

## Notice of Meeting

### CABINET

**Tuesday, 20 March 2018 - 7:00 pm**  
**Council Chamber, Town Hall, Barking**

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

Date of publication: 12 March 2018

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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 19 February 2018 (Pages 3 - 14)**

**4. Budget Monitoring 2017/18 - April to January (Month 10) (Pages 15 - 25)**

**5. Barking and Dagenham School Improvement Partnership - Update (Pages 27 - 32)**

6. **Corporate Plan 2018 - 2022 (Pages 33 - 74)**
7. **Delivering the Work and Health Programme in Barking and Dagenham (Pages 75 - 79)**
8. **Pan London Care Impact Partnership Framework for Edge of Care Services (Pages 81 - 93)**
9. **Revised Local Discretionary Business Rate Relief Scheme (Pages 95 - 102)**
10. **Vicarage Field Development Proposals - Use of CPO Powers (Pages 103 - 117)**
11. **Development of former Sacred Heart Convent, Goresbrook Road, and former Weighbridge Site, Cook Road, Dagenham (Pages 119 - 127)**

Appendix 1 to the report is in the private section of the agenda at Item 16.

12. **Sale of Land at New Enterprise House, 149 - 151 High Road, Chadwell Heath (Pages 129 - 134)**

Appendix 2 to the report is in the private section of the agenda at Item 17.

13. **Travelodge Dagenham - Investment Proposal (Pages 135 - 145)**

Appendix 2 to the report is in the private section of the agenda at Item 18.

14. **Any other public items which the Chair decides are urgent**
15. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. The items below are in the private part of the agenda as they contain commercially confidential information which is exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

16. **Appendix 1: Development of former Sacred Heart Convent, Goresbrook Road, and former Weighbridge Site, Cook Road, Dagenham (Pages 147 - 149)**
17. **Appendix 2: Sale of Land at New Enterprise House, 149 - 151 High Road, Chadwell Heath (Pages 151 - 152)**

**18. Appendix 2: Travelodge Dagenham - Investment Proposal (Pages 153 - 155)**

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

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Our Vision for Barking and Dagenham

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

Our Priorities

### **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

### **Well run organisation**

- A digital Council, with appropriate services delivered online
- Promote equalities in the workforce and community
- Implement a smarter working programme, making best use of accommodation and IT
- Allow Members and staff to work flexibly to support the community
- Continue to manage finances efficiently, looking for ways to make savings and generate income
- Be innovative in service delivery

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## MINUTES OF CABINET

Monday, 19 February 2018  
(7:02 - 9:20 pm)

**Present:** Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Laila M. Butt, Cllr Cameron Geddes, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

**Apologies:** Cllr Evelyn Carpenter

### 89. Declaration of Members' Interests

There were no declarations of interest.

### 90. Minutes (23 January 2018)

The minutes of the meeting held on 23 January 2018 were confirmed as correct.

### 91. Budget Monitoring 2017/18 - April to December (Month 9)

The Cabinet Member for Finance, Growth and Investment presented a report on the Council's revenue budget monitoring position for the 2017/18 financial year as at 31 December 2017.

The General Fund showed a projected year-end overspend of £6.81m against the budget of £145.13m, which represented a slightly improved position to that reported for the end of November 2017 (Month 8). The Cabinet Member alluded to the new pressures and risks which affected a range of service areas and reiterated that it was unlikely that the position would improve to any significant degree by the end of the financial year.

The Housing Revenue Account (HRA) was forecast to be £0.51m below the planned revenue surplus contribution of £39.642m to the HRA Capital Programme, primarily due to a shortfall in rental income, and the Cabinet Member commented that residents were finding it increasingly difficult to pay all their bills as a consequence of the Government's ongoing austerity programme. The projected capital spend at Month 9 was £164.5m for the General Fund and £74.642 for the HRA, which represented overspends of £3.6m and £1.075m respectively.

The Cabinet Member also referred to proposed carry forwards into the 2018/19 revenue budget in respect of the local crowdfunding and School Improvement Partnership initiatives.

In response to a question regarding the overspend within the Looked After Children (LAC) placements budget, the Cabinet Member for Social Care and Health Integration suggested that the net increase of 20 LAC placements this year was unlikely to be a 'spike'. A modelling exercise using the latest demographic and needs data was expected to show that current levels would continue and, if that proved to be the case, the ongoing funding implications would be set out in a future report to the Cabinet.

The Cabinet **resolved** to:

- (i) Note the forecast outturn position for 2017/18 of the Council's General Fund revenue budget as detailed in section 2 and Appendix A of the report;
- (ii) Note the new financial risks and the suggested mechanisms for resolving them, as detailed in section 3 of the report;
- (iii) Approve the following year-end adjustments and carry forwards detailed in section 4 of the report:
  - a) up to £120,000 of unallocated match-funding monies for supporting the local crowdfunding platform;
  - b) up to £100,000 set-up costs in respect of the School Improvement Partnership.
- (iv) Note the overview of the HRA for 2017/18, as detailed in section 5 and Appendix B of the report; and
- (v) Note the forecast outturn of the Capital Programme as set out in section 6 and Appendix C of the report.

## **92. Budget Framework 2018/19 and Medium Term Financial Strategy 2018/19 - 2020/21**

The Cabinet Member for Finance, Growth and Investment introduced the Council's proposed budget framework for 2018/19 which incorporated the following:

- the Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21;
- the General Fund budget for 2018/19;
- the level of Council Tax for 2018/19;
- funding reductions to 2020/21;
- the financial outlook for 2019/20 onwards;
- the Capital Programme for 2018/19 to 2021/22; and
- the strategy for the Flexible Use of Capital Receipts.

The Cabinet Member explained that the net General Fund budget for 2018/19 would be £145.368m, reducing to £139.012m in 2019/20. The Council was embarking on a range of exciting and innovative projects aimed at generating additional long-term revenue streams and the Cabinet Member referred to the significant issues that had impacted on the budget for 2018/19 and beyond, such as changes to grant arrangements, the London-wide Business rates pooling arrangements and the delivery of the Council's transformation programme.

The Cabinet Member pointed out that as well as the significant opportunities that the Council's major investment and regeneration programmes would bring, there would be accompanying pressures stemming from the increase in the Borough's population. Demand for services was difficult to control and it was only through raising the Council Tax and the Adult Social Care precept by the maximum permissible that the Council could maintain quality services to its community. It was noted that the Council had consulted widely on its key budget proposals for



2018/19 and the majority of respondents had acknowledged the need for the Council to raise Council Tax levels. Following on from that, the Cabinet Member alluded to the financial pressures that many of the Borough's residents were facing as a consequence of the Government's austerity programme and called upon the Government to rethink its approach due to the chaos that it was causing nationwide

The Cabinet Member referred to a number of other specific proposals within the report, such as:

- the proposed loan of £2.147m to Barking and Dagenham Trading Partnership, the Council's Traded Services delivery model, for the purchase of new fleet vehicles;
- the planned General Fund reserve levels of £17.03m at 31 March 2018 and £15.115m at 31 March 2019; and
- the proposed Capital Programme for 2018/19 – 2021/22 of £360.362m, which included £196.690m for HRA-funded schemes.

In response to points raised regarding air pollution and the promotion of 'green' fuels through the installation of new charging points across the Borough, the Chief Operating Officer agreed to provide Cabinet Members with details of the Trading Partnership vehicle purchase programme. Comments were also made regarding the Government's appalling treatment of the most vulnerable in the community through the real-term cuts to NHS and social care funding. Concluding the discussions, the Leader advised that the Council's funding from the Government was based on an outdated Borough population level of 185,000, whereas the true figure was over 200,000, and the Council was also having to meet other significant costs which should be met directly by the Government, such as the cost of secure accommodation placements for young people remanded into custody.

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

- (i) Approve a base revenue budget for 2018/19 of £145.368m, as detailed in Appendix A to the report, including the new savings proposals and other adjustments as detailed in the report;
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2018/19 to 2020/21 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the additional cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;
- (iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to finalise any contribution required to or from reserves in respect of the 2018/19 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2018;
- (iv) Approve the Statutory Budget Determination for 2018/19 as set out at Appendix C to the report, which reflects an increase of 2.99% on the amount of Council Tax levied by the Council, a further 3% increase in relation to the Social Care Precept and the final Council Tax proposed by

the Greater London Assembly (5.1% increase), as detailed in Appendix D to the report;

- (v) Note the update on the Council's transformation programme;
- (vi) Approve the provision of a loan of £2.147m from the General Fund to the Barking and Dagenham Trading Partnership to cover the cost of new vehicles;
- (vii) Approve the Council's draft Capital Programme for 2018/19 to 2021/22 totalling £360.362m, of which £163.672m related to General Fund schemes, as detailed in Appendix E to the report;
- (viii) Approve the updated Strategy for the Flexible Use of Capital Receipts at Appendix H to the report and, in doing so, note that the some of the associated savings targets shall be subject to final business cases and confirmation at future meetings; and
- (ix) Approve the updated Dedicated Schools Budget for 2018/19, including the hourly rate payable to Early Years providers (3 and 4-year olds), as detailed in section 14 of the report.

### **93. Housing Revenue Account: Estimates and Review of Rents and Other Charges 2018/19 and 30 Year Business Plan**

The Cabinet Member for Finance, Growth and Investment presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2017/18, together with a 30-year HRA Business Plan.

The Cabinet Member advised that the main issue affecting the HRA was the Government requirement for social housing landlords to continue to reduce rents by 1% each year. While this had a nominal benefit to tenants it meant a loss of £900,000 revenue to the Council which could have been reinvested in maintaining and improving the Council's housing stock. The Cabinet Member added that the Government's Right To Buy (RTB) policies also meant that there were fewer properties available to those on the Council's waiting list and the average debt per property had increased to almost £17,000 as a result of the reduction in stock.

The HRA Business Plan reflected an increased bad debt provision for 2018/19 of £5.3m which the Cabinet Member suggested was necessary in view of the Government's ongoing programme of austerity and welfare reforms which would further impact on rent collection levels and cause further stress for individuals and families. Other proposals set out in the HRA Business Plan included £750,000 for a full stock condition survey and £15m over the next three years for improved fire prevention measures in flatted accommodation in the light of the Grenfell Tower tragedy.

The five-year Housing Capital Programme to 2022/23 totalled £323.62m, which included investment during 2018/19 of £50.716 in current stock and £22.304m in new homes. The Cabinet Member commented that the Council's shared ownership plans meant that those earning the London Living Wage, who would be unable to secure a full mortgage, would be able to get on to the home ownership

ladder in Barking and Dagenham. Following on from that point, the Leader observed that the Government's lack of investment in affordable housing was having a devastating effect on the ability of those who relied on social housing to live in the London area.

Arising from the discussions, officers were asked to provide the Cabinet Member for Corporate Performance and Delivery with a breakdown of the service charges for hostel accommodation.

The Cabinet **resolved** to:

- (i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be reduced by 1% in line with the national rent reduction arrangements, from the current average of £95.09 per week to £94.14 per week;
- (ii) Agree the following service charges for tenants:

<b>Service</b>	<b>Weekly Charge 2018/19 £</b>	<b>Increase £</b>
Grounds Maintenance	2.93	-
Caretaking	7.65	-
Cleaning	3.68	-
Estate Lighting	2.31	0.44
Concierge (12 hours)	10.06	-
Concierge (24 hours)	20.13	-
CCTV (SAMS)	6.17	-
Safer Neighbourhood Charge	0.50	-
TV aerials	0.68	0.68

- (iii) Agree that charges for heating and hot water increase by inflation (2.6%) in 2018/19 as follows:

<b>Property size</b>	<b>Average Weekly Charge 2018/19 £</b>
Bedsit	12.84
1 Bedroom	13.62
2 Bedroom	16.35
3 Bedroom	16.64
4 Bedroom	17.08

- (iv) Agree that rents for stock used as temporary accommodation continue to be set at 90% of the appropriate Local Housing Allowance (LHA);
- (v) Agree the following rent and services charges for hostel accommodation held in the General Fund, as detailed in paragraphs 2.15 - 2.18 of the report:

	<b>Charge 2018/19</b>
Rent – single room	£45.00 per night

Rent – family room	£50.00 per night
Service Charge – single room	£2.00 per night
Service Charge – family room	£2.50 per night

- (vi) Note that a Supported Housing Framework shall be developed which would categorise the Council's four hostel accommodation units as 'supported accommodation', thereby minimising the impact of the increases on tenants as a consequence of the Welfare Benefit Cap from April 2018;
- (vii) Agree that the above charges take effect from Monday 2 April 2018;
- (viii) Agree the proposed HRA Capital Programme for 2018/19 at Appendix 7 to the report;
- (ix) Approve the HRA Business Plan for 2018/19 at Appendix 8 and the financial assessment at Appendix 9 to the report;
- (x) Note the assumptions underpinning the HRA Business Plan which shall be reviewed annually; and
- (xi) Approve the proposed commissioning intentions for 2018/19 set out in Annex 1 to the HRA Business Plan.

#### **94. Treasury Management Strategy Statement 2018/19**

The Cabinet Member for Finance, Growth and Investment presented the draft Treasury Management Strategy Statement (TMSS) for 2018/19 which set out the Council's borrowing, investment and funding plans for the year ahead.

The Cabinet Member referred to the key issues within the TMSS, including interest rate forecasts and the potential effects of Brexit, and its importance in terms of supporting the Council's prudent approach to investments, borrowing and repayments. The report also set out details of the Council's operational boundary and authorised external borrowing limits for 2018/19.

The Cabinet **resolved to recommend the Assembly** to approve the Treasury Management Strategy Statement for 2018/19 and, in doing so, to:

- (i) Note the current treasury position for 2018/19 and prospects for interest rates, as referred to in paragraph 7.2 of the report;
- (ii) Approve the Council's Borrowing Strategy for 2018/19, incorporating the Debt Repayment Strategy and Policy on Borrowing in Advance of Need, at Appendix 2 to the report;
- (iii) Approve the Annual Investment Strategy for 2018/19, incorporating the Creditworthiness Policy and outlining the investments that the Council may use for the prudent management of its investment balances, at Appendix 1 to the report;
- (iv) Approve the Treasury Management and Prudential Indicators for 2018/19 – 2020/21, at Appendix 3 to the report;

- (v) Approve the Minimum Revenue Provision Policy Statement for 2018/19, representing the Council's policy on repayment of debt, at Appendix 4 to the report;
- (vi) Approve the Operational Boundary Limit of £1.002bn and the Authorised Borrowing Limit of £1.102bn for 2018/19, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 3 to the report; and
- (vii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to proportionally amend the counterparty lending limits agreed within the 2018/19 Treasury Management Strategy Statement.

#### **95. Regional Adoption Agency: Adopt London East Business Case**

The Cabinet Member for Social Care and Health Integration introduced proposals for the Council to join Havering, Newham, Tower Hamlets and Waltham Forest Councils in forming a regional adoption agency, to be known as 'Adopt London East', in line with the requirements of the Education and Adoption Act 2016.

The Cabinet Member explained that the pooling of resources within a regional adoption agency would significantly increase the pool of potential adopters and was also expected to reduce placement times, bring about efficiencies within the respective Councils and provide a better platform from which to work with the Courts to improve processes. Havering Council had offered to act as the host Borough and it was noted that a further report, accompanied by a Full Business Case, would be presented to the five Councils in the summer seeking formal approval to commence the joint arrangements.

Cabinet Members spoke in support of the project and also the particular difficulties that had been experienced within Barking and Dagenham with regard to placing children into new families.

The Cabinet **resolved** to:

- (i) Agree in principle to the Council's participation in the east London Regional Adoption Agency known as 'Adopt London East';
- (ii) Delegate authority to the Strategic Director of Service Development and Integration to progress the proposals and business case for Adopt London East on behalf of the Council; and
- (iii) Note that a further report shall be submitted later in the year seeking formal approval to the Council's participation in Adopt London East.

#### **96. Corporate Plan 2017/18 - Quarter 3 Performance Reporting**

The Cabinet Member for Corporate Performance and Delivery introduced the corporate performance framework report for the third quarter of the 2017/18 financial year.

Over half of the 47 key performance indicators (KPIs) were showing a 'green' rating against the 2017/18 target while five were rated as 'red'. The Cabinet Member suggested that some of the greatest challenges related to those areas where the Council worked in partnership with other organisations such as the Police and the NHS.

The Cabinet Member confirmed that there was still considerable work to do to improve performance across the board and he highlighted some of the key areas of improvement, such as the refuse collection service which had seen a drop in missed collections from 1 in 9 at one stage to now 1 in 200.

Other issues that arose during the discussions included:

- The Council's drive to significantly improve the number of new homes built in the Borough, particularly 'affordable' homes. The Cabinet Member for Economic and Social Development referred to the recent planning approval which would enable development to commence at Fresh Wharf Estate for up to 911 new homes and the ongoing dialogue aimed at progressing the delivery of a further 13,000 new homes, predominately in the Barking Riverside area. The Cabinet Member for Corporate Performance and Delivery made a further point regarding the number of planning approvals that had been granted but not progressed and he suggested that many were solely for the purpose of improving profit levels rather than a genuine intention to develop;
- The recent Challenge session aimed at improving the number of employment opportunities and associated support for people with learning difficulties; and
- The need to closely monitor any changes in Police-based statistics which may stem from the new Borough Command Unit arrangements.

The Cabinet **resolved** to:

- (i) Note progress against the Key Accountabilities as detailed in Appendix 1 to the report; and
- (ii) Note performance against the Key Performance Indicators as detailed in Appendix 2 to the report.

## **97. Local Implementation Plan 2018/19 Programme Amendments**

Further to Minute 51 (17 October 2017), the Cabinet Member for Economic and Social Development advised that Transport for London (TfL) had reversed its decision to cut £236,000 from the Council's 2018/19 Local Implementation Programme (LIP) allocation for Corridors, Neighbourhoods and Supporting Measures' projects and, therefore, the report proposing a new LIP had been withdrawn. It was noted, however, that the Principal Road Renewal allocation had been withdrawn.

The Cabinet Member was critical of the confusion caused by TfL which had resulted in a lot of officer time being wasted and he thanked the Cabinet Member for Environment and Street Scene for her lobbying via London Councils which had

helped to persuade TfL to review its decision.

#### **98. Procurement of Water Services for Corporate and Non-Domestic Council Buildings**

The Cabinet Member for Finance, Growth and Investment presented a report on the proposed procurement of a water and waste water retailer in respect of the Council's corporate and non-domestic buildings.

The Cabinet Member referred to the options that had been considered and commented that the deregulation of the water market for business customers would hopefully lead to lower bills as a result of the new competition.

The Cabinet **resolved** to:

- (i) Approve the Council's participation in the mini-competition process, led by the Yorkshire Purchasing Organisation, to identify and select a supplier to meet the Council's retail water requirements with effect from April 2018, in accordance with the Council's Contract Rules and the strategy set out in the report; and
- (ii) Authorise the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to finalise any specific terms of the contract with the preferred bidder, award and enter into the call-off contract under the Framework Agreement, and do all things necessary to facilitate the execution, implementation and operation of the contract and an extension agreement(s).

#### **99. Pay Policy Statement 2018/19**

The Cabinet Member for Finance, Growth and Investment presented the draft Pay Policy Statement for the Council for 2018/19 which set out the key elements of the Council's pay policy, as required by the Localism Act 2011.

In line with the Council's commitment to pay its workers no less than the London Living Wage rate, the Cabinet Member referred to the proposed increase to the minimum rate of pay from £9.75 to £10.20 per hour with effect from 6 November 2017.

The Cabinet Member also referred to the pay ratios within the Statement which compared the Chief Executive's salary against the median salary figure for all employees and against the lowest paid employees. It was noted that the Council fared very well in comparison with other Councils, particularly bearing in mind that many of those Councils had outsourced services at the lower end of the pay range.

The Cabinet **resolved** to:

- (i) Agree the implementation of the London Living Wage increase from £9.75 to £10.20 per hour with effect from 6 November 2017; and

- (ii) **Recommend the Assembly** to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2018/19 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2018.

## 100. **Be First Business Plan 2018 - 2023**

The Cabinet Member for Finance, Growth and Investment presented the inaugural five-year rolling Business Plan of Be First, the Council-owned company launched on 1 October 2017 with the key objective of driving forward the delivery of the Council's regeneration agenda.

The Cabinet Member highlighted some of the key aspects within the Business Plan which included:

- The outline modelling for the delivery of a minimum of 9,700 new homes in the Borough by 2023, of which over 2,200 would be delivered under the Council's Investment and Acquisition Strategy;
- The business modelling to achieve the £10.3m financial contribution to the Council's Medium Term Financial Strategy (MTFS) from 2020/21 onwards;
- Outline proposals for the establishment of a Development Company (DevCo) to enable Be First to undertake development activity;
- Broader socio-economic benefits such as the creation of new employment and training opportunities; and
- The governance arrangements, which would ensure that transparent monitoring and control arrangements existed between Be First and the Council as 100% shareholder.

The Cabinet Member commented that the £10.3m contribution to the MTFS, coupled with other financial benefits that would stem from the delivery by Be First of the regeneration programme, such as increased Council Tax revenue, would help to protect other vital Council services and mitigate the ongoing funding cuts imposed by the Government.

Observations were made regarding the need for Be First to include all relevant partner organisations in the planning of major regeneration schemes, to ensure that the proper community infrastructure accompanied new housing, and the important role that ward councillors could play in developing plans for an area. In response, the Cabinet Member for Economic and Social Development advised that he intended to set up a working group which would take a holistic view of the response needed to significant increases in an area's population. He also acknowledged the need to involve ward councillors, although he stressed that their involvement should not be seen as an opportunity to veto projects that had already been approved.

Cabinet Members commented on the fresh impetus that Be First would be able to give major regeneration projects such as Barking Riverside and it was noted that plans had been approved by the Mayor of London and TfL for significant improvements to the rail and road network serving the area.

The Cabinet **resolved** to:



- (i) Approve the Be First Business Plan 2018/19 – 2022/23, at Appendix 1 to the report, subject to the appropriate legal construct for the DevCo trading vehicle Be First Developments Ltd being delegated in accordance with recommendation (ii) below;
- (ii) Agree in principle to the formation of a trading vehicle 'Be First Developments Ltd' and to delegate authority to the Director of Law and Governance, in consultation with the Chief Operating Officer and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to agree with Be First the appropriate legal construct and the terms of all the requisite legal documents and agreements (including a shareholder's agreement);
- (iii) Agree that the Council provides a state aid compliant facility of up to £100m of development funding, subject to it being within the agreed parameters of investment activity as outlined in paragraphs 3.18 and 3.19 of the report and subject to ensuring that adequate security is provided for the funding;
- (iv) Delegate authority to the Chief Operating Officer, advised by the Investment Panel, to:
  - a) agree the appropriate source(s) of funding for each individual approved development proposal;
  - b) approve the draw-down of development funding from the £100m facility subject to:
    - (i) a positive recommendation to proceed with each individual development proposal by the Investment Panel; and
    - (ii) that the funding for the facility, any drawn downs and borrowing costs are provided for in the Council's Medium Term Financial Strategy and the Chief Operating Officer is satisfied that the funding is in line with statutory guidance on local authority investments and is state aid compliant.
  - c) agree, in consultation with the Director of Law and Governance:
    - (i) the terms and form of such legal agreements (as are necessary) to give effect to the £100m development facility and to enter into such agreements on behalf of the Council;
    - (ii) the terms and form of legal agreements to give effect to the draw-downs as referred to above, including instruments providing security to the Council, and to enter into such agreements or security documents on behalf of the Council.
- (v) Approve the allocation of an additional £700,000 funding to Be First, to be made available in the form of an extension of the Working Capital Facility agreement, subject to the Chief Operating Officer being satisfied that it is financially prudent to do so;

- (vi) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to approve the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of the Council's capital programme as commissioned subject to:
  - a) compliance with relevant procurement and state aid law;
  - b) being satisfied as to the appropriate terms and financial implications;
  - c) being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.
  
- (vii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to approve the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of any approved schemes within the Council's Investment and Acquisition programme subject to:
  - a) the endorsement of the Council's Investment Panel;
  - b) compliance with relevant procurement and state aid law;
  - c) being satisfied as to the appropriate terms and financial implications;
  - d) being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.

(Part of this item was considered after a resolution had been passed to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended). During the item, the Cabinet also agreed to extend the proceedings for a reasonable period beyond the 9.00pm threshold, in accordance with the provisions of Part 2, Chapter 3, paragraph 7.1 of the Council Constitution.)

#### **101. Investors in People 'Silver' Accreditation**

The Leader was very pleased to announce that the Council had been awarded silver level accreditation against the Investors in People Standard following the recent assessment. The Leader also placed on record his appreciation of the work of the Cabinet Member for Equalities and Cohesion and officers which had helped the Council to improve its accreditation level from the bronze status awarded in 2014.

**CABINET****20 March 2018**

<b>Title:</b> Budget Monitoring 2017/18 – April to January (Month 10)	
<b>Report of the Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Katherine Heffernan, Group Manager – Service Finance	<b>Contact Details:</b> Tel: 020 8227 3262 E-mail: <a href="mailto:katherine.heffernan@lbbd.gov.uk">katherine.heffernan@lbbd.gov.uk</a>
<b>Accountable Strategic Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b>	
<p>This report provides an update on the revenue budget monitoring position as at the end of January 2018.</p> <p>This is effectively the last full budget monitoring report of the financial year. Budget monitoring work will be carried out next month but this will largely be to inform the close down process and will not be reported through to Cabinet.</p> <p>The forecast as at the end of January has slightly improved to an overspend of £6.23m – a reduction of £0.579m since last month. Within this position Care and Support has risen slightly (by £80k) while there have been improvements in the forecasts for Enforcement, My Place and Public Realm. The total service expenditure for the year is, therefore, expected to be £151.231m against a revenue budget of £145.130m.</p> <p>This report also presents some planned year end transfers to reserves, carry forwards and virements, as well as a proposed extension of a working capital facility of up to £2.5m, to be drawn down as necessary, by the Barking and Dagenham Trading Partnership.</p> <p>The forecast on the Housing Revenue Account (HRA) is now forecasting a revenue surplus of £39.211m which will be used as a contribution to the capital programme. This is an improved position as a result of underspends within My Place.</p>	
<b>Recommendation(s)</b>	
<p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Note the forecast outturn position for 2017/18 of the Council's General Fund revenue budget as detailed in section 2 and Appendix A of the report;</li> <li>(ii) Note the financial risks and the suggested mechanisms for resolving them, as detailed in section 3 of the report;</li> </ul>	

- (iii) Approve the carry forward requests into the 2018/19 revenue budget, as detailed in the table at paragraph 4.1 of the report;
- (iv) Approve the transfer of up to £1.0m “Procurement Gainshare” into the Core Infrastructure reserve to fund future investment in ICT and other core services;
- (v) Approve the virements within 2017/18 revenue budgets, as set out in paragraph 5.1 of the report;
- (vi) Note the overview of the HRA for 2017/18, as detailed in section 6 and Appendix B of the report;
- (vii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to take decisions in respect of the following matters as part of the process for the closure of the Council’s accounts for 2017/18:
  - Carry forward of monies allocated or received for specific purposes where expenditure has not been incurred in the financial year;
  - The making of revenue contributions to capital;
  - The financing of redundancies and associated pension costs.
- (viii) Approve a working capital facility of up to £2.5m for the Barking and Dagenham Trading Partnership on the terms set out in section 8 of the report; and
- (ix) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to agree the terms, including the rate, duration and security regarding the working capital facility to Barking and Dagenham Trading Partnership.

**Reason(s)**

As a matter of good financial practice, the Members’ should be informed about the Council’s spending performance and its financial position. This will assist in holding managers to account and in making future financial decisions.

**1 Introduction and Background**

1.1 This report provides a summary of the forecast outturn for the Council’s General Fund and HRA. It also contains the quarterly monitoring report on the Council’s General Fund and HRA capital programme. In addition, there are some carry forward requests and virements outlined in section four and five that Cabinet are recommended to approve.

**2 Overall Position**

2.1 As at the end of January there is a projected overspend of £6.230m. Full details are shown as an appendix to this report. This is based on current service expenditure and is a slight improvement on last month’s forecast position.

- 2.2 If this forecast is still the final position by the end of the financial year it will require a drawdown on the Council's reserves. Although we do have sufficient funds to cover this amount at this time, a reduction in the reserves will mean less capacity for strategic investment and the management of future risks. For this reason, it is important that action is taken swiftly to mitigate these pressures and any others that arise in the year.
- 2.3 As previously reported there are overspends predicted for Care and Support, the Homelessness budgets within Community Solutions, Leisure Services, Public Realm, Enforcement, the Customer Access Strategy and Growth and Homes Commissioning. The position in Enforcement, My Place and Public Realm has improved in the last month.

### 3. Financial Pressures and Risks

- 3.1 The forecasts in **Adults and Children's Care and Support** are stable since the previous month. The underlying position for Adults placements has worsened again slightly but additional winter pressures and other funding has been identified to offset this.
- 3.2 As reported in previous months the Children's overspend is made up of pressures in staffing (£1m), running costs (£0.3m) and placements (£0.77m). These are all long standing pressures relating to known increases in demand and difficulties in recruiting permanent social workers.
- 3.3. There are pressures across the Disabilities Care and Support service. It has been possible to mitigate the position of the services supporting Adults through application of Adult Social Care grant funding and the Improved Better Care FUnd. The final position assumes the final remaining grant funding will be used to meet these pressures and that targets for reclaiming unused Direct Payment balances will be achieved. Unfortunately, the Government has not provided similar additional funding for services supporting children and so the increases in demand in this area result in pressures for the Council.
- 3.4 There have been pressures in the **Public Realm** services reported throughout this year. These are mainly attributable to staffing costs where the budget is not sufficient to cover the costs of the current delivery model for Waste and Street Cleansing but there is also a pressure of £0.38m in Passenger Transport. The overspend rose over Christmas but has reduced in the last month – largely as a result of improvements in income (especially cemetery income.) The forecast assumes further improvements in income.
- 3.5 The My Place position is an increased underspend largely as a result of vacancies following a restructure. The benefit of this is split between the general fund and the HRA. This is in year underspend only and is not expected to recur in future years once posts are filled.
- 3.6 The Enforcement position has slightly improved. The parking overspend is offset by underspends across the directorate and there is a £51k benefit from staffing changes. However, the revised position still depends on the action plan delivering a further £0.26m of increased income before year end so there are some remaining risks to the position.

3.7 Previously reported forecast overspends in **Growth and Homes Commissioning** (£0.3m), **Customer Services** (£0.544) and **Enforcement** (£0.6m) remain at similar levels. Additional funding has been made available in the MTFs for the first two and there is an action plan in place for Enforcement that should bring spend back in to line next year.

3.8 These pressures are offset by some identified underspends. There is a net underspend in **Care and Support Commissioning** as a result of staffing underspends across the service and income from the Council's traded services is expected to be higher than budgeted. The Commissioning underspend has increased this month.

#### 4. Carry Forward Requests.

4.1 The following carry forward requests have been received.

Department	Description	Value
Adults Care & Support & Disabilities	Direct payment refunds to be transferred to Adults reserve and carried forward to contribute to Adult's MTFs position	£ 600,000
Children's Commissioning	SEND Reform grant to be carried forward to next year to contribute to the Children's MTFs position in 2018/19. £80k of this was brought forward from 2016/17.	£ 200,000
Adults Commissioning	DCLG funding to support victims of domestic abuse (£90k). This was brought forward from 2016/17 as 'Receipt in Advance'. It is intended to be transferred to reserve.	£ 90,000
Children's Commissioning	the Local Safeguarding Children Board (LSCB) also has a holding reserve to which unspent grants are transferred.	TBC
Culture & Recreation	Women's Empowerment Month (WEM). The Launch and WEM is March 2018 and the Awards are to be given in November 2018 which falls within the 2018/19 financial year.	£ 12,000
ComSols	Homelessness Grants – funding provided by the DWP/MHCLG to support the Homelessness Reduction Bill and other welfare/housing changes. This was announced part way through the year and may not be fully utilised before year end.	TBC – balance unspent at year end
ComSols	Troubled families grant – this grant is paid in instalments including a reward element. Funding does not come in evenly and is carried forward from year to year to smooth the funding of this service and provide a contingency against any termination of the grant.	TBC balance unspent at year end
<b>Total:</b>		<b>£ 902,000</b>

4.2 As set out in the table above these requests are for the carry forward of grant or other funding that has been provided or earmarked for specific purposes. It is recommended that they are approved to support the Council's long-term planning. Where the table shows 'TBC' the intention is to carry forward any unspent monies at year end.

- 4.3 The transfer of up to £1.0m “Procurement Gainshare” into the Core Infrastructure reserve, established in the MTFs in February to fund investment in ICT and other Core Services, is also requested.
- 4.4 The Council maintains a central budget to cover the early severance costs of staff who leave the Council as part of a Transformation programme. Where redundancies are expected as the result of decisions taken in 2017/18, funding will be carried forward to cover any costs. The final totals will be reported to Cabinet as part of the out-turn report.

## 5. Virements

- 5.1 In line with the Council’s constitution, Cabinet are asked to approve the following virements.

Service Block	Virement Description	Amount £
Elevate Contract	Funding for Elevate Pay Award and LLW 2017-18	182,000
Elevate Contract	Invest to Collect - Elevate Council Tax savings budget realignment	1,505,000
Children's Care & Support	MTFS growth funding 17/18 allocated to service lines	700,000
Central Expenses	Allocation of 2017/18 MTFs growth items to specific budget lines.	- 2,387,000

- 5.2 As shown in the table above these concern the final allocation of funding already agreed as part of the 2017/18 budget process but which was held centrally prior to being written into specific budget lines. In all instances the funding has already been taken into account in the forecasts for those services so will not result in any changes to the variance.

## Housing Revenue Account

- 6.1 The Housing Revenue Account (HRA) is now forecasting a revenue surplus of £39.2m which will be used as a contribution to the capital programme.
- 6.2 The only changes to the Housing Revenue Account position from last month are the increase in available resources (RCCO) resulting from the additional HRA share of the My Place underspend (£338k) shown under Supervision and Management.

## 7. Early Closure of Accounts

- 7.1 The Council is now required to produce draft accounts by 31<sup>st</sup> May 2018. Due to the local elections there will be no cabinet meeting before this deadline and so some matters that are normally referred to Cabinet will need to be dealt with in the intervening period. It is requested therefore that delegated authority be given to the Chief Operating Officer to determine the following matters, in consultation with the Cabinet Member for Finance, Growth and Investment:

- Carry forward of monies that has been allocated or received for specific purposes where expenditure has not been incurred in the financial year

- Decisions on the making of revenue contributions to capital
- Decisions on the financing of redundancies and associated pension costs.

7.2 All such matters actioned under this delegation will be reported to Cabinet in June as part of the Final Outturn report and if appropriate to the Audit and Standards Committee as part of its scrutiny of the Statement of Accounts.

## **8 Working Credit Facility for the Barking and Dagenham Trading Partnership**

8.1 The new Trading Partnership will go live on 1 April, with the transfer of some 800 cleaning and catering staff into Barking and Dagenham Trading Partnership. However, the Home Services staff will not transfer to the company as originally planned and will remain with the Council. These new circumstances have implications for the cash flow of the new business, which was previously planning to use income from both Home and Traded services to meet its cash needs. This is no longer the case. As Barking and Dagenham Trading Partnership is predominantly funded by schools, which currently pay twice a year rather than monthly, there will be a significant cash outlay on payroll for some weeks before any income is received. The effects of this can be mitigated if other funding streams from the Council – eg for the cleaning of corporate buildings – are paid in advance, and other payments back to the Council are delayed until the end of the year, but if these prove not to be possible, the company is at risk of being unable to meet payroll costs. In addition, the planned expansion of the company into new business areas will require up-front funding, which the previous plan had again assumed would be covered by the income from Council contracts.

8.2 To avoid the company being unable to meet its commitments, approval is sought for a working capital support facility, in the form of a pre-approved loan of £2.5M, which will only be drawn down when strictly necessary. It is anticipated that the facility will only be required for the first year of operation, although this will be reviewed by the Chief Operating Officer towards the end of the first year.

8.3 Interest on the loan will be charged at an appropriate commercial rate for any periods for which money is drawn down and the terms will be compliant with state aid rules. As liquidity/cashflow is a major challenge for new entities this facility reduces the risk of failure in the first years of trading. However, Cabinet is advised that the decision should be made in the knowledge that when funding is advanced to a separate entity there is always some risk of non-repayment.

## **9. Financial Implications**

Implications completed by: Katherine Heffernan, Group Manager – Service Finance

9.1 This report details the financial position of the Council.

## **10. Legal Implications**

Implications completed by: Dr Paul Feild, Senior Corporate Governance Solicitor

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 Revenue budgets and forecasts.
- **Appendix B** - HRA budgets and Forecasts

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## GENERAL FUND BUDGETS AND EXPENDITURE

	BLOCK	Revised Budget	Actual Expenditure	Forecast	Variance
		£000	£000	£000	£000
	BE FIRST	,	1,719	-130	,
	ADULT,S CARE & SUPPORT	24,138	11,012	24,339	,201
	CHILDREN,S CARE & SUPPORT	32,778	28,066	34,833	2,055
	DISABILITIES	16,339	14,746	17,243	,904
	<b>CARE &amp; SUPPORT Total</b>	<b>73,255</b>	<b>53,824</b>	<b>76,415</b>	<b>3,160</b>
	CENTRAL EXPENSES	-1,647	18,043	-2,147	-500
	COMMUNITY SOLUTIONS	11,801	7,438	12,326	,525
	CONTRACTED SERVICES	7,633	18,597	8,638	1,005
	ELEVATE CLIENT TEAM	5,708	4,229	5,894	,186
	FINANCE	4,229	1,682	3,943	-,286
	LAW & GOVERNANCE	-,142	-,414	-,244	-,102
	STRATEGIC LEADERSHIP	,838	,862	,928	,90
	STRATEGY & PROGRAMMES	,914	-,117	,714	-,200
	TRANSFORMATION	,192	6,742	,192	,
	<b>CORE Total</b>	<b>11,740</b>	<b>12,984</b>	<b>11,428</b>	<b>-,312</b>
	DEDICATED SCHOOLS GRANT	,	-7,036	,	,
	EDUCATION, YOUTH & CHILDCARE	12,982	10,786	12,982	,
	ENFORCEMENT	9,462	2,898	9,907	,445
	ASSETS & INVESTMENT	-,685	-5,222	-1,015	-,330
	COMMISSIONING - REGEN, HOUSING	-,886	-1,164	-,479	,407
	CULTURE & RECREATION	2,506	2,401	2,506	,
	<b>GROWTH &amp; HOMES COMMISSIONING</b>	<b>,935</b>	<b>-3,986</b>	<b>1,012</b>	<b>,77</b>
	HOUSING REVENUE ACCOUNT	,	-32,191	,	,
	MY PLACE	-,30	5,061	-,264	-,234
	PUBLIC REALM	6,963	5,619	9,005	2,042
	ADULTS COMMISSIONING	5,890	4,654	5,760	-,130
	CHILDREN,S COMMISSIONING	4,283	2,524	4,146	-,137
	HEALTHY LIFESTYLES & LEISURE	,406	1,552	,996	,590
	PUBLIC HEALTH	1,034	,1	1,034	
	<b>SDI COMMISSIONING Total</b>	<b>11,613</b>	<b>8,731</b>	<b>11,936</b>	<b>,323</b>
	TRADED SERVICES	,555	3,175	,255	-,300
	<b>Grand Total</b>	<b>145,130</b>	<b>105,664</b>	<b>151,361</b>	<b>6,231</b>
	<b>Grand Total - excluding DSG and HRA</b>	<b>145,130</b>	<b>144,890</b>	<b>151,361</b>	<b>6,231</b>

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## HOUSING REVENUE ACCOUNT

	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>	<b>Change</b>
	£m	£m	£m	£m
Dwelling Rents	(89.270)	(88.622)	0.648	0.000
Non-Dwelling Rents	(0.807)	(0.706)	0.101	0.000
Other Income	(19.624)	(19.436)	0.188	0.000
Repairs and Maintenance	16.481	16.309	(0.172)	0.000
Supervision and Management	41.838	41.504	(0.334)	(0.338)
Rent, Rates and Other	0.350	0.350	0.000	0.000
Bad Debt Provision	1.046	1.046	0.000	0.000
Corporate & Democratic Core	0.685	0.685	0.000	0.000
Interest Charges	10.059	10.059	0.000	0.000
Interest Receivable	(0.400)	(0.400)	0.000	0.000
Revenue Contribution to Capital	39.642	39.211	(0.431)	0.338

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**CABINET****20 March 2018**

<b>Title:</b> Barking and Dagenham School Improvement Partnership – Update	
<b>Report of the Cabinet Member for Educational Attainment and School Improvement</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> Yes
<b>Report Author:</b> Jane Hargreaves, Commissioning Director, Education	<b>Contact Details:</b> Tel: 020 8227 2686 E-mail: jane.hargreaves@lbbd.gov.uk
<b>Accountable Director:</b> Jane Hargreaves, Commissioning Director, Education	
<b>Accountable Strategic Director:</b> Anne Bristow, Strategic Director for Service Improvement and Integration	
<b>Summary</b>	
<p>By Minute 21 (20 June 2017), the Cabinet approved the Business Case for the establishment of the Barking and Dagenham School Improvement Partnership (BDSIP). The proposal was to establish a not for profit company limited by guarantee, jointly owned by the Borough's schools and the Council which would provide both statutory and priority services, on behalf of the Council, and traded school improvement services to schools.</p> <p>The company will be jointly owned by the Council (19%) and the Borough's schools (81%) who sign up to becoming members and who will also purchase services from the company if they wish to. It will be a not-for-profit company, limited by guarantee. It will be a school company under the Education Act 2002 and as such, the Council will be the supervisory Authority with specified statutory obligations. The Company was formally registered with Companies House on 28 December 2017.</p> <p>Since the Business Case was approved by the Cabinet in June 2017, two key amendments to the arrangements have been proposed for the reasons outlined below:</p> <ul style="list-style-type: none"> <li>• Analysis of the cashflow indicates that there is a potential need for a working capital facility which could be drawn from the Council. It is estimated that this will be up to but not exceeding £200,000. The company requires this cashflow to cover payments for services provided in advance and is therefore seeking agreement to commence the relevant process.</li> <li>• The company, limited by guarantee as agreed by Cabinet, will be a School Company. School Companies Regulations require the formal agreement of the Council in order to enable Local Authority maintained schools to join BDSIP.</li> </ul>	

## **Recommendation(s)**

The Cabinet is recommended to:

- (i) Approve the formal establishment of a school company on the terms set out in the report, to which the Council shall have membership and directorships of the company;
- (ii) Give formal permission for Local Authority maintained schools to become members of the Barking and Dagenham School Improvement Partnership, in accordance with School Companies regulations;
- (iii) Approve a working capital facility of up to £200,000, only to be drawn as necessary, to cover payments for services provided in advance; and
- (iv) Delegate authority to the Strategic Director for Service Improvement and Integration, in consultation with the Cabinet Member for Educational Attainment and School Improvement, the Chief Operating Officer and Director of Law and Governance, to enter into all arrangements and agreements necessary to implement the above recommendations.

## **Reason(s)**

To assist the Council in achieving its priorities of “Enabling social responsibility”, “Encouraging civic pride” and “Well run organisation” through the delivery of a School Improvement Partnership.

## **1. Introduction and Background**

- 1.1 The national and local educational context continues to change, and the school system is becoming increasingly diverse and autonomous. Budget constraints are impacting on schools and local authorities alongside high expectations of continued improvement in outcomes for all children and young people. Although the role of local authorities in relation to school improvement has reduced, there is still a focus in national policy on place-based education. The future model of school improvement is of a school led system with the local authority retaining the role of advocate for children, young people and families in their area, specifically in relation to vulnerable learners.
- 1.2 Opportunities are being taken across schools and councils nationally to shape the future of education through the development of new local models and approaches, including jointly owned school and local authority companies delivering a range of services, including school improvement. The London Borough of Barking and Dagenham (LBBD), through the Council’s transformation programme, has the stated aim of becoming a commissioning council and establishing a School Improvement Partnership company
- 1.3 The proposed new model of school improvement for the Borough, is the outcome of joint working between officers, head teachers and governors, building on the strong partnership history between schools and the Council, well established school



partnerships, school to school support and successful current trading experience in some elements of the service. The vision is to offer all LBBB schools the opportunity to purchase services from a company that they own, and which will reinvest surplus to support further improvement. The ambition will be that every publicly funded school in LBBB will become a member of the company. It will be a dynamic, locally driven and supportive partnership which will attract and retain the best leaders and teachers to work in the Borough.

- 1.4 There is a strong partnership history between schools and LBBB. In an educational landscape which continues to fragment, there is a clear appetite to maintain the “family of LBBB schools” to ensure the best possible outcomes for schools and children and young people in the borough.
- 1.5 Once established, the company will be a strategic forum for the further development of a school led system across the borough through the sharing of proven effective practice and by enabling schools to design the services that will have the greatest impact. The School Improvement Partnership company will need to be sustainable and viable and, as a not for profit company, will have the ability to reinvest any surplus to allow the company to provide additional support for local schools.

## **2. Proposal and Issues**

- 2.1 At its meeting on 20 June 2017, the Cabinet approved the Business Case for BDSIP and agreed to establish a not-for-profit company, limited by guarantee, to provide high quality, best value services to ensure continued improvements in educational standards for all children and young people in the borough. The company will enable a new and strengthened formal partnership, fit for the future, between the Council and schools.
- 2.2 The benefits of approach include the opportunity to:
  - reshape the current partnership between schools and the Council to ensure the future viability of the “family” of LBBB schools.
  - operate independently from the Council, enter into contracts and access funding not available to local authorities.
  - build a cost-effective school led education system for the borough.
  - enable schools and the Council to buy services from a company which has as its core purpose, the raising of outcomes and standards for all LBBB children and young people.
- 2.3 BDSIP will provide both statutory and priority services, on behalf of the Council, and traded school improvement services to schools. The company will also broker school to school support, bringing together the best of both school led, and Council provided support services, and will provide membership benefits for schools to include networking, support and provision of resources.
- 2.4 The company will be owned by the Council and the Borough’s schools who sign up to becoming members. All schools will be able to purchase services, should they wish to. The members of the company will appoint a board of directors who will lead the strategic direction of the company. A chief executive will be in control of the day to day running of the company, but major decisions would need approval from the board and, on occasion, company members. The Council will be both a

member of the company and a commissioner of statutory and priority services from the company. These will be delivered on the Council's behalf, through an annual Service Delivery Agreement.

- 2.5 The company, limited by guarantee as agreed by Cabinet, will be a School Company. Schools Companies Regulations require the formal agreement of the Council in order to enable LA maintained Schools to join BDSIP.
- 2.6 The School Company under the Education Act 2002 gives school companies the power to undertake the following activities:
- i) to provide services or facilities for any schools;
  - ii) To exercise relevant local education authority functions or
  - iii) To make or facilitate the making of arrangements under which facilities or services are produced for any school by other persons.
- 2.7 However, a school company cannot be set up without the consent of the Local Authority. So, Local Authority maintained schools require the formal agreement of the Council in order to join the BDSIP. When a school sets up a School company the Local Authority is designated as the "Supervising Authority" the purpose of which is outlined in the legal implications.
- 2.8 It is forecast that in the first year of trading, the School Improvement Partnership company would have a turnover of £2.29m, of which £1.33m (c.60%) is traded income from schools, and would generate a surplus of £80k, after expenditure of £2.2m. Going forward, the company will need to make efficiencies on its cost base and/or generate additional income from LBBB schools or other sources of revenue in order to maintain viability and build up reserves, which can be reinvested into services for LBBB schools. Although current financial modelling shows a projected cumulative loss of £61k in 2021/22, it is felt that this is a reasonable additional income target for the company to achieve by that point. In 2016/17, there was an underspend in the centrally retained element of the DSG, which was carried forward and used to fund the start-up costs with the agreement of schools' forum. This funding was released from underspends generated by the services that form the core of the company and there is no requirement for the company to repay these costs in future.
- 2.9 Analysis of cashflow indicates that payment terms from LBBB and future clients will be critical to ensuring that the company remains viable. There is therefore a need for a working capital facility which could then be drawn from the Council. It is estimated that this will be up to but not exceeding £200k. The company requires this cashflow to cover the payments for services provided in advance.

### **3. Options Appraisal**

- 3.1 The option that was recommended to and approved by Cabinet on 20<sup>th</sup> June 2017, is to establish a School Improvement Partnership Company limited by guarantee. The benefits include opportunities to; reshape the current partnership between schools and the Council to ensure the future viability of the "family" of LBBB schools; operate independently from the Council; enter into contracts and access funding not available to local authorities; build a cost effective school led education system for the borough; enable schools and the Council to buy services from a

company which has at its core purpose, the raising of outcomes and standards for all LBBB children and young people.

- 3.2 Services will be provided by the company up front, but current payment terms mean that these services are paid for at a later date. This necessitates the need for a working capital facility up to but not exceeding £200k which could be drawn from the Council until such a time that the company is able to build its own reserves.

#### **4. Consultation**

- 4.1 A review was commissioned in 2016 by the Council to understand the views of Schools Forum members on the future of school improvement services and partnership working. Support was mostly positive. A further consultation was conducted in January 2017. This included meetings and an online survey with Head Teachers and Chairs of Governors to gather their views on both current services and the development of the School Improvement Partnership Company. Following this exercise, a decision was taken to support the development of the proposed new company.
- 4.2 The proposals in this report were considered and endorsed by the Council's Corporate Strategy Group (CSG) on 18 January 2018.

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

Implications completed by: Katherine Heffernan, Group Manager - Finance

- 5.1 As set out in this and the previous report to Cabinet, the School Improvement Partnership is forecast to have a turnover of £2.29m which is drawn from a number of sources including traded income from schools and services commissioned by the Council using a mixture of DSG centrally retained funding and general fund budgets. This maintains funding at the same level as in 2017/18. There are no savings expectations currently written in the MTFs. There is an implicit assumption however that the company will need to absorb reductions in DSG funding in future years.
- 5.2 The business plan shows that the operating margin of the company is likely to be very narrowly balanced with only a small surplus forecast in the first year and losses in later years. This is a financially risky position with little contingency and minor adverse events could result in further trading losses. The new company will therefore need to work hard to make operating efficiencies and increase its income in order to ensure its financial sustainability.
- 5.3 The case for the establishment of the company therefore rests on other grounds than financial ones. It should however be noted that if the Council wished to continue providing these services without setting up a company it would also be exposed to many of the same risks.
- 5.4 This report recommends the establishment of a working capital credit facility of up to £0.2m. This is a maximum and will only be drawn as necessary. Interest will be charged at commercial rates. As liquidity/cashflow is a major challenge for new entities this credit facility reduces the risk of failure in the first years of trading for the company. However, Cabinet are advised that the decision should be made in the

knowledge that when funding is advanced to a separate entity there is always a risk of non-repayment especially in instances where the debtor has relatively small amounts of collateral.

## **6. Legal Implications**

Implications completed by: Assaf Chaudry, Major Projects Solicitor

- 6.1 Local Authority Maintained Schools in exercising of their statutory powers under section 11-13 of the Education Act 2002, School Companies Regulation 2002 and the School Companies (Amended) Regulation 2014 can set up a school company. However, the schools can only set up such a company with the consent of the local educational authority. The local authority can refuse to provide consent to a school becoming a member of the company on the following grounds:
- a) the school is subject to special measures;
  - b) the school has serious weaknesses;
  - c) the LEA considers that the school is likely to become subject to special measures or be assessed as having serious weaknesses within the next year;
  - d) the school has a deficit budget;
  - e) the GB of the school has within the last 3 years been a member of a school company which became insolvent at a time when the GB was a member or
  - f) the GB of the school has been a member of a company which failed to act in accordance with these regulations within the last 3 years.
- 6.2 Under the School Companies Regulation 2002 each school company must have a local education authority designated as its Supervising Authority. This role means that the supervising authority has a duty to monitor the management and finance of the school company and ensure that the company isn't poorly managed or there is a risk of the company becoming insolvent.
- 6.3 This report recommends the establishment of a working capital credit facility of up to £200k. This will be as a loan, the terms of which must not breach the State Aid rules.

## **7. Other Implications**

- 7.1 **Risk Management** – The risk management implications were covered in the Full Business case that was approved by Cabinet on 20 June 2017.

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

- “School Improvement Partnership Full Business Case” Cabinet report and minute, 20 June 2017  
(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=9410&Ver=4>)

**List of appendices:** None

**CABINET****20 March 2018**

<b>Title:</b> Corporate Plan 2018 - 2022	
<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> Yes
<b>Report Author:</b> Sal Asghar, Strategy and Performance Manager	<b>Contact Details:</b> Tel: 020 8227 3734 E-mail: Salauoddin.asghar@lbbd.gov.uk
<b>Accountable Strategic Director:</b> Tom Hook, Director of Policy and Participation	
<b>Summary</b>	
<p>The Corporate Plan is a key part of the Council's strategic framework. The development of a Corporate Plan ensures the Council's contribution to achieving its vision and priorities is proactive, co-ordinated, and achievable; i.e. it is resourced in line with the MTFS. It allows both Members and residents to measure progress in the Council's delivery of its vision and priorities.</p>	
<p>The new Corporate Plan is a four-year document (2018-22) and has been developed taking account of the Council's current position, developments across the borough over the last four years and plans around the Council's future direction of travel, which includes the Council's transformation programme.</p>	
<p>In July 2017, we launched the Borough Manifesto, setting out a shared, long-term, resident-led vision for the borough, which we developed in consultation with over 3,000 residents and stakeholders. The Manifesto sets out the aspirations and targets we hope to accomplish in 20 years' time. Our commitment to achieving this long-term vision has been incorporated within the new four-year Corporate Plan.</p>	
<p>The Corporate Plan also sets out our performance framework. Progress against delivery of the Corporate Plan is monitored through the corporate performance framework, which is reported to CSG and Cabinet on a quarterly basis and to the Public Accounts and Audit Committee every six months (PASSC). The Cabinet Member for Performance also has the opportunity to provide constructive challenge to any Cabinet colleague via the Council's performance challenge sessions.</p>	
<p>The 2017-18 financial year has been a busy year for the Council in relation to organisational change and transformation. The Council has made significant progress in moving towards becoming a new kind of council, a commissioning-based organisation and have seen the new service blocks go live. The new structure has four delivery options which include; directly managed services, commissioned services, contracted services, and external suppliers which are all supported by a strategic 'core'.</p>	

With a mix of delivery methods in operation, it is increasingly important that a robust performance framework exists, which allows the council to appropriately monitor performance, holding both internal and external providers to account. Over the last year we have also seen commissioners working on developing commissioning mandates to introduce greater transparency for commissioners and providers alike on what outcomes need to be delivered.

It is acknowledged that 2018 is likely to be a transitional year, during which mandates are finalised, and the organisation as a whole begins to embed the new delivery methods being introduced. The performance framework is therefore likely to develop iteratively over the course of the year with a view to having an agreed framework in place by 2019-20.

### **Recommendation(s)**

The Cabinet is asked to recommend the Assembly to approve the Council's Corporate Plan 2018 - 2022 as set out at Appendix 1 to the report.

### **Reason(s)**

Although there is no longer a specific statutory requirement to produce a Community Strategy or Corporate Plan, it is good governance to articulate the vision for the borough and agree the Council's priorities to inform decision making and allocation of resources. The key accountabilities and KPIs captured in the corporate plan will be monitored quarterly through the usual performance monitoring framework.

## **1. Background**

- 1.1. Our borough and the context within which the Council operates has changed radically over the last decade and will continue to change. These are challenging times with austerity set to continue, coupled with population changes, rising demand, government policy changes and stubbornly low outcomes across a number of key indicators for our residents.
- 1.2. We have risen to the challenge and made significant progress in transforming the borough and the Council. We have owned and driven change in the borough. Our plans for the borough are bold, ambitious and aspirational. We have made changes in order to ensure we continue to meet the needs of our residents and to provide the place-based leadership required to deliver our vision for the borough. We look to the future with hope and aspiration and believe that the plans we have in place will ensure we continue to provide services that are fit for purpose moving forward.
- 1.3. We know we are not where we could and should be. In areas, such as employment, skills, educational attainment, and health, outcomes for residents are well below London averages, and we should all have higher expectations.
- 1.4. Ultimately, our drive for change is to realise better outcomes for our residents. In the past year, we have worked hard to develop a new relationship with residents. Our Community Solutions service is providing integrated support services to residents which enable them to do more for themselves and intervene early to solve problems before they require intensive support. We have integrated services and to make

them more person-centred, targeted and outcomes-focussed, whilst ensuring the Council remains a caring organisation, always able to support the most vulnerable.

- 1.5. We have also spoken to over 6,000 residents engaging them using alternative methods to garner further opportunities for civic participation. These conversations have left us with no doubt about the aspirations they also have for Barking and Dagenham. Their aspirations have informed the development of the Borough Manifesto, a shared vision of the future of Barking and Dagenham, jointly owned by public, private, community and voluntary sector organisations.
- 1.6. Together, our ambition is to make Barking and Dagenham a stronger, more prosperous place to live, with opportunity for all. To achieve this ambition, we are changing the way the Council is run. We are aspiring to be more innovative, creative and flexible. We will develop stronger relationships with our partners and the community we serve.
- 1.7. Delivering Council services through a standard service department model is a thing of the past. Councils no longer operate in the way they did just 10 years ago and we have to adapt how we do things if we are to achieve our ambitions. Our transformation programme has seen the establishment of the new service delivery blocks. The introduction of service blocks such as 'Be First' will speed up opportunities for regeneration and contribute to economic growth and prosperity, ensuring growth is inclusive and 'no-one is left behind'.
- 1.8. The Corporate Plan provides a clear narrative on how the vision and priorities will be delivered, allowing the Council to make best use of limited resources in areas that will make the greatest difference to our residents.

## **2. The Corporate Plan 2018-22**

- 2.1. Although there is no longer a specific statutory requirement to produce a Community Strategy or Corporate Plan, they are essential components of good governance and help to articulate the vision for the borough. They also support us to agree the council's priorities, inform decision making and the allocation of resources, and in due course will also be a reference by which outcomes can be measured.
- 2.2. Now that we are in a period of relative stability, following extensive transformation, we will be developing a four-year Corporate Plan that will last for the entirety of the next political cycle (2018-2022). Previously we have typically developed one or two-year Corporate Plans.
- 2.3. Each year we will undertake a light touch refresh of the Corporate Plan to keep it current and to reflect progress in delivering the Plan.

## **3. The Borough Manifesto**

- 3.1. Along with the rate of change to the Borough's demographics, we know that long term outcomes for our residents in areas such as health, education and employment are poor. Our focus on achieving better outcomes provides the basis of our Corporate Plan.

- 3.2. We have developed the Borough Manifesto, with clear themes, aspirations and targets. The manifesto articulates the shared, resident-led vision of the future of Barking and Dagenham.
- 3.3. Our commitment to achieving the vision set out in the Borough Manifesto drives how we will deliver our services. Whether a service is delivered in-house, commissioned, contracted, or delivered by external suppliers, our goal will always be to ensure these services deliver the aspirations we have set out in the Manifesto.
- 3.4. Focus is also given to the Council's role as a partner of the Barking and Dagenham Delivery Partnership (BDDP) and our priorities for delivering the borough's shared vision. We are clear that strengthened partnership arrangements are essential to achieving better outcomes for our residents.

#### **4. The golden thread**

- 4.1. The Corporate Plan is a key part of the council's strategic framework. The strategic framework comprises a number of key strategies which form the 'top-layer' and should be what other strategies and plans align and refer to. If we are to have a clear focus on achieving outcomes, it is vital that all our strategies and plans, right down to individual staff objectives can all be clearly linked back to the top layer. This is often referred to as the 'golden thread' and if successful means that all our activity is outcomes focussed and contributes to delivering our vision and priorities.
- 4.2. The diagram below sets out the 'golden thread' for Barking and Dagenham. At the very top of the diagram is the Borough Manifesto, a long-term vision for the borough developed collectively with partners and with input from over 3,000 people. This is a partnership document and will require everyone to play their part if we are to be successful in achieving the vision. Below this sits the Corporate Plan which sets out how the council will deliver the vision and priorities for the organisation. Also, part of the strategic framework is the Health and Well Being Strategy. Sitting beneath the top level strategic framework are the Commissioning Mandates and Business Plans which set out the priorities for each service block and are aligned to the Corporate Plan.



## Working together to deliver shared outcomes for Barking and Dagenham



### 5. Consultation

- 5.1. Over the last year we have engaged over 6,000 residents as part of the Borough Manifesto consultation, the Good Neighbour Guide, the Resident Survey and other consultations. The input provided by residents has shaped our vision and priorities and the Corporate Plan.

### 6. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager - Finance

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

## 7. Legal Implications

Implications completed by: Paul Field, Senior Corporate Governance Solicitor

- 7.1 While it is correct to say there is no specific statutory duty to produce a corporate plan, it is a necessary element of good governance. The performance regime established by the Local Government Act 1999 as amended by the Local Audit and Accountability Act 2014 together with supporting legislation, requires the Council to work to achieve continuous improvement and best value. A corporate plan, its objectives and in time how the delivery measures up in terms of outcomes, are therefore one of the signifiers of a well-run local authority.
- 7.2 Furthermore the Accounts and Audit (England) Regulations 2015 Regulations obliges the Council to produce an Annual Governance Statement for each accounting year evidencing how the Council has performed. This is to be done in accordance with proper practices. The *CIPFA / Solace Delivering Good Governance in Local Government Framework 2016* guidance sets out the required practice and that includes a clear statement of the Councils purpose and intended outcomes. The Corporate Plan thus plays a vital role in the legal duty to ensure sound governance of the Council.

## 8. Other Implications

- 8.1. **Risk Management** – There are no specific risks associated with this report. The corporate plan report and ongoing monitoring will enable the Council to identify risks early and initiate any mitigating action. The Council’s business planning process describes how risks are mitigated by linking with the corporate risk register.
- 8.2. **Contractual Issues** – Any contractual issues relating to delivering activities to meet borough priorities will be identified and dealt with in individual project plans.
- 8.3. **Staffing Issues** – There are no specific staffing implications.
- 8.4. **Corporate Policy and Equality Impact** – The 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. The key accountabilities and KPIs monitored allow the Council to track delivery ensuring resources and activity are effectively targeted to help achieve the vision and priorities.

There are no specific equality impact issues to consider as a result of this report. Working towards delivery of the vision and priorities will help tackle inequality. A key part of this is ensuring growth is inclusive and that no-one is left behind.

- 8.5. **Adults and Children Safeguarding-** The corporate plan highlights the importance of safeguarding both in respect of Adults and Children’s and protecting the most vulnerable members of the community. The priority **Enabling social responsibility** encompasses activities to safeguard children in the borough and is delivered through the Local Safeguarding Children Board. The Council monitor a number of indicators corporately which relate to Children’s safeguarding. By doing so the Council can ensure it continues to discharge its duties.

- 8.6. **Health Issues** - The priority **Enabling social responsibility** encompasses activities to support the prevention and resolution of health issues in the borough and is delivered through the Health and Wellbeing Board. The borough has a number of health challenges, with our residents having significantly worse health outcomes than national averages, including lower life expectancy, and higher rates of obesity, diabetes and smoking prevalence. Although delivery of health services is not the responsibility of the Council, together with health partners the Council is committed to tackling the health issues prevalent in the borough.
- 8.7. **Crime and Disorder Issues** - The priority **Encouraging civic pride** encompasses activities to tackle crime and disorder issues and will be delivered through the Community Safety Partnership. Whilst high level indicators provide Cabinet with an overview of performance, more detailed indicators are monitored locally.

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

**List of appendices:**

Appendix 1- Corporate Plan 2018 - 2022

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# No-one left behind

## Corporate Plan

2018/2022





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## Foreword by the Leader

**N**o one left behind is the vision that has been at the heart of everything the council has done over the last four years and what we will continue to do in the years to come. It means a relentless focus on improving the lives of our residents, ensuring they have opportunities to succeed and thrive.



No-one left behind means we harness the borough's potential as London's growth opportunity to deliver growth that is inclusive and benefits our residents. It is what has driven our approach and allowed us to be bold, ambitious and aspirational to meet the challenges we face.

Government austerity has cut local government budgets to the bone. Since 2010 we have made savings of £122 million; a further £48 million must be saved by 2021 for the council to stay afloat. This is a daunting challenge made harder by rising demand for public services, especially social care, and a fast changing and growing population.

We are determined to continue to provide the right support to those who need it and give all residents a good start in life, to keep them safe and healthy, independent and supported.

We are rising to the challenge by taking a bold approach and doing things differently. That is why in 2015 we launched a radical transformation programme to re-design the council. The purpose of this was to integrate services and to make them more person-centred, targeted and outcomes-focussed, whilst ensuring the council remains a caring organisation, always able to support the most vulnerable.

Change was also about preparing for the economic growth that is coming to East London. Barking and Dagenham is London's growth opportunity with unrivalled scope for house building, physical regeneration, and new industry. The Growth Commission confirmed this, and we are now making it happen and unlocking that potential. In the next 20 years we will build 50,000 homes and create 10,000 jobs. If we can accelerate growth, and do it in the right way, then we can begin to make strides in closing equality gaps and improving the lives of residents.

Everyone has a part to play in the future of the borough. 'Barking and Dagenham Together: The Borough Manifesto', an aspirational community-led vision for the Borough will be delivered by strengthened local partnerships and new relationships to collaborate and take a place-based approach to overcome our biggest challenges.

I am proud to say this council is fundamentally different to the one I became Leader of in 2014. The council is no longer simply a provider of public services - though delivering excellent public services is still central to our purpose. The change is overwhelmingly positive. This council has a big plan and it is innovating and running with new ideas. We are becoming a people and place-shaping organisation, facilitating for the community. Everything we are changing and everything we are doing is for one simple reason - to ensure no one is left behind.

**Councillor Darren Rodwell**  
Leader of the Council



# About the Borough

Did you know  
LBBD has...

**206,460**

**Residents**

7th smallest population in London



**56,545**

**under 16s**



Highest proportion  
in London and the UK

**130,122**

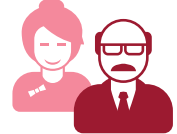
**16s to 64s**



4th lowest proportion  
in London

**19,793**

**over 65s**



10th lowest proportion  
in London

**33**

**average age**



Lower than London  
average (36)

**59.8**

**male healthy  
life expectancy**



Below London average (64.1)

**58.5**

**female healthy  
life expectancy**



Below London average (64.1)

**0.21**

**Overall Progress  
8 Score per pupil (GCSE)**



Below London average (0.22)

**14.7%**

**have no  
qualifications**



Above London average (6.6%)

**86.5**

**births per 1000  
women of childbearing age**  
Highest in London



**81.7**

**crimes per  
1000 people**



Below London average (87.3)

**£295,380**

**average house  
price (all types)**



Below London  
average (£484,362)

**18.7%**

**English not  
first language**



Below London average (22.1%)  
for aged 3+

**7.2%**

**unemployment**



Above London average (5.5%)

**67.3%**

**employment**



Below London average (73.7%)

**13%**

**DWP benefits  
claimants**



Highest in London

**50.5%**

**BME population**



Below London  
average (55.1%)

**30.9%**

**born abroad**



Below London average (36.7%)

**4.7%**

**Nigeria most  
common birthplace  
outside the UK, followed  
by India and Pakistan**



## A new kind of council

We have been on a journey over the last few years, one that has seen us transform the council and the way we deliver our services. At the heart of this transformation is our community. We understand that it is residents that make Barking and Dagenham such a great place and it is our residents who are the key to making the borough 'a place people are proud of and want to live, work, study and stay'.

Transformation for us has people at its core and they are the driver for change. Our new kind of council facilitates a change in relationship by empowering our residents, building resilience and enabling them to fulfil their potential by providing them with opportunities to prosper. It responds to the concerns of residents ensuring they receive the excellent service they expect and deserve. We will grow the borough together in an inclusive manner ensuring 'no-one is left behind'.

Four priorities underpin the new kind of council and enable us to focus our resources to deliver our vision. These are: encouraging civic pride; enabling social responsibility; growing together; and being a well-run organisation. The priorities reflect what residents have told us matters to them and what we need to deliver as an organisation to support the community and take the borough forward in the next four years.

As a new kind of council, we are agile, responsive, and data-led. We have embraced commercialism to generate vital revenues and adopted new methods and technology to deliver improved satisfaction and efficiency. Most importantly we are in open conversation with residents, prioritising what they want for the borough and from public services.

We have adopted a new commissioning approach which puts the outcomes we are seeking to achieve for residents at the heart of every conversation. It is the process by which the council and our partners plan the services that are needed by the people who live in the local area, so that services are accessible, high quality and appropriate.

The council is focused on the outcomes at the outset of any commissioning activity, resulting in attention and resources being directed on those things that will have the greatest impact in improving the lives of residents. At the centre of the organisation is a group of commissioners who are shaping local service provision to meet the diverse needs and preferences of our population. Their data-led and evidence-based approach is backed up with a commitment to addressing equality gaps and improving outcomes.

The journey is not yet complete, but through the work we have done to become a new kind of council, we have a clear plan developed with residents which will help us navigate and face the challenges the future may present together.

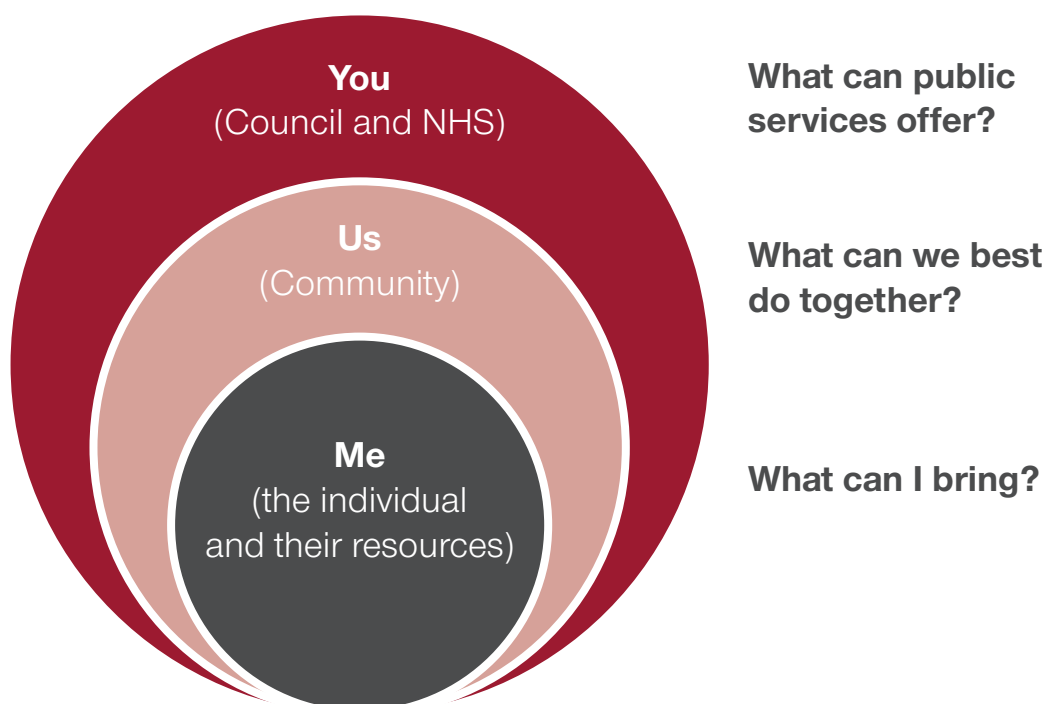
# The council's structure 2018



# Changing relationship with residents

Responding to the LGA Peer Review (2014) and the 2015 Growth Commission we have focused on changing our relationship with residents. The historic paternalism that has characterised this relationship has begun to change.

Our Prevention Strategy highlights this approach, understanding the relationship between individual (me), community (us) and the council (you). Taking a strengths-based approach and preventative action we are enabling people to do more for themselves, intervening early and providing the support they need to get them back on their feet.



Similarly, the Growth Commission (2015) recommended that the council should engage residents more, encouraging them to be active and involved in the community. To this end we are engaging the community, involving them in co-producing services where possible, and creating more opportunities for participation.

## Digital by design

We are changing how services are accessed and used, again changing the relationship between the council and residents. We are investing in modern online and digital solutions so they can navigate services and report problems with ease. This is quicker and more convenient for them and crucially it makes us more efficient and responsive. Residents will be supported, assisted, and upskilled to use digital solutions as part of our wider agenda to improve digital inclusion and promote digital channel shift.

The pilot of Breezie shows how we are using technology, digital solutions and online connectivity in new ways; in this case to reduce social isolation. Using a tablet device, Breezie makes it easy for older people to get online and stay connected with friends and family. Information about care and support and what is happening in the community is easy to access, keeping older people informed and up-to-date.

## Community Solutions

Community Solutions is evidence of our new approach to work differently with residents and empowering them to change their lives. Our flagship new service acts as the front door for all people-based services. We have brought together experts from a number of different disciplines, from libraries to children's social workers, and housing options to youth workers. These integrated teams identify the root cause of a person's or family's problems and help to resolve those problems before they escalate. Community Solutions will help tackle the wicked and complex challenges facing the borough, such as our high rates of domestic violence, homelessness and unemployment.

### What this will mean for our residents

Through 'Community Solutions', we are supporting residents to become more self-sufficient and resilient, and intervening earlier to solve problems sooner before they become more serious. Residents will experience a more cohesive service with one point of contact for all issues rather than being passed between different services and having to deal with a number of different professionals.

## Care and support

For those who need support our Care and Support service brings together children's and adult social care and the disability service to provide seamless and continuing support to those in need and to safeguard those who are at risk, protecting vulnerable adults and children from neglect, abuse and harm.

Care and support services already have a proud tradition of personalisation, choice and control. Using Direct Payments, we are empowering residents as care consumers and working with them to develop a vibrant market of care and support services. We are also driving integration by joining up primary and secondary healthcare and strengthening the links between NHS and social care services. We are pursuing integration, and giving health and care leaders more control over budgets and decision-making, at the North East London level through the East London Health and Care Partnership, and more locally through the Barking and Dagenham, Havering and Redbridge Integrated Care Partnership.



Care and support, health integration, and our wider approach to ensuring the health and wellbeing of all residents is set out in the Joint Health and Wellbeing Strategy 2015/18. Delivery of this strategy is critical for tackling health inequalities and increasing the number of residents that are living in good health across the life course. This is especially important for vulnerable residents or those with care and supports needs.

### What this will mean for our residents

Protection and safeguarding of the most vulnerable remains a top priority for the council. We will focus on helping our residents live safely, comfortably, and independently. Residents will be supported to make lifestyle choices that positively improve quality of life and overall health and wellbeing. Those with disabilities will benefit from a disability service that reduces the boundaries between children's and adult care and support to improve the experiences of residents.

## Enforcement and Community Safety

Through the resident survey and our Good Neighbour Guide consultation, residents told us that they want to see everyone take pride in the borough, take care of the local environment and respect their neighbours. 95% of our residents want us to take enforcement action against those who don't behave and do not show respect for the rules (Resident Survey 2017). The Enforcement Service will take action against crime, anti-social behaviour and regulatory violations, as well as promote best practice among landlords and local businesses.

Less than half of residents feel safe in the local area at night. High-profile violent crimes and the public's awareness of police budget cuts add to this feeling of being unsafe. We are working with the Metropolitan Police and other partners to improve the safety of the community and build confidence among its members.

## What this will mean for our residents

The Enforcement Service will respond fast and effectively to reports of crime, anti-social behaviour and parking offences, as well as any rule-breaking by businesses or landlords. We hope that through behavioural change campaigns we can work with residents to ensure everyone respects the rules and takes pride in the borough. But for those who behave irresponsibly and do not respect their neighbours or the environment, we will take action.

## Heritage

We want residents to take pride in the borough. Our recent cultural bid demonstrated that residents also want to celebrate culture. Our heritage service will celebrate our borough's history – engaging our community and encouraging visitors to the borough. The service will also seek opportunities to develop new and exciting heritage options.

## What this will mean for our residents

Valence House and Eastbury Manor will be vital centres for community activity and our residents will be able to take part in many activities, as well as enjoy the new events programme.



## Reconnecting with residents

We have been reconnecting with residents and we are listening to the community. In the last year we engaged 6,000 residents through consultation and engagement work to find out what they care about and what they want for the Borough.

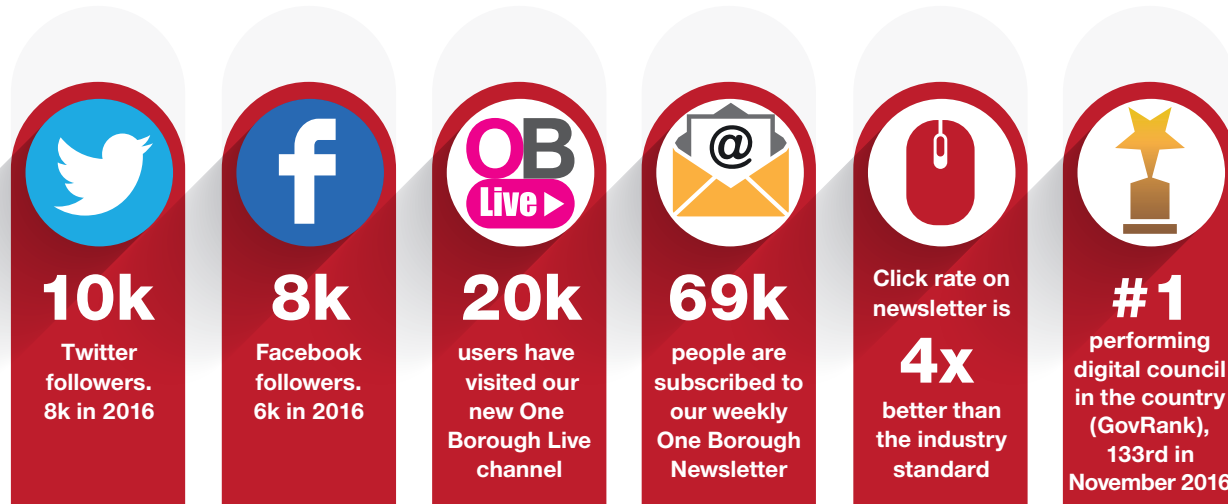


3,000 of our residents came together to produce the Borough Manifesto, a vision for the future of the borough which forms the top-level strategy for the council and partners to deliver the aspirations of our residents. They have also come together to develop the Good Neighbour Guide, a shared understanding of what citizenship means for Barking and Dagenham.

The BAD Youth Forum continues to give children and young people a voice and influence over decision-making. The Skittlz Group is the borough's Child in Care Council. The Group comprises representatives from each age group who have regular dialogue with senior managers to ensure the views of children and young people in care are being heard.



We are using different platforms to engage residents making better use of social media, including One Borough Live, in new and creative ways to keep residents informed and engaged. We now have over 10,000 Twitter followers, 8,000 Facebook followers, and 69,000 people have subscribed to our weekly One Borough Newsletter. Our Street Tag initiative is using social media and app technology to engage residents with our New Me healthy lifestyles campaign. The impact has been evident with GovRank ranking us as the best performing digital council in the country (November 2017).



## Community and Voluntary Sector

We are supporting and working with the voluntary and community sector to build on the community assets we have, and to develop new community infrastructure to boost capacity, capability, and sustainability.

We are also empowering residents to take forward ideas using crowdfunding and supporting the ideas that benefit the wider community. The Barking and Dagenham Lottery gives residents a chance to support local good causes, providing local voluntary and community sector organisations with a sustainable source of funding.

One element of this is Every One Every Day, the UK's biggest community participation scheme. It brings important social infrastructure to connect residents with their neighbourhoods and wider community. Over the next five years, Every One Every Day will work with 25,000 residents to create 250 neighbourhood-level projects. Schemes such as this are essential for building resilience, cohesion, and community spirit which is just as important as any physical asset.

Our New Me campaign is engaging residents with existing community sports clubs and healthy activities in the borough, inspiring them to adopt healthier lifestyles.

## Cultural events programme

We are using arts and culture and the council's events programme to bring the community together. 100,000 people (almost half the population) attended a summer event last year and our cultural partnerships are creating even more opportunities to build civic pride and social cohesion. #InspireLBBD is bringing a year's programme of cultural events to our borough's schools.



# Delivering excellent services

Through our Annual Residents' Survey and our extensive dialogue with residents over the past year, we know that satisfaction with some of our services is not where it should be. Residents expect better standards of service, and we agree with them. Transformation of some services will enable them to be more innovative, digital and responsive to the needs of our residents. Through being bold and adopting new methods and technology, we will ensure services meet the high standards our customers expect. We will also be more commercial in our approach, seeking new ways to generate income for the council that can be re-invested to improve services and support vulnerable members of the community.

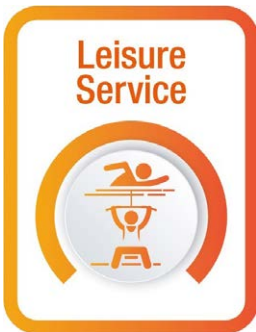


## My Place

My Place is a new service which manages all of the council's property, infrastructure and assets, including; council buildings, schools, care homes, children's centres, housing, roads, parks and land.

### What this will mean for our residents

For council and Reside tenants, My Place will provide excellent services, dealing more efficiently with all property issues such as repairs and maintenance. For landlords, My Place will offer high quality property and tenancy management services at competitive rates.



## Leisure

While the council still owns the borough's leisure centres and stadium, they are now managed by Everyone Active. By finding an industry specific not for profit organisation to run the leisure services, we aim to provide a better service to residents, with good quality facilities, focusing on getting more local people active.

### What this will mean for our residents

Residents will have access to high quality leisure facilities that are maintained to high standards. There will be more choice of leisure options with the aim of getting everyone active.







## Home Services

Home Services offer a top quality, competitively priced repairs and maintenance service to the council and to local landlords.

### What this will mean for our residents

Council tenants will experience quicker responsive repairs and better planned maintenance and private landlords will be able to buy competitively priced repairs services.



## School Improvement Partnership

The School Improvement Partnership is a new not-for-profit company jointly owned by local schools and the council. It has been created to provide headteachers with support to raise standards by sharing proven effective practice between schools and by enabling schools to design the services that will have the greatest impact.

### What this will mean for our residents

Quality and standards in education will continue to improve ensuring every young person in the borough is given the best educational start in life, leaving school with diverse career and job prospects and pathways into further and higher education.



## Clean and Green

Our vision is to improve environmental standards in the borough and provide a responsive service, which provides exceptional value for money. We want to encourage residents to reduce, reuse and recycle their rubbish and work with them and our partners to eliminate fly-tipping, graffiti and litter.

### What this will mean for our residents

The borough will be cleaner, better maintained and safer, with a range of new activities on offer in our parks. The bin collection service will be more reliable and better value for money, alongside faster response rates to graffiti, fly-posting and litter.

## No-one left behind

Growth for us is all about our community. We see inclusive growth and regeneration as one of the most important tools to improve outcomes for local people and to address the root causes of inequality and deprivation. The borough has been recognised as having the most untapped potential for growth in the capital due to its access to central London, house building potential, and space for business and industry. It is now our responsibility to fulfil that potential and in the next 20 years we aim to build 50,000 homes and create 20,000 jobs, bringing opportunity to all residents. If harnessed in the right way, growth will reduce deprivation and create opportunities for residents by developing skills and employability, creating jobs in new and emerging sectors and industries, improving the physical environment, and widening the choice of housing.

The Growth Commission has provided a roadmap for what we need to do as a council and as a partnership to maximise economic growth and its benefits. We understand growth must be inclusive and make a meaningful difference to the outcomes of residents. That is why we are taking a long-term and strategic approach to planning and regeneration and bringing together economic and social policy.

Barking and Dagenham has a strong track-record of delivering holistic physical regeneration using public and private sector investment and by working in partnership with developers. Evidence of this can be seen in the transformation of Barking Town Centre and other sites including Barking Enterprise Centre, Dagenham Business Centre, Becontree Leisure Centre and Abbey Leisure Centre. Barking Riverside is one of NHS England's Healthy New Town pilot sites and we are working with NHS England, and our local partner Care City, to use urban design and housing design to lay the foundations for good health and wellbeing for communities living in Barking Riverside.

Our approach to regeneration will continue to be guided by principles of inclusive design and urban planning along with consultation and engagement with residents about what they want for their community. Analysis of economic trends and demographic forecasts will ensure regeneration is sensitive to existing communities, future-proofed, and supports the overall growth of the borough.





## Be First

Such is the importance of regeneration to the prosperity of our borough and our residents that we have created a special purpose company called 'Be First' to manage and accelerate delivery of this agenda. 'Be First' is responsible for housing growth and diversity of tenure, investment in transport and other infrastructure, attracting inward investment, business growth and job creation. In performing these roles Be First will ensure that the future planning of homes, infrastructure, and business is done holistically and with balance between physical regeneration and social regeneration. Therefore, consideration will be given to the ingredients that make for thriving communities such as schools, community spaces, places of worship, parks and open spaces, sports and leisure facilities, health facilities, and retail spaces. The focus is on ensuring we grow together with everyone benefitting and leaving no-one behind.

### What this will mean for our residents

Be First will play a key role in ensuring that the potential growth in the borough focusses on people, so that our residents benefit from the opportunities and we tackle the inequality that currently exists. Be First will make it easier and quicker to deal with routine planning applications. For companies and potential investors, it will make it easier to do business with the council.



## Reside

Barking and Dagenham Reside is a company set up, and wholly owned, by Barking and Dagenham council to provide quality and affordable housing to local people.

### What this will mean for our residents

The company offers brand new homes, built to the highest standard and available for affordable rent. Rents for Reside properties can be 20 percent less than the market rate and residents enjoy peace of mind and the security of a five-year tenancy. The majority of homes are only available to people who are in employment. Reside aims to help those who can't afford to get on the housing ladder but find it difficult to access social housing.





## We have already made progress

### CU London

We are delighted to have attracted CU London to open a campus in the borough. Our Civic Centre is now the site of a state-of-the-art university providing flexible courses to meet the needs of residents across the borough. With a range of courses including part-time, evening and weekend options, there is a great opportunity for residents to study flexibly fitting around their lifestyle.



### Film Studio and creative industries

We are in the process of finding a partner to build London's largest film studios and media complex in Dagenham. We plan to bring state-of-the-art film and TV studios to the borough in response to the rapidly growing demand for top quality film and TV production facilities in the UK. Our feasibility study demonstrates the potential and suitability of our site. Our aim is to support the industry and, at the same time, to support local businesses and create hundreds of jobs in this key growth sector of the economy. It's an outstanding opportunity to make help Dagenham become famous for films as well as Fords.



### Future Youth Zone

Youth provision is important for building skills and confidence of young people and ensuring they have a safe environment to enjoy their leisure time with friends. Construction has begun on 'Future', a new Youth Zone located in Parsloes Park that will offer more than 20 activities, 7 days per week for young people aged 8 to 19. Annual membership will cost £5 and there will be a 50p charge per visit making the facility unrivalled in terms of value for money. It will open its doors in early 2019.

### Sustainable Industries Park

The London Sustainable Industries Park at Dagenham Dock when fully developed will be UK's largest concentration of environmental industries and green enterprises. The site can support approximately 1.4 million sq ft of new logistics and light industrial space. Over the next 10 years there will be more than £180 million of investment from the East Plus partnership into this site.

### B&D Energy Ltd

Locally powered green energy will be delivered by B&D Energy Ltd, a council owned company that will supply affordable heating and hot water. 230 new housing developments in Dagenham will be the first to benefit from this green and affordable energy. This follows 1,000 residents on the re-built Gascoigne estate in Barking having their homes powered by a mini power station. These two schemes alone will reduce CO2 emissions by the same amount as that emitted by over 300 cars a year.



## Context

**Budget position**

**33%**  
cut in funding from government (2010-2017)

**£122m**  
savings made by the council (2010-2017)

**£16m**  
current budget gap (2018-2019)

**£63m**  
savings we need to make in the next four years

**Demand and pressure**

**48%**  
rise in demand for school places

**4,000**  
additional care and support requests from older people expected by 2021

**2,000**  
additional child protection cases expected by 2021

**27,000**  
people accessed housing advice in past year

**Poverty and deprivation**

**32%**  
of children in the borough live in poverty

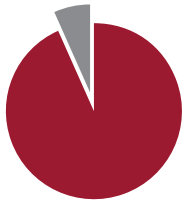
**12th**  
Ranking on the Index of Multiple Deprivation

**£5,306**  
Gap in median annual income between residents and the UK average

**7,877**  
Households in the borough that are fuel poor (2014)

# Change is already here

This new kind of council is already delivering major changes and improvements. This can be seen in our recent achievements.



**91 per cent** of our schools are now rated 'Good' or 'Outstanding' by Ofsted



'Progress 8' measure **20th** best in the country out of 151 local authorities



More than **2,800** new business start-ups in the borough



## Every One Every Day

– will work with 25,000 residents and deliver 250 neighbourhood-led projects in the next five years

**£70 million**

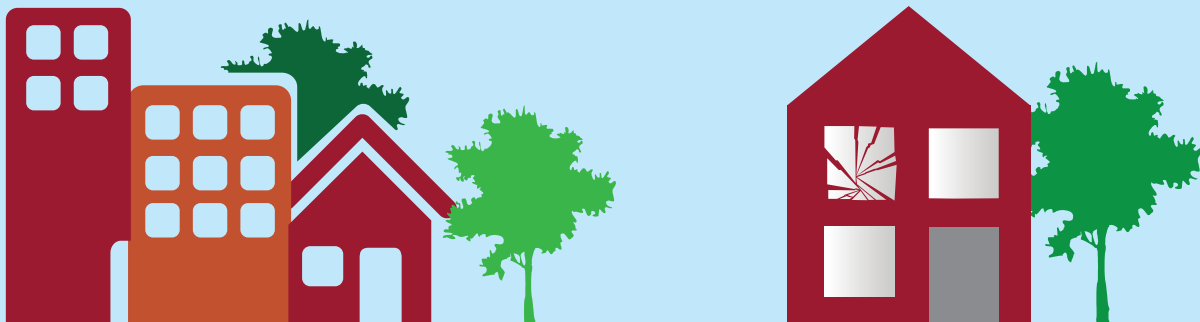
deal clinched for new railway line to Barking Riverside



**£350 million**

committed to modernise council housing

Introduced a **licensing scheme** to tackle rogue landlords in the borough – so far **over 13,000** properties have been inspected and 25 rogue landlords have been successfully prosecuted





Attracted **over £1 billion** of investment to the borough – **Barking & Dagenham is London’s growth opportunity**



The first local authority to adopt a **Gender Equality Charter**, with over **150** businesses, organisations and individuals signed up already.

100 per cent of our **Children’s Centres**

are now rated ‘Good’ or ‘Outstanding’ by Ofsted



**New cultural quarter** at the Roding Riverside with the new Boathouse

Driving **health and social integration**

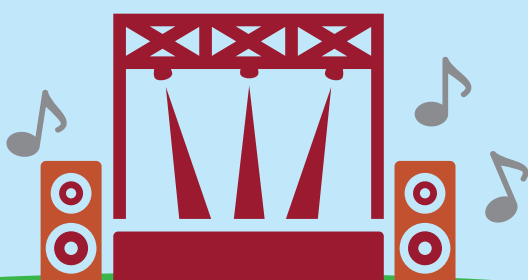
through accountable care system



Dagenham Library scoops **Library of the Year award**



The popular **Summer of Festivals** programme was attended by **100,000** people last year



Building has begun on a 4 lane, 50m **Olympic size swimming pool** at Becontree Heath Leisure Centre – **opening in 2018**



# The Vision

The community has developed an aspirational vision for the borough. 3,000 residents came together to shape this vision and define the future of Barking and Dagenham. The co-produced Borough Manifesto imagines what Barking and Dagenham will be like in 20 years as a place to live, work, study, and visit.



As an enabler and facilitator, the council's job is to make the community's vision a reality. The Corporate Plan sets out our contribution over the next four years to deliver the Borough Manifesto. The priorities and performance measures we are using to drive progress and improvement link directly to the aspirations, themes, and targets of the Manifesto; ensuring that we have a co-ordinated and focused effort. This alignment creates a golden thread that runs from policy-making through to frontline service delivery.

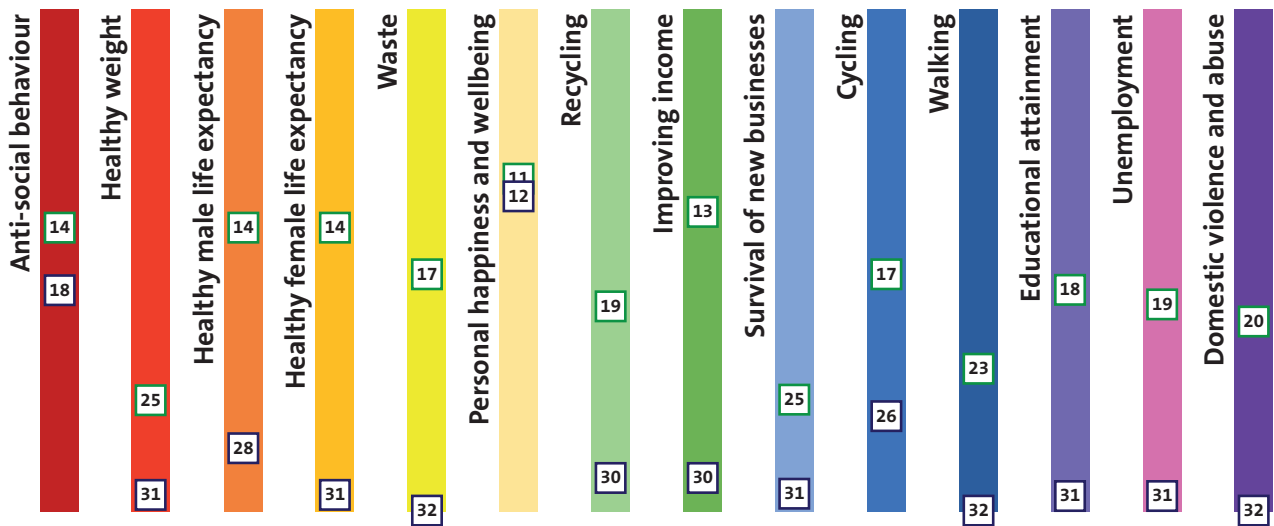


Other local organisations, institutions, partners, and stakeholders are equally signed up to delivering the Borough Manifesto vision and aspirations. It is a shared endeavour and a shared commitment in response to where the community has told us it wants to go and the challenges this borough faces now and in the future. Through the Barking and Dagenham Delivery Partnership we are taking a place-based approach to cross-cutting issues, to achieve common aims and outcomes.

Close and deep partnership working is essential to tackle complex social issues and is equally necessary to drive change at a quick pace. Current data about our population shows that socio-economic and health and wellbeing outcomes are behind London and UK averages. When we compare outcomes for our population against those of other London Boroughs we mostly sit at the bottom of the league tables. This is unacceptable, and it is why we have fundamentally re-designed the council. It is also why we are focused on delivering inclusive growth to change people lives.



Behind the Borough Manifesto are ambitious targets for improving those outcomes with clear benchmarks for where we want to be. The diagram below illustrates where we rank now and what we can realistically achieve by 2037. To move up, even to mid-table or a few places, is challenging and means we will have to achieve big improvement and consistently outperform other London Boroughs.



To measure the impact of our efforts to deliver the Borough Manifesto we have created a suite of indicators related to the themes within the Borough Manifesto. These targets and measures provide accountability and a source of truth about if we are making an impact and delivering the vision the community has set.

- ✓ Percentage of new homes built compared to annual target.
- ✓ Additional affordable homes as a percentage of all new homes.
- ✓ Ratio of house prices to earnings.
- ✓ Median private sector rent.
- ✓ Council housing in decent conditions.

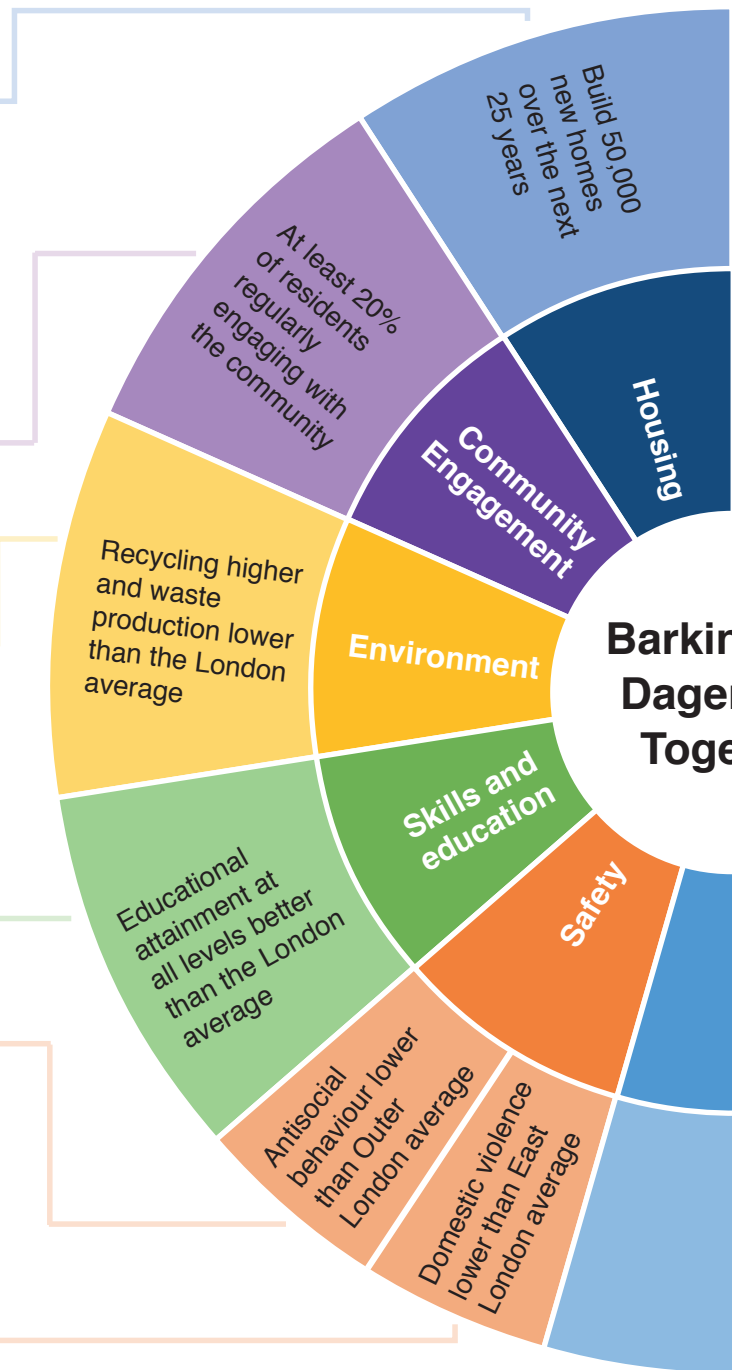
- ✓ Residents regularly participating in the community.
- ✓ People volunteering as reported in the Residents Survey.

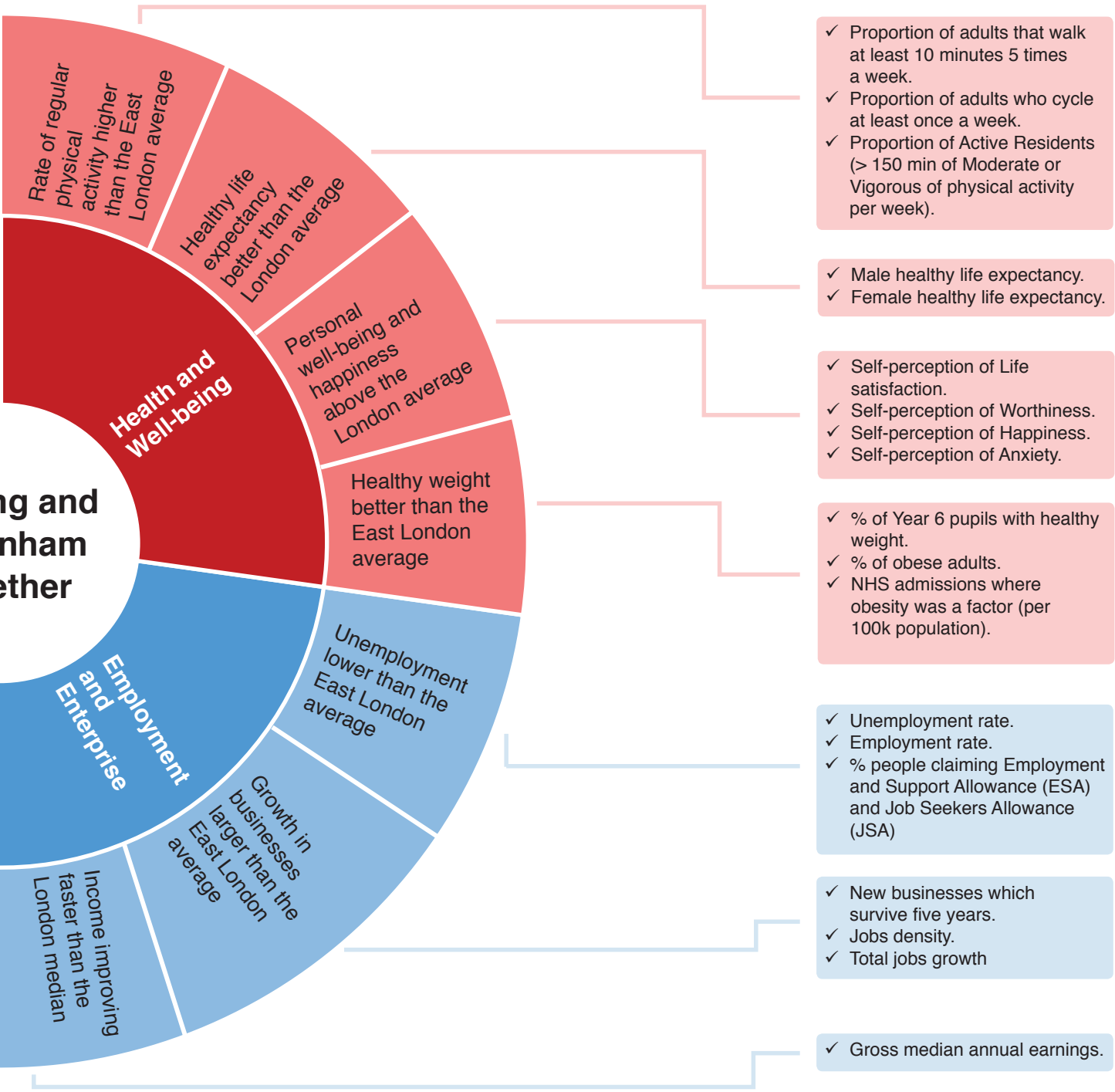
- ✓ Waste Production per household (Kilograms).
- ✓ Recycling rates.
- ✓ Perception of "Litter and dirt in the streets", as measured in Residents Survey.

- ✓ People with Level 1 and above.
- ✓ People with Level 4 and above.
- ✓ Attainment 8 score per pupil.

- ✓ Police recorded number of incidents of anti-social behaviour.
- ✓ Council recorded number of incidents of anti-social behaviour.
- ✓ Perceived safety measured by Residents Survey.
- ✓ Hate Crime reported to police.

- ✓ Domestic violence and abuse incidents per 1000 residents.
- ✓ Average number of offences in previous 12 month per victim.





# Our Priorities

## Encouraging Civic Pride

At the centre of the Borough Manifesto vision is an aspiration for Barking and Dagenham to be a place people are proud to live, work, study and stay. To achieve that vision for the community we will **encourage civic pride**. These are our commitments in the next four years:

### Build pride, respect and cohesion across our borough

- Deliver the vision of the Borough Manifesto through the Barking and Dagenham Delivery Partnership.
- Develop and publish a Cohesion Strategy for the borough.

### Promote a welcoming, safe, and resilient community

- Summer of Festivals showcasing the best of the borough.
- Embed and grow the 'giving model' for the borough including crowdfunding and local lottery schemes.
- Strengthen partnership arrangements for the borough.
- Support the development of the community and voluntary sector.

### Build civic responsibility and help residents shape their quality of life

- Undertake a borough-wide review of controlled parking zones (CPZs).
- Develop the new self-funding Enforcement Service using data and insight to target interventions and maximise impact, including the name and shame campaigns to communicate the enforcement work being undertaken.
- Develop and implement a new discretionary landlord licencing scheme from August 2019.
- Progress the Civic Pride agenda through a series of behavioural change campaigns.
- Ensure the council promotes Reduce, Reuse, Recycling awareness.

### Promote and protect our green and public open spaces

- Implement a needs-based targeted approach to street and open space cleanliness.
- Implement the Highways Improvement Strategy and funded programme with the intention of improving conditions and perceptions of the quality of roads and pavements.
- Delivery of an effective trade waste service.
- Adoption of a master plan for Parsloes Park.

### Narrow the gap in attainment and realise high aspirations for every child

- A borough where all young people participate in high quality education, employment or training opportunities which raise their aspirations and enable them to reach their potential.
- Working with Barking and Dagenham School Improvement Partnership (BDSIP), schools and partner organisations, enable and inspire more young people to achieve good GCSE and A' Level results and go on to study at 18, including at top performing universities.

# Enabling Social Responsibility

We must support residents to lead independent, healthy, safe and fulfilling lives. To do so we will **enable social responsibility**. These are our commitments in the next four years:

## Support residents to take responsibility for themselves, their homes and their community

- Embed and develop Community Solutions within specified timeframe as set out in the Target Operating Model.

## Protect the most vulnerable, keeping adults and children healthy and safe

- Deliver transformation proposals for care and support.
- In implementing changes to children's social care, ensure new arrangements deliver improved outcomes for children and young people whilst delivering a balanced budget through initiatives such as improving the recruitment and retention of social workers.
- Ensure that the council is planning and delivering a comprehensive set of housing options for people with care and support needs, particularly older people and those with mental health problems.
- Create employment opportunities and ensure appropriate support for people with Learning Disabilities.
- Ensure that there is an organisational focus on safeguarding vulnerable adults and children and young people through appropriate governance, an updated Domestic and Sexual Violence Strategy and a focus on child sexual exploitation.

## Ensure everyone can access good quality healthcare when they need it

- Ensure the public health grant is effectively targeted to improve health outcomes and implement a range of behavioural change campaigns to help tackle issues such as obesity, smoking, substance misuse, teen pregnancy and low take up of vaccinations.
- Continue to play a leading role in delivering greater integration of health and social care across Barking and Dagenham, Havering and Redbridge.

## Ensure children and young people are well-educated and realise their potential

- Ensure school places and early years provision meets demand for pupil places and is sufficiently flexible to adapt to changing demographics.
- Ensure every child in the borough attends a 'good' or 'outstanding' school or early years setting, as this is a key determinant for high attainment.
- Working with Barking and Dagenham School Improvement Partnership (BDSIP), schools and partner organisations, establish the borough as a place where high quality senior leaders, teachers and teaching staff want to work and stay.
- Ensure a focus on the needs of vulnerable children in all areas of education including those with Special Educational Needs (SEN) and those looked after and implement SEND inspection recommendations, to realise high attainment for SEN pupils.

## Fully integrate services for vulnerable children, young people and families

- Ensure corporate parenting responsibilities are being successfully undertaken to achieve good outcomes for children who are in care and young people who are leaving care, as these are amongst the most vulnerable and disadvantaged in the community.
- Co-ordinate services across the borough to enable children to have the best start in life, with good health, early years development and access to outstanding education.

# Growing Together

**Growing together** is how we will ensure no-one gets left behind. We will deliver inclusive growth through holistic industrial strategy, economic development, house building, regeneration, physical assets and community infrastructure. These are our commitments in the next four years:

## **Build high quality homes and a sustainable community**

- Implement the Local Plan for the borough, taking forward regeneration plans and ensuring high quality build for all new developments.
- Supply heat and potential power to residents through affordable energy projects.

## **Develop a local, skilled workforce and improve employment opportunities locally and access to those within wider London**

- Implement and maintain an Employment, Skills, and Business Growth Strategy.

## **Support investment in housing, leisure, infrastructure, the creative industries and public spaces to enhance our environment**

- Develop an East London Industrial Heritage Museum as part of the redevelopment of the Ford Stamping Plant.
- Improve the amenity value of the Abbey Green to encourage informal and formal recreation.
- The establishment of the East London's Women's Museum.
- Deliver the Youth Zone for Parsloes Park.
- Develop a film and creative arts centre in the borough, raising the profile of the borough, improving local economy and providing local skilled employment.

## **Work with London partners to deliver homes and jobs across our borough**

- Implement plans for new homes across the borough including schemes in:
  - Barking Town Centre
  - Riverside
  - Chadwell Heath
  - Ford Stamping Plant
- Offer affordable housing to key workers within service areas that are struggling to attract and recruit suitable staff.

## Enhance the borough's image to attract investment and business growth

- Develop and take forward transport and infrastructure developments to support and drive growth including:
  - the A13 Tunnel
  - Crossrail
  - Barking Station upgrade
  - Barking Riverside links
  - C2C stopping at Dagenham East
  - Lower Roding crossing
  - Thames crossing.
- Take forward Growth Commission proposals relating to business through the development of a Business Development Strategy.

## Grow the borough in an inclusive and environmentally sustainable way

# Well-run organisation

We recognise that if we are to achieve what we need to do to deliver the Borough Manifesto for the community we must strive to be a **well-run organisation** and make best use of resources and assets. These are our commitments in the next four years:

### Good governance

- Use data and intelligence to inform commissioning, business planning, policy-making, and decision-making at all levels.
- Ensure compliance with local government legislation and regulations.
- Ensure open and transparent government and compliance with the Council Constitution.
- Ensure compliance with Government Data Protection Regulations.
- Ensure accountability for performance through Overview and Scrutiny, performance challenge sessions, and the Corporate Performance Framework.
- Retain Investors in People Silver accreditation.
- Ensure that all members and staff complete mandatory training courses and modules (health and safety, information governance, equalities).
- Ensure staff appraisals are carried out on time and meet the corporate quality standard.

### Financial solvency and sustainability

- Set a balanced budget each year (2018/2022).
- Close the budget gap by 2020/2021 and achieve the savings targets as outlined in the MTFS.
- Meet income generation targets for commercial revenue streams.
- Pilot sub-regional pooling of business rates.
- Maximise income collection of Council Tax, Rents, PCNs.



## Customer access and satisfaction

- Promote and encourage uptake and usage of digital services/solutions.
- Implement the Customer Access Strategy.
- Carry out the Annual Residents Survey and publish its findings.
- Deal promptly with Member enquiries.



## Workforce productivity and flexible-working

- Ensure staff are well engaged and satisfied working for the council.
- Implement the Smarter Working programme.
- Implement the New Ways of Working programme.
- Meet the Mayor of London's Healthy Workplace Charter Standard at Excellence level.
- Reduce sickness absence and absenteeism.

## Equality, diversity, fairness and inclusion

- Investigate and address gender pay gaps within the workforce and be transparent about gaps that are identified, reporting and publishing findings as per the regulations of the Equality Act 2010.
- Monitor specific projects and activities delivered through Gender Equality Charter.
- Maintain status as a 'Disability Confident' employer and remove barriers for people with impairments.
- Improve diversity in the workforce so that it represents and reflects the community it serves.
- Implement the Equality & Diversity Strategy 2017/2021.
- Ensure equalities impact assessments are carried out for policy changes and service re-configurations.

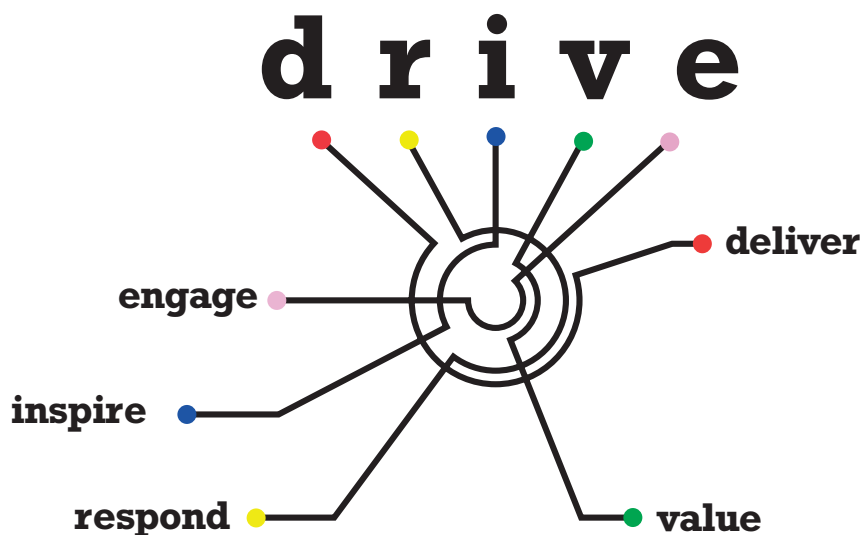
## Managing change

- Communicate changes to services with residents.
- Communicate changes with the workforce and affected partner organisations.
- Ensure transformation programmes meet key delivery milestones.
- Monitor savings from transformation programmes and ensure non-cashable benefits are realised.



# Values

Everything we do as an organisation to serve and support our community is guided by our **DRIVE** values and behaviours.



All employees should embody and demonstrate these values always and in all circumstances. The **DRIVE** values and behaviours set the minimum standards our customers should expect from us. Excellent customer service and high standards are vital to meet the challenges we face and to deliver the services residents need and deserve.

Our standards and values are reflected in our status as Investors in People; a mark of excellence in business and people management. We are proud to have achieved re-accreditation following an evaluation in 2017.

## Improving equality

The council is committed to improving and advancing equality for all. We strive to ensure policy-making and service delivery does not discriminate or treat residents unfairly because of their identity or any protected characteristics they hold.

In 2017, we developed a new four-year Equality and Diversity Strategy setting out how we meet the duties of the Equality Act 2010 and our work to improve equality, diversity, inclusion, and fairness.

The strategy contains 67 actions to close known equality gaps covering a range of domains that impact on outcomes such as housing, employment, health, and education. It is also concerned with how the council operates and uses functions and tools, such as commissioning, data and intelligence, and equalities impact assessments to systematically ensure the council has a robust approach to equality and diversity.

**For more information, visit: [www.lbbd.gov.uk/equality](http://www.lbbd.gov.uk/equality)**

# Appendix 1: Corporate Performance Framework

Encouraging Civic Pride
Participation and volunteering <ul style="list-style-type: none"> <li>- The number of active volunteers</li> <li>- The percentage participating in the community</li> <li>- The number of engagements with social media</li> <li>- The number of clicks (links opened) in the One Borough Newsletter</li> <li>- Average number of opens per One Borough Newsletter issues</li> </ul>
The percentage of respondents who believe the council listens to concerns of local residents
Impact/success of events evaluation
The percentage of residents who believe that the local area is a place where people from different backgrounds get on well together
The weight of fly tipped material collected
The weight of waste recycled per household
The weight of waste arising per household
New indicator: Standard of street cleansing
New indicator: Number of parks and green spaces meeting Green Flag criteria
New indicator - Percentage of residents feeling safe at night and during day
The number of ASB incidents reported in the borough
The number of non-domestic abuse violence with injury offences recorded
The number of serious youth violence offences recorded
The number of burglary offences recorded
The number of street robberies recorded
The number of properties brought to compliance by private rented sector licensing
The number of fixed penalty notices issued
The percentage of fixed penalty notices paid / collected
The percentage of 16 to 18 year olds who are not in education, employment or training (NEET) or who have unknown destinations

## Enabling Social Responsibility

The total Delayed Transfer of Care (DTOC) Days in month (per 100,000) attributable to social care

The number of permanent admissions to residential and nursing care homes (per 100,000)

The proportion of people with a learning disability in employment

Number of smoking quitters aged 16 and over through cessation service

The percentage of healthy lifestyle programmes completed

The number of children who received a 12-month review by 15 months

The percentage of 4 weekly Child Protection visits carried within timescale

The percentage of assessments completed within 45 working days

The percentage of Care Leavers in employment, education or training

The percentage of school age Looked After Children with an up to date Personal Education Plan (PEP) (last 6 months)

The percentage of pupils achieving 9-5 in English and Maths and average Progress 8 and Attainment 8 scores

The percentage of borough schools rated as 'good' or 'outstanding'

Repeat incidents of domestic violence (MARAC)

## Growing Together

The number of new homes completed

The percentage of new homes completed that are affordable

New indicator: The percentage of council homes compliant with Decent Homes

New indicator: The number of homes with unimplemented full planning permission

New Indicator: The number of homes with unimplemented outline planning permission

The percentage of economically active people in employment

New indicator: The percentage of borough residents with Level 1 Skills Qualifications and above

New indicator: The percentage of borough residents with Level 4 Skills Qualifications and above

New indicator: The number of jobs in the borough

The number of households in Bed and Breakfast for more than 6 weeks

New indicator: Total number of households prevented from being homeless

The average number of households in Temporary Accommodation over the year

New indicator: The total number of households moved out of temporary accommodation

The percentage of people paid Universal Credit within 5 weeks of making an application

## Well run organisation

The percentage of council employees from BME Communities

The average number of days lost due to sickness absence

New indicator: Employee Engagement Index score

New indicator: The percentage of staff who have completed mandatory training (Equalities, Health and Safety, Information Governance)

The average number of days taken to process Housing Benefit / Council Tax Benefit change events

The percentage of Member enquiries responded to within deadline

The percentage of customers satisfied with the service they have received

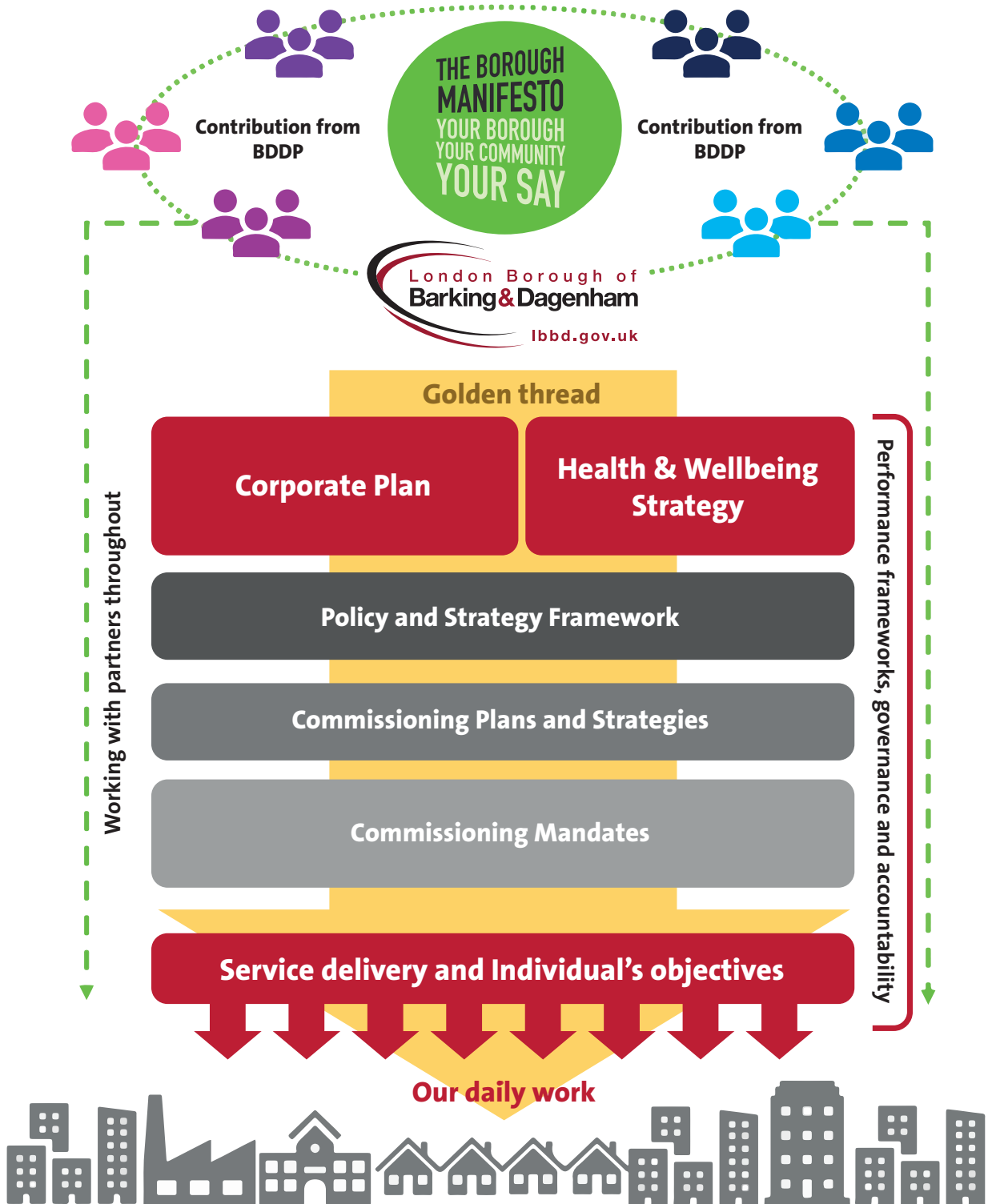
The current revenue budget account position (over or under spend)

New indicator: Percentage of residents satisfied with capital works

New indicator: Capital spend within year being within 5% of planned budget

# Appendix 2: Golden thread

Working together to deliver shared outcomes for Barking and Dagenham







# Contact us

## Strategy and Performance Team

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Twitter: [@lbbdcouncil](https://twitter.com/lbbdcouncil)  
Instagram: [@lbbdcouncil](https://www.instagram.com/lbbdcouncil)

One Borough Live: [www.oneboroughlive.co.uk](http://www.oneboroughlive.co.uk)

One Borough Newsletter:

[www.lbbd.gov.uk/council/news-and-media/one-borough-newsletter/overview](http://www.lbbd.gov.uk/council/news-and-media/one-borough-newsletter/overview)

**CABINET****20 March 2018**

<b>Title:</b> Delivering the Work and Health Programme in Barking and Dagenham	
<b>Report of the Cabinet Member for Economic and Social Development</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Zoinul Abidin – Head of Universal Services - Community Solutions	<b>Contact Details:</b> Tel: 07974 241 820 E-mail: Zoinul.Abidin@lbbd.gov.uk
<b>Accountable Director:</b> Mark Fowler, Director - Community Solutions	
<b>Accountable Strategic Director:</b> Anne Bristow, Strategic Director; Service Development and Improvement	
<b>Summary</b>	
<p>Officers leading on employment and skills within Community Solutions have been successful with a bid to Maximus UK to become part of their supply chain to deliver the Work and Health Programme (WHP) in Barking and Dagenham. This programme is designed to support people with health problems, disabilities or those who are long-term unemployed into work and integration with local services is at the heart of the programme.</p> <p>The programme is jointly funded by Department for Work and Pensions (DWP) and the European Social Fund (ESF) and replaces the current DWP Work Programme. It is contract managed by LB Redbridge on behalf of the Local London Partnership.</p> <p>Maximus UK staff will deliver support to residents focusing on the Northern half of the borough, with the Job Shop Teams in Barking Learning Centre and Dagenham Library covering residents in wards closest to each of those facilities. The precise coverage is in the process of being agreed, with Maximus UK looking at a range of delivery venues including libraries and Children's Centres.</p> <p>The programme will run from April 2018-March 2023 and, subject to performance, would generate up to £1.4m in income to fund the Job Shop Service within Community Solutions.</p>	
<b>Recommendation(s)</b>	
The Cabinet is recommended to:	
(i) Agree that the Council enters into a contract with Maximus UK to deliver the Work and Health Programme service in the Borough, in accordance with the Council's Contract Rules and the strategy set out in the report; and	

- (ii) Delegate authority to the Strategic Director for Service Development and Integration, in consultation with the Director of Law and Governance, to enter into the contract and all other necessary or ancillary agreements with Maximus UK to effect the arrangements.

**Reason(s)**

To assist the Council in achieving its Inclusive growth priorities. This proposal is in line with Recommendations 90 and 91 of the independent Growth Commission's report published in February 2016.

**1. Introduction and Background**

- 1.1 The Work and Health Programme will provide employment support for a number DWP claimants in receipt of Employment Support Allowance, Job Seekers Allowance for more than two years plus some early entrants from disadvantaged groups e.g. ex-offenders, ex-armed forces, or homeless persons. Around 75% of beneficiaries are expected to be voluntary participants with health problems, 8% voluntary early entrant with the remaining 17% mandated to attend as long-term unemployed.
- 1.2 The programme is jointly funded by Department for Work and Pensions (DWP) and the European Social Fund (ESF) and the programme replaces the current DWP Work Programme. Barking and Dagenham has over 7,900 residents claiming health related out of work benefits. Funding for the Programme has been devolved to the Local London Partnership, with LB Redbridge acting as accountable body. Following a tender exercise Maximus People Services were appointed as the prime contractor.
- 1.3 The Employment & Skills Team within Community Solutions engaged with a range of providers including the successful bidder, Maximus, who have included the Job Shop Service in their supply chain and have been selected to deliver 50% of the contracted outputs in Barking and Dagenham. This equates to c735 residents over the contract period April 2018 to March 2023 and will generate an income of £1.403m subject to delivery of outcomes.

**2. Proposal and Issues**

- 2.1 Jobcentre Plus will be the gateway to the service and no clients can be enrolled directly onto the programme. All clients will receive an initial screening telephone call by Maximus to ascertain whether any health or disability-related issues are being appropriately managed and supported. Where this is not the case referrals will be made to a health-qualified key worker. Otherwise referrals will be made to generalist key workers who will provide a range of employment support.
- 2.2 Proposed delivery is for existing staff within the Job Shop teams within Community Solutions to deliver employment support to residents. The teams have collectively had many years' experience of delivering externally funded welfare to work projects.



- 2.3 The delivery will be via the current Job Shop delivery model whereby residents are allocated a dedicated, qualified Job Broker who will develop a bespoke individual action plan detailing actions required for their journey into sustainable employment.
- 2.4 The Job Shops have successfully delivered externally funded projects over the past ten years and are currently delivering on the Growth Boroughs ESF Unlocking Potential Programme. ESF, as for most externally funded programmes, has strict evidencing requirements of eligibility, intervention and outcomes.
- 2.5 Over 2016/17 the Job Shop Staff worked with over 400 residents with health conditions and are currently delivering a DWP Flexible Support Fund Project for this group of residents. This is an opportunity for the Council to improve on the outcomes achieved under the last programme for this client group. The location of the service within Community Solutions should lead to quicker access to a range of other services such as housing advice or financial inclusion services.

2.6 The expected volumes of clients is shown below:

17/18	18/19	19/20	20/21	21/22	22/23
15	184	189	194	112	41

- 2.7 The Job Shop Staff are considered to be the most qualified to deliver this contract therefore no alternatives have been explored. Subcontracting is not permitted under ESF funding rules.
- 2.8 If progressed the Job Shop team would deliver 50% of programme outputs for the Borough, with Maximus proposing to deliver the remaining 50%. Close partnership arrangements will be put into place including the possibility of co-location although officers within Inclusive Growth and Community Solutions will be pushing for delivery in venues that provide good coverage across the borough and which minimises required travel.
- 2.9 The Job Shop Service Employer Engagement Team have been targeting disability confident employers and promoting the Access to work offer to aid employers to recruit clients with health conditions. These relationships with businesses are an important element of delivery under WHP, as for any employment related programme.
- 2.10 Funding available is £1,403,720 payment subject to successful delivery of all outcomes. 30% of this funding (£421k) will be provided as a service fee and is not tied to outcomes. The remaining funding is tied to participants securing income equivalent to working 16 hours for 26 weeks which will be verified by HMRC. Those paid at a higher rate or working more than 16 hours will trigger an earlier outcome payment.

### 3. Options Appraisal

- 3.1 The main alternative to direct delivery through the Job Shop would be to encourage Maximus to deliver all outcomes or to allocate the funding to another provider within their supply chain. However, we feel there remains strength in a council and partner offer especially as Job Shop is now situated within community solutions connecting

to wider support mechanisms. This approach will further enable a comparison of the effectiveness between the Council and Maximus's provision.

#### **4. Consultation**

- 4.1 Meetings have been held with internal partners along with key stakeholders. Formal consultation has not been required as the approach is built on the current service provision, along with the development of community solutions, where helping residents into work is seen as a key outcome.

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

Implications completed by: Katherine Heffernan, Group Manager - Finance

- 5.1 The Council currently provides an European Social Fund Employment programme which is now part of the Community Solutions service offer. The ESF income is timelimited and is due to end in the course of the next financial year. This was recorded as a pressure in the MTFS and the budget framework assumes that Community Solutions will either absorb this funding loss or find alternative funding.
- 5.2 This report proposes that the Council enter into a contract with Maximus (itself a contractor of the DWP) to provide employment support for people with disabilities, long term health conditions or other barriers to find and keep work. The total value of the contract is up to £1.4m over five years and would provide a partial solution to the loss of ESF.
- 5.3 However it should be noted that this is in part a payment by results contract. The Council will receive £0.42m as an administration fee in the first three years linked to levels of activity and the balance of £0.98m as a performance payment dependent on the achievement of particular outcomes. This means that the Council is exposed to some level of financial and performance risk. The administration fee will cover part but not all of the cost of running the programme (and it is possible it is not fully achieved if for some reason activity is lower than expected.) However the level of the performance payment is such that it could potentially generate a surplus for reinvestment in the service.

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

Implications completed by: Kayleigh Eaton, Contracts and Procurement Solicitor

- 6.1 This report is seeking approval for the Council to enter into a contract with Maximus UK for the Council's Job Shop Service to provide 50% of the employment support and advice service, under the Work and Health Programme, within the borough which could generate a maximum income of £1.4m. It is noted that Maximus UK has been selected following a tender exercise conducted by the London Borough of Redbridge on behalf of the Local London Partnership.
- 6.2 Under section 1 of the Localism Act 2011 the Council has a general power of competence meaning that it is able to do anything which individuals generally may do. This power permits the Council to enter into an arrangement such as the one set out in this report in order to deliver the said services.

- 6.3 The proposed arrangement does not fall within the scope of the Public Contracts Regulations 2015 and therefore there are no implications arising under these regulations as a result of the arrangement between the Council and Maximus.
- 6.4 The arrangement between the Council and Maximus is to be subject to a written contract which the Law & Governance Team will assist in reviewing and sealing in accordance with the Council's Contract Rules.
- 6.5 The Law & Governance Team will continue to be on hand and available to assist and advise.

## **7. Other Implications**

- 7.1 **Risk Management** – Risk will be managed on a monthly basis by the officers within Inclusive Growth and Community Solutions. A Risk Register will be completed and owned by the Commissioner together with a Regeneration Manager in Community Solutions. Monthly performance meetings will be used to monitor performance and improvement plans put in place where required.
- 7.2 **Staffing Issues** – Existing Job Shop staff within Community Solutions have been identified to deliver the programme, as they have the track record of successfully delivering welfare to work programmes.
- 7.3 **Corporate Policy and Customer Impact** - Delivery of outcomes for this project will directly meet recommendations 90 and 91 of the Independent Growth Commission. Project delivery will contribute to delivering the vision and aspirations for the borough as set out in the Borough Manifesto, in particular around employment.
- 7.4 **Health Issues** – The impact of health issues stopping residents securing employment is intended to be addressed through this programme. Good work is positively link with better health outcomes.

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

None

### **List of appendices:**

None

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## CABINET

20 March 2018

<b>Title:</b> Pan London Care Impact Partnership Framework for Edge of Care Services	
<b>Report of the Cabinet Member for Health and Social Care Integration</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Paula Sammon, Commissioning Manager; Children's Care and Support	<b>Contact Details:</b> Tel: 020 8227 2292 E-mail: <a href="mailto:paula.sammon@lbbd.gov.uk">paula.sammon@lbbd.gov.uk</a>
<b>Accountable Director:</b> Chris Bush; Commissioning Director for Children's Care and Support	
<b>Accountable Strategic Director:</b> Anne Bristow; Strategic Director; Service Development and Improvement	
<b>Summary:</b>	
<p>The Council currently has 410 looked after children at a rate per 10,000 of the population which is significantly higher than the London average. One strand of work to tackle this has been working on preventing children and young people from entering care by making effective use of social investment to establish innovative services. Social investment is upfront, risk-free finance, where payment is made based on the delivery of pre-determined outcomes. Where an outcome is not delivered, no payment is made.</p> <p>This report brings forward a proposal to establish a Social Impact Bond, building on the existing pan-London Care Impact Partnership with five other London boroughs (LB Merton, LB Bexley, LB Newham, LB Tower Hamlets and the LB Hillingdon).</p> <p>Positive Families Partnership was awarded the contract to deliver Edge of Care services on behalf the boroughs named above. The consortium is led by the social investor Bridges Fund Management and Social Finance, together with the charity Family Action, the South West London and St George's Mental Health Trust, and Family Psychology Mutual.</p> <p>Detailed exploration has been undertaken to assess the viability and likely success of establishing this type of service in Barking and Dagenham under the proposed arrangement. It is believed that this can have a significant impact.</p> <p>The proposal provides for a programme of support to young people on the edge of care. It is designed to improve outcomes for our children and young people by enabling them to remain at home with their family. This will also help to reduce the costs associated with children and young people being in care. As an early intervention programme, this approach offers a real opportunity to improve outcomes for children and young people and make long-term savings predicted to be in the region of £780,000 over five years.</p>	

<p><b>Recommendation</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Agree that the Council enters into a contract with the Positive Families Partnerships, via the Pan London Care Impact Partnership Framework Agreement, for the provision of Edge of Care Services via a Social Impact Bond, in accordance with the Council’s Contract Rules and the strategy set out in the report;</li> <li>(ii) Delegate authority to the Strategic Director for Service Development and Integration, in consultation with the Cabinet Member for Social Care and Health Integration, the Chief Operating Officer and the Director of Law and Governance, to enter into the contract and all other necessary or ancillary agreements in accordance with the strategy set out in the report; and</li> <li>(iii) Delegated authority to the Strategic Director for Service Development and Integration to enter into all necessary agreements to enable the Council to become a new member of the Pan London Care Impact Partnership.</li> </ul>
<p><b>Reason(s)</b></p> <p>To assist the Council to meet its priority “Enabling social responsibility”.</p>

## 1. Introduction and Background

- 1.1 The Councils has approximately 410 looked after children, and its rate per 10,000 in the population is significantly higher than the London average. Furthermore, there are a significant number of children and young people on the edge of care due to potential family breakdown and adolescent behavioural issues. Valuable interventions are made already for children and young people on the edge of care, often coordinated by the Access to Resources Team (ART). Given, however, that it is a key priority to reduce and contain the rate of children who are looked after, commissioners have been working with operational managers to find a way of scaling up the work of the ART.
- 1.2 As such, commissioners have been exploring options aimed at preventing children and young people from entering care by making effective use of social investment. Social investment is upfront risk-free finance, where payment is made based on the delivery of pre-determined outcomes. Where an outcome is not delivered, no payment is made.
- 1.3 Discussions have taken place with the London Borough of Sutton (the lead authority for this Social Impact Bond) to identify how we may take forward a social investment funded project that supports the Council to reduce or contain the number of children and young people that become looked after. The benefits of social investment to fund these interventions include:
- The ability to offer new services to help children and young people and their families stay together, rather than the child or young person entering the care system.

- Delivering better outcomes for young people; there is evidence that some young people who enter the care system later in their life, as teenagers suffer particularly for poor outcomes.
- A net financial saving to the Council, after the cost of any service is considered
- The opportunity to join the second cohort of local authorities participating in the Edge of Care Social Impact Bond. This will enable the Council to purchase specialist services that it could not otherwise afford on its own.

### **What is Social Investment?**

- 1.4 Social investment, more commonly known as Social Impact Bonds (SIB), are designed to support the public sector with its reform agenda. Social investment provides organisations like LBBD with the ability to be innovative and deliver evidence-based interventions to de-escalate need and reduce more costly interventions, which would not be possible using traditional contracting methods.
- 1.5 Social investment is where an investor provides up-front, risk-free finance for the delivery of agreed outcomes. The social investor then receives a payment based on the results achieved at the end of the project. In this instance, the investor will be paid for every week the young person is not in care following the end of the intervention.
- 1.6 Social investment means that the investor takes all the risk in relation to their investment. Providers who deliver the intervention continue to be paid based on service delivery (unless a different agreement is reached between the investor and the provider, sharing the risk). The Council takes on no risk in relation to funding this model of delivery and only pays for outcomes delivered; thus, providing a risk-free way to innovate.
- 1.7 The use of social investment across the United Kingdom is growing and is being considered more and more by local government. Within the United Kingdom there are SIBs in London, Birmingham and Essex to name a few, all focused on the edge of care or in care cohort.

### **Project Proposal**

- 1.8 The Edge of Care SIB is a five-year proposal aimed to establish a new SIB, building on the existing Pan London Care Impact Partnership with five other boroughs (LB Merton, LB Bexley, LB Newham, LB Tower Hamlets and the LB Hillingdon). As such commissioners will be working closely with LB Sutton who lead on the Pan London Care Impact Partnership. The LB of Greenwich and LB of Havering have also expressed interest in joining the second cohort of the partnership, with LBBD.
- 1.9 Commissioned analysis by Social Finance identified that LBBD would benefit from participating collectively with other boroughs using Social Investment to provide interventions for those on the edge of care.
- 1.10 The proposed project will provide a programme of support to young people on the edge of care. This will improve outcomes for the young person and reduce the high cost associated with children and young people being in care. As an early intervention programme, this approach offers a real opportunity to improve outcomes for children and young people and make long-term savings. The reduction in care costs will inevitably reduce pressure on the Council's budget.

1.11 The proposed project will:

- Provide social investment as a means to finance the delivery of edge of care services in LBBB, which is risk free to the council.
- Offer evidence-based interventions such as Multi-Systemic Therapy (MST) an intensive family and community-based treatment programme and Functional Family Therapy (FFT) family based therapeutic intervention across LBBB.
- Allow the Council to only pay for the delivery of successful outcomes.
- Reduce the number of children and young people entering care which should result in savings of approximately of £779,974 over the five years.

### **Social Finance: LBBB Analysis**

1.12 In August 2017, Social Finance conducted a piece of analysis to assess the potential business case for LBBB to commission services to improve outcomes for vulnerable adolescents on the edge of care. In addition, Social Finance assessed whether LBBB could benefit from joining the Pan London Care Impact Partnership and, if so, help secure a 15% contribution from the Big Lottery Fund toward future outcome payments.

1.13 Social Finance analysed LBBBs historic data to assess the potential volume of cases per annum for edge of care interventions. In addition, Social Finance evaluated the historic cost of care journeys to develop a high-level business case for interventions. Some of the findings that were set out in Social Finance's Edge of Care Analysis for LBBB, published in September 2017, is detailed below.

1.14 Barking and Dagenham's SSDA 903 data sets from 2006-2017 was analysed to identify children who historically could have been eligible for intensive, therapeutic Edge of Care Interventions. This purpose of this was to:

- 1) ascertain the average care journey length over a given time period;
- 2) allocate numbers of care days to placement type categories.

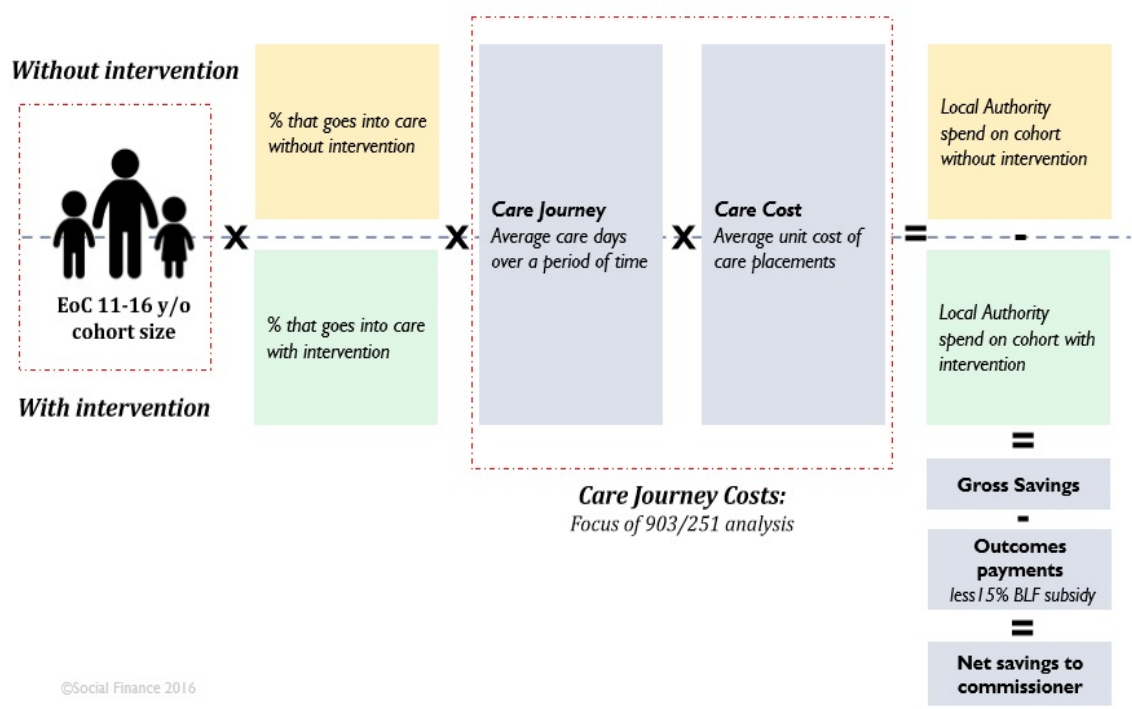
1.15 This data was then used to estimate demand for services to help adolescents remain out of care. The estimates below are based on 10 out of the 13 (80%) children referred to the project successfully staying out of care in year 4 and 5 of the project.

### **Care Cost Benefits Analysis**

1.16 The care journey analysis is conducted in tandem with analysis of care costs. Together, they form part of the wider cost - benefit analysis which will help us to understand the savings that can be achieved by commissioning therapeutic interventions for the Edge of Care adolescent cohort. Below is an overview of how it is set up in the existing model:



Table 1: Cost Benefit Analysis



1.17 The funding for this will be on an Invest to Save basis from our existing placements budget. MST (multi systemic family therapy) and FFT (functional family therapy) will complement existing services available in the borough and offer a more specialist and intensive response to families where young people are risk of entering care. These services will work directly with young people and their families to strengthen relationships, improve communication and enable conflict resolution.

### Multi-Systemic Therapy and Functional Family Therapy

Multi-systemic Therapy	Functional Family Therapy
Therapy is delivered in the family home, to overcome common barriers to accessing therapy	Therapy can be delivered in the family home or a community or clinical setting such as a CAMHS centre, or a school
MST works on the basis of a treatment plan created by therapists, which is tailored to each family's needs and reviewed regularly to determine if it is meeting the family's needs	FFT is delivered according to five discreet phases with specific goals, though therapists have the flexibility within this structure to ensure that the specific needs of the family are addressed
MST aims to deal practically with specific, well-defined and ongoing problems by focusing on family strengths and helping family members work actively towards goals.	FFT aims successively to engage families in the process of change, to identify the skills necessary for addressing family issues, and to equip family members to apply their skills to other contexts or situations.
For both MST and FFT, the focus of therapy towards the end is on making changes sustainable by requiring consistent effort from families and enabling family members to apply their learning to different contexts and family issues	

After the programme, families are referred only to the services that can accomplish specific and well-defined goals.	At the end of the programme, the therapist helps family members identify sources of ongoing support that can be used.
Measures for maintaining programme fidelity are intensive, with weekly calls to the team's trainer/MST Expert and quarterly booster training for therapists and supervisors	Less intensive measures for maintaining fidelity, with a greater focus on equipping the team's in-house supervisor to carry out quality assurance checks, instead of relying on external experts

### **Pan-London Care Impact Partnership Agreement**

- 1.18 The Pan London Care Impact Partnership currently consists of the LB Merton, LB Bexley, LB Newham, LB Tower Hamlets and the LB Hillingdon. LBBB is seeking to access this agreement via a Deed of Variation effected by the Lead to the Partnership Agreement and the SIB Contract respectively.

### **Positive Families Partnership**

- 1.19 In 2017 the Positive Families Partnership was awarded a contract to deliver Edge of Care services on behalf the LB Tower Hamlets, LB Newham, LB Sutton, LB Bexley and LB Merton. The consortium is led by social investor Bridges Fund Management and Social Finance, together with charity Family Action, the South West London and St George's Mental Health Trust and Family Psychology Mutual.

### **Commissioning Better Outcomes Grant**

- 1.20 In December 2017 we received confirmation that LBBBs application for the Commissioning Better Outcomes grant from the Big Lottery Fund was successful. The award comprises of a revenue award of up to £469,377 over five years (included as a reduction in the spend) and the SIB needs to be launched no later than July 2018. The funding will go to the LB of Sutton to manage.
- 1.21 Launching the project in July 2018 is an ambitious timescale therefore it is proposed that LBBB seeks to call-off the existing Pan London Care Impact Partnership Framework Agreement which allows other London Boroughs to call off it. This will enable LBBB to set up the project by the deadline stipulated by the funders and benefit from greater cost efficiencies.

#### Timetable

<b>Activity</b>	<b>Completion Date</b>
Report approved at Procurement Board	February 2018
Report presented to Cabinet	March 2018
Issue 10-day pin notice	March 2018
Presentation to Social Work Teams	April 2018
Project Launch	July 2018

## 2. Proposed Procurement Strategy

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

2.1.1 The Edge of Care SIB will deliver evidence-based interventions such as Multi-Systemic Therapy (MST), an intensive family and community-based treatment programme and Functional Family Therapy (FFT), family based therapeutic intervention (outlined above) to children on the edge of care across LBBD. This will include:

- Therapy delivered in the family home, to overcome common barriers to accessing therapy.
- A treatment plan created by therapists, which is tailored to each family's needs and reviewed regularly to determine if it is meeting the family's needs.
- Engaging families in the process of change, to identify the skills necessary for addressing family issues, and to equip family members to apply their skills to other contexts or situations.
- Therapy towards the end of the intervention, concentrated on making changes sustainable by requiring consistent effort from families and enabling family members to apply their learning to different contexts and family issues.

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

2.2.1 As the Edge of Care project is a SIB the council will not pay the provider in year 1 (2018/19), year 2 (2019/2020) and year 3 (2020/2021). Payment to the provider will commence at the start of year 4 (2021/2022).

2.2.2 The likely cost to the local authority per annum of this approach would be £115,731 in year 4 and £115,731 in year 5. This equates to £231,462 over the lifecycle of the project and is based on 10.4 young people successfully completing the course. This is based on £11,128 per child, per year.

2.2.3 There will also be a cost of £13,000 per year, which equates to £65,000 over the five years to the LB Sutton to manage the agreement.

Table 2: Edge of Care Savings and Cost Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Care Saving	£0	£269,859	£269,859	£269,859	£269,859	£1,079,436
Reward	£0	£0	£0	£115,731	£115,731	£231,462
LB Sutton	£13,000	£13,000	£13,000	£13,000	£13,000	£65,000
<b>Total</b>	<b>£13,000</b>	<b>(£256,859)</b>	<b>(256,859)</b>	<b>(£141,128)</b>	<b>(£141,128)</b>	<b>(£779,974)</b>

2.2.4 The young person must also stay out of care for the duration of the whole duration of the project for the greatest savings to be realised

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

The duration of the contract will be five years and will commence on 1 July 2018 and end on 30 June 2023.

**2.4 Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**

The contract is considered a 'light touch regime' contract under current procurement legislation therefore it is not subject to the (EU) Public Contracts Regulations 2015.

**2.5 Recommended procurement procedure/reasons for recommendation**

As mentioned above the award from the Commissioning Better Outcomes grant stipulates that the SIB needs to be launched no later than July 2018. Six months would not be enough time to identify partners for social funding and to undertake a procurement process, therefore it is proposed that LBBD seeks to call-off the existing Pan London Care Impact Partnership Framework Agreement. This will enable LBBD to set up the project by the deadline in the grant and benefit from greater cost efficiencies.

**2.6 The contract delivery methodology and documentation to be adopted.**

The project will be delivered by the Positive Families Partnership who specialise in multi-systemic therapy and functional family therapy as detailed above.

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

The current average accommodation cost of an adolescent in residential care is approximately £493,000 for the duration of their stay, and £172,171 per annum. However only a small proportion of children require residential care. A more prudent figure of £998 per week or c£52,000 a year has been used in this report to establish the level of savings. This is closer to the average cost of independent fostering agencies. The average annual cost for one looked after child (including those not in residential provision) is £106,000. The final saving could therefore be up to double that stated in the report.

Outcomes:

- Reduce the number of young people entering care
- Allow young people to remain within the family home
- Equip parents with the tools to manage challenging behavior

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

The Edge of Care SIB will improve outcomes for young people on the edge of care and will aid them in achieving their full potential and keep them safe.

### **3. Options Appraisal**

#### **3.1 Option 1: Continue with existing provision**

The Access to Resources Team currently deliver interventions for children and young people on the edge of care, as such there is an option to continue 'as is'. However, this option will result in the council not having access to a valuable resource which could positively improve the lives of young people on the edge of care, enable young people to remain in their family home and achieve significant financial savings.

#### **3.2 Option 2: Join an existing Framework Agreement**

It would not be financially viable for LBBB to commission either MST or FFT in isolation because the council would be unable to generate the level of referrals required to meet designated caseload set out within the model's licence.

Joining the Pan-London Care Impact Partnership provides economies of scale that will attract high quality providers across London and will allow the council access to a service it could not afford on its own.

If approval is given to join the partnership agreement the Pan London Partnership Agreement will be sent to legal for comments prior to signing the agreement.

#### **3.3 Option 3: LBBB set up its own SIB**

This option is not desirable as it will be a very costly exercise in terms of procurement and officer time.

### **4. Equalities and other Customer Impact**

4.1 The proposed service will be offered to all young people that are at the edge of care.

4.2 Analysis identified that the gender split is aligned with the national and local population. However, there is a notable difference between the ethnic composition of looked after children and the local population, with an overrepresentation of white British children and an inversely lower proportion of those from black backgrounds. The borough also has a considerably higher proportion of adolescents in care than younger children, at a ratio of almost 1:2 which is notably out of alignment with the national and London position.

4.3 Taking the above into consideration the LBBB's Looked After Children and Care Leavers Sufficiency Plan 2018 – 2022 has identified initiatives and interventions to target the groups identified above.

4.4 An Equality Impact Assessment will be carried out prior to the service commencing.

## 5. Other Considerations and Implications

### 5.1 Risk and Risk Management

<b>Risk</b>	<b>Impact</b>	<b>Possible Mitigation</b>
Failure to meet the minimum threshold	The financial savings in this report is based on 13 young people being referred to the service. If the number of referrals to the service are below 13 it will result in the maximum savings of £779,974 not being realised.	Identify 13 young people to refer to the service before the service starts
Suitability of referrals	There is a risk that the council may only be able to refer those young people who are not genuinely at serious risk of being taken into care, owing to the referral criteria for MST and FFT.	During the mobilisation period commissioners will work closely with the social work teams and ART to ensure that the right young people are referred to the service.
Failure to achieve maximum savings	There is a risk that the young people referred to the service are at the higher end of the 11-16 age group. If this occurs the savings that will be achieved will be significantly less than the maximum saving of £779,974.	Ensure that the social work teams and ART maximise 11-year old referrals to ensure the greatest financial return
Approval not given to enter into the Pan London Partnership Agreement and Call-off the Positive Families Partnership Contract	There is insufficient time and funds to go out to tender and mobilise a service for LBBB alone. Furthermore, the project needs to start in July 2018 as specified by the Big Lottery Fund.	Approval be given by Cabinet to enter into the Pan London Partnership Agreement and Call-off the Positive Families Partnership Contract

### 5.2 Safeguarding Children

- 5.2.1 It is a priority of the Edge of Care Project to ensure that a regular flow of suitable cases is referred to the services. Good working relationships are required with the boroughs' social workers to facilitate this. The projects programme manager and supervisors will attend borough panels which consider cases at risk of care or in need of intensive support. It is envisaged that in LBBB, referrals will be made by the Access to Resource Team.
- 5.2.2 The programme manager, in conjunction with supervisors will allocate the case to the most appropriate service. The therapist will work closely with the allocated social worker throughout the treatment period to ensure close communications and sharing of relevant information.

### 5.3 Health Issues

- 5.3.1 The wellbeing of children in the borough and ensuring that potentially vulnerable children and young people are supported to remain in the family home is a fundamental responsibility of the council. The proposed service will work with

young people to have a holistic view of health and environmental factors that impact on their ability to remain in the home and how it can be mitigated.

#### **5.4 Crime and Disorder Issues**

5.4.1 The primary outcome and payments of the proposed SIB are based on care prevention, but wider outcomes reflecting education, offending and emotional wellbeing can be tracked. Adolescents often enter care during a crisis with their family, with the police or mental or emotional health.

5.4.2 Research that was commissioned and funded by the Department of Health and charitable foundations to complete a trial of MST in partnership with Camden and Haringey Youth Offending Service indicated that:

- Young people showed significant reductions in offending compared to usual services
- MST resulted in significant improvements in family relationships
- MST was more cost effective than usual services

#### **6. Consultation**

6.1 An initial consultation has been carried out with relevant council departments and this will be followed by further consultation meetings with stakeholders to ensure that their views are considered when setting up the proposed project.

6.2 The proposals in this report were considered and endorsed by the Procurement Board on 19 February 2018.

#### **7. Corporate Procurement**

Implications completed by: Francis Parker – Senior Procurement Manager

7.1 Corporate procurement supports the direct award and waiver of the Council's contract rules for this contract.

7.2 The spend is below the threshold for light touch procurements so European procurement rules are being adhered to.

7.3 There is a sound business case for the waiver and the savings outcome of this award look to be significant.

#### **8. Financial Implications**

Implications completed by: Katherine Heffernan, Group Manager – Service Finance

8.1 This report is seeking approval for the Council to enter into two agreements to provide therapy services to a small cohort of children and young people to reduce the risk of their needing to become Looked After. The Children's Commissioning service have worked with Finance on modelling the impact and the potential savings are stated on a prudent basis using "expected values".

- 8.2 The total net saving over four years is estimated to be £779,974 as shown in table two. This will be achieved as a placements budget of £1,079,436 or £269,859 a year. This will be achieved by avoiding around five admissions to care (expected value of 5.2). The savings assume that these five children would otherwise have been in care for all four years 2019/20-2021/22.
- 8.3 The Council will pay a success fee in the region of £0.231m based on around ten of the thirteen children remaining out of care for the whole four-year period. This will be paid as a regular payment for each week the children remain out of care after two years. The total fee for each child who avoids care is £22,255. This equates to an approximate cost per intervention of £17,805. There is insufficient detail about the length and nature of the intervention to assess how this compares to a more conventional procurement of therapy services. However, therapy of this nature is intensive and expensive so may be comparable. In addition, the Council benefits from not paying unless the therapy achieves the aim of keeping children out of care and from a substantial delay in payment.
- 8.4 In addition the Council will pay a flat fee of £13k a year for five years. This can be met from existing Children's budget – the Commissioner and Finance will work to identify the most appropriate budget line. This is the minimum cost of the project.
- 8.5 The saving of £0.78m over four years will go towards the substantial LAC placement savings in the MTFs. The way the project is designed the saving will be realised before the cost has to be paid. However, it may be advisable to set up a provision to ensure that the reward payment is properly accounted for resulting in a smoothed average saving of £0.195m per year. Both the saving and the cost will impact on the LAC placement budget. It should be noted that this budget is already under severe pressure and so it is important to monitor the impact of this scheme carefully. If the scheme proves to be successful it is potentially repeatable with more children in later years to ensure the saving becomes permanent.
- 8.6 In theory there is little risk to the Council as no fee is paid if the intervention is not successful. There are however some risks if the cohort is not carefully selected – if young people put forward would not have gone into care anyway then the scenario could arise that the saving is not achieved but the costs would still have to be paid. For this reason, the selection of the cohort must be rigorous and the whole scheme monitored to ensure it is meeting the desired objectives.

## **9. Legal Implications**

Implications completed by: Derron Jarell, Regeneration Projects Lawyer, Law and Governance

- 9.1 The report is seeking approval for the Council to enter into two agreements that will allow it to provide residents access to Multi-Systemic Therapy (MST) to defined groups of young people who meet the referral criteria. This service is aimed at supporting young people and their families where there is a risk of a young person entering care (which also includes young people remanded into custody) and has the ultimate intention of keeping the young person within the family home whenever it is safe to do so. This service is being funded via a Social Impact Bond (SIB) and is being delivered by an external provider.



- 9.2 The proposals set out within the body of the report would be delivered in accordance with the Council duties and powers under the Children’s Act 1989 and s.1 Localism Act 2011 (General Power of Competence) which empowers the Council to do anything that individuals may do subject to any pre-commencement or post commencement prohibition, restriction or limitation.
- 9.3 Subject to approval in accordance with the Recommendation, the Council will enter into the contracts (in the form of an Access Agreement and Deed of Variation, as well as other legally binding documents) with the other five (5) other London Boroughs and the provider. The contract will be executed, on behalf of the Council, in accordance with the Contract Rules (“CR”). The Law & Governance Team can assist in this process by reviewing all relevant documentation and assisting in the execution process.
- 9.4 The Pan London Care Impact Partnership Framework has developed a Partnership Agreement which each borough has agreed and signed. This Agreement details how the boroughs will work in partnership and manage the services.
- 9.5 The procurement process has been undertaken in accordance with Tower Hamlets (the Lead Borough) Contract Standing Orders, using their Procurement and Legal services.
- 9.6 The CR requirements for competitive tendering would have therefore been met by the Tower Hamlet procurement exercise.
- 9.7 Contract Rule 28.7 of the Council’s Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. Furthermore, in line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.
- 9.8 The report author and responsible directorate are advised to keep the Law & Governance team fully informed at every stage of the process of finalising the partnership arrangement. The team will be on hand and available to assist and answer any questions that may arise.

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

**List of appendices:** None

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**CABINET****20 March 2018**

<b>Title:</b> Revised Local Discretionary Business Rate Relief Scheme	
<b>Report of the Cabinet Member for Finance, Growth, and Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Gill Hills – Head of Revenues	<b>Contact Details:</b> Tel: 0208 724 8615 E-mail: <a href="mailto:gill.hills@elevateeastlondon.co.uk">gill.hills@elevateeastlondon.co.uk</a>
<b>Accountable Strategic Director:</b> Claire Symonds – Chief Operating Officer	
<p><b>Summary</b></p> <p>This report recommends an amendment to the Local Discretionary Rate Relief Scheme agreed by Cabinet on 17 October 2017 (Minute 52 refers).</p> <p>The scheme stated that qualifying businesses would be granted 5% relief. Initial calculations showed that this would spend £453,000 of the £530,000 allocated by the Government for 2017/18.</p> <p>To date, £291,000 has been awarded and it is therefore proposed that the rate of relief is increased to 8.5% which will ensure that a total of £495,000 is given in relief in the current financial year, leaving a small amount for any hardship claims.</p> <p>The report also details a scheme for the financial year 2018/19 for which the Government has allocated £258,000.</p> <p>It is not possible to accurately forecast the level of relief in respect of 2019/20 and 2020/21 due to changes in charges which have yet to be determined. It is therefore proposed that the Chief Operating Officer be authorised to determine the rate of relief in those years, in line with the principles agreed for the 2017/18 scheme.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Approve an increase in the rate of relief applied under the 2017/18 Local Discretionary Business Rate Relief Scheme from 5% to 8.5% to ensure that the grant funding is fully utilised to the benefit of local businesses in the current financial year;</li> <li>(ii) Approve the Local Discretionary Business Rate Relief Scheme for 2018/19, as set out at Appendix A to the report; and</li> </ul>	

- (iii) Authorise the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to finalise the Local Discretionary Business Rate Relief Schemes for 2019/20 and 2020/21, including determining the rate of relief to be applied, in line with the principles within the current policy.

**Reason**

To support local businesses adversely affected by the 2017 business rates revaluation.

**1. Introduction and Background**

- 1.1 A revaluation of business properties is typically conducted by the Valuation Office every five years and the last revaluation was planned to take place in 2015. However, the Government delayed this by two years until 2017.
- 1.2 In its spring budget, the Government announced measures to reduce the impact of the 2017 business rates revaluation. A total sum of £909,000 was allocated to the Council to support a four-year business rate relief scheme. The table below sets out the detailed funding allocation for each of the four years.

<b>Year</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Relief</b>	£530,000	£258,000	£106,000	£15,000
<b>% of total budget</b>	58%	28%	12%	2%

- 1.3 By Minute 52 (17 October 2017), the Cabinet agreed the Local Discretionary Business Rate Relief Scheme for 2017/18 which was aimed at applying as much relief as possible to small and mid-size businesses, within the Government allotted funds.

**2. Amendment to 2017/18 Scheme**

- 2.1 The calculations which underpinned the Local Discretionary Business Rate Relief Scheme for 2017/18 projected that £453,000 of the £530,000 allocation would be given in relief. However, it has become apparent that only £291,000 will be allocated to qualifying businesses based on the current 5% rate of relief.
- 2.2 To maximise the level of spend from the budget and ensure that local businesses benefit as much as possible from the Council's scheme, it is proposed to increase the rate of relief from 5% to 8.5% in the current financial year. There are no other changes proposed to the eligibility criteria agreed by Cabinet in October. The increase to 8.5% will mean that approximately £495,000 is made available to local businesses that qualify under the criteria. The remaining £35,000 will be used as a contingency budget for ad-hoc / hardship claims in line with the approved policy and to supplement any additional relief that may be awarded due to Valuation changes, as these can be claimed back until 30 September 2018.

- 2.3 Based on the 8.5% rate of relief, it is estimated that 628 businesses will be eligible to receive an increase in their level of award at an average relief of £762 (the previous estimated average relief was £402). The below table provides a breakdown of the relief value average and the total relief value. This table excludes all accounts where relief has already been awarded which negates the effects of the revaluation, e.g. those who are in receipt of 100% Small Business Rates Relief.

<b>Rateable value</b>	<b>&lt;70k</b>
<b>Relief Value</b>	£495,518
<b>Number</b>	628
<b>Average relief</b>	£762

- 2.4 It will not be necessary for the current recipients to re-apply as the proposal will merely increase the current level of award.

### 3. Proposed Scheme for 2018/19 and beyond

- 3.1 The allocation for 2018/19 is £258,000. Based on the current number of qualifying businesses, the proposed rate of relief for 2018/19 is 3.5% which would give an average relief of £348 as shown in the table below.

<b>Rateable value</b>	<b>&lt;70k</b>
<b>Relief Value</b>	£218,624
<b>Number</b>	628
<b>Average relief</b>	£348

- 3.2 The remaining c£40,000 would again be used as a contingency budget for ad-hoc / hardship claims in line with the approved policy and to supplement any additional relief that may be awarded due to Valuation changes.
- 3.3 With the exception of the lower rate of relief to reflect the reduced funding allocation from the Government, it is proposed to adopt the same scheme for 2018/19 as was agreed for 2017/18. The full scheme for 2018/19 is set out at Appendix A.
- 3.4 Although funding of £106,000 and £15,000 has been allocated by the Government for the 2019/20 and 2020/21 financial years respectively, it is not currently possible to accurately forecast the level of relief that should be applied in those years due to changes in charges which have yet to be determined. It is therefore proposed that the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, be authorised to finalise the Local Discretionary Business Rate Relief Schemes for 2019/20 and 2020/21, including determining the rate of relief to be applied, in line with the principles within the current policy.

### 4. Options Appraisal

- 4.1 The proposals in this report are intended to optimise the funding available to local businesses to mitigate the effects of the 2017 business rates revaluation. Any unspent funding within the specific budgets for 2017/18, 2018/19, 2019/20 and

2020/21 cannot be rolled forward into subsequent years so it is important to utilise as much funding as possible in-year.

## **5. Consultation**

- 5.1 The report to Cabinet in October 2017 set out the extensive consultation undertaken by the Council in the development of the 2017/18 scheme. It is not proposed to consult on the schemes for 2018/19 – 2020/21 as the principles are unchanged.
- 5.2 The Council will continue to publicise the availability of the scheme.

## **6. Financial Issues**

Implications completed by: Katherine Heffernan, Group Manager – Service Finance

- 6.1 The Government have awarded £909,000 over a period of four years to provide businesses that have been impacted through the business rates revaluation with some financial support.
- 6.2 As seen in paragraph 1.2, the funding significantly reduces in year 4, by which point the costs of providing any relief to affected businesses will need to be absorbed into the Council's overall budget.

## **7. Legal Issues**

Implications completed by: Dr. Paul Feild, Senior Governance Lawyer

- 7.1 In the 2017 Budget, the Chancellor announced that the Government would make available a discretionary fund of £300 million over four years from 2017-18 to support businesses that face the steepest increases in their business rates bills as a result of the revaluation. The power to apply relief was delegated to local authorities (billing authorities) for them to determine their relief policy.
- 7.2 This will be administered through Billing Authorities discretionary relief powers under section 47 of the Local Government Finance Act 1988. Providing the billing authority's scheme is compliant with the Governments eligibility criteria then it will be compensated for any loss of income it incurs by means of grant payments under s.31 of the Local Government Act 2003.

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

- “Local Discretionary Business Rate Relief Scheme 2017/18” report and minute, Cabinet 17 October 2017  
(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=9413&Ver=4>)

### **List of appendices:**

- **Appendix A** - Barking & Dagenham Local Discretionary Business Rate Relief Scheme 2018/19

## Barking & Dagenham Local Discretionary Business Rate Relief Scheme 2018/19

### 1. Introduction

1.1 The Local Discretionary Business Rate Relief Scheme will apply for the billing period 1 April 2018 to 31 March 2019 only. Under the proposed scheme the relief will only be provided where an applicant's bill has increased due to the 2017 revaluation and not due to any loss of relief or change in circumstances.

1.2 The Government has allocated £300m to Local Authorities to give in relief. Barking and Dagenham has been allocated the following funds:

Year	2017/18	2018/19	2019/20	2020/21
Relief	£530k	£258k	£106k	£15k

1.3 The Government has distributed the £300m based upon the bill increases of properties given the following criteria: their business rates bill is increasing by more than 12.5% following revaluation, and their rateable value is less the £200k. Bill changes were calculated using the multiplier after inflation and with adjustment for appeals (0.466). Central list properties are excluded from the analysis. This is based on the VOA's draft 2017 rating list (September 2016)

1.4 As per the table above the level of relief awarded will reduce over the four-year period. This policy will be reviewed annually with the view to adjust the percentage of award to ensure that this falls in line with the allocated budget.

1.5 In cases where a recipient of the relief has their 2016/17, 2017/18 or 2018/19 bill reduced due to any of the following reasons, the relief will be reduced or removed accordingly and the Ratepayer will be given 12 months from date of the alteration to pay any debt that has been created as result of a relief adjustment:

- A reduction in rateable value in the 2010 and/or the 2017 lists;
- The provision of a certificated value for the 2010 rating list or a historical change;
- The application of any retrospective rate relief and/or exemption;
- Vacation or reoccupation of the property the relief is being awarded for;
- Any other reason that results in the charge being retrospectively reduced in respect of either/all of the 2016/17, 2017/18 & 2018/19 financial years.

1.6 Ratepayers in occupation of properties who benefit from the scheme will have to have a property with a rateable value of below £70,000 (BRS limit 2017/18) and will have to fall into one of the categories listed below:

- Shops (including: Florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, newsagents/convenience stores, hardware stores.
- Charity shops
- Opticians

- Furnishing Shops / display rooms (such as: carpet shops, double glazing, garage doors)
- Car/vehicle show rooms
- Car sale Lots
- Markets
- Garden Centres
- Art Galleries (where art is for sale)
- Shoe repairs/ key cutting
- Travel agents
- Dry cleaners/laundrettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Game/DVD rental
- Tool hire
- Hair and beauty services
- Restaurants/Cafes and Takeaways.
- Coffee/sandwich shops
- Pubs and Bars
- Financial institutions that are of a direct benefit to the local community e.g. credit unions.

1.7 Please note that the following types of uses are not eligible for local discretionary business rate relief:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, amusement arcades, pawn brokers)
- Professional services (e.g. solicitors, accountants, insurance agents/financial advisers, tutor)
- Post office sorting office
- This list is not exhaustive the Council reserves the right to refuse this relief.

1.8 Further Exclusions – For properties where any of the following apply the ratepayer will not be eligible for local discretionary business rate relief:

- multiple properties that are operated by the same organisation / business. This applies where the business runs three or more properties in the U.K or in the U.K and overseas.
- Ratepayers in receipt of small business rate relief support which limits increases on small properties caused by the loss of small business rates relief to £600.
- Ratepayers who have been in occupation of the property in question for less than 31 days prior to the 1 April 2017.
- Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered the list retrospectively).
- Properties which are unoccupied.
- Rate Payers where any arrears due from 2016/17 or earlier are not cleared by 31 May 2017 or are not in an arrangement plan which is up to date, unless the Rate Payer can demonstrate they are in arrears due to genuine hardship.
- Multinational / international companies
- Housing associations / Tenant's management organisation.



- Where the award of relief would not comply with EU law on State Aid.

1.9 The application form requires you to confirm that you have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) you are being granted for premises other than the one to which this declaration and letter relates, under the De Minimus Regulations EC 1407/2013.

1.10 Under the European Commission rules, you must retain this guidance for three years and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this guidance longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on 'De Minimus' aid for the next three years.

1.11 Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

### **Hardship**

1.12 In cases where the rateable value of a property is greater than £70,000 but less than £150,000, and the Rate Payer can clearly evidence that the 2017 revaluation has caused them to suffer significant financial hardship, the Council will consider an application for relief providing the following evidence is supplied:

- The past three financial years (if applicable) audited accounts; and
- A summary statement as to why the revaluation has had a direct effect upon the Rate Payer's finances.

1.13 The amount of relief awarded will be at the discretion of the Council and may not fall in line with the above percentage of relief awarded.

1.14 All other qualifying criteria apply, including the right of appeal.

## **2. How the proposed Local Discretionary Business Rate Relief is Calculated:**

2.1 Local discretionary business rate relief is calculated after all other reliefs have been applied, i.e. small business rates relief.

2.2 The calculation made to determine the amount of relief does not include the business rates supplement (Crossrail).

2.3 The maximum percentages of local discretionary business rate relief available are shown in the table below:

### **Eligible Properties – Rateable Value up to £70,000**

<b>Increase in business rates</b>	<b>Percentage of relief</b>
Less than 1%	0%
More than 1 %	3.5%

### **3. The Application Process**

- 3.1 All applications must be completed in full. Incomplete forms will not be returned to the applicant and relief will not be awarded.
- 3.2 Applications cannot be backdated prior to the year of application unless the payable amount has been changed by a change to the rateable value.
- 3.3 The Council's decision is final, there is no right of appeal.
- 3.4 Relief will end at the end of each financial year and will not carry forward through the four years. Applications must be made for each subsequent year.
- 3.5 Business Rates must be paid whilst the application is being assessed.

**CABINET****20 March 2018**

<b>Title:</b> Vicarage Field Development Proposals - Use of CPO Powers	
<b>Report of the Cabinet Member for Economic and Social Development and Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Abbey	<b>Key Decision:</b> Yes
<b>Report Author:</b> David Harley, Head of Regeneration, Be First	<b>Contact Details:</b> Tel: 0208 227 5316 E-mail: <a href="mailto:david.harley@befirst.london">david.harley@befirst.london</a>
<b>Accountable Strategic Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b>	
<p>The Vicarage Field development is a significant mixed-use regeneration proposal which will transform Barking Town Centre, improving its image and function, and with the potential to act as a catalyst for further high-quality developments within the Borough. Council policies and objectives, and London and borough planning policies support and promote this regeneration proposal and require a mixed use, high quality development in the heart of Barking Town Centre.</p> <p>Outline planning consent was granted by the Council in April 2017 for a large mixed-use scheme including retail, offices, a hotel, a primary school, healthcare facilities, leisure uses and around 855 new homes. As part of these current proposals the existing Vicarage Field Shopping Centre and other buildings within the red line shown in Appendix 1 would be demolished and the redevelopment would provide a new focus for Barking Town Centre with a range of different uses, improved public realm and landscaping.</p> <p>In order to deliver the scheme which has secured planning approval, additional land assembly is required. This report seeks "in principle" approval to the use of the Council's statutory powers including compulsory purchase and appropriation powers, if required, to support and facilitate the delivery of the Vicarage Field regeneration proposals in a timely matter.</p> <p>The current scheme is to be delivered by developer Lagmar (Barking) Ltd (an entity of Benson Elliot which has the leasehold interest of the shopping centre) which has programmed to start construction of the consented scheme in autumn 2019. In addition to obtaining outline planning consent, the developer has been assembling the site ready for redevelopment through the acquisition of the various third-party interests within the site. In common with other development schemes of this size, the exercise of compulsory purchase and appropriation powers is likely to be necessary to enable the timely delivery of the regeneration proposals. Lagmar (Barking) Ltd has been working closely with Be First to ensure that construction can commence on time and the positive transformation of Barking Town Centre can begin.</p>	

Overall it is considered that the development proposal will significantly improve and transform what is an important gateway site opposite the station, enhancing the immediate environment, attracting investment and creating new housing and employment opportunities within the borough. At this stage, balancing the regenerative benefits emanating from the development proposal, it is considered that the impact this may have on third parties likely to be affected by the use of CPO is proportionate and that accordingly there is a compelling case in the public interest for authorising the in principle use of CPO powers and carrying out any necessary preparation associated with securing CPO powers.

### **Cabinet Recommendations**

The Cabinet is recommended to:

- (i) Agree in principle to the use of the Council's compulsory purchase order (CPO) powers pursuant to Section 226(1)(a) of the Town and Country Planning Act 1990 (in respect of the area provisionally identified in Appendix 2 to the report) to acquire all third party rights and interests, subject to a detailed land referencing exercise, in order to facilitate delivery of the Vicarage Field regeneration proposals;
- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to undertake and/or secure the carrying out of appropriate land referencing work to identify all third parties likely to be affected by the proposed CPO;
- (iii) Agree in principle that, where required to assist in the delivery of the Vicarage Field regeneration proposals, the Council shall appropriate land for planning purposes pursuant to Section 122 of the Local Government Act 1972 to enable Section 203 of the Housing and Planning Act 2016 to be utilised to override any third-party rights; and
- (iv) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to negotiate the terms of and enter into any necessary indemnity agreement(s) to ensure the Council was indemnified against all costs associated with the use of CPO and appropriation powers, including compensation properly payable to third parties affected by the CPO.

### **Reason(s)**

To accelerate the Council's regeneration agenda and bring forward homes, inward investment, business growth and job creation, whilst improving skills and productivity, in line with the Council priority 'Growing the borough'.

## **1. Introduction and Background**

- 1.1. The Vicarage Field development is a significant mixed-use regeneration proposal for Barking Town Centre. The scheme would contribute towards the Council's vision for growth and positive change. This is in line with the Growth Commission's recommendations including that Barking Town Centre should continue its direction towards becoming a more urban centre, with an active, interesting street life, a broad range of retail and restaurants and places of

employment. The Growth Commission recommended that Barking Town Centre should be the initial priority for growth and investment and that it should be used as an exemplar for the Council's new approach to its urban areas. The delivery of the Vicarage Field scheme has the potential to be an exemplar scheme in delivering these recommendations.

- 1.2. Developers Lagmar (Barking) Ltd are working closely with the Council's regeneration company, Be First, to deliver this scheme and accelerate regeneration in the heart of Barking Town Centre. The proposals will contribute significantly to the delivery of the Borough's regeneration agenda and will deliver the aspirations of Council policies including the Borough's vision and corporate policies, specifically those around promoting growth in the Borough. The proposals will enable the Council's planning policies to be delivered in a coordinated manner including fulfilling the policy objectives and allocations in the Barking Town Centre Area Action Plan and delivering new homes, consistent with the Mayor of London's designation of Barking Town Centre as a Housing Zone.
- 1.3. There is a current scheme to deliver these regeneration proposals which was granted outline planning consent in April 2017 and Lagmar (Barking) Ltd is programming to start construction of this scheme in autumn 2019.
- 1.4. The Council owns the freehold of the Vicarage Fields shopping centre with the long lease owned by Benson Elliot with a number of occupiers within the centre itself. Also falling within the development site boundary are separate freehold and leasehold properties which are owned by third parties and not within the control of either the Council or Benson Elliot (BE). BE's development team, has to date been seeking to acquire all third-party interests by agreement or utilising its landlord and tenant powers and whilst there has been a good degree of success, particularly relating to the occupiers of the centre but there are a number of other interests yet to be secured.
- 1.5. Accordingly, the use of the London Borough of Barking and Dagenham's compulsory purchase powers and appropriation powers are being sought to assist in the delivery of the Vicarage Field regeneration proposals. At this stage an "in principle" decision is sought to authorise preparation for the use of CPO powers; officers and its professional advisors are preparing the detailed CPO documentation and supporting information and, if it considered appropriate that CPO is still required to facilitate the delivery of the Development then a detailed report will be presented to members to authorise the formal CPO process.

## **2. Proposal and Issues**

- 2.1 This report asks Cabinet to agree in principle to the use of the Council's compulsory purchase powers and to appropriate land for planning purposes if required to enable delivery of the regeneration proposals for Vicarage Field. As set out in the November 2016 Cabinet report, whilst significant power is devolved to Be First to accelerate growth in the borough and deliver the Council's strategic goals and vision and planning policies, the Council retains responsibility for the making of Compulsory Purchase Orders (CPOs).
- 2.2 The powers would only be sought and used if appropriate agreement(s) are in place covering all the Council/Be First's costs including the land purchase, compensation

payments and professional fees. The body entering into the agreement would need to have an appropriate covenant strength for the scale of expenditure potentially required. It is anticipated that a further update will be provided to Cabinet in June and if (as is likely) it is still necessary at that point, authority to make the CPO will then be sought.

### **The Vicarage Field regeneration proposals**

2.3 The Council has ambitious objectives, policies and targets for growth across the borough including the delivery of more than 50,000 new homes and 20,000 new jobs over the next 20 years. Barking Town Centre is identified by the Council and Be First as one of the key Growth Opportunities/Hubs for significant new development.

2.4 The shopping centre itself is allocated within the Barking Town Centre Area Action Plan as a development site and is located within Barking Town Centre which has been awarded Housing Zone status by the Mayor of London. Proposals for Vicarage Field will deliver the planning aspirations of these designations including mixed use, high quality development, integrating the new development into the wider town centre and creating a much more pleasant and enjoyable environment with a retail and leisure offer meeting Barking's future needs.

2.5 There are currently proposals for the redevelopment, which Lagmar (Barking) Ltd intend to start constructing in autumn 2019. Outline planning consent was granted by the Local Planning Authority in April 2017 (application number 16/01325/OUT). The outline planning consent authorises:

Redevelopment of the existing shopping centre to create a mixed-use scheme of up to 138,000 sqm (GEA), comprising;

Up to 25,650 sqm retail floorspace (A1-A5)

Up to 1,250 sqm B1 offices

Up to 81,750 sqm residential floor space (C3) (around 855 new homes)

Up to 7,750 sqm hotel floor space (C1)

Up to three-form entry primary school (D1)

Healthcare facilities (D1)

Leisure uses (D2)

Public realm

Landscaping

Basement parking

2.6 The current scheme comprises the Vicarage Field Shopping Centre and the car park to the rear of the shopping centre and some street properties along Station Parade and Ripple Road, as well as Vicarage Field Health Centre on Vicarage Drive. The planning application site boundary is shown edged red in the plan at Appendix 1, for information. The site adjoins the Abbey and Barking Town Centre Conservation Areas with a small area comprising the 1920s/30s terrace at 13-23 Ripple Road and the 1930s health centre building on Vicarage Drive falling within the conservation area. There are no listed buildings or unlisted buildings of merit within the development site area.

2.7 The current scheme aims to transform Barking Town Centre with the provision of high quality retail floorspace at ground and first floor levels and the creation of new

outdoor high streets which will cross through the heart of the development. Leisure and cultural uses will also be distributed across the ground and first floors. Whilst the precise uses are not yet finalised these could include a gym, cinema and music venue. Business floorspace will also be provided including affordable workspace for Barking's local businesses. New homes will be delivered, with the outline application's indicative scheme expecting around 855 units although this could rise to over 900 new homes depending on the final mix of units. A new 150 bed hotel is also to be provided with the alternative use as more new homes if there is insufficient demand for a hotel. A new 3-form entry primary school and replacement healthcare facilities will also be provided with the Council delivering the school on the land identified. The scheme will also significantly improve the public realm linking the station to Ripple Road. It represents a significant investment into Barking Town Centre generating new employment, homes and facilities and a striking gateway into the Borough. It aligns both with the Council's vision and recommendations of the Growth Commission.

- 2.8 The application falls within the Barking Town Centre Area Action Plan (AAP) and the existing shopping centre is located within the Barking Town Centre Site Specific Allocation Area 10. As was concluded by the Council's Barking and Dagenham Council Development Control Board the development proposal is consistent with the strategic principles of the Site Specific Allocation and AAP and as confirmed in the Mayor's Stage II Report, was consistent with the adopted London Plan.

#### **Land acquisition and negotiations**

- 2.9 Lagmar (Barking) Ltd has been seeking to acquire the entire development site through private treaty negotiation to enable delivery of the regeneration proposals. The existing Vicarage Field Shopping Centre's freehold is owned by the London Borough of Barking and Dagenham. Lagmar (Barking) Ltd has acquired a long leasehold interest and is in the process of securing vacant possession of the centre as occupational leases come to an end. Between the Council and the developer, a substantial proportion of the site is already under control.
- 2.10 The interests at 24-38 Station Parade (evens), 13-23 Ripple Road (odds) and the Vicarage Field Health Centre, Vicarage Drive are not currently in the control of Lagmar (Barking) Ltd. This was acknowledged by officers when reporting to the planning committee and by councillors when making the decision to grant planning permission. The Planning Committee report made it clear that the applicant would need to acquire the remaining interests through negotiation or through the use of the Council's compulsory purchase powers.
- 2.11 The developers are negotiating with the owners of the remaining interests and where possession cannot be secured using landlord and tenant powers, compensation will be offered in line with the Compulsory Purchase Code. This includes paying compensation to affected parties as if the interest was actually being acquired under compulsory purchase powers even if agreement is actually reached through negotiation.
- 2.12 The developers have made some progress already in acquiring the required interests including land interests both within and outside the shopping centres. This includes Heads of Terms drafted for two of the street properties. Further negotiations are underway and will continue alongside CPO processes.

## The need to use the Council's compulsory purchase powers

- 2.13 Whilst the developers are seeking to acquire the required interests through negotiation, consistent with other schemes of this nature it is considered unlikely that all of the third parties will voluntarily agree to sell their interests within the required timescale or at a reasonable cost. It is common practice to seek approval to the use of compulsory purchase powers by the Council in case negotiations fail or cannot be concluded within a reasonable timescale. Furthermore, by starting the formal process of preparing for the use of compulsory purchase powers now, affected parties are more likely to engage in meaningful discussions to sell their interests as the prospect of the CPO will make clear that the scheme will be delivered imminently. Government guidance<sup>1</sup> is clear that negotiations can, and should, continue in parallel with the preparation and making of a CPO. Given the nature of the property owners, discussion about alternative business premises is likely to form part of the discussions.
- 2.14 The preparation will be on the basis of a CPO made under Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) which permits the compulsory acquisition of land by a Council:  
*"if the authority think that the acquisition will facilitate the carrying out of development/re-development or improvement on or in relation to the land."*
- 2.15 Under section 226(1A) the power must not be exercised unless Members think that the development, redevelopment or improvement of land is likely to contribute to the achievement or the promotion or improvement of the social, economic and/or environmental well-being of the area. When using CPO powers, it is also necessary to have regard to the national guidance in the '*Guidance on Compulsory purchase process and The Crichel Down Rules for the disposal of surplus land acquired by, or under the threat of, compulsion, updated February 2018*' which provides detailed guidance on the use of compulsory purchase powers including the use of Section 226(1)(a) powers. This guidance sets out the process that should be following in seeking to use compulsory purchase powers, and this guidance will be followed in all preparation for the CPO.
- 2.16 The Government guidance sets out that Section 226 powers are intended to provide a positive tool to help acquiring authorities with planning powers to assemble land where this is necessary to implement proposals in their Local Plan. It is normally used to assemble land for regeneration. Effectively this allows local planning authorities to acquire land for planning purposes if the development is likely to contribute to the promotion or improvement of the economic, social and/or environmental wellbeing of the area, and most importantly there must be a compelling case in the public interest for the use of the statutory powers.
- 2.17 The Council/Be First and the developers will need to jointly demonstrate the case for the use of compulsory purchase powers to deliver the regeneration of the Vicarage Field proposals. This will include demonstrating;
- the policy basis for the scheme to demonstrate that the scheme fits with the planning policy framework for the area;

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<sup>1</sup> "Guidance on Compulsory Purchase Process and the Crichel Down Rules for the disposal of surplus land acquired by, or under the threat of compulsion (updated February 2018)".



- Deliverability- demonstrating that the development is able to proceed and, that necessary resources/funding is available to achieve the purpose of the CPO within a reasonable time frame;
- that the scheme is unlikely to be blocked by legal or physical impediments;
- the extent to which the development will contribute to the achievement of the economic, social and/or environmental well being of the area;
- whether the purpose for which the land is to be acquired could be achieved by any other means.

2.18 In addition there will need to be justification that there is a compelling case in the public interest and to show that reasonable efforts to acquire the interests by negotiation have been made in advance of making the CPO.

2.19 Be First is working with Lagmar (Barking) Ltd to ensure that there is a strong case to justify the use of CPO powers and the necessary 'tests' are met and that all necessary preparation is carried out prior to making the CPO. It is considered that it will be possible to demonstrate that the CPO Guidance requirements can be met, for example there is no planning impediment to the development as planning permission has already been issued. The regenerative benefits derived from the development of this site have already been outlined above, all of which will contribute to the social, economic and environmental improvement of the area.

2.20 Be First, the Council and Lagmar (Barking) have been working on the following activities:

- Land referencing work including serving requisition notices on those it is thought have an interest in the land or may have a right over the site
- Preparing the case for the CPO
- Preparing the Statement of Reasons to be published alongside the CPO
- Preparing the CPO Plan and Schedule

2.21 Subject to the necessary decisions by the Cabinet and the confirmation of the CPO by the Secretary of State, this timetable should enable work to begin on site in 2019.

### **Existing Occupiers**

2.22 With five exceptions, all the occupiers of Vicarage Field Shopping Centre have entered into agreements with Benson Elliot, as landlord, which will enable vacant possession of the units to be secured in 2019; the occupiers are aware of the redevelopment proposals. The developer, Be First and the Council will work together on a strategy to support business relocations wherever possible to other town centre locations or other locations within the Borough. It is acknowledged vacancy rates in the Borough are relatively low and that the Council's own stock of premises is limited. One of the largest property interests is the Vicarage Health Centre and discussions are underway with the different stakeholders. There is scope for some services to operate from the Child and Family Health Centre and for the GP practice to operate from their other town centre premises. The redevelopment proposals include health centre provision.

## **Appropriation of land for planning purposes**

2.23 Cabinet is also being asked to agree in principle to the appropriation of land for planning purposes in accordance with Section 122 of the Local Government Act 1972 and Section 203 of the Housing and Planning Act 2016. The appropriation of land and buildings allows local authorities to alter the purposes for which it holds land. Where land has been appropriated for planning purposes third party rights over the land can be overridden under Section 203 of the Housing and Planning Act 2016. Beneficiaries of rights would still be entitled to claim compensation but would not be able to seek an injunction to stop the development. The use of these powers, if required, would assist in ensuring that these important regeneration proposals can proceed on time.

### **3. Options Appraisal**

- 3.1 Certain public bodies including local authorities have enabling powers authorising them to acquire land compulsorily. They also have powers to appropriate their own land for planning purposes and subsequently override third party rights. In general, private developers do not have such enabling powers and the usual process where land needs to be assembled for development is therefore for private developers to reach agreement with a local authority to seek to use its compulsory purchase powers and in some cases appropriation powers.
- 3.2 The main alternative option to the use of the Council's statutory powers would be to require the developers to assemble the site entirely through negotiation and private treaty. However, it would be very unlikely that all the interests could be acquired by private treaty within the necessary timescales and at a reasonable cost to enable construction of the development to begin on time. Some third parties may choose not to sell, some may choose to wait a longer time before selling and the scheme could be stalled or even fail to proceed if this was the case.
- 3.3 The option of excluding the properties outside of the existing shopping centre from the development has been rejected as the scheme requires the properties to enable the comprehensive development with the range of social and economic benefits it would deliver.
- 3.4 As part of the April 2017 outline planning consent, the first reserved matters application must be made to the Local Planning Authority within three years of the date of consent, and application for all of the remaining reserved matters (except for the primary school site) must be made within six years of the date of the consent. The reserved matters application for the primary school must be made within ten years from the date of the consent.
- 3.5 The intent is for the construction to begin by autumn 2019, with some of the reserved matters applications expected to be submitted during the course of the next 12 months. If all the interests cannot be acquired, this current scheme cannot be delivered in the timescales.

## **4. Consultation**

- 4.1 A steering group has been established with Be First, BDT Legal, Dentons (external CPO advice for LBBD), Londonewcastle (Benson Elliott's Development Managers), CMS (Benson Elliot's legal advisors) and GVA (advising Londonewcastle).
- 4.2 Use of CPO and appropriation powers for Vicarage Field has been discussed at the Council's Property Advisory Group and Capital and Assets Group.
- 4.3 Extensive pre-planning consultation took place on the scheme proposals including public exhibitions, a website and newsletters. Formal planning consultation processes also took place with stakeholders able to submit objections. The CPO process itself gives affected third parties the opportunity to object and result in a public inquiry whereby the Planning Inspectorate assess the case for utilising CPO powers.

## **5. Human Rights**

- 5.1 In reaching their decision, members should take account of the provisions of the Human Rights Act 1998. As a public authority, the Council must not act in a way which is incompatible with a Convention right protected by the Human Rights Act 1998.
- 5.2 The key provision of the CPO Guidance is the need for there to be a "compelling case in the public interest" for compulsory acquisition; it is necessary to consider Convention rights affected by a CPO. In relation to Article 1 of the First Protocol of the European Convention, a fair balance is required to be struck between the public interest and private rights and in relation to Article 8, any interference with the right to respect for a person's private and family life and home must be proportionate.
- 5.3 Human rights protected by the 1998 Act of particular importance to the decision on compulsory purchase are those under Articles 6 and 8 and Article 1 of the First Protocol of the Convention.
- 5.4 As set out above, the proposed development has been a long term objective of the Council and fits within the Council's planning framework for the area. The development will be transformational for Barking town, securing investment, creating new homes and delivering significant regenerative benefits. It is considered that the interference with Human Right in utilising CPO powers is proportionate in the context of the wider regenerative benefits which will be delivered by the development proposal and the right of those affected to fair compensation.

## **6. Equalities**

- 6.1 The Equality Act 2010 provides protection from discrimination in respect of certain protected characteristics namely: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Section 149 of the Equality Act 2010 places the Council, as a public authority, under a legal duty ("the public sector equality duty"), in the exercise of all its functions, to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;
- advance equality of opportunity between persons who share a "relevant protected characteristic" (i.e. the characteristics referred to above other than marriage and civil partnership) and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 An equalities assessment has previously been undertaken as part of setting the planning policy framework for the Borough. The planning application for the development proposal also assessed any impact on equalities and social cohesion. The conclusion reached was that the impact was neutral.

6.3 A further review of equalities and any impact the CPO could have on equalities will be undertaken following the completion of the land referencing process that will establish who will be directly affected by the CPO with any preliminary findings being reported to the Cabinet in June. Equalities will continue to be reviewed and updated throughout the CPO process and any impact of the CPO in the context of equalities will be monitored.

## 7. Financial Implications

Implications completed by: Katherine Heffernan – Finance Group Manager

7.1 At this stage the report is seeking an in principle decision to utilise compulsory purchase order powers for the reasons set out earlier in the report. This report does not create any financial commitments for the Council.

## 8. Legal Implications

Implications completed by: Suzan Yildiz, Deputy Head of Legal Services

8.1 At this stage the report is seeking an in-principle decision to utilise compulsory purchase order powers for the reasons set out earlier in the report. If a CPO is still required, a further report will be presented to Cabinet later in the year which will address the substantive case for authorising and making a CPO and all other legal requirements including consideration of human rights and equalities implications. The legal requirements for authorising the in principle use of CPO powers are nonetheless set out in this report.

## 9. Other Implications

9.1 **Risk Management** - Whilst Lagmar (Barking) Ltd is responsible for the delivery of this project, the London Borough of Barking and Dagenham also has an interest in the scheme including the freehold of the existing shopping centre.

The scheme is crucial to delivering the regeneration aspirations being pursued by Be First. Regular progress meetings are taking place between Be First and representatives of Lagmar (Barking) Ltd's project team to ensure that the scheme remains on track for delivery.

Risks will be identified early in the process, a risk register maintained, and mitigation measures put in place.

9.2 **Contractual Issues** – The forthcoming Cabinet report will set out in more detail and any contractual issues.

9.3 **Staffing Issues** – The majority of the work involved in the use of the Council's statutory powers to deliver the Vicarage Field regeneration proposals is being carried out by Lagmar (Barking) Ltd's project team. Any fees/costs directly incurred by Be First or the Council in relation to the CPO (including historic costs) would be the subject of the CPO indemnity agreement.

9.4 **Corporate Policy and Customer Impact** - The use of statutory powers to deliver the Vicarage Field scheme will assist in delivering important regeneration proposals in the heart of Barking Town Centre. This is consistent with the independent Growth Commission's recommendations for the borough to continue bringing forward redevelopment which will help encourage further regeneration and investment.

The delivery of the scheme will help deliver the aspirations of the Council's vision and corporate policies specifically encouraging civic provide and growing the borough. In particular it is supported by the Borough Manifesto, the Growth Strategy 2013-2023, the Corporate Plan 2017-2018. It will also assist in delivering the aspirations of the Council's Housing Strategy through the delivery of around 855 new homes.

Furthermore, delivery of the scheme will also assist accelerating growth at the heart of Barking Town Centre, which is an aspiration set out in Be First's document titled 'Accelerating growth in London's growth opportunity'. This document identifies Vicarage Field as one of four key case studies to help deliver the Council and Be First's growth vision for the borough.

The scheme is also consistent with the Council's planning policies specifically the site allocation in the Barking Town Centre Area Action Plan.

9.5 **Safeguarding Children** – These issues were considered as part of the original planning approval and, if applicable, will form part of any equalities assessment specifically related to the CPO.

9.6 **Health Issues** – The CPO area includes Vicarage Field health centre. The future plan includes development of a new health facility. There are ongoing discussions with the NHS in this regard. The scheme itself presents an opportunity for improving health and reduced health inequalities through social and economic regeneration, improved public realm, e.g. walking and cycling and future health and care facilities.

To maximise this impact, it is suggested that a health equality impact assessment or an integrated impact assessment is undertaken of the future plans for this development and the surrounding area

9.7 **Crime and Disorder Issues** – These were considered as part of the planning application decision making.

9.8 **Property / Asset Issues** - Discussions are in place between London Borough of Barking and Dagenham and Lagmar (Barking) Ltd to establish how the interests in Council ownership will be dealt with through the development. Issues relating to future land ownerships will need to be addressed to the satisfaction of the Council before formally commencing any CPO process and will form part of the future Cabinet report.

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

**List of appendices:**

- Appendix 1: Plan (showing red line of planning application plus blue land to be acquired).
- Appendix 2: CPO Draft Plan (blue land is acquiring rights only, with many only being during construction).



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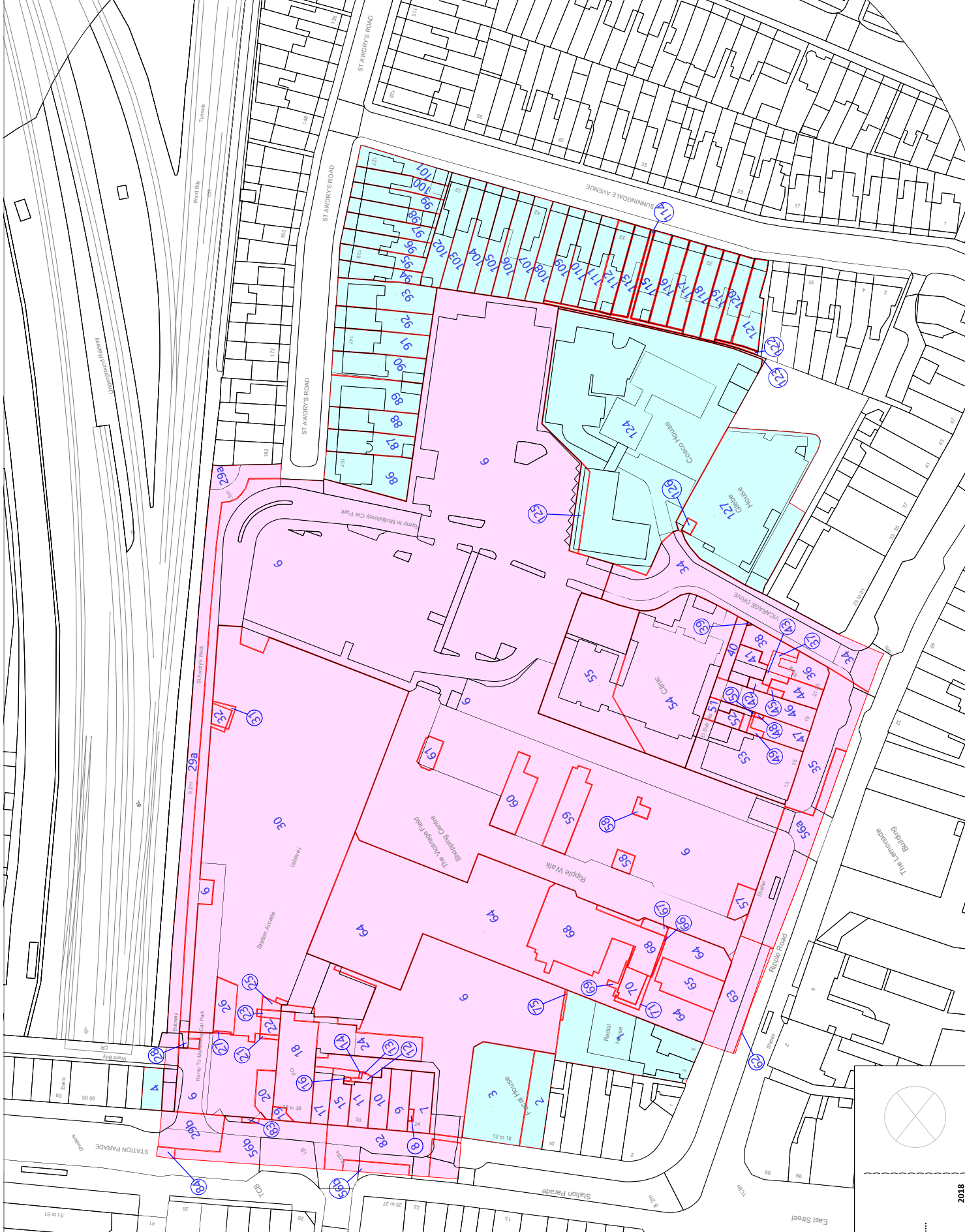
MAP REFERRED TO IN THE LONDON BOROUGH OF BARKING AND DAGENHAM COUNCIL (VICARAGE FIELD) PROPOSED COMPULSORY PURCHASE ORDER 2018

Key:  
 Land to be acquired  
 New rights to be acquired

Sheet Number: Sheet 1 of 1  
 Date: 23rd February 2018  
 Version Number: 9.0  
 Scale: 1:500 @A1  
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**DRAFT**

THE COMMON SEAL OF THE LONDON BOROUGH OF BARKING AND DAGENHAM WAS HEREIN TO AFFIXED IN THE PRESENCE OF:  
 (AUTHORISED SIGNATORY) .....  
 DATED THIS ..... DAY OF ..... 2018



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**CABINET****20 March 2018**

<b>Title:</b> Development of former Sacred Heart Convent, Goresbrook Road, and former Weighbridge Site, Cook Road, Dagenham	
<b>Report of the Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report with Exempt Appendix 1</b> (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	<b>For Decision</b>
<b>Wards Affected:</b> Thames & Goresbrook	<b>Key Decision:</b> Yes
<b>Report Author:</b> Jennie Coombs Head of Affordable Housing, Be First	<b>Contact Details:</b> Tel: 020 8227 5736 E-mail: <a href="mailto:jennie.coombs@befirst.london">jennie.coombs@befirst.london</a>
<b>Accountable Strategic Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b>	
<p>The Council completed the purchase of the former Sacred Heart Convent in May 2016 and further approved the delivery options and funding requirements in February 2017 for a conversion and new build scheme to provide temporary accommodation. The viability assessment at that time showed a small saving to the General Fund over the cost of other forms of temporary accommodation. The approval required the former Regeneration team to review this with the aim of improving this position, looking at a possible uplift in unit numbers, subject to planning and a review of costs and income.</p> <p>This review has been completed and it confirms that the base unit numbers, acceptable in planning terms in the February 2017 report of 62 temporary accommodation units is appropriate and unlikely to be exceeded on this site. The review also updated the appraisal to take into account a reduction to the Local Housing Allowance (LHA) room rates for temporary accommodation and a rise in build cost inflation. This reduced the small amount of savings to the General Fund to a barely breakeven point.</p> <p>The Be First Gateway Panel reviewed this position and proposed to the Council's Investment Panel that it bring forward an alternative Affordable Rent scheme for the Sacred Heart Site and use a further Investment Programme site at the ex-DVLA Weighbridge for maximising the provision of Temporary Accommodation.</p> <p>This report sets out these proposals and the delivery and funding requirements as part of the approved Investment programme and seeks approval for Be First to negotiate all the necessary appointments and contracts.</p>	
<b>Recommendation(s)</b>	
The Cabinet is recommended to:	

- (i) Agree the conversion of the former Sacred Heart Convent site to provide circa 9 apartments and the construction of circa 17 new build houses in the surrounding grounds with associated car parking and amenity areas;
- (ii) Agree to use an existing entity within the Barking and Dagenham Reside structure (or the establishment, if required, of a new Special Purpose Vehicle within that structure) to hold the properties at the former Sacred Heart site;
- (iii) Approve borrowing of up to £6.1m within the General Fund to fund the refurbishment and construction costs of the affordable housing project;
- (iv) Agree to allocate £2m restricted Right to Buy receipts, if required, to fund the construction and professional fees to support the financial viability of the affordable housing project;
- (v) Approve the development of the former DVLA Weighbridge site to provide circa 96 homes for use by the Council's Temporary Accommodation service as licenced accommodation, to be held in the General Fund;
- (vi) Approve borrowing of up to £7.714m within the General Fund to fund the development costs for the temporary accommodation project;
- (vii) Delegate authority to Chief Operating Officer, following endorsement by the Procurement Board, to approve the final procurement strategy for the project works;
- (viii) Delegate authority to the Chief Operating Officer, in consultation with Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to negotiate terms and agree the contract documents to fully implement and effect the proposals set out in the report; and
- (ix) Authorise the Director of Law and Governance, or an authorised delegate on her behalf, in consultation with the Chief Operating Officer, to execute all the legal agreements, contracts and other documents on behalf of the Council.

**Reason(s)**

The recommendations for this report contribute to the dual Council Priorities of 'Growing the Borough' and 'Encouraging civic pride'. The initiative is consistent with the specific objectives of (i) building new housing and sustainable communities; (ii) supporting investment in housing and open spaces to enhance the environment and (iii) helping residents shape their quality of life.

**1. Introduction and Background**

1.1 The Council completed the purchase of the former Sacred Heart Convent in May 2016 following approval by Cabinet on 19 April 2016 (minute 127) and confirmed that a further report would be presented to agree the development options and

funding requirements for the proposals. A further report was submitted to Cabinet on the 13 February 2017 (minute 102) seeking approval for funding from the General Fund, to convert the current building and deliver additional new build to provide between 62 and 80 units for Temporary Accommodation and conversion of the existing Chapel to provide a social enterprise space. The report noted that further design development would be undertaken to attempt to maximise the number of units and provide the higher levels of savings to the General Fund.

- 1.2 Peter Barber Architects were appointed to undertake the design for the conversion and new build along with associated car parking and landscaping and were briefed to complete studies to increase the unit numbers subject to planning considerations. This work concluded that the number of units had already been maximised and that the base scheme of 62 units (conversion and new build) was confirmed by Planning as the appropriate scale, layout, and massing for the site.
- 1.3 During the development of this project the responsibility for delivery has transferred to Be First and this project as part of the Councils Investment Programme and Be First's Business Plan has been taken through the agreed Gateway Panel Sign off procedure. As part of this process further viability assessments have been completed that confirm once the reduction to the LHA room rates and a rise in build costs is factored in the amount of savings to the General Fund has been reduced to a marginal/breakeven point.
- 1.4 The Development team were charged by the Gateway Panel to look at again at the development options for this site, for Affordable Rent provision and prioritise the delivery of a further Investment Plan site at the ex DVLA Weighbridge for maximising the provision of Temporary Accommodation.
- 1.5 Peter Barber Architects have completed an outline study for the provision of Affordable Rented homes at Sacred Heart based on the current massing and layout for the new build and a sympathetic conversion of the existing building. This confirms that 26 units can be provided at an approx. cost of £8.1m, £6.1m from GF Investment Programme borrowing and circa £2m from the Councils restricted RtB receipts, if required, to support the affordable housing to be developed.
- 1.6 The vacant former DVLA Weighbridge Site which is owned by the Council was included in the report to Cabinet on 19 April 2016 (Minute 101) which identified a number of Infill sites and it was noted in this report that this could be a possible site for temporary accommodation use. The Development team have conducted a full feasibility and viability analysis for this site and concluded following reviews with the Planning Team that it could provide up to 96, one and two bed modular / containerised units, with staff offices, car parking and landscaping. The cost for this provision has been estimated at £7.9m by utilising containerised / modular construction and at this cost modelling indicates a general fund saving of £419,000 per annum. The modelling has been completed over a 40-year period being the estimated life of the development.

## **2. Proposal and Issues**

- 2.1 On 15 November 2016 (Minute 63), the Cabinet approved the Council's Homelessness Strategy. That report asked Cabinet to note the severity of the current position regarding demand, supply, and costs of dealing with the Council's

statutory duties regarding homelessness in the Borough. It further approved the proposed strategic approach and corresponding actions outlined in the report, aimed both at reducing homelessness demand in the Borough and at improving the Council's capacity and capability to manage the needs of those who are accepted as homeless.

- 2.2 The proposals for provision of Temporary Accommodation at the Weighbridge site along with a number of other sites in the Investment Programme portfolio are the combined response to facilitating more cost-effective ways to reduce the increasing financial burden upon the local authority and improve both the quality and quantity of accommodation available to families requiring assistance with re-housing.
- 2.3 The Weighbridge site has been vacant for several years and is within the ownership of the Council. The site has no planning classification and there are no third-party issues to consider on this site. Planning permission was granted to RCCG Living Faith Church to erect a temporary building to be used as a church (17/00267/FUL). The church has, however, signed a lease to use a unit at 26 Thames Road, Barking as a church.
- 2.4 To recap and summarise, the former Sacred Heart Convent site consists of a locally listed 1930s three-storey neo-Georgian constructed building set within a 40,000 sq. foot landscaped site. Benefiting from distinct features including two large Mock Doric framed entrance doors, a hip tiled roof crowned by a cupola and a chapel located to the ground floor, Sacred Heart is one of only 133 buildings of local architectural or historic interest within the borough.
- 2.5 In view of the above any future use of the building and adjacent garden areas must ensure it respects the key heritage features of the building, its wider setting within the streetscape and its cultural significance as a local convent mission for the community. The internal features of the building will be retained in the conversion to 9 apartments for affordable rent and the a design of the houses will be sympathetic to the existing building and the context of the site.
- 2.6 The key scheme information for both projects is set out in the table below

	Sacred Heart	Weighbridge
Site area	0.436ha	0.64ha
Number of proposed units	26 Units – 9 apartments and 17 Houses	96 Units
Parking	22	40

### 3. Ownership structures – Reside and General Fund

- 3.1 The completed Affordable Rent units at Sacred Heart are proposed to be held within B&D Reside. A Special Purpose Vehicle (SPV) would own the units and be responsible for the management and maintenance of all the rented homes. All management, maintenance and life cycle costs are included in the financial appraisal under which the Reside entity would operate the units.
- 3.2 The SPV delivery structures are established by the General Fund on a case by case basis to provide housing which is in the general economic interest and not ordinarily

provided by the Housing Revenue Account. This provides the Council with greater flexibility to help meet wider housing need and to assist generally in the regeneration and economic well-being of the area.

- 3.3 The Sacred Heart Site is currently held in the General Fund, so no appropriation of the site is required to develop it for this purpose.
- 3.4 The Temporary Accommodation Units proposed to be developed on the Weighbridge site would be held within the General Fund and managed and maintained by My Place and Community Solutions. This purpose built accommodation will be designed with the input of Temporary Accommodation Team to ensure that all the needs of the residents have been considered along with a layout and specification that allows for easy maintenance and repair of any fixtures and fittings.

#### **4. Consultation**

- 4.1 Weighbridge Temporary Housing - Consultation has taken place with internal stakeholders including directors, senior management and senior officers within Housing Advice, Housing Strategy, and finance to establish the projects viability, feasibility and to progress both the design brief and specification of works.
- 4.2 The site is adjacent to a small number of current HRA homes in Richard Ryan place built as part of the Councils original HRA new build programme, Cherry Orchard Care Home, Dagenham Leisure Park and the Goals 5 a side football venue. Consultation with the residents will be completed to gain feedback and comments on the proposals prior to the formal planning consultation.
- 4.3 The Sacred Heart further design development will be subject to further Ward Member, stakeholder, and community consultation. The planning consent gained by the previous owners of the property was subject to several objections from residents and to mitigate this for future applications the intention would be for early consultation with the community prior to the formal planning consultation.

#### **5. Financial Modelling Assumptions**

- 5.1 The key outputs from the Sacred Heart Appraisal are contained in Appendix 1. This information is in the exempt section of the agenda as it is commercially sensitive and the public interest in maintaining the exemption outweighs the public interest in disclosing the information – relevant legislation: paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

#### **6. Delivery and procurement options**

- 6.1 As the proposal for both sites exceeds a total cost of £3m in line with the council's procurement rules this contract will be tendered. It is intended to tender the proposal via the council framework of contractors for contacts over £3m. This framework has been through the OJEU tender procedures. The framework has 6 contractors that will be invited to tender for the contact and this will then be appraised by officers from Be First.

- 6.2 For Sacred Heart both the refurbishment and the new build development be undertaken as one project, to one contractor. The table below details the proposed procurement route for both projects with the reasons for this approach and a note of the other options considered.

<b>Project</b>	<b>Procurement Route</b>	<b>Reason</b>	<b>Other Options Considered</b>
<b>Sacred Heart Convent Refurbishment to provide 9 apartments &amp; New Build 17 Houses</b>	New Build Housing Framework Agreement (two stage tendered using Design and Build JCT contract).	It is recommended this scheme is procured through the Current New Build Housing Framework Agreement as the works required to both the new build and the existing building can be delivered using this framework	To tender the works outside of the Housing Framework Agreement. This option was discounted due to the additional time required which would affect the delivery programme.
<b>Weighbridge delivery of the 96 containerised/modular units</b>	New Build Housing Framework Agreement (two stage tendered using Design and Build JCT contract).	It is recommended this scheme is procured through the Current New Build Housing Framework Agreement as the works required to both the new build and the existing building can be delivered using this framework	To tender the works outside of the Housing Framework Agreement. This option was discounted due to the additional time required which would affect the delivery programme.

## 7. Financial Implications

Implications completed by: Katherine Heffernan, Finance Group Manager

- 7.1 The report covers two proposed developments; the conversion of the former Sacred Heart Convent into 26 residential units and; the provision of 96 containerised modular units on the former Weighbridge site. Each of the proposals have separate financial implications as detailed below:

### 7.2 Former Sacred Heart Convent.

- 7.2.1 The previous proposal to convert the site into 62 temporary accommodation units is no longer viable following the reduction in the Local Housing Allowance (LHA) room rates and a rise in build cost inflation. Consequently, an alternative proposal has been brought forward for consideration.
- 7.2.2 The provision of 26 residential units is now proposed and these will be Affordable Rent units to be held in one of the existing Reside SPV Structures. The total cost of construction has been estimated to be £7.2m, £2.0m of which may be funded from Right to Buy receipts, the balance will be funded from borrowing.
- 7.2.3 The annual cost of borrowing in the first 10 years will average £168k and over the same period the average management, maintenance and life cycle costs will be £120k making a total annual cost of £288k. The average annual rent that will be received over the same ten-year period will be £363k making an average annual surplus of £75k.



7.2.4 In subsequent years, as the balance of the outstanding loan diminishes, and the interest payments reduce, annual surpluses increase considerably. The loan is scheduled to be repaid after 30 years.

### 7.3 **Weighbridge Site**

7.3.1 The proposal for this site is to provide up to 96, one and two bed modular/containerised units, with staff offices, car parking and landscaping. The cost for this provision has been estimated at £7.714m which will be funded from borrowing.

7.3.2 The annual cost of interest from such a loan based on an interest rate of 3% would be £230k and if the loan was to be repaid over a period of 40 years annual repayments of the principal would amount to a further £190k. Management and premises maintenance costs would amount to a further £480k per year, making a total annual cost of £900k.

7.3.3 The annual rent income that is likely to be received from the 96 units is estimated at £810k and, therefore, the site is likely to incur an annual deficit of £90k.

7.3.4 The cost, however, of placing the 96 people in short term temporary accommodation such as bed and breakfast or nightly let's would be in the region of £417k per year so the proposal to provide modular/containerised units will offer a more cost-effective solution.

## 8. **Legal Implications**

Implications completed by: Paul Field and Bimpe Onafuwa, Legal Services

8.1 The report proposes a change from the development approved by Cabinet in February 2017. The use and type of accommodation of the Former Sacred Heart building has been changed. Furthermore, this report has a key difference is the inclusion of the former Weighbridge Site into consideration.

8.2 Both will involve fresh planning applications. The Sacred Heart Site will have 9 flats within the existing building and 17 new homes constructed within the site. The Weighbridge Site is proposed to have 96, one and two bed modular/containerised units for use as temporary accommodation under the Housing Act 1996, with staff offices, car parking and landscaping. It is a considerable increase in the temporary accommodation offer under the 13 February 2017 proposals. As the use is for temporary accommodation it will be within the general fund and there will be no right to buy entitlement.

8.3 This report is also seeking approval for the procurement of works for the conversion of the former Sacred Heart Convent, the construction of new build houses on the premises of the Convent, and the development of the former DVLA Weighbridge site.

8.4 Clause 6.2 states that the procuring directorate intends to procure the works by way of a call off from the Council's New Build Housing Framework. While it is possible, under the Public Contract Regulations, to call off valid framework agreements, in

doing so there is a requirement that the process be transparent, non-discriminatory, and fair. Further information should therefore be provided to the Procurement Board on how the tenders will be evaluated and awarded.

- 8.5 The Law and Governance Team is available to provide advice on the development of the strategies and procurement of the contracts.

## 9. Other Implications

- 9.1 **Risk Management** - Risks associated with the construction of the new development will be fully scoped and managed through the construction contracts and any additional contracts to appoint design and professional services team.

- 9.2 **Contractual Issues** - The LBBD Housing Contractor Framework would be used to Tender for and appoint a main contractor and all associated design consultants via a JCT contract arrangements.

### 9.3 Staffing Issues

- 9.3.1 **Project Delivery:** The delivery of the both projects will be undertaken by Be First for the agreed development management fee that covers all staff costs.

- 9.3.2 **Temporary Accommodation Staffing** - The full operation of the Weighbridge project once open will require a Hostel Manager at 0.17 FTE, a full-time Team Leader and 2 full-time Housing Support Officers. These staff costs, along with associated security costs, have been included in the financial appraisal.

- 9.4 **Corporate Policy and Customer Impact** - The development of these under-utilised sites will contribute to the Council Priorities of 'Encouraging Civic Pride' and 'Growing the Borough'. Regarding the latter, the proposals in this report are consistent with the objectives for building new housing and sustainable communities. Current and future projects concerning the council's temporary accommodation stock require contractors, suppliers, and other project team members to be mindful of, and responsive to the needs of all residents regardless of background and circumstances. Whilst these sites are under construction local engagement will be undertaken to ensure that disruption to neighbouring residents is minimised and they are fully aware of the site contacts etc in case of emergency. Contractors are required to demonstrate a commitment to supporting the Council's own teams in implementation of high quality customer care.

- 9.5 **Safeguarding Children** - Design Development undertaken on all new projects by Be First will into consideration needs of local communities with a focus on creation of accessible spaces that allow for freedom of movement and will benefit the local and wider communities including children. The development process will explore opportunities to introduce new or improve existing play facilities and create safer walking routes to schools.

- 9.6 **Health Issues** - There is a large body of evidence that improvements to housing quality can improve health and wellbeing outcomes for its residents. The link between poor housing and ill health has long been established and this is now clearly acknowledged by central government in their vision for the future of Public Health in England.

- 9.7 **Crime and Disorder Issues** - Section 17 of the Crime and Disorder Act 1998 places a responsibility on councils to consider the crime and disorder implications of any proposals. The proposals set out in this report will help make the areas safer by improving the quality of the environment, creating safer more natural surveillance for public areas and pedestrian routes. All new developments will fully meet the requirements for Secured by Design accreditation.
- 9.8 **Property / Asset Issues** – The Weighbridge site has been in ownership of the Council for many years and has been recently released by the DVLA who leased the site as use for a Vehicle Weighbridge. The Sacred Heart site was purchased by the Council in May 2016 for £2.7m. The proposals in this report will increase the Council's income producing asset base directly in the General Fund and indirectly within B&D Reside.

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

**List of appendices:**

- **Appendix 1** – Financial Modelling Assumptions (Exempt document)

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## CABINET

20 March 2018

<b>Title:</b> Sale of Land at New Enterprise House, 149 - 151 High Road, Chadwell Heath	
<b>Report of the Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report with Exempt Appendix 2</b> (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	<b>For Decision</b>
<b>Wards Affected:</b> Chadwell Heath	<b>Key Decision:</b> No
<b>Report Author:</b> Andrew Sivess, Asset Strategy Manager	<b>Contact Details:</b> Tel: 0208 227 5732 E-mail: <a href="mailto:Andrew.sivess@lbbd.gov.uk">Andrew.sivess@lbbd.gov.uk</a>
<b>Accountable Director:</b> Robert Overall, My Place	
<b>Accountable Strategic Director:</b> Claire Symonds, Chief Operating Officer	
<p><b>Summary</b></p> <p>The Council owns the freehold interest in approx. 960m<sup>2</sup> of land to the south and west of New Enterprise House, 149-151 High Road, Chadwell Heath. The site is currently used for landscaping with a number of low rise planters, representing a long-term maintenance liability to the Council.</p> <p>The adjoining property, an 8-storey office block dating from the 1960's, is under conversion into over 80 one and two bed residential units. The proposed ground floor units in the scheme take access over Council land and the developer is seeking to acquire LBBD's freehold interest to allow the units to be sold.</p> <p>Independent valuation advice has been received which takes into consideration the developer's 'special purchaser' status and proposed terms have been agreed. The sale will also relinquish the Council's on-going responsibility for the maintenance and upkeep of the site.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Approve the disposal of land at New Enterprise House, 149-151 High Road, Chadwell Heath as shown edged red on the plan at Appendix 1 to the report, on the terms set out in Appendix 2 to the report; and</li> <li>(ii) Authorise the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to enter into all necessary agreements to facilitate the sale of the land to the owner of New Enterprise House.</li> </ul>	

## **Reason(s)**

To release non-strategic land at best value to a special purchaser and the removal of a long-term maintenance liability for the Council.

### **1. Introduction and Background**

- 1.1 The Council own the freehold interest in approx. 960m<sup>2</sup> of land to the south and west of New Enterprise House, 149-151 High Road Chadwell Heath. The site is currently used for landscaping with a number of low rise planters. They present a long-term maintenance liability to the Council.
- 1.2 New Enterprise House is an 8-storey office block dating from the 1960's. It was acquired a number of years ago for redevelopment into over 80 one and two bed residential units. Part of the conversion required planning consent for which approval was secured in 2016. The conversion is now complete, and occupiers are taking possession.
- 1.3 On the ground floor of the conversion 5 residential units have been created, four of which have direct access to street level over land owned by the Council. These units also have outside patios, again on land owned by LBBD.
- 1.4 Following the identification of the ownership issues, the Council commenced legal proceeding to prevent the trespass. The sale of these units has since stalled and the developer is seeking to reach agreement to acquire the land.

### **2. Proposal and Issues**

- 2.1 Terms have been agreed to dispose of the Council's land to the developer as set out in Appendix 2. This information is in the exempt section of the agenda as it is commercially sensitive and the public interest in maintaining the exemption outweighs the public interest in disclosing the information – relevant legislation: paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).
- 2.2 Independent valuation advice has been received which takes into consideration the developer's 'special purchaser' status.
- 2.3 The sale of the land will relinquish the Council's on-going responsibility for the maintenance and upkeep of the site.

### **3. Options Appraisal**

- 3.1 Should the disposal not proceed to a special purchaser, the Council will retain a long term maintained liability.
- 3.2 In isolation, the site has limited value to the Council.

#### **4. Consultation**

- 4.1 The disposal has been discussed by the Property Advisory Group and with relevant Cabinet Members. The sale of the land is supported as it has limited or no strategic purpose and will remove an on-going financial maintenance liability to the Council.

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

- 5.1 The terms of the proposed sale are contained in Appendix 2. This information is in the exempt section of the agenda as it is commercially sensitive and the public interest in maintaining the exemption outweighs the public interest in disclosing the information – relevant legislation: paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

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

Implications completed by: Erol Islek, Senior Property Solicitor

- 6.1 The report is seeking approval for the disposal of the property. The Council is required to obtain best consideration in the disposal of its assets. The Council has the power to enter into the proposed sale of the property but must do so in compliance with law and the Council's acquisition and land disposal rules.
- 6.2 The Council's disposal powers are contained in section 123 of the Local Government Act 1972, and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence.
- 6.3 Under section 123 of the Local Government Act 1972 the Council has the power to dispose of land in any manner that they wish which includes the sale of freehold land. One constraint is that the disposal must be for the best consideration reasonably obtainable unless there is Ministerial consent or the transfer is to further local wellbeing. An independent valuation should be carried out to ensure the disposal is at market value. This condition is fulfilled as there is an independent valuation carried out by Chartered Surveyors.
- 6.4 Therefore, the Council is at liberty to proceed with the proposed disposal. The Legal Practice should also be consulted for the preparation and completion of the necessary legal documentation.

#### **7. Other Implications**

- 7.1 **Risk Management** - Vacant sites are vulnerable to the risks of illegal occupation, vandalism and public liability claims. The sale alleviates this burden on the site.
- 7.2 **Contractual Issues** - The proposed transactions will be subject to the due diligence and documentation by the Legal Services Team to ensure compliance with the Council's Contract Rules.
- 7.3 **Crime and Disorder Issues** - A vacant site is vulnerable to illegal occupation. Selling the site will help prevent antisocial activity occurring on the land.

7.4 **Property / Asset Issues** – Disposal of the site to a special purchaser will generate an enhance receipt for land with is otherwise a liability to the Council.

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

**List of appendices:**

- **Appendix 1** - Site Plan
- **Appendix 2** – Financial Implications (Exempt document)



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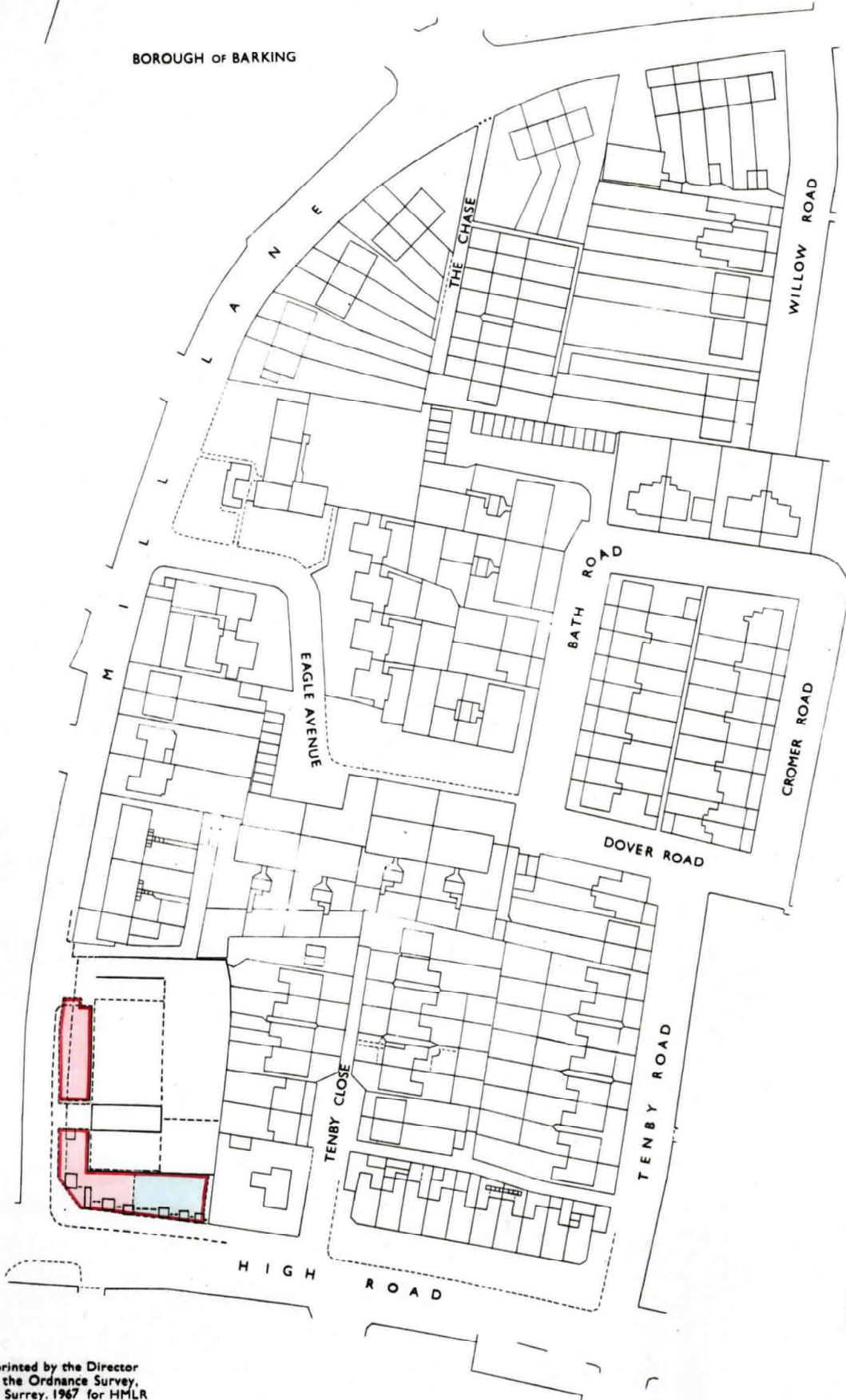
# H. M. LAND REGISTRY

NATIONAL GRID PLAN TQ 4888 SECTION H  
GREATER LONDON

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**CABINET****20 March 2018**

<b>Title:</b> Travelodge Dagenham – Investment Proposal	
<b>Report of the Cabinet Member for Finance, Growth and Investment and Cabinet Member for Economic and Social Development</b>	
<b>Open Report with Exempt Appendix 2</b> (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	<b>For Decision</b>
<b>Wards Affected:</b> Eastbrook	<b>Key Decision:</b> Yes
<b>Report Author:</b> David Harley, Head of Regeneration, Be First  Andrew Sivess, Head of Assets and Investments	<b>Contact Details:</b> Tel: 020 8227 5316 020 8227 5732 E-mail: <a href="mailto:david.harley@befirst.london">david.harley@befirst.london</a> <a href="mailto:andrew.sivess@lbbd.gov.uk">andrew.sivess@lbbd.gov.uk</a>
<b>Accountable Strategic Director:</b> Claire Symonds, Chief Operating Officer	
<p><b>Summary</b></p> <p>This report sets out proposals for the Council to enter into a Forward Funding Agreement with the developer of a new Travelodge development in Dagenham. The proposals would generate a good investment return for the Council and would also support the redevelopment of an important regeneration scheme in the borough.</p> <p>This development opportunity forms part of the former Sanofi site, which is identified within the Council's Barking and Dagenham Growth Strategy 2013 – 2023 as a 'key opportunity site'. As part of the Sanofi's exit strategy a mixed-use redevelopment approach was agreed by Sanofi with the Council. Part of this strategy included seeking planning permission for hotel use on part of the site. This resulted in the grant of the outline planning consent later granted for part of the former Sanofi site (i.e. the property which is the subject of this report) (the Property). Subsequently, Berkeley Square Developments Dagenham Limited purchased the Property from Sanofi and secured detailed planning approval for a 78 bed Travelodge with ground floor restaurant (A3) unit and associated parking.</p> <p>The principal regeneration objectives of the Council in entering into this transaction are to:</p> <ul style="list-style-type: none"> <li>-</li> <li>• facilitate the wider regeneration of the former Sanofi site, bringing forward a key development site and implementing an extant planning permission for hotel use and A3 retail use</li> <li>• contributing to the Council priority of 'Growing the Borough' by the creation of jobs and amenities through the development.</li> </ul> <p>Under the proposals, negotiated by Be First on behalf of the Council, the Council would enter into a Forward Funding Agreement with the current owner of the site as follows:</p> <ul style="list-style-type: none"> <li>• The Council would take ownership of the development site</li> </ul>	

- The Council would simultaneously enter a development agreement whereby the current owner of the site, Berkeley Square Developments, would construct the hotel, restaurant and car parking space
- The Council would enter into an agreement for lease to grant a 25-year lease to Travelodge Hotels Limited
- All elements of the transaction would be entered into simultaneously ensuring that the Council's construction and investment position is protected

**Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree to the acquisition of the freehold interest at Yewtree Avenue, Dagenham RM10 7XS (the Property, as shown in Appendix 1 to the report), subject to completion of further due diligence and to the principle of borrowing up to £940,000 plus stamp duty of £36,500 and fees of £110,500 within the General Fund from the Public Works Loan Board;
- (ii) Agree to the principle of borrowing up to £5,711,000 within the General Fund from the Public Works Loan Board to fund the development costs of the Travelodge development;
- (iii) Agree, subject to completion of further due diligence, to enter into a Development Agreement with Berkeley Square Developments to construct the development scheme on the Property;
- (iv) Note that the acquisition of the Property shall be subject to an extant agreement for lease, which upon acquisition the Council would be bound to grant and agree, subject to completion of due diligence, to grant a 25-year lease to Travelodge Hotels Limited on the terms set out in the report;
- (v) Agree to hold the Travelodge investment within a Special Purpose Vehicle (if legal advice indicated this would be appropriate);
- (vi) Agree that Be First, as agent for the Council, be authorised to lead the negotiations, including appointment and management of property, financial and legal advisors as required;
- (vii) Delegate authority to the Chief Operating Officer, in consultation with Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to scrutinise the due diligence reports, negotiate terms and agree the contract documents to fully implement and effect the proposals set out in the report (including a decision as to utilising a SPV); and
- (viii) Authorise the Director of Law and Governance, or an authorised delegate on her behalf, in consultation with the Chief Operating Officer, to execute all the legal agreements, contracts and other documents on behalf of the Council.

## Reason(s)

The initiative will contribute significantly to the Council Priority of 'Growing the Borough.' The project would have a major impact on changing perceptions of the Borough and ensuring Dagenham is focussed on new employment opportunities which raise aspirations of residents and help deliver the 'No-one left behind' objective of the Growth Commission and the vision of the Borough Manifesto.

### 1. Introduction and Background

- 1.1 The Travelodge site forms part of the former Sanofi estate, within which the Council already has significant landholdings. By Minute 74 (15 November 2016), the Cabinet approved the purchase of 9 acres of land from Sainsbury's on part of the former Sanofi site at Dagenham East with a view to bringing forward development of TV/film studios as part of a mixed used development and subsequently approved purchasing more land in January 2018. The wider Sanofi site is identified within the Council's 'Barking and Dagenham Growth Strategy 2013 – 2023' as a 'key opportunity site' for the creation of jobs and opportunities for residents and is an important regeneration priority.
- 1.2 The 1.3 acre site lies currently undeveloped behind the successful Marston's pub/restaurant (The Pipe Major) and is within 100m of Dagenham East tube station and is part of the gateway to the larger Londoneast-uk site. The development of a hotel in this location would act as an important amenity to support the emerging proposals for TV/film studios and enhance the attractiveness of the site to potential development partners for the wider site.
- 1.3 The site is 'Zone 9' of the Sanofi site, which received reserved matters planning consent (15/00810/REM) in November 2015 for development of a 78 bedroom hotel with separate restaurant on ground floor level together with associated car parking and Costa Drive Thru. The Costa Drive Thru does not form part of the development proposal and will be developed separately. Be First has engaged pro-actively with the developer, Berkeley Square Developments Dagenham Limited who owns the site and secured planning consent. Through these discussions an opportunity has arisen to act as a funder to put in place funding to develop the consented scheme. Local authorities are able to intervene and to use their powers to invest to support regeneration projects and simultaneously to increase their long-term income producing asset base. The site forms part of the former Sanofi site, and planning permission in respect of the Travelodge development contains environmental conditions relating to ground contamination. These matters will be covered in detail through the due diligence process.
- 1.4 The developer has already agreed an agreement for lease with Travelodge Hotels Limited, pursuant to which a 25-year lease will be granted to occupy the hotel (on practical completion of the works to construct the hotel). The developer has a contractor ready (The Barnes Group Limited) to commence works on site to build out the scheme over an anticipated 14 month build period, who were selected by way of a competitive tender. Upon completion, the Council will be the beneficiary of direct collateral warranties attaching to the constructed development. Once the scheme is completed the hotel area will be managed and maintained by Travelodge

under the terms of their lease (full repairing and insurance), with the Council as freeholder responsible for common areas (car park) for which costs will be re-charged through an uncapped service charge to Travelodge.

## 2. Proposal and Issues

### Summary

- 2.1 Berkeley Square Developments Dagenham Limited, is seeking funding for the hotel and restaurant element of the planning consent. Under the proposal, Be First will act as development agent for the Council to bring forward the opportunity, with the Council purchasing the land and entering into a development and funding agreement to fund Berkeley Square Development as developer to build out the hotel and restaurant unit. The land will be transferred by the developer to the Council on completion of the sale contract and on practical completion the lease will be granted to Travelodge.
- 2.2 Upon completion of the sale transaction, the Council will take ownership of the freehold of the development site for £940,000 (exclusive of VAT). Based upon current Heads of Terms which are subject to final negotiation with the developer, the costs are as follows:

<b>Development costs</b>	
Land	£940,000
Developers Build costs	£5,710,584
SDLT and Fees	£147,000

- 2.3 The developer will hold all development risk during the construction phase of the project. Berkeley Square Developments Dagenham Limited will employ Ridge and Partners LLP to oversee the construction programme, whilst Be First will put in place a monitoring surveyor to ensure that draw down of funding is made against qualifying expenditure.

### Financial and Investment

- 2.4 An appraisal of the site (with the benefit of Travelodge) has been carried out by Be First and this supports the purchase price and the agreed price for the works. A formal independent external valuation has been commissioned to verify this appraisal; this will form part of the due diligence process that will be carried out before the proposals in this report are executed. A summary of the appraisal and indicative returns are set out within Appendix 2, which is in the exempt section of the agenda as it contains the commercially confidential information (relevant legislation - paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.5 The developer and Travelodge have exchanged an agreement for lease and the form of lease which Travelodge will accept is for 25 years from completion on a full repairing basis. Rental terms are set out within Appendix 2. Travelodge has security of tenure under the Landlord and Tenant 1954 and has an option to take another 25-year lease after expiry of the initial 25-year term (and the renewal lease

will have tenant break clauses on not less than 6 months' notice at 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup> and 20<sup>th</sup> anniversaries of the term).

- 2.6 At practical completion the Council will grant a lease of the hotel to Travelodge. A rent-free period will be granted to Travelodge and the calculation of its length depends on whether the date of practical completion of the hotel is prior to 14 December 2018 or after 12 January 2019. On the basis that the build period is approximately 14 months it is anticipated that the date of practical completion will occur after 12 January 2019.
- 2.7 The A3 unit is currently unlet and the developer will market for a tenant throughout the development period until practical completion, at which point responsibility will transfer to the Council if unlet. The Council will therefore benefit from the long-term revenue stream from the Travelodge and A3 use tenant.
- 2.8 All investment properties are valued to reflect the risk profile of the tenants (usually termed covenant strength). This investment valuation will change to reflect changing market conditions which will reflect market and project specific which will constantly affect the yield used to capitalisation the gross rent. Currently, the value it is based upon comparable current market evidence and is verified by an independent valuation. Yield rates are set out within Appendix 2.
- 2.9 The proposals contained in this report will help to deliver the Council's Investment and Acquisition strategy (IAS) by increasing properties held within the commercial property asset class. The project yields set-out above are below the target rates of return in the current version of the IAS; this reflects current market yields which are lower than when the IAS was written.

### **3. Options Appraisal**

- 3.1 **Option 1 – Do Nothing.** The Council has the option to do nothing, and not intervene to invest in the Travelodge hotel and associated retail use and the opportunity may not get delivered in the current market left to the market to deliver.
- 3.2 **Option 2 – Develop and Sell.** Subject to market conditions, the Council would realise a profit at a margin that is consistent with trading at this level. Through this approach, the Council can control the delivery of the scheme, and in turn support the regeneration of the wider Sanofi site.
- 3.3 **Option 3 – Fund and Hold** - Through this approach, the Council can control the delivery of the scheme, and in turn support the regeneration of the wider Sanofi site. By investing in the scheme and holding the asset the Council has greater influence over its primary regeneration objectives for the wider Sanofi site and will also benefit from a long-term income stream from a tenant with a strong covenant over a 25-year lease period. At the end of the development period, the Council would have the option of disposing of the site if it considered prudent to do so. Under this option, the Council will make a net additional income per year and benefit from rent increases in line with RPI, subject to a cap, during the term of the lease every five years, with potential of selling and realising the profit as outlined in Option 2.
- 3.4 Options 2 and 3 will be reviewed at practical completion and regularly thereafter decision is made to retain the investment when the project is completed.

#### **4. Consultation**

- 4.1 Consultation on the development proposals were undertaken through the statutory consultation process which accompanies the planning process for the planning applications of Ref: 15/00959/OUT and Ref: 15/00810/REM (as varied on 27 April 2017 Ref: 17/066241/NMA) respectively.
- 4.2 The Council has powers for the acquisition of and investment in land to further the discharge of its functions, therefore, no additional consultation requirements arise in respect of the proposal

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

- 5.1 The detailed financial information is included at Appendix 2, which is in the exempt section of the agenda as it contains the commercially confidential information (relevant legislation - paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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

Implications completed by: Suzan Yildiz, Deputy Head of Legal Services (Commercial) / Richard Beckinsale, Gowlings

##### **6.1 Power for the Council to enter into the transaction**

- 6.1.1 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 its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property. Further, in accordance with the Local Government Act 1972, Section 120, the Council is empowered to acquire by agreement any land situated inside or outside its area for: -
- (i) the purposes of any of its functions stipulated by the 1972 Act or other statutory provisions, or
  - (ii) for the benefit, improvement or development of its area, and notwithstanding that the land is not immediately required for that purpose. Until the land is required for the purpose acquired, it may also be used for any purposes associated with of any of the Council's functions.
- 6.1.2 The Council has the power to fund the development in the manner proposed under Option 2 in reliance upon section 12 of the Local Government Act 2003 where the proposed investment is consistent with its functions or the prudent management of its financial affairs.
- 6.1.3 To the extent that the investment proceeds under Option 2 (ie. it is not a long-term investment (meaning the investment is repaid within 12 months because the property is sold)), the Council can rely on the general power of competence ("GPOC") under section 1 Localism Act 2011. Section 4 of that Act requires the



Council to establish a company where it does those things for a "commercial purpose".

6.1.4 Council officers have confirmed that the primary purpose of the transaction is to secure the successful regeneration of this property in the context of the wider regeneration of the Sanofi site and that the return on the investment is incidental to that purpose. External solicitors have advised that the fact an activity may generate a return and have a commercial element to it does not in itself mean that a company must be established and has provided detailed advice referencing the relevant case law from the Supreme Court and the Court of Appeal as well as the more recent February 2018 High Court decision in the case of *Peters v London Borough of Haringey*. This element of the transaction will be kept under review through the due diligence, hence, authority is delegated to officers to decide if a special purpose vehicle company should be utilised.

## 6.2 Procurement implications

6.2.1 The Council is procuring the developer to carry out the development (via the building contractor). The approximate value of the building works plus developers' is above the current threshold for works contracts.

6.2.2 The developer has also appointed a building contractor and the Council is funding, by more than 50%, the underlying construction contract. The building contractor has not been appointed by way of an OJEU process.

6.2.3 At two levels therefore (appointment of the developer and appointment of the contractor), the Council has not been able to ensure that a procurement process is undertaken in accordance with the Public Contract Regulations 2015 ("Regulations") because it intends to participate in a transaction where the appointment of Berkeley Square Developments Dagenham Limited (as the developer) and The Barnes Group Limited (as the contractor) are conditions of the transaction going ahead.

6.2.4 The Council has been advised that Regulation 32 (2)(b)(iii) of the Regulations permits the procurement of works without a competition in cases involving the protection of "exclusive rights". In this case, exclusivity arises due to the developer's land ownership position such that the Council is unable to insist on a procurement exercise. This approach is most commonly seen in the case of registered providers that fund the delivery of homes under section 106 agreements without the ability to insist on the relevant developer conducting a full OJEU process. Whilst there is no guarantee that a procurement challenge would not arise, the Council is advised that it would be able to robustly defend its position on this basis.

## 6.3 State Aid implications

6.3.1 In this transaction, state aid could arise if the Council were to:

- Acquire the land for a price higher than its market value
- Dispose of the land for less than its market value
- Pay for the development of the Travelodge at a price higher than that which would ordinarily be paid on the open market

- Provide finance on terms which are more favourable than those available on the open market

6.3.2 In relation to the first three bullet points, the Council's agent, Be First has undertaken its own valuations by reference to the relevant property and construction markets and confirms that no state aid has arisen as the agreed financial transaction is reflective of market conditions and does not create a commercial advantage for the developer or Travelodge beyond that ordinarily obtainable in the market. The final bullet point is not relevant in this situation because were a finance charge to be applied to the advanced monies, it would simply have the effect of increasing the Council's overall cost of delivery by the equivalent amount. Hence, the developer is not in receipt of a benefit that it could not otherwise attract on the open market.

#### 6.4 **Best consideration**

6.4.1 The Council's power to grant the lease to Travelodge under section S123 of the Local Government Act 1972, providing that the lease terms represent the best consideration reasonably obtainable in the open market. The Council will need to secure best consideration on the grant of the lease to Travelodge. The property cannot be disposed of for less than the best consideration reasonably obtainable. Although the Council was not involved in securing Travelodge as a tenant of the completed building, Be First is satisfied that the terms of such disposal represent the best consideration reasonably obtainable. An independent external valuation has been commissioned. Any onward sale of the Council's assets would be subject to a tender process in due course and consent of the Council to that disposal would be sought at the relevant time. An onward sale is not included in the recommendations of this report.

#### 6.5 **Constitutional Considerations**

6.5.1 The Council's Constitution, Part 4, Chapter 4 sets out the Land Acquisition and Disposal Rules. In accordance with paragraph 2.1, all strategic decisions about the use, acquisition and disposal of land and property assets are within the remit of the Cabinet. Formulation of strategic decisions is overseen by the Property Advisory Group (PAG) and the Cabinet. Investment decisions may proceed upon the recommendations of Investment Panel or Chief Operating Officer who has investment powers.

6.5.2 The recommendations and an estimated acquisition at the current price detailed in the report renders this a key decision, requires the acquisition decision to be taken by Cabinet in accordance with the Land Acquisition and Disposal Rules. Approval of any due diligence reports, agreeing final terms and entering into any agreements is delegated to the Chief Operating Officer and Director of Law, in consultation with the relevant Cabinet members in order to facilitate further due diligence and the mechanics of completion.

6.5.3 Approval is being sought for acquisition plus Stamp Duty Land Tax and professional fees. It should be noted that an independent valuation should be commissioned before a formal binding offer is made and/or final terms negotiated for the acquisition and associated lease. An independent valuation has been commissioned in order to satisfy these requirements, in particular that the lease

terms represent best consideration under Section 123 of the Local Government Act 1972.

## 7. Other Implications

### 7.1 Risk Management

- **Construction Risk** - Berkeley Square Developments Dagenham Limited will hold construction risk during the construction programme, therefore limiting the Council's exposure. Security arrangements for the performance of the Developer and in turn the contractor are set out within Appendix 2.
- **Market Risk** – The Travelodge lease is a 25 year lease (with a right to renew) with no tenant break clauses for the initial 25 years. The vacant A3 unit will be marketed in order to secure a tenant at the earliest opportunity, and a variation to the planning consent may be sought to expand its use to A1 and A2 uses if necessary. Equally, once constructed, the hotel would have a use for either an alternative operator or as an alternative use (for example hostel provision) in the event of default by Travelodge.
- **Funding risk** - The Council takes ownership of the land at the point of entering in to the development and funding agreement and appropriate safeguards are built into the development and funding agreement. Security arrangements for the performance of the Developer are set out within Appendix 2.
- **Ground contamination** – whilst the entire Sanofi site had a ground contamination risk, conditions related to ground remediation have been discharged for the Travelodge development site. The contractor has included contingency allowance within their construction price.

7.2 **Contractual Issues** – Contractual implications are as described and covered within the Legal Implications section of this report.

7.3 **Staffing Issues** – The project will be managed on behalf of the Council by Be First Regeneration, with the main element of resource being required to get the scheme in to contract. External monitoring surveyors will be appointed to monitor expenditure during the construction phase of the project.

7.4 **Corporate Policy and Customer Impact** - No issues relating to the specific recommendations.

7.5 **Safeguarding Children** – The proposals should have no impact on safeguarding children. Hotel accommodation increases the provision of good quality nightly accommodation in the borough, which may be required in emergency situations.

7.6 **Health Issues** – No issues relating to the specific recommendations.

7.7 **Crime and Disorder Issues** – The development makes use of a currently vacant brownfield site, which is currently at risk of illegal occupation or fly tipping. The development proposals will therefore have a positive impact on the local community.

7.8 **Property / Asset Issues** – A 25-year lease will exist with Travelodge and bring an income stream in to the Council. There are provisions for rent increases every five years within the lease as set out within Appendix 2. The retail unit which will form

part of the development is not currently subject to an agreement with a tenant and is being marketed to prospective tenants.

- 7.9 The Council will be transferred the land upon which the hotel is to be developed upon completion of the purchase contract, and therefore will have the ability to review options for the site should it so wish at the end of the lease term. The proposal would be a significant addition to the Council's asset register and as such forms a key element of the main body of the report.

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

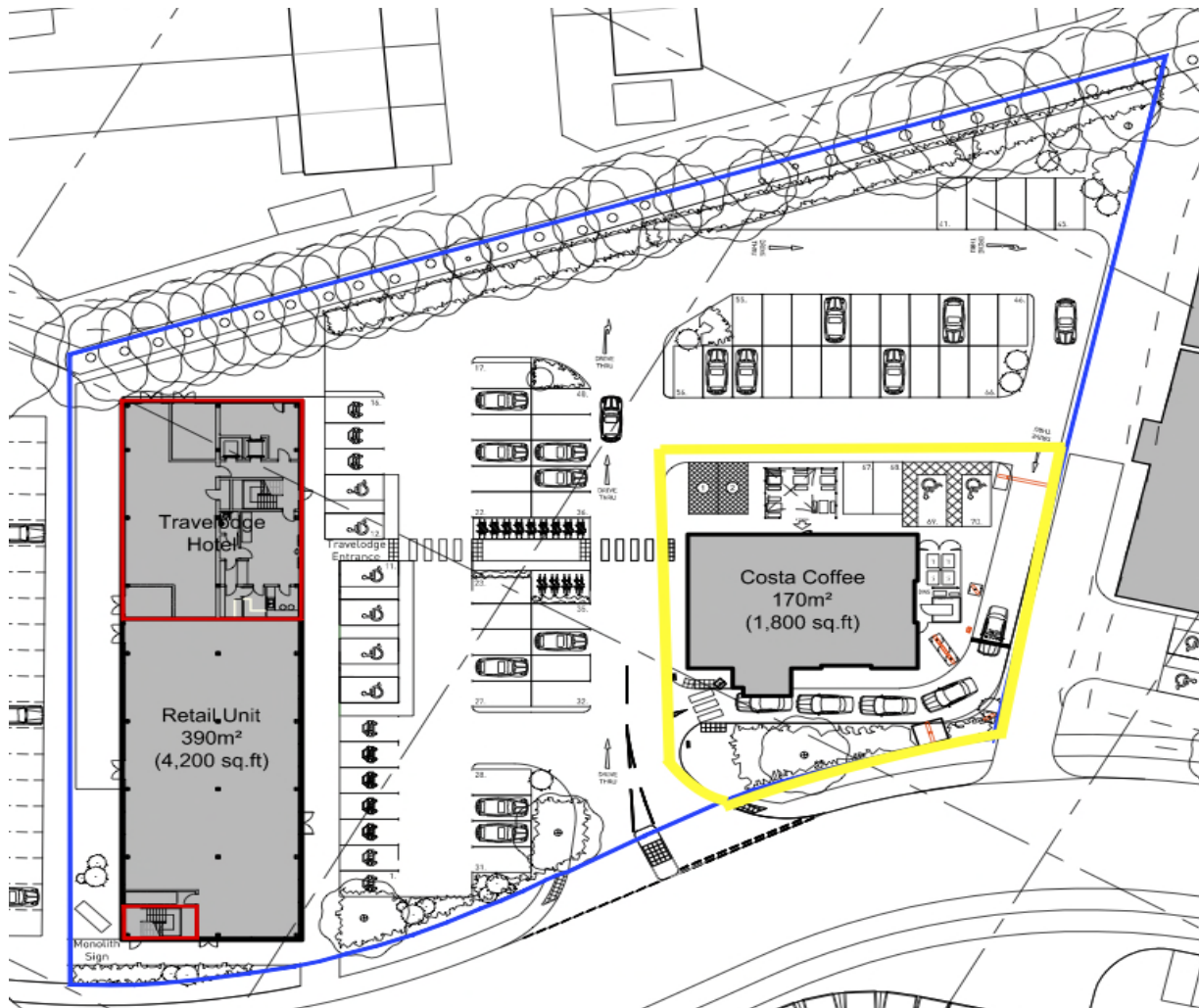
**List of appendices:**

**Appendix 1:** Site Plan

**Appendix 2:** Financial Summary and Financial Implications (exempt document)

# Appendix 1 – PLAN

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