

# Notice of Meeting



## CABINET

**Monday, 4 August 2014 - 6:00 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: 25 July 2014

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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 30 June 2014 (Pages 3 - 9)**

**4. Vision and Priorities for Barking and Dagenham (Pages 11 - 23)**

**5. Corporate Priority Performance Reporting - End of Year 2013/14 (Pages 25 - 39)**

**6. Budget Monitoring 2014/15 - April to June 2014 (Month 3) (Pages 41 - 70)**

**7. Treasury Management Annual Report 2013/14 (Pages 71 - 88)**

**8. Council Housing Allocations Policy (Pages 89 - 104)**

9. **London Housing Zone Proposal (Pages 105 - 121)**
10. **Re-Procurement of the Construction Related Professional Services Framework (Pages 123 - 129)**
11. **Re-Procurement of Housing Framework Agreements (Pages 131 - 138)**
12. **Debt Management Performance and Write-Offs 2013/14 (Quarter 4) (Pages 139 - 161)**
13. **Care City (Pages 163 - 170)**
14. **Call-In of "Gascoigne Estate (East) Regeneration Proposals - Site Masterplan and Phase 1" report (Pages 171 - 172)**
15. **Any other public items which the Chair decides are urgent**
16. **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 items listed below contain information relating to the financial and business affairs of third parties and are exempt from publication under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

17. **Abbey Sports Centre Site - Future Use (Pages 173 - 191)**
18. **Gascoigne Estate (East) Phase 1 and Abbey Road Phase 2 Funding Proposals (Pages 193 - 219)**
19. **Amendments to the Elevate Joint Venture Arrangements (Pages 221 - 227)**
20. **Any other confidential or exempt items which the Chair decides are urgent**



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## **Barking and Dagenham's Vision**

**Encourage growth and unlock the potential of Barking and Dagenham and its residents.**

### **Priorities**

To achieve the vision for Barking and Dagenham there are five priorities that underpin its delivery:

#### **1. Ensure every child is valued so that they can succeed**

- Ensure children and young people are safe, healthy and well educated
- Improve support and fully integrate services for vulnerable children, young people and families
- Challenge child poverty and narrow the gap in attainment and aspiration

#### **2. Reduce crime and the fear of crime**

- Tackle crime priorities set via engagement and the annual strategic assessment
- Build community cohesion
- Increase confidence in the community safety services provided

#### **3. Improve health and wellbeing through all stages of life**

- Improving care and support for local people including acute services
- Protecting and safeguarding local people from ill health and disease
- Preventing future disease and ill health

#### **4. Create thriving communities by maintaining and investing in new and high quality homes**

- Invest in Council housing to meet need
- Widen the housing choice
- Invest in new and innovative ways to deliver affordable housing

#### **5. Maximise growth opportunities and increase the household income of borough residents**

- Attract Investment
- Build business
- Create a higher skilled workforce

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## MINUTES OF CABINET

Monday, 30 June 2014  
(6:00 - 7:45 pm)

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

**Apologies:** Cllr Laila Butt and Cllr Cameron Geddes

### 121. Declaration of Members' Interests

Councillor Worby declared a disclosable pecuniary interest in respect of the "Gascoigne Estate (East) Regeneration proposals - Site Masterplan and Phase 1" report, as she was an employee of East Thames Group, the Council's delivery partner in the project. Councillor Worby left the meeting at the appropriate point and took no part in the discussions.

### 122. Minutes (8 April 2014)

The minutes of the meeting held on 8 April 2014 were confirmed as correct.

### 123. Final Revenue and Capital Outturn 2013/14

The Cabinet Member for Finance presented a report on the final revenue and capital outturn position for the 2013/14 financial year.

The General Fund position showed a year end underspend of £9.7m against the net revenue budget of £178.3m, resulting in the General Fund balance increasing to £27.1m at the year end. The Housing Revenue Account (HRA) surplus was £0.2m for the year, increasing the reserve position to £8.7m, while the Capital Programme showed an outturn of £119.3m compared to the revised budget of £138.2m. With regard to the Capital Programme, the report provided a summary of expenditure against each project, with underspends proposed to be rolled forward to 2014/15 to enable the relevant projects to be completed.

The Cabinet noted details of the overall revenue outturn position for each directorate and the Chief Finance Officer referred to the reasons for a number of the underspends. The Cabinet Member for Finance advised that he would not want General Fund reserves to increase any further given the financial pressures faced by the Council.

Officers also responded to a number of Cabinet Members' enquiries regarding areas of revenue and capital expenditure.

**Cabinet resolved:**

- (i) To note the final outturn position for 2013/14 of the Council's revenue budget as detailed in paragraphs 2.3 to 2.10 and Appendix A of the report;

- (ii) To note the outturn against the 2013/14 savings targets as detailed in paragraph 2.11 of the report;
- (iii) To note the final outturn position for the Housing Revenue Account (HRA) as detailed in paragraph 2.8 and Appendix C of the report;
- (iv) To approve the requests to roll forward revenue budgets into 2014/15 and the resulting budget amendments as detailed in Appendix B to the report;
- (v) To approve the request to drawdown the sum of £1.5m from the Children's Services reserve to balance the 2013/14 budget position for Children's Services;
- (vi) To note the final outturn position for 2013/14 of the Council's capital budget as detailed in paragraph 2.12 of the report and agree the roll forward requests as detailed in Appendix D to the report;
- (vii) To approve the revised capital programme for 2014/15 as shown in Appendix F and the HRA five year programme as shown in Appendix G to the report;
- (viii) To approve the transfer of the Abbey Road new build scheme from the HRA to the General Fund with all expenditure to be funded from European Investment Bank borrowing; and
- (ix) To approve a budget virement of £0.5m from the Central Expenses budget to the Housing and Environment budget to fund a provision for bad and doubtful debts on the Temporary Accommodation budget, as detailed in paragraph 2.8 of the report.

#### **124. Review of School Places and Capital Investment**

Further to Minute 72 (18 December 2013), the Cabinet Member for Education and Schools presented the latest report in respect of the progress of various school expansion projects aimed at addressing the demand for school places in the Borough, together with details of new capital allocations from the Department for Education (DfE), the proposed projects to which the resources would be allocated and a proposal to transfer the management of the community facilities at Castle Green to Jo Richardson Community School from April 2015 to increase capacity while, at the same time, protect the community facilities.

The Cabinet Member referred to the latest pupil projection figures up to 2020/21, as set out in section 2 of the report, and advised that she had commissioned a report from officers on the impact of new housing developments in the Borough and other demographic information, including the impact of reduced availability of school places in neighbouring boroughs, in order for her to be confident that the school place expansion plans were robust.

The Government had allocated £14m of Basic Need Grant in 2014/15 but the provisional allocations of £2.4m and £2.5m for 2015/16 and 2016/17 were considered wholly inadequate to meet the Borough's needs. The Cabinet Member concurred with the view expressed by the Cabinet Member for Children's Social Services that London Boroughs were disadvantaged by the Government's



approach to the allocation of Basic Need Grant. In respect of the potential risk of the Government withdrawing or reducing capital funding in the future, the Cabinet Member for Education and Schools referred to the risk assessment set out in section 13 of the report and the Corporate Director of Children's Services agreed to provide Cabinet Members with a more detailed assessment.

The Corporate Director of Children's Services advised that it was only possible to secure Government support to the new schools at Riverside and Goresbrook on the basis that they would be Free Schools. The Cabinet Member for Children's Social Services referred to the distinction between those Free Schools that were developed in close partnership with the Local Education Authority, as was the case for the Riverside and Goresbrook schools, and those managed independently.

The Corporate Director of Children's Services undertook to look into matters raised by the Cabinet Member for Children's Social Services in respect of the recent planning application approved by the Council's Development Control Board in respect of the Lymington Fields major housing development as well as traffic management issues in respect of the Riverside School when the site becomes used as a primary school.

The Cabinet Member for Finance stressed the need to avoid slippage in the delivery of the capital projects and acknowledged the Corporate Director of Children's Services' response in respect of teaching staff levels going forward and the desire to increase the numbers in middle-leadership roles.

The Cabinet Member for Education and Schools advised that the overall Strategy would be subject to on-going review and development in the light of new issues and proposals, including those of the new Council leadership.

**Cabinet resolved:**

(i) To approve the Strategy for Ensuring Sufficient School Places and School Modernisation and Future Planning Programme to meet Basic Need (including SEN places) 2013 to 2020 as set out at Appendices 1 and 2 to the report;

(ii) To the inclusion of the following sums in the 2014/15 Capital Programme, as allocated by the DfE and attributable to the Local Authority, for the projects set out in section 4 of the report:

Universal Infant Free School Meals Capital Investment - £708,101  
Basic Need Grant for School Places - £14,052,409  
Devolved Formula Capital - £628,342  
Maintenance/Modernisation 2014/15 - £3,557,629

(iii) To approve the use of £9.3m of Targeted Basic Need Programme funding to be directed to the project to increase capacity at Sydney Russell School and extend the age range of the School to cover 3 to 19 years of age, the DfE having agreed to support this project in principle, as detailed in paragraphs 5.1 and 5.2 of the report;

(iv) To approve a change in procurement route for the project at Robert Clack School, for the reasons set out in paragraph 5.3 of the report, in favour of

the Government's Crown Commercial Service Lot 7 Framework for Modularised Construction;

- (v) To approve a change in procurement route for the project at Barking Riverside, for the reasons set out in section 6 of the report, in favour of the Government's Crown Commercial Service Lot 7 Framework for Modularised Construction, subject to securing appropriate land;
- (vi) To approve the proposed transfer of the management of the community facilities at Castle Green to Jo Richardson Community School from April 2015 on the terms detailed in section 7 of the report and to authorise the Corporate Director of Children's Services, in consultation with the Chief Finance Officer, the Head of Legal and Democratic Services and the Cabinet Members for Finance and Education and Schools, to enter into all necessary agreements to facilitate the transfer;
- (vii) To approve the inclusion in the Capital Programme of the projects identified in section 8 of the report up to a value of £15m;
- (viii) To authorise the Chief Finance Officer to confirm to the DfE and Education Funding Agency the decision to support the increased classroom sizes as part of the projects at Eastbury Comprehensive School and Eastbrook Comprehensive School, subject to confirmation from the School Governing Bodies; and
- (ix) To authorise the Corporate Director of Children's Services, in consultation with the Chief Finance Officer, the Head of Legal and Democratic Services and the Cabinet Member for Education and Schools, to award the respective project contracts set out in the report based on the checked and independently validated prices.

## **125. Improving the Transparency of Council Meetings**

The Leader of the Council advised that he had asked officers to bring forward plans for the audio recording of the Council's main meetings, which would be made available via the Council's website, as an initial step in his plans for the Council to have a more open, public facing approach.

## **126. Private Business**

Cabinet **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

## **127. Creekmouth Interventions**

The Divisional Director of Regeneration introduced a report on a range of issues in respect of the River Road / Creekmouth area of Barking Riverside which included the specific proposal for the Council to purchase the leasehold of the former Remploy site.

The Divisional Director advised that the Council already owned the freehold of the

former Remploy site. The site and buildings had remained unused since the closure of the business in August 2012 and negotiations had been held with the leaseholder in view of the Council's wider interests in regenerating the area and creating new employment opportunities.

Cabinet Members discussed the financial implications in the context of the Council's current and future position and noted the pressing need for a decision to be made either in support of or against the proposal.

The Cabinet Member for Children's Social Services also referred to the potential opportunity to attract to that area a number of businesses affected by a major new housing development on industrial land in a neighbouring London Borough.

Cabinet **resolved** that, subject to an acceptable ground condition survey, the Council purchase the leasehold interest of the former Remploy site, Unit A, Creek Road, Barking IG11 0JW, on the terms set out in the report.

## **128. Gascoigne Estate (East) Regeneration Proposals - Site Masterplan and Phase 1**

(Prior to consideration of the report, Councillor Worby left the meeting in view of her pecuniary interest as an employee of East Thames Group.)

Further to Minute 39 (20 September 2011), the Cabinet Member for Housing presented a report on the proposed masterplan for the redevelopment of the eastern side of the Gascoigne Estate and detailed proposals for the delivery of Phase 1 of the project, including alternative options regarding the funding and ownership of the housing development. The main features of the Phase 1 development included:

- a mixture of houses and flats;
- a new secondary and primary school;
- a replacement community/children's centre;
- provision for a replacement of the existing health centre/GP practice to be funded by the GP practice with NHS England rental guarantee and for places of worship;
- play areas and open spaces.

Following an OJEU procurement, East Thames Group were appointed as the Council's Housing Association partner for the project in the spring of 2013. Council officers and representatives of East Thames Group had carried out a reassessment of the most appropriate tenure mix for Phase 1 and an options appraisal in respect of financing and ownership of the new properties. The preferred option would involve the creation of a Special Purpose Vehicle (SPV) with charitable status to develop, own and the commission the management of the new units. The SPV would be funded by the Council via a loan agreement and the proposals also included the Council's land being leased to the SPV under a long-term agreement.

In respect of the tenure mix under Phase 1, it was noted that 45% would be Shared Ownership and 43% Affordable Rented with the remaining 12% earmarked for private sale. The Divisional Director of Regeneration responded to questions

from the Cabinet Member for Children's Social Care on Right to Buy / Acquire issues and possible restrictions to prevent properties being bought by 'Buy To Let' speculators. Officers agreed to report to the next meeting on the legal position of those issues, together with the potential implications of accepting Affordable Homes Programme funding from the Greater London Authority.

The Cabinet Member for Finance expressed his support, as a Gascoigne ward councillor, for the project and spoke on the benefits and improvements that the Council's regeneration have already brought to the area, while the Cabinet Member for Education and Schools welcomed several of the design aspects.

It was noted that a detailed report on the proposed funding arrangements would be presented to the next Cabinet meeting and officers confirmed that the report would provide the necessary assurances regarding the borrowing and lending arrangements.

**Cabinet resolved:**

- (i) To approve the draft masterplan and detailed Phase 1 proposal for the eastern side of Gascoigne Estate, including the location of the new secondary and primary schools, as set out in the body of and Appendix 1 to the report;
- (ii) To approve the appropriation of the whole redevelopment site (following decanting and demolition of each block), as shown edged in red in Appendix 3 to the report, for planning purposes in accordance with section 122 of the Local Government Act 1972;
- (iii) To approve the appropriation of the land at Phase 1, as shown edged in red in Appendix 4 to the report, under Section 122 of the Local Government Act 1972 from the Housing Revenue Account to the General Fund following completion of decanting and demolition of each block, to enable the delivery and regeneration of the eastern side of Gascoigne estate via the proposed delivery structure;
- (iv) That the residential units shall be developed with East Thames Group in accordance with the agreed Heads of Terms;
- (v) To agree to the principle of establishing a Special Purpose Vehicle(s) to develop, own and be responsible for procuring the management of the units to be developed, as set out in the report;
- (vi) That the Council shall grant a 252 year lease to the Special Purpose Vehicle(s) which shall terminate at the option of the Council at the end of the funding term and repayment of the loans made by the Council, with full ownership reverting to the Council;
- (vii) To agree to the principle of establishing an independent charity which shall own and control the Special Purpose Vehicle(s) in accordance with the funding terms imposed by the Council;
- (viii) To agree to the principle of borrowing £62.86m within the General Fund to finance the development and ownership of the following tenures:

- a. Borrow £39.98m to fund development and ownership of 236 affordable rented units, social rent units and shared ownership units to be owned and managed by a Special Purpose Vehicle(s) controlled within the General Fund;
  - b. Borrow £3.75m to fund 50% of 51 private for sale units to be developed and sold jointly by the Council and East Thames Group via a limited company, and
  - c. Borrow £19.13m to lend to East Thames Group to fund the development and ownership of 135 units shared ownership units which shall be owned by East Thames Group subject to agreement of satisfactory terms;
- (ix) To note that a further report shall be submitted to the next meeting setting out the most economically advantageous funding arrangements that have been negotiated to facilitate the funding of the developments;
  - (x) To note that a further report detailing funding options for the proposed primary and secondary schools shall be submitted to a future Cabinet meeting;
  - (xi) To delegate authority to the Chief Executive, in consultation with the Head of Legal and Democratic Services, the Chief Financial Officer and the Cabinet Members for Finance, Housing and Regeneration, to negotiate terms and agree the contract documents to fully implement and effect the project subject to recommendation (viii) above; and
  - (xii) To authorise the Head of Legal and Democratic Services to execute all of the legal agreements, contracts and other documents on behalf of the Council.

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**CABINET****4 August 2014**

<b>Title:</b> Vision and Priorities for Barking and Dagenham	
<b>Report of the Leader of the Council</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b>
<b>Report Author:</b> Karen Wheeler Head of Strategy & Communications	<b>Contact Details:</b> Tel: 020 8227 2317 E-mail: <a href="mailto:karen.wheeler@lbbd.gov.uk">karen.wheeler@lbbd.gov.uk</a>
<b>Accountable Director:</b> Graham Farrant, Chief Executive	
<p><b>Summary:</b></p> <p>This report sets out the proposed new vision and priorities for Barking and Dagenham.</p> <p>They are intended to reflect the changing relationship between the Council, partners and the community, and our role in place shaping and enabling community leadership within the context of a significantly reducing budget. They also reflect the ambitions of the new Administration.</p> <p>The proposed vision for the borough is:</p> <p style="text-align: center;"><b>One borough; one community; London's growth opportunity</b></p> <p>The three corporate priorities that will support the vision are:</p> <ul style="list-style-type: none"> <li>• Encouraging civic pride</li> <li>• Enabling social responsibility</li> <li>• Growing the borough</li> </ul> <p>Cabinet are asked to agree the vision and priorities for consultation with partners and the community, and recommend approval to Assembly in September 2014.</p>	
<b>Recommendation(s)</b>	
Cabinet is asked to:	
(i) Support the refreshed vision and priorities, as detailed in Appendices 1 to 4 to the report, and recommend the Assembly to adopt the vision and priorities following consultation with partners and the community; and	
(ii) Approve the priority projects as set out in paragraph 3.2 and the development of a detailed Corporate Delivery Plan to monitor implementation of the vision and priorities, subject to approval by the Assembly.	

**Reason(s)**

Although there is no longer a statutory requirement to produce a Community Strategy or Corporate Plan, it is good governance to frame the vision for the borough and agree the Council's policy priorities to inform decision making and allocation of resources.

**1 Introduction**

- 1.1 This report sets out the proposed new vision and priorities for Barking and Dagenham. They have been developed to reflect the changing relationship between the Council, partners and the community, and our role in place shaping and enabling community leadership within the context of a significantly reducing budget.
- 1.2 As a result of reductions in the money received from the Government and other pressures on services from the growing population and national policy changes, the Council will have to make approximately £55-60m of savings over the three years between 2015/16 and 2017/18. This reduction in funding is unprecedented, requiring a fundamental change in the way the Council approaches addressing the budget gap and in considering the future shape of the Council going forward. This means that the development and delivery of the vision and priorities and relationship with the Medium Term Financial Strategy (MTFS) and resources available to achieve them is key.
- 1.3 The proposed vision and priorities also reflect the ambitions of the new Administration. Barking and Dagenham has the most untapped potential for growth in London, and the Council needs to define its role and champion the delivery of that ambition and aspiration for its communities. In doing so it recognises that with an increasingly diverse population, community cohesion and the active engagement and participation of the community are key components to improving the quality of lives of our residents and maximising the opportunities created by growth. It also reflects that wherever possible we enable our residents to help themselves, support their neighbours and live more independently, whilst still offering a safety net for the most vulnerable.
- 1.4 Cabinet are asked to agree the vision and priorities, set out below and in Appendix 1, for consultation with partners and the community, and recommend approval to Assembly in September 2014.

**2. Vision and Priorities**

- 2.1 The proposed vision and priorities for the borough are:

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

- Encouraging civic pride
  - Enabling social responsibility
  - Growing the borough
- 2.2 Each priority has a set of key objectives sitting beneath them that define the areas of focus for the Council, partners and community. These are set out below and in full at Appendix 1. A more detailed narrative for each priority and its objectives is included



at Appendices 2 to 4. This will inform the overall strategic narrative about the borough for use in our communication and engagement activity with residents, partners, including the voluntary sector and businesses, and in London to demonstrate our ambition and build our reputation and profile locally and nationally.

### **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

2.3 If Cabinet agree the vision and priorities they will be recommended to Assembly on 17 September 2014 for adoption by the Council. Partners and the community will be asked for their views through existing boards and groups, and given the opportunity to adopt them as community priorities for the borough. The wording of the vision and priorities put forward to Assembly will be finalised in consultation with the Leader. The Council is also developing new values that will closely integrate with and run alongside the vision and priorities.

## **3. Corporate Delivery Plan**

- 3.1 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, an annual corporate delivery plan will be developed along with key performance indicators and targets. These will be reported to Cabinet in September 2014 for approval. Progress will be reported quarterly to Cabinet and six-monthly to Public Accounts and Audit Select Committee (PAASC).
- 3.2 In consultation with the Leader a number of priority projects have already been identified which are in line with the overall vision for the borough and are intended to be delivered over the next 6-12 months to reduce the financial gap and to improve the way that the borough operates, including:

- **Income generation** – As part of the Council’s Future Business Programme and discussion with Members in Strategy Week, a number of proposals to generate new and additional income are being explored. Those proposals to be actively progressed are being reviewed by officers and will be set out in the corporate delivery plan. This could include opportunities to sell services to other authorities and builds on the successful traded services in Children’s Services and the shared Legal Service which is also now traded with other councils.
- **London’s greenest borough** - The objective is for the London Sustainable Industries Park vision to be delivered so that we can become London’s greenest borough. We want to 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. We will do this for the benefit of the community; to help improve the long-term financial sustainability of the Council and to contribute to local economic development. An initial programme of renewable energy opportunities has been identified for detailed technical and financial evaluation and we will work in partnership with others where this achieves a better deal for the Council. We will strengthen our links with existing energy suppliers and contractors where this adds value and collaborate with existing energy service companies especially where this leads to knowledge and skills transfer, further enabling us to take the lead.
- **Creative industries** – Maximising the social and economic regeneration opportunities created through supporting the Ice House Quarter to deliver its full potential as a home for creative industries including investment in houses for rent. Working with Barking and Dagenham College to develop the offer at the Broadway Theatre including opportunities to expand existing partnership opportunities with the Barbican/Guildhall and community engagement through Up! Barking and Creative Barking and Dagenham. This will enable the Council to support a vision of Barking Town Centre becoming the cultural centre for east London, bringing out the best of London’s cultural bodies and developing local talent.
- **Festival 2015** – A community led programme of events is planned to celebrate the borough’s 50<sup>th</sup> anniversary. This will include activities each month across the borough during 2015 with a focus of events from spring through the summer. Discussions with voluntary and community groups including faith organisations are taking place to facilitate a community led approach to the activities. Sponsorship is being sought from businesses to help enable delivery of the programme.
- **Website** – A new Council website will be launched in the winter which will be contemporary, user friendly, fully mobile responsive and designed for all modern devices. It will be fully integrated with My Account and support the Council’s focus on digital by design services.

3.3 To demonstrate Cabinet’s commitment to ensuring the ambitious vision and priorities are delivered and the Council has the ability and capacity to lead and deliver them, the LGA have been invited to carry out a Corporate Peer Challenge from 29 July to 1 August 2014. This will explore these areas and help to provide challenge and reassurance.

3.4 In addition to the core components of a corporate peer review, we have asked that the LGA and peer team provides an external perspective on:

- The Council's vision for the future, its position in London and how it can best develop external partnerships
- How to cope with the increasing demands being placed upon children's services given the significant financial challenge
- The role of elected members in the authority.

3.5 The outcomes of the review will be reported to Cabinet and inform the development of the corporate delivery plan.

#### **4. Consultation**

4.1 The new vision and priorities for the Council were developed with the Leader, Cabinet members and Leadership Group during Strategy Week in June 2014.

4.2 Partners and the community will be asked for their views on the vision and priorities through existing boards and groups, and given the opportunity to adopt them as community priorities for the borough. Feedback from the consultation will inform the final vision and priorities which will be put to Assembly in September 2014.

#### **5. Financial Implications**

Prepared by Tamara Beckford, Interim Group Manager - Corporate Finance

5.1 The new vision and priorities reflect the Council's context and priorities. These have been written in line with the funding arrangements identified at a high level within the Medium Term Financial Strategy (MTFS).

5.2 Officers are responsible for ensuring that service plans are aligned to available budgets in order to set and maintain a balanced budget while delivering quality services. Essential actions are being delivered to ensure the sustainability of the Council's new vision and priorities. This will be monitored through the existing financial management process to identify and address potential issues on a timely basis.

#### **6. Legal Implications**

Prepared and verified by Eldred Taylor-Camara, Legal Group Manager

6.1 The Assembly is the central political focus of the Council and the co-ordinating body for all elements of the political structure. It sets the overall corporate direction, policy framework and financial limits for the Council within which all operations and policies are carried out.

6.2 Under the Council's Constitution it is the responsibility of the Assembly to approve and adopt the Council's Community Strategy, the Community Priorities and the Council Plan.

6.3 It is the function of Cabinet to determine all major issues affecting the Council, particularly strategic, financial, policy related and corporate management matters, within the overall policy framework set by the Assembly.

6.4 Should Cabinet endorse the new Vision and Priorities (Community Strategy) document and agree to the development of a corporate delivery plan as proposed in this report, the documents will then be submitted to Assembly (as the Council's policy-making body) for final decision and adoption. Once Assembly approves and adopts the plan, the responsibility for implementation will rest with Cabinet.

## 7. Other Implications

- 7.1 **Risk Management** – There are no specific risks associated with this report. The corporate delivery plan and ongoing monitoring will set out any risks and mitigating action. The Council's business planning process sitting underneath the vision and priorities describes how risks are mitigated by linking with the Corporate Risk Register.
- 7.2 **Contractual Issues** - Any contractual issues relating to delivering activities to meet borough priorities will be identified and dealt with in individual project plans.
- 7.3 **Staffing Issues** - There are no specific staffing implications.
- 7.4 **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.
- 7.5 **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.
- 7.6 **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.
- 7.7 **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:** None

### List of appendices:

- Appendix 1: Vision and priorities
- Appendix 2: Priority 1: Encouraging civic pride
- Appendix 3: Priority 2: Enabling social responsibility
- Appendix 4: Priority 3: Growing the borough



## **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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## 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

With an increasingly diverse population, community cohesion and the active engagement and participation of the community are key components to improving the quality of lives of our residents. According to the Census 2011 the current population of the Borough is 190,560 but is projected to rise to over 247,400 by 2030. This places ongoing and increasing demand on the borough and Council services. We saw almost a 50% rise in 0-4 year olds between 2001 and 2011, and subsequently a 7.5% rise in 5-9 years olds between 2012 and 2013.

We will work the voluntary, community and faith sector to build pride, respect and cohesion across the borough. Residents will be encouraged to share responsibility for their community, their environment and the area in which they live.

Community safety is important to all residents particularly the most vulnerable groups. We will continue to work with partners and our community to tackle the fear of crime by building resilient communities where people look out for each other, whilst also supporting and protecting those most at risk.

Promoting and protecting our green and public open spaces will be a priority, however this needs to be approached innovatively and within the context of significantly less government funding in this area. Encouraging our community to take pride in the borough and working with our partners to build civic responsibility will support this aim.

We want a stronger community where everyone feels they have a place, whatever their background, age and aspiration. This is why the Leader of the Council has chosen to personally lead on this portfolio area and bring our community together.

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## 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

With reduced government funding for the Council we will have to work differently with our partners and the community. This means that wherever possible we need to ensure there are support mechanisms to enable our residents to live more independently, whilst still offering a safety net of support for our most vulnerable.

We will work with our partners to build resilience in local communities by supporting active citizens, local assets and neighbourhood networks. We want to enable and empower local communities to develop, manage and sustain local community hubs.

We will support the connection of public health with the local community and help create a place that supports well-being thereby encouraging residents to make informed choices for a healthy lifestyle and behaviours which improve their own health.

We will continue to work with our health partners to ensure our residents can get good quality healthcare when they need it from their local surgery, hospital, or at home - ensuring the voice of local residents informs decisions about health and social care that affect them and their families.

Our vision for the borough's youngest residents is that every child is valued, supported and challenged so that they develop the ambition, skills and resilience to succeed. We need every child to know that they are a part of, and have a responsibility to contribute to building a strong, empowered and cohesive community.

Collectively, we will work with our partners and the communities to help Barking and Dagenham residents live long, fulfilling and healthy lives.

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## 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

Barking and Dagenham has the most untapped potential for growth in the capital, has excellent accessibility and is London's next big growth story after Docklands and Stratford. Barking and Dagenham will deliver 17,000 new homes and 10,000 new jobs over the next twenty years. The Council is committed to growth, to playing its role in London and delivering for its community. We have ambition and aspiration to become a destination of choice, where people stay and feel welcome.

We have **five** growth hubs and an unrivalled opportunity to deliver a wide range of new jobs and housing across the borough. They are:

1. **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
2. **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
3. **Barking Town Centre** – 15 minutes from Central London, east London's cultural hub, a vibrant and culturally rich community, with space for creative industries, superb accessibility, and opportunity for at least 4,000 more homes
4. **London Sustainable Industries Park (LSIP)** – addressing the low carbon economy, the platform for B&D to become London's greenest Borough
5. **Business east** – working with the private sector to transform the former Sanofi site into a bio tech based economic hub that is unique in the capital

Barking and Dagenham has strength and potential for growth across six economic sectors:

1. **Green tech** - recognising the potential for green energy and the opportunities at LSIP
2. **Bio tech** - based on the superb laboratory facilities at Business east
3. **Health and social care** opportunities, including the development of Care City
4. **Creative industries** - centred on the Ice House Quarter and Broadway Theatre in Barking
5. **Logistics** and other London serving industries harnessing our excellent accessibility
6. **Advanced manufacturing** - building on the borough's manufacturing heritage

To deliver this growth and realise this ambition we are committed to working with the Mayor, GLA, other London partners, with neighbouring boroughs, businesses and communities. Together we need:

- The Gospel Oak to Barking line extended to Barking Riverside
- Barking Town Centre to be designated as a 'London Housing Zone'
- High quality 'gateways' into Barking Riverside
- An East London network of enterprise hubs for start-up and growing businesses
- Barking as East London's new creative industries hub at the Ice House quarter along the River Roding
- An eastern spur of Crossrail 2 to link Barking and beyond, to Stratford
- 'Care City' established in Barking Town Centre
- Business east as London's bio tech centre of excellence
- Beam Park and the site of the Ford Stamping Plant to become an aspirational new mixed use commercial and residential centre
- The London Sustainable Industries Park vision to be delivered so that we become London's greenest borough
- The A13 as a priority transport corridor for investment to relieve congestion and facilitate movement.

**Barking and Dagenham is open for business, with space for growth, an ambitious and aspirational community and a local authority committed to deliver and succeed.**

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**CABINET****4 August 2014**

<b>Title:</b> Corporate Priority Performance Reporting – End of Year 2013/14	
<b>Report of the Leader</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
<b>Report Author:</b> Karen Wheeler, Head of Strategy & Communications	<b>Contact Details:</b> Tel: 020 8227 2317 E-mail: <a href="mailto:karen.wheeler@lbbd.gov.uk">karen.wheeler@lbbd.gov.uk</a>
<b>Accountable Director:</b> Steve Cox, Director of Growth	
<p><b>Summary:</b> Throughout 2013/14, a wide range of performance has been monitored and managed across the Council. This has been reported in a number of ways, including at portfolio holder meetings and at partner boards, for example the Children's Trust. The Corporate Priority Indicators have provided a collective overview of performance across the Council/borough to CMT and Cabinet quarterly, in order to inform decision making and use of resources and to provide Members with a clear snap-shot of how priorities have been managed and implemented throughout the year.</p> <p>This report focuses on 2013/14 end of year performance results, highlighting where performance has improved or deteriorated over the past year, as well as achievement against targets.</p> <p>Detailed performance data for all Corporate Priority Performance Indicators is provided in Appendix A1 and A2.</p>	
<p><b>Recommendation(s)</b> The Cabinet is asked to note the 2013/14 end of year performance results and make comments on any actions to be taken where performance has failed to achieve target.</p>	
<p><b>Reason(s)</b> Performance data is reported to enable Members to more easily monitor and challenge performance and delivery of the policy priorities as set out in the Community Strategy and Corporate Plan 2013/14.</p>	

**1. Introduction and Background**

- 1.1 The Community Strategy 2013-2016 and Corporate Plan 2013/14 were agreed at Assembly in May 2013, and new priority performance indicators developed for 2013/14. These indicators were agreed by Cabinet in June 2013 and reflect the current priorities, high volume front line services and being a 'well run organisation'.

- 1.2 The framework provides an overview of performance across the Council/borough in order to inform decision making and use of resources, and to provide Members with a clear snap-shot of how priorities are being managed and implemented.
- 1.3 Following Strategy Week in June 2014, the Council's vision and priorities have been reviewed and are presented to Cabinet in a separate report as part of this agenda. Once these have been agreed, the Corporate Performance Framework will be refreshed for 2014/15 in order to develop a revised set of indicators to help monitor progress and ensure our priorities are being implemented effectively.

## 2. Performance Summary

- 2.1 In order to report 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 same period last year
↔	Performance has remained static when compared to the same period last year
↓	Performance has deteriorated when compared to the same period last year
G	Performance has achieved or has exceeded the target
A	Performance is within 10% of the target
R	Performance is 10% greater than the target

- 2.2 The following table provides a summary of the overall 2013/14 performance for all of the Corporate Priority Performance Indicators (quarterly and annual). This should be considered in the context of significant budget reductions and increased demand for many services.

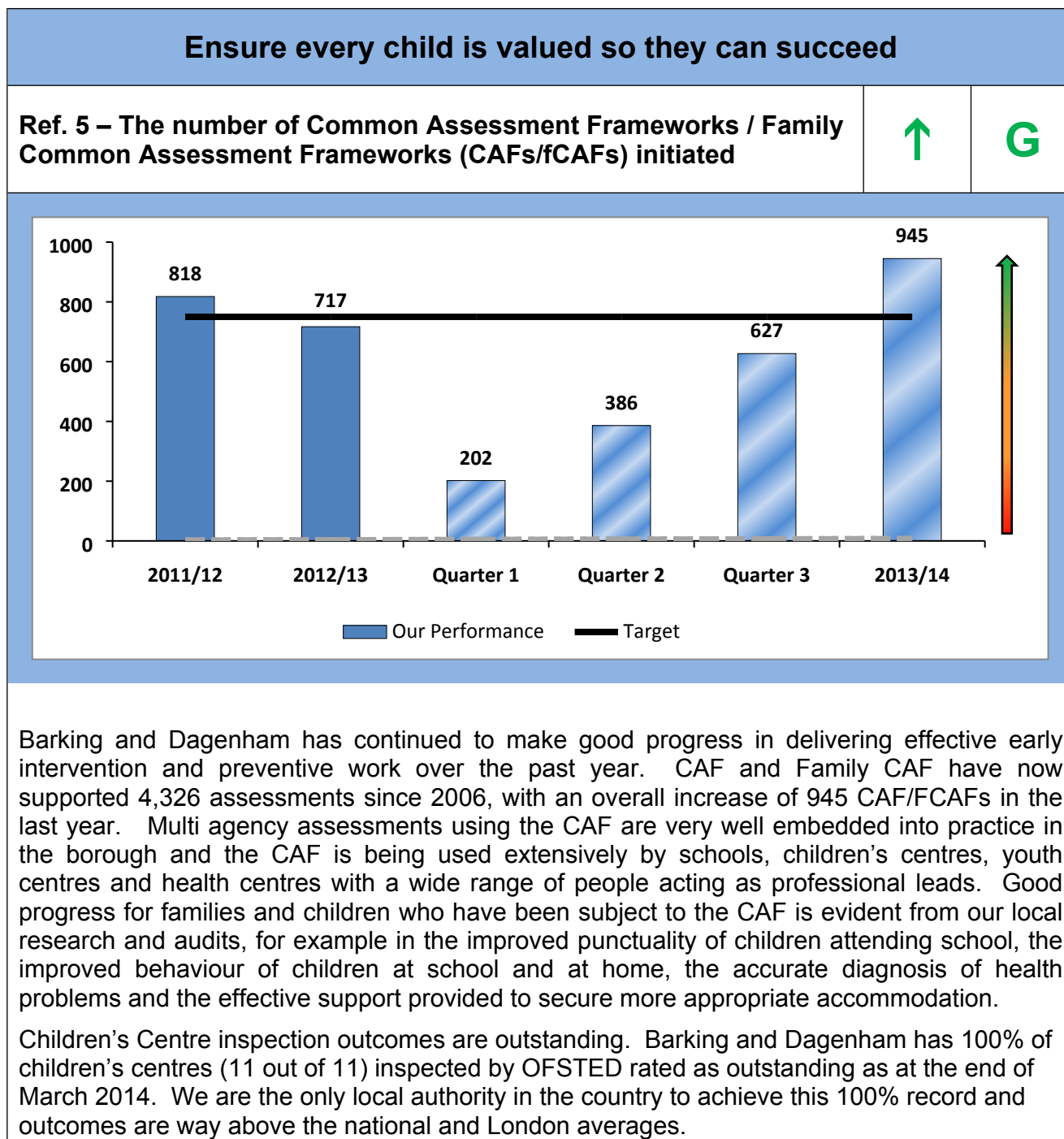
↑	↔	↓	G	A	R
58.5%	5%	36.5%	37%	31.5%	31.5%

- 2.3 Appendix A1 and A2 provide detailed performance information for the quarterly and annually reported Corporate Priority indicators. The tables incorporate historical performance, performance against targets, performance trend and benchmarking data.

## 3. A summary of Performance against the Corporate Priorities

- 3.1 For 2013/14 end of year performance reporting, focus has been given to a selection of indicators taken from each Corporate Priority area, where performance has either greatly improved or has shown a deterioration. It is hoped this will enable Members to identify how the Council has delivered against each of the Corporate Priorities and any areas where focus may need to continue in 2014/15.

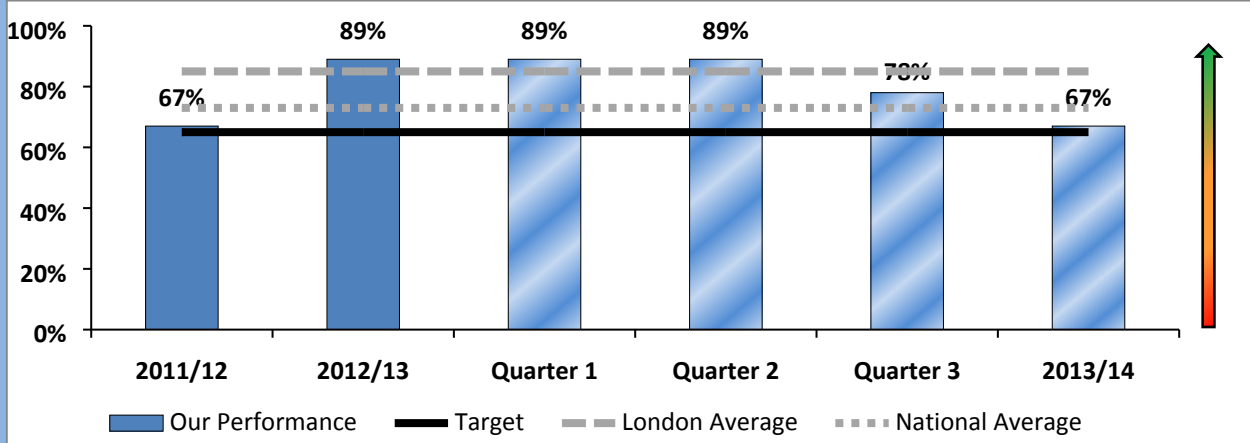
3.2 These selected indicators have been presented in a graphical format in order to provide a clearer picture of our current position, trend and performance against target. Commentary is also provided to explain the improvement or deterioration in performance.



**Ref. 7 – The percentage of secondary schools rated outstanding or good**



**R**



67% of Barking and Dagenham’s secondary schools are rated as good or outstanding (6 out of 9 secondary schools) compared to 89% as at end of August 2013. Secondary school inspection outcomes have fallen below national and London averages. The LA has one secondary school on special measures, with two schools currently graded as requires improvement.

Barking and Dagenham has had a high level of inspection activity. It is the only LA in London to have had all its secondary schools inspected since September 2012 (with the exception of the new Riverside Free School, which becomes eligible for inspection from September 2014). 67% of secondary schools inspected since September 2012 under the new tougher framework are good or outstanding compared to the national average of 56% respectively.

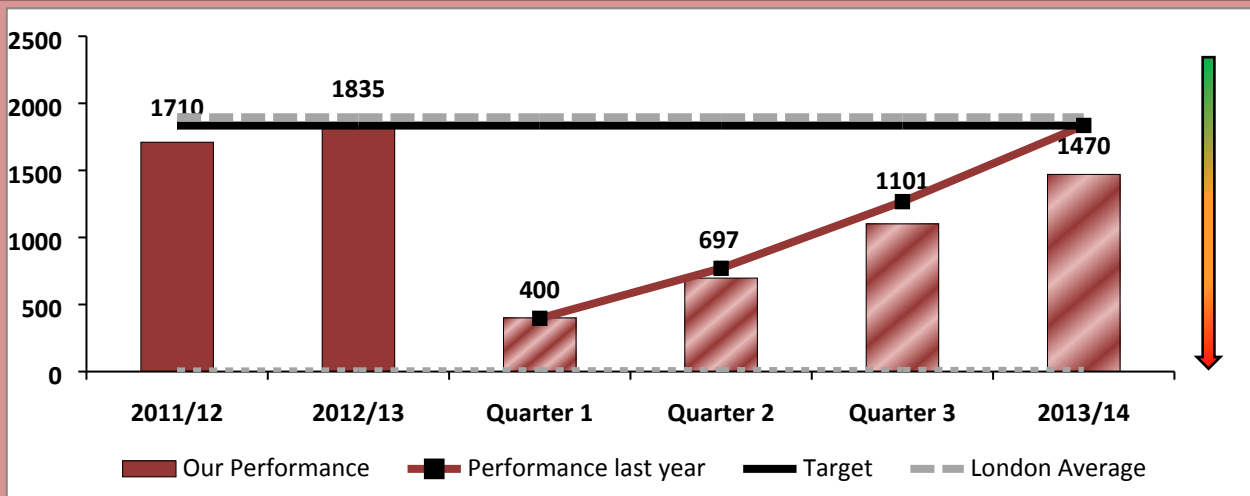
Trinity, the borough’s special school, is rated as outstanding and the borough’s Tuition Service is rated as good.

**Reduced crime and the fear of crime**

**Ref. 12 – The number of residential burglaries**



**G**



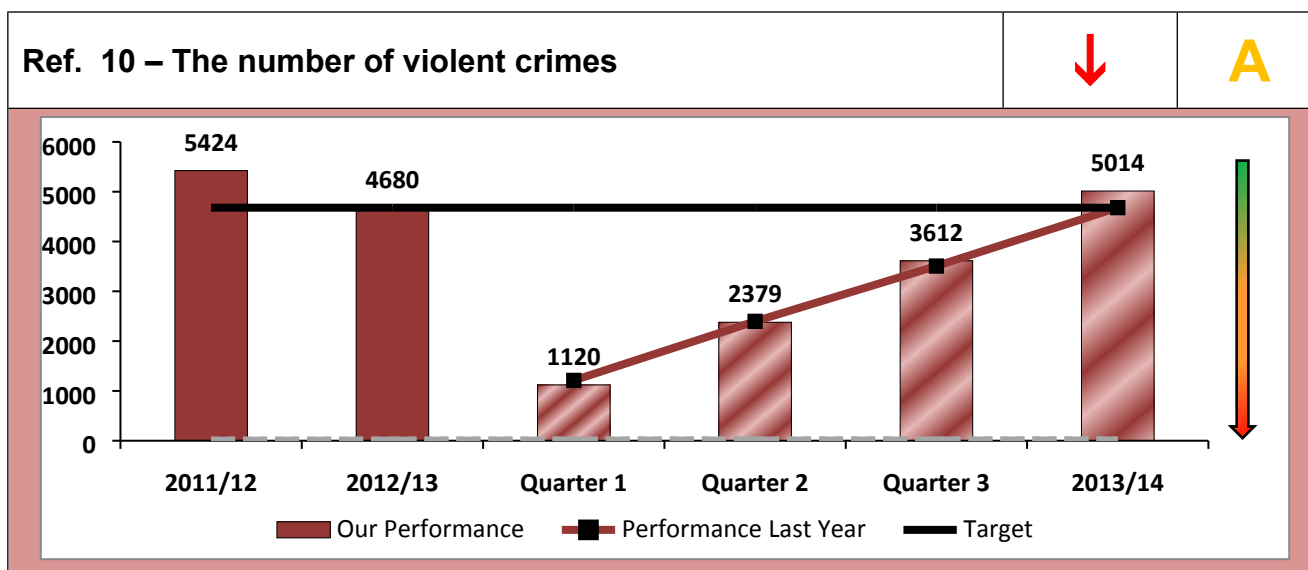
In 2011/12 to 2012/13, there had been year on year increases in the number of residential burglary offences reported in the borough. However, this financial year (2013/14) there has been a 21% reduction compared to the previous year. This is now better performance than the Metropolitan Police Service average of -10%. However, the borough still has a high rate per



1,000 households when compared to the rest of London.

This improvement in performance is being attributed to the focus that the police and Community Safety Partnership have put into this via tasking and target hardening events including:

- Target hardening through work of Community Safety Team in crime prevention road shows and also the work of the Safer Homes van from Victim Support Services
- Proactive patrols by both plain clothes officers and Neighbourhood Policing Team (NPTs) who are now doing patrols from new predictive crime maps which are updated daily.
- The NPTs conduct 'cocooning visits' to all residential burglary victims within 24 hours to offer reassurance and crime prevention advice but also to alert people living in the neighbourhood that there is an active burglary issue in their area and that they should take additional security measures.
- There is a much tighter focus on offender management - from the speed of officers attending calls, to the speed of offenders being arrested when identified and then the tight control of their movements once identified through the use of bail conditions and follow up visits. This also includes people released from prison.
- Barking and Dagenham currently has the highest primary detection rate in the East Cluster which means that we are successful in comparison with peers in detecting crimes when we make the arrests. This indicates that we have also improved the quality of our investigations.



Year to date at March 2014, there has been an increase of 334 violent crimes reported compared to March 2013 (+7%). When the violence offences are separated out, there is a decrease for assaults on the street and the lowest rate of criminal offences linked to our licensed premises in the North East Cluster.

The increase in violent crime offences reported is being attributed to the increase of domestic violence offences in the borough (+25%, up 403 offences). Violent crime incorporates Domestic Violence (DV) and as can be seen with the DV indicator there has been a rise across the whole of London this year (+16%).

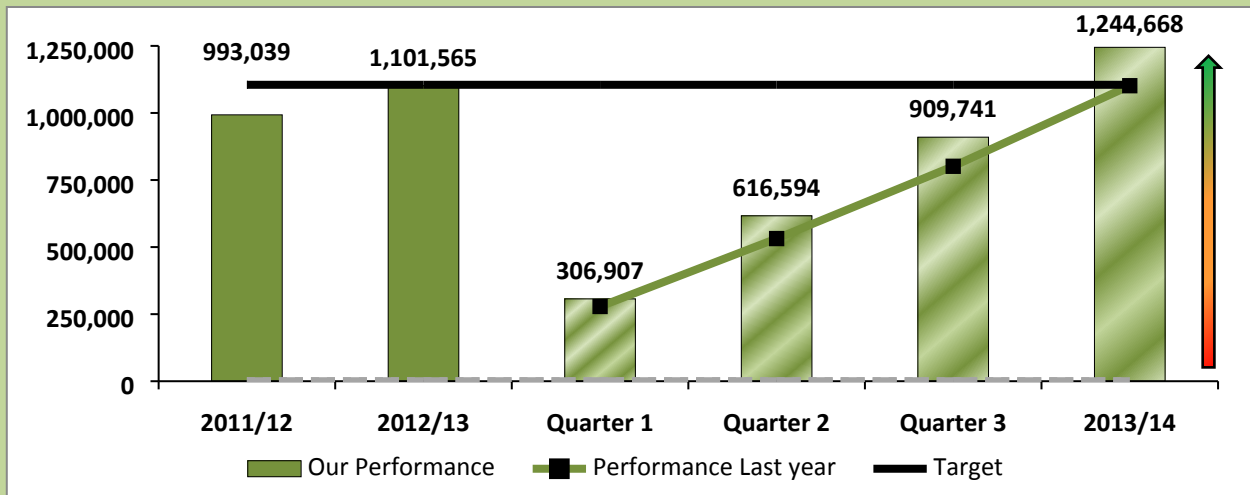
In response, the Community Safety Partnership has overseen a number of activities / actions to support the increase in the number of domestic violence crimes reported. These include:

- Operation Dauntless is a Metropolitan Police service wide response to improving performance in this area and is multi strand looking at all aspects of Domestic abuse and is owned by the local SMT.

- The police have improved their emergency response times to Domestic abuse calls
- The Police are driving compliance around the initial investigation in terms of gathering key evidence at the time of report e.g. photographs of injuries.
- Positive action regarding suspects who are at the scene or have recently left the scene is being monitored as there is a correlation between successful detection against time to arrest.
- The Police are piloting a new Crime Advisor (Detective Sergeant) working within a Emergency Response Patrol Team 24/7
- IDVA Support ensuring victims are supported through court process ( victim attrition long standing issue in B+D)
- Negotiated with ACPO lead pilot status for DV Protection Orders
- Operation Dawn Thunder each day where outstanding suspects are targeted for arrest in the early hours of the morning
- Violence With Injury (VWI) tracker in place to track all VWI crimes into component areas to understand where attrition occurs
- As of April 2014 we are able to use restorative approach for youth VWI where appropriate
- Within the Police each team is being enhanced with a rolling programme of attachments for Emergency Response Policing Team (ERPT) officers being attached to the Community Safety Unit for a month a time, with the ambition to expose all officers to seeing enhanced victim care and investigative process.
- Children’s services have now appointed a Domestic Violence coordinator.
- A young person’s Independent Domestic Violence Advocacy Service (IDVAS) and a children’s IDVAS posts are now in place as part of the IDVAS contract.

### Improve health and wellbeing through all stages of life

Ref. 16 – The number of leisure centre visits



Throughout 2013/14 a total of 1,244,668 visits were made to the borough’s leisure centres. This is an increase of over 12% compared to the 1,101,565 visits recorded for the previous financial year. The 1,244,668 achieved in the year is also notably higher than the 1,105,000 target set.

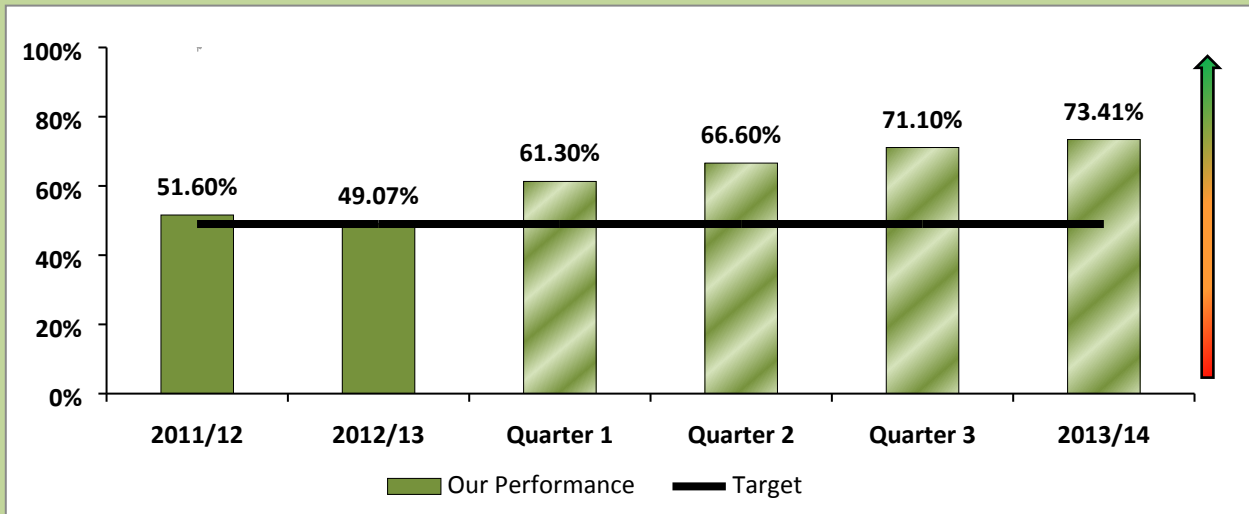
The high number of visits recorded throughout the year is linked to the phenomenal success of the Becontree Heath Leisure centre (BHLC), which currently has 5,715 members and a monthly average of 81,920 visits.

A report published by the Amateur Swimming Association showed that in 2013/14, BHLC was the busiest swimming pool in the country. The latest report featured data from April 2013 through to March 2014 and BHLC tops the list by a staggering 53,000 swims. The next busiest pool had 357,629 swims compared with BHLC's total of 410,740. This compares to around 180,000 swims per year at the previous Dagenham Pool.

**Ref. 18 – The proportion of social care clients accessing care and support in the home via direct payments**



**G**



The proportion of Adult Social Care clients who are receiving their support in the home continues to grow. At the start of the financial year 57.6% were receiving their support via a direct payment, this has increased to 73.4% in March 2014.

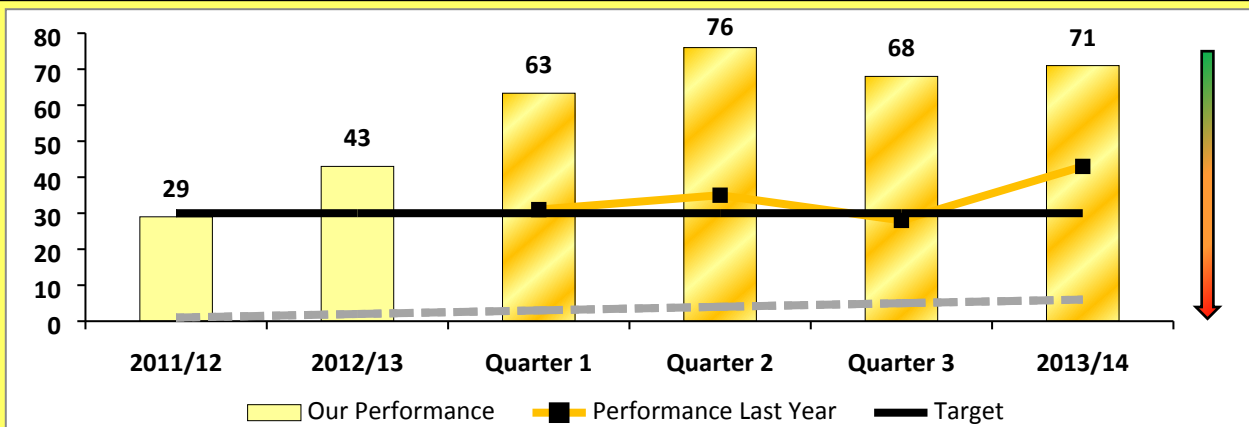
This increase is in line with the personalisation agenda within Adult Social Care and the continued promotion of personal assistants within the borough. Providing direct payments instead of services gives people greater control over their lives and provides the means to decide how and when that care is provided.

**Creating thriving communities by maintaining and investing in new and high quality homes**

**Ref. 20 – Average time taken to re-let local authority housing (calendar days)**



**R**



Turnaround time has increased overall since repairs and maintenance has been brought back in house. We have greatly improved our void standard by carrying out major bathroom and kitchen refurbishment while the property is void (which takes longer to turnaround). Initially, there were issues with the capacity of contractors but it is felt that this has now being addressed.

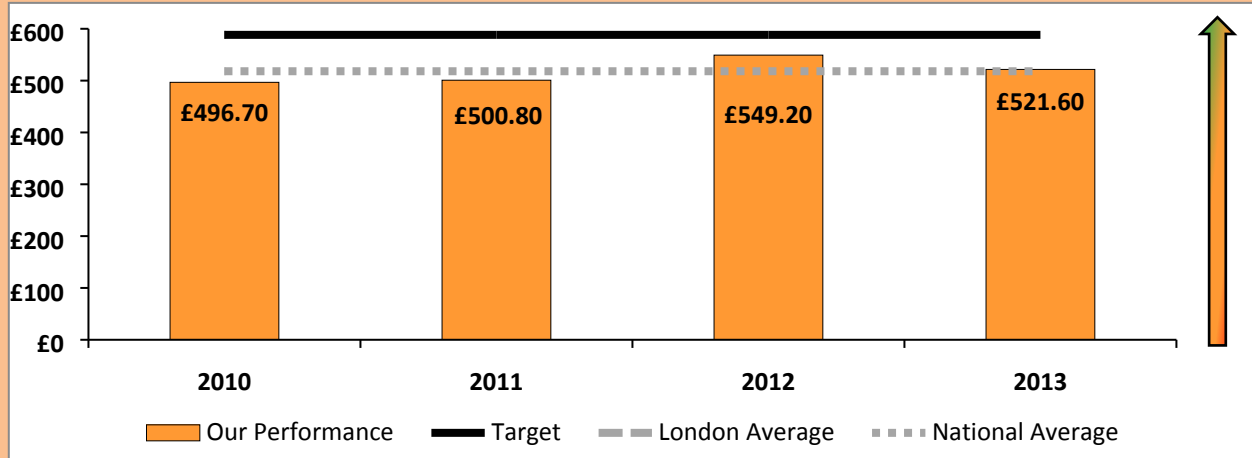
In addition, we have recently brought a number of our 'long term voids' back into use which has contributed towards the increase in overall turnaround time. Housing Management teams are meeting with officers on a fortnightly basis to monitor re-let times closely. It is expected that overall turnaround will reduce over coming months.

### Maximise growth opportunities and increase the household income of Borough residents

Ref. 56 – The median weekly earnings for full-time workers living in the area



**R**



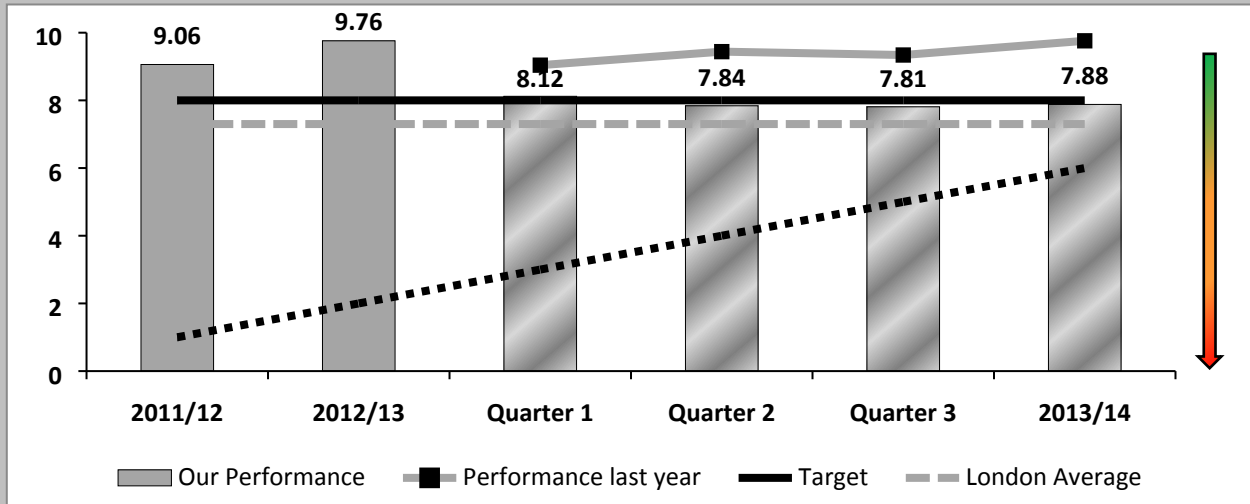
In 2013, the average earnings of full-time workers living in Barking and Dagenham dropped by £27.60 a week (approximately £118 a month). This decrease in earnings for our residents is in contrast to the national average earnings which has increased and the London average which has remained static over the past year. Despite the increased levels of residents achieving qualifications, the earnings of residents still remain difficult to increase over a short-term period. However, the Council continues to provide access to training through the Adult College and work with the borough's education providers to increase skills amongst the adult population in order to help residents secure local jobs and gain higher paid employment.

## A well run organisation

**Ref. 31 – The average number of days lost due to sickness absence**



**G**

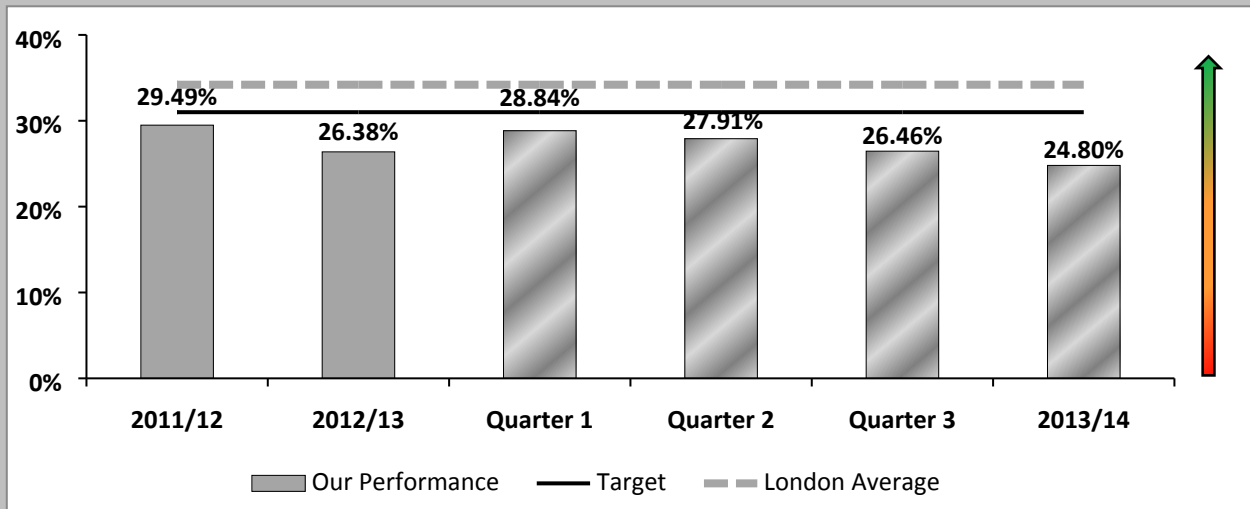


The average absence has reduced significantly since last year from 9.76 days to 7.88 days. The reduction has been achieved through a whole council sickness absence reduction project, along “firm but fair” principles, which included the introduction of a new managing attendance policy, briefings for all managers, new e-learning, greater signposting of support and wellbeing services, targeted interventions with hotspots, and new approaches to stress management. The emphasis on reducing absence continues, with a performance target for all managers in 2014, and ongoing promotion of wellbeing services, targeted interventions, and close monitoring of cases. The agreed target was an average of 8 days by 31 December 2014, which is currently being exceeded.

**Ref. 30 – The percentage of household waste that is recycled or composted**



**R**



There are a number of reasons why our recycling figures are down compared to last year’s recycling performance. These are as follows:-

### **Recycling and contaminating allocation**

ELWA used to split contamination and recycling % between three boroughs (Barking & Dagenham, Havering and Newham). Havering stopped sharing the same facility for the disposal of recycling materials (since February 2014), because the level of contamination of the recycling material loads coming from both LBB and Newham was reducing their recycling performance rate.

We are liaising with ELWA to find a way of apportioning contamination and recycling % fairly between Barking & Dagenham and Newham. For information, Havering recycling rates have historically always been higher than both B&D and Newham. Please see table below:

### **Borough Recycling Figures**

	<b>March 2013</b>	<b>March 2014</b>	<b>2012/2013</b>	<b>2013/2014</b>
Barking & Dagenham	22.5%	23.0%	26.1%	24.8%
Havering	32.8%	34.8%	34.8%	33.1%
Newham	19.0%	15.7%	20.6%	16.7%
Redbridge	22.2%	28.1%	29.1%	29.2%

### **The introduction of a new recycling container (brown wheeled bin)**

Since the introduction of the brown wheeled bins (for recycling of paper, cans, metal and plastic materials), we have seen an increase in the number of non-recyclable or wrong materials such as food waste, nappies, textile and hard plastic placed in the brown bin, which affects our recycling performance. Materials such as textile and hard plastic should not be collected through the brown bin scheme; they should be taken to Frizlands Lane Recycling Centre for recycling. To address this issue we are currently door stepping rounds that have been suffering from high levels of contamination.

### **Impact of collecting combined trade and domestic waste in single vehicle**

Because we are significantly increasing the tonnages of commercial waste collected we are therefore also reducing the percentage contributed by separate domestic recycling. Collecting trade waste with domestic waste is a cost efficient model because we have no cost incentive in the current gate fee to incentivise commercial recycling. The Council is discussing with finance and ELWA how we can establish a gate fee and disposal cost for commercial waste that properly reflects the cost of disposal and future legal requirements to demonstrate separate collection of recyclables where technically and economically possible.

## **4. Options Appraisal**

- 4.1 There is no legal requirement to prepare a performance report, however, it is good governance to do so and provides a collective overview of performance across the Council / borough in order to inform decision-making, use of resources and delivery of the priorities.

## **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

Implications completed by: Steve Pearson, Group Accountant (Chief Executive's)

- 6.1 There are no specific financial implications, however, some key performance indicators do have quantifiable cost benefits, such as additional income from higher leisure centre usage or improved Council Tax collection rates (note - there is also a gain share for Elevate if they achieve over the agreed Council Tax collection percentage stated in their contract).
- 6.2 Due to the financial constraints of the Council these key performance indicators must be delivered within the existing budgets of the relevant services.
- 6.3 Where external funding is involved there can be financial implications if outcome based targets are not met, as funding may have to be returned to the provider.

## 7. Legal Implications

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 7.1 The Legal Practice has been consulted in the preparation of this report and confirms there are no legal implications to highlight.

## 8. Other Implications

- 8.1 **Risk Management** - The identification of clear performance measures to deliver against the priorities is part of a robust approach to risk management.
- 8.2 **Contractual Issues** - Any contractual issues relating to improving performance measures will be addressed as part of the delivery plan for each project or action.
- 8.3 **Staffing Issues** - Any staffing issues relating to improving performance measures will be addressed as part of the delivery plan for each project or action.
- 8.4 **Customer Impact** - Improvements in performance indicators will have a positive impact on customers e.g. increase in visits to leisure centres may impact on obesity and mortality and life expectancy in the long term. Where performance deteriorates, service or choice for customers may be reduced e.g. the proportion of spend on care and support in the home via direct payments.
- 8.5 **Safeguarding Children** - A number of indicators related to safeguarding children are contained within the Corporate Priority Performance Framework. Monitoring and management of these indicators will ensure safeguarding is maintained or improved.
- 8.6 **Health Issues** - A number of health and well being indicators are contained with the Corporate Priority Performance Framework. Monitoring and management of these indicators will ensure areas related to health can be maintained or improved in line with the Health and Wellbeing Strategy.

- 8.7 **Crime and Disorder Issues** - A number of crime indicators are contained with the Corporate Priority Performance Framework. Monitoring and management of these indicators will ensure areas related to crime and disorder can be maintained or improved. Consideration of the Council's Section 17 duties and issues arising is part of the mainstream work for this area.

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

**List of appendices:**

- **Appendix A1 and A2:** Corporate Priority Performance Indicators (in detail)



Priority Performance 2013/14 - Quarterly Indicators

Appendix A1

Ref. No.	Key Performance Measure	Historical Performance	Last Year's Performance				2013/14 Current Performance Results				2013/14 Target	Performance against Target	Target RAG	Performance this time last year	Percentage improvement / decline	Benchmarking		
		2011/12 Result	Qtr 1	Qtr 2	Qtr 3	End of Year 2012/13	Qtr 1	Qtr 2	Qtr 3	End of Year 2013/14						London Average	National Average	
<b>Ensure every child is valued so that they can succeed</b>																		
1	16 to 18 year olds who are not in education, employment or training (NEET)	6.5%	6.2%	7.9%	5.1%	5.4%	7.6%	15.3%	6.6%	5.8%	<6%	Target achieved	G	5.4%	↓	0.4%	3.8%	5.3%
2	Care leavers in employment, education or training (at age 19)	40.4%	33.3%	44.4%	39.3%	56.4%	44.1%	50.0%	48.0%	59.0%	60%	Target not achieved	A	56.4%	↑	2.6%	66%	61%
3	Children's Social Care Assessments completed within timescales (45 days)		Not applicable - New indicator from 2013/14				48.1%	56%	67%	70.7% (provisional)	> 80%	Target not achieved	A	New PI for 2013/14	Not applicable		Data not available	
4	Timeliness of children in care placed for adoption following an agency decision that the child should be placed for adoption	63.6%	100%	82.0%	68.4%	66.7%	100%	100%	60%	52.9% (provisional)	> 70%	Target not achieved	R	66.7%	↓	-13.8%	71.5%	74.0%
5	The number of Common Assessment Frameworks / Family Common Assessment Frameworks (CAFs/fCAFs) initiated	818	223	128 (351)	158 (505)	212 (717)	202	184 (386)	241 (627)	318 (945)	750	Target exceeded	G	647	↑	46.1%	Local measure	
6	The percentage of primary schools rated as outstanding or good	59%	59%	61%	62%	64%	64%	64%	64%	67%	100%	Target not achieved	R	64%	↑	3%	85.0%	80.0%
7	The percentage of secondary schools rated as outstanding or good	67%	67%	67%	89%	89%	89%	89%	78%	67%	100%	Target not achieved	R	89%	↓	-22%	85.0%	73.0%
<b>Reduced crime and the fear of crime</b>																		
8	The number of domestic violence offences	1,706	384	787	1,195	1,588	430	954	1,483	1,991	Not applicable		1,588	Increase	25.4%	Local measure		
9	Repeat incidents of domestic violence	22.0%	25%	25%	22%	21%	26%	23%	24%	25%	No more than 28%	Exceeded target	G	21%	↓	19%	19%	24%
10	The number of violent crimes	5424	1,211	2,397	3,507	4,680	1,120	2,379	3,612	5,014	Reduction	Target not achieved	A	4,680	↓	7.1%	Local measure	
11	The number of serious youth violence offences	236	42	74	113	145	31	75	120	176	Reduction	Target not achieved	R	145	↓	21.4%	London up by 18%	
12	The number of residential burglaries	1,710	397	770	1,267	1,835	400	697	1,101	1,470	Reduction	Exceeded target	G	1,835	↑	-19.9%	1896	n/a
<b>Improve health and wellbeing through all stages of life</b>																		
13	Percentage uptake of MMR (measles, mumps and rubella) vaccination (2 doses) at 5 years old	81.96%	85.53%	83.8%	85.6%	85.5%	83.8%	85.4%	80.9%	81.7% (Jan 14 - Mar 14 only) Awaiting final 2013/14 end of year data	95%	Awaiting end of year data	Awaiting end of year data	85.5%	Awaiting data	%	80.2%	88.5%
14	Percentage uptake of DTaP/IPV (diphtheria, tetanus, whooping cough and polio) vaccination at age 5	82.65%	85.32%	84.8%	87.3%	86.4%	85.1%	85.5%	82.4%	82.4% (Jan 14 - Mar 14 only) Awaiting final 2013/14 end of year data	95%	Awaiting end of year data	Awaiting end of year data	86.4%	Awaiting data	%	78.8%	89.0%
15	Number of successful smoking quitters aged 16 and over through cessation service	1,115	155	288	445	1,069	431	325 (756)	233 (989)	185 (1,174)	1,475	Target not achieved	R	1,069	↑	9.8%	156	163
16	The number of leisure centre visits	993,039	278,620	531,751	801,234	1,101,565	306,907	616,954	909,741	1,244,668	1,105,000	Exceeded target	G	1,101,565	↑	13.0%	Local measure	
17	The number of Active Age (over 60's) leisure memberships	3,123	2,912	3,033	3,098	3,245	3,245	3,324	3,293	3,513	3,800	Target not achieved	A	3,245	↑	8.3%	Local measure	
18	The proportion of social care clients accessing care and support in the home via direct payments	51.6%	40.63%	42.70%	48.67%	49.07%	61.3%	66.6%	71.10%	73.41%	> 50%	Exceeded target	G	49.07%	↑	49.6%	Data not available	
19	The number of people with a Delayed Transfer of Care that are the fault of adult social care (per 100,00 population)	4.29	6.01	6.01	5.5	4.5	0.75	1.13	1.24	1.05	< 3.3	Exceeded target	G	4.5	↑	-76.7%	n/a	3.2
<b>Creating thriving communities by maintaining and investing in new and high quality homes</b>																		
20	Average time taken to re-let local authority housing (calendar days)	29 days	31 days	35 days	28 days	43 days	63.33 days	76 days	68 days	71 days	30 days	Target not achieved	R	43 days	↓	65.1%	Local measure	
21	The number of homeless applications accepted	246	48	119	203	664	205	474	707	874	Not applicable		664	Increase	31.6%	359.4	n/a	
22	The number of households living in temporary accommodation	1,155	1,172	1,190	1,187	1,188	1240	1312	1375	1,393	Not applicable		1,188	Increase	17.3%	1189	n/a	
23	The number of empty dwellings returned to use through GLA funding		Not applicable - New indicator from 2013/14				2	2 (4)	3 (7)	0 (7)	50 March 2015	Off target	R	New PI 2013/14	Not applicable		Local measure	
<b>Maximise growth opportunities and increase the household income of Borough residents</b>																		
24	The percentage of economically active people in employment	64.3%	64.9%	63.2%	62.3%	62.9%	62.5%	63.7%	64.5%	Awaiting data publication	2%-3% gap with London average	Awaiting data	Awaiting data	62.9%	Awaiting data	%	69.4%	77.3%
<b>A well run organisation</b>																		
25	The percentage of Council Tax collected	94.1%	29.4%	55.5%	82.06%	94.6%	29.40%	55.60%	81.30%	94.10%	93.5%	Exceeded target	G	94.60%	↓	-0.5%	96.43%	97.37%
26	The percentage of rent collected	95.5%	97.18%	96.56%	96.24%	96.95%	97.49%	97.05%	96.73%	97.35%	96.5%	Exceeded target	G	96.95%	↑	0.4%	Data not available	
27	The time taken to process Housing Benefit / Council Tax benefit new claims	20.05 days	18.31 days	18.58 days	27.03 days	23 days	29 days	25 days	25 days	25 days	27 days	Exceeded target	G	23 days	↓	8.7%	25 days	24 days

Ref. No.	Key Performance Measure	Historical Performance	Last Year's Performance				2013/14 Current Performance Results				2013/14 Target	Performance against Target	Target RAG	Performance this time last year	Percentage improvement / decline		Benchmarking	
		2011/12 Result	Qtr 1	Qtr 2	Qtr 3	End of Year 2012/13	Qtr 1	Qtr 2	Qtr 3	End of Year 2013/14					London Average	National Average		
28	The time taken to process Housing Benefit / Council Tax benefit change events	13.7 days	20.38 days	24.24 days	18.19 days	21 days	15 days	15 days	15 days	9 days	15 days	Exceeded target	G	21 days	↑	-57.0%	12 days	11 days
29	The percentage of land that has unacceptable levels of litter	7%	n/a		n/a	4%	---	3% (Tranche 1)	3% (Tranche 2)	2% (Tranche 3)	7%	Exceeded target	G	4%	↑	-50.1%	Local measure	
30	The percentage of household waste that is recycled or composted (PI under review)	29.49%	29.92%	29.87%	27.24%	26.38%	28.84%	27.91%	26.46%	24.80%	31%	Target not achieved	R	26.38%	↓	-6.0%	35%	n/a
31	The average number of days lost due to sickness absence	9.06 days	9.04 days	9.44 days	9.34 days	9.76 days	8.12 days	7.84 days	7.81 days	7.88 days	8 days by 31 Dec 2014	On target	G	9.76 days	↑	-19.3%	7.7 days	n/a
32	The percentage of Stage 1 complaints responded to within deadline	60%	73%	75%	79%	76%	68%	89% (78% YTD)	95% (83% YTD)	96% (87% YTD)	100% from Jan 2014	Target not achieved	A	76%	↑	11%	Local measure	
33	The percentage of Stage 2 complaints responded to within deadline	58%	70%	67%	66%	64%	61%	85% (71% YTD)	92% (75% YTD)	85% (78% YTD)	100% from Jan 2014	Target not achieved	R	64%	↑	13.0%	Local measure	
34	The percentage of Stage 3 complaints responded to within deadline	71%	90%	87%	85%	84%	79%	68% (75% YTD)	82% (79% YTD)	82% (77% YTD)	100% from Jan 2014	Target not achieved	R	86%	↓	-9.0%	Local measure	
35	The percentage of member enquiries responded to within deadline	82%	80%	83%	83%	82%	87%	90% (89% YTD)	98% (91% YTD)	96% (93% YTD)	100% from Jan 2014	Target not achieved	A	82%	↑	11.0%	Local measure	
36	The percentage of employees who would recommend the Council as a good employer	44.5% (Feb 2012)	n/a	56% (Sept 12)	48.6% (Jan 13)	48.6% (Jan 13)	58.7% (May 13)	Survey conducted 3 times per year	56.3% (Nov 13)	56%	Target not set	Not applicable		48.6% (Jan 13)	↑	15.2%	Local measure	
37	The current revenue budget account position (over or under spend)	£2m under spend	£0.95m over spend	£0.6m under spend	£1.1 under spend	£3.11m under spend	£1.043m under spend	£1.793m underspend	£3.193m underspend	£4.6m underspend	Balanced budget with additional £5.2m general fund reserve	Target exceeded	A	£3.11m under spend	Not applicable		Local measure	
38	The percentage of the planned in year capital programme delivered in year	New PI	New Performance Indicator from Quarter 4 2012/13			78% delivered	Forecast of 100%	Forecast of 98%	Forecast of 93.8%	85.50%	100%	Target not achieved	R	78% delivered	↑	9.6%	Local measure	

Priority Performance 2013/14 - Annual Indicators

Appendix A2

Ref. No.	Key Performance Measure	Historical Performance	Last Year's Performance Results					End of Year 2013/14	2013/14 Target	Target RAG	Performance this time last year	Percentage improvement / decline	Benchmarking		
		2011/12 Result	End of Year 2012/13	Percentage improvement / decline	2012/13 Target	Target RAG 2012/13	London Average						National Average		
<b>Ensure every child is valued so that they can succeed</b>															
39	The percentage of pupils achieving 5 GCSE grades A* - C (including Maths and English)	58.6%	60.2%	↑	1.6%	At or above national average	G	Available Summer 2014	At or above national average	Awaiting data	2013/14 data relates to Summer 2014 exams - yet to be taken		65.1%	59.2%	
40	The number of additional school places provided	855	1440	n/a	n/a	Not applicable	n/a	Available Summer 2014	Not applicable	n/a	Awaiting data		Local measure		
41	The percentage of pupils achieving Level 4 or above in both English and Maths at Key Stage 2	78.3%	75.0%	↓	3.3%	Achieve convergence	A	Available Summer 2014	At or above national average	Awaiting data	2013/14 data relates to Summer 2014 exams - yet to be taken		79%	75%	
42	The percentage of school children eligible for Free School Meals (FSM)	28.7%	27%	n/a	n/a	Not applicable	n/a	24%	Not applicable	n/a	Decrease	-3%	23.8%	17.1%	
43	Of those eligible, the percentage of children who take up Free School Meals (FSM)	74.5%	78.9%	↑	4.4%	74%	G	75%	74%	G	78.9%	↓	-3.9%	86.2%	82.7%
44	Achievement of a Level 3 qualifications by the age of 19	49.2%	49%	↔	-0.2%	> 50%	A	Available Spring 2015	> 50%	Awaiting data	Awaiting data		62.5%	57.3%	
<b>Reduced crime and the fear of crime</b>															
45	Alcohol attributable recorded crimes (per 1,000 population)	12.98	10.53	↑	-18.9%	Annual reduction	G	Data not yet published	Annual reduction	Awaiting data	Awaiting data publication		9.02	5.74	
46	The percentage of victims who are satisfied with the way their ASB complaint was dealt with	New PI	New PI	n/a	n/a	Not applicable	n/a	19 out of 20 (95%)	TBC	n/a	Not applicable		Awaiting data		
47	The percentage of people who believe people from different backgrounds get on well together	52%	Survey not conducted							Survey not conducted		Local measure			
48	The percentage of people who perceive people not treating one another with respect and consideration to be a problem in their area	58%	Survey not conducted							Survey not conducted		Local measure			
<b>Improve health and wellbeing through all stages of life</b>															
49	The percentage of children in Reception recorded as obese	13.7%	13.2%	↑	0.5%	14.0%	A	Available December 2014	14.0%	Awaiting data	13.4%	Awaiting data	10.8%	9.3%	
50	The percentage of children in Year 6 recorded as obese	26.9%	25.1%	↑	1.8%	24%	A	Available December 2014	24%	Awaiting data	24.4%	Awaiting data	22.4%	18.9%	
<b>Creating thriving communities by maintaining and investing in new and high quality homes</b>															
51	The percentage of non-decent council homes	33.85%	28.39%	↑	5.5%	45%	G	28.39%	45%	G	28.39%	↔	0.0%	Local measure	
52	The number of affordable homes delivered	372	347	↓	7.0%	470	R	575 (provisional)	472 by 2014	G	347	↑	65%	Local measure	
53	The number of accredited landlords	New PI	New performance indicator for 2014						The accreditation scheme will begin in September 2014. There are currently 133 applications received. This is against a target of 450.				Local measure		
<b>Maximise growth opportunities and increase the household income of Borough residents</b>															
54	The percentage of working age population with no qualifications	13.8% (2011)	13.9% (2012)	↓	0.1%	Achieve London average by 2015	A	15.7% (2013)	Achieve London average by 2015	R	13.9% (2012)	↓	12.9%	7.8%	9.3%
55	The percentage of working age population qualified to at least Level 4	27.1% (2011)	26% (2012)	↓	1.1%	3%-4% gap with London average	R	28.2% (2013)	3%-4% gap with London average	R	26% (2012)	↑	8.5%	49.1%	35.2%
56	Median weekly earnings for full-time workers living in the area	£500.80 (2011)	£549.20 (2012)	↑	10.2%	£25 gap with London average	A	£521.60 (2013)	£25 gap with London average (£588.30)	R	£549.20 (2012)	↓	-5.0%	£613.30	£518.10
57	The percentage of working age people on out of work benefits	17.2% (May 2011)	17.1% (May 2012)	↑	0.1%	Not applicable	n/a	16.1% (May 2013)	Not applicable	n/a	17.1% (May 2012)	↑	1.0%	10.9%	11.2%

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**CABINET****4 August 2014**

<b>Title:</b> Budget Monitoring 2014/15 - April to June 2014 (Month 3)	
<b>Report of the Cabinet Member for Finance</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
<b>Report Author:</b> Steve Pearson Group Accountant, Corporate Finance	<b>Contact Details:</b> Tel: 020 8227 5215 E-mail:
<b>Accountable Director:</b> Jonathan Bunt, Chief Finance Officer	
<p><b>Summary</b></p> <p>This report provides Cabinet with an update of the Council's revenue and capital position for the three months to the end of June 2014, projected to the year end.</p> <p>The Council began the current year in a better financial position than the previous year with a General Fund (GF) balance of £27.1m.</p> <p>At the end of June 2014 (Month 3), there is a projected overspend of £2.5m, predominantly on the Children's services budget.</p> <p>The total service expenditure for the full year is projected to be £167.8m against the budget of £165.3m. The projected year end overspend will reduce the General Fund balance to £24.6m at the year end.</p> <p>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 has been updated to reflect changes approved at Cabinet on 30 June 2014, including roll forwards and re-profiles. The capital budget at 30 June stands at £153.9m. Capital budgets cannot contribute to the General Fund revenue position although officers ensure that all appropriate capitalisations occur.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Note the projected outturn position for 2014/15 of the Council's General Fund revenue budget at 30 June 2014, as detailed in paragraphs 2.4 to 2.9 and Appendix A of the report;</li> <li>(ii) Note the progress against the 2014/15 savings targets at 30 June 2014, as detailed in section 3 and Appendix B of the report;</li> </ul>	

- (iii) Note the position for the HRA at 30 June 2014, as detailed in section 4 and Appendix C of the report;
- (iv) Note the projected outturn position for 2014/15 of the Council's capital budget as at 30 June 2014, as detailed in section 5 and Appendix D of the report; and
- (v) Approve the inclusion in the 2014/15 Capital Programme of the previously agreed £1m for the Asset Strategy programme, as detailed in paragraph 5.3 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 paper 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 would mean a reduction in the General Fund balance to £24.6m, 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.

<b>Council Summary 2014/15</b>	<b>Net Budget  £000</b>	<b>Full year forecast at end June 2014 £000</b>	<b>Over/(under) spend Forecast £000</b>
<b>Directorate Expenditure</b>			
Adult and Community Services	55,575	55,575	-
Children's Services	61,792	64,772	<b>2,980</b>
Housing and Environment	23,860	23,860	-
Chief Executive	20,280	19,846	<b>(434)</b>
Central Expenses	3,813	3,813	-
<b>Total Service Expenditure</b>	<b>165,320</b>	<b>167,866</b>	<b>2,546</b>

	<b>Balance at 1 April 2014 £000</b>	<b>Forecast Balance at 31 March 2015 £000</b>
General Fund	27,138	24,092
Housing Revenue Account	8,736	8,736

2.2 The current Directorate revenue projections indicate an overspend of £2.5m for the end of the financial year, made up as follows:

- £0.4 underspend in the Chief Executive directorate mainly as a result of vacancies within the directorate and
- £2.9m overspend in Children's Services due to demand pressures in the Complex Needs and Social Care division.

Whilst the 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.

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 £24.6m.

At the end of June 2014, the HRA is forecasting a balanced budget, maintaining the HRA reserve at £8.7m.

### 2.3 Directorate Performance Summaries

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

## 2.4 Adult and Community Services

<b>Directorate Summary</b>	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	55,191	<b>55,575</b>	<b>55,575</b>
Projected over/(under)spend			-

The Adult and Community Services directorate is forecasting a balanced budget position for 2014/15. This reported position is after a number of pressures within the service, particularly for Mental Health and non-residential care budgets for all client groups. These pressures are being evaluated and appropriate management actions within the service will be implemented where necessary as well as drawing down on funding set aside to offset anticipated service pressures. 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.

A savings target of £2.438m is built into the 2014/15 budget. These are largely all in process of being delivered or necessary changes have already been made, any shortfalls are being covered within the relevant division.

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, 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.

The future social care funding regime is becoming increasingly challenging with a number of existing funding streams being rolled up into a single grant that the local authority will have to agree with NHS England following local agreement at H&WBB. This comes at the same time as the planned implementation of the Care Act for which significant costs are anticipated for local authorities.

## 2.5 Children's Services

<b>Directorate Summary</b>	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	65,016	<b>61,792</b>	<b>64,772</b>
Projected over/(under)spend			<b>2,980</b>

Children's Services delivered a balanced budget for 2013/14 but it was reported that this financial position was masking significant demand pressures within the Complex Needs and Social Care division. Overall the Service is forecasting in 2014/15 an over spend of £4.480m less Children's Service reserve of £1.5m equalling £2.980m overspend. The other divisions within Children's Services are currently endeavouring to mitigate the reported overspend using existing resources.



The position was managed in 2013/14 through flexible use of government grants. For example, the change from Local Authority Central Spend Equivalent Grant (LACSEG) to Education Support Grant (ESG), the changes to the funding of statutory services to two year olds from General Fund to the Dedicated Schools Grant released £2.7m of ongoing funding to invest in social care demand pressures and savings from other service areas within the directorate enabled a balanced budget for 2013/14. The additional funding of £2.7m has now been included within the Children's Service base budget for 2014/15 in support of the social care demand pressures along with a further pressure of £3m built in to the Council's MTFs for 2015/16. It is difficult to establish the true underlying pressure on the budget until permanent staff are in place, due to the high cost of agency personnel.

The current reporting for 2014/15 indicates that current levels of social care need' due to the demographic growth within social care has impacted on caseloads within the Assessment and Care Management teams and recruitment challenges has led to a reporting budget deficit of c£1.2m. Recruitment alternatives are currently being explored. An increase in Legal costs due to the complexities of cases and large sibling groups is forecasting a pressure c£800k, and a review of the legal costs is currently being undertaken. Legislative changes in the 'No Recourse to Public Funds' (NRPF) has placed an additional budget pressure of c£2m of support to these children and families. The processes around this cohort are currently under review and challenge.

The Placements team is forecasting an overspend of c£600k that comprises of small overspends within the adoption and fostering service, however the small overspends within these two areas has saved significant costs to the other higher cost placements, and SEN Transport is forecasting an overspend of c£300k due to high demand for pupil transport assistance. In total a budget pressure of c£4.9m within the Complex Needs and Social Care division due to demand pressures from children in the borough. Despite the increase in numbers of Looked After Children subject to plans we remain below our statistical neighbour rates per 10,000 for Looked After Children. Our caseloads, whilst moving to acceptable levels remain well above the Munro recommendation and lead to recruitment challenges.

## 2.6 Dedicated School Grant (DSG)

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 and Environment

<b>Directorate Summary</b>	2013/14 Outturn £000	2014/15 Budget £000	2014/15 Forecast £000
Net Expenditure	25,586	<b>23,860</b>	<b>23,860</b>
Projected over/(under)spend			-

The projection to year end is to break even. Potential pressures have been identified within these budgets, however, it is expected that they will be managed within the service.

Environmental Services is forecast to breakeven at year end, however, there are risks of pressures in the region of £1.2m that will need to be managed by the department in order to deliver a breakeven position.

The potential risk is a combination of pressure on staffing budgets, income pressure, increased ELWA disposal costs and increasing fuel and utility costs. The single largest risk is the street lighting electricity budget with risk of £629k due to increasing energy costs. A significant element of risk is outside the services direct control, however, an action plan is being developed to support mitigation including reviewing income opportunities, holding vacant posts, ensuring recharges and income collection is up to date and maintaining spend restraint across the service. Alongside this, the service is reviewing budgets with a view to realigning and bringing allocation in line with requirement.

The Housing General Fund is currently forecast to breakeven at the year end. The main risk to this position is the level of temporary accommodation placements and in particular, the numbers within Bed and Breakfast. There were 84 Bed and Breakfast placements at the end of June 2014 which is an increase from the end of May 2014 position of 73 placements, if this continues at the current rate this will create a budget pressure 2014/15.

The impact of welfare reform continues to be monitored. Temporary accommodation arrears have increased by 8% this financial year, however, the current level of bad debt provision provides sufficient coverage. The position will be closely monitored throughout the year.

## 2.8 Chief Executive's Directorate

<b>Directorate Summary</b>	2013/14 Outturn	2014/15 Budget	2014/15 Forecast
	£000	£000	£000
Net Expenditure	18,475	<b>20,280</b>	<b>19,846</b>
Projected (under)spend			<b>(434)</b>

The Chief Executive (CE) department at this stage is reflecting a projected year end underspend position against its revised budget of (£434k). The underspend position is mainly attributed to in year vacancies within Democratic Services and Strategy and Communications making some transitional arrangements to identify 2015/16 savings. There are also other savings achieved from the termination of two treasury management contracts which the Council no longer requires and an underspend expected against the 2014/15 audit fees. All of these will be brought forward as savings options for 2015/16.

The department had been set a savings target in 2014/15 of £1.2m, which have been achieved.

## 2.9 Central Expenses

<b>Directorate Summary</b>	2013/14 Outturn	2014/15 Budget	2014/15 Forecast
	£000	£000	£000
Net Expenditure	4,382	<b>3,813</b>	<b>3,813</b>
Projected (under)spend			-

Central Expenses continues to project a break-even position for its budget at the end of June.

## 3 In Year Savings Targets – General Fund

3.1 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.

3.2 A detailed breakdown of savings and explanations for variances is provided in Appendix B.

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

## 4 Housing Revenue Account (HRA)

4.1 The HRA is currently forecast to breakeven.

### 4.2 Income

Income is expected to be on budget and the main risk to this position is the impact of welfare reform. Some provision has been made within the budget through increased bad debt provision plus the availability of discretionary housing payments, and the position is being monitored closely. In addition to this, stock movements are being monitored as an increasing level of right to buy activity could impact on income levels.

### 4.3 Expenditure

Expenditure is expected to be on budget. The main risk to this position is the delivery of in year savings of £6.1m primarily within supervision and management, repairs and maintenance and recharged services. Delayed or reduced delivery will need to be managed within the HRA to ensure a breakeven position.

#### 4.4 HRA Balance

It is expected that HRA balances will remain at £8.7m. There is a budgeted contribution to capital resources of £35.5m.

### 5. Capital Programme 2014-15

5.1 At its meeting on 30 June 2014 Cabinet agreed a revised capital budget of £153.9m. The Capital Programme forecast against budget as at the end of June 2014 is as follows:

	2014/15 Revised Budget £'000	Actual Spend to Date £'000	2014/15 Forecast £'000	Variance against Budget £'000
Adult & Community Services (ACS)	10,056	1,908	10,347	291
Children's Services (CHS)	30,098	5,028	30,098	0
Housing & Environment (H&E)	5,104	27	5,104	0
Chief Executive (CEO)	7,901	373	7,752	(149)
<b>General Fund subtotal</b>	<b>53,159</b>	<b>7,336</b>	<b>53,301</b>	<b>142</b>
Housing Revenue Account (HRA)	100,808	8,568	98,808	(2,000)
<b>Total</b>	<b>153,967</b>	<b>15,904</b>	<b>152,109</b>	<b>(1,858)</b>

5.2 The detail for individual schemes is in Appendix D.

5.3 At its meeting on 14 February 2012, Cabinet agreed a programme of £1m per year for the three years 2012/13 - 2014/15 in respect of the Asset Strategy programme. The £1m for the current year was not included in the 2014/15 Capital Programme approved by the Assembly in February 2014 as specific projects had not been agreed. Since that time, schemes have been designed in accordance with the Corporate Accommodation Strategy and are now ready for implementation in 2014/15. Cabinet is therefore asked to agree that this year's Capital Programme increase by £1m, bringing the total to £154.9m.

5.4 For the existing budget, Directorates are currently predicting a net underspend of £1.9m. Details are given below.

#### 5.5 Adult & Community Services

Adult & Community Services has a 2014/15 budget of £10.0m, which includes £7.8m for the Barking Leisure Centre. There is an overspend of £291k, which is in respect of the Barking Park project, for costs that have been delayed from the previous year. There are no predicted variances on any of the other current schemes.

## 5.6 **Children's Services**

Children's Services has a 2014/15 budget of £30.0m. The majority of this budget is to fund various school expansion projects. There are currently no projected over or underspends across the Directorate.

## 5.7 **Housing and Environment**

Environmental Services has a 2014/15 capital budget of £5.1m which will fund various schemes such as the Street Lighting replacement, Highways Improvement programme and Parking schemes. At this stage, there are currently no pressures and officers are working to ensure all external funding is drawn down from funding bodies and that projects run to schedule.

## 5.8 **Chief Executive's**

The Directorate has a revised 2014/15 budget of £7.9m, and is currently reflecting an overall variance of (£149k). This position is made up of slippage of (£275k) within Regeneration, and an overspend within Asset Strategy of £126k.

Within Regeneration, slippage of £275k is forecast against the Bath House project. There has been a delay in the commencement of works due to a proposed partnership with an external organisation to deliver the project. It is expected that the majority of the costs will now be incurred in 2015/16.

Asset Strategy schemes are reflecting a £126k overspend, which is due to the Energy Efficiency programme. This overspend will be funded from the Salix reserve account which pays for the energy saving initiatives. A budget re-profile request will be submitted to Cabinet to ensure an adequate budget is reflected in the capital programme.

ICT Modernisation & Improvement schemes are expected to run according to schedule.

## 5.9 **Housing Revenue Account (HRA)**

The HRA has a revised capital programme for 2014/15 investment programme totalling £100.8m and is currently forecasting an outturn of £98.8m.

### Estate Renewal

The estate renewal budget is currently expected to spend to budget

### New Build

The new build programme is currently showing a £2m variance due to slippage on Ilchester Road (£1m) and North Street (£1m). This follows consultation with residents and the subsequent need to revise scheme deliverables.

### Investment in own stock

These schemes are currently expected to spend to budget

## 6. **Financial Control**

- 6.1 At the end of June, 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.

## **7. Options Appraisal**

7.1 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.

## **8. Consultation**

8.1 The relevant elements of the report have been circulated to appropriate Divisional Directors for review and comment.

8.2 Individual Directorate elements have been subject to scrutiny and discussion at their respective Directorate Management Team meetings.

## **9. Financial Implications**

9.1 This report details the financial position of the Council.

## **10. Legal Issues**

10.1 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

## GENERAL FUND REVENUE MONITORING STATEMENT

### June 2014/15

Directorate	Outturn 2013/14	Original Budget	Revised Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000	£000
<b><u>Adult &amp; Community Services</u></b>					
Adult Care & Commissioning	42,789	38,472	35,572	35,572	-
Mental Health	3,803	3,429	3,422	3,422	-
Community Safety & Public Protection	2,564	2,205	2,417	2,417	-
Culture & Sport	6,823	4,390	4,469	4,469	-
Public Health	(786)	-	785	785	-
Management & Central Services	(2)	6,332	8,910	8,910	-
	<b>55,191</b>	<b>54,828</b>	<b>55,575</b>	<b>55,575</b>	<b>-</b>
<b><u>Children's Services</u></b>					
Education	3,912	3,218	5,608	5,547	(61)
Targeted Support	8,656	7,440	-	-	-
Complex Needs and Social Care	37,696	32,547	32,547	36,254	3,707
Commissioning and Safeguarding	3,614	3,896	9,125	8,959	(166)
Other Management Costs	11,138	14,512	14,512	14,012	(500)
	<b>65,016</b>	<b>61,613</b>	<b>61,792</b>	<b>64,772</b>	<b>2,980</b>
<b><u>Children's Services - DSG</u></b>					
Schools	169,101	176,960	176,960	176,960	-
Early Years	13,226	19,329	19,329	19,329	-
High Needs	22,920	26,874	26,874	26,874	-
Non Delegated	2,715	1,920	1,920	1,920	-
Growth Fund	2,489	3,037	3,037	3,037	-
School Contingencies	590	-	-	-	-
DSG/Funding	(211,041)	(228,120)	(228,120)	(228,120)	-
	-	-	-	-	-
<b><u>Housing &amp; Environment</u></b>					
Environment & Enforcement	22,425	19,884	20,274	20,274	-
Housing General Fund	3,161	3,767	3,586	3,586	-
	<b>25,586</b>	<b>23,651</b>	<b>23,860</b>	<b>23,860</b>	<b>-</b>
<b><u>Chief Executive Services</u></b>					
Chief Executive Office	(144)	(85)	(85)	(85)	-
Strategy & Communication	(305)	-	-	(145)	(145)
Legal & Democratic Services	212	432	413	158	(255)
Human Resources	(71)	-	-	(75)	(75)
Finance	(2,186)	236	(124)	(124)	-
Corporate Management	4,004	4,338	4,338	4,155	(183)
Regeneration & Economic Development	2,993	2,621	2,621	2,621	-
Assets & Facilities Management	875	787	816	724	(92)
Customer Services, Contracts & Business Improvement	13,097	12,443	12,301	12,617	316
	<b>18,475</b>	<b>20,772</b>	<b>20,280</b>	<b>19,846</b>	<b>(434)</b>
<b><u>Other</u></b>					
Central Expenses	(5,013)	(6,975)	(7,618)	(7,618)	-
Levies	-	9,685	9,685	9,685	-
Contingency	9,395	1,746	1,746	1,746	-
	<b>4,382</b>	<b>4,456</b>	<b>3,813</b>	<b>3,813</b>	<b>-</b>
<b>TOTAL</b>	<b>168,650</b>	<b>165,320</b>	<b>165,320</b>	<b>167,866</b>	<b>2,546</b>

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**Directorate Savings Targets: Progress at Period 3**

<b>Ref:</b>	<b>Detail</b>	<b>Target £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>	<b>Current Position</b>
<b>ACS/SAV/09</b>	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.
<b>ACS/SAV/11</b>	Reduce funding for care packages	200	200	-	Saving to be achieved from care budgets
<b>ACS/SAV/12</b>	Management Reductions (reduce social care GM)	40	40	-	Post deleted saving will be achieved
<b>ACS/SAV/13</b>	Homelessness Prevention	120	120	-	Budget and delivery of saving transferred to Housing
<b>ACS/SAV/14</b>	Reduce Carers Contract	14	14	-	Provider (Carers of Barking & Dagenham) informed of reduction
<b>ACS/SAV/15</b>	Advocacy - reduce to statutory provision	42	42	-	Plans to deliver this saving are in place
<b>ACS/SAV/16</b>	Do not extend core funding for DABD	35	35	-	Plans to deliver this saving are in place
<b>ACS/SAV/19</b>	Reduce business support in Adult Social Care	16	16	-	Post deleted saving will be achieved
<b>ACS/SAV/20</b>	Delete Arts Team	96	96	-	Deletion of Arts Development manager post in December 2013.
<b>ACS/SAV/21</b>	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.
<b>ACS/SAV/23</b>	Valence House - Heritage Education Team	40	40	-	Plan to deliver this saving in place.
<b>ACS/SAV/25</b>	Delete Neighbourhood Crime Reduction Team	133	133	-	Service redesign: savings to be achieved through utilisation of external funding streams

## Appendix B

<b>ACS/SAV/26</b>	Delete Anti Social Behaviour Team	121	121	-	Service redesign: savings to be achieved through utilisation of external funding streams
<b>ACS/SAV/28</b>	Reduce strategic commissioning posts	28	28	-	Post deleted saving will be achieved
<b>ACS/SAV/29</b>	Reduce dedicated support to service users and carers	19	19	-	Post deleted saving will be achieved
<b>ACS/SAV/30</b>	Metropolitan Police - Cease Funding Parks Team	160	160	-	Plans to deliver this saving are in place
<b>ACS/SAV/31</b>	Youth Offending - Cessation of triage and prevention interventions	200	200	-	Plans to deliver this saving are in place
<b>ACS/SAV/33</b>	Supporting People Grant Changes	200	200	-	Steps to deliver this saving has been confirmed with Housing colleagues
<b>Feb 2012 Assembly</b>	Remodelling homecare services in line with the principles of personalisation	100	100	-	Saving achieved following choice & control restructure
<b>Feb 2012 Assembly</b>	Revisions to pricing framework for Care Home Placements	24	24	-	Pricing framework revised - saving will be achieved
<b>Feb 2012 Assembly</b>	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
<b>Feb 2012 Assembly</b>	Remodel of learning disability day, volunteering and employment services	100	100	-	Plans to deliver this saving are in place
<b>Feb 2012 Assembly</b>	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
<b>Total Adult &amp; Community Services</b>		<b>2,438</b>	<b>2,398</b>	<b>40</b>	

## Appendix B

Ref:	Detail	Target	Forecast	Variance	Current Position
		£000	£000	£000	
CHS/SAV/16	Adult College –Saving in General Support	100	100	0	
CHS/SAV/17	Education -Advisory Teachers	200	200	0	
CHS/CS03	Education -Borough Apprentice Scheme	50	50	0	
CHS/SAV	Education - Attendance	40	40	0	
CHS/SAV/17	Education – Special Inclusion Team	50	50	0	
CHS/SAV/19	Education	200	200	0	
CHS/SAV/20	Education – Youth Services Central	460	460	0	
CHS/SAV/21	Education – SSE Early Years and Childcare	50	50	0	
CHS/SAV/22	Commissioning -SSE Children’s Centres Central	1,614	1,614	0	
CHS/SAV/07	Commissioning - CAMHS	50	50	0	
CHS/SAV/CS07a	Commissioning – Performance and Information	55	55	0	
CHS/SAV/CS07b	Commissioning –Commissioning and Partnerships	25	25	0	
CHS/SAV/13	Commissioning – Performance and Information	70	70	0	
<b>Total</b>		<b>2,964</b>	<b>2,964</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 <b>£150k</b> for increased levels of enforcement and efficiencies within the service.</p> <p><b>-Paperless parking and enforcement by ANPR - £55k</b></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><b>-Online permit sales</b></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><b>-Consultation - £20k</b></p> <p>A review of the service to be undertaken only part year saving to be delivered. Full year equates to</p>

## Appendix B

Ref	Detail	Target £000	Forecast £000	Variance £000	£40k Current Position
<b>Feb 2012 Assembly</b>	Making Parks more commercially sustainable	9	9	0	Savings delivered through income received from Masts
<b>FIN&amp;RES/SAV/19</b>	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.
<b>ACS/SAV/13</b>	Homelessness Prevention	120	120	0	Savings delivered and affected staff have been retained due to Public Health grant funding obtained.
<b>Total</b>		<b>1,129</b>	<b>659</b>	<b>470</b>	

Ref:	Detail	Target £000	Forecast £000	Variance £000	Current Position
<b>FIN&amp;RES/SAV/01</b>	Regeneration - delete a post in the Transport Planning team from 2014/15	53	53	0	Savings achieved and post deleted.
<b>FIN&amp;RES/SAV/06</b>	Efficiencies through implementation of Oracle R12	200	200	0	Savings achieved
<b>FIN&amp;RES/SAV/18</b>	Merger of the Corporate Client and Capital Delivery Teams	125	125	0	Restructure completed and savings achieved
<b>FIN&amp;RES/SAV/20</b>	Regeneration - Further savings on the Economic Development and Sustainable Communities Team	240	240	0	Savings achieved
<b>FIN&amp;RES/SAV/21</b>	Regeneration - Further savings in the Employment & Skills Team	307	307	0	Savings achieved
<b>FIN&amp;RES/SAV/22</b>	Regeneration - additional income from the increase in nationally set planning fees.	52	52	0	Income target increased, savings on track to be delivered.
<b>CEX/SAV/09</b>	Human Resources - Cost of Health and Safety Team	56	56	0	Savings achieved, post deleted

## Appendix B

<b>CEX/SAV/10</b>	Strategy & Communications - Further reduction and sharing of Service	70	70	0	Savings achieved and shared arrangement with Thurrock Council in place.
<b>Feb 2012 Assembly</b>	Merge Payroll and HR Support (within Elevate)	116	116	0	Achieved
<b>Total</b>		<b>1,219</b>	<b>1,219</b>	<b>0</b>	

## Appendix C

<b>Previous Years Actual Spend 2013/14 (£)</b>	<b>Budget 2014/15 (£)</b>	<b>Actual YTD 2014/15 (£)</b>	<b>Forecast 2014/15 (£)</b>	<b>Variance 2014/15 (£)</b>
(87,099,812) Rents	(87,000,000)	(21,006,659)	(87,000,000)	-
(2,366,200) Non Dwelling Rent	(2,503,000)	(974,904)	(2,503,000)	-
(18,099,900) Other Income	(16,401,400)	(5,398,603)	(16,401,400)	-
(1,000,292) Capitalisation of Repairs	(2,000,000)	(2,000,000)	(2,000,000)	-
20,507,426 Repairs and Maintenance	19,205,000	6,548,659	19,205,000	-
40,398,632 Supervision and Management	37,779,400	5,260,445	37,779,400	-
596,068 F. Rent Rates and Other	700,000	236,143	700,000	-
33,257,590 Revenue Contribution to Capital & Depreciation	35,453,000	0	35,453,000	-
1,112,334 Bad Debt Provision	2,659,000	0	2,659,000	-
9,293,738 Interest Charges	9,759,000	(101,846)	9,759,000	-
811,000 Corporate & Democratic Core	685,000	0	685,000	-
(685,716) Interest Received	(336,000)	0	(336,000)	-
3,000,000 Pension Contribution	2,000,000		2,000,000	-
<b>(275,131)</b>	<b>0</b>	<b>(17,436,765)</b>	<b>0</b>	<b>-</b>

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## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
<b>Adult &amp; Community Services</b>					
<b>Adult Social Care</b>					
106	Private Sector HouseHolds	574	153	574	0
2888	Direct Payment Adaptations Grant	385	98	385	0
2913	80 Gascoigne Road	4		4	0
2976	Community Capacity Grant	992	4	992	0
<b>Culture &amp; Sport</b>					
2855	Mayesbrook Park Athletics Arena	212	12	212	0
2870	Barking Leisure Centre 2012-14	7,889	1,350	7,889	0
2266	Barking Park Restoration & Improvement	-	291	291	291
<b>Total For Adult &amp; Community Services</b>		<b>10,056</b>	<b>1,908</b>	<b>10,347</b>	<b>291</b>

0

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
<b>Children's Services</b>					0
<b>Primary Schools</b>					0
2736	Roding Primary School (Cannington Road Annex)	137	5	137	0
2745	George Carey CofE (formerly Barking Riverside) Primary School	300	6	300	0
2759	Beam Primary Expansion	81		81	0
2784	Manor Longbridge (former UEL Site) Primary School	320	7	320	0
2786	Thames View Juniors - Expansion & Refurb	29	5	29	0
2787	Cambell Junior - Expansion & Refurb	18		18	0
2790	St Georges - New Primary School	25		25	0
2799	St Joseph's Primary - expansion	21		21	0
2800	St Peter's Primary - expansion	34		34	0
2860	Monteagle Primary (Quadrangle Infill)	81		81	0
2861	Eastbury Primary (Expansion)	275		275	0
2862	Gascoigne Primary (Expansion)	45		45	0
2863	Parsloes Primary (Expansion)	35		35	0
2864	Godwin Primary (Expansion)	-	1	-	0
2865	William Bellamy Primary (Expansion)	2,500	900	2,500	0
2867	Southwood Primary (Expansion)	1		1	0
2900	Becontree Primary Expansion	24		24	0
2918	Roding Cannington	39	1	39	0
2919	Richard Alibon Expansion	772	518	772	0
2920	Warren/Furze Expansion	50	9	50	0
2921	Manor Infants Jnr Expansion	1,850	674	1,850	0
2922	Valence Halbutt Expansion	233	11	233	0
2923	Rush Green Expansion	168		168	0

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
2924	St Joseph's Primary(Barking) Extn 13-14	95		95	0
2955	City Farm Barking Riverside New School	288	(181)	288	0
2956	Marsh Green Primary 13-15	200	4	200	0
2957	John Perry School Expansion 13-15	1,420	754	1,420	0
2960	Fanshawe Primary Expansion	1,614	16	1,614	0
2979	Gascoigne Primary -Abbey Road Depot	1,998		1,998	0
2998	Marks Gate Junior Sch 2014-15	497	10	497	0
<b>Secondary Schools</b>					
2932	Trinity 6th Form Provision	153		153	0
2953	All Saints Expansion 13-15	3,884	1,426	3,884	0
2954	Jo Richardson expansion	2,745		2,745	0
2959	Robert Clack Expansion 13-15	100	2	100	0
2977	Barking Riverside Secondary Free School (Front Funding)	3,000	158	3,000	0
<b>Other Schemes</b>					
2723	Skills Centre	170	160	170	0
2724	Basic Needs Funding (Additional School Places)	6	14	6	0
2751	Kitchen Refurbishment 10/11	11	11	11	0
2826	Conversion of Heathway to Family Resource Centre	70		70	0
2878	512A Heathway (Phase 2) - Conversion to a Family Resource	7		7	0
2906	School Expansion SEN projects	500	19	500	0
2909	School Expansion Minor projects	500	26	500	0
2929	Schools Modernisation Fund 2012-13	968	98	968	0
2958	Fanshawe Adult College Refurb13-15	144	1	144	0
2972	Implementation of early education for 2 year olds	1,305	117	1,305	0
2974	Robert Clack Artificial Football Pitch	283	23	283	0

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
2975	Barking Abbey Artificial Football Pitch	630		630	0
2978	Schools Modernisation Fund 2013-14	804	130	804	0
3010	SMF 2014-16	558		558	0
9999	Devolved Capital Formula	1,097	105	1,097	0
<b>Children Centres</b>					
2217	John Perry Children's	10		10	0
2310	William Bellamy Children Centre	6		6	0
					0
<b>Total For Children's Services</b>		<b>30,098</b>	<b>5,028</b>	<b>30,098</b>	<b>0</b>

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
					0
<b>Housing and Environment</b>					0
					0
<b>Environmental Services</b>					0
2764	Street Light Replacing	1,418		1,418	0
2873	Environmental Improvements and Enhancements	95	5	95	0
2964	Road Safety Impv 2013-14 (TFL)	328	3	328	0
2886	Parking Strategy Imp	91		91	0
2887	Frizlands Wkshp Major Wks	-	3	-	0
2930	Highways Improvement Programme	2,450	15	2,450	0
2981	Parkmap (Traffic Management Orders)	57		57	0
2982	Controlled Parking Zones (CPZ's) 2013-15	255		255	0
2999	Rippleside Cmtry prov 2014-15	63	1	63	0
3011	Structural Repairs & Bridge Maintenance	250		250	0
2567	Abbey Green Park Development	9		9	0
2817	Mayesbrook Park Improvements (Phase 1)	11		11	0
2911	Quaker Burial Ground	48		48	0
2912	Barking Park Tennis Project	27		27	0
<b>Total For Housing &amp; Environment</b>		<b>5,104</b>	<b>27</b>	<b>5,104</b>	<b>0</b>

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
					0
<b>Chief Executive (CEO)</b>					
					0
					0
<b>Asset Strategy</b>					
2578	Asbestos (Public Buildings)	16		16	0
2771	Automatic Meter Reading Equipment	20		20	0
2587	Energy Efficiency Programme	-	15	126	126
2542	Backlog Capital Improvements	540	18	540	0
2565	Implement Corporate Accommodation Strategy	611	234	611	0
2	Asset Management Plans - to be agreed				
					0
<b>ICT</b>					0
2738	Modernisation and Improvement Capital Fund (formerly One B &	2,041	343	2,041	0
2877	Oracle R12 Joint Services	1,584	128	1,584	0
<b>Regeneration</b>					
2458	New Dagenham Library & One Stop Shop Church Elm Lane	74	41	74	0
2596	LEGI Business Centres	80	(8)	80	0
2969	Economic Development Growth Fund	325		50	(275)
2821	Robin Hood Shopping Parade Enhancement	151	(18)	151	0
2901	Creekmouth Arts & Heritage Trail	171	8	171	0
2902	Short Blue Place (New Market Square Barking - Phase II)	146	5	146	0
2928	Captain Cook Site Acquisition and Public Realm Works (Abbey)	316		316	0
2891	Merry Fiddlers junction Year 2	-	(224)	-	0
2898	Local Transport Plans (TFL)	67	2	67	0
2962	Principal Road Resurfacing 2013-14 TfL	532	88	532	0
2963	Maysbrook Neighbourhood Improvements (DIY Streets) 2013-14	48	(30)	48	0

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
2994	Renwick Road/Choats Road 2014/15	713	8	713	0
2995	Ballards Road/ New Road 2014/15	95		95	0
2996	Barking Town Centre 2014/15 (TfL)	238		238	0
2997	A12 / Whalebone Lane (TfL)	48		48	0
3000	MAQF Green Wall (TfL)	42		42	0
2914	Barking Job Shop Relocation	46		46	0
<b>Total For CEO</b>		<b>7,901</b>	<b>373</b>	<b>7,752</b>	<b>(149)</b>
					0
<b>Grand Total General Fund</b>		<b>53,159</b>	<b>7,336</b>	<b>53,301</b>	<b>142</b>
					0

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
<b>HRA</b>					0
<b>Estate Renewal</b>					
2820	Boroughwide Estate Renewal - Gascoigne Decants	6,680	1,607	6,680	0
<b>New Builds</b>					
2823	New Council Housing Phase 3	300	220	300	0
2916	Lawns & Wood Lane Dvlpmnt	2,039	1,119	2,039	0
2917	Abbey Road CIQ	5,458	8	5,458	0
2931	Leys New Build Dev (HRA)	12,530	161	12,530	0
2961	Goresbrook Village Housing Development 13-15	7,684	788	7,684	0
2970	Marks Gate Open Gateway Regen Scheme	11,394	12	11,394	0
2988	Margaret Bondfield New Build	5,119		5,119	0
2989	Ilchester Road New Built	1,500		500	(1,000)
2990	Abbey Road Phase II New Build	-	21	-	0
2991	North St	1,300		300	(1,000)
<b>Investment in Stock</b>					
2933	Voids 12-14	1,000		1,000	0
2726	External Enveloping Work	-	19	-	0
2731	Colne & Mersea Blocks	-	(167)	-	0
2845	External Enveloping & Fire proofing project (including walkways)	-	2	-	0
2849	High Rise Surveys	-	(231)	-	0
2881	Kitchen , Bathroom, Central Heating and Re-wiring (Enh)	-	(34)	-	0
2934	Roof Replacement Project	2,400	572	2,400	0
2935	Internal Works Multiple Elmnts	-	(317)	-	0
2936	Rewiring (incl Smoke Alarms)	-	(399)	-	0
2937	CCTV/SAMS Phase 2	-		-	0



## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
2938	Fire Safety Works	1,600	1	1,600	0
2940	Door Entry Project 13/14 Phase II	-	(5)	-	0
2941	Renewable (PVs) & CESP's additional External Enveloping Works	-	288	-	0
2943	Asbestos Removal (Communal Areas only)	420	124	420	0
2949	External Enveloping incl. Walkways Phase II	-	281	-	0
2950	Central Heating Installation Inc. Communal Boiler Replacement	2,000	282	2,000	0
2951	Electrical Switchgear inc. Communal & Emergency Lighting	-	59	-	0
2983	Decent Homes Backlog Programme	5,750	881	5,750	0
2984	Becontree Heath Enveloping Project	2,880	(9)	2,880	0
<b>Capitalised Improvement Works</b>					
2811	Capitalised Improvement Works	360	17	360	0
2852	Adaptations - Housing	-	5	-	0
2939	Riverside House Refurb	270		270	0
2945	Street Properties Acquisition	400	5	400	0
100	Aids & Adaptations	800	63	800	0
3001	Decent Homes (North)	10,544	10	10,544	0
3002	Decent Homes (South)	9,705	10	9,705	0
3003	Decent Homes (Blocks)	3,400		3,400	0
3004	Decent Homes (Sheltered)	1,800	84	1,800	0
3005	Decent Homes Small Contractors	275		275	0
3006	In Year Priorities	950		950	0
3007	Windows	250		250	0
3008	R&M Capitalisation/ Boiler Replacement	2,000	2,990	2,000	0
2813	Estate Improvement Project	-	95	-	0
2973	Infill Sites 2013-15 (Margaret Bondfield, Stangate, Earls Walk &	-	8	-	0
<b>Grand Total HRA</b>		<b>100,808</b>	<b>8,568</b>	<b>98,808</b>	<b>(2,000)</b>

## 2014/15 CAPITAL PROGRAMME - as at the end of June 2014

Project No.	Project Name	2014/15 Revised Budget (£'000)	Actual Expenditure (£'000)	2014/15 Forecast (£'000)	Forecast Variance (£'000)
<b>TOTAL CAPITAL PROGRAMME</b>		<b>153,967</b>	<b>15,904</b>	<b>152,109</b>	<b>(1,858)</b>

## CABINET

4 August 2014

<b>Title:</b> Treasury Management Annual Report 2013/14	
<b>Report of the Cabinet Member for Finance</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> Yes
<b>Report Author:</b> David Dickinson, Group Manager Pensions and Treasury	<b>Contact Details:</b> Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
<b>Accountable Director:</b> Jonathan Bunt, Chief Finance Officer	
<p><b>Summary</b></p> <p>Changes in the regulatory environment now place a greater onus on Elected Members for the review and scrutiny of treasury management policy and activities. The Treasury Management Annual Report is important in that respect, as it provides details of the outturn position for treasury activities, significant new borrowing proposed, and highlights compliance with the Council's policies approved by the Assembly prior to the start of each financial year.</p> <p>This report presents the Council's outturn position in respect of its treasury management activities during 2013/14. The key points to note are as follows:</p> <ul style="list-style-type: none"> <li>➤ Investment income for the year was £1.3m (2012/13: £1.9m);</li> <li>➤ There was no General Fund borrowing in 2013/14 to finance the capital programme as the Council utilised internal borrowing;</li> <li>➤ A £10m Public Works Loan Board was repaid during the year and was not replaced; and</li> <li>➤ The Council did not breach its 2013/14 authorised borrowing limit of £502m and complied with all other set treasury and prudential limits.</li> </ul>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is asked to recommend the Assembly to:</p> <ul style="list-style-type: none"> <li>(i) Note the Treasury Management Annual Report for 2013/14;</li> <li>(ii) Note that the Council complied with all 2013/14 treasury management indicators;</li> <li>(iii) Note that the Council did not borrow in 2013/14 to finance its capital programme but utilised internal cash in line with its strategy;</li> <li>(iv) Agree to an increase in the period the Council can invest with the Royal Bank of Scotland (RBS) from one year to a maximum of two years, as outlined in section 4.5 of the report.;</li> </ul>	

- (v) Approve the actual Prudential and Treasury Indicators for 2013/14; and
- (vi) Delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to approve appropriate amendments to the authorised and operational borrowing limits and proportionally amend the counterparty lending limits within the Treasury Management Strategy Statement, to reflect any decisions made by the Cabinet in respect of the “Gascoigne Estate (East) Phase 1 and Abbey Road Phase 2 Funding Proposals” report elsewhere in this agenda.

**Reason(s)**

This report is required to be presented to the Council in accordance with the Revised CIPFA Code of Practice for Treasury Management in the Public Services.

**1. Introduction and Background**

1.1. The Council is required by regulations issued under the Local Government Act 2003 (as amended 2010) to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2013/14.

1.2 The report has been produced in accordance with the Revised CIPFA Code of Practice for Treasury Management in the Public Services 2009 adopted by this Council on 16 February 2010 and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.3 For the 2013/14 period Assembly received the following reports:

- an annual treasury strategy in advance of the year (Assembly 25/02/2013);
- a mid-year (minimum) treasury update report (Assembly 04/12/2013); and
- an annual review following the end of the year describing the activity compared to the strategy (this report).

1.4 This Annual Treasury Report covers:

- The Council’s treasury position as at 31 March 2014;
- Economic Factors and Interest rates in 2013/14;
- Investment Strategy and Performance in 2013/14;
- Borrowing Outturn;
- Treasury Management costs in 2013/14;
- Compliance with Treasury limits and Prudential indicators;
- Lending to Commercial and External Organisations; and
- Prudential Indicators for 2013/14 (Appendix 1).

**2. Treasury Position as at 31 March 2014**

2.1 The Council’s treasury position at the start and end of 2013/14 can be found in Table 1:

**Table 1: Council's treasury position at the start and end of 2013/14**

	<b>31 March 2014 £'000</b>	<b>Average Rate /Return</b>	<b>Average Life (yrs)</b>	<b>31 March 2013 £'000</b>	<b>Average Rate /Return</b>	<b>Average Life (yrs)</b>
<b>Fixed Rate Debt</b>						
PWLB	275,912	3.52%	37.68	285,912	3.55%	38.75
<b>Variable Rate Debt</b>						
PWLB	0	0	0	0	0	0
Market	40,000	4.01%	54.61	40,000	4.02%	55.61
<b>Total Debt</b>	<b>315,912</b>	<b>3.59%</b>	<b>39.45</b>	<b>325,912</b>	<b>3.41%</b>	<b>40.45</b>
<b>Investments</b>						
In-House*	121,258			70,766		
External Managers:	0			39,088		
<b>Total Investments</b>	<b>121,258</b>	<b>0.98%</b>		<b>109,854</b>	<b>1.67%</b>	

\* excludes a prepayment made to Elevate and external school cash balances.

2.2 The Council manages its debt and investment positions through its in-house treasury section in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities.

2.3 Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

### **3. The Economy and Interest rate in 2013/14**

#### **3.1 Growth and inflation**

3.1.1 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, better than forecast growth in 2013 driven by consumer spending and the housing market has led to positive forward surveys indicating that growth prospects are also strong for 2014 in all three main sectors: services, manufacturing and construction. There has been a sharp fall in inflation, with the Consumer Price Index (CPI) reaching 1.7% in February 2014. Forward indications are that inflation will continue to be subdued.

#### **3.2 Government Debt**

3.2.1 The return to growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget.

#### **3.3 Global Outlook**

3.3.1 The United States faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although labour force participation rates remain lower than ideal.

- 3.3.2 Concerns subsided considerably in the Eurozone during 2013. However, sovereign debt difficulties have not gone away and major concerns could return in countries that do not address fundamental issues of low growth, uncompetitiveness and the need for overdue reforms of the economy. It is, therefore, possible that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries.
- 3.3.3 The economic situation within the Eurozone is characterised by the risk of long-term deflation. To encourage lending and economic growth the European Central Bank (ECB) has reduced its lending rates as follows: Marginal Lending Rate to 0.4%; its Main Refinancing Fixed rate to 0.15% and its Deposit Facility rate to minus 0.10%.
- 3.3.4 To support economic and social development the European Union (EU) actively invests in urban regeneration projects through the European Investment Bank (EIB). The bank is wholly owned by the EU and provides low-cost funding to support projects which contribute to achieving economic growth and social objectives throughout the EU. EIB investment is available to the Council and terms have been negotiated to fund an urban regeneration and economic development programme in the borough, which is the subject of a separate report on the agenda for the Cabinet meeting on 4 August 2014.

#### 3.4 Interest Rate Forecast

- 3.4.1 Improved UK growth resulted in unemployment falling below the threshold of 7%, set by the MPC last August, before it said it would consider any increases in Bank Rate. In the February 2014 Inflation Report, the MPC therefore broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of indicators.
- 3.4.2 Markets have priced in a first increase in early 2015, though recent comments from MPC members have emphasised they would want to see strong growth well established, and an increase in labour productivity before a Bank Rate rise. The Council's treasury advisor, Capita Asset Services, forecasts a first increase in Bank Rate in quarter 4 of 2015 (previously quarter 2 of 2016).

### **4. Investment Strategy and Performance in 2013/14**

#### **4.1 Annual Investment Strategy 2013/14**

- 4.1.1 All in-house investments are made with institutions of high credit standing listed in the Council's approved lending list and specified limits. The Council invests over a range of periods from overnight to two years and in some cases over two years dependent on the Council's cash flows, its treasury management adviser's view, its interest rate view and the interest rates on offer.
- 4.1.2 The Council meets quarterly with its Investment Adviser to discuss financial performance, objectives and targets in relation to the investments and borrowing managed on behalf of the Council. A monthly treasury meeting is held between the Chief Finance Officer (CFO) and the treasury section to discuss strategy and to ensure close monitoring of investment decisions.

4.1.3 The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Assembly on 25 February 2013. The policy sets out the Council's approach for choosing investment counterparties.

4.1.4 The key points relating to the annual investment strategy were:

- That the challenging economic outlook, the use by central banks of quantitative easing and the UK government's funding for lending scheme mean that investment returns are likely to remain relatively low during 2013/14;
- That the Council and its cash managers adhere to the procedures set for use of different classes of asset (specified and non-specified) and the maximum periods which funds can be committed and adhere to its counterparty limits; and
- That the Council maintains a balance of funding at shorter-term rates to match short-term investments thus maintaining balanced treasury risk.

## 4.2 Investments decisions during 2013/14

4.2.1 When making investment decisions the Council must have regard to its investment priorities being:

- (a) The **security** of capital;
- (b) The **liquidity** of its investments; and
- (c) **Yield** (after ensuring the above are met).

4.2.2 Using the above as the basis for investment decisions does mean that investment returns will be lower than would be possible were yield the only consideration. During 2013/14 the Council ensured that all investments were made with appropriately rated counterparties and that liquidity was maintained. On occasion short term borrowing was also used to allow the Council to take advantage of investment opportunities.

4.2.3 Throughout 2013/14 rates of return offered by financial institutions continued to decline, especially in investments with a maturity of less than 95 days. However, due to improvements in economic conditions, from the end of May 2013 the cost of borrowing did start to increase significantly, presenting opportunities for the Council to lend to public sector bodies.

4.2.4 An investment return target of 1% was used by the treasury section for the year.

4.2.5 The amount of cash available held by the Council as at 1 April 2013 totalled £110m. This figure was made up of a range of balances including, revenue reserves and general operational cash balances. The amount available for investment varies throughout the financial year depending on:

- Investment maturity dates;
- Profile for the receipt of grants;
- Temporary use of internal cash to fund new capital projects rather than borrowing at periods of high borrowing interest rates; and
- Cash flow management.

At 31 March 2014 the level of investments had increased by £11m to £121m, all of which was internally managed.

### 4.3 Strategy Changes in 2013/14

4.3.1 Historically the Council has used an external cash manager to allow for greater diversification of investments within the investment strategy. However, following poor performance and due to management costs significantly reducing net returns, cash invested by the external cash manager was brought back in-house in December 2013.

4.3.2 To accommodate the increase in internally invested cash, on 4 December the Assembly agreed to three changes to the investment strategy, including:

1. Change the variable counterparty limit for Lloyds Bank, which was the higher of £40m or 40% of total investable cash, to a fixed limit of £50m;
2. Allow the in-house treasury section to manage (hold and sell), but not purchase, UK government debt with maturities in excess of one year and up to a maximum maturity period of five years; and
3. Allow the in-house treasury section to invest in non-UK banks that meet the minimum credit rating colour band up to a maximum of £10m per counterparty and up to a total limit of £30m for all non-UK banks.

#### *Medium and long term investments*

4.3.3 In October 2013 through to December 2013, an increase in the cost of medium term borrowing presented an opportunity for the Council to invest over a longer time frame with public sector bodies at higher than average rates and at very low risk. As a result £25m was invested over durations of between eighteen months to two year at rates between 1% and 1.1%. This provided a secure base of investment income for the Council until mid 2015, which is when interest rates are expected to start to increase.

4.3.4 In December the Council recalled the cash invested in an external manager. Part of the recalled cash was an investment of £5.78m in UK government debt (GILTS), with a maturity date of 18 July 2018. Following agreement by the Assembly on 4 December 2013 authorising the in-house treasury section to manage (hold and sell) GILTS, the GILTS were transferred to the Council's custodian, King and Shaxson. The intention is to hold the GILTS, which have a return of 1.25%, until they mature in 2018.

4.3.5 Again, following the changes in strategy agreed by the Assembly, a total of £50m was invested with Lloyds Banking Group during the year with maturities of one year. £10m was invested with Goldman Sachs International Bank with a six month maturity at a rate of 0.8%



### *Short Term investments*

4.3.6 To ensure that the Council maintained sufficient liquidity a number of investments were made in overnight and 95 day notice accounts. Returns over the shorter durations were low throughout the year and varied between 0.41 and 0.80%.

#### **4.4 Performance Measurement in 2013/14**

4.4.1 The Council earned £1.32 million, gross of fees, in interest from its investments in 2013/14, which was £20k higher than the interest income budget set of £1.30m. This represents an average return for the year of 0.98%, against a benchmark rate of 0.4% for 3 Month LIBID (uncompounded) and a target return of 1%.

### *Cash Manager*

4.4.2 Approximately £39m of the Council's cash was managed by a cash manager, Investec, during the year. For the period they were funded, Investec returned 0.54% net of fees. The cash manager return does not include an unrealised market loss of £160k from the £5.78m UK GILT investment that was transferred to the Council in December 2013. If this loss is taken into account then the net return would be 0.12%.

### *In-House Treasury section*

4.4.3 The in-house treasury section returned an average of 1.05% for the year against a target return of 1.0%. A negative contributor to the average return was the need to hold short term cash to manage the Council's liquidity.

#### **4.5 Investment Strategy changes proposed for 2014/15**

4.5.1 The Council's investment policy was agreed in the annual investment strategy approved by the Assembly on 19 February 2014. Members are asked to agree a change to an investment restrictions outlined in the report. The changes requested are:

- to increase the period the Council can invest with the Royal Bank of Scotland (RBS) from one year to a maximum of two years; and
- to delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to approve appropriate amendments to the authorised and operational borrowing limits and proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to reflect any decisions made by the Cabinet in respect of the "Gascoigne Estate (East) Phase 1 and Abbey Road Phase 2 Funding Proposals" report elsewhere in this agenda

#### **4.5.2 RBS Duration**

The reason for this request is that it is likely that RBS will remain part nationalised until at least 2015 and even then the reduction in the Government's holding will be over an extended time period.

Currently the Council does not hold any investments with RBS due to the rates of return being offered for investments under a year not being competitive. RBS provide competitive rates over a two year period which, if they remain competitive, the treasury section would like to include within its investment counterparty and duration options.

#### 4.5.3 European Investment Bank Funding

The EIB is the funding institution of the European Union and is constituted as a non-profit making bank. The objective of the EIB is to support economic growth and employment through investment in the following priority areas:

- Innovation and skills
- Access to finance for smaller businesses
- Climate action
- Strategic infrastructure

4.5.4 To deliver these objectives the Greater London Authority (GLA) and the EIB are promoting the 'London Green Fund Co-financing Loan' to fund urban regeneration and growth programmes within the London area. A separate report entitled "Gascoigne Estate (East) Phase 1 and Abbey Road Phase 2 Funding Proposals" elsewhere in this agenda details the implications from a treasury management perspective of the proposals to fund the Phase 1 redevelopment.

4.5.5 Based on the assumption that the Cabinet approves the proposals to borrow from the EIB, there will be a delay between the Council receiving the money from the EIB and paying for the various projects. The Council will therefore hold a significantly higher cash balance than originally forecast.

4.5.6 The Council's Treasury Investment Strategy was based on an average cash balance of approximately £150m. It is likely that the amount of cash the Council holds will increase above £200m and it is therefore recommended that the current counterparty limits are increased in proportion with the EIB tranche payments.

4.5.7 To ensure that any increase in counterparty limits are linked to the increase cash available to invest, it is recommended that the Chief Finance Officer be authorised, in consultation with the Cabinet Member for Finance, to approve appropriate amendments to the authorised and operational borrowing limits and proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to reflect any decisions made by the Cabinet in respect of the "Gascoigne Estate (East) Phase 1 and Abbey Road Phase 2 Funding Proposals" report elsewhere in this agenda.

## 5. Borrowing Outturn

5.1 The key points relating to the 2013/14 borrowing strategy, as agreed within the TMSS, were:

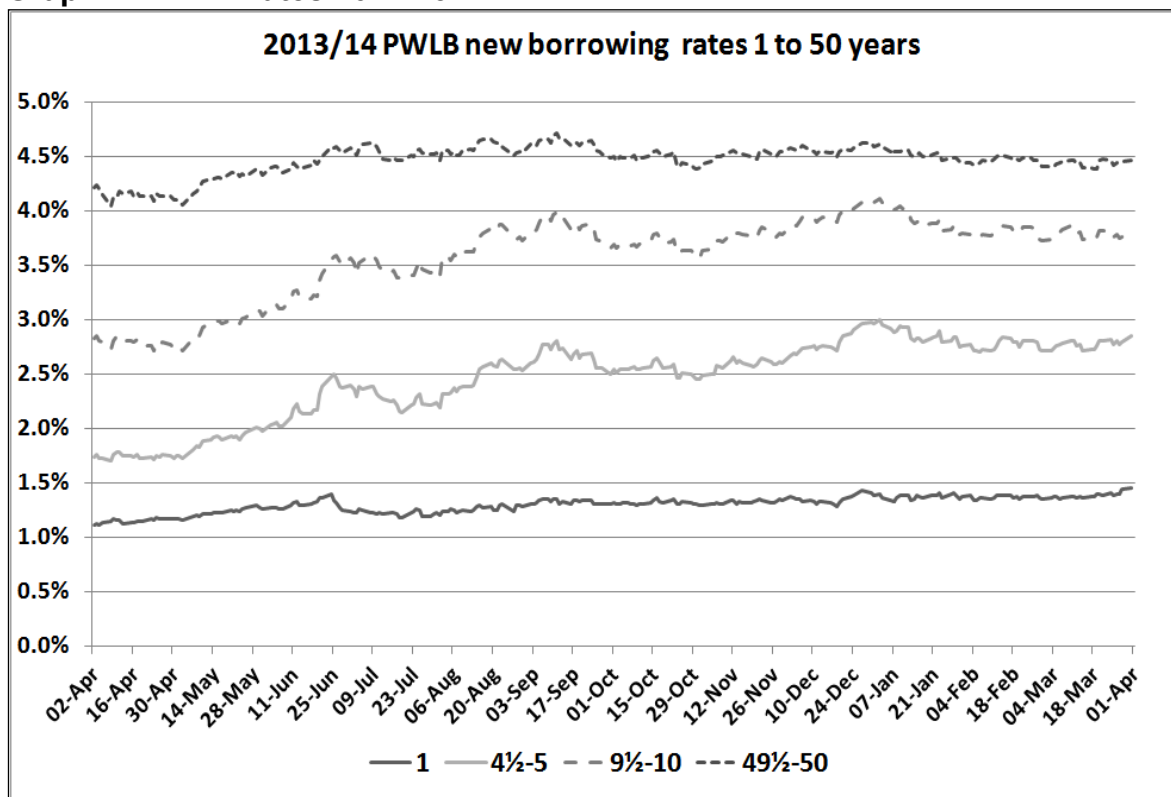
- To set an authorised borrowing limit of £499m for 2013/14;
- The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:

- Use internal cash balances, while the current rate of interest on investments remain low, with consideration given to weighing the short term advantage of internal borrowing against potential long term costs if long term borrowing rates begin to increase more than forecast;
  - Using a range of durations for long term fixed rate market loans where rates were significantly less than PWLB rates for the equivalent maturity period;
  - Use short dated PWLB variable rate loans where rates are expected to be significantly lower than rates for longer period;
  - Ensure that new borrowing, if required, is timed at periods when rates are expected to be low; and
  - Consider the issue of stocks and bonds if appropriate.
- The Council will continue to utilise internal borrowing rather than external borrowing as the opportunity arises.

## 5.2 PWLB borrowing rates

Graph 1 below shows how the PWLB rates increased, especially over the medium to long term during 2013/14.

**Graph 1: PWLB rates 2012/13**



## 5.3 Debt Rescheduling, Repayment and New Borrowing

On 29 April 2013 a £10m PWLB loan at an average rate of 4.07% was repaid and was not refinanced. This helped reduce the borrowing costs by £373k for the year.

As investment rates remained low during the year and the cash flow forecasts remained strong, the treasury management continued using cash balances rather than borrowing, which helped to keep borrowing costs low and also meant reduced

counterparty risk on the investment portfolio. Consequently no new borrowing took place in 2013/14. This strategy provided treasury management budget savings as investments rates were on average over 3% lower than new borrowing rates.

## **6. Treasury Management Costs**

- 6.1 The costs associated with the Treasury Management function comprise of a recharge of a proportion of the internal team's salary, software, treasury management advisers fees and external managers fees. Treasury management costs are summarised in table 2 below:

**Table 2: Treasury Management costs for 2013/14**

Salary Recharge	30,600
Software and other costs	8,627
Capita Treasury Limited	17,000
Investec Asset Management	40,692
	<b>96,919</b>

## **7. Compliance with Treasury limits and Prudential Indicators**

- 7.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordable limits) are included in the approved Treasury Management Strategy (TMSS).
- 7.2 During the financial year to date the Council has operated within and complied with the treasury limits and Prudential Indicators set out in the Council's annual TMSS. The Council's prudential indicators are set out in Appendix 1 to this report. In 2013/14, the Council did not breach its authorised limit on borrowing of £499m.
- 7.3 The Operational limit set in the 2013/14 TMSS was £429m, which was not breached.

## **8. Lending to commercial and external organisations**

- 8.1 As part of the Council's mitigation of risk strategies around delivering and continued value for money services with external organisations, the Council should from time to time have the ability to make loans to external organisations.
- 8.2 Section 2 of the Local Government Act 2000 (power of well-being) gives authorities the power to lend as part of promotion or improvement of economic /social wellbeing of the Borough. The guidance encourages local authorities to use the well-being power as the power of first resort removing the need to look for powers in other legislation. Further the power provides a strong basis on which to deliver many of the priorities identified by local communities and embodies in community strategies. The Chief Finance Officer determines the rates and terms of such loans.

## **9. Conclusions**

- 9.1 The key conclusions to draw from this report are as follows:

a) That the Council complied with prudential and treasury indicators in 2013/14;

- b) That the value of investments as at 31 March 2014 totalled £121.2 million; and
- c) That value of long term borrowing as at 31 March 2011 totalled £315.9m. This comprised both market and PWLB loans.

## **10. Options Appraisal**

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

## **11. Consultation**

- 11.1 The Chief Finance Officer has been informed of the approach, data and commentary in this report.

## **12. Financial Implications**

Implications completed by: Jonathan Bunt, Chief Finance Officer

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

## **13. Legal Implications**

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 13.1 The legal and governance provisions have been incorporated in the body of this report. There are no further legal implications to highlight.

## **14. Other Implications**

- 14.1 **Risk Management** The whole report concerns itself with the management of risks relating to the Council's cash flow. The report mostly contains information on how the Treasury Management Strategy has been used to maximise income throughout the past year.

### **Background Papers Used in the Preparation of the Report:**

- Treasury Management Strategy Statement - Assembly Report 25 February 2013 and 19 February 2014
- Capita Asset Management Economic and Interest Rate Report
- CIPFA – Revised Treasury Management in the Public Sector
- CIPFA – Revised Prudential Code for Capital Finance in Local Authorities

### **List of appendices:**

- Appendix 1** - Treasury Management Outturn Report 2013/14
- Appendix 2** - Glossary of Terms

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## The Prudential Code for Capital Investment in Local Authorities

### Treasury Management Outturn Report 2013/14

#### 1. Introduction

1.1 There are a number of treasury indicators which previously formed part of the Prudential code, but which are now more appropriately linked to the Revised Treasury Management Code and guidance 2009. Local authorities are still required to “have regard” to these treasury indicators.

1.2 The key treasury indicators which are still part of the Prudential Code are:

- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt

#### 2. Net borrowing and the Capital Financing Requirement

2.1 To ensure that borrowing levels are prudent over the medium term the Council’s external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure.

2.2 Net borrowing should not therefore, except in the short term, have exceeded the Capital Financing Requirement (“CFR”) for 2013/14 plus the expected changes to the CFR over 2013/14 and 2014/15 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2013/14.

2.3 **The authorised limit** – This sets the maximum level of external borrowing on a gross basis (i.e. Not net of investments) and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as Affordable Limit).

2.4 **The operational limit** – This links directly to the Council’s estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limits reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit for future known capital needs now. It should act as a monitor indicator to ensure the authorised limit is not breached.

2.5 The total Capital Financing Requirement as at 31 March 2014 was £491.6m, which is lower than the Approved Authorised Limit of £499m set by the Assembly in February 2013.

2.6 The Operational and Authorised Limit relates to external borrowing only and Council’s CFR has large internal borrowing element. Total external borrowing was £315.9m which was inside the Approved Authorised Limit.

2.7 The actual 2013/14 borrowing requirements and estimates for authorised limits and operational boundary limit set out in Table 4.

**Table 4: Operational Limit and Authorised Borrowing Limits**

	<b>Previous 13/14 Estimate</b>	<b>2013/14 Actual</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Programme Borrowing Requirement (Cumulative)	161,121	156,177	153,260	147,125
HRA Self Financing Debt	267,722	267,722	277,649	277,649
Alternative Financing Arrangements:				
- Current PFI Schemes on Balance Sheet	55,052	55,068	53,780	52,426
- Finance Leases	2,866	5,776	4,411	3,046
Total Alternative Financing Arrangements	<b>57,918</b>	<b>60,844</b>	<b>58,191</b>	<b>55,472</b>
<b>Total CFR</b>	<b>488,761</b>	<b>484,743</b>	<b>489,100</b>	<b>480,246</b>
External Borrowing (Cumulative)	315,912	315,912	305,912	315,912
Approved Operational Boundary on Borrowing	396,000	396,000	433,000	451,000
Approved Authorised Limit (affordable limit)	502,000	502,000	500,000	502,000

### 3. Limits for Fixed and Variable Interest Exposure

The following prudential indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.

The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%. The high fixed interest rate is as a result of locking in low long-term rates for the HRA borrowing.

The table 5 below shows the fixed and variable interest rate exposure.

**Table 5: Fixed and variable rate exposure 2011 to 2015**

<b>Interest Rate Exposures</b>	<b>2012/13 Actual %</b>	<b>2012/13 Estimate %</b>	<b>2013/14 Estimate %</b>	<b>2014/15 Estimate %</b>
Upper limit for fixed interest rate exposure	100.0	100.0	100.0	100.0
Upper limit for variable interest rate exposure	0.0	70.0	70.0	70.0



#### 4. Maturity Structure of Fixed Rate Borrowing

This prudential indicator deals with projected borrowing over the period and the rates that they will mature over the period, as summarised in table 6.

**Table 6: Borrowing as at 31 March 2014**

	<b>Actual Position</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	£10,000,000	20%	0%
	3.17%		
12 months and within 24 months	£0	40%	0%
	0.00%		
24 months and within 5 years	£0	70%	0%
	0.00%		
5 years and within 10 years	£0	70%	0%
	0.00%		
10 years and above	£305,912,000	100%	0%
	96.83%		

The fixed rate borrowing over 10 years was 96.83%, which is within the limits outlined below:

**Table 7: Maturity Structure of Borrowing for 2013/14**

	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	20%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	70%	0%
5 years and within 10 years	70%	0%
10 years and above	100%	0%

#### 5. Investments over 364 days

- 5.1 The overriding objective of the investment strategy is to ensure that funds are available on a daily basis to meet the Council's liabilities. Taking into account the current level of investments, and future projections of capital expenditure, the following limits will be applied to sums invested:

<b>Maximum principal sums invested &gt; 364 days £'000s</b>	<b>2013/14 £000's Actual</b>	<b>2014/15 £000's Estimate</b>	<b>2015/16 £000's Estimate</b>	<b>2016/17 £000's Estimate</b>
<b>Principal sums invested &gt; 364 days</b>	30,780	50,000	50,000	50,000

#### 6. Summary Assessment

- 6.1 The outturn position is set out above in respect of the Prudential Indicators approved by Assembly in February 2013.
- 6.2 The outturn figures confirm that the limits and controls set for 2013/14 were applied throughout the year, and that the treasury management function

adhered to the key principles of the CIPFA Prudential Code of prudence, affordability and sustainability. The treasury management indicators were regularly monitored throughout 2013/14, however the operational limit was breached, this is however not a statutory limit.

## Glossary of Terms

1. **Authorised Limit** –represents the limit beyond which borrowing is prohibited, and needs to be set and revised by the Council. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some headroom for unexpected movements.
2. **Bank Rate** – the rate at which the Bank of England offers loans to the wholesale banks, thereby controlling general interest rates in the economy.
3. **Counterparty** – the other party involved in a borrowing or investment transaction.
4. **Capital Financing Requirement (CFR)** – the level of capital expenditure to be financed from borrowing.
5. **Liquidity** – The ability of an asset to be converted into cash quickly and without any price discount. The more liquid a business is, the better able it is to meet short term financial obligations.
6. **LIBID** – London Interbank Bid Rate - The interest rate at which London banks ask to pay for borrowing Eurocurrencies from other banks. Unlike LIBOR, which is the rate at which banks lend money, LIBID is the rate at which banks ask to borrow. It is not set by anybody or organisation, but is calculated as the average of the interest rates at which London banks bid for borrowed Eurocurrency funds from other banks. It is also the interest rate London banks pay for deposits from other banks.
7. **LOBO** (Lenders Option Borrowers Option) - Long term borrowing deals structured which usually has a short, initial period (anything from 1 year to 7 years), followed by a “step rate” to a higher rate of interest (the “back end” interest rate), which is to be charged for the remainder of the loan period.  
  
The overall length of LOBO’s is usually 50 or 60 years but can be shorter or longer periods. After the “step up” date, and at set intervals thereafter, the lender (the bank) has the option of increasing the “back end” interest rate. Whenever this option is exercised, if the proposed new rate is unacceptable, the borrower (The Council) can redeem the loan without penalty.
8. **Monetary Policy Committee** – independent body which determines the Bank Rate.
9. **Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an early warning indicator to ensure the Authorised Limit is not breached.
10. **Prudential Code** – The Local Government Act 2003 requires the Council to ‘have due regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

11. **PWLB** – Public Works Loan Board. An institution managed by the Government to provide loans to public bodies at rates which reflect the rates at which the government is able to sell gilts.

**CABINET****4 August 2014**

<b>Title:</b> Council Housing Allocations Policy	
<b>Report of the Cabinet Member of Housing</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Anne Baldock, Group Manager, Housing Advice Service	<b>Contact Details:</b> Tel: 020 8227 5186 E-mail: anne.baldock@lbbd.gov.uk
<b>Accountable Divisional Director:</b> Ken Jones, Divisional Director of Housing Strategy	
<b>Accountable Director:</b> Steven Tucker, Interim Director of Housing	
<p><b>Summary:</b></p> <p>This report outlines proposed changes to the Housing Allocations Policy previously agreed by Cabinet. The proposed changes are:</p> <ul style="list-style-type: none"> <li>• The residential qualification needed to join the Council's Housing Register be set at three years instead of 10 years as agreed by Cabinet on 8 April 2014.</li> <li>• Council tenancies with rents above social rent levels should be exclusively for working households and not restricted to borough residents (as agreed by Cabinet on 19 December 2013) if there is insufficient demand from working households within the borough.</li> <li>• To undertake an annual review of the policy in view of the changing housing market.</li> </ul> <p>The proposed changes to the Housing Allocations Policy reflect key policy principles that:</p> <ul style="list-style-type: none"> <li>• Encourage people to make a home for themselves and stay in the borough.</li> <li>• Encourage people to participate in the community.</li> <li>• Address the limited housing options available.</li> <li>• Promote greater community cohesion.</li> <li>• Promote better health outcomes for residents in the borough.</li> </ul>	
<p><b>Recommendations</b></p> <p>The Cabinet is recommended to:</p> <p>(i) Agree the following changes to the Council's Housing Allocations Policy, to take effect from 3 November 2014:</p> <p>(a) A revised residential requirement of three years applied to all new applications to be placed on the Housing Register.</p> <p>(b) Council homes with rents above social rent levels should be exclusively for</p>	

working households and not restricted to borough residents if there is insufficient demand within the borough.

(c) That the policy be reviewed annually.

(ii) Agree the revocation of the Cabinet decision made at the meeting on 8 April 2014 under Minute 106 (i) (a) to implement, with effect from 1 September 2014, a 10-year residential qualification.

**Reason(s)**

To assist the Council to achieve its vision to 'Encourage growth and unlock the potential of Barking and Dagenham and its residents' and the priority to 'Create thriving communities by maintaining and investing in new high quality homes'.

## **1. Introduction and Background**

1.1 A review of aspects of the Housing Allocations Policy as agreed by Cabinet on 8 April 2014 and 19 December 2013 have been requested by the Cabinet Member for Housing. The specific issues relate to the length of the residential qualification before an applicant can join the Housing Register and eligibility for Council properties to be let at rent levels above social rent.

1.2 Since the Cabinet decision of 8 April 2014, a number of other London Boroughs have set their positions in relation to the period of residential qualification. It is now clear that none of the London Boroughs in the East London Housing Partnership, of which Barking and Dagenham is a member, has a period greater than three years (with the majority opting for a two year residential qualification). It is also clear that only one London Borough, Hillingdon, has set ten years.

1.3 Consultation has been conducted over the last three years with a view to developing a new policy for Barking and Dagenham. Interim policy changes have already been implemented following Cabinet approval (19 December 2013) and further changes were agreed by Cabinet (8 April 2014) to shape the development of a new policy. In relation to the introduction of a residential qualification, the consultation showed that 72% of respondents supported this measure, with 58% in favour of periods up to three years and another 27% supporting between three and five years.

## **2. Proposed changes to the Housing Allocations Policy**

2.1 Residential Qualification;

- Until recently local authorities were not able to impose blanket residential criteria. However the Localism Act allows local authorities to determine who may join their register. Statutory guidance on social housing allocation recommends all local authorities adopt a minimum two year residency test as part of their qualification criteria.

- The need for a residential qualification is accepted. However to prevent disproportionate impacts within the local community the residential qualification is to be set at three years, to strike a balance between demand and need, and fairly reflect the community. This length of residential qualification compares with the two year period introduced by Havering, Redbridge, Newham and Waltham Forest.
- A period of three years residency before a person is eligible to enter the Housing Register should be adequate to demonstrate commitment to establishing roots in the borough and be of sufficient length to prevent the attraction for people to move into Barking and Dagenham in the belief of quickly accessing social housing.
- A residential qualification period in excess of three years would be very likely to disproportionately adversely impact certain groups within the community. As evidenced by the Equalities Impact Assessment (see Appendix 1) a period of five years would adversely affect (i.e. the number of households who would not be eligible to register for housing) 29% of the BME community. This is compared to 17% of the White British/Irish population. A period of ten years would adversely affect 47% of the BME community and 27% of the White British/Irish population. It is estimated a three year qualification will affect 13% of all households; it would adversely affect 21% of the BME community in comparison to 8.3% of the White British/Irish populations.
- The reduction in the length of the residential qualification from ten to three years will have a long term positive impact for families living in overcrowded and inappropriate private rented accommodation which will directly impact on health inequalities.
- The key to improving the housing prospects of the households in the borough is to increase the supply of high quality and genuinely affordable homes. The Council has been particularly active in its new build programme. In the last two years 805 homes have been completed by the Council, either via the HRA or Barking and Dagenham Reside (a wholly owned Council subsidiary). In addition to this there will be a further 872 new affordable Council homes completed by March 2016.
- Reducing the length of the residential qualification will also reduce the risk of legal challenge as set out in the legal implications in this report.

## 2.2 Council homes let above social rent levels;

- Council homes with rents above social rent levels should be exclusively for working households, and not restricted to borough residents if there is insufficient demand within the borough. The prioritisation for letting these Council houses and flats will be in the following order:
  - Council tenants in employment.
  - Housing Register applicants in employment who live in the borough.

- Other borough residents who are in employment.
- Applicants from outside of the borough who are in employment.

This change will further the objective of seeking to create mixed income communities in Council developments and promote social and economic regeneration. This is in line with the proposed new vision and priorities for the borough.

### 2.3 Implementation date

Following consultation with the Cabinet Member for Housing it has been agreed that a full Housing Allocations Policy and Procedure document will be produced and used to facilitate staff training, following which the new policy will be implemented on 3 November 2014.

## 3. Options Appraisal

### 3.1 Residential Qualifications

- Option 1. Retain the current open housing register. This approach would not be in line with the Localism Act and Barking and Dagenham will be the only London borough without a residential qualification, encouraging increased demand from across London.
- Recommended Option 2. Introduce a three year residential qualification, this length of qualification would bring the policy in line with the sub-region and London boroughs, it is compliant with the statutory code of guidance, has minimal impact on the community and is of sufficient length to deter people from moving to the borough with the specific aim of seeking to access social housing.
- Option 3. Implement the previous Cabinet decision to introduce a ten year residency qualification. The Equality Impact Assessment highlights the potential dramatic impact on various community groups that could be compromised and would leave the Council open to legal challenge.

### 3.2 Council properties with rents above social rents

- Option 1. If there is insufficient demand from working households in the borough then the properties could revert to social rents and be advertised to all waiting list applicants, thereby meeting more traditional social housing need, but this would fail to maximise the opportunity to attract working households to the borough.
- Recommended Option 2. In the event that there is insufficient demand from working households within the borough, market the properties to people in employment from outside the borough, thereby maximising mixed income households within the community.



#### **4. Financial Implications**

Implications completed by Carl Tomlinson, Finance Group Manager

- 4.1 The report outlines proposed changes to the Housing Allocations Policy in respect of allocating Council properties with rents above social rents if there is insufficient demand within the borough and reducing the residential qualification period. In respect of properties above social rent, the proposed prioritisation would secure increased income to the council whilst attracting new working households to the borough. Amending the residential qualification period from 10 to three years would reduce the overall likelihood of legal challenge and associated financial risk.

#### **5. Legal Implications**

Implications completed by: Fiona Taylor, Head of Legal Services

- 5.1 Every local housing authority is legally required to have a scheme (their “allocation scheme”) for determining priorities and the procedure to be followed in allocating housing accommodation. This includes the allocation process, including the persons or descriptions of persons by whom decisions are to be taken. As long as schemes comply with S166 (3) of the Housing Act 1996 and other statutory responsibilities, then legal challenge is reduced. In December a new guidance was published “Providing social housing for local people - Statutory guidance on social housing allocations for local authorities in England”.
- 5.2 The legislation further provides at Section 160ZA(6) that housing authorities may only allocate accommodation to people who are defined as ‘qualifying persons’ and section 160ZA(7) gives them the power to decide the classes of people who are, or are not, qualifying persons. The Government is of the view that, in deciding who qualifies or does not qualify for social housing, local authorities should ensure that they prioritise applicants who can demonstrate a close association with their local area. Some housing authorities have decided to include a residency requirement as part of their qualification criteria, requiring the applicant (or member of the applicant’s household) to have lived within the authority’s district for a specified period of time in order to qualify for an allocation of social housing. The Secretary of State supports and encourages local housing authorities including a residency requirement. The Secretary of State has indicated a minimum period of at least two years would be reasonable.
- 5.3 The Secretary of State goes on to observe that any residency arrangement must not be so inflexible as to frustrate other objectives such as the need to provide accommodation to persons leaving Her Majesties Armed Forces or existing social tenants or where a move will secure better use of accommodation.
- 5.4 The decision in terms of setting the period of residence is a matter for the Council to make. Clearly the Secretary of State’s opinion in terms of statutory guidance is influential and provided there is an evidence based trail for policy formulation and appropriate consultation including carrying out an Equalities Impact Assessment the Council’s policy is more likely to withstand legal challenge.

- 5.5 In recent times during the working up of policy formulation Legal advice has been obtained from Counsel which reiterates the point that a policy needs to be sound, reasonable and based on evidence based decision making.
- 5.6 The Allocation of accommodation: guidance for local housing authorities in England, enables housing authorities to allocate particular accommodation to people of a particular description, whether or not they fall within the reasonable preference categories, provided that overall the authority is able to demonstrate compliance with the requirements of s166A(3). This is the statutory basis for so-called 'local lettings policies' which may be used to achieve a wide variety of housing management and policy objectives.
- 5.7 Legal advice has confirmed that a 10 year qualification period has a significant risk of challenge as it is significantly contrary to the guidance.

## **6. Other Implications**

- 6.1 **Customer Impact** - The Equality Act 2010 places a general duty on all public authorities to eliminate discrimination, advance equality of opportunity and foster good relations in accordance with the Equality Act 2010. Consideration has been given to the impact these new proposals will have on the different protected characteristic described within the Act. The Equality Impact Assessment is included at **Appendix 1**. The reduction in length of residency from 10 to three years would reduce the potential disproportionate impact on specific community groups.
- 6.2 **Safeguarding Children** – Revising the residential qualification from ten years to three years will have a positive impact on certain categories of households. This relates in particular to households living in overcrowded conditions in the local private rented sector who have lived in the borough for three years but who under the previous proposal of ten years would have been ineligible to join the Housing Register for a further seven years.
- 6.3 **Health Issues** – Revising the residential qualification from 10 years to three years will have a positive impact on certain categories of households. This relates in particular to households living in overcrowded conditions in the local private rented sector.

### **Public Background Papers Used in the Preparation of the Report:**

- Housing Needs Survey 2011

### **List of appendices:**

- Appendix 1 - Equalities Impact Assessment

## Equalities Impact Assessment - Housing Allocations Policy

### Stage 1 – Scope of the Equality Impact Assessments about your piece of work

1 Directorate	Housing and Environment – Housing Strategy Division
2. Policy / Strategy / Service to be assessed:	Housing Allocations Policy
3. Lead Officer:	Anne Baldock, Group Manager - Housing Advice Service
4. Equality Impact Assessment Person / Team:	Teresa Evans, Equalities Officer Phil Canham, Research and Intelligence Officer
5. Date of Assessment:	July 2014
6. The main purpose and outcomes of policy/strategy / service to be assessed	The allocation of social housing is governed by the Housing Act 1996 (as amended by the Homelessness Act 2002). A review of the Housing Allocations Policy has been carried out in accordance with the Localism Act. The Policy sets out the way in which the Council allocates housing. The Council is required to give priority (known as reasonable preference) to certain categories of people and allow applicants to exercise choice in the allocation of social housing.
7. Groups who the piece of work should benefit or apply to.	If agreed the new Allocations Policy will apply to all new applicants seeking social housing from 3 <sup>rd</sup> November 2014 and a wide range of stakeholders including Housing Associations and other council departments.
8. Any associated strategies or guidelines i.e. legal/ national /statutory	Housing Act 1996 (as amended), Localism Act 2011 Equality Act 2010 Housing Strategy 2012-2017 Housing Business Plan Housing Needs Survey 2011 (supporting analysis used to inform this EIA available)

### Context

Council Housing stock in Barking and Dagenham has declined from approximately 40,000 homes to just over 19,000 during the last 20 years, whilst the waiting list has increased dramatically in the same period. Current waiting list demand is 13,500 with approximately 200 new applications consistently received each month. The number of council homes becoming available to let each year has dropped from 2,000 to around 600 in 2013/14. This is likely to continue to reduce as the borough's regeneration programme is ongoing until 2018 which has an impact upon the number of void properties available for letting until re-provision is fully realised.

Waiting list applicants are typically on a low income or benefit dependant therefore securing a home in the private sector is difficult as there is increasing demand for the available rented properties in this borough which still has one of the cheapest rent levels in London. This is evident by the number of working households moving to the rented sector in the borough. Consequently the Council is maintaining and administering a growing waiting list of applicants, many of whom have little or no prospect of re-housing.

### **Demographic Change – Knowing our Community**

The 2011 Census has shown that Barking and Dagenham has experienced significant demographic change between 2001 and 2011, especially in terms of age, ethnicity, religion, tenure and household composition. This change in Barking and Dagenham is part of the trend across East London which has been happening in inner London boroughs such as Newham and Tower Hamlets since 1991 and earlier.

The most significant points to note from the Census Key Statistics are:

- Increase in Borough population of 22,000 (**165,654 in 2001 - projection for June 2014 was 199,990**)
- Almost a 50% growth in 0-4 year olds
- A decrease in the White British population from 80.86% in 2001 to 49.46% in 2011
- An increase in the Black African population from 4.44% to 15.43%
- A rise in the Bangladeshi population from 0.41% to 4.14%
- An increase in all religious groups, except Christian and Jewish religions
- Growth in the proportion of Muslims from 4.36% to 13.73%
- Less people with no qualifications representing a 14.4% drop in numbers between 2001 and 2011
- Increase in lone parent households with dependent children to 14.3%
- Increase in Private Renting from 5.19% in 2001 to 16.59% in 2011.

During this period there has been a significant increase in demand for social housing, the waiting list has risen from 2,157 in 2001 to the current position of 13,500.

The borough is not unique in suffering from extremely high housing demand such that the difference between supply and demand means that Barking and Dagenham would need to deliver at least an additional 1,333 affordable homes per year for the next 5 years just to stand still (Housing Needs Survey 2011).

Current research shows that one of the key pressures for housing is the high levels of overcrowding across all communities within the borough, with particularly high impact upon the Black and Asian communities at 21.5% and 23% respectively (ONS Crown Copyright

Reserved from Nomis 6 February 2014).

### The Legal Context

Every Local Authority in England is required to have an allocations scheme, which must operate within the legal framework set out in the Housing Act 1996 (as amended by Homelessness Act 2002). In framing their allocation scheme local authorities are required to give priority (known as reasonable preference) to certain categories of people and allow applicants to exercise choice in the allocation of social housing. The Allocations Policy must also give consideration to the Equalities Act 2010 in terms of eliminating discrimination but also our duty to advance equality of opportunity.

The Localism Act introduces additional powers and duties including;

- Power to decide who qualifies for an allocation of social housing, withdrawing the requirement to have an open Housing Register and recommending a minimum of 2 years residency qualification.
- Power to give priority to working households and those making a contribution to the community.
- Power to discharge homelessness duties in the private sector.

### Changes to the Barking and Dagenham Housing Allocations Policy

The last major revision of the housing allocations scheme was in April 2005 when the Council moved from a complex points system of direct letting to a more transparent choice based lettings scheme that was compliant with the Housing Act (as amended). There have subsequently been minor amendments to the scheme, the last of which was agreed by Cabinet in April 2014. These amendments addressed anomalies created by Welfare Reform and clarified the position in respect of the Council's duties to former and serving Armed Forces Personnel and in April agreed to a 10 year residency qualification.

Following a request from the Portfolio Holder for Housing this decision is under review and a shorter residential qualification considered. This EIA has been completed to reflect the impact of a range of residency periods. **Equality Impact Assessment on the proposed changes to the Housing Allocations Residential Qualifications**

Proposed Change	Explanation
Restrict new applications to the Housing Register to those who meet a residential qualification	Until recently local authorities were not able to impose blanket residential criteria. However the Localism Act allows local authorities to determine who may join their register. Statutory guidance on social housing allocations strongly encourages all local authorities to adopt a minimum 2 year residency test as part of their qualification criteria. In accordance with the underpinning philosophy of the Localism Act Members have embraced the idea of a residency qualification to join the Housing Register. A residential qualification demonstrates a positive commitment to the borough and contribution to the life of the local community in terms of settling in the area.

	<p>This is particularly necessary given that the rental market in Barking and Dagenham is an attractive and affordable option for those seeking to rent privately in East London, who can at present then apply for social housing, and attract priority if they are over-crowded. The specific impact of Welfare Reform, in combination with the current dysfunctional housing market in London, is significant in relation to inducing migration of low income households from central and inner London to outer east London boroughs and beyond.</p> <p>The Council's Housing Strategy 2012 /17 makes a clear and strong connection between housing and its contribution to promoting the social and economic regeneration of Barking &amp; Dagenham. The review of the Council's Housing Allocations Policy is an opportunity to help deliver the objective within the Housing Strategy of producing social and economic regeneration through building thriving communities. Whilst delivering these outcomes it is important to analyse the equality profile of households who will potentially be effected by the proposed changes and assess this impact using the data available</p>		
	<b>Equality strand</b>	<b>Impact Positive (P) Neutral (N) Adverse Impact (AI) L/M/H</b>	<b>Explanation</b>
<p><b>Option 1:</b> Restrict new applications to the Housing Register to those who meet a residential qualification of <b>2 years</b></p>	All	Adverse Impact (L)	<p><b>Option 1 (BME Lower Impact) 2 year residency qualification</b></p> <p>A residency qualification of 1-3 years would be in keeping with policy decisions within the sub-region and compliant with the statutory code of guidance. Analysis of research carried out for the Housing Needs Survey shows that potentially 9.3% of households in the borough could be affected by a 2 year residency qualification if they wished to apply to the Council's housing register. Residents who have moved into the borough within the last 2 years:</p> <ul style="list-style-type: none"> <li>○ A very low proportion live in owner occupied accommodation (26.2%) with a much higher private rented percentage of 52.4%. Relatively few live in local authority households. (13.2%)</li> <li>○ A very low proportion is White British (22.1%)</li> <li>○ Most households are married/cohabiting with children (58.1%)</li> <li>○ 71.1% are in employment: 48.2% Full Time; 14.4% Part time; and 8.5% self employed. 18.0% are unemployed</li> </ul>

			<p>and available for work.</p> <ul style="list-style-type: none"> <li>○ A very low proportion are aged 45 years plus (4.6%) with 0.1% aged 60 years plus. 21.3 % are aged 0 to 5 years. The largest single group is 24 – 34 years (29.0%)</li> </ul> <p>This option has some impact on BME households but less than the adverse impact stated in options 2 - 4. Option 1 shows potentially 82% of current BME households could apply to the housing register.</p> <p>Given the aims of the policy change is to encourage individuals to make a home for themselves and stay in the Borough. Option 1 allows this criteria to be met whilst having a limited impact on BME households or other protected groups.</p>
<b>Option 2:</b> Restrict new applications to the Housing Register to those who meet a residential qualification of <b>3 years</b>	All	Adverse Impact (L/M)	<p><b>Option 2 (BME Low/ Medium Impact )</b>  <b>3 year residency qualification</b></p> <p>A residency qualification of 1-3 years would be in keeping with policy decisions within the sub-region and compliant with the statutory code of guidance. Analysis of research carried out for the Housing Needs Survey estimates that potentially 13% of households in the borough could be affected by a 3 year residency qualification if they wished to apply to the Council's housing register. Of residents who have moved into the borough within the last 3 years:</p> <ul style="list-style-type: none"> <li>○ A very low proportion live in owner occupied accommodation (33.8%) with a much higher private rented percentage of 49.6%. Relatively few live in local authority households.</li> <li>○ A very low proportion is White British (22.5%)</li> <li>○ Most households are married/cohabiting with children (59.4%)</li> <li>○ 73.4% are in employment: 50.5% Full Time; 15.4% Part time; and 7.5% self employed. 16.3% are unemployed and available for work.</li> <li>○ A very low proportion are aged 45 years plus (6.6%)</li> </ul>

			<p>with 0.9% aged 60 years plus. 21.3 % are aged 0 to 5 years. The largest single group is 24 – 34 years (29.0%)</p> <p>This option has some impact on BME households but less than the adverse impact stated in options 3 and 4. Option 2 shows potentially 78.3% of current BME households could apply to the housing register.</p> <p>Given the aims of the policy change is to encourage individuals to make a home for themselves and stay in the Borough. Option 1 allows these criteria to be met whilst having a limited impact on BME households or other protected groups.</p>
<p><b>Option 3:</b> Restrict new applications to the Housing Register to those who meet a residential qualification of <b>5 years</b></p>		<p>Adverse Impact (M)</p>	<p><b>Option 3 (BME Medium Impact) 5 year residency qualification</b></p> <p>Analysis of research carried out for the Housing Needs Survey shows that potentially 20.4% of households in the borough could be affected by a 5 year residency qualification if they wished to apply to the Council's Housing Register.</p> <p>Data from the Housing Needs Survey shows residents who have moved into the borough within the last 5 years:</p> <ul style="list-style-type: none"> <li>○ A lower proportion live in owner occupied accommodation (45.2%) with a much higher private rented percentage of 40.9%. Very few live in local authority households.</li> <li>○ A very low proportion is White British (23.2%)</li> <li>○ Most households are married/cohabiting with children (62.1%)</li> <li>○ 78.1% are in employment: 55.2% Full Time; 17.5% Part time; and 5.4% self employed. 12.9% are unemployed and available for work.</li> <li>○ A very low proportion are aged 45 years plus (10.5%) with 2.7% aged 60 years plus. 18.3 % are aged 0 to 5</li> </ul>



			<p>years. The largest single group is 24 – 34 years (26.7%).</p> <p>Therefore the impact of this option will be to decrease the advantage current White British/Irish households have with regards to accessing the housing register and improve the opportunity of BME communities but will still leave <b>29%</b> BME households unable to register.</p>
<p><b>Option 4</b> Restrict new applications to the Housing Register to those who meet a residential qualification of <b>10 years</b></p>	All	Adverse Impact (H)	<p><b>Option 4 (BME Highest Impact)</b>  <b>10 year residency qualification</b></p> <p>Analysis of research carried out for the Housing Needs Survey shows that potentially 33.8% of households in the borough could be affected by a 10 year residency qualification if they wished to apply to the Council's Housing Register.</p> <p>Residents with housing need across all equality strands will potentially be disadvantaged by option 3, and in particular residents from the BME community who are less likely to have 10 years residency. Research shows that of those residents who have lived in the borough for more than 10 years 79.6% are White British.</p> <p>For Residents living in the borough for 10 years or more (Housing Needs Survey):</p> <ul style="list-style-type: none"> <li>○ A very high proportion live in owner occupied properties (65.6%), with only 3.8% living in private rented accommodation.</li> <li>○ A very high proportion is White British/Irish 79.6%</li> <li>○ A relatively low proportion are married/cohabiting with children 37.7%</li> <li>○ A very low proportion is in employment (54.7%) mainly because the large number of retired residents (29.4%). 9.1% are unemployed and available for work</li> <li>○ A very high proportion are aged 45 years plus (53.6%). 26.2% are aged 60 plus. Only 3.3% are aged 0 to 5</li> </ul>

years. The largest single group is the 45 to 59 year group (27.4%)

Therefore the analysis shows the impact of this option will benefit White British/Irish older people allowing them greater access to the housing register. **79%** of current White British households **will** qualify. This option will have a disproportionate adverse impact on almost half of the current BME households who have been living in the borough for less than 10 years as **47 % will not** qualify to register. These households are also more likely to be younger, in employment, not owner occupiers and living in private rented accommodation.

**Summary:** The evidence clearly shows all three options will have an adverse impact in varying degrees. Given the rapid demographic changes all options will have a disproportionate effect on BME communities to a greater or lesser extent - with a 10 year qualification having the greatest impact on this equality group.

*Comparison table showing the potential impact on current households – Percentage of current households who will **not** be eligible to register (source Housing Needs Survey 2011):*

<b>Household</b>	<b>2 year Option</b>	<b>3 year Option</b>	<b>5 year Option</b>	<b>10 year Option</b>
Estimated % of BME household	18%	21.7%	29%	47%
Estimated % of White British Irish household	4%	8.3%	17%	27%

It is also worth noting when imposing a residential qualification that there is a potential for this criteria to impact on encouraging individuals who are in employment to live and stay within the borough contributing to a thriving community and supporting the social and economic regeneration of the borough. The Housing Needs Survey results show for those living in the borough for ten years or more employment rates are 53.6% (there is a high proportion of over 60s within this group). 78% are in employment with a 5 year residency and 73.4% for 3 years.

Although it is not possible to provide data regarding family make up, it is estimated a large proportion of the households who would not be eligible to register for housing will have dependent children. Therefore the longer the residential qualification the greater the potential impact on safeguarding, educational attainment and health issues.

#### **Mitigation**

The Statutory Guidance expressly highlights the need for local authorities to take proper account of special circumstances. It is important to note that this would include the need to protect people who are moving into the district to escape violence and would also include homeless families and care leavers whom the local authority may have placed outside of their district. There are also sound policy reasons not to apply a residency test to existing Council tenants seeking to move between authorities or wishing to downsize and current registered applicants will not be subject to the proposed residency qualification.

All applicants have a statutory right to seek a review of their housing application if they are dissatisfied with the Council's decision not to accept them on to the housing register or where they have submitted fresh evidence.

Proposed change	Equality strand	Impact Positive (P) Neutral (N) Adverse Impact (AI) LOW/MEDIUM/HIGH	Explanation																								
<p>Options if insufficient employed households come forward:</p> <p><b>Option 1</b> Offer at social housing rent levels</p> <p><b>Option 2</b> Offer to employed applicants outside the borough</p>	All	<p>Neutral</p> <p>Option 1 positive on disabled people</p>	<p>Option 1 would have a positive impact on disabled people as the data shows disabled people are more likely to be unemployed. ONS data for January 2012-December 2012 2,400 of the disabled population (<b>19.1%</b>) were unemployed.</p> <p>The data below shows employment figures in line with the residential qualification options. This demonstrates the number of people who would be eligible to make applications for these properties if the other criteria are met:</p> <table border="1" data-bbox="1211 643 1778 922"> <thead> <tr> <th></th> <th>2 years</th> <th>3 years</th> <th>5 years</th> </tr> </thead> <tbody> <tr> <td>Employed</td> <td>71.1%</td> <td>73.4%</td> <td>78.1%</td> </tr> <tr> <td>Full time</td> <td>48.2%</td> <td>50.5%</td> <td>55.2%</td> </tr> <tr> <td>Part time</td> <td>14.4%</td> <td>15.4%</td> <td>17.5%</td> </tr> <tr> <td>Self employed</td> <td>8.5%</td> <td>7.5%</td> <td>5.4%</td> </tr> <tr> <td><b>Unemployed</b></td> <td><b>18.0%</b></td> <td><b>16.3%</b></td> <td><b>12.9%</b></td> </tr> </tbody> </table> <p>Option 2 - It is not possible to estimate the number of employed applicants from outside the borough. Offering access to employed applicants at above social rent levels from outside the borough would not have an adverse impact on any equality group.</p>		2 years	3 years	5 years	Employed	71.1%	73.4%	78.1%	Full time	48.2%	50.5%	55.2%	Part time	14.4%	15.4%	17.5%	Self employed	8.5%	7.5%	5.4%	<b>Unemployed</b>	<b>18.0%</b>	<b>16.3%</b>	<b>12.9%</b>
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## CABINET

4 August 2014

<b>Title:</b> London Housing Zone Proposal	
<b>Report of the Cabinet Members for Housing and Regeneration</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Abbey/Gascoigne/Thames	<b>Key Decision:</b> Yes
<b>Report Author:</b> David Harley, GM Economic Development and Sustainable Communities	<b>Contact Details:</b> Tel: 020 8227 5316 E-mail: <a href="mailto:david.harley@lbbd.gov.uk">david.harley@lbbd.gov.uk</a>
<b>Accountable Divisional Director:</b> Jeremy Grint, Divisional Director Regeneration,	
<b>Accountable Director:</b> Steve Cox, Director of Growth	
<p><b>Summary:</b></p> <p>The Greater London Authority (GLA) have issued a prospectus seeking bids for London Housing Zones (LHZs) which offer a range of tools and funding (up to £400m) to unlock the delivery of new housing and wider economic development objectives. The GLA are aiming to support 20 housing zones. Bids need to be submitted by the end of September but ideally need the involvement of partners and a clear political statement of support that the Local Authority would take a lead coordinating role as part of a successful bid. The report sets out the proposals for Barking Town Centre and Barking Riverside bids (either separately or as a single bid), considers other potential opportunities and seeks approval for developing and submitting at least one bid.</p> <p>Local authorities are asked to identify and package together brownfield land which could be used for new housing/mixed-use development, where there are barriers to delivery, how they can be addressed and set out a clear vision for the zone. The vision statement needs to explain aspirations beyond housing delivery into wider job creation, economic development and place-making goals.</p> <p>LHZ's are anticipated to have a life of around 10 years however early results are important and the GLA is expecting new housing to come forward within 2015-18 and a high level of delivery for a number of years afterwards. Barking Town Centre is ideally suited to the bidding criteria with a range of sites with varying timescales and barriers to development from those close to delivery but needing some support through to opportunity sites requiring site assembly, decanting and masterplanning prior to redevelopment. Delivery of new housing as part of mixed used schemes in the town centre is a critical part of the strategy to make the town centre more vibrant and prosperous.</p> <p>In addition Barking Riverside will speed up delivery from around 150-200 homes per year to 500 homes per year if the funding for the rail extension is put in place. Barking Riverside, potentially also including adjacent sites would meet the objectives of a Housing Zone.</p>	

Only Local Authorities can bid however the GLA expect private sector and RSL partners to be involved where appropriate and there are some specific loan funding strands which can only be utilised by private sector.

Barking Town Centre is ideally aligned to the priorities of the bids and indeed the GLA have encouraged a Barking Town Centre bid. Initial discussions have taken place with a number of private sector partners and Housing Associations who are supportive. There is no restriction on the number of bids a Borough can submit although there is a limited amount of funding for the whole of London.

The bid requires a 'vision document' setting out the Borough's aspirations and delivery proposals and Appendix 1 sets out a draft for both Barking Town Centre and Barking Riverside. There could be a separate bid for both Barking Town Centre and Barking Riverside or a single bid covering both areas. The GLA is expecting further discussion with the Council regarding the bids prior to submission. Following Cabinet's steer the bid(s) will be more fully developed addressing the full criteria to meet the GLA's timescale.

### **Recommendations**

The Cabinet is recommended to:

- (i) Agree to development of a London Housing Zone bid for Barking Town Centre and Barking Riverside as referred to in Appendix 1 to the report, either separately or as a single bid; and
- (ii) Agree whether any other LHZ bid should be developed at this stage.

### **Reason(s)**

The recommendation is very aligned to four elements of the emerging vision and priorities namely:

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

The London Housing Zone bid is fully in line with the overall Council objective of encouraging growth and unlocking the potential of residents.

## **1. Background**

- 1.1 The Mayor of London's Housing Strategy identifies a need for housing to address the rising demand of new homes in London. In the Mayor's 2020 Vision around 49,000 homes a year are needed if it is to keep pace with rising population and address the historic backlog of housing need. Housing zones are a new approach which the Mayor and Central government are offering to get new homes built quickly.
- 1.2 The aims and objectives of London Housing Zones are extremely aligned to the Council's vision and priorities for achieving growth. The Council has a strong track

record in delivering new housing and regeneration and a Housing Zone can support the delivery of new housing with positive implications in terms of physical regeneration, new jobs, increased footfall and spending power and improving the profile and perceptions of the Borough. The emerging new Barking Town Centre Strategy in particular identifies the critical role new housing can play in delivering growth objectives.

- 1.3 The requirement of London Housing Zones (LHZs) stems from London's lack of housing supply of new homes which has not kept pace with the increase in housing demand since only around 20,000 to 25,000 have been built each year over the last 30 years. The demand for housing in the last decade has also grown widely as the average London household size was 2.47 in 2011 (2.65 in LBBB) compared to 2.35 in 2001 (2.42 in LBBB). House prices have also risen by 17% in the capital with an average house price now at £459,000 compared with an England average of £263,000 which is only 5%. This is in stark contrast to the average house price in Barking and Dagenham in July 2011 of £208,927. While this figure is amongst the lowest in London, this is an increase over the previous twelve months from £201,224 in August 2009. Nonetheless this still amounts to over six and a half times the salary at the lowest figure as the average household income for the borough is around £32,200 (CACI PayCheck data 2011). Rents are also higher in London as the average monthly rent is £1,480 for a private rented home compared to £677 which is the national average for a 2 bed (£966 for LBBB).
- 1.4 According to the Office for National Statistics (ONS) the capital contained a population of 8,173,900 in 2011 which represents a rise of 12% since the last census was conducted in 2001. This puts considerable pressure to deliver the level of housing required to meet the growing population. Housing Zones have been incorporated into London's planning framework through a new policy in the draft Further Alternations to the London Plan (FALP). The Zones will be areas where house building will be accelerated working in partnership with landowners, investors and developers.
- 1.5 Under the scheme the Mayor is committing £200m of capital funding from the Greater London Authority (GLA) housing fund in the form of a loan. There is also an additional £200m from central Government. The GLA will seek to recover their investment where possible either by direct recovery with an appropriate calculated interest rate or by profit share type arrangements. Where this is not possible the Mayor will make investment available through grants. The monies available from central Government will be in the form of a Financial Transaction and access to this fund will only be open to private sector organisations, including housing associations not public sector bodies.

## **2. London House Zone Criteria**

- 2.1 The primary aim of a Housing Zone is to maximise new housing supply and is not geared at improving existing stock. Under the scheme any new homes developed will be expected to meet a range of housing needs to ensure that they are affordable – priority will be given to sell individual homes to Londoners wishing to own their own home. It also includes new long term market rent homes, affordable homes for rent and low cost home ownership. This wide range of tenures and the fact that private sector housing in LBBB is the most affordable in London means the

borough is well placed for a Housing Zone and able to deliver the full range of tenures.

- 2.2 All new homes would need to be built to high quality standards and expected to conform to the Mayor's London Housing Design Guide as well as meeting environmental performance. Any proposal put forward would need to demonstrate how new homes will achieve coherent neighbourhoods through a master planned approach, good community spirit and strong urban design principles. An LBBD bid would reflect the importance the Council has placed on high quality design and public realm and the fact that place-making and high quality developments are a central to place-making and achieving the Council's broader objectives.
- 2.3 The Mayor's Housing Strategy mentions that Housing Zones should be in Opportunity Areas as they contain the most suitable areas for this scheme although the GLA are willing to consider other options. In Barking and Dagenham the London Riverside Opportunity Area covers Barking Town Centre through to Barking Riverside, through Dagenham Dock and Beam Park into Havering.
- 2.4 The Mayor is keen to see boroughs use existing planning and funding mechanisms creatively to secure additional new development and increase or accelerate housing supply. Each bid will be expected to bring in additional resources such as HRA funding, New Homes Bonus, Right to Buy receipts or other developer contributions. Boroughs are encouraged to use a range of approaches that work flexibly and operate according to local needs of an area. This may unblock or kick start development where it is delayed, speed up delivery of homes already planned or bring forward new supply that would otherwise not have happened.
- 2.5 Where there is already good transport links and accessibility this will be a key consideration and boroughs are encouraged to look for potential funding for transport schemes which support a Housing Zone.
- 2.6 Each Zone is to have a life of around ten years but the GLA appreciates some may be more or less. New housing should come forward within the 2015-18 and deliver for a further number of years. Since each Housing Zone's objective is to kick start housing and complete within a tight timeframe there are a number of planning options which may help accelerating housing delivery in the designated area:
  1. **Accelerated Planning** – this process would treat a site as a planning application for the desired type of development. All necessary preparation would have been undertaken at this stage and the GLA could support in the process.
  2. **Local Development Orders** – these could be adopted to minimise the planning risk by specifying the type of development that is preferred and accelerating permission that meets the standard.
  3. **Compulsory Purchase Order** – locations which are third party owned may be prepared to proceed with CPO or the Mayor may use his CPO powers.
  4. **Private Rented Sector Support** – where the planning system encourages the PRS to increase the pace of development a Housing Zone may be achieved through an LDO or other planning mechanism.



- 2.7 To apply in the bidding round and achieve success in implementing the scheme the Mayor will consider a range of criteria's when assessing whether a potential location would be a viable Housing Zone.
- Areas must be within the borough boundary and Council led but expected to work in partnership with the GLA, landowners, investors and developers, where appropriate
  - Each Housing Zone will be an agreed **Delivery Framework** setting out the number of homes for delivery and timescales with all partners accountable, including the borough and GLA
  - A **Delivery Board** will be set up to ensure governance arrangements are put in place to focus on housing delivery and keep relevant partners informed and engaged. This would include but is not exhaustive of the GLA, the Council, landowners, developers and contractors. The borough would need to make a significant contribution through management, resources, local powers to deliver housing as part of a 'something for something' deal.
  - The deadline for submission is **30 September 2014**. Bids would need to be well evidenced and make a viable business case for a Housing Zone status where this is linked to housing delivery. If successful funding could be made available as soon as the relevant Housing Zone Delivery Board has been established and the Delivery Frameworks agreed.
  - A **letter of support** from the Section 151 Officer is required ensuring substantial input from Finance in developing any bid submissions.

### 3. LBBD's Proposal for a Housing Zone – Barking Town Centre

- 3.1 To meet the necessary deadline, kick start new housing development and establish the most appropriate area for delivery of additional homes Barking Town Centre (BTC) has been identified as a key consideration for a Housing Zone as it has potential to deliver over 1,000 new homes by 2018 and over 4,000 within a 10 year period.
- 3.2 Barking Town Centre is in the London Riverside Opportunity Area and the largest town centre in the Borough. It is designated a Major Centre in the Further Alterations to the London Plan. It is at the heart of East London and is easily accessible from the City providing good transport links and connectivity - this further supports the Mayor's Housing Zone criteria and significantly reduces costs, time and management required to establish additional transport connectivity. The Town Centre plays a pivotal role to the wider regeneration of Thames Gateway being the main town centre for the future aspirations of the new community at Barking Riverside and the Thames View residents.
- 3.3 The Growth Strategy identifies the Town Centre as the shop window for Barking and forms the principal focus of community, commercial and visitor activity within the Borough. In the last decade there have been increased efforts on part of the Council and other stakeholders to improve the town centre to meet the aspirations of the Barking Town Centre Area Action Plan. A number of the key building blocks have been put in place to stimulate future growth and the prospects to capitalise on the development plans at Barking Riverside and other key sites are not to be missed. With further funding we are trying to grasp the opportunities available to promote and reimagine the town centre which has, for a long time, suffered from a relatively poor perception in the minds of non-residents.

- 3.4 Delivery of new housing, particularly in and around the town centre can have much wider economic development implications helping to increase employment and prosperity and support a wider range of shops, services and facilities. A new Strategy for Barking Town Centre is proposed to be presented to Cabinet in September however increasing the delivery of new housing and associated mixed use developments is central to delivering the objectives of the strategy. This includes making Barking's new cultural hub for East London. The Council needs to consider additional ways of increasing the supply of new social rented and other forms of affordable homes in the short to medium term which could be met through this bid submission.
- 3.5 One of the aims of creating a wide choice of tenures and moving away from the dominance of social housing in Barking is to help widen the range of choice of retail, food and drink, leisure and cultural facilities by attracting higher income residents. Traditionally this has been achieved through owner occupation however in recent years many new private properties have been purchased by buy-to-let landlords and the worst of both worlds has been achieved – lower income and more transient residents in poorly maintained properties. An alternative tenure which is growing in London is the Private Rented Sector where blocks of properties are managed and let by a single company who also provide additional facilities for residents and given their business model have a much greater stake in the buildings, communal space and wider area being managed and maintained well. The first scheme of this nature in Barking is under construction – the 100 apartments at London Road/North Street to be managed by Grainger which completes next year. It is therefore not possible yet to fully assess the true implications of PRS however it is felt that it would be appropriate for a number of the London Housing Zone proposals. Grainger have recognised Barking potential in terms of superb accessibility and real potential and there is scope to work with Grainger and other similar companies to further develop Barking's offer.
- 3.6 Whilst the list of actions is substantial, the fundamental problems facing the town can only be addressed by prioritising efforts to introduce new housing along with improving connectivity, revitalising the public realm and rejuvenating the mix of uses on the High Street. The priorities in the draft Barking Town Centre Strategy will be challenging and will not be easy to implement; nevertheless, they are seen as fundamental in setting Barking Town Centre on the road to developing a distinct and vital place for living, working and offering a leisure experience that would set the town apart from other centres in years to come.
- 3.7 The town centre has changed over the years with an increase in people wishing to live and bring up their families in the area. Population and demographic changes have had significant implications on the town centre and impacts on service provision as the borough is experiencing a higher number of young people, higher birth rates and new communities moving in compared to the national averages. Along with welfare cuts, lack of government funding, restricted availability of credit, limited jobs and high unemployment puts additional pressure and creates a bleak future for the town centre without the sufficient supply of housing to cater for the demand. Recent findings from a report produced by the LGA Growth Advisors Programme by Renaisi highlighted that Barking should focus on place making and raising the profile as a desirable place to live and capitalising on the property market. It also advised the Council to look at understanding the current housing

stock and market new build housing in more innovative ways to spread the word across East London as a place to live. This in turn would deliver wider social and economic benefits.

- 3.8 The Town Centre has struggled to compete with nearby centres including Romford, Ilford and Stratford City Westfield as well as out of town centres like Lakeside and Bluewater. New housing will help to increase footfall in the town centre and have a knock on effect in the long term attract new premium stores to minimise any trade diversion to other town centres. This can help to ensure there is long term growth Barking needs to maintain its town centre position as a major shopping destination and create new opportunities to rejuvenate its retail offer. However it is critical that alongside delivery of new housing other interventions are made to ensure Barking provides what residents need to ensure they spend time and money in the town centre - this forms part of the Town Centre strategy.
- 3.9 Appendix 1 sets out an initial part of a LHZ bid for Barking Town Centre including a vision statement and identification of sites that would make up the zone. The sites can be grouped into two key areas – ‘new housing in the heart of the town centre’ and ‘realising the potential of Roding Riverside’. Detailed discussions need to take place with private landowners, developers and Housing Associations as appropriate however even if agreement for number of sites cannot be reached there is ample opportunity for Barking to have sufficient sites for a bid. It will be important that all parties share the same vision for Barking and work together to deliver it.
- 3.10 A London Housing Zone bid would be very aligned to four elements of the emerging vision and priorities namely:
- Build high quality homes and a sustainable community
  - Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
  - Enhance the borough's image to attract investment and business growth
  - Work with London partners to deliver homes and jobs across our growth hubs
- 3.11 By kickstarting housing at all the town centre sites identified in Appendix 1 a total of over 4,413 homes could be delivered by 2024. As well as housing new jobs will be created, new public realm and two new schools to accommodate the growing population. Further scoping of each site would be required as each area differs in terms of land ownership, its current status and level of importance for delivery as described at Appendix 1.
- 3.12 If successful for the bid each site will have an agreed delivery period with key players involved through a newly set up Delivery Board. This will ensure governance arrangements are in place to focus on delivering new homes with an agreed timescale. The ‘something for something deal’ would be provided by the Council through day to day management costs, providing staff, time and resources to deliver the house building agenda and local planning powers to reduce the time in order to implement each site. The Council’s track record on supporting the delivery of new housing - either through direct delivery or in partnership with others is extremely strong and a good reputation for ensuring high quality design and public realm and a clear vision for the town centre is acknowledged by the GLA.

## **4 Alternative London Housing Zone locations**

4.1 Whilst Barking Town Centre is most aligned with the LHZs bidding criteria, there are other opportunities in the borough:

### **4.2 Barking Riverside**

Barking Riverside is the borough's largest housing site and clearly has a number of barriers to delivery. However with the GLA as joint owner of the site it would be critical to have their involvement. LHZ funding could contribute towards the critical London Overground extension and potentially over critical infrastructure requirements. There are sites adjacent to Barking Riverside which the Council could address independently from the GLA/Barking Riverside Ltd. These sites address the poor gateway problems identified in the Creekmouth Interventions report at the June Cabinet. However it is unlikely that the gateway sites alone could deliver over 1,000 units and certainly not by 2018. It is suggested a Barking Riverside/Barking Riverside Gateways LHZ bid should only be developed and submitted if a strong positive steer is given from senior levels of the GLA. If such a steer is provided it is important for Cabinet to consider whether Town Centre objectives would best be achieved for a separate Town Centre bid or whether a single bid covering Barking Town Centre and Barking Riverside should be submitted to maximise the potential of funding and support for the town centre.

### **4.3 Chadwell Heath**

Chadwell Heath offers scope for intensification based around the improved public transport accessibility that will occur with Crossrail. However there are limited brownfield sites ready to be brought forward in the timescales required for the LHZ bid therefore it is proposed more detailed consideration is made of the opportunities at Chadwell Heath but that it does not form part of a LHZ bid at this stage.

### **4.4 Beam Park**

The Beam Park/Ford Stamping Plant sites have significant barriers to development which could benefit from additional funding however given the site is so heavily connected with the GLA and is not seen as a site where over 1,000 units can be delivered by 2018 it is not proposed to include in any LHZ bid at this stage.

4.5 No other locations in the borough are able to deliver over 1000 units in the timescales required of bids.

## **5. Consultation**

5.1 A BTC Workshop was held on 15 July with relevant Ward and Cabinet Members to look at the future of Barking Town Centre's vitality and viability over the next five years and how it can continuously prosper.

5.2 Meetings with site owners, developers and RSLs are being held to establish their involvement and support.

5.3 The members of the Barking Town Centre Team (BTT), made up of Council Members and officers, retail and businesses, investors, leisure and entertainment operators, was set up in 2011. The Group help to manage and promote the town centre and ensure that every opportunity to invest and increase the town centre's popularity is engaged. This will help the town centre to thrive by offering people a

range of services, goods and leisure facilities from their local high streets. The Group who will lead on revising the Barking Town Centre Strategy to address many of the concerns regarding retail, the night time economy, marketing and publicity, housing demand and supply, businesses and where it stands in the marketplace. A Residents Town Team is proposed to be established to support community based improvements and engagement.

## **6. Financial Implications**

Implications completed by: Carl Tomlinson, Finance Group Manager

- 6.1 The costs relating to the collation and submission of the bid, which needs to be completed by the end of September, can be funded from existing Regeneration and Economic Development budgets.
- 6.2 Paragraph 1.4 indicates that there is £400m available as a contribution towards funding the London Housing Zone. £200m from the GLA, this is likely to be awarded in the form of loans and is available to Local Authorities. A further £200m has been set aside by Central Government but these funds will only be open to private sector organisations.
- 6.3 At this early stage in the process, the financial implications of this proposal cannot be properly assessed. This can only be done when the bid has been submitted and feedback has been received from the GLA. At that stage, depending on which schemes within the bid are being supported, detailed financial analysis can be undertaken.
- 6.4 For areas of privately owned land that are approved for development and funded from central Government grant, the Authority is likely to have a minimal involvement so there will be minimal financial implications. Council owned sites approved for development and funded through GLA loans will, however, have significant financial implications for the Authority and the financial implications of these schemes will need to be fully assessed.
- 6.5 For successful bids, there will be a process of negotiation with the GLA where funding arrangements and contributions from this Authority and/or its partners will be clarified for each of the approved developments. The overall bid requirements include that a letter of support is provided by the Section 151 officer.

## **7. Legal Implications**

Implications completed by: Evonne Obasuyi, Senior Property and Regeneration

- 7.1 The report seeks agreement to develop a London Housing Zone bid for Barking Town Centre as outlined in the report. This is pursuant to the GLA's proposals seeking bids from Local Authorities to facilitate delivery of new housing and wider economic development objectives.
- 7.2 If bid is successful, the Council has powers to explore suitable delivery options. Section 1 of the Localism Act 2011 provides a general power of competence enabling the Council to do anything individuals generally may do, therefore allowing the Council to undertake a wide range of activities.

- 7.3 Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
- 7.4 Legal Services should be consulted as necessary on development of the proposal and delivery options if a successful bid is made.

## 8 Other Implications

- 8.1 **Risk Management** - At this stage in the development of the bid a detailed risk management assessment has not been carried out. There is an initial risk that site owners are not willing to engage and form part of a bid however it is felt that Barking has sufficient sites even if a number of landowners are not involved. It will be important that the Council and partners are clear that the 'something for something' arrangement will ensure the delivery of new homes and other outputs however this detail will come through the development of the bid and more critically through the detailed negotiation with the GLA should the bid be successful. A full risk management assessment will be carried out alongside the bid.
- 8.2 **Contractual Issues** - Following the confirmation of a successful bid there would be a process of negotiation with the GLA culminating in the completion of funding agreements.
- 8.3 **Staffing Issues** - There will be more jobs created as part to support the construction of new housing. An increase of residents in the town centre will have both positive and negative impacts on local resources and this will need to be addressed at early stages of planning.
- 8.4 **Customer Impact** - The impact on retail, leisure, health service and schools will be significant as new communities move into the borough to access new housing. No equality impact assessment has been undertaken to date, but will be part of the submission from the developers of each site.
- 8.5 **Safeguarding Children** - No direct issues arising but each site will ensure that there are no barriers for creating a safe area to live and play by Designing out Crime.
- 8.6 **Health Issues** - There are no direct health issues as each property will be built under strict environmental policies and good quality design. New housing will have a positive impact on increasing good quality housing for resident of London to meet the housing shortage. There will be more opportunities for local people to live in Barking through a range of tenures offered.
- 8.7 **Crime and Disorder Issues** - More town centre housing will increase surveillance and make the centre more active helping to reduce crime and disorder. Increasing town centre prosperity will also help address crime and disorder issues.
- 8.8 **Property / Asset Issues** - Depending on the sites listed in Appendix 1 the properties will be the responsibility of each site owner.

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

**List of appendices:**

- **Appendix 1:** Draft London Housing Zone visions
- **Appendix 2:** Barking Housing Zone proposal plan

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### London Housing Zones

#### Draft Vision for London Housing Zone: Barking Town Centre

Barking Town Centre has superb accessibility enjoying London Underground, Overground and National Rail services together with numerous bus connections. Central London, Stratford and Canary Wharf are only 15-20 minutes away. National Express have just been awarded a long term franchise and are committed to completing a £5 million improvement scheme to the Grade II listed Barking Station by 2017 to ensure it meets the needs of growing numbers of passengers and presents a much improved gateway into the borough. Given the Zone 4 location and speed of connections to Central London, property values in Barking have failed to reflect this connectivity and as such the private sector has not brought forward a number of development sites with planning approval.

The London Borough of Barking and Dagenham has in recent years led on the creation of new homes in the Town Centre across a range of tenures alongside carrying out a wide range of other improvements and investing in facilities which drive growth and footfall such as the Technical Skills Academy, Barking Enterprise Centre, a new leisure centre (opening in December 2014), an ASDA superstore and a new mixed used development around the Town Square. The private sector is just awakening to Barking's potential and there are over a dozen sites which could be brought forward for housing delivery having a significant impact on London's housing demands and needs. Support to help deliver our shared objectives is needed and therefore it is an ideal time for Barking to become a London Housing Zone.

The Council has a very strong record of delivering new housing – directly and in partnership with others. The Council has utilised its land, its expertise (including extensive use of compulsory purchase powers), its financial freedoms, its innovative thinking and its partnerships with the private sector to deliver award winning schemes. As a Local Planning Authority we are committed to delivering decisions on Barking Housing Zone schemes within 13 weeks. In 2013/14 the Council approved 46 out of 47 major applications, 91% within 13 weeks. This has been possible by the borough being one of the first Councils to have an adopted Local Plan including an Area Action Plan for Barking Town Centre. The Council will introduce its Community Infrastructure Levy in January 2015 which will further speed up decision making and provide certainty to developers.

Our innovative and award winning William Street Quarter scheme in partnership with an institutional investor has delivered high quality affordable rent property tackling head-on the problem of 'generation rent' alongside helping to support town centre growth and prosperity. Alongside our own efforts to deliver high quality affordable rental properties in the town centre we are keen to support commercial private sector initiatives. Next year Grainger are due to let 100 apartments in the London Road/North Street mixed used scheme which the Council helped facilitate. It will be the first commercial private rented sector (PRS) scheme in the Town Centre however Grainger and others have recognised Barking's potential and are keen to work with us on delivering further schemes. The

Council sees commercial PRS schemes as an ideal mechanism for delivering well managed and maintained schemes ideally suited to town centres which provide a different offer to tenants and critically help to support the development of the town centre economy - in particular the nascent restaurant and evening economy.

In addition Barking offers scope to deliver private sector owner occupied and shared ownership housing which is the most affordable in the capital – helping give key workers and other people essential to the London economy the opportunity of their own home in a very accessible location.

The Council has a growing reputation for high quality design and public realm and will only partner with private and Housing Association partners who put quality of design and accommodation at the heart of their schemes. It is critical to Barking's long term prosperity that all schemes contribute positively to the Town Centre and the Council is ideally placed and experienced at co-ordination of development schemes for fulfilment of wider objectives. Density and height are not necessarily a concern provided design quality is achieved and they are consistent with the Barking Town Centre Area Action Plan which promotes tall buildings around the station, along the River Roding and in the Gascoigne Estate.

The Council recognises the importance of new house building in creating a more vibrant and prosperous town centre. The delivery of 6,000 new homes is at the heart of the Barking Town Centre Area Action Plan and it forms a central part of a new Barking Town Centre Strategy which mirrors the Mayor's Town Centres SPG with its focus on mixed used intensification. The range of schemes proposed as part of our bid deliver a wide range of social and economic benefits alongside addressing housing needs.

In terms of jobs and growth, a key focus is on ensuring Barking becomes East London's cultural hub which in turn supports place-making and Barking's improving popularity as a place to live. We will do this through supporting the Ice House Quarter to deliver its full potential as a home for creative industries, establishing a firm partnership with the Barbican and Guildhall at the Broadway theatre with Barking & Dagenham College and building on the success of active arts engagement of the community through Up! Barking and Creative Barking and Dagenham.

We expect all our bid partners to work together with the GLA to help further place-making in Barking Town Centre and promote the town's offer as a great place to live with high quality and affordable (in its broadest sense) housing.

The Council would be very interested in agreeing with the GLA the establishment of a rolling fund for Barking Town Centre where funding released from the completion of a scheme can move to another town centre project. This has worked very successfully in the past with English Partnerships and the Council's track record is strong in making best use of such resources. Our bid is broken down into sections – delivery by 2018 and delivery post 2018 and sites have further been grouped into either 'New housing in the heart of the town centre' or 'Realising the potential of the River Roding'.

Key schemes which could be included within our bid which collectively deliver a comprehensive package of housing units and regeneration objectives include:

- Working with Swan Housing on a site owned by both parties adjacent to Barking station. We share an objective of alongside providing high quality housing (both private and affordable) providing a permanent home for the Barking Bathhouse - an Outer London Fund pop-up spa and bar which was extremely successful in summer 2012 and has resulted in the formation of a social enterprise of local residents. A mixed used scheme with the Barking Bathhouse providing a striking ground floor spa and bar and other communal facilities will not only provide a superb facility for the development but further the promotion of Barking as an interesting location with new cultural and entertainment facilities. It is hoped a cycling hub can also be delivered as part of the project (Site 6).
- Utilising the Council's former Sport Centre site to create an innovative mixed use scheme involving housing, a cinema and Care City - a flagship scheme in partnership with North East London Foundation Trust delivering a wide range of social and economic benefits (Site 11).
- Working with Countryside to unlock 1,000 new homes on the River Roding which has had planning approval for a number of years (Site 4).
- The Council delivering a striking terrace of social rent homes (Site 14).
- Working with a private sector landowner on land assembly and demolition to transform an under utilised site close to the station containing a large vacant office block which does not meet occupiers' demands into a mixed used scheme delivering hundreds of new homes (Site 7).
- Continuing our strong partnership with Bouygues on unlocking a further development site through land assembly, demolition and creation of hundreds of new homes (Site 5).
- A longer term scheme to transform the Western edge of the Gascoigne estate recognising the potential for intensification through masterplanning, decanting and demolition (Site 13).
- Working with landowner Estates & Agency on redevelopment of a largely vacant retail park to deliver new riverside homes and a primary school (Site 3).

*[NOTE: The plan (to be tabled) will be amended to put sites in priority order – it is unlikely all 15 sites shown on the plan will form part of the bid but there is ample scope to achieve bidding requirements without including all the sites. The full bid will detail exactly what is required to unlock development on the sites and the roles of different partners.]*

## **Draft Vision for Barking Riverside London Housing Zone**

***[Note: A single Barking Town Centre/Barking Riverside bid could be submitted highlighting the 7 minute connectivity between the two if the Gospel Oak to Barking line (GOBLIN) is extended and how Barking would be the nearest town centre for Barking Riverside. In the meantime the section below highlights a vision for a Barking Riverside Zone.]***

Barking Riverside is London's largest housing development site with outline planning approval for 10,800 homes and associated facilities. With 2km of River Thames frontage it offers superb potential to provide housing in a new community with superb accessibility to central London in a borough where property prices are more affordable for London's workforce. A London Housing Zone can help support the delivery of a population the size of Windsor in a very sustainable development supporting the growth of the local and regional economy.

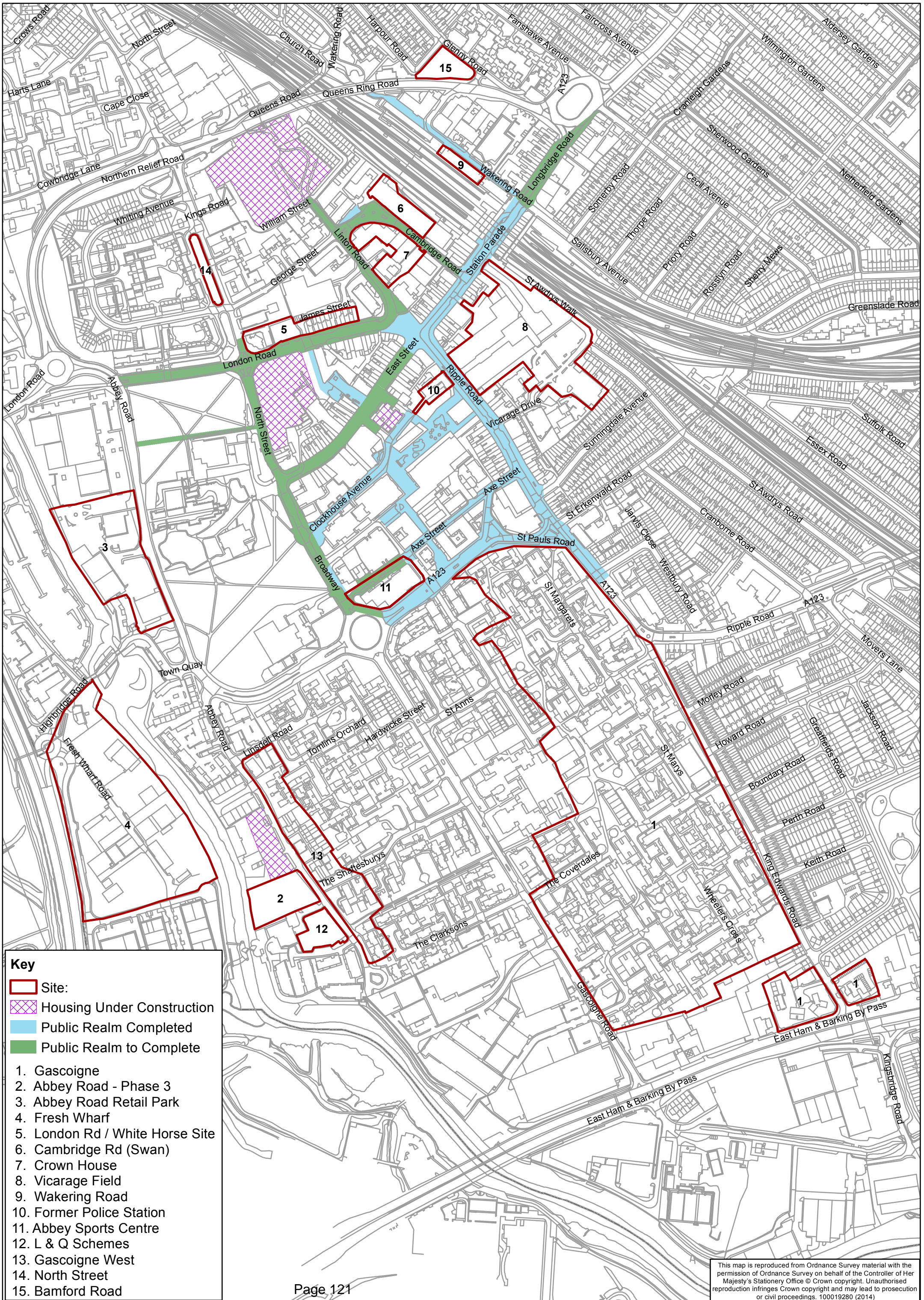
Critical to the delivery of Barking Riverside and raising speed of delivery from around 150-200 homes a year to around 500 is securing the funding for an extension of the London Overground line. This would address the most significant barrier to growth and have a dramatic impact on the development's profile helping improve development viability. Delivery of such housing numbers requires a range of tenures fully in line with the LHZ aspirations.

Funding has been secured for the delivery of a new secondary school and Special Educational Needs school and construction will start later this year. A Community Interest Company has been established for the management of the public realm with significant public open space being provided as part of the development. and

One of Barking Riverside's current challenges is the oppressive entrances to the new development through a dated industrial area. The contrast between Barking Riverside's award winning architecture and the industrial area is stark however there is scope for a range of interventions to address this - from land assembly and redevelopment of the worst sites through to selective, low cost artistic interventions on sites which employ hundreds of people but just need some imaginative improvements. Therefore in addition to land owned by Barking Riverside Ltd the Council has identified a package of 'Creekmouth interventions' to form part of the bid which includes the delivery of over 200 homes. Improving the gateways into Barking Riverside also helps improve connections to the rest of Barking.

A Barking Riverside Housing Zone bid would therefore prioritise seeking funding towards the delivery of the rail infrastructure and delivery of 'Creekmouth interventions' to ensure Barking Riverside delivers new housing but forms an integral part of its surroundings.

# Barking Housing Zone Proposal



- Key**
- Site:
  - Housing Under Construction
  - Public Realm Completed
  - Public Realm to Complete
1. Gascoigne
  2. Abbey Road - Phase 3
  3. Abbey Road Retail Park
  4. Fresh Wharf
  5. London Rd / White Horse Site
  6. Cambridge Rd (Swan)
  7. Crown House
  8. Vicarage Field
  9. Woking Road
  10. Former Police Station
  11. Abbey Sports Centre
  12. L & Q Schemes
  13. Gascoigne West
  14. North Street
  15. Bamford Road

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**CABINET****4 August 2014**

<b>Title:</b> Re-Procurement of the Construction Related Professional Services Framework	
<b>Report of the Cabinet Member for Regeneration</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Ian Saxby, Group Manager Capital Commissioning and Delivery	<b>Contact Details:</b> Tel: 0208 227 3496 E-mail: ( <a href="mailto:ian.saxby@lbbd.gov.uk">ian.saxby@lbbd.gov.uk</a> )
<b>Accountable Divisional Director:</b> Jeremy Grint, Divisional Director of Regeneration	
<b>Accountable Director:</b> Steve Cox, Director of Growth	
<p><b>Summary:</b></p> <p>The Council has a Framework for construction related professional services that is due to expire in March 2015. This covers such disciplines as Architectural Services, Cost Consultancy, Structural and Mechanical Engineers, Construction Project Management and a number of other associated professionals.</p> <p>This Framework has provided an efficient method of commissioning those skills required to design and manage construction projects and meets the public procurement requirements; it is proposed that a similar arrangement be re-procured to commence on the conclusion of the existing Framework.</p> <p>This Framework will be offered for use by those councils that are members of the East London Solutions (ELS) procurement group.</p>	
<p><b>Recommendation(s)</b></p> <p>Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Approve the procurement of a new Construction Related Professional Services Framework Agreement for the provision of the services in accordance with the strategy set out in this report; and</li> <li>(ii) Indicate whether Cabinet wishes to be further informed or consulted on the progress of the procurement and /or the award of the contract, or is content for the Director of Growth, in consultation with the Cabinet Member for Regeneration, the Chief Finance Officer and the Head of Legal Services, to conduct the procurement and award the contract to the successful bidders.</li> </ul>	
<p><b>Reason(s)</b></p> <p>The reasons this recommendation should be accepted are as follows :</p>	

- a) The arrangement will support the aim of being a well run organisation through efficient procurement practice and achieving value for money via market-competitive pricing and collaborative working with selected construction professionals
- b) Construction Related Professional Services are required for the Council to deliver its construction capital investment programme and will support the Community Strategy in the following areas :
  - (i) Improve health and well being by providing and maintaining schools, homes and other community assets
  - (ii) Create thriving communities by maintaining and investing in new and high quality homes.

## **1. Introduction and Background**

- 1.1 The Council let a Construction Related Professional Services Framework in March 2011. This established fourteen separate lots covering a range of construction related disciplines. These were identified after consultation with Officers across a number of sections and covered those professions where either the Council has to supplement the limited in-house resources (such as Project Management and Design) or where there is no in-house resource (such as Cost Consultancy, Mechanical and Electrical Engineering, Structural Engineering and Construction Health and Safety specialists). It also included some specialisms such as Urban Planning and Landscape Architecture. This Framework ends in March 2015.
- 1.2 The Framework focused on individual disciplines rather than multi-disciplinary lots for a number of reasons. Partially to attract smaller specialist firms for whom the Council is a more important client than the large multi-disciplinary organisations and also because for many smaller projects only specific support by one or two disciplines is required to supplement internal resources.
- 1.3 Framework arrangements are governed by the Public Procurement Regulations and contractors can either be selected via call off or mini-competition. The former can only be used where all of the terms of the contract are settled (e.g. volume of work, prices etc.) and where this is uncertain or where flexibility is required then individual contracts are let through the mini competition bidding process. The current Construction Related Professional Services Framework utilises both call off and mini-competition. Where activities are defined and pre-priced (particularly in project management services) call off is used; where arrangements bespoke to a particular project are required then mini-competitions are employed.
- 1.4 The use of a Framework means that the Council can meet its obligations under the Public Procurement Regulations; these govern the procedures for letting services contracts over the EU thresholds (currently £172,514). The rules also apply to individual contracts that are below the threshold. Even where the requirement is below the threshold, it has been established through case law that the obligation for public authorities to be fair and transparent obliges the majority of contracts to be advertised. This effectively means that many professional services commissions for capital projects have to go through an advertisement, pre-qualification and tender process, which is time consuming and expensive if applied to each and every project. The use of a Framework avoids this repetition since the process of advertisement and pre qualification only occurs when the Framework is let and the



contracts let within the Framework can be let quickly; usually with a one to four week tender period depending upon the size of the contract.

- 1.5 In addition to the procurement time savings, the Frameworks have offered benefits from working with a small group of consultants over a period of time. They become familiar with the type of work required, the Council's standards, and contract and procurement strategies. Also as the consultants were sure of a reasonable stream of projects, the tendered rates were highly competitive when compared with similar firms on some larger regional arrangements where the number of commissions was less certain.

## 2. Proposed Arrangements

- 2.1 The general approach for the replacement Framework will mirror that of the current arrangement. Generally, it was successful in attracting smaller regional firms that have been receptive to the Council's requirements and easier to engage with than some of the larger national and international companies. Unlike the latter, Partners and Directors of the firms have been directly involved in projects and have offered a high level of expertise. As a consequence, the Framework will focus on individual disciplines with the aim of attracting small and medium sized practices to tender.
- 2.2 Nonetheless, with the experience of operating these arrangements for over three years it is apparent that some of the disciplines are not commissioned as regularly as others. Some are of such a specialist nature that it would be more appropriate to tender and engage such services on the basis of each individual project rather than through the Framework. As a consequence, on this basis it is recommended that the lots for Urban Design, Landscape Architecture and Planning Consultant on the current Framework are not re-procured. Similarly, sustainability issues are now key elements of architectural and, mechanical and electrical design so it is recommended that the separate lot for Building Sustainability and Advice is not to be re-procured.
- 2.3 It has also been found that some Lots could be combined without detriment to the Framework's overall aims. It is proposed that the separate Lots for General Architectural Services(General) and Education Architectural Services be combined; the firms providing schools design usually provide design services for other corporate buildings, leisure etc. The duties of Employer's Agent are synonymous with those of the Project Manager albeit under a different form of contract and can be combined.
- 2.4 As a consequence, it is proposed that proposed Framework will consist of a number of separate lots which are set out below.

Architectural Services (Education and Other)
Architectural Services (Housing)
Building Services Engineers
CDM Coordinator
Cost Consultant
Project Manager
Structural Engineer
Civil Engineer
Surveying Services
Multi Disciplinary

2.5 The current Framework was procured for the use of this Council although the OJEU advert did allow its use by other adjacent Councils. The Council's Construction Frameworks were procured for the express use of the ELS councils and charge a commission for their use in order to support the cost of management. It is suggested that this Framework utilise a similar mechanism and that an appropriate Management Charge be attached to the use of the Framework by organisations other than this Council. There has been an interest in the use of the Council's Frameworks from organisations in Essex and other adjacent areas, and it is proposed that this potential will be explored prior to the placement of the OJEU advertisement.

### 3. Draft Implementation Programme

3.1 A draft programme setting out a proposed procurement timetable is as set out below:

Task	Date
Report to Cabinet	4 August 2014
OJEU advert placed	22 August 2014
Expressions of Interest to be received	3 October 2015
PQQ's Returned	10 October 2014
Evaluate PQQ's	7 November 2014
Agree Tender Lists and issue debriefs	5 December 2014
Issue Tenders	9 January 2015
Tender Return	20 February 2015
Tender Evaluation	3 April 2015
Moderation and tender finalisation	10 April 2015
Preparation of Debriefs and Contract Decision Notices	30 April 2015
Standstill Period	11 May 2015
Approvals	29 May 2015
Contract award and mobilisation	5 June 2015

This programme has been designed to take account of the procurement of new housing frameworks, which is planned to take place in parallel.

### 4 Risk and Risk Management

4.1 The main risks are those linked to this proposal are as set out in the table below:

Challenges and Risks	Opportunities and Mitigating Factors
Unsustainable bids by large suppliers	The tender evaluation process will be designed to emphasise the quality of staff being offered rather than rewarding less experienced personnel attracting lower fees
Lots uncompetitive and exclude suitable suppliers	The lots will be designed to encourage small and medium firms to apply rather than large multi-disciplinary organisations.
Over-reliance upon suppliers	Lots will be designed to attract competition but not be overly large to discourage tendering. Procurement and performance will be monitored by Corporate Commissioning and Delivery
Challenge from Unsuccessful Supplier	Procurement will follow well established and compliant Framework tendering procedures to mitigate risk

## **5. Consultation**

- 5.1 Consultation with key internal clients and relevant Cabinet Members has taken place as part of the preparations for this procurement.

## **6. Financial Implications**

Implications completed by: Carl Tomlinson, Group Manager H&E/CEX Finance

- 6.1 The Frameworks themselves do not commit the Council to any contractual obligation to purchase or deliver construction related professional services. They are a mechanism by which specific contracts can be let to a selected group of consultants at the Council's discretion.
- 6.2 The cost of procuring services under this framework will be met through either capital budgets or operational revenue budgets of user areas in accordance with their own budgetary controls
- 6.3 The time table set out in paragraph 3.1 indicates that the new framework contracts will not be in place until the early part of the 2015/16 financial year. The likely spend on these contracts will be dictated by the size of the capital programme going forward and, where possible, these services will be provided by in-house resources.
- 6.4 As an indication, however, the amount of expenditure incurred with the Professional Services Framework Consultants in 2013/14 was in the region of £2.5m all of which was funded from the Authority's capital programme.

## **7. Legal Implications**

Implications completed by: Daniel Toohey, Principal Corporate Solicitor

- 7.1 The Council has power to enter into contracts for professional construction services under section 1 of the Local Government (Contracts) Act 1997 on the basis that such services are properly required for the discharge of the Council's duties. In addition, section 1 (1) of the Localism Act 2011, grants Local Authorities with a general power of competence and whilst subject to certain limitations, permits the Council to enter into arrangements anticipated by this report".
- 7.2 It is anticipated that the estimated value of the Contract will be in excess of the threshold for application of the Public Contracts Regulations 2006 (the Regulations) for services contracts of £172,514 and therefore subject to the full application of the Regulations.
- 7.3 The conditions of contract to be entered into between the Council and the successful tenderer(s) are yet to be agreed and Legal Services shall advise on the implications thereof upon receipt of instructions.
- 7.4 In deciding whether to award a contract, the Council must comply with the principles of administrative law including taking into account all relevant considerations, the outcome of the valuation of each of the tenders and their financial implications. In particular in order to comply with the Council's fiduciary duty and duty to ensure

Best Value, the Council must be satisfied that the tenders represent value for money for the Council.

- 7.5 Additionally, prior to the commencement of any procurement The Public Services (Social Values) Act 2012 requires the Council to consider:
- (a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
  - (b) How, in conducting the process of procurement, it might act with a view to securing that improvement.
- 7.6 When undertaking construction related projects the Council has legal obligations that must be met such as the appointment of CDM Coordination services for reporting notifiable projects to the Health and Safety Executive (HSE).
- 7.7 The procurement procedure anticipated by this report would appear to be following a compliant tender exercise and LBB legal will be available to assist and advise upon further instruction.

## 8. Other Implications

- 8.1 **Contractual Issues** - The Frameworks themselves do not commit the Council to any contractual obligation to purchase or deliver construction related professional services. They are a mechanism by which specific contracts can be let to a selected group of consultants at the Council's discretion. They will be procured through a process that complies with the Public Contracts Regulations by the Corporate Commissioning and Delivery section that has considerable experience in procuring similar framework arrangements.
- 8.2 **Staffing Issues** - There are no specific staffing issues. The Frameworks themselves can be managed within the Corporate Client and Delivery Unit establishment.
- 8.3 **Corporate Policy and Customer Impact** - This proposal will support the Community Strategy by maximising post-16 training through apprenticeships and other initiatives; improve health and well-being by ensuring that homes provide healthy environments for living; contribute to the creation of thriving communities by maintaining and investing in existing homes and providing new high quality homes; maximise growth opportunities and increase the household income of the Borough residents through initiatives to engage local suppliers.
- 8.4 **Safeguarding Children** - This proposal will indirectly safeguard children through minimising the risks consequent with living in unsuitable or low standard properties and the surrounding communal areas.
- 8.5 **Health Issues** - This proposal may have a positive impact upon health issues ; for example, in bringing existing properties up to the Decent Homes Standard, risks of asbestos and / or other detrimental health issues such as damp and condensation will be reduced.

- 8.6 **Crime and Disorder Issues** - This proposal will reduce the risks of crime and disorder by renewing or refurbishing run down or unsuitable properties, thus improving the overall environmental standards of the surrounding area.
- 8.7 **Property / Asset Issues** - The proposal will have a positive impact upon the property or assets, raising the standard and value of the properties, reducing the need for incrementally expensive remedial work at a later date, and making sale and letting of the properties in future more attractive. The Council assets will be protected from dilapidation and degradation and all brought to the Decent Homes standard, protecting the property assets functionality and value.

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

**List of Appendices:** None

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**CABINET****4 August 2014**

<b>Title:</b> Re-Procurement of Housing Framework Agreements	
<b>Report of Cabinet Member for Housing</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Ian Saxby – Group Manager Capital Commissioning and Delivery	<b>Contact Details:</b> Tel: 020 8227 3496 E-mail: <a href="mailto:ian.saxby@lbbd.gov.uk">ian.saxby@lbbd.gov.uk</a>
<b>Accountable Divisional Director:</b> Jeremy Grint, Divisional Director of Regeneration	
<b>Accountable Director:</b> Steve Cox, Director of Growth	
<p><b>Summary</b></p> <p>The current Housing Framework arrangements for the delivery of capital projects were procured in 2011. Since this time the composition of the proposed housing capital programme has changed in terms of the overall scale of the programme as well as there being a greater emphasis on housing new build projects than originally envisaged.</p> <p>As a consequence, it is proposed that new arrangements be procured with separate Framework Agreements for housing refurbishment and new build, both of which will have separate lots for higher and lower value work.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Agree the procurement of new Housing Framework Agreements for the provision of the services in accordance with the strategy set out in this report; and</li> <li>(ii) Indicate whether Cabinet wishes to be further informed or consulted on the progress of the procurement and /or the award of the contract, or is content for the Director of Housing, in consultation with the Cabinet Member for Housing, the Chief Finance Officer and the Head of Legal Services, to conduct the procurement and award the contract to the successful bidders.</li> </ul>	
<p><b>Reason(s)</b></p> <p>The reasons this recommendation should be accepted are as follows :</p> <ul style="list-style-type: none"> <li>a) To procure new Housing Framework Agreements in the areas of New Build and Refurbishment that ensure that the Council's changing needs are met.</li> <li>b) Ensuring continued efficiency, elimination of waste, and value for money through market-competitive pricing, contractual improvements, and process redesign</li> <li>c) The proposal will support the Community Strategy in the following areas : <ul style="list-style-type: none"> <li>(i) Ensure that every child is valued so that they can succeed by maximising post-16</li> </ul> </li> </ul>	

training through apprenticeships and other initiatives.

- (ii) Create thriving communities by maintaining and investing in existing homes and providing new high quality homes.
- (iii) Maximise growth opportunities and increase the household income of the Borough residents through aspiring to engage local suppliers

## **1. Introduction and Background**

- 1.1 The current arrangement for delivering the Housing programme is through a four contractor framework that is intended to deliver both housing refurbishment and new build projects. This approach was chosen on the basis of the projected composition of the programme at the time that the framework was being planned during 2011. This envisaged a smaller programme of works to bring sections of the stock up to the Decent Homes standard and a less ambitious programme of council house building.
- 1.2 Framework arrangements are governed by the Public Procurement Regulations 2006 (as amended) and contractors can either be selected via call off or mini-competition. The former can only be used where all of the terms of the contract are settled (e.g. volume of work, prices etc.) and where this is uncertain or where flexibility is required then individual contracts are let through the mini competition bidding process. This is used on the present Housing Framework; all projects are offered to all of the contractors on the Framework and contractors are selected on the basis of the quality and price of their bid.
- 1.3 The use of a Framework means that the Council can meet its obligations under the Public Procurement Regulations; these govern the procedures for letting contracts over the EU thresholds (currently £4,322,012). The rules also apply to individual contracts that are below the threshold but could be considered part of a larger requirement. Under the aggregation rules the value of the overall requirement must be taken into account when considering if the thresholds apply; this is to prevent contracts being broken down into smaller lots in order to avoid the procurement rules. Even where the requirement is below the threshold, it has been established through case law that the obligation for public authorities to be fair and transparent obliges the majority of contracts to be advertised. This effectively means that most capital projects have to go through an advertisement, pre-qualification and tender process, which is time consuming and expensive if applied to each and every project. The use of a Framework avoids this repetition since the process of advertisement and pre qualification only occurs when the Framework is let and the contracts let within the Framework can be let quickly; usually with a two to six week tender period depending upon the size of the contract.
- 1.4 The Frameworks do offer benefits from working with a small group of contractors over a period of time. Not only do they become familiar with the type of work required and depending upon the length of contracts, can reap the benefits of repetition, they can also collaborate in such areas supply contracts and training. As an example, the current Frameworks have agreed common specification and prices for the supply of kitchen and sanitary ware. The contractors are also obliged to produce an employment and training plan for each contract awarded; as part of the current Framework arrangements they have concluded a memorandum of



understanding with Barking College to share apprentices when the work under a single contract is not sufficient to support longer term training arrangements.

## **2. Proposal and Issues**

- 2.1 The contractors selected for the current Framework were chosen predominately for their experience in carrying out works in occupation although all were proficient in the construction of new housing. However, with an increasing new build programme it would seem sensible for the council to have separate streams for the delivery of refurbishment and new build projects. Frameworks specifically set up to provide new build housing could attract house builders who could offer turnkey (that is standardised housing designs) solutions that might be cheaper and quicker to construct where bespoke designs were not required.
- 2.2 The Council's other Framework arrangements have been successful in attracting smaller regional firms rather than national constructors. These firms have tended to be more responsive to the Council's requirements than the larger national companies. This has been partially due to restricting the geographical reach of the Frameworks and also by incorporating value bands. Whilst there can be no guarantee that smaller firms bids will be successful, the availability of a lower value banding should be attractive and offer more flexibility to the Council.
- 2.3 The Council proposes to spend approximately £30 million a year on the refurbishment of its housing stock and would prefer to see as much of that investment as possible spent through local suppliers. Although some of the work required is such that it can only be delivered by contractors with larger resources. As a consequence, it is proposed that the programme will be delivered through three separate work streams; £10 million through Capital Delivery, £10 million through the Direct Labour Organisation and £10 million via small contractors. Framework contracts are currently being procured on behalf of the Council's Direct Labour Organisation in order to procure a number of smaller contractors in order that they can deliver an element of the housing capital programme going forward. This will generally be for projects with an individual work value of below £1million. It is therefore anticipated that these procurement initiatives will compliment each other and will allow a more flexible approach going forward.
- 2.4 Given the nature of these works, particularly where we are working in residents homes, it is essential that the chosen firms have the highest of standards in terms of workmanship and customer care. It is also important that the firms and tradesmen are able to communicate effectively with residents in order to avoid some of the issues that sometimes occur when working in occupied premises. As a consequence, the selection criteria will be heavily weighted to include a detailed examination of firm's ability to ensure that quality of installation, customer care, customer liaison and communication are placed to the fore and are of the highest order.
- 2.5 The proposed arrangement for Capital Delivery is to procure separate Frameworks for Housing new build and refurbishment. The Frameworks will continue to have advantages in saving individual contract procurement time, collaboration in supply chain purchasing and training. However, by separating the two areas the council should be able to select contractors that are specialists in those areas. In particular,

the firms chosen for the refurbishment frameworks will be expected to have expertise in the repair and modernisation of tower block and high rise housing.

2.6 Given the overall aim to increase the exposure to smaller regional firms, it is proposed that both the new build and refurbishment Frameworks will be split into lots; effectively meaning that there will be four Framework arrangements:

- New Build projects up to £2.5 million
- New Build projects over £2.5 million
- Refurbishment projects between circa £1million up to £2.5 million
- Refurbishment projects over £2.5 million

2.7 The figure of £2.5 million has been found through experience, to be a suitable cut off point between SME and larger firms. It is proposed at this stage that up to six firms will be appointed to each framework.

2.8 The Council has other Frameworks for the delivery of education and general construction projects. These have been procured on behalf of the other ELS Council's and incorporate a levy which is paid to this council when the framework is used. The previous housing framework's main focus was refurbishment and because of the leasehold recharge issues involved, did not attract external use. However, with separate lots for new build construction it is possible that these will be attractive to the other ELS Council's and those in adjacent areas in Essex; it is proposed that this potential will be explored prior to the placement of the OJEU advertisement.

### **3. Options Appraisal**

3.1 A limited number of options were considered. The first being to do nothing and leave the current arrangements in place. As outlined above, the changing circumstances in funding and programme mean that these do not present the best opportunity to deliver the proposed pattern of investment.

3.2 The option to use an existing Framework administered by others is not possible for refurbishment works that require leasehold recharges since statutory consultation with leaseholders to allow those recharges to be made can only be carried out by the landlord. There also appear to be no Frameworks that the council could use that have been specifically set up to deliver new build housing. It is also unlikely that any existing arrangements would allow the council to ensure that there was a contractual obligation to deliver skills training as the current Housing Framework does.

3.3 A third option would be to have no Framework at all. However, this would mean that extensive procurement exercises would need to be carried out for each project with a value above the EU procurement limits and the general obligation on public authorities to act transparently and fairly, obliges the council to advertise and undertake time consuming tendering activities for the majority of below threshold contracts.

3.4 As a consequence, it is considered that the option presented in this report presents the best method for procuring capital works.

#### 4. Draft Implementation Programme

4.1 A draft programme setting out a proposed procurement timetable is as set out below:

<b>Task</b>	<b>Date - New Build</b>	<b>Date - Refurbishment</b>
Report to Cabinet	4 <sup>th</sup> August, 2014	4 <sup>th</sup> August, 2014
Stage 1 Leaseholder Consultation Concludes	Not Applicable	19 <sup>th</sup> September, 2014
OJEU advert placed	22 <sup>nd</sup> August, 2014	26 <sup>th</sup> September, 2014
Expressions of Interest to be received	3 <sup>rd</sup> October, 2014	7 <sup>th</sup> November, 2014
PQQ's Returned	10 <sup>th</sup> October, 2014	14 <sup>th</sup> November, 2014
Evaluate PQQ's	19 <sup>th</sup> December, 2014	13 <sup>th</sup> February, 2015
Agree Tender Lists and issue debriefs	6 <sup>th</sup> March, 2015	6 <sup>th</sup> March, 2015
Issue Tenders	13 <sup>th</sup> March, 2015	13 <sup>th</sup> March, 2015
Tender Return	24 <sup>th</sup> April, 2015	24 <sup>th</sup> April, 2015
Tender Evaluation	15 <sup>th</sup> May, 2015	5 <sup>th</sup> June 2015
Interviews	12 <sup>th</sup> June, 2015	26 <sup>th</sup> June, 2015
Moderation and tender finalisation	3 <sup>rd</sup> July, 2015	3 <sup>rd</sup> July, 2015
Preparation of debrief material	10 <sup>th</sup> July, 2015	17 <sup>th</sup> July, 2015
Contract Decision Notices	24 <sup>th</sup> July, 2015	24 <sup>th</sup> July, 2015
Standstill Period	6 <sup>th</sup> August, 2015	6 <sup>th</sup> August, 2015
Report to Cabinet	22 <sup>nd</sup> September, 2015	22 <sup>nd</sup> September, 2015
Stage 2 Leaseholder Consultation	Not Applicable	23 <sup>rd</sup> October, 2015
Contract award and mobilisation	2 <sup>nd</sup> October, 2015	30 <sup>th</sup> October, 2015

#### 5 Risk and Risk Management

5.1 The main risks are those linked to this proposal are as set out in the table below:

<b>Challenges and Risks</b>	<b>Opportunities and Mitigating Factors</b>
Uncompetitive / Unsustainable bids by large suppliers	Design Tender Process to emphasise need for high quality service in occupied and void properties as well as right to rule out financially unsustainable bids
Lots uncompetitive and exclude suitable suppliers	Design lots and package sizes to enable competition across the market.
Over-reliance upon suppliers	Risk controlled through multiple suppliers
Challenge from Unsuccessful Supplier	Compliant Procurement to mitigate risk
Internal Resource Issues	Recruit and plan workload accordingly so as not to compromise timescales

## **6. Consultation**

- 6.1 Consultation with key internal clients and relevant Cabinet Members has taken place as part of the preparations for this procurement.

## **7. Financial Implications**

Implications completed by: Carl Tomlinson, Group Manager H&E/CEX Finance

- 7.1 The Frameworks themselves do not commit the Council to any contractual obligation to purchase or deliver construction works. They are a mechanism by which specific contracts can be let to a selected group of contractors at the Council's discretion.
- 7.2 The cost of procuring services under this framework will be met through either capital budgets or operational revenue budgets in accordance with the Council's budgetary controls and financial regulations.
- 7.3 The time table set out in paragraph 4.1 indicates that the new framework contracts will not be in place until the early part of the 2015/16 financial year. The likely spend on these contracts will, for the most part, be dictated by the size of the Housing capital programme.
- 7.4 As an indication, the proposed Housing capital programme for that financial year is £40.4m for investment in existing housing stock and £22.0m for new build projects.
- 7.5 There will possibly be a small spend from existing Housing revenue budgets, however, due to the fluctuating nature of maintenance works, the exact amount is difficult to estimate.

## **8. Legal Implications**

Implications completed by: Daniel Toohey , Principal Corporate Solicitor

- 8.1 The Council has power to enter into contracts for professional construction services under section 1 of the Local Government (Contracts) Act 1997 on the basis that such services are properly required for the discharge of the Council's duties. An alternative "power" could be; "By section 1 (1) of the Localism Act 2011, "A local authority has power to do anything that individuals generally may do". This is known as the general power of competence and whilst subject to certain limitation it permits the Council to enter into arrangements anticipated by this report".
- 8.2 It is anticipated that the estimated value of the Contract will be in excess of the threshold for application of the Public Contracts Regulations 2006 (the Regulations) of £4,322,012 and therefore subject to the full application of the Regulations.
- 8.3 The conditions of contract to be entered into between the Council and the successful tenderer are yet to be agreed and Legal Services shall advise on the implications thereof upon receipt of instructions.

- 8.4 In deciding whether to award contract, the Council must comply with the principles of administrative law including taking into account all relevant considerations, the outcome of the valuation of each of the tenders and their financial implications. In particular in order to comply with the Council's fiduciary duty and duty to ensure Best Value, the Council must be satisfied that the tenders represent value for money for the Council.
- 8.5 Additionally, prior to the commencement of any procurement The Public Services (Social Values) Act 2012 requires the Council to consider:
- (a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
  - (b) How, in conducting the process of procurement, it might act with a view to securing that improvement.
- 8.6 When undertaking construction related projects the Council has legal obligations that must be met such as the appointment of CDM Coordination services for reporting notifiable projects to the Health and Safety Executive (HSE).

## **9. Other Implications**

- 9.1 **Contractual Issues** - The Frameworks themselves do not commit the Council to any contractual obligation to purchase or deliver construction works. They are a mechanism by which specific contracts can be let to a selected group of contractors at the Council's discretion. They will be procured through a process that complies with the Public Contracts Regulations by the Corporate Commissioning and Delivery section that has considerable experience in procuring similar framework arrangements.
- 9.2 **Staffing Issues** - There are no specific staffing issues. The Frameworks themselves can be managed within the Corporate Client and Delivery Unit establishment.
- 9.3 **Corporate Policy and Customer Impact** - This proposal will support the Community Strategy by maximising post-16 training through apprenticeships and other initiatives; improve health and well-being by ensuring that homes provide healthy environments for living; contribute to the creation of thriving communities by maintaining and investing in existing homes and providing new high quality homes; maximise growth opportunities and increase the household income of the Borough residents through initiatives to engage local suppliers.
- 9.4 **Safeguarding Children** - This proposal will indirectly safeguard children through minimising the risks consequent with living in unsuitable or low standard properties and the surrounding communal areas.
- 9.5 **Health Issues** - This proposal may have a positive impact upon health issues ; for example, in bringing existing properties up to the Decent Homes Standard, risks of asbestos and / or other detrimental health issues such as damp and condensation will be reduced.

- 9.6 **Crime and Disorder Issues** - This proposal will reduce the risks of crime and disorder by renewing or refurbishing run down or unsuitable properties, thus improving the overall environmental standards of the surrounding area.
- 9.7 **Property / Asset Issues** - The proposal will have a positive impact upon the property or assets, raising the standard and value of the properties, reducing the need for incrementally expensive remedial work at a later date, and making sale and letting of the properties in future more attractive. The Council assets will be protected from dilapidation and degradation and all brought to the Decent Homes standard, protecting the property assets functionality and value.

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

**List of Appendices:** None

## Cabinet

**4 August 2014**

<b>Title:</b> Debt Management Performance and Write-Offs 2013/14 (Quarter 4)	
<b>Report of the Cabinet Member for Finance</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Steve Cooper, Head of Revenues	<b>Contact Details:</b> Tel: 07972003726 E-mail: steve.cooper@elevateeastlondon.co.uk
<b>Accountable Director:</b> Jonathan Bunt, Chief Finance Officer	
<p><b>Summary</b></p> <p>This report sets out the performance of the Council's partner, Elevate East London, in carrying out the debt management function on behalf of the Council and covers the final quarter of the year 2013/14. It also includes details of debt written off in accordance with the write off policy approved by Cabinet on 18 October 2011.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Note the contents of this report as it relates to 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</li> <li>(ii) Note the debt write-offs for the fourth quarter of 2013/14 and that a number of these debts will be publicised in accordance with the policy agreed by Cabinet.</li> </ul>	
<p><b>Reason</b></p> <p>Assisting in the Council's Policy aim of ensuring a well run organisation delivering its statutory duties in the most practical and cost-effective way. It will ensure good financial practice and adherence to the Council's Financial Rules to report on debt management performance and total debt write-off each quarter.</p>	

### 1. Introduction and Background

- 1.1 The Council's Revenues, Benefits, General Income and Rents Service are operated by the Council's joint venture company, Elevate East London LLP (Elevate). The service is responsible for the management of the Council's debt falling due by way of statutory levies and chargeable services.
- 1.2 This report sets out the performance for the fourth quarter of 2013/14 and covers the overall progress of each element of the service since April 2013. In addition it summarises the debts that have been agreed for write off in accordance with the

Council's Financial Rules. Write offs in the fourth quarter have been actioned in accordance with the Council's debt management policy agreed on 18 October 2011.

## 2. Performance and Issues

- 2.1 Set out in table 1 below is the performance for quarter 4 of 2013/14 achieved by Elevate for the main lines of debt managed by the Revenues Service during the financial year.

**Table 1: Collection Rate Performance – 2013-14 Quarter 4**

Type of Debt	Annual Target	Target for Quarter 4	Performance	Variance	Actual collected £m
<b>Council Tax</b>	93.5%	93.5%	94.1%	+0.6%	52,849
<b>NNDR</b>	97.57%	97.57%	96.96%	-0.61%	56,519
<b>Rent</b>	96.50%	96.50%	97.35	+0.85%	100,096
<b>Leaseholders</b>	91.80%	91.80%	97.08%	+5.28%	3,598
<b>General Income</b>	94.64%	94.64%	95.06	+0.42%	97,343

### Council Tax collection performance

- 2.2 Council Tax collection at the end of the fourth quarter was 0.6% above the target. Collection was affected by the introduction of the new Council Tax Support (CTS) scheme as part of the Government's welfare reform programme. Collection of Council Tax, from those in receipt of CTS and with a sum to pay, was 70.3%. This is significantly higher than the 50% figure that was predicted at the start of the year.
- 2.3 The Council has adopted the same CTS Scheme for 2014/2015 as it administered in 2013/2014. This means that the calculation for any working age claimant is based upon 85% of the relevant Council Tax liability. Updated premiums and allowances that are proposed for Housing Benefit in 2014/2015 are to be exactly reflected in the CTS scheme in 2014/15. The Council also adopted the following discretionary areas within the CTS Scheme:
- i. The ability to backdate working age claims to a maximum of three months.
  - ii. To disregard war widows and war disablement pension income.
  - iii. To adopt the extended payment scheme and align it with the main Housing Benefit scheme
- 2.4 Changes and improvements:
1. During the fourth quarter debt recovery action continued against non payers.
  2. Enforcement action has been initiated and there are currently 3,841 accounts with attachments to earnings or benefit. These are identified via a segmentation process prior to enforcement agent action which details accounts receiving benefit or where we hold employers details. This minimises the cases that are referred to the enforcement agent.



3. The sending of text messages to debtors has continued in quarter 4 with a good response from customers.
4. The payment arrangement procedure continues to ensure that those requiring more time to pay are managed appropriately. Those that fail to adhere to the terms of the arrangement are quickly identified and recovery action is initiated.

### **Business Rates (NNDR) collection performance**

- 2.5 NNDR collection rate at the end of the fourth quarter was 96.96%, which was 0.61% below the newly established stretch target from October 2014. This followed the restructure of the service, removing the responsibilities for LB Havering collection. However, collection improved by 1.87% compared to 2012/13, and represents the highest collection rate for five years.
- 2.6 The financial climate continues to have a detrimental effect upon businesses within the Borough making collection of Business Rates challenging.
- 2.7 Proactive outbound calling has been adopted to identify ratepayers that are beginning to fall behind with payments. The largest value 100 debtors, totalling £1.6m, were specifically targeted to ensure recovery is appropriate and effective where required.
- 2.8 A second enforcement agent was used in quarter 4 to continue pursuit of cases where non payment persists. The team continued to carry out joint visits with enforcement agents on higher value debts which resulted in a higher number making full payment.

### **Rent collection performance**

- 2.9 At the end of the fourth quarter collection reached 97.35% exceeding the annual target of 96.50% by 0.85%.
- 2.10 The introduction of the Spare Room Subsidy (bedroom tax) affects approximately 1,700 of the Council's tenants. Of those tenants who lost housing benefit this year because they were deemed to have one or more excess bedrooms, 48% are in rent arrears. This group as a whole owes £326k but eviction proceedings are only taken by Elevate against these tenants with the agreement of the Council and based on the merits of each case. Where tenants have arrears caused in the main by the Spare Room Subsidy, eviction proceedings will not take place whilst they are actively seeking to move to smaller accommodation.
- 2.11 Discretionary Housing Payments (DHPs) have been effective in alleviating some of the problems for those vulnerable households in difficulty who also find themselves in arrears. For those who under occupy by one bedroom the overall number in arrears fell from 62% at the end of April 2013 to 41.5% at the end of March 2014. For the 2 bedroom under occupation group the corresponding drop is from 60% down to 39%. The arrears value for the tenants affected by Spare Room Subsidy has fallen from £372k to £326k at year end, a £46k reduction. These falls reflect the extensive work carried out by Elevate to maximise the take-up of DHPs however these funds are likely to be cut by the Government in future years and do not represent a long term solution for tenants.

- 2.12 During 2013/14 various actions have been taken to improve performance in rent collection:
- i. The existing platform has been built on to ensure that avoidable arrears are minimised with procedures agreed between the Council and Elevate implemented. These procedures are designed to ensure that rent accounts are closed more swiftly when tenants move out.
  - ii. Elevate proactively seek to backdate housing benefit entitlement for tenants who have experienced a loss of entitlement due to vulnerability (learning difficulties or mental illness) which prevents them being able to comply with the standard claim submission timescales. Elevate have included messages on rent statements and on-line reminding tenants to prioritise rent payments and of the possible consequences of non-payment.
  - iii. Visiting campaigns by Elevate have been used successfully to target arrears groups borough wide. The last one in February 2014 saw 339 properties visited. This resulted in over 100 accounts being cleared and £63k of cash paid within 14 days.

### **Leaseholders' debt collection performance**

- 2.13 The leasehold collection target for 2013/14 was set at 91.80%. By the end of quarter 4 a collection rate of 97.08% had been achieved, which was 5.28% above target and 6.28% higher than in 2012/13. This has been achieved by maintaining a rigorous recovery timetable throughout the year ensuring late payers are consistently reminded to pay at the earliest possible time.

### **General Income collection performance**

- 2.14 General Income is used to describe the ancillary sources of income available to the Council which support the cost of local service provision. Examples of areas from which the Council derives income include: penalty charge notices; social care charges; rechargeable works for housing; nursery fees; trade refuse; truancy penalty notices; hire of halls and football pitches. Oracle is used for the billing of these debts and collection performance by Elevate for its activities across all these debts is reported collectively.
- 2.15 The collection target for 2013/14 was set at 94.64%. By the end of quarter 4 a collection rate of 95.06% had been achieved, which was 0.42% above target. A more effective procedure for school salary collection contributed to this result. The remainder of this section of the report considers a selection of General Income debts which have specific separate collection rate targets.

### **ACS Homes and ACS Residential - Collection of social care charges (home and residential)**

- 2.16 The Council's Fairer Contribution Policy commenced from October 2011 and applies to home care. Residential care charges are covered by the Department of Health's "Charging for Residential Accommodation Guide (CRAG)".
- 2.17 Collection of debt for home and residential care is reported separately. For both, the agreed measure for performance reporting is the percentage collected on debt

over 90 days old and performance reporting can include debts from previous financial years.

- 2.18 Residential care debt which the Council has secured with a charging order against the client's assets, usually their property, is not included in these figures.

#### **Residential care**

<b>Invoices</b>	<b>Debit Raised (£000)</b>	<b>Total Collected (£000)</b>	<b>Collection rate</b>	<b>Target</b>	<b>Difference</b>
90+ days	6,021	5,473	90.93	90.00%	+0.93%

#### **Homecare**

<b>Invoices</b>	<b>Debit Raised (£000)</b>	<b>Total Collected (£000)</b>	<b>Collection rate</b>	<b>Target</b>	<b>Difference</b>
90+ days	2,789	2.664	95.52%	90.00%	+5.52%

- 2.19 The recovery process of these debts is similar to that of other debts, but with added recognition given to particular circumstances. In order to ensure that the action taken is appropriate and to maximise payments each case is considered on its own merits at each stage of recovery and wherever possible payment arrangements are agreed. In addition a further financial reassessment of a client's contribution is undertaken where there is extraordinary expenditure associated with the care of the service user.

#### **Housing and Environment: Penalty Charge Notices**

- 2.20 This recovery work only includes debts due to Penalty Charge Notices (PCNs) for parking, bus lane and box junction infringements once a warrant has been obtained from the Traffic Enforcement Centre (TEC). The majority of these relate to parking infringements and Elevate enforce these warrants through enforcement agents and monitor their performance. Overall collection rates on PCNs will be reported by Environmental and Enforcement Services (Parking Services). Performance is set out in 2.25 below. The lengthening of the time from the issuing of the PCN to being granted the warrant will have an adverse effect on collection by enforcement agents during the next financial year, 2014/15.

#### **Housing Benefit Overpayments**

- 2.21 For 2013/14 collection totalled £3.376m. This was £400,000 over the yearly target of £2.976m.

#### **Enforcement Agent (Bailiff) Performance**

- 2.22 Enforcement agent action is a key tool for the Council to recover overdue debts but is only one area of collection work. There are now over 13,000 additional households liable to pay Council Tax following the introduction of Council Tax Support (CTS) as a replacement of Council Tax Benefit. This many additional payers during 2013/14 created a significant increase in the number of accounts requiring recovery action and the overall value of arrears. This is not a static group as residents move in and out of work. Elevate's ability to collect sums due on behalf

of the Council will be made progressively harder as welfare reforms take effect alongside the cumulative yearly effect of CTS on arrears.

- 2.23 A report was made to the Public Accounts and Audit Select Committee (PAASC) meeting on 26 June 2013 clarifying the scale of the potential impact in 2013/14, and the recovery processes the Council uses. The key to the Council's approach is that it encourages contact and payments as soon as possible, which maximises the opportunity for the taxpayer not to incur the added costs for being summonsed. The norm in 2011/12 and 2012/13 was for less than 25% of reminders to lead to action by enforcement agents. This was continued in 2013/14 although the actual number increased due to the recovery work required for CTS recipients.
- 2.24 The majority of cases sent to the enforcement agents for Council Tax in quarter 1 related to 2012/13 debts. Referrals increasingly related to 2013/14 debts as recovery cycles gathered pace through Q2, Q3 and Q4. Collection improved during the year.
- 2.25 Information on the performance of the enforcement agents is set out in the table below by type of debt for 2013/14:

<b>Service</b>	<b>Value sent to enforcement agents (£000)</b>	<b>Total collected by enforcement agents (£000)</b>	<b>Collection rate</b>
Council Tax	4,170	587	14.1%
NNDR	3,408	723	21.0%
Road Traffic	2,495	428	17.2%
Commercial rent	52	49	94.2%
General Income	84	25	30.0%

### **New Regulations for Enforcement agents**

- 2.26 As stated in the report for quarter 3, from 6 April 2014 all activity carried out by civil enforcement agents (formerly known as bailiffs) on behalf of the Council will be carried out in accordance with new regulations that have been introduced in accordance with the Tribunals, Courts and Enforcement Act<sup>1</sup>, 2007.
- 2.27 The regulations apply to England and Wales and are designed to apply more effective control and greater transparency for the charging of fees by enforcement agents.

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<sup>1</sup> The regulations are:

1. The Taking Control of Goods Regulations 2013 No. 1894
2. The Taking Control of Goods (Fees) Regulations 2014 No. 1.
3. The Certification of Enforcement Agent Regulations 2014 No.421
4. The Tribunals, Courts and Enforcement Act 2007 (Consequential, Transitional and Saving Provision) Order 2014

2.28 The new rules split the enforcement agent action into a number of stages, four stages for enforcement under a High Court Writ and three stages where enforcement is not under a High Court Writ. The most common enforcement carried out by Elevate on behalf of the Council is under the latter; the fees to apply are set out in the regulations and are as follows:

- i. Compliance Stage £75
- ii. Enforcement Stage £235 (7.5% additional charge for debts over £1,500)
- iii. Sale or disposal stage £110 (7.5% additional charge for debts over £1,500)

2.29 Compliance stage is when the Enforcement Agent Company receives instruction to deal with the debt at which point they will issue a notice of enforcement to the debtor. This stage may also include other attempts to contact the debtor. The Enforcement stage will include a visit to the property. The fees are fixed regardless of how many visits are made and may include the enforcement agent taking control of goods belonging to the debtor. The last stage is the Sale stage where debtors' goods are removed for sale at auction.

2.30 These new rules and their simplified charges are being implemented after lengthy consultation with the industry and for the Government they demonstrate its commitment to protecting the public from unsound and unsafe methods of rogue enforcement agents, but at the same time having rules that allow for the fair collection of debts.

**Debt Write-off: Quarter 4 2013/14**

2.31 All debt recommended for write off is done so in accordance with the policy of the Council who have the final decision with regard to approval. The value of debt recommended to the Chief Finance Officer and subsequently approved for write off during the fourth quarter of 2013/14 totalled: **£876,911**. The detail of the value of cases and number of cases written off in quarters 1 to 4 of 2013/14 is provided in Appendix A.

2.32 The figures in Appendix B show the total write-offs for 2011/12 and 2012/13 as well the total debts written off by quarter during 2013/14.

2.33 573 debts were written off in quarter 4 for which the reasons are set out below. The percentage relates to the proportion of write offs:

<b>Absconded/not traced</b>	<b>Uneconomic to pursue</b>	<b>Debtor Insolvent</b>	<b>Deceased</b>	<b>Other reasons</b>
<b>22.9%</b>	<b>48.7%</b>	<b>1.0%</b>	<b>17.1%</b>	<b>10.3%</b>

(The 'Other reasons' category includes examples such as: where the debt liability is removed by the Court or the debtor is living outside the jurisdiction of the English Courts and is unlikely to return).

**Publication of individual details of debts written off (Appendix C)**

2.34 In line with Council policy established in 2007, due to the difficulties of finding absconding debtors, a list showing the details of some debtors who have had debts

written off is attached to this report at Appendix C. The list has been limited to the ten largest debts only and can be used in the public domain.

- 2.35 As Appendix C shows, all of the ten largest debts relate to Former Tenant Arrears (FTAs) and are typically several years old. To explain some of the background to the build up of debts around this time, the Council introduced a new Housing Management IT system, Capita, in July 2009 and a number of problems during the early life of the system meant that arrears letters were not generated for over six months. The cumulative effect of this and other issues meant that there was a considerable backlog and a build up of approximately 600 rent accounts in very high arrears. This, coupled with the lengthy process for securing evictions for those that refuse to pay which takes, on average, 40+ weeks, meant that many debts reached £10,000+.
- 2.36 Cases are now up to date and arrears are addressed much earlier. Notices are first issued when arrears reach approximately £400 (an average of four weeks rent arrears). Debts would generally now be £2,000 when they enter the Court process and £4,000 to £5,000 by the time an eviction takes place.

### **3. Financial Implications**

Implications completed by: Kathy Freeman, Corporate Finance Group Manager

- 3.1 Collecting all sums due is critical to the Council's ability to function. In view of this, monitoring performance is a key part of the monthly meetings with Elevate.
- 3.2 The monthly meetings between Elevate and the Council focus on the areas where the targets are not being achieved and discuss other possibilities to improve collection.
- 3.3 In 2013/14, the Council has written off debts of £1.5m, with the majority of write offs attributable to former tenant arrears of £0.8m. The amount of debt written off has decreased from the £2.7m written off in 2012/13 and this is mainly due to a reduction in the overall value of arrears as in-year collection rates rise. More emphasis and resource has also been placed on pursuing newer collectable debts rather than older uncollectable debts. It is important the bad debts are written off promptly for budgeting purposes so the Council can then maintain the correct levels of bad debt provision.
- 3.4 To the end of quarter 4, Elevate have exceeded the collection targets for all debt types, except for NNDR. This has led to an increase of £2.2m in additional income collected.

### **4. Legal Implications**

Implications completed by: Paul Feild, Senior Governance Lawyer

- 4.1 Monies owned to the Council in the form of debts are a form of asset that is the prospect of a payment sometime in the future. The decision not to pursue a debt carries a cost and so a decision not to pursue a debt is not taken lightly.

- 4.2 The Council holds a fiduciary duty to the ratepayers and the government to make sure money is spent wisely and to recover debts owed to it. If requests for payment are not complied with then the Council seeks to recover money owed to it by way of court action once all options are exhausted. While a consistent message that the Council is not a soft touch is sent out with Court actions there can come a time where a pragmatic approach has to be taken with debts as on occasion they are uneconomical to recover in terms of the cost of process and the means of the debtor to pay the maxim *no good throwing good money after bad* applies. In the case of rent arrears, the court proceedings will be for a possession and money judgement for arrears. However a possession order and subsequent eviction order is a discretionary remedy and the courts will more often than not suspend the possession order on condition the tenant makes a contribution to their arrears.
- 4.3 While the recent use of Introductory Tenancies a form of trial tenancy may have some impact as only those tenants with a satisfactory rent payment history can expect to be offered a secure tenancy the best approach is to maintain a dialogue with tenants and highlight the importance that payment of rent and Council tax ought to be considered as priority debts rather than credit loans as without a roof over their heads it will be very difficult to access support and employment.
- 4.4 The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.

## **5. Other Implications**

- 5.1 **Risk Management** - No specific implications save that this report acts as an early warning system to any problems in the area of write offs.

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

### **List of appendices**

**Appendix A** – Debt Write Off Table for Quarters 1, 2, 3 and 4 for 2013/14.

**Appendix B** – Debts written off in 2011/12 and 2012/13 and totals for 2013/14 so far.

**Appendix C** – Ten Largest Debts Written Off in Quarter 3, 2013/14

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Table 1: Debts Written Off during Quarter 1 2013/14 (£)

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
Apr-13	Under 2k	0	2,160	0	0	11,989	0	
	Over 2k	0	0	0	0	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>0</b>	<b>2,160</b>	<b>0</b>	<b>0</b>	<b>11,989</b>	<b>0</b>	<b>14,149</b>
May-13	Under 2k	0	22,500	0	1,457	27,292	14,324	
	Over 2k	0	9,721	0	0	0	2,269	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>0</b>	<b>32,221</b>	<b>0</b>	<b>1,457</b>	<b>27,292</b>	<b>16,592</b>	<b>77,562</b>
Jun-13	Under 2k	0	32,872	23,729	0	0	0	
	Over 2k	0	12,961	0	0	0	0	
	Over 10k	0	10,350	0		0	0	
	<b>Total</b>	<b>0</b>	<b>56,183</b>	<b>23,729</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,912</b>
Quarter 1 Totals		<b>0</b>	<b>90,564</b>	<b>23,729</b>	<b>1,457</b>	<b>39,281</b>	<b>16,592</b>	<b>171,623</b>

**Table 2: Debts Written Off during Quarter 2 2013/14 (£)**

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
Jul-13	Under 2k	84	15,021	0	0	0	0	
	Over 2k	22,026	0	0	0	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>22,110</b>	<b>15,021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,131</b>
Aug-13	Under 2k	4,995	16,044	0	359	23,402	0	
	Over 2k	0	0	0	0	0	0	
	Over 10k	34,587	0	0	0	0	0	
	<b>Total</b>	<b>39,582</b>	<b>16,044</b>	<b>0</b>	<b>359</b>	<b>23,402</b>	<b>0</b>	<b>79,386</b>
Sep-13	Under 2k	2,500	6,133	0	215	0	0	
	Over 2k	0	7,613	0	0	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>2,500</b>	<b>13,746</b>	<b>0</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>16,462</b>
Quarter 2 Totals		<b>64,192</b>	<b>44,811</b>	<b>0</b>	<b>574</b>	<b>23,402</b>	<b>0</b>	<b>132,979</b>

**Table 3: Debts Written Off during Quarter 3 2013/14 (£)**

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
<b>Oct-13</b>	Under 2k	2,694	24,073	0	0	2,320	0	
	Over 2k	0	25,636	0	0	0	0	
	Over 10k	0	0	0	0	0	204,788	
	<b>Total</b>	<b>2,694</b>	<b>49,709</b>	<b>0</b>	<b>0</b>	<b>2,320</b>	<b>204,788</b>	<b>259,511</b>
<b>Nov-13</b>	Under 2k	6,492	7,265	23,472	472	0	0	
	Over 2k	0	0	0	0	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>6,492</b>	<b>7,265</b>	<b>23,472</b>	<b>472</b>	<b>0</b>	<b>0</b>	<b>37,701</b>
<b>Dec-13</b>	Under 2k	19,217	2,061	0	0	15,753	0	
	Over 2k	0	0	0	0	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>19,217</b>	<b>2,061</b>	<b>0</b>	<b>0</b>	<b>15,753</b>	<b>0</b>	<b>37,031</b>
Quarter 3 Totals		<b>28,403</b>	<b>59,035</b>	<b>23,472</b>	<b>472</b>	<b>18,073</b>	<b>204,788</b>	<b>334,243</b>

**Table 4: Debts Written Off during Quarter 4 2013/14 (£)**

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
<b>Jan-14</b>	Under 2k	5,303	12,620	0	0	0	0	
	Over 2k	0	7,489	0	2,799	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>5,303</b>	<b>20,109</b>	<b>0</b>	<b>2,799</b>	<b>0</b>	<b>0</b>	<b>28,211</b>
<b>Feb-14</b>	Under 2k	3,476	834	94	800	0	0	
	Over 2k	0	0	0	2,579	0	0	
	Over 10k	0	0	0	0	0	0	
	<b>Total</b>	<b>3,476</b>	<b>834</b>	<b>94</b>	<b>3,379</b>	<b>0</b>	<b>0</b>	<b>7,783</b>
<b>Mar-14</b>	Under 2k	26,528	5,859	84,443	0	0	0	
	Over 2k	13,245	22,710	603,894	0	0	0	
	Over 10k	0	12,881	71,357	0	0	0	
	<b>Total</b>	<b>39,773</b>	<b>41,450</b>	<b>759,694</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>840,917</b>
Quarter 4 Totals		<b>48,552</b>	<b>62,393</b>	<b>759,788</b>	<b>6,178</b>	<b>0</b>	<b>0</b>	<b>876,911</b>

Table 5: Debts Written Off during Quarter 1 2013/14 (Numbers)

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
<b>Apr-13</b>	Under 2k	0	27	0	0	21	0	48
	Over 2k	0	0	0	0	0	0	0
	Over 10k	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>48</b>
<b>May-13</b>	Under 2k	0	141	0	1	51	23	216
	Over 2k	0	3	0	0	0	2	5
	Over 10k	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>144</b>	<b>0</b>	<b>1</b>	<b>51</b>	<b>25</b>	<b>221</b>
<b>Jun-13</b>	Under 2k	0	162	153	0	0	0	315
	Over 2k	0	4	0	0	0	0	4
	Over 10k	0	1	0	0	0	0	1
	<b>Total</b>	<b>0</b>	<b>167</b>	<b>153</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>320</b>
Quarter 1 Totals		<b>0</b>	<b>338</b>	<b>153</b>	<b>1</b>	<b>72</b>	<b>25</b>	<b>589</b>

**Table 6: Debts Written Off during Quarter 2 2013/14 (Numbers)**

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
<b>Jul-13</b>	Under 2k	17	110	0	0	0	0	127
	Over 2k	0	0	0	0	0	0	0
	Over 10k	0	0	0	0	0	0	0
	<b>Total</b>	<b>17</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>127</b>
<b>Aug-13</b>	Under 2k	15	100	0	1	50	0	166
	Over 2k	0	0	0	0	0	0	0
	Over 10k	2	0	0	0	0	0	2
	<b>Total</b>	<b>17</b>	<b>100</b>	<b>0</b>	<b>1</b>	<b>50</b>	<b>0</b>	<b>168</b>
<b>Sep-13</b>	Under 2k	13	37	0	1	0	0	51
	Over 2k	4	1	0	0	0	0	5
	Over 10k	0	0	0	0	0	0	0
	<b>Total</b>	<b>17</b>	<b>38</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>56</b>
<b>Quarter 2 Totals</b>		<b>51</b>	<b>248</b>	<b>0</b>	<b>2</b>	<b>50</b>	<b>0</b>	<b>351</b>

Table 7: Debts Written Off during Quarter 3 2013/14 (Numbers)

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
<b>Oct-13</b>	Under 2k	20	122	0	0	2		144
	Over 2k	0	9	0	0	0		9
	Over 10k	0	0	0	0	0	11	0
	<b>Total</b>	<b>20</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>11</b>	<b>164</b>
<b>Nov-13</b>	Under 2k	33	40	0	1	0		74
	Over 2k	0	0	0	0	0		0
	Over 10k	0	0	0	0	0		0
	<b>Total</b>	<b>33</b>	<b>40</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>74</b>
<b>Dec-13</b>	Under 2k	42	9	101	0	50		202
	Over 2k	0	0	0	0	0		0
	Over 10k	0	0	0	0	0		0
	<b>Total</b>	<b>42</b>	<b>9</b>	<b>101</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>202</b>
Quarter 3 Totals		<b>95</b>	<b>180</b>	<b>101</b>	<b>1</b>	<b>52</b>	<b>11</b>	<b>440</b>

**Table 8: Debts Written Off during Quarter 4 2013/14 (Numbers)**

Write-offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Council Tax	NNDR	TOTAL
<b>Jan-14</b>	Under 2k	14	98	0	0	0	0	112
	Over 2k	0	2	0	1	0	0	3
	Over 10k	0	0	0	0	0	0	0
	<b>Total</b>	<b>14</b>	<b>100</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>115</b>
<b>Feb-14</b>	Under 2k	10	5	1	1	0	0	17
	Over 2k	0	0	0	1	0	0	1
	Over 10k	0	0	0	0	0	0	0
	<b>Total</b>	<b>10</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>18</b>
<b>Mar-14</b>	Under 2k	118	21	156	0	0	0	295
	Over 2k	5	4	129	0	0	0	138
	Over 10k	0	1	6	0	0	0	7
	<b>Total</b>	<b>123</b>	<b>26</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>440</b>
Quarter 4 Totals		<b>147</b>	<b>131</b>	<b>292</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>573</b>



Table 2: Debts written off during 2011/12

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
<b>2011/12 Totals</b>	£260,487	£145,284	£987,383	£2,808	£N/A	£0	£0	£205,789	£772,683	£2,374,434

Table 3: Debts written off during 2012/13

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
<b>2012/13 Totals</b>	£110,876	£141,896	£886,890	£23,360	£N/A	£0	£0	£1,015,408	£569,842	£2,748,272

Table 4: Debts written off during 2013/14

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
<b>2013/14 Totals</b>	£141,147	£256,804	£806,989	£8,681	£N/A	£0	£0	£80,755	£221,380	£1,515,756

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## Ten largest debts approved for write-off - Quarter 4, 2013/14

NAME	AMOUNT	DEPARTMENT	REASON
MR N BILONDA	£12,293.27	Housing Rent – former tenant	Housing Benefit stopped in May 2011 and action was held for 2 months to allow evidence to be supplied. Action was further held to establish whether the tenant had left the property. Housing received a called on 13.06.2012 from a Mrs Nzumba who stated she was the tenants wife and that he was no longer living there and had gone to Africa. It was established that the tenant had left but his family remained in the property so action was again held off pending the transfer of the tenancy by Housing. Finally tenant moved back in so action to evict was resumed. The tenant left the address before an eviction warrant was applied for from the court. All attempts at tracing the debtor have been unsuccessful. The tenancy end date was 14.10.2012.
MRS JANICE CLARK	£11,697.25	Housing Rent – former tenant	The eviction process was first started in 2011. An application against the warrant was made by the tenant – this was adjourned by the court in December 2011. It took 6 contacts with Romford County Court between March 2012 and June 2012 before they admitted that the original file had gone missing. They then set a new hearing date for 17.09.2012; The tenants application against the warrant was dismissed meaning that she lost her fight against the warrant i.e. the judge gave permission for the eviction to go ahead –and the eviction process continued The tenant was finally evicted for rent arrears on 10.02.2013. Tracing has been carried out at various times but has been unsuccessful.
MR LESLEY TEECE	£10,765	Housing Rent – former tenant	There were large arrears on this account at the time of the Court hearing in April 2011. The tenant was evicted due to rent arrears on 26.02.2012. Tracing has been carried out at various times but has been unsuccessful.

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MR H BRODERICK	£10,653.56	Housing Rent – former tenant	This case was a “Use and Occupation” account. Elevate do not pursue arrears in these types of cases as these are not tenancies. The tenant left the address before an eviction warrant was applied for from the court. The tenancy ended on 05.07.2009. All attempts at tracing the debtor have been unsuccessful.
MR A B POPOOLA	£10,149.75	Housing Rent – former tenant	The original Court hearing was suspended by Court three times due to the tenant appealing about HB issues at the last minute. A Possession Order was granted 09.02.2011; Warrant applied for 10.05.2011. Eviction date set for 29.06.2011. Tracing has been carried out at various times but has been unsuccessful.
MRs D GOWER	£9,486.96	Housing Rent – former tenant	Due to problems with the Capita IT system this case failed to report in searches for arrears cases until May 2010. A Possession Order was given by the Courts in December 2011 when arrears were £7516.30. The tenant made an application to ‘overturn’ this order and the hearing for this took place on 06.02.2012 when arrears were £8346.64 – the judge dismissed this meaning our original order stood. Eviction action commenced within 2 weeks and eviction date was received for 01.05.2012. Tracing has been carried out at various times but has been unsuccessful.
MR R FIODOROWICZ	£9,152.68	Housing Rent – former tenant	A Possession Order was given 13.08.2009; Warrant prepared 20.08.2009 and eviction date set for 24.09.2009. Tracing has been carried out at various times but has been unsuccessful.
MISS A JAVID ASHRAF	£9,056.41	Housing Rent – former tenant	Abandoned tenancy issue. Rents were advised by Adult Intake Team on 12.06.2012 that the Tenant left the property in April 2012 due to her life

## Appendix C

			being under threat from her ex-partner. Rents advised that the tenant should hand in keys but this was not done and it took until 02.12.2012 to carry out an eviction. Tracing has been carried out at various times but has been unsuccessful.
MISS C HINDS	£8,983.99	Housing Rent – former tenant	Eviction date originally set for 01.07.2009. An Application was made by tenant and the hearing adjourned. New hearing set for 29.07.2009 and that was then adjourned to 02.09.2009. This hearing was adjourned to 04.12.2009 where warrant was suspended on terms. Payment method was changed to DWP payments at some point so case was not looked at between January 2010 and June 2011. An Eviction warrant was raised 06.07.2011 – eviction date set for 05.09.2011. Application again made by tenant and adjourned to 12.09.2011. This was dismissed as tenant failed to provide all documentation requested at previous hearing. Eviction took place 23.09.2011. Tracing has been carried out at various times but has been unsuccessful.
MR S KABERHOD	£8,890.21	Housing Rent – former tenant	28 day outright order granted 04.04.2011; Arrears at that time were already over £7k. Eviction paperwork prepared 31.05.2011; Eviction date set and carried out on 24.08.2011. Tracing has been carried out at various times but has been unsuccessful.

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**CABINET****4 August 2014**

<b>Title:</b> Care City	
<b>Report of the Cabinet Member for Adult Social Care and Health</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
<b>Report Author:</b> Helen Oliver, Programme Lead, Care City (NELFT)	<b>Contact Details:</b> Tel: 0300 555 1201 Ext 66228 E-mail: <a href="mailto:helen.oliver@nelft.nhs.uk">helen.oliver@nelft.nhs.uk</a>
<b>Accountable Director:</b> Anne Bristow, Corporate Director Adult and Community Services	
<p><b>Summary</b></p> <p>In March 2014, the Health and Wellbeing Board agreed on behalf of the Council to partner with the North East London Foundation Trust (NELFT) to develop Care City.</p> <p>Care City is a ground breaking partnership venture led by NELFT and the Council which aims to develop an outer North-East London health and social care eco-system.</p> <p>Care City, whilst primarily an initiative that aims to improve the health outcomes of local residents, will support the regeneration of the Town Centre, create a high quality research centre for dementia care and other long term conditions and develop new opportunities for education and employment for local people who want to work in the health and social care sector.</p> <p>A report is elsewhere on the Cabinet agenda to consider premises issues for Care City.</p> <p>This is the first Care City report presented to Cabinet and aims to provide members with an overview of the joint development of Care City across Barking and Dagenham Council and NELFT.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Note the partnership agreement and initial funding arrangements entered into by the Health and Wellbeing Board; and</li> <li>(ii) Support the further development of Care City in Barking and its contribution to wider regeneration in the Town Centre.</li> </ul>	

## **Reason(s)**

Barking and Dagenham's Community Strategy 2013-2016 vision is to 'Encourage Growth and unlock the potential of Barking and Dagenham and its residents'. To achieve the vision for Barking and Dagenham there are five priorities which underpin its delivery: Ensure every child is valued so that they succeed; Reduce crime and fear of crime; Improve health and wellbeing through all stages of life; create thriving communities by maintaining and investing in new and high quality homes and to maximise growth opportunities and increase household income of boroughs residents. Securing Barking and Dagenham as the main site for Care City will support the partnership to address all of these priorities. It will also contribute to tackling many of the health inequalities which impact upon our community as identified in our Health and Wellbeing Strategy.

## **1. Introduction and Background**

### **1.1 Mission statement**

1.1.1 Care City aims to transform the quality of life for people living in Outer North East London through the innovative integration of health and social care. The model will inspire whole-system, locally driven change by fostering economic regeneration, developing new opportunities for education and employment, and by pioneering research in dementia care and other long term conditions. Care City will be delivered by the community for the community.

### **1.2 What is Care City?**

1.2.1 Care City is a centre for excellence and a new concept in urban health and community care. Based in one of the most deprived areas in England, Care City will enable the wider health and social care sector to improve health outcomes for Outer North East London and beyond, and will stimulate economic growth, investment and regeneration through partnerships with industry, social enterprises and the academic and charitable sectors.

1.2.2 The need to improve the management of long-term conditions including dementia is one of the most important challenges currently facing the health and social care sector. In England, more than 15 million people have a long term condition, and this figure is likely to increase over the next 10 years, particularly those people with three or more conditions at once. Examples of long term conditions include high blood pressure, depression, dementia and arthritis. Long term conditions can affect many parts of a person's life, from their ability to work and have relationships to housing and education opportunities. Care of people with long term conditions accounts for 70% of the money we spend on health and social care in England. People with long-term conditions and co-morbid mental health problems disproportionately live in deprived areas and have access to fewer resources of all kinds. The interaction between co-morbidities and deprivation makes a significant contribution to generating and maintaining inequalities.

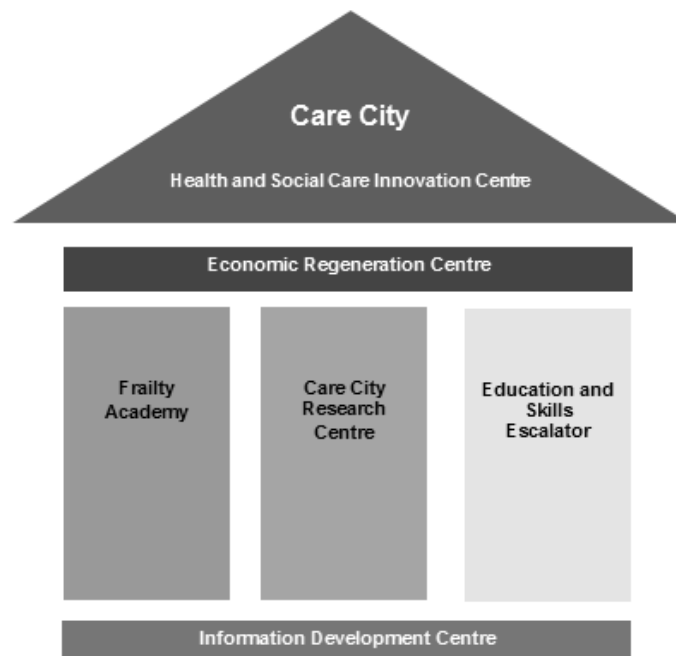
1.2.3 Care City's local, national and international collaborations will aim to modernise the provision, management and funding of health and social care. It will support a move from a model that is reactive and disease-focused, towards one that is proactive where people with long-term conditions have a leading role in their own care that will help to reduce stigma and improve community resilience.



1.2.4 Serving the people of Outer North East London and founded by North East London NHS Foundation Trust (NELFT) and the London Borough of Barking and Dagenham (LBBD), it will produce the knowledge and evidence required to help to prevent illness. Where that is not possible, it will support people to self-manage their symptoms better, avoiding admission to hospital and enabling them to remain independent in their own homes.

### 1.3 Care City Model

1.3.1 The five components of Care City will work together as a health and social care innovation centre to build a sustainable model to improve opportunities for the local community. The Information Development Centre will act as an enabler, providing support to new ideas and technologies that can support the aims of the Care City Research Centre, the Frailty Academy and the Education and Skills Escalator. The synergies of these components will realise the aim of the fifth component, i.e., economic regeneration, which will focus on creating a virtuous cycle of external investment, through innovation and entrepreneurship, amplifying the success of the other four components. On a larger scale, it will drive education and research into practice. We will develop, evaluate and implement the best research, co-develop innovative technologies, and pioneer training and education opportunities for staff to deliver integrated care. Care City will comprise:



**Information Development Centre** – aims to connect the voluntary, health and social care sector to industry and entrepreneurs. Care City will enable the development and application of information products which make the best use of evolving technologies, to deliver person-centred services.

**Frailty Academy**– aims to redesign the way people interact with and experience health and social care by encouraging their collaboration with experts from academia and the private sector. This will help people better co-produce and experience improved health and independence at home.

**Care City Research Centre** – brings together academics, health and social care staff, patients and carers with the aim to develop world leading research relevant to health and social care and to build research capacity. The centre includes the new Institute of Dementia Care pioneering research and improving practice, and also a research and development department to support to research projects and to develop new applied research groups in long term conditions. The research centre will collaborate with world-class academic institutions to advance research and innovation, and to get best evidence into practice.

**Education and Skills Escalator** – aims to support local people to develop the capabilities they need to access employment opportunities, and to support those already in work to gain the leadership skills required to advance their careers in health, social care, research and information science.

**Economic Regeneration Centre** – aims to drive economic regeneration through attracting investment into community care, unleashing the energies of large and small businesses develop new services and products. The goal is to support individuals to self-manage, and thereby improve overall community resilience. It aims to create new jobs in research, start-up companies and SMEs. In addition local residents will be able to gain the skills needed to fill the needs of the health, social and voluntary care systems, and to improve their earning potential which will have a positive impact upon local communities.

## 1.4 Vision

1.4.1 The individual partners involved in Care City cannot by themselves transform the lives of the people they serve. The value of Care City is therefore in the ability to derive outcomes that are more powerful than the sum of its parts. These include:

- A well-functioning and sustainable health and social care system which is responsive to the needs of communities in Outer North East London.
- Person-centred services which support citizens to be proactive in maximising their own health independence and wellbeing.
- A workforce culture which is integrated, responsive and citizen focussed
- More effective self-management, better co-ordinated care and improved health outcomes for people living with long-term conditions.
- Measureable improvements in local health outcomes through equitable, accessible and high quality services.
- Increase in employment opportunities for local people- including progression into leadership roles
- Growth of local small and medium enterprises and create inward investment for the wider community interest.

## 2. Proposal and Issues

### 2.1 Care City Business Plan

2.1.1 NELFT formally received the outline business plan on 22<sup>nd</sup> July 2014. This business plan looked to secure NELFT Board commitment to use strategic capital reserves to support the establishment of Care City. This included funding the cost of the core team which will work across NELFT and LBBB to further develop the proposal. A verbal update on the outcome of these deliberations will be provided at the meeting.

## **2.2 Care City Interim Show-Home**

- 2.2.1 In January 2014, the Bathhouse was identified as the preferred site for the interim show-home. In March 2014 the Barking and Dagenham Health and Wellbeing Board agreed £300,000 contribution towards the fit out costs and in April 2014 the NELFT Board agreed £1.8 million to purchase the long lease-hold.
- 2.2.2 However, by June 2014 a third party had made an offer on the site and this meant that the site could not be secured on our preferred terms. Therefore, LBBB and NELFT carried out a further scoping exercise where a second option (Wigham House) was identified as viable. As an existing NELFT leased property it was felt that this would also support the partnership to save time in securing the site.
- 2.2.3 The Care City team are in discussions with designers and it is envisaged that renovation work will begin by October 2014 and be completed by February 2015.
- 2.2.4 The interim site will comprise: Information Development Zone; Economic Regeneration Zone; Research and Development Zone; Frailty Zone; Education and Skills Zone; Agile working space; Tea and coffee service; Additional meeting rooms; Exhibition space; Care City Project Team; Reception and Storage.

## **2.3 Care City Legal structure and ownership**

### **2.3.1 Legal structure**

NELFT and LBBB are deemed to be the founding partners for Care City. A draft governance paper is currently under development and is due to be considered initially by the NELFT board on 22<sup>nd</sup> July 2014. The governance proposal will then be formally considered by the council. The proposed legal structure is based on the following assumptions:

- That the investors as public service organisations intend that any profit or dividend will be returned to the public purse in order to fund better local services
- That Care City will manage its day to day operations to a large degree as an 'arm's length body' from NELFT and LBBB, reporting via its interim governance to the Boards of NELFT and the Health and Wellbeing Board.
- That to allow for establishment, Care City will operate initially from an interim site for a minimum of three years before being considered and established as a fully 'stand-alone' body
- That once fully established, in approximately three years, Care City will operate with separate accounts, liabilities and governance from the investing public service partners, and in doing so will minimise the future risks to public services if significant losses were incurred
- That NELFT and LBBB may in future consider using Care City as an additional trading arm of the business that through more flexible partnerships (i.e. with the Third Sector) will help keep or attract revenue streams in providing local services.

### **2.3.2 Interim Governance**

In the start-up phase Care City will require an interim governance structure that is capable of representing the founding partner's interests. It will need to maintain sound financial oversight as well as provide non-executive oversight and guidance through from inception to potential establishment as a more independent body. The interim Care City Executive group will set the cultural tone for partnership working, and connect with organisations which could contribute the company mission. It is proposed that the interim Executive Group will report to the relevant accountable structures of the founding partners. Members of the Executive Group will be proposed to and approved by the founding partners and will include leads from those partners – NELFT and LBBD. In addition a wider external Steering Group will meet quarterly. This group will provide external advice and help engage Care City within the wider pan London health and care programmes. Membership of the steering group will also require approval of the founding partners.

### **2.3.3 Financial Governance**

The Boards of the Founding Partners will determine the level of investment to Care City from their organisations. These investments may take the form of capital investment and investment in kind, for example through deployment of staff. The Care City Executive Director will be accountable for deployment of these funds and the Care City Interim Executive Group will provide oversight. The Founding Partner Boards will receive an annual report of how these funds have been deployed.

Additional funds will be raised to support the activities of Care City through application of grants or via secured private sector investment. When funds are raised by Founding Partners or Partners using the Care City brand, the named lead for the grant or investment will be accountable to the Interim Care City Board for oversight of how the funds are deployed (they may also be required to report to the employing organisation).

## **2.4 Care City key milestones**

- Interim site refurbishment October 2014 -February 2015
- Interim site opening February 2015
- Permanent site building open summer 2017

## **3. Options Appraisal**

3.1 An option appraisal has not been conducted as Care City is an evolving and innovative model which aims to forge collaborations to ensure that we are able to apply best practice from across the region to deliver its mission and vision.

## **4. Consultation**

4.1 To date Care City discussions have engaged many internal and external stakeholders across the research and development, ICT, education and training, and frailty spectrum, and the response has been universally positive.

4.2 Within the Council discussions have been held with the Leader, the Chair of the Health and Wellbeing Board, the Children's Trust, the Chief Executive, Growth

Board, Corporate Management Team and both Margaret Hodge MP and Jon Cruddas MP. Care City is also supported by the Barking and Dagenham, Havering and Redbridge Integrated Care Coalition as well as the Urgent Care Board. BHRUT has expressed an interest in co-locating its research and development and education and training bases in to Care City.

- 4.3 Support has also been cultivated from a number of key individuals in the field including the World Health Organisation and Prime Minister's Dementia Champion Dr Dennis Giddings, the Evington Group and NHS England's Dementia Champion, Dr Charles Alessi.
- 4.4 Health Education England's North East London CEO has invested £300K in to Care City with the intention we help secure wider EU funds. Presentations have been given to the Chairs of the London Enterprise Partnership (the local EU decision making body) and we are working with the GLA and the NHS European Office to develop our bids.
- 4.5 Two workshops have been held with the local SME and innovation community and a Care City workshop was also delivered at the recent Business of Care Conference with the Borough's social care providers at Eastbury Manor House.

## **5. Financial Implications**

Implications completed by: Roger Hampson, Group Manager (Finance, Adults & Community Services)

- 5.1 At its meeting on 25 March 2014, the Health and Wellbeing board agreed to:  
  
"delegate authority to the Corporate Director of Adults and Community Services, in consultation with the Head of Legal & Democratic Services and the Chief Financial Officer, to negotiate and enter into a partnership arrangement between the Council and NELFT in accordance with Section 75 of the NHS Act 2006, and to finalise the related arrangements, for the interim "collaboration lab" in 2014/15, including up to £300k of funding from the Public Health grant for set up costs, and £72k from the Adults and Community Services reserve, if needed for funding the first year of rent."
- 5.2 At that time the Bathhouse was the preferred site. As explained in this report, the site is no longer available and it is now proposed to base the site at Wigham House. As this is already leased by NELFT, support for the first year of rent is no longer needed. However, £300k of funding from the Public Health grant towards fit out costs is still proposed. Funding is available to support this in 2014/15.
- 5.3 The NELFT Board considered the case for making a significant investment from the NELFT's capital reserves, to establish the permanent Care City site at its meeting on the 22<sup>nd</sup> July 2015. As stated above, a verbal update will be given at the Cabinet meeting as to the result of these discussions.

## 6. Legal Implications

Implications completed by: Dawn Pelle, Adult Care Lawyer, LBBD

- 6.1 There are no implications arising from this report. Care City puts into practice the integrated working envisaged in the Care Act 2014.

## 7. Other Implications

- 7.1 **Corporate Policy and Customer Impact** - Care City will support a greater platform for customer consultation and engagement in research and development. It also aims to improve services for customers through improving the integrated response of health and social care services and widening product available to support individuals to self-care.
- 7.2 **Safeguarding** - Care City will enhance the skills and training of staff operating in the health and social care sector which in turn will improve reporting of adult and children safeguarding concerns.
- 7.3 **Health Issues** - Care City support Section 2, 3, 4, 5, 6, 7 and 8 of the Joint Strategic Needs Assessment. It will support young people to enjoy healthier outcomes through creating wealth, employment opportunities as well as more efficient and integrated services. It will address wider health inequalities and deprivation facing the community through regeneration and community resilience. It will also support the safeguarding agenda through improving both the quality and effectiveness of health and social care services through improved training and skills development.  
Care City will support improved health and wellbeing outcomes for the community through addressing health inequalities by improving access to employment, skills and improved health services.
- 7.4 **Crime and Disorder Issues** - Through addressing health inequalities and poverty we would hope to reduce crime and disorder. We also hope that through inward investment we will support the regeneration of the town centre in a way which enables us to design out certain crime.
- 7.5 **Property / Asset Issues** - These issues are dealt with in the "Abbey Sports Centre site - Future Use" report elsewhere on this agenda.

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

**List of appendices:** None

## CABINET

4 August 2014

<b>Title:</b> Call-In of “Gascoigne Estate (East) Regeneration Proposals - Site Masterplan and Phase 1” report	
<b>Report of the Monitoring Officer</b>	
<b>Open</b>	<b>For Decision</b>
<b>Wards Affected:</b> Gascoigne	<b>Key Decision:</b> Yes
<b>Report Author:</b> Alan Dawson, Democratic Services Manager, Legal and Democratic Services	<b>Contact Details:</b> Tel: 020 8227 2348 E-mail: alan.dawson@lbbd.gov.uk
<b>Accountable Divisional Director:</b> Fiona Taylor, Head of Legal and Democratic Services and Monitoring Officer	
<b>Accountable Director:</b> Graham Farrant, Chief Executive	
<p><b>Summary:</b></p> <p>A call-in was received from Councillors Tarry and Young in respect of the report “Gascoigne Estate (East) Regeneration Proposals – Site Masterplan and Phase 1” which was considered by the Cabinet on 30 June 2014.</p> <p>The issues raised in the call-in are as follows:</p> <ol style="list-style-type: none"> <li>1. The previously agreed policy for the Gascoigne development had an expected tenure mix of 33% at social rent (as stated in 2.3 of the report). Unfortunately, this has now changed to 25% “affordable rent”. The relatively small amount of social rent housing originally planned has turned into an even lower figure, with some of those being at rents higher than social rent, and needs to be seen in the context of a loss of 1709 HRA units ending up as an affordable rent replacement figure of 394 on the project as a whole.</li> <li>2. The massive decanting operation necessary to develop the new estate was to be assisted by a Housing Association partner contributing at least 20% towards the decanting in real terms. This agreed commitment appears to have been dropped. This will add massively to the burden that decants create on the current waiting and will restrict those on our waiting list getting access to our current stock.</li> </ol> <p>The Living and Working Select Committee is to consider the call-in on Wednesday 30 July 2014. The Select Committee may either:</p> <ol style="list-style-type: none"> <li>(i) Dismiss the Call-In and let the Cabinet decision stand with immediate affect, or</li> <li>(ii) Refer the matter back to the Cabinet with recommendations for an alternative course of action.</li> </ol> <p>The outcome of the Select Committee meeting will be reported to this meeting.</p>	

**Recommendation(s)**

The Cabinet will be asked to note the outcome of the Select Committee and, if appropriate, consider any recommendations for an alternative course of action.

**Reason(s)**

To accord with the Council's call-in processes.

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

**List of appendices:** None



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