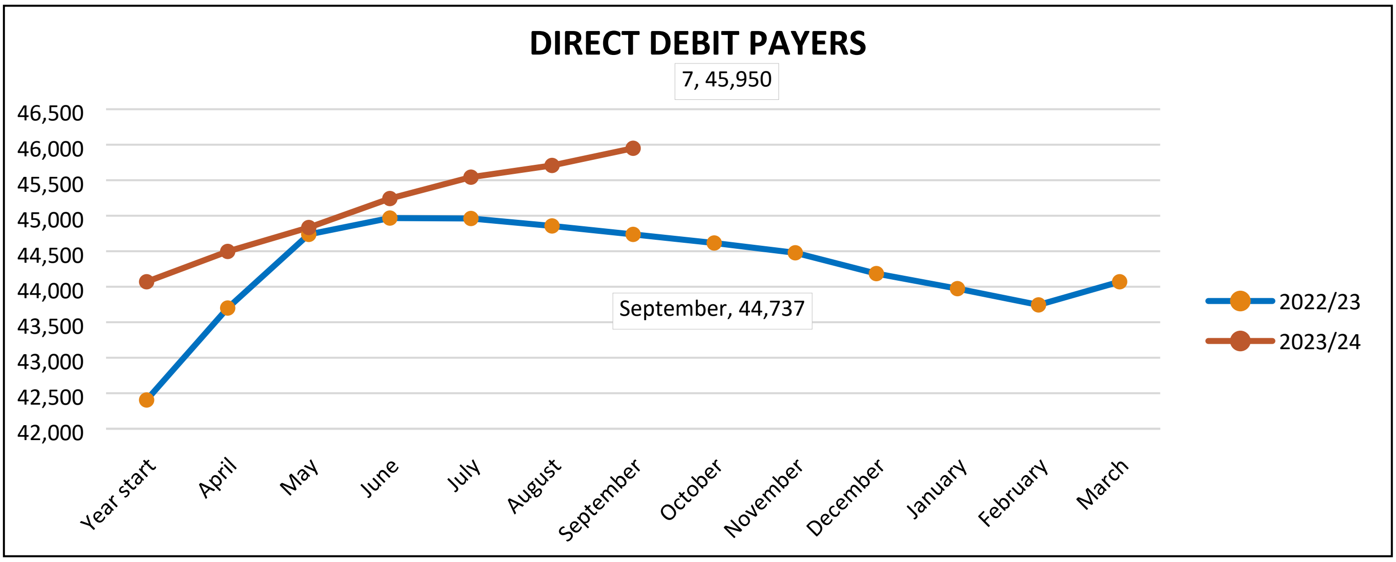
2.9. The table below includes all arrears (not just brought forward arrears) including new arrears cases for 2023/24 and is split between accounts which are open and closed.

ACTION	Closed	Open	Grand Total
Recovery (pre court)	£628,034	£2,752,692	£3,380,726
Attached to benefits	£202,199	£299,778	£501,977
Attached to earnings	£121,719	£67,011	£188,730
Bankruptcy	£68,460	£5,659	£74,118
Charging Order	£66,182	£16,499	£82,680
Committal	£222,868	£57,721	£280,590
Complaint	£580	£0	£580
Deceased	£9,009	£1,311	£10,320
Enforcement Agent	£3,849,229	£11,443,499	£15,292,728
Enforcement Agent returned	£941,545	£137,224	£1,078,769
Enforcement Agent returned (Write off)	£1,623,752	£2,082,121	£3,705,873
Fraud	£67,919	£0	£67,919
Legal	£15,868	£135,326	£151,195
Write-Off	£663,069	£131,122	£794,191
Grand Total	**£8,480,433**	**£17,129,964**	**£25,610,397**

2.10. The current bad debt provision brought forward at the 1st April was set at £14.8m, giving 100% provision for debts over 4 years old. Based on the current level of debt reduction there will not be a requirement to increase this in 2024/25.

2.11. A campaign to increase the number of taxpayers paying via Direct Debit has been running throughout quarter 2. This includes a prize draw funded by our external enforcement agents.

2.12. In 2022/23 the number of Direct Debit payers peaked in June, mainly due to the £150 energy rebate scheme. Payments were made to Direct Debit payers first and this resulted in an increase in the uptake. However, the number of Direct Debit payers reduced gradually after June. This has not been the case this year, with Direct Debit continuing to increase.



2.13. Direct Debit as a payment method ensures that payment is received on time, and the transaction cost saving can be significant. For example, a single payment made via Paypoint costs 49p compared with 2p by Direct Debit.

2.14. At the start of the year 55.5% of council taxpayers paid by Direct Debit, this has increased to 57.4% at the end of quarter 2, that equates to an increase of 1,880 new payers by Direct Debit.

2.15. A number of actions have been undertaken to improve collection rates. Universal staff now have access to Oneview, they have been trained in issues related to debt and they are actively engaging with residents. Both the Head of Collections and Head of Support have attended a number of workshops to obtain feedback and further training in debt collection and support will be delivered in quarter 3.

The table below shows contact with residents in the hubs this year.

	Council tax	**Housing benefit**	**Council tax support**	**Total**
Resolved	601	407	324	1,332
Signposted	83	46	11	140
Referred	18	9	14	41
Escalated	2	3	3	8
Total	**704**	**465**	**352**	**1,521**

2.16. Reminders and final notices have been reviewed, language simplified and online translation functions highlighted. Advice and assistance from behavioural science has been used to review these important notices and they are due to be live by the end of October.

2.17. Improved sms and email messages have been sent to remind residents to pay. 25% of those contacted (5k) have clicked a link in the message to make a payment, view their account, set up a direct debit or repayment arrangement. This is a significant improvement on the previous process which only advised that payment was required.

2.18. Work continues to review historic bad debts; the table below shows the movement of debt since the start of the year. Council tax arrears have reduced by 4.9m, with 3m being written off as uncollectable bad debt.

ARREARS	01-Apr-23	30-Sep-23	VARIATION	PERCENTAGE
1999/2000	£8,678	£7,321	-£1,357	-16%
2000/01	£14,775	£13,258	-£1,517	-10%
2001/02	£20,079	£13,511	-£6,569	-33%
2002/03	£30,667	£22,036	-£8,630	-28%
2003/04	£57,331	£37,256	-£20,075	-35%
2004/05	£95,370	£70,389	-£24,981	-26%
2005/06	£126,905	£86,645	-£40,260	-32%
2006/07	£192,951	£130,058	-£62,893	-33%
2007/08	£295,834	£200,100	-£95,734	-32%

2008/09	£354,660	£260,895	-£93,765	-26%
2009/10	£421,137	£315,787	-£105,350	-25%
2010/11	£466,684	£316,046	-£150,638	-32%
2011/12	£492,096	£324,006	-£168,090	-34%
2012/13	£556,227	£365,971	-£190,256	-34%
2013/14	£669,029	£460,825	-£208,204	-31%
2014/15	£691,337	£494,678	-£196,658	-28%
2015/16	£825,919	£610,862	-£215,057	-26%
2016/17	£1,022,200	£776,626	-£245,575	-24%
2017/18	£1,276,557	£984,814	-£291,744	-23%
2018/19	£1,691,604	£1,357,596	-£334,008	-20%
2019/20	£2,475,080	£2,046,040	-£429,040	-17%
2020/21	£3,393,282	£2,920,561	-£472,721	-14%
2021/22	£4,576,427	£4,071,892	-£504,535	-11%
2022/23	£6,607,689	£5,484,566	-£1,123,123	-17%
TOTALS	**£26,362,521**	**£21,371,740**	**-£4,990,781**	**-19%**

3. Business Rates

3.1. Business rates collection is 1.3% above last year at 58.8%.

3.2. This year all business properties have undergone a revaluation process. This will occur every three years, previously this was carried out every five years. These revaluations are conducted by the Valuation Office Agency.

3.3. The table below shows arrears movement.

Year	01-Apr-23	Quarter 2	Variation
2000/01	£0	£0	£0
2001/02	£0	£0	£0
2002/03	£990	£990	£0
2003/04	£0	£0	£0
2004/05	£8,821	£8,821	£0
2005/06	£14,232	£14,232	£0
2006/07	£21,800	£21,800	£0
2007/08	£15,009	£15,009	£0
2008/09	£115,445	£115,445	£0
2009/10	£148,478	£147,628	-£850
2010/11	£193,414	£193,414	£0
2011/12	£316,864	£316,864	£0
2012/13	£658,304	£658,254	-£50
2013/14	£650,292	£650,292	£0
2014/15	£596,642	£596,364	-£278
2015/16	£531,884	£531,274	-£610
2016/17	£582,704	£578,046	-£4,659
2017/18	£633,849	£578,413	-£55,435
2018/19	£926,290	£858,402	-£67,888
2019/20	£1,230,811	£1,121,395	-£109,416

2020/21	£1,828,544	£1,690,331	-£138,214
2021/22	£1,132,506	£1,043,134	-£89,372
2022/23	£2,173,526	£1,677,067	-£496,459
TOTALS	**£11,780,406**	**£10,817,175**	**-£963,231**

3.4. Total arrears have decreased by 8% since the start of the year. However, the revaluing of business this year has added additional charges of £1.1m.

4. Rents

4.1. Rent collection for quarter 2 ended 1.1% above last year at 98.73%

4.2. However, in the absence of a 100% collection rate rent arrears have continued to increase. Whilst the value of rent arrears has increased (£742k), the number of tenants in arrears decreased from 15.4k to 13.3k. This is due to improvements in the debt recovery process ensuring a more targeted approach, as well as communication techniques which notify tenants by text or email of arrears and advise them of the best course of action.

4.3. To ensure that arrears are reducing the percentage of collection must exceed 100%, above this indicates that arrears are reducing. It is expected that this will be achieved by the end of quarter 3.

4.4. The current Direct Debit campaign has seen an increased in payers using this method. The cost-of-living crisis has resulted in a decline in Direct Debit payers through 2022 and 2023, this is due to tenants struggling to stick to specific payment date. This decline has been abated and number are beginning to slowly increase.

4.5. The recovery process has been fully reviewed and extensive changes have been made to the Capita system to optimise the automated process and continue to evict those refusing to pay their rent.

5. Reside

5.1. Reside collection for quarter 2 is 93.75%, 2.9% behind 2022/23.

5.2. The methodology for measuring Reside collection has been amended in 23/24 and is not comparable with 2022/23. However, the target for 2023/24 is 99%. Collection is down compared to the target.

5.3. Improvements to the recovery process have been put in place and collection will improve throughout the year.

5.4. Payment by Direct Debit has now been introduced. All Reside tenants can now make payment by this method with the exception of Reside Regen as it is still awaiting a merchant code. That issue is expected to be resolved during November.

5.5. Online payment options have been introduced and will be followed by an automated telephone payment line. An exercise is being undertaken to contact all tenants by text to inform and encourage adoption of the new automated payment methods.

5.6. Arrears recovery re-commenced following work with Legal on the 24/7/23 and between this date and end of September 148 recovery letters have been issued to residents in arrears, 23 of these effectively a final warning before legal action commences. There are currently 11 cases where possession is being sought, including 2 cases where possession orders have already been obtained. Warrants have been applied for in these cases and the Court has been requested to expedite these.

5.7. A review of the staffing requirement has been undertaken to reflect the continued growth of the portfolio and requirements to increase recovery action. This resulted in agreement for two additional staff to be funded by Reside, with recruitment currently underway.

5.8. An exercise is being undertaken using credit referencing data to trace and recover arrears from former tenants, with 90 former tenants owing £330k. Where tenants are traced and payment cannot be secured, legal action will be commenced.

6. General Income

6.1. General income (sundry debt) collection is currently 61.5%. This is 18% higher than the same time last year. Although in 22/23 the introduction of E5 meant some delays in issuing invoices at the beginning of the year and so direct comparisons may not be accurate until later in the year.

6.2. The second quarter has seen a reduction in arrears as work continues to review outstanding debts and collect or write off those uncollectable.

6.3. The table below shows debts prior to 2022/23 with £27k written off this year.

DEBTS PRIOR TO 2023/24			
SUNDRY DEBT	**YEAR START**	**QUARTER 2**	**VARIATION**
Sum of Overdue 2017	£270,692	£172,057	**-£98,635**
Sum of Overdue 2018	£145,164	£108,578	**-£36,586**
Sum of Overdue 2019	£268,935	£182,566	**-£86,369**
Sum of Overdue 2020	£759,021	£326,273	**-£432,749**
Sum of Overdue 2021	£2,764,415	£1,142,292	**-£1,622,123**
Sum of Overdue 2022	£7,526,611	£1,401,986	**-£6,124,625**
TOTAL	**£11,734,838**	**£3,333,750**	**-£8,401,088**

7. Adult social care

7.1. The overall collection rate for homecare and residential debts is 44% of invoices raised as at the end of quarter 2. Homecare collection is 38.1% and residential 47.6%.

7.2. Whilst direct comparisons with last year are problematic due to the introduction of E5, the estimated collection rate at the end of quarter 2 in 22/23 was 36.71%.

7.3. Performance this year has improved by 7.3% which equates to an increase in collection of £525k. The annual collection rate in 22/23 was 41.7% and this has already been exceeded in quarter 2 this year.

7.4. The total amount charged this year for homecare and residential care is £7.2m which is an increase of £642k compared with same time last year. A total of £1.3m in care charges have been deferred with agreement of the care recipient, to be settled upon the sale of their property.

7.5. Following the reintroduction of reminders, cases are now being progressed to Legal for further action, the Authorities largest single debtor (£270k) is now being managed by the Legal Service.

7.6. E5's Direct Debit capability is being reviewed & tested so that this method of payment can be considered in Residential placements with static fees.

7.7. Housekeeping of debts continues including re-contacting residents who have formerly not engaged with the financial assessment process & debts previously placed on hold by ASC.

7.8. The table below shows all arrears for Adults and Children, this includes homecare and residential care but also includes other care charges. There have been no significant write offs, however £2.9m of bad debt has been identified and will be written off in quarter 3.

DEBTS PRIOR TO 2023/24			
ADULTS + CHILDREN	**YEAR START**	**QUARTER 2**	**VARIATION**
Sum of Overdue 2017	£1,004,837	£949,814	**-£55,023**
Sum of Overdue 2018	£597,591	£518,001	**-£79,590**
Sum of Overdue 2019	£1,663,638	£1,174,853	**-£488,785**
Sum of Overdue 2020	£2,886,821	£2,670,368	**-£216,453**
Sum of Overdue 2021	£4,055,161	£3,541,425	**-£513,736**
Sum of Overdue 2022	£10,399,788	£5,628,244	**-£4,771,544**
TOTAL	**£20,607,837**	**£14,482,705**	**-£6,125,132**

8. Collection rates

8.1. The table below shows collection rates for quarter 1:

Collection area	2023/24	2022/23	Variation
Council tax current year	54.1%	55.0%	-0.8%
Council tax arrears	£1,350,802	£1,309,515	+£41,287
Rent	98.73%	97.59%	+1.1%
Business rates	58.8%	57.5%	+1.3%
General Income	61.5%	43.9%	+17.6%
Leasehold*	48.8%	53.8%	-4.9%
Commercial rent**	42.3%	51.5%	-9.1%
Care	44.4%	N/A	
Housing Benefit Overpayments	7.8%	7.3%	+0.5%
Reside	93.75%	96.67%	-2.9%

*Finalised charges for 2022/23 applied in September 23 adding £500k debit.
**£2.9m payment received in October for Place apart. This is for commercial rent, delayed due to discussions regarding the calculations surrounding the amount being charged.

9. Arrears

9.1 The table below shows arrears at the end of quarter 2. Except for rent, Reside and former tenants, arrears all debts are defined as debts raised prior to 2023/24.

9.2 Rent, Reside and former tenant debt cannot be defined by year, and these are debts that have been outstanding for more than 1 week.

9.3 Arrears have significantly reduced since the start of 2022/23; however, it should be noted that the amounts shown below include arrears for 2023/24 and will continue to reduce throughout the year.

ARREARS				
	Year start	**Quarter 2**	**Variation £**	**Variation %**
Council tax	£26,362,521	£21,371,740	-£4,990,781	-19%
Business rates	£11,780,406	£10,817,175	-£963,231	-8%
General income	£11,734,838	£5,040,637	-£6,694,201	-57%
Adults & children	£20,607,837	£18,118,413	-£2,489,424	-12%
HB Overpayments	£19,926,437	£18,788,111	-£1,138,326	-6%
Rent	£8,591,121	£9,333,450	+£742,329	9%
Reside	£982,741	£1,821,039	+£838,298	85%
Former tenants	£2,491,923	£2,821,088	+£329,165	13%
Total	£102,477,824	£88,111,653	-£14,366,170	-14%

10. Bad Debt Provision (BDP)

10.1 The table below shows estimated year end bad debt provisions based on quarter 2 figures.

10.2 As the 2-year arrears project enters its final 6 months, this figure may reduce further depending upon the outcome.

10.3 Most notable improvements in the BDP are Sundry debt and Adult Social care (ASC), as a result of improved debt recovery processes in E5 and movement of ASC collection to the Financial Assessments team in Welfare

10.4 Council tax has also seen an improvement, and this is expected to improve throughout the year. Due to the revaluation in Business Rates this year, changes to rateable values have resulted in fluctuations in the arrears and so is currently showing an increase, however this may change in the remaining 6 months of the year.

	BAD DEBT PROVISIONS		
	BDP	**Quarter 2**	**Variation**
Council tax	£13,024,989	£12,888,105	-£136,884
Court costs	£1,868,527	£1,499,400	-£369,127
Business rates	£9,127,037	£9,444,369	£317,332
Sundry debt + ASC	£15,655,162	£14,138,117	-£1,517,046
HB Overpayments	£12,705,296	£12,426,954	-£278,342
HRA	£8,036,419	£8,679,941	£643,522
Total	**£60,417,430**	**£59,076,886**	**-£1,340,545**

11. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

11.1. Compared to the same period last year, collection rates have improved across most categories of debt. However, they have not recovered to pre-pandemic levels, this is due to the impact of the Cost-of-living crisis and transition of residents from Housing Benefit to Universal Credit. To try and alleviate some of this additional pressure, adjustments have been made to the process of debt recovery allowing residents a longer period of time to pay, given their reduced financial circumstances. Communication with debtors has also changed with the introduction of Telsolutions allowing customers direct access to accounts and payment options.

11.2. The Collection team has been working closely with the wider Community Solutions to identify residents in financial difficulty and to provide support to assist in tackling financial problems and managing debt. In addition, a new data-led approach is being taken which is more targeted.

11.3. Collecting all debts due is critical to funding the Council and maintaining cashflow. Monthly performance monitoring meetings with the Director of Support & Collections focus on where the targets are not being achieved to improve prompt collection of Council revenues.

11.4. The Council maintains a bad debt provision which is periodically reviewed. Increases to the provision are met from the Council's revenue budget and reduce the funds available for other Council expenditure. A mid-year review will be carried out and any movement in the provision will be reported in the next quarter.

11.5. The arears project will review historic debt and where these are recoverable the necessary action will be taken. Where debt is no longer recoverable, they will be written off. Vast majority of these debts are more than three years old, and a 100% provision has been allowed for these debts.

12. Legal Implications

Legal Implications completed by: Dr. Paul Feild, Principal Standard & Governance Lawyer

12.1 Monies owned to the Council in the form of debts are a form of asset that is the prospect of a payment sometime in the future. The decision not to pursue a debt carries a cost and so a decision not to pursue a debt is not taken lightly. The courts held at common law the Council holds a fiduciary duty to its residents to act as a trustee and to the government to make sure money is spent wisely and to recover debts owed to it.

12.2 The Accounts and Audit Regulations 2015 require the Councils statement of accounts to be prepared in accordance with proper accounting practice. The CIPFA Code of Practice on Local Authority Accounting, requires the council's statement of accounts to include sufficient provision for bad debts to be determined by the S.151 Local Government Act (the Chief Finance Officer).

12.3 If requests for payment are not complied with then the Council will seek to recover money owed to it by way of court action once all other options are exhausted. The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.

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

List of appendices: None

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CABINET

23 January 2024

Title: Calculation and Setting of the Council Tax Base 2024/25	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Yinka Ehinfun (Interim Chief Accountant)	**Contact Details:** E-mail: Yinka.Ehinfun@lbbd.gov.uk
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources	

Summary

The Council has a duty to set a Tax Base for Council Tax purposes by 31 January each year in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

This report seeks approval of the Authority's Council Tax Base for 2024/25.

Recommendation(s)

The Cabinet is recommended to agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham as its Council Tax Base for the year 2024/25 shall be 54,916.54 Band 'D' properties.

Reason(s)

The tax base is the number of Band D equivalent dwellings in the authority determined for tax setting purposes for the year ahead.

1. Introduction and Background

1.1 The Tax Base must be conveyed to the major precepting Authorities by 31 January prior to the start of the financial year.

1.2 The Tax Base must be calculated in accordance with regulations made by the Secretary of State under Section 33(5) of the Local Government Finance Act 1992 and The Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

1.3 The regulations set a prescribed period for the calculation of the tax, which is between the 1 December and 31 January in the financial year preceding that for which the calculation of the council tax base is made. The data used in the calculation must be that held by the Council as at 30 November of the current financial year.

1.4 The annual determination of the taxbase is, by necessity, an "estimate" for the forthcoming financial year and will differ from that experienced over the next year. Regulations require that as well as calculating the future year taxbase, a forecast surplus or deficit against the in-year Collection Fund position is calculated and reported to precepting bodies.

1.5 In calculating the tax base, regard is given to the number of properties (hereditaments) existing on the taxbase at the time of determination; anticipated future changes over the course of the remaining current financial year and throughout the future financial year; impact of discounts and exemptions (either nationally determined or locally set); premia (as relating to long-term empty hereditaments); anticipated collection rates; and prescribed proportions of property for each Council Tax Band in relation to a standard Band D charge.

2. Proposal and Issues

2.1 The valuation of properties for Council Tax purposes is carried out by the Valuation Office Agency.

2.2 For Council Tax purposes each property is placed in a band based on its open market value as at 1 April 1991. The bands are as follows:

Range of Values Band		Valuation
Values not exceeding £40,000		**A**
Values exceeding	£40,000 but not exceeding £52,000	**B**
Values exceeding	£52,000 but not exceeding £68,000	**C**
Values exceeding	£68,000 but not exceeding £88,000	**D**
Values exceeding	£88,000 but not exceeding £120,000	**E**
Values exceeding	£120,000 but not exceeding £160,000	**F**
Values exceeding	£160,000 but not exceeding £320,000	**G**
Values exceeding	£320,000	**H**

2.3 The Tax Base is calculated in terms of the equivalent number of Band 'D' properties after discounts and exemptions have been taken into account. There are statutory ratios which determine the proportion of the band D charge that will be charged for a property in each band. The ratios are as follows:

A = 6/9ths	E = 11/9ths
B = 7/9ths	F = 13/9ths
C = 8/9ths	G = 15/9ths
D = 1	H = 18/9ths

2.4 The standard Council Tax is set in relation to Band 'D' properties, this will mean that somebody living in a Band 'A' property pays 2/3rds of the standard amount whilst somebody in a Band 'H' property pays twice the standard amount.

2.5 The full Council Tax charge is based on the assumption that the property is occupied by two or more adults. However, some properties are exempt from any charge, and others qualify for a discount. In determining the Tax Base, the relevant discounts and exemptions are taken into account.

2.6 The following table shows the number of chargeable properties at 30 November after all discounts and exemptions have been applied.

2023/2024			2024/2025	
Last Year Totals	**Band 'D' Equivalents**	**Band**	**Total**	**Band 'D' Equivalent**
0.80	0.50	**A***	0.22	0.10
3,726.40	2,484.20	**A**	3,627.00	2,418.00
8,361.10	6,503.10	**B**	8,493.61	6,606.10
38,560.70	34,276.10	**C**	39,354.97	34,982.20
8,670.50	8,670.50	**D**	9,804.96	9,804.96
1,567.00	1,915.20	**E**	1,584.25	1,936.30
338.30	488.70	**F**	344.73	497.90
39.50	65.90	**G**	39.65	66.10
5.50	11.00	**H**	6.50	13.00
61,269.80	**54,415.20**		**63,255.89**	**56,324.66**

*Disabled person's reductions

2.7 When determining the tax base for the purpose of setting the Council Tax an allowance has been made for non-collection. The losses on collection allowance for 2023/24 has been assessed as 2.5%. This has increased compared to 2023-24 to cover existing data showing a reduced collection rates resulting from the impact of the cost-of-living crisis affecting many households' ability to pay their bills.

2.8 The adjustment, expressed as band D equivalents, is shown below.

Band D equivalent at 30 November 2023	56,324.66
In year losses in collection allowance of 2.5%	(1,408.12)
Council Tax Base for 2024/25	**54,916.54**

2.9 A fully detailed calculation of the tax base is contained in Appendix A. The net increase in Council Tax Base for 2024/25 is 3% which represents an increase of 1,589.7. The overall impact of the increase in Council Tax coupled with the projected increase in Council Tax rate of 4.99% will result in an increase in Council Tax income by £6.3m to £84.09m.

3. Options Appraisal

3.1 The calculation of the council tax base follows a prescribed process and, as such, there are no other options to appraise.

4. Consultation

4.1 The calculation of the council tax base follows a prescribed process and, as such, does not require consultation.

5. Financial Implications

Implications completed by: Nish Popat – Deputy S151 Officer

5.1 The Council Tax Base has increased by 1,589.7 band D equivalent properties from 2023/24 of 53,326.9. At the current Council Tax charge of £1,458.60 (LBBD share and ASC precept) with the increase in tax base only, this would represent an increase in Council tax income of £2.3m compared to the previous year. However, with the council's proposal of increasing Council tax by 4.99% as allowed under statute, the total increase with council tax base and rate increase will generate an additional £6.3m council tax income.

5.2 The increase in Council Tax of 4.99% overall is in line with the assumptions applied in the Budget Strategy report taken to Cabinet in December 2023. The Council Tax base for 2024/25 has increased by 3% which is prudent projection reflecting the probability of new residential developments coming to completion and also the projection of properties earmarked for demolition, for regeneration purposes, has now been reduced.

5.3 The Council Tax collection rate is a significant factor in determining the level of income and will affect the actual amount of Council Tax collected in 2024/25. For every 1% change in the collection rate, income would increase/decrease by £0.86M for the Council.

6. Legal Implications

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

6.1 As observed above there is a legal requirement that the Council as a billing authority must set its Council Tax base before 31 January 2024 for the following financial year starting 1 April 2024. Section 31B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, imposes a duty on the Council as a billing authority, to calculate its Council Tax by applying a formula which as set out in the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 (No.2914). The formula involves a figure for the Council Tax Base for the year, which must itself be calculated. The basis of liability for Council Tax is the valuation band to which a dwelling has been assigned. Valuation bands range from A to H, and the relative liabilities of each band are expressed in terms of proportions of Band D.

6.2 The calculation to establish the relevant basic amount of council tax by is done by dividing the council tax requirement for the financial year by the billing authorities council tax base. In brief, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year. The estimated collection rate is the percentage of council tax payable which the authority actually expects to be paid i.e. the difference between what it ought to be paid in council tax and certain fund transfers and what it is likely to be paid.

6.3 The Council is under an obligation to notify major precepting authorities of the calculation.

6.4 For this Council the setting of the Council Tax Base is a Cabinet function. This is because Section 67 Local Government Finance Act 1992 as amended by section 84 of the Local Government Act 2003, (and more recently the Localism Act 2011), enabled the Assembly to delegate the power to set the tax base to the Cabinet. This is reflected in the Constitution at Part 2, Chapter 6, Responsibility for functions at paragraph 2.1(ii).

7. Other Implications

7.1 **Risk Management -** The Council is required under the Local Government Finance Act 1992 and the Local Authorities (Calculations of Council Tax Base) (England) Regulations 2012 to calculate its Council Tax Base. The proposals are provided in accordance with management of standing risk to manage the Council's finances.

List of appendices:

- **Appendix A** – Calculation of the 2024/25 Council Tax Base

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Calculation of the 2024/25 Council Tax Base

APPENDIX A

Line	Description	Band A DISA	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Line1	Total number of dwellings on the Valuation list	0	6,094	12,191	49,002	10,485	1,793	382	46	14	80,007
Line2	Number of dwellings on valuation list exempt on 5 October 2020 (Class B & D to W exemptions)	0	389	393	693	129	32	9	0	0	1,645
Line 3	Number of demolished dwellings and dwellings outside area of authority on 5 October 2020	0	71	3	0	0	0	0	0	0	74
Line 4	Number of chargeable dwellings on 5 October 2020 (treating demolished dwellings etc as exempt) (lines 1-2-3)	0	5,634	11,795	48,309	10,356	1,761	373	46	14	78,288
Line 5	Number of chargeable dwellings in line 4 subject to disabled reduction on	0	3	17	144	84	16	1	2	6	273
Line 6	Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	3	17	144	84	16	1	2	6	0	273
Line 7	Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6 or in case of column 1, line 6)	3	5,648	11,922	48,249	10,288	1,746	374	50	8	78,288
Line 8	Number of dwellings in line 7 entitled to a single adult household 25% discount	3	3,007	5,049	11,940	1,724	229	30	2	0	21,984
Line 8	Calculation 1	1.5	2,255.25	3,786.75	8,955.00	1,293.00	171.75	22.50	1.50	0.00	16,488
Line 9	Number of dwellings in line 7 entitled to a 25% discount on due to all but one resident being disregarded for council tax purposes	0	41	180	890	164	16	1	0	0	1,292
Line 9	Calculation 2	0	30.75	135	667.5	123	12	0.75	0	0	969
Line 10	Number of dwellings in line 7 entitled to a 50% discount due to all residents being disregarded for council tax purposes	0	1	1	26	2	1	3	13	3	50
Line 10	Calculation 3	1	763	1,308	3,221	473	62	9	7	2	5,844
Line 11	Number of dwellings in line 7 classed as second homes (b/fwd from Flex Empty tab)	0	9	40	94	24	4	0	1	0	172
Line 12	Number of dwellings in line 7 classed as empty and receiving a discount onand not shown in line 12 (b/fwd from Flex Empty tab)	0	133	105	298	56	7	3	0	1	603
Line 13	Number of dwellings in line 7 classed as empty and receiving a discount and not shown in line 12 (b/fwd from Flex Empty tab)	0	0	0	0	0	0	0	0	0	0
Line 14	Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium (b/fwd from Flex Empty tab)	0	37	18	38	10	2	0	0	0	105
Line 15	Total number of dwellings in line 7 classed as empty (lines 12, 13 & 14)		170	123	336	66	9	3	0	1	708

Line 16	Number of dwellings that are classed as empty and have been for more than 6 months. NB These properties should have already been included in line 15 above.	0	110	68	160	45	7	1	0	0	391
Line 16a	The number of dwellings included in line 16 above which are empty because of the flooding that occurred between 1 December 2015 and 31 March 2016 and are only empty because of the flooding.	0	0	0	0	0	0	0	0	0	0
Line 16b	The number of dwellings included in line 16 above which are empty because of the flooding that occurred between November 2019 and February 2020 and are only empty because of the flooding.	0	0	0	0	0	0	0	0	0	0
Line 17	Number of dwellings that are classed as empty on and have been for more than 6 months and are eligible to be treated under empty homes discount class D (formerly Class A exemptions). NB These properties should have already been included in line 15 above. Do NOT include any dwellings included in line 16a above.	0	0	0	0	0	0	0	0	0	0
Line 18	Number of dwellings that are classed as empty and have been empty for more than 6 months excluding those that are subject to empty homes discount class D or empty due to flooding (Line 16 - line 16a - line 16b - line 17) (equivalent to Line 18 in previous forms).	0	110	68	160	45	7	1	0	0	391
Line 19	Number of dwellings in line 7 where there is liability to pay 100% council tax before Family Annexe discount	3	2,562	6,674	35,355	8,388	1,498	340	35	5	54,860
Line 20	Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annexe discount	0	3,086	5,248	12,894	1,900	248	34	15	3	23,428
Line 21	Reduction in taxbase as a result of the Family Annexe discount (b/fwd from Family Annexe tab)										
Line 34	Projected changes in discounts and growth					904					904.00
Line 22	Number of dwellings equivalents after applying discounts and premiums to calculate taxbase	2.25	4,927.50	10,636.25	45,072.50	10,731.00	1,686.25	364.75	43.00	6.50	73,470.00
Line 23	Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Line 24	Total number of band D equivalents (to 1 decimal place)(line 22 x line 23)	1.30	3285.00	8272.60	40064.40	10731.00	2061.00	526.90	71.70	13.00	65,026.90
Line 25	Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2022-23 (to 1 decimal place)										0
Line 26	Tax base (to 1 decimal place) (line 24 col 10 + line 25)										65,026.9

Part 2											
Line 27	**Number of dwellings equivalents after applying discounts amd premiums to calculate tax base (Line 22)**	2.3	4,927.5	10,636.3	45,072.5	10,731.0	1,686.3	364.8	43.0	6.5	73,470.0
Line 28	**Reduction in taxbase as a result of local council tax support (b/fwd from CT Support tab)**	2.0	1,300.5	2,142.6	5,717.5	926.0	102.0	20.0	3.4	0.0	10,214.1
Line 29	**Number of dwellings equivalents after applying discounts, premiums and local tax support to calculate taxbase**	0.22	3,627.00	8,493.61	39,354.97	9,804.96	1,584.25	344.73	39.65	6.50	63,255.89
Line 30	**Ratio to band D**	**5/9**	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**	
Line 31	**Total number of band D equivalents after allowance for council tax support (to 1 decimal place) (line 29 x line 30)**	0.10	2,418.00	6,606.10	34,982.20	9,804.96	1,936.30	497.90	66.10	13.00	56,324.66
Line 32	**Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2022-23 (to 1 decimal place)**										0
Line 33	**Tax base after allowance for council tax support (to 1 decimal place) (line 31 col 10 + line 32)**										56,324.66
Line 35	In year losses in collection at 2.5%										1,408.12
Line 36	Council Tax base										54,916.54

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CABINET

23 January 2024

Title: Corporate Plan 2023-2026 - Outcomes Framework Performance Report Q1 and Q2 2023/24	
Report of the Cabinet Member for Finance, Growth & Core Services and the Deputy Cabinet Member for Performance & Data Insight	
Open Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Richard Caton, Head of Strategy and Performance	E-mail: richard.caton@lbbd.gov.uk
Accountable Executive Team Director: Jo Moore, Strategic Director, Resources	

Summary

Assembly agreed the current Corporate Plan in May 2023. The purpose of this report is to provide an overview of performance and delivery of that plan.

This is the first report reflecting on the performance of the new Corporate Plan. It summarises performance in quarters one and two of the 2023/2024 financial year. Although centred on quarters one and two of 2023/24, this report draws on the latest available data at the time of composition, aiming to offer the Cabinet a current perspective on performance.

The performance framework which underpins the Corporate Plan comprises of 54 outcome measures employing a comprehensive approach that combines graphics, thematic analysis, and narrative elements. This approach aims to provide a holistic and strategic perspective on progress towards the seven priorities within the Corporate Plan, highlighting significant performance improvements and challenges during this timeframe.

Cabinet receives reports of this kind at six-monthly intervals. The next report will be delivered in June 2024 and will cover performance and delivery progress in quarters three and four of 2023/24.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the performance relating to quarters one and two of the 2023/24 financial year, as set out in Appendix 1 to the report; and

(ii) Agree any actions to address areas of concern.

Reason(s)

Regular monitoring of performance is a responsibility of Cabinet as set out in Part 2, Chapter 6 of the Council Constitution. This report demonstrates the council's commitment to good governance and rigorous performance management and shows how we strive for best value and continuous improvement.

The report provides a holistic perspective on progress towards the seven priorities within the Corporate Plan:

- 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.

1. Introduction and Background

1.1 In May 2023, Assembly approved the current Corporate Plan which aligns council priorities with the shared long-term vision established in 2017 through the Borough Manifesto. The 2017 Borough Manifesto continues to be a guiding force, shaping the Council's commitment to making the borough a place that people are proud to live, work, study, and stay The Corporate Plan serves as a crucial element of the council's "Golden Thread." It translates long-term ambitions outlined in the Borough Manifesto into clear objectives, guiding council activities through to 2026.

1.2 A comprehensive performance framework underpins the Corporate Plan. The framework is a tool to drive continuous improvement and appraise performance. The Corporate Plan's Outcomes Framework incorporates 54 outcome measures, and utilises a comprehensive approach that integrates graphics, thematic analysis, and narrative elements. This methodology aims to provide a holistic view of progress toward the Corporate Plan's priorities, spotlighting notable performance and challenges during this reporting period.

1.3 Bi-annual reporting to Cabinet ensures ongoing transparency, accountability, and a strategic focus on achieving the council's priorities. The next report in June 2024 will cover performance and delivery progress in quarters three and four of 2023/24, reinforcing the commitment to regular reporting.

2. Proposal and Issues

2.1 This report serves as the first performance overview under the new performance regime, capturing the performance status in the first two quarters of the 2023/2024 financial year, as detailed in **Appendix 1**. Focused on Q1 and Q2 of 2023/24, the report offers a contemporary snapshot to Cabinet, ensuring transparency and accountability.

2.2 Although the Corporate Plan performance framework is very comprehensive it does not cover all performance. Several other important performance frameworks exist to review performance in specific areas and across partnership agendas. For example, health and wellbeing outcomes are monitored through the Committees in Common, crime and disorder through the Community Safety Partnership, and safeguarding through the Safeguarding Boards for Adults and Children. There are also service specific performance frameworks which are used for performance management at an operational level between commissioners and operational leads, or in some cases external contractors. Importantly the Corporate Plan gives a summary of performance and delivery across priority areas and is therefore the primary performance framework the organisation uses for performance management purposes.

2.3 A rigorous performance management process underpins the performance framework and ensures good governance and accountability. Performance information is scrutinised at all levels of the organisation with clear escalation paths to ensure performance and delivery issues are responded to effectively and efficiently. Target-setting and benchmarking is used (where appropriate) to set clear expectations about levels of performance. 6 monthly exception reporting to the Executive Team is in place to investigate and intervene in areas that are behind target/expectations. Performance and delivery reports are routinely reported to Cabinet portfolio holders in support of them discharging their executive remits. These reporting processes and governance structures ensure that the council is focussed on the right things at the right time, has an overview of all areas of performance and delivery, is driving continuous improvement, and is managing risks and issues effectively.

3. Options Appraisal

3.1 Not applicable.

4. Consultation

4.1 The Cabinet collectively, and as individual portfolio holders, receive regular performance information in support of their executive remits; the purpose of this report is to bring transparency to the council's performance and highlight areas where performance needs to improve based on latest data. The report is therefore of interest to the local community for whom we must provide effective and efficient local services, and to the council's Overview and Scrutiny Committee, which has a remit to scrutinise performance, as delegated by the Assembly.

4.2 In accordance with the Officer Scheme of Delegation, the Chief Executive has responsibility for the overall management of the authority, including performance monitoring. As part of the performance management framework and the robust governance which surrounds it, this report and the performance narratives therein have been consulted on with relevant officers in the council with day-to-day operational and commissioning responsibilities to deliver the outcomes within the Corporate Plan.

5. Financial Implications

Implications completed by: Nish Popat – Deputy Section 151

5.1 The delivery of the Corporate Plan 2023-2026 is done within council budgets. The Council's Corporate Plan works alongside the Council's Medium Term Financial Strategy (MTFS) as two key elements of the council's planning process. The council's financial context is increasingly challenging because of the wider economic pressures including inflation and increases in interest rates. This has impacted on the council's ability to meet rising needs and has been impacted by rising costs. The council approved its 2023/24 Budget in February 2023 and further refreshed Budget Strategy report was presented to Cabinet in December 2023 reflecting the Budget position for 2024/25 to 2026/27.

5.2 The MTFS shows considerable pressures and a £23m budget gap for next financial year which will result in further savings needing to be found. There will be another update to Cabinet and Assembly in February 2024 where the final budget for 2024/25 will be presented along with savings and growth proposals for approval.

5.3 In any current financial year, the Corporate Plan is to be delivered through approved budgets and where new initiatives or remedial actions are proposed in response to delivery issues funding will need to be found from within existing resources or other external sources.

5.4 Regular monthly budget monitoring reports to Cabinet detail the financial risks, spending performance and budgetary position. The council faces a large number of financial risks including increasing demand for services, cost increases and inflation and reduced income in some areas following the Covid pandemic. In year forecasts suggest there could be a significant overspend – the reported position was £11.6m overspent as at period 7. However, the council does have sufficient reserves to cover these pressures in the current year but once reserves are utilised it diminishes the long-term financial resilience of the organisation.

6. Legal Implications

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

6.1 As a report on performance updating the Cabinet on performance in quarters one and two of the 2023 / 2024, there are no specific legal implications. Nevertheless there is a legal basis for monitoring performance in that the Local Government Act 1999 as amended by the Local Audit and Accountability Act 2014 together with supporting legislation, requires the council to work to achieve continuous improvement and best value. This report reflects good practice in terms of corporate governance as it articulates progress to outcomes and assists in highlighting areas where improvements are needed. A corporate plan, its objectives and in time how the delivery measures up in terms of outcomes, are therefore one of the signifiers of a well-run local authority.

6.2 Furthermore, the Accounts and Audit (England) Regulations 2015 Regulations oblige the council to produce an Annual Governance Statement for each accounting year evidencing how the council has performed. This is to be done in accordance with proper public sector accounting practices. The CIPFA / Solace Delivering Good Governance in Local Government Framework 2016 guidance sets out the required practice and that includes a clear statement of the councils purpose and intended outcomes. The Corporate Plan monitoring process thus plays a vital role in the legal duty to ensure sound governance of the council.

7. Other Implications

7.1 **Risk Management -** The council maintains a Corporate Risk Register that highlights the key strategic risks that may prevent the council from achieving its stated objectives. These risks and mitigating actions are reviewed periodically by the Executive and the Audit & Standards Committee. Risks relating to the delivery of projects and programmes within the Corporate Plan are monitored and managed through internal governance arrangements using recognised project/programme management practices and methodologies. There is proportionate reporting and escalation of issues and risks to the Executive, and to relevant Cabinet Members where appropriate. Project/programme governance and reporting is designed to identify risk at the earliest opportunity and to put in place effective risk management strategies.

7.2 **Staffing Issues -** The Corporate Plan is the keystone of the council's strategic framework. As such it guides all of what we do and sets the direction and goals for all services and staff. It is a key resource which drives strategic and business planning at all levels of the Organisation. The objectives and priorities of the Corporate Plan inform individual employee performance development conversations (PFD's), ensuring day-to-day operations are working towards the long-term vision and goals for the Borough. We call this the 'golden thread' as it brings alignment and connects strategic planning with operational delivery. Having a robust 'golden thread' is an important requirement as an accredited Investor in People (IIP) organisation.

7.3 **Corporate Policy and Equality Impact -** The Corporate Plan is the council's medium-term plan to realise the vision of the Borough Manifesto. It sits at the heart of the organisation's strategic framework. This report seeks to give Cabinet an appraisal of delivery of that plan by bringing together recent performance information (up to end of Quarter 2, 2023/24) from the outcome measures in the Corporate Plan Outcomes Framework. An Equalities Impact Assessment (EIA) was completed as part of the development of the Corporate Plan. That EIA was submitted as part of the documentation when it was agreed by Assembly in May 2023. The EIA identifies examples of priorities and objectives within the Corporate Plan which improve outcomes for residents with protected characteristics and ways in which the Council aims to tackle structural inequalities. The Corporate Plan Outcomes Framework does not directly provide performance information in relation to equalities, but other strategic resources such as the Joint Strategic Needs Assessment, Social Progress Index, and Borough Data Explorer contain important and up-to-date data sets relating to the profile and characteristics of the local population.

7.4 **Safeguarding Adults and Children –** The Corporate Plan contains priorities related to the safeguarding of Adults and Children. These include ensuring that 'Residents are safe, protected, and supported at their most vulnerable'.

The Safeguarding Adults Board receives in-depth performance reporting, including data held by safeguarding partners, each quarter. The next Safeguarding Adults Board Annual Report 2022/23 will be presented to Assembly in the first quarter of 2024 – the previous one was presented in early 2023. The report includes key performance headlines showing LBBD's safeguarding procedures and risk management are robust. A similar performance framework is in place for the Safeguarding Children Partnership which receives quarterly performance reports to its Performance and Intelligence Sub-group. The most recent Safeguarding Children Partnership Annual report was published in September 2023.

7.5 **Health Issues -** The Corporate Plan is aligned to the Joint Health and Wellbeing Strategy 2023/28 The priority 'Residents live healthier, happier, independent lives for longer' in the Corporate Plan focuses on enhancing health and well-being outcomes and addressing health inequalities. Additionally, other priorities in the Corporate Plan, such as 'Residents are safe, protected, and supported at their most vulnerable' and 'Residents prosper from good education, skills development, and secure employment,' contribute to progress in improving health and wellbeing outcomes and addressing health inequalities.

Last year's Annual Director of Public Health Report was published on 8 November 2022. It was a call for action for a more integrated and collaborative approach with partners and residents to deliver impactful population health management and finding innovative ways to close health inequality gaps. Responsibility and accountability for improving the health of the population is shared across several partners at a local and sub-regional level. Performance and progress on outcomes will therefore be monitored through the Committees in Common and through developing delivery plans for Barking and Dagenham Place partnership.

The 2023 Annual Director of Public Health report is due to be published in early 2024. The report will focus on what we can do in the short term (during the next 5 years) to improve the health of the population, to increase the number of years our residents spend in good health and able to live independently for longer. It outlines the importance of early intervention and prevention and will inform future commissioning intentions across the place partnership. Development of a 'Health in all Policies' approach will also be key to achieving this ambition going forward.

7.6 **Crime and Disorder Issues -** Crime, and community safety are key concerns for residents, and these are reflected in the 'Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods' priority of the Corporate Plan which aims to stop domestic abuse, challenge hate crime, enforce against and deter enviro-crimes, and to keep young people safe from knife crime and serious youth violence.

Strategic planning and performance monitoring of crime and community safety is managed through a multi-agency partnership, in this case the Community Safety Partnership. The Community Safety Partnership Plan 2023/2026 was agreed in December 2021, it is underpinned by the Crime and Disorder Strategic Assessment which provides a framework through which intelligence and performance data and information is monitored.

The Community Safety Partnership is currently analysing serious violence affecting the residents of Barking and Dagenham, with the aim of identifying and quantifying the extent of serious violence that takes place, looking at potential causes and drivers of violence, identifying the types of individuals most at risk of violence either as victims or perpetrators, uncovering hotspot locations and helping to improve understanding of trends.

This Serious Violence Needs Assessment is in response to the Serious Violence Duty (SVD) which was introduced by government through the Police, Crime, Sentencing and Courts Act 2022. It will commence on 31 January 2023.

7.7 **Property / Asset Issues -** The priority 'Residents live in good housing and avoid becoming homeless' within the Corporate Plan centres around the effective management of LBBD assets and the services, functions, and responsibilities offered by My Place. It places a specific emphasis on ensuring the quality and stewardship of LBBD's housing stock.

Public Background Papers Used in the Preparation of the Report:

- Corporate Plan 2023-2026
  https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=179&MId=12602&Ver=4

List of appendices:

- **Appendix 1:** 2023/2024 Quarter 1 and 2 – Outcome Framework Performance Report.

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APPENDIX 1

Barking & Dagenham

Outcomes Framework Performance Report

Reporting on the Corporate Plan 2023-2026

Q1/Q2 2023/24 Period

Cabinet – 23 January 2023

Barking & Dagenham

Purpose

- To provide a strategic overview of corporate performance and progress on delivery of the Corporate Plan 2023-26 and associated strategic priorities
- Assess if the Council is on track in critical performance areas and achieving agreed targets using a RAG approach and assess strategies and plans of actions where performance is not on target
- Facilitate discussions and enable clear visibility of priority elements at bi-annual Member Groups and facilitate discussion in other senior forums
- Support the identification of areas of further focus for Portfolio Meetings and Executive Team outside of the bi-annual meetings

Who gets what and when?

To ensure efficiency and consistency, the reporting product presented to both the Executive Team and Member Groups/Cabinet will be the same, with minor editing for public consumption. Additionally, these reports will serve as source material for Cllr Dulwich's portfolio meetings, and any matters arising from them will shape the agenda for his portfolio.

Reporting will occur every six months, and performance will be reviewed in the interim by the Executive Team and during portfolio meetings.

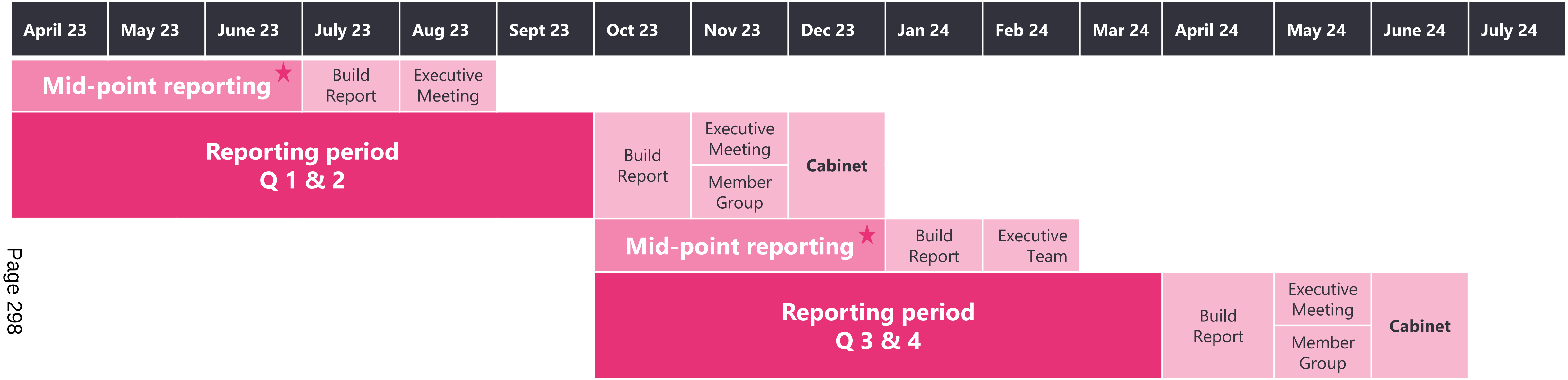
Cabinet	Two times a year, in **December** (Q1 + Q2) and **June** (Q3 + Q4).
Member Groups	Two times a year, in **November** (Q1 + Q2) and **May** (Q3 + Q4) en route to Cabinet.
Executive Team	Four times a year, early **August***, early **November** (Q1 + Q2), early **February** and early **May**, (Q3 + Q4). Exception reporting (Red RAG rated measures), deep dives, or reviewing of service plan delivery will take place between formal monitoring reports

**No report in August 2023 – Executive Team agreed for capacity to be focussed on Financial Resilience work.*

Barking & Dagenham

Reporting Cycle

with 6 monthly reports to the Executive Team, Member Group and Cabinet.



★ **Mid-point reporting (August and Feb)**

Exception reporting, deep dives, or reviewing of service plan delivery will take place between formal monitoring reports. The Executive Team are asked to review the formal bi-annual reports and decide exception reports, deep dives, and service plan reviews that may be required to come back to Executive Team in the intervening periods between formal reports which Performance and PMO will then co-ordinate.

Barking & Dagenham

Priorities

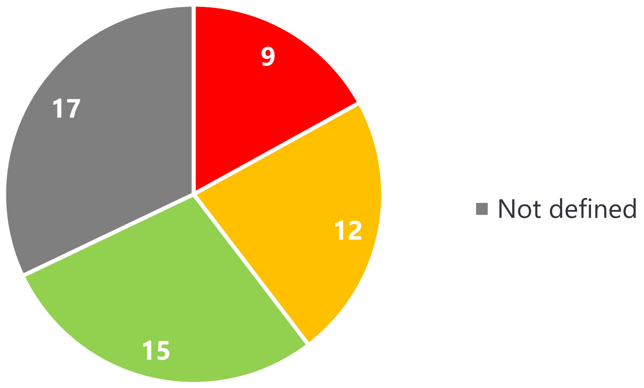
Barking & Dagenham

Summary

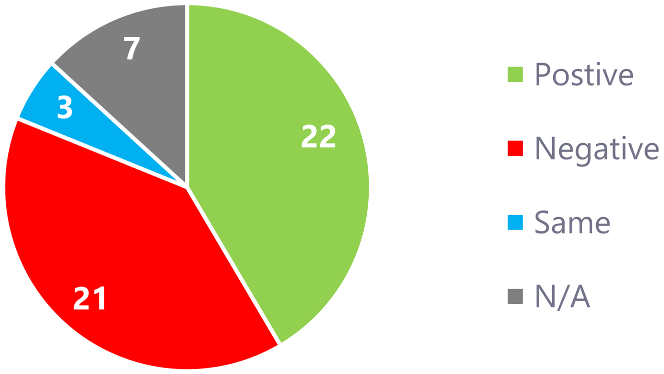
Summary

There are a total of 54 outcome measures in the Framework. One of these measures, 'Perception of Safety and Night,' cannot be reported on this time because the survey data is not yet available. Out of the 53 measures available for reporting, here is the breakdown:

RAG breakdown:



Direction of travel breakdown:



6 outcome measures are Red RAG rated and have a negative direction of travel which may be strong contenders for further focus between now and the December formal Cabinet cycle.

Barking & Dagenham

Barking & Dagenham

Outcomes Framework Dashboard and Report

- The data is represented using column graphs, with targets and comparators shown as lines for clarity.
- Most graphs begin from a baseline of 0 to accurately portray the data. However, in select cases where readability is improved without distorting the information, graphs may begin from a higher value. These instances have been clearly indicated through labelled axis to maintain transparency.
- A green arrow represents a positive direction of travel and a red arrow for the negative direction. It's crucial to note that an upward arrow may not necessarily indicate a positive outcome; its interpretation depends on whether high or low values are considered favourable.

Barking & Dagenham

Priority 1
Residents are supported during the current cost-of-living crisis

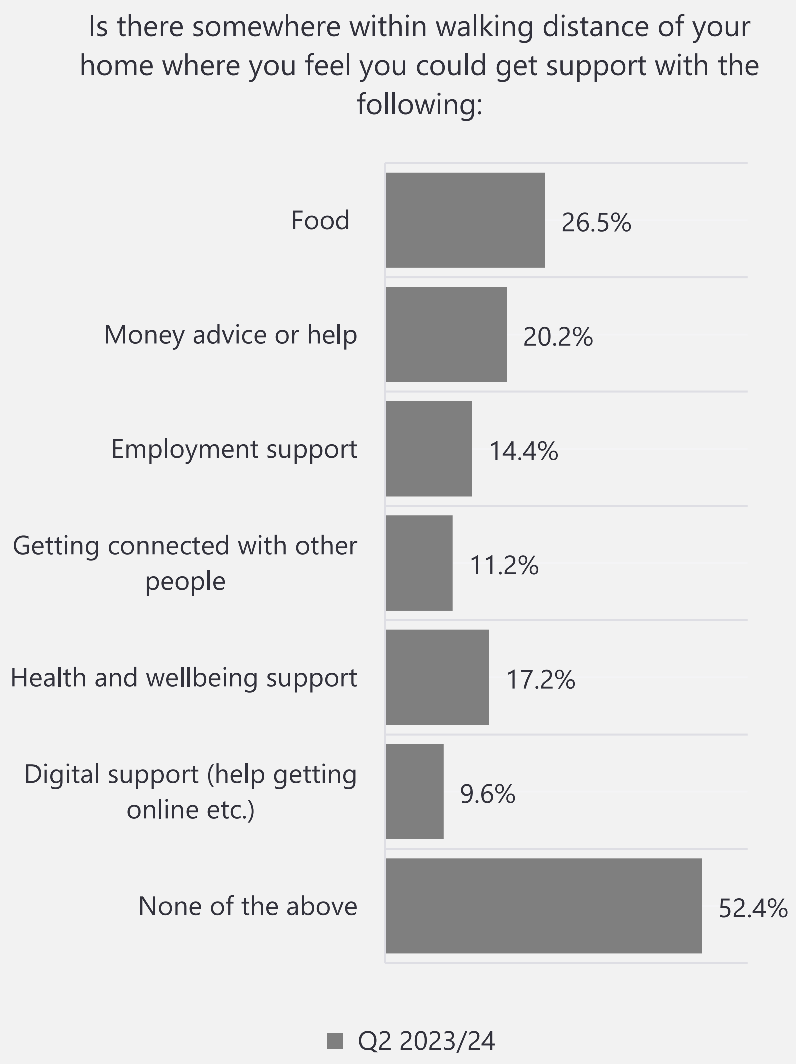
- **Percentage of residents indicate they know where and how to access help about cost of living***
  - **Proxy measures -** Percentage of residents have access to cost-of –living support in walking distance
- **Percentage of residents that feel they are more financially resilient because of the support they receive***
  - **Proxy measures -** Residents' reported level of concern about cost-of –living
- **Situation of food poverty locally***
  - **Proxy measures -** Residents' reported food security
- **Percentage of households in fuel poverty**
- **HAM HUB income maximisation**
- **Percentage of rent collected**
- **Percentage of council tax collected**

** Temporary placeholders are being used as a proxy measure while the cost-of-living survey is being reviewed.*

Priority 1: Residents are supported during the current cost-of-living crisis

Percentage of residents indicate they know where and how to access help about cost-of-living

Source: Cost of living survey via One Borough Voice



This first quarter of survey results, which launched at the beginning of July, (978 responses) provides a baseline from which to analyse the knowledge residents have of support available in their community.

In line with the ambitions of Barking and Dagenham to bring support into communities, the focus of this question has been on whether residents know of support within walking distance of their home, across multiple areas of support. This survey is being iteratively developed, so that an indication of other ways of accessing support (e.g. online) can be analysed.

47.6% of residents knew of some form of support – which means the majority do not. While there are other factors that may contribute to this – including varying perceptions of what walking distance is – this still provides a strong indication of how information is communicated about support available. The area that residents had the most knowledge of was Food Support – with 26.5% saying there was some form of support available within walking distance of their home.

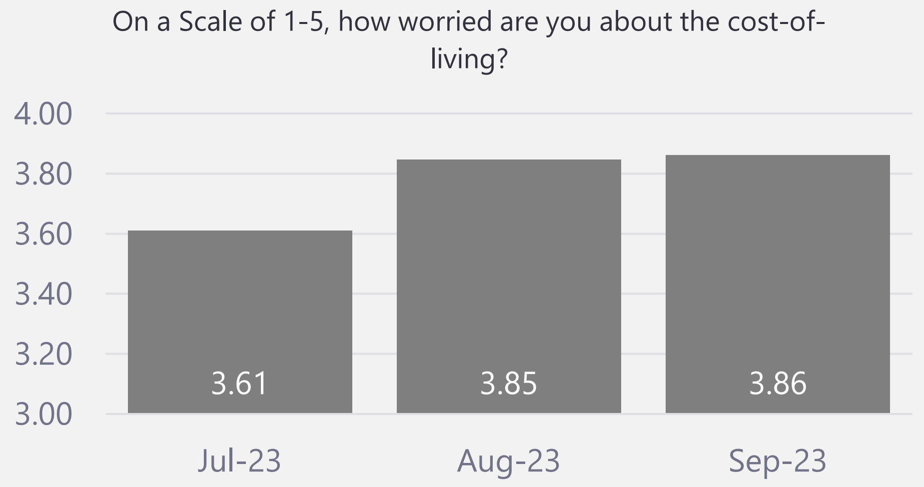
This data is also able to be cut down to ward level – going forward, changes in direction of travel can be analysed to see where in the borough is driving that change.

This winter is a critical period for residents – ongoing economic pressures such as inflation and high energy costs mean that it is essential that support is available throughout the borough, and this support is communicated effectively. Several campaigns and events are being planned to address this.

Priority 1: Residents are supported during the current cost-of-living crisis

Residents' reported level of concern about cost-of-living

Source: Cost of living survey via One Borough Voice



Residents reported significant levels of anxiety around the cost-of-living. The most common response given on a scale of 1-5 was 5 – "My Living Costs have increased, and I am unable to cope". The average score has increased month on month between July and September.

A wide array of support and interventions have been put into place. This includes working with locality lead organisations to provide community support, employment outreach to those furthest from work, improvements to food provision in the borough, and expansion of affordable credit in the borough. However, the reality is that the significant gap between wage/welfare increases and inflation (in particular food and non-alcoholic drink inflation and rental costs) is putting immense pressure on residents. The relative high level of deprivation in Barking and Dagenham increases vulnerability to these issues. Further engagement and support over the winter period will aim to lessen the worst effects of the rising cost-of-living. In light of the challenges around heating in the winter, avoiding a large increase in this metric is the most optimistic aim at this moment in time.

Residents' reported food security

Source: Cost of living survey via One Borough Voice

Results from the first quarter of survey responses show that food insecurity is a critical issue in Barking and Dagenham. This survey asks these questions over a period of the last 3 months – there is a national Food Foundation survey that asks the same questions over the last month. The survey is being updated going forward to ask whether residents have experienced these issues over the last month, to allow for direct comparisons to the national survey.

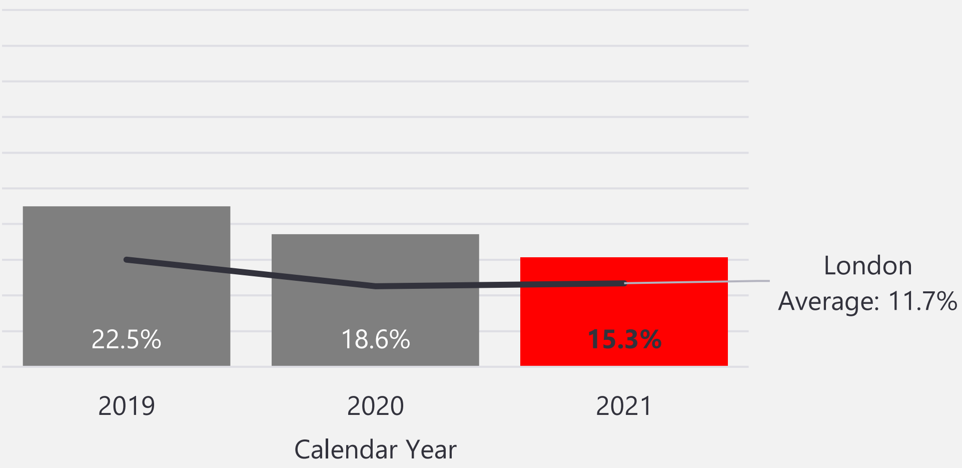
Over a fifth of residents have reported not eating for a whole day at least once in the last 3 months and over half of residents have skipped meals or had smaller meals because of the cost of food.

These results are stark, but there is a wide range of ongoing food support available (including Food Banks, Community Food Clubs, Hot Food Delivery and the Grow Cook Eat Programme) to attempt to ease pressure on residents. Further work is underway to grow and broaden the reach of these programmes.

Priority 1: Residents are supported during the current cost-of-living crisis

Percentage of households in fuel poverty

Source: LG Inform



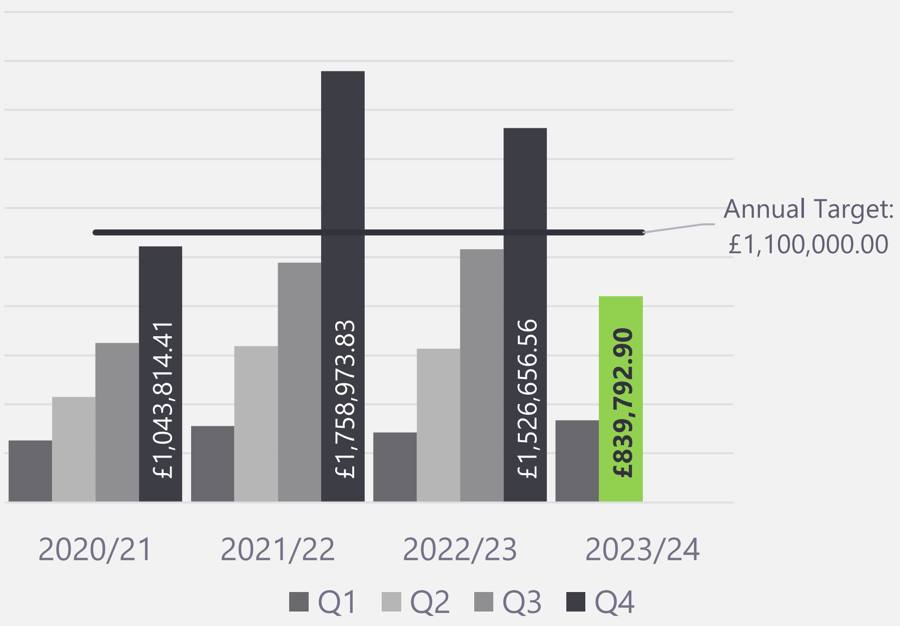
The Council has little influence over fuel poverty figures because these are estimated by the Government based on assumed income criteria and average annual fuel bills.

The current statistics show a time lag and due to the Cost-of-Living crisis, 2022 figures are expected to be much higher.

The Council does, however, use its existing programmes to support families suffering from fuel hardship with its retrofit Cosy Homes scheme delivering 1,500 installs over the last two years and the Homes and Money Hub and partners supporting people through Income Maximisation; signing up to Warm Homes Discount; accessing Energy Support Scheme funding and negotiating fuel debt into payment plans.

Income Maximisation (Home and Money (HAM) HUB)

Source: Homes and Money Hub



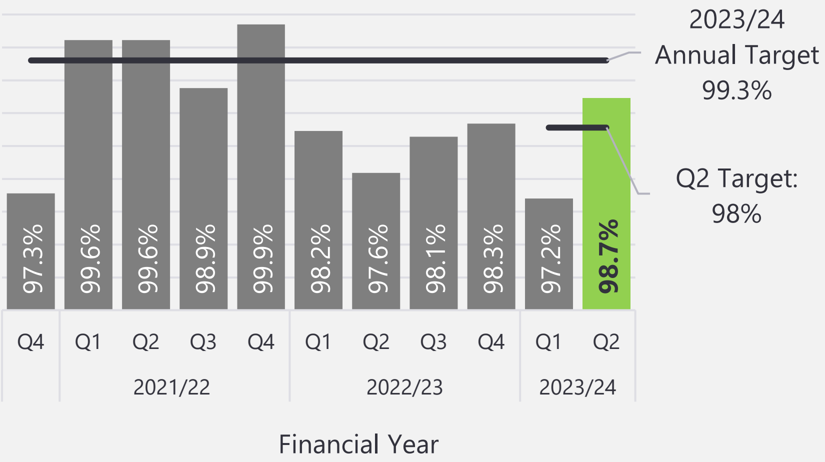
The Homes and Money Hub has increased the financial resilience of households in the borough by generating £840k in income maximisation through claim of unclaimed benefits across key benefit cohorts (includes monthly benefit / salary increase, awards and backdates) in Q1 and Q2 2023/24, above the amount generated in the same period last year (£627k) and the monthly average amount (£92k) required to hit the annual target of £1.1 million (currently averaging £140k). On track to achieve £1.6 million by year end.

Income maximisation has increased in 2023/24 Q2 (£506k) compared to Q1 (£334k). This is linked to an increase in demand into the team from the middle of July 2023, with many cases benefiting from discretionary funding which has contributed to positive impacts on Council Tax and Rent collection rates. The HAM Hub caseload remains high, so this is expected to continue through Q3 against the backdrop of Cost-of-Living increases.

Separate exercises were undertaken by the Welfare Team for Pension Credit take up (delivering additional income of £298,180 across 2022/23 and 2023/24) and to support customer impacted by the Benefit Cap (delivering additional benefit of £129,657 per year based on no change of circumstance).

Percentage of rent collected

Source: Capita



At the end of September 2023, the Rent collection rate stands at 98.73%, above the same point last year (September 2022 – 97.59%) but below the same point two years ago (September 2021 – 99.61%). The year-end target for collection is 99.34%.

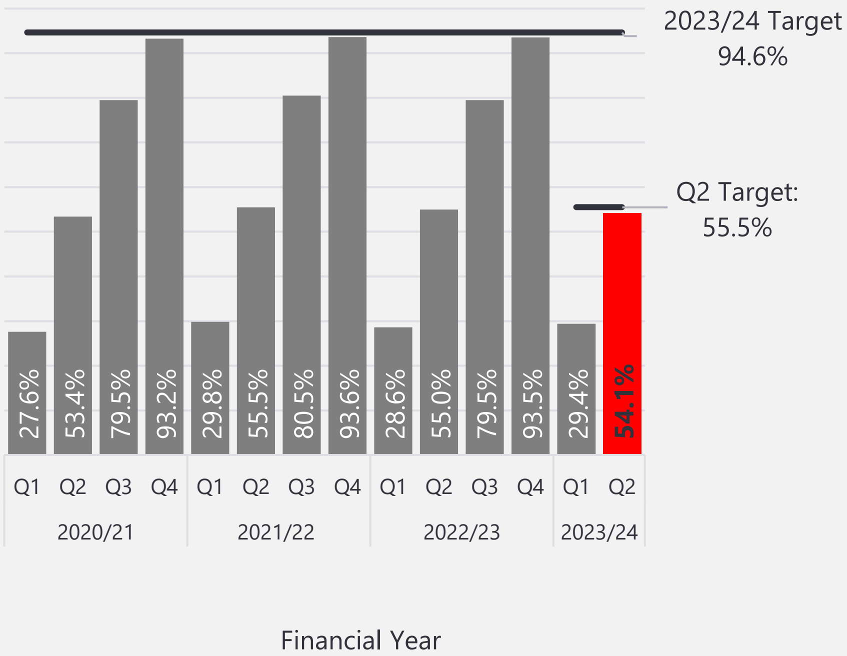
The continued migration of tenants from legacy Housing Benefits to Universal Credit makes percentage comparisons problematic. The cost-of-living crisis coupled with the arrears created by the pandemic continues to make collection challenging this year.

To improve performance the service is using a greatly enhanced text and email process (Telsolutions) which allows customers to link directly to online services. A Direct Debit campaign is starting shortly to encourage this payment method, coupled with a competition to win a cash prize.

Performance management processes have been fully reviewed and are being improved to ensure enhanced arrears management.

Percentage of council tax collected

Source: Capita



At the end of September 2023, the Council Tax collection rate stands at 54.11%, below the same point over the last two years (September 2021 – 55.45%, September 2022 – 54.95%) and the end of September 2023 profiled target (55.5%). Performance had been on target over the last two months (July and August 2023). Prior to the impact of Covid, collection rates ranged from 95.5% - 95.8% (2016/17 – 2019/20).

In September 2022, the Government's Energy Rebate Scheme was completed, distributing over 60,000 payments (£150) to council taxpayers. 11,500 payments were credited directly to council tax accounts, resulting in a spike in September 2022 payments. In addition, during September 2023, discounts and exemption reviews were completed, increasing the amount to be collected. The combined effect of these two events has reduced the percentage of collection compared to last year and the end of month target. However, these amounts will be collected by year end.

During the first half of 2023/24, 8,369 Council Taxpayers have become subject to recovery action due to non-payment, with an average household debt of £1,080. When compared to the same period last year, this represents a 16% increase in the number of households and a 6% increase in average household debt (this needs to be viewed in the context of a 5% increase in Council Tax). This shows more households are falling behind on Council Tax payment in the current financial climate.

Barking & Dagenham

Priority 2

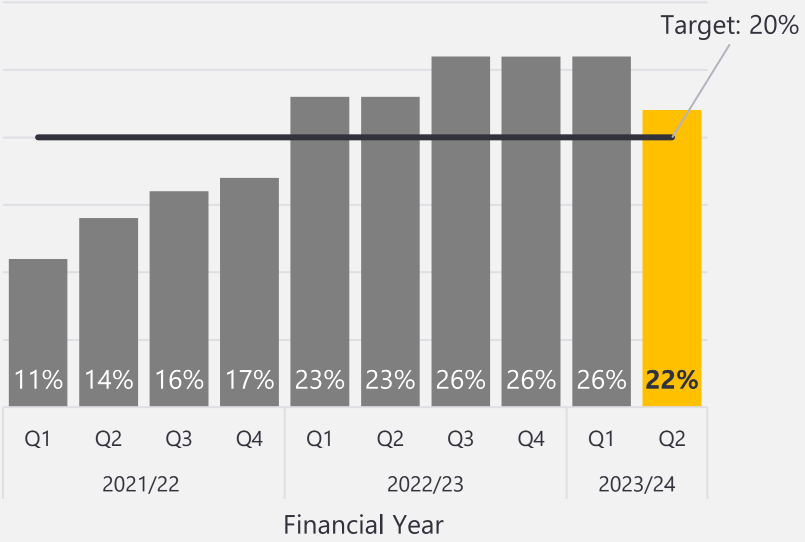
Residents are safe, protected, and supported at their most vulnerable

- Referrals to children's social care within 12 months of earlier referral (%)
- The percentage of children becoming the subject of a Child Protection Plan for a second or subsequent time in the year to date
- Percentage of children living in foster care
- The proportion of children in care experiencing long term placement stability
- Percentage of care leavers (aged 17-24) who are in Employment, Education and Training (EET)
- Juvenile first time entrants to the criminal justice system
- Overall satisfaction of people who use services with their care and support
- Proportion of concluded Section 42 safeguarding enquiries where action was taken, and risk was reduced or removed
- Reduced admissions into care homes (people aged 65+, per 100,000 people)

Priority 2: Residents are safe, protected, and supported at their most vulnerable

Referrals to children's social care within 12 months of earlier referral (%)

Source: Liquid Logic

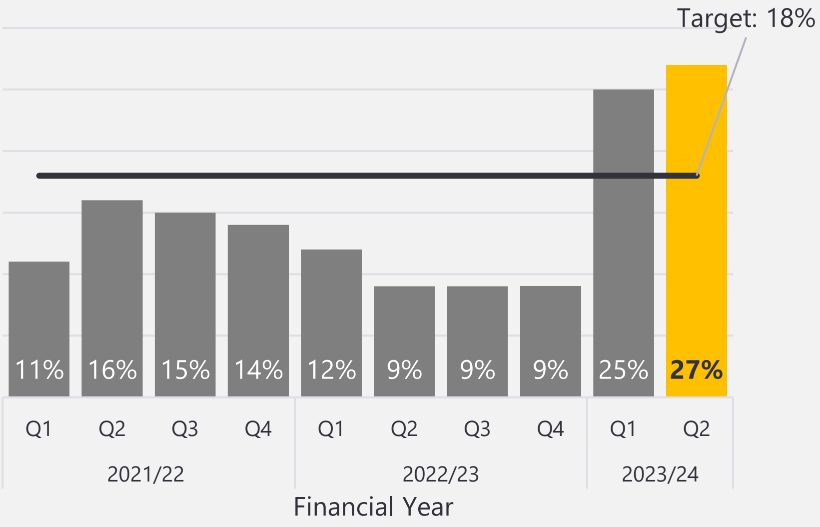


The percentage of re-referrals is on a downward trajectory declining to 22% at end of Q2 2023/24, 4% lower than Q1 and end of year 2022/23. Performance is RAG rated Amber against the local target of 20%. Performance is now in line with the national average but slightly higher than statistical neighbours average 20% and the London average of 18%.

The deep dive analysis report has been presented to the Multi Agency Safeguarding Hub (MASH) Partnership Board and Children's Improvement Board. Continued dip sampling and auditing in re-referrals is resulting in a reduction with scrutiny on decision making and threshold application. It is important to note that the OFSTED ILACS inspection reported positively about the MASH overall and the timely transfer of most children's contacts and referrals to services, ensuring most children get the right help at the right time.

The percentage of children becoming the subject of a Child Protection Plan for a second or subsequent time in the year to date

Source: Liquid Logic



Performance has increased over the last two quarters from 9% at year-end 2022/23 to 27% in Q2. This equates to 39 children who have gone onto a Child Protection Plan so far in 2023/24, who had previously been on a plan (compared to 41 children for all of 2022/23).

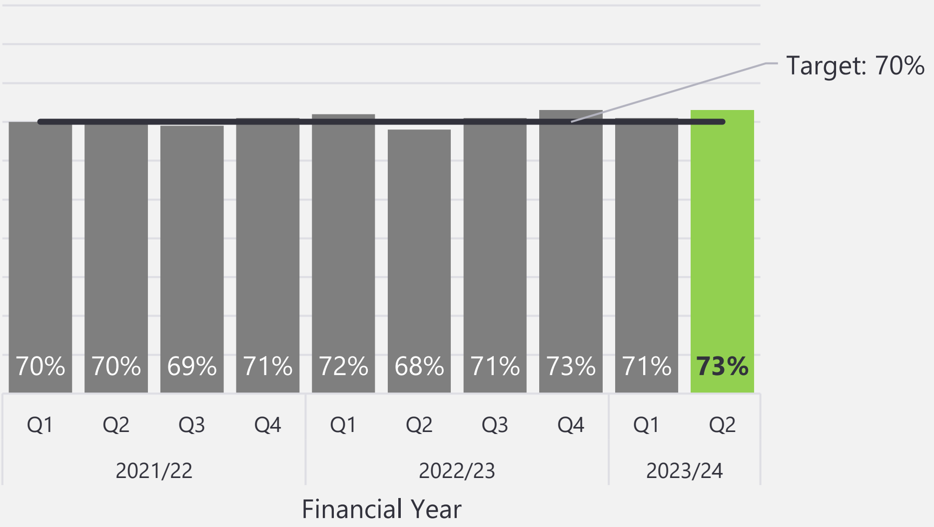
Performance has been impacted this year by some large sibling groups – including three sibling groups of 4 and three sibling groups of 3. Performance is above target of 18% and all comparators - national average 23%, similar areas average 21% and the London average of 18%.

Neglect and Domestic Abuse feature in the rise of children on repeat plans and the need for increased management oversight of complex neglect and domestic abuse social work. This is a key improvement area, and the neglect improvement work will be supporting practitioners in this area with a focus on increased Head of Service oversight. Embedding the learning from auditing and dip sampling for children due to come off a plan and had already had a previous plan, as well as oversight of those coming onto a plan for subsequent time is a top priority.

Priority 2: Residents are safe, protected, and supported at their most vulnerable

Percentage of children living in foster care (including kinship)

Source: Liquid Logic



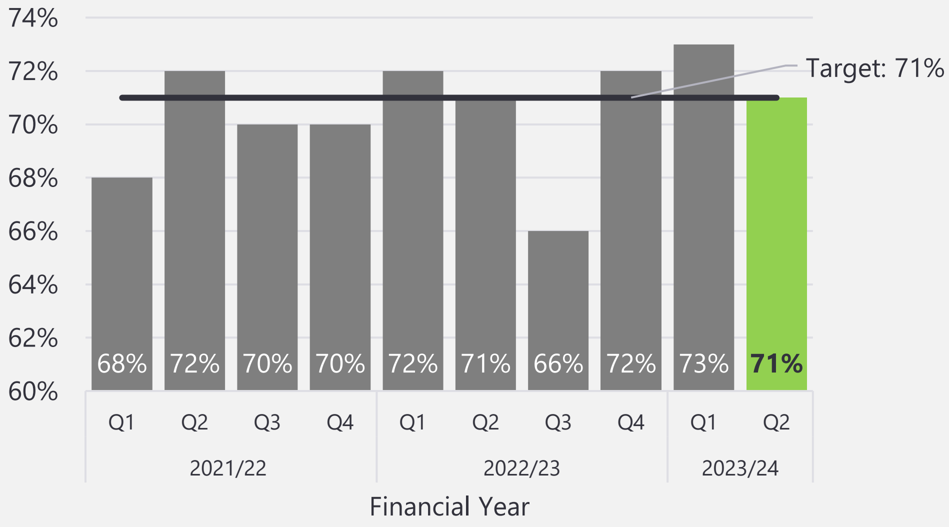
Most children in care are placed in foster care (including kinship care), 73% at Q2 2023/24 - up 2% from Q1 and comparable with the year end 2022/23 position. This is both above target and benchmarks (National 70%, London 69%, statistical neighbours 70%).

This represents a positive picture with the majority of children living in family settings and a lower number of children placed in residential homes which holds a much higher cost.

This can be attributed to the consistency of service delivery from the Corporate Parenting Service.

The proportion of children in care experiencing long term placement stability

Source: Liquid Logic



Long-term placement stability in Barking and Dagenham is very good with more than 7 out of 10 children that have been in care for 2.5 years as a minimum remaining in the same placement for the last 2 years. Performance has decreased slightly from 73% to 71% in Q2 but remains in line with the local target (71%).

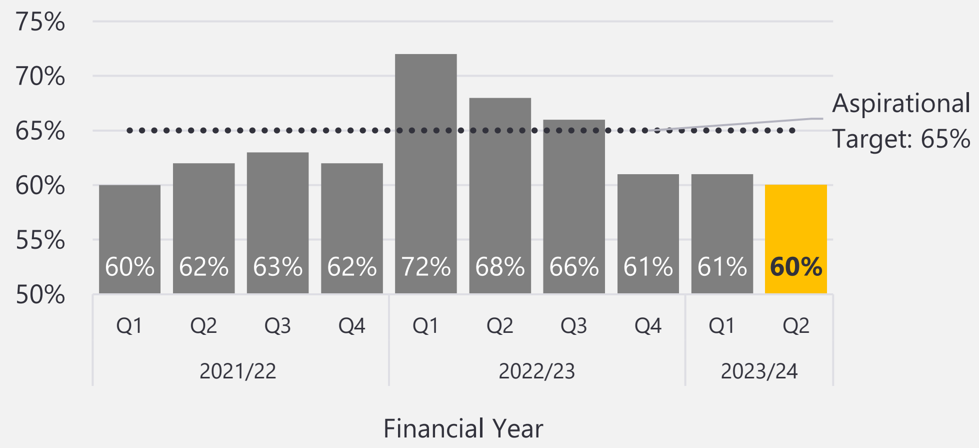
Performance is in line with comparators – with the national and similar areas average being 71% and the London average being 70%.

A strong and well-regarded in-house fostering service exists that uses the Mockingbird programme to help keep children in their placements. Ofsted (July 2023) also reported that the Council's Specialist Intervention Service is also positively impacting on placement stability enabling children to remain with consistent carers and have stability.

Priority 2: Residents are safe, protected, and supported at their most vulnerable

Percentage of care leavers (aged 17-24) who are in Employment, Education and Training (EET)

Source: Liquid Logic



Overall, Barking and Dagenham is performing well with care leavers in EET and performance is above average when compared to London (59%), national (55%) and statistical neighbours average of 55%.

Current performance as of the end of Q2 is 60% - slightly below the end of year and Q1 performance of 61%. RAG rated Amber against the aspirational target of 65% for this year. However, overall, this represents a good news story and can be attributed to the continued success of the Corporate Parenting and Permanence service and partnership working led by the Corporate Parenting Board.

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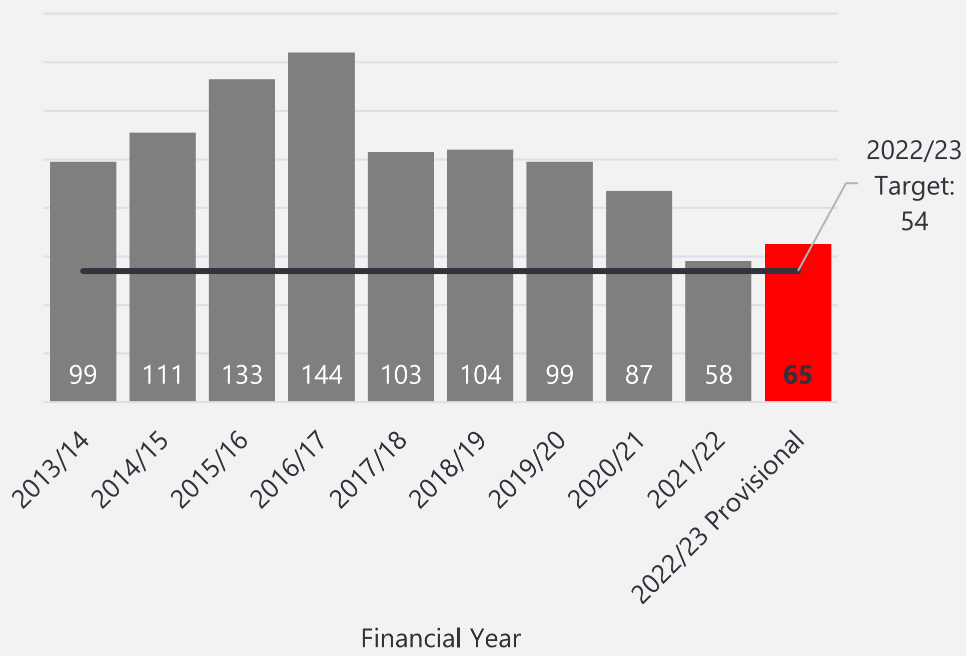
Juvenile first-time entrants to the criminal justice system

Source: Youth Justice Board



First Time Entrants (FTE) data has historically been gathered from Police National Computer data released by the Ministry of Justice (MoJ). As MoJ are no longer publishing this data quarterly, it is now being compiled by the Youth Justice Board based on quarterly case level submissions from the Youth Justice Service (YJS). This change in methodology may in some part account for the increase in volume of reported FTE.

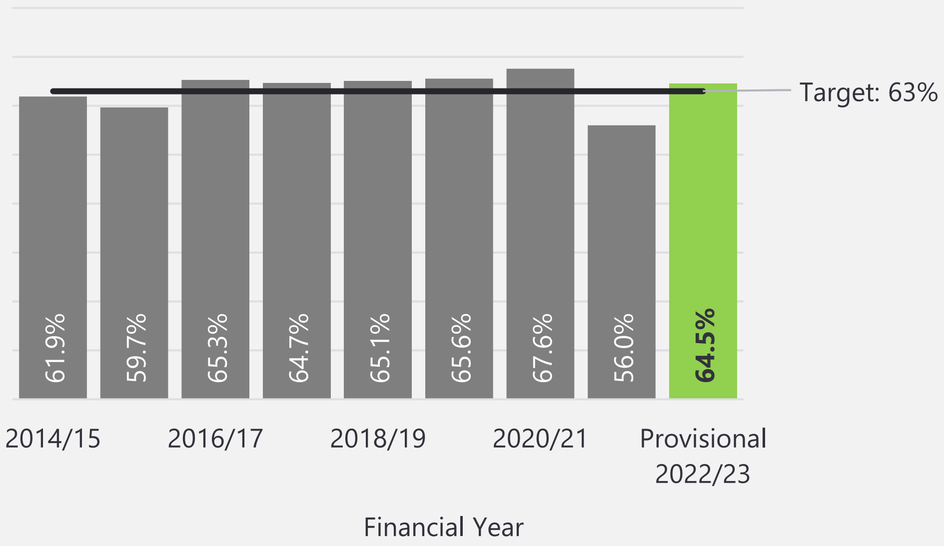
Despite the 12% increase in FTE compared to the 2021/22 outturn, the long-term decline in FTE is encouraging. The YJS continues its partnership work with the Youth At Risk Matrix Service and is delivering national early intervention schemes such as the MoJ led Turnaround programme to help reduce FTE in Barking and Dagenham.

Comparator data is not currently available for this reporting period. However, data for the period July 2022-June 2023 indicates that the FTE rate per 100,000 children aged 10-17 for Barking and Dagenham is comparable to its YJS family group (based on DFE's statistical neighbour model). It remains above the London and national rates.

Priority 2: Residents are safe, protected, and supported at their most vulnerable

Overall satisfaction of people who use services with their care and support

Source: Adult Social Care Outcomes Framework, NHS England



Overall satisfaction with social care services increased to 64.5% – a 6.5% increase from 2021/22. Current performance is above the target of 63%.

Performance has fluctuated in recent years, from a high of 67.6% in 2020/21 to the lowest rate, 56% in 2021/22.

Barking and Dagenham's current performance is above available benchmarks for 2021/22 - an average of 58% for London and the borough's statistical neighbours and 64% nationally.

2022/23 data is provisional and final data will not be made available until December 2023.

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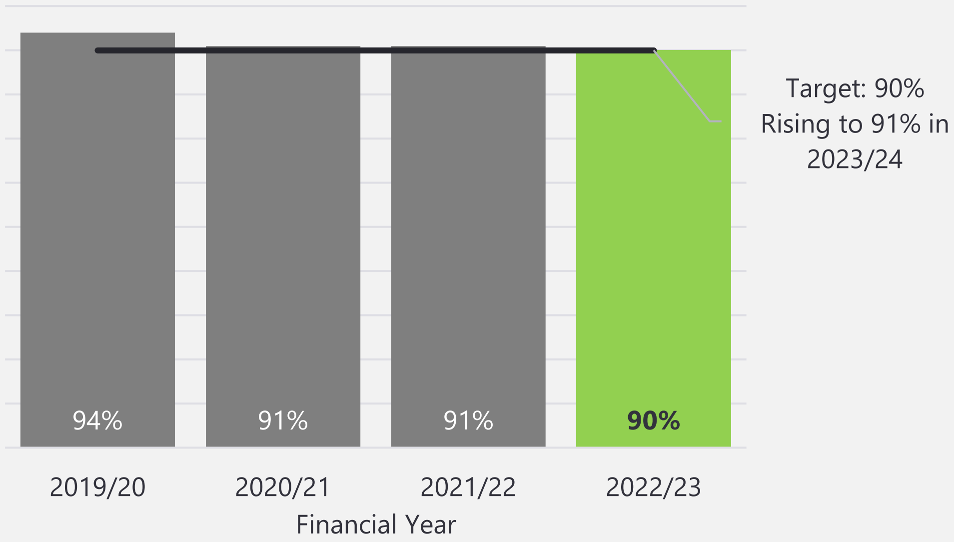
Proportion of concluded Section 42 safeguarding enquiries where risk was reduced or removed

Source: Adult Social Care Outcomes Framework, NHS England



Most Section 42 enquiries are concluded with risk removed or reduced. In year monitoring of this indicator for Q2 2023/24 indicates that in 92% of enquiries, risk was reduced or removed. This is 1% above the current target of 91%.

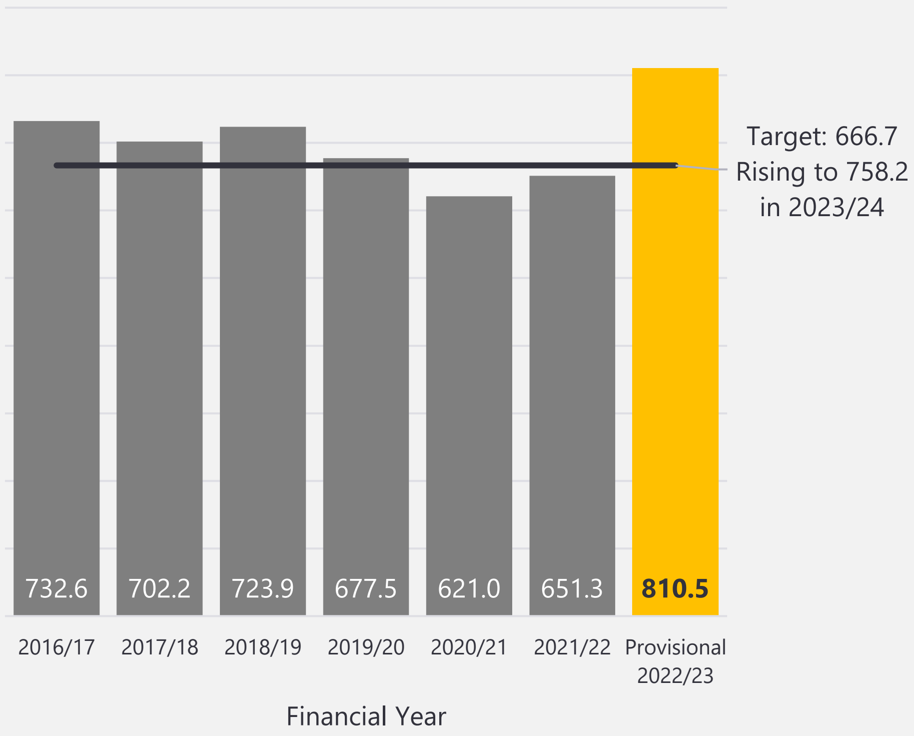
The borough's latest performance is higher than benchmarks, based on the latest available published data. In 2022/23, the average for London was 89% and for the borough's peer group, 86%.

In Barking and Dagenham, risk remained in 8% of enquiries during 2023/24. During the safeguarding process, risk assessment mitigates or removes potential risks. However, in some cases risk may not be removed due to the self-determination of individuals with capacity.

Priority 2: Residents are safe, protected, and supported at their most vulnerable

Reduced admissions into care homes (people aged 65+, per 100,000 people)

Source: Adult Social Care Outcomes Framework, NHS England



The rate of admissions to care homes increased substantially from 651.3 to 810.5 per 100,000 people in 2022/23 – this was equivalent to 155 admissions and was is a real term increase of 24%. This was likely due to the longer-term impact of Covid resulting in more people with long-term health conditions presenting with greater complexity and chronicity, which often could not be supported in the home.

In year monitoring data for 2023/24 indicates that the rate of admissions has fallen, and the position has improved significantly. During Q1 and Q2, there was a total of 298.1 admissions per 100,000 people, against a profiled target of 442.3.

Despite the improved picture there are early indications that winter pressures, which are likely to deepen, could affect the rate adversely and narrow the gap with the target into later quarters of the year.

Measures are being put in place to ensure that all placements from hospital are scrutinised and progressed only after approval from senior management. The local authority and health partners continue to work in partnership to ensure older people move to the right setting upon hospital discharge.

The figure for 2022/23 is provisional as final data is due to be released in December 2023.

Priority 3

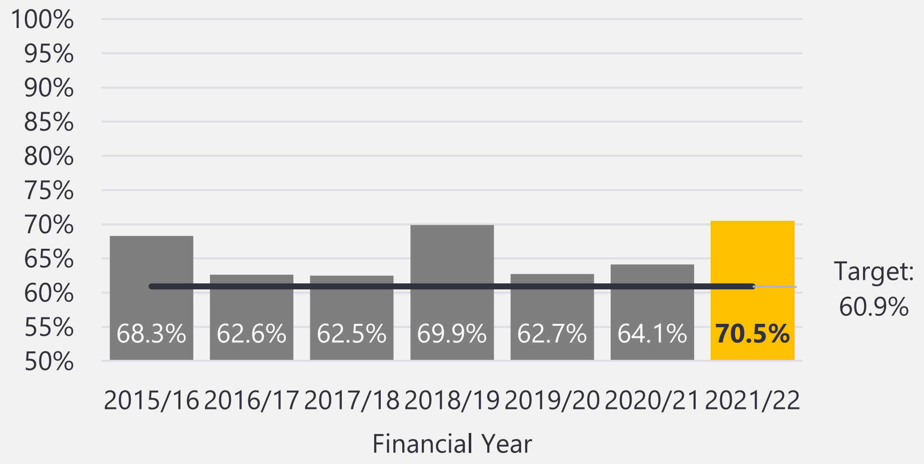
Residents live healthier, happier, independent lives for longer

- School readiness - percentage of children achieving a good level of development at the end of Reception
- Year 6 - Prevalence of overweight (including obesity)
- Percentage of adults (aged 18+) classified as overweight or obese
- Percentage of residents with a positive social prescribing outcome

Priority 3: Residents live healthier, happier, independent lives for longer

Percentage of adults (aged 18+) classified as overweight or obese

Source: Public Health Outcomes Framework



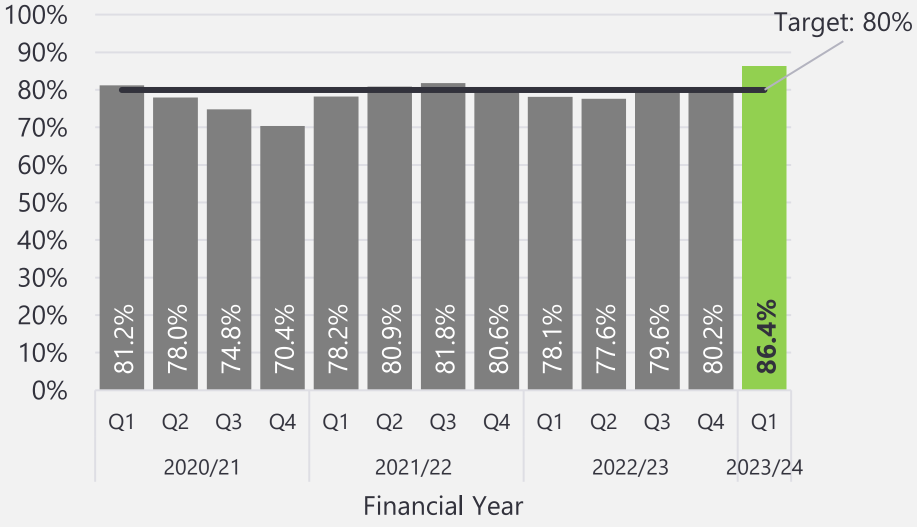
Data is inconclusive on the trajectory of adult excess weight (overweight or obese) but increasing levels at Year 6 age suggests excess weight is increasing in Barking and Dagenham. In 2021/2022 Barking and Dagenham had the highest percentage of overweight/obesity in London. It is part of a bigger issue and increasing at a higher rate than nationally and across London.

Excess weight is primarily a consequence of unhealthy diet and / or lack of physical activity over an extended period of time driven by associated behaviours and their determinants (e.g. environment, deprivation, commercial determinants, etc.); therefore, long term action is required to see change. Work is underway across a range of areas:

- Weight management services – e.g. Community (Tier 2) services
- Action on healthier diet – e.g. Healthy Schools work
- Increasing physical activity – e.g. supporting schools to provide in curricular and extra-curricular physical activity

Percentage of residents with a positive social prescribing outcome

Source: Joy/Community Solutions PMF



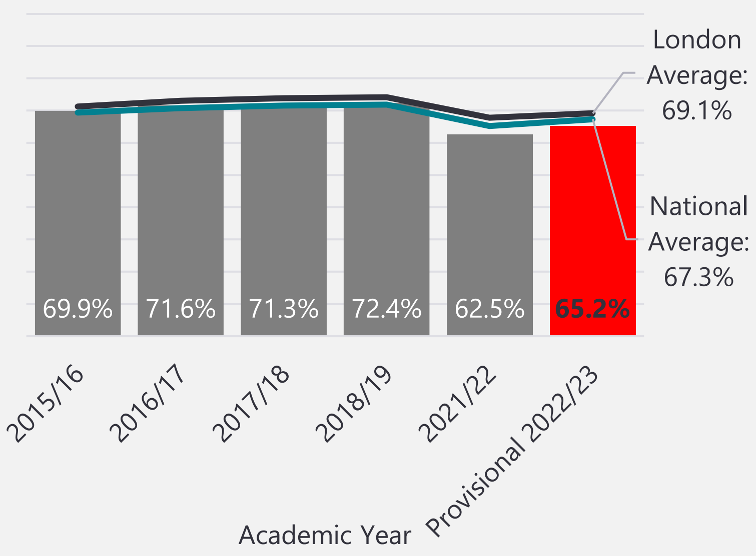
In Q1 2023/24, 397 patients were discharged from the Social Prescribing service, with 86% of these achieving a positive outcome. Performance for positive outcomes is reported a quarter in arrears due to the delay in the recording and reporting of positive outcomes (often 3-4 months). The number of Social Prescribing Plus Referrals received in Q1/Q2 2023/24 is 1,236, an 18% increase compared to last year.

The social prescribing offer is currently working with 33 GPs across the borough. Primary Care Networks (PCN) fund social prescribing from Additional Roles and Responsibilities funding (ARRS). A case is being made with both PCNs and Primary Care Leads to consider funding additional social prescribing link workers to meet the Impact and Investment fund targets of 1.2%-1.6% of patient population to ensure the link workers have time with patients and are using a strengths-based approach and goal setting. The implementation of the new Joy system has improved reporting back on patient outcomes directly into the clinical system.

The Council worked with over 30 VCSE organisations to build on community capacity through a participatory budgeting process to draw down funding from the Community Chest which has been funded out of the health inequalities fund. This process will start again in November with more VCSE organisations involved.

Priority 3: Residents live healthier, happier, independent lives for longer

School readiness - percentage of children achieving a good level of development at the end of Reception



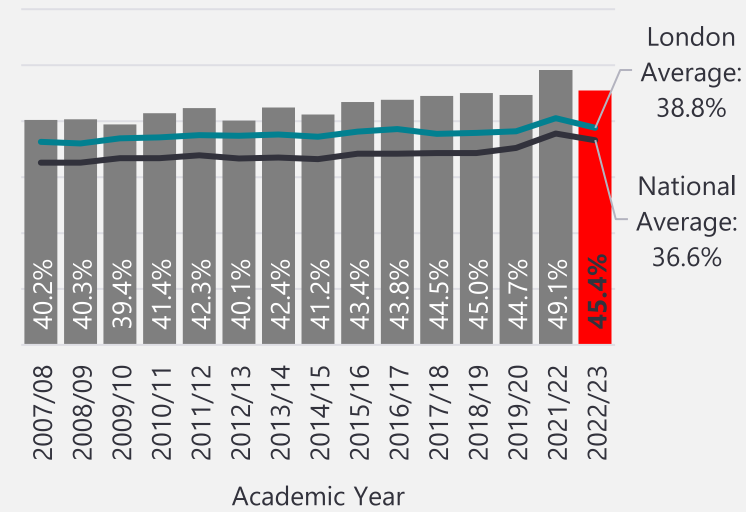
Source: Department for Education

The long-term aspiration for this measure is to work towards meeting and then exceeding national and then London averages. Although the borough's performance has improved to 65.2% in 2022, it still falls below these benchmarks, posing a significant challenge.

This is a baseline taken during the Reception year when children start school. Some children have low starting points when they begin at Reception or nursery. Some children who begin Reception have not attended a nursery before for different reasons. Some children are new to the country. Levels of deprivation also impact families and their children in the borough. Alongside this, national research shows that the pandemic has affected the youngest children most significantly as well as disadvantaged pupils disproportionately. Locally, the impact of these factors on school readiness can be seen in these results, including on areas such as speech, language, and communication.

Promoting early education uptake for 2, 3, and 4-year-olds. Increased participation to pre-pandemic levels, aided by Family and Community Hubs. Schools and settings are prioritising developing communication and personal, social and emotional development to support children to be better prepared for Key Stage 1. BDSIP is providing support in the Early Years. There is also a wide variation between outcomes at the end of Reception across schools, with some schools performing well above London and England averages. Further analysis needs to be done on why this is so, so that learning can be shared. At school, many children go on to progress well at Key stages 1, 2 and beyond.

Year 6 - Prevalence of overweight (including obesity)



Source: Office for Health Improvement and Disparities

Excess weight (overweight or obese) at Year 6 (age: 10-11 years) is the second highest in London and third highest in England in 2022/23. Figures for 2022/23 show a slight reduction in overweight prevalence after being the highest in the country in 2021/22. Overall analysis of trend between 2017/18 and this year suggests that there has been no significant change in year 6 overweight prevalence rates.

Excess weight is primarily a consequence of unhealthy diet and/or lack of physical activity over an extended period driven by associated behaviours and their determinants (e.g. environment, deprivation, commercial determinants, etc.); therefore, long term action is required to see change. Work is underway across a range of areas:

- Weight management services – e.g. Community (Tier 2) services
- Infant feeding – strategy in development; breast feeding peer support service mobilising; additional introduction to solids workshops in development
- Action on healthier diet – e.g. B&D Food Advisory Board, development of Food Action Plan and associated actions
- Increasing physical activity – e.g. workshop for community sports organisation on securing grants in December, discussions with London Sport about securing further resources

Note: The pandemic hindered The National Child Measurement Programme school visits, leading to inadequate measurements. As a result, the 2020/21 data was not published.

Priority 4

Residents prosper from good education, skills development, and secure employment

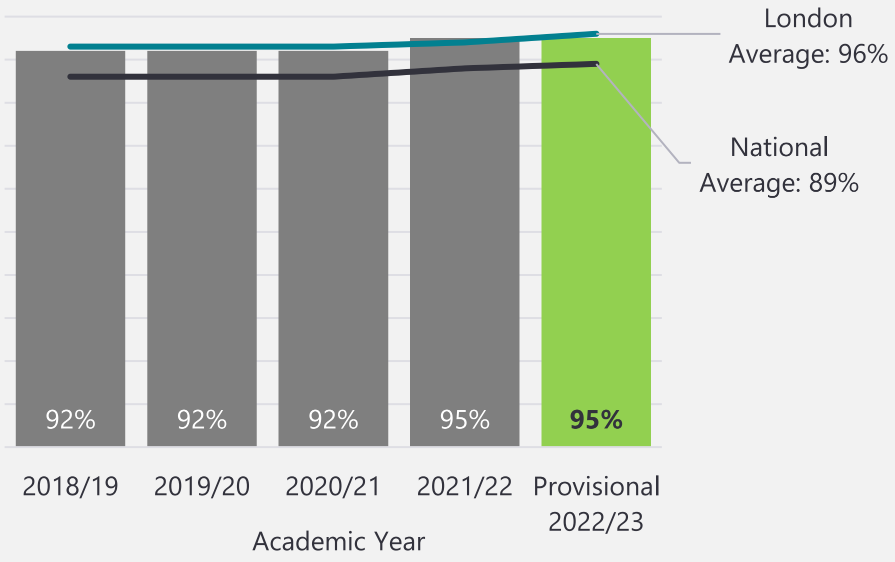
- Percentage of schools rated as Good or Outstanding - All Schools
- Percentage of pupils meeting the expected standard at KS2 in reading, writing and maths
- Average Attainment 8 score
- A-Levels: % B or above
- Progression rates to Higher Education
- The number of last year's Year 11's in our schools who are in an apprenticeship
- Proportion of 16 and 17 year olds who were not in education, employment or training (NEET), or their activity was not known
- Employment Rate

Priority 4: Residents prosper from good education, skills development, and secure employment

Percentage of schools rated as Good or Outstanding - All Schools

→

Source: Department for Education



The long-term aspiration is for 100% of schools to be judged 'Good' or better by Ofsted. The borough is above the London average and well above the national average.

On 31 August 2023, the proportion of schools rated 'Good' or 'Outstanding' by Ofsted stood at 95% (56/59 schools). This increased to 96.6% (57/59 schools) in September 2023, following publication of Ofsted's inspection report for one school which was inspected in July 2023. This performance is just above the latest published London benchmark (96% at August 2023), and well above the national benchmark (89% at August 2023).

Very positively, during the 2022/23 academic year, inspection feedback from Ofsted for 4 schools with ungraded inspections indicated that these schools could be rated 'Outstanding' if they had a full Section 5 inspection.

As of September 2023, 2 settings are not currently 'Good' or better. These are not Barking and Dagenham maintained schools. Pathways School is awaiting its first inspection and currently has no grade.

Percentage of pupils meeting the expected standard at KS2 in reading, writing and maths

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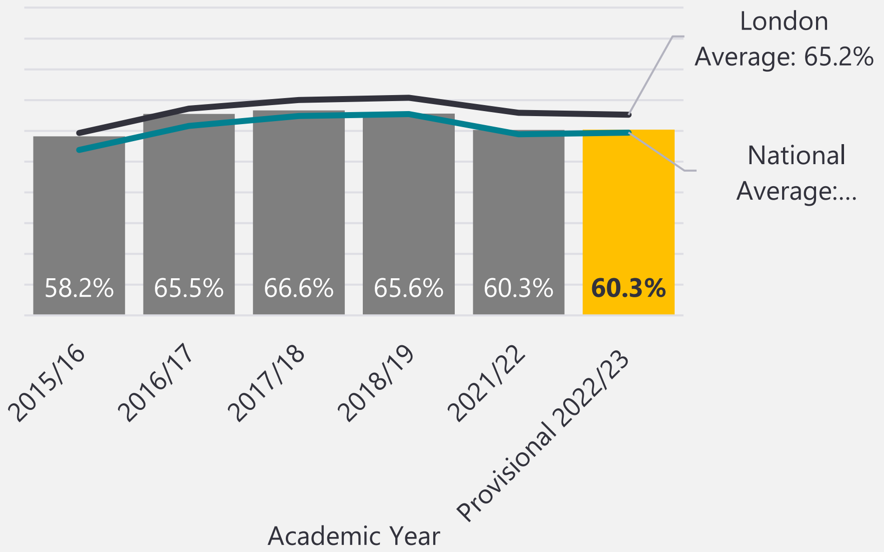
Source: Department for Education



The long-term aspiration is working to meet and then exceed the London average.

The combined Expected Standard in Reading, Writing, and Maths remained the same as in 2022 - 60.3% - and is broadly in line with the national average, but below London (65.2%) in 2023. The borough remains below its 2019 result (65.6%), reflecting the national picture.

Maths and Grammar, Punctuation and Spelling (GPS) remain above national average and continue to be areas of strength at both Expected and Higher Standards.

The range - at 40% - in results across schools for this measure is much broader than expected. Barking and Dagenham Council are working with BDSIP to explore this and to commission support for schools where results were low.

Last year was the first year of tests since the pandemic. Tests during lockdown were based on teacher assessments.

Priority 4: Residents prosper from good education, skills development, and secure employment

Average Attainment 8 Score

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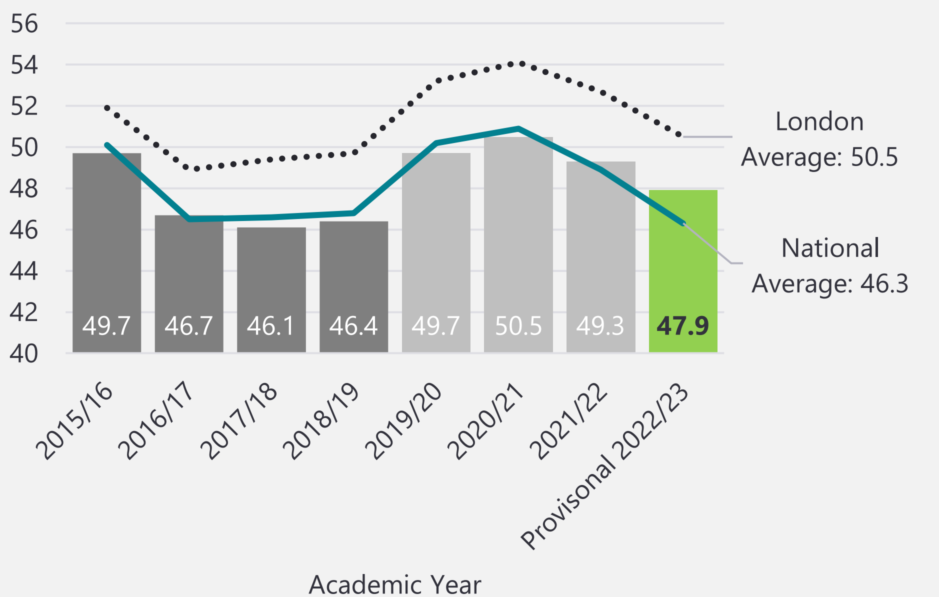
Source: Department for Education



The long-term aspiration is working towards meeting and then exceeding the London average.

Although below the borough's 2022 results, the borough has still bucked the national trend at GCSE, with the improvements made against 2019 with increases in all published headline indicators at Key Stage 4. This is a real achievement given the disruption to this year group's education and wellbeing during the pandemic. The government's plan this year was to bring down grade inflation caused by the 2020 and 2021 policy of teacher assessed grades during the pandemic. This year all students in England sat examinations with few allowances even though most were still suffering from the disruption of the pandemic. Students were supported in the 2022 examinations with pre-released material and guidance on examined curriculum areas. The pre-pandemic 2019 results therefore provide the best comparison as test conditions were very similar.

Barking and Dagenham's Attainment 8 score for 2023 is 48.8, a 2.4 point rise in 2019 and only 0.5 point below 2022. It is 2.1 points above the national average for 2019.

BDSIP is continuing to provide support around GCSE Maths and English through Council-commissioned support and traded services.

A-Levels: Percentage B or Above

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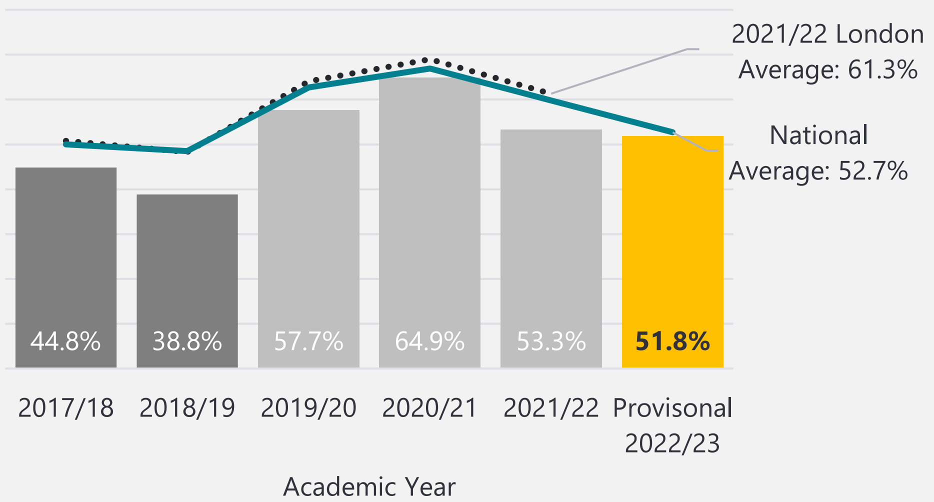
Source: Department for Education



The long-term aspiration is working towards meeting and then exceeding the national and then London average.

This year's A-Level results are the best ever, excluding the pandemic years for Barking and Dagenham, representing significant progress.

This was a particularly hard year for A-Level candidates as these were the first formal examinations since their Key Stage 2 tests at the age of 11.

For A*- B grades, there has been an impressive improvement of 13%, with the borough just 0.9% behind national. This is particularly important as this enables more young people to access the most competitive Higher Education (HE) course and apprenticeships. For A*- A, Barking and Dagenham improved by 5.7% on 2019, with the gap to national closing from 11.1% in 2022 to 6.1% this year. As with the GCSE results, the best comparator are the results of 2019 as there were few concessions made to exams despite this cohort having their whole Key Stage 4 experience disrupted by the pandemic.

The Council, BDSIP and some secondary school Headteachers are working in partnership through a renewed 'Post 16 Working Group', with the aim of further raising the percentages of pupils reaching top grades.

Priority 4: Residents prosper from good education, skills development, and secure employment

Progression rates to Higher Education

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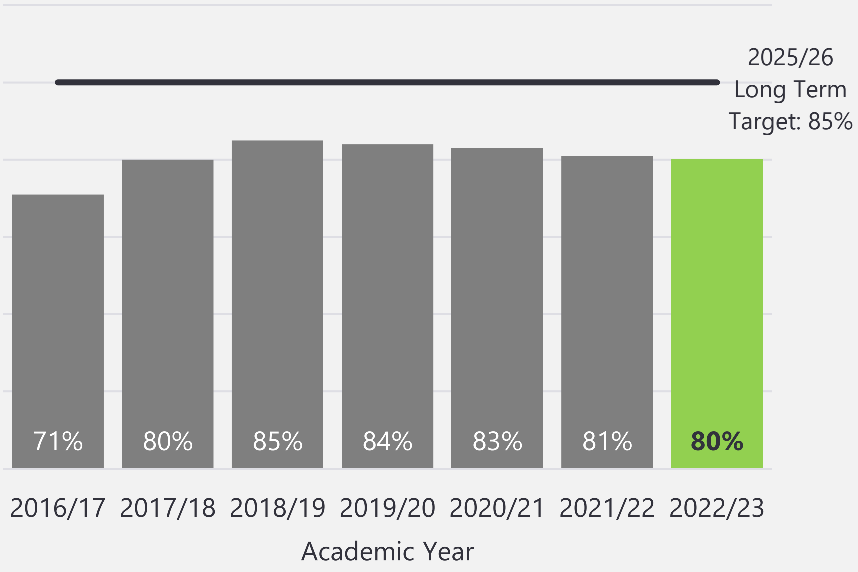
Source: Department for Education Local Data gathered from schools' UCAS applicant status reports



The longer-term target is 85% or more.

Local data from 2022/23 shows that a record number of young people progressed to Higher Education (1,190 young people vs. 1,105 in 2021/22). As a proportion of the Year 13 cohort however this is 1% below last year (80%). This is partially offset by a rise in the number of young people taking up degree apprenticeships (from 23 to 30), which is recorded separately. The overall averages for 16-18 destination measures have been above London and National averages on equivalent measures since 2019. For e.g., the nearest comparable data is the 16-18 destination measure published annually 2 years in arrears. On this measure, Barking and Dagenham is above London and National averages: [16-18 destination measures, Academic year 2020/21 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)].

The ending of predicted grades and the cost of higher education may be factors in the recent slight decline, as well as the impact of financial hardship. Nationally, numbers of pupils on Free School Meals moving on to Higher Education is increasing at a slower rate than numbers moving on to Higher Education who are not on Free School Meals. This may also be contributing to the local picture.

The number of last year's Year 11's in our schools who are in an apprenticeship

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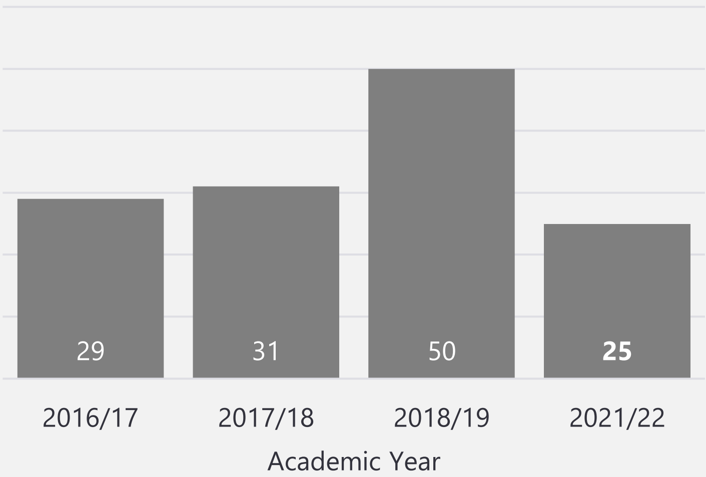
Source: 15billionebp.org Activity Survey



There has been a decline in performance since last year, which mirrors the decline in national and London figures. The number of young people progressing to apprenticeships has been falling for a number of years, especially in London.

Nationally, it is thought that complicated application procedures and negative perceptions of some young people and parents towards apprenticeships, along with English and Maths Level 2 requirements, has had negative impact on apprenticeship take up.

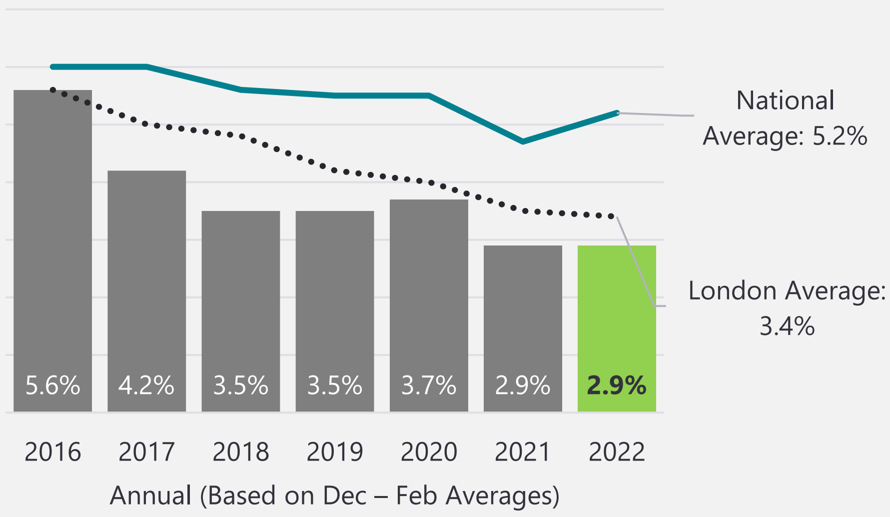
In support, the Council is delivering an apprenticeship scheme and supporting schools to promote apprenticeships as alternative pathways to employment. Apprenticeships form part of the Council's and BDSIP's careers advice offer, with BDSIP offering apprenticeship pathway events for young people.

The target for this measure is a year-on-year increase. There is no RAG threshold agreed at present.

Priority 4: Residents prosper from good education, skills development, and secure employment

Proportion of 16 and 17 year olds who were not in education, employment or training (NEET), or their activity was not known

Source: 15billionebp.org (DfE return)



Performance has remained static in the borough, compared to last year, but is improving against the national performance, which has fallen back. The borough remains in the top performance quintile nationally, better than London (3.4%) and national (5.2%)

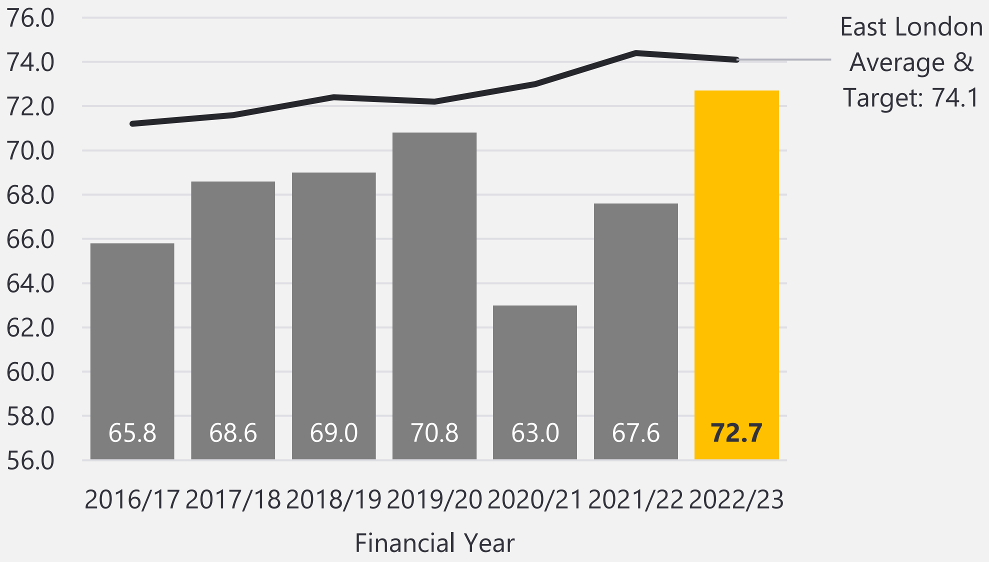
With a rising cohort, the target is to maintain this current position.

With the Council's "Unknown" performance being amongst the best in London, numbers for this group are close to zero.

In relation to the Council's NEET cohort, which has increased (mirroring the national picture), post-pandemic impacts such as the impact on mental health have resulted in fewer NEET young people making themselves available to move into Education, Employment and Training. The continued strengthening of the Provider Forum Network and work with schools through the Year 11 Transition Group will drive the challenge in continuing to reduce NEETs in the context of a growing and more complex cohort.

Employment Rates

Source: Office for National Statistics



Long term target is for employment to rise faster than the East London average. The employment rate fell dramatically during Covid but has recovered to above pre-Covid levels. The gap with the East London average in 2022/23 was similar to 2019 levels.

Unemployment and economic inactivity rates had also recovered post-Covid, but the latest data suggests they are starting to rise again, in line with national trends. Unemployment rose from 4.8% to 5.5% and inactivity went from 23.8 to 24.4% between Jun 22-Jul 23 compared to Apr 22-Mar 23.

The Council's job brokerage service is currently exceeding its targets for registrations (686 as of September 2023) and job outcomes (492 to date against an annual target of 1,000). Work to improve engagement includes improvements in the service's digital reach and specialist support for harder to reach groups, including people with learning disabilities and those with high levels of debt. Barking and Dagenham Council are also piloting new support for employers to meet the demand for more flexible working patterns and Supported Employment.

Barking & Dagenham

Priority 5

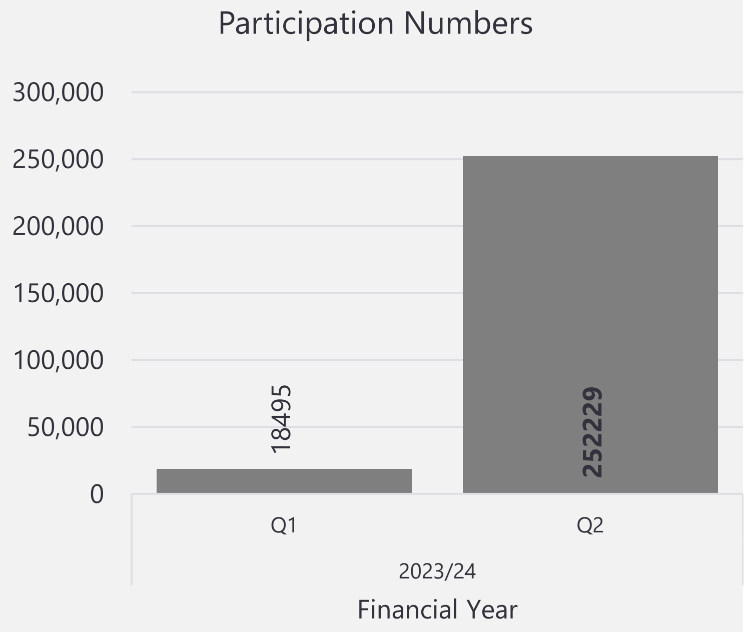
Residents benefit from inclusive growth and regeneration

- Creating vibrant communities and places (Increase in participation numbers)
- Number of new homes completed
- Total amount spent on new/improved infrastructure (SCIL and Section 106)
- Total annual jobs growth
- Increase in gross median annual pay (full time workers)

** Once the Annual Resident Survey is developed, these aspects will be assessed and evaluated.*

Priority 5: Residents benefit from inclusive growth and regeneration

Creating vibrant communities and places



In Q1, there were a total of 303 engagement opportunities with 18,495 participants, while in Q2, there were 273 engagement opportunities with 252,229 participants.

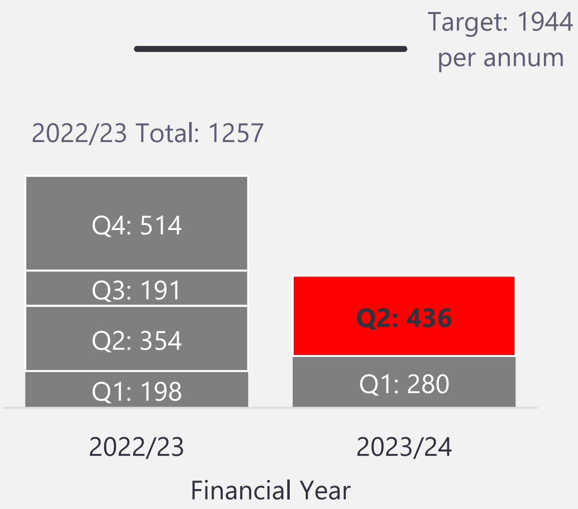
This data captures participation and engagement opportunities made available through the Culture and Heritage Service to visitors and local residents.

The open days are based on numbers from two key heritage sites, Eastbury Manor House and Valence House Museum, Archives and Local Study Centre. The events and activities captured include large scale community events including Eid at Eastbury and the One Borough Festival, as well as programming initiatives led through New Town Culture, Becontree Broadcasting Station, Pen to Print, Non Linear and other commissioned activities run through the Culture team.

Priority 5: Residents benefit from inclusive growth and regeneration

Number of new homes completed

Source: Be First



The number of new homes completed in the Borough is a key indicator of growth and the 1,944 figure, which aligns with the emerging Local Plan, sets an ambitious but achievable target. In Q1 and Q2 of this year, 716 new homes have been completed.

Challenging macro-economic factors affecting the development sector continue into 2023/24 but Barking and Dagenham Council remains a key player in the local market committing significant investment and driving quality via its delivery arm, Be First. 215 new mixed tenure homes have been delivered by Be First and handed over to Reside in this period. At 30% of the total number of new homes delivered, this demonstrates a clear commitment to increasing the quality and supply of affordable new homes in the borough. This trajectory is set to continue with a further 176 new homes delivered by Be First expected to complete in the second half of the financial year.

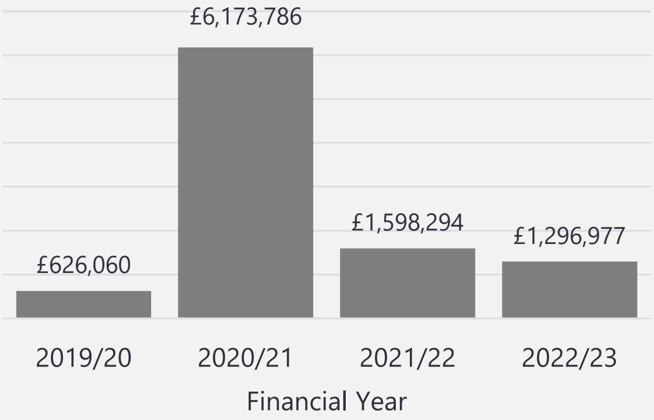
The private sector also continues to see the borough as a great place to invest and has delivered 501 new homes in the first two quarters of the year.

Be First continues to perform to a high level in fulfilling their Local Planning authority function and continue to determine all major applications within statutory timeframes. This is essential in effectively supporting ongoing private sector delivery.

Total amount spent on new/improved infrastructure

(SCIL and Section 106)

Source: LBBD Finance



The Council is actively seeking to maximise the amount of Community Infrastructure Levy (CIL) and Section 106 that can be collected from developments to ensure that the maximum possible funding is achieved to support new infrastructure in the borough.

In October, Cabinet updated the procedure and governance to allocate and spend developer contributions more swiftly, so council services can plan infrastructure provision strategically, and have more certainty on funding for projects.

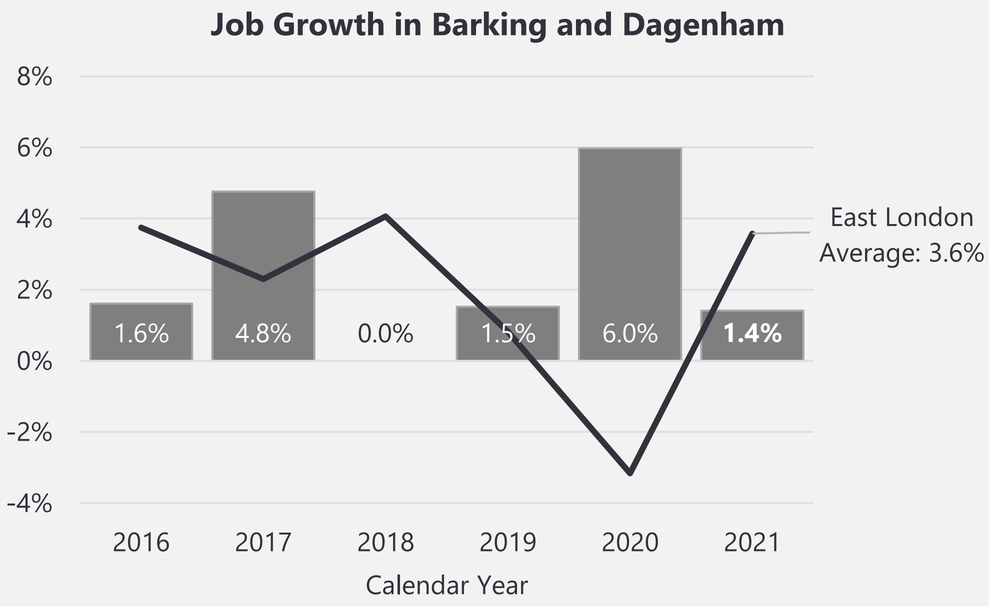
Funding from developers from Section 106 and CIL can only be collected when developments start on site, so income is very much linked to growth in the borough. If building slows down, then new funding will also slow down. It is therefore even more critical than ever that the Council target spend to the right projects for the benefit of residents.

Data for the 2023/2024 financial year will be available in April 2024.

Priority 5: Residents benefit from inclusive growth and regeneration

Total annual jobs growth

Source: Office for National Statistics



Target: % increase in total jobs larger than the East London average by 2037.

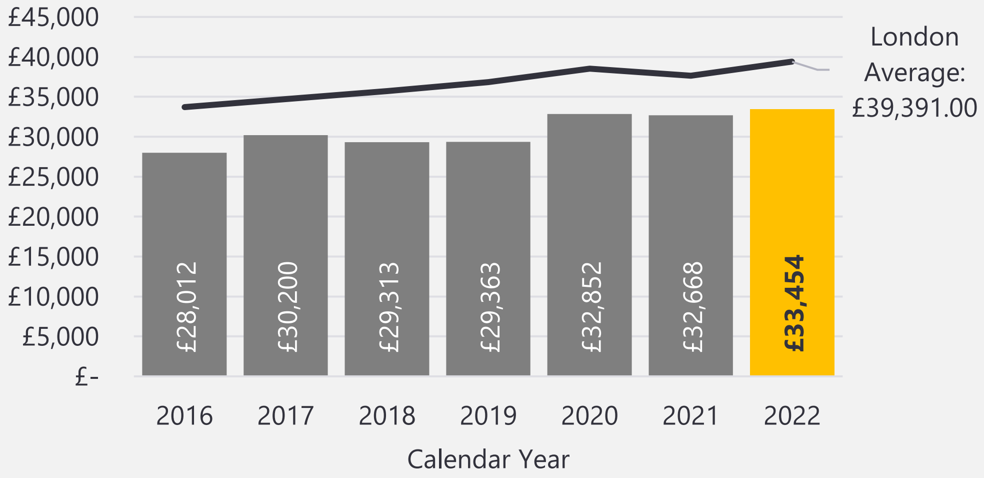
In 2021 jobs in Barking and Dagenham grew by 1.4% compared to 3.4% across East London. However, since the target was set in 2018, jobs numbers have risen by 9% compared to 1% in East London. Job density is 0.51 jobs per person (16-64), below the London (1.02) and UK (0.85) average.

The funding environment is affecting new commercial development. However, the film studios are due to open in early 2024 and Be First is working to attract further inward investment. In September 2023 Industria was launched, providing modern workspace to attract new businesses and intensify jobs on industrial land. A £150k business support programme is about to launch with the Barking Enterprise Centre (funded by the UK Shared Prosperity Fund) to help more businesses to understand and access opportunities in the borough (including those linked to construction, care, food and film)

**A positive percentage represents an upward direction of travel, while a value below 0 indicates a downward/negative direction of travel.*

Increase in gross median annual pay (full time workers)

Source: Annual Survey of Hours and Earnings



Target: Income improving faster than London median by 2037.

Average pay has risen by 2% in the last year compared to 4% across London but is up by 14% since 2018 compared to the London average of 10%. Inflation means real wages are down across the UK.

As well as seeking to attract more well-paid jobs into the borough , the Council are working to tackle low pay by:

- Accrediting as a London Living Wage (LLW) employer in September 2022 and requiring new service providers pay at least the LLW
- Requiring the LLW on all Be First construction sites
- Promoting the London LLW in school catering and care services

Barking & Dagenham

Priority 6

Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

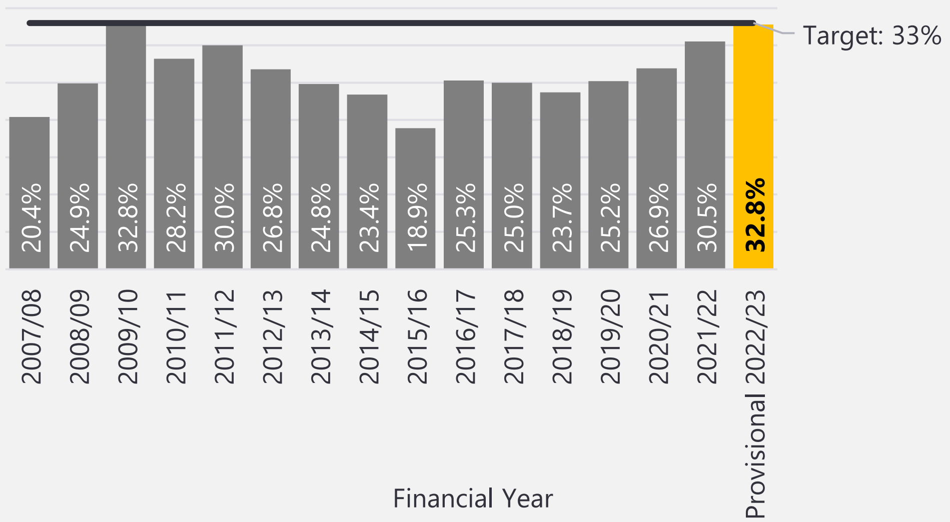
- **Percentage of household waste recycled**
- **Household waste per head of population (Kg/person)**
- **Fly-tipping incidents per 1,000 people**
- **Annual reduction in greenhouse gas emissions by tonne**
- **Improved street and environmental cleanliness**
- **The number of anti-social behaviour reported to the police**
- **Violence with injury (non-domestic abuse)**
- **Knife Crime with injury offences and victims aged 1-24**
- **The Number of Stalking and Harassment offences reported to and recorded by the police**
- **The number of Hate Crime offences reported to the police**
- **The number of Domestic Abuse Offences reported to the police**
- **Number of Green flags awarded to parks**
- **Number of homes and buildings which have received retrofit measures and/or renewables**
- **Perceptions of safety at night***

**Once the Annual Resident Survey is developed, this will be assessed and evaluated.*

Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

Percentage of household waste recycled

Source: LG Inform



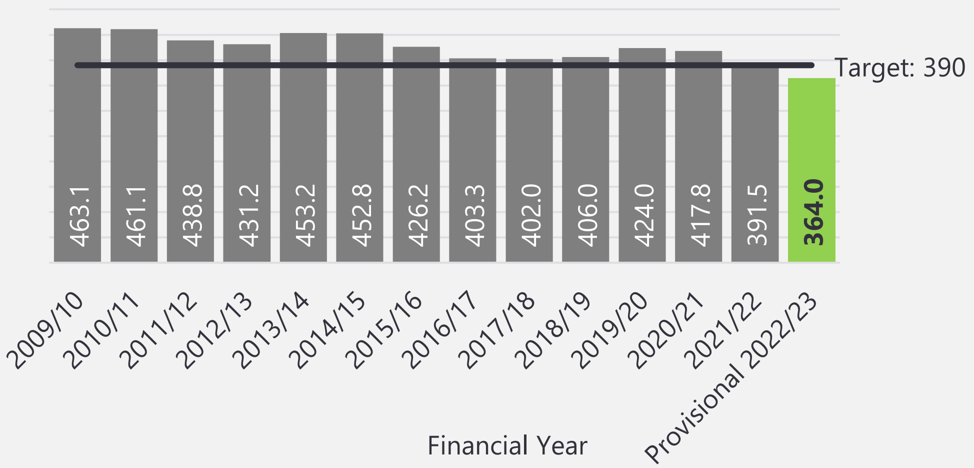
Barking and Dagenham has seen a steady increase in recycling rates over the last 5 years. The reason for the increase is due to the introduction of additional recyclables collected at the kerbside in 2020/21.

In addition to this, 2022/23 saw the disposal operator (Renewi) introduce separation of some recyclable materials from bulk waste delivered to transfer stations – all of which has contributed to the increase.

It is important to note that there may be some changes in legislation that sees Compost Like Output (CLO) from the Mechanical Biological Treatment (MBT) process that will see it declassified as a recyclate. This could have a detrimental impact on the Borough's recycling figures in the future.

Household waste per head of population (Kg/person)

Source: Department for Environment, Food and Rural Affairs



Barking and Dagenham has historically been the highest kg of waste per household within London and nationally, which could be linked to number of residents per household. The kg of waste per population brings the Borough more in line with other authorities and has seen a decrease in 2021/22.

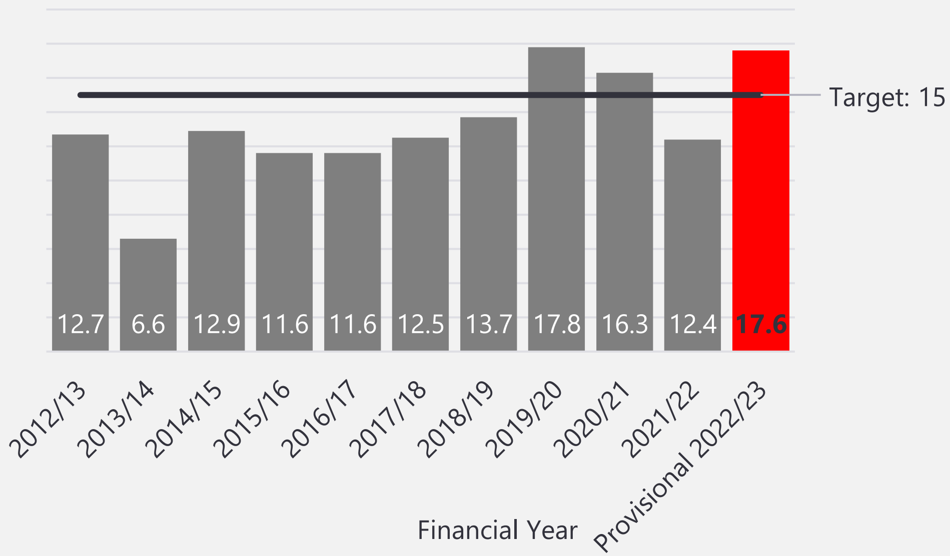
There was an increase in 2019/20 and 2020/21 that is likely due to Covid and the impact of people being at home and their waste being diverted from offices and places of work. This recent decrease could be partly due to the impact of the cost-of-living crisis and people address their spend on consumables.

In addition to this, significant work has been undertaken by our disposal authority, East London Waste Authority, in conjunction with our internal Waste Minimisation Team on waste prevention.

Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

Fly-tipping incidents (per 1,000 people)

Source: Department for Environment, Food and Rural Affairs



Fly tipping has seen an increase over the last 5 years, which follows the national trend. There was a slight reduction during the Covid years, which can be attributed to the lockdowns and restrictions on movement.

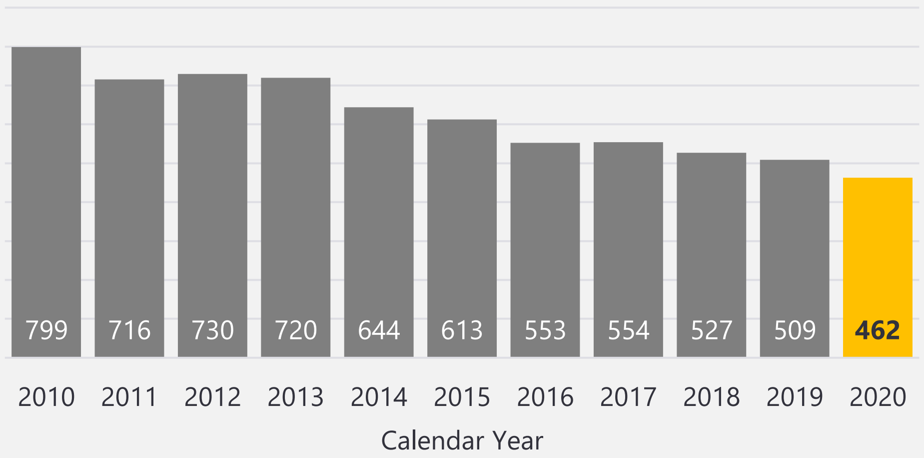
2022/23 has seen a return to pre-Covid levels which is to be expected as people return to previous behaviours.

The greatest challenge around fly tipping are areas such as private, unadopted or service roads, as they have restrictions in terms of enforceable action, tend to be more secluded and attractive to offenders.

Barking and Dagenham Council have developed a Cleaner Communities approach that undertakes a more collaborative approach to addressing what people do with their waste. It is about working cross-services to understand behaviours and address operational challenges to develop solutions for challenging areas.

Annual Reduction in greenhouse gas emissions by kilo tonne

Source: London Energy and Greenhouse Gas Inventory



Barking and Dagenham Council has committed to becoming a carbon neutral authority by 2030 and support the wider borough to achieve that by 2050. According to the London Energy and Greenhouse Gas Inventory (LEGGI) index which makes assumptions about each borough's greenhouse gas emissions, the Council has seen a 337kt reduction in CO_2 between 2010/20 and continues to be the lowest emitter in the capital.

However, the LEGGI data released in 2023 looks back to 2020. The Council's own Zero Carbon Roadmap emissions baseline dates from 2019/20 and suggests a 100kt difference between the two. This may be due to different timeframes and metrics used for the assessment but the first progress audit against our own baseline should be in June 2024.

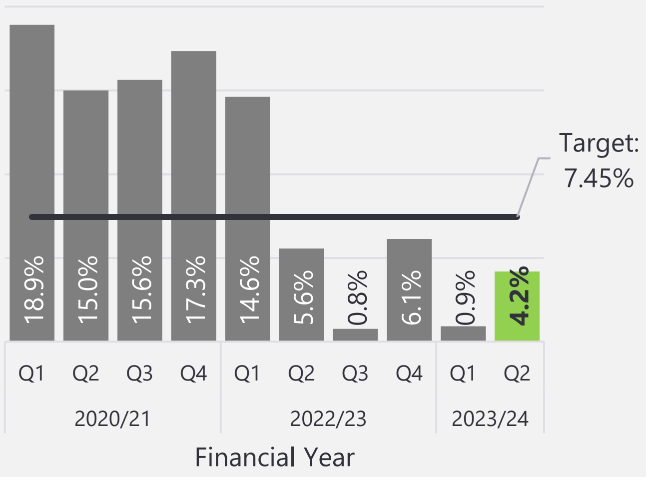
Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

Improved street and environmental cleanliness

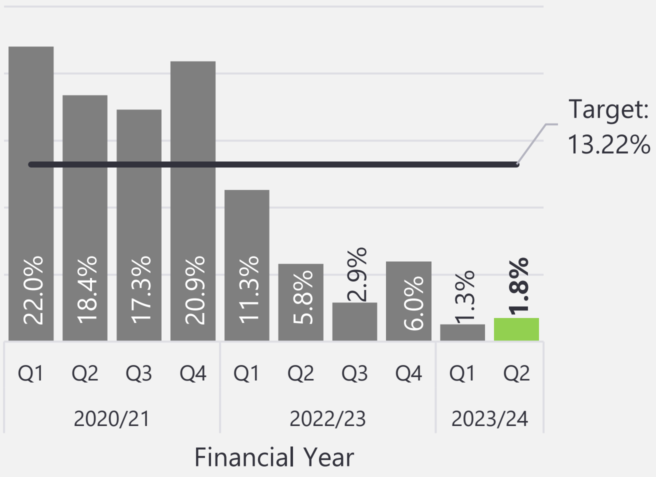
Source: LG Inform

Measure: The percentage of relevant land and highways that is assessed as falling below an acceptable level.

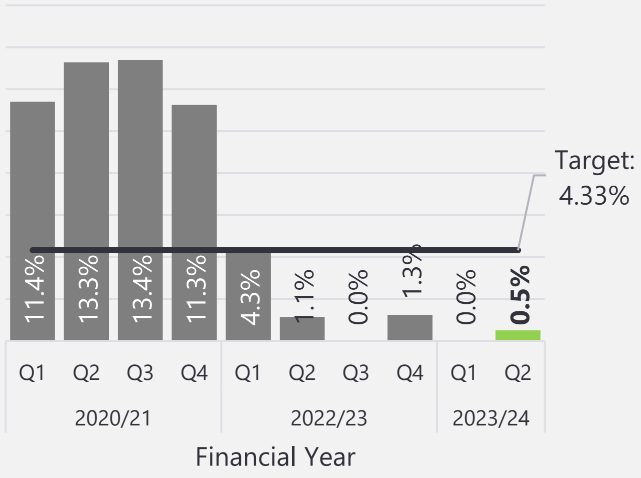
Litter



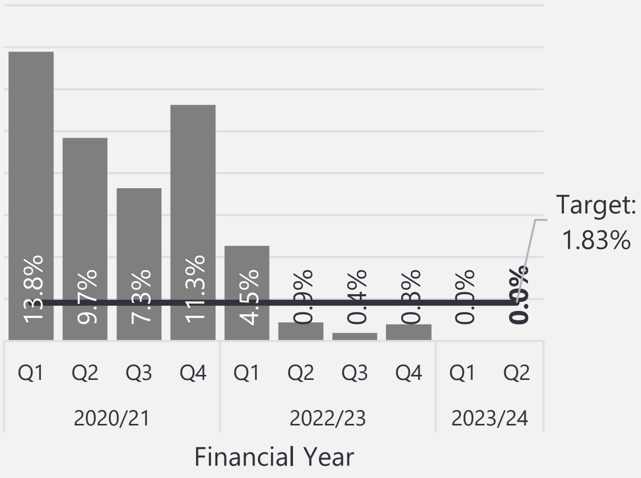
Detritus



Graffiti



Fly-posting



Historically this indicator has been gathered via external surveys three times a year, however in 2022/23 Barking and Dagenham Council took the decision to bring this in-house to enable a more dynamic approach that would aid in performance management for the service.

NI195 surveys are now undertaken by staff internally based on random street allocation and targets for surveys completed on a weekly basis.

This allows the service to get more real-time information on performance and quality.

Over the last reporting period, the sampling size has increased to provide further security in data validity and to enable us to have greater insight into priority areas. This, in addition to the summer months and increased footfall, account for the increase in Q2 compared to Q1.

Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

The number of anti-social behaviour reported to the police

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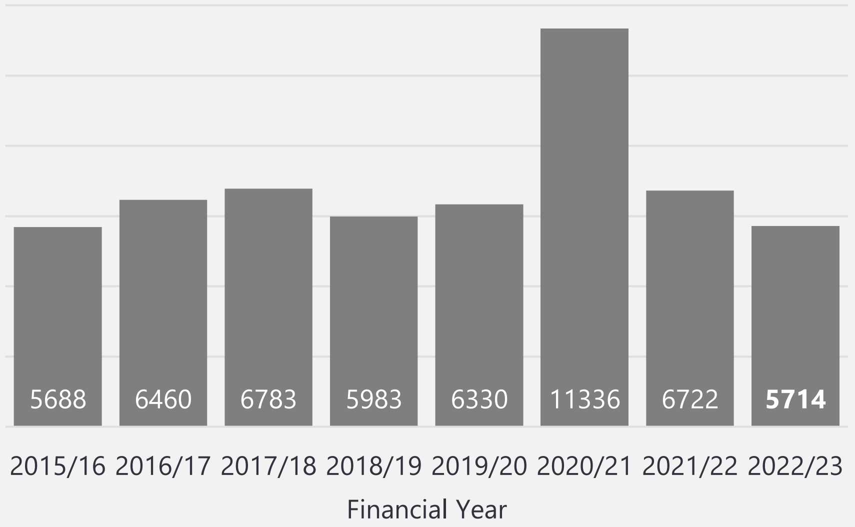
Source: Mayor's Office for Policing and Crime Trust and Confidence Dashboard



The latest 12 month rolling figures (October 2022 to September 2023) shows 5,317 incidents reported to the police which is -15.9% on the previous year. Performance Direction of Travel is showing improvement. London overall saw a 7.2% decrease in the same period.

In 2020/21 Anti-Social Behaviour (ASB) incidents increased sharply across all London boroughs. This is mainly due to breaches of Covid restrictions being recorded as ASB initially. However, the current performance is still down 10.1% on the pre-Covid period (2019/20).

12 months to September 2023 Rate per 1,000 population in Barking and Dagenham: 24.3 compared to the London average of 29.8.

12 months to September 2023 Rank in London (by rate per 1,000 population): 22 of 32 boroughs (1=highest/worst). Barking and Dagenham is mid-range in London for ASB incidents per 1,000 population.

Violence with injury (non-domestic abuse)

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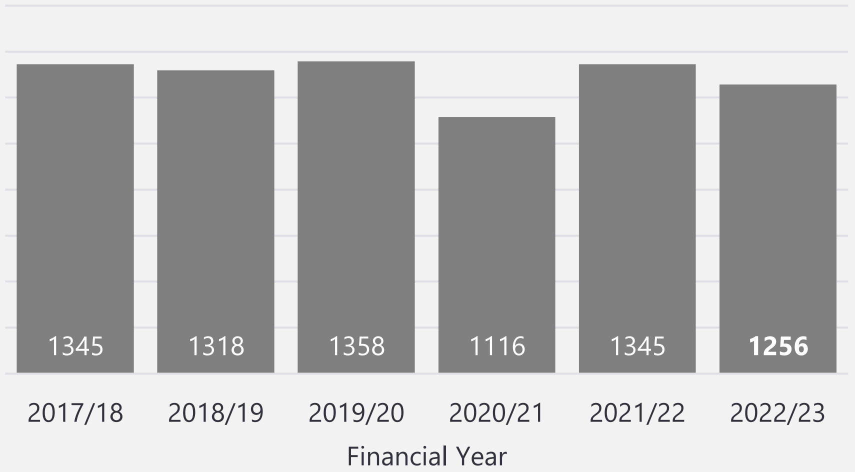
Source: London datastore MPS Crime Dashboard data



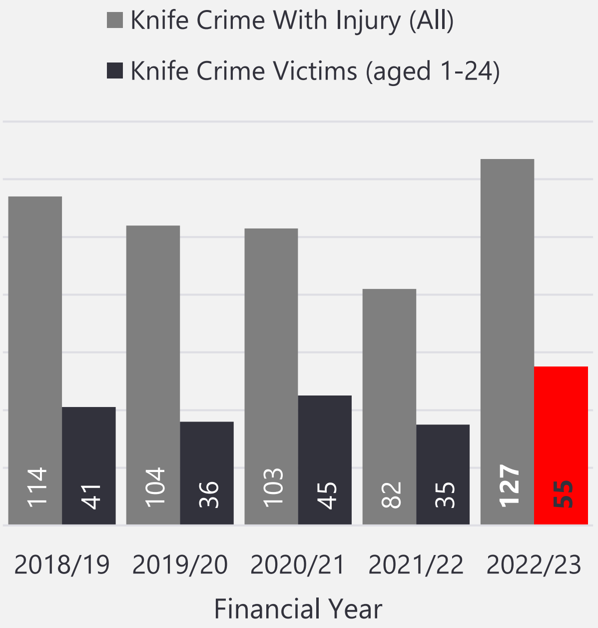
In the 12 months to September 2023 Barking and Dagenham has a 2.4% decrease in Non-Domestic Abuse Violence With Injury Offences compared to the previous year. There was an overall increase of 0.3% in London during the same period. Barking and Dagenham's rate of such offences per 1,000 population was 5.9, lower than the London average of 6.4 positioning it at 16th out of 32 boroughs.

To continue improvement in this area the Council implemented various initiatives including task and finish meetings, proactive community safety enforcement, critical incident support, joint police patrols, and partnership collaboration to address youth violence. Additionally, actively supporting national operations such as the police led Operation Sceptre which focuses on violence, weapons and gangs and provided outreach and diversionary programmes to deter crime.

Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

Knife Crime with Injury offences and Victims aged 1-24

Source: Mayor's Office for Policing and Crime Violence Dashboard



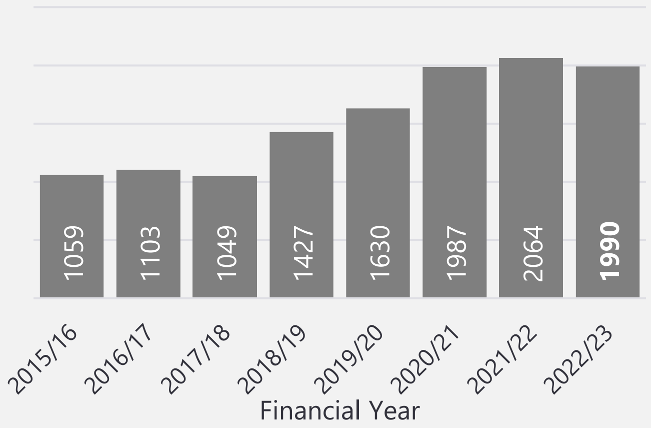
In the 12 months to September 2023 there were 576 knife crime offences and 125 resulting in injury. Among the victims of knife crime with injury, 49 were aged between 1 and 24 years, marking a 29% increase from the previous year. Barking and Dagenham had a knife crime offence rate of 2.6 per 1,000 population, significantly higher than the London average of 1.6. Measures being taken to address knife crime, with a focus on youth violence:

- Ending Gang and Youth Violence programme, chaired by the Head of Service for Youth Offending Service, which involves multiple agencies, services, and partners in reviewing offender and victim activity.
- Task and Finish meetings that focus on early intervention tasking, information sharing, and victim engagement and support.
- Robbery Partnership Taskforce reviews robberies, including violence-led offences, for both victims and offenders.
- The Tactical Tasking and Coordination Group (TTCG) monthly meeting reviews incidents, coordinates policing and multiagency responses, and analyses victim data and trends.
- Multi-Agency Public Protection Arrangements (MAPPA) to manage violent and sexual offenders effectively. They provide support for the national police-led Operation Sceptre, which targets violence, weapons, and gangs.
- Outreach and diversionary provisions such as "Box up crime" and "Sparks to life" are offered as preventive measures.

The RAG status aligns with Mayor's Office for Policing and Crime and MET Dashboards, gauged by percentage change from the previous reporting period.

The Number of Stalking and Harassment offences reported to and recorded by the police

Source: Mayor's Office for Policing and Crime Trust and Confidence Dashboard



The increase in offences can be attributed to the introduction of new offences, improved victim awareness and confidence to report, and enhanced police recording practices. In the 12 months to September 2023, Barking and Dagenham had 2,028 stalking and harassment offences representing a 2.1% increase from the previous year. In contrast London experienced an 6.4% decrease during the same period. The rate of these offences per 1,000 population was 9.3, higher than the London average of 7.0. Barking and Dagenham Ranked 30th of 32 London boroughs, making it the third highest and placing it in the top quartile in London.

Several initiatives have been implemented to address stalking and harassment which remains a serious issue. These include Multi-Agency Risk Assessment Conference meetings for sharing information on high-risk domestic abuse cases among various agencies and specialists. Task and Finish meetings to review key incidents and complaints related to harassment, stalking, and sexual conduct. The Woman Safety Forum takes a holistic approach, focusing on harassment, stalking, and assaults from a Violence Against Women and Girls (VAWG) perspective in collaboration with partner organisations.

Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

The number of Hate Crime offences reported to the police

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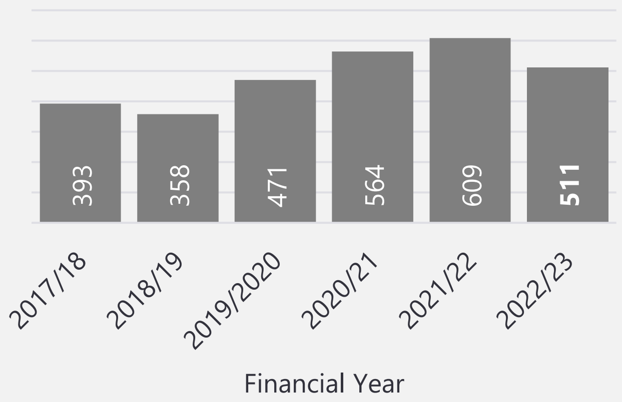
Source: Mayor's Office for Policing and Crime



It is acknowledged that hate crimes are under reported – reporting is actively encouraged due to their low volume but high impact. In the 12 months to September 2023, Barking and Dagenham Council recorded 607 Hate Crime offences, representing a 12.0% increase from the previous year. London overall experienced a 1.9% decrease during the same period. The rate of Hate Crimes per 1,000 population in Barking and Dagenham was 2.8 in line with the London average of 2.8. The Council ranked 13th out of 32 boroughs indicating a mid-range position.

Regular hate crime, tension, and monitoring meetings are conducted to analyse hate crime trends and pre-empt any related protests. National Hate Crime Awareness Week events are organised to raise awareness and deliver educational workshops on different types of hate crimes, reporting procedures, and support. Additionally, the Council commissioned Arc Theatre to conduct workshop-based performances aimed at educating children about hate crimes and steering them away from discriminatory attitudes.

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The number of Domestic Abuse Offences reported to the police

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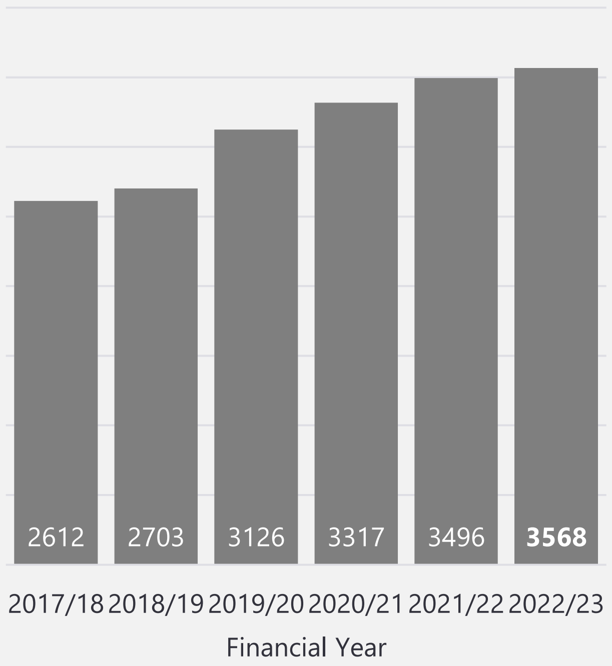
Source: Mayor's Office for Policing and Crime



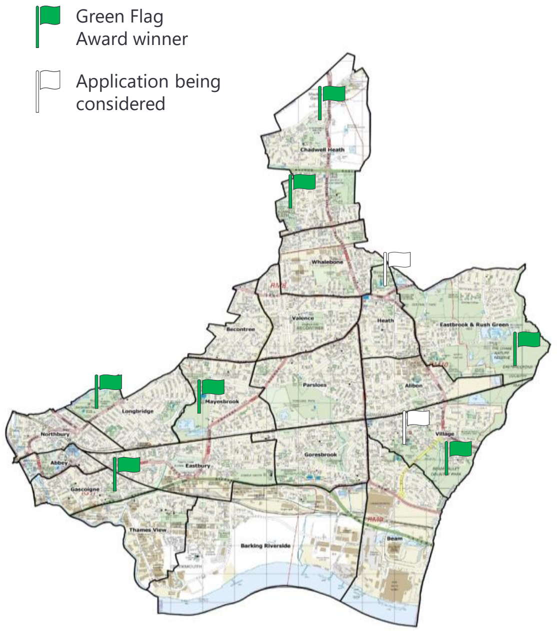
Domestic Abuse reporting is encouraged however it is known to be under reported. In the 12 months to September 2023 Barking and Dagenham had 3,789 Domestic Abuse offences (+9.0% on the previous year). London overall saw a 0.9% increase in the same period. 12 months to September 2023 the rate per 1,000 population: 17.3 compared to the London average of 11.1. 12 months to September 2023 Barking and Dagenham's Rank in London (By Rate per 1,000): 32/32 (Highest in London).

The Domestic Abuse Improvement Programme has been in place since September 2022. The Programme responds to agreed strategic priorities, including ensuring the council have the right services, in the right place, at the right time. New services have been commissioned to meet the needs of survivors, children and young people and perpetrators in Barking and Dagenham. New interventions and multi-disciplinary teams have also been created to respond to the needs of families and individuals affected by domestic abuse within one working day, working across key entry points to the system. These new services have led to an increase in an uptake of support services, whether a domestic abuse offence had been reported to the police. The survivor services have seen an increase in caseloads during 2023/24, and now there is a full range of perpetrator interventions available, with a corresponding increase in referrals. Services for children and young people are also in place, with a newly launched wellbeing and therapeutic services, which has started to work in schools with children affected by DA on a 1-2-1 basis. New approaches and risk assessment tools have been rolling out for use by the multi-agency children's workforce, with formal launches scheduled for during the 16 Days of Action.

Priority 6: Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods

Number of Green flags awarded to parks

Source: Green Flag Award



Winning a Green Flag Award visibly demonstrates to the local community that a clear improvement has been made to a site. 7 of the borough's parks currently hold the prestigious Green Flag Award and have demonstrated the required high standards of management and maintenance. Sites include:

- Barking Park
- Beam Parklands
- Eastbrookend Country Park
- Greatfields Park
- Mayesbrook Park
- St Chad's Park
- Tantony Green

Additional applications are being considered for Old Dagenham Park and Central Park. If all the current parks retain Green Flag Award status and Old Dagenham Park is successful, the target of 8 Green Flag Award status parks will be achieved in 2024.

Number of homes and buildings which have received retrofit measures and/or renewables

Source: Internal retrofit scheme figures 2023

The award-winning Cosy Homes scheme with EON delivered 1,389 energy efficiency measures (such as external/cavity wall insulation/loft insulation and PV) during 2022/23. The target for 2023/26 is 2,000 more and with the closure of the Green Homes Grant Scheme 167 dwellings have received installs; 3 deep retrofit properties have been completed with a further 6 receiving works. ECO4 is slow progressing but there has been a surge of enquiries over October and 92 External Wall Insulation properties have been identified in Barking for works over the Winter/Spring period. The Council is looking to make a £350K bid for Social Housing Decarbonisation Fund Wave 2.2 works in due course.

The corporate retrofit programme is expected to deliver energy conservation measures across the corporate estate and has begun with solar panel arrays which are expected to be completed on Becontree Primary School by November 2023. The Council has submitted £2m worth of bids for decarbonisation works to Coventry University London/Civic Centre and for Abbey and Becontree Leisure Centres.

Priority 7

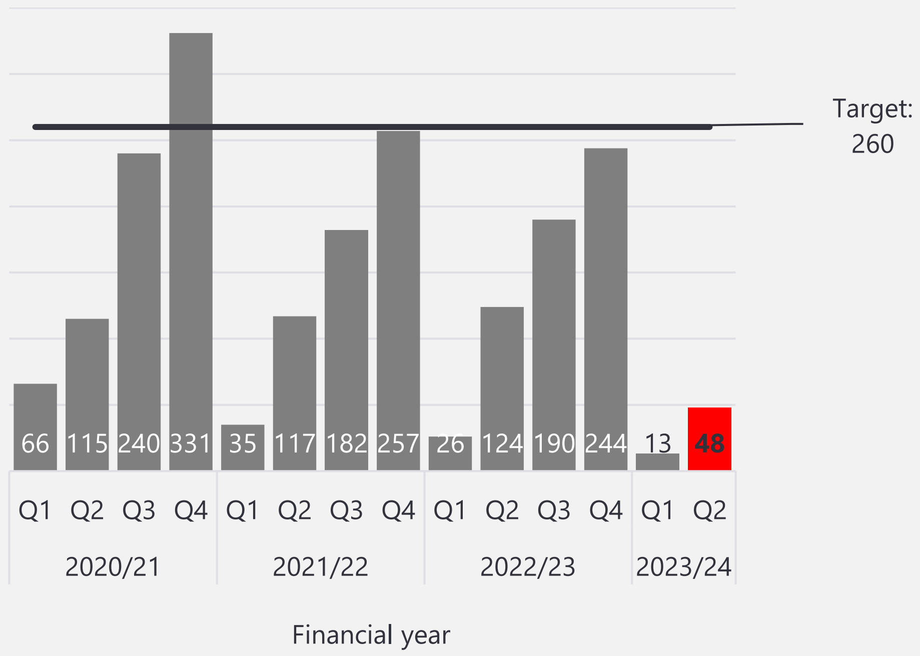
Residents live in good housing and avoid becoming homeless

- Number of households prevented from becoming homeless
- Overall tenant satisfaction with housing management service
- Percentage of Local Authority housing stock that is non-decent
- PRPL: Number of licenced properties
- PRPL: Number of non-compliant properties brought up to compliance
- Total number of households in Temporary Accommodation
- Total number of people sleeping rough

Priority 7: Residents live in good housing and avoid becoming homeless

Number of households prevented from becoming homeless

Source: Civica / Community Solutions PMF



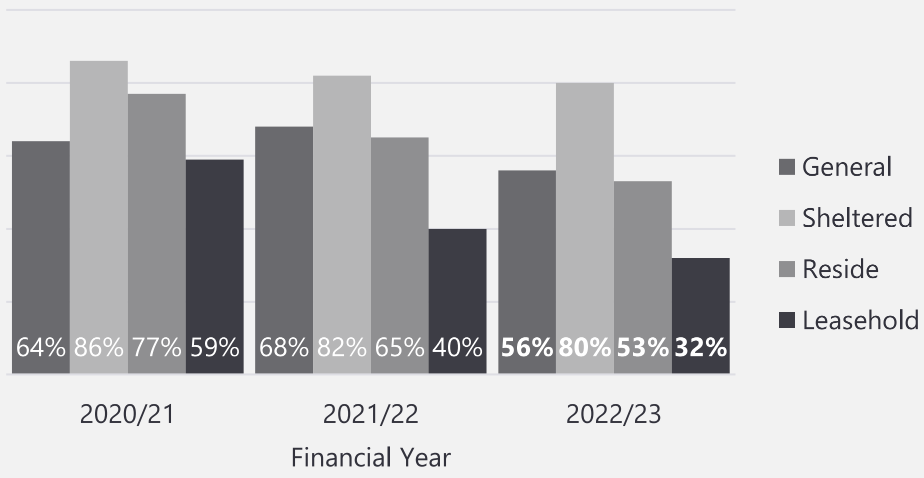
There have been 669 Homeless Prevention Case Closures in 2023/24 so far, only 48 (7%) have resulted in Prevention. This mirrors the trend of low volumes at the start of previous years, building to year highs in August of 2021 and 2022. However, the number and proportion of prevented closures is lower than the same point last year (2022/23 – 124 / 15%). This is being caused by instability in the private sector housing market which is making prevention difficult, resulting in a greater number of households entering Temporary Accommodation and being relieved or discharged at this stage rather than earlier in their journey.

Other work to mitigate this is the work with Beam (social enterprise and employment and accommodation specialists) who are providing employment and housing support to homeless households and are starting to achieve results.

The total number of homeless prevention cases closed has remained stable in recent years, ranging from 1,639 – 1,766 between 2018/19 and 2022/23. However, during this time period, the number and proportion of closed prevention cases resulting in prevention have reduced year on year, from 25% (406) in 2019/20 to 14% (244) in 2022/23. The target of >260 prevented closures in 2023/24 represents >16% preventions and is unlikely to be achieved this year.

Overall tenant satisfaction with housing management service

Source: STAR survey



Satisfaction across all tenures has decreased overall since the last period.

Anecdotal evidence from the supplier implies that reduction in satisfaction may be due in part to the reduction in number of postal surveys used.

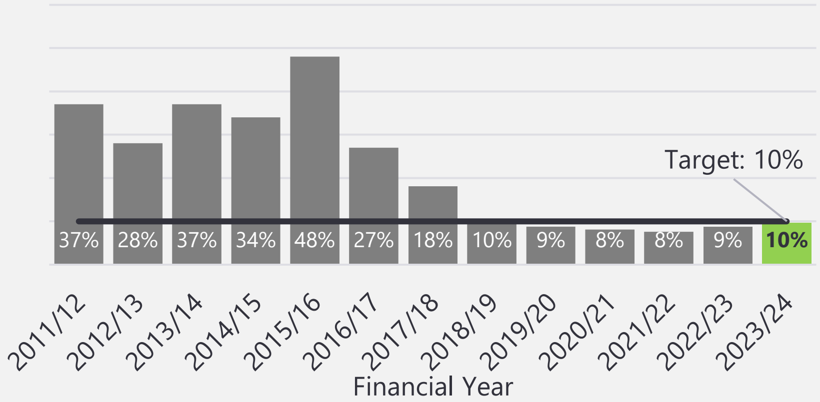
Barking and Dagenham Council are now carrying out the survey quarterly for 2023/24 and will monitor performance closely. The first set of data for Q1 has been received.

Although a reduction in performance, this appears to be in line with the sector – post-Covid drop.

Priority 7: Residents live in good housing and avoid becoming homeless

Percentage of Local Authority housing stock that is non-decent

Source: Local Authority Housing Statistics



Non-decency has increased marginally but is still below the target of 10% as it has been since 2018.

Position will improve further once properties earmarked for demolition as part of the regeneration programme are removed from the calculation.

A reduction in the current and future stock investment programme (from £19m to £14m) will see the actual number of non-decent properties increase.

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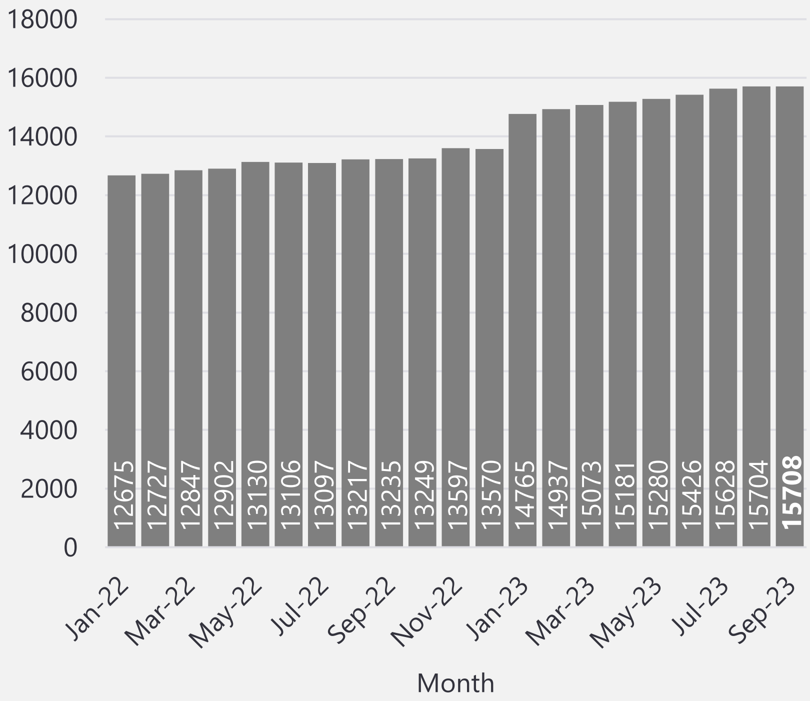
PRPL: Number of licensed properties

Source: LBBD Housing Enforcement Performance Management Framework



Suspected unlicensed properties are being targeted which has led to a flurry of new applications from January 2023 onwards. A team of staff are dedicated to this project and therefore a uniform increase in applications is expected. Enforcement policies have been reviewed to support staff issuing civil penalty notices so an increase in numbers is also expected here.

After reviewing processes, there is a focus on taking swift action if licence applications are incomplete, and processing times for valid applications are being improved. Licenses are being revoked where there are inadequate management arrangements or if the licence holder is not ‘fit and proper’.

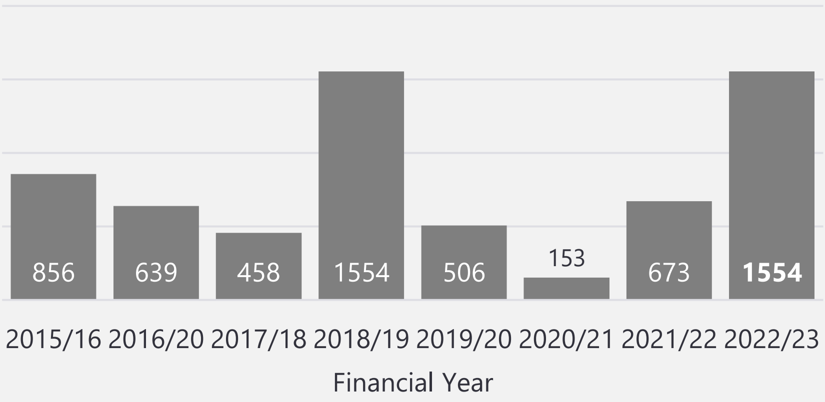
A landlord newsletter is now being issued every 3 months which amongst other things promote landlord accreditation courses in an effort to raise compliance standards from the outset. From June to September 2023, more landlords in Barking and Dagenham have passed the London Landlord Accreditation Course (248) than any other London borough except for Redbridge who have a new selective licensing scheme commencing on 1 November 2023 and are offering a discount to accredited landlords.

Due to the changeable number of properties, RAG and thresholds are not applicable here.

Priority 7: Residents live in good housing and avoid becoming homeless

PRPL: Number of non-compliant properties brought up to compliance

Source: LBBD Housing Enforcement Performance Management Framework



Processes have been reviewed to ensure more efficient management which has led to faster processing, and swifter revocation of licences when necessary.

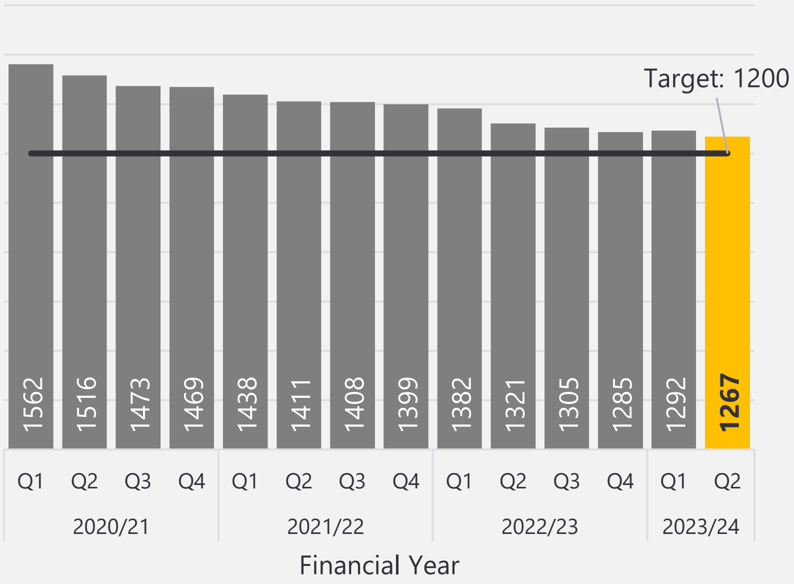
Landlords are given a fixed time period to complete works to make them compliant with standards and if they fail to demonstrate adequate management arrangements, further action is taken.

In Q1 and Q2 1,545 new applications were received; 1,761 inspections were carried out and 2,341 licences were issued, some of which have been in the pipeline for some time.

Considerable progress is now being made with the backlog. Of the non-compliant properties, 344 properties have been brought up to standard.

Total number of households in Temporary Accommodation

Source: Capita Open/Community Solutions Performance Management Framework



Temporary Accommodation (TA) numbers have been on a downward trend for several years, reducing by 576 between March 2018 and March 2023. Despite an increase in the number of households in TA during June and July 2023, numbers have reduced by 18 in 2023/24 so far, from 1,285 at the end of March 2023 to 1,267 at the end of September 2023. The target for 2023/24 is to reduce TA numbers below 1,200, to meet this target there needs to be an average monthly reduction of 7 households.

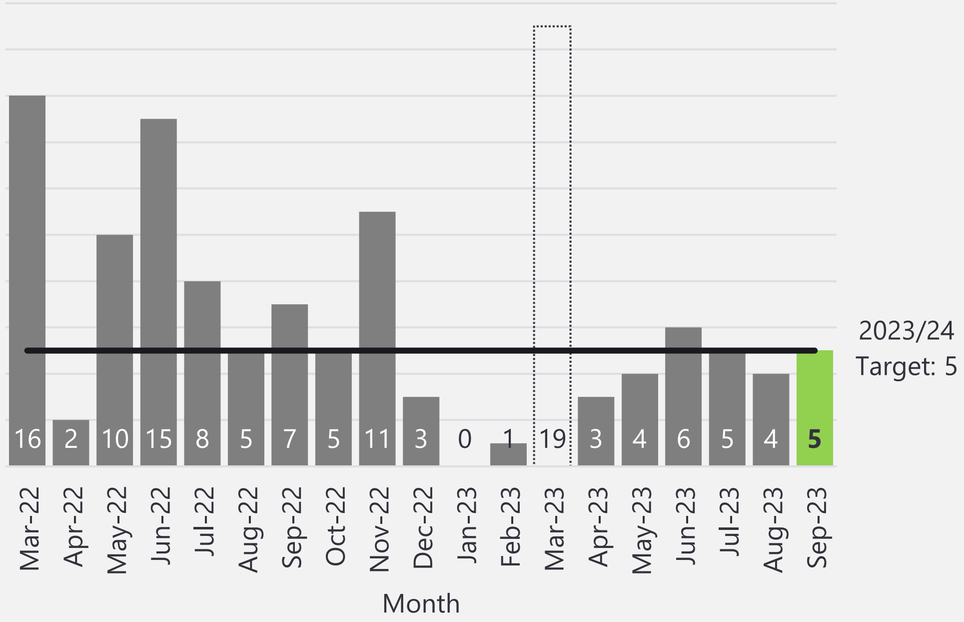
Recent increases are due to the lack of homeless prevention, move-on and exit accommodation caused by instability in the private sector housing market (rising interest rates and other issues causing landlords to leave the market, leading to reduced availability and ever-increasing prices). The focus will remain on procuring and retaining stock, rather than reducing TA numbers overall, to prepare for winter when homelessness demand peaks. As a result, current TA numbers are not on track for the year-end target of 1,200 however the service achieved reductions of 32 in July and August 2023 and have 6 months to reduce numbers by 67.

The number of TA households in Private Sector Leased (PSL) properties (the most expensive properties for the Council) has reduced to 772 at the end of September 2023, down by 75 from the end of March 2023. PSL TA household numbers reduced by 309 between March 2020 (1,156) and March 2023 (847). The impacts on budgets of potentially increasing TA numbers (or not meeting the year-end target) is mitigated by the reduction of PSL properties.

Priority 7: Residents live in good housing and avoid becoming homeless

Total number of people sleeping rough

Source: Support Data Set/Community Solutions PMF



The annual rough sleeper count will take place in November. Areas complete their count on the same night to prevent double counting and therefore this provides the most accurate picture of those sleeping rough per area. The grant funded rough sleeping team are continuing to identify and support rough sleepers, including regular patrols of areas (with and without partners) where rough sleepers or bedding has been identified. The team has resolved the homelessness of 55 people with a history of rough sleeping so far this financial year and have an open case load of 27.

The number of rough sleepers identified in the monthly count fluctuated throughout 2022/23, ending in March with a year high point of 19. However, the figure of 19 was incorrect and based on reporting live caseload, not actual rough sleepers. The number has reduced (high point of 6) and remained more consistent through the first half of 2023/24 with an average of 4.5 rough sleepers throughout this period.

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CABINET

23 January 2024

Title: Oxlow Lane Redevelopment – Approval of Disposal, Head Lease and Loan Facility Agreement	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report	**For Decision**
Wards Affected: Heath	**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	

Summary

This report follows a series of reports presented to Cabinet in 2023 that secured approvals for loans and leases to allow 1084 new homes to transfer into the Reside portfolio. This report lists a further 63 new homes relating to the Oxlow Lane redevelopment scheme that are proposed to also transfer to Reside.

The properties have been delivered within the Council's Investment and Acquisitions Strategy (IAS) which was most recently presented to Cabinet in November 2023.

This report provides an update on the state aid and subsidy control workstreams and asks Cabinet to note the requirement to declare previous schemes on the Subsidy Database or to make a referral to the Subsidy Advice Unit.

The report also seeks delegated approval to complete the documents required to dispose of the Oxlow Lane scheme by way of a lease to the appropriate Reside entities, alongside loans to enable the acquisition of the said properties.

Recommendation(s)

The Cabinet is recommended to:

(i) Note that the Strategic Director, Resources, shall declare on the subsidy database the schemes included in Appendix 1 to the report and shall make the referrals to the Subsidy Advice Unit for the schemes included in Appendix 2 to the report;

(ii) Delegate authority to the Strategic Director, Resources, in consultation with the Strategic Director, Inclusive Growth, to subsequently take any remedial action necessary resulting from such declarations or referrals provided that such action does not materially affect the approvals granted by Cabinet;

(iii) Approve, in principle, the disposal of the Oxlow Lane redevelopment scheme by the granting of long leases to the appropriate Reside entity identified in the report;

Oxlow Lane
- Castle House, Rainham Road North, Dagenham, RM10 7YW
- Petticoat House, Rainham Road North, Dagenham, RM10 7YY

(iv) Approve, in principle, the indicative draft Heads of Terms for leases and loans for the Oxlow Lane redevelopment scheme as set out in section 2 of the report;

(v) Delegate authority to the Strategic Director, Resources, in consultation with the Strategic Director, Inclusive Growth, to agree and finalise the terms of the loan, lease 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

(vi) Delegate authority to the Head of Legal, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

Reason(s)

The decisions are required to ensure that state aid and subsidy control legislation is complied with and to enable the disposal of the Oxlow Lane scheme to the relevant 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. In 2023, Cabinet approved arrangements for 1084 new homes built across the borough to transfer to Reside entities. Reports presented to Cabinet on 20 June 2023 (Minute 8), 18 July 2023 (Minute 24) and, 17 October 2023 (Minute 48) gave similar delegated authorities to those contained in this report to allow leases and loans to be entered into for other new build properties. It was noted in the reports that before these leases and loans can be executed best consideration and subsidy control matters need to be satisfied. Red book valuations have been completed and we are compiling a report to sign off the best consideration workstream. The state aid/subsidy control matters require declarations or referrals which are outlined in section 2 and the appendices. We have commissioned external advice to quantify the value of the subsidies and the output of this commission is expected shortly. Once we have received this we can move towards making the required declarations/referrals. As these workstreams are still in progress, the previous delegated authorities have not yet been implemented and the leases and loans relating to those properties have therefore not yet been entered in to. Further information on the position with respect to state aid and subsidy control legislation is included in sections 2.2-2.5.

1.2. The previous reports advised that similar reports would follow in the future for new build schemes that are to be transferred to Reside. This report now seeks approval for 63 new homes at Oxlow that are being built by Be First, the regeneration arm of the Council, to also transfer into the Reside portfolio.

1.3. The Oxlow Lane redevelopment obtained planning permission in 2020. This development consists of 63 affordable homes and is estimated to achieve practical completion in March 2024.

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 estimated practical completion and handover to the Council of the Oxlow Lane development. 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 2.9 and 2.10.

2. Proposal and Issues

Best Consideration

2.1. To comply with section 123 of the Local Government Act 1972, the scheme must be disposed of at best consideration reasonably obtainable evidenced by professional valuation. To ensure that we comply with this legislation, we will obtain a Red Book valuation and the proposed leases and loan will only be executed should the S151 Officer be satisfied that Best Consideration has been achieved. The Red Book valuation will be undertaken as close to disposal of the units as is reasonably possible to ensure that it is based on an up-to-date market valuation.

Subsidy Control

2.2. As detailed in previous reports, in order to ensure that the schemes offering affordable tenures can be held within the Reside structure in a viable way, the interest rate charged on the loan is below a commercial market rate. Under the terms of the Subsidy Control Act 2022 (or the previous State Aid legislation) this represents a subsidy to the Reside company that holds the loan. Legal and commercial advice has been obtained and we believe the proposed subsidies are in line with the principles that Local Authorities are required to consider when giving a subsidy. Nevertheless, the subsidies will need to be declared in the relevant way as set out below:

Completion Date	Legislation	Requirement
Before 4 January 2023	State Aid legislation	Declaration on the Subsidy Database
On or after 4 January 2023	Subsidy Control Act 2022	Referral to the Subsidy Advice Unit (SAU

2.3. Legal advice suggests that one declaration or referral to the SAU should be made per Reside company and that schemes can be included in an SAU referral prior to achieving practical completion.

2.4. In order to make the subsidy declaration or referral a range of evidence needs to be established including:

- The value of the subsidy
- Evidence that the subsidy is required to remedy an identified market failure or address an equity rationale
- Evidence that the subsidy is necessary and proportionate
- Evidence that the subsidy does not distort competition.

This information is currently being collated and it is envisaged that declarations will shortly be made as set out in Appendix 1 and Appendix 2.

2.5. Members should note that the Subsidy Advice Unit (SAU) will provide a report giving an assessment of the scheme's compliance with the legislation. Loans cannot be entered into until the Council has considered the information within this report and satisfied itself that the loan is compliant with the Act.

Scheme and proposed lease

2.6. The Investment and Acquisition 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 this scheme.

2.7. The lease premium and loan amount is directly related to the final cost of the scheme. As the Oxlow Lane scheme has not yet completed the figures included in this report are based on the forecasted final account. Members should therefore note that there may be some minor changes to the premium and loan amounts when practical completion is achieved, and final account is agreed. To ensure that the units can be let as soon as possible after completion the recommendation seeks delegated authority to the Strategic Director Resources to finalise the loan terms, including the final lease premium and loan amount, to reflect this (rather than waiting for final account to be confirmed before commencing the governance process).

2.8. The disposal of Oxlow Lane will happen by the way of granting long leases and linked loans. The following sections identify the relevant Reside entity and set out the proposals for the headlease and loan facility agreement:

2.9. **Oxlow Lane (London Affordable Rent homes)**

Units and tenures	22 London Affordable Rent units
Estimated PC date	25th March 2024
Reside entity	Barking & Dagenham Homes Ltd (Company No.: 12090374)
Draft Heads of Terms	
Lease Start date:	TBC
Lease Length:	130 Years

Lease Premium:	£8,277,417 (includes £1,559,430 HRA costs)
Grant Funding:	GLA Grant
Grant Amount:	£2,200,000
Loan:	£4,517,987

2.10. **Oxlow Lane (Affordable Rent homes)**

Units and tenures	41 Affordable Rent units
Estimated PC date	25th March 2024
Reside entity	B&D Reside Weavers LLP (Company No.: OC416198)
Draft Heads of Terms	
Lease Start date:	TBC
Lease Length:	130 Years
Lease Premium:	£15,051,184
Grant Funding:	Right to Buy Receipts
Grant Amount:	£5,699,000
Loan:	£9,352,184

*The split between Right to Buy Receipts and the Lease Premium is 38% compared to 40% for most schemes due to limited availability of Right to Buy receipts and the relative viability of this scheme compared to others. This will be reviewed at the completion date.

3. Company / LLP information

3.1. The Reside collection of companies and Limited Liability Partnerships (LLPs) exist to support local people to access high quality, affordable housing. It was established by the council to create an independent but complementary service to the council's own housing services and currently consists of six limited liability partnerships and limited companies with differing financial arrangements. The Reside entities mentioned above are part of a larger scheme of Reside companies and Limited Liability Partnerships (LLPs). The relevant information regarding each entity is detailed below:

3.2. **Barking and Dagenham Homes Ltd (BDHL)** (Co No:12090374) is a company Limited by guarantee with one member, the Council, which wholly owns it. It is in the process of becoming a Registered Provider with the Regulator of Social Housing.

BDHL is wholly owned by the Council and is the proposed Registered Provider. In order to comply with regulatory requirements it has an independent board that consists of two Reside Directors, one Council Officer and two totally independent directors.

BDHL takes on the ownership of affordable rented homes that are developed by the Council and supported by GLA grant, including London Affordable Rent and target rent. This entity has Cabinet approval to receive 56 shared ownership homes, this has not yet been implemented and is being reviewed at present.

GLA grant conditions stipulate that the affordable rented homes must be managed by a Registered Provider, which for the Council means Barking and Dagenham Homes Ltd or the Council's Housing Revenue Account. The GLA is aware that BDHL is not yet a registered provider but is comfortable that progress is being made to resolve this.

3.3. **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).

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 but it can provide funding from Right to Buy receipts into this vehicle.

B&D Reside Weavers LLP holds affordable rented homes (currently a mix of 50%, 65% and 80% of market rent, London Living Rent and London Affordable Rent) on a long lease from the Council. Weavers LLP pay a premium under the lease to the Council. This premium is partly financed by a documented loan (with security) from the Council and partly financed using right to buy receipts given to Weavers LLP by the Council.

3.4. **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 and directed by the Reside Board under the terms of the shareholder agreement.

Shared Ownership homes built using GLA grant currently go into this LLP. The Council additionally plans to use this LLP for any future affordable / sub-market rented homes that do not receive any form of grant / Right to Buy 141 funding.

3.5. **Barking and Dagenham Reside Regeneration Ltd** (Co No: 09512728) acts as the employing company for Reside staff and incurs Reside specific running costs which are then passed onto the individual Reside entities.

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 lease 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 two schemes that are nearing completion by granting long leases to a number of Reside companies, 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 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.

6.3. A fixed interest rate for the 52-year 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.

6.6. When the Reside Group structures were established, and prior to the transfer of any schemes into Reside entities, LBBD took appropriate external advice on which schemes (based on tenure and grant requirements) would go into which entity.

6.7. The proposals above now include transferring some shared ownership units into a different Reside entity than originally envisaged. This is because the LAR units, despite attracting subsidy, make the portfolio in this entity financially unviable. The inclusion of shared ownership schemes in this entity allows an element of cross subsidy which supports overall viability of the portfolio.

6.8. The s.151 Officer has requested for a review of the proposed transfer arrangements to ensure that they are still in line with the original external advice given.

7. Legal Implications

7.1. Implications completed by: Dr Paul Feild Principal Standards & Governance Solicitor

7.2. This report seeks Cabinet approval to agree to delegated authority to take action to transfer new homes on Oxlow Lane, to the following entities B&D Reside Weavers LLP and Barking & Dagenham Homes Ltd. This will be achieved by granting long leases to the companies and they will finance the acquisition through loans made to them by the Council.

7.3. As observed in the body of this report the construction of the new homes is as part of the Councils Investment and Acquisition Strategy developments of new homes have been sponsored by the Council. The intention being on practical completion an interest by means of a long lease be granted to the entities which will in turn grant underleases to tenants. The entities which will hold the housing blocks do not have financial resources in themselves to acquire the stock so will need to take out borrowing to acquire the leasehold interest by means of a loan agreement with the Council. The duration of the leases proposed are being of such length that they must be disposed of by the Council for the best consideration as required by section 123 Local Government Act 1972. It is understood a valuation has been carried out to the surveying standard ‘Red Book valuation’ which will set the value of the loan(s). It is the intention the leases will be at market value and not discounted. This approach will mean there is not the question of unfair competition and will be in accordance with the fiduciary duty to the ratepayer in the sense not being disposed of at an undervalue. As explained in this report the loans are at differing rates of interest depending upon the development. Where the loans are discounted, at a lower rate than current market rate, they will need to be compliance with the recent legislation which governs competition being the Subsidy Control Act 2022.

7.4. Because the timeline of practical completion of the various new home developments has been over a period of time, the legal landscape post Brexit has changed including different regimes of law relating to competition treatment. As this is a new regime the understanding on what arrangements are compliant with the new competition regime is not yet an exact science. For this reason, the earlier recommendation to Cabinet in Reports on 23 June 2023, 18 July 2023 and 17 October 2023 recommended that the final decision to grant the loan terms be delegated to the Director of Finance and Investments after advice was obtained from property experts and legal advisors.

7.5. As the loan and lease will be completed post 4 January 2023 the arrangements will be within the curtilage of the Subsidy Control Act 2022 and any loan which is not a market rate prevailing from that time will need to comply with the 2022 Act including declarations on the National Subsidy Database.

7.6. As the leases and loans are to third party entities notwithstanding the Councils interest in being shareholders, it is beholden on the recipient companies as future property holders that they satisfy themselves as to the legality and regulatory compliance of the arrangements they enter into.

Public Background Papers Used in the Preparation of the Report:

- Treasury Management and Investment and Acquisition Strategy 2023/24 Mid-Year Review, 14 November 2023 Cabinet report (https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12958&Ver=4, Minute 60)

List of appendices:

- **Appendix 1** – Proposed declarations to the Subsidy Database (for compliance with State Aid legislation)
- **Appendix 2** – Proposed referrals to the Subsidy Advice Unit (for compliance with the Subsidy Control Act 2022)

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Appendix 1

Proposed declarations to the Subsidy Database (for compliance with State Aid legislation)

Schemes completed before 4th January 2022 requiring a declaration to the Subsidy Database

Declaration 1 – Barking and Dagenham Reside Weavers LLP

Scheme Name	Property Name(s)	No. of homes	Tenure Type	Company	Practical Completion Date
A House for Artists	A House for Artists	12	Affordable Rent	B&D Reside Weavers LLP	16/12/2021
Sacred Heart	Convent Court and Convent Mews	29	Affordable Rent	B&D Reside Weavers LLP	31/03/2022
Sebastian Court	Sir Alf Ramsey	33	Affordable Rent	B&D Reside Weavers LLP	12/04/2022
200 Becontree Avenue	Atkin House and Branton House	19	Affordable Rent	B&D Reside Weavers LLP	31/03/2022
Gascoigne West Phase 1	Carrier	80	Affordable Rent	B&D Reside Weavers LLP	31/03/2022
Challingsworth House	Block A	113	57 Affordable Rent & 56 London Living Rent	B&D Reside Weavers LLP	16/05/2022
Gascoigne East C	Arbour Court, Ketch, Tide street	28	Affordable Rent	B&D Reside Weavers LLP	31/03/2022
Chequers Lane	Kerwin House (CORE A)	62	Affordable Rent	B&D Reside Weavers LLP	28/04/2022
Gascoigne West Phase 1	Cargo & Boundary Road West Townhouses	12	Target Rent	B&D Reside Weavers LLP	31/03/2022

Declaration 2 – Barking and Dagenham Homes Ltd

Scheme Name	Property Name(s)	No. of homes	Tenure Type	Company	Practical Completion Date
Gascoigne East C	Arbour Court, Ketch, Tide street	24	London Affordable Rent	BDHL	31/03/2022
Gascoigne West Phase 1	Cargo	16	London Affordable Rent	BDHL	31/03/2022
Gascoigne West Phase 1	Cargo	14	Target Rent	BDHL	31/03/2022

Appendix 2

Proposed referrals to the Subsidy Advice Unit (for compliance with the Subsidy Control Act 2022)
Schemes completed on or after 4th January 2023 requiring a referral to the Subsidy Advice Unit

Referral 1 – Barking and Dagenham Reside Weavers LLP

Scheme Name	Property Name(s)	No. of homes	Tenure Type	Company	Practical Completion Date
Sebastian Court	Martin Peters Court	29	London Affordable Rent	B&D Reside Weavers LLP	27/02/2023
Gascoigne East Block E2	Shuckford Court & Leleu Court	7	Affordable Rent	B&D Reside Weavers LLP	28/02/2023
Gascoigne East Block F1/F2	Sailor Court and Palomar Court	48	Affordable Rent	B&D Reside Weavers LLP	Sailor Court: 01/09/2023 Palomar Court: 30/10/2023
Gascoigne East Block J	Farrimond House, King Edwards Road & St Mary's Road	58	Affordable Rent	B&D Reside Weavers LLP	Jan-24
Oxlow Lane	*Petticoat House*	*41*	*Affordable Rent*	*B&D Reside Weavers LLP*	*Mar-24*
Gascoigne West Phase 2	*Fishmonger House and Gilderson House*	*122*	*Affordable Rent*	*B&D Reside Weavers LLP*	*Mar-24*
Gascoigne East Phase 3A	*Block I*	*102*	*Affordable Rent*	*B&D Reside Weavers LLP*	*May-24*
Woodward Road	*Woodward Road*	*55*	*Affordable Rent*	*B&D Reside Weavers LLP*	*Jun-24*
12 Thames Road	*12 Thames Road*	*79*	*Affordable Rent*	*B&D Reside Weavers LLP*	*Jun-24*
Padnall Lake Phase 2	*TBC*	*57*	*Affordable Rent*	*B&D Reside Weavers LLP*	*May-24*

Note that schemes in italics have practical completion dates in the future and will be subject to future cabinet approvals regarding their disposal to the stated Reside vehicle.

Referral 2 – Barking and Dagenham Homes Ltd

Scheme Name	Property Name(s)	No. of homes	Tenure Type	Company	Practical Completion Date
Chequers Lane	Kerwin House (CORE B)	28	London Affordable Rent	BDHL	28/04/2022
Gascoigne East Block E2	Shuckford Court, Leleu Court & Ketch Street	80	London Affordable Rent	BDHL	28/02/2023
Gascoigne East Block F1	Ewars Marsh Court	79	Shared Ownership	BDHL	01/09/2023
Gascoigne East Block F2	Mizzen Street	4	London Affordable Rent	BDHL	30/10/2023
Gascoigne East Block J	Farrimond House, St Mary's Road & Fisherman Street	66	London Affordable Rent	BDHL	Jan-24
Oxlow Lane	*Castle House*	*22*	*London Affordable Rent*	*BDHL*	*Mar-24*
Gascoigne West Phase 2	*1 - 15 Plaice House and Townhouses*	*46*	*London Affordable Rent*	*BDHL*	*Mar-24*
Gascoigne West Phase 2	*16 - 75 Plaice House*	*60*	*Target Rent*	*BDHL*	*Mar-24*
Woodward Road	*Woodward Road*	*1*	*London Affordable Rent*	*BDHL*	*Jun-24*
12 Thames Road	*12 Thames Road*	*77*	*London Affordable Rent*	*BDHL*	*Jun-24*
Padnall Lake Phase 2	*TBC*	*13*	*London Affordable Rent*	*BDHL*	*May-24*

Note that schemes in italics have practical completion dates in the future and will be subject to future cabinet approvals regarding their disposal to the stated Reside vehicle.

CABINET

23 January 2024

Title: Procurement Strategy for the LBBD Development Framework 2024 - 2028	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report with Exempt Appendix B (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: Paul Hann, Head of Programme Management Office, Be First	**Contact Details:** E-mail: paul.hann@befirst.london
Accountable Director: Tim Porter, Delivery Director, Be First	
Accountable Executive Team Director: James Coulstock, Interim Strategic Director of Inclusive Growth	

Summary:

The original Be First Development Framework, which was set up in 2018 to deliver the first phase of the Be First Portfolio, expired in early 2023. During the time the Framework has been operational the Council has entered contracts worth circa £865m delivering over 2,400 new homes.

Although the economic climate has created a more challenging environment for Be First to operate in and therefore take a more conservative approach to forecast delivery, there remains the potential to award contracts on circa £1.5bn worth of new schemes in the four-year period of the proposed new Framework covering the period 2024 - 2028, based on an estimated £1.1bn worth of Direct Delivery schemes and an allowance of £400m for potential third party access.

The Council will be the contracting party to the Framework and Be First will manage the award and management of contracts under the Framework on the Council's behalf. There will be a management charge applicable to specific contracts called off under the Framework, payable by the appointed Contractors to the Council at a rate of 3% for Council led schemes and 1% for schemes via third parties. This Charge will be used to fund the costs associated with managing the Framework by Be First (the proposed scope of service and fee recovery mechanism are contained in **Appendix A**).

The procurement of the new Framework will follow a two-staged 'Restricted' procurement procedure, Stage 1 being a Selection Questionnaire which will be based on the PAS91 pre-qualification questionnaire, which was designed for implementation in the UK construction industry and recommended when procuring specialist contractors. Stage 2 will be an Invitation to Tender issued to the top 20 qualifying bidders who responded to the SQ for each Lot. It is the intention to award a total of 20 Contractors to the Framework

over two Lots (10 to Lot 1 – Works under £50m and 10 to Lot 2 – Works in excess of £50m).
Recommendations The Cabinet is recommended to: (i) Agree that Be First, on behalf of the Council, proceed with the procurement of the London Borough of Barking and Dagenham Development Framework 2024 – 2028 in accordance with the strategy set out in the report; (ii) Note that whilst the projected value of the Framework was up to £1.5bn, the Council shall not be obliged to award any contracts via the Framework; (iii) Agree that Be First, on behalf of the Council, manage the Framework in accordance with the scope of services set out in Appendix A to the report, and that the fee for the management of the Framework be paid by the Council to Be First as per the mechanism set out in Appendix A; and (iv) Authorise the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development, the Head of Legal and the Strategic Director, Resources, to conduct the procurement and award and enter into the Framework Agreements and all other necessary or ancillary agreements with the successful bidders.
Reasons The recommendations are aligned with the four priority areas identified within the Inclusive Growth section of the Council's Corporate Plan 2020 to 2022: • **Homes**: for local people and other working Londoners • **Jobs**: a thriving and inclusive local economy • **Places**: aspirational and resilient places • **Environment**: becoming the green capital of the capital. A Framework with two Lots of 10 framework partners appointed to each Lot to deliver the next phase of the Councils Investment and Acquisition Strategy through the Be First Portfolio, will enable consistent best value delivery against these priority areas.

1. Introduction and Background

1.1 Cabinet agreed the Be First business plan in March 2022, which contained a programme of schemes that Be First was aiming to progress. The Cabinet agreed to delegate the decision on investing in these schemes to the Managing Director (this role is now carried out by the Strategic Director, Resources), advised by Investment Panel, once detailed feasibility and financial modelling had been carried out.

1.2 The 2022 plan demonstrated a committed delivery of 2,340 homes within the plan period and a pipeline with the potential to deliver circa 3,150 new homes through this Framework.

1.3 Circa 2,400 homes have been delivered or are in contract under the previous Be First Development Framework and a portfolio review carried out in mid-2023 indicated that there is the potential to deliver a further 3,150 homes through the next iteration of the Development Framework with an estimated total delivery value of £1.3bn. This is apportioned between Direct Delivery by the Council and the potential for other Contracting Authorities to access the Framework.

1.4 The next iteration of the Be First Business plan remains under discussion. Meanwhile Be First maintains an aggressive stance with contractors and their supply chains on programme target dates across the portfolio in recognition of the council's policy aspirations and financial pressures. Inflationary pressures and borrowing costs continue to increase the risk across schemes This is consistent with the national picture across the development sector and affecting regeneration projects across London.

1.5 The forecast delivery through a new framework reflects the ambition of the Council and provides the Council the ability to award contracts once market conditions and timing is deemed appropriate.

1.6 The formation of a framework of Contractors to act as delivery partners throughout the next phase of delivery will provide the Council with advantages and opportunities as follows:

- A compliant route to market for suppliers who have been pre-tested for quality and suitability to deliver the Council's aims.
- The financial strength of the Contractor supply chain can be tested and monitored throughout the Framework period, ensuring the Council is awarding contracts to suppliers with appropriate financial resilience.
- An opportunity for collaboration and engagement to understand the wider construction market and identify risks and opportunities in the IAS Portfolio.
- Provide a joint resource to assist the Council in achieving its Social Value objectives (such as the opportunity for shared Apprenticeship schemes, etc).
- The opportunity to ensure Equalities impacts are being monitored and addressed.
- An opportunity to share and discuss lessons learned in delivery of Council schemes and within the wider market.
- for the ability to make Direct Awards.
- Provide for the costs of managing the Framework to be borne by the Framework contractors via a Management Charge (Levy) payable by the Contractors to the Council. Be First will manage the Framework on behalf of the Council and the Management Charge shall be used by the Council to cover Be First's costs associated with managing the Framework.

1.7 Two key lessons learned from the previous Development Framework was that the lotting strategy did not allow for the portfolio to adapt to changes in the economic climate and that the number of Framework Partners was too low to allow for competition throughout the lifetime of the Framework.

1.8 Be First has therefore carried out a review of the pipeline schemes that are likely to be issued for award over the next framework period and, based on this analysis, has proposed a lotting strategy that is more appropriate to the demands of the pipeline, in that it will provide sufficient suppliers to provide competition, allow for inflation within the lower Lot, and will be resilient to requests for access by other Contracting Authorities.

1.9 This analysis supports that the pipeline can be divided into two distinct delivery value Lots, works under £50m and works in excess of £50m. Each Lot would contain 10 suppliers, there will be the opportunity for suppliers to bid for both Lots, and the same supplier can be awarded a place on each Lot. Therefore, there would be the opportunity for a supplier to sit on both Lots, and bid for work in both value bands. The pipeline analysis can be viewed in **Appendix B**, 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.

1.10 The lotting strategy provides a number of advantages that address the lessons learnt from the previous Development Framework:

- **Competition** – the pipeline analysis demonstrates that there would be circa 15 – 17 schemes available in each value band, the proposal of 10 suppliers in each Lot will mean that each supplier will have an interest in bidding, whilst also ensuring that they are aware of stiff competition within the Lot.
- **Value Bands** – the analysis of the pipeline demonstrates that the lower value band captures schemes up to £40m with 16 schemes in that region of value. Be First has allowed a £10m inflationary measure to allow flexibility of cost movement in that Lot.
- **Appropriate Suppliers** – The suppliers with the knowledge, resource base and expertise to deliver the higher value schemes, would not necessarily be able to deliver the lower value schemes to the value and efficiency of smaller suppliers. Splitting the Framework into two Lots will attract the correct size of supplier appropriate to the schemes within each Lot.
- **Resilience** – Although suppliers will need to demonstrate a stable financial position upon qualifying for a place on the Framework, as well as be subject to regular financial checks by the Be First Framework Management team, there remains a risk of contractor insolvency during the Framework period. A larger pool of suppliers mitigates this risk and ensures the Framework remains valid for the period.

2. Proposed Procurement Strategy

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

2.1.1 Framework Agreement for the potential delivery of the Council's IAS Portfolio of Construction New Build Works, comprising of two Lots (Works under £50m and Works in excess of £50m) with a total of 20 contractors, 10 on each Lot.

2.1.2 Throughout the Framework Period the Employer or a Participating Body may appoint a Framework Partner via mini-competition, or Direct Award to deliver Construction works under a specific contract awarded under the Framework.

2.1.3 Specific contracts will contain terms and conditions under which the Contractor will provide the Construction Works to the Employer or Participating Body in relation to a Project.

2.1.4 The Framework Agreement will provide a structure of provisions to support and encourage both parties to this Framework Agreement to work together and with all other Project Members in an open and collaborative manner and in a spirit of trust and mutual respect so that the Framework Aims will be met.

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

2.2.1 Total potential value of specific contracts awarded under the provisions of the Framework Agreement £1.3bn, a breakdown of which can be seen in Appendix B.

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

2.3.1 Four years (2024 – 2028)

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

2.4.1 Yes, Framework Agreement is for works.

2.5 **Recommended procurement procedure and reasons for the recommendation**

2.5.1 A two stage restricted procurement procedure.

2.5.2 There is a potentially a very large number of bidders, drawn from the UK and EU Construction market. A two-stage procedure allows the Council to conduct a thorough assessment of 'qualifying' bidders at ITT stage and will improve the quality and suitability of bids.

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

2.6.1 The successful bidders will be appointed to a Framework Agreement that is being drafted by the Council and Be First's joint legal advisors, Gowling WLG.

2.6.2 Specific contracts awarded under the Framework Agreement will be subject to further mini-competition, or Direct Award.

2.6.3 The form of specific contract will be either the JCT Design and Build two stage process, or the NEC Suite of contracts, both with suitable amendments such as compliance with FOIA, local authority equality duty.

2.6.4 Gowling WLG is drafting the suite of call off contracts including access agreements, drafts of which will be included in the draft Framework Agreement at SQ stage.

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

2.7.1 The formation of a framework to deliver the IAS Portfolio will provide a compliant 'pre-tested' supply chain of Main Contractors to deliver the Councils pipeline IAS portfolio.

2.7.2 Within the Framework Agreement will be set KPI's to monitor the delivery and performance of suppliers against the awarded contracts, measuring:

- Time
- Cost
- Quality
- Health and Safety
- Social Value
- Sustainability

2.7.3 A pool of 20 Contractors across 2 Lots has been selected to provide suppliers that will provide competition throughout the framework period (based on the estimated value of delivery), whilst also ensuring that the risk of suppliers not bidding due to too much competition.

2.7.4 The proposed Framework will ensure that a consistent approach is taken to the procurement across the IAS portfolio for the 4 year period of the Framework, saving Be First and Council staff time in not having to propose, agree and review new methods of procurement for each opportunity.

2.7.5 The utilisation of other framework providers comes at a cost to the Council in the form of a management charge payable directly or indirectly by the Council. The formation of our own Framework ensures the Management Charge costs come direct to the Council and can be deployed in the management of the Framework. It is proposed that should another Contracting Authority wish to use the Framework the Management Charge would be 1%.

2.7.6 The reason that the charge would be lower for other authorities is due to the reduced resourcing requirements for their schemes, a Be First Council scheme would have full end to end procurement management and oversight from Be First whereas for other entities we would adopt a 'light touch' approach, providing advice and guidance only with the authority taking the full Contract Management function and liabilities.

2.7.7 A framework of suppliers will bring added value in the form of shared lessons learnt, and shared resource in terms of contributing to the Council's Social Value targets.

2.7.8 The Framework will comprise a direct award procedure, whilst Be First will maintain that their preferred method of award would be via mini-competition, the procedure to direct award is set out as follows: -

- All direct awards to have prior agreement of the Employer's Framework manager, and in the case of Council Contracts the Council's Procurement Board via an approved Procurement Strategy.

- Direct Awards will be based on fee rates set in the Framework Agreement (based on standard services to deliver Pre-construction Services), or where appropriate, on the basis of rates specific to the requirement, provided such rates represent value for money.
- The awarding party will develop a clear statement of the requirement and identify the applicable award criteria (Direct Award criteria).
- apply the Direct Award Criteria to the Framework Contractors' quality and commercial profiles, taking into account other factors as may be identified in consultation with the Employer's Framework Manager, such as timescales and capacity
- The Specific Contract shall be awarded to the first-ranked Framework Contractor with the required capacity. The Employer's Framework Manager will be responsible for deciding when Framework Contractors have reached capacity and, which is first ranked at any given time

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

2.8.1 The Selection Questionnaire (SQ) will be made available to all organisation who have expressed an interest through a submission of an Expression of Interest (EoI) in tendering for the Framework Agreement.

2.8.2 Potential tenderers must answer all of the questions in the SQ, and shall only be eligible to be invited if:

- They comply with the instructions and conditions governing the SQ.
- No grounds for mandatory or discretionary exclusion apply (if a ground does apply and the relevant ground is capable of being remedied, the Potential Tenderer must provide 'self-cleaning' evidence that is satisfactory to Be First).
- They do not fail any of the ‘Pass/Fail’ questions of the SQ (or otherwise have provided suitable mitigations where relevant to the questions as specified within the SQ).
- They do not score zero (0) in any of the qualitative questions asked within the SQ.

2.8.3 A maximum of twenty (20), organisations per Lot will be invited participate in the invitation to tender (ITT) process.

2.8.4 Tenders will be assessed on the basis of 60% Quality 10% Social Value and 30% Commercial and awarded on the basis of most economically advantageous tender (MEAT) in accordance with the provisions of the Framework Agreement.

2.8.5 The sub-criteria which will be used to assess the Tenderer’s Quality submission shall include an evaluation of the Tenderers resources, capacity and skills in respect of the Works, their proposed methods for assuring and delivering quality, health and safety on site, quality management, sustainability and social value relevant to the Lot they are bidding for.

2.8.6 The sub-criteria which will be used to assess each Tenderer’s Commercial submission shall include an evaluation of the proposed hourly rates for key roles and resources to deliver pre-Construction Services Agreements, as well as the overheads and profit that would be applied to projects.

2.8.7 The rates provided will be utilised once the framework is formed to allow a direct award against pre-construction services that will be set out in the framework agreement, that will be considered along with performance against KPI's.

2.8.8 Those potential Tenderers eligible to be shortlisted for contract award having satisfied the conditions listed above, will be ranked in descending order based on their combined quality and commercial scores.

2.8.9 The final ranking of the tender responses shall then be put forward to the Be First board and LBBD Investment Panel for approval to proceed to contract award stage, awarding a maximum of twenty (ten on each Lot) positions onto the Framework.

2.8.10 As part of this process Section 20 will be requirements will be included, and the Framework will be set up as a Qualifying Long Term Agreement (QLTA).

2.8.11 Following the award of the Framework Agreement mini-competition will be subject to evaluation bandings between the range of 70% Price 20% Quality in either direction and 10% Social Value, the evaluation criteria for call off awards will be set out in the Procurement Strategies for these award and be based on the specific requirements of each award.

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

2.9.1 The formation of a framework to deliver a potential further £1.3bn worth of work through the Be First New Build delivery programme provides an opportunity to deliver against and implement the Council's Social Value policies.

2.9.2 Be First's Community and Social Value Coordinator in liaison with the Council's Social Value Coordinator is engaged in the drafting of procurement documents to ensure providers are delivering measurable social value benefits through their membership of the Framework, and subsequent specific contract awards.

2.9.3 Social Value will be a key foundation within the Framework and will always be an agenda item at quarterly to ensure the Contractors are always aware of the importance of Social Value to the Council and Be First.

2.9.4 Social Value delivery plans will be included in mini-competition and direct award opportunities and the monitoring and assessment of the delivery against these will be captured through the Impact Social Value Monitoring Portal.

2.10 **Contract Management methodology to be adopted**

2.10.1 The Framework will be managed on behalf of LBBD by Be First PMO. Head of Be First PMO will be responsible for overseeing procurement activity and Be First have appointed procurement specialists from Mott MacDonald and Gowling WLG to ensure the process of forming the Framework is compliant and provides best value for the Council.

2.10.2 The Framework Agreement will set out the Contract Management requirements in detail, including the selection and appointment procedures to be followed when awarding specific contracts, key performance indicators and recording thereof, and Framework Management and reporting.

2.10.3 Specific contracts to be awarded through the Framework will be subject to individual Procurement Strategy Reports and Contract Award Reports through the individual project reporting (Investment Panel) process.

3. Options Appraisal

3.1 Following a review of the Councils IAS Portfolio, managed by Be First it is considered that there remains the potential to deliver circa 3,150 homes, which when combined with potential use from other Contracting Authorities provides an estimated construction value of up to £1.3bn. It is important that the Council has access to a supply chain with the demonstrated ability, quality and financial strength to deliver this work.

3.2 The following options for delivery of the pipeline have been considered and rejected: -

Do nothing	In not replacing the current framework, should the Council wish to proceed with the procurement of schemes within the IAS portfolio pipeline, an alternative third-party framework or fully compliant tender would be required.
Use third-party frameworks	The nature of the third-party frameworks for Construction Main Contractors is that they are not set up to specifically deliver a defined portfolio of works, and do not provide outcomes that would benefit the Council in the same way as a specific supply chain framework could achieve (shared lessons learnt, early collaboration, Social Value targets). There would also be an additional cost on each award in the form of the Framework Levy (Management Charge) payable to the Framework Provider.
Full Open Tender for each opportunity	Given the nature and ambition of the IAS Portfolio managed by Be First, this option would not be the most advantageous to the Council, as the volume of potential competitions would render this option time consuming and costly. We would also lose the ‘added value’ opportunities related to Lessons Learnt, collaboration, Social Value opportunities and the like.

4. Waiver

4.1 Not required.

5. Consultation

5.1 Consultation and regular meetings have been held between relevant Council and Be First officers.

5.2 The proposals in this report were considered and endorsed by the Procurement Board at its meeting on 20 November 2023.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

6.1 The Council's Contract Rules require all Gold threshold procurements to be conducted in the open market.

6.2 The spend level estimated to be used within the framework once established exceeds the current UK threshold and as such is required to be conducted under the full requirements of PCR 2015

6.3 The evaluation criteria is 60% Quality, 10% Social Value and 30% Price, this would be acceptable based on the sixe and scope of the framework.

6.4 It is noted that the framework can be used through mini competition and direct award, and both processes would need to be fully defined and agreed prior to procurement commencing.

6.5 It is also noted that the intention is to allow other public sector organisations to be able to access the framework up to a cumulative value of £400m over the lifetime of the framework. The value issued in the notice issued in the FTS cannot be exceeded.

7. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

7.1 The Development Framework for Construction Works 2024 – 2028 replaces the current Development Framework 2018 – 2023 which expired in early 2023.

7.2 The Framework carries a 'Management Charge' (Levy) applicable to all awards under the Framework, these will be chargeable at 3% for Contracts awarded on behalf of the Council, and 1% for any contracts awarded via third party contracting authorities who may access the Framework. The 3% charge will be added to any build costs and will see contract awards that are higher than industry standard as a result of this additional fee.

7.3 For a contract to be awarded on behalf of the Council, funding will need to be agreed, which will increase the Council's borrowing and will require approval from Cabinet or the Investment Panel. For every £100m the Council agrees to spend, a fee of £3m will be earned by Be First through the levy. The Levy fee becomes due at the award of each specific contract with 50% payable at award of the contract and the remaining 50% payable at Practical Completion of the Contract.

7.4 As outlined in the report, a key issue with the previous framework was that the lotting strategy did not allow for the portfolio to adapt to changes in the economic climate and that the number of Framework Partners was too low to allow for competition throughout the lifetime of the Framework. It is important that these issues are addressed in the new tender. To address these issues, Be First have reviewed the pipeline schemes that could be issued for award over the next framework period and, based on this analysis, has proposed a lotting strategy that is more appropriate to the demands of the pipeline, in that it will provide sufficient suppliers to provide competition, allow for inflation within the lower Lot, and will be resilient to requests for access by other Contracting Authorities.

7.5 It is important to stress that funding of the pipeline is currently challenging with all schemes being unviable and therefore the framework may, at least initially, not have any council scheme to be awarded.

7.6 Outside of the fee earned from Council awards, there is a 1% charge for any contracts awarded via third party contracting authorities who may access the Framework. This could, potentially, result in additional fees for Be First. It will be important to market the framework to attract other Council and entities to utilise it.

7.7 Overall the proposal sees a continuation of the previous Development Framework but seeks to improve on this, especially around the number of companies on the framework and this is a welcome improvement that needs to be successfully implemented.

8. Legal Implications

Implications completed by: Ian Chisnell, LBBD Major Projects Solicitor, supported by advice provided by Gowling WLG.

8.1 Procurement

Gowling WLG will provide advice as required on the Procurement documents and in response to any queries that may arise during the Procurement process, as requested by Mott McDonald. Gowling has not advised on procurement strategy. The Procurement documents will largely follow the form and structure used to procure the Designer Framework, save for the inclusion of those elements of the documentation that are specifically intended for procurements of construction services e.g. the inclusion of the PAS-91 pre-qualification questionnaire in the Selection Questionnaire document. The Designer Framework Procurement documents were reviewed prior to issue by Gowling WLG.

8.2 Construction

Gowling WLG are in the process of drafting the framework agreement. The framework largely follows the designer framework agreement that is in the process of being entered into. The framework agreement will be for a period of four years, and as expected, provides no guarantee of workload/pipeline to the successful contractors.

A number of the schedules, including the Selection and appointment procedures; Social value and Sustainability Requirements; and KPIs, have been, or will be, prepared by Mott McDonald.

The call off-contracts will be on either the NEC4 Engineering Construction Contract ("NEC4") or JCT Design and Build, 2016 edition (JCT), each subject to a schedule of amendments.

The JCT is based on LBBD's template and has been updated to reflect changes in legislation and lessons learned/issues arising during the current framework.

The NEC4 has been introduced to allow flexibility in pricing as it allows for fixed lump sum and target cost options, as well as cost reimbursable. Although we understand that the cost reimbursable option is unlikely to be utilised. The NEC amendments include the same principles as the JCT.

Both options allow for performance bonds, parent company guarantees and collateral warranties to be provided in an agreed form.

9. Other Implications

9.1 **Risk and Risk Management**

Risk of Challenge - In following the Council's Rules and PCR 2015 in the procurement of and formation of this framework, LBBD and Be First will mitigate any risk of challenge to the award. All communication will be managed via Be First's tender Portal (e-Delta) and will be conducted in an open and transparent manner.

Risk of unsuitable suppliers awarded - The Selection Questionnaire and Invitation to Tender will be set out to ensure that bidders that can demonstrate a strong financial position, with demonstrable history of delivering appropriate projects to high quality standards within budget constraints are selected. Clear and understandable selection criteria will be utilised.

Risk of supplier insolvency post award - As above the suppliers will be tested for financial strength at award stage, ongoing checks will be made at regular intervals during the Framework period, and always pre-selection for Specific Contracts. In having an allowance of 10 Contractors per Lot, there will be resilience within the Framework should an insolvency occur.

9.2 **Corporate Policy and Equality Impact –** An Equality Impact Assessment Screening Tool has been completed which has identified the Framework's potential to deliver a positive impact in terms of access and inclusion, fairness and equality, meeting needs and delivering out-comes and satisfaction and customer experience. Be Frist will engage with successful Framework partners to ensure that the developments driven through the Framework meet the inclusivity needs and requirements of the people of Barking and Dagenham, constructors will also be required to demonstrate that they have/or will adopt a policy that complies with their obligations under the Equality Act. A copy of the EIA Screening Tool is at Appendix C.

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

List of appendices:

- **Appendix A** – Framework Management Specification and Fee Recharge Mechanism
- **Appendix B** – Framework Value, Lotting Strategy & Turnover and Insurance Requirements (exempt document)
- **Appendix C** – EIA Screening Tool

Core Service Specification

Development Framework Management

Contents

Document History

Document Control

Document Owner	Hilary Morris
Contact Details	hilary.morris@lbbd.gov.uk
Document Location	

Version Control

Version	Details of Update	Comments	Author	Issue Date	Status
V0.1	Initial draft		Paul Hann	15 Sep 23	

Sign Off

Signature	
Job Title	
Date	

Commercial: Framework Management

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Scope

This service specification sets out the functions related to the Management of the Development Framework(s) which shall be provided by Be First. The Development Framework(s) shall be Framework Agreements between the Council and Main Contractors to provide a collaborative and accessible Framework to deliver the Be First Portfolio of new build works and associated It includes performance targets and service level requirements and outlines the relevant legislative and policy background.

Service Requirement

Reference	Service Area	Function	Service Requirement	Service Level
FM01	Procurement	Procure appropriate Framework partners	Be First shall ensure that a Development Framework is procured in compliance with Be First and council rules as well as statutory and legal requirements. Where necessary Be First will undertake collaboration with other Council departments and entities to ensure a framework is appropriate for the needs and requirements of the Council. Procurement will include the preparation of tender documentation, and supplementary information, drafting agreements and clauses, evaluation, and award.	In accordance with corporate standards/policy
FM02	Legal	Agreements	Be First shall manage and co-ordinate the signing and sealing of all Framework Agreements.	

Reference	**Service Area**	**Function**	**Service Requirement**	Service Level
FM03	Framework Marketing	Sell to other contracting Authorities	Be First shall market the Framework to other Contracting Authorities ensuring that where possible the Framework is accessed by other authorities and an appropriate management charge is received.	
FM04	Framework Management	Compliance	Be First shall ensure the provisions of the Framework agreement are followed by Constructors and any other contracting authorities who may join the Framework by signing an access agreement throughout the duration of the Framework agreement.	
FM05	Framework Management	User Guide	Be First shall Produce and maintain a Framework User Guide that sets out the principles of the Framework and how to procure through it.	
FM06	Framework Management	Compliance and recording	Be First shall maintain an 'awards register' detailing awards made and Management Charge due, ensuring all LBBD awards are recorded on the Councils Contracts Register.	
FM07	Framework Management	Income management	Be First shall ensure invoices for Levy amounts due are issued in a timely manner and issued to the relevant representative within the Constructor's team.	
FM08	Framework Management	Forward planning	Be First shall Manage the forward plan for opportunities in the Framework and ensure that these are communicated to the Framework Constructors and the Council.	
FM09	Framework Management	Collaboration	Be First shall ensure that the framework members work together and with all other Project Members in an open and collaborative manner.	
FM10	Framework Management	External access	Be First shall co-ordinate and manage the agreement of access agreements between participating bodies and the Council, ensure that the Council's Legal and Procurement representatives are informed of any requests to access.	
FM11	Framework Management	Compliance	Be First shall ensure that all opportunities to be issued under the Framework follow the ordering procedure(s) set out within the Framework agreement.	

Reference	Service Area	Function	Service Requirement	Service Level
FM12	Framework Management	Aims	Be First shall ensure that the Framework Aims are communicated to all parties, and agree a monitoring format for KPI's.	
FM13	Framework Management	Meetings	Be First shall organise and chair quarterly framework meetings to discuss pipeline, Health & safety performance, performance against KPI's and to ensure the Framework is operating compliantly.	
FM14	Framework Management	Org Chart	Be First shall maintain organisation chart to be shared with Constructors, notify Constructors of any changes to the organisation(s).	
FM15	Framework Management	Compliance	Be First shall ensure that the Council and Be First adhere to the terms of the Framework Agreement.	
FM16	Framework Management	Procurement and call-off	Be First shall be responsible for agreement and approval by the Council of procurement strategies, tendering process through Be Firsts e-Delta Portal, evaluation and award reports for all procurement Be First carry out on the Councils behalf through the Framework. Ensuring adherence with the Council's Contract rules PCR 2015 and any other relevant statutory requirements.	
FM17	Framework Management	Financial resilience	Be First shall conduct regular (quarterly) financial resilience appraisals on the Framework Contractors, including any interim checks prior to Contract Award.	
FM18	Framework Management	Social Value	Be First shall ensure that Social Value benefits are monitored and recorded throughout the Framework period.	
FM19	Framework Management	Communications	Be First shall agree and maintain a communications protocol with the Constructors and other Project members to ensure that information essential to the success of the Framework can be obtained without difficulty.	

Reference	Service Area	Function	Service Requirement	Service Level
FM20	Framework Management	Statutory requirements	Be First shall ensure that the management of any Freedom of Information requests related to the Framework are responded to and will collaborate with relevant parties within the Council to ensure responses are reviewed and approved.	
FM21	Framework Management	Statutory requirements	Be First shall ensure that Ensure Data Protection and GDPR policies are adhered to.	

Fee Recovery

The Framework carries a 'Management Charge' (Levy) applicable to all awards under the Framework, these will be chargeable at 3% for Contracts awarded on behalf of the London borough of Barking and Dagenham, and 1% for any contracts awarded via third party contracting authorities who may access the Framework.

The levy is calculated as a percentage of the awarded contract sum.

The Levy fee becomes due at the award of each specific contract with 50% payable at award of the contract and the remaining 50% payable at Practical Completion of the Contract.

Be first shall request invoices are raised by the Council and issued to the respective Contractor for payment and will then ensure that the contractor pays the Levy to the Council within the timescales set out in the Framework Agreement and Invoice.

On a quarterly basis, Be First shall review all contracts awarded through the Framework and Levy invoices subsequently issued, Be First will then issue an invoice to the Council for the Levy amount due which will be payable to Be First.

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

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APPENDIX C

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.

<table>
<tr><td>Proposal/Project/Policy Title</td><td colspan="2">LBBD Development Framework 2024 - 2028</td></tr>
<tr><td>Service Area</td><td colspan="2">Be first</td></tr>
<tr><td>Officer completing the EIA Screening Tool</td><td colspan="2">Paul Hann, Head of PMO, Be First</td></tr>
<tr><td>Head of Service</td><td colspan="2">Sarah Prescott, COO Be First</td></tr>
<tr><td>Date</td><td colspan="2">18/10/2023</td></tr>
<tr><td>Brief Summary of the Proposal/Project/Policy
Include main aims, proposed outcomes, recommendations/ decisions sought.</td><td colspan="2">Procurement of a Development Framework of main contractors (20 in total) to deliver a potential portfolio of up to £1.3bn of Construction works, over four years from 2024 – 28.</td></tr>
<tr><td>Protected characteristic</td><td>Impact</td><td>Description</td></tr>
<tr><td>Age</td><td>Positive impact (L)</td><td>Contractors will be providing improved dwellings to the population of Barking and Dagenham and will be required to consider protected characteristics during construction activities. Contractors will also be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.</td></tr>
</table>

Disability	Positive impact (L)	Contractors will be providing improved dwellings to the population of Barking and Dagenham and will be required to consider protected characteristics during construction activities. Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Gender re-assignment	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Marriage and civil partnership	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Pregnancy and maternity	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Race	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Religion	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Sex	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to

		not treat one group of people less favourably than other.
Sexual orientation	Positive impact (L)	Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
Socio-Economic Disadvantage[1]	Positive impact (L)	Contractors will be providing improved dwellings and job opportunities to the population of Barking and Dagenham and will be required to consider protected characteristics during construction activities. Contractors will be required to, if not already doing so adopt a policy that will comply with their obligations under the Equality Act and will be bound to not treat one group of people less favourably than other.
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? Consider the following impacts – legal, financial, political, media, public perception etc		**Medium risk to reputation (M)**

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.

Contractors will be required through the Selection Questionnaire and Invitation to Tender to demonstrate their compliance and ability to meet the requirements of the Equality Act. If successfully awarded a place on the Framework; Contractors will be required to demonstrate they have adopted a policy that will comply with their obligations under the equality act (this will be a clause under the Agreement). This will be monitored and assessed by Be First for the duration of the Framework Agreement. Specific Contracts awarded through the Framework agreement will be subject to separate EDI assessments as and when these are issued for tender when details are more defined.

[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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CABINET

23 January 2024

Title: Procurement of 8x8 Telephony Services Contract	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Author: Ben Davis, IT Procurement Lead	**Contact Details:** Tel: 07740561301 E-mail: Ben.Davis@lbbd.gov.uk
Accountable Executive Team Director: Jo Moore, Strategic Director, Resources	

Summary:

The Council is coming to the end of its current four-year (2+1+1) contract with 8x8 for soft-phone telephony in March 2024. 8x8 is a communications provider that currently provides the Council with soft-phone capabilities in the form of UCaaS (Unified Communications as a Service) and CCaaS (Contact Centre as a Service). A soft-phone is an application or web service that sits on a Council employees' laptop and acts as a telephone.

This contract was put into place as a result of the Covid lockdown and the change in employees' working conditions as they transitioned from office to home-based working and meant that telephone interaction with staff and the public could continue. Previously, the Council used the traditional Alcatel hard-phone solution that required employees to have a physical handset to make and receive telephone calls.

After several years of these working practices and with the end of the contract in sight, IT Services and Customer Contact began discussions in early 2023 to decide on the future direction. The view taken was that with the Council's current financial position and the advent of emerging technologies like AI and automation, it was not advantageous for the Council to transition to new software and, instead, to look to implement a new 8x8 contract with a potentially new provider.

The proposals is to award a new two-year contract via the G-Cloud 13 Framework through the long list to short list method; this is a commonly used technology framework and is fully compliant for public sector use. The contracting period will be between 20 March 2024 until 19 March 2026.

The annual cost of this contract is estimated at c£350,000.00 and would result in a total contract cost of c£700,00.00 for the two years. These costs have been estimated as 8x8 runs on a licensing model and there may be some changes throughout the life cycle of this contract to the licensing numbers.

Recommendation(s)
The Cabinet is recommended to: (i) Agree that the Council proceeds with the procurement of a new two-year contract for 8x8 UCaaS and CCaaS through the G-Cloud 13 Framework in accordance with the strategy set out in the report; and (ii) Delegate authority to the Strategic Director, Resources, in consultation with Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.
Reason(s)
To accord with the Council's Contract Rules and the Public Contract Regulations 2015 and assist the Council to achieve its priority to "Provide value for money".

1. Introduction and Background

1.1 Historically, both the Contact Centre staff and the wider Council staff population communicated via Alcatel hard phones, which required users to have a physical handset to be able to communicate, especially the contact centre. As a result of the Covid-19 pandemic and lockdown, the Council had to drastically alter its strategy for communications amongst Council staff and with the public to meet the requirement of transitioning the workforce to home based working. Therefore, a procurement exercise was conducted to transition the Council from hard-phones to soft-phones.

1.2 Soft phones are applications or web services that sit on a Council employees' laptop as a virtual phone, allowing Council employees to have phone capabilities wherever they were, whether in the office or at home. A maximum four-year contract was awarded to 8x8 via the G-Cloud 11 Framework, encapsulating the Contact Centre, general Council staff and several of the Borough's Schools.

1.3 In anticipation of the end of the current contract, IT Services and Customer Contact held a series of consultations to discuss the future of communication within the organisation. With numerous developments in AI and other advanced technologies, accompanied with the expense of change at this scale, both services believe that moving now would not benefit the Council. The rationale is explained in more detail below:

Cost of Change

1.4 With the current financial position that the Council finds itself in and the need to look for savings or reductions in cost, IT Services and Customer contact do not feel that the cost of large-scale change, which a transition to a new communications platform would incur, is warranted for the little difference in product it would garner currently.

1.5 The previous implementation cost of 8x8 across the Contact Centre, Unified Communications and the dozen or so schools that also adopted 8x8 was £120,000 - £150,000.

1.6 IT Services also believe this cost of change is premature in relation to the advancements in the market, which will lead on to the second reason for delaying this procurement until later next year.

Advancements in technology, notably AI and Automation

1.7 Artificial Intelligence (AI) and automation are providing huge advancements being made in this area which is seeing innovation to working practices across the board. Although AI and automation emerged in the Contact Centre market several years ago, the view is that many of these technologies will be mature and more worthy of investment in the years ahead and would yield more substantial efficiencies.

1.8 This also ties with the current AI Feasibility project running within IT Services that is assessing the application of AI in key business areas with a pilot being run for AI and the Staff Intranet site.

Service Rationalisation

1.9 In 2020, the 8x8 contract was acquired to supply communications to all three different areas; Contact Centre, Unified Communications and schools. As the contract has progressed, the need to maintain all these three services under one contract requires review. Below is the current license counts for those services:

Services	Count
Standard LBBD Staff	1788 User Licenses, 157 Service Numbers
Contact Centre	100 Licenses, 52 Service Numbers
LBBD Schools	288 Licenses, 15 Service Numbers

**Service Numbers are numbers advertised to the public to use for a service rather than contacting an individual.*

1.10 The needs and requirements of Contact Centre services differs greatly to those required of other staff, and once again to those schools using the service. IT Services and Customer Contact are looking to undertake a detailed analysis of the best direction for these services, and whether they should remain with one provider under one contract or whether they require separate more specific contracts to meet the needs and demands of the services. This process will require consultation with services to work out their distinct requirements.

2. Proposed Procurement Strategy

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

2.1.1 As part of this procurement, the Council will be looking to acquire a 2-year contract for the supply of 8x8 Contact Centre as a Service, Unified Communications as a Service and Licenses for 15 Barking and Dagenham Schools. This contract will be procured via the CCS G-Cloud 13 Framework which is recognised as a fully compliant framework for the procurement of technology for public sector organisations.

2.1.2 There are a number of 8x8 product resellers on the G-Cloud 13 Framework.

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

2.2.1 The estimated value of a two-year Contract for the services described is £700,000.00, equating to £350,000.00 per annum.

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

2.3.1 This contract will be acquired for two years with no options to extend on the CCS G-Cloud 13 framework. The contracting period will be 20 March 2024 to 19 March 2026.

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

2.4.1 Yes, a) for services. This contract is for use across the whole organisation and multiple departments, including but not limited to the Contact Centre, IT Services, Children's Services and Adult Services. This contract also provides telephony for 15 Schools across the borough.

2.5 **Recommended procurement procedure and reasons for the recommendation**

2.5.1 The recommended procurement procedure is via the CCS G-Cloud 13 Framework. G-Cloud 13 requires buyers to run a "search" using keywords, this will generate a longlist, which then requires shortlisting. This is done through evaluating the longlist and whittling it down to only the suppliers who can provide the services you require. Once a shortlist has been obtained, the suppliers will be evaluated on a pure price weighting basis. Due to the Council already understanding the technical requirements and specification and making no changes to it, there is no need for a quality weighting.

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

2.6.1 This contract will be delivered using the G-Cloud 13 Terms & Conditions, this call off contract will incorporate the framework schedules as well as the licensing terms and conditions for the product and any terms and conditions from the reseller if applicable. All terms and conditions will be reviewed by Legal, prior to any contract signing.

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

2.7.1 There are no key savings or efficiencies forecasted for the award of this contract.

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

2.8.1 This contract will be evaluated on 100% price after a long list to short listing via the G-Cloud 13 Framework buyers' guidance.

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

2.9.1 IT Services and Customer Contact as part of this contract will be requiring a Social Value offering, consultation with the new supplier will be taking place with the Councils Social Value manifesto being provided and discussed.

2.10 **London Living Wage (LLW)**

2.10.1 Not applicable.

2.11 **How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**

2.11.1 Not applicable.

3. Options Appraisal

3.1 Throughout the consultation between IT Services and Customer Contact, several options were considered for the end of the current 8x8 contract as follows:

Do Nothing (Rejected) - Not feasible due to vital public facing services requiring soft-telephony capabilities to function; Housing Benefit, Repairs etc.

New Product/Platform via a Framework/Open Tender (Rejected) - IT Services and Customer Contact do not believe that the process of invoking change to our CCaaS and UCaaS services at this current time would garner an improvement in efficiency or cost nor see any substantial advancements in the technology procured. As previously stated, these services would like to maintain their position for a further two years whilst the advancements in AI and automation have matured within this market and offer more substantial benefits.

The resource cost involved in completing a change of product for both these services would incur substantial financial cost, in the region of £150,000.00+.

Award via G-Cloud 13 (Preferred) - G-Cloud 13 is viewed as the most efficient and simple Framework for the completion of a procurement exercise for a new 8x8 UCaaS and CCaaS contract. Other CCS Frameworks have been considered, including Technology 3 but the procurement process requires a more traditional procurement process. This procurement will not include any technical evaluation and the product spec is already known and detailed, as it exists on the estate, thus a lengthier process is not required.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 The proposals in this report were considered and endorsed by the Procurement Board on 18 December 2023.

6. Corporate Procurement

Implications completed by Sam Woolvett, Category Manager, Corporate Procurement

6.1 This report seeks approval to carry out a further competition from the CCS G Cloud 13 Framework. The Framework is live and enables local authorities to utilise it.

6.2 This approach complies with LBBD's Contract Rules. The value of this procurement exceeds the threshold for services under the Public Contracts Regulations 2015 (the Regulations), but as a framework is being used a standstill period is voluntary not mandatory, although the Council may still issue a standstill notice as it is good practice to do so for any call-off over the Regulations threshold.

7. Financial Implications

Implications completed by: Gina James, Finance Business Partner

7.1 The report is requesting for the Procurement of a new 2-year contract with no options to extend for 8x8 UCaaS and CCaaS Services via the CCS G-Cloud 13 Framework Lot 2 Cloud Software. The contract cost is c.£350,000 a year and a total contract c£700,000 for the 2-years.

7.2 The current 12-month G-Cloud 8x8 contract is the final extension of a 4-year (2+1+1) contract, expiring on March 18th 2024. The current bill payments average at £30k a month based on users' consumption and licence count. The actual costs from April to November 2023 is £230k and IT are forecasting approx. £350k for FY 23/24, 36k less than the £386,000 contract price.

7.3 The monthly billing cost is initially allocated to the IT Telephony cost centre F23410 and then recharged out to council services based on their usage; each service is responsible for identifying the funding from their revenue budget with the recharges including schools, customer contact and other council departments.

7.4 The new 2- year contract will follow the same process and is estimated at £350k annually, which is £36k less than the current contract price. Although there are no expected savings from awarding this contract, IT are working on reviewing and reducing the number of licences which, in turn, may reduce the cost and recharges to services.

7.5 Further efficiency initiatives such as AI and automation will be advanced after this period, whilst IT pilots an AI feasibility project for application in key business areas

8. Legal Implications

Implications completed by: Yinka Akinyemi, Solicitor - Contracts and Procurement Law, and Governance.

8.1 This report is seeking approval for the Council to proceed with the procurement of a 2-year contract for 8x8 UCaaS and CCaaS between the 20th of March 2024 until the 19th of March 2026 at a total contract cost of c£700,00.00 through the G-Cloud 13 Framework due to reasons detailed in this report.

8.2 A procurement of this nature and value is subject to the requirements for a full competitive tender exercise in accordance with the Public Contracts Regulations 2015 (“the Regulations”) and the Council’s Contract Rules.

8.3 Procuring the services via an established, compliant framework agreement meets the requirements of the Regulations and the Council’s contract rules, provided that the proposed framework agreement permits the Council to procure via that framework agreement and the call-off is made in line with the framework terms and conditions.

8.4 The framework proposed in this report permits the Council to carry out a procurement under the framework terms as it specifically permits all UK public sector bodies to procure services using its framework terms and conditions.

9. Other Implications

9.1 **Risk and Risk Management –** A risk assessment has been undertaken and is set out at **Appendix A**.

9.2 **Corporate Policy and Equality Impact –** The procurement of 8x8 has a significant impact on the public and how they access Council services. Without the product in place, the soft-telephony Contact Centre would not be able to make and receive calls to the public and other Council services to ensure that public requests are met.

8x8 gives the Contact Centre the opportunity to work more flexibly, both in and outside the office environment. This ensures that agents are available at key business hours to handle public requests. For many members of the public, being able to contact the Council easily is the difference between receiving vital benefits and not.

An Equality Impact Assessment Screening Tool was completed and is attached at **Appendix B**. After consultation with the Council’s Equalities and Impacts Assessment Team, it was confirmed that a full EIA is not required.

9.3 **Business Continuity / Disaster Recovery –** 8x8 is a third party hosted solution that has significant disaster recovery built into its business model as part of being hosted across the planet at various data centres. During the original procurement of 8x8, the company had to complete a Cloud Security Principles document which was reviewed by the Head of Security within the Council and signed off. This was deemed acceptable and is still considered acceptable now.

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

List of appendices:

- **Appendix A** – Risk Register
- **Appendix B** – EIA Screening Tool

Risk Register **APPENDIX A**

ID	Date raised	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
1	24/11/23	Failure to implement a new 8x8 contract in time.	Low	Medium	Medium	IT Services	Ensure a contract is implemented by March 2024.	Work with incumbent supplier to ensure an extension is implemented to allow IT Services to complete the procurement process.			
2	24/11/23	Issue transitioning to a new 8x8 contract supplier	Low	Low	Low	IT Services	Prepapre incumbent for potential change, working with incumbent and new supplier to ensure	-			

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APPENDIX B

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.

Proposal/Project/Policy Title	Direct Award of a 2-year contract for UCaaS and CCaaS Services via the CCS G-Cloud 13 Framework	
Service Area	IT Services and Customer Contact	
Officer completing the EIA Screening Tool	Ben Davis, IT Procurement Lead	
Head of Service	Paul Ingram, Chief Information Officer	
Date	26/10/2023	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	This procurement is to establish a new 2-year G-Cloud 13 contract with 8x8 for their UCaaS and CCaaS products. These products provide the Contact Centre, general staff population and certain schools with telephony capabilities.	
Protected characteristic	**Impact**	**Description**
Age	Not applicable (N/A)	Describe the impact.
Disability	Positive impact (L)	Products are compatible with all accessibility software.
Gender re-assignment	Not applicable (N/A)	Describe the impact.

Marriage and civil partnership	Not applicable (N/A)	Describe the impact.
Pregnancy and maternity	Not applicable (N/A)	Describe the impact.
Race	Not applicable (N/A)	Describe the impact.
Religion	Not applicable (N/A)	Describe the impact.
Sex	Not applicable (N/A)	Describe the impact.
Sexual orientation	Not applicable (N/A)	Describe the impact.
Socio-Economic Disadvantage[1]	Not applicable (N/A)	Describe the impact.
How visible is this service/policy/project/proposal to the general public?		**Low visibility to the general public (L)**
What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc		**High risk to reputation (H)**

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.

[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

23 January 2024

Title: Procurement of Culvert Repair Works at Choats Road, Barking	
Report of the Cabinet Member for Public Realm and Climate Change	
Open Report	**For Decision**
Wards Affected: Barking Riverside and Thames View	**Key Decision:** No
Report Authors: Nick Davies Specialist Services Manager, My Place Richard Rollison - Senior Construction Manager, Be First	**Contact Details:** Tel: 07773 090029 E-mail: Nick.davies@lbbd.gov.uk E-mail: richard.rollison@befirst.london
Accountable Director: Rebecca Johnson, Director of Public Realm	
Accountable Executive Team Director: Leona Menville, Strategic Director, My Place	

Summary:

Choats Road is in the south of the Borough and is a crucial gateway to the Barking Riverside / Thames View area as well as being a key logistics route to the Dagenham Dock area. The road itself is carried over the Gores water by a twin bore corrugated steel Armco type culvert bridge, located just west of Reef Street.

The internal corrugated structure of the culvert bridge was identified on a routine inspection as deforming, potentially leading to voids forming above it which, over time, affect the stability of the road above and may ultimately require its complete closure if remedial steps are not taken.

This report sets out proposals to procure a contractor to carry out the necessary repair / strengthening works to the culvert bridge and the funding requirements for the works.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree that the Council proceeds with the procurement of a contract for repair / strengthening works to the culvert bridge at Choats Road, Barking, in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Director of Public Realm, in consultation with the Cabinet Member for Public Realm and Climate Change, the Strategic Director of Resources and the Head of Legal, to award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals, subject to the necessary budget provision being in place to meet the full cost of the project.

Reason(s)

To accord with the Council's Contract Rules for contracts with a value exceeding £500,000.

1. Introduction and Background

1.1 Choats Rd in the south of the borough is a major road artery into Barking and is also on a bus route. The road is carried over the Gores Brook by a twin bore corrugated steel Armco type culvert, located just west of the Reef Street. Unfortunately, a recent inspection by the borough's consulting civil engineers (Arcadis) has identified that voids are forming under the concrete culvert slab which supports the road in both its east and west spans. These voids will continue to grow as more material escapes from under the slab, with the rate of material loss being unpredictable, but significantly higher during storm water and events. Whilst a minimal number of defects are currently visible in the carriageway above at present. Eventually it will reach the point where the concrete slab will be unable to support the weight of the road above and fail. The culvert cannot therefore in the long term be safely relied upon to provide adequate support to Choats Rd. Initially localised carriageway failures are likely to occur, however ultimately the complete failure of culvert and collapse of the road above will occur.

Location (Google):

1.2 Choats Rd and the culvert that supports it, provides a crucial gateway into the Barking Riverside Developments 25,000 new homes, 5,000 new business opportunities and new transport hub, alongside being an essential gateway and logistics route to Dagenham Dock, the agreed 3 major market relocations and Dagenham Free Port aspirations.

1.3 The value of these opportunities and investments to the Borough are significant in both prestige and the associated economic activity they bring, forming a crucial part of our Borough Regeneration and Transformation. Therefore, the repair of the damaged structure restoration back to its full loading capacity is a priority.

1.4 In addition to the disruption to traffic, public transport and the knock on affects to both residents and local businesses. Any defect in the road itself and a sudden failure itself could have potential safety consequences. Furthermore, such a sudden unplanned and unmanaged failure of the road could attract significant adverse publicity.

1.5 To mitigate against the risk of such an unplanned and unforeseen failure, whilst we looked at long-term options and solutions. A regular weekly monitoring programme has been established to assess any changes to the condition of the road. Through this and following our engineer's advice, we have removed the HGV's and BRL logistic route vehicles which used the bridge deck on a daily basis so as to extend the lifespan. Whilst maintaining the essential wider needs of our Emergency Services and Public transport necessities. These restrictions will remain in place while we procure the works.

1.6 Arcadis were commissioned to produce a feasibility and options appraisal examining options to repair and replace the culvert. The feasibility and options appraisal considered three options, as briefly described below.

> Do Nothing – The option of doing nothing was considered but rejected as whilst the remaining life of the culvert cannot be accurately predicted, it is nonetheless known that complete failure will occur at some point in the near future. Such failure would result in the complete unplanned closure of the road, which is a major traffic route into the borough as well as significantly adversely impacting local bus services.
>
> Repair/Strengthen existing culvert – This option comprises lining the existing culvert with a GRP lining. The estimated cost of this work is £850,000.00, the works would take approximately 12 weeks to complete and could be carried out whilst keeping Choats Rd open in both directions. The repair solution would have a design life of 120 years.
>
> Replacement of existing culvert – This option involves demolishing the existing culvert and building a new concrete culvert using the cut and cover technique. The estimated cost of this work is £7.2million and would take 12 months weeks to execute on site. However, the work in relation to this option could not be undertaken whilst Choats Rd remains open to traffic, it would therefore be highly disruptive. Again, this solution would have a 120-year design life.

1.7 Based on this feasibility and options appraisal the option to repair and strengthen the culvert through GRP lining is being progressed.

1.8 To implement the above option it will be necessary for the borough to procure the services of a specialist civil engineering contractor to undertake the works. The strategy and detailed proposals for this are set out further within the report.

1.9 The award of the engineering works contract would usually be a Cabinet Decision as it exceeds £500,000. Tenders for these works are anticipated to be issued and returned in January 2024, for works to commence on site in Spring 2024. It is hoped to get the works complete before the middle of next year, so as to complete the works ahead of the next Autumn and Winter periods. However, based on this timescale there may be insufficient time to award the contract in the usual way. Therefore, Cabinet is asked to delegate the decision to award the contract down to the Director of Public Realm, in consultation with the Cabinet Member for Public Realm and Climate Change and the Strategic Director of My Place, authorising them to enter in contract for the works provided it is within budget.

2. Proposed Procurement Strategy

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

2.1.1 Delivery of the repair and strengthening works will require the procurement of a specialist contractor to complete the detailed design and execution of the GRP lining works. The building works will be procured via a design and build contract, with works being specified within the Invitation to Tender via a performance specification.

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

2.2.1 The costs of the engineering works contract is estimated to be £850,000.00.

2.3 Duration of the contract, including any options for extension

2.3.1 The duration of the works contract is anticipated to be approximately 12 weeks with a 12 months defects liability period as per standard practice within the construction industry.

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

2.4.1 No

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 It is recommended that the works are procured via open tender process on the basis of a design and build contract, with the tenders being managed via the Council's "Bravo" e-procurement portal. Using a complete set of tender documents inclusive drawings and performance specifications.

2.5.2 The repair of culverts using the technique of GRP lining is very specialist, and the detailed design skills and knowledge required is only available within companies who install such linings. Consequently, there are no suitable frameworks or other such arrangements for the procurement of these works. Initially it was thought that only one contractor existed who was able to undertake both, the detailed design and execute the GRP lining work on site. However, upon testing this via a Prior Information Notice (PIN), a number of contractors expressed an interest in the contract. Whilst it is felt that the majority of these are simply general contractors who would seek to sub-contract the work to a specialist and as such are unlikely to submit a competitive or indeed any tender at all. One further potential tenderer was identified through the PIN, and this forms the basis of the recommendation for open tendering. In addition to the Councils web site, it is also proposed to advertise the contract on the Government's Find a Tender service web site, on a voluntary basis as this is a below threshold contract.

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

2.6.1 The building works will be let on a design and build basis with the proposed form of contract being the NEC4 Engineering and Construction Short Form Contract, incorporating standard LBBD contract amendments.

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

2.7.1 As a consequence of awarding this contract the potential risk of the sudden failure of the culvert supporting the road will be removed. Thus, maintaining a crucial gateway into the Barking Riverside Development with its 25,000 new homes, 5,000 new business opportunities and new transport hub, alongside retaining an important logistics route to Dagenham Dock, the agreed 3 major market relocations and Dagenham Free port aspirations.

The value of these opportunities and investments to the Borough are significant both in prestige and associated economic activity, forming a crucial part of our Borough's Regeneration and Transformation. Therefore, the damaged structure and the road above are off strategic importance must be restored to full loading capacity as a priority.

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

2.8.1 The engineering works tenders will be assessed on the basis of both price and quality, on the basis of 60% cost, 10% social value and 30% Quality. With quality being assessed in relation to each bidders' experience and qualifications of site team and response to specific project related questions.

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

2.9.1 The evaluation process will take note of the Council's legal obligation to consider Social Value under the Public Services (Social Value) Act 2012. Therefore 10% of the potential marks awarded in the proposed evaluation criteria in relation to the work contract will consider the social value benefits being offered by the preferred contractor.

2.10 **Contract Management methodology to be adopted**

2.10.1 Be First will be responsible for overall contract management and will work with the Council's corporate procurement department in relation to the procurement of the works and services. Whilst works are on site, monthly meetings will be held with the contractor to monitor progress. Regular site visits to inspect the quality of works being undertaken will also be undertaken by Be First alongside the appointed engineers on the project. Payment for works will be through monthly valuations of work executed on site by the project engineers and these will be reviewed and processed by Be First.

3. Options Appraisal

3.1 **Do nothing -** The option of doing nothing was considered but rejected as whilst the remaining life of the culvert cannot be accurately predicted, it is nonetheless known that complete failure will occur at some point in the near future. Such failure would result in the complete unplanned closure of the road, which is a major traffic route into the borough and significantly adversely impacting local bus services.

3.2 **Alternative Contractual Arrangements** - Alternative construction contract arrangements have been considered. Construction Management and Management Contracting were both rejected. The nature of the works themselves do not suit this route. And the factors that would usually influence an employer to select these routes namely speed and the need for flexibility do not apply in this instance, sufficiently to outweigh the lack of cost certainty associated with both these routes. The traditional procurement route was considered but rejected because the detailed design skills to design the GRP lining for the culvert are not available outside the contractors who install such linings.

Various standard form contracts are published in relation to building and civil engineering works. The predominant standard forms used in the UK are those published by the Joint Contacts Tribunal (JCT) and Thomas Telford Ltd the commercial arm of the Institute of Civil Engineers. JCT contracts are primarily intended for building works contracts, whilst the NEC4 suite of contracts are more flexible and focused on engineering contracts more specifically. Consequently, whilst both bodies produce a range of contracts for use depending on the size, complexity and risk of a project, because the NEC4 contracts are more flexible and engineering focused the use of a JCT contract has been rejected and the NEC4 short form proposed.

3.3 **Alternative Procurement Route -** A negotiated procurement route in relation to these works and services was considered but rejected as the circumstances that would justify negotiation were not felt to apply in this instance.

The use of a framework was considered, however whilst frameworks covering civil and highways works exist, no framework that specifically covered this type of work was identified.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 The proposals in this report were considered and endorsed by the Procurement Board on 20 November 2023.

6. Corporate Procurement

Implications completed by: Richard Barrett Category Manager

6.1 A Prior Information Notice and Investigation of the supply market has been conducted which indicated that there is a very limited number of suppliers capable in the market, but significantly more than one capable supplier.

6.2 Based on the conclusion indicated above the Procurement route to market, an Open Tender has been selected and is suitable for the requirements.

6.3 The weightings indicated seem suitable for the requirements with the inclusion of a social value element.

6.4 If approval is granted, Corporate Procurement will continue to provide specialist advice and support to the Project Group throughout the tender issue, evaluation, and completion of the project.

7. Financial Implications

Implications completed by: Alison Gebbett, Capital Accountant

7.1 The capital project code for these works is C04064. There is currently a budget in 23/24 of £826k, of which £41k has already been spent and there are purchase order commitments of £207k. This means that there is only £578k of uncommitted budget available on this code, leaving a shortfall from current year budgets of approximately £272k if this contract is £850k. It is expected that this contract will be in place and spend will occur in 24/25.

7.2 However, future year capital budgets are yet to be put in place, and there is an allocation of £450k per year for total MRP for all new capital scheme bids. All highways and infrastructure schemes would be charged over 20 years in line with the depreciation policy. This overspend of an estimated £272k would only require annual MRP of around £13k per year of the newly available funding. New capital funding will need to be allocated to the highways programme (including structures), though the bidding process has not yet taken place.

7.3 As long as there is sufficient allocation for the highways programme in the new capital bidding round to cover the overspend for these essential capital works, the project will be fully funded.

8. Legal Implications

Implications completed by: Lauren van Arendonk, Interim Principal Contracts & Procurement Lawyer

8.1 This report seeks to approve the procurement strategy for the procurement of construction works to urgently repair or replace the Choats Rd culvert. The building works will be contracted through a design and build process, with the proposed form of contract being the NEC4 Engineering and Construction Short Form Contract, incorporating standard LBBD contract amendments.

8.2 It is proposed that an open tender shall be run to procure the works. Rule 31.3(a) of the Contract Rules permits the use of the open procedure to procure goods and services.

8.3 The Council has flexibility to determine what type of procedure it uses but any such procedure must comply with the principles of equal treatment and transparency and provide reasonable and proportionate timescales (reg 18 of the Public Contract Regulations 2015). As the contract value is over £250,000, in accordance with r 59.2(a) of the Contract Rules, legal will be onside to assist with the sealing of the contract.

9. Other Implications

9.1 **Risk and Risk Management -** This project will be project managed by 'Be First'. The procurement strategy is designed to ensure that the project is successfully delivered within budget. A detailed risk and issues strategy will be developed by the project team as works progress.

9.2 **Corporate Policy and Equality Impact -** There are no significant specific equalities impacts arising from the contract for residents and local business. However, Choats Road provides the crucial gateway to Barking Riverside Development 25,000 new homes, 5,000 new business opportunities and new transport hub, alongside being an essential gateway and logistics route to Dagenham Dock, the agreed 3 major market relocations and Dagenham Free port aspirations.

The value of these opportunities and investments to the Borough are significant in prestige and associated monetary forming a crucial part of our Borough Regeneration and Transformation. Therefore, the damaged structure and its strategic importance must be restored to full loading capacity as soon as a priority to mitigate any risks to these realisations.

The detrimental impact on the whole Borough financially and reputationally would be significant if these regeneration projects where delayed or hindered in operation due to restrictive logistic access. Communities of Thames View, Barking Riverside and River Ward would be directly hindered through restricted access should the structure fail and road closures implemented, potentially resulting in communities becoming gridlocked with stationary traffic, negative air quality implications, road safety concerns and quality of life hindered.

Bus Services would be significantly reduced, journey times decimated and service functionality unreliable. Business communities and ongoing developments would be hindered with maintaining operations, leading to financial impacts at a time of cost-of-living implications potentially with terminal decline results, and the reputation of Barking Riverside, Thames view, and Dagenham Dock as a place of growth damaged significantly.

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

List of appendices: None