

Notice of Meeting

CABINET

Tuesday, 24 March 2015 - 7:00 pm
Council Chamber, Town Hall, Barking

Members: Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and Cllr Dominic Twomey (Deputy Chair); Cllr Laila Butt, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr James Ogungbose, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

Date of publication: 13 March 2015

Chris Naylor
Chief Executive

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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 16 February 2015 (Pages 3 - 14)

4. Budget Monitoring 2014/15 - April to January 2015 (Month 10) (Pages 15 - 47)

5. Corporate Delivery Plan 2014/15 - Quarter 3 Update (Pages 49 - 69)

6. Barking Riverside Transport Infrastructure (Pages 71 - 87)

Appendix C to this report is contained in the exempt section of the agenda.

7. Future of Barking Enterprise Centre (Pages 89 - 97)

8. Procurement of Electricity and Gas Supplies (Pages 99 - 115)

Appendix 4 to this report is contained in the exempt section of the agenda.

9. Establishment of a Council-owned Energy Services Company (Pages 117 - 132)

10. Proposed Expansion of Jo Richardson Comprehensive School, Gascoigne Primary School and Marsh Green Primary School (Pages 133 - 141)

11. Review of School Places and Capital Investment - Update March 2015 (Pages 143 - 161)

12. Whalebone Lane North and Ballards Road Highway Improvement Schemes (Pages 163 - 180)

13. Future Provision of Vehicle Maintenance Stores and Tyres (Pages 181 - 189)

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

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

Private Business

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

16. Appendix C - Barking Riverside Transport Infrastructure (Pages 191 - 192)

Concerns the business affairs of a third party (paragraph 3)

17. Appendix 4 - Procurement of Electricity and Gas Supplies (Pages 193 - 194)

Concerns the business affairs of a third party (paragraph 3)

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

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Our Vision for Barking and Dagenham

One borough; one community; London's growth opportunity

Encouraging civic pride

- Build pride, respect and cohesion across our borough
- Promote a welcoming, safe, and resilient community
- Build civic responsibility and help residents shape their quality of life
- Promote and protect our green and public open spaces
- Narrow the gap in attainment and realise high aspirations for every child

Enabling social responsibility

- Support residents to take responsibility for themselves, their homes and their community
- Protect the most vulnerable, keeping adults and children healthy and safe
- Ensure everyone can access good quality healthcare when they need it
- Ensure children and young people are well-educated and realise their potential
- Fully integrate services for vulnerable children, young people and families

Growing the borough

- Build high quality homes and a sustainable community
- Develop a local, skilled workforce and improve employment opportunities
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Work with London partners to deliver homes and jobs across our growth hubs
- Enhance the borough's image to attract investment and business growth

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MINUTES OF CABINET

Monday, 16 February 2015
(7:00 - 9:05 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr James Ogungbose, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

Also Present: Cllr Irma Freeborn

Apologies: Cllr Laila Butt

91. Declaration of Members' Interests

There were no declarations of interest.

92. Minutes (27 January 2015)

The minutes of the meeting held on 27 January 2015 were confirmed as correct.

93. Budget Monitoring 2014/15 - April to December 2014 (Month 9)

The Cabinet Member for Finance introduced the report on the Council's capital and revenue position for the 2014/15 financial year, as at 31 December 2014.

The General Fund showed a projected end of year spend of £166.9m against the total approved budget of £165.3m. The Cabinet Member advised that he expected a balanced budget to be achieved by the year end but that the pressures within the Children's Services division, which had increased by £0.1m on the position reported at the last meeting, continued to be challenging. It was also noted that the Housing Revenue Account (HRA) continued to show a projected break-even position for the year.

With regard to capital expenditure, the projected spend was £134.6m against the revised budget of £143.2m which represented a further slippage of £1.3m on the position reported at the last meeting. Cabinet Members sought assurances regarding the deliverability of the annual Capital Programme and referred in particular to the Decent Homes programme. The Director of Housing commented that he shared Members' concerns regarding slippage in the Decent Homes programme which had primarily stemmed from delays in procurement. To that end, he had commissioned an independent review on deliverability and would report to Cabinet in due course. In the meantime, the Director agreed to provide Cabinet Members with details of future years' Decent Homes projects.

Cabinet **resolved** to:

- (i) Note the projected outturn position for 2014/15 of the Council's General Fund revenue budget at 31 December 2014, as detailed in paragraphs 2.1, 2.4 to 2.10 and Appendix A of the report;

- (ii) Note the progress against the agreed 2014/15 savings at 31 December 2014, as detailed in paragraph 2.11 and Appendix B of the report;
- (iii) Note progress against the agreed 2014/15 HRA savings as detailed in paragraph 2.12 and Appendix B of the report;
- (iv) Note the overall position for the HRA at 31 December 2014, as detailed in paragraph 2.12 and Appendix C of the report; and
- (v) Note the projected outturn position for 2014/15 of the Council's capital budget as at 31 December 2014, as detailed in paragraph 2.13 and Appendix D of the report.

94. Housing Revenue Account Estimates and Review of Rents and other Charges 2015/16

The Cabinet Member for Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2015/16.

The Cabinet Member advised on the key aspects of the proposals, which included the establishment of a five-year rent policy to achieve convergence with a formula rent; significant investment in the existing housing stock (£347m), new homes (£198m) and estate renewal (£60m) over the next ten years; and an average rent increase of 4%, equivalent to £3.67 per week.

Members spoke in support of the proposals and it was suggested that officers should continue to review all charges to ensure the removal of any perceived unfairness within the system.

Cabinet **resolved** to:

- (i) Agree the Housing Revenue Account estimates for 2015/16 as detailed in Appendix 6 to the report;
- (ii) Agree an overall average Council dwelling rent increase of 4.0%, equivalent to £3.67 per week, and affordable rents to increase by 2.2% consistent with Government policy of CPI+1% as per the Affordable Homes Programme;
- (iii) Agree a five-year rent policy enabling convergence with formula rent by 2019/20;
- (iv) Agree an increase to tenant service charges of 5.8% (£1.93 per week);
- (v) Agree an additional provision for communal heating and hot water charges of 1.2% (£0.32 per week) based upon an inflationary uplift;
- (vi) Agree an increase to garage rents of £1, from £11 to £12 per week, and the establishment of a repairs and maintenance programme;
- (vii) Agree that officers initiate a review of estate located parking spaces/bays;
- (viii) Agree that rents for commercial properties increase in line with lease

agreements; and

(ix) Agree that the above changes take effect from 6 April 2015.

95. Budget Framework 2015/16

The Cabinet Member for Finance introduced the Council's proposed budget framework for 2015/16 which incorporated the following:

- The Medium Term Financial Strategy (MTFS) for 2015/16 to 2018/19;
- The General Fund budget for 2015/16;
- The level of Council Tax for 2015/16;
- The financial outlook for 2016/17 onwards;
- The Capital Programme for 2014/15 to 2016/17.

The proposed General Fund net budget for 2015/16 was £151.44m, compared to a revised net budget for 2014/15 of £165.32m. The Cabinet Member explained that the Coalition Government's continued cut to public sector funding meant that grant funding had reduced from £107.87m for 2014/15 to £88.3m for 2015/16, and was expected to reduce further to £79.52m for 2016/17. As a consequence and despite the package of savings measures implemented by the Cabinet at its meeting on 16 December 2014, it was necessary to propose a Council Tax increase for the first time in seven years in order to protect essential services. The 1.99% increase to Council Tax would be equivalent to an additional £20 per annum, or 40p per week, for the average Band D property.

The Cabinet Member referred to the proposed 1% transaction cost to be applied to Council Tax payments made by credit card and also highlighted a number of other funding issues that had impacted on the budget for 2015/16 and beyond.

Issues which arose during the discussions included:

- The ongoing budget pressures caused by the annual increase to the East London Waste Authority (ELWA) levy – The Chair advised that he would be discussing the matter with the other Borough Leaders.
- Children's Placement Pressures – The Chief Finance Officer explained that the £3m budget pressure in the MTFS only related to 2015/16 as the service budgets would be realigned next year and ongoing pressures factored in to the base budget.
- Incentives for prompt payment – The Cabinet Member for Finance acknowledged that there may be scope in the future to offer discounts or other incentives but any proposals would need to be considered in the context of collection rates and other pressures.
- Impact of demographic changes – The Cabinet Member for Children's Services and Social Care reiterated the need to assess the financial and other impacts of the changing demographics in the Borough in order for the Council to effectively plan for the future.

Cabinet resolved to recommend the Assembly to:

- (i) Approve a base revenue budget for 2015/16 of £151.444m, as detailed in Appendix A to the report;

- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2015/16 to 2018/19 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report;
- (iii) Delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to finalise any contribution required from reserves in respect of the 2015/16 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2015;
- (iv) Approve the Statutory Budget Determination for 2015/16 as set out at Appendix C, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, plus the Council Tax agreed by the Greater London Assembly (1.3% reduction), as detailed in Appendix D to the report;
- (v) Approve the Council's draft Capital Programme for 2014/15 to 2016/17 as detailed in Appendix E to the report; and
- (vi) Agree that the full economic cost be levied as a charge on fees paid by credit cards for Council Tax, as detailed in paragraph 7 of the report.

96. Treasury Management Strategy Statement 2015/16

The Cabinet Member for Finance presented the Council's draft Treasury Management Strategy Statement (TMSS) for 2015/16.

The Cabinet Member referred to the Council's treasury position at 31 December 2014, which included a £4.626m investment in Barking Riverside Limited which the Chief Finance Officer provided further details on. A further £89m had been borrowed from the European Investment Bank (EIB) in January 2015, to support the estate regeneration proposals approved by the Cabinet on 4 August 2014 (Minute 16 refers), at a rate of 2.207% for the full 30-year term of the loan which was a significantly better rate than was used in the financial modelling for the project. The Cabinet Member explained that whilst that was clearly to the benefit of that project, the projections elsewhere in the TMSS in relation to income from cash balances meant that the Council may not achieve its income targets unless interest rates increased in the next year or two.

The Cabinet Member also highlighted changes to the investment strategy going forward in respect of duration and counterparty risks, which would enable the Council to take advantage of potential higher returns while retaining sufficient safeguards.

Cabinet resolved to recommend the Assembly to:

- (i) Note that on 15 January 2015 the Council borrowed £89 million from the European Investment Bank as outlined in section 4.5 of the report;
- (ii) Adopt the Treasury Management Strategy Statement for 2015/16 as set out in the report and in doing so:
 - (a) Note the current treasury position for 2015/16 and prospects for interest

rates, as referred to in sections 4 and 7 of the report;

- (b) Approve the Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2015/16 as referred to in section 9 of the report;
- (c) Approve the Annual Investment Strategy and Creditworthiness Policy for 2015/16 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;
- (d) Approve the Authorised Borrowing Limit of £800m for 2015/16, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as set out in Appendix 3 to the report;
- (e) Approve the Treasury Management Indicators and Prudential Indicators for 2015/16, as set out in Appendix 3 to the report;
- (f) Approve the Minimum Revenue Policy Statement for 2015/16, representing the Council's policy on repayment of debt, as set out in Appendix 4 to the report;
- (g) Maintain the authority delegated to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the initial increase in cash from the EIB but also the subsequent decrease in cash balances as payments are made to the SPV; and
- (h) Agree that the delegated responsibility be reviewed as part of the 2014/15 Treasury Management Outturn Report to Assembly in July 2015.

97. Future Management Arrangements for the Council's Culture and Sport Service

The Leader of the Council introduced a report on the outcome of a high-level options appraisal in respect of the future delivery and management of the Council's culture and sport services, in order to achieve the efficiencies within the service that were required to realise the £1m savings target by 2016/17.

Four main options had been identified and the preferred option related to the formation of a new Trust, which would be a non-profit distributing organisation (NPDO) in the form of a limited company with charitable status. The Leader explained that an 'in principle' decision was being sought that would enable officers to further develop the preferred option and report back to Cabinet later in the year. Arising from the discussions, officers clarified issues relating to the business rates saving, community halls and library services.

Cabinet **resolved** to:

- (i) Note the range of options available for the future management of culture and sport services;
- (ii) Agree, in principle, that culture and sport services shall transfer to a new model of operation;
- (iii) Approve the formation of a Trust (non-profit distributing organisation) to deliver a range of health and wellbeing services;
- (iv) Agree that the Council will play an active part in the new Trust through nominations by the Leader of the Council to the Board of the Trust;
- (v) Agree that the Trust shall become operational on or as soon as possible after 1 January 2016;
- (vi) Agree that one-off revenue expenditure of up to £250,000 be allocated from the £500,000 contingency identified within the use of General Fund reserves for invest to save initiatives, to meet the legal and other costs associated with transferring the services to the new Trust; and
- (vii) Note that prior to implementation a further report shall be presented to Cabinet setting out the services to be commissioned from the Trust, the expected outcomes and the financial arrangements.

98. Pay Policy Statement 2015/16

The Cabinet Member for Central Services presented the draft Pay Policy Statement for the Council for 2015/16, setting out the Council's key statements of its pay policy as required under the Localism Act 2011.

The Cabinet Member referred to the key principles of the Statement and advised that the Chief Executive would be reviewing the Council's senior management structure over the coming months, which may result in mid-year changes being required to the Statement.

Cabinet **resolved to recommend the Assembly** to approve the London Borough of Barking and Dagenham Pay Policy Statement for 2015/16 as set out at Appendix A to the report, for publication on the Council's website with effect from 1 April 2015.

99. Implementing the Equality and Diversity in Employment Policy

The Cabinet Member for Central Services reported on the proposed implementation of a number of positive actions aimed at helping the Council to achieve the commitment within its Equality and Diversity in Employment Policy to have a workforce representative of the local community.

The Cabinet Member referred to a number of the proposals and commented that representatives from the black and minority ethnic (BME) and other under-represented group staff networks could be involved in aspects of the recruitment process in the future. The Chief Executive suggested that the proposals that were set out in the report were a good starting position and that a future report to

Cabinet should deal with the Cabinet Member for Central Services' wider proposals as well as other issues raised at the meeting in relation to targets within the policy and the funding arrangements for the project.

Cabinet **resolved** to:

- (i) Agree the following targets as part of the Council's Equality and Diversity in Employment Policy:
 - (a) That recruitment in any one year should reflect the breakdown of the working population in the Borough;
 - (b) To achieve an annual 10% increase in 2015/16 to 2017/18 in the proportion of the workforce from the BME community (i.e. a 2.7% increase in 2015/16 on the baseline of 27%);
 - (c) To reduce the number of staff who do not declare whether they have a disability or not by 30% in 2015/16, in order for a suitable target to be set for future years to increase the number of people with disabilities working in the organisation.
- (ii) Support a campaign to promote tolerance of all nine groups recognised as "protected characteristics in the Equality Act 2010" equally, to be led by the Divisional Director of Human Resources and Organisational Development in consultation with the Cabinet Member for Central Services; and
- (iii) Agree that officers report further on the issues raised at the meeting relating to recruitment and interviewing, targets within the policy and the funding arrangements for the project.

100. Procurement of an Alternative Education Provision Service for Year 11 Children

The Cabinet Member for Education and Schools presented a report on proposals to procure a five-year contract to provide an alternative education service for Year 11 children, which would cater for children moving into the Borough with no allocated school place or those who would benefit from alternative provision outside the mainstream setting.

The Cabinet Member referred to the success of the current contractual arrangements with Lifeline, which were due to expire on 31 August 2015, and advised that over 90% of the children had gone on to further education, employment or training. In response to questions, the Cabinet Member confirmed that the children would be taught by qualified teachers and that there would be scope to extend the facility to more than 30 children if the need arose, although the aim was always for as many children as possible to be allocated places in the mainstream setting.

Cabinet **resolved** to:

- (i) Agree for the Council to proceed with the procurement of a contract for an Alternative Education Provision (AEP) for a period of five years (three years with an option to extend for a further two years dependent upon funding and satisfactory performance) in accordance with the strategy set out in this

report; and

- (ii) Delegate authority to the Corporate Director of Children's Services, in consultation with the Cabinet Member for Education and Schools, the Chief Finance Officer and the Head of Legal and Democratic Services, to award and execute the contract and other documents on behalf of the Council following the appointment of a provider.

101. Options for Providing Support to Vulnerable Residents

The Cabinet Member for Adult Social Care and Health presented a report on options for providing support to the most vulnerable in the community.

By Minute 71 (vii) of the meeting on 16 December 2014, officers were asked to report further on options for the continuation of a local emergency support scheme in light of the anticipated withdrawal of Government grant funding for such schemes from 31 March 2015. Successful lobbying led to the Government announcing that some funding would continue for 2015/16, albeit at a reduced level.

The Cabinet Member advised that the grant allocation would enable the Council to maintain a comparative local emergency support scheme and, with that in mind, proposed a six-month extension to the existing arrangement with Harmony House. Alongside that proposal a new initiative, known as BandD Together, was being progressed with key voluntary sector partners and several other community focussed projects were also being developed.

The Cabinet Member confirmed that the Council's programme of 'civic pride' events would be used to raise awareness of the services available and how residents could access them and the plan was for 50 Community Checkpoints to be in place by the end of 2015. Members also discussed the take-up rates of the services currently provided and initiatives that would help to build on the community spirit in the Borough.

Cabinet **resolved** to:

- (i) Agree the continued funding of a Local Emergency Support Service, at a reduced level of £300,000 for 2015-16, using the additional Revenue Support Grant in the local government financial settlement issued on 3 February 2015;
- (ii) Agree to the funding of the development of the CommunityConnect knowledge platform to support the Community Checkpoints model being developed and to agree to waive the Council's Contract Rules for the pump priming in recognition of the development work that has already been completed on this initiative;
- (iii) Agree that a fixed term post be established to accelerate progress on the development of alternative proposals for a local safety net;
- (iv) Delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Adult Social Care and

Health, the Head of Legal and Democratic Services and the Chief Finance Officer, to award:

- The contract with Harmony House for a six month period from 1 April 2015 by a waiver under the Council's Contract Rules.
- Funding towards the development of CommunityConnect knowledge platform of not more than £80,000 and to waive the Council's Contract Rules accordingly.

102. The Care Act 2014

The Cabinet Member for Adult Social Care and Health introduced a report on key aspects of the Care Act 2014, which highlighted the impact for the Council and its partners, the approach to implementation and an assessment of the financial pressures that were likely to arise.

The Cabinet Member explained that the legislation would have implications across all services, with a key focus being on the integration of services. There would be changes to access arrangements and new obligations would mean that an individual's circumstances and needs must be taken into account.

Cabinet **resolved** to note the impacts for the Council of the Care Act 2014 as detailed in the report.

103. Care and Support Deferred Payments Scheme

The Cabinet Member for Adult Social Care and Health introduced a proposed Care and Support Deferred Payment Scheme for the Borough.

The Cabinet Member explained that the proposals would bring the Council's current scheme into line with the requirements of the Care Act 2014, with a key feature being the ability of a person receiving care to defer some or all of their care costs by having a charge placed on property that they owned.

Cabinet **resolved** to:

- (i) Note the introduction of national eligibility criteria for Deferred Payment Schemes to be introduced by all Councils;
- (ii) Agree the Care and Support Deferred Payment Scheme policy as set out in Appendix 1 to the report;
- (iii) Agree that the Council shall apply the nationally-set maximum interest rate;
- (iv) Agree that the Council shall apply a one-off set up administration fee of £500 and subsequent administration charges as incurred;
- (v) Agree the use of online property sites and local newspapers, in the first instance, for determining whether there would be sufficient equity to be eligible for the scheme.

104. Care and Support Charging Policy

Following on from the above, the Cabinet Member for Adult Social Care and Health presented a report on the proposed charging policy in respect of care and support services provided under the Care Act 2014.

The Cabinet Member highlighted the key areas of the policy, including the services that would be exempt from charges and the new 'light touch' approach to financial assessments. The Cabinet Member for Finance advised that it may be appropriate to review aspects of the policy in the event of changes to the mechanism for calculating eligibility.

Cabinet **resolved** to:

- (i) Confirm that the Council will continue its current policy of charging for adult social care;
- (ii) Note the introduction of the Care Act 2014 as the new legal charging framework for care and support services provided under the Act;
- (iii) Agree that the Care and Support Charging Policy set out at Appendix 1 be implemented from 1 April 2015 for all new service users and implemented on a phased basis for all existing service users; and
- (iv) Delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Adult Social Care and Health and the Chief Financial Officer, to put in place transitional protection in appropriate circumstances.

105. Inspection of Arrangements for Supporting School Improvement

The Cabinet Member for Education and Schools introduced a covering report and letter relating to the inspection by Ofsted of the arrangements for supporting school improvement, which had been undertaken between 24 - 28 November 2014. The formal notification from Ofsted, in the form of a letter dated 1 December 2014, had not been received until after the statutory publication of the papers for the meeting and the Chair agreed that it could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.

The Cabinet Member advised that, overall, the report was very positive and acknowledged the excellent working relationship between the Council and school leaders, recognising in particular the autonomy of school leaders to drive through improvements. Some areas for development had been identified and an action plan was being produced to deal with those issues. It was noted that had the inspection been carried out under the previous framework, the arrangements would have been judged 'effective' which had been afforded to only two of fifteen local authorities inspected since May 2013.

The Cabinet Member for Education and Schools placed on record her appreciation to all involved in the inspection and the Leader of the Council extended his congratulations to the schools, pupils and his Council colleagues for their work

which had culminated in such a positive inspection.

Cabinet **resolved** to note the contents of the inspection report.

106. Debt Management Performance and Write-Offs 2014/15 (Quarter 3)

The Cabinet Member for Finance introduced the performance report for the third quarter period ending 31 December 2014 in respect of the debt management function carried out by the Revenues and Benefits Service within Elevate East London, together with details of the debts written-off as uncollectable during the period and comparable information from the previous year.

The Cabinet Member referred to the overall positive collection rates and responded to an enquiry regarding the loophole which had allowed a number of companies to avoid business rates. The Leader suggested that the Council should ask the House of Commons Public Accounts Committee to look into the matter.

Cabinet **resolved** to:

- (i) Note the performance of the debt management function carried out by the Revenues and Benefits service operated by Elevate East London, including the performance of enforcement agents; and
- (ii) Note the debt write-offs for the third quarter of 2014/15 and that a number of the debts would be published in accordance with the policy agreed by Cabinet.

107. Pan-London Parking Appeals Service on Private Land ('POPLA') - Delegation to London Councils' Transport and Environment Committee

(The Chair agreed that this item could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)

The Chief Executive introduced a report on the request from London Councils' Transport and Environment Committee (LCTEC) Executive Sub-Committee that London local authorities formally delegate specific functions concerning the appeals service for parking on private land, to remove any legal doubt as to LCTEC's authority to deliver an appeals service for parking on private land for the British Parking Association (BPA), an accredited trade association, under contract.

Cabinet **resolved** to:

- (i) Formally confirm that the functions delegated to London Councils' Transport and Environment Committee (LCTEC) to enter into the arrangements with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
- (ii) Delegate the exercise of section 1 of the Localism Act 2011 to LCTEC for the purpose of providing an appeals service for parking on private land under contract on a full cost recovery basis;

- (iii) Agree the amendment of the LCTEC Governing Agreement to this end; and
- (iv) Authorise the Head of Legal and Democratic Services to sign, execute and return the Memorandum of Participation on the Council's behalf.

CABINET**24 March 2015**

Title: Budget Monitoring 2014/15 - April to January 2015 (Month 10)	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Steve Pearson Group Accountant, Corporate Finance	Contact Details: Tel: 020 8227 5215 E-mail: steve.pearson@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Chief Finance Officer	
Summary	
<p>This report provides Cabinet with an update of the Council's revenue and capital position for the ten months to the end of January 2015, projected to the year end.</p> <p>At the end of January 2015 (Month 10), there is a projected overspend of £1.3m, predominantly caused by an overspend on the Children's Services budget. This is a decrease of £0.3m from last month.</p> <p>The total service expenditure for the full year is currently projected to be £166.6m against the budget of £165.3m. The projected year end overspend coupled with the budgeted reserve drawdown will reduce the General Fund balance to £24.8m at the year end. The Housing Revenue Account (HRA) is projected to break-even, leaving the HRA reserve at £8.7m. The HRA is a ring-fenced account and cannot make or receive contributions to/from the General Fund.</p> <p>The Capital Programme budget stands at £143.2m with a forecast outturn of £131.3m. Capital budgets cannot contribute to the General Fund revenue position although officers ensure that all appropriate capitalisations occur.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the projected outturn position for 2014/15 of the Council's General Fund revenue budget at 31 January 2015, as detailed in paragraphs 2.1, 2.4 to 2.10 and Appendix A of the report; (ii) Note the progress against the agreed 2014/15 savings at 31 January 2015, as detailed in paragraph 2.11 and Appendix B of the report; (iii) Note progress against the agreed 2014/15 HRA savings as detailed in paragraph 2.12 and Appendix B of the report; 	

- (iv) Note the overall position for the HRA at 31 January 2015, as detailed in paragraph 2.12 and Appendix C of the report;
- (v) Note the projected outturn position for 2014/15 of the Council's capital budget as at 31 January 2015, as detailed in paragraph 2.13 and Appendix D of the report; and
- (vi) Approve the inclusion in the 2015/16 Capital Programme of the additional schemes totalling £2m as detailed in paragraph 2.14.2 of the report.

Reason(s)

As a matter of good financial practice, the Cabinet should be regularly updated with the position on spend against the Council's budget. In particular, this report alerts Members to particular efforts to reduce in-year expenditure in order to manage the financial position effectively.

1 Introduction and Background

- 1.1 This report provides a summary of the Council's General Fund and HRA revenue and capital positions. It also provides an update on progress made to date in the delivery of the agreed savings targets built into the 2014/15 budget, setting out risks to anticipated savings and action plans to mitigate these risks.
- 1.2 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. This is achieved within the Council by monitoring the financial results on a monthly basis through briefings to the Cabinet Member for Finance and reports to Cabinet. This ensures Members are regularly updated on the Council's overall financial position and enables the Cabinet to make relevant financial and operational decisions to meet its budgets.
- 1.3 The Budget report to Assembly in February 2014 provided for a target of £15.0m for the General Fund balance. The revenue outturn for 2013/14 led to a General Fund balance of £27.1m. The current projected position, unless addressed, would mean a reduction in the General Fund balance to £24.8m, but still above the target general fund balance of £15.0m.
- 1.4 The additional level of reserves above the minimum level provides the Council with some flexibility in its future financial planning but, to take advantage of that, it is essential that services are delivered within the approved budget for the year. Overspends within directorate budgets will erode the available reserves and therefore limit the options that reserves could present in the medium term.

2 Current Overall Position

- 2.1 The following tables summarise the spend position and the forecast position of the General Fund and Housing Revenue Account (HRA) balances:

Council Summary 2014/15	Net Budget	Full year forecast at end January 2015	Over/(under) spend Forecast
	£000	£000	£000
Directorate Expenditure			
Adult and Community Services	55,381	54,669	(712)
Children's Services	61,849	65,796	3,947
Housing (GF)	3,579	3,475	(104)
Environment	21,109	21,247	138
Chief Executive	21,443	21,056	(387)
Central Expenses	3,003	1,452	(1,551)
Total Service Expenditure	166,364	167,695	1,331
Budgeted reserve drawdown (to Central Expenses budget)	(1,044)	(1,044)	-
Total Expenditure	165,320	166,651	1,331

	Balance at 1 April 2014	Forecast Balance at 31 March 2015
	£000	£000
General Fund	27,138	24,763*
Housing Revenue Account	8,736	8,736

*The forecast general fund balance includes the £1.3m projected overspend plus the £1m planned drawdown from reserves.

2.2 Chief Finance Officer's comments

2.2.1 The current Directorate revenue projections indicate an overspend of £1.3m for the end of the financial year, made up as follows:

- £0.4m underspend in the Chief Executive directorate mainly as a result of vacancies within the directorate;
- £0.7m underspend in the Adult & Community Services directorate as a result of widening the use of the Public Health grant in 2014/15 to reflect future budget decisions;
- £1.6m underspend in the Central Expenses budget due to VAT refunds and reduced borrowing costs as a result of well managed cash flow;
- £0.1m overspend in Environment due to accommodation costs and reduced parking income; and
- £3.9m overspend in Children's Services due to demand pressures in the Complex Needs and Social Care division.

2.2.2 As noted above, the current forecast overspend within Children's Services represents the greatest area of risk to delivering a balanced budget for 2014/15. Previous Cabinets have received reports from Children's Services setting out

options for reducing expenditure in the current financial year. Alongside the actions by Children's Services, in September Cabinet agreed that Chief Officers and budget managers only authorise expenditure on areas that are essential to the delivery of their service. The effects of these measures have fed through more broadly in to the overall position since September with the overall position having improved by £2m.

- 2.2.3 As previously reported, there are further options for this financial year including the transfer of the net income for the commercial portfolio currently accounted for in the Housing Revenue Account. This proposal has received positive comments from the Council's external auditor. There is also a potential reduction in the required bad debt provision for temporary accommodation based on current demand, with further detail in paragraph 2.7 below, and for Council Tax based on a projected collection level of over 94%. If maintained to the end of March, this would improve the outturn position by at least £0.5m.
- 2.2.4 An analysis of the monitoring and outturn reports in previous years also highlighted a consistent trend of reductions in projected spend and this will need to be reviewed up to and through the end of the financial year.
- 2.2.5 Whilst the currently forecast overspend, would result in a reduction in the Council's General Fund balance, it would still remain above the budgeted target of £15.0m. The Chief Finance Officer has a responsibility under statute to ensure that the Council maintains appropriate balances.
- 2.2.6 The Chief Finance Officer, after consideration of the factors outlined in the CIPFA guidance on Local Authority Reserves and Balances 2003 and the other financial provisions and contingency budgets held by the Council, set a target GF reserves level of £15.0m. The General Fund balance at 31 March 2014 was £27.1m and the current forecast balance for the end of the financial year is £24.8m.
- 2.2.7 At the end of January 2015, the HRA is forecasting a balanced budget, maintaining the HRA reserve at £8.7m.

2.3 Directorate Performance Summaries

- 2.3.1 The key areas of risk which might lead to a potential overspend are outlined in the paragraphs below.

2.4 Adult and Community Services

Directorate Summary	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	55,191	55,381	54,669
Projected over/(under)spend			(712)

- 2.4.1 The Adult and Community Services directorate is forecasting an underspend of £712k for 2014/15. This position is after a decision to charge Substance Misuse and DAAT services as well as Sports Development to the Public Health grant.
- 2.4.2 There are still a number of pressures within the Adult Social Care service (amounting to c.£1m), particularly for Mental Health and non-residential care

budgets for all client groups. These pressures have been evaluated and appropriate management actions within the service are being implemented. For example, new residential placements for people with mental health needs have been restricted which is leading to longer hospital stays for some individuals. Similarly tight management of other budgets led to a deterioration in performance in relation to Delayed Transfers of Care for people from hospital to social care support. This meant the Council was identified as an area with significant extra need by the Department of Health and allocated an in year grant of £325,000 to ensure discharges from hospital could be supported until the end of March. Whilst undoubtedly helpful this will nevertheless build in pressure to the 2015/16 budget as a number of people funded in this way can be expected to continue to need care in the new financial year. Additionally, the savings in respect of Commissioning and Partnership have already been built into the budget for 2015/16, and the on-going pressure is significant.

- 2.4.3 Funding from the A&CS departmental reserve is likely to be needed in 2014/15, principally as a result of pressures in mental health budgets.
- 2.4.4 The net budget includes the full allocation of £4.185m social care funding transfer from NHS England; this is allocated by local Section 256 agreement and is part of the Council's Better Care Fund (BCF) as taken to the Health and Wellbeing Board (H&WBB) in March 2014.
- 2.4.5 The Adult and Community Services budget includes Public Health, responsibilities for which transferred over to the Council in April 2013. The service is wholly grant funded, i.e. a net budget and the grant for 2014/15 is £14.213m. The grant contributes towards the Council's preventative agenda by promoting healthy outcomes for adults and children. At the end of the last financial year there was an underspend of £785k, which as a ring-fenced grant has been carried-forward into the current financial year. A recent review has been undertaken in order to free up usage of the grant so that other appropriate general fund services can be charged to the grant to help alleviate the overall corporate budget pressure.
- 2.4.6 With regard to savings targets, there is a £40k shortfall in expanding commercial opportunities at heritage venues which will be managed from other income streams.

2.5 Children's Services

Directorate Summary	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	65,016	61,849	65,796
Projected over/(under)spend			3,947

- 2.5.1 Overall the service is forecasting a projected overspend of £3.947m, an increase of £78k from last month. This projection takes into account the use of the Children's Services reserve of £1.500m and management actions undertaken totalling £1.120m.
- 2.5.2 Pressures across Children's Services continue to grow so that less will be available to ameliorate the social care overspend, and grant income has also reduced. Cabinet has been updated in October and a further update in January setting out

options for significantly reducing or eliminating the adverse budget position and quantifiable growth data, analysis and trends. The increase this month in the forecast relates to two key aspects:

- Increase in numbers of placements in the last month, in particular an additional 10 placements in internal fostering; the Council actively promotes internal fostering as a more cost effective solution in comparison to expensive agency placements;
- There is an increase of young people in the secure units which has resulted in additional costs in this area

2.5.3 There are further risks that may affect the outturn. The troubled families programme extends over several years. Phase one is due to end in May 2015 with phase two set to commence shortly. Grant funding is received from central government for the programme and should be rolled forward where necessary to meet the targets of the programme. Failure to roll forward this funding into future years would place the scheme and its targets at risk though this must be viewed in the context of the Council's overall financial outturn before any decision is made.

2.6 Dedicated School Grant (DSG)

2.6.1 The DSG is a ring fenced grant to support the education of school-age pupils within the borough. The 2014/15 DSG allocation is £228.0m, covering Individual Schools Budgets, High Needs and Early Years services.

2.7 Housing General Fund

Directorate Summary	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	2,530	3,579	3,475
Projected over/(under)spend			(104)

2.7.1 Current projections indicate an underspend of £104k in 2014/15. The main risk to the position is the level of temporary accommodation placements, particularly the numbers within Bed and Breakfast, and the level of arrears. Currently spend on Bed and Breakfast accommodation is lower than budgeted and is expected to more than offset unbudgeted pressures within the service.

2.7.2 There were 59 Bed and Breakfast placements as at the end of January 2015 which is below the December 2014 position of 61. Placements over the first 10 months of the year have typically been within budget assumptions. A continuation of this trend over the remainder of the year should enable the service to outturn under budget. However, there is constant fluctuation in the numbers placed in Bed and Breakfast and the service actively works to minimise Bed and Breakfast placements by utilising decanted stock and incentivising private sector landlords.

2.7.3 The status of arrears has moved over the first 10 months of the year with a greater proportion now categorised as former tenants. Former tenant arrears require a larger bad debt provision due to the reduced likelihood of collection. Targeted intervention and additional collection resource is being deployed to further improve arrears management and as a result overall arrears have reduced by £25k since

December 2014. However they are £421k above the position at the start of the year. The benefit from reduced Bed and Breakfast placements is currently offsetting the need for greater bad debt provision. Bed and Breakfast placements and movements in arrears continue to be closely monitored as does the impact of welfare reform.

2.8 Environment

Directorate Summary	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	22,425	21,109	21,247
Projected over/(under)spend			138

- 2.8.1 Environmental Services is currently forecast to overspend by £138k at year end. This position is a £301k improvement from December's reported position, mainly due to a reduction in Parking income pressures. There has been a noticeable improvement in cash collected from PCN income in January as well as an improved position due to the mild winter conditions.
- 2.8.2 The service continues to manage pressure in the region of £1m including pressure on staffing budgets, income pressures, increased ELWA disposal costs and the under achievement of savings targets. A significant element of risk is outside the services direct control, however, the delivery of mitigating action by the service is supporting this position. Action includes reviewing income opportunities, utilising one off grants, holding posts vacant, ensuring recharges and income collection are up to date and maintaining expenditure restraint across the service.
- 2.8.3 A savings target of £1.129m is built into the 2014/15 budget, however, current projections indicate a shortfall of £470k. This is mainly as a result of delays in determining the future use of 2 and 90 Stour Road (£295k) and the loss of income generating assets affecting the Parking service alongside improved payment behaviour (£175k). A larger percentage of PCN's are being paid on time at the discounted rate suggesting greater compliance.

2.9 Chief Executive's Directorate

Directorate Summary	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	18,196	21,443	21,056
Projected over(under)spend			(387)

- 2.9.1 The Chief Executive (CEX) department is still on target to underspend against its revised budget. This is currently forecast as £387k by year end.
- 2.9.2 The underspend position is mainly due to savings from treasury management contracts and tighter controls on expenditure against supplies budgets as a result of the expenditure freeze. There are underspends arising from vacancies held across the department and an underspend against the Members Allowance budget relating to the employers contribution to the pension scheme for Councillor's no longer being required.

- 2.9.3 The department is also managing pressures against its income targets as a result of the under-recovery of some school buybacks, a reduction in citizenship ceremony income and the under-recovery of the court cost income target.
- 2.9.4 Forecasts provided by Elevate indicate a potential deficit of £0.5m at the end of the year due to pressure within the Revenues and Benefits service, primarily in respect of print and postage activity. Discussions between Elevate and the Council are ongoing to determine a way forward and are expected to be resolved by the end of March. However, the contract terms provide that any year-end deficit would be funded on an 80:20 basis between Agilisys and the Council.
- 2.9.5 The department had been set a savings target in 2014/15 of £1.2m, which has been achieved.

2.10 Central Expenses

Directorate Summary	2013/14 Outturn	2014/15 Budget	2014/15 Forecast
	£000	£000	£000
Net Expenditure	4,382	3,003	1,452
Projected over(under)spend			(1,551)

- 2.10.1 Consistent with the previous month, Central Expenses is projecting an underspend of £1.6m resulting from a refund of overpaid VAT (£400k), reduction in borrowing costs and improved rate of return on cash deposits (£650k) and a forecast increase in the agency staff contract rebate (£500k). The agency staff contract rebate increases as more agency staff are employed with the increased usage of such staff by Children's Services having contributed significantly to the higher rebate and should be viewed as offsetting some of the pressure in that area. As highlighted above, the number of agency staff in Children's Services has not reduced as targeted which may bring a further increase in the rebate.
- 2.10.2 As highlighted in paragraph 2.2, further savings may be available from the bad debt provisions for Council Tax and temporary accommodation arrears if current collection rates are maintained. Whilst Council Tax collection levels are holding, as noted above, there may be pressure on temporary accommodation budgets due to the increase in former tenant arrears. A view on both will be taken once the year end collection and outstanding debt levels are known.

2.11 In Year Savings Targets – General Fund

- 2.11.1 The delivery of the 2014/15 budget is dependent on meeting a savings target of £8.7m. Directorate Management Teams are monitoring their targets and providing a monthly update of progress which is summarised in the table below. Where there are shortfalls, these will be managed within existing budgets and do not affect the monitoring positions shown above.
- 2.11.2 A detailed breakdown of savings and explanations for variances is provided in Appendix B.

Directorate Summary of Savings Targets	Target £000	Forecast £000	Shortfall £000
Adult and Community Services	2,438	2,398	40
Children's Services	2,964	2,964	-
Housing and Environment	1,129	659	470
Chief Executive	1,219	1,219	-
Central Expenses	971	971	-
Total	8,721	8,211	510

2.12 Housing Revenue Account (HRA)

2.12.1 The HRA is currently forecast to breakeven. More detailed monitoring information is given in Appendix C.

Income

2.12.2 Income is expected to overachieve by £619k due to additional income in respect of charges for services of £450k, primarily through leasehold income and water charges, and additional interest received on HRA cash balances of £364k. This is partially offset by a pressure on garage rental income of £195k due to a higher than expected void level.

2.12.3 The main risk to this position is the impact of welfare reform. Provision has been made within the budget through increased bad debt provision plus the availability of discretionary housing payments. The position is being monitored closely.

2.12.4 HRA stock movements are monitored as an increasing level of Right to Buy activity and higher than budgeted void levels may adversely impact rental income.

Expenditure

2.12.5 Expenditure is expected to overspend by £619k primarily due to the delayed delivery of savings. In addition to this, the service is managing pressure within the caretaking service and repairs and maintenance service.

2.12.6 Current forecasts indicate delivery of £4.8m of the £6.1m saving requirement resulting in a shortfall of £1.3m. This is primarily due to delays in implementing restructures, the partial delivery from an ongoing review of communal energy billing and the lower than expected income from Reside for the provision of housing landlord services and repairs and maintenance services. Pressures are being mitigated through additional income received, expected underspend on interest charges payable and an expected reduction in bad debt provision top up required in year. Current forecasts indicate a revenue contribution to capital of £35.7m.

HRA Balance

2.12.7 It is expected that HRA balances will remain at £8.7m.

2.13 Capital Programme 2014/15

2.13.1 The Capital Programme forecast against budget as at the end of January 2015 is as follows:

	2014/15 Current Budget £'000	Actual Spend to Date £'000	2014/15 Forecast £'000	Variance against Budget £'000
ACS	10,451	8,965	10,476	25
CHS	27,632	20,557	27,681	49
H&E	6,092	3,819	4,703	(1,389)
CEO	8,539	4,760	8,057	(482)
Subtotal - GF	52,714	38,101	50,917	(1,797)
HRA	90,439	62,512	80,411	(10,028)
Total	143,153	100,613	131,328	(11,825)

2.13.2 The detailed scheme breakdown is shown in Appendix D.

Summary

2.13.3 The 2014/15 capital programme stands at a revised budget of £143.1m, and Directorates are anticipating an overall underspend of £11.8m. This forecast assumes that almost £32m will still be spent in the remaining months of the year; therefore an accelerated level of expenditure will need to be incurred in order to meet this position and avoid further slippage.

New Capital Schemes

2.13.4 There are no new schemes this month.

Adult & Community Services (ACS)

2.13.5 Adult & Community Services has a current budget for 2014/15 of £10.4m, and is forecasting an overspend of £25k, which relates to the new Barking Leisure Centre and will be funded by budget brought forward from 2015/16.

Children's Services (CHS)

2.13.6 Children's Services has a 2014/15 budget of £27.6m, and is currently expecting to overspend by £49k overall, or less than 1% of the total budget. This is a net position and results from a number of individual scheme variances, of which those over £100k are summarised below. The projected overspend will be funded by bringing forward budget from the total Basic Needs funding allocation. Officers will continue to ensure that the overall programme is delivered within budget and that all schools are completed in time for the required new intake deadlines.

- Roding Primary School (£130k)
- Richard Alibon Expansion £100k
- Manor Infants & Junior Expansion £200k
- John Perry School Expansion £100k

- All Saints Expansion £116k
- Jo Richardson Expansion (£250k)
- School Expansion SEN projects £275k

Housing & Environment (H&E)

2.13.7 Environmental Services has a current capital programme of £6.0m (this has increased by £600k from last month due to the Backlog Capital Improvements scheme being moved here from the Chief Executive Directorate), and is currently projecting slippage of £1.389m as a result of the more major scheme variances summarised below. These result from delays arising from contractor negotiations, conducting a borough-wide survey to assess needs and priorities, and pending decisions in the corporate accommodation strategy.

- Street light replacement (£591k);
- Road safety improvement (£210k);
- Highways Improvement Programme (£225k);
- Structural Repairs and Bridge Maintenance (£98k); and
- Backlog Capital Improvements (£200k).

Chief Executive (CEO)

2.13.8 The Directorate has a current budget of £8.5m and is forecasting overall slippage of £482k.

2.13.9 Asset Management schemes are forecasting total slippage of £346k. This includes £115k relating to the Energy Efficiency Programme, which is as a result of the closure of various corporate accommodation sites. It is proposed the slippage is moved into 2015/16 and considered as part of wider energy initiatives. There is also slippage of £200k forecast against the Corporate Accommodation scheme, which is due to delays in decisions surrounding the future of corporate buildings.

2.13.10 Regeneration schemes are forecast to slip by £136k this year, relating to the LEGI business centre scheme, as an opportunity has arisen to secure further regeneration grant funds against this scheme in 2015/16 and some transport works being put back until the Easter holiday period.

Housing Revenue Account (HRA)

2.13.11 The HRA has a current capital programme budget of £90.4m, and is forecasting a year-end outturn of £80.4m.

2.13.12 **Estate Renewal** - This budget is forecasting slippage of £300k due to uncertainties around the completion of the full demolition of Gascoigne and Althorne way buildings this financial year.

2.13.13 **New Build** - This budget is showing slippage of £4.29m, which results from an overspend of £155k on the New Council Housing Phase 3 scheme, and underspends totalling £4.45m across the following schemes:

- Ilchester Road (£450k);
- North Street (£250k);

- Street Properties Acquisition (£180k);
- Marks Gate (£2.8m); and
- Leys (£745k).

2.13.14 **Investment in stock** - This budget is forecasting an overall net underspend of £5.43m as a result of the following:

- Decent Homes (all areas) – net slippage of £5.9m – due to contractor negotiations and delays in the tender process. This position is inclusive of an overspend of £530k on the Decent Homes South scheme.
- Fire safety works and Windows – slippage of £625k and £50k respectively.
- Aids & Adaptations, Voids, Asbestos Removal, Central Heating Installations, R&M Capitalisation and Block & Estate Modernisation – combined overspending this year of £1.2m. This will be funded from budget brought forward from future years.

2.14 **New Capital Schemes – 2015/16**

2.14.1 The Budget Framework 2015/16 report to Cabinet and Assembly in February highlighted that a small provision had been made for prudential borrowing for 2015/16 and that the allocation of that would be considered at a future meeting of Cabinet.

2.14.2 In that respect, the following schemes are proposed for addition to the Council's capital programme in 2015/16:

Scheme	Budget 2015/16 £000
Disabled Facilities Grant	150
Upgrade of Children's Centres	300
New Vehicle Wash Facilities	35
Fleet Wide GPS	40
Workshop Roof & Maintenance	215
Resurfacing of Priority Roads	550
Resurfacing of Priority Footways	500
Multi Storey Car Park Improvements	30
Park Infrastructure	160
Park Play Facilities	20
Total	2,000

2.14.3 Other schemes, including potential further allocations for the resurfacing of the Borough's roads, will be considered as and when capital receipts are realised from previous Cabinet decisions on the disposal of surplus assets.

2.15 **Financial Control**

2.15.1 At the end of January, the majority of key reconciliations have been prepared and reviewed. Where they are outstanding, an action plan has been put in place to ensure that they are completed by the end of the financial year.

3 Options Appraisal

- 3.1 The report provides a summary of the projected financial position at the relevant year end and as such no other option is applicable for appraisal or review.

4 Consultation

- 4.1 The relevant elements of the report have been circulated to appropriate Divisional Directors for review and comment.
- 4.2 Individual Directorate elements have been subject to scrutiny and discussion at their respective Directorate Management Team meetings.

5 Financial Implications

- 5.1 This report details the financial position of the Council.

6 Legal Issues

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

Public Background Papers Used in the Preparation of the Report:

- Oracle monitoring reports

List of Appendices:

- **Appendix A** – General Fund expenditure by Directorate
- **Appendix B** – Savings Targets by Directorate
- **Appendix C** – Housing Revenue Account Expenditure
- **Appendix D** – Capital Programme

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GENERAL FUND REVENUE MONITORING STATEMENT

January 2014/15

Directorate	Outturn 2013/14	Revised Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
<u>Adult & Community Services</u>				
Adult Social Care	45,354	29,023	29,893	870
Commissioning & Partnership		10,502	9,428	(1,074)
Culture & Sport	6,822	4,480	4,395	(85)
Mental Health	3,803	3,434	4,126	692
Public Health	(786)	785	785	-
Management & Central Services	(2)	7,157	6,042	(1,115)
	55,191	55,381	54,669	(712)
<u>Children's Services</u>				
Education	6,576	5,750	5,094	(656)
Complex Needs and Social Care	39,205	35,250	39,803	4,553
Commissioning and Safeguarding	9,607	9,638	9,688	50
Other Management Costs	9,628	11,211	11,211	-
	65,016	61,849	65,796	3,947
<u>Children's Services - DSG</u>				
Schools	169,101	176,960	176,960	-
Early Years	13,226	19,329	19,329	-
High Needs	22,920	27,837	28,807	970
Non Delegated	2,715	957	737	(220)
Growth Fund	2,489	3,037	2,375	(662)
School Contingencies	590	-	-	-
DSG/Funding	(211,041)	(228,120)	(228,208)	(88)
	-	-	-	-
<u>Housing & Environment</u>				
Environment & Enforcement	22,425	21,109	21,247	138
Housing General Fund	3,161	3,579	3,475	(104)
	25,586	24,688	24,722	34
<u>Chief Executive Services</u>				
Chief Executive Office	(144)	(82)	(27)	55
Strategy & Communication	(305)	213	123	(90)
Legal & Democratic Services	212	526	106	(420)
Human Resources	(71)	62	57	(5)
Corporate Finance & Assets	15,510	18,079	18,202	123
Regeneration & Economic Development	2,994	2,645	2,595	(50)
	18,196	21,443	21,056	(387)
<u>Other</u>				
Central Expenses	(5,013)	(8,232)	(9,906)	(1,674)
Levies	-	9,685	9,808	123
Contingency	9,395	1,550	1,550	-
Budgeted Reserve Drawdown		(1,044)	(1,044)	-
	4,382	1,959	408	(1,551)
TOTAL	168,371	165,320	166,651	1,331

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Directorate Savings Targets: Progress at Period 10

Ref:	Detail	Target £000	Forecast £000	Variance £000	Current Position
ACS/SAV/09	Adoption of a mixed economy approach for the library service: closure of Rush Green library, transfer of Robert Jeyes library into a community management arrangement and a wholly volunteer led service at Marks Gate library.	593	593	-	Cabinet resolution 23 July 2013 that the difference between the original budget saving of £593k and the anticipated saving of £400k will be managed by the application of corporate contingency in 2014/15, and that for 2015/16 the shortfall be addressed as part of the budget savings requirement.
ACS/SAV/11	Reduce funding for care packages	200	200	-	Saving to be achieved from care budgets
ACS/SAV/12	Management Reductions (reduce social care GM)	40	40	-	Post deleted saving will be achieved
ACS/SAV/13	Homelessness Prevention	120	120	-	Budget and delivery of saving transferred to Housing
ACS/SAV/14	Reduce Carers Contract	14	14	-	Provider (Carers of Barking & Dagenham) informed of reduction
ACS/SAV/15	Advocacy - reduce to statutory provision	42	42	-	Plans to deliver this saving are in place
ACS/SAV/16	Do not extend core funding for DABD	35	35	-	Plans to deliver this saving are in place
ACS/SAV/19	Reduce business support in Adult Social Care	16	16	-	Post deleted saving will be achieved
ACS/SAV/20	Delete Arts Team	96	96	-	Deletion of Arts Development manager post in December 2013.
ACS/SAV/21	Delete Events Team and end all directly delivered and commissioned arts events and programmes	68	68	-	Deletion of Events team and programme scheduled before the end of the year.
ACS/SAV/23	Valence House - Heritage Education Team	40	40	-	Plan to deliver this saving in place.
ACS/SAV/25	Delete Neighbourhood Crime Reduction Team	133	133	-	Service redesign: savings to be achieved through utilisation of external funding streams
ACS/SAV/26	Delete Anti Social Behaviour Team	121	121	-	Service redesign: savings to be achieved through utilisation of external funding streams

Appendix B

ACS/SAV/28	Reduce strategic commissioning posts	28	28	-	Post deleted saving will be achieved
ACS/SAV/29	Reduce dedicated support to service users and carers	19	19	-	Post deleted saving will be achieved
ACS/SAV/30	Metropolitan Police - Cease Funding Parks Team	160	160	-	Plans to deliver this saving are in place
ACS/SAV/31	Youth Offending - Cessation of triage and prevention interventions	200	200	-	Plans to deliver this saving are in place
ACS/SAV/33	Supporting People Grant Changes	200	200	-	Steps to deliver this saving has been confirmed with Housing colleagues
Feb 2012 Assembly	Remodelling homecare services in line with the principles of personalisation	100	100	-	Saving achieved following choice & control restructure
Feb 2012 Assembly	Revisions to pricing framework for Care Home Placements	24	24	-	Pricing framework revised - saving will be achieved
Feb 2012 Assembly	Changes to in-house residential care service for adults with a learning disability (80 Gascoigne)	50	50	-	To be achieved by moving service users currently in high cost external placements to 80 Gascoigne Rd
Feb 2012 Assembly	Remodel of learning disability day, volunteering and employment services	100	100	-	Plans to deliver this saving are in place
Feb 2012 Assembly	Expanding commercial opportunities at heritage venues	40	0	40	Income budget to be added to shortfall in current Eastbury House income generation so it is expected that this saving would add to this shortfall. However, the shortfall is expected to be absorbed within the wider Culture & Sport income targets
Total Adult & Community Services		2,438	2,398	40	

Appendix B

Ref:	Detail	Target £000	Forecast £000	Variance £000	Current Position
CHS/SAV/16	Adult College –Saving in General Support	100	100	0	On target to be achieved
CHS/SAV/17	Education -Advisory Teachers	200	200	0	On target to be achieved
CHS/CS03	Education -Borough Apprentice Scheme	50	50	0	On target to be achieved
CHS/SAV	Education - Attendance	40	40	0	On target to be achieved
CHS/SAV/17	Education – Special Inclusion Team	50	50	0	On target to be achieved
CHS/SAV/19	Education	200	200	0	On target to be achieved
CHS/SAV/20	Education – Youth Services Central	460	460	0	On target to be achieved
CHS/SAV/21	Education – SSE Early Years and Childcare	50	50	0	On target to be achieved
CHS/SAV/22	Commissioning -SSE Children’s Centres Central	1,614	1,614	0	On target to be achieved
CHS/SAV/07	Commissioning - CAMHS	50	50	0	On target to be achieved
CHS/SAV/C S07a	Commissioning – Performance and Information	55	55	0	On target to be achieved
CHS/SAV/C S07b	Commissioning –Commissioning and Partnerships	25	25	0	On target to be achieved
CHS/SAV/13	Commissioning – Performance and Information	70	70	0	On target to be achieved
Total Children’s		2,964	2,964	0	

Appendix B

Ref	Detail	Target £000	Forecast £000	Variance £000	Current Position
H&E/SAV/13	Environmental Services - Remove infrastructure and reduction in maintenance; and identify alternative community use for spaces where possible	195	195	0	20 GMO staff (0.5 FTE's) have been removed from the Grounds maintenance budget. Staff impacted have either left or are in other non-GMO roles.
H&E/SAV/15	Recharge GF works to the Parking Account	100	0	100	Savings not achieved due to mitigating the loss of assets including Axe Street Car Park, Becontree Heath Car Park and areas of CPZ which were removed resulting in lost income from permits sales. Also decreases in income for Pay and Display as fees were not increased to take into account the convenience charge for telephone parking.
H&E/SAV/16	Housing Advice Service - Reduction in temporary Accommodation Costs	225	225	0	Savings delivered through reduction in B&B use/Increased hostel and other housing options
H&E/SAV/17	Parking - increase the volume of enforcement activity delivered by surveillance cameras and cars; and implement paperless parking systems including online and telephone payments and automatic number recognition.	300	225	75	<p>-Generation of £150k for increased levels of enforcement and efficiencies within the service.</p> <p>-Paperless parking and enforcement by ANPR - £55k</p> <p>Paperless parking project is due to go live in April 2015; there has been a delay in this going live due to other IT issues that have occurred. To be rolled forward to 2015/16</p> <p>-Online permit sales</p> <p>This is in place and the footfall of customers is down by 10% since April 2014. As the on-line applications increase this has had an effect on resource in the back office. Savings is not achievable as it was taken by the one stop shop and not by parking.</p> <p>-Consultation - £20k</p> <p>A review of the service to be undertaken only part year saving to be delivered. Full year equates to £40k</p>
Feb 2012 Assembly	Making Parks more commercially sustainable	9	9	0	Savings delivered through income received from Masts

Appendix B

FIN&RES/SAV /19	Facilities Management - Closure of buildings as part of the office accommodation strategy	300	5	295	Savings not yet achieved as both 2 & 90 Stour road buildings have not yet closed.
ACS/SAV/13	Homelessness Prevention	120	120	0	Savings delivered and affected staff have been retained due to Public Health grant funding obtained.
Total Housing & Environment		1,129	659	470	

Ref:	Detail	Target	Forecast	Variance	Current Position
		£000	£000	£000	
FIN&RES/SAV /01	Regeneration - delete a post in the Transport Planning team from 2014/15	53	53	0	Savings achieved and post deleted.
FIN&RES/SAV /06	Efficiencies through implementation of Oracle R12	200	200	0	Savings achieved
FIN&RES/SAV /18	Merger of the Corporate Client and Capital Delivery Teams	125	125	0	Restructure completed and savings achieved
FIN&RES/SAV /20	Regeneration - Further savings on the Economic Development and Sustainable Communities Team	240	240	0	Savings achieved
FIN&RES/SAV /21	Regeneration - Further savings in the Employment & Skills Team	307	307	0	Savings achieved
FIN&RES/SAV /22	Regeneration - additional income from the increase in nationally set planning fees.	52	52	0	Income target increased, savings on track to be delivered.
CEX/SAV/09	Human Resources - Cost of Health and Safety Team	56	56	0	Savings achieved, post deleted
CEX/SAV/10	Strategy & Communications - Further reduction and sharing of Service	70	70	0	Savings achieved and shared arrangement with Thurrock Council in place.
Feb 2012 Assembly	Merge Payroll and HR Support (within Elevate)	116	116	0	Achieved
Total Chief Executive		1,219	1,219	0	

HRA SAVINGS

Detail	Target	Forecast	Variance	Current Position
Cease Sheltered Housing warden service to London and Quadrant and closure of St Mary Sheltered Housing Unit	103	103	0	Service recharged to L&Q
Efficiency savings for housing Repairs and Maintenance	490	490	0	Expected to deliver saving
Undertake an economic, technical and operational review of DLO	500	250	250	Partial delivery of saving in year from efficiencies and savings on non-staffing budgets
Capitalisation of Voids	1,000	1,000	0	Charged to appropriate capital budget
Reduction in concierge due to demolition of blocks	300	300	0	Service no longer in place following demolition of blocks
Tenants Resource Centre	15	15	0	Achieved via a reduction in discretionary spend
Reduce provision for bad debts in HRA 2014/15	500	500	0	Bad Debt provision level expected to be sufficient
Increased commission on Water Services	251	251	0	Achieved. Higher percentage negotiations ongoing
Provide leasehold management services to Thurrock Council	50	50	0	First quarter invoice to be submitted
Reduction in Corporate Recharges to the HRA	743	743	0	Achieved as part of recharge review
CDC Reduction	126	126	0	Achieved as part of recharge review
Neighbourhood Management	92	61	31	ACS expect to achieve 75% saving
Additional rental income on Street Purchase	70	52	18	A number of properties have not been occupied for the full year the expected rental income is therefore £52k
Energy billing housing property communal areas	318	100	218	Not currently expected to be achieved – review underway
Tenants Participation Team restructure	40	40	0	Budget saving achieved
Housing and Neighbourhood Staffing Structures	510	50	460	Saving will not be delivered due to delays in progressing the restructure. Current forecast assumes small in-year saving
Repairs and Maintenance services provided to B&D Reside	190	90	100	Due to the high level of Voids income will not be passed to the HRA
Housing Management services provided to B&D Reside	77	37	40	Due to the high level of Voids income will not be passed to the HRA
Reduction improvement team and fleet	226	0	226	Six improvement staff and one quality assurance post transferred to R&M - staff are unbudgeted. Line management was transferred at the end of 13/14.

Appendix B

Vehicle contract hire	23	23	0	This particular vehicle was removed, however, there remains a wider pressure on vehicle costs.
Caretaking supplies	100	100	0	This budget was reduced and spend is currently on track to be at the revised level.
Reduction in caretaking and fleet	201	201	0	5 Staff positions across localities were removed and a further fleet reduction delivered.
Ground Maintenance reduction	60	60	0	2 x Grounds maintenance operatives were removed from the structure. Saving delivered. There remains a significant pressure of establishment spend within the service.
Reduction of two working supervisor posts from Environmental Services	66	66	0	2 x Working hands supervisors were removed from structure. Savings delivered. There remains a significant pressure of establishment spend within the service.
Closure of Abbey Depot	40	40	0	Depot was closed and no associated premises costs are to be incurred. Saving delivered.
Quality Assurance Post	41	41	0	Staff member has left. Saving delivered.
TOTAL HRA	6,132	4,789	1,343	

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HOUSING REVENUE ACCOUNT MONITORING STATEMENT
January 2014-15

Appendix C

	Budget	Actual to date	Forecast	Variance
	£'000	£'000	£'000	£'000
Rents	(87,000)	(72,350)	(87,000)	0
Non Dwelling Rents	(2,503)	(1,905)	(2,308)	195
Other Income	(16,401)	(14,390)	(16,851)	(450)
Repairs & Maintenance	17,205	16,099	17,871	666
Supervision & Management	37,779	34,382	37,856	77
Rents, Rates and Other	700	500	600	(100)
Revenue Contribution to Capital	35,453	11,609	35,721	268
Bad Debt Provision	2,659	0	2,467	(192)
Interest Charges	9,759	4,545	9,659	(100)
Corporate & Democratic Core	685	685	685	0
Interest Received	(336)	(280)	(700)	(364)
Pension Contribution	2,000	2,000	2,000	
Total	0	(19,105)	0	0

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2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
Adult & Community Services					
Adult Social Care					
FC00106	Private Sector HouseHolds (DFG Grant)	573,715	545,868	573,715	0
FC02888	Direct Payment Adaptations Grant	385,333	218,967	385,333	0
FC02913	80 Gascoigne Road	3,672	0	3,672	0
FC02976	Community Capacity Grant	991,908	761,777	991,908	0
Culture & Sport					
FC02855	Mayesbrook Park Athletics Arena	212,220	102,971	167,880	(44,340)
FC02870	Barking Leisure Centre 2012-14	7,988,877	6,995,478	8,013,573	24,696
FC02266	Barking Park Restoration & Improvement	295,373	339,713	339,713	44,340
Total For Adult & Community Services		10,451,098	8,964,774	10,475,794	24,696

Children's Services

Primary Schools					
FC02736	Roding Primary School (Cannington Road Annex)	136,939	6,590	6,590	(130,349)
FC02745	George Carey CofE (formerly Barking Riverside) Primary School	250,000	105,001	250,000	0
FC02759	Beam Primary Expansion	81,231	2,963	2,963	(78,268)
FC02784	Manor Longbridge (former UEL Site) Primary School	320,416	16,962	270,416	(50,000)
FC02786	Thames View Juniors - Expansion & Refurb	28,592	4,516	4,516	(24,076)
FC02787	Cambell Junior - Expansion & Refurb	17,626	0	17,626	0
FC02790	St Georges - New Primary School	25,385	0	0	(25,385)
FC02799	St Joseph's Primary - expansion	20,601	0	20,601	0
FC02800	St Peter's Primary - expansion	33,869	13,868	36,869	3,000
FC02860	Monteagle Primary (Quadrangle Infill)	80,549	5,000	5,000	(75,549)
FC02861	Eastbury Primary (Expansion)	375,000	244,050	375,000	0

2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
FC02862	Gascoigne Primary (Expansion)	44,756	0	0	(44,756)
FC02863	Parsloes Primary (Expansion)	34,972	456	4,607	(30,365)
FC02864	Godwin Primary (Expansion)	3,331	8,603	9,302	5,971
FC02865	William Bellamy Primary (Expansion)	2,500,000	2,295,485	2,500,000	0
FC02867	Southwood Primary (Expansion)	1,060	0	1,060	0
FC02900	Becontree Primary Expansion	24,347	0	24,347	0
FC02918	Roding Cannington	38,642	14,816	38,642	0
FC02919	Richard Alibon Expansion	971,769	938,635	1,071,769	100,000
FC02920	Warren/Furze Expansion	25,026	30,574	31,500	6,474
FC02921	Manor Infants Jnr Expansion	1,850,000	2,023,167	2,050,000	200,000
FC02922	Valence Halbutt Expansion	15,000	47,487	47,487	32,487
FC02923	Rush Green Expansion	30,000	0	30,000	0
FC02924	St Joseph's Primary(Barking) Extn 13-14	94,985	72,540	94,985	0
FC02955	City Farm Barking Riverside New School	25,000	0	0	(25,000)
FC02956	Marsh Green Primary 13-15	200,000	183,201	200,000	0
FC02957	John Perry School Expansion 13-15	1,420,320	1,479,956	1,520,320	100,000
FC02960	Fanshawe Primary Expansion	750,000	244,133	750,000	0
FC02979	Gascoigne Primary -Abbey Road Depot	100,000	2,750	100,000	0
FC02998	Marks Gate Junior Sch 2014-15	100,000	29,382	50,000	(50,000)
FC03014	Barking Riverside City Farm Phase II	750,000	79,801	750,000	
Secondary Schools					
FC02932	Trinity 6th Form Provision	30,000	0	30,000	0
FC02953	All Saints Expansion 13-15	3,883,568	3,796,889	4,000,000	116,432
FC02954	Jo Richardson expansion	1,000,000	845,514	750,000	(250,000)
FC02959	Robert Clack Expansion 13-15	100,000	23,133	100,000	0
FC02977	Barking Riverside Secondary Free School (Front Funding)	4,000,000	1,420,240	4,000,000	0
Other Schemes					
FC02723	Skills Centre	170,000	179,403	179,285	9,285

2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
FC02724	Basic Needs Funding (Additional School Places)	5,615	10,669	10,669	5,054
FC02751	Kitchen Refurbishment 10/11	10,826	10,735	10,826	0
FC02826	Conversion of Heathway to Family Resource Centre	69,948	49,485	49,485	(20,463)
FC02878	512A Heathway (Phase 2) - Conversion to a Family Resource	7,222	7,065	7,222	0
FC02906	School Expansion SEN projects	500,000	728,026	775,000	275,000
FC02909	School Expansion Minor projects	500,000	430,835	500,000	0
FC02929	Schools Modernisation Fund 2012-13	968,394	969,778	968,394	0
FC02958	Fanshawe Adult College Refurb13-15	144,053	144,569	144,053	0
FC02972	Implementation of early education for 2 year olds	1,304,806	1,002,590	1,304,806	0
FC02974	Robert Clack Artificial Football Pitch	283,329	48,422	283,329	0
FC02975	Barking Abbey Artificial Football Pitch	629,797	578,824	629,797	0
FC02978	Schools Modernisation Fund 2013-14	1,554,260	1,321,437	1,554,260	0
FC03010	SMF 2014-16	300,000	130,526	300,000	0
FC03013	Universal infant Free School Meals Project	708,101	306,476	708,101	0
9999	Devolved Capital Formula	1,096,721	703,309	1,096,721	0
Children Centres					
FC02217	John Perry Children's	9,619	0	9,619	0
FC02310	William Bellamy Children Centre	6,458	0	6,458	0
Total For Children's Services		27,632,133	20,557,861	27,681,625	49,492

2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
Housing and Environment					

Environmental Services					
FC02764	Street Light Replacing	1,417,969	722,775	827,050	(590,919)
FC02873	Environmental Improvements and Enhancements	28,950	28,950	28,950	0
FC02964	Road Safety Impv 2013-14 (TFL)	328,475	10,044	118,475	(210,000)
FC02886	Parking Strategy Imp	91,245	39,200	91,245	0
FC02930	Highways Improvement Programme	2,617,708	2,305,344	2,392,708	(225,000)
FC02981	Parkmap (Traffic Management Orders)	57,126	8,834	57,126	0
FC02982	Controlled Parking Zones (CPZ's) 2013-15	255,155	191,821	191,821	(63,334)
FC02999	Rippleside Cmtry prov 2014-15	63,000	43,585	63,000	0
FC03011	Structural Repairs & Bridge Maintenance	250,000	30,328	152,145	(97,855)
FC02567	Abbey Green Park Development	9,093	13,394	13,394	4,301
FC02817	Mayesbrook Park Improvements (Phase 1)	10,926	2,050	6,625	(4,301)
FC02911	Quaker Burial Ground	48,312	38,713	48,312	0
FC02912	Barking Park Tennis Project	7,397	5,361	5,361	(2,036)
FC03012	Environmental Asset Database Expansion	306,428	164,471	306,428	0
FC02542	Backlog Capital Improvements	600,000	213,937	400,000	(200,000)
Total For Housing & Environment		6,091,784	3,818,807	4,702,640	(1,389,144)

Chief Executive (CEO)

Asset Strategy					
FC02578	Asbestos (Public Buildings)	15,916	3,908	4,416	(11,500)
FC02771	Automatic Meter Reading Equipment	19,952	225	452	(19,500)
FC02587	Energy Efficiency Programme	150,000	19,778	35,000	(115,000)
FC02565	Implement Corporate Accommodation Strategy	900,000	657,840	700,000	(200,000)

2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
ICT					
FC02738	Modernisation and Improvement Capital Fund (formerly One B &	2,040,814	1,387,736	2,040,814	0
FC02877	Oracle R12 Joint Services	1,584,196	527,181	1,584,196	0
FC03016	Agilisys Connect Website Development	283,450	283,450	283,450	0
Regeneration					
FC02458	New Dagenham Library & One Stop Shop Church Elm Lane	73,666	30,821	73,666	0
FC02596	LEGI Business Centres	113,000		0	(113,000)
FC02969	Economic Development Growth Fund	33,000	2,413	9,950	(23,050)
FC02821	Robin Hood Shopping Parade Enhancement	151,032	120,253	151,032	0
FC02901	Creekmouth Arts & Heritage Trail	170,550	75,339	170,550	0
FC02902	Short Blue Place (New Market Square Barking - Phase II)	100,491	74,573	100,491	0
FC02928	Captain Cook Site Acquisition and Public Realm Works (Abbey	388,500	0	388,500	0
FC02891	Merry Fiddlers junction Year 2	0	0	0	0
FC02898	Local Transport Plans (TFL)	66,500	34,905	56,297	(10,203)
FC02962	Principal Road Resurfacing 2013-14 TfL	532,000	386,152	532,000	0
FC02963	Mayesbrook Neighbourhood Improvements (DIY Streets) 2013-14	47,500	57,703	57,703	10,203
FC02994	Renwick Road/Choats Road 2014/15	412,500	311,303	412,500	0
FC02995	Ballards Road/ New Road 2014/15	95,000	76,978	95,000	0
FC02996	Barking Town Centre 2014/15 (TfL)	549,500	84,924	549,500	0
FC02997	A12 / Whalebone Lane (TfL)	47,500	6,485	47,500	0
FC03000	MAQF Green Wall (TfL)	42,000	14,699	42,000	0
FC02914	Barking Job Shop Relocation	12,504	12,548	12,504	0
FC03015	Demolition of the Former Remploy site	709,000	610,670	709,000	0
Total For CEO		8,538,571	4,760,055	8,056,521	(482,050)
Grand Total General Fund		52,713,586	38,101,497	50,916,580	(1,797,006)

2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
HRA					
Estate Renewal					
FC02820	Boroughwide Estate Renewal	6,680,000	4,269,776	6,380,000	(300,000)
New Builds					
FC02945	Street Properties Acquisition	400,000	79,769	220,000	(180,000)
FC02823	New Council Housing Phase 3	300,000	454,849	454,849	154,849
FC02916	Lawns & Wood Lane Dvlpmnt	2,039,158	1,913,896	2,039,158	0
FC02917	Abbey Road CIQ	5,458,000	5,291,485	5,458,000	0
FC02931	Leys New Build Dev (HRA)	6,745,276	6,846,996	6,000,000	(745,276)
FC02961	Goresbrook Village Housing Development 13-15	7,684,000	7,781,717	7,684,000	0
FC02970	Marks Gate Open Gateway Regen Scheme	10,023,750	4,712,226	7,200,000	(2,823,750)
FC02988	Margaret Bondfield New Build	1,500,000	1,290,205	1,500,000	0
FC02989	Ilchester Road New Build	500,000	5,481	50,000	(450,000)
FC02991	North St	300,000	4,524	50,000	(250,000)
	Sub Total	34,950,184	28,381,148	30,656,007	(4,294,177)
Investment in Stock					
FC00100	Aids & Adaptations	450,000	488,264	600,000	150,000
FC02933	Voids	6,352,000	6,129,949	6,450,000	98,000
FC02934	Roof Replacement Project	1,900,000	1,530,070	1,900,000	0
FC02938	Fire Safety Works	1,600,000	32,676	975,000	(625,000)
FC02943	Asbestos Removal (Communal Areas only)	420,000	490,742	640,000	220,000
FC02950	Central Heating Installation Inc. Communal Boiler Replacement	2,400,000	2,651,813	2,671,820	271,820
FC02983	Decent Homes Central	6,950,000	3,932,725	6,950,000	0
FC02984	Block & Estate Modernisation	2,440,000	2,124,415	2,600,000	160,000
FC02811	Members Budget	324,000	61,372	324,000	0
FC02939	Conversions	270,000	136,383	270,000	0
FC03001	Decent Homes (North)	10,543,956	3,595,901	7,365,182	(3,178,774)
FC03002	Decent Homes (South)	8,746,176	7,619,649	9,277,061	530,885

2014/15 CAPITAL PROGRAMME - as at the end of January 2015

Project No.	Project Name	Budget	Actual Expenditure	2014/15 Forecast	Forecast Variance
		£	£	£	£
FC03003	Decent Homes (Blocks)	3,087,914	43,731	955,000	(2,132,914)
FC03004	Decent Homes (Sheltered)	1,800,000	5,472	641,816	(1,158,184)
FC03005	Decent Homes Small Contractors	275,000	13,396	275,000	0
FC03007	Windows	250,000	0	200,000	(50,000)
FC03008	R&M Capitalisation/ Boiler Replacement	1,000,000	914,116	1,280,000	280,000
	Sub Total	48,809,046	29,770,674	43,374,880	(5,434,166)
FC02990	Abbey Road Phase II New Build		90,308		
Grand Total HRA		90,439,230	62,511,906	80,410,887	(10,028,343)

TOTAL CAPITAL PROGRAMME	143,152,816	100,613,403	131,327,467	(11,825,349)
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CABINET**24 March 2015**

Title: Corporate Delivery Plan 2014/15 – Quarter 3 Update	
Report of the Leader of the Council	
Open Report	
Wards Affected: All	Key Decision: No
Report Author: Sal Asghar Interim Strategy and Performance Manager	Contact Details: Tel: 020 8227 3734 E-mail: salauoddin.asghar@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Chief Finance officer	
Accountable Director: Chris Naylor, Chief Executive	
<p>Summary:</p> <p>This report includes an update on progress for the priority projects and performance indicators agreed as part of the Corporate Delivery Plan by Cabinet in October 2014. This report provides an update for quarter 3 2014/15, up to the end of December. Good progress has been made overall.</p> <p>The Corporate Delivery Plan is a key document to ensure the Council has a co-ordinated approach to delivering the vision and priorities, and makes best use of the limited resources available. The priority projects have been identified in consultation with Cabinet Members, and represent projects that are integral to the delivery of the overall priorities and running of the Council. KPIs have also been developed to monitor performance towards the priorities and of frontline services.</p> <p>Following the quarter 2 update, CMT instructed the strategy team to work with services to review KPIs and ensure that they continue to be relevant in monitoring delivery of the vision and priorities. A workshop was held with departmental performance leads leading to the removal and addition of a number of KPIs. The revised list of KPIs was taken to DMTs in January and to CMT for agreement. Cabinet are asked to note the revised list set out in Appendix 2. The revised set of indicators are reported on in this report and will be used moving forward.</p> <p>Progress for the priority projects and KPIs will be reported quarterly to CMT and Cabinet and every six months to the Public Accounts and Audit Select Committee (PAASC).</p>	
Recommendation(s)	
Cabinet is asked to:	
<ul style="list-style-type: none"> (i) Note the revised list of indicators set out in Appendix 2 (ii) Note the performance for the priority projects and KPIs, agreeing any actions to address any lack of progress and deteriorating performance. 	

Reason(s)

The vision and priorities were agreed by Assembly in September 2014. They reflect the changing relationship between the Council, partners and the community, and the Council's role in place shaping and enabling community leadership within the context of a significantly reducing budget.

The Corporate Delivery Plan update provides Members with the opportunity to monitor progress towards achieving the vision and priorities, consider organisational performance, celebrate improvements, tackle areas of poor performance, and learn lessons from areas of good practice.

1. Introduction

- 1.1 The new vision and priorities were agreed by Assembly in September 2014. Following this, the Council produced a Corporate Delivery Plan which was agreed by Cabinet in October. The delivery plan is an important part of ensuring the Council has a clear focus on delivering the new vision and priorities for Barking and Dagenham. The plan will allow the Council to make best use of limited resources in areas that will make the greatest difference in achieving the overall vision and priorities. It is intended to help frame the ambition of the Council within the resources available to deliver them.
- 1.2 The delivery plan has been developed in order to ensure that the Council's contribution to achieving the priorities is proactive, co-ordinated, resourced in line with the MTFs and monitored so that Members and residents can see progress. The delivery plan captures the priority projects and KPIs that are required to effectively deliver the new vision. Progress will be reported quarterly to Cabinet and six-monthly to Public Accounts and Audit Select Committee (PAASC).
- 1.3 The delivery plan is a key part of the Council's overall performance framework and 'golden thread' which links the vision and priorities through to the corporate priority projects and indicators, business plans, team work programmes and individual objectives in appraisals.
- 1.4 The Strategy team have contacted services to begin the business planning process. The deadline for services to have draft business plans by is 17th March 2015. Through the business planning process we will ensure that each service area has a plan for the year that links the priorities to the resources available. Each service area will produce a plan detailing their key priorities, deliverables, and actions they will take (with timescales) to take forward the priorities in the delivery plan.
- 1.5 To complete the golden thread all staff have an annual appraisal (with a formal six monthly review). Through this process performance in the last year is reviewed and objectives set for the year ahead. Individual objectives will be set based on business plans, thereby ensuring all staff are focused on priorities. We also assess staff against competencies based on the values, on the basis that success depends on the way they go about their job as much as what they do. Individual learning and development needs are also identified through this process.

- 1.6 Alongside formal appraisal all staff should have regular supervision or one to ones. This enables performance to be monitored and issues addressed. Our aim is to help people maximise their performance, but there are formal capability processes should there be consistent under-performance.

2 A co-ordinated approach to organisational performance

- 2.1 This report provides an update on the priority projects, and the performance framework for quarter 3 2014/15. It provides a holistic picture of organisational performance in these areas.
- 2.2 This report is divided into two sections:
- Update on the Priority Projects (Appendix 1)
 - Update on the Key Performance Indicators (Appendix 2)
- 2.3 The delivery plan identifies 27 projects, which will support the achievement of the overall vision and priorities. An update on how these projects have progressed as at February 2015 is provided in Appendix 1. Overall good progress has been made.
- 2.4 We also know that despite aiming to set a balanced budget for 2015/16 and 2016/17, there will be further savings required and although we believe we have the resources available to deliver the priorities at present we must look forward to ensure we are as efficient as we can be by maximising the opportunities to be digital by design, manage demand for services, generate income and adopt new ways of working through community hubs and a new relationship with the voluntary sector and the community. This is in line with the direction of travel of many local authorities.

3 Performance Summary - Key performance Indicators

- 3.1 The key performance indicators were reviewed in January 2015 in consultation with services and their respective DMTs. The indicators focus on high level areas of interest and allow Members and officers to monitor performance. In addition to these corporate indicators, services may have service level indicators which provide a more detailed picture of performance monitored locally.
- 3.2 A detailed breakdown of performance for quarter three is provided in Appendix 2. However, a number of indicators which have seen a significant improvement or may be an area of concern have been included in the body of this report.
- 3.3 In order to report the latest performance in a concise manner, a number of symbols have been incorporated in the report. Please refer to the table below for a summary of each symbol and an explanation of their meaning.

Symbol	Detail
↑	Performance has improved when compared to the previous quarter
↔	Performance has remained static when compared to the same period last quarter
↓	Performance has deteriorated when compared to the same period last quarter
G	Performance is expected to achieve or has exceeded the target
A	Performance is within 10% of the target
R	Performance is 10% or more off the target

3.4 Of all the Corporate Priority indicators which are reported on a quarterly basis, the following table provides a summary of performance at quarter 3. This should be considered in the context of significant budget reductions and our continuation to improve services.

↑	↔	↓	G	A	R
30 (51%)	5 (8%)	24 (41%)	23 (44%)	14 (27%)	15 (29%)

* Please note that RAG rating performance indicators where no target has been supplied by the service area is not possible. Currently 7 KPIs do not have a target and have not been included in this calculation. The strategy team will be working with services to carryout a data quality exercise to ensure all indicators have appropriate targets.

4 Corporate Priority Performance – Focus on Performance

4.1 For quarter 3 performance reporting, focus has been given to a small selection of indicators where performance has either greatly improved or has shown a deterioration. It is hoped that by focusing on specific indicators, senior management and Members will be able to challenge performance and identify where action is required.

4.2 Improved Performance

No. 2

Total ASB incidents logged across all services (ASB Team, Housing, Environmental and Enforcement and Police)

- Performance YTD in December 2014 highlighted a decrease of 4059 incidents of ASB logged compared to the same period last year, which represents a 30% decrease.
- Strong partnership work around persistent and repeat callers through the monthly VOLT meetings has contributed towards this reduction.

- One of the main reasons for the improvement in performance for total ASB incidents logged is a direct result of the work Housing and Neighbourhoods have done following the recommendations from Safer Stronger Select Committee. This work has included new training in dealing with complaints of ASB for all housing officers, new victim focused procedures being written and put into practice, a strategy, policy and summary being written and published, the appointment of an ASB Coordinator and the new skill and ability for Housing to take out injunctions without the use of a solicitor. A further recommendation was the improved working and communications with the Metropolitan Police Estates Team which has given Housing a targeted and immediate approach to reports of ASB on estates resulting in more arrests and a safer community. As well as improved communications between Housing and Neighbourhoods and other agencies and departments this work has produced greater results for tenants and residents in a shorter space of time.

No.5

Total Priority Neighbourhood Crimes (MOPAC 7 - Burglary, Robbery, Criminal Damage, Theft from Person, Theft of Motor Vehicle, Theft From Motor Vehicle, Violence With Injury)

- Performance is currently at -22.1% (against the 2011/12 Baseline for which the target for this indicator is based upon) and on track to meet the 20% reduction target by 2016 for both Barking and Dagenham and for the Metropolitan Police service overall.
- An example of activity which has contributed to this reduction includes the formation of the Motor Vehicle Crime Unit (MVU) which has clearly had a positive impact along with the extensive partnership work linked to the community safety team and the CCTV team. The Neighbourhood Policing Teams are now doing patrols from new predictive crime maps which are updated daily.

No.9

Total number of volunteer hours

- At the end of Quarter 3, a total of 18,898 volunteering hours have been logged, this a 27.9% increase against the 14,780 logged for the same period in 2013/14.
- It is anticipated that the target of 20,000 hours will be met by the end of the financial year.
- This success of the volunteer programme this year reflects the hard work by the volunteer team in both promoting the programme and exploring new opportunities for volunteering, including;
 - Recruitment drives
 - New Brochures
 - Partnership work with stakeholders
 - Outreach work (Community Groups, Colleges, Libraries)
 - Raising profile of volunteering through local newspapers, social media and internet

4.3 Areas for Improvement

No.32

Looked After Children with up to date Health Checks

- Current performance for this indicator is 76.4%, which is a decrease from the same period last year (83.4%), and although represents an increase from quarter 2 (72.8%) based on the trend through 3 quarters it is unlikely that the target of 95% will be achieved.
- Performance for January has improved to 84% and the service have indicated that a lot of work is being undertaken at the moment with regard to this indicator and predict that performance will be approximately 90% by March 2015/Year End.
- The service has been experiencing delays in obtaining the required paperwork from health services, a dedicated business support officer has been tasked with ensuring that this process runs smoothly and health care assessments are completed in a more efficient manner
- Regular meetings are being held with the designated looked after children nurse and Children's Services in order to ensure that any issues are resolved

No. 55

The percentage of staff who believe that change is managed well in the Council

- Current performance for this indicator has decreased to 24% from 31% recorded in quarter 1. However it is important to note that the previous figure was generated from the Staff Survey whereas new figures are from Staff Temperature Checks.
- The Staff Temperature Check survey captures the views of employees on how they feel about working for the organisation and change management. The Temperature Check is normally carried out three times a year, but was put on hold in 2014 as an externally-led All-Staff Survey was conducted instead. The next temperature check will be carried out in May.
- Just over 800 surveys were sent out, and 321 staff (40% of those invited) took part. The All-Staff Survey was based on 2346 returns, which represented a response rate of 69%. Comparisons between the current two sets of data will be a guide only and not as a precise and methodical benchmarking exercise. Once we run more temperature checks during 2015 it will be easier to compare.

Efforts led by HR & OD, have been made to address this issue including taking the following steps:

- Managing Change Briefing Sessions during June and July 2014, attended by 56 managers
- A [Managing Change – Tips](#) guide for all line managers, compiled with input from management colleagues who have already led their teams through periods of restructuring
- Encouragement for employees to use the [ideas-space inbox](#), which offers an opportunity to make suggestions about the way the Council operates, with feedback from divisional directors
- Promotion of the Council's [Supporting Staff Through Tough Times](#) programme, with particular emphasis on the Employee Assistance Programme and measures available to staff at all stages of change

- More regular all-staff communications explaining changes to come and the reasons for them

5 Consultation

- 5.1 Corporate Management Team (CMT) and departments (through Departmental Management Teams) have informed the approach, data and commentary in this report.

6 Financial Implications

Prepared by: Carl Tomlinson, Finance Manager

- 6.1 There are no specific financial implications as a result of this report; however in light of current financial constraints it is imperative that Officers ensure that these key performance indicators are delivered within existing budgets. These budgets will be monitored through the existing monitoring process to identify and address potential issues and also any benefits as a result of improved performance on a timely basis.

7 Legal Implications

Prepared by: Chris Pickering, Principal Solicitor

- 7.1 Assembly agreed the vision and priorities in September 2014. The responsibility for implementing them rests with Cabinet. The delivery of these will be achieved through the projects set out in the delivery plan and monitored Quarterly. As this report is for noting, there are no legal implications.

8 Other Implications

- 8.1 **Risk Management** – There are no specific risks associated with this report. The delivery plan and ongoing monitoring will enable the Council to identify risks early and initiate any mitigating action. The Council's business planning process describes how risks are mitigated by linking with the Corporate Risk Register.
- 8.2 **Contractual Issues** – Any contractual issues relating to delivering activities to meet borough priorities will be identified and dealt with in individual project plans.
- 8.3 **Staffing Issues** – There are no specific staffing implications.
- 8.4 **Customer Impact** – The new vision and priorities give a clear and consistent message to residents and partners in Barking and Dagenham about the Council's role in place shaping and providing community leadership.
- 8.5 **Safeguarding Children** - The priority **Enabling social responsibility** encompasses activities to safeguard children in the borough and is delivered through the Local Safeguarding Children Board and Children's Trust.
- 8.6 **Health Issues** - The priority **Enabling social responsibility** encompasses activities to support the prevention and resolution of health issues in the borough and is delivered through the Health and Wellbeing Board.

- 8.7 **Crime and Disorder Issues** - The priority **Encouraging civic pride** encompasses activities to tackle crime and disorder issues and will be delivered through the Community Safety Partnership.

Background Papers Used in the Preparation of the Report:

Corporate Delivery Plan 2015/16 - 2016/17

List of appendices:

- **Appendix 1:** Priority Projects Update
- **Appendix 2:** Key Performance Indicators Update

Priority projects update

**One borough; one community;
London's growth opportunity**

Priority 1 - Encouraging civic pride

Priority project and brief description	Progress at Jan 2015	Service area and Portfolio Holder
<p>Festival 2015 A community led programme of events to celebrate the borough's 50th anniversary leaving a lasting legacy for community access to our parks.</p>	<p>The focus to date has been on securing grants and business sponsorship to support the delivery of the festival programme and enabling and encouraging local community and cultural groups to get involved.</p> <p>The Council is directly involved in the development and delivery of four key events in the 2015 calendar: Barking Folk Festival; One Borough Community Show; Steam and Cider Fair; and the Roundhouse Music Festival. The programme for these events is now being finalised in conjunction with the Barbican (Barking Folk Festival) and DABD (One Borough Community Show).</p> <p>There are about dozen major events planned to take place in the Barking town square and parks around the Borough between June and September and about 50 more smaller events being developed by schools and community groups with more being added all the time.</p> <p>The major events programme will be launched in April.</p>	<p>Culture and Sport Leader of the Council</p>
<p>Strengthening school partnerships Provide leadership to our family of schools in order to improve the educational offer within the borough.</p>	<p>The strength of the partnership between the Council and family of schools is confirmed and endorsed in the Ofsted inspection letter. Report has been submitted to Cabinet for 16 February Cabinet. Inspection letter is expected to be published by this date.</p>	<p>Education Cabinet Member for Education and Schools</p>
<p>Barking Town Centre as the cultural hub for East London Expand the existing offer to become east London's cultural hub, a vibrant and culturally rich community, with space for creative industries.</p>	<p>The transfer arrangements for the Broadway to Barking and Dagenham College are now being finalised.</p> <p>A number of high quality cultural events are planned for Barking Town Centre as part of the 50th anniversary programme.</p> <p>Discussions are underway with the GLA and Barbican about how they can</p>	<p>Culture and Sport Leader of the Council</p>

	<p>support the Council's aspirations to develop the creative economy in the Borough.</p> <p>Work by the Regeneration division to establish a cinema for the town centre is progressing satisfactorily. The team has also secured a significant grant from the Heritage Lottery Fund, which will support extensive improvements to the public realm in the town centre.</p>	
<p>Enforcement and charging Encourage socially responsible behaviour from residents and penalise those who act irresponsibly. Ensure a consistent and fair approach to enforcement and charging policies.</p>	<p>Residents are encouraged to be socially responsible which is supported by our services and policies. Our online services and new App is undergoing final testing and will be launching in February/March. This will enable residents to report defects, such as a fly tipping, allowing us to respond quickly.</p> <p>Below is a summary of enforcement actions targeting crimes investigated by Council officers this year-</p> <ul style="list-style-type: none"> • 7,500 warning letters issued for noise nuisance, with, 430 notices requiring an offence to stop immediately and 27 prosecution cases. • There have been 1,270 notices relating to commercial waste offences. • Over 2,030 notices have been served on private land requiring action to keep them from being eyesores or dumping hotspots with 260 issued to require cutting back of overhanging shrubs. • 770 persons have been issued with a fixed penalty notice for a waste related offence with over 60% relating to littering. We now routinely patrol high footfall areas • 40 prosecution cases have been heard or are underway for offences relating to waste, littering offences. • Investigated over 4,300 abandoned vehicles, removing them as required. • 1,700 formal actions have been taken to prevent unauthorised crossing of the footpath and there are 82 live cases preventing crossing. In February we introduced a dedicated team of 3 staff to identify offenders and activity here will now increase significantly. • Private sector licensing went live in September and over 8,500 privately rented properties have now begun the licensing process and over 3,500 have been visited. A criminal landlords group now sits to assess and target our worst landlords and enforcement activity is up 66% already on the whole of last year with over 200 formal notices served on offending landlords to deal with issues of repair and overcrowding. <p>Looking forward we are</p> <ul style="list-style-type: none"> • Investigating new offences that will allow us to seize vehicles of those that fly tip, including where incursion onto our land cause damage. • Planning to pilot actions to link dog fouling to a DNA database 	<p>Environment</p> <p>Cabinet Member for Crime and Enforcement</p>

Priority 2 - Enabling social responsibility

Priority project and brief description	Progress at Jan 2015	Service area and Portfolio Holder
<p>Sufficient school places in schools that are good or outstanding All schools good with 20% outstanding by December 2015. Priority areas for action are set out in the Council's School Improvement Strategy 2016-17 including support for improvement in governance and leadership of teaching.</p>	<p>Closing gap with national – 75% good or outstanding – national 80% We are still below national at 75% good or outstanding, against national of 80%. However, the gap is closing. The Ofsted inspection confirms this judgement and asks that we raise the target of 20% of schools outstanding.</p>	<p>Education Cabinet Member for Education and Schools</p>
<p>Tackling obesity To undertake a programme of activities commencing from January 2015 in order to encourage healthier lifestyles and tackle obesity.</p>	<p>The Culture and Sport division is commissioned by the Public Health team to deliver a number of healthy weight management programmes:</p> <ul style="list-style-type: none"> • Change For Life- The Change 4 Life programme provides a tiered approach to supporting children and young people to achieve and maintain a healthy weight. • Health Champions- Trained volunteers who support delivery of the Change 4 Life Child Weight Management programme by raising awareness, spreading health messages, signposting residents to appropriate services, and deliver some of the 'Schools out, get active' sessions. • Exercise on Referral- The Physical Activity and Healthy lifestyle team continue to deliver the Exercise Referral programme. So far this year we have received a total of 2,454 referrals, of those 846 have specifically been for obesity. Of those 846, 622 have completed the programme so far and have gone on to enrol in the 9 month free gym membership, to continue a healthier active lifestyle. • Active Sport 4 Life- Active Sport 4 Life programme is funded by Sport England providing a 12 week sports based programme for those 14+ with a BMI of 28+. Once the 12 weeks are completed the participants are encouraged to maintain activity at their chosen club / sport. 	<p>Public Health Cabinet Member for Adult Social Care and Health</p>
<p>Enabling the community through the</p>	<p>An extensive volunteering programme is delivered across Adult and</p>	<p>Culture and Sport</p>

<p>voluntary sector including volunteering Enable the BanD Together group to harness the service delivery potential of the voluntary sector, building the capacity and opportunity for VCS providers, supported by a Council funded Co-ordinator.</p>	<p>Community Services has seen Volunteers provide 19,898 hours of support (April to December) to services. A total of 222 new volunteers have been recruited up to December 2014.</p> <p>Sixteen community health champions passed their accredited qualification the Royal society of Public Health's level 2 Award in Understanding Health Improvement with higher than average results. They participated in the Stoptober Campaign and recruited 60 smokers to be referred to specialist services and stop smoking.</p> <p>Community Volunteers Team volunteers planted 6,000 poppies at Castle Green and Mayesbrook Park as part of the commemoration of the centenary of the First World War.</p>	<p>Leader of the Council</p>
<p>Community hubs network Help create a Borough infrastructure to optimise joint work for community empowerment.</p>	<p>Pilot in Marks Gate led by Children's services in collaboration with partners including community and Voluntary sector.</p>	<p>All - led by Children's Services</p>
<p>Tackle other boroughs housing their residents in the borough Implementation of London Inter Borough Accommodation Agreement preventing boroughs from paying rates higher than local LBBB agreed rates thereby limiting the number of external placements.</p>	<p>The London Inter Borough Accommodation Agreement (IBAA) oversees the use of temporary accommodation, discharge of duty into the private sector and preventative placements made by London boroughs into another London borough, including placements made and received by the LBBB. This agreement is overseen and monitored on a quarterly basis through the formal London sub-regional housing partnerships.</p> <p>Our approach is to minimise the number of placements into B&D and to secure agreement and protocols through the IBAA to this end. One of the major areas of focus is upon social care placements, adult and children's. Our aim for 2015/16 is to secure a protocol covering these placements either via sub-regional arrangements or directly between boroughs (whichever is most appropriate). Arrangements are underway to discuss at the East London Housing Partnership Chief Officer Group meeting in April 2015.</p>	<p>Housing Cabinet Member for Housing</p>

Priority 3 - Growing the borough

Priority project and brief description	Progress at Jan 2015	Service area and Portfolio Holder
<p>Barking Riverside One of the largest residential developments in the UK, 11,000 homes with superb River Thames frontage, in a strong partnership with the GLA.</p>	<p>Considerable design work is being undertaken to alter the current masterplan to take account of the future London Overground Station, the traffic system and development around it. Officers are looking at providing a new leisure centre adjacent to the station.</p>	<p>Regeneration Cabinet Member for Regeneration</p>
<p>Gospel Oak line extended to Barking Riverside Continue lobbying and work with partners to ensure the Gospel Oak line is extended to Barking Riverside improving transport links for the area.</p>	<p>Discussions about the future structure of Barking Riverside Ltd are ongoing TfL proposals to extend London Overground services to Barking Riverside received strong support in a recent public consultation with 90% of respondents in favour.</p> <p>The proposals include an extension of the London Overground Gospel Oak to Barking line to a new station at the heart of the Barking Riverside development.</p> <p>As part of the 2014 Autumn Statement, the Chancellor of the Exchequer announced that the Government will provide a loan of £55 million to support the extension to Barking Riverside, The provision of this loan means that funding is available to cover the full cost of the scheme.</p> <p>A Transport and Works Act application will be made by TfL in December 2015</p>	<p>Regeneration Cabinet Member for Regeneration</p>
<p>Barking Town Centre Work with a range of partners and residents to continue to improve the experience of living, working or doing business in Barking Town Centre This would include developing a new cinema, re-invigorating the market and widening its appeal and establishing Care City.</p>	<ul style="list-style-type: none"> • Barking Magistrates Court redevelopment under construction • Abbey Sports Centre – draft heads of terms agreed with preferred bidder regarding redevelopment of the sports centre which will include a cinema, space for Care City and South Bank University and 147 flats. • Phase 2 of the Ice House quarter development (144 units) under construction due for completion in October 2015. It will be part of the Barking and Dagenham Reside (Abbey Roding) SPV and will be largely 80% rent units aimed at generating an income for the General Fund. • Gascoigne Regeneration proposal - likely start on site in March 2015. • Draft Town Centre Strategy out for consultation. • Sainsbury proposal at Abbey Retail Park has been formally agreed by all parties. Start on site due to take place in late Autumn 2015. • £291,000 High St Fund bid agreed by GLA primarily associated with improving East St Market • First stage of Heritage Lottery bid c£1.3m for heritage along East St 	<p>Regeneration Cabinet Member for Regeneration</p>

Priority project and brief description	Progress at Jan 2015	Service area and Portfolio Holder
	<p>agreed £200,000</p> <ul style="list-style-type: none"> Housing Zone bid to GLA for Barking Town Centre for c£8m. Formal announcement in early March NHB topslice programme bid agreed for c£700k for places of work in Barking Town Centre and improving East St linked to the market) TfL funding bid agreed for £321k for public realm improvements in Barking Town Centre under construction. 	
<p>londoneast-uk Work with the private sector to transform the former Sanofi site into a bio tech based economic hub that is unique in the capital.</p>	<ul style="list-style-type: none"> Marstons Pub/Restaurant - construction started due to open in May 2015. Sainsburys construction currently not confirmed. Londoneast-UK first tenant signed up with the announcement that Arcus Solutions is to open a technical training academy 	<p>Regeneration</p> <p>Cabinet Member for Regeneration</p>
<p>Beam Park Beam Park/Ford Stamping Plant – major brownfield site with great potential for housing and commercial activity with 2,500 new homes and over 1,000 new jobs.</p>	<p>GLA currently undertaking some soft market testing of the site with a number of housing developers with a view to going out to the market in Spring 2015. Ford meanwhile have shortlisted 3 bidders plus the GLA and are expecting final offers in February on an unconditional basis i.e. without the bidder having a planning consent in place. The Council and the GLA’s favoured approach is for housing led mixed use scheme.</p>	<p>Regeneration</p> <p>Cabinet Member for Regeneration</p>
<p>Energy company Maximise the borough’s potential to generate significant levels of renewable energy including exploring opportunities to become an energy trading Council and reduce energy consumption.</p>	<p>An initial proposal has been developed and will be considered by Cabinet in March. This will outline both potential energy generation projects and the next steps for establishing the business case for an energy company.</p>	<p>All - led by Finance</p> <p>Cabinet Member for Finance</p>
<p>London’s Sustainable Industries Park (LSIP) London’s Sustainable Industries Park (LSIP) vision to be delivered at Dagenham Dock so that we can become London’s greenest borough.</p>	<p>Chinnook Waste to Energy Plant will start construction shortly. Saria’s anaerobic digester is due to start in Spring 2015. Thames Gateway Park are building speculative warehouse /industrial units which will complete in spring 2015. Barking Power Station have formally decided to shut the plant and the processes for closing it are in train. Gerald Eve, West End property consultants are due to undertake the disposable process.</p>	<p>Regeneration</p> <p>Cabinet Member for Regeneration</p>
<p>More apprenticeships for young people Priority in the draft employment and</p>	<p>Apprenticeship Development Manager post has now transferred to Regeneration. 91 apprentices were recruited into the Council’s workforce in the year to January 2015. Work ongoing with local employers, in particular in construction where 24 apprentice starts took place over April-January 2015</p>	<p>Regeneration</p> <p>Cabinet Member for</p>

Priority project and brief description	Progress at Jan 2015	Service area and Portfolio Holder
skills strategy. Key actions include supporting the Council's apprenticeship offer, and promoting apprenticeships with employers and local and regional partners including the colleges.	and care where Skills for Care funding has been secured to support 30 apprenticeships over 2 years. Work underway to improve engagement with young people working with a range of local partners. Apprentice wages in groundwork, care and business admin are being funded by Regeneration, with 5 Level 3 apprentices working within the division itself. Apprentice wage within the Council has risen from £110 to £125 and will rise to £130 in April 2015.	Regeneration
Shared housing ownership Phase 2 of Leys Estate renewal and phase 1 of Gascoigne to include 200 Council developed shared ownership units.	<p>The Housing Service has plans to provide 1,000 shared ownership units over the four year 2015/19. Of this number 500 will comprise of new build schemes of which phase 2 of Leys Estate renewal and phase 1 of Gascoigne which include 200 Council developed shared ownership units.</p> <p>In addition to the above work is under way to develop plans and mechanisms for delivering the remaining 500 units from existing Council stock. There are agreed proposals for 180 new shared ownership units as part of the Gascoigne Regeneration phase 1. There are 10 units being provided at the new Castle Green development. Separately officers are looking at the possibility of some shared ownership on other estate renewal sites and as part of the Council's London Housing Zone bid. In addition the Housing Department is looking at other ways of increasing the supply of shared ownership units (including a modular housing scheme and including a scheme for ex-members of the armed forces).</p>	Housing Cabinet Member for Housing
Recruitment of social workers Increase recruitment and retention of social workers to improve the service and reduce use of agency staff reducing costs	<ul style="list-style-type: none"> • Since April 2014, a total of 25 new social workers have been appointed. The net figure is 17. • Recruitment campaigns continue for experienced social workers and team managers with interviews for both early February 2015. • Activities to recruit from abroad have delivered two social workers that alongside a mixed caseload we have been able to deploy to work with families from Europe. This is an additional saving to the borough as we have not needed to employ independent social workers for this work. The social workers are from Romania and Portugal. 	Children's Services Cabinet member for Children's Social Care
Housing for key workers Prioritisation will be given to local working people on moderate incomes for new housing schemes with immediate effect for policy implementation.	<p>The Housing Service plans to implement a key worker strategy to increase the supply of affordable housing and improve access to housing for key workers and local working residents on moderate incomes, across the next four year period 2015-19. B&D has one of the highest housing affordability gaps (the difference between average house prices and average household incomes) in London, with the average home in the borough costing nearly seven times the average annual household income.</p>	Housing Cabinet Member for Housing

Priority project and brief description	Progress at Jan 2015	Service area and Portfolio Holder
	<p>The policy will initially prioritise shared ownership and affordable rent homes to specific key worker groups: teachers and social workers. Housing supply will focus upon key worker schemes on phase 2 of the Leys and at the Gascoigne. We are also looking to develop a shared ownership scheme of up to 25 units specifically for teachers and social workers in Barking Town Centre in partnership with a Housing Association during 2015/16. We are also currently looking at a potential scheme incorporating shared ownership for ex-members of the armed forces whilst initial discussions are underway to establish the potential for a shared ownership scheme comprising modular housing.</p> <p>A detailed policy with specific targets will be developed and implemented for 2015 onwards.</p>	

Priority 4 - A well run organisation

Priority project	Progress at Jan 2015	Service area and portfolio holder
<p>Income generation Maximise opportunities to generate new and additional income including opportunities to sell services to other authorities and build on the successful traded services in Children’s Services and the Legal Service.</p>	<p>Work is ongoing across the Council to identify and progress new opportunities.</p>	<p>All</p>
<p>Housing restructure Creation of an integrated and accountable housing service that will deliver excellent customer services and effective stock investment, promote tenant responsibility and support growth.</p>	<p>The top level structure of the new Housing Directorate was endorsed at the JNC Salaries and Conditions Panel in September 2014 and formal consultation with staff and trades unions has now been completed. Recruitment consultants are being sought to progress appointment to the three Divisional Director posts.</p> <p>The restructuring proposals for the repairs service have completed the consultation period and are being assessed as a result of number of new factors:</p> <ul style="list-style-type: none"> • The Council’s overall financial deficit in the current year and the need for the HRA to also demonstrate value for money across all activities • The overspend that has arisen on empty property (voids) works • The need to bring the repairs and capital delivery service together in one division <p>It is now expected that revised restructure proposals for repairs will be circulated in the very near future. In advance of this an Improvement and Service Transformation Manager is being appointed to develop and implement detailed proposals for the new Asset Management and Development Division which will bring together and integrate the repairs and maintenance and the capital stock investment services. This will involve the production of comprehensive Service Improvement Plans for both capital investment and for repairs and maintenance.</p>	<p>Housing</p> <p>Cabinet Member for Housing</p>
<p>Senior management restructure Review the senior management structure to ensure it is fit for purpose and contributes to the delivery of the vision.</p>	<p>Chris Naylor has taken up the Chief Executive role. The management restructure will be addressed by the new Chief Executive from February 2015.</p>	<p>Chief Executive</p> <p>Leader of the Council</p>

Priority project	Progress at Jan 2015	Service area and portfolio holder
<p>Website A new Council website will be contemporary, user friendly, fully mobile responsive and designed for all modern devices. It will be fully integrated with My Account and support digital by design services.</p>	<p>The upgrade to the website's functionality was completed in December and following initial feedback some further changes have been made to the front page. Despite a major "clean up " exercise there remains some considerable work to be done to ensure that all web pages meet our and residents expectations. This will happen over the coming months . Progress continues to be good with My Account and web chat has also recently been introduced on the most frequently used web pages to support channel shift.</p>	<p>Strategy and Communications Leader of the Council</p>
<p>Equalities in employment Ensure a diverse work force and increase currently underrepresented groups to be more reflective of the community.</p>	<p>A paper was presented to February Cabinet with a target for increasing BME representation at all levels of the workforce and positive actions we might take to enable this target to be achieved.</p>	<p>HR and Organisational Development Cabinet Member for Central Services</p>
<p>Implement the People Strategy Implement the actions in the People Strategy to ensure that we fulfil our ambition to have the right people, with the right skills in the right places, with the right kinds of management and leadership, motivated to perform well.</p>	<p>The majority of actions in the 2014/15 People Strategy have been delivered or will be delivered by the end of the financial year. There has been some slippage in deadlines, as a consequence of needing to reprioritise work. The process of reviewing the Strategy for the next financial year has begun.</p>	<p>HR and Organisational Development Cabinet Member for Central Services</p>
<p>Peer Challenge Implementation Plan Respond to the recommendations of the LGA Corporate Peer Challenge by delivering the implementation plan</p>	<p>An update on progress with the Peer Challenge implementation plan was provided as part of the quarter 2 update. The next update will be included as part of the end of year update next quarter.</p>	<p>All - led by Chief Executive Leader of the Council</p>

Priority Performance 2015/16 -2016/17 Quarterly Indicators

Ref. No.	Key Performance Measure	Performance Contact	Corporate Priorities				Last Years Performance (2013/14)				2014/15 Current Performance Results				2014/15 Target	Performance Against Target	Target RAG	Direction Of Travel	Benchmarking	
			Encouraging Civic Pride	Enabling Social Responsibility	Growing The Borough	A Well Run Organisation	Qtr 1	Qtr 2	Qtr 3	End Of Year 2013/14	Qtr 1	Qtr 2	Qtr 3	End Of Year 2014/15					London Average	National Average
1	Repeat incidents of domestic violence (MARAC)	Adult and Community Services Dan James		✓			26%	23%	24%	25%	26%	22%	21%	No More Than 28%	Exceeding Target	G	↑	19%	24%	
2	Total ASB incidents logged across all services (ASB Team, Housing, Environmental and Enforcement and Police)		✓				4482	5089 (9571)	3781 (13352)	3999 (17351/-0.8%)	3950	3376 (7326)	1967 (9293)	Reduction	Exceeding Target	G	↑	N/A	N/A	
3	The % of victims who are satisfied with the way their ASB complaint is dealt with (accumulative)		✓				100% (4/4 Surveys)	89% (8/9 Surveys)	93% (13/14 Surveys)	95% (19/20 Surveys)	50% (1/2 Surveys)	75% (6/8 Surveys)	73% (8/11 Surveys)	No Target - Monitoring Only			↓	N/A	N/A	
4	The % of individuals successfully completing drug treatment		✓				62%	67%	69%	72%	75%	70%	Data Available May 15	65%	Exceeding Target	G	↓	46%	45%	
5	Total Priority Neighbourhood Crimes (MOPAC 7 - Burglary, Robbery, Criminal Damage, Theft from Person, Theft of Motor Vehicle, Theft From Motor Vehicle, Violence With Injury)			✓			9925 (Jul 12 - Jun 13)	9178 (Oct 12 - Sep 13)	8938 (Jan 13 - Dec 13)	8495 Apr 13 - Mar 14	8274 (Jul 13 - Jun 14)	8138 (Oct 13 - Sep 14)	8091 (-22.1%) (Jan 14 - Dec 14)	20% (On Baseline) By April '16	Exceeding Target	G	↑	MPS Down 15.07%	N/A	
6	The number of leisure centre visits	Adult and Community Services Lisa Hodges		✓			306,907	616,954	909,741	1,244,668	332,838	659,947	957,039	1,270,000	Exceeding Target	G	↑	Local Measure		
7	The number of Active Age (over 60's) leisure memberships			✓			3,260	3,324	3,293	3,513	3,649	3,881	4,381	4,000	Exceeding Target	G	↑	Local Measure		
8	The number of active volunteers		✓	✓			510	901	1,282	1,719	344 (Average 144.7)	565 (909) (Average 151.5)	640 (1549) (Average 172.1)	200 Per Month	Below Target	R	↑	Local Measure		
9	Total number of volunteer hours		✓	✓			4,963	4222 (9,185)	4338 (13,523)	4532 (18,055)	6,335	6838 (13,173)	6725 (19,898)	20,000 Cumulative	Exceeding Target	G	↑	Local Measure		
10	The proportion of social care clients accessing care and support in the home via direct payments	Adult and Community Services Naalie Woods		✓			57.0%	65.5%	69.4%	72.3%	74.7%	75.2%	76.2%	Increase	Exceeding Target	G	↑	Local Measure		
11	The total Delayed Transfer of Care (DTOC) Days in month (per 100,000) (Better Care Fund Indicator)		✓				187.0 Average	121.8 Average	146.8 Average	143.2 Average	121.88 Average	163.07 Average	122.85 Average	225 (Average)	Exceeding Target	G	↑	N/A	280	
12	Number of successful smoking quitters aged 16 and over through cessation service	Public Health Mark Tyrle		✓			431	325 (756)	233 (909)	185 (1,174)	141	157 (298)	125 (423)	700 (175 Per Qtr)	Below Target	R	↓	Local Measure		
13	Percentage uptake of MMR (measles, mumps and rubella) vaccination (2 doses) at 5 years old		✓				83.8%	85.4%	80.9%	82.3%	82.2%	82.2%	Data Available Mar 15	95%	Below Target	R	↔	79.9%	88.5%	
14	Percentage uptake of DTaP/IPV (diphtheria, tetanus, whooping cough and polio) vaccination at age 5		✓				85.1%	85.5%	82.4%	83.4%	82.8%	83.3%	Data Available Mar 15	95%	Below Target	R	↑	77.3%	88.6%	
15	The number of child weight referrals		✓				12	17 (29)	11 (40)	2 (42)	92	85 (177)	Data Available Mar 15	216	Exceeding Target	G	↓	Local Measure		
16	The number of child weight referrals completed		✓				7	Not Available	20	Not Available	64	0 (64)	Data Available Mar 15	216	Below Target	R	↓	Local Measure		
17	The percentage of land that has unacceptable levels of litter	Environment Abduljalow		✓			3%	3%	1%	2%	1%	2%	Data Available Mar 15	7%	Exceeding Target	G	↓	N/A	N/A	
18	ELWA waste diversion from landfill		✓				75%	74%	72%	73%	80%	67%	75%	74%	Exceeding Target	G	↑	Local Measure		
19	The number of applications received for private rented sector licensing		✓				Not Available - New Local Measure				483	7372 (7855)	330 (8185)	9000	On Target	A	↓	Local Measure		
20	The number of properties brought to compliance By private rented sector licensing		✓				Not Available - New Local Measure				146	781 (927)	1350 (2277)	2500	On Target	G	↑	Local Measure		
21	Number of fixed penalty notices issued for environmental crimes		✓				83	55 (138)	55 (193)	165 (358)	193	263 (456)	293 (749)	1440	Below Target	R	↑	Local Measure		

Ref. No.	Key Performance Measure	Performance Contact	Corporate Priorities				Last Years Performance (2013/14)				2014/15 Current Performance Results				2014/15 Target	Performance Against Target	Target RAG	Direction Of Travel	Benchmarking	
			Encouraging Civic Pride	Enabling Social Responsibility	Growing The Borough	A Well Run Organisation	Qtr 1	Qtr 2	Qtr 3	End Of Year 2013/14	Qtr 1	Qtr 2	Qtr 3	End Of Year 2014/15					London Average	National Average
22	The weight of fly tipped material collected		✓	✓			263	258 (521)	404 (925)	519 (1444)	401	151 (552)	63 (615)	Below 1300 Tonnes	Below Target	G	↑	Local Measure		
23	The weight of waste recycled per household		✓	✓			95	87 (182)	65 (247)	56 (303)	94	84 (178)	63 (241)	325kg	On Target	A	↓	Local Measure		
24	The weight of waste arising per household		✓	✓			231	232 (463)	224 (687)	235 (922)	253	245 (498)	229 (727)	916kg	On Target	A	↓	Local Measure		
25	Care leavers in employment, education or training (aged 19) (From 2013/14 onwards this indicator changed and now includes 19, 20 and 21 year olds)	Children's Services Vikki Irix		✓			44.1%	50.0%	48.0%	51.0%	51.2%	54.4%	53.1%	60%	On Target	A	↓	53%	45%	
26	Children's Social Care Assessments completed within timescales (45 days)			✓			48.1%	56.0%	67.0%	78.0%	70.0%	76.0%	72.9%	80%	Below Target	A	↓	Not Yet Published	Not Yet Published	
27	16 to 18 year olds who are not in education, employment or training (NEET)			✓			7.6%	15.3%	6.6%	5.8%	6.5%	7.2%	5.4%	At National Level	On Target	A	↑	3.8%	5.2%	
28	The percentage of primary schools rated as outstanding or good			✓			64%	64%	64%	67%	67%	71%	73%	100% By Dec 2015	Below Target	A	↑	84.0%	80.0%	
29	The percentage of secondary schools rated as outstanding or good			✓			89%	89%	78%	67%	67%	75%	75%	100% By Dec 2015	Below Target	A	↔	83.0%	71.0%	
30	The number of Common Assessment Frameworks / Family Common Assessment Frameworks (CAFs/fCAFs) initiated			✓			206	186 (392)	260 (652)	339 (991)	303	250 (553)	317 (870)	No Target - Monitoring Only			↑	N/A	N/A	
31	The percentage of children referred to Children's Social Care with Common Assessment Frameworks / Family Common Assessment Frameworks (CAFs/fCAFs) in			✓			Not Available - New Local Measure				7%	6%	6%	No Target - Monitoring Only			↔	N/A	N/A	
32	Looked After Children with up to date Health Checks			✓			67.6%	71.1%	83.4%	94.7%	86.5%	72.8%	76.4%	95.0%	Below Target	R	↑	N/A	N/A	
33	Percentage of working age residents claiming Jobseeker Allowance		Employment & Skills Terry Pagan				5.6%	5.0%	4.3%	4.2%	3.8%	3.5%	3% LBBG Gap (0.8%)	2017 LBBG Gap 1.4% (Or Less)	Exceeding Target	G	↑	2.2 LBBG Gap -0.8	2.0 LBBG Gap -1.0	
34	Percentage of working age residents claiming health-related benefits						15.9%	15.2%	14.5%	14.3% LBBG Gap 5.2%	13.7% LBBG Gap 4.1%	Data Available Mid Mar 15	Data Available Nov 15	2017 LBBG Gap 4.0% (Or Less)	On Target	A	↑	10.5 LBBG Gap -4.7		
35	The number of long-term empty properties	Housing Services Tom Hart			✓	Not Available - New Local Measure					292	245	< 300	Exceeding Target	G	↑	Local Measure			
36	Average time taken to re-let local authority housing (calendar days)			✓		63 Days	76 Days	68 Days	71 Days	73 Days	68 Days	62 Days	30 Days	Below Target	R	↑	Local Measure			
37	Percentage of eligible repair jobs where appointments were made and kept			✓			71.46%	49.14%		73.24%	89.44%	96.50%	96.0%	Exceeding Target	G	↑	Local Measure			
38	Average number of households in Bed & Breakfast accommodation over the year			✓		87	100	106	81	80	82	70	80	Exceeding Target	G	↑	Local Measure			
39	Number of families in Bed & Breakfast accommodation for over 6 weeks			✓		25	31	17	12	12	3	1	5	Exceeding Target	G	↑				
40	The percentage of Homeless Temporary Accommodation rent collected (Includes Previous Arrears)			✓		147.50%	123%	177.60%	205%	94.50%	97.08%	99.04%	95%	Exceeding Target	G	↑	Local Measure			
41	Total number of new affordable homes developed in the Financial Year			✓		Not Available - New Local Measure				Housing Currently Developing Collection Mechanism For This KPI				324	N/A	A	↔	Local Measure		
42	Total number of Shared Ownership homes developed in the Financial Year		✓		Not Available - New Local Measure				* 0 Homes Have Been Built To Date. It Is Anticipated That Homes Will Be Developed In 2015/16				250	Below Target	R	↔	Local Measure			
43	The percentage of Council Housing rent collected	Elevate Carly Pearce (Client Team)		✓		97.49%	97.05%	96.73%	97.35%	97.16%	96.80%	96.51%	97.20%	Below Target	A	↓	Local Measure			
44	The percentage of Council Tax collected			✓		29.40%	55.60%	81.30%	94.10%	29.50%	55.70%	81.40%	94.00%	On Target	A	↓	N/A	N/A		
45	The time taken to process Housing Benefit / Council Tax benefit new claims			✓		28 Days	25 Days	25 Days	25 Days	23 Days	23 Days	24 Days	25 Days	Exceeding Target	G	↓	N/A	N/A		
46	The time taken to process Housing Benefit / Council Tax benefit change events		✓		16 Days	15 Days	15 Days	9 Days	10 Days	11 Days	12 Days	14 Days	Exceeding Target	G	↓	N/A	N/A			

Ref. No.	Key Performance Measure	Performance Contact	Corporate Priorities				Last Years Performance (2013/14)				2014/15 Current Performance Results				2014/15 Target	Performance Against Target	Target RAG	Direction Of Travel	Benchmarking	
			Encouraging Civic Pride	Enabling Social Responsibility	Growing The Borough	A Well Run Organisation	Qtr 1	Qtr 2	Qtr 3	End Of Year 2013/14	Qtr 1	Qtr 2	Qtr 3	End Of Year 2014/15					London Average	National Average
47	The number of calls to the Council reporting Anti-Social Behaviour	Elevate Leah Sykes	✓	✓			1,409	2,951	3,860	5,106	1,340	1,455 (2,795)	1,919 (4,714)	Reduction	Below Target	R	↓	Local Measure		
48	The percentage of Stage 1 complaints responded to within deadline				✓		68%	89% (78% YTD)	95% (83% YTD)	96% (87% YTD)	94%	93% (93% YTD)	89% (92% YTD)	100%	Below Target	A	↓	Local Measure		
49	The percentage of Stage 2 complaints responded to within deadline				✓		61%	85% (71% YTD)	92% (75% YTD)	85% (78% YTD)	83%	76% (79% YTD)	68% (77% YTD)	100%	Below Target	R	↓	Local Measure		
50	The percentage of Stage 3 complaints responded to within deadline				✓		79%	68% (75% YTD)	82% (79% YTD)	82% (77% YTD)	83%	74% (79% YTD)	86% (80% YTD)	100%	Below Target	R	↓	Local Measure		
51	The percentage of complaints upheld				✓		34%	34% (34% YTD)	37% (35% YTD)	37% (35% YTD)	41%	47% (44% YTD)	45% (45% YTD)	No Target - Monitoring Only			↑	N/A	N/A	
52	The percentage of member enquiries responded to within deadline	Human Resources Mike Lineker/Gail Clark			✓		87%	90% (89% YTD)	98% (91% YTD)	96% (93% YTD)	94%	79% (87% YTD)	67% (82% YTD)	100%	Below Target	R	↓	Local Measure		
53	The average number of days lost due to sickness absence				✓		8.12 Days	7.84 Days	7.81 Days	7.88 Days	8 Days	7.28 Days	7.31 Days	7.31 Days Dec 15	On Target	G	↓	Local Measure		
54	The percentage of staff who are satisfied working for the Council				✓		65%	No Survey	62%	No Survey	72%	No Survey	69%	70%	Below Target	A	↓	Local Measure		
55	The percentage of staff who believe change is managed well in the Council				✓		64%	No Survey	56%	No Survey	31%	No Survey	24%	50%	Below Target	R	↓	Local Measure		
56	The percentage of staff who believe our IT systems meet the needs of the business				✓		Not Available - New Local Measure				37%	No Survey	31%	45%	Below Target	R	↓	Local Measure		
57	The percentage of Council employees from BME communities	Finance and Resources Steve Pearson			✓		22.39%	23.66%	24.60%	25.08%	27.25%	28.98%	29.12%	No Target - Monitoring Only			↑	Local Measure		
58	The current revenue budget account position (over or under spend)				✓		£1.043m Under Spend	£1.793m Under Spend	£3.193m Under Spend	£4.6m Under Spend	£2.5m Over Spend	£2.9m Over Spend	£1.6m Over Spend	No Target - Monitoring Only			↑	Local Measure		
59	The percentage of the planned in year capital programme delivered in year				✓		100% Forecast	98% Forecast	93.8% Forecast	85.5%	99% Forecast	93% Forecast	94% Forecast	No Target - Monitoring Only			↑	Local Measure		

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CABINET**24 March 2015**

Title: Barking Riverside Transport Infrastructure	
Report of the Cabinet Member for Regeneration	
Open Report with exempt Appendix C	For Decision
Wards Affected: Thames	Key Decision: Yes
Report Author: Peter Remedios, Barking Riverside Coordinator	Contact Details: Tel: 020 8227 3019 E-mail: peter.remedios@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration	
Accountable Director: Chris Naylor Chief Executive	
<p>Summary:</p> <p>The London Borough of Barking and Dagenham was recently awarded a £10m loan from the Greater London Authority's London Enterprise Panel to deliver 1.2km of road within Barking Riverside. It is intended to provide a critical link that will kick-start the development of 13 brownfield sites covering 18.7 hectares which will accommodate new housing, a school campus, and the district centre providing much needed new jobs, homes, schools, community facilities, play, sport and recreation facilities and open space.</p> <p>The following report sets out the terms of the funding agreement and seeks authority from Cabinet to procure the detailed design and construction of the road via Transport for London's Highways Alliance Contract (LoHAC).</p>	
<p>Recommendations</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Agree the £10m loan from the GLA on the terms set out in the report and delegate authority to the Chief Executive, in consultation with the Head of Legal and Democratic Services, to negotiate and conclude the Grant Funding Agreement; (ii) Agree to join and enter into a call off contract under the framework agreement established by the London Highways Alliance Contract (LoHAC); (iii) Indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement and the award of the contract, or whether it is content for the Chief Executive, in consultation with the Cabinet Member for Regeneration, the Head of Legal and Democratic Services and the Chief Finance Officer, to negotiate and award the contract and complete the necessary legal agreements associated with the delivery of the new road; and (iv) Delegate authority to the Divisional Director of Regeneration, in consultation with 	

the Head of Legal and Democratic Services, to enter into a deed of variation to the s106 agreement with Barking Riverside Limited on the terms set out in the report.

Reason(s)

The recommendations are aligned to the three elements of the proposed new vision and, in particular, the Growth Priority to:

- Build high quality homes and a sustainable community
- Develop a local, skilled workforce and improve employment opportunities
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Work with London partners to deliver homes and jobs across our growth hubs
- Enhance the borough's image to attract investment and business growth

1. Background

Barking Riverside Infrastructure Delivery

- 1.1. On 25 September 2014 (Minute 22) the Cabinet agreed to strongly support, in principle, the London Overground rail extension to Barking Riverside as it would unlock 10,800 homes together with several new schools, and 65,000 square metres of commercial, retail, community and social facilities creating a distinctive new neighbourhood of up to 30,000 people. This was followed by the Chancellor's Autumn Statement 2014 which declared that principal heads of terms were agreed between Barking Riverside Limited (BRL), the Mayor of London and Government for a loan of £55 million to support the extension of the London Overground to Barking Riverside.
- 1.2. The funding of the rail extension is a key piece of infrastructure required to unlock the remainder of the site, however, it is only part of a wider package of site wide infrastructure works costing more than £260m. This includes £114m investment in new local roads; the provision of new bus services and other transport infrastructure; £66m investment in utilities infrastructure and over £80m of investment in schools, health and leisure infrastructure. A large portion of this funding is to come from BRL and captured through the increase in land value from the sales of developable plots.
- 1.3. BRL are obliged to pay for and deliver the infrastructure works as part of the outline planning consent, s106 agreement and associated delivery of individual development plots. However, BRL have stated that the lack of viability has limited its ability to fund the enabling infrastructure and unlock development plots. The main challenge being that valuations for the properties currently do not cover the outlay (roads, groundworks, remediation, utility connections and environmental improvements) required in order to bring much of the site forward for development.
- 1.4. BRL is in the process of completing Stage 1 of the development which sits to the west of Renwick Road and north of River Road. The development of Stages 2, 3 and 4 still require significant investment. Until the rail line is built, land values remain marginal and BRL is finding it difficult to front-fund the infrastructure works

given its sunk costs already invested into the scheme to date and additional funds recently committed to the rail extension.

2. Proposal and Issues

London Growth Fund Prospectus

- 2.1. In order to expedite and de-risk development at Barking Riverside, officers investigated alternative sources of funding for infrastructure delivery. It was found that the delivery of a strategic road linking to the existing highway network would lever a substantial amount of additional private sector investment by unlocking sites for new homes, business, community and leisure uses. The funding would improve infrastructure and enable growth to proceed more quickly and unlock development potential in Barking Riverside. With this in mind, the Council submitted a bid to the Mayor's London Growth Fund.
- 2.2. The London Growth Fund is a revolving capital fund that has operated since April 2012. The prospectus sets out that the fund is intended to help deliver ambitious projects with tangible outcomes that respond to the Mayor's London Plan and Economic Development Strategy and in particular, generates economic activity in the short term by addressing immediate infrastructure and site constraints and promotes the delivery of jobs and housing.
- 2.3. Council officers, in consultation with BRL identified a 1.2km road called Crown Street which would have the greatest capacity to deliver a wide range of benefits to the community and to Greater London. Outline and framework plan consent exists for the road, however, the designs are still subject to a future reserved matters application which would need to cover such things as appearance, layout, access, scale and landscape.
- 2.4. The road represents the first phase of infrastructure in stage 2 and provides an additional link between the junction of River / Renwick Road and Choats Road. It provides a critical addition to the existing road network in Barking Riverside and would kick-start the development of 13 brownfield sites with an area of 18.7 hectares and unlock new housing sites, a school campus and the district centre, as set out in the preliminary draft plan at Appendix A.
- 2.5. A two stage funding bid was submitted to the GLA .The bid was successful and the Council was awarded, subject to contract, up to £10m from the GLA so that the following outputs can be realised:
 - 18.7 hectares of contaminated land (adjacent to the new Road) will be remediated;
 - 1.22 kilometres of new road infrastructure will be constructed, providing for general traffic, bus priority routes for East London Transit, new cycle paths and footpaths;
 - 13 sites with un-implemented outline planning consent to be released for development;
 - Opportunity for 10,000 sq.m. of commercial, retail and leisure development creating some 517 FTE jobs;
 - 1,214 new homes (186 townhouses & 1,028 flats (733 FTE jobs¹));

- An estimated 2,428 housing construction jobs being safeguarded and created;
- Over 24,000 sq.m. of new school space will provide circa 2,651 school places across a new nursery, primary, secondary and special school. This will provide a further 405 jobs associated with the school;
- The additional households have the potential to increase annual retail spend by around £5 million a year on the basis of 10% of household income being spent within the local retail catchment.

2.6. A number of qualitative benefits would also be achieved including improving legibility and permeability through site for pedestrians and cyclists; minimising delays to buses and enhance reliability of bus services travelling through the site; encouraging modal shift from private cars to other modes of transport; promoting safe and secure means of transport for all users; improve connectivity between new communities at Barking Riverside and existing communities at Great Fleete and Thames View; and facilitate safe and secure access to the Riverside school site and new district centre

Road Design and Delivery

2.7. The Road is currently estimated to cost £7.3m plus fees which is based on RIBA Stage D scheme design and planning drawings. Discussions between BRL, TFL and the Council are ongoing about the function, design, layout and level of bus priority or segregation expected in order to meet the requirements of the Transport Strategy. Costs will be confirmed once detailed design work on the road has been undertaken. Nevertheless, GLA have stated that they are willing to provide an interest free loan of up to £10m and BRL have agreed that any risk of cost overruns will remain with them which will be reflected in the funding agreement between parties.

2.8. The terms of the loan will be such that the funding will be provided to the Council based on programme milestones being achieved for the design and delivery of the road as set out in Table 1 below. The repayment profile indicates that repayment begins in 2017/18 and finishes in 2018/19. The repayment strategy is based on the London Borough of Barking and Dagenham repaying the loan from s106 contributions secured from BRL. Repayment of the loan would be made by BRL as and when remediated and serviced land plots are sold by BRL associated with the completion of road infrastructure. It is proposed that any risk of non-repayment will be controlled by a Grampian condition included in the s106 agreement which would restrict BRL's ability to develop more than a given number of units until the loan has been fully repaid. A summary of the obligations associated with the funding agreement are set out in Appendix B.

¹ An increase to the resident population of 1000 will on average have the potential to give rise to a further 230 jobs in the locality (GLA Economics. More residents, more jobs? The relationship between population, employment and accessibility in London. GLA, 2005).

Table 1 - Draft Repayment Schedule

Draw down of funding	Payment by GLA	Repayment profile by LBBB secured by s106 contributions from BRL*
2015/16	£4,750,000	-
2016/17	£5,250,000	-
2017/18	-	£4,750,000
2018/19	-	£5,250,000
Total	£10,000,000	£10,000,000

* Subject to BRL and the Council agreeing a deed of variation to the section 106 agreement.

- 2.9. The programme for road delivery is being driven by the need to have a road in place to serve the new Riverside School Campus when it opens in January 2017.

Procurement Strategy - London Highways Alliance Contract (LoHAC)

- 2.10. The services of a contractor will be procured by LBBB through a two stage design and build contract. Given the challenging timeframes for delivery, it is recommended that the Council procures and manages the successful contractor through Transport for London's (TfL) Highways Alliance Contract (LoHAC). The alternative of tendering via the Official Journal of the European Union (OJEU) procedures would not be expected to meet the timescales and would represent a more costly approach which would introduce greater uncertainty. The LoHAC framework offers the quickest, most cost effective and efficient way to procure the project.
- 2.11. The Council has an existing Framework Agreement with Marlborough for the delivery of highways works, however, this is limited to highways maintenance for existing roads rather than detailed design and construction of new roads. The Council does not currently have a framework in place to employ a civil engineering contractor that can construct a road of this size.
- 2.12. The London Highways Alliance Contract (LoHAC) is a collaborative highways maintenance and improvement schemes contract developed jointly by Boroughs and Transport for London (TfL) and includes a common specification. The contract term expires on 31 March 2021. There are four regions and these have been scoped to maintain manageable and sustainable contract size in the event that there is a high level of take-up by London Boroughs. LBBB falls into the North East sector contract; the contractor is Ringway Jacobs. The OJEU notice expressly identifies the London Borough of Barking and Dagenham as being eligible to join the framework and there would be no restriction to the Council accessing this framework.
- 2.13. The LoHAC contractors have been chosen on the basis that (among other things) they will be of sufficient scale and sophistication to plan, manage and deliver services using a combination of internal resources and sub-contractors. The contractors' integrated relationship with clients is intended to lead to efficient delivery and contract management, whilst allowing the Council to retain sole responsibility for asset management and project conception.

3. Options Appraisal

- 3.1. There are a number of procurement options. As noted above, the Council does not have an existing framework or term contractor that can undertake the works and undertake a full OJEU procurement would not provide value for money or meet the timescales necessary. Another option which was explored but dismissed was to procure a contractor through the Local Education Partnership (Thames Partnership for Learning Limited, Local Education Partnership which as already been procured under the Building Schools for the Future programme and allows for procurement of associated infrastructure to deliver new schools, housing and regeneration schemes. However, the OJEU notice for this does not allow for a stand-alone civil engineering contract. The do-nothing option has been discounted as it would not expedite development and would delay housing delivery and put the school campus at risk.

4. Consultation

- 4.1. Consultation has taken place with the GLA, BRL, TfL and officers within the Children's Services, Legal Services and Finance departments at the Council.

5. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

- 5.1 In taking the proposed loan from the GLA every effort must be made to ensure that the Authority is not exposed to financial risk. At this stage, neither the Authority's loan agreement with the GLA or the Authority's Section 106 agreement with BRL have been formalised. Both of these need to be established with any terms or penalty conditions imposed initially by the GLA included in the S106 obligations and appropriate repayment schedules included within both documents to ensure that the Council's interests are protected in the event of BRL failing to make repayments as scheduled.
- 5.2 The current estimated cost for the construction of Crown Street is £7.3m, however, the proposal is for a loan from the GLA of up to a maximum of £10m. The difference between the two figures of £2.7m will cover the cost of detailed feasibility and design works, consultation with stakeholders, procurement, contract management and officer monitoring and supervision of the construction works. This sum will also include a contingency to cover potential cost over runs and inflation.
- 5.3 BRL has agreed that any risk of cost over runs over and above the £10m limit will remain with them. This point must be reflected in the formal agreement between the parties.
- 5.4 The table detailed in paragraph 2.8 of the report, gives an indication of when sums are planned to be drawn down from the GLA and these are currently estimated to be during 2015/16 and 2016/17. The actual amounts will depend upon the terms of the loan agreement but are expected to be in line with the actual costs being incurred by the Authority up to a maximum of £10m.
- 5.5 The table shown in paragraph 2.8 also suggests the repayments the Council will receive from BRL. It is proposed that repayments will commence in 2017/18 and

end in 2018/19. The actual repayment schedule will be part of the Section 106 agreement and align with the Council's repayment schedule to the GLA. It is expected that payments will be made as and when the completion of the new road infrastructure allows remediated and serviced land plots to be sold by BRL. It is imperative that the repayment schedule set out in the section 106 agreement removes risk to the Authority in the event of BRL failing to make scheduled loan repayments.

- 5.6 On receipt of these Section 106 payments from BRL, the Authority will reimburse the GLA until the loan is fully repaid.

6. Legal Implications

Implications completed by: Assaf Chaudry, Major Projects Solicitor

- 6.1. This report provides a procurement route to deliver a 1.2km of strategic road infrastructure within Barking Riverside given its value it must comply with the Council's procurement rules and with the Public Contract Regulations 2006 (as amended). There are no other legal implications arising from this report, save for those in relation to LoHAC set out in Appendix C which is in the exempt section of the agenda as it relates to the business affairs of a third party (paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

7. Other Implications

7.1. Risk Management

- 7.1.1 The following table sets out the key risks associated with the loan draw-down and repayment:

	Risk Description	Mitigation / Risk response
1	Costs Cost estimates are not reliable and escalate	The cost estimates are based on RIBA Stage D, scheme design and planning drawings. Tendered costs on detailed designs are expected by Q4 2014. Costs are currently at £7,322,429.82 therefore there is room for amendments. Costs will be monitored and updated. BRL will take the risk on cost over-runs.
2	Timetable Programme slips and delays delivery	Work programme for road infrastructure programmed to commence in Q2 2015. The Programme will be monitored and slippage built in. There will be meetings to update on programme and inform all parties.
3	Approvals Formal approval is not given	Outline planning consent has already been awarded for the proposed road infrastructure and detailed planning permissions exist for the first two stages of the development. Reserved matters consent will be obtained in early 2015. A deed of variation to the s106 will be completed by Q1 2015/16 which will enable the Council to deliver the road and seek repayment from BRL for the works. Ongoing regular discussions regarding variations to the design

		of Crown Street are occurring and will continue between BRL, TFL, GLA and the Council.
4	Outputs – jobs, housing, economic growth not achieved	The forward funding of the infrastructure enables 1,214 new homes, 2,651 school places, 10,000 sq.m. of commercial, retail and leisure space, 2,428 construction jobs, 517 full time jobs associated with the commercial, retail and leisure development, and 405 jobs associated with the schools. This growth will be monitored and amended if necessary. No penalties exist if outputs vary.
5	Repayment options BRL/ LBBB are delayed or unable to repay loan	Initial funding agreement to be agreed which will set out that repayments will be funded via contributions received by BRL from the disposal of serviced land parcels for development that are directly released by the infrastructure. This is anticipated to be phased during 2016 to 2018. The repayment profile will be agreed with both the GLA (via the funding agreement) and BRL (via the s106) which will be linked. It is proposed that any risk of non-repayment will be controlled by a grampian condition included in the s106 agreement which would restrict BRL's ability to develop more than a given number of units until the loan has been fully repaid.
6	Market conditions - Land parcels decrease in value or market crash	Repayment will be subject to market conditions and the ability of BRL to sell serviced land parcels. This will be monitored and agreements can be amended to ensure repayment.

Other Procurement Matters

- 7.1.2 There is a risk that costs will escalate as a result of claims for additional costs from the contractor or as a result of poor performance by the contractor. The Council has the option to retender the existing term contracts and select contractors dedicated to the Council. Given the huge scale of the LoHAC contract, this option is unlikely to produce lower rates and will incur significant procurement costs. However, the option to retender may be open to the Council if the anticipated savings of the LoHAC contract do not materialise. In terms of the delivery of Crown Street, BRL has already agreed that any cost overrun will rest with BRL and its anticipated that will be part of the governance structure of the project to ensure that the cost of project remains on budget.
- 7.1.3 There is a risk and concern amongst London Boroughs that the LoHAC contractors would not have sufficient resources to satisfy all the clients and that they would be concentrating their resources on TfL to the detriment of the Boroughs. However, this has been addressed by the framework contracts being independent from TfL and with all clients being treated equally and represented at the Area Management Boards. The contract also provides robust performance criteria with close monitoring and an agreed escalation process to the Area Management Boards.
- 7.1.4 The London Highways Alliance contract has been formulated as a framework contract without any exclusivity to the Highway works. Once the Council calls off this contract it will have no obligation to use this contract or raise works orders to a

certain value. Design services for design and build scheme work including site investigations and surveys can be included within the contract which may provide value for money, though further investigation is required regarding the tender rates.

- 7.1.5 The LoHAC contract is based on the NEC3 (New Engineering Contract) Conditions of Contract however there is a heavier contract administrative burden and need for officers to meet the strict timescales and procedures incorporated in the contract. Failure to do this will compromise the position of the Council with the risk of additional costs. This risk can be mitigated by channelling all LoHAC contract matters through a dedicated contract team and providing the appropriate training.
- 7.1.6 It is anticipated that internal officers will seek external support for contract management of this project.

7.2 Contractual Issues

- 7.2.1 The framework agreements contain the mechanism for call-off contracts to be formed. Each client will form their own call-off contract with the contractor. Neither the other Boroughs or TfL will be party to LB of Barking & Dagenham call-off or will have any liabilities associated with each other call-offs.
- 7.2.2 The Council will be able to set its own priorities and will have direct ownership of its own contract whilst benefiting from working in a collaborative environment with other boroughs, within our area and having access to any innovation developed in other areas via a series of Area Management Boards upon which the Council will sit.
- 7.2.3 The term of the framework agreements will be until 2021 as TfL has identified that a framework duration of longer than the normal four years is required to stimulate and enable effective competition and best value through optimum write off of investments. Additionally, it is the intention that boroughs will place call-offs for work as their existing contracts expire and opportunities arise in future years and a longer duration will facilitate this and enable best value through providing economically attractive call-offs for boroughs and the contractors.
- 7.2.4 The conditions of the call-off contract are based on the NEC3 Term Services Contract, which has been amended to enable authorities to tailor the service provided by a supplier to their individual requirement and to incorporate lessons which have been learnt during the term of the existing contracts. The NEC3 Conditions of Contract prescribes the use of documents such as notices, instructions, letters, certificates and other standard forms within strict timescales. In addition, it is generally accepted that with contracts such as LoHAC, where the tendering has been very competitive, there will be a tendency for the contractor, where possible, to claim additional costs. It is therefore suggested that all contract matters such as correspondence, issuing of works orders, and payment of invoices are channelled through a dedicated contract team to ensure a consistent approach to contract administration is maintained. The Council is anticipating going out to external consultants who have experience and resources to successfully contract manage Ringway Jacobs to deliver the project on time, in budget and the agreed quality/scope.

- 7.2.5 The facility to move the delivery of core services from a series individual works orders to a lump sum or from a lump sums to a single target cost has been built into the conditions of contract and a map for this transition included. One benefit of target costing is that both parties benefit through a share mechanism if actual costs come in lower than the pre-agreed target. Therefore there is clear incentive for the parties to work collaboratively to decrease costs. The terms of the contract allow migration from lump sum to target cost from April 2015 onwards.
- 7.2.6 A contract reduction mechanism has been developed to incentivise the contractors to achieve five key performance indicators. Review of performance against these indicators will take place annually and failure to achieve the indicator targets will result in the duration of the framework agreement and all associated call-off contracts being reduced by six months. Performance on all clients' call-off contracts will be considered. The contractor will have the opportunity to win back these six months by improving their performance against the failing indicator(s) in the following year. Reduction of duration in two consecutive years gives the LB of Barking & Dagenham the right to terminate.
- 7.2.7 A volume rebate clause has been included in the contract to incentivise more Boroughs to join as the rebate increases in line with the volume of work procured through the framework. All clients, including the LB of Barking & Dagenham, will benefit financially as more Boroughs join
- 7.2.8 The contract are generally compliant with the Council's procurement policy and in particular includes:
- a requirement to acknowledge that the LB of Barking & Dagenham has a policy to promote and develop the local economy. This is achieved in part through the promotion and use, where possible, of:
 - Small and Medium Enterprises;
 - Black, Asian and Minority Ethnic businesses;
 - Suppliers from other under-represented or protected groups;
 - Suppliers demonstrating a diverse workforce composition; the Contractor is encouraged to use local suppliers and subcontractors so far as is reasonably practicable and appropriate
 - requirement for contractors to appoint one local apprentice, or equivalent), per £3m spent through the framework;
 - the contractor must establish a complaints procedure relating to the LB of Barking & Dagenham Call-Off Contract and provide the LB of Barking & Dagenham with copies of the Contractor's records relating to complaints and the Contractor's responses;
 - a requirement to register the LB of Barking & Dagenham Contract under the Considerate Constructor's Scheme and to comply with the Considerate Constructor's Scheme Code of Considerate Practice;
 - a requirement for contractors to join the Freight Operator Recognition Scheme and to fit blind-spot warning devices to heavy goods vehicles;
 - a requirement for contractors to identify possible sources of pollution and provide detail on how they will prevent and/or reduce them; and
 - a requirement to ensure that none of its employees and that none of the employees of its Subcontractors and Indirect Subcontractors are paid an hourly wage (or equivalent hourly wage) less than the London Living Wage

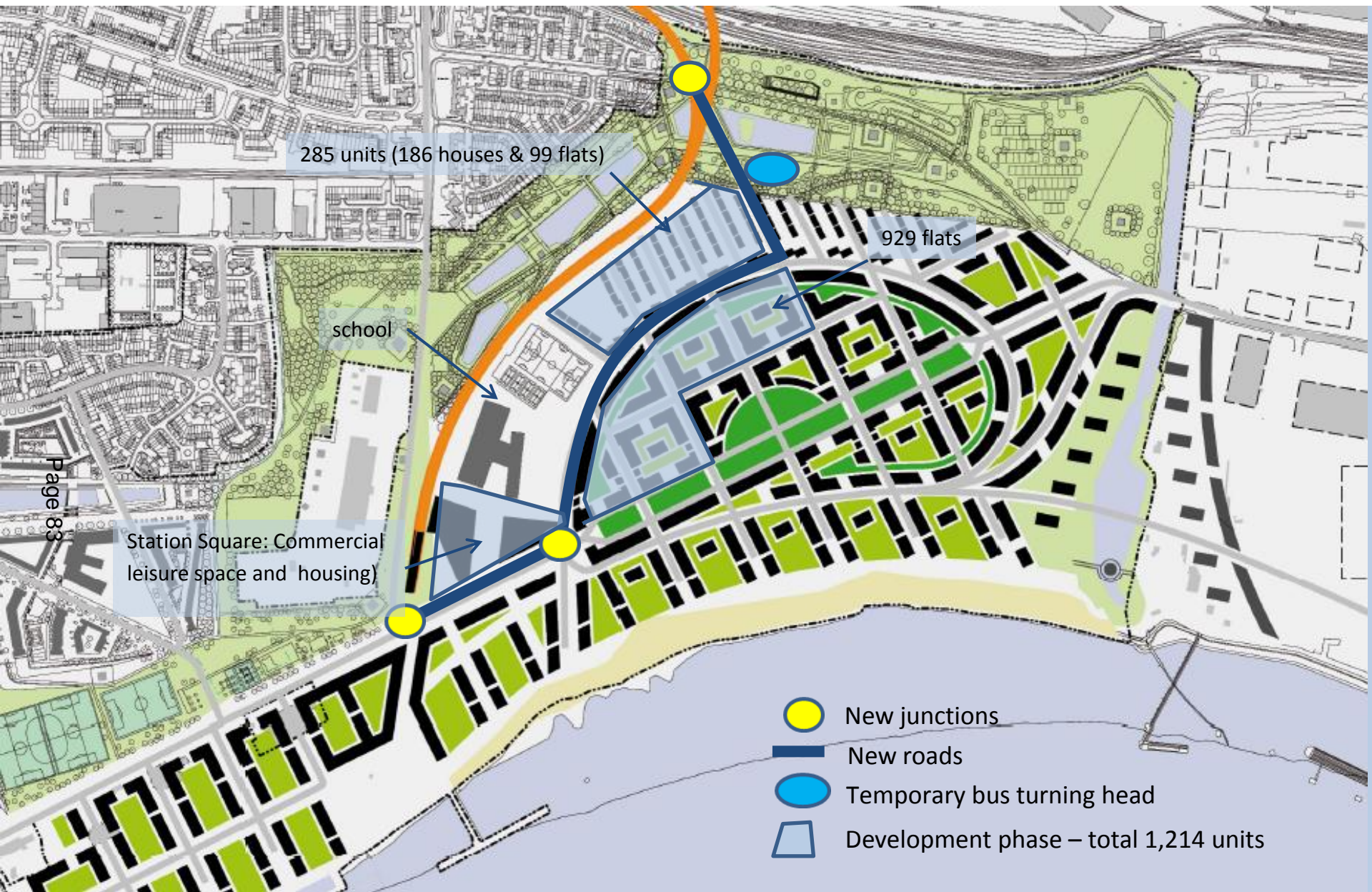
- 7.3 **Staffing Issues** - It has been confirmed that officers do not currently have the resource to contract manage this project internally so it's the intention to externally appoint a project manager. A dedicated contract team will be procured to coordinate all LoHAC works and provide a consistent approach to contract administration, performance management and training and ensure the expected efficiencies are delivered. This will be funded from the loan from the GLA. Any staff time can also be recharged against that funding.
- 7.4 **Customer Impact** – There will be a significant improvement to accessibility through Barking Riverside as a result of delivering this scheme.
- 7.5 **Safeguarding Children** – The road will provide improved access to Riverside School campus. The designs will incorporate safe environment for pedestrian and cyclists as well as ensuring that bus priority is maintained to allow ease of access to the school
- 7.6 **Health Issues** – No significant health issues are anticipated from the delivery of Crown Street. Segregated bike lanes and pedestrian footpaths will encourage travel by alternatives mode of transport to the car and the roads will be designed to allow for bus priority and segregation to further encourage this and make public transport a more attractive option which is anticipated to reduce greenhouse gas emissions, improve air quality and encourage active lifestyles (through walking and cycling promotion).
- 7.7 **Property / Asset Issues** – The land on which road will be built is owned by BRL. The construction of the road will be undertaken via a licence granted by BRL. It is the intention that once the road is completed, it will be offered to the Council for adoption as a public highway. Its maintenance will then become the responsibility of the Council.

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

List of Appendices:

- **Appendix A** – Preliminary Draft Plan
- **Appendix B** – Briefing Note re. Funding Agreement
- **Appendix C** – Legal comments (exempt information)

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285 units (186 houses & 99 flats)

929 flats

school

Station Square: Commercial leisure space and housing

Page 83

-  New junctions
-  New roads
-  Temporary bus turning head
-  Development phase – total 1,214 units

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BRIEFING NOTE RELATING TO PROVISIONS OF GROWING PLACES FUNDING FROM THE GREATER LONDON AUTHORITY

1. Purpose

To review the draft funding agreement provided by the Greater London Authority (GLA) for the Provisions of Growing Places Funding. This is a draft agreement and therefore does not contain information relating to the precise funding that will be made available by the GLA. There is no information on the Projects Objectives and the nature of the funding in these circumstances my comments are confined to the draft funding agreement.

2. The Grant Funding Agreement

GLA is providing funding although not known what the amount is. It is described in the agreement as a loan which has to be paid in accordance with a repayment profile. The loan shall be made in a number of payments in accordance with a Milestone schedule.

The Agreement has a number of obligations which I have summarized below.

1. The Councils statutory chief finance officer has to certify that the GLA Funding will be used solely as a contribution to capital expenditure incurred in relation to the Project Objective.
2. The Council shall use all reasonable endeavours to secure income and/or additional funding for the Project from third parties providing written evidence of the same to the GLA
3. The Council will acknowledge that no further funding shall be provided in respect of such evaluation and warrants that the GLA Funding is sufficient for the project.
4. GLA Funding shall be repaid by the Council to the GLA in accordance with the repayment profile
 - a. In the event that the Council fails to make any repayment under this agreement interest shall accrue on such at the interest rate of three percent (3%) above the base rate of Bank of England
5. In particular the Council shall
 - a. agree in writing in advance with the GLA any changes to any of the Project Objectives and Milestones
 - b. establish, implement and utilise effective monitoring and financial systems, so that as a minimum the costs funded by the GLA Funding can be clearly identified
 - c. keep a record of all expenditure Incurred together with full supporting evidence and additional funding received, and the Council shall deliver to GLA a report setting out a detailed analysis of how the GLA Funding has been spent, with such report to be approved by the GLA within 30 days of its receipt.
 - d. All evidence of expenditure Incurred such as original invoices, receipts, timesheets and other relevant documents must be kept for at least 6 years after the date of the Project;
 - e. During its useful life no capital asset should be sold charged loaned or otherwise disposed of by the Council or cease to be used for the purposes of the Project without the prior written consent of the GLA which may be conditional on re-payment to the GLA of the relevant part of the GLA Funding

- f. The Council shall procure the maintenance of an insurance policy with an insurer of good repute for every capital asset which must cover loss or damage for the full replacement value
6. The Council shall keep a register of all Capital Assets which shall be accessible to the Authority its agents and auditors upon request at all reasonable times.
- a) the date of purchase;
 - b) a description sufficient to identify it;
 - c) the purchase price excluding recoverable VAT;
 - d) any third party interests or charges over the Capital Asset;
 - e) the location of the documentation showing the Council's title to the Capital Asset; and
 - f) date of disposal and sale proceeds (net of VAT).

Where a capital asset is disposed of the GLA shall require the Council to reimburse the GLA with the actual or estimated open market value of the capital asset at the time of disposal less any necessary sale expenses reasonably incurred or where the capital asset was partly funded by the GLA Funding the GLA may require the reimbursement of the percentage of the net sale value which represents the initial GLA Funding contribution to the purchase.

7. The GLA may at its absolute discretion reduce, suspend or withhold GLA Funding, or require all or part of the GLA Funding to be repaid and, at its option, terminate this Agreement by giving written notice to the Council .If
- a) the Council fails to apply the Council's Contribution to the Project Objectives and/or Milestones;
 - b) the Council fails to deliver the Project or meet the Project Objectives and/or Milestones there is a substantial change to the Project, the Project Objectives and/or Milestones which the Authority has not approved, or any attempt is made to transfer or assign any rights, interests or obligations created under this Agreement or substitute any person in respect of any such rights, interests or obligations, without the prior consent in writing of the Authority;
8. All procurement of works, equipment, goods and services shall be based on value for money and suitable skills and experience and conducted
- a) using a fair and transparent documented decision making process taking account of public sector accountability and probity;
 - b) in accordance with all relevant law including the Public Contracts Regulations 2006 and underlying European Union Procurement Directives if applicable. For the avoidance of doubt:
 - (i) 3 or more written quotations must be sought in respect of purchases with values between £5,000.00 and £125,000.00 (inclusive); and
 - (ii) an advertised competitive tender exercise (in accordance with the Public Contracts Regulations 2006 where the thresholds therein are met/exceeded) must be conducted in respect of purchases with values exceeding £125,000.00; and

9. In accepting and disbursing the GLA Funding the Council shall comply with all applicable European Union rules on State Aid and shall ensure that all requirements for the application of the Block Exemptions or notification and approval by the Commission under such rules are met.
10. The Council shall be liable for and shall indemnify and keep indemnified the GLA from and against any loss or damage incurred and any injury (including death) suffered and all actions, claims, costs, demands, proceedings, damages, charges and expenses whatsoever brought against the GLA and arising in connection with the management (including financial management) and delivery of the Project.

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CABINET

24 March 2015

Title: Future of Barking Enterprise Centre	
Report of the Cabinet Member for Regeneration	
Open report	For Decision
Wards Affected: Abbey (although service covers whole borough)	Key Decision: Yes
Report Author: David Harley, Group Manager Economic Development and Sustainable Communities	Contact Details: Tel: 020 8227 5316 E-mail: david.harley@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration	
Accountable Director: Chris Naylor, Chief Executive	
<p>Summary</p> <p>Barking Enterprise Centre (BEC) opened in November 2011 providing accommodation for around 50 small businesses as well as the base for the Borough's business start-up and business support service open to all businesses and entrepreneurs in the borough. Through an OJEU procurement process, Agilisys were appointed to run both business support services for the borough and facilities management for the Barking Enterprise Centre from when it opened in November 2011. The agreement (and associated lease) was for a period of three years but with the ability to extend by up to a further two years at the Council's discretion - to date an extension has been granted to end of June 2015.</p> <p>The Centre, located on Cambridge Road, is widely acknowledged as a success – it is 100% occupied, it achieves its business start-up and business support targets, it has provided a very strong focus for how the Council is supporting business growth and was one of the key factors in the Borough winning "Best Overall Small Business supporting London Borough" at the Small Business Federation/London Councils awards in 2013. There are dozens of really strong case studies showing how the Centre has supported local residents out of unemployment into running successful new businesses.</p> <p>However whilst the facilities management element of the BEC is broadly self financing from rents, to date the Council has continued to fund the business start-up/business support service. This enables any resident with a business idea to discuss it and gain the necessary support to set up a business and run it. Similarly any existing business in the borough can gain free advice and support to help them survive or grow. Extensive evidence over the last few years has highlighted how locally based face-to-face support is the type of support people want to start up their own business.</p> <p>The BEC is currently at 100% occupation and has a waiting list for small units, which unfortunately means the borough is likely to lose businesses elsewhere if accommodation cannot be found. Alongside this the savings proposals agreed by Cabinet for 2015/16 included ending funding for all business support activity including the BEC. The report set</p>	

various options in relation to the future of the BEC in light of the removal of Council funding towards business support.

One opportunity which could support the BEC and deliver additional space to address the waiting list and need for small business accommodation is to convert the ground and first floor annexe of the Foyer building on Wakering Road, Barking to a second Enterprise Centre. This would remove an existing running cost from Children's Services and produce a scheme which generates a surplus to be utilised to fund some of business support grant being cut. The Council can utilise New Homes Bonus Top Slice funding for the capital costs associated with conversion.

The favoured option is to establish a social enterprise to run the BEC and the Foyer annexe with no direct funding provided. The leases of the two buildings would be on commercial rent, full repairing and insuring basis but the equivalent of the rent would be paid for delivery of the managing and marketing the space, the business support service and potentially wider economic development activity.

A Social enterprise (a business with social/environmental objectives whose profits are ploughed back into delivering these) is proposed as they are able to access significantly more relevant funding opportunities than private or public bodies. The actual form of the social enterprise and how the Council establish it will require further work and it is suggested that is delegated to the Chief Executive in consultation with the Cabinet Member for Regeneration, the Head of Legal and Democratic Services and the Chief Finance Officer.

Recommendations

The Cabinet is recommended to:

- (i) Agree the proposed establishment of a Social Enterprise to run the Barking Enterprise Centre and Foyer annexe;
- (ii) Delegate authority to the Chief Executive, in consultation with the Cabinet Member for Regeneration, the Head of Legal and Democratic Services and the Chief Finance Officer, to agree the final details of the establishment of the Social Enterprise;
- (iii) Agree to the Foyer Annexe being used for small business space under the management of the Barking Enterprise Centre; and
- (iv) Agree to utilise New Homes Bonus Top Slice funding to meet the cost of the fit out work for the Foyer annexe and for Agilisys' revenue costs for associated business support between April 2015 and the start of the new service.

Reason(s)

The recommendation contributes towards the Council's priority to grow the borough by supporting new business growth.

1. Background

- 1.1 The Barking Enterprise Centre (BEC) has been a key element of, and strong public face for, the Council's support for growing its business base and encouraging start ups which helped with winning the award for Best All Round Small Business Friendly London Borough in 2013.
- 1.2 The delivery of the BEC was managed by the Council using Local Enterprise Growth Initiative (LEGI) funding. Alongside the construction the Council entered into an OJEU procurement process to select an operator who would run the Centre providing facilities management alongside the borough's business start up and business support services which would be open to all businesses and entrepreneurs based in the borough. The OJEU process only generated three initial expressions of interest.
- 1.3 Agilisys was appointed for a contract period which ran for three years starting on 1 November 2011 but with an option to extend for a further period of up to two years at the sole discretion of the Council. An extension has been provided to 30 June 2015 however a further extension can only be granted up to 1 November 2016. By the terms of the agreement the Council must inform Agilisys of its decision in writing six months prior to the end of the contract - particularly important given the centre contains nearly 50 businesses. Agilisys has been notified there is a likelihood of no funding being available beyond 30 June 2015.
- 1.4 The economy over the last twenty years has moved substantially towards more people employed by SMEs rather than larger companies as well as much higher levels of self employment. Barking and Dagenham has only in recent years started to reflect such national trends. There is significant scope to further this and it is recognised the traditional property model of long leases is no longer relevant to the needs of many modern businesses who require the flexibility and support provided by facilities like Barking Enterprise Centre - without such facilities the Borough will not remain a focus for new business start-ups and will lose out to other boroughs delivering new space.

2. Review of Current Service

- 2.1 Whilst the Council had carried out significant research in developing the concept of the BEC and how it would address the clearly identified lack of accommodation for small businesses there nevertheless was an element of risk in relation to occupation levels which, through the contract, was passed onto Agilisys. Broadly, the rents the operator receive cover the costs of managing the centre whilst alongside this the Council provided £200,000 in year one, £167,000 in year 2 and £128,000 for 2014/15 and a further £32,000 (from the New Homes Bonus topslice regeneration funding) up to 30 June 2015 for the business start-up/business support service. The reduced funding means lower outputs with the £128,000 based on 40 business starts, 250 businesses supported and 500 counselling sessions held. A 'Boot camp' for businesses providing one- to-many training assists at the early stages.
- 2.2 Any new venture requires time to 'bed down' and fully understand costs and incomes and after three years of operation it is clear the Centre fulfils an important function in the local economy generating much wider benefits than the financial

model of the business alone. Refinements over the three years mean that costs have been reduced and incomes maximised however it is still felt that rental levels could increase slightly more without detriment to occupation rates.

- 2.3 In terms of monitoring performance, the contract sets out the requirements including quarterly Performance Review meetings. The Centre has established itself firmly as the focus for enterprise and business support in the borough.

Facilities Management

- 2.4 Agilisys is currently responsible for marketing and letting the units (utilising an agreed format of 'easy-in, easy-out' tenancy) and managing every element of the building and covering all costs.
- 2.5 In terms of occupation the small units have been extremely successful with a waiting list for space. Occupancy of the larger units was more challenging however the centre is currently 100% occupied. The centre was designed to maximise smaller units and create flexibility however inevitably at corners of the building adjacent to staircases it is impossible to create smaller units (unless they did not have a window and the BEC prides itself on providing high quality space with plenty of natural light).
- 2.6 An original aim was to also house virtual offices and mailboxes as an additional form of revenue and potential stream of future occupiers however Government money laundering legislation has seriously undermined the viability of such services.
- 2.7 Usage of the 'Hotdesk'/business lounge space remains variable and it seems clear Barking is not quite ready for the type of open space business accommodation such centres in central London offer. Some of the larger units are being used for multiple tenants as co-working space however small private offices remain the most desired form of business accommodation.

Business Start Up/Business Support Service

- 2.8 BEC does limited marketing to achieve its outputs given its reasonable high profile amongst partner organisations (the Council, JCP, Job Shops, other business support organisations etc) providing high levels of referrals.
- 2.9 Feedback from businesses about the services is very positive and the BEC is often cited as a good example of support services. Surveys have shown B&D businesses most favour face-to-face support delivered locally with online or Central London support unlikely to generate significant take up. In recent years Government emphasis in relation to business support has focussed on identifying certain 'gazelle' companies with strong potential to grow and tailoring support to them. The challenge in this has always been identifying the gazelle companies – BEC can and does do this. There is scope to consider whether for the BEC contract the total number of business starts is the most important measure or whether there should be greater focus on quality. Either way the vetting process in itself means time spent with businesses which are unlikely to grow – each year this process has been more streamlined.

- 2.10 LEP interest in Incubators, accelerators and co-working space is strong and a recent report highlighting the importance of these facilities cited BEC. The GLA are producing a strategy for the expenditure of European Regional Development Funding (ERDF) to address geographical, sectoral or other gaps in the provision of incubators, accelerators, grow-on space and support services and therefore there may be scope to secure funding in the future although it would need to be matched.

3. The Foyer Building

- 3.1 The Foyer on Waking Road is a facility run by East Thames which provides 116 residential bedsit units for young people in a 9 storey tower with 2/3 storey annexe/wing sub leased to the Council. The annexe shares a reception area and roof garden with the tower but otherwise can operate as a distinct standalone entity. The freehold of the whole site is owned by LBBB with a 125 year lease to East Homes (now known as East Thames) and in turn a peppercorn sub-lease has been provided by East Homes to LBBB for the annexe for a day under 125 years.
- 3.2 The annexe is currently used for a number of Children's Services uses who whilst not paying rent have to cover around £130k of costs per annum. Children's Services (14-19 team) are proposed to relocate to Roycroft House as part of the savings and have asked whether there is an alternative use for the space which could cover the costs rather than losing a peppercorn rent property. The annexe seems ideally suited as a second BEC facility as they are five minutes' walk apart and both have good access to the station. Security and reception services at the BEC could remotely operate at the annexe.
- 3.3 An internal layout design utilising the space in the most effective way has been produced which provides 50 small office units plus around 30 hot desk workstations. An alternative less efficient layout but which utilises existing internal walls to reduce capital costs has also been produced.
- 3.4 The Council has secured New Homes Bonus Top slice funding in 2015/16 under the 'Places of Work' theme which could be utilised for the capital costs of creating new workspace for businesses (of up to £264,588) with £50,000 of revenue funding. The revenue funding can only be used in conjunction with new workspace not existing but could be used to fund BEC support for Foyer businesses. The capital budget available would not cover the full implementation of most effective layout but could deliver a significant proportion with further work delivered as rental streams allow.
- 3.5 The sublease for the annexe contains a schedule regarding use of the space which severely limits the ability of the Council to assign the lease to another party however utilising the space for business support would appear to be acceptable. East Thames formal agreement would be required both to sublet the space to a social enterprise and to carry out the requirement fit out works. They have stated their willingness to agree to this.
- 3.6 The annexe also contains the Council's Leaving Care service, Subwize and the Digital Media Centre run by Media Citizens. There is potential for these uses to stay in the building as tenants of the enterprise centre however they would need to pay rent at the same level as other tenants and their presence may not be as relevant in the location as before.

4. Options Post March 2015

4.1 Originally after considerable deliberation, the facilities management and business support services were combined into one contract as they enabled some economies of scale (eg the receptionist and manager cover both elements) and prevented potential conflict between two suppliers in one venue. The provision of business support services at the BEC has bolstered demand for space with a high number of entrepreneurs who sought advice moving on to occupy space.

4.2 The key issue post March 2015 is how the Council can facilitate the continued operation of the BEC without any Council funding for business start-up/business support.

4.3 The following headline options are available:

- 1) The Council could simply **sell the building** and generate a one off capital receipt – an independent valuation has provided the following figures:

Existing use	£1.1m
General Office use	£1.35m
Residential Conversion	£1.6m

These are substantially lower than the capital expenditure to build the facility (£3.4m). Selling would mean no guarantee of easy-in, easy-out accommodation being available for businesses and no home for the business start-up/business support service. There may also be legal issues with the LEGL funding assets being sold. Demand for larger office space in Barking (and East London generally) is weak with significant oversupply in Canary Wharf and Stratford. This option would remove the heart of the Borough's business support offer and severely weaken the Borough's strong reputation as a small business friendly borough.

- 2) **Tender for an operator covering just the facilities management (FM) element.** This could generate a potential small income for the Council as the FM element current breaks even but it would mean the BEC was solely small office accommodation and there would be no business start-up/business support.
- 3) **Tender for an operator covering both the FM and support services.** There is concern that there were limited bidders first time when grant funding was available. This option is therefore seen as unlikely to result in any responses. A longer term contract/lease may attract further interest and open up additional options for investment but would severely weaken any LBB control over services offered.
- 4) **Set up a Social enterprise** (a business with social/environmental objectives whose profits are ploughed back into delivering these) to run the Borough's business space, provide business support services and play a wider role in economic development within the Borough. A social enterprise would have the ability to attract additional funding (including EU, GLA and Charitable funding) which is not available to private sector organisations and any

surpluses could be ploughed back into providing additional business support. A social enterprise would have other financial advantages over a private company.

- 4.4 An additional proposal applicable to support options 2, 3 and 4 above is to **develop the Foyer annexe** as further business space to be managed as part of the same agreement, enabling economies of scale to be achieved whereby additional rental space generates additional income without significant additional costs. Having a second building would enable a greater 'curation' of space to ensure a mix of businesses which work with each other for wider economic benefits. This is identified as an increasingly important role in creating workspaces which deliver considerably more than just space and help support growth. This option is seen as the most desirable in addressing business needs and helping support a long term future for the BEC.

5. Proposed Option

- 5.1 The proposals for a social enterprise to run the BEC would be on the basis of providing no direct funding – a commercial rent level would be identified for the space/s but this would be refunded/not claimed if the service is successfully delivered year on year. This enables the social enterprise to use rents received from businesses to cover their running costs and help attract further funding sources to provide business and enterprise support. A social enterprise has access to significantly more funding opportunities in this area than private companies.

6. Other Considerations

- 6.1 LBBD is part of a business rate pool with Thurrock, Basildon and Havering. As part of this there is an Economic Growth Fund which is currently considering pool wide economic development projects. Whilst not in the spirit of shared projects the Council could seek to argue keeping the BEC operating is essential and some NNDR funding from the pool should be allocated to the Council to use for locally based support.
- 6.2 The Government and GLA are strongly encouraging the take up of grants for improving broadband connectivity for businesses. As such they are particularly encouraging business centres to take up the grants. One provider has offered to provide the BEC with the latest IT technology utilising a £40,000 grant at no cost however the grant conditions would require BEC businesses being served for three years - as such Agilisys is currently unable to enter into any agreement. If a solution can be found to ensure the BEC continues for at least the next three years then the grant could be applied for – the deadline for applying is 30 March 2015. A similar grant could be used for the Foyer building. This would ensure the business space offers broadband capability comparable to Tech City.

7. Consultation

- 7.1 As part of the savings proposals consultation the removal of General Fund monies to support business start-up was highlighted and representations were made that the Council should seek to find alternative solutions for retaining small business accommodation and a business start-up/business support service.

8. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

- 8.1 The Authority currently incurs no costs in respect of the day to day running of the existing Barking Enterprise Centre. The building is currently fully occupied as the demand for these small business units in the Borough is greater than the supply.
- 8.2 In the current financial year, the Regeneration and Economic Development Division's budget for the support of Economic Development projects totals £224,700. This budget, however, will be removed as part of the approved savings for 2015/16 and £128,000 of this sum would have been paid to Agilisys as a contribution towards their Business Support function. In the current circumstances it is, therefore, unlikely that this service will continue into 2015/16.
- 8.3 The freehold for the Foyer building is owned by the Council and the site is leased to East Thames for a peppercorn rent. The annexe of the building is currently sub leased back to the Authority (also for a peppercorn rent) but annual running costs for this area total £130,000 which is funded by the Children's Services Department, the current occupants.
- 8.4 Children's Services are looking to vacate the building in the forthcoming months in order to achieve approved savings for 2015/16 and, consequently, this provides an opportunity to expand the BEC by converting the foyer area into several business units. Funding is available to undertake this building conversion work up to a maximum of £264,588 and £50,000 is available to assist with the funding of the Business Support Service and revenue expenses until the site is established and rental income covers all running costs.
- 8.5 This funding has been secured in 2015/16 from the New Homes Bonus Top Slice. The London Boroughs were invited to submit project bids to the GLA that would promote job creation and economic development for a share of £70m. The Authority has been successful in bidding for 4 projects for a total sum of £1,064,588. The "Places of Work" project has been allocated total capital and revenue funding of £314,588 and, subject to Cabinet agreement and successful negotiations with East Thames, it is proposed to use this funding for the building conversion work at the Foyer.
- 8.6 This would provide around 50 additional business units plus a further 30 workstations and the rents from these areas would potentially produce an overall surplus across both sites that would be used to fund the business support service subsequent to the Council's funding being cut.
- 8.7 The costs of the OJEU process and tender for a concession agreement to run the BEC and Foyer Annexe can be met from existing Regeneration and Economic Development budgets. The tender documentation must clearly state that the Authority is no longer in a position to contribute towards the funding of the Business Support service or the day to day running costs of either site.

9. Legal Implications

Implications completed by: Daniel Toohey, Principal Corporate and Commercial Solicitor and Evonne Obasuyi, Senior Property Solicitor

- 9.1 This report is seeking permission to tender, as a concession agreement, the management of the Barking Enterprise Centre and the provision of business support services at the Centre. In general terms a concession agreement, although entered into between an Authority and a contractor, allows the contractor to be fully remunerated by the public who use the service, rather than by the contracting authority. One of the European Union policy reasons for allowing this is a commitment to affordable services for the public.
- 9.2 As service concession agreements are not currently governed by the Public Contract Regulations, this procurement does not fall within the strict regime of that legislation. The Council's Contract Rules do however apply to this proposed procurement. Contract Rule 28.1 stipulates that the procurement process for contracts with a value of over £50,000 must involve a formal invitation to tender. The process should therefore be transparent, fair and non-discriminatory.
- 9.3 In line with the above principles, paragraph 6 of the report sets out the process to be undertaken for this procurement. This includes the timetable within which it will be completed, the evaluation criteria and the advertisement media to be used.
- 9.4 In considering whether to grant the recommendation for this procurement, Cabinet should satisfy itself that this contract will represent value for money for the Council.
- 9.5 This report further requests that Cabinet delegate authority to the Chief Executive, in consultation with the Chief Finance Officer and the Head of Legal and Democratic Services, to award the concession agreement, any associated lease/licence and relevant I.T agreements. In accordance with Contract Rule 47.15, Cabinet can indicate whether it is content for a Chief Officer to award the contract following a procurement process.
- 9.6 Following procurement and discussions with the landlord, East Thames, the sublease may need to be varied.

10. Other Implications

- 10.1 **Risk Management** - As part of the tender responses, bidder would be required to submit a risk assessment which will be scored as part of the evaluation process.

Public Background Papers used in the preparation of the Report: None

List of appendices: None

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CABINET**24 March 2015**

Title: Procurement of Electricity and Gas Supplies	
Report of the Cabinet Member for Finance	
Open Report with Exempt Appendix 4	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Andrew Sivess – Group Manager Programmes and Funding	Contact Details: Tel: 020 8227 5732 E-mail: andrew.sivess@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Chief finance Officer	
<p>Summary</p> <p>The purpose of this report is to seek approval to tender and appoint a specialist energy procurement broker to provide expert, independent advice to help the Council procure gas and electricity on terms that are the most economically advantageous and support the Council's renewable energy opportunities.</p> <p>The Council currently purchases its gas and electricity through Laser (a company owned by Kent County Council, which procures energy on behalf of local authorities). Laser has negotiated a new energy supply contract which will come into effect on 30 September 2016. Existing customers of Laser are required to confirm their intention to renew this contract to ensure that Laser can buy gas and electricity now in advance of the new contract start date.</p> <p>It is not clear that the current arrangements with Laser will continue to offer the best terms and flexibility for the Council. It is therefore proposed that we review the options available for the purchase of our energy supplies. The energy supply market is very complex and it is considered that the Council needs the support of an expert energy broker to identify and review and select the most appropriate option(s).</p> <p>This provides the opportunity to review the Council's approach to energy procurement and investment in renewable energy. Changing our approach to energy procurement and renewable energy would help achieve the Council objectives and to reduce carbon emissions in line with Climate Change Act 2008 obligations.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <p>(i) Agree to the procurement and appointment of an energy broker and to proceed via the broker to procure the Council's gas and electricity supplies in accordance with the proposals set out in this report;</p>	

- (ii) Delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, the Director for Housing, the Director of Children and Young People, the Head of Legal and Democratic Services, to negotiate terms and agree the contract documents to fully implement and effect the project for the term, including any options to extend; and
- (iii) Delegate authority to the Corporate Director of Housing, in consultation with the Chief Finance Officer and Head of Legal and Democratic Services to award and execute all of the legal agreements, contracts and other documents on behalf of the Council in accordance with the strategy set out in this report.

Reason(s)

To assist the Council in achieving its corporate priorities by securing cost effective energy supplies on terms that will support the Council's economic development and renewable energy generation objectives.

1. Introduction and Background

- 1.1. The energy market is exceptionally volatile and is characterised by rising real energy prices. Energy prices have increased by an average of 7% p.a. over the past 30 years and, despite the recent fall in oil prices, are expected to continue to rise in the long term (the oil futures market, for example, is currently pricing oil at \$90 per barrel by the early 2020s¹). In addition it is likely that the security of energy supplies will continue to be adversely affected by geo-political uncertainty and increasing domestic generation constraints as existing energy infrastructure nears capacity or becomes obsolete. Obtaining energy supplies that are secure, are on acceptable terms is increasingly complex, presenting the Council with new challenges and opportunities. It is therefore important that the Council is supported by independent external advice.
- 1.2. In the near to medium term the UK power, coal and gas markets could see weaker prices which may feed through to lower energy prices. This is due to a mild winter; improving Liquid Natural Gas availability (essentially a by-product of US shale oil production) and lower global oil prices - largely caused by OPEC producing countries maintaining output to retain market share in the face of increased US oil production. Over the long-term however, it is impossible to predict commodity (gas, coal and oil) prices and their impact on energy costs with certainty due to the complex interplay of political, supply, technological, economic and carbon reduction factors. In addition, the impact of increasing levels of renewable energy investment (\$260 billion per annum globally over the past five years²) is likely to have an increasingly disruptive effect on conventional gas and coal fired energy generation. The complexity of global and domestic energy markets is increasing and will increase further as local renewable energy production increases in line with EU and Government policy.
- 1.3. Investing to improve energy efficiency and renewable energy production is increasingly significant in helping to achieve national and local objectives to generate sustainable income from secure renewable energy sources and to reduce

¹ *Economist: 17th-23rd January 2015*

² *ibid.*

carbon emissions. A significant opportunity is potentially available to the Council to invest in local renewable energy and energy efficiency programmes. A future report will be submitted to Cabinet setting out the investment opportunities and potential delivery mechanisms (likely to be a combination of direct investment and delivery through an Energy Services Company).

1.4. Current Gas and Electricity Supplies

- 1.4.1. Currently the contract for the supply of electricity and gas (including associated services) is with LASER (a company wholly owned by Kent County Council that procures energy on behalf of local authorities). The current annual value of this contract is £6.48m. Unless renewed by the Council the contract will expire on 30 September 2016.
- 1.4.2. LASER have procured a new gas and electricity supply Framework under which they will supply energy to customers for the period 1st October 2016 to 30 September 2020. LASER require existing customers to confirm their intention to renew their contract early in 2015. This will allow Laser to purchase energy supplies from 2015 (potentially locking in relatively low energy costs) in advance of supplying energy to customers from October 2016.
- 1.4.3. Under this contract, the Council's gas and electricity is bought through a Purchase within Period (PWP) mechanism for defined service periods. This means that LASER, in discussion with the Council, procures all or some of the Council's gas and electricity requirements before and during the service period, potentially enabling cost savings to be made. At the end of a service period a cost audit is conducted and if the cost charged is higher than the forecast period cost the Council is liable to pay the shortfall; conversely, if the costs are lower than those charged then a credit will be due to the Council.
- 1.4.4. Additional cost information is set out at Appendix 4, which is in the exempt section of the agenda as it relates to the business affairs of a third party (paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. Proposed Procurement Strategy

2.1. Procurement objectives and social value policies

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

The main objectives of the procurement process are to ensure that the Council obtains:

- Market leading expertise: the Council has access to expertise to support the procurement and purchase of energy on competitive terms;
- External energy purchase processes: are supported by robust Contract and Customer management tools and processes to ensure the service is provided and maintained to the standards required by the Council;

- Utilities savings: proposals are supported by clear energy cost price mitigation strategy making full use of the mechanisms available within energy markets;
- the Council has access to expertise to support development of renewable energy infrastructure together with skills transfer to the Council to develop internal capacity and an intelligent client (this will help ensure that flexibility, in terms of supply arrangements, is maintained as the Council's proposed ESCO develops).

Appendix 1 sets out the services specification in detail that will be sought through the procurement process.

2.1.2. The table below sets out the procurement outcomes through which the objectives will be measured:

Objective	Outcomes
Market leading expertise	<ul style="list-style-type: none"> • Savings outlined at the end of each annual trading period (November to October) • Costs and savings benchmarked using the following methodology: <ul style="list-style-type: none"> ○ Achieved price compared against the market high, and the market average ○ Base savings baseline on the differential between the achieved cost and the market average cost.
External energy purchase processes	<ul style="list-style-type: none"> • See Section 1.3 of Appendix 4 (exempt section of the agenda)
Utilities Savings	<ul style="list-style-type: none"> • See Section 1.3 of Appendix 4 (exempt section of the agenda)
Renewable energy expertise	<ul style="list-style-type: none"> • the selected organisation will be expected to demonstrate knowledge and expertise in the areas of renewable energy, energy efficiency and related finance such as ECO funding

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

The procurement proposals in this report are intended to secure the procurement and purchase of electricity and gas supplies on terms that will help support long-term financial sustainability and economic development. If the procurement objectives are achieved then long-term energy supply partner(s) will be selected who will supply energy on cost effective terms and that also support development of the Council's energy efficiency and renewable energy opportunities for the economic benefit of the area.

To achieve this, an expert partner(s) will be sought who has the vision, expertise and capacity to engage with the Council to develop mutually beneficial energy supply and purchase models that could also support, for example, the development of an Energy Services Company as is being implemented by other local authorities. Such a vehicle could develop, install, finance and provide energy related services for the benefit of the Council and community.

2.2. Proposed procurement strategy – energy procurement services

2.2.1. The preferred solution is to tender for the appointment of an expert energy broker. Such an appointment will provide the Council with expertise (and skills transfer) required to procure the Council's energy supplies on the most economically advantageous terms.

2.2.2. The table at Appendix 2 summarises the key information that has been used to select the preferred option and to develop the procurement strategy.

2.2.3 Appendix 3 provides detailed information on the options appraisal and analysis.

3. Options Analysis – energy procurement services

3.1. The table below summarises the options that have been considered to achieve the objectives set out in 2.1 above. The preferred option is indicated. Appendix 3 sets out the detailed option analysis.

Option	Description	Assessment
Laser <i>(continue existing contract arrangements)</i>	<ul style="list-style-type: none"> • EU Compliant • Single Supplier for Gas • Single Supplier for Electricity • Reduces time spent on procurement process • Pre agreed terms and conditions 	<ul style="list-style-type: none"> • no guarantee that costs will not exceed Council energy budgets; tendering may produce a better financial outcome • Laser arrangements are not tailored to the Council's requirements • relatively high management fees and concerns over VFM
Crown Commercial Services <i>(tender to the Government framework)</i>	<ul style="list-style-type: none"> • EU Compliant • Single Supplier for Gas • Single Supplier for Electricity • Reduces time spent on procurement process • Pre agreed terms and conditions 	<ul style="list-style-type: none"> • Lower management fees than Laser • No managed service provision so more staff would need to be recruited internally
Direct To Big 6 <i>(tender to main UK energy suppliers)</i>	<ul style="list-style-type: none"> • Single Supplier for Gas • Single Supplier for Electricity • Non-Compliant with EU Legislation • Restrictive Market that may not yield the required financial benefits 	<ul style="list-style-type: none"> • As above • Appointment of an expert broker would enable the Council to effectively engage with the main power generators • Direct engage requires energy market knowledge and expertise
Open Framework	<ul style="list-style-type: none"> • EU Compliant • Multiple Suppliers available • Reduces time spent on procurement process • Pre Agreed 	<ul style="list-style-type: none"> • Fixed fees • Static service provision • Non flexible

	Terms and Conditions	
Open Tender Process LBBB Direct to market for Supplies	<ul style="list-style-type: none"> • EU Compliant • Dependent on how accurate Council information is • Any supplier can bid across the EU • Terms and Conditions are to be negotiated 	<ul style="list-style-type: none"> • In house skills gap is a high risk element
Open Tender Process to appoint a Broker <u>This is the Preferred Option</u>	<ul style="list-style-type: none"> • EU Compliant • Varying and Multiple risk profiles available • Single or multiple supplier for Electricity • Single or multiple supplier for Gas • Flexible approach • Broker procures on behalf of the Council • Reduces time spent on procurement process • Terms and Conditions to be issued as part of the Brokers Tender Process 	<ul style="list-style-type: none"> • Market Experience • Ability to forecast short, medium and long term strategies • Flexible in terms of product risk profile methodologies • Appointment of an independent broker is considered the most effective way of accessing unbiased and objective expertise and advice • Cost effective in terms of management fees

4. Waiver

4.1 This is not applicable to the proposals in this report.

5 Equalities and other Customer Impact

5.1 Successful re-procurement of the Council's energy supplies will help to protect services by constraining energy cost price increases. In order to recover contributions towards electricity and gas costs from Leaseholders, the Council will need to consult Leaseholders under Section 20 of the Landlord and Tenant Act 1985 (revised 2002). We will also need to consult with the schools that obtain their gas and electricity through the Council's contract with LASER. This consultation would commence following Cabinet's decision.

5.2 The procurement proposals in this report are intended to secure the purchase of electricity and gas supplies on terms that will help support the long-term financial sustainability and economic development of the Council. If the procurement objectives are achieved then long-term energy supply partner(s) will be selected who will supply cost effective energy.

5.3 A partner(s) will be sought who has the vision, expertise and capacity to engage with the Council in developing mutually beneficial models and energy supply and purchase that also supports the development of the Council's energy efficiency and renewable energy initiatives.

6. Other Considerations and Implications

6.1 Risk Management

6.1.1 Do Nothing

In the event that the Council was to do nothing and let the service contract expire, then from 1 October 2016, the Council would transfer from Wholesale market rates to Retail rates. This would have a significant financial impact on the Council due to the Retail rates being heavily inflated when compared to the Wholesale market.

To mitigate this risk, it is proposed that the Council will contract with a third party for the provision of the service in line with the recommendations as set out in this paper.

6.1.2 Not to agree or award the recommended route to market until expiry

In the event that the Council does not award or agree the route to market until, or until close to the expiry of the existing service period, the risk to the Council is that the market rates at which gas and electricity would have to be purchased may be higher than those available if an early decision had been made. The wholesale market price has risen steadily since 2012 and the forecast is that the costs will further increase. Energy prices are dependent on any disruptions in the supply chain such as adverse weather or conflict.

6.2 **TUPE, other staffing and trade union implications** - There are no direct implications with this proposal.

6.3 **Safeguarding Children** - There are no direct implications with this proposal.

6.4 **Health Issues** - There are no direct implications with this proposal.

6.5 **Crime and Disorder Issues** - There are no direct implications with this proposal

6.6 **Property / Asset Issues** - The Council is reviewing the number of corporate offices from which it operates and is considering subject to Cabinet approval a renewable energy investment programme.

The proposals contained in this report will need to provide the flexibility to adjust for varying levels of energy requirement and potential local energy generation capacity.

7. Consultation

7.1 Children's Services have been consulted to agree a communication strategy to ensure that Schools within the Borough are engaged and given the option to gain access to the Councils route to market.

7.2 In line with the Leasehold Reform Act 2002 Section 151 (formally Section 20 of the Landlord and Tenant Act 1985), the Council has a duty to consult with its leaseholders if the Council enters or is considering entering a long term contract for works, services or supplies (over 12 months in duration) or the cost impact to the Tenant exceeds or is likely to exceed £100 per annum.

7.3 Consequently, and in compliance with these provisions, a letter of intent will be issued to all leaseholders following Cabinet's decision.

7.4 In order to conform to the legislation above the following leaseholder consultation steps are required to be taken:

- Pre Tender Stage – Notice of Intention (letter of intent)
- 30 day response time from date of issue
- Tender Stage
- 30 day response time from date of issue

8. Corporate Procurement

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

8.1 The recommendation to appoint an external broker to procure utilities on behalf of the Council is the most beneficial route to market to maximise the Council's requirements for the supply of electricity and gas.

8.2 This report justifies the route through market intelligence and evaluation against open frameworks.

8.3 The procurement of the Broker would be conducted using an open tender process, which will maximise bid returns from the market. The projected costs attributed would mean that the costs would be below EU Thresholds and as such would not be required to be advertised under the mandatory periods of time.

8.4 The procurement of the utilities will be completed by the broker ensuring all EU Legislation, timelines and processes are adhered to and agreed with Council officers prior to issue.

8.5 The Responsible Officers will agree with the Broker the most appropriate risk profile model(s) to be adopted for the Council's portfolio.

8.6 Both of the service elements will attract gain share under the terms detailed in the Joint Venture arrangement. Currently this will be apportioned 80% to the Council and 20% to Elevate. The baselines and methodologies are to be agreed by both parties prior to commencement.

8.7 Based on the evidence contained within this report the recommended option to source and appoint an external Broker to procure Utilities on behalf of the Council is fully supported.

9. Financial Implications

Implications completed by: Carl Tomlinson, Group Manager Finance

9.1 The Council consumes significant amounts of energy. The costs of gas and electricity are predicted to continue to rise significantly above the level of general inflation.

- 9.2 It is important that the Council adopts a robust energy procurement strategy as set out in this report. This should provide the Council with the mechanisms and expertise to secure energy on acceptable terms by adopting an appropriate balance between forward purchasing (to achieve price certainty) and the potential to take advantage of short-term energy price movements where this is in the Council's financial interest. To achieve this the Council will need to be supported by expert external advice, purchasing expertise and skills transfer.
- 9.3 It is considered that the preferred option recommended in this report meets these objectives.

10. Legal Implications

Implications completed by: Kayleigh Eaton, Solicitor, Contracts and Procurement

- 10.1 The Council's electricity and gas requirements are currently procured via a Framework Agreement established by Kent County Council's Energy buying Group (LASER) on behalf of other UK public bodies.
- 10.2 The current arrangement, and indeed the overarching Framework Agreement, is due to expire on 30 September 2016.
- 10.3 Fresh consultation under Section 20 of the Landlord and Tenant Act 1985 will be required to be undertaken with leaseholders if the Council is to be able to legally recover contributions towards electricity and gas costs from leaseholders. There are financial implications for the Council if the procedures for consultation are not followed.
- 10.4 The proposed procurement being considered for the supply of gas and electricity is estimated to be approximately £25.96 million over the lifetime of the contract and is therefore above EU thresholds for supplies and service contracts (currently set at approximately £172,514). This means that there is a legal requirement to competitively tender the contract via the Official Journal of the European Union (OJEU). Legal Services note that it is the responsible directorate's intention to procure and appoint a broker who will carry out this procurement on behalf of the Council.
- 10.5 The procurement of a broker is estimated to be below the EU threshold for services (currently £172,514) meaning that the procurement of the broker will not be subject to the Public Contract Regulations 2015 (the "Regulations"). However, Contract Rule 28.5 of the Council's Contract Rules requires that all contracts with an estimated value of £50,000 or more must be subject to a competitive tendering process.
- 10.6 Legal Services advise that any broker appointed to act on behalf of the Council must also comply with the Regulations and the Council's Contract Rules as per Contract Rule 3.1.
- 10.7 In line with Contract Rule 47.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.

10.8 The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any questions that may arise.

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

List of appendices:

- **Appendix 1** - Outline specification of services to be procured
- **Appendix 2** - Summary of Key Procurement Information
- **Appendix 3** - Options appraisal and analysis
- **Appendix 4** - Cost Information (Exempt information)

Outline specification of the works, goods or services to be procured

The Council requires a provider who can offer the services set out in the table below in relation to the purchase and management of Electricity and Gas Supplies:

Services options	Services	Explanation
Fully Managed Service	Purchase of Gas supplies for Corporate, Housing and Educational premises;	Brokerage service to secure energy supplies using the full range of market knowledge and purchasing techniques available
	Purchase of Electricity supplies for Corporate, Housing and Educational premises;	
	Consolidated Billing where required	A consolidated Bill would be a single invoice supported by a spreadsheet which contains details of ALL the Council properties for a specified period
	Paper/PDF invoices to individuals or group email addresses	For customers/sites outside of the main Council portfolio but are able to access the service, then singular or multiple sites will need to be billed either through paper or a pdf file emailed to the customer.
	CSV file data to enable direct upload into Oracle R12 and the energy management system (SystemsLink)	The spreadsheet which supports the consolidated bill contains information in an agreed format that it can be directly uploaded into Oracle R12 and energy management system, which negates the need for a manual and time consuming process.
	Contract management including regular service meetings	Regular meetings between strategically focused stakeholders within the Council and the Supplier to discuss operational issues which require rectification or to meet to review and change ways of working to enhance the service.
	Procurement of the Utilities	The physical purchase of the commodity on the energy market conducted by a professional trader(s)
	Full Customer Service	Offer a full managed service
	Updates on the short, medium and long term markets	Offers a view on how the markets could react in the short, medium and long term to enable the Council to review and amend its policies on procurement if required.
	Query management and assistance	Will assist with any issues with meters, meter reading, costs, additions or removal of meters and final billing
	update site portfolio as required (additions and deletions)	Will keep and maintain a full site and meter list, which will be amended as sites/meters are added or removed.
	impact on the Council's legal obligations	Offers advice on any legal or regulatory changes which could impact on the Council for either operational or financial risks

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Summary of Key Procurement Information

1	Recommended procurement procedure	<p>The proposed procurement procedure for each procurement element is as follows:</p> <table border="1" data-bbox="591 316 2085 512"> <tr> <td data-bbox="591 316 857 432">Expert broker</td> <td data-bbox="857 316 2085 432">Appointment of a Broker to conduct a procurement process on behalf of the Council – single stage formal tender using best practice, as the contract value is below the mandated levels required under EU Legislation</td> </tr> <tr> <td data-bbox="591 432 857 512">Utility supplies</td> <td data-bbox="857 432 2085 512">Procurement for the supply of Utilities – Full OJEU compliant Open procedure is to be used in line with the minimum requirements as outlined in EU Legislation</td> </tr> </table>			Expert broker	Appointment of a Broker to conduct a procurement process on behalf of the Council – single stage formal tender using best practice, as the contract value is below the mandated levels required under EU Legislation	Utility supplies	Procurement for the supply of Utilities – Full OJEU compliant Open procedure is to be used in line with the minimum requirements as outlined in EU Legislation										
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Utility supplies	Procurement for the supply of Utilities – Full OJEU compliant Open procedure is to be used in line with the minimum requirements as outlined in EU Legislation																	
2	Contract award criteria	<p>The contract award criteria proposed for the procurement of an external broker is as follows:</p> <ul style="list-style-type: none"> • 75% Commercial (costs) • 25% Technical <p>The reason for the emphasis on costs is that the successful organisation will be required to conform to a full service specification. In the event of performance falling below key performance indicators (KPIs) the service provider will be liable to pay compensation costs. During the selection process the KPIs will in effect act as pre-qualification criteria.</p>																
3	Procurement Timetable	<table border="1" data-bbox="591 895 1189 1177"> <thead> <tr> <th data-bbox="591 895 1003 938">Process</th> <th data-bbox="1003 895 1189 938">Days*</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 938 1003 975">Develop specification</td> <td data-bbox="1003 938 1189 975">21</td> </tr> <tr> <td data-bbox="591 975 1003 1011">Load detail onto e-portal</td> <td data-bbox="1003 975 1189 1011">2</td> </tr> <tr> <td data-bbox="591 1011 1003 1048">Advertise to tender return</td> <td data-bbox="1003 1011 1189 1048">21</td> </tr> <tr> <td data-bbox="591 1048 1003 1085">Evaluation</td> <td data-bbox="1003 1048 1189 1085">14</td> </tr> <tr> <td data-bbox="591 1085 1003 1121">Award report drafting</td> <td data-bbox="1003 1085 1189 1121">2</td> </tr> <tr> <td data-bbox="591 1121 1003 1177">Award</td> <td data-bbox="1003 1121 1189 1177">1</td> </tr> </tbody> </table>			Process	Days*	Develop specification	21	Load detail onto e-portal	2	Advertise to tender return	21	Evaluation	14	Award report drafting	2	Award	1
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Load detail onto e-portal	2																	
Advertise to tender return	21																	
Evaluation	14																	
Award report drafting	2																	
Award	1																	
4	Outline specification of the works, goods or services to be procured	<p>The full specification of requirements can be found in Appendix 1. The main components are-</p> <ul style="list-style-type: none"> • Procure Utilities on the Council's behalf • Obtain and provide short, medium and long term market views to enable risk profiles to be set. • Consolidated billing • Query management and professional assistance 																

5	Estimated Contract Value	<p>Utilities</p> <p>a) The estimated value of the contract is significant with the cost of gas and electricity estimated at £6.48m pa and £25.92m over the anticipated contract term.</p> <p>It is therefore essential that the procurement process provides the Council with the expertise and to ensure energy is procured on sufficiently flexible terms.</p> <p>Broker</p> <p>b) The estimated costs per annum for the Broker are in Section 1.3 of Appendix 4 for the potential four year term. This would be a significant reduction to the current level of fees. A budget of £50k is proposed for the brokers fees.</p>
6	Contract Duration, including any options for extension	<p>It is proposed that the contract award will be as follows:</p> <ul style="list-style-type: none"> • Initial term of two years • Provision to extend by a further 2 years at the Council's discretion
7	Is the contract subject to the (EU) Public Contracts Regulations 2015? If Yes, and contract is for services, are they subject to the light touch regime?	<p>The procurement proposals are subject to the (EU) Public Contracts Regulations 2015. The proposals in this report meet the requirements of these regulations.</p> <p>The procurement process for the Utilities and Broker fall under the categorisation below, in line with EU Procurement regulations:</p> <ul style="list-style-type: none"> ○ Procurement of an Energy Broker =Services, which are not subject to the light touch regime. ○ Physical Procurement of the Energy = Supplies
8	Recommended Procurement Procedure	<p>The proposed procurement procedure for each procurement element is as follows (see section 4 below for more detail):</p> <ul style="list-style-type: none"> • Appointment of a Broker to conduct a procurement process on behalf of the Council – single stage formal tender using best practice, as the contract value is below the mandated levels required under EU Legislation • Procurement for the supply of Utilities – Full OJEU compliant Open procedure is to be used in line with the minimum requirements as outlined in EU Legislation

9	Contract Delivery Methodology and documentation to be adopted	<p>The contractual methodologies associated with the 2 procurements and terms and conditions are as follows:</p> <ul style="list-style-type: none">• Procurement of the Broker – LBBB Standard Terms and Conditions for Services• Supply of Utilities – To be agreed by all parties to ensure risk mitigation to the Council is paramount. It is envisaged that a tripartite contract will be entered into signed by all three (3) parties.
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Options Appraisal and analysis

The table sets out the options identified and how each option meets the assessment criteria. The preferred option is considered to be the selection of a Broker: this would provide the Council with access to energy market skills to procure energy on the best, most flexible terms and would provide the flexibility to adapt the Council's energy procurement over the course of the next 2 to 4 years if the Council decides to establish an Energy Services Company.

		Options				
		Option 1	Option 2	Option 3	Option 4	Option 5
		Laser	CCS	Direct to Market (Big 6)	Broker	Framework
Assessment Criteria	Contract Length	4 Years; or 2 Years	Annual	1 to 4 years	1 to 4 years	4 Years; or 2 Years
	Fully Managed Service	Yes	No	Mixed availability	Yes	Yes
	Purchase Only	Yes	Yes	Yes	Yes	Yes
	ESCO Integration	Yes	Not Currently	Yes	Yes	Yes
	Variant Risk Models	Yes	Fixed and Variable	Yes	Yes	Yes
	Market Knowledge	Medium to High	High	High	High	Medium to High
	Flexibility in period	Low	Low	Medium	High	Low
	LBBB Spec (to be used)	No	No	Yes	Yes	No
	Procurement Route required	OJEU (Already procured)	OJEU (Already procured)	OJEU (LBBB to procure)	<ul style="list-style-type: none"> • Sub OJEU for Broker Costs • Energy OJEU to be procured by the Broker 	OJEU (Already procured)
Terms and Conditions to be used	Tri Partite	Tri Partite	LBBB	LBBB	Tri Partite	

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CABINET

24 March 2015

Title: Establishment of a Council-owned Energy Services Company	
Report of the Cabinet Member for Finance and Cabinet Member for Regeneration	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Andrew Sivess, Group Manager: Programmes and Funding	Contact Details: Tel: 020 8227 5732 E-mail: Andrew.sivess@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration	
Accountable Director: Jonathan Bunt, Chief Finance Officer	
<p>Summary</p> <p>The purpose of this report is to seek 'in principle' approval, subject to detailed business planning, legal and financial advice, to establish an Energy Services Company (ESCO). The objectives of the ESCO would be to generate income for the Council; deliver environmental, social and economic benefits and help to achieve the Greater London Authority's (GLA) target of 25% renewable energy production by 2020.</p> <p>The activities of the ESCO would be to:</p> <ul style="list-style-type: none"> • deliver an investment programme of renewable energy and energy efficiency projects e.g solar panels and wind turbines; • provide energy supply, heating and maintenance services to third parties e.g. schools. <p>The Council has a major opportunity to invest in renewable energy which promises to bring major benefits to the Council and the local community. Officers are in discussions with funders to finance the proposed initial investment programme set out in this report.</p> <p>Currently, less than 3% of London's electricity comes from renewable sources. In Barking and Dagenham it is less than 1%. This compares to the 34% that could be produced from renewable sources (Department of Climate Change, 2011).</p> <p>The Council currently spends over £6m each year on gas and electricity. Investing in renewable energy will reduce the Council's expenditure on power and help reduce its carbon footprint.</p> <p>The main objective of the ESCO would be to generate energy for the Council estate to generate savings. In the longer-term there is also potential to engage with energy suppliers to develop a local energy offer in the future but this will take a number of years to achieve.</p>	

Recommendation(s)

The Cabinet is recommended to:

- (i) Approve the principle to establish an Energy Services Company (ESCO) specifically for the purposes of producing and supplying renewable energy, energy efficiency and related services to schools, the corporate estate, housing and the community subject to detailed business planning and due diligence;
- (ii) Approve the interim mission and objectives of the ESCO to frame detailed business planning as follows:
 - a). The mission of the ESCO is to help deliver the Council's energy and carbon reduction objectives;
 - b). The proposed objectives of the ESCO will be to:
 - generate savings and surpluses
 - create and deliver energy related benefits for the corporate estate, housing and schools
 - identify and deliver affordable energy projects
 - reduce fuel poverty
 - reduce carbon emissions
 - create wider social and economic benefits for the community
 - develop local energy expertise to support local economic development
- (iii) Note that a further report will be submitted to Cabinet later in the year setting out a detailed business case prior to the establishment of the ESCO;
- (iv) Approve £250,000 from the invest to save budget to fund detailed investment programme feasibility studies, business planning and financial and legal advice as set out within the report;
- (v) Approve, subject to satisfactory detailed feasibility studies and availability of satisfactory funding, the procurement of the following investment projects for direct delivery by the Council and potentially through an ESCO as set out at 2.2.3 below:
 - a). Street lights LED replacement programme (borough wide)
 - b). Photovoltaic (PV) enabled street columns programme (borough wide)
 - c). Wind turbines programme (subject to Cabinet's agreement to the locations)
 - d). River Roding water turbine scheme
 - e). Barking Town Hall renewable energy and energy efficiency works
 - f). Gascoigne renewable energy and combined heat and power facility
 - g). Photovoltaic panel energy programme (Corporate estate and initial HRA dwellings)
 - h). Combined Heat and Power programme and associated energy efficiency works to Housing Revenue Account properties subject to HRA financing restrictions;
 - i). Children's centres photovoltaic panel programme;
 - j). Schools (heat, power and energy services to the borough's schools)

Reason(s)

To assist the Council in delivering its corporate priorities by securing cost effective energy supplies and services on terms that will support the Council's economic development objectives and renewable energy generation aspirations.

The potential to deliver significant savings and reduce the authority's overheads is also a key factor in moving forward with it.

1. Introduction and Background

1.1. Strategic context

1.1.1. The International Panel on Climate Change (IPCC) monitors climate change mitigation on behalf of the United Nations. The IPCC reported in 2014¹ that green house gas (GHG) emissions growth accelerated to such an extent over the past decade that, without fundamental changes to reduce future GHG emissions, global mean temperatures would rise to between 3.7% and 4.8% compared to pre-industrial levels by 2100. This is substantially beyond the accepted maximum increase in global mean temperatures of 2°C required to avoid significant adverse political, economic, health and social impacts in all regions of the world.

1.1.2. Globally, energy supply and energy use in buildings is one of the biggest contributors to GHG emissions. Energy generation and energy use in the built environment accounts for c50% of CO₂ emissions with industry and transport accounting for 30% and 11% respectively. Investment in renewable energy, energy efficiency and de-carbonisation of energy supplies is fundamental to reducing long-term GHG emissions to minimise future global temperature increases.

1.1.3. The Climate Change Act 2008 (CCA) and Energy Act 2013 (EA) sets out the UK legal requirements to tackle climate change. The CCA imposes a legally binding obligation to reduce carbon emissions in the UK (which is also a European Union legal obligation on all member states) by 80% on 1990 emissions levels, whilst the EA seeks to create the world's first low carbon electricity market.

1.1.4. In terms of energy security the UK is considered to be one of the most energy secure countrys in the world. However, although UK demand for gas and oil is projected to remain flat, our dependence on primary energy imports will increase. As North Sea oil production falls, UK net oil and gas dependence on imports will rise from 50% in 2013 to 66% by 2025². Consequently the Government has set targets to diversify the country's energy mix, increasing substantially the amount of electricity generated from renewable energy sources. This is also of fundamental importance in reducing GHG emissions in the long-term.

¹ Climate Change 2014 Mitigation of Climate Change: Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

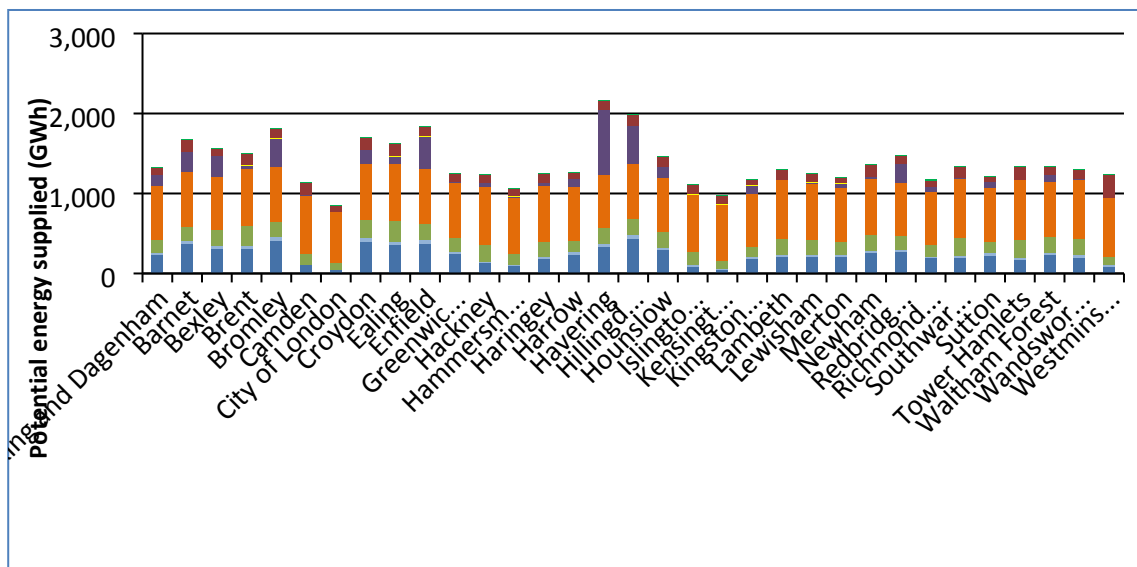
² DECC, 2014

1.2. London: energy, carbon emissions and the building stock

- 1.2.1. In London existing buildings account for c80% of CO₂ emissions and of this 43% and 36% is accounted for by workplaces and residential buildings respectively. Given that up to 80% of existing buildings will still be standing in 2050 the only realistic way of reducing GHG emissions is through a major programme of investment to existing buildings to increase their energy efficiency and the amount of renewable energy produced locally.
- 1.2.2. Currently, only 2.5% of London's electricity is provided from renewable sources whereas DECC estimates that up to 34% could be produced from renewable energy. The GLA has set a pan-London target of 25% renewable energy generation to be achieved by 2025. To achieve this objective will require an investment of between £5bn and £7bn across London.

1.3. Barking and Dagenham: renewable energy investment potential

- 1.3.1. The major power generators in the UK generate power using mainly fossil fuels. On average only 11.3% is supplied from renewable sources. Going forward the major power generators face regulatory requirements to increase the proportion of power they supply from renewable sources. This will be challenging to achieve; soft market testing indicates that investment in local renewable energy production could allow the Council to negotiate more favorable energy supply contract arrangements. This could deliver significant financial benefits for the Council and help to support the local economy.
- 1.3.2. The graph below illustrates the potential amount of power that could be generated across London from renewable sources. In the case of Barking and Dagenham DECC estimate that up to 1.3 Gigawatts of power (heat and electricity) that could be generated from renewable sources such as photovoltaic cells, wind turbines and combined heat and power boilers for example.



Source: DECC, 2011

1.4 The current energy market

- 1.4.1 The energy market is volatile and, despite a small recent reduction in gas and electricity prices, is characterised by rising real energy costs. Energy prices have increased by an average of 7% p.a. over the past 30 years and, despite the recent fall in oil prices, are expected to continue to rise in the long term (the oil futures market, for example, is currently pricing oil at \$90 per barrel by the early 2020s³). In addition, it is likely that ensuring security of energy supply will grow in importance; this is due to: geo-political uncertainty; constraints in domestic generation capacity and obsolescence of traditional power generation and supply equipment. Obtaining energy supplies that are secure and on economically acceptable terms presents the Council with ongoing challenges and new opportunities.
- 1.4.2 Over the long-term it is impossible to accurately predict commodity (gas, coal and oil) prices and their impact on energy costs with certainty. This is because of an increasingly complex interplay of political, supply, technological, economic and carbon reduction drivers which is disrupting energy markets. For example, one of Germany's main energy companies will in 2015 split in to two companies with one focusing on renewable energy and one managing existing fossil fuel generation only. This trend is likely to deepen as the cost of renewable capacity falls underpinning rapidly rising levels of investment in renewable energy (\$260 billion per annum globally over the past five years⁴ whilst the costs of PV panels and wind turbines has fallen 80% and 27% respectively since 2009) which will have an increasingly disruptive effect on conventional gas and coal fired energy generation.

2. Proposal

2.1. Investment in energy efficiency and renewable energy

- 2.1.1. A number of local authorities have already, or are considering, establishing Energy Service Companies to help deliver their energy and climate change programmes. ESCOs should be well placed to help deliver financial and social benefits locally and help meet carbon reduction targets imposed by the Climate Change Act 2008.
- 2.1.2. ESCOs have been established across Europe to bring about energy related improvements in their areas: notable examples are Woking, Peterborough and Norfolk in the UK and Munich and Berlin in Germany.
- 2.1.3. There is no single definition of an ESCO in the UK. The legal form and structure of an ESCO varies according to its objectives, requirements and the opportunities in each area. For example:
- Glasgow is considering the establishment of an ESCO to focus initially on district heat and power networks
 - Edinburgh is working to establish a wholly owned corporate vehicle to support delivery of the Council's strategic energy plan which will provide energy related benefits to the Council, community and public sector partners
 - Bristol intends to establish a fully licensed energy supply company

³ *Economist*: 17th-23rd January 2015

⁴ *ibid.*

- 2.1.4. An established ESCO can develop, install, finance and provide energy related services over a long timescale, typically 25 to 30 years across a series of projects and timeframes.
- 2.1.5. The main advantages of an ESCO are that it can:
- act as expert project developer and asset manager
 - optimise the use of existing property and energy related assets
 - secure and lever in private funding on a specific project basis and/or on a portfolio basis thereby achieving funding economies of scale and dilution of risk
 - assume technical, contract and performance risk related to energy projects
 - can directly or indirectly supply energy and heat to local communities
 - can work with and develop community owned energy enterprises
 - can work with a wide range of external partners to develop schemes, draw in private sector expertise and to concentrate and transfer that expertise for the benefit of the Council and community
- 2.1.6. The mission of our ESCO would principally be to help deliver the Council's strategic energy and carbon reduction objectives. It will do this by identifying and developing renewable energy, energy efficiency and energy services programmes for the benefit of the community, the Council and its partners.
- 2.1.7. The proposed objectives of the ESCO are to:
- generate savings and surpluses
 - create and deliver energy related benefits to for the corporate estate, housing and schools
 - identify and deliver affordable energy projects
 - reduce fuel poverty
 - reduce carbon emissions
 - create wider social and economic benefits for the community
 - develop local energy expertise to support local economic development
- 2.1.8. It should be noted that the focus of our renewable investment activities will be to generate savings by exploiting renewable energy production opportunities within the Council's estate. Over time, if sufficient scale of generative capacity can be reached it may be possible to wider objectives such as fuel poverty.
- 2.1.9. A further report will be submitted to Cabinet for approval setting out a detailed borough renewable energy capacity and supply study, detailed business case and investment proposals prior to the establishment of the ESCO.
- 2.1.10. Over the long-term the Council is unlikely to have the resources to directly finance energy projects. Establishment of an ESCO would enable the Council to access other forms of investment, business models and skills that might not otherwise be available. Over time there would be a range of schemes that require different levels of skills and resources to develop and implement: an ESCO structure is sufficiently flexible to access resources from several partners and to blend commercially viable schemes with less financially viable but socially worthwhile schemes should it wish to do so in a way a purely commercial entity is unlikely to choose to.

2.1.11. The outline timetable to establish the ESCO would be:

March 2015	<ul style="list-style-type: none"> • Cabinet approval to establishment of ESCO subject to approval of detailed business plan
April 2015	<ul style="list-style-type: none"> • Detailed business planning, technical, financial modeling and legal due diligence • Funding arrangements negotiated • Procurement of supply chain
May 2015	
June 2015	
July 2015	
August 2015	<ul style="list-style-type: none"> • Cabinet approves detailed business plan, funding arrangements and procurement of supply chain • ESCO established • Cabinet appoints board
September 2015	
October 2015	<ul style="list-style-type: none"> • Launch of B&D Energy • Investment programme begins

2.2. Proposed Initial Renewable Energy Investment Programme

2.2.1. The ESCOs long-term future investment program would address the opportunities set out in the table below.

Renewable energy	<ul style="list-style-type: none"> • The technological potential of renewable energy technology is considerable and will play an increasingly important role in the worlds energy mix. Although starting from a low base renewable energy has the potential to meet a large proportion of energy demand. For example, Germany is aiming to increase the amount of electricity supplied from renewable sources from the current level of 20% to 80%; London has reached less than 3% of its potential capacity. • Solar energy has reached grid parity (i.e. the same price as conventional electricity) in several places across the globe as the cost of renewable energy production falls. This enables an increasing amount of stable, relatively low cost energy to be viably produced whilst fossil fuels prices are likely to rise and remain volatile.
Storage	<ul style="list-style-type: none"> • The major drawback with renewable energy is its intermittent nature and storage issues. • This is likely to be addressed through improving storage solutions. Technological development and cost efficiencies are likely to make battery storage available at costs that make widespread battery storage viable. This will make possible the aggregation of 1000s small scale renewable projects through the development of smart grids.
Distribution	<ul style="list-style-type: none"> • Development of renewable energy, storage and smart grids will allow efficient distribution of locally produced energy back to the grid and to help meet local energy needs. • This will increase network resilience and capacity and could have significant commercial benefits for the Council.

Smart grids	<ul style="list-style-type: none"> • The growth and deployment of internet controlled equipment (such as smart appliances, renewable generation and associated storage) will enable energy demand and supply to be efficiently managed via smart grids. • This should have considerable commercial advantages for main energy producers, consumers and the Council - potentially allowing peak energy demand to be reduced by intelligently managing appliances, generation, local storage and distribution systems.
Finance	<ul style="list-style-type: none"> • Renewable energy production is now considered a mainstream asset class and is of increasing importance in the nation's future energy mix and energy security. • Renewable energy production produces stable and relatively low risk income streams which can attract large-scale institutional funding. • This is illustrated by the stability of the S&P renewable index of global renewable energy firms. This index has hardly moved whilst traditional energy company indices has been volatile reflecting the higher risks inherent with traditional energy companies.

2.2.2. The Council faces a number of cost and investment challenges that the establishment and efficient operation of an ESCO could help to address. These are briefly summarised below:

- Schools: an ESCO could, on a school by school basis, assume responsibility for financing, investment and maintenance of renewable energy and energy efficient equipment. This could provide greater certainty and protection to schools from historically rising energy and energy maintenance costs, potentially releasing resources for investment into other school budgets.
The investment programme in the table at Appendix 1 proposes to develop pilot ESCO energy supply and services which, if successful, could be offered to all schools.
- HRA investment: officers are reviewing the capacity (financial, technical and practicability) of adopting a stock investment strategy that would put greater emphasis on reducing energy use and carbon emissions by investing in greater levels of energy efficient refurbishment and renewable energy capacity. Depending on the outcomes of technical feasibility studies, the establishment of an ESCO may be able to finance, design and install renewable energy components outside of HRA financing restrictions. Officers intend to take legal advice on this model.
The investment programme set out in the table at Appendix 1 contains various possible pilot schemes to install photovoltaic electricity and Combined Heat and Power (CHP) pilot schemes on a number of HRA and corporate estate properties.
- Private sector housing: Despite Government and private sector initiatives (ECO, Green Deal funding and 'free' PV panels etc.), private sector residential levels of renewable energy and energy efficiency investment projects remains low in both private rented sector (because landlords do not directly benefit from investing in renewable energy and energy efficiency) and owner occupied sectors (because

financial payback is over a long-period and may not be reflected in future sales prices). Over time the ESCO may be able to develop new funding and investment methods that address these factors to make renewable investment more attractive in these sectors; for example, local funding mechanisms are being piloted by municipalities in the United States, which if successful may have be applicable to UK local authorities – however, this is likely to be a long-term aspiration.

- New build development: compliance with increasingly onerous sustainability requirements imposes a rising cost burden on schemes. The proposed ESCO could play an important part in unlocking development by assuming some of the investment burden related to providing renewable and energy investment requirements in Council and private sector developments if acceptable terms can be agreed. The ESCO could seek to capitalise future energy savings and arrange acceptable funding for the life of the energy related components of the project.

2.2.3. The table at Appendix 1 sets out an initial renewable energy programme that addresses a number of these challenges and opportunities. This would allow the Council to acquire essential knowledge and skills to implement a long-term renewable energy investment programme and potentially to establish a successful ESCO if (due to the risks, funding requirements and specialist skills required to successfully deliver a renewable energy programme) it is considered that direct development and ownership by the Council is not appropriate. Initial feasibility studies show that the projects in the table at Appendix 1 are likely to be financially viable and would generate financial surpluses. Subject to detailed technical and financial appraisals the projects identified could generate a surplus over borrowing costs. The level of net surpluses will depend on the structure and tax status of investing vehicles if an ESCO were the preferred way forward.

2.2.4. Detailed technical and financial feasibility studies are now required to fully assess and implement the projects, the details of which are set out in Appendix 1. This will require the appointment of specialist external technical, financial and legal consultants. It is estimated that £250,000 will be required. Subject to Cabinet approval this can be funded out of the invest to save budget.

3. Options Appraisal

3.1. The form of ESCOs vary considerably. Issues such as risk, contractual arrangements and financing, for example, all need to be addressed and the most appropriate structure adopted. This will depend on detailed business planning and technical due diligence and legal advice as well as the Council's risk appetite.

3.2. Broadly there are three categories of ESCO. These are set out in the table below. The preferred option is indicated.

Option	Type	Characteristics	Advantages	Disadvantages
Option 1 The preferred option	Council owned 'arms-length' ESCO	<ul style="list-style-type: none"> • Separate legal entity, wholly owned by LA, (unless a joint venture with a private sector partner) • Can be profit or not-for profit vehicles, possibly with both forms combined within a group structure • Operations (typically) limited to the local area • Capable of forming joint venture arrangement with private sector partners to access skills and resources • Examples: Nottingham Councils 'enviroenergy' and Aberdeen Heat & Power 	<ul style="list-style-type: none"> • All profit/ surplus passed back to Council or shared is in a joint venture vehicle • Activities tailored to help achieve Council objectives • Separate legal entity thus insulating Council for majority/ all of risk • Can develop long-term energy investment, funding and delivery strategies • Financed from public and private sectors 	<ul style="list-style-type: none"> • Some residual risk exposure likely • Council may lack resources, experience, expertise to start-up and operate an ESCO • Unsuccessful project could undermine Council's reputation for managing key energy issues
Option 2	Private sector owned concession ESCO	<ul style="list-style-type: none"> • Often large private sector owned ESCO operating a 'for profit' model • Often concession granted by Council • Examples: Barkantine Heat & Power with Tower Hamlets Council with ESCO owned by EDF; Birmingham District Energy Company owned by Cofely GDF Suez. 	<ul style="list-style-type: none"> • Private ESCO assumes majority of risk associated with delivering energy projects • Injection of expertise, experience and resources to deliver energy projects 	<ul style="list-style-type: none"> • majority of control held by private sector which is likely to prioritise highest financial returns rather than socially beneficial projects • Loss of revenue to private sector and leakage outside of Council area
Option 3	Community and operated ESCO	<ul style="list-style-type: none"> • Community owned and run • Activities focused on a community area • Examples: Kielder District Heating; Douglas Community ECOHEAT 	<ul style="list-style-type: none"> • all profit recycled into community initiatives • Council and ESCOs objectives likely to be aligned - i.e. community wellbeing • Council limited resources exposure • Community activism and support 	<ul style="list-style-type: none"> • Typically possess limited resources • Limited Council control/ influence • Limited resources and typically reliant on key partner support, especially the Council

3.3. Subject to detailed business planning, Option 1 is considered to be the preferred option. The Council would retain a high degree of strategic control over the ESCO and its activities. The ESCO would have the flexibility to form project special purpose vehicles on a project basis to access finance, skills and resources required to unlock investment opportunities - this could include establishing community owned vehicles.

3.4. This approach would allow the Council to:

- take a strategic approach, ensuring that all projects are complimentary within a focused investment portfolio to maximise opportunities and benefits covering wide range of renewable and energy efficiency technologies
- ring-fence risk and provide flexibility to attract finance from a wide range of sources
- package and manage investment within a series of packaged projects delivered through Special Purpose delivery Vehicles (SPVs) where each of these projects will require a separate Business Plan to be approved
- potentially allow the Council to better access from the current national Feed in Tariff scheme, Renewable Heat Incentive and ECO funding support programmes
- investigate other external energy opportunities with partners in the public and community sectors.
- focus on leveraging in other funds and identifying revenue opportunities from developing energy performance contracting schemes to optimise the use of third party assets such as schools
- explore and recommend the most appropriate sources of finance and borrowing and then establish the most suitable management arrangements for the projects themselves

In the long-term Option 1 provides the Council with the greatest flexibility in implementing energy investment projects and retain strategic control over project development, revenue distribution and reinvestment.

4. Consultation

4.1. The Cabinet Members for Regeneration, Housing and Finance have been consulted about the proposals contained in this report.

4.2. Officers from Education and Housing have been consulted and involved in the preparation of this report.

4.3. Informal discussions with major energy companies and renewable energy funders have informed some of the comments in this report.

5. Financial Implications

Implications completed by: Carl Tomlinson, Group Manager: Housing, Environment and Resources finance

5.1. Each project proposed in this report will first be subject to approval of a detailed financial appraisal. This will need to demonstrate the investment case for each project and show, on the basis of pre-agreed investment criteria, that the project generates an acceptable Net Present Value, Internal Rate of Return and first year positive cash flow. Each project appraisal will explicitly set-out expected income,

management and maintenance costs, inflation and debt services costs. The robustness of each investment project will be subject to sensitivity analysis.

- 5.2. A budget will need to be established to fund the detailed technical, financial and legal advice that will be required to implement the proposals in this report. These costs could be funded from the Council's invest to save budget.
- 5.3. The proposals in this report would enable the ESCO to be structured so that a number of objectives can be met ranging from purely profit driven vehicle but with the flexibility provide socially beneficial initiative within the structure. However, given the financial challenges facing the Council to 2020, it is considered appropriate that the Council retains control and flexibility within the structure to allow Members make clear decisions on the use of any net surpluses generated.
- 5.4. The indicative financial returns within this report are before deduction of any tax liability. Officers will seek to establish the most efficient structure consistent with meeting the Council's objectives and minimising any tax leakage. This will require external tax analysis and structuring and is likely to require the use of several forms of vehicle (Limited Limited Liability Partnership, Company Limited by Shares and Community Interest Company) within a group structure to minimise any tax liability. However, this needs to be considered in light of the marginal costs and complexity versus any additional value delivered. Such advice will also deal with any State Aid issues. The usual procurement rules will be applied.
- 5.5. A separate report to Cabinet will seek approval to procure an expert energy broker. The purpose of the broker is to assist the Council reprocure the Council's main energy supply contract (currently over £6m p.a) on terms that provide the Council with value for money energy supplies and which support the Council's proposed ESCO. Over time the ESCO may be able engage with our main energy supplier(s) to offer competitively priced electricity to the community. Energy supply is however likely to be a long-term aim (as the immediate objective is to provide our own energy and deliver savings) and would require specialist advice to address legislative and regulatory requirements and associated risk.
- 5.6. As part of the detailed business planning prior to establishment of the ESCO as assessment provision will need to be made for running costs, programme management and ESCO management costs. This will reduce the net surplus available from the initial investment programme within this report.
- 5.7. The Council has a number of funding options which could be used to fund or some of the schemes identified. Each source of funding has specific requirements and it is likely that a range of funding sources could be utilised and efficiently matched to funders and projects requirements.

Funding Source	Comments
Internal reserves	<ul style="list-style-type: none"> • Potential available for 'invest to save' projects
Public Works Loan Board (PWLB)	<ul style="list-style-type: none"> • Additional direct borrowing could be considered by the Council; this would require repayment of borrowing during any construction period
European Investment Bank (EIB)	<ul style="list-style-type: none"> • The Council could potential borrow additional monies from the EIB if a sufficient scale of programme could be developed

Green Investment Bank (GIB)	<ul style="list-style-type: none"> • The GIB is a bank established by the Government to assist the economy move towards a low carbon future • The GIB could fund some of the projects identified in the table at Appendix 1 and could bring construction period funding advantages
London Energy Efficiency Fund (LEEF)	<ul style="list-style-type: none"> • LEEF is funding facility jointly funded by the EIB and the GLA to provide revolving investment support for retrofit and decarbonised energy projects
Institutional Funding	<ul style="list-style-type: none"> • Global institutional investment has sharply increased with investment in renewable energy projects now considered a mainstream investment asset class that offers stable income streams

6. Legal Implications

Implications completed by: Daniel Toohey, Principal Corporate Solicitor

- 6.1 This report proposes that the Council agree in principle to proceed with the establishing a company for the purpose of providing energy services, which is also to generate income. It is understood that this will be subject to a further report that is proposed to come back to Cabinet for approval, setting out the detail including the business case, following further technical, financial and legal advice.
- 6.2 Local authorities have a number of legal powers under which they may charge fees, trade for profit and recover costs to include an element of profit. A local authority may trade on the open market to the private sector via a trading company, although careful consideration is required, including the legal and commercial risks involved in setting up the company vehicle. There are practical issues to consider in relation to the choice of company structure, such as procurement implications, the application of VAT, compliance with any service-specific statutory guidelines, governance, supervision and other matters. If choosing to fund the company, a consideration of State Aid requirements will be necessary.
- 6.3 Legal Services will be available to provide detailed advice on these issues in order to assist with the proposed business case, and for the progression of the project if approved.

7. Other Implications

- 7.1 **Risk Management** - The detailed business planning process and project feasibility appraisal will identify company, investment programme and project risk. Following identification of key risks a risk management process would be adopted to identify and manage risk at the corporate, programme and project level. If the ESCO were to be established the risk management procedure would be adopted, agreed and managed by board of the ESCO. This would be monitored monthly and reported to the ESCO board once every quarter.

The nature and degree of risk exposure will vary according to the ESCO model agreed and on a scheme by scheme basis. For example, the installation of local renewable energy measures has a different risk profile to the generation of

electricity for sale back to the national grid. Accordingly, both the individual project risks and the wider programme risks need to be identified, agreed and monitored.

- 7.2 **Contractual Issues** – None at this stage though, if agreed, there would be significant contractual considerations for the existing supply, the development of the projects and the potential distribution of generated power.
- 7.3 **Staffing Issues** - The proposed ESCO and proposed investment programme may need additional staff or external resources to ensure successful delivery. The detailed business planning process would identify staffing and resources implications.
- 7.4 **Corporate Policy and Customer Impact** - The proposals in this report may have significant impact on delivering the Council's corporate objectives. In addition the proposals would help the Council meeting its Climate Change Act 2008 obligations.
- 7.5 **Safeguarding Children** - The proposals contained in this report could help to reduce fuel poverty and increase budget certainty within schools.
- 7.6 **Health Issues** - The proposal to establish as ESCO could lead to lower fuel poverty and therefore indirectly have beneficial health outcomes for low income households.
- 7.7 **Property / Asset Issues** - The Council is reviewing its Housing Management Asset Management Strategy and Corporate Asset Management Strategy. The proposal to establish an ESCO as set out in this report could play a significant role in delivering the objectives of the Council's property strategies.

The proposals contained in this report would support the procurement of the Council's main electricity and gas supply contract by providing a wider basis of engagement with potential energy suppliers.

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

List of appendices:

- **Appendix 1** – Schedule of Proposed Projects

Schedule of Proposed Projects

Scheme	Est. Capital cost	Funding source(s)	Est. 1st year net cash*	Est. NPV*	Proposed delivery route (<i>details/ issues</i>)
Street Lights LED programme	£9.39m	<ul style="list-style-type: none"> European Investment bank (EIB) Green Investment bank (GIB) Public Works Loan Board (PWLB) 	Positive	£8.1m	<ul style="list-style-type: none"> General Fund invest to save project (Replacement of street lights with energy efficiency LED lights)
PV enabled street columns	£1.5m	Under appraisal with Technical college			<ul style="list-style-type: none"> ESCO (PV array attached to street light column to sell power to national power grid)
Wind turbines	£6.4m	<ul style="list-style-type: none"> As above 	Positive £868k	£25.6	<ul style="list-style-type: none"> ESCO (initial feasibility study has shown capacity for 4 medium size turbines subject to detailed feasibility studies)
River Roding water turbine	£0.86m	<ul style="list-style-type: none"> As above 	TBC but expected positive Positive		<ul style="list-style-type: none"> ESCO (initial feasibility study indicates water turbine on the Roding weir is financially viable)
Town Hall Renewable energy works	£2.4m – £3.7m	<ul style="list-style-type: none"> As above 	£40k*	Positive	<ul style="list-style-type: none"> General Fund invest to save project (*estimated saving compared to current energy costs by installing a range of energy efficiency and renewable energy equipment)
Gascoigne estate renewable energy (CHP)	£2.5m	<ul style="list-style-type: none"> EIB 	TBC but expected positive		<ul style="list-style-type: none"> ESCO (Gascoigne estate regeneration project CHP plant - serving residential units and new schools)
PV programme (Corporate and HRA stock)	£1.15m	<ul style="list-style-type: none"> As above 	£237k	£3.61m	<ul style="list-style-type: none"> ESCO (initial photovoltaic programme and CHP programme)
PV programme (Childrens Centres)	£0.5m	<ul style="list-style-type: none"> As above 	TBC but expected positive		<ul style="list-style-type: none"> ESCO (initial photovoltaic programme to Childrens Centres)
Schools	£0.9m	<ul style="list-style-type: none"> As above 	TBC but expected positive		<ul style="list-style-type: none"> ESCO (provision of heat, power and energy efficiency services to schools)
Total	£25.6m - £26.9m		£1.15m	£37.31m	

CABINET**24 March 2015**

Title: Proposed Expansion of Jo Richardson Comprehensive School, Gascoigne Primary School and Marsh Green Primary School	
Report of the Cabinet Member for Education and Schools	
Open Report	For Decision
Wards Affected: Thames, Gascoigne and River Wards	Key Decision: Yes
Report Author: Mike Freeman, Group Manager, Schools Estate and Admissions	Contact Details: Tel: 020 8227 3492 E-mail: mike.freeman@lbbd.gov.uk
Accountable Divisional Director: Jane Hargreaves, Divisional Director of Education	
Accountable Director: Helen Jenner, Corporate Director of Children's Services	
<p>Summary:</p> <p>At its meeting on 30 June 2014 (Minute 124), Cabinet approval included approval of the Strategy for Ensuring Sufficient School Places and Future Planning Programme to meet Basic Need 2013 to 2020 to support an investment programme to respond to the demand for additional school places in the primary and secondary age range. The report to the aforementioned meeting, together with several previous reports, outlined arrangements that had been agreed with Head Teachers and Governing Bodies to meet immediate demand issues at a number of the Borough's schools.</p> <p>This report seeks to formalise those arrangements through the permanent expansion of:</p> <ul style="list-style-type: none"> • Jo Richardson Secondary School to become a 10 form of entry Secondary School. • Gascoigne Primary School to become a 7 form of entry Primary School. • Marsh Green Primary School to become a 2 form of entry Primary School. <p>The benefits of this proposal will be to increase school places in both the primary age range and in the secondary age range in order to meet the increasing demand for school places. This increase in demand for school places is being caused by the changes experienced in the age profile of the Borough, most notably the rise in birth rates and changes in migration patterns into the Borough.</p>	
Recommendation(s)	
The Cabinet is recommended to agree:	
(i) The expansion of Jo Richardson Secondary School from 8 to 10 forms of entry from 1 September 2015;	

- (ii) The expansion of Gascoigne Primary School from 5 to 7 forms of entry from 1 September 2016; and
- (iii) The expansion of Marsh Green Primary School from 1 to 2 forms of entry from 1 September 2015.

Reason(s)

To assist the Council in fulfilling its duty to provide every child in the Borough with a school place.

1. Introduction and Background

- 1.1 As reported to Cabinet on 30 June 2014 (Minute 124 refers), the Borough has seen an unprecedented rise in births since 2003/04 and the Council has planned for steady expansion of school places since 2007. The impact of this was first seen in the Reception Cohort in 2008/09. Data released by the GLA in March 2014 forecasts births to continue to increase, albeit at a lesser rate than has been seen over the past 5 years. Actual and forecast birth data is shown at Appendix 1.
- 1.2 The additional school places that have been created to date have predominantly been in the primary sector as this has been where the increase in demand has been. The Council has started to embark on creating more pupil places in the secondary sector as the year groups move up from the primary sector and transfer over into the secondary sector. This will be in addition to continuing to increase school places in the primary sector as demand is forecast to continue to rise.
- 1.3 Additional classes have been put in place since 2007/08 in order to meet the increased demand for pupil places and this has been detailed in previous reports to Cabinet. These additional classes have been managed by a combination of expansions, blip classes and the new George Carey Church of England Primary School that will continue increasing the number of classes it provides year on year. The new Free school also opened in September 2014 at Goresbrook with 3 Reception classes and will also grow year on year.
- 1.4 In the Secondary sector, a total of 21 additional Year 7, Year 8 and Year 9 classes have been provided. This can be summarised as follows:

Table 1 - Additional Secondary School Classes as at September 2014

Secondary School	Number of Additional Year 7 classes	Number of Additional Year 8 Classes	Number of Additional Year 9 Classes	Total
Dagenham Park Church of England School	1	1	1	3
Riverside School	4	4	4	12
Sydney Russell School	2	2	-	4
All Saints School	2	-	-	2
Total	9	7	5	21

- 1.5 In addition to the increased births, the Admissions Team in Children's Services are continuing to receive high numbers of late applications for all Year Groups and this has compounded the difficulty in planning for the right number of school places, as this relates to new people moving into the Borough.
- 1.6 A further issue previously reported to Cabinet is the retention rate regarding the number of children born in the borough requiring a Reception place. This has averaged between 103% to 104% over the past 5 years and means that we continue to have more children moving into the borough than were born here. Prior to 2006/2007 this rate was below 100%. This and the information set out above highlights the number of new residents moving to the Borough with larger families.
- 1.7 Data released last June by the ONS of the 2013 mid-year population estimates has revealed the most significant rise for Barking & Dagenham has been in the 5 years of age to 9 years of age band – an increase of 7.5% since the previous year.

Table 2 - Increase in Number of School Aged Pupils from 2012 to 2013

Age Band	Increase by Number	Increase by Percentage
0 to 4 Years of Age	435	2.3%
5 to 9 Years of Age	1,183	7.5%
10 to 14 Years of Age	62	0.5%
15 to 19 Years of Age	241	1.9%

Source: ONS June 2014

- 1.8 This increase in pupil numbers is being reflected in many London boroughs including our neighbouring boroughs Redbridge and Newham who have also had significant rises. It is worth noting that Havering is also experiencing population growth with rising numbers in the pre-school and primary sectors.

Table 3 – Population Changes for Neighbouring Boroughs from 2009 to 2013

Increase / (Decrease) In Population	Ages 0 to 4 Years		Ages 5 to 10 Years		Ages 11 to 18 Years	
	Number	Percentage	Number	Percentage	Number	Percentage
Barking & Dagenham	2,203	12.65%	4,181	27.13%	875	4.35%
Redbridge	2,319	11.45%	2,585	11.86%	24	0.08%
Newham	1,682	6.55%	2,548	10.73%	1,518	5.05%
Havering	1,332	9.88%	1,009	6.36%	(1,339)	(5.36%)

1.10 The need to provide additional secondary school places can be further illustrated from the information set out in table 4 below.

Table 4 - Year 7 Secondary School Capacity and growth in pupil numbers

	Year in which pupils move up to Year 7	Number Of Pupils	Yearly Increase/ (decrease)	Current Number of places
Current Year 7 Capacity (as at September 2014)				2,610
Actual Number of :				
Year 6 pupils in May 2010	September 2010	2,324		
Year 6 pupils in May 2011	September 2011	2,364	40	
Year 6 pupils in May 2012	September 2012	2,437	73	
Year 6 pupils in May 2013	September 2013	2,524	87	
Year 6 pupils in May 2014	September 2014	2,673	149	
Year 6 pupils in Oct 2014	September 2015	2,849	176	
Year 5 pupils in Oct 2014 *	September 2016	3,037	188	
Year 4 pupils in Oct 2014 *	September 2017	3,226	189	
Year 3 pupils in Oct 2014 *	September 2018	3,556	330	
Year 2 pupils in Oct 2014 *	September 2019	3,626	70	
Year 1 pupils in Oct 2014 *	September 2020	3,599	(27)	
Reception pupils in Oct 2014 *		3,565	(34)	

NB: * These numbers are from the October 2014 pupil count and will change during the course of the school year.

1.11 It should be noted that the above forecast numbers (from Oct. 2014) do not take account of in-year movements that generally increase pupil numbers such as from new housing developments. Also a number of pupils will go to out of borough schools and the Local Authority will also 'import' pupils into the borough.

1.12 The Cabinet has previously approved a range of necessary actions taken by the Corporate Director of Children's Services to respond to the demand for additional school places in the primary phase, and these proposals endorse the earlier decisions.

1.13 The three schools proposed for expansion were all judged 'Good' at their last Ofsted inspection as follows:

- Jo Richardson School was judged 'Good' at its last Ofsted Inspection in May 2013 with 'outstanding leadership and governance ensuring teaching is good and standards have risen for the past five years'.
- Gascoigne Primary School was judged 'Good' at its last Ofsted Inspection in July 2013 with 'pupils making good progress in reading, writing and mathematics from the time they arrive at the school'.

- Marsh Green Primary School was judged 'Good' at its last Ofsted Inspection in June 2014 with 'the quality of teaching across the school consistently good and with some examples of outstanding teaching. Governors, senior leaders, managers and staff are ambitious for the school and know the school's strengths and areas of improvement very well'.

2. Proposal and Issues

The proposals are as follows:

2.1 Jo Richardson Secondary School

- 2.1.1 Expand its Secondary School facility from 8fe to 10fe from September 2015. This would mean an additional 60 places (2 Forms of Entry) per year group beginning in September 2015 with Year 7 and then growing year by year until by September 2019, Years 7 to 11 would be operating at 10 classes per year group.
- 2.1.2 The current admission number for the school is 240 in Year 7. From September 2015, the admission number for entry at age 11 will be 300 pupils.

2.2 Gascoigne Primary School

- 2.2.1 To expand from five to seven forms of entry by providing an additional school building on the Shaftesbury Road Site. This would mean an additional 60 places (2 Forms of Entry) per year group beginning in September 2016 with Reception Year and then growing year by year until September 2022, Reception to Year 6 would then be operating at 7 classes per year group.
- 2.2.2 The current admission number for the school is 150. The proposed Admission Number from September 2016 will be 210.

2.3 Marsh Green Primary School

- 2.3.1 To expand from one to two forms of entry by providing additional new classrooms. This would mean an additional 30 places (1 Form of Entry) per year group. The school however has been taking additional 'bulge' classes for several years and at September 2014, the school had four additional classes in Years Reception, Year 1, Year 3 and Year 6. Therefore, by September 2019 the school will be operating all year groups at two classes per year group.
- 2.3.2 The current admission number for the school is 30. The proposed Admission Number from September 2015 will be 60.

2.4 The schools have agreed to the above and the Council will work in partnership to ensure each of the schools has the support it needs to accommodate the additional pupils.

2.5 This is in line with the Council's Vision which is to encourage growth and unlock the potential of Barking and Dagenham and its residents and thereby allow every child to be valued so they can succeed. The residents of Barking and Dagenham can look to the future with confidence, assured that their council will do what it can to provide the educational, academic and vocational opportunities they need.

- 2.6 The outcome would be for a borough with excellent schools, constantly improving and which are growing to meet the demands for pupil places.
- 2.7 Further, this proposal meets with the Education Strategy whereby the overarching responsibility for Education in the Borough is to improve the life chances and help drive, support and fulfil the ambitions of all the children, young people and adults who live and study here.
- 2.8 In particular the Education Strategy sets out the agreement for a programme for developing school places subject to the proviso that it may need revision in the light of changed demand for places and resources available.

3. Options Appraisal

- 3.1 **Do Nothing** - This is not practical due to the legal and statutory obligation placed on the Council to provide sufficient school places and the pressures currently faced across the Borough.
- 3.2 **Expansion of Schools** - This preferred option has the support of each School's Governing Body and local community and forms part of the wider development of the Schools for which funding has been made available within the Capital Programme.

4. Consultation

- 4.1 Meetings with the Chair and Board of Governors of the schools have been held to discuss the wider proposals and support was received to expand the schools permanently subject to accommodation provision being made available which meet each of the Schools' requirements. This will allow the schools to grow year on year.
- 4.2 The discussions that have followed with each School Governing Body, parents and the local community have placed the schools in a position to permanently expand their intake as proposed in order to meet current and future demand.
- 4.3 Letters were sent to parents, carers and guardians of pupils, staff and governors of each of the schools informing them of the proposal to expand the school and the reasons for this in October 2014. Unions were copied into these letters.
- 4.4 The Council has published a formal statutory notice to expand the schools with standard new admission numbers as proposed. The notice was published in the local press on 14 January 2015 and copies of the notice were displayed in each of the schools and both Barking Library and Dagenham Library and also sent to other neighbouring local authorities. The notice period expired on 10 February 2015.
- 4.5 Ward Councillors have also been involved in the consultation process.
- 4.6 To date, one response has been received in response to the letter. This was from a resident of the borough expressing concerns about the lack of space at Jo Richardson School for pupils in the dining hall and also with regards to where all of the children would be accommodated during wet weather. To date, no responses have been received to the formal statutory notice.

- 4.7 At a consultation meeting held at Gascoigne Primary School in January 2015, attended mainly by staff and residents of the Gascoigne Estate, the majority of attendees were supportive of the school expansion being impressed with the plans and at the opportunity for more school places being provided in the borough.
- 4.8 Two residents were not supportive of the proposal as they felt more noise would be created in the vicinity and also that the site was too small to accommodate a school. They were also concerned about the additional traffic the school would create.
- 4.9 All concerns referred to above have been responded to. Any further responses received subsequent to the writing of this report will be reported at the meeting.

5. Financial Implications

Implications completed by: Patricia Harvey, Group Manager, Children's Finance

- 5.1 This report informs Members of the Council's Strategy of ensuring sufficient school places. The report also seeks approval for the projects listed in section 2 of this report. The indicative budget allocations are from the total basic need funding.
- 5.2 The projects identified above have yet to go through an in depth capital appraisal process. The appraisal process will be undertaken on the individual projects above, reviewing the full financial implications including any revenue implications that may arise. The projects will only commence once the full appraisal process has been carried out.
- 5.3 Any major risks/financial impact identified through the appraisal process will be notified to Members through subsequent Cabinet reports.
- 5.4 There are ongoing discussions with procurement on the schemes to ensure value for money and that procurement is appropriate, and this is in line with the legal implications set out below.

6. Legal Implications

Implications completed by: Lucinda Bell, Education Lawyer

- 6.1 The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 and the School Organisation Guidance 2014 govern the act of increasing school size. Governing Bodies of mainstream schools can now expand the school, without following a formal statutory process. Alternatively the Local Authority can propose the expansion of their schools, as is the recommendation set out in this report. The Regulations details steps that must be taken to enlarge schools where there is a proposal to physically enlarge the premises. The Council must follow the streamlined statutory process for this. There is no requirement to follow any statutory proposal when there is no physical enlargement to premises. An increase in pupil numbers can be achieved by increasing the PAN in line with the School Admissions Code.
- 6.2 The Council has a duty to ensure sufficiency of school places, under s14 of the Education Act 1996.

6.3 The Council, as decision maker, must decide the proposals within 2 months from the end of the representation period, or the decision will have to be made by the Schools Adjudicator. Once decided, there is a duty to implement, subject to modifications agreed by the Council.

7. Other Implications

7.1 **Risk Management** - The Council has a statutory obligation to make provision for additional pupil places in the Borough and these proposals mitigate Corporate Risk 31 - the risk of failing to provide suitable numbers of places for pupils' learning.

7.2 **Staffing Issues** - The schools will need to increase the numbers of teaching and non-teaching staff to support the increase in pupil numbers. This will be funded through the school's DSG budget and the increased share which the school will receive.

7.3 **Customer Impact** - The increase in pupil places from these proposals will improve the available places for parents expressing a preference for their children to Jo Richardson Secondary School, Gascoigne Primary School and Marsh Green Primary School. It will also ensure that pupils have better access to education provision in both the primary sector and secondary sector and are more likely to be able to attend schools in their local area.

7.4 **Safeguarding Children** - Adoption of the recommendation would contribute strongly to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure children's facilities are provided in an integrated manner, having regard to guidance issued under the Children's Act 2006 in relation to the provision of services to children, parents, prospective parents and young people. The proposal will result in additional accessible school places and this will have a positive impact on all equality groups.

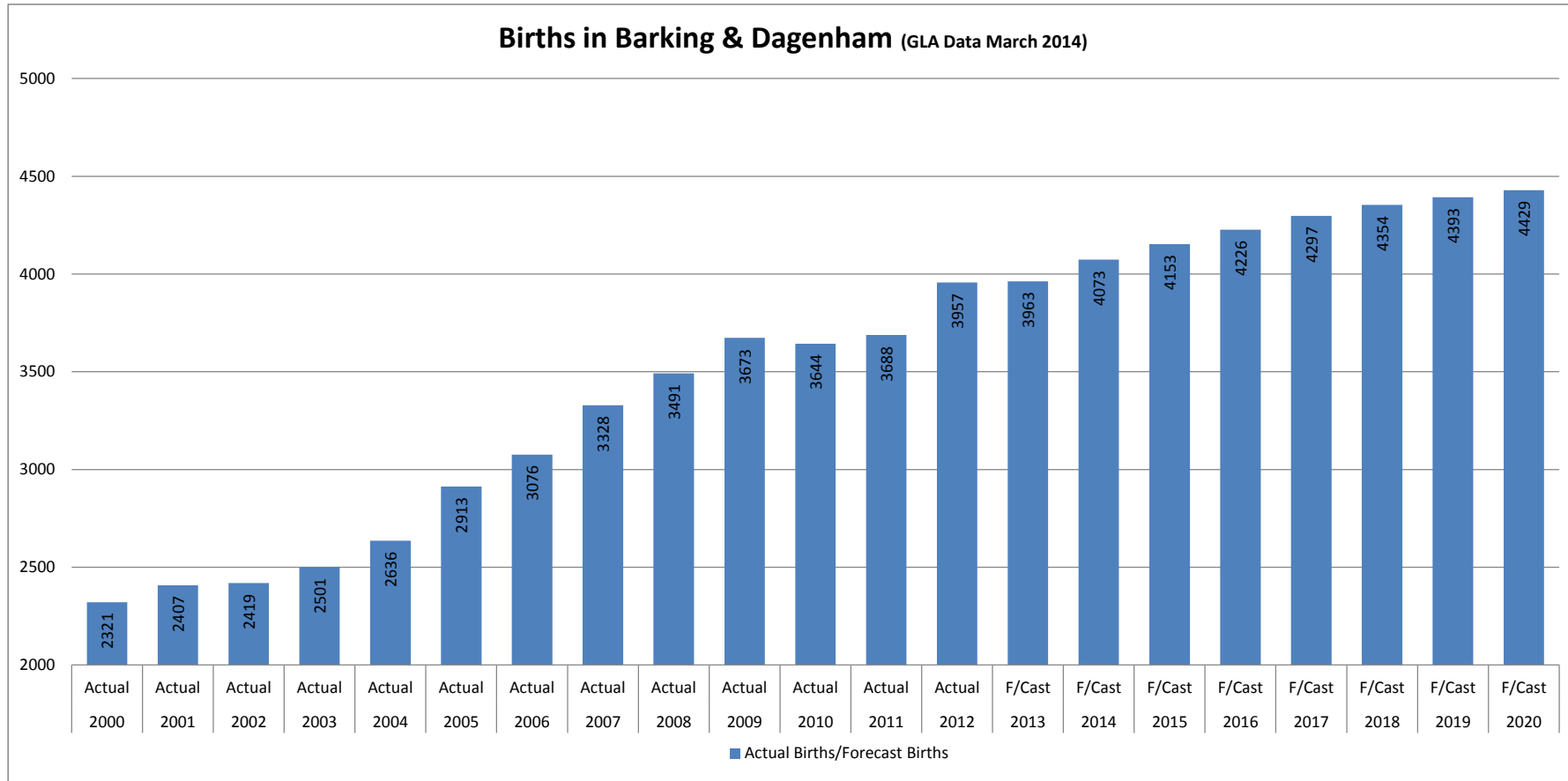
7.5 **Property / Asset Issues** - Where necessary, as detailed above, the schools will be expanded with new buildings, new classrooms added and through internal and building alterations to meet the increased size of the school.

Public Background Papers Used in the Preparation of the Report:

- Notice Published 14 January 2015
<https://www.lbbd.gov.uk/residents/schools-and-learning/school-admissions/introduction/proposedschool expansions>

List of appendices:

- **Appendix 1** – Birth Data (Actual and Forecast) 2000 to 2018



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CABINET

24 March 2015

Title: Review of School Places and Capital Investment - Update March 2015	
Report of the Cabinet Member for Education and Schools	
Open Report	For Decision
Wards Affected: All Wards	Key Decision: Yes
Report Author: Mike Freeman, Group Manager School Estate and Admissions	Contact Details: Tel: 020 8227 3492 E-mail: mike.freeman@lbbd.gov.uk
Accountable Divisional Director: Jane Hargreaves, Divisional Director Education, Youth and Childcare.	
Accountable Director: Helen Jenner, Corporate Director Children's Services	
<p>Summary</p> <p>This report sets out the latest information regarding forecast demand for education places across the Borough's schools, together with a Future Planning Programme to meet Basic Need (including SEN and 2 year old places) 2014 to 2020.</p> <p>The report provides Cabinet with an update on some specific projects which have previously been approved but also, in particular, seeks approval to make variations to budget provision and set aside funding for future use.</p> <p>Also detailed is information regarding funding available to support a programme of investment which is required to 2017 based on the forecast demand for pupil places, together with a schedule of planned projects (Appendix A) for 2014 to 2020.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the Future Planning Programme to meet Basic Need (including SEN places) 2014 to 2020 as set out in section 2 of the report and Appendix A; (ii) Approve the reallocation within the Capital Programme of £11.2m Targeted Basic Need Programme funding to support expansion projects at All Saints, Jo Richardson and Robert Clack secondary schools, as set out in section 3 of the report; and adjust the Capital Programme to reallocate the Basic Need grant previously allocated to the All Saints and Jo Richardson projects towards the Robert Clack project; (iii) Approve the inclusion in the Capital Programme of the DfE grant allocations for 2015/16 as detailed in section 4 of the report; 	

- (iv) Approve an additional allocation of Basic Need funding of £5.7m for the purchase of land associated with the expansion of Robert Clack School and other increased project costs for inclusion in the Capital Programme for 2016/17, as set out in section 5 of the report;
- (v) Agree the inclusion of £850,000 in the Capital Programme to support the provision of nursery places for two year olds in accordance with the DfE approval, as detailed in section 6 of the report;
- (vi) Note the anticipated funding via the DfE Priority Schools Building Programme towards the projects at Eastbury Community School and Eastbrook Comprehensive School as set out in section 7 of the report, and authorise the Chief Finance Officer to make the appropriate provision within the Capital Programme once confirmation of the allocation is received from the DfE;
- (vii) Agree the principle of a loan to Partnership Learning Trust, which runs Riverside School, to support the building of the school in the timescales needed by the Council to meet demand, and to authorise the Chief Finance Officer, in consultation with the Cabinet Member for Finance, the Cabinet Member and Education and Schools and the Corporate Director of Children's Services, to agree the final terms of a loan, as referred to in section 8 of the report;
- (viii) Note the transfer of the management of the community facilities at Castle Green to Jo Richardson Community School in accordance with Minute 124 (vi) (30 June 2014);
- (ix) Agree, in principle, to the relocation of the Adult College from the Fanshawe site to the site adjacent to Sydney Russell School in Parsloes Avenue and confirm that the shared facilities at Fanshawe should be developed for primary school facilities and the Community Music Service, with the school facility to be operated by Sydney Russell School, as referred to in section 10 of the report;
- (x) Approve the reprofiling of projects within the Capital Programme to reflect appropriate adjustments to schemes, as detailed in section 11 of the report;
- (xi) Agree the procurement principles as set out in section 16.2 of the report and authorise the Corporate Director of Children's Services, in consultation with the Cabinet Member for Education and Schools, the Chief Finance Officer and the Head of Legal and Democratic Services, to award the respective project contracts; and
- (xii) Indicate whether Cabinet wishes to be further informed or consulted on the progress of the various procurement processes and award of the contracts for the projects.

Reason(s)

The decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and support the intention of the Council's Vision and Priorities, including encouraging civic pride, enabling social responsibility and growing the Borough.

It is part of the mitigation of Corporate Risk 31 – Inability to Provide School Places.

1. Introduction and Background

- 1.1 It has been the practice since 2010 to report regularly to Cabinet on the issue of the forecast for pupil numbers. These reports have also covered a programme of proposed works necessary to ensure that children in the Borough have the opportunity to attend school. The last report presented to Cabinet on this subject was on 30 June 2014, Minute 124 refers.
- 1.2 This report provides an update and sets out the most up to date information on the projected demand for education places to 2020. Further, the report covers a number of initiatives which build on existing arrangements to develop the use of accommodation.
- 1.3 The third aspect of the report is to provide an updated Programme of School Development through to 2020 to support the forecast pupil demand.

2. Update on Pupil Numbers and Capacity

- 2.1 Cabinet has received regular reports about the continuing demand for school places and the need to develop additional provision. It is worth noting that providing sufficient school places is a national issue and in particular regional to London due to rising population. For Barking and Dagenham it has been a major priority for investment since 2007.
- 2.2 It is important that the demand for places are referenced to the growth of the Borough. Based on the statistics released by the GLA, the position on overall population forecast is as follows:
 - **Borough Population** - Current 199,990 (2014) and by 2020 the population forecast will be 225,381 and increase of 23,371 or 12.7%.
 - **Young Population (0-19 years)** - Current 62,740 (2014) and by 2020 the population forecast for this group will be 69,740 an increase of 7,000 or 11.2%
 - **Largest Population Growth (10-14 years)** - Projected growth in a 5 year period to 2020 is 3,964 pupils or 30.5%.
- 2.3. The most recent set of pupil forecast figures have been reviewed over the last 3-4 months and are based on GLA data linked to birth data and some input from local level gained through the experience of the Children's Services Department. The forecasts indicate:
 - the secondary school population across the Borough will increase from its present levels of 14,900 to 21,189 by the school year starting September 2020.
 - the primary School population across the Borough will increase from its present levels of 22,549 to 29,550.[Note: these figures allow for the growth of the borough and projected increases to population allowing for published house building; there may be fluctuations owing to other demographic changes.]

Secondary Provision

- 2.4. In order to address the shortfall of places efficiently Children's Services have looked at solutions based on an increase in secondary school provision at year 7 [Yr7] going forward. Rather than looking at specific areas of the Borough, planning has been across the Borough because of the demand for places and the need to expand provision across the whole sphere of existing secondary schools.
- 2.5. In looking specifically at how increases will enter schools at secondary age YR7 the following is relevant:

Year	YR7 Capacity 2014	YR7 Number Forecast	Increase
2014-15	2610	2754[actual Oct 14 2385]	144
2015-16		2910	156
2016-17		3041	131
2017-18		3207	166
2018-19		3562	355
2019-20		3615	53
2020-21		3585	-30

Within the plan to address this increase in demand are the following expansion projects:

- **Sydney Russell** - +60 places previously expanded.
- **All Saints** - +60 places effective September 2014.
- **Jo Richardson** - +60 places effective September 2015.
- **Robert Clack** - +60 places effective September 2015.
- **Riverside** - +120 places effective September 2016.
- **Robert Clack** - +120 places effective September 2016.
- **United Learning Free School at Goresbrook** - +120 places effective September 2017.
- **Eastbrook** - +60 places effective September 2017.
- **Riverside** - +60 places effective September 2017.
- **New School Barking Gascoigne** - +240 places effective September 2017.
- **Dagenham Park** - +30 places effective September 2017.
- **New School Barking Gascoigne** - +60 places effective September 2018.
- **New School East Dagenham** - +120 places effective September 2018.
- **The Warren** - +60 places effective September 2018.
- **New School East Dagenham** - +120 places effective September 2019.
- **New School East Dagenham** - +60 places effective September 2020.

- 2.6. In order to provide for demand of 38 classes of YR7 pupils in the years up to 2020 the plan has been updated to provide 1,410 YR7 places by expanding existing sites or creating new secondary schools. The current plan creates a small surplus necessary if we are to manage parent preference. Further, any review of demand

also takes into account other opportunities such as vacant places in neighbouring boroughs.

- 2.7 Whilst there are currently opportunities for parents to secure out borough places, mainly Havering and Redbridge, this is likely to reduce as our near neighbours are also experiencing higher demand for school places in their primary schools which ultimately will lead to increased demand for secondary places, from within their own boundary.
- 2.8. This expansion programme will mean that by 2020 with the exception of two schools, all the Borough's secondary schools will have expanded. The exceptions are Barking Abbey where the Governors have declined the invitation to have a major expansion at this stage but are taking an additional 9 pupils per year group, and at Eastbury Community School where the proposal is to create an all through school and the site is very tight in terms of area

Primary Provision

- 2.9. As previously indicated the primary population growth to 2020 is expected to increase by 7,000 pupils based on current housing development plans, but does not include any element of future planned expansion beyond current published figures. This has been analysed further by reception place demand as follows:

Year	Yr R Number Forecast	Increase
2014-15	3,958	358
2015-16	3,993	36
2016-17	4,126	133
2017-18	4,225	98
2018-19	4,325	101
2019-20	4,382	56
2020-21	4,403	22

- 2.10 This extra demand of at least 804 places is equivalent to 26/27 forms of entry at YrR (Reception), it is planned to meet this need through the following projects:

- **United Learning Free School at Goresbrook** – 630 primary places (3fe)
- **Sydney Russell at Fanshawe** - 630 primary places (3fe)
- **Eastbury Secondary Primary provision** – 420 primary places (2fe)
- **Eastbrook Secondary Primary Provision** - 630 primary places (3fe)
- **Robert Clack Primary Provision at Lymington** - 630 primary places (3fe)
- **Gascoigne Primary – Shaftesburys** - 630 primary places (3fe) facility net increase 420 places
- **Thames Road – City Farm Primary** - 630 primary places (3fe)
- **Barking Riverside Free School Primary Provision** - 630 primary places (3fe)
- **New Primary Free School – Dagenham** - 420 primary places (2fe)
- **New Primary School – Barking Retail** - 630 primary places (3fe)
- **New Primary School Gascoigne Estate Renewal [3rd primary]** - 630 primary places (3fe)

- 2.11 Experience has proven that we need to provide above the minimum level forecast to manage the high number of in year admissions and to give parents the opportunity to express a preference. Our aim is to meet the DfE minimum recommended 3% spare capacity. These forecast are kept under review on an annual basis to maximise investment opportunities when they arise.

3. Progress and Changes to Targeted Basic Need Programme (TBNP)

- 3.1 Cabinet received a report at the meeting on 18 December 2013 regarding the success of securing funding under the DfE TBNP of £11.2m to support a project at Robert Clack (Minute 72 refers). In addition a sum of £9.3 million has been secured under the same programme and the DfE have agreed that this fund can be used to help with the expansion of the Sydney Russell School and to extend the age range. This will mean that the School will become a school for 3 to 19 year olds catering for 630 primary pupils plus nursery, and 1800 Yr7 to Yr11 pupils plus sixth form, Cabinet 30 June 2014 minute 124 refers.

- 3.2 It was reported at the June 2014 Cabinet that two of the requirements of the TBNP were that the funding needs to be spent by September 2015, and we need to demonstrate additional pupils will be admitted to the schools by that date. In order to avoid funding being reclaimed by the DfE for the project at Robert Clack, which has been on hold whilst options for development were considered by Cabinet, an approach has been made to the EFA/DfE to change schemes to protect the funding.

- 3.3 With the agreement of the DfE ministerial approval has been given for the following schemes to replace the proposed £11.2m scheme at Robert Clack to develop 900 secondary school places:

All Saints	300 places	£ 3,744,016
Jo Richardson	300 places	£ 3,744,016
Robert Clack	300 places	£ 3,744,016

- 3.4 This will mean that the funding will be protected and if we use the TBNP funding for these projects then the original basic need funding for the schemes at All Saints and JRCS can be recycled to the future funding of the scheme at Robert Clack. This is set out in the budget changes section of the report at section 9.

4. Department of Education Grant Allocations 2015

- 4.1 It has been the practice for the Secretary of State to publish details about grant allocations for the coming financial year usually at the end of the calendar year. This was a little later this year as the announcement was not until the second week of February 2015.

- 4.2 New advice has been received from the Department of Education about funding being made available to support capital schemes in 2015/16. These include the following sums:

Basic Need Grant for School Places

2015/16	£ 2,414,236
2016/17	£ 2,534,947
2017/18	£ 17,865,375

Devolved Formula Capital

Local Authority	£	606,235
Voluntary Aided	£	95,323

Maintenance/Modernisation 2015/16

Local Authority	£	4,239,619
Voluntary Aided	£	641,301

4.3 These allocations are explored and explained in the following paragraphs.

Basic Need Grant for School Places:

In the coming financial year 2015/16 the allocation for Basic Need provision to provide for new school places has been set by the DfE at £2,414,236 with £2,534,947 in the following year 2016/17. The planned allocation for 2017/18 is a little better at £17,865,375. On top of this there is funding under Free School provision to support the ULT Free School at Goresbrook and the Secondary and Special School at Barking Riverside, with additional provision for the Primary provision at Riverside to be confirmed shortly, plus the funding of £20.5m under the Targeted Basic Need Programme. However, the funding for 2015 to 2017 is £4.9m (2015/16 £2.4m and 2016/17 £2.5m) and this is significantly below the level of funding required to maintain the Council's building programme, particularly as the demand at secondary level will grow. The allocation of £17,865,375 for the following year will help to put things back on track together with good management of the existing allocations as outlined in the report.

The DfE have indicated that they are planning to work on a three year basis for Basic Need allocations and these figures should be included in the Council's Capital Programme as funding due to be received.

Devolved Formula Capital 2015/16

This is a fund of money from the Government which has been allocated now for a number of years (2006/7) and is designed to be passed to all schools in the Borough – academy and free schools receive a separate allocation direct through their own funding allocation by the DfE.

The funds indicated above are usually pass ported directly through the Schools Finance Team under the direction of the Chief Finance Officer to the Borough's schools, and the funds for Voluntary Aided Schools are advised directly by the DfE to the schools concerned. This sum of £606,235 would need to be shown in the Council's Capital Programme.

Maintenance/Modernisation 2015/16:

There are two aspects to this fund. The sum of £641,301 is known as LCVAP (Locally Controlled Voluntary Aided Programme) and this sum is a programme developed with the Diocese of Brentwood and the Diocese of Chelmsford and the voluntary aided schools in the Borough based on agreed priorities. The programme is then advised to the DfE who reimburse schools in the programme once accounts are presented.

In terms of the funding for the Borough maintained schools, the sum of £4,239,619 needs to be included in the capital programme. This sum will be the subject of the Capital Appraisal Process and will comply with the provisions of the Strategy for Ensuring Sufficient School Places and School Modernisation. The programme of works will be derived from technical advice and the content of the School Estate Asset Management Plan Database and the recently commissioned DfE school condition surveys, and will be approved by the Corporate Director of Children's Services and the Divisional Director of Education.

5. Expanding and Developing Robert Clack School.

- 5.1 Cabinet approval was given, (Min No 72; 18 December 2013 refers) for Children's Services Review of School Places Strategy. Amongst the projects presented were the works at Robert Clack Comprehensive to provide new facilities which included a new 630 place primary school and 6FE secondary school to be built upon land gained from a Section 106 Agreement for housing development on Lymington Fields and the redundant warehousing site on the Eldonwall industrial estate being purchased from the GLA. Protracted negotiations for the acquisition of land and delays to the developers programme for housing on the adjoining Lymington Fields have significantly reduced the available timeframe for building the new school facilities.
- 5.2 In the light of the revised programme it will be necessary to increase the budget by £5,699,968 after taking into consideration changes made to account for the redirection of funding through the Targeted Basic Need Programme. This additional funding is necessary to meet increased costs associated with land purchase and the delay whilst alternative arrangements about developing the school were considered by Cabinet. The overall budget for the two aspects of this project would amount to £32m.

6. Conversion of Early Years Revenue to Capital

- 6.1 Schools Forum received a report in June 2014 regarding Dedicated Schools Grant , and approved a request for the capitalisation of £850,000 of 2 year old revenue funding this request was to support the creation of suitable places for 2 year olds in the Borough. Such approval was subject to the Secretary of State authorising the request. By letter of July 2014 this consent has been granted.
- 6.2 Cabinet are asked to approve the changes and for the sum of £850,000 to be included in the capital programme. This fund will support additional 2 year old places being developed.
- 6.3 Capacity is fully utilised across the sector at present, and there is currently no spare capacity in the market to deliver further 2 year old places. Developments currently underway and completed with existing capital funding provided spaces for eligible children, but there will still be a gap of over 400 places when current developments have been completed. The proposal is to spend the funding in three key areas in the borough and possibly in school nurseries.

- 6.4 There is currently discussion ongoing with Kingsley Hall about the potential to provide spaces for 100 2 year olds. It is estimated that remodelling the building identified will cost approximately £450,000.
- 6.5 In addition, a possibility to extend three existing nurseries in children's centres has arisen. They are all in areas of need (Abbey, Eastbury and John Perry Children's Centre nurseries) and will be able to accommodate approximately 150 additional 2 year olds. It is estimated that the capital work required will cost in the region of £200,000.
- 6.6 Any remaining capital funding will be allocated to schools with spare capacity to deliver places for 2 year olds. However, the number of schools able to deliver places continues to be limited as most are operating at full capacity. However, all schools have been consulted and a few have expressed an interest in providing a number of places for eligible 2 year olds within their existing school nurseries. Additional sessional places will be developed this way and funding would be used to support schools in making minor alterations to premises and ensure that suitable resources are available for 2 year olds.
- 6.7 We are continuing to develop provision with childminders and are actively encouraging parents to take up their 2 year old offer with childminders. Capital funding will be allocated so that childminder places will fill the remaining gap to enable us to provide places for all eligible 2 year olds. Early Years and Childcare are actively looking at possible further sites for the development of childcare.

7. Priority Schools Building Programme

- 7.1 Two projects, at Eastbury to replace demountable accommodation and develop primary facilities, and at Eastbrook to rebuild, enlarge to 12 forms of entry and provide primary facilities were approved as part of the DfE programme announced in 2011.
- Advice has now been received that funding will be paid to the Council for Eastbury Community School condition money to improve the existing building including making modifications, the exact amount to be determined but something up to £3m and to be procured through the existing PFI contractor.
 - In discussion with the Education Funding Agency the school have agreed to increase the internal school area for the new secondary building to improve circulation space and increase access opportunities for young people attending the school and for community users. In order to assist in a similar development for the new primary facility the LA will need to fund 70 square metres of extra space at a cost of £137,549 plus VAT.
- 7.2 There is also going to be some costs which relate to highway improvements and transport links which the LA may have to fund arising from expanded provision on the Eastbrook site, further discussion with the project delivery team appointed by the EFA will be necessary and a subsequent report will come to Cabinet to inform.

8. Riverside Free School

- 8.1 Cabinet have previously approved the Council to act in procuring the Riverside complex comprising a secondary, special and primary school facilities. This budget is to be included in the Council's capital programme. In addition the Education Funding Agency has indicated they will provide funds to support fixtures, fittings and equipment to a value of £2,027,000. This extra sum will be included in the capital programme.
- 8.2 At the time of the preparation of this report there is an ongoing dialogue with the school, designers and build contractors regarding cost and there is funding gap which all parties are endeavouring to close. Representation has been made to the EFA for some additional support but also the School are being approached to determine whether there are parts of the school which could be deferred, failing which the Council may be asked to provide a possible loan to Partnership Learning to support building facilities for Riverside school. Such loan would be subject to appropriate approvals and the Chief Finance Officer and Corporate Director of Children's Services approving terms.

9. Castle Green - Future Management by Jo Richardson Community School

- 9.1 The report to Cabinet in June 2014 included a recommendation to allow the management of Castle Green to move to the Jo Richardson Community School and it is now appropriate to confirm to Cabinet that this will be established with effect from 1 April 2015. A requirement will be the School signs a Memorandum of Understanding setting out the terms of the change.

10 Sydney Russell, including location of Adult College and Music Service in Dagenham

- 10.1 Since Cabinet took the decision to utilise Fanshawe Crescent site as a primary school (Minute 51, 13 November 2012) there has been a great deal of planning and development work taking place. The Adult College has moved its main operational base to Ripple Road in Barking, but has retained a provision in Dagenham, which it was intended would be on the Fanshawe site. However, having carried out further feasibility work on the site to analyse space available it is clear that the site cannot support a 3fe primary school (630 pupils plus, 39 place school nursery), a private nursery, the Adult College, even in a reduced presence, the Music Service and provide as required accommodation for the RM Team based in the Borough which have already been displaced from Eastbrook School.
- 10.2 With Cabinet's agreement it is planned to find a new home for the private nursery subject to a business case, and that subject to agreement about use of space with the school in a joint arrangement, the Music Service will remain on site. However, the Adult College will need to relocate as will the facilities used by RM. Following some initial discussion both parties have agreed to share a new base in Parsloes Avenue on the Sydney Russell site on land reserved specifically for these activities during the academy transfer discussions. This will give the Adult College a more prominent position in the local community with the opportunity to attract more learners because of its proposed position. There has been an initial informal conversation with some representatives of the Adult College Governing Body

present where there were favourable comments. Such proposal would be subject to Cabinet's views on this report.

- 10.3 In terms of funding there is sufficient budget in the project fund which is being sponsored through the Targeted Basic Need Programme with a grant coming directly from the EFA/DfE. Further, that in terms of procurement for this phase of work the preferred route will be through the Crown Commercial Service framework for specialist modular buildings.

11. Support for Specific Projects

- 11.1 It is worth at this stage reporting to Cabinet on issues which have become clear and have impacted on projects. As a general principle projects have varied in terms of cost because of a range of issues which include:

- Particular issues at individual schools which were not identified at the commencement of the scheme and which required a specific solution to be designed and have incurred additional costs, in particular it is worth noting that the programme of increasing school place capacity has been a process spreading over the last 7 years and the projects which are currently being undertaken are more complex and as a consequence have proved to be more costly;
- The opportunity of identifying projects which can be secured on existing site has been more difficult, again there are additional cost for securing land, examples of this are the Eldonwald Site for Robert Clack expansion, and the former depot site in The Shaftesburys for Gascoigne Primary expansion;
- That during the process of building work being undertaken additional consequential requirements are identified;
- That since projects were identified for inclusion in the programme the building market conditions have changed, and this is the case for some projects where the budget was set a few years ago, the construction industry is recovering much quicker than other parts of the economy, with higher process for schemes now being a feature..

- 11.2 Some of these issues are easier to manage than others and a range of strategies have been employed to minimise delays; in particular the following:

- Commission projects as early as possible;
- Hold early discussions with schools and Governing Bodies to get agreement;
- Prepare a written brief to inform the technical team about requirements
- Work closely with technical advisers to ensure that we get the scheme we want;
- Utilise a number of agreed procurement routes which best suit the solution the Council requires;
- Engage with contractors at an early stage to help with the design process and remove unnecessary cost [two stage tender process].

- 11.3 We have a programme which is funded to 2017. The above strategies have been fundamental to keep our approved place planning programme on track. As indicated above future projects will be more complex and costly to deliver for a variety of reasons not least that land costs will need to be considered for future provision.

- 11.4 The following scheme changes are necessary to vary budget provision following decisions at earlier Cabinet meetings including Cabinet 12 November 2012, 25 June 2013, 18 December 2013 and 30 June 2014.

	Savings £ (+)	Additional £ (-)
JRCS now funded by Targeted Basic Need Grant	3,000,000	
Marsh Green saving	350,000	
John Perry extra cost		100,000
Fanshawe – Sydney Russell now funded from Targeted Basic Need Grant	7,000,000	
Gascoigne Shaftesburys [Abbey Depot Site] Feasibility, Design and Site Set Up	2,300,000	
Contingency unexpected numbers	1,000,000	
Contingency unexpected numbers	2,000,000	
All Saints now funded by Targeted Basic Need	3,744,016	
Marks Gate Junior – extra cost		225,000
Contingency	1,729,000	
Robert Clack – not now Targeted Basic Need, Plus additional costs		12,188,000
Village Infants – new project additional pupils		1,500,000
Richard Alibon – additional unaccounted costs		230,000
Eastbury Community School Primary Facility Access		137,549
Pupil Intervention Project		500,000
Additional SEN Base Provision		500,000
Totals	£21,123,016	£15,380,549

- 11.5 This means that there is a net position of £5,742,246 in the positive. This sum is to be retained for future allocation along with the new funding set out in Section 4 of the report. As the notification about funding has been very recent a further report once the issues have been considered will come back to Cabinet.

12. Options Appraisal

- 12.1 Current strategy is formulated against a backdrop on the demand side of continuing increase in demand for school places for the foreseeable future; short run surges of demand for school places e.g. over the summer period and on the supply side: limited funding on short time horizons; shortage of sites in areas of high demand; and timescales for new providers e.g. timescales for Free Schools to be established may be two years.
- 12.2 The agreed investment strategy (see Future Planning Programme to meet Basic Need [including SEN places] 2013 to 2020 which is attached to this report) is first, to expand provision on existing school sites as far as practicable to meet local demand on a forward looking basis (i.e. to seek value for money solutions which have longevity); then subsequently to seek and build on sites in areas of demand in Council or other public ownership that are suitable for development as a school and which also offer value for money and longevity; to support those external providers that have access to further capital funding and are capable and willing to provide

high quality inclusive education places that comply with the Council's Admissions Policies.

- 12.3 The variables that influence the delivery of this strategy are: demand fluctuations; the willingness of governing bodies to accede to expansion plans; funding limitations; cost variances – specific to sites; timescales to achieve cost efficient/ competitive prices in short timescales.
- 12.4 The proposed delivery of the strategy is set out in the report appended (Strategy for Ensuring School Places and School Modernisation). As part of the strategy the document encompasses a further document entitled Future Planning Programme to meet Basic Need [including SEN places] 2013 to 2020. This document sets out proposed projects. Specific projects may be subject to change for the reasons set above, and other projects substituted. The overall strategy is robust and remains the same: individual project specifics may change but will remain in the overall strategic framework.
- 12.5 Options exist for any specific scheme and are explored to ensure that the overall strategic outcomes sought are achieved. Other overall strategies e.g. to rely on outside providers to meet the prospective short fall of school places would not be effective on their own: timescales and speed of reaction are too short.

13. Consultation

- 13.1 These proposals are not Ward specific. There has been consultation with a range of officers throughout the Council in order that appropriate matters are considered including financial, legal, risk management and others mentioned in section 14 of this report.

14. Financial Implications

Implications completed by: Patricia Harvey, Interim Group Manager, Children's Finance

- 14.1 This report informs Members of the Council's Strategy of ensuring sufficient school places. The report also seeks approval for the projects listed in section 11.5. The indicative budget allocations are from the total basic need funding as detailed in section 4 of the report.
- 14.2 The projects identified in section 11.5 have yet to go through an in depth capital appraisal process. The appraisal process will be undertaken on the individual projects above, reviewing the full financial implications including any revenue implications that may arise. The projects will only commence once the full appraisal process has been carried out.
- 14.3 Any major risks/financial impact identified through the appraisal process will be notified to Members through subsequent Cabinet reports.
- 14.4 There are ongoing discussions with procurement on the schemes to ensure value for money and that procurement is appropriate, and this is in line with the legal implications set out below.

15. Legal Implications

Implications completed by: Lucinda Bell, Education Lawyer

- 15.1 The Council has a duty under s14 of the Education Act 1996 to ensure the provision of “sufficient schools” for the provision of primary and secondary education in their area. Para 6 of this section requires the Council to have regard to the need to secure that special education provision is made for pupils who have special educational needs.
- 15.2 Legal advice must be obtained in relation to the planned procurement.

16. Other Implications

16.1 Risk Management

- 16.1.1 Risk that funding levels will not be sufficient to meet demand to create new education places needed.
This risk is high impact (4) and medium (3) probability = 12 red. This risk is being managed by purchasing the most affordable accommodation which is system build where possible. Post control the risk is high impact (4) and low (2) probability = 8 amber.
- 16.1.2 Risk that funding levels will not be sufficient to create suitable new school places.
This risk is high impact (4) and high (4) probability = 16 red. This risk is being managed by purchasing the most affordable accommodation which is system build, and blending it with site specific proposals. Post control the risk is high impact (4) and low (2) probability = 8 amber.
- 16.1.3 Primary schools: risk that site availability would prevent delivery of school places in the areas where demand is highest.
This risk is high impact (4) and medium (3) probability = 12 red. This risk is being mitigated, as far as practicable, by expanding all available sites in high demand areas, and reviewing other buildings for potential school use. Post control the risk is still high impact (4) and medium (3) probability = 12 red.
- 16.1.4 Risk that the cost of the rate of deterioration of the school estate will outrun the funding available to maintain it.
This risk is high impact (4) and high (4) probability = 16 red. This risk is being mitigated as far as practicable by lobbying DfE for improvements in funding. Post control the risk is high impact (4) and medium (3) probability = 12 red.
- 16.1.5 The provision of school places is a matter which is directly identified in the Corporate Risk Register and listed at Corporate Risks 31 – Provision of School Places.
- 16.1.6 Risk that final costs will be higher than estimate costs.
This risk is high impact (4) and high (4) probability = 16 red. This risk is managed through monthly CPMO meetings and initial planning figures that architects and schools are asked to work within being set below the highest estimate to allow for unforeseen challenges.

- 16.2 **Contractual Issues** - It is anticipated that projects will be procured through options related either to the Local Education Partnership or through the Council's Framework of Contractors. It will also be necessary to explore other specialist providers where there is value for money and a clear support from the Government or its agents to secure projects in this way for schemes which they are funding directly.

Legal, procurement and other professional advice will be sought regarding the appropriate procurement routes and contractual agreements to procure and secure the individual projects which fall within the second phase, consisting of the secondary and primary school schemes.

Projects will be subject to the Capital Appraisal Process and the agreement of the Procurement Board to progress schemes. However the Cabinet is asked to approve procurement principles as set out to avoid the need to report back to Cabinet as these procurements are either beyond our control or need to happen quickly within pressing timescales because pupils need to be accommodated.

- 16.3 **Staffing Issues** - There are no specific staffing issues although the growing demand for school places will create additional opportunities in schools for both teaching and non-teaching staff. There has been a consultation process regarding the changes at Castle Green.
- 16.4 **Corporate Policy and Customer Impact** - The decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and support the intention of the Council's Vision and Priorities, including encouraging civic pride, enabling social responsibility and growing the Borough. It is part of the mitigation of Corporate Risk 31 – Inability to Provide School Places.

The short term impact of the recommendations for the coming year would be positive for customers on all counts of: race, equality, gender, disability, sexuality, faith, age and community cohesion.

The longer term outlook is unlikely to be positive on the proposed funding levels as it will be difficult to address need on current budget levels.

- 16.5 **Safeguarding Children** - Adoption of the recommendations in the short term would contribute to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure children's facilities are provided in an integrated manner, having regard to guidance issued under the Children Act 2006 in relation to the provision of services to children, parents, prospective parents and young people.
- 16.6 **Health Issues** - The health and well being board and JSNA highlight the importance of investing in early intervention and education to support children's and young people's long term well being. The evidence and analysis set out in Fair Society, Healthy Lives (Marmot Review) has been developed and strengthened by the report of the Independent Review on Poverty and Life Chances. The reports draw attention to the impact of family background, parental education, good parenting and school based education, as what matters most in preventing poor children becoming poor adults.

- 16.7 **Crime and Disorder Issues** - Appropriate consideration of the development of individual projects will take into account the need to design out potential crime problems and to protect users of the building facilities.
- 16.8 **Property / Asset Issues** - This proposed decision would facilitate the improvement and renewal of Council assets. The specific proposal for JRCS/Castle Green will provide improved management opportunities at the centre to enhance the use of accommodation and other resources for pupils and the wider community.

Public Background Papers Used in the Preparation of the Report:

- Capital Allocations: Basic need in financial years 2015-16, 2016-17 and 2017-18, published February 2015
- Capital Allocations: Maintenance and DFC in financial year 2015-16 published February 2015

List of appendices

- Strategy for Ensuring Sufficient School Places and School Modernisation which includes Future Planning Programme to meet Basic Need (including SEN places) 2014 to 2020.

Future Planning Programme to meet Basic Need (including SEN places) 2014 to 2020

Appendix A

September 2014	Early Years Provision for 2 year olds	Primary	Secondary	Sixth Form	Special Needs Provision
	Part Time Places 855	Need 328 Year R places YrR Capacity 3630 Demand forecast 3958	Need 204 Year 7 Yr7 Capacity 2550 Demand forecast 2754	Demand forecast 2795	6 primary ARP and 6 secondary ARP
	<p>Provided through new childcare places at</p> <p>Arden House nursery 285 Halbutt Street nursery 345 Markyate nursery 260</p> <p>Provided 890 places</p>	<p>Proposal:</p> <p>Marsh Green Expansion 1fe YrR</p> <p>ULT Free School (Goresbrook) 3fe YrR</p> <p>Sydney Russell Fanshawe 1fe Yr1 and 1fe Yr2</p> <p>Provided 120 new YrR places, capacity 3750</p>	<p>Proposal:</p> <p>All Saints 2fe Yr7</p> <p>Provided 60 Yr7 Yr7 Capacity 2610</p>	No additional – to be reviewed	<p>St. Peters – 12 places learning William Bellamy - 6 places SENH Eastbrook - 6 places SENH Sydney Russell secondary - 6 additional places autism Eastbury primary - 6 places John Perry - 3 places autism</p> <p>Places provided as above.</p>
September 2015	To be reviewed	Need 243 Year R places YrR Capacity 3750 Demand forecast 3993	Need 300 Yr7 places Yr7 Capacity 2610 Demand forecast 2910	Demand forecast 2967	6 additional SENH secondary 6 additional SENH primary ARP places
	<p>Provided by maintaining Ofsted inspection ratings of existing 'good' or 'outstanding' provision.</p> <p>Need 400 FTE places.</p> <p>100 places in Parsloes Ward</p>	<p>Eastbury Faircross Primary 2fe YrR Sydney Russell Fanshawe 3fe YrR</p> <p>Riverside Free School 1fe YrR</p> <p>Provided 180 YrR places, capacity 3930</p>	<p>Jo Richardson 2fe Yr7</p> <p>Robert Clack 2fe Yr7</p> <p>Provided 120 Yr7 places Yr7 Capacity 2730</p>	No additional	<p>Barking Riverside Special (30 places per year group for 5 years)</p> <p>Eastbrook – 6 SENH places</p> <p>William Bellamy - 6 SENH places</p> <p>Eastbury P – 3 places deaf</p>

Future Planning Programme to meet Basic Need (including SEN places) 2014 to 2020

Appendix A

September 2016	Early Years Provision for 2 year olds	Primary	Secondary	Sixth Form	Special Needs Provision
	Places to be reviewed	Need 226 Year R places YrR Capacity 3930 Demand forecast 4126	Need 311 Year 7 places Yr7 Capacity – 2730 Demand Forecast 3041	Demand forecast 2984	6 additional SEBD secondary ARP places
	<p>Provided by maintaining Ofsted inspection ratings of existing 'good' or 'outstanding' provision.</p> <p>150 places Abbey, Eastbury & Gascoigne Wards</p> <p>Explore places for 2 year olds in school nurseries.</p>	<p>Eastbrook Primary 3fe YrR</p> <p>Lymington Fields 3fe YrR</p> <p>Gascoigne Primary Shaftesburys 3fe YrR</p> <p>Riverside Free School 2fe YrR</p> <p>Provided 330 YrR places, capacity 4230</p>	<p>Barking Riverside 4fe Yr7</p> <p>Robert Clack 4fe Yr7</p> <p>ULT Free School 4fe Yr7</p> <p>Provided 360 Yr7 places Yr7 Capacity 3090</p>	No additional – to be reviewed	Barking Riverside Special (30 places per year group for 5 years) – year2
September 2017	Places to be reviewed	Need -5 Year R places YrR Capacity 4230 Demand forecast 4225	Need 117 Yr7 places Yr7 Capacity 3090 Demand forecast 3207	Demand forecast 3030	6 additional SENH secondary ARP places
	<p>Provided by maintaining Ofsted inspection ratings of existing 'good' or 'outstanding' provision.</p>	<p>City Farm Primary 3fe YrR</p> <p>Provided 90 YrR places, capacity 4320</p>	<p>Eastbrook 2fe Yr7</p> <p>Barking Riverside 2fe Yr7</p> <p>Gascoigne 4fe Yr7 (Possible free school)</p> <p>Dagenham Park 1fe Yr7</p> <p>Provided 270 Yr7 places Yr7 Capacity 3360</p>	No additional – to be reviewed	Barking Riverside Special (30 places per year group for 5 years) – year 3

Future Planning Programme to meet Basic Need (including SEN places) 2014 to 2020

Appendix A

September 2018	Places to be reviewed	Need 5Year R places YrR Capacity 4320 Demand forecast 4325	Need 202 Year 7 places Yr7 Capacity 3360 Demand forecast 3562	Demand forecast 3089	SEN Places
	Provided by maintaining Ofsted inspection ratings of existing 'good' or 'outstanding' provision.	New Free School Dag 2fe YrR Possible Barking Retail 3fe YrR Provided 150 YrR places, capacity 4470	Gascoigne 2fe (free school) Yr7 New Free School East Dagenham 4fe Yr7 The Warren 2fe Yr7 Provided 240 Yr7 places Yr7 capacity 3600	To be reviewed	Barking Riverside Special (30 places per year group for 5 years) – year 4
September 2019	Places to be reviewed	Need 57 Year R places YrR Capacity 4470 Demand forecast 4382	Need 59 year 7 places Yr7 Capacity 3600 Demand forecast 3659	Demand forecast 3250	SEN Places
	Provided by maintaining Ofsted inspection ratings of existing 'good' or 'outstanding' provision.	Gascoigne regeneration 3 rd School 3fe YrR places Provided 90 YrR places, capacity 4560	New free school East Dagenham 4fe Yr7 Provided 120 places Yr7 Capacity 3720	To be reviewed	Barking Riverside Special (30 places per year group for 5 years) – year 5
September 2020	Places to be reviewed	Need 0 YrR places YrR Capacity 4560 Demand forecast 4403	Need 0 year 7 places Yr7 Capacity 3720 Demand forecast 3585	Demand forecast 3490	SEN Places
	Provided by maintaining Ofsted inspection ratings of existing 'good' or 'outstanding' provision.	Third Barking Riverside Primary 3fe YrR Provided 90 YrR places, capacity 4650	New free school East Dagenham further 2fe Yr7 Provided 60 places Yr7 Capacity 3780	To be reviewed	

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CABINET**24 March 2015**

Title: Whalebone Lane North and Ballards Road Highway Improvement Schemes	
Report of the Cabinet Member for Regeneration	
Open Report	For Decision
Wards Affected: Chadwell Heath, River	Key Decision: Yes
Report Author: Tim Martin, Transport Planning & Policy Manager	Contact Details: Tel: 020 8227 3939 E-mail: timothy.martin@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director of Regeneration	
Accountable Director: Chris Naylor, Chief Executive	
Summary	
<p>Cabinet on 24 September 2013 approved the Local Implementation Plan Delivery Programme for 2014/15 – 2016/17 (Minute 36 refers). It contained a programme of planned highways, road safety and public realm improvements to the borough's transport network worth circa £2.2 million a year. Included in the programme were proposals for improvements to the A12/Whalebone Lane North junction in Chadwell Heath with particular focus on improving road safety and tackling congestion at the junction with the A12, and improvements to Ballards Road, Dagenham involving measures to reduce traffic speeds, improve pedestrian safety/accessibility and to enhance the local public realm.</p> <p>This report seeks approval to the draft proposals for improvements to Whalebone Lane North and Ballards Road and for authority for the Divisional Director of Regeneration, in consultation with the Cabinet Member for Regeneration, to proceed with implementing the schemes following consultation.</p> <p>The report also seeks Cabinet approval to undertake further work to refine outline plans to simplify the Ballards Road/New Road junction through the removal of the existing gyratory and traffic signals, and to undertake investigative/feasibility work to ascertain the potential for and costs of downgrading the A1306 New Road, through the removal of traffic lanes and narrowing of the overall footprint of the carriageway, in preparation for the submission of a Major Scheme bid to Transport for London in September 2016.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the draft proposals for highways improvements to Whalebone Lane North and Ballards Road as set out in the report; (ii) Agree the programme of community consultation and engagement with relevant stakeholders in respect of the proposals; 	

- (iii) Authorise the Divisional Director of Regeneration, in consultation with the Cabinet Member for Regeneration, to agree and implement the final schemes following the public consultation; and
- (iv) Agree that Officers refine outline plans to reconfigure/simplify the Ballards Road/New Road junction, and to ascertain the potential for and costs of downgrading the A1306 New Road, in preparation for the submission of a Major Scheme bid to Transport for London in September 2016.

Reason(s)

To assist the Council in achieving all of its Community Priorities, in particular enabling social responsibility by protecting the most vulnerable; keeping adults and children healthy and safe; and growing the borough through supporting investment in public spaces to enhance our environment.

1. Introduction and Background

- 1.1 The London Borough of Barking and Dagenham Second Local Implementation Plan (LIP2) is the Council's transport strategy for improvements to the transport network in the borough. The Plan contains a 3-year Delivery Plan for the period 2014/15 - 2016/17 which was approved by Cabinet on 24 September 2013 (Minute 36 refers).
- 1.2 The current LIP Delivery Plan contains a programme of planned highways, road safety and public realm improvements across the borough worth circa £6.6 million over the 3-year period. Included in the programme are proposals for improvements to the A12/Whalebone Lane North junction in Chadwell Heath and the Ballards Road/New Road junction in Dagenham, primarily to address a number of road safety and congestion issues at these locations.
- 1.3 The Council was allocated £150,000 by Transport for London (TfL) in 2014/15 to undertake preliminary feasibility/design work on schemes for the A12/Whalebone Lane North junction and the Ballards Road/New Road junction. This led to the development of a number of options for improvements at both locations.
- 1.4 After a review of the options and following initial consultation with a range of stakeholders, including local Ward Councillors, TfL and the Police, a preferred option for improvements to Whalebone Lane North and a preferred option for improvements to Ballards Road have been selected to take forward for consultation and implementation in 2015/16.

2. Proposal and Issues

A12 / Whalebone Lane North Junction

- 2.1 The junction of the A12 and Whalebone Lane North is a busy road junction and the confluence of two major routes through the borough. The A12, which is part of the Transport for London Road Network (TLRN), runs east/west through the northern part of the borough. Whalebone Lane North is part of the borough principal road

network and provides north/south connectivity between Marks Gate and Becontree Heath.

- 2.2 Traffic on both the A12 and Whalebone Lane North is subject to frequent and often severe delays, particularly at peak times. Some 28,500 vehicles a day travel along Whalebone Lane North, with around 20,000 vehicle movements occurring between the hours of 7am and 7pm. A key concern of local residents and a range of other road users, in particular bus operators, is the high level of congestion at the junction and the impact this has on journey times. A particular issue appears to be the delays to traffic crossing the junction from south to north caused by traffic turning right onto the A12 and the perceived poor phasing of the traffic signals.
- 2.3 Road safety is also a particular issue in the area. There were 47 collisions on Whalebone Lane North in the 36 months to March 2014 and, more recently, a fatal collision involving a motorcyclist and a collision which resulted in serious injury to a pupil from Warren School. Other issues include incidences of vehicle rat-running through the adjacent residential streets. For example, a recent traffic survey has revealed that around 23% of all traffic crossing the main A12/Whalebone Lane junction travels along East Road, with the vast majority of this comprising traffic from outside the local area.
- 2.4 In January 2013, the Council commissioned a feasibility study to ascertain the potential for widening Whalebone Lane North at the approach to the junction with the A12 and reconfiguring the traffic signals and associated pedestrian crossing facilities. The study concluded that such a scheme would be feasible and would help improve traffic flow, particularly for vehicles travelling across the A12 towards Marks Gate and turning right onto the A12 towards Romford.
- 2.5 Following a site visit with local Ward Councillors in July 2014, it was agreed to widen the scope of the study to explore options to address a number of road safety issues along Whalebone Lane North, with particular emphasis on safety outside the Warren Schools, and along Mill Lane. It was also agreed to investigate the feasibility of banning traffic turning right from Whalebone Lane North on to the eastbound carriageway of the A12.
- 2.6 Following further investigative work, a number of road safety/traffic management measures along Whalebone Lane North are now proposed (see Drawings in Appendix 1). These include:
- Widening and extending the vehicle stacking lane on the northbound approach to the junction with the A12 to reduce queuing traffic;
 - Altering the phasing of the traffic signals at the junction and the adjacent Rose Lane junction to ensure they are better synchronised;
 - Installing an elongated speed table outside the entrance to the Warren Schools to reduce vehicle speeds;
 - Providing an additional zebra crossing south of Pemberton Road and pedestrian refuge point south of Adelaide Gardens to improve pedestrian accessibility
 - Narrowing of Mill Lane junction and implementing side road entry treatments to reduce vehicle speeds and improve pedestrian accessibility on all roads off Whalebone Lane North between Millbrook Gardens and Adelaide Gardens;
 - Formalising off-street parking arrangements to maintain pedestrian access and help keep on-carriageway cycle routes free from vehicles;

- Upgrading of all bus stops to meet current accessibility standards.

2.7 The cost of implementing these measures is estimated at circa £250,000.

Ballards Road/New Road Junction

- 2.8 The Ballards Road/New Road junction is a busy road junction in Dagenham, and is the confluence of a number of routes, most notably the strategically important A1306 New Road which links Dagenham with Rainham, as well as several locally important bus and cycle routes. The junction, which is configured as a gyratory, forms a major barrier to the safe and expedient movement of pedestrians and cyclists, as well as other vulnerable road users wanting to access the local shopping parade, schools (Marsh Green, Beam and Dagenham Priory) and other nearby facilities. It also suffers from congestion problems, which can be particularly acute at peak hours. In addition, a recent Accident Investigation and Prevention study revealed that there have been six collisions at the junction in the last three years, whilst Ballards Road has experienced one of the biggest increases in collision rates, with 12 in the last three years. Finally, the local environment is in a poor state of repair and in need of significant improvement.
- 2.9 In May 2014 the consultants Hyder were commissioned by the Council to undertake detailed investigative/feasibility work to ascertain the extent of, and propose solutions to, the various accessibility, congestion and safety related issues at the Ballards Road/New Road junction and surrounding road network.
- 2.10 In October 2014 Hyder produced a report outlining a number of options/designs to tackle the various issues in and around the junction and the likely implications/costs of implementing these. These range from a 'do minimum' scenario of maintaining the junction in its current form, but with minor improvements to pedestrian/cyclist accessibility, to proposals that explore the potential to completely remodel the junction and remove the existing gyratory and create a much more accessible space. The cost of implementing the full remodelling option ranges between £1.2 and £1.8 million, whereas only £400,000 has been allocated within the LIP for 2015/16.
- 2.11 At this stage, it is proposed to introduce a number of road safety/traffic management measures along Ballards Road (see Drawings in Appendix 2). These include:
- The installation of speed cushions to reduce vehicle speeds;
 - The installation of a speed table and the upgrading of crossing facilities at the Ballards Road/Oval Road North junction to reduce vehicle speeds and improve pedestrian accessibility;
 - The implementation of side road entry treatments to reduce vehicle speeds and improve pedestrian accessibility;
 - The provision of new cycle facilities, including dedicated cycle lanes to improve conditions for cyclists; and
 - The removal/relocation of street furniture and the resurfacing of footways to enhance the local public realm.
- 2.12 The cost of implementing these measures is estimated at circa £300,000.

- 2.13 With regard to the more extensive works, these could include the downgrading/narrowing of the A1306 New Road and would need to be funded through Major Scheme funding from TfL,
- 2.14 It is therefore recommended that further work be undertaken to explore the feasibility, implications and costs associated with that part of a scheme that would fall within the borough boundary, along with the removal of the Ballards Road gyratory, to be funded using the remainder of the LIP allocation (circa £100,000) from the Ballards Road Corridor Scheme.
- 2.15 The proposals for Whalebone Lane North and Ballards Road are designed to deliver the Council's wider transport objectives, as set out in the Local Implementation Plan, which are focused on improving connectivity and tackling congestion; improving access for all; and improving safety and security. The proposals will also help deliver the goals of the Mayor of London's Transport Strategy (MTS), including improving the safety and security of and enhancing the quality of life and improving transport opportunities for all Londoners, as well as the objectives of the Mayor of London's Roads Task Force, which aims to create a world class public realm and re-imagine streets and places.

3. Options Appraisal

- 3.1 These schemes represent the latest in a series of initiatives to improve road safety and accessibility along this main north-south highway corridor through the borough, which connects the A13 to the A12 and ultimately the M25. This corridor blights the communities it bisects and in several locations presents a formidable barrier, particular for vulnerable road users such as young children, the elderly and the disabled.
- 3.2 In recent years there have been a number of improvements along this corridor including the implementation of the new junction for the ASDA on Whalebone Lane; the new junction at Dagenham East for the forthcoming Sainsbury's development; LIP funded road safety improvements along Rainham Road South between the Civic Centre and Oxlow Lane; and most recently the improvements to the Merry Fiddlers junction and the new access arrangements to the Morrisons and Becontree Leisure Centre car parks.
- 3.3 Due to regular congestion on the A406 North Circular and delays on the A13, particularly at Renwick Road, the Ballards Road/Rainham Road/Whalebone Lane corridor is often used as an alternative means to access the A12 and other routes to the north of the borough. To date, through the various corridor improvements listed above, the Council has looked to either maintain or improve highway capacity to accommodate this traffic. However, looking forward, there is a fundamental question about whether the Council should continue to plan to meet the needs of these vehicles, many of them HGVs from outside the borough, and to continue to enable them to travel through the borough as an alternative to using the A13 and the North Circular, or whether it should deter these movements in the interests of the quality of life and safety of residents, particularly those who live along this corridor. This is most pertinent in deciding the future of the Ballards Road gyratory and whether or not to further downgrade the stretch of the A1306 between the borough boundary and the Heathway, and whether it is feasible to ban the right hand turn from Whalebone Lane North onto the A12. This is covered later in this report.

- 3.4 The proposals for Whalebone Lane North and Ballards Road have been developed following careful analysis of the key transport issues at these locations and seek to provide appropriate solutions to these. Ongoing engagement with a range of stakeholders has also helped inform the development of the proposals to ensure that they are sufficiently robust and deliverable. Further, more detailed consultation will be undertaken to refine the preferred options prior to the schemes being implemented.
- 3.5 The proposals for improvements to Whalebone Lane North will address the long-standing congestion issues at the junction with the A12, particularly in the evening peak, as well as delivering significant road safety and accessibility improvements, especially for pedestrians and cyclists. In particular, the proposals will:
- Reduce the backlog of traffic queuing on the northbound approach to the junction whilst improving the flow of traffic through the junction;
 - Improve bus journey times on Bus Routes 62 and 362, particularly for northbound services;
 - Improve pedestrian and cyclist accessibility, particularly to the Warren Schools, making it easier and safer for vulnerable road users to negotiate the area;
 - Improve safety along the corridor for all road users, especially at crossings, junctions and the entrance to side roads.
- 3.6 The proposals for Whalebone Lane North represent good value for money and can be delivered within the £250,000 LIP scheme allocation for 2015/16. It is therefore recommended that the proposed Whalebone Lane North corridor improvements be implemented.
- 3.7 Initial discussions have been held with TfL regarding the feasibility of banning traffic turning right from Whalebone Lane North on to the eastbound carriageway of the A12. Whilst broadly supportive of the idea, TfL has indicated that further modelling work is required to ascertain the impact on the surrounding road network. A key consideration in this regard includes understanding how and where eastbound traffic would access the A12 and the potential impacts on existing junctions. TfL is currently assessing the proposals as part of its Bus Pinch Point Programme and hopes to publish some outline designs for consultation later in 2015, with a view to implementing a scheme in 2016/17.
- 3.8 The proposals for improvements to the Ballards Road corridor will address the long-standing road safety issues as well as delivering significant accessibility improvements for vulnerable road users and enhancing the quality of the local street scene/public realm. In particular, the proposals will:
- Improve safety along the corridor for all road users, especially at crossings, junctions and the entrance to side roads;
 - Improve pedestrian and cyclist accessibility, particularly the Oval Road North junction, making it easier and safer for users to negotiate the area;
 - Reduce the volume of through traffic in the area, particularly HGVs, whilst maintaining access for local residential traffic and preserving/enhancing bus journey times;
 - Improve the local public realm, through the removal/relocation of street furniture that may act as a barrier to movement, new/improved paving, and improved

visual links into the Dagenham Park and Marsh Green Schools and the Princess Shopping Parade on the A1306 New Road.

- 3.9 The proposals for Ballards Road also represent good value for money and can be delivered within the £400,000 LIP scheme allocation for 2015/16. It is therefore recommended that the proposed Ballards Road corridor improvements be implemented.
- 3.10 A review of the Hyder report has concluded that whilst some of the options for the main Ballards Road/New Road junction have potential benefits, a more optimum solution for the junction is required which would tie in with a range of planned developments in the area, and which would not result in having to make further and potentially more costly changes to the junction in the future. A key consideration in this regard includes the future plans for the nearby Beam Park site and the former Fords Stamping Plant. TfL is currently preparing an Action Plan of transport improvements for Beam Park in advance of procuring a development partner in 2016.
- 3.11 In addition, the Council has recently been made aware of proposals by neighbouring LB Havering to downgrade part of the A1306 New Road to a single carriageway road and to implement a new linear park as part of the Council's wider aspirations to create a new 'Garden Suburb' in the area. This has potentially significant implications for traffic/movement on the Barking and Dagenham stretch of the A1306, but also represents an opportunity for the Council to secure much needed improvements to this road corridor. However, the impact of this on bus journey times and highway capacity with regard to potential demand from the proposed new homes at Beam Park and Ford Stamping need to be assessed to understand if this is feasible.

4. Consultation

- 4.1 The current proposals for Whalebone Lane North have been developed following discussions and consultation with local Ward Councillors, Transport for London and Warren School. A further, more comprehensive programme of community consultation involving a range of local stakeholders including residents, schools, businesses, transport operators and emergency services is planned for April 2015. The results of the consultation will be presented to local Ward Councillors and the scheme plans amended where necessary. Delegated authority will then be sought from the Lead Members for Regeneration to proceed with implementing the scheme in Summer 2015.
- 4.2 Initial consultation on the proposals for Ballards Road has been undertaken with Transport for London and no objections/issues were raised. A further, more comprehensive programme of community consultation involving residents, schools, businesses, transport operators and emergency services is planned for April 2015. If approved, the scheme is scheduled to be implemented in Autumn 2015.
- 4.3 It is proposed to undertake further work to refine outline plans to reconfigure/simplify the Ballards Road/New Road junction, and to ascertain the potential for and costs of downgrading the A1306 New Road. These plans will be subject to public consultation and prior approval by Cabinet in Spring 2016, ahead of the planned submission of a Major Scheme bid to Transport for London in September 2016.

5. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

- 5.1 In 2014/15 the Authority's TfL Local Implementation Plan (LIP) allocation included the sum of £50k for the A12 / Whalebone Lane junction and a further £100k for Ballards Road / New Road junction. These amounts allowed initial feasibility and design works to be undertaken so that options could be drawn up to address the road safety and traffic congestion issues being experienced at these locations.
- 5.2 Subject to Cabinet agreement and favourable community consultation, if the preferred options are pursued, there will be sufficient funding in 2015/16 to undertake and complete the proposed works at the two locations. TfL have allocated the following sums in the Boroughs LIP programme for 2015/16.
- Ballards Road / New Road Junction Improvements £400,000
 - A12 / Whalebone Lane North Junction Improvements £250,000
- 5.3 The cost of the proposed works at the Ballards Road / New Road junction has been estimated at £300,000 which would leave a balance of £100,000. Subject to Cabinet approval, it is intended to use these funds to undertake further feasibility work in connection with downgrading / narrowing the part of the A1306 New Road that falls within the borough boundary, along with the removal of the Ballards Road gyratory.
- 5.4 The proposed works at the A12 / Whalebone Lane North junction will cost £250,000 which is in line with the budget allocated by TfL.
- 5.5 The design, feasibility, consultation and construction works for each of these schemes are funded in total by TfL with no financial implications for the Authority.
- 5.6 The costs of maintaining any new highways infrastructure subsequent to the completion of the works will be met from existing highways maintenance budgets. These amounts, however, are unlikely to be significantly different to the costs currently being incurred in respect of the existing infrastructure.

6. Legal Implications

Implications completed by: Paul Field, Senior Corporate Governance Solicitor

- 6.1 The Council is a Highway Authority under the Highways Act 1980. The Act places a statutory responsibility on the Council to maintain and repair all those roads which are not trunk roads or roads administered by the Greater London Authority. To reduce the risk of accidents and so as to be able to rely on a statutory defence against claims in the event of accidents, the Council is obliged to establish a programme of inspections and prioritisation of works.
- 6.2 If, as appears to be the case the junctions identified in the report present ongoing road safety issues to road users and pedestrians which could be to an extent

alleviated by addition identifiable measures; then such works as are necessary to reduce the risk should be accorded a special priority.

7. Other Implications

- 7.1 **Risk Management** – As part of the detailed design process, both schemes will be subject to a comprehensive Road Safety Audit to ensure that the proposals offer the maximum safety benefits to vulnerable road users such as cyclists, pedestrians and the disabled, whilst maintaining the safe and expedient flow of traffic on the borough road network.
- 7.2 **Contractual Issues** – Procurement relating to the delivery of both schemes will be undertaken in accordance with the provisions of the Council's contract rules and procurement rules including EU procurement rules where applicable. The Legal Partner would be consulted in entering into terms and conditions with suppliers in relation to such procurement.
- 7.3 **Corporate Policy and Customer Impact** – The proposals contained within the Whalebone Lane North and Ballards Road schemes are in line with Council priorities. In particular, the proposals will contribute to enabling social responsibility through protecting the most vulnerable, keeping adults and children healthy and safe. The proposed improvements will benefit all those who live on or travel through these areas including motorists, pedestrians and cyclists and will improve safety along each corridor and at key junctions. The changes also contribute to the Council's 'Growing the borough' priority through investment in enhancing our environment.

There are no specific equality implications as a result of the various scheme proposals. The plans have been through initial consultation with relevant stakeholders, including TfL, and road safety and accessibility have been considered in great detail in drawing up the options. The proposals will result in safer roads benefitting all protected groups.

- 7.4 **Safeguarding Children** – Whalebone Lane North represents something of a barrier to the hundreds of children accessing Warren Schools in Chadwell Heath and Ballards Road is a fairly unattractive environment for those travelling to Dagenham Park, Beam and Marsh Green Schools in Dagenham. Therefore, improvements to pedestrian and cyclist access have been one of the key motivations for securing improvements along these roads and local schools are being consulted on the proposals. It is also the objective of the improvements to reduce the rate of accidents in both localities and to create a safer environment for pedestrians, cyclists and motorists.
- 7.5 **Health Issues** – The proposals for Whalebone Lane North are expected to have a beneficial impact on the health of local residents of Chadwell Heath by helping to reduce traffic congestion at the busy A12/Whalebone Lane North junction and thereby improving air quality, whilst promoting healthy travel practices through the provision of improved pedestrian/cycle facilities, particularly to the nearby Warren Schools. It is anticipated that the various proposals will also result in a reduction in the incidences of collisions at the junction, thus helping the borough to meet its road safety targets.

The proposals for Ballards Road will help to improve road safety in the area, mainly through the reduction of vehicle speeds along this busy corridor, as well as helping to improve people's general wellbeing as a result of the enhanced visual appearance of the Oval Road North junction and the surrounding public realm. It is also anticipated that the improvements will make it easier for people to access the nearby schools and shopping parade.

7.6 **Crime and Disorder Issues** – The proposals will provide a safer and more secure environment where opportunities for crime are reduced will help make both areas more user friendly and more legible.

7.7 **Property / Asset Issues** – The proposals for both the Whalebone Lane North and the Ballards Road schemes work within the existing footprint of the public highway. For the Whalebone Lane North scheme, a small area of footway will need to be converted to carriageway to facilitate the widening of the junction with the A12. For both schemes, further work will be required to ascertain the extent/cost of work needed to divert/replace utilities, but this is expected to be relatively minor.

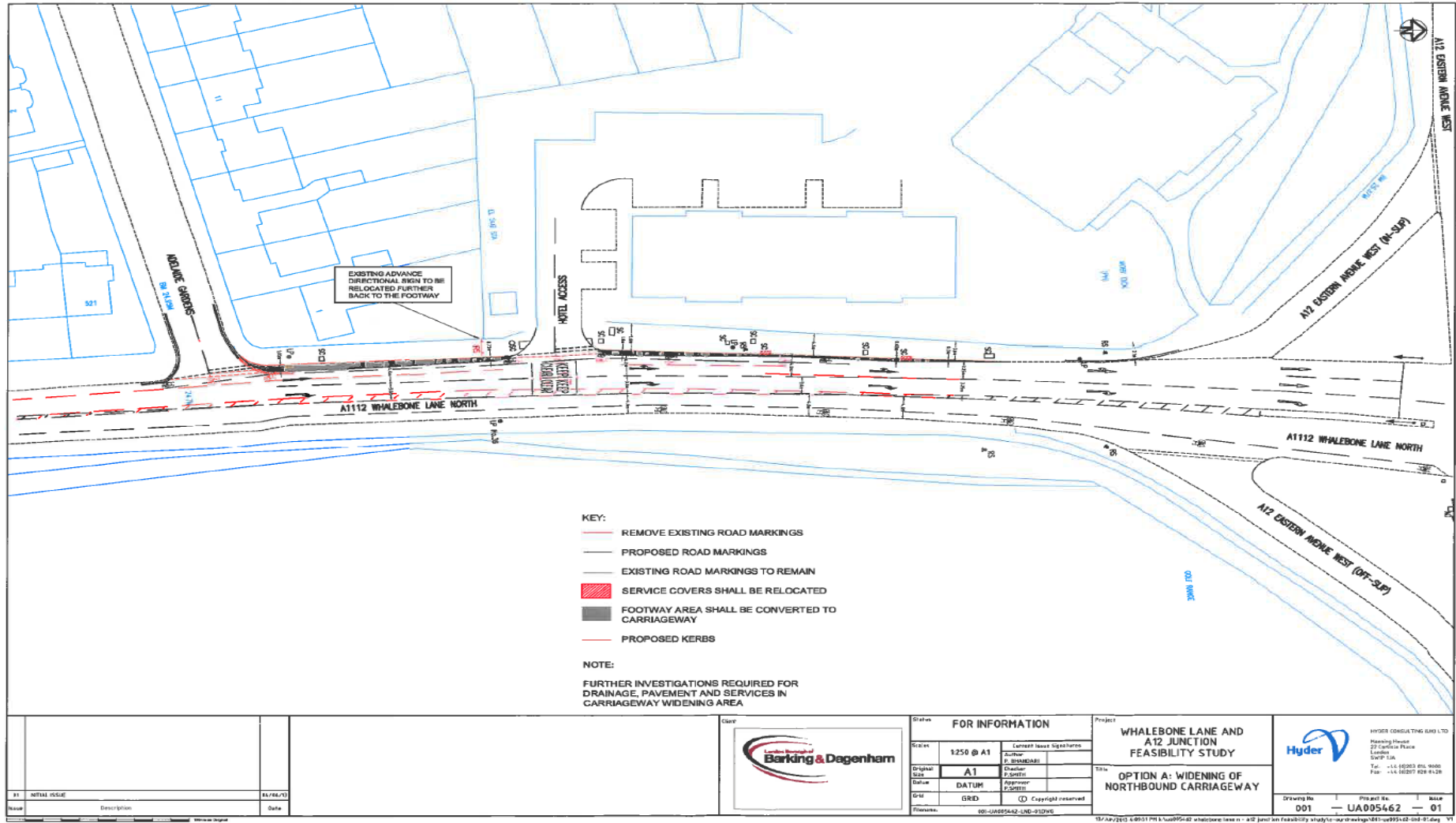
Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1:** Whalebone Lane North/A12 Junction Options Drawings
- **Appendix 2:** Ballards Road Corridor Options Drawings

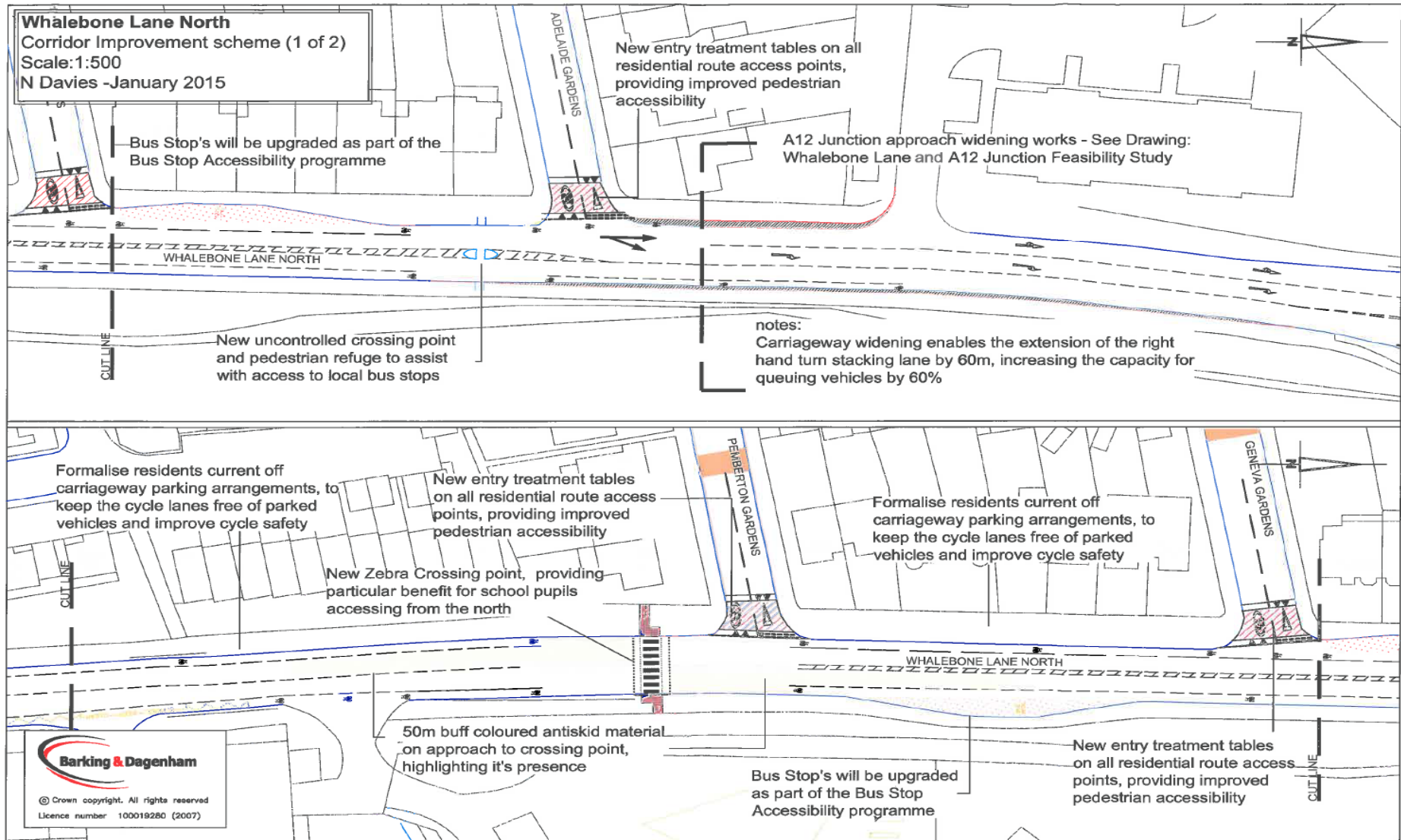
Appendix 1: Whalebone Lane North/A12 Junction Options Drawings

Drawing 1: Whalebone Lane North (A12 – Adelaide Gardens)

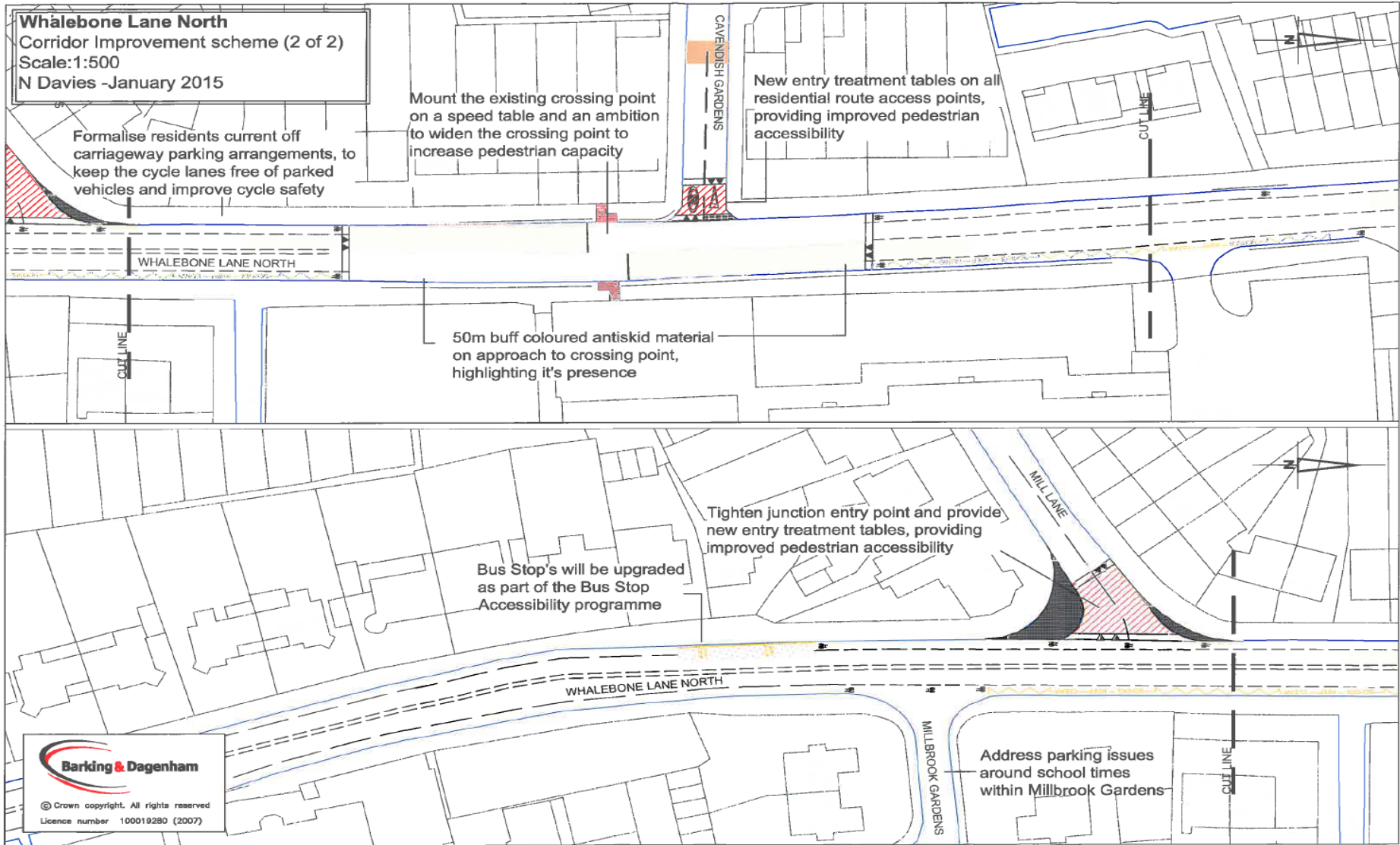


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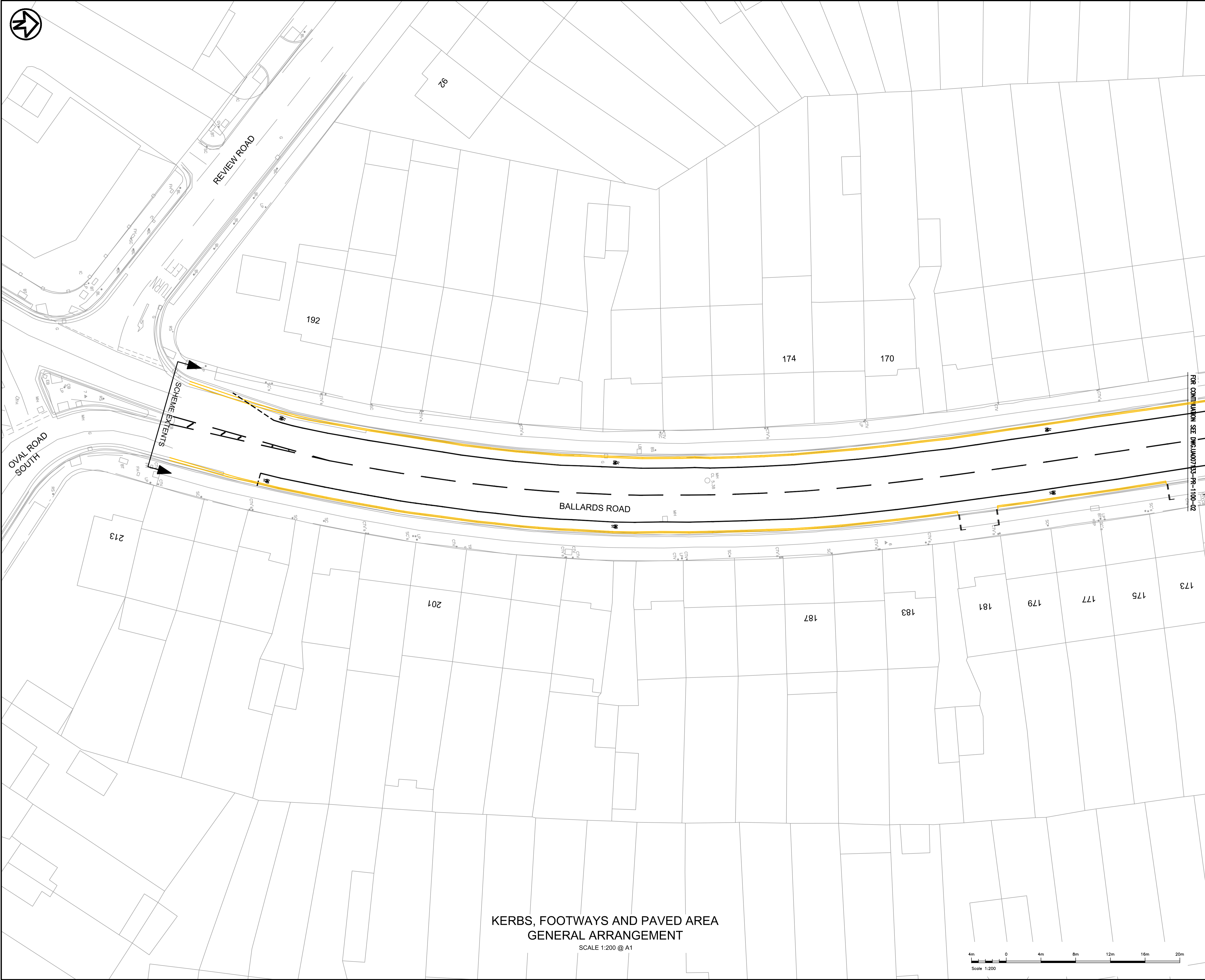
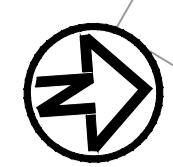
Drawing 2: Whalebone Lane North (Adelaide Gardens – Pemberton Gardens)



Drawing 3: Whalebone Lane North (Cavendish Gardens – Mill Lane)



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- KEY:**
- NEW WHITE ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-01.
 - NEW YELLOW ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-01.

- NOTES**
1. FOR SURVEY LEGEND REFER TO DRG UA007133-PR-0000-01.
 2. THE CONTRACTOR IS TO MAINTAIN ACCESS TO ALL PROPERTIES AND BUSINESSES AT ALL TIMES.
 3. BEWARE OF UNDERGROUND SERVICES. THE CONTRACTOR SHALL ENSURE THAT ALL UTILITIES' APPARATUS IS PROPERLY LOCATED AND CLEARLY MARKED ON SITE.

FOR CONTINUATION SEE DRG UA007133-PR-1100-02

0	INITIAL ISSUE	04/03/15
Issue	Description	Date
Status	PRELIMINARY DESIGN	
Scales	1:200 @ A1	Current Issue Signatures
		Author R.Wardhan
Original Size	A1	Checker C.Govern
Datum		Approver K.Castle
Grid		© Copyright reserved



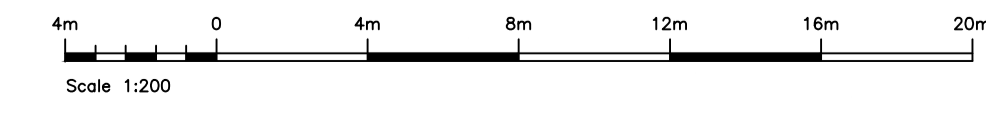
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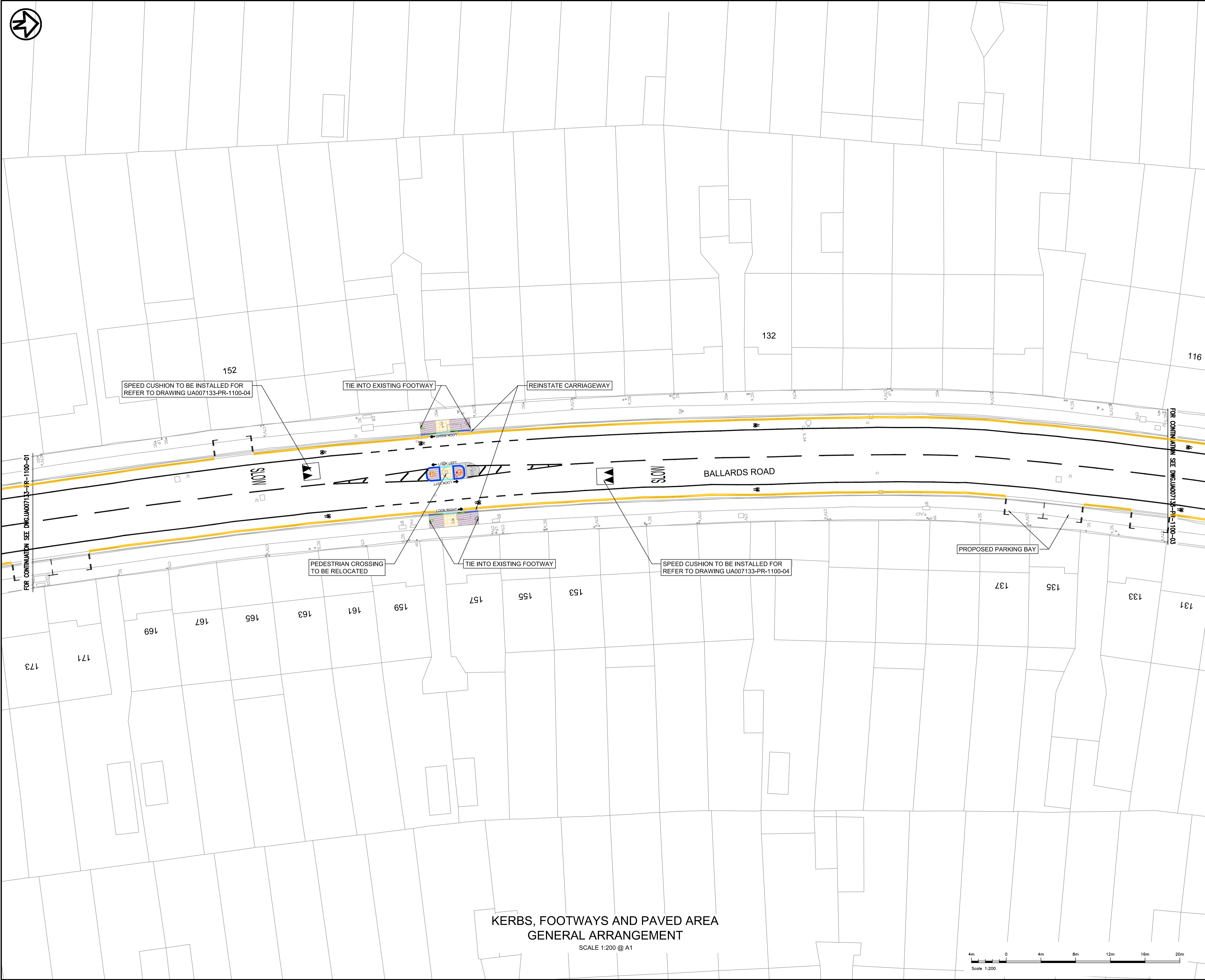
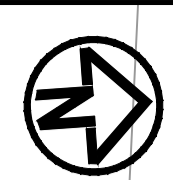
Project:
**BALLARDS ROAD /
 NEW ROAD
 PUBLIC REALM IMPROVEMENTS**

Title:
**KERBS, FOOTWAYS AND
 PAVED AREAS -
 GENERAL ARRANGEMENT**

Drawing No.	Rev
UA007133-PR-1100-01	0

**KERBS, FOOTWAYS AND PAVED AREA
 GENERAL ARRANGEMENT**
 SCALE 1:200 @ A1





- KEY:**
- FOOTWAY RECONSTRUCTION (NEW ASPHALT) . FOR DETAILS REFER TO DRAWING UA007133-PR-1100-06 SECTION B-B.
 - NEW 400x400x65mm (BUFF) BLISTER PAVING SLABS. FOR DETAILS REFER TO DRAWING UA007133-PR-1100-06 SECTION C-C.
 - EXTENT OF PAVEMENT CARRIAGEWAY WORKS - FOR DETAILS REFER TO UA007133-PR-0700-05.
 - NEW GRANITE KERBS LAID FLUSH.
 - NEW GRANITE KERBS 150x300mm, (125mm UPSTAND.
 - NEW GRANITE TRANSITION KERBS 150x300mm.
 - NEW WHITE ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-02.
 - NEW YELLOW ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-02.
 - REINSTATE EXISTING TIMBER BOLLARD.
 - PROPOSED TIMBER BOLLARD.
 - PROPOSED REFUGE ISLAND BEACON.
 - NEW NON ILLUMINATED IGP.FOR DETAILS REFER TO DRAWING UA007133-PR-1100-05.

- NOTES**
1. FOR SURVEY LEGEND REFER TO DRG UA007133-PR-0000-01.
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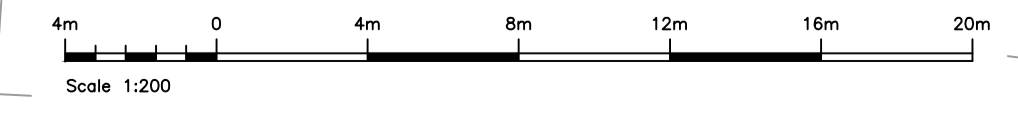
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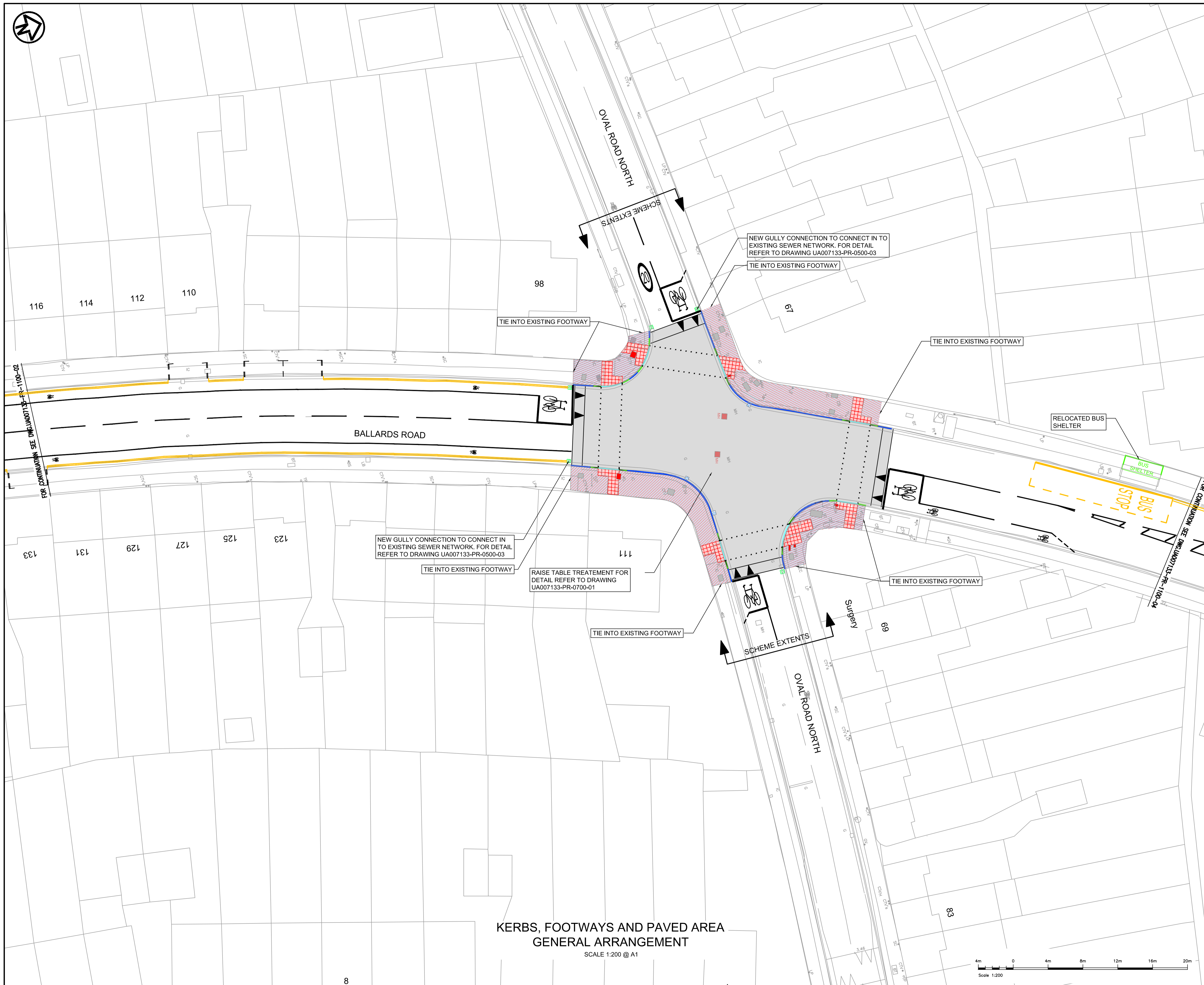
Title:

**KERBS, FOOTWAYS AND
PAVED AREAS -
GENERAL ARRANGEMENT**

Drawing No. UA007133-PR-1100-02	Rev 0
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**KERBS, FOOTWAYS AND PAVED AREA
GENERAL ARRANGEMENT**
SCALE 1:200 @ A1





- KEY:**
- FOOTWAY RECONSTRUCTION (NEW ASPHALT) FOR DETAILS REFER TO DRAWING UA007133-PR-1100-06 SECTION B-B.
 - EXTENT OF PAVEMENT CARRIAGEWAY WORKS - FOR DETAILS REFER TO UA007133-PR-0700-05 AND UA007133-PR-0700-06.
 - NEW 400x400x65mm (RED) BLISTER PAVING SLABS. FOR DETAILS REFER TO DRAWING UA007133-PR-1100-06 SECTION C-C.
 - NEW GRANITE KERBS LAID FLUSH (6mm UPSTAND) .
 - NEW GRANITE KERBS 150x300mm (50mm UPSTAND) .
 - NEW GRANITE TRANSITION KERBS 150x300mm.
 - NEW WHITE ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-03.
 - NEW YELLOW ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-03.
 - PROPOSED BUS STOP SHELTER LOCATION.
 - NEW RECESSED UTILITY COVERS REFER TO UA007133-PR-1100-05.
 - EXISTING UTILITY COVER IN FOOTWAY ADJUSTED TO SUIT PROPOSED LEVELS.
 - NEW GULLY FRAME FOR DETAILS REFER TO UA007133-PR-0500-03.
 - NEW GULLY FRAME AND CATCHPIT - FOR DETAILS REFER TO UA007133-PR-0500-03.
 - EXISTING UTILITY COVER IN CARRIAGEWAY TO SUIT PROPOSED LEVELS.
 - REINSTATE EXISTING BOLLARD.

- NOTES**
1. FOR SURVEY LEGEND REFER TO DRG UA007133-PR-0000-01.
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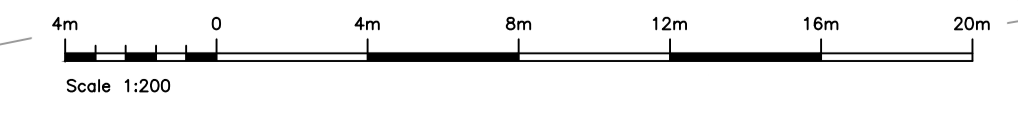
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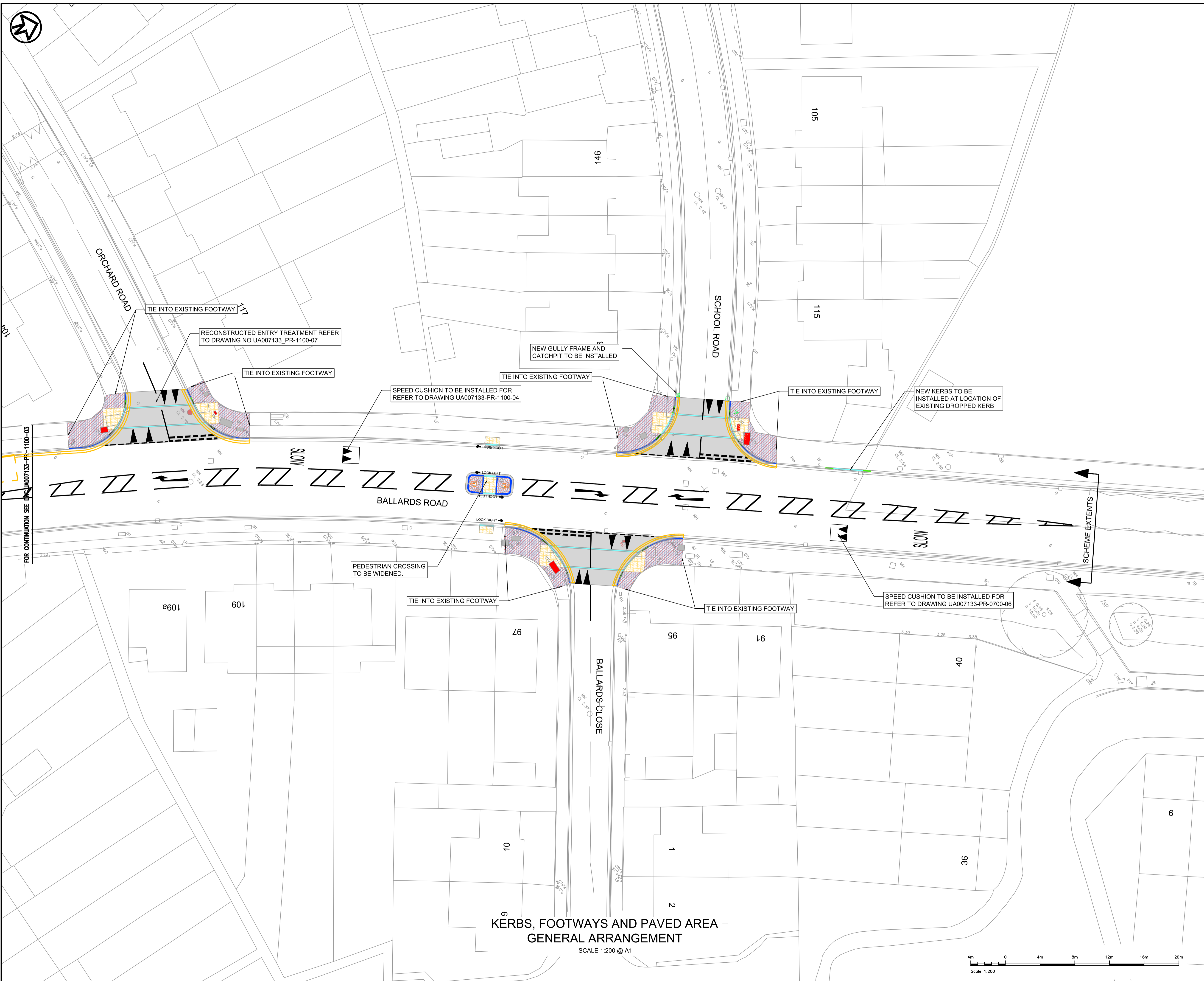
Project:
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Drawing No.	Rev
UA007133-PR-1100-03	0

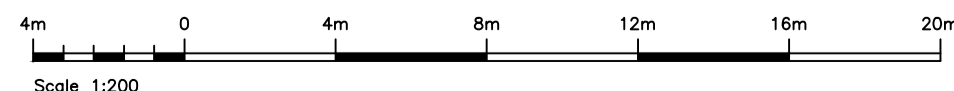
**KERBS, FOOTWAYS AND PAVED AREA
GENERAL ARRANGEMENT**
SCALE 1:200 @ A1





**KERBS, FOOTWAYS AND PAVED AREA
GENERAL ARRANGEMENT**

SCALE 1:200 @ A1



- KEY:**
- FOOTWAY RECONSTRUCTION (NEW ASPHALT). FOR DETAILS REFER TO DRAWING UA007133-PR-1100-06 SECTION B-B.
 - ENTRY TREATMENT WORKS - FOR DETAILS REFER TO UA007133-PR-0700-05 AND UA007133-PR-1100-07.
 - NEW 400x400x65mm (BUFF) BLISTER PAVING SLABS. FOR DETAILS REFER TO DRAWING UA007133-PR-1100-06 SECTION C-C.
 - NEW WHITE ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-04.
 - NEW YELLOW ROAD MARKINGS FOR DETAILS REFER TO DRAWING UA007133-PR-1200-04.
 - NEW GRANITE KERBS LAID FLUSH.
 - NEW GRANITE FULL HEIGHT KERBS 150x300mm, 125mm UPSTAND.
 - NEW GRANITE TRANSITION KERBS 150x300mm.
 - NEW RECESSED UTILITY COVERS REFER TO UA007133-PR-1100-05.
 - EXISTING UTILITY COVER IN FOOTWAY ADJUSTED TO SUIT PROPOSED LEVELS.
 - NEW GULLY FRAME FOR DETAILS REFER TO UA007133-PR-0500-03.
 - NEW GULLY FRAME AND CATCHPIT - FOR DETAILS REFER TO UA007133-PR-0500-03.
 - PROPOSED ROAD SIGN LOCATION.
 - REINSTATE EXISTING CYCLEWAY ROUTE MARKER POST.
 - EXISTING UTILITY COVER IN CARRIAGEWAY TO SUIT PROPOSED LEVELS.
 - NEW NON ILLUMINATED IGP FOR DETAILS REFER TO DRAWING UA007133-PR-1100-05.

- NOTES**
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Project:

**BALLARDS ROAD /
NEW ROAD
PUBLIC REALM IMPROVEMENTS**

Title:

**KERBS, FOOTWAYS AND
PAVED AREAS -
GENERAL ARRANGEMENT**

Drawing No. UA007133-PR-1100-04	Rev 0
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CABINET**24 March 2014**

Title: Future Provision of Vehicle Maintenance Stores and Tyres	
Report of the Cabinet Member for Environment	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Beau Stanford-Francis, Contracts and Compliance Manager, Assets & Transport	Contact Details: Tel: 020 8227 5629 E-mail: beau.stanford-francis@lbbd.gov.uk
Accountable Divisional Director: Robin Payne, Divisional Director of Environment	
Accountable Director: Anne Bristow, Corporate Director of Adult and Community Services	
<p>Summary:</p> <p>On 16 December 2014 Cabinet took the decision to in-source the Council's Vehicle Maintenance Workshop. The decision to in-source the workshop was taken in order to deliver the following benefits; the delivery of financial savings, to further develop the facility as a resource to generate revenue and to reinstate the apprenticeship programme.</p> <p>The purpose of this report is to seek approval to go out to competitive tender and subsequently let a Vehicle Maintenance Stores Contract in line with European Procurement Regulations. In addition this report seeks approval to procure a Tyres and associated services contract via an existing ESPO Framework agreement that is compliant with European Procurement Regulations.</p>	
<p>Recommendation(s)</p> <p>Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Agree that the Council proceeds with the procurement of a contract for Vehicle Workshop Stores, to be delivered via a tender process in line with EU Procurement Regulations and in accordance with the strategy as set out in the report; (ii) Agree that the Council proceeds with the procurement of a contract for the Provision of Tyres and Associated Services, to be delivered through the direct appointment using an EU compliant framework contract in accordance with the strategy as set out in the report; and (iii) Indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement and the award of the contracts, or whether it is content for the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Environment, the Head of Legal and Democratic Services and the Chief Finance Officer, to conduct the procurement 	

and award the contracts to the successful bidders in accordance with the strategy set out in the report.

Reason(s)

Replacement parts for Council operated Vehicles and Mobile Tyre replacement are required in order to implement the Cabinet decision made in December to in-source the vehicle workshop.

In line with the requirements of the Heavy Goods and Passenger Service Vehicle Operator Licence Undertakings the Council has a legal obligation to ensure that the fleet is maintained to the required standards.

Reinstatement of the apprenticeship programme supports the Councils vision to 'Develop a local, skilled workforce and improve employment opportunities.

1. Introduction and Background

- 1.1 On 16 December 2014 Cabinet agreed to in-source the Vehicle Maintenance Workshop. The decision to in-source the workshop was taken in order to deliver the following benefits; the delivery of financial savings, to further develop the facility as a resource to generate revenue and to reinstate the apprenticeship programme.
- 1.2 The Council is required to have a robust and auditable maintenance regime in place as part of the obligations of its Operators Licence. A key element in the upholding of this obligation is to ensure that the vehicle workshop has sufficient parts, consumables, tyres and related stock in place to allow for robust maintenance.
- 1.3 The service is obligated to ensure that all procurement activity within scope of its operations meet both the Council's Contract Rules and European procurement regulations. In line with this requirement the purpose of this report is to seek approval to go out to competitive tender and subsequently let a vehicle stores contract in line with European Procurement Regulations.
- 1.4 In addition this report seeks approval to procure Tyres and associated services via an existing ESPO Framework agreement that is compliant with European Procurement Regulations.

2. Proposed Procurement Strategy

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

- 2.1.1 Vehicle Workshop Stores; The supply of stores items relating to the maintenance of vehicles, plant and other associated equipment. This will include parts, consumables and sundry items.
- 2.1.2 Tyre Fitting and Associated Services; The supply of tyres and associated services for the Council's vehicle and plant fleet. This will include the supply of tyres, mobile fitting of tyres, repair of tyres where appropriate and associated services such as wheel balancing.

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

2.2.1 The Vehicle Workshop Stores contract will have an estimated value of £1,250,000 based on a projection of £250,000 per annum.

2.2.2 The Tyre Fitting and Associated Services contract will have an estimated value of £600,000 based on a projection of £150,000 per annum.

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

2.3.1 The Vehicle Workshop Stores contract will be initially let for a period of 3 years with the option to extend for a further 2 years on the basis of supplier performance and benchmarking against market price.

2.3.2 The Tyre Fitting and Associated Services contract will be accessed via the use of a pre-existing framework over a 4 year period. The authority will commit on a year by year basis. The framework will be reviewed annually on the basis of supplier performance and benchmarking against market price.

2.4 Is the contract subject to the (EU) Public Contracts Regulations 2015? If Yes, and contract is for services, is it subject to the light touch regime?

2.4.1 Both the Vehicle Workshop Stores and Tyre Fitting and Associated Services Contracts are in scope of the EU Public Contracts Regulations 2015 and not subject to the light touch regime..

2.5 Recommended procurement procedure and reasons for the recommendation.

2.5.1 Vehicle Workshop Stores: This procurement process will be in scope of Part A services of the EU Public Contracts Regulations due to the value and category of spend. The procurement process will be conducted on an 'Open' basis. This process has the shortest timescales available which is important because of an anticipated long implementation period and short project timescales. A competitive tendering process will ensure that the contract delivers best value.

2.5.2 Tyre Fitting and Associated Services: Due to the extremely standardised product and services within this industry a range of framework contracts exist for the supply of Tyres and Associated Services. 'ESPO Framework 222 Vehicle Tyres and Associated Services' has been identified as a good fit for the Council's requirements. Use of a framework contract will allow the authority to take advantage of low prices generated through economies of scale. Initial benchmarking has shown that the cost of service will be reduced compared to our current provision and that the rates available are at least comparable with market rates and for most elements they are cheaper.

2.5.3 Proposed Procurement Timeline

Vehicle Workshop Stores

Action	Duration	Start Date	End Date
Proc Board Approval	1 day	16/02/2015	16/02/2015
Cabinet Approval	1 day	25/03/2015	25/03/2015
Finalise Specification	90 days	01/01/2015	31/03/2015
Issue PQQ	30 days	01/04/2015	30/04/2015
Evaluate PQQ	7 days	01/05/2015	07/05/2015
Issue ITT	40 days	08/05/2015	17/06/2015
Evaluate Tender Returns	7 days	18/06/2015	25/06/2015
Stand Still Period	10 days	26/06/2015	06/07/2015
Award Contract	3 days	07/07/2015	10/07/2015
Mobilise	51 days	11/07/2015	31/08/2015
Go-Live	1 day	01/09/2015	01/09/2015

Tyre Fitting and Associated Services

Action	Duration	Start Date	End Date
Proc Board Approval	1 day	16/02/2015	16/02/2015
Cabinet Approval	1 day	25/03/2015	25/03/2015
Finalise Specification	90 days	01/01/2015	31/03/2015
Issue PQQ	30 days	01/04/2015	30/04/2015
Evaluate PQQ	7 days	01/05/2015	07/05/2015
Confirm specification against Framework	23 days	08/05/2015	31/05/2015
Finalise Framework Prices	14 days	01/06/2015	14/06/2015
Award contract via framework	3 days	15/06/2015	18/06/2015
Mobilise	74 days	19/06/2015	31/08/2015
Go-Live	1 day	01/09/2015	01/09/2015

2.6 The contract delivery methodology and documentation to be adopted.

2.6.1 Vehicle Workshop Stores: The Council's standard terms and conditions shall be used. Items shall be priced on a schedule of rates that reflect our current usage. The stores contract will not require the employment of additional staff. The rear of the workshop is racked out as a storage area. High usage stock has been identified; these items will be held as impress stock in the workshop. Using a barcode scanner impress stock usage will be monitored and replenished regularly by the supplier.

Lower frequency stock will be ordered as required, the fulfilment times will be monitored via the use of key performance indicators with target replenishment times banded according to the frequency that the item is ordered.

2.6.2 Tyre Fitting and Associated Services: The terms and conditions will be those of the ESPO Framework 222 Vehicle Tyres and Associated Services. There is a schedule of rates for each tyre replacement which are called off when required. Delivery will be within the agreed framework timeframe and to agreed framework cost.

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

2.7.1 Vehicle Workshop Stores: As per the December report, the overall project is likely to produce a saving of £147,508.04. There are likely to be further savings achieved as a result of the tender process. As part of the contract, the management information provided will be more accurate and regular which shall enable better monitoring and planning for the service.

2.7.2 Tyre Fitting and Associated Services: There are likely to be cost savings of approximately 10% based on the benchmarking that has been conducted. As part of the contract, the management information provided will be more accurate and regular which shall enable better monitoring and planning for the service. Taking the incumbent suppliers data as a baseline and providing that volumes do not decrease a 10% saving would deliver in the region of £15,000 per annum.

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

2.8.1 Vehicle Maintenance Stores contract; Applicants will be assessed on a range of criteria relevant to the contract tender process based on an 70% price 30% quality basis.

Bidders will price against a schedule of items which are most commonly purchased at present. Their previous experience shall be evaluated and the quality of the submission shall be assessed on a number of KPI monitored elements such as the ability to meet replenishment timescales and their ability to source non-standard items

2.8.2 Tyre Fitting and Associated Services; Bidders will price against a schedule of items which are most commonly purchased at present. Their previous experience shall be evaluated and the quality of the submission shall be assessed on a number of KPI monitored elements such as the ability to meet replenishment timescales and their ability to source non-standard items.

2.8.3 The ESPO framework allows for direct award based upon the schedule of rates and the suppliers agreed performance criteria. We have identified the supplier who offers the best solution to our requirements meeting both the needs of the service and the requirement to deliver value for money.

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

2.9.1 In line with the 'Public Services Social Value Act', public bodies are required to consider the way in which the services that they commission and procure might improve the economic, social and environmental wellbeing of the area.

2.9.2 In order to comply with this obligation the Environment Directorate supported by the Corporate Procurement Team propose that potential suppliers throughout the tender process demonstrate the ways in which their bid will contribute towards supporting social value. They will also be required to demonstrate past examples of

delivering social value in comparable contracts/organisations. Delivery will be monitored throughout the life of the contract.

- 2.9.3 Vehicle Maintenance Stores contract, within their tender return bidders will be required to;

Demonstrate the ways in which they will contribute towards supporting the local economy. This could be via the sourcing of items using local suppliers or through demonstrating the manner in which the service that they will offer will contribute towards providing skilled employment within the local area.

Provide assurances that the delivery of their service will take measures to reduce their environmental impact. This could incorporate the effective scheduling of deliveries to reduce emissions and journeys through the borough or commit to reducing the environmental impact of their subcontractors.

- 2.9.4 Tyre Fitting and Associated Services, within their tender return bidders will be required to;

Demonstrate the ways in which they will contribute towards supporting the local economy. This could be via the sourcing of items using local suppliers or through demonstrating the manner in which the service that they will offer will contribute towards providing skilled employment within the local area.

Provide assurances that the delivery of their service will take measures to reduce their environmental impact. This will focus on the suppliers' ability to re-groove and reuse tyres where appropriate. The supplier will also be required to ensure that they dispose of expired tyres in a responsible and legally compliant manner.

3. Options Appraisal

3.1 Vehicle Maintenance Stores Options Appraisal

- 3.1.1 Do nothing: not an option, vehicles stores are essential for delivering fleet maintenance operations.
- 3.1.2 Purchase Stores and deliver internally; This is not a viable option and would require a myriad of smaller contracts with smaller suppliers removing the economies of scale that volume purchasing from one supplier would deliver. In addition the council would be required to carry the financial burden of the workshop holding impress stock; this would be in effect dead money that could be used more effectively.
- 3.1.3 **The recommended option:** Engage a Stores Contractor through an OJEU compliant tender process. This will provide one point of contact reducing contract management and billing requirements. All stock will be sourced via a single company therefore delivering economies of scale. The cost burden associated with holding impress stock will be transferred to the contractor.
- 3.1.4 Engage a Stores Contractor through a pre-existing framework contract: a desktop research exercise has been conducted and a framework contract that meets the needs of the Council is not in place.

3.2 Tyre Fitting and Associated Services Options Appraisal

- 3.2.1 Do nothing: not an option, tyre fitting and associated services are essential in delivering safe and compliant fleet operations.
- 3.2.2 Purchase tyres and deliver in-house service: Both Housing Repairs and Passenger Transport have a requirement to deliver services across a large geographical region with passenger transport in some instances offering transport for service users across the south of England, this would not be viable using an in-house fitter. In addition the council would be required to carry the financial burden of the workshop holding impress tyre stock for the Council's large and diverse fleet, this would be in effect dead money that could be used more effectively.
- 3.2.3 Engage a national tyre fitting service via competitive tender: this option would allow the Council to procure a service that meets both service needs and the opportunity to deliver value for money. The Council's cumulative spend on tyres is in scope of EU procurement regulations which would require resource. If the option to use an existing framework is available then this would save significant staff time and deliver greater value for money.
- 3.2.4 **The recommended option:** Engage a national tyre Fitting Service through a pre-existing framework contract. This will allow for fitting outside of the borough as and when required. In addition by using a framework contract the Council will be able to take advantage of the economies of scale that large frameworks deliver whilst avoiding the resource and cost that an OJEU process would incur.

4. Waiver

- 4.1 No waiver is requested at this point or is envisaged as part of this process.

5 Equalities and other Customer Impact

- 5.1 The Procurement of a Vehicles Stores and Tyre Provision contracts will have no impact on Equalities groups. The contracts will deliver the supply of off the shelf standardised items that will be utilised by a maintenance service.

6. Other Considerations and Implications

- 6.1 **Risk and Risk Management** - Identified risks and subsequent mitigation strategies identified during the completion of this proposal are as follows:
- Poor Supplier Performance including unacceptable stock delivery times; Poor supplier performance will be mitigated by ensuring that the contract contains detailed Key Performance Indicators with penalties for poor performance.
 - Ensuring Value for Money over the term of the contract. The vehicle stores contract will be let for 3 years initially with an extension for a further 2 years only to ensure the contract prices are in line with market prices. Tyres and Associated Services will be let using an existing framework contract, use of the framework will be reviewed on an annual basis to confirm value for money.
 - Poor Quality Products: Suppliers across both contracts will be required to return and replace defective items at their own cost. Vehicle stores will be restricted to

original equipment manufacture parts during a vehicles warranty period. Tyre supply will be restricted to the supply of 'name brand tyres' targeted at fuel efficiency models.

- 6.3 **Safeguarding Children** - Neither the letting of the stores or the tyre contract will have any direct implications with respect to Safeguarding Children. The workshop maintains the Passenger Transport fleet, both the store and tyre contract are essential in the delivery of the service.
- 6.4 **Health Issues** - No health issues Identified.
- 6.5 **Crime and Disorder Issues** - No crime and disorder issues Identified.
- 6.2 **TUPE, other staffing and trade union implications** - Neither the letting of the stores or the tyre contract will have direct staffing implications. The wider project to in-source the workshop as approved by Cabinet will see the TUPE of 10 skilled staff back into the Council and the creation of 10 apprenticeship opportunities.
- 6.6 **Property / Asset Issues** - No Property/Asset Issues Identified. The tyre contract will be mobile and delivered by a 3rd party fitter in a van. Workshop stores will be stocked in a designated area of the workshop.

7. Consultation

- 7.1 The proposals within this report have been approved by the Council's Procurement Board and consultation carried out with the Cabinet Member and relevant officers.

8. Corporate Procurement

Implications completed by: Francis Parker, Category Manager

- 8.1 The procurement approaches highlighted in this report are suitable for contracts of this scale and scope.
- 8.2 The 70/30 price/quality split is suitable for this work due to the relatively prescribed nature of the specification. It is likely to yield the best value for money whilst ensuring a sufficient degree of quality is achieved. However, the contract will need to be managed closely to ensure KPIs are adhered to and that prices do not escalate.
- 8.3 The ESPO framework delivers a legally compliant procurement route and the benchmarking that has been conducted shows a cost saving. It is the most expedient and resource light approach to procuring this service.

9. Financial Implications

Implications completed by: Carl Tomlinson, Group Manager, Finance

- 9.1 The vehicle workshop stores contract is expected to be £250,000 per annum for a 3 year contract with the option to extend to 5 years and the tyre fitting contract is expected to be £150,000 per annum for 4 years.

- 9.2 Current budget allocation is in line with the expected contract amounts within Fleet Management and form part of the fleet workshop maintenance contracts that are being brought back into the Council's control from Kier. Initial procurement benchmarking analysis indicates that the new contracts could achieve a saving on the current budgeted amount.
- 9.3 Potential tenders will be expected to fall within the budget constraints, while maintaining the desired quality. Without suitable contracts for both of these services, the Council will be at financial risk from higher ad-hoc costs for stores purchases and tyres and will not benefit from economies of scale.

10. Legal Implications

Implications completed by: Kayleigh Eaton, Solicitor - Contracts and Procurement

- 10.1 This report is seeking approval from Cabinet to tender the contracts for a Vehicle Maintenance Stores Contract (Stores Contract) and a Tyre Fitting and Associated Services Contract (Tyre Contract). The proposed procurements being considered are estimated at approximately £1,250,000, for the Stores Contract, and £600,000, for the procurement of a Tyre Contract, over the lifetime of the contract and therefore both are above EU thresholds for supplies and service contracts (currently set at approximately £172,514). This means that there is a legal requirement to competitively tender the contract via the Official Journal of the European Union (OJEU). Legal Services note that the tender for the Stores Contract will be conducted in accordance with the Public Contract Regulations 2015 (the 'Regulations') using the open procedure.
- 10.2 Legal Services note that for the tender for the Tyre Contract it is the intention of officers to call off from one of the Eastern Shires Purchasing Organisation's framework agreements, which has been procured through OJEU and permits Local Authorities access. The requirements for competitive tendering are therefore met, provided the contract award occurs in accordance with the framework agreement terms.
- 10.3 Furthermore, Contract Rule 28.5 of the Council's Contract Rules requires that all contracts with an estimated value of £50,000 or more must be subject to a competitive tendering process.
- 10.4 The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercises. Legal Services are on hand and available to assist and answer any questions that may arise.

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

List of appendices: None

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