

Notice of Meeting of the

ASSEMBLY

**to be held on Wednesday, 22 November 2023
commencing at 7:00 pm in the
Council Chamber, Town Hall, Barking**



To all Members of the Council of the London Borough of Barking and Dagenham

Date of publication: 14th November 2023

Fiona Taylor
Chief Executive

Contact Officer: Leanna McPherson
Tel: 020 8227 2852
E-mail: leanna.mcpherson@lbbd.gov.uk

Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

1. Apologies for Absence

2. Declaration of Members' Interests

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

3. Minutes - To confirm as correct the minutes of the meeting held on 27 September 2023 (Pages 5 - 8)

4. Minutes of Sub-Committees - To note the minutes of the JNC Appointments, Salaries and Structures Panel meetings held on 23 and 24 October 2023 (Pages 9 - 11)

5. Leader's Statement

The Leader will present his statement.

6. Appointments

The Labour Group Secretary will announce any nominations to fill vacant positions on Council committees or other bodies.

7. Barking and Dagenham Safeguarding Adults Board Annual Report 2022/23 (Pages 13 - 49)

8. Treasury Management and Investment and Acquisition Strategy 2023/24 Mid-Year Review (Pages 51 - 82)

9. Motions

10. Questions With Notice

11. Any other public items which the Chair decides are urgent

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

Private Business

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

- 13. Any confidential or exempt items which the Chair decides are urgent**

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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.

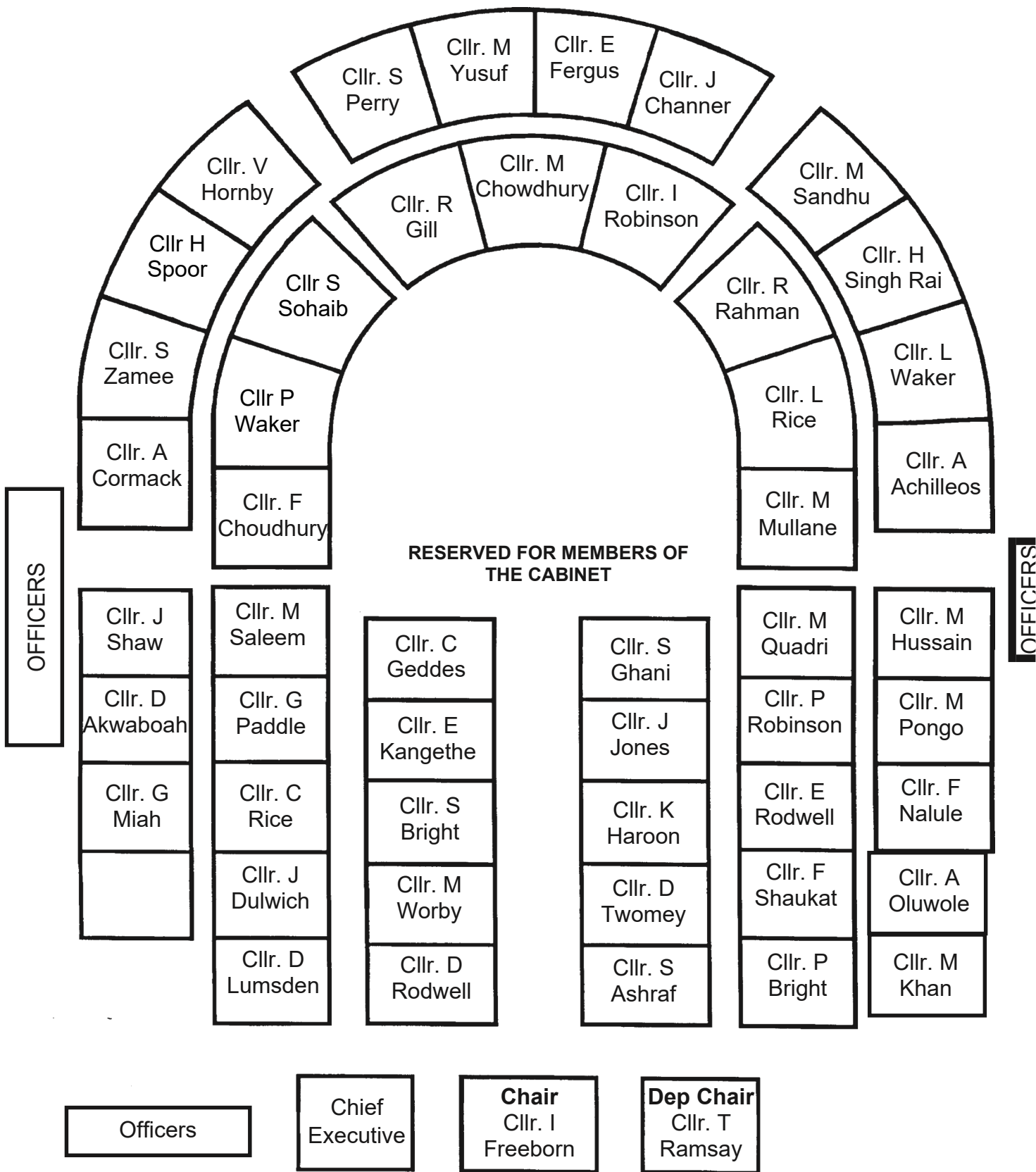
To support the delivery of these priorities, the Council will:

- 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.

BARKING TOWN HALL COUNCIL CHAMBER



SEATING PLAN FOR THE ASSEMBLY

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MINUTES OF ASSEMBLY

Wednesday, 27 September 2023
(7:00 - 7:34 pm)

PRESENT

Cllr Irma Freeborn (Chair)
Cllr Tony Ramsay (Deputy Chair)

Cllr Andrew Achilleos	Cllr Dorothy Akwaboah	Cllr Saima Ashraf
Cllr Sade Bright	Cllr Josie Channer	Cllr Faruk Choudhury
Cllr Muhib Chowdhury	Cllr Alison Cormack	Cllr John Dulwich
Cllr Edna Fergus	Cllr Cameron Geddes	Cllr Syed Ghani
Cllr Rocky Gill	Cllr Kashif Haroon	Cllr Manzoor Hussain
Cllr Jane Jones	Cllr Elizabeth Kangethe	Cllr Mohammed Khan
Cllr Donna Lumsden	Cllr Giasuddin Miah	Cllr Margaret Mullane
Cllr Fatuma Nalule	Cllr Adegboyega Oluwole	Cllr Glenda Paddle
Cllr Simon Perry	Cllr Michel Pongo	Cllr Moin Quadri
Cllr Regina Rahman	Cllr Hardial Singh Rai	Cllr Chris Rice
Cllr Lynda Rice	Cllr Ingrid Robinson	Cllr Paul Robinson
Cllr Darren Rodwell	Cllr Muhammad Saleem	Cllr Muazzam Sandhu
Cllr Faraaz Shaukat	Cllr Jack Shaw	Cllr Summya Sohaib
Cllr Harriet Spoor	Cllr Dominic Twomey	Cllr Lee Waker
Cllr Phil Waker	Cllr Maureen Worby	Cllr Mukhtar Yusuf
Cllr Sabbir Zamee		

APOLOGIES FOR ABSENCE

Cllr Princess Bright Cllr Emily Rodwell

27. Welcome to Councillor Summya Sohaib

The Chair welcomed Councillor Sohaib to her first meeting of the Assembly following her election at the recent Mayesbrook Ward by-election.

28. Declaration of Members' Interests

There were no declarations of interest.

29. Minutes (26 July 2023)

The minutes of the meeting held on 26 July 2023 were confirmed as correct.

30. Minutes of Sub-Committees

The Assembly received and noted the minutes of the JNC Appointments, Salaries and Structures Panel held on 25 July 2023.

31. Leader's Statement

The Leader presented a verbal statement updating the Assembly on a range of matters since the last meeting, including the following:

Central Government: The Leader criticised the many policy U-turns by the Government over the summer period, most notably on Climate Change, which he felt harmed the country going forward.

Visit by Sir Keir Starmer: Sir Keir Starmer, Leader of the Labour Party, recently attended Sydney Russell School and participated in the School Debating Team's discussion on the Climate Change agenda. Bridget Philipson, Shadow Education Minister, was also in attendance for the visit.

Housing: The Council found itself facing higher bills for repairs and maintenance to its properties following the Covid pandemic and as a consequence of the Government's ongoing austerity programme. Residents were struggling to heat their homes due to the cost-of-living crisis, which had increased issues with mould and damp in their homes. The Leader advised that the Council had already addressed hundreds of mould and damp cases and continued to liaise closely with the Housing Ombudsman to ensure that every home with issues was dealt with. The Leader commented that similar issues were being faced by Councils across the country, and not just by Labour-led Councils as had recently been alluded to by the Secretary of State for Levelling Up, Housing and Communities.

Medium Term Financial Plan: Members of the Council had recently attended a briefing on the Council's current financial situation, where it was explained that, across the local government sector, there was a projected £300bn funding shortfall. In respect of Barking and Dagenham, the Leader advised that for every £1 the Council received from the Government in 2010, it now only received the equivalent of 66p. The Leader commented that despite that significant reduction in funding, the Council had been very proactive in addressing its financial pressures and he was confident that it would not be necessary to issue a Section 114 notice.

OFSTED: Following a recent OFSTED inspection, 96% of schools in the borough were now rated as 'Good' to 'Outstanding'. The Leader thanked the Cabinet Member for Educational Attainment and School Improvement, her predecessors, the Borough's schools and Council staff for all their efforts working with the borough's young people.

Industria Barking: Industria, working in partnership with Be First, had brought the first multi-storey industrial development in the country to Long Reach Road in Barking.

A House for Artists: The Leader was pleased to announce that the Council's 'A House for Artists' social housing scheme had been nominated for the RIBA Stirling prize, the highest accolade in UK architecture. A House for Artists was an ambitious model for affordable and sustainable housing tied to long-term public engagement in Barking Town Centre.

Nigerian Independence Day: Nigerian Independence Day would be recognised on Friday 29 September with a flag raising ceremony at the Town Hall.

Black History Month: Black History Month would again be celebrated throughout October and the Council were holding a variety of events across the Borough in recognition of the contribution of the black community.

32. Appointments

Assembly **resolved** to appoint Councillor Hardial Singh Rai to the Member Development Group.

33. Appointment of Monitoring Officer

The Chief Executive introduced a report on the proposed appointment of a new statutory Monitoring Officer, in accordance with the requirements of Section 5 of the Local Government and Housing Act 1989 (as amended).

The Leader of the Council paid tribute to Alison Stuart, Chief Legal Officer and current Monitoring Officer, who would shortly be leaving the Council to take up a Director-level role at the London Borough of Islington. The Leader also welcomed the proposed appointment of Deirdre Collins, who had worked for the Council for over 10 years and been its chief litigator throughout that period, as the Council's new Monitoring Officer,

The Assembly **resolved** to appoint Deirdre Collins, Head of Legal Services, as the Council's Monitoring Officer with effect from 28 September 2023.

34. Appointment of Interim Statutory Scrutiny Officer

The Chief Executive introduced a report on the proposed appointment of a new statutory Scrutiny Officer, in accordance with the requirements of section 9FB of the Local Government Act 2000 (as amended by the Localism Act 2011).

It was noted that the interim Director of Strategy and current statutory Scrutiny Officer, Alex Powell, would be leaving the Council later in the week when his secondment came to an end. It was proposed that Leanna McPherson, who was responsible for the governance and support to the Council's Overview and Scrutiny Committee and Health Scrutiny Committee, be designated as the Council's interim statutory Scrutiny Officer pending the recruitment of a new Director of Strategy.

The Assembly **resolved** to designate Leanna McPherson, Principal Governance Officer, as the Council's statutory Scrutiny Officer with effect from 29 September 2023.

35. Annual Youth Justice Plan

The Cabinet Member for Children's Social Care and Disabilities presented the Barking and Dagenham Youth Justice Plan for 2023/24, which set out the work and achievements of the service over the last 12 months and how it had impacted first time entrants into the criminal justice service, re-offending of children and young people and reduced the numbers of children in custody.

The Cabinet Member was pleased to report that, overall, the service had positively impacted all three areas, with all three performance indicators decreasing over the last five years. Whilst Barking and Dagenham remained higher than London and National averages with regard to use of custody and first-time entrants, the Cabinet Member clarified that the Borough had the highest proportion of 0-16 year olds in the country as well as high levels of deprivation.

The Cabinet Member highlighted other achievements within the service and confirmed that the Plan had been agreed by the local multi-agency youth justice management board and submitted to the Youth Justice Board in line with the conditions of grant and national expectations.

Assembly **resolved** to adopt the Barking and Dagenham Youth Justice Plan 2023/24, as set out at Appendix 1 to the report.

36. Motions

There were no motions.

37. Questions With Notice

There were no Questions with Notice.

MINUTES OF JNC APPOINTMENTS, SALARIES AND STRUCTURES PANEL

Monday, 23 October 2023
(3:00 - 4:45 pm)

Present: Cllr Dominic Twomey (Chair), Cllr Saima Ashraf, Cllr Donna Lumsden and Cllr Muhammad Saleem

7. Appointment of Chair

Councillor Twomey was appointed as Chair of the meeting.

8. Declaration of Members' Interests

There were no declarations of interest.

9. Private Business

It was resolved to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

10. Appointment of Strategic Director, Resources

The Panel convened to consider the papers that had been submitted in advance of the meeting, which included the job description and person specification for the post, the CV and supporting statement of the two shortlisted candidates and the findings from the external technical assessment and psychometric personality test.

The Chief Executive advised, however, that one of the candidates had withdrawn their application due to personal reasons and, therefore, only one candidate was to be interviewed.

The Panel discussed the candidate's application, the findings from the external technical assessment and psychometric personality test and agreed the interview questions to be asked of the candidate.

Following careful consideration of the candidate's responses to the questions and the supporting information, the Panel **resolved** not to recommend an appointment to the post of Strategic Director, Resources at the present time and to readvertise the post at a later date.

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MINUTES OF JNC APPOINTMENTS, SALARIES AND STRUCTURES PANEL

Tuesday, 24 October 2023
(2:00 - 5:00 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf, Cllr Regina Rahman, Cllr Dominic Twomey and Cllr Phil Waker

11. Declaration of Members' Interests

There were no declarations of interest.

12. Private Business

It was resolved to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

13. Appointment of Director of Strategy

The Panel convened to consider the papers that had been submitted in advance of the meeting, which included the job description and person specification for the post, the CV and supporting statement of the shortlisted candidates and the findings from the external technical assessment and psychometric personality test.

The Panel discussed the findings from the external technical assessment and psychometric personality test and agreed the interview questions to be asked of the candidates.

Following the interviews, Members discussed the candidates' responses to the questions and the supporting information and reached a unanimous decision.

The Panel **resolved** to:

- (i) Appoint Sal Asghar to the post of Director of Strategy, subject to suitable references, employment checks and usual terms and conditions; and
- (ii) Delegate authority to the Chief Executive to determine the salary of the successful candidate, to be within the parameters approved by the JNC Panel on 22 May 2023 as part of the senior leadership pay review.

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ASSEMBLY

22 November 2023

Title:	Barking and Dagenham Safeguarding Adults Board Annual Report 2022/23		
Report of the Cabinet Member for Adult Social Care and Health Integration			
Open Report	For Information		
Wards Affected: None	Key Decision: No		
Report Authors: Joanne Kitching, Safeguarding Adults Board Business Manager Anju Ahluwalia, Independent Chair of the Safeguarding Adults Board	Contact Details: Email: joanne.kitching@lbbd.gov.uk; anju.ahluwalia@lbbd.gov.uk		
Accountable Executive Team Director: Elaine Allegretti, Strategic Director, Children and Adults			
Summary:			
<p>Local Safeguarding Adults Boards (SABs) have a statutory obligation to compile and publish an Annual Report and to provide this to the Chair of the local Health and Wellbeing Board. The reports are expected to provide an assessment of the effectiveness of local arrangements to safeguard and promote the welfare of vulnerable adults.</p> <p>The SAB's Annual Report 2022/23 at Appendix 1 highlights the work of the Board between April 2022 and March 2023. It sets out the key achievements, work of the partners, information around the priorities and how the SAB has worked to improve the protection of adults across Barking and Dagenham.</p> <p>The Health and Wellbeing Board and ICB Sub-Committee received the Local Safeguarding Adults Board (SAB) Annual Report 2022/23 at its meeting on 7 November 2023.</p>			
Recommendation(s)			
<p>The Assembly is recommended to note the Local Safeguarding Adults Board Annual Report 2022/23 at Appendix 1 to the report and provide comments on its contents for the SAB to consider as they continue to develop their future plans.</p>			
Reason(s)			
<p>To provide an opportunity to comment on the work of the Safeguarding Adults Board prior to the publishing of the SAB Annual Report 2022/23.</p>			

1. Introduction and Background

- 1.1 The Care Act 2014 requires that local partners must co-operate around the protection of vulnerable adults at risk of abuse or neglect.
- 1.2 The Care Act 2014 identifies six key principles that should underpin all safeguarding work. These are accountability, empowerment, protection, prevention, proportionality and partnership.
- 1.3 The Safeguarding Adults Boards is made up of three statutory partners who are the Local Authority, the Police and the NHS Integrated Care Board. The Barking and Dagenham Safeguarding Adults Board also includes representation from other key local partner organisations and these are Barking Havering Redbridge University Trust (BHRUT), North East London Foundation Trust (NELFT), the London Fire Brigade, the Probation Service, the chairs of the SAB's committees and other key officer advisors.
- 1.4 The objectives of the SAB are to:
- Ensure that local safeguarding arrangements are in place as defined by the Care Act 2014.
 - Embed good safeguarding practices, that puts people at the centre of its duties.
 - Work in partnership with other agencies to prevent abuse and neglect where possible.
 - Ensure that services and individuals respond quickly and responsibly when abuse or neglect has occurred.
 - Continually improve safeguarding practices and enhance the quality of life of adults in the local area.
- 1.5 All Safeguarding Adult Boards are required to produce an Annual Report. The Barking and Dagenham SAB have produced the Annual Report attached with contributions from all partners of the Board.

2. Proposal and Issues

- 2.1 The Annual Report includes a foreword by the Independent Chair of the Board, information about the Board structure and its committees, safeguarding data, the activity of the Board and of its partner agencies, quality assurance information, and comment on how the Board will review and set its priorities going forward in light of system wide safeguarding issues.
- 2.2. Key achievements of the Board in 2022/23 include the work of the three committees. The Performance and Assurance Committee, which is chaired by the London Borough of Barking and Dagenham, has worked to improve the engagement from all partners and is presenting meaningful data and analysis to the Board on a quarterly basis. The Safeguarding Adults Review (SAR) Committee, which is chaired by the NHS Integrated Care Board (ICB), published two Safeguarding Adult Reviews in 2022. The Committee has reviewed several cases against the SAR criteria and looked at wider learning from local and national cases. Learning has taken place across the partnership around the themes of self-neglect and hoarding, mental health, drug and alcohol dependence

and services. The SAB also now has representation from the Care Provider Voice.

- 2.3 The Adult Safeguarding Adult Complex Cases Group is chaired by the Council's Principal Social Worker for Adults Social Care and Strategic Lead for Safeguarding Adults and there is representation from all partners across the partnership as well as front line staff who are supporting service users. The group discusses complex cases where there are safeguarding risks that need to be managed across more than one agency. Professionals from any partner agency can refer a case into the meeting.
- 2.4 The Board has continued to have excellent engagement and commitment from all partners.
- 2.5 The three statutory partners (LBBD, NHS ICB and Police) all made financial contributions to support the work of the Board. The Police contributed £5,000, the NHS ICB £30,000 and the Council covered staffing costs of the Independent Chair, support staff and any other work such as SARs and learning events.

3. Consultation

- 3.1 The Barking and Dagenham Safeguarding Adults Board Annual Report 2022/23 was considered by the Health and Wellbeing Board and ICB Sub-Committee at its meeting on 7 November 2023.

4. Financial Implications

Implications completed by: Lawrence Quaye, Finance Business Partner

- 4.1 This report is largely for information and, as such, there are no obvious financial implications of the report. However, it is noted that the three statutory partners (LBBD, NHS ICB and Police) all made their respective financial contributions to support the work of the Board in 2022/23.

5. Legal Implications

Implications completed by: Nicola Monerville, Principal Solicitor

- 5.1 This report is for review and consideration and the Assembly is asked to provide comments on its contents for the SAB to consider as they continue to develop their future plans.

6. Other Implications

- 6.1 **Joint Strategic Needs Assessment** - The SAB Annual Report and the work of the SAB supports the findings set out in the Barking and Dagenham Joint Strategic Needs Assessment (JSNA) in particular the themes around wellbeing, supporting vulnerable adults, supporting carers, health, long term illness and disability, mental health and social support networks.
- 6.2 **Health and Wellbeing Strategy** - The SAB Annual Report and the work of the SAB supports the Health and Wellbeing Strategy priorities and outcomes around

integrated care, providing quality services, safeguarding, ageing well, physical and mental wellbeing and domestic violence.

- 6.3 **Risk Management** - The SAB manages risks by having a three-year Strategic Plan in place that sets out its priorities and how partners will work together to achieve these. This Strategic Plan is reviewed annually.
- 6.4 **Safeguarding** - The SAB has responsibility for safeguarding across the borough and this includes how the Board has worked together to protect adults who may be at risk of abuse or neglect.

Public Background Papers Used in the Preparation of the Report:

- Care Act 2014 <http://www.legislation.gov.uk/ukpga/2014/23/contents/enacted>

List of Appendices:

- **Appendix 1** – Barking and Dagenham Safeguarding Adults Board Annual Report 2022/23

Barking and Dagenham

Safeguarding Adults Board

Annual Report

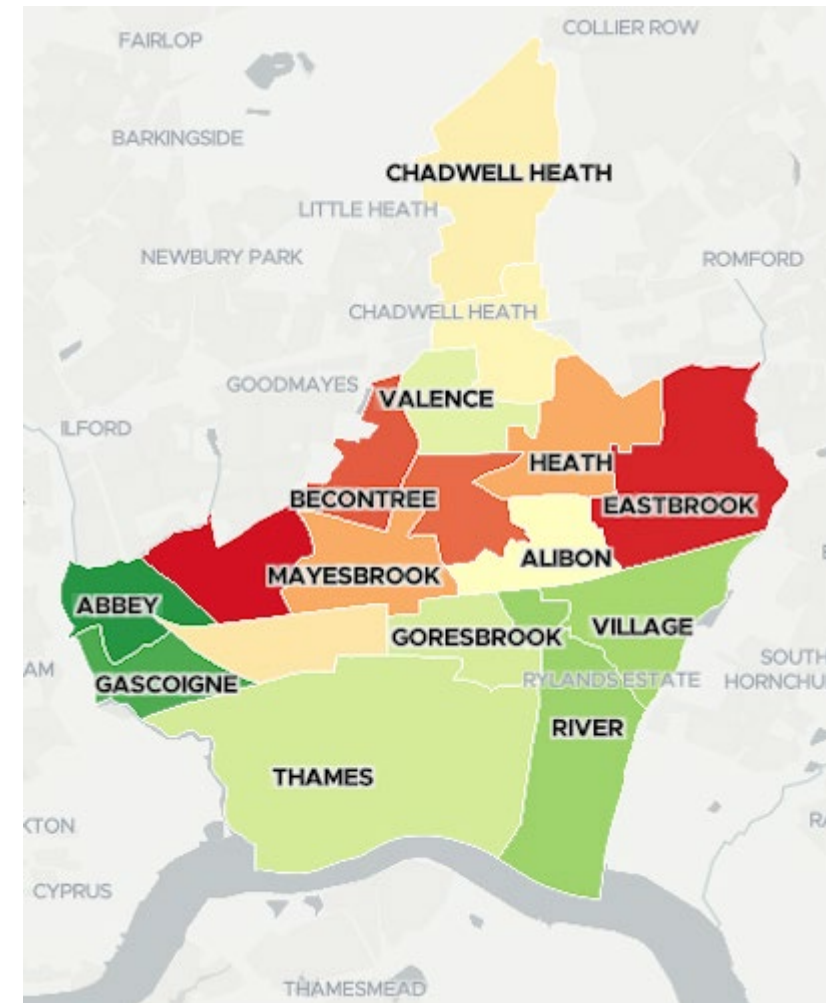
2022-23

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Safeguarding Adults Board

Barking & Dagenham

1. Independent Chair's Foreword and Overview
2. What is Safeguarding Adults
3. The SAB's Vision
4. The Board and Committees
5. Safeguarding Data
6. Safeguarding Adult Reviews
7. The SAB's Partners
8. Quality of Care
9. Partnership Priorities
10. Further Information about Safeguarding



1. Independent Chairs Foreword and Overview

This is my first full year as the Independent Chair for Barking and Dagenham's Safeguarding Adults Board (SAB). It was important for me to echo what I wanted to achieve at the outset of starting this role which was to work with the Board and be the 'direct voice of the service users' by working with the community and meeting community groups as well as professionals, so that I could understand the lived experience and gaps in terms of adult safeguarding across the system.

This year the SAB has grown in membership and the Board has worked together on the Safeguarding Peer Review. This has been an invaluable tool for the growth of the Board and for identifying the strengths and challenges within adult safeguarding provision in Barking and Dagenham. One of the recommendations that was made was the development of an Adult Multi Agency Safeguarding Hub (MASH) that is currently being considered.

Working relationships have been enhanced across the Violence Against Women and Girls (VAWG) Group and the Safeguarding Boards, which has been possible as I am also the VAWG Independent Chair. This has created better information sharing and partnership working across the Boards.

I have had the pleasure of going out and meeting the community at locations that have included care homes, community hubs and hostels and spoken to the community about the services that have helped them and the challenges they face. I have also met with the professionals across the partnership that work within the services to get feedback and learn more about the work they do.

The Board will be reviewing its strategic objectives in line with the Safeguarding Adult Partnership Audit Tool (SAPAT) that were completed by all partners. I am proud of the way partners have worked together to support our communities in these challenging times.

One of the main aspects that has been highlighted this year has been the topic of the cost of living crisis and how this is impacting on people's lives and services. The Board understands that this is having a knock-on effect on the community as a whole and is impacting on adult safeguarding concerns, mental health, physical health, financial concerns and service demand. This is being addressed within partner organisations individually and across the partnership as a whole. There has been lots of work with the voluntary sector and local community groups to provide support within the community.

It is important to me that I am the voice of the local community within our partnership work so that we can ensure that people's lived experience is heard and our services meet their needs. I would like to take this opportunity to thank everyone across the partnership for trusting me to help direct the provision of safeguarding and allowing me to work in a different way to bring about change and help leave a legacy of better support for all.

I hope after reading this SAB Annual Report, you are reassured that the SAB is here to ensure that all individuals in Barking & Dagenham are safe from harm, neglect and abuse and that together we will continue to work to improve our services and ensure we meet the needs of the whole community.



**Anju Harmit Ahluwalia BEM
Independent Chair
Barking and Dagenham
Safeguarding Adults Board**

2. What is Safeguarding Adults?

The Care Act 2014 statutory guidance defines adult safeguarding as:

‘Protecting an adult’s right to live in safety, free from abuse and neglect. It is about people and organisations working together to prevent and stop both the risks and experience of abuse or neglect, while at the same time making sure that the adult’s wellbeing is promoted including, where appropriate, having regard to their views, wishes, feelings and beliefs in deciding on any action. This must recognise that adults sometimes have complex interpersonal relationships and may be ambivalent, unclear or unrealistic about their personal circumstances.’

The Care Act 2014 came into force on 1st April 2015. The Act introduced new requirements for safeguarding adults and the arrangements that each locality must have in place to ensure that vulnerable people are protected from risk, abuse or neglect. The Local Authority, NHS Clinical Commissioning Groups and the Police are all statutory partners of the Safeguarding Adults Board (SAB) and other important local partners are also key players in the work of the partnership.

The Care Act identifies six key principles that should underpin all safeguarding work. These are accountability, empowerment, protection, prevention, proportionality and partnership.



3. The SAB's Vision

Every adult living in the London Borough of Barking and Dagenham has the right to live in safety, free from fear of abuse or neglect. The Safeguarding Adults Board exists to make sure that organisations, people and local communities work together to prevent and stop the risk of abuse or neglect.

In the London Borough Barking and Dagenham we want to embed a stronger and safer culture that supports adults who are at risk of harm. We know that to achieve this we have to work in partnership with the people who use local services and with the wider local community. All agencies working with adults at risk have an essential role in recognising when these people may be in need of protection. Agencies also have a responsibility to work in partnership with adults at risk, their families, their carer(s) and each other. The introduction of the Care Act 2014 has brought in many changes in Adult Social Care Services. The Safeguarding Adults Board has a statutory duty to ensure it uses its powers to develop responsibility within the community for adults who need care and protection.

The main focus of the work of the Safeguarding Adults Board is to ensure that safeguarding is consistently understood by anyone engaging with adults who may be at risk of or experiencing abuse or neglect, and that there is a common commitment to improving outcomes for them. This means ensuring the community has an understanding of how to support, protect and empower people at risk of harm. We want to develop and facilitate practice which puts individuals in control and generates a more person-centred approach and outcomes.

The Safeguarding Adults Board developed a strategic plan which sets out how we will work together to safeguard adults at risk. The strategic plan was initially developed for 2019-22 but was updated at the end of 2020/21 going into 2021/22 for the remainder of 2021/22 and beyond. The plan and priorities will be reviewed again by the Board and the revised Strategic Plan can be viewed here <https://www.lbbd.gov.uk/barking-and-dagenham-safeguarding-adults-board#tabs-3> and is referred to again in section 9.

The Safeguarding Adults Board has a responsibility to:

Protect adults at risk

Prevent abuse occurring

Respond to concerns

It may be suspected that someone is at risk of harm because:

- there is a general concern about someone's **well being**
- a person sees or hears something which could put **someone at risk**
- a person tells you or someone else that something has happened or is happening to them which could put **themselves or others at risk.**

4. The Board and Committees

The Barking and Dagenham Safeguarding Adults Board is made up of the following core statutory partners:

- The Local Authority
- The Borough Police
- The NHS Integrated Care System.

Other members of the board include:

- the Council Cabinet Member for Social Care and Health Integration
- the three Chairs of the committees
- a representative from North East London Foundation Trust (NELFT)
- a representative from Barking, Havering, Redbridge University Hospitals (BHRUT)
- a representative from the London Fire Service
- a representative from the London Probation Service
- a representative from the Council’s Community Solutions Service
- a representative from Barking and Dagenham Healthwatch

The SAB has three committees, which are chaired by different partner organisations:

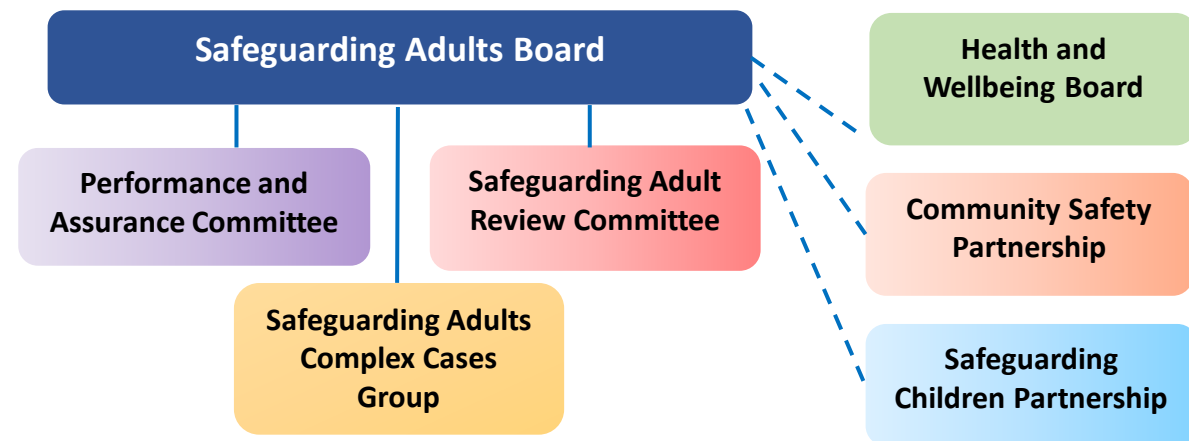
- The Performance and Quality Assurance Committee (chaired by the London Borough of Barking and Dagenham)
- The Safeguarding Adult Review Committee (chaired by NHS Integrated Care System)
- The Safeguarding Adults Complex Cases Group (chaired by the London Borough of Barking and Dagenham)

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The Independent Chair has attended the Health and Wellbeing Board to allow for further consideration and debate regarding the issues of safeguarding within the agenda. The Independent Chair also attended quarterly the Council Corporate Safeguarding Meeting with the Leader of the Council, the Lead Member for Social Care and Health Integration, the Chief Executive of the London Borough of Barking and Dagenham and the Strategic Director for Service Development and Integration, to review performance data for adult social care, including workforce data and associated risks and mitigation. This allows for open debate, discussion, challenge and demonstrates a climate of openness and transparency.

The Independent Chair also met regularly with LBB Council’s Director of People and Resilience and Adult Social Care Operations Director and other partners as well as with committee chairs and other key SAB partners.

The board is supported by the Council Cabinet Member for Social Care and Health Integration as a participant observer. This enables Councillor colleagues to be kept up to date with safeguarding adult matters. In addition, the committee chairs and officer advisors also attend board meetings.



The SAB's Statutory Responsibilities

The SAB must publish an Annual Report each year as well as having strategic plan. This Annual Report of the Barking and Dagenham SAB looks back on the work undertaken by the SAB and its committees, throughout 2022/23 and provides an account of the work of the partnership including achievements, challenges and priorities for the coming year.

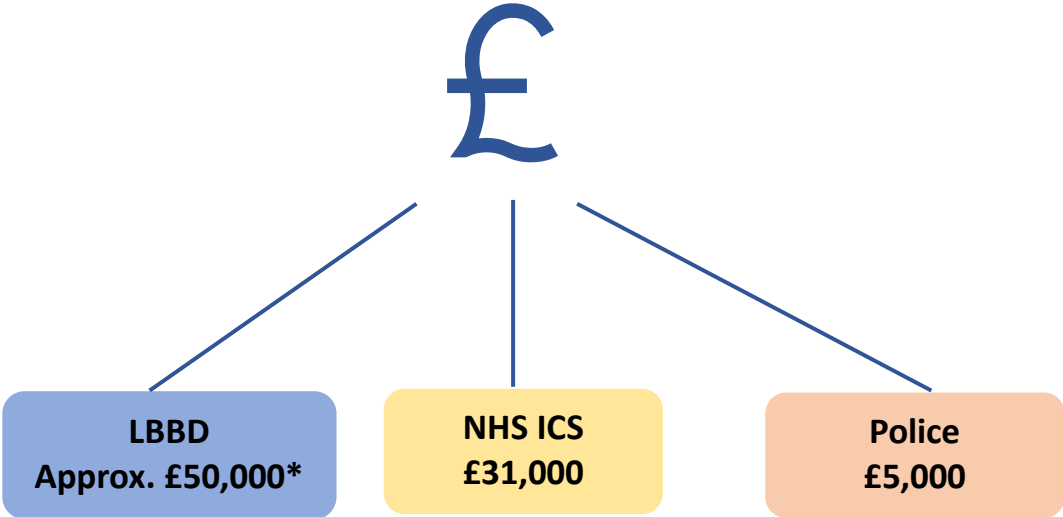
In addition, the SAB has a statutory duty to carry out Safeguarding Adult Reviews (SARs) where an adult in the Local Authority area:

- **Page 23** has died as a result of abuse or risk (either known or suspected) and there are concerns that partner organisations could have worked together more effectively to protect that adult.
- has not died but the SAB knows or suspects that an adult has experienced serious abuse or neglect.

The implementation of recommendations and action plans from a SAR must be reported in the Annual Report, including any decision not to implement any recommendation. One SAR was published in 2021/22. More information on this SAR can be found in chapter 6. Two SARs were also commissioned and continue into 2022/23.

Financial Contributions and Expenditure

Statutory partners make financial contributions to the Safeguarding Adults Board. This supports the running of the SAB including the cost of the Independent Chair, Safeguarding Adult Reviews and any multi agency learning and development activity undertaken across the partnership.



*The Council makes up any shortfall in costs covering service support, staffing etc.

5. Safeguarding Data

Safeguarding Adults Collection (SAC) data is collected and published by NHS Digital. It reports on the statutory duties of local authorities under the Care Act to safeguard adults at risk of abuse or neglect. The data is published annually and provides local and national data tables and comparative data on safeguarding activity.

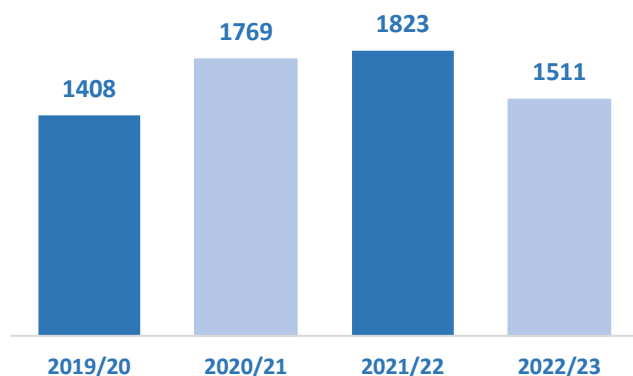
The data for Barking and Dagenham presented in this report covers period from 1st April 2022 to 31st March 2023. The latest benchmarking data covers the period from 1st April 2021 to 31st March 2022.

Safeguarding concerns raised by year

The council received 1,511 safeguarding concerns about an adult believed to be at risk of abuse or neglect after which 252 led to a Section 42 enquiry. This is equivalent to a rate of 17% and is up from 13% in 2021/22.

Nationally this rate was much higher at 30% in 2021/22 (161,926 S42 enquiries from 541,535 concerns).

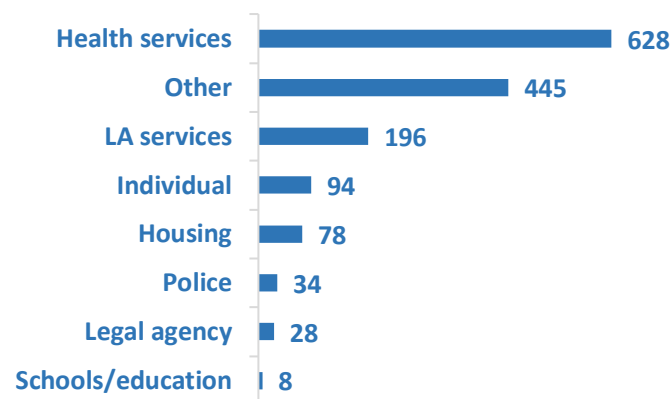
Concerns between 2019/20 to 2022/23



Source of concerns

628 of the 1,511 safeguarding concerns raised during 2022/23 were raised by health services, which include London Ambulance Service and primary health care providers. This represented 42% of all concerns in 2022/23 – higher than the equivalent in 2021/22 (38%).

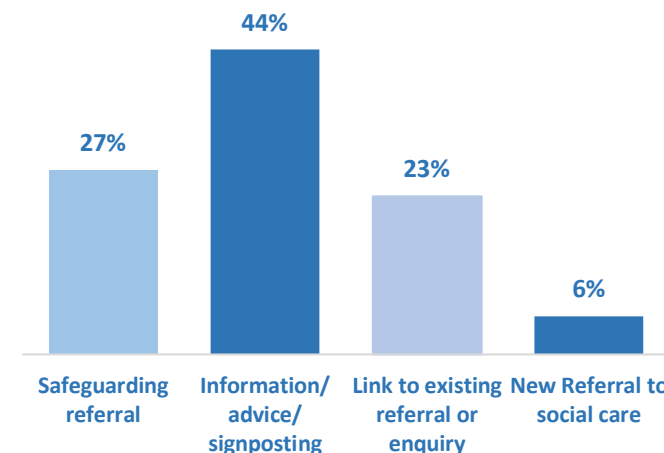
29% of concerns were raised by “other sources” and this category was noticeably lower than the equivalent level in 2021/22 (43%). Local authority services, (LBBD or otherwise) raised 196 concerns in 2022/23.



Concern outcomes

The following chart shows what other options are available and what happens when a concern does not lead to a safeguarding enquiry; 27% of concerns led to a safeguarding enquiry starting in 2022/23.

Of the 1,511 concerns received during the year, 44% resulted in information and advice while a further 23% were already linked to an existing case or enquiry. 6% of concerns progressed to a new referral to social care.



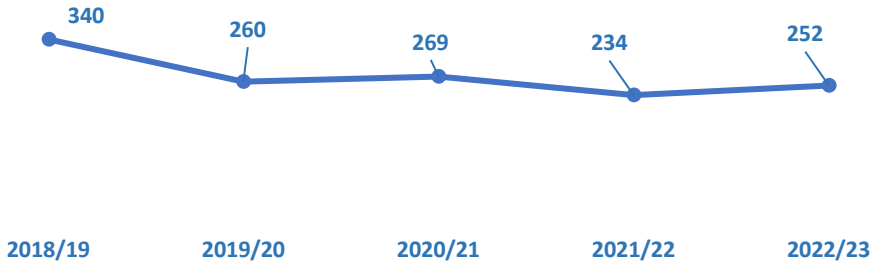
What is a Section 42 Enquiry?

Section 42 of the Care Act 2014 requires that each local authority must make enquiries if it believes an adult is experiencing, or is at risk of, abuse or neglect. When an allegation about abuse or neglect has been made, an enquiry is undertaken to find out what, if anything, has happened.

An enquiry should establish whether any action needs to be taken to prevent or stop abuse or neglect, and if so, by whom.

Section 42 Enquiries started in year

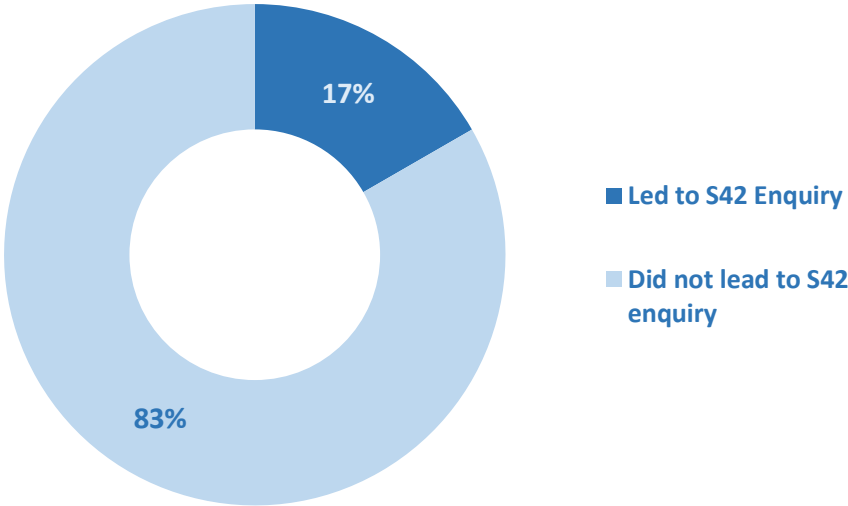
252 Section 42 enquiries started during 2022/23. This is higher than in 2021/22, when 234 enquiries started. Apart from a significant decrease four years ago, the number of Section 42 enquiries has been very consistent since then.



Concerns leading to further enquiry

The council received 1,511 safeguarding concerns about an adult believed to be at risk of abuse or neglect after which 252 led to a Section 42 enquiry. This is equivalent to a rate of 17% and is up from 13% in 2021/22.

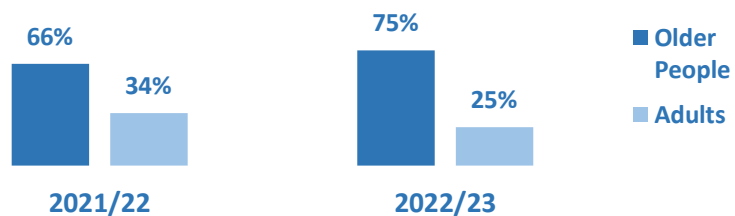
Nationally this rate was much higher at 30% in 2021/22 (161,926 S42 enquiries from 541,535 concerns).



People involved in Section 42 enquiries

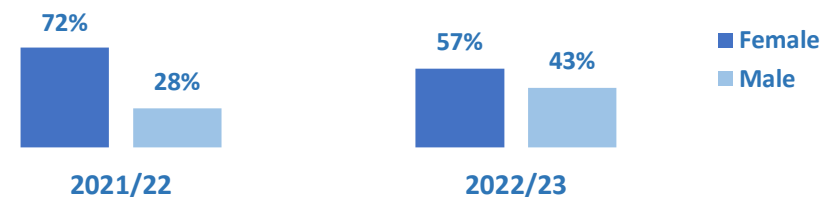
Age

The age profile for safeguarding has become older since 2021/22. 75% of section 42 enquiries in 2022/23 concerned people aged 65+ compared to 66% in the previous year.



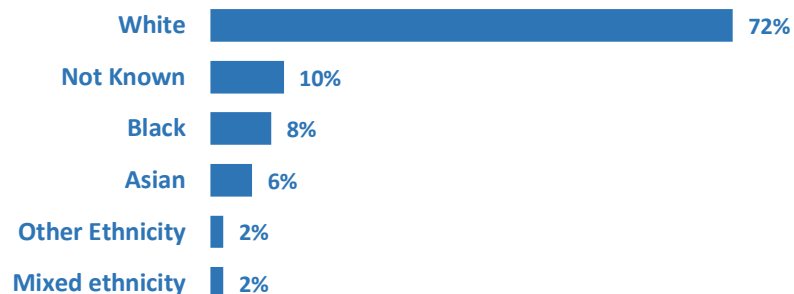
Gender

The number of women involved in Section 42 enquiries decreased over the same period and now make up 57% of the total (130 out of 227 in 2022/23) compared to 72% in 2021/22 (149 / 208).



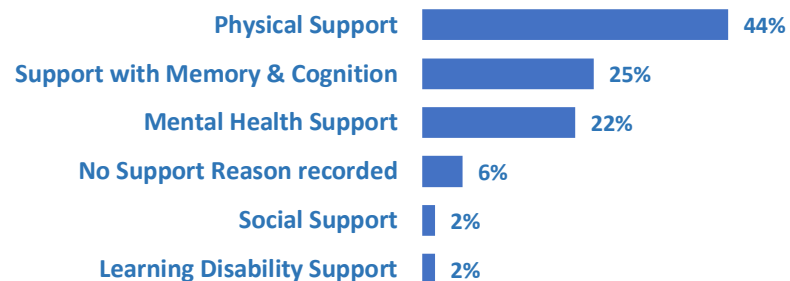
Ethnic group

Over two-thirds of Section 42 enquiries concerned White adults (72%). 6% of people were Asian and further 8% were Black African or Caribbean. The percentage of people whose ethnicity was unknown had fallen significantly from 18% in 2021/22 to 10% in 2022/23.



Primary Support Reason

In 2022/23, 44% of Section 42 enquiries concerned an adult with physical support needs (up from 38% in 2021/22). 25% needed mental health support and 24% needed support with memory and cognition. In 8% of cases support needs were not recorded, either because it was not known or the adult at risk had no identified needs.



Type and Location of Risk in Section 42 Enquiries

Type of risk in concluded S42 enquiries

The proportion of concluded section 42 enquiries that have categorised Neglect and Acts of Omission as the type of risk had increased from 37% in 2021/22 to 43% in 2022/23. Nationally, 31% of enquiries were as a result of neglect in 2021/22.

Self-neglect had risen from 9% in 2019/20 to 13% in 2020/21 but then fell from 12% in 2021/22 to 8% in 2022/23. This data is reported regularly to the SAB in order identify patterns in types of risk. Physical abuse was present in 16% of enquiries in 2022/23 and Financial Abuse was present in 14% of enquiries.

Location of risk

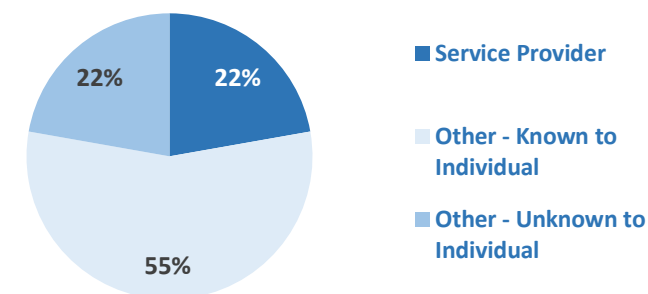
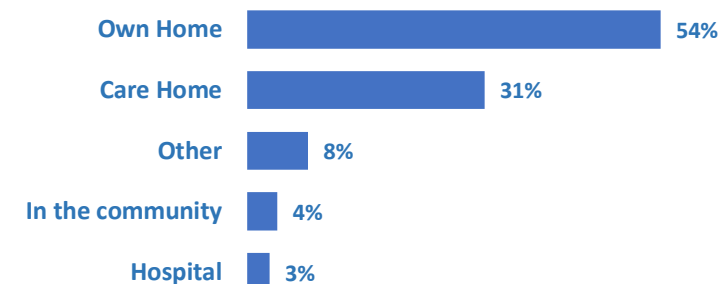
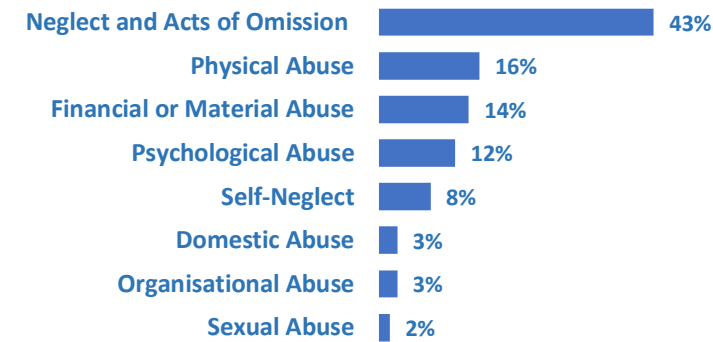
32% of enquiries took place in care homes in 2022/23 - an increase on 2021/22 (27%) and 2020/21 (16%); this level is higher than the pre-pandemic level of 25% in 2019/20.

Over half of the alleged abuse took place in the adult's own home in 2022/23 (54%). 3% of abuse or neglect took place in hospital and another 4% in other locations in the community. The proportion of enquiries where alleged risk was in an unspecified location decreased from 13% in 2021/22 to 8% in 2022/23.

Source of risk

22% of enquiries had a source of risk recorded as the service provider in 2022/23 and this percentage had increased from 18% in 2021/22 to the current level.

The proportion of enquiries where the source of risk was unknown to the individual decreased from 29% in 2021/22 to 22% in 2022/23.



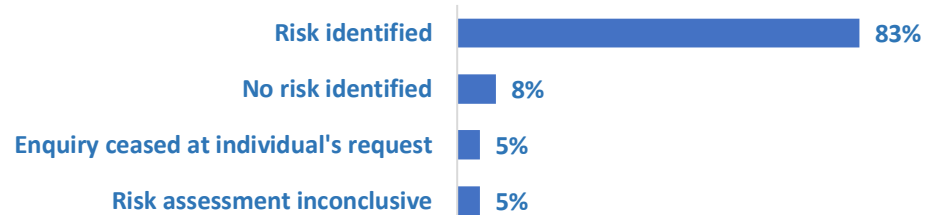
Making Safeguarding Personal

Making Safeguarding Personal is an approach that ensures the adult at risk and/or their advocate in the safeguarding enquiry, are consulted and can participate in the process and that their views are central to the final outcomes, as far as is possible. The Safeguarding Adults Board is committed to this person-centred approach.

Identifying risk

Was risk identified?

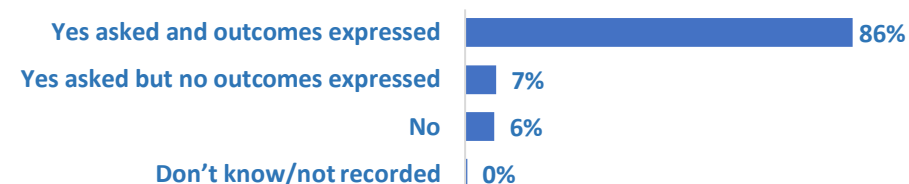
Risk was identified in 83% of concluded enquiries in 2022/23 and a further 4% risk assessment was inconclusive. There was no risk identified in 8% of enquiries and 5% ceased as the individual did not want the enquiry to continue.



What does the individual at risk want?

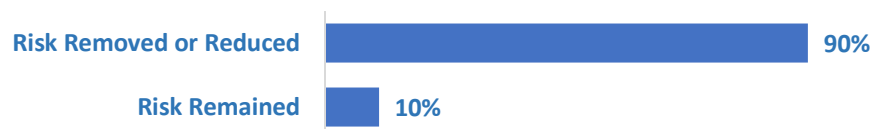
Expressing safeguarding outcomes

Out of a total of 86% of concluded enquiries, the individual at risk was asked their desired outcome of the enquiry and expressed outcomes, 7% were asked but did not express outcomes. The remaining 7% of people were either not asked, or this was not recorded.



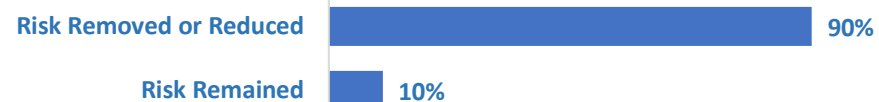
Reducing or removing risk

Where risk was identified, it was removed or reduced in a 90% of cases in 2022/23 which was a slight fall on 2021/22 (91%). Risk was removed or reduced in 91% of cases at a national level in 2021/22.



Achieving desired outcomes

In total, 96% of people expressing outcomes achieved those outcomes fully or partially (66% fully achieved, 30% partly achieved). In 2021/22, 95% of people achieved outcomes, both within LBBB and nationally.



6. Safeguarding Adult Reviews

In 2022/23 the Barking and Dagenham Safeguarding Adult Board (SARs) published the SAR 'William' and SAR 'Jack' reports. The full report, findings, recommendations and learning briefings are available at this link [Safeguarding Adult Reviews \(SARs\) | London Borough of Barking and Dagenham \(lbbd.gov.uk\)](https://www.lbbd.gov.uk/safeguarding-adult-reviews-sars). Learning has been undertaken in the form of a multi agency learning event and multi agency training along with a number of other actions across partner agencies to address improvements. A multi agency SAB Self Neglect Policy has been produced.

7. The SAB's Partners

London Borough of Barking and Dagenham

Developments and Improvements in Safeguarding Adults Practice

In the past year there has been a continued focus to ensure effective and aligned working arrangements across adult care and support and the Adult Intake function. Steps taken to support this include embedding the Head of Service for Adult Intake into the Adults Care and Support Leadership Group, regular Operational Director meetings, practice operational, performance, quality meetings including joint CQC preparations.

We have continued to strengthen and increase capacity in the Adult Intake. We have created and recruited two social work Duty Manager roles and an additional social work role. We anticipate that this will improve the quality of safeguarding triaging and the safe transition of some residents to community support options.

Continued work to build on co-location to further partnerships and links across community, faith, and voluntary organisations, which is improving pathways to support as well as aligning duty rota with adult care and support teams physically to enhance collaborative working. The duty safeguarding team of the Adult Intake service is now co-located with Adults Care and Support staff. Early feedback is that this is improving relationships, information sharing and the quality of improvement conversations.

The Intake Team continues to provide direct intervention to support residents who do not meet the threshold of safeguarding enquiries. This includes home visits, wellness calls and connecting residents to community support.

A service development plan is in place for the Adult Intake Team. This is aligned to wider service priorities and objectives and includes a focus on staff wellbeing and development, case recording, quality and timeliness, pathways and relationship, performance, quality assurance and impact, targeted prevention activity and tests.

Alongside partners, Community Solutions has continued to take the lead in the welcome and support of refugees and asylum seekers. To date, we have successfully resettled 350 Homes for Ukraine refugees and we are supporting nearly 600 asylum seekers outside of acute support systems.

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Contribution to Multi-agency Safeguarding Practice and Partnership Working Arrangements

Additional preventative and partnership safeguarding work has included:

- Re-alignment of Mental Health Vocational Support with Adult Intake function – strengthening pathways and relationships for team to access community support.
- Appointed a Social Isolation and Loneliness Support Worker on an 18-month fixed term to further strengthen connection opportunities and community partnerships for people at risk of isolation and its impacts. This offer has seen increased service demand particularly in the context of the cost-of-living crisis.
- Continued active involvement in complex cases panel, tier four case conference meeting to manage substance abuse cases, the channel panel and MARAC meetings.
- Providing effective support and coordination of response for the Ukrainian and other refugee schemes, enabling support for 300 plus sponsoring households and guests
- Co-produced new guidance on support for Barking and Dagenham residents with no recourse to public funds. Drawing on a wide range of community led engagement and research, it is developed by, and for residents. And covers a range of guidance and support aimed at helping address inequalities in areas including health, welfare, economic and mental well-being and community integration. Importantly, it reflects the real experiences and lives of over 150 people - genuine and authentic co production and support from those that have walked the walk.
- Continued to strengthen community and partner links, including co-locating adult intake with partners in physical hubs at Barking Learning Centre and Dagenham Library, the benefits of which recognised in peer review and continues to enable 65% of support requests to be met through community and information, advice and guidance.
- We have secured funding via the North East London (NEL) to tackle health inequalities in respect of marginalised groups such as residents with immigration restrictions. Alongside colleagues from the Voluntary and Community Sector, we have appointed a lead voluntary organisation to lead the support and coordination work in this area.

An Adult Safeguarding Practice Review took place through an ADASS Safeguarding Adults Peer Review in May 2022. The review focussed on the journey of the adult through services and considered arrangements are good and keep adults safe from neglect and abuse in Barking and Dagenham. Adult Intake and Adults Care and Support were supported with other statutory and private and voluntary partners to provide a full picture of local arrangements. Adult Social Care and Support and Adult Intake, put in place improvements and changes which followed the feedback received from this review.

This year an independent assessor completed an External Safeguarding Adults Practice Evaluation and made considerations which Adult Social Care and Support have included in plans to support best practice and safeguarding practice moving forward. The focus now is on more quality assurance checks, as there is a monthly cycle of learning and making improvements to our practice through regular case file evaluations, which were introduced following the Safeguarding Peer Review. Social Workers and their managers have fed back that this is supporting more authentic conversations and interventions to support adults with their wellbeing.

As part of an overarching assurance approach in January 2023 we took up the offer of five days of support by the Local Government Association via the Partners in Health and Social Care programme. Peter Hay worked with us to align and improve information flow between the SAB and frontline social work practice, improve the feedback loop between partners for s42 enquiry outcomes, agree a shared view of practice standards to create consistent practice between services and strengthen the residents voice to improve outcomes. Work on these areas is ongoing and he will continue his work with a SAB workshop in July 2024. A reduction in safeguarding concerns being raised, was noticed this year and less have progressed to Section 42(2) Care Act Safeguarding Adults Enquiries. It may be that levels of activity return to pre-academic patterns. We are working closer with Community Solutions as well as private providers and voluntary sector groups to support adults to prevent abuse and neglect. Adults may require care or support instead of safeguarding responses.

Co-production activity in Adults Care and Support has been mapped as the development of an overarching co-production strategy is underway. Through the Safeguarding Adults Conference we aim to work with adults with lived experience to deliver some key priorities in the coming year, one of which is to produce some guidance for people to continue living well in their homes.

The Metropolitan Police

Developments and Improvements in Safeguarding Adults Practice

All officers have undertaken Domestic Abuse training to ensure a better understanding of victim care and behaviours. The capturing of data and ensuring the child's voice is heard in this work.

Operation Soteria is the national response to rape investigations and was launched by the Home Office in June 2021 as a core action in the UK Government's End-to-End Rape Review, to help deliver the ambition to more than double the number of adult rape cases reaching court by May 2024. A programme called Project Bluestone was launched in 2021 to focus on supporting victims and developing a new National Operating Model for the investigation of rape and other sexual offences. The Metropolitan Police were one of the forces involved in the year 1 pathfinder undertaken between September 2021 and August 2022. The key findings were that investigators and other staff lacked sufficient specialist knowledge about sexual offending. Evidence-informed specialist investigative practice for rape and sexual offences impacts on the quality and outcome of investigations and victim engagement. Reflective practice is key to creating a whole force learning culture, which will together address the well-being of investigators, better investigations, and better service to victims. There needs to be rapid improvement in digital forensics capability and capacity through learning and workforce development. There is a direct link between officer burnout, a lack of learning and development for officers and the confidence of officers in using the right investigative strategies when conducting investigations.

Analysis of data revealed that the charge rate for offences of rape differed greatly depending on the relationship between the victim and the suspect (and the profile of relationship types varies by victim ethnicity). There were lower charges for cases involving intimate and former intimate partners. The outcome timescales, and therefore the average length of investigations, can differ widely by outcome and force.

In summary, the findings reveal that policing needs a capable, confident and reflective workforce which is equipped with evidence-informed knowledge about the impact of rape and sexual offences on victims, the contexts within which rape and other sexual offending happen, the nature of sexual offending locally, and offending strategies used by sexual offenders.

Contribution to Multi-agency Safeguarding Practice and Partnership Working Arrangements

The Police currently Chair the Multi Agency Risk Assessment Conference (MARAC) meeting, which supports vulnerable victims of domestic abuse. The Police are also a statutory member of the SAB and the Safeguarding Adult Review Committee and attend the SAB's Safeguarding Adults Complex Cases Group to support discussions around high risk cases and partnership working. There is now also a dedicated tri-borough Violence Against Women & Girls (VAWG) Strategic Group to drive policing activity in this area.

NHS North East London Integrated Care System

Developments and Improvements in Safeguarding Adults Practice

The Integrated Care Board (ICB) appointed a permanent Designated Professional for Safeguarding Adults for Barking & Dagenham in July 2022. The Designated Professional continues to engage with wider London and National safeguarding forums, where information is then brought back to Barking and Dagenham and shared across the system as appropriate.

The Designated Professional has continued to develop relationships across the system which has enabled greater partnership working. The Designated Professional has supported Primary Care services by delivering safeguarding adults training and updates at the most recent Protected Time Initiative (PTI) for Barking and Dagenham GPs. This was a session that refreshed practitioners around safeguarding processes in Barking & Dagenham, as well as updating them on tools and resources that they can use to support their safeguarding practice.

The Designated Professional chairs the Safeguarding Adults Review (SAR) Committee and continues to support the SAB in meeting its function to commission SARs when required. There have been two SARs that have been recently published, and the SAR Committee continues to monitor and seek assurances that recommendations and actions coming out from both SARs, are being met. As a result of SAR 'Jack', there were two learning events held to support practitioners from all partner agencies to better understand how to work more effectively with service users who have substance abuse issues. The events were well attended by practitioners from across the system. Feedback in general was that the sessions were well received and people liked the mix of theory, research, and practical experience.

LeDeR is a service improvement programme and looks to learn from the deaths of people with learning disabilities and autistic people. LeDeR reviews are carried out for all deaths of people with learning disabilities and autistic people. These reviews make recommendations to improve practice and change processes so that the lives of people with learning disabilities and autistic people, are changed for the better. There was a total of ninety-five LeDeR notifications received by NHS North East London Integrated Care Board for 2022-23. Of these ninety-five, seventeen were for Barking & Dagenham residents.

Contribution to Multi-agency Safeguarding Practice and Partnership Working Arrangements

The Designated Professional has continued to engage with the Local Quality Surveillance Group which is a group set up to support assurance and safeguarding work in relation to care homes, supported living schemes, homecare providers, and Primary Care providers. This meeting is held bi-monthly and is an opportunity for ICB colleagues to come together with local authority colleagues to better understand where there may be worries about care providers, and the work underway to support them. As a result of this, the Designated Professional has worked alongside the local authority Provider Quality & Improvement Team to support one particular care home provision in Barking & Dagenham where there were significant concerns raised at their last CQC inspection.

The Barking and Dagenham Community Safety Partnership (CSP) Board is also attended by the Designated Professional as well as ad hoc workshops around the newly introduced Serious Violence Duty. The Designated Professional also engages well with the Barking & Dagenham Safeguarding Adults Board (SAB) and continues to support the SAB to achieve key pieces of work, for example, the development of a forward plan for a possible Learning & Development Committee. In particular, the Designated Professional is able to gather feedback from Primary Care providers across Barking & Dagenham and is able to bring this information back to the SAB for information sharing purposes as and when required. The Designated Professional continues to chair the SAR Committee which supports the SAB in meeting its function to commission SARs as and when required. The Designated Professional also oversees the action plans that come out from published SARs to ensure that assurances are sought for actions that agencies have committed to completing.

Barking Havering and Redbridge University Hospital Trust (BHRUT)

Developments and Improvements in Safeguarding Adults Practice

Safeguarding Adults Practice was celebrated, and the Trust marked its significance during the National Safeguarding Week 2022, a week of learning events aimed at raising awareness of relevant national safeguarding adults' themes as inspired by the Ann Craft Trust. To help build staff confidence in recognising the signs of abuse and neglect, each day of the week focused on a different safeguarding theme. The themes covered included:

- Exploitation and county lines
- Self-neglect
- Creating safer organisational cultures
- Elder abuse
- Domestic abuse in tech society

Safeguarding cases were discussed at the Trust's Patient Safety Summit and at the Trust's Safeguarding Operational Group meeting. Monthly Bulletins were produced in line with current areas of development required in Safeguarding adults including:

- Learning From a Safeguarding Maternity Case Domestic Homicide (May 2022)
- Learning from a safeguarding Adult Case: Professional curiosity (June 2022)
- Importance of Discharge Planning Meetings A SAR Recommendation (Feb 2023)
- Learning from a SAR: Ensuring patients who are unable to read and write receive good care (September 2022)
- Learning from a safeguarding Adult Case: Domestic Abuse (November 2022)

The Trust has successfully maintained multi-agency attendance at the following meetings:

- Safeguarding Adult Board (SAB) meetings
- Safeguarding Adult Review (SAR) Committee meetings
- SAB Case Review
- Working Groups (BHR)
- Quality and Effectiveness working group
- Safeguarding Adults Complex Cases Group, and the
- MARAC

Safeguarding compliance to key performance indicators and activities are included in a quarterly adults safeguarding dashboard, which is presented at the Trust's Safeguarding Operational, approved at the Safeguarding Strategic and shared with Assurance Groups, Quality Governance Steering Group and at the Quality Assurance Committee (sub-group of the Trust Board). The Trust's Safeguarding Strategy, launched in April 2021, continues to deliver the agreed priorities aligned to the Safeguarding Annual Workplan and the Safeguarding Audit Schedule.

Participation in the Trust Ward Accreditation Framework scheme continued during 2022/23. The programme sets clear standards and measurements to help our staff understand where they are already delivering good patient care, and areas where they need to improve. Regular Safeguarding Team walkarounds have been introduced to support staff identifying any gaps in knowledge.

Alternative methods of delivering safeguarding and dementia training were explored in response to the suspension of classroom-based training dictated by restrictions introduced during the COVID-19 pandemic. Classroom based training was reinstated for Safeguarding Level 3 subjects during 2022/23, however the alternative methods continued to remain in place as an interim option for staff. The Safeguarding Adults training for Level 3 has been significantly strengthened in relation to Mental Capacity. In addition to this, the Trust Safeguarding Adults Adviser for MCA and DoLS delivers weekly virtual training sessions. Further changes will be introduced in April 2023, aimed at delivering Safeguarding Level 3 training for adults available only as classroom-based training.

Safeguarding training Compliance as of 31 March 2023 was:

- Level 1 – 99%
- Level 2 – 97%
- Level 3 – 92%

Cost of Living has been a key concern at national level. The Trust has swiftly responded to the challenge and implemented a number of initiatives open to staff such as virtual marketplace, school uniform vouchers, psychological, physical, financial and wellbeing support, additional shuttle buses to support staff journey between hospitals and extension of the 25% discount in the staff canteen at Queens and Kind George's Hospitals until 31st March 2023.

North East London Foundation Trust (NELFT)

Developments and Improvements in Safeguarding Adults Practice

Our corporate Safeguarding Team, comprising of Named Professionals and Specialist Advisors, operate a weekday Safeguarding Advice Service providing staff in NELFT with advice and guidance regarding concerns about our service users. This service ensures responsive and timely advice to NELFT staff requiring specialist-safeguarding advice in relation to cases and incidents. The Safeguarding Advice Service continues to be a well-used resource with 3708 contacts between April 2022 -March 2023 across the areas that NELFT covers.

The Safeguarding Team review the themes and trends from calls to the safeguarding advice service, changes to national and local policy, safeguarding learning reviews, patient safety incidents, priorities from local safeguarding children's partnerships and safeguarding adult boards to identify and share learning. The Safeguarding Team continue to work with the clinical effectiveness team to disseminate and embed learning through webinars, focused learning events, team level huddles and other means of sharing and supporting a culture of continuous improvement. To further strengthen shared safeguarding learning across the Trust, a Safeguarding Learning and Operational Group was established in May 2023. This will support the oversight of the above programme in a structured way and facilitate greater understanding of impact on practice.

Domestic abuse is identified as one of the top enquiries by staff to the safeguarding duty desk. The safeguarding team has delivered a number of training sessions during 2022/23 in relation to domestic abuse to raise awareness and train our staff to support practice in recognising, referring and signposting to specialist agencies when domestic abuse has been disclosed. Furthermore, for Barking and Dagenham NELFT staff we have engaged with the LBB Domestic Abuse lead in regards to focused awareness sessions as part of the new rollout of domestic abuse services in the borough, ensuring we connect staff who see residents in their own homes with direct information on how best to support people.

NELFT serious incident investigations and high-risk complex cases have identified a correlation between domestic and substance misuse. Guidance and local procedures that relate to the interface with substance misuse has been included in the share learning training sessions. The safeguarding team are working with the NELFT training and development team to provide further face-to-face and virtual domestic abuse training in 2023/24 that will enhance our existing domestic abuse e-learn training offer.

The management of self-neglect in complex cases has been identified as a recurrent theme in calls to the Safeguarding Advice Service, high level risk meetings and serious incident investigations. The safeguarding team has facilitated 3 trust-wide training sessions on the management of self-neglect and the interface with the mental capacity act. The focus of the training is 'think family' and has included input from the NELFT safeguarding children's team. The training has been well received by attendees. The safeguarding team and training and development department are planning to run further sessions in 2023/24. The NELFT Safeguarding Assurance Group was established in February 2023 and is chaired by the Director Quality of Governance. Exceptions are reported to NELFT SAFE Group. To strengthen leadership within the Safeguarding Team the post of Head of Safeguarding has been established and has been successfully recruited to. The Safeguarding Strategy supports NELFT to articulate how we as a Trust comply with CQC Regulation 13: Safeguarding service users from abuse and improper treatment. NELFT supports the Think Family approach within safeguarding and aims to achieve this through building supportive internal and external relationships, processes and pathways that enable the support to be tailored to need. Oversight of safeguarding training compliance for our staff remains high with over 97% of staff meeting the standards of training requirement for Adult Safeguarding (target is 90%).

Contribution to Multi-agency Safeguarding Practice and Partnership Working Arrangements

During 2022/23 NELFT have continued to prioritise safeguarding partnership working, attendance and participation at partnership meetings at both a strategic and operational level.

The SAB is attended by the Integrated Care Director for Barking and Dagenham. NELFT continue to be represented and contribute at all safeguarding meetings.

NELFT shares completed serious Incidents reports with the SAR Subgroup routinely as part of our transparent approach to safeguarding and learning from serious incidents. This practice has led to the commissioning of SAR in respect of learning across the partnership.

NELFT have fully participated in the Safeguarding Adult Reviews commissioned by the Board.

NELFT are also an active member of the Complex Case panel of the SAB, both in terms of making referrals for those most complex of community cases and as a panel member to support the challenge, exploration of actions and alternative arrangements to safeguard our most vulnerable clients.

Developments and Improvements in Safeguarding Adults Practice

During 2022-23 the London Fire Brigade have made the following developments and improvements in our Safeguarding Adults Practice:

- Developed an electronic person at risk safeguarding referral form
- Delivering bespoke safeguarding training to 150 Senior Officers
- Revising and updating their Safeguarding Adults Policy
- Revision of the safeguarding online training for all staff (regardless of rank or role)
- Working towards the new National Fire Chiefs Council Safeguarding Fire Standards.

Contribution to Multi-agency Safeguarding Practice and Partnership Working Arrangements

During 2022-23 the London Fire Brigade continues to be a key multi-agency safeguarding partner and make safeguarding referrals to Social Services. The London Fire Brigade Central Safeguarding Team remain an actively engaged in pan London meetings and work.

The London Fire Brigade in Barking and Dagenham attend Board meeting and supports the work of the Safeguarding Adults Complex Cases Group where high risk cases are discussed. We are able to address the fire risk, provide direct support to service users and advise on hoarding in the community. We also support Safeguarding Adult Reviews where relevant.

Developments and Improvements in Safeguarding Adults Practice

In September 2022 Probation in Barking, Dagenham and Havering was part of a regional inspection by HM Inspector of Probation. Whilst BDH was assessed as requires improvement there was some real positives highlighted in terms of safeguarding and partnership work with VAWG work receiving praise.

That said, both the inspection and the tragic murder of Zara Aleena noted significant areas of improvement and work that still needs to be done. In response Probation has launched a serious of quality uplift training across the region for all frontline practitioners and managers which continues to be delivered. In terms of mandatory training for safeguarding adults all operational staff BDH is currently sitting at 100% completion rate and we continue to work on improving risk assessment practices.

Contribution to Multi-agency Safeguarding Practice and Partnership Working Arrangements

Partnership working was highlighted as an area of excellence during the HMIP inspection with praise being given to the VAWG work. Nationally partnership work remains a key priority for the Probation Service. At a strategic level we prioritise participation in the local safeguarding boards, Community Safety Partnership and Reducing Reoffending Boards and safeguarding boards.

We continue to be present at the MASH management and VAWG steering groups and operationally, we have a dedicated SPOC for the Integrated MASH and MARAC. We have good engagement from partnerships in the MAPPA and continue to drive better usage to manage risks posed to individual and the wider community.

8. Quality of Care

Overview from the Council - Adult Social Care Provider Market

The pandemic tested the resilience of our social care workforce, both within the local authority and in the provider market and we provided updates in the SAB Annual Report for 21/22 in the way that we worked collaboratively with the market. Public Health, Commissioning and the Provider Quality team continued to support providers as they experienced outbreaks, and also as Public Health guidance for managing outbreaks changed.

Work of the Provider Quality and Improvement Team

In 2022 the Provider Quality and Improvement team recommenced their physical inspection regime. There were 58 visits to adult providers from April 2022-April 2023. Throughout the year, and as per the Borough's provider risk assessment process, five providers were rated as 'red' and were subject to an intensive improvement plan and heightened level of inspection and four providers were rated as red and then moved to suspension. This means that alongside an improvement plan and heightened level of inspection, these providers were suspended from taking any new service users and any service users that were supported by the provider were reviewed by social work colleagues. At the time of writing in 23/24, three of the four providers remain suspended. These providers consist of one nursing home and two homecare agencies.

The nursing home that remained suspended at the end of 22/23, Chaseview Care Home, alerted the local authority to its intention to close in April 2023. This is the only provider in the Borough that has decided to close, or has handed back its contract, since the beginning of 22/23.

Chaseview Care Home is the largest care home in the borough and supports older people and people living with dementia. It is owned by HC-One. The council suspended new placements to the home in September 2022, following concerns that were identified regarding the care of residents and the competency of staff. These were echoed by the Care Quality Commission (CQC) in a report published in November 2022 which rated the home as inadequate. The council and health partners worked closely with the home to follow an improvement plan to make significant changes to services provided to vulnerable residents who live there. HC-One introduced a taskforce to make improvements throughout the care home, including new management. The home was visited weekly by Council staff to check progress against the improvement plan and to get feedback from residents and family members. The council had seen significant progress by the home and were in regular communication with the CQC's Inspection team. However, HC-One decided to shut the home, citing financial and resourcing issues as reasons for its closure - particularly the significant financial investment they had made to the home, the impact that the focus on the home was having on other HC-One services, and the challenges faced in recruiting and retaining leadership and expertise.

We have of course been disappointed that HC-One have decided to shut Chaseview. However, the safety and wellbeing of Barking and Dagenham residents is our top priority, and we are working closely with residents, families, HC-One, health partners and other relevant councils to seek alternative homes for the residents impacted by the closure. Updates will be provided to the SAB routinely over the coming months.

Provider Engagement

We continue to meet regularly with providers through our Home Care and Care Home Forums. In 22/23 we hosted our first all provider forum for any provider registered in Barking and Dagenham.

The forum aimed to increase providers' engagement levels with the Council and for the Council to deliver an informative and practical agenda that drew awareness to current issues impacting the care sector such as safeguarding concerns, staff training and development, and council procurement and the subsequent tendering and evaluation processes. Stall holders were also present from various health and community organisations to share valuable tools and resources for providers and their service users.

Eighty-five providers attended the forum from across the provider spectrum, including homecare, care homes, supported living and mental health providers. There is a further all provider event planned in for August 2023, with the aim that these will take place every 6 months. Over the summer 2023 there will also be provider engagement events starting with LD/MH and supported living providers.

The Council work with Care Provider Voice Northeast London, who are a care provider run organisation seeking to support the social care sector. They are commissioned to provide support with recruitment and access to a peer support network. This includes a job brokerage service which supports local people into the local care sector and a central recruitment portal which provides providers with somewhere central to post vacancies. This resulted in nearly 300 job offers over the course of 2022/23 across Barking and Dagenham, Havering and Redbridge.

In addition to this the partnership provides all LBBB providers with access to Grey Matter Learning which is a health and social care learning portal for free. This ensures all providers commissioned by and registered in the borough have access to high quality training for staff. It also reduces the cost of running a business in the borough by removing the need to purchase individual training contracts.

Recruitment and retention remains an issue across health and social care providers due to ongoing Covid-19 and Brexit issues, as well as the impact of inflation, the rise in living costs and the increase in National Living Wage.

Fair Cost of Care Exercise

As with all other local authorities in the country we undertook the national Fair Cost of Care exercise which sought to establish the Fair Cost of Care for care homes and homecare agencies for adults. We approached all of our 10 65+ care homes and had a strong level of engagement with 6 homes returning completed exercises. Those who did not engage stated a number of reasons for not doing so including not seeing the benefit when they don't accept our rate currently, not believing there will be any impact as a result of the programme or not having the resources to commit to carrying out the exercise.

In addition, we approached 13 homecare providers as part of our contracted framework for 18+ domiciliary care and a further 41 18+ domiciliary care providers, all who are registered within our borough and/or have care packages with us. In total, 54 homecare providers were considered to be in-scope for the Fair Cost of Care exercise and were therefore invited to engage with the exercise and submit their Fair Cost of Care calculations. LBBB received 16 responses which were in-scope from this pool of homecare agencies.

More information about the Fair Cost of Care, the results and our response to the results can be found here: [Market Sustainability and Fair Cost of Care | London Borough of Barking and Dagenham \(lbbd.gov.uk\)](#) However, in summary, the exercise found that the Fair Cost of Care for our different types of providers was:

65+ care home places without nursing/65+ care home places without nursing, enhanced needs **£975**

65+ care home places with nursing/65+ care home places with nursing, enhanced needs **£1175 including FNC**

Over 18s homecare **£24.38**

As a result of the Fair Cost of Care exercises, we have had to set out a plan to government to show how we will be moving towards the Fair Cost of Care – this can be found on the link above. We have also provided Fair Cost of Care funding to providers to support their sustainability and we have increased our rates for 23/24 for our older adult care market rates by 16.2%. The aim of this uplift is to support providers with the increase in cost of delivering care, including paying London Living Wage which will support care workers during these challenging times and allow providers to compete with other sectors who are offering regular pay increases. This is one of the largest uplifts in North East London.

Cost of Living support

In response to the current cost of living crisis the council has worked with partners in the voluntary sector, local charities, community and faith groups to try and help support as many of our residents as we can. As part of this work we have been trying to find ways in which we can support our local providers and workers on low incomes. We were able to identify some funding to help care staff during these tough times. Local care providers with staff working or living in Barking and Dagenham were able to bid for up to £1,500 (per organisation), which could be used to help buy food vouchers, top up travel cards for staff to get to and from work, help with fuel, childcare or essentials for staff who have babies or young children (nappies, milk, food).

An online application form was created and the funding was available from March 2023. The funding was specifically identified to support care workers and not for business provision. Providers included Home Care, Supported Living, Extra Care and Care Homes.

We had a great response to the funding and were able to support over 40 providers who told us how important small pots of funding like this have been to help their staff with the everyday cost of living. We have managed to help over 800 care workers living or working in Barking and Dagenham by offering this funding opportunity. We have also been able to give additional funds to some of our main care providers to top up existing contract payments, which has helped with some of the additional costs and strain placed on them with the current cost of living.

We will continue to work with partners over the coming year to identify funding opportunities to help support as many residents and providers as possible in these uncertain times.

across health and social care providers due to ongoing Covid-19 and Brexit issues, as well as the impact of inflation, the rise in living costs and the increase in National Living Wage.

Carers Charter

The Carers Charter 2022-25 launched during Carers Week 2022 outlines the commitments of the partnership to carers locally. The Carers Charter details co-produced 'I statements' that have been used to develop a Carers Action plan and deliver positive outcomes for Carers which are monitored through the Carers Strategy Group.

Some of the work that has progressed in 2022/23 has included:

- The ICB working in partnership with the Carers support service to promote access to Carers Support through the GP screens.
- The development of training for frontline workers for awareness raising and identifying hidden carers
- A carers discharge pathway is being developed with partners across BHRUT, social care, ICB and the community and voluntary sector. This project focuses on timely information and advice to carers at the point of discharge for the cared for. The project will deliver information tools for all three boroughs that feed into the BHRUT hospitals.

Alongside the Carers Charter, Barking and Dagenham continues to commission the Barking and Dagenham [Carers Hub](#).

Direct Payment Support Service

Over the last 2 years, the local authority has been undertaking a direct payment reviews project to ensure that service users have the support available to them in their role as an employer and that they have a Personal Assistant or other service that meets their needs. As a result of this review, we have redesigned our Direct Payment Support Service to account for changes that our service users and professionals wanted within the service. Four key areas were identified to improve the service for our residents; Simplicity, Transparency, Hands-on Support & Comprehensive Reviews.

The redesigned Direct Payment Support Service is currently out to tender and will provide high quality and experienced information, practical advice, support and guidance on all aspects of Direct Payments. The service will assist residents with innovatively planning the best ways to use personal budgets whilst also maximising the support residents' access by considering services offered by voluntary sector and charity organisations. A key part of the redesigned service specification is employment and recruitment support to support our service users in their role as an employer. In addition to the support to residents, the new service will try to enhance our Personal Assistant market by helping with Personal Assistant retention and recruitment. The service will offer a Hub for Personal Assistants to advertise their availability and will fully vet Personal Assistants, allowing for speedy recruitment. The service will provide access to important training and will ensure all Personal Assistants on the Hub have undertaken Safeguarding training, giving the Council confidence in the Personal Assistants working with our residents. Approximately 28% of Adults receiving community care services are in receipt of a Direct Payment and the new Direct Payment Support Service will be available to all Adults who are either receiving or are interested in receiving a Direct Payment.

Care Technology

In 2022/23, our new Care Technology service went live in Barking and Dagenham, transferring 2,440 residents from the former Careline service to Medequip Connect whilst maintaining service continuity and avoiding any break in connection to the monitoring centre. A series of immediate benefits of the new service have been felt by residents since the new service commenced including:

- The provision of a new falls pick-up service
- Support around ambulance strikes
- 627 new residents connected and over 3000 residents supported overall
- Provision of new digital technology to approx. 1000 residents

The launch of the new Care Technology Service was an important milestone for Care and Support and the local authority. However, the current service with Medequip has presented specific constraints, in particular the extent that the service has embedded within the local health and care system. This has led to a reappraisal of our approach, including rethinking the ideal positioning of Care Technology in the wider scope of Digital Transformation, and the best vehicle to advance this agenda in the local health and social care environment. We are looking to develop a new partnership to take this work forward in 2023/24.

Supporting Discharge

We continue to work in partnership to develop and commission innovative services to support discharge and reduce re-admission to hospital. We are working with Havering, Redbridge, the Hospital Trust and NELFT to continue to develop the Barking, Havering and Redbridge Integrated Discharge Hub (IDH) to support the discharge of residents from hospital to the community. We have worked across all discharge pathways to improve the experience and outcomes for our residents and also to support the local acute hospital system with the demand increases for their bed base.

Key to the success of the IDH is the trusted assessor model which situates trusted assessors of care needs on the hospital wards to increase the efficiency of assessments for placements across care settings. We have also launched two new jointly commissioned services with the Integrated Care Board (ICB) to support discharge. The Home First project supports residents discharged home with support needs and sees therapists meet residents at home when they are discharged from hospital to assess their needs and to ensure that residents have access to a range of support to help their recovery and to reduce readmission to hospital. Secondly, we are working with commissioning authorities across BHR to support residents discharged to nursing homes through a discharge to assess approach. This uses 20 block booked beds across two homes in the NEL patch and sees residents who are discharged into these beds being supported by therapy services for a period of 6 weeks to regain a level of independence and not require a long term nursing or residential care package. Both of these services have proven to be successful over the last 18 months and are being adapted into our long term commissioning plans in 2023/24.

Over the winter of 2022/23 we utilised the Adult Social Care Discharge Fund to support innovation in discharge and ensure flow out of hospital beds. One of the main areas that this covered was reablement. We ran a reablement pilot from January 2023 to April 2023 which supported people who were being discharged through the Home First pilot. They received 6 weeks of therapy services with the aim of regaining independence and no longer requiring ongoing care. This pilot was a success with over 70% of those going through the pathway not requiring ongoing care. We are now looking at how we undertake a second phase of the pilot in 23/24 to inform our future long-term commissioning.

Using the Discharge Fund, we were also able to give our provider market recruitment support, increase capacity in our market through funding agency staff and supporting social care capacity to support hospital discharge assessments. This included grants to our provider market to support wage increases, loyalty bonuses and recruitment incentives.

Plans for 2023 - 24

During 2023/24, we will be monitoring and analysing the new initiatives set out above to determine further areas for commissioning and operations and the way that we work with health partners. Crucially we will also be preparing for the CQC regulatory framework. Significantly, 23/24 will see us focus on retendering homecare and reablement services. We are aiming to procure a reablement service which will replace our current crisis homecare provision, with the aim of supporting people at a point of care escalation, such as a hospital admission or fall, to regain their independence and no longer require ongoing care and support. This builds on the work that was undertaken in the reablement pilot referenced earlier. Alongside the procurement of homecare and reablement we will be working with the community and voluntary sector to provide social support to residents which will help to reduce isolation.

Primary Care Providers

There are currently thirty-nine GP practices across the borough. Out of these thirty-nine practices, thirty-one of them have been rated by the Care Quality Commission (CQC) as being 'good'. This means that the standard of practice from these thirty-one practices is a good level for the general population across the borough. The CQC inspect various aspects of care and service provision, and this is broken down into five categories:

- Safe
- Effective
- Caring
- Responsive
- Well-led

Five practices have been rated by the CQC as 'requiring improvement'. Practices rated as requires improvement are supported by the NHS NEL ICB Primary Care Team to improve their practice so that residents receive a better and safer service. Common areas of development include safeguarding, education and training, practice policy updates, and communication.

There are three GP practices which have been rated as 'inadequate'. The NHS NEL ICB Primary Care Team are working with these practices to draw up robust improvement plans which are reviewed regularly to ensure the quality of service from these GP practices improves. NHS NEL ICB are working closely with the CQC, as well as the GP Federation where necessary, to ensure that whilst changes and improvements are made, patients continue to receive good quality, safe care.

9. Partnership Priorities

The board regularly considers the work of the SAB in light of the changing contexts of:

- (i) health, social care and public protection nationally and locally
- (ii) objectives, views, emerging risks and financial pressures of partner organisations.

The board recognises that it needs to have oversight of safeguarding practice and performance in the borough to ensure that quality of care is not compromised or that there is avoidable harm and abuse. The SAB has a role to play in supporting the workforce across the partnership, ensuring that they have the skills and competencies to fulfill their roles. The board agreed a Three-Year Strategic Plan in 2019/22. The priorities for 2022/23 are outlined overleaf.

Priorities	How will we work to implement these?	Assurance	Learning & Development	Delivery
1. Support for Hoarding and Self Neglect	<ul style="list-style-type: none"> • Develop a hoarding and self neglect policy and guidance document. • Deliver a pathway and programme of support for service users experiencing hoarding and self neglect. • Develop practice around self-neglect, mental capacity, people’s exercise of their ‘rights to choose’. 	✓	✓	✓
2. Implement a Learning and Development Committee to deliver joint multi agency learning	<ul style="list-style-type: none"> • Develop a multi-agency audit programme. • Provide assurance around learning from SARs and LeDeR reports undertaken in Barking and Dagenham and across London. 	✓	✓	
3. Preparing for CQC regulation	<ul style="list-style-type: none"> • Implement learning from the Adult Safeguarding Peer Review. • Support the development of a Safeguarding MASH, (Multi-Agency Safeguarding Hub) in Adult Social Care, to enable safe and effective triage of all safeguarding being managed in one place. • Assurance from Community Solutions and the ‘front door’ around safeguarding referrals. • Being alert to abuse and harm which is not visible and identify indicators and communicate with others to ensure a good practice response. 	✓		✓

Priorities	How will we work to implement these?	Assurance	Learning & Development	Delivery
4. Joining up with children's social care on key cross cutting themes	<ul style="list-style-type: none"> • Transitional safeguarding. • 'Think Family' approach. • Domestic abuse. 			
5. Develop governances, safeguarding and quality interfaces with North East London Integrated Care Board (NEL ICS)	<ul style="list-style-type: none"> • Develop partnership structures to support safeguarding. • Support joint working across NEL in cross cutting issues. 			
6. Develop a community safeguarding offer and preventative offer for adults	<ul style="list-style-type: none"> • Develop plans for a stronger community-based and community-led offer for prevention of the escalation of social care needs. • Stronger community-focused support around safeguarding intervention and reporting. • Develop an effective process to engage with the personal experiences and hearing the voices, of people with lived experience of safeguarding. • Strengthen training and awareness of generalist staff, including for example enforcement, caretakers and protectors of the public realm. • Build better community awareness of mental wellbeing through campaigns and other mental health preventive initiatives. • Strengthen and reinforce awareness of exploitation in all its possible forms and clarity of appropriate responses to cases which become known or suspected. 			

10. Safeguarding Information

For further information about safeguarding and information about the Safeguarding Adults Board please use the following link

[Safeguarding adults at risk of abuse or neglect | London Borough of Barking and Dagenham \(lbbd.gov.uk\)](https://lbbd.gov.uk/safeguarding-adults-at-risk-of-abuse-or-neglect)

To report a safeguarding concern:

Adult Triage, Community Solutions

020 8227 2915

intaketeam@lbbd.gov.uk

safeguardingAdults@lbbd.gov.uk



**In an emergency:
Call 999 and ask for the Police**

Call 101 if you are worried but it is not an emergency.

**Out of Hours Emergency Social
Work Duty Team**

020 8594 8356

adult.edt@nhs.net



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ASSEMBLY

22 November 2023

Title: Treasury Management and Investment and Acquisition Strategy 2023/24 Mid-Year Review	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: David Dickinson, Investment Fund Manager	Contact Details: Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Nish Popat – Deputy Section 151 Officer	
Accountable Strategic Leadership Director: Jo Moore, Interim Strategic Director, resources	
<p>Summary</p> <p>Regulation changes have placed greater onus on elected Members in respect of the review and scrutiny of treasury management policy and activities. This mid-year review report provides details of the mid-year position for treasury activities and highlights compliance with the Council’s policies previously approved by the Assembly on 1 March 2023 as part of the Treasury Management Strategy Statement for 2023/24.</p> <p>This report also provides a mid-year review of the Council’s Investment and Acquisitions Strategy, covering returns from both commercial and residential schemes.</p> <p>The Cabinet is due to consider this report at its meeting on 14 November 2023 (the date of publication of this Assembly agenda). Any issues arising from the Cabinet meeting will be reported to the Assembly.</p>	
<p>Recommendation(s)</p> <p>The Assembly is recommended to note:</p> <p>(i) The Treasury Management Strategy Statement Mid-Year Review 2023/24;</p> <p>(ii) The economic update covering the increase in inflation and the Bank of England Base Rate increases;</p> <p>(iii) The pressures currently impacting Treasury and Investment and Acquisition Strategy (IAS) returns, including:</p> <ul style="list-style-type: none"> • Significantly increased interest rates impacting on the Council’s borrowing requirements to support cashflow and capital programme; • Delays to renting of Private Rental units and Disposal of Shared Ownership units developed by the Council for Reside Group of companies impacting on revenue income via lease payments; 	

- Loss of income from commercial holdings due to delays in renting the assets and further increased borrowing costs due to debt used to deliver the commercial assets being held for longer than projected.
 - Loss of interest income from wholly owned companies including Be First and BDTP as they are unable to meet interest payments; and
 - Reporting and administrative delays from Reside to accurately forecast rental income back to the Council.
- (iv) That the value of the treasury investments and cash balances at 30 September 2023 totalled £38.2m at a rate of 4.2%;
- (v) That the value of the residential loans lent by the Council to Reside at 30 September 2023 totalled £190.3m at an average rate of 2.6%;
- (vi) That the total value of borrowing incurred for Private Rented Schemes, planned to be transferred to Reside, at 30 September 2023 was £105.7m;
- (vii) That the total of other loans which included loans to LEUK, Energy Loans and Working Capital Loans total £50.4m;
- (viii) That IAS borrowing at 30 September 2023 totalled £844.3m, with an additional £295.9m of Housing Revenue Account (HRA) borrowing and a further £135.4m of General Fund (GF) borrowing taking total borrowing position for the Council of £1.275.6bn;
- (ix) That HRA interest payable was forecast to be £11.033m against a budget of £10.742m, which represented an overspend of £0.291m;
- (x) That IAS and GF borrowing was forecasting a gross interest payable amount of £21.33m, to be covered by capitalised interest of £10.231m and allocation of commercial rent to pay for interest costs of £6.141m, leaving a net interest payable charge of £5m against a budget of £10.139m which represented a surplus of £5.182m;
- (xi) That interest receivable from loans, IAS and treasury activity was forecast to be £10.9m, split into £4.046m (non-IAS Council loans and GF investments) and £6.848m (Reside Loans, treasury investments and IAS treasury investments), against a budget of £6.5m, representing a surplus of £4.4m;
- (xii) That IAS operational income was forecast to be £1.057m against a budget of £6.861m, representing a deficit of £5.8m;
- (xiii) That the net surplus from the IAS was £207k and the net surplus from the GF treasury strategy was forecast to be £454k for a combined surplus of £661k, which would be added to the IAS reserve, increasing it to £31.6m by the year-end; and
- (xiv) That in the first half of the 2023/24 financial year, the Council complied with all 2023/24 treasury management indicators.

Reason(s)

To accord with the requirements of the Local Government Act 2003. To provide Cabinet with an update report on Treasury and Management performance for the past 6 months of the new financial year.

1. Introduction and Background

- 1.1 The Council operates a balanced budget whereby cash raised during the year meets the Council's cash expenditure needs. Part of the treasury management operations is to ensure this cash flow is adequately planned, with surplus monies invested with counterparties of an appropriate level of risk, providing adequate liquidity before considering maximising investment return.
- 1.2 A second main function of treasury management is the funding of the Council's capital programme including the Investment and Acquisition Strategy (IAS). The IAS forms a large part of the These capital plans provide a guide to the Council's borrowing need, which is essentially the use of longer-term cash flow planning to ensure the Council can meet its capital spending operations. This involves arranging loans, using cash flow surpluses, or restructuring debt to meet Council risk or cost objectives. To fund the IAS, it is essential that a significant level of borrowing is secured prior to being used to reduce interest rate risk.
- 1.3 A third main function of treasury management is the funding and treasury advice that is required for the Council's IAS.
- 1.4 In accordance with the Chartered Institute of Public Finance Accountancy's (CIPFA) Code of Practice for Treasury Management, there should be a review of that strategy at least half yearly. The principal requirement of the Code includes:
 - 1) Maintain a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management.
 - 2) Maintain a Treasury Management Practices which set out the how the Council will seek to achieve those policies and objectives.
 - 3) Receipt by full Council of a Treasury Management Strategy Statement, (TMSS) including the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy for the year ahead; a Mid-Year Review Report (this report); and an Annual Report covering activities during the previous year.
 - 4) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - 5) Delegation by the Council to a specific named body, for this Council this is Cabinet, to scrutinise the treasury management strategy and policies.
- 1.5 This mid-year report has been prepared in compliance with CIPFA's Code of practice on Treasury Management, and covers the following:
 - 1) Economic Update and Interest Rate Forecast;
 - 2) Council's Cash, Interest Budget and Debt Position as at 30 September 2023;
 - 3) Investment Portfolio as at 30 September 2023;
 - 4) Investment Strategy Performance and Benchmarking;
 - 5) Loans and IAS Income Forecast as at 30 September 2023;
 - 6) Accounting Policy change to interest costs; and
 - 7) The Council's Capital Position (Prudential Indicators).

2. Economic Update

2.1 Key economic issues for the first half of 2023/24 are shown below and a more detailed economic update is included at Appendix 1.

- (i) Interest rates rise by 100bps (Bank Rate from 4.25% to 5.25%);
- (ii) Gilts remain elevated as inflation continually surprised to the upside.
- (iii) A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
- (iv) CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- (v) Core CPI inflation declining to 6.2% in August from 7.1% in April and May.

2.2 Interest Rate Forecasts

2.2.1 The Council's treasury advisor, Link Group, provided the following forecasts in respect of PWLB rates and the current margins over gilt yields for PWLB rates:

- PWLB Standard Rate & HRA is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate & HRA is gilt plus 80 basis points (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

2.2.2 The latest forecast on 25 September sets out a view that interest rates will be elevated for some little while, as the BoE seeks to squeeze inflation out of the economy. The PWLB rate forecasts below are based on the Certainty Rate (calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75	
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80	
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90	
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00	
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50	
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50	
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80	
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60	

2.3 Impact on Council

2.3.1 Overall, the continued increase in short and long-term GILT rates will have a negative impact on the Council, with the impact mainly on future investments as higher borrowing costs will mean that some marginal schemes that relied on lower borrowing rates will no longer be viable or will require changes to the tenure mix or nature of the investment. However, as outlined in this report, the Council has managed to secure relatively cheap long-term borrowing over the past 5 years and this borrowing will be used to fund the current schemes.

2.3.2 Treasury will continue to use cash to fund developments. Potential income and cash from the sale of Welbeck and Muller have, unfortunately, not provided the strategy with the expected support as the Muller surplus has been allocated to cover shortfalls in the Be First returns to the Council and the sale of Welbeck did not complete. Initially, as borrowing is required, a short-term borrowing position will be used, with treasury monitoring the borrowing rates. Should borrowing rates drop and reach revised trigger levels, then a medium-term borrowing position will likely be taken to lock in borrowing at rates, currently likely to be from the PWLB.

2.3.3 It is important to stress that, although largely being contained, the speed and now duration of the interest rate increase is impacting treasury and the IAS. Forecast margins are being eroded and there will be a reliance on asset management of the strategy to ensure the IAS remains viable. However there are pressure within asset management that need to be urgently addressed. The impact of interest rate pressures, along with asset management issues and a restriction on using Right to Buy receipts to part-fund schemes, is covered in further sections in this report.

3. Council's Cash Position as at 30 September 2023

3.1 The table below details the Council's mid-year treasury position.

Table 1: Council's Treasury Position at 30 September 2023

	Principal Outstanding	Rate of Return	Average
	£000s		Life (yrs.)
General Fund Fixed Rate Borrowing			
LOBO	10,000	3.98%	53.70
Local Authority (Short-term)	118,687	4.47%	0.34
L1 Renewables (Street Lighting)	6,711	3.44%	23.00
Total General Fund Debt	135,398	4.39%	5.40
IAS Borrowing			
European Investment Bank	71,563	2.21%	20.50
PWLB	602,600	1.91%	28.11
Muller	28,032	5.33%	0.08
Short-term borrowing	142,113	4.47%	0.34
Total IAS Debt	844,308	2.48%	21.86
HRA Fixed Rate Borrowing			
PWLB	265,912	3.50%	32.28
Market Loans	30,000	4.03%	42.21
Total HRA Debt	295,912	3.98%	33.29
Total Council Borrowing	1,275,618	2.93%	22.76
Investments			
Financial Institutions	28,200	5.33%	0.50
Local Authorities	10,000	1.00%	0.28
Total Treasury Investments	38,200	4.20%	0.44
Commercial and Reside Loans & Leases			
Reside Loans	190,308		
Reside Leases	105,659		
Other Loans	6,649		
LEUK Loan	26,476		
Energy Loans	7,259		
Working Capital Loans	10,046		
Total Loans	346,397		
Total Investments	384,597		

3.2 The GF is split into IAS and GF, with long-term debt allocated to the IAS and Short-term (ST) borrowing split. Overall, the Council's borrowing has increased by £84.5m since 31/03/2023, from £1.191bn to £1.276bn with the following changes include:

- short-term borrowing from £165.3m to £260.8m, an increase of £95.5m;
- no new PWLB borrowing, with £19.0m repaid and £20m moved to Short-term borrowing, reducing the PWLB loan balance from £641.6m to £602.6m;
- Treasury investments reduced from £54.0m to £38.2m; and
- Commercial loans and leases increase from £192.2m to £345.1m.

3.3 The reduction in cash is due to funding the IAS. Currently ST borrowing is difficult, and a higher short-term cash position will be maintained to ensure liquidity and reduce the impact of cash shortages within the inter-Local Authority lending market. ST borrowing includes cash the Council manages and invests on behalf of BD Muller Developments. Short-term borrowing will likely continue to increase, but medium-term borrowing positions may be taken if rates come off from the current highs. Over the next six months, several IAS schemes will become operational, and this will result in the loans and leases to Reside of £106m, as summarised below:

Scheme Name	Units	Tenure Type	PC Date	Loan Value
<i>Gascoigne East J</i>	66	<i>London Affordable Rent</i>	<i>Nov-23</i>	<i>14,608,712</i>
<i>Gascoigne East J</i>	58	<i>Affordable Rent</i>	<i>Nov-23</i>	<i>12,915,764</i>
<i>Oxlow Lane</i>	22	<i>London Affordable Rent</i>	<i>Mar-24</i>	<i>9,352,184</i>
<i>Oxlow Lane</i>	41	<i>Affordable Rent</i>	<i>Mar-24</i>	<i>4,534,382</i>
<i>Gascoigne West 2</i>	122	<i>Affordable Rent</i>	<i>Apr-24</i>	<i>36,225,408</i>
<i>Gascoigne West 2</i>	46	<i>London Affordable Rent</i>	<i>Apr-24</i>	<i>12,295,941</i>
<i>Gascoigne West 2</i>	60	<i>Target Rent</i>	<i>Apr-24</i>	<i>15,964,858</i>
Totals	415			105,897,249

4. Interest and IAS Position at 30 September 2023

4.1 The funding of the IAS required a significant amount of borrowing and still requires some additional borrowing. Pressure on the net interest budget could be from:

- a delay in developments becoming operational, delaying interest receivable and increasing the overall build costs;
- an increase in borrowing requiring more interest payable than forecast;
- an increase in borrowing rates higher than forecast; and
- a drop in treasury returns through lower returns or lower investible cash.

4.2 The following tables provide the interest receivable and payable budgets and forecast for the HRA, IAS and GF.

4.3 GF Forecast

4.3.1 The IAS has been removed from the GF reporting and the interest payable and receivable budget remains within the GF. The net interest budget for 2023/24 is £3.6m and the forecast is an underspend of £454k. Interest from the company loans has been provided for as, potentially, this will not be paid. The forecast is under pressure from interest rate increases but this may decrease between now and year end, with £1m included for additional interest rate pressure.

Table 2: GF Borrowing and Interest Forecast at 30/09/2023

Type of Income / Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance
General Fund Borrowing					
GF- Market	16,711	3.76%	631		
GF- ST Borrowing	118,687	4.47%	2,490		
Total GF Borrowing	135,398	2.31%	3,121	10,139	-7,018
General Fund Investments					
Company WC Loan	-10,046	9.78%	-984		
Energy Company Loan	-7,259	5.98%	-436		
LEUK Loan	-26,476	8.06%	-2,140		
Other Loans	-6,650	7.32%	-487		
Total GF Investments	-50,431	8.02%	-4,046	-6,503	2,457
LEUK Loan Provision			2,140		2,140
Interest Pressure Provision			1,000		1,000
Be First and BDTP Interest			984	0	968
Net General Fund			3,199	3,636	-454

4.3.2 The interest payable budget is being supported by £4.5m for capitalised interest. This has allowed the Council to charge £4.5m worth of interest costs to capital account and reduce the impact on the General Fund's revenue account. In addition, a further £0.638m has been capitalised for Temporary Accommodation budget to cover borrowing costs for Weighbridge, Wivenhoe, and Grays Court.

4.3.3 ST borrowing is allocated to variable rate loans but these 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.

4.3.4 Borrowing relates to the non-IAS capital spend, which includes Temporary Accommodation, and is profiled to the asset life of 40 years.

4.4 IAS Treasury Forecast

4.4.1 IAS income and expenditure, forms part of the General Fund account, but as it carries significant investment and is financed from borrowing, it has been separately reported. The IAS incurs interest charges as a result of the large borrowing, however where possible interest charges are capitalised to reduce the impact on the revenue account. The IAS programme also benefits from proportion of the rental income generated from commercial assets.

4.4.2 The IAS treasury forecast is for a £6.01m surplus, mainly driven from Reside loans, reduced borrowing from capitalised interest and the commercial strategy absorbing the significant interest pressure from higher borrowing costs. The net surplus from treasury management for the IAS will be used to support underperformance in the surplus returns for the IAS, which is covered in section 4.5 below.

- 4.4.3 Lease income is forecast as a net nil position due to significant delays in letting PRS properties and slow sales for shared ownership schemes. As more certainty over the lettings and sales is confirmed then it may produce a net income for 2023/24. ST borrowing allocated to commercial schemes and has reduced the net return from commercial that gets allocated to Be First and a provision has been included.

Table 3: IAS Borrowing and Interest Forecast at 30/09/2023

Type of Income/ Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance
IAS Borrowing					
IAS- Market	71,563	2.21%	1,584		1,584
IAS- PWLB	602,600	1.91%	11,644		11,669
IAS- ST Borrowing	142,113	4.47%	2,981		2,981
IAS- Interest Recharge			-6,141		-5,143
Capitalised Interest			-10,231		-10,231
Interest Pressure Provision			1,000		1,000
Muller Equity	28,032		0		
Total IAS Borrowing	844,309	2.13%	836	0	1,860
Reside Loans	-190,308	2.61%	-5,568	0	-5,568
Treasury Investments	-38,200	4.00%	-1,279		-1,279
Reside Leases	-105,659				0
Total IAS/ Treasury Returns	-334,167	2.05%	-6,848	0	-6,848
Net IAS Treasury Return			-6,011	0	-6,011

- 4.4.4 Several schemes will become operational in 2023/24 and the on-lending interest rate of 2.61% is higher than the average capitalised interest rate of 2.50%. This has provided an additional return to the strategy, although this has been reduced by the poor lettings of private rental schemes.

4.5 Overall IAS Forecast and position

- 4.5.1 Overall, there is a shortfall against budget of £5.8m from the IAS, with a return of £1.06m forecast against a budget of £6.86m. With the IAS treasury return of £6.01m (table 3 above) the forecast net surplus is £207k to the Council and a total contribution to the Council of £7.13m.
- 4.5.2 The IAS includes the two-hotel lease and lease back deals (CR27 and Travelodge). Both hotels have reserves that include an annual uplift in the reserve. The reserves will be increased by £200k each in 2023/24 and this has put a pressure on the IAS but provides protection for management and future works related to each hotel. The result of this is that the hotel reserves are forecast to be £12.5m.
- 4.5.3 Returns of £1.71m from Reside surpluses are currently estimates as the pressures from operational costs make forecasting difficult. Further work is required with Reside to firm up the net contribution, but a prudent estimate has been used.

4.5.4 Commercial income is currently forecasting a significant loss of £2.02m due to increase interest costs (as these are predominantly currently funded from variable rate short-term borrowing) but also costs associated with letting Industria. Debt repayment (MRP) is allocated to the commercial portfolio and is a cost of £1.37m but this will reduce the commercial assets associated borrowing.

4.5.5 A total of £0.2m will be transferred to reserves based on current forecasts but pressures within the IAS commercial may impact on the ability to do so due to increased costs with several new completed commercial developments.

Table 4: IAS Forecast at 30/09/2023

Type of Income / Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance
IAS Return					
Net Commercial Income			-5,657	-1,252	-4,405
Borrowing Costs - Commercial			6,141	0	6,141
Costs			171	0	171
MRP			1,369	-1,024	2,393
Abbey Road MRP			-600	-600	0
IAS Residential Income			-1,706	-2,810	1,104
CR27 Lease and Leasback			-862	-862	0
Leases and Reserves			-314	-314	0
CR27 Hotel Inflation			200		200
Travelodge Hotel Inflation			200		200
Net IAS Position			-1,057	-6,861	5,804
GF Net IAS & Interest Cost			-7,069	-6,861	-207

4.5.6 Total IAS borrowing is £844.3m at an average cost of 2.48%. Residential average on-lending rate is 2.65% and commercial is 3.62%, with a blended rate of 3.21%

4.5.7 Reside is entering a period of rapid growth and it is imperative that correct actual costs for the Reside homes are correctly identified and real-time costs and forecasts are available to Reside. Furthermore, it is important that the correct costs are charged to Reside by MyPlace and deducted from the return. If this does not happen there is a risk of:

- Increasing cost pressures in MyPlace as Reside and therefore these unrecovered costs grow;
- Reside will be unable to manage and control the costs of running its homes and unable to ensure services delivered to its tenants represent value for money; and
- Using incorrect assumptions for management, maintenance and service costs when appraising new development could lead to decisions being made based on poor information.

4.6 Overall GF and IAS Forecast Summary and Pressures

4.6.1 Although there is a forecast surplus of £454k from GF Treasury and net return of £207k from the IAS, these returns are significantly down on the surplus provided in 2022/23 of £7m. The main reasons for the deterioration include:

- i. Interest rate pressure reducing the net return from commercial schemes;
- ii. Handover and letting delays reducing the interest and net return to the IAS;
- iii. Pressures on the Council's subsidiaries requiring a provision against interest income;
- iv. Delays in schemes completing, resulting in increased scheme costs and reduced interest from Reside.

4.6.2 Interest rate pressures are reducing returns, and the interest rate pressure remains high. Assumptions for new schemes, development interest rates and for commercial schemes have been adjusted to reflect the higher rates but this has put an abrupt halt on new schemes being agreed.

4.6.3 Handover and letting issues are having a significant impact as delays in letting schemes results in a loss of income but this is especially high for Private Rents and Shared Ownership, which are nearly completely funded by borrowing. Progress on lettings and sales is very slow and there is a lack of an overall strategy for both tenure types. Letting is through MyPlace, where there have been long delays and letting issues, but this has now largely transferred to Reside.

4.6.4 Interest pressure on the various subsidiaries is having a negative impact on their returns at a time when all the companies are under some considerable pressure. A provision of £2.2m against the interest payment has been set aside. This provision is in addition to the provisions put against BDTP and LEUK in 2022/23.

Private Rental lettings and Shared Ownership sales issues

4.6.5 Private rental units (PRS) and Shared Ownership (SO) sales are the biggest issues impacting the IAS returns currently. Both tenures require a lot of borrowing as there is no grant or RtB available to support the costs. Therefore, the Council has a significant interest rate exposure to both tenures. Delays in selling and letting both tenures means that the Councils must cover the costs of holding the assets without any income being earned. There are also additional costs for security and BD Energy is impacted by delays in connecting units. In addition, any build issues will not be picked up timely as the units remain empty.

4.6.6 The Council has recent completions for PRS and SO totalling £160m on the market. Of this, over £100m worth of property is not let at a cost of £3m in interest per year. While lettings have now moved across to Reside there are still issues around the speed, the offer being provided and further properties being available to let in the coming months. This issue is extremely urgent and needs to be addressed.

4.6.7 SO sales are also delayed and some have required a reduction in price due to the overall drop in property prices. The loss from a reduced sales and then delays in selling is having an impact on the IAS returns.

4.6.8 While there remains a surplus from treasury and the IAS, this has been drastically reduced due to the lettings and sales issues, from interest rate increases and from

the need to provide for company loans. As a one-off hit this can be absorbed but is a loss to the Council. If this issue continues, it will result in significant losses to the Council that will require funding from the IAS reserve and potentially the GF.

4.7 HRA Borrowing Summary

- 4.7.1 HRA borrowing remains as per previous years, although there is expected to be an increase in internal borrowing as the HRA cashflows are under pressure and as reserves are used to cover overspends.

Table 5: HRA Borrowing and Forecast at 30/09/2023

Type of Income / Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance
HRA Fixed Rate Debt	£'000	%	£'000	£'000	£'000
HRA- PWLB	265,912	3.50%	9,319		
HRA- Market	30,000	4.03%	1,213		
HRA- Internal Borrowing	tbc	3.28%	500		
Total HRA Borrowing	295,912	3.73%	11,033	10,742	291

4.8 Borrowing

- 4.8.1 Interest payable is forecast to be £11.03m for the HRA and £21.33m for the GF. The GF is reduced by capitalised interest of £10.23m and internal charges against the commercial schemes of £6.14m, with a net forecast of £15.99m. The GF net position is a surplus of £4.158m. The summary below shows the borrowing costs and budgets.

Table 6: Council Borrowing Interest Forecasts at 30/09/2023

Interest Payable Forecast	2023/24 Forecast	2023/24 Budget	Variance
Total HRA Borrowing	11,033	10,742	291
Total GF Borrowing	3,121	10,139	-7,018
Interest Pressure Provision	1,000		1,000
IAS - Market	1,584		1,584
IAS – PWLB	11,644		11,644
IAS - ST Borrowing	2,981		2,981
Interest Pressure Provision	1,000		1,000
Total GF Interest Payable Forecast	21,330	10,139	11,191
IAS - Interest Recharge	-6,141		-6,141
Capitalised Interest	-10,231		-10,231
Net Interest Payable Forecast	4,957	10,139	-5,182

- 4.8.2 Capitalised interest is forecast £10.2m and reflects the peak of capitalised interest as several schemes will complete over the coming months, which will result in a reduction in capitalised interest. Capitalised interest stops when a scheme is completed and handed over to Reside and is replaced by a loan rate, which is

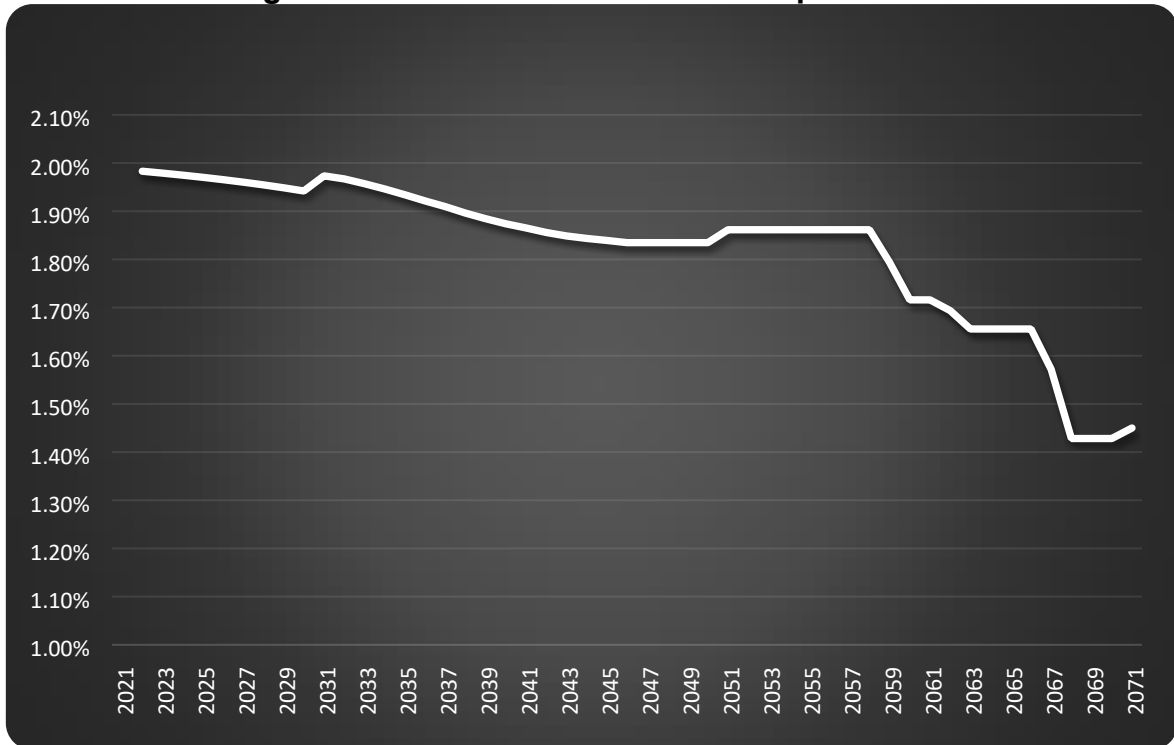
currently at a higher rate than the capitalised interest rate. There should, potentially, be further surpluses produced from both capitalised interest but also from the on-lending surplus, although this has reduced significantly as it has been necessary to reduce the on-lending rate.

- 4.8.3 As the 2019/20 to 2022/23 accounts have not yet been audited, there remains a risk that the capitalised interest will be adjusted, but this is low risk. Currently all the income from capitalised interest for 2019/20 to 2022/23 can be covered by the IAS reserve and the approach taken is in-line with the accounting code.
- 4.8.4 As most of the Council's borrowing is linked to a repayment schedule from the underlying asset the money was borrowed for, and because there is an interest margin, there is the potential for the interest payable to be fully funded from the interest received from investments and from capitalised interest. This will depend on a number of factors, such as the ability to keep the average cost of borrowing below the average interest earned on the loans but also on there still being sufficient surplus from the assets to provide the Council a return.
- 4.8.5 Currently the IAS return is lower than the budget and has required top ups from treasury surplus to reach its investment target.

4.9 IAS Interest Costs

- 4.9.1 Currently the average long-term interest rate on borrowing is 1.94% for £674m and remains constant, although against a reducing borrowing amount. The average interest rate to 2070 is provided below:

Chart 1: Average Interest Rate to 2071 as at 30 September 2023



4.10 **Impact of higher borrowing rates**

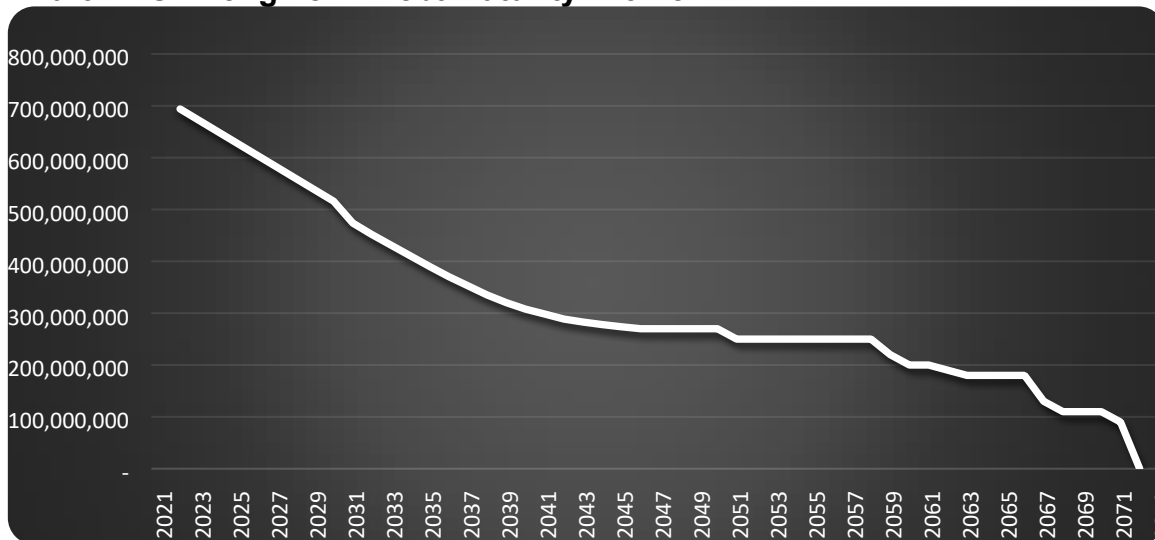
- 4.10.1 If future borrowing can keep the longer-term average borrowing rate to under 2%, then this will provide a margin against the on-lending rate to Reside of approximately 2.6% (reduced from 2.9% due to viability issues with some schemes). A 2.6% rate is very low and reflects the historically low rates that have been available over the past 5 years.
- 4.10.2 The average rate will increase if PWLB rates remain elevated and if borrowing costs increase or more expensive borrowing, i.e. index linked borrowing, is used. Therefore, currently there is a margin between the current average borrowing and the on-lending value, but this could change quickly if new borrowing is at much higher rates.
- 4.10.3 It is important to stress that, given the significant increase in borrowing costs and the fact that the Council still needs to borrow for current schemes but also has an ambitious investment programme that may require funding, that if future borrowing is at rates above 2%, the average borrowing cost will increase. However, projected future borrowing is not included within this report.
- 4.10.4 If the rates are significantly higher than 2% then the average rate may increase to above the rates currently being lent out to Reside. The impact of this will be magnified if a significant amount of borrowing is required – i.e. the impact of needing to borrow £200m at 4% will be less than needing to borrowing £600m at 4%. To absorb this impact, the borrowing rate for new schemes has increased from 2.6% to 4%, although this will impact on schemes viability.
- 4.10.5 A number of the Council's smaller loans are linked to the Base Rate and this will improve the average return on the loans but some of these loans to the Council's subsidiary companies, and therefore the impact of the increased loans will have an impact on their returns.

4.11 **Debt Position at 30 September 2023**

- 4.11.1 The total GF borrowing at 30 September 2023 was £135.4m, for the IAS borrowing totalled £844.3m and £295.9m of HRA borrowing (this excludes borrowing between the HRA and the GF). The total borrowing as at 30 September 2023 was £1.276bn. Ensuring low cost of carry and debt repayment is at the forefront of any borrowing decisions made. Although the size of the Council's overall borrowing is significant, Members are asked to note that most debt includes a repayment profile, and that the repayment is linked to income streams that are sufficient to cover the interest costs and debt repayment.
- 4.11.2 As an example, the EIB borrowing of £89m is an annuity repayment (AP), which means a proportion of the loan will be repaid each year. Currently the balance owed on the EIB loan is £71.6m, with all repayment made from returns from the IAS (Abbey Road and Weavers). In addition £390m of long-term PWLB borrowing is Equal Instalment Payments or AP, which means there is repayment of a portion of the debt each year. As a result, the Council has a loan repayment profile that is similar to its forecast property debt repayment schedule, although refinancing does remain a risk.

4.11.3 However, it is likely that future borrowing rates will be higher and could be significantly higher than the rates secured and this, without a decrease in build costs, will impact viability. The Council still needs to borrow approximately £270m to fund its current IAS, although this reduces to nearer £150m if land assembly holdings on Thames Road are sold, although this could impact on the commercial portfolio financial returns in turn and could be lower still if they are sold with any gain. Any schemes that are agreed in future will be impacted by the increase borrowing costs. The Council's GF long-term borrowing repayment schedule is outlined in Chart 2:

Chart 2: GF Long Term Debt Maturity Profile



4.12 Borrowing Levels

4.12.1 The Council has one of the highest debt levels out of all other Local Authorities. Table 7 shows the borrowing taken by other Local Authorities as at 30 June 2023.

Table 7: Local Authority Borrowing Levels and Type at 30/06/2023

Local Authority Debt					
Local authority as at 30/6/2023	ST Borrowing	Securities	LT PWLB	LT Other	Total
	£000s	£000s	£000s	£000s	£000s
Birmingham	274,736	287,971	2,524,172	151,377	3,238,256
Leeds	175,022	0	1,790,172	473,386	2,438,580
Woking	105,000	0	1,864,833	30,000	1,999,833
Warrington	60,140	0	1,502,115	254,020	1,816,275
Edinburgh	211,851	0	1,155,918	290,603	1,658,372
Thurrock	66,000	0	1,364,389	54,000	1,484,389
Manchester	-	0	517,394	858,325	1,375,719
Glasgow	58,030	0	863,226	449,000	1,370,256
Lancashire	421,603	600,000	279,600	13,192	1,314,395
LBB	161,611	0	895,196	158,295	1,215,102
Croydon	205,000	0	860,926	143,575	1,209,501

4.12.2 Debt was £50m in 2011 and increased to £1.2bn at 30 June 2023. It will increase to £1.5bn by 2026 to fund Beam and 3b with no further schemes agreed. The tables below show the evolution of the debt.

- 4.12.3 The Council has secured cheap borrowing for the current schemes (excluding Beam and 3b). There is still a £70m funding requirement for schemes and this will put a pressure on the interest rate as the current rates of around 5.5% is so much higher than the 2.0% average rate. Short-term borrowing is higher than expected due to Welbeck and Pondfield not being sold (£75m), delays in taking long-term borrowing due to high interest rates and a lack of progress with Thames Road. In addition, the Council has exposure to repayments through several leases, including an RPI linked lease for Weavers Quarter (£85m), two leases linked to CPI (with cap & collars) for out of borough Hotels deals (£156m) and Trocoll (tbc).

Table 8: LBBB Historic Borrowing & Current Forecast (excluding new schemes)

	General Fund LT Borrowing	General Fund ST Borrowing	Total GF Borrowing	HRA Borrowing	Total Borrowing	Cash	Total Net Borrowing
As at Date	M's	M's	M's	M's	M's	M's	M's
31/12/2011	- 40	- 10	- 50	-	- 50	92	42
31/12/2012	- 40	- 10	- 50	- 266	- 316	135	- 181
31/12/2013	- 50	- 12	- 62	- 266	- 328	108	- 220
31/12/2014	- 50	- 20	- 70	- 266	- 336	138	- 198
31/12/2015	- 129	- 66	- 195	- 266	- 461	258	- 203
31/12/2016	- 179	- 129	- 308	- 276	- 584	293	- 291
31/12/2017	- 268	- 121	- 389	- 276	- 665	301	- 364
31/12/2018	- 417	- 133	- 550	- 276	- 826	354	- 472
31/12/2019	- 506	- 141	- 647	- 276	- 923	335	- 588
31/12/2020	- 609	- 92	- 701	- 296	- 997	256	- 741
31/12/2021	- 729	- 55	- 784	- 296	- 1,080	225	- 855
31/12/2022	- 739	- 146	- 885	- 296	- 1,181	87	- 1,094
30/06/2023	- 755	- 143	- 898	- 300	- 1,198	46	- 1,152
31/12/2024	- 900	- 150	- 1,050	- 305	- 1,355	50	- 1,305
31/12/2025	- 1,000	- 100	- 1,100	- 305	- 1,405	50	- 1,355
31/12/2026	- 1,100	- 100	- 1,200	- 305	- 1,505	50	- 1,455

- 4.12.4 There is a refinancing requirement as there is not a perfect match between borrowing and debt repayment from Reside. However, the average rate decreases over time, on a reduced balance and so the impact of higher refinancing is mitigated but not eliminated. The borrowing below is ringfenced for agreed schemes. Future borrowing for Beam, 3b and other schemes will have individual borrowing strategies to ensure the target rates and borrowing profile can be linked.

4.13 Debt Repayment and Rescheduling

- 4.13.1 Treasury section has repaid £19m of long-term borrowing through EIP and AP. No debt rescheduling was undertaken during the first six months of the financial year.

5. Treasury Portfolio at 30 September 2023

- 5.1 It is the Council's priority to ensure security of capital and liquidity before obtaining an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate, the Council's risk appetite remains relatively low, with the treasury section looking to take advantage of the fluctuations in rates offered by Local Authorities (LAs) and Financial Institutions.

- 5.2 As at 30 September 2023 the Council held £38.2m in treasury investments, with £10m invested with LAs and a short-term position of £28.2m to cover liquidity risk as part of building up a short-term borrowing position. All of the Council's

investments had a maturity of one year or less at 30 September 2023. A breakdown of the Council's treasury investments is provided in the table 9:

Table 9: Treasury Investments as at 30 September 2023

Counterparty	Start	End	Amount	Rate
Cambridge CC	11/01/2021	11/01/2024	10,000,000	1.00%
FEDERATED MMF			28,200,000	5.33%
Total			38,200,000	4.20%

6. Commercial and Reside Loans at 30 September 2023

- 6.1 In addition to its treasury investments, the Council has several loans to its subsidiary companies, including Reside. These loans all have repayment schedule agreed. The majority of the loans are secured against an asset and each one has a repayment schedule based on an annuity repayment. Where the loan is unsecured the company is closely monitored to ensure that it will be financially viable. Loans against residential properties are very long term, with the loan duration of up to 55 years (to match the asset life of the asset it is secured against).
- 6.2 Commercial loans durations vary but most loans have a maximum duration of 5 years. Each loan has been agreed at Cabinet. At 30 September 2023 the Council's loans totalled £240.7m, as summarised in table 10. As outlined in previously in the report, a number of the loans are under pressures as some of them have an index linked rate, which has made the interest payments much higher than budgeted for by the company. In addition, there are other pressures on loans to third parties and these are being closely monitored.

Table 10: Commercial and Reside Loans at 30 September 2023

Entity	Loan Type	Amount	Maturity
BE-FIRST LTD	Company WC Loan	5,046,203	31/03/2025
BD TRADING PARTNERSHIP LEUK	Company WC Loan	5,000,000	31/07/2024
BD ENERGY LTD	Energy Company Loan	1,005,512	31/03/2025
BD ENERGY LTD	Energy Company Loan	2,056,713	31/03/2027
BD ENERGY LTD	Energy Company Loan	4,197,026	31/03/2047
BD TRADING PARTNERSHIP LEUK	LEUK Loan	26,475,621	01/04/2025
	Total Company Loans	43,781,076	
Dagenham & Redbridge Football Club	Other Loans	83,453	31/01/2028
Grafton Primary School	Other Loans	34,961	02/03/2026
Gascoigne Primary School	Other Loans	29,276	03/03/2036
BARKING RIVERSIDE LTD	Other Loans	5,500,000	31/03/2025
CARE CITY	Other Loans	436,857	10/02/2041
Barking Enterprise Centre CIC	Other Loans	129,600	12/08/2031
Make IT Bow Ltd	Other Loans	234,504	30/06/2032
STUDIO 3 ARTS LTD (Co reg 03177640)	Other Loans	200,000	07/10/2038
	Total Other Loans	6,648,652	
B&D Homes Ltd	Reside Loans	6,450,702	23/08/2075
B&D Homes Ltd - Gascoigne West 1 , Cargo &	Reside Loans	3,250,285	31/12/2074
BD Homes Ltd - Chequers Lane , Kerwin LAR	Reside Loans	5,364,677	31/03/2075
BD Homes Ltd - Crown House Challingsworth S	Reside Loans	16,801,408	31/03/2075
BD Homes Ltd - Gascoigne East C - LAR	Reside Loans	4,858,701	31/12/2074
BD Homes Ltd - Gascoigne East Phase 2 Block	Reside Loans	12,331,170	31/03/2075
BD Homes Ltd - Gascoigne West 1 Cargo LAR	Reside Loans	3,652,632	31/12/2074
Reside Abbey Roding LLP PSL Loan	Reside Loans	8,220	31/03/2024
Reside Ltd - PSL Loan	Reside Loans	117,142	31/03/2024
Reside Regeneration LLP - GE Phase 2	Reside Loans	6,400,428	31/03/2075
Reside Regeneration Ltd	Reside Loans	173,887	31/03/2025
Reside Weavers LLP	Reside Loans	1,343,850	31/03/2075
Reside Weavers - 10 Units 798-806 Dag rd	Reside Loans	2,200,725	31/03/2075
Reside Weavers - 200 Becontree Ave RM8 2TR	Reside Loans	4,347,892	30/09/2074
Reside Weavers - A House for Artists	Reside Loans	2,844,022	31/03/2077
Reside Weavers - Chequers Lane , Kerwin AR	Reside Loans	10,715,863	31/12/2074
Reside Weavers - Convent Court	Reside Loans	8,168,960	30/06/2074
Reside Weavers - Crown House, Challingsworth	Reside Loans	26,035,909	31/12/2074
Reside Weavers - Gascoigne East C - AR	Reside Loans	6,491,083	31/12/2074
Reside Weavers - Gascoigne East Phase 2	Reside Loans	34,553,143	31/03/2075
Reside Weavers - Gascoigne West 1 Cargo & C	Reside Loans	3,525,279	31/12/2074
Reside Weavers - Gascoigne West 1 Carrier - A	Reside Loans	20,355,474	30/09/2074
Reside Weavers - Gascoigne East Phase 2 Blo	Reside Loans	1,870,898	31/03/2075
Reside Weavers - PSL Loan	Reside Loans	12,160	29/07/2074
Reside Weavers - Seb Ct Alf Ramsey AR	Reside Loans	5,385,790	30/06/2074
Reside Weavers - Seb Ct Martin Peters LAR	Reside Loans	2,991,701	31/12/2074
TPFL Regeneration Ltd	Reside Loans	55,876	31/03/2075
	Total Reside Loans	190,307,875	
	Total Loans	240,737,603	

7. IAS Update

7.1 Completed and Post Gateway 4 schemes

- 7.1.2 The IAS can be split into schemes that have been agreed at Gateway 4 (GW4) and are therefore under construction or completed and Pre-Gateway 4 (Pre-GW4) Schemes that are still undergoing planning and design. The table below shows Post Gateway 4 schemes and their status:

Table 11: Completed and Post Gateway 4 schemes at 30 September 2023

Project	Project Type	Project Status
Becontree Avenue 200	New Build	Completed
Becontree Heath	New Build	Completed
Chequers Lane	Turnkey	Completed
Crown House	New Build	Completed
Gascoigne East Phase 2 Block C	New Build	Completed
Gascoigne West Phase 1	New Build	Completed
House for Artists	New Build	Completed
Kingsbridge	New Build	Completed
Sacred Heart	New Build	Completed
Gascoigne East Phase 2 Block E2	New Build	Completed
Gascoigne East Phase 2 Block F	New Build	Completed
12 Thames Road	New Build	Post-G4
Gascoigne East Phase 3A - Block I	New Build	Post-G4
Gascoigne East Phase 3A - Block J	New Build	Post-G4
Gascoigne East Phase 3B	New Build	Post-G4
Gascoigne West Phase 2	New Build	Post-G4
Oxlow Lane	New Build	Post-G4
Padnall Lake - Phase 2	New Build	Post-G4
Roxwell Road	New Build	Post-G4
Sebastian Court	New Build	Post-G4
Woodward Road	New Build	Post-G4
Beam Park - Phase 6	Turnkey	Post-G4
Transport House	Turnkey	Post-G4
Trocoll House	Turnkey	Post-G4
Beam Park - Phase 7	Turnkey	Removed

- 7.1.3 There are also pipeline schemes that have not been to a Gateway but are in a longer-term regeneration plan. Post GW4 schemes need to be completed but also there is certainty over build costs. Pre-GW4 schemes have had some spend on them but can still be put on hold or not progressed.

7.2 IAS scheme pressures

- 7.2.1 At the September 2023 Cabinet, two large schemes, Beam Park 6 (Beam) and Gascoigne east 3B (3B) were agreed. Both schemes were impacted by build cost inflation and by interest rate increases. To ensure that both schemes were viable a substantial amount of right to buy receipts (RtB) were required, a change in tenure from private rental to affordable rent was also required and a significant amount of risk was taken in agreeing interest rates below the current PWLB rates. Both schemes have a net borrowing value of over £100 million and the impact of the amount of RtB receipt used, the significant interest rate risk taken and the requirement to make efficiency savings within operational costs will have implications on future pipeline schemes.

- 7.2.2 In addition, in the wider context, local authority borrowing is under increased scrutiny with significant negative press around the size of borrowing that councils are taking.
- 7.2.3 The IAS is currently moving from a strategy dominated by construction and land assembly, with much of the borrowing secured over a medium to long term, to a strategy that will succeed or fail based on how the assets are managed against the model assumptions. To date there has been underperformance against these targets for most asset classes and all tenures. Part of the issue has been the number of schemes completing, the complexity of the services that need to be provided or the challenging, but achievable targets set by the various scheme models.
- 7.2.4 It is important to note that the IAS has previously become unviable and, in 2021, was forecasting millions of losses. Two key changes were agreed at the time to correct this position, including increasing the amount of affordable rent provided, which allowed schemes to include a contribution from RtB receipts of 40% against each scheme. This improved viability for the tenure and for schemes overall.

7.3 **Pre Gateway 4 and Pipeline Viability**

Interest rates

- 7.3.1 The impact of the market conditions over the past three years, with high build cost inflation, rent increases below inflation for some tenures and significant operational cost increases have put pressure on the viability of several schemes. An increase in long dated interest rates from the PWLB (50 year increased from a low of 1.3% to over 5.5% currently) but also the move from a blended rate to a specific rate for each scheme has meant that the rate modelled now needs to be closer to the current rates on the market, as the borrowing for each scheme still needs to be completed.
- 7.3.2 The table below shows the increase in interest rates for 25year gilts (PWLB is based on gilts plus 0.8%). During the early part of 2022 borrowing was delayed as the sale of Welbeck was planned (£68m) and the Council had high cash levels.

Chart 3: 25 Year Gilt from January 2021 to 10 October 2023



7.3.3 Currently there are a variety of interest rate forecasts, ranging from a sudden drop to rates staying higher for longer and options around forward dealing. Overall, where rates will go is difficult to predict, but there is an assumption that, when long dated rates are locked in, they will be lower than where they currently are. It is important to stress that treasury management in this environment, where there is a reliance on interest rates decreasing, is difficult, as there is a tendency to overreact when rates dip initially, but also regret if rates then increase. During this period it is important that modelled rates are prudent. Advice will be sought from the Council's treasury advisor Link.

7.3.4 The Council still needs to borrow around £70m to fund schemes that are still to complete and then around £300m of borrowing for Gascoigne East 3b (current rate assumed at 3.5%) and Beam 6 (current rate assumed at 4.5% and 5%). The £300m of borrowing includes some of the RtB as they are already in reserves and form part of the cash position and therefore still need to be borrowed against.

7.3.5 It is also important than a margin is included in the borrowing rate, both to absorb some of the interest pressure, but also to reflect a commercial on-lending rate. Currently the PWLB rates are:

- 5.41% bullet for 10-year
- 5.68% annuity for 25-year and
- 5.75% annuity for 50-year

7.3.6 Rate modelled in the updated pipeline schemes are below:

- i. Long term interest rate for LAR, TR, Realm, Parking and Community at 5.5%.
- ii. Long term interest rates for all other tenures at 6.0%, including commercial.
- iii. Development period interest rates should be at 3.0% for all costs, capitalised.

7.3.7 A final consideration is the interest rate on commercial. Currently the Council has borrowed nearly £200m to cover commercial purchases and developments. The average rate for these is around 3.5%, compared to the current borrowing rates for short-term cash at around 5.5%.

Right to Buy (RtB)

7.3.8 Agreeing to use the higher level of RtB for Beam 6 and Gascoigne 3B will spend receipts currently held but also future receipts that are forecast to be received in the next three years. While there are likely to be sufficient RtB to fund both schemes, this will reduce the availability of RtB for pipeline schemes, removing the most viable tenure from schemes that can be completed in the next three to four years. The impact of this is significant, both on the future pipeline of schemes but also on Be First's ability to put forward viable schemes and earn fees.

7.3.9 Below is a RtB forecast showing the impact of Beam 6 and Gascoigne 3B on the amount available for other schemes. The assumptions include a reduction in RtB sales in 2023/24 before a slow increase to 2021/22 levels in 2027/28. No further schemes will be able to access RtB until 2028/29:

Table 12: Right To Buy Forecast to 2027/28 after 3B and Beam 6

RtB Receipts (including ring fenced returned)					
Date	£Ms	£Ms	£Ms	£Ms	Comments
2021-22	86.10	- 0.26	30.12	115.96	Opening Balance includes returned RTB
2022/23	115.96	- 64.99	25.85	76.83	
2023/24	76.83	- 48.51	19.00	47.32	
2024/25	47.32	- 53.00	25.00	19.31	
2025/26	19.31	-	26.00	45.31	
2026/27	45.31	- 61.64	27.00	10.67	GE3b includes ring fenced RTB
2027/28	10.67	- 36.40	27.00	1.27	Beam Park 6

7.4 Post Gateway 2 viability

7.4.1 The change in interest rate assumptions and use of RtB has significantly changed the viability of schemes that were already struggling with viability. Be First have provided updated numbers on viability for several schemes. The schemes modelled still have a large amount of AR tenures and this will require either a change in tenure or a delay in the completion date for any realistic proposal to be looked at.

7.4.2 A summary at year 5, year 10, year 20 and year 50 for accumulative gains or losses is provided below, with previously modelled figures included as a comparator:

Table 13: Post Gateway 2: 5, 10, 20 and year 50 accumulative gains or losses

Revised Cashflows	GE PH2 E1	GWP3	Padnall Lake Ph 3	Jervis Court	Barking Riverside Health	Brocklebank	Accumulative
Year 5	-2,379,972	-2,253,226	-1,778,007	-866,899	-1,136,588	-2,199,297	-10,613,990
Year 10	-7,378,679	-5,817,787	-6,762,920	-5,550,040	-6,252,423	-4,560,547	-36,322,398
Year 20	-15,068,514	-10,412,692	-14,081,090	-14,613,422	-15,596,181	-8,701,947	-78,473,851
Year 50	4,977,615	17,179,899	12,269,860	-15,809,240	-18,164,717	-6,319,640	-84,340,070
Previous Cashflows							
Year 5	521,772	173,867	-314,682	-1,570,404	-2,523,610		-3,713,057
Year 10	-1,131,983	1,304,391	-2,212,433	-4,400,427	-5,895,750		-12,336,202
Year 20	-4,111,620	3,661,370	-7,805,908	-10,484,343	-11,626,216		-30,366,717
Year 50	9,575,601	36,093,836	3,598,801	-21,696,755	-18,565,060		9,006,423
Difference							
Year 5	-2,901,744	-2,427,093	-1,463,325	703,505	1,387,022	-2,199,297	-6,900,933
Year 10	-6,246,696	-7,122,178	-4,550,487	-1,149,613	-356,673	-4,560,547	-23,986,196
Year 20	-10,956,894	-14,074,062	-6,275,182	-4,129,079	-3,969,965	-8,701,947	-48,107,134
Year 50	-4,597,986	-18,913,937	8,671,059	5,887,515	400,343	-6,319,640	-93,346,493

7.4.3 For these 6 schemes, although there were still losses forecast, the deterioration in the returns is significant, with an overall swing of £93.3m over 50 years. The revised figures have not been adjusted for tenure (i.e. removing some of the AR or pushing back completion dates). The cashflows are based on the following tenure mix (shown by borrowing required), including the viability of each tenure:

Table 14: Post Gateway 2: 5, 10, 20 and year 50 tenure gains or losses

	Total	Affordable Rent	London Affordable Rent	Target Rent	Parking	Community	Commercial	Public Realm
Borrowing	£186,001,483	£137,416,054	£9,426,068	£2,401,701	£500,045	£32,753,866	£1,256,416	£2,291,155
Year 5	- 3,713,057	463,254	- 881,650	- 118,635	- 58,401	- 2,727,948	- 50,324	- 339,348
Year 10	- 12,336,202	- 1,473,720	- 2,494,776	- 362,469	- 173,461	- 6,819,128	- 144,340	- 868,308
Year 20	- 30,366,717	- 6,832,460	- 6,127,734	- 997,435	- 403,581	-13,815,533	- 263,186	- 1,926,796
Year 50	9,006,423	56,913,936	- 17,129,182	- 2,591,200	- 1,093,941	-22,506,396	524,516	- 5,111,332

7.4.4 The table shows the reliance on AR to provide the surpluses and even then, these are backloaded to years 21 to 50. The table below shows the split of the AR returns between each scheme and shows the amount of RtB required. For these schemes, even if completion dates were pushed back to 2028/29 a total of £55m would be required (based on current build cost assumptions and using 40% of build costs).

Table 15: Post Gateway 2: 5, 10, 20 and year 50 tenure AR gains or losses

	Affordable Rent	Gascoigne East Phase 2 Block E1	Gascoigne West Phase 3	Jervis Court	Padnall Lake - Phase 3
Borrowing	137,416,054	38,799,580	36,739,747	14,846,056	47,030,671
AR	54,966,422	15,519,832	14,695,899	5,938,422	18,812,268
Year 5	463,254	832,702	292,503	- 599,517	- 62,434
Year 10	- 1,473,720	233,465	1,666,861	- 1,677,914	- 1,696,132
Year 20	- 6,832,460	- 703,172	4,658,804	- 4,027,164	- 6,760,928
Year 50	56,913,936	18,003,141	38,685,037	- 6,013,130	6,238,888

7.5 Mid-year IAS spend Budget and Forecast

7.5.1 A revised IAS budget of £352.8m of gross spend has been set for 2023/24 and is summarised in the table below:

Project Code	IAS RESIDENTIAL	2023/24 Budget	2023/24 Expenditure to P5	2023/24 Forecast to P5	2023/24 Forecast Variance
C04067	12 THAMES RD	17,166	6,134	17,625	459
C05066	BEAM PARK Phase 6	40,005	366	40,069	64
C04069	CROWN HOUSE	2,355	91	2,355	(0)
C05090	GASCOIGNE EAST 3A - BLOCK I	27,339	10,661	27,017	(321)
C05073	GASCOIGNE EAST 3B	8,041	6,185	7,529	(512)
C04062	GASCOIGNE EAST PH2	(11,300)	(11,313)	(11,300)	0
C05076	GASCOIGNE EAST PHASE 2 (E1)	2,386	2,398	2,386	0
C05092	GASCOIGNE EAST PHASE 2 E2	8,432	2,870	8,430	(2)
C05091	GASCOIGNE EAST PHASE 2 F	28,981	16,186	27,908	(1,073)
C05026	GASCOIGNE EAST PHASE 3A	16,933	6,602	16,616	(317)
C04099	GASCOIGNE WEST P1	1,109	453	1,109	0
C05025	GASCOIGNE WEST PHASE 2	32,829	17,135	48,743	15,914
C05047	GASCOIGNE WEST PHASE 3	1,994	70	1,962	(32)
C04068	OXLOW LNE	8,907	3,904	8,909	2
C05035	PADNALL LAKE PHASE 1	5,452	4,216	5,532	81
C05093	PADNALL LAKE PHASE 2	4,561	3,268	4,769	208
C05094	PADNALL LAKE PHASE 3	259	(93)	153	(106)
C04066	ROXWELL RD	11,565	4,293	10,312	(1,253)
C03084	SEBASTIAN COURT	350	(121)	366	16
C05103	TOWN QUAY WHARF	8,904	4,397	9,423	520
C05041	TRANSPORT HOUSE	18,719	5,932	22,948	4,230
C05082	TROCOLL HOUSE	584	178	569	(15)
C05020	WOODWARD ROAD	5,518	1,532	3,490	(2,028)
	Miscellaneous	1,210	511	1,388	178
CAP40	IAS RESIDENTIAL	242,297	85,855	258,309	16,012
C05042	26 THAMES RD	1,020	(35)	1,021	1
C04104	1-4 Riverside Industrial	223	0	399	176
C05133	Dagenham Trades Hall	1,502	3		(1,502)
C05110	Purchase of Maritime House	1,069	5	1,069	0
C05074	BARKING BUSINESS CENTRE	200	16	203	3
C05067	DAGENHAM HEATHWAY	426	109	516	90
C05072	INDUSTRIA	4,019	1,598	1,559	(2,461)
C05112	Purchase of Edwards Waste Site	8,844	8,845	8,845	1
	Miscellaneous	147	54	101	(46)
CAP42	IAS COMMERCIAL	17,450	10,595	13,714	(3,736)
	IAS TOTAL	259,747	96,450	272,022	12,276

8. IAS Current and Forecast Reserves and contributions to the MTFs

8.1 The IAS reserve is essential to provide some support and security to the Council's IAS. As the strategy increases in value so will the reserve. £12.5m of the reserve is specifically linked to the two lease and lease back arrangements for CR27 and the Isle of Dogs Travelodge and the amounts will be inflated each year to ensure that the protection they provide does not decrease. The IAS reserve is forecast to

be £31.6m by 31 March 2024. Although this is significant, it is necessary as it provides protection to the Council from the impact of negative market movements.

- 8.2 However, there are several risks that could put pressure on the IAS, including rent increases being lower than operational cost increases, high interest rates and potentially schemes that have very low profits or have years where they incur losses. In addition, the IAS returns are predominantly provided by the returns from commercial schemes, with the commercial schemes held for future regeneration and therefore the returns over the medium term are uncertain and more contribution is expected from residential schemes.

Table 16: Forecast Reserve Movements 2023/24

Reserves	2022/23	2023/24
CAPITAL INVESTMENT RESERVE	3,779	3,779
INVESTMENT RESERVE	15,067	15,274
CR27 Hotel Inflation	720	920
Travelodge Hotel Interest	381	581
CR27 Reserve	5,500	5,500
Travelodge Reserve	5,500	5,500
Total Reserves	30,947	31,554

9. The Council's Capital Position (Prudential Indicators)

- 9.1 The revised capital programme was agreed by June 2023 Cabinet as part of the 2022/23 Outturn report. The revised capital programme including carry forwards from 2022/23 was agreed at £496.7m for 2023/24. There have been several budget changes in the year to the end of Period 6. The revised budgets are £336.7m for 2023/24, £146.7m for 2024/25 and £76.6m for 2025/26.
- 9.2 Forecast outturn expenditure for 2023/24 is £341.9m, an overspend of £5.2m. IAS is reporting an overspend of £12.3m but this will be removed through a revised budget to reflect an accelerated cashflow for Gascoigne West 2 and Transport House.
- 9.3 The GF programme is reporting an underspend of £7.122m. This is mainly due to:
- The removal of forecast expenditure on ERP Phase 2. Although Executive Team has agreed on a reduced programme, further work is needed to establish the capital/revenue split. The financing of this will be picked up in the review of MRP.
 - A change in the forecast for the CPZ programme which is now reporting an underspend rather than spend to budget;
 - A reduction in the forecast on vehicle fleet replacement, as there are no plans to invest in the purchase of further vehicles before year-end.

Table 17: Revised Estimate to Capital Programme at 30 September 2023

Capital Expenditure	2023/24 Estimate as per TMSS	2023/24 Revised Budget	2023/24 Spend to 31/8/2023	2023/24 Forecast	2023/24 Variance
	£000s	£000s	£000s	£000s	£000s
General Fund					
GF - CARE & SUPPORT	3,696	3,557	674	3,557	-0
GF - INCLUSIVE GROWTH	2,969	6,373	140	5,904	-470
GF - CIL	-	761	25	726	-35
GF - TFL	-	2,680	235	2,510	-170
GF - ICT	2,100	3,013	2,191	2,941	-71
GF - COMMUNITY SOLUTIONS	-	6	-4	6	-0
GF - CULTURE & HERITAGE	222	1,121	25	527	-594
GF - PARKS COMMISSIONING	6,108	12,925	2,986	10,945	-1,980
GF - ENFORCEMENT	1,836	2,151	71	498	-1,654
GF - MY PLACE	8,727	9,145	2,871	8,433	-713
GF - PUBLIC REALM	71	1,305	139	392	-913
GF - EDUCATION, YOUTH & CHILD	18,179	15,253	4,231	14,732	-521
GF - SALIX	-	130	-	128	-2
Total GF Capital Expenditure	43,909	58,422	13,584	51,300	-7,122
Investment and Acquisition Strategy*					
IAS Post Gateway 2	316,533	259,747	96,450	272,022	12,276
Total Investment Strategy Expenditure	316,533	259,747	96,450	272,022	12,276
HRA					
Stock Investment (My Place)	20,000	14,000	2,683	14,000	-
Estate Renewal (Be First)	6,747	4,000	1,280	4,000	-0
New Build Schemes (Be First)	434	544	63	549	5
HRA Total	27,181	18,544	4,027	18,549	5
Financed by:					
HRA/MRR	-27,181	-21,123		-21,123	0
CIL/S106	-726	-2,311		-2,311	0
Revenue	-1,544	-3,324		-3,324	0
Capital Receipts (Transformation)	0	-		-	0
Self Financing (excluding IAS)	-2,110	-3,002		-3,002	0
Other Grant	-24,263	-50,119		-50,119	0
IAS Grants (RtB, GLA) and sales	-79,128	-59,285		-59,285	-
Total Financing	-134,952	-139,164		-139,164	0
Financed by Borrowing	252,671	197,549		202,707	5,158
PFI and Leases Additions & Repayments	-3,995	-4,294		-4,294	0
Net financing need for the year	248,676	193,255		198,413	5,158

9.4 Prudential Indicator – CFR

9.4.1 Table 18 shows that the Council’s revised borrowing for 2023/24 will not exceed the Operational Boundary or the Authorised Limit. The Authorised Limit represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Table 18: Revised Capital Financing Requirement as at 30 September 2023

Capital Expenditure	2022/23 actual	2023/24 Forecast
	£000s	£000s
Capital Financing Requirement		
Opening CFR as at 1 April	1,388,895	1,706,996
Change in Year – General Fund	318,101	122,952
Change in Year – Housing	0	0
Net movement in CFR	318,101	122,952
Total CFR as at 31 March	1,706,996	1,829,949
Net financing need for the year	582,698	193,255
Less: MRP*	-13,178	-11,018
Less: Capital Receipts to repay CFR	-251,419	-59,285
Movement in CFR	318,101	122,952
Long & Short-Term Borrowing	1,191,117	1,350,000
PFI and finance lease liabilities*	275,362	271,068
Total debt 31 March	1,466,479	1,621,068
Under / (Over) Borrowing	240,517	208,880
Operational Boundary	1,600,000	1,850,000
Authorised Limit	1,700,000	1,950,000

9.4.2 The CFR is significantly higher than the actual borrowing. This is due largely due to grants and Right to Buy receipts that are held and are used to reduce the costs for schemes, and the subsequent CFR, not being allocated.

1. £98m of GLA grant; and
2. £69m of RtB receipts held but not allocated.

9.4.3 The impact of these grants is to reduce the CFR to a forecast of £1,.663bn for 2023/24. Overall table 13 and 14 show the forecast capital spend for 2023/24 is lower than originally forecast. Expenditure is still significant in the IAS but there are delays in completing some of the schemes and a number of schemes have been put on hold.

9.5 Treasury Indicators: Limits to Borrowing Activity

9.5.1 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are below, split into HRA and GF:

- i. Upper limits on variable interest rate exposure: identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- ii. Upper limits on fixed interest rate exposure: similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- iii. Maturity structure of borrowing: gross limits to reduce the Council's exposure to large fixed-rate sums requiring refinancing.

9.5.2 The S151 officer reports there were no breaches in any of the limits outlined below:

Interest rate exposures - General Fund (excludes external borrowing)	2023/24 Limits	2023/24 Actual
	Upper	
Limits on fixed interest rates based on net debt	100%	
Limits on variable interest rates based on net debt	70%	
Limits on fixed interest rates:		
• Debt only	100%	100.0%
• Investments and Loans only	90%	78.7%
Limits on variable interest rates		
• Debt only	70%	0.0%
• Investments and Loans only	80%	21.3%

Interest rate exposures - HRA (excludes internal borrowing)	2023/24 Limits	2023/24 Actual
	Upper	
Limits on fixed interest rates based on net debt	100%	100%
Limits on variable interest rates based on net debt	70%	0%
Limits on fixed interest rates:		
• Debt only	100%	100%
• Investments and Loans only	90%	N/a
Limits on variable interest rates		
• Debt only	70%	0%
• Investments and Loans only	80%	N/a

Maturity structure of fixed interest rate borrowing 2023/24			
	Lower	Upper	Current
Under 12 months	0%	50%	23%
12 months to 2 years	0%	60%	11%
2 years to 5 years	0%	70%	7%
5 years to 10 years	0%	70%	14%
10 years and above	0%	100%	45%

Maturity structure of variable interest rate borrowing 2023/24			
	Lower	Upper	Current
Under 12 months	0%	50%	0%
12 months to 2 years	0%	50%	0%
2 years to 5 years	0%	70%	0%
5 years to 10 years	0%	70%	0%
10 years and above	0%	80%	0%

10. Options Appraisal

10.1 There is no legal requirement to prepare a TMSS Mid-Year Review. However, it is good governance to do so and meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

11. Consultation

11.1 The S151, in their role as statutory chief finance officer, has been informed of the approach, data and commentary in this report.

11.2 The Cabinet is due to consider this report at its meeting on 14 November 2023 (the date of publication of this Assembly agenda). Any issues arising from the Cabinet meeting will be reported to the Assembly.

11.3 A Member briefing on treasury management and other finance related issues will be provided in due course.

12. Financial Implications

Implications completed by: Nish Popat, Deputy S151 Officer

12.1 This report sets out the mid-year position on the Council's treasury management position and is concerned with the returns on the Council's investments as well as its short and long-term borrowing positions.

12.2 There are significant, complex and interdependent financial risks to the Council's General Fund associated with the current Treasury position relating to the IAS and these have been set out in the main body of the report.

12.3 These risks as monitored as part of the in-year budget monitoring but some of these risks are beginning to materialise and action plans are being developed by officers.

12.4 A Member briefing will be provided in due course.

13. Legal Implications

Implications completed by: Paul Feild, Senior Governance Lawyer

13.1 The Local Government Act 2003 (the "Act") requires the Council to set out its treasury strategy for borrowing and to prepare an Annual IAS which sets out the

Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

- 13.2 The Council also has to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.
- 13.3 The Assembly agreed the Treasury Management Strategy Statement for 2023/24 on 1 March 2023. This report is a mid-year review of the strategy's application and there are no further legal implications to highlight.

14. Other Implications

- 14.1 **Risk Management** - The whole report concerns itself with the management of risks relating to the Council's cash flow. The report mostly contains information on how the Treasury Management Strategy has been used to maximise income during the first 6 months of the year.
- 14.2 The report contains several key risks and issues that are currently impacting returns. It is important that these risks are acknowledged and acted upon to prevent further escalation of the issues raised.

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

List of appendices:

- **Appendix 1: Detailed Economic Update**

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Detailed Economic Update

The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England (BOE) to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the BOE's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the BOE's prediction for it to fall to 6.9% in September.

CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the BOE published in early August.

In its latest monetary policy meeting on 20 September, the BOE left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the BOE that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

Like the US Fed, the BOE wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures “further tightening in policy would be required”. Governor Bailey stated, “we’ll be watching closely to see if further increases are needed”. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.

This narrative makes sense as the BOE does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the BOE the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the BOE called an end to its hiking cycle.

The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100’s relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.