Barking & Dagenham

Notice of Meeting

CABINET

Tuesday, 16 March 2021 - 6:00 pm
Meeting to be held virtually

Members: Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and Cllr Dominic Twomey (Deputy Chair); Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Margaret Mullane and Cllr Maureen Worby

Date of publication: 8 March 2021

Chris Naylor
Chief Executive

Contact Officer: Alan Dawson
Tel. 020 8227 2348
E-mail: alan.dawson@lbbd.gov.uk

Please note that this meeting will be webcast to enable the press and public to view the proceedings. To view the webcast click here and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

1. Apologies for Absence

2. Declaration of Members' Interests

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

3. Minutes - To confirm as correct the minutes of the meeting held on 15 February 2021 (Pages 3 - 11)

4. Update on COVID-19 Issues (Page 13)

5. Revenue Budget Monitoring 2020/21 (Period 10, January 2021) and Capital Programme Update (Pages 15 - 56)

6. Be First and Be First Developments (Muller) Ltd Business Plans 2021-26 (Pages 57 - 156)

Appendices 1 and 2 to the report are exempt from publication as they contain commercially confidential information (exempt under paragraph 3, Part 1, Schedule

12A of the Local Government Act 1972 (as amended)).

7. **SEND Home to School and Post-16 Travel Assistance Policies 2021/22 (Pages 157 - 180)**

8. **Provision of a Children's Out of Hours Emergency Duty Service (Pages 181 - 190)**

9. **Redevelopment of Trocoll House, Wakering Road, Barking - Agreement for Long Headlease (Pages 191 - 234)**

   Appendices 1 to 4 to the report are exempt from publication as they contain commercially confidential information (exempt under paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 (as amended)).

10. **Contract for the Provision of Council Insurance Cover (Pages 235 - 241)**

11. **Debt Management Performance 2020/21 (Quarter 3) (Pages 243 - 253)**

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

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

Private Business

The public and press have a legal right to attend/observe Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. Items 6 and 9 above include appendices which are exempt from publication, as described, and item 14 below is also exempt from publication under paragraph 5 of Part 1, Schedule 12A of the Local Government Act 1972 (as amended) as it contains legal professional privileged information and, in all cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

14. **Land Disposal in Chadwell Heath Ward (Pages 255 - 262)**

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

Barking & Dagenham

Our Vision for Barking and Dagenham

ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND

Our Priorities

Participation and Engagement

- To collaboratively build the foundations, platforms and networks that enable greater participation by:
    - Building capacity in and with the social sector to improve cross-sector collaboration
    - Developing opportunities to meaningfully participate across the Borough to improve individual agency and social networks
    - Facilitating democratic participation to create a more engaged, trusted and responsive democracy
- To design relational practices into the Council's activity and to focus that activity on the root causes of poverty and deprivation by:
    - Embedding our participatory principles across the Council's activity
    - Focusing our participatory activity on some of the root causes of poverty

Prevention, Independence and Resilience

- Working together with partners to deliver improved outcomes for children, families and adults
- Providing safe, innovative, strength-based and sustainable practice in all preventative and statutory services
- Every child gets the best start in life
- All children can attend and achieve in inclusive, good quality local schools
- More young people are supported to achieve success in adulthood through higher, further education and access to employment
- More children and young people in care find permanent, safe and stable homes
- All care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs
- Young people and vulnerable adults are safeguarded in the context of their families, peers, schools and communities

Barking & Dagenham

- Our children, young people, and their communities' benefit from a whole systems approach to tackling the impact of knife crime
- Zero tolerance to domestic abuse drives local action that tackles underlying causes, challenges perpetrators and empowers survivors
- All residents with a disability can access from birth, transition to, and in adulthood support that is seamless, personalised and enables them to thrive and contribute to their communities. Families with children who have Special Educational Needs or Disabilities (SEND) can access a good local offer in their communities that enables them independence and to live their lives to the full
- Children, young people and adults can better access social, emotional and mental wellbeing support - including loneliness reduction - in their communities
- All vulnerable adults are supported to access good quality, sustainable care that enables safety, independence, choice and control
- All vulnerable older people can access timely, purposeful integrated care in their communities that helps keep them safe and independent for longer, and in their own homes
- Effective use of public health interventions to reduce health inequalities

Inclusive Growth

- Homes: For local people and other working Londoners
- Jobs: A thriving and inclusive local economy
- Places: Aspirational and resilient places
- Environment: Becoming the green capital of the capital

Well Run Organisation

- Delivers value for money for the taxpayer
- Employs capable and values-driven staff, demonstrating excellent people management
- Enables democratic participation, works relationally and is transparent
- Puts the customer at the heart of what it does
- Is equipped and has the capability to deliver its vision

MINUTES OF CABINET

Monday, 15 February 2021
(6:03 - 8:38 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Margaret Mullane and Cllr Maureen Worby

75. Death of Former Councillor George Shaw

The Leader advised Cabinet that former Councillor and Freeman of the Borough, George Henry Shaw, had passed away on Sunday 14 February at the age of 94.

Members paid tribute to Mr Shaw's significant contribution to the Borough throughout his life and especially during his 31 years as a councillor, where he was affectionately known as 'Mr Housing'.

The Cabinet held one minute's applause in memory of Mr Shaw.

76. Declaration of Members' Interests

There were no declarations of interest.

77. Minutes (19 January 2021)

The minutes of the meeting held on 19 January 2021 were confirmed as correct.

78. Independent Barking and Dagenham Domestic Abuse Commission Report

The Cabinet Member for Social Care and Health Integration introduced a report on the independent Barking and Dagenham Domestic Abuse Commission Report.

The Barking and Dagenham Domestic Abuse Commission was launched in September 2019 at Eastbury Manor House. The Commission brought together a panel of 12 national experts, chaired by Polly Neate CBE, CEO of Shelter and former CEO of Women's Aid. The Commission was given three tasks – to look at the community attitudes towards domestic abuse, to look at the response of the Council and partners and to provide a toolkit for others to follow.

Nicki Norman OBE, Acting Chief Executive of Women's Aid England, who was part of the Commission, addressed the Cabinet on the work undertaken since the Commission was launched. It had conducted a range of qualitative and quantitative insight in the Borough with residents and professionals. In particular, Ms Norman advised that survivors of domestic abuse had co-produced the report and the outcomes, and recommendations within it.

The Cabinet noted that the report was structured as seven survivor-based outcomes with a series of recommendations.

The Cabinet supported the work of the Commission and welcomed the launch event for the report, which would be taking place virtually on 10 March 2021.

Cabinet **resolved** to:

(i) Agree to the publication of the Independent Domestic Abuse Commission Report, as set out at Appendix 1 to the report; and

(ii) Note that the Council's formal response to the Commission, outlining how it intended to respond to the recommendations, would be presented to a future meeting of the Cabinet for approval.

79. Update on COVID-19 Issues

The Cabinet Member for Social Care and Health Integration gave an update to the Cabinet on the latest COVID-19 issues.

The Cabinet Member advised with regret that 471 Borough residents with COVID-related symptoms had passed away since the start of the pandemic.

The Cabinet Member further advised that:

- There were still two testing centres in the Borough for those who had symptoms, one at Mayesbrook Park and one in Chadwell Heath;
- For those who did not have symptoms or were not sure, there were testing centres at Gascoigne Children's Centre and Becontree Leisure Centre;
- Although reduced, the Borough's rate was still 160 per 100,000 residents and the Cabinet Member urged residents not to be complacent;
- Over 19,000 individuals had now received their vaccination, with a take up of over 70% in residential homes and the over 70 age group; and
- The vaccination centres were at Parsloes Clinic and the Broadway Theatre in Barking.

Cabinet **resolved** to note the update.

80. Revenue Budget Monitoring 2020/21 (Period 9, December 2020)

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's revenue budget monitoring position for the 2020/21 financial year as at 31 December 2020 (Month 9) and the revised Capital Programme.

The Council's General Fund budget for 2020/21 was £155.796m. As a result of underlying financial pressures including increased costs, demographic and other demand growth, savings not yet delivered and other risks, there was an underlying budget variance of £5.934m largely in Care and Support and My Place service areas.

In addition and as a direct consequence of the impact of the COVID-19 pandemic, the Council had experienced a high level of additional costs and pressures including loss of service income from fees and charges. The minimum impact was assessed to be £28.175m including delayed or reversed savings which were also in the main forecast. Including those Covid costs, the Council's final net expenditure for the year was expected to be at least £189.951m, resulting in an overall expenditure variance of £29.972m. Once Government COVID grant funding had been taken into account, a year-end variance of approximately £8.5m was currently projected.

The Cabinet Member also referred to proposed loans to Barking and Dagenham Reside Ltd and Barking and Dagenham Reside Regeneration Ltd to confirm arrangements already in place and assist with the sign-off of the companies' annual accounts.

Cabinet **resolved** to:

(i) Note the projected revenue outturn forecast for the 2020/21 financial year as set out in sections 2 to 4 and Appendix A of the report and the potential impact on the reserves position as set out in section 7 of the report;

(ii) Note the update on key savings programmes, as set out in section 5 of the report;

(iii) Note the update on the impact of COVID-19 and the lockdown, as set out in section 6 of the report;

(iv) Approve the loan of £308,828 (including capitalised interest) to Barking and Dagenham Reside Ltd to smooth the financial return to the Council, as set out in section 9 of the report;

(v) Approve the working capital loan to Barking and Dagenham Reside Regeneration Ltd, at 3% interest with a maximum loan facility of £371,000, as set out in section 9 of the report; and

(vi) Approve the budget amendments / virement totalling £1.32m, as set out in section 10 of the report.

81. Budget Framework 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25

The Cabinet Member for Finance, Performance and Core Services introduced the Council's proposed budget framework for 2021/22 which incorporated the following:

- Proposed General Fund revenue budget for 2021/22;
- Proposed level of Council Tax for 2021/22;
- Medium Term Financial Strategy (MTFS) 2021/22 to 2024/25;
- Draft capital investment programme 2021/22 to 2024/25; and
- Update on the Dedicated Schools Grant and Local Funding Formula for Schools.

The Cabinet were reminded that the budget framework for 2021/22 was prepared in the context of unprecedented uncertainty arising from the continuing impact of the COVID-19 pandemic. The impact on the community of COVID-19 had resulted in financial pressures to the Council throughout 2020/21 which would have implications for years to come.

The Cabinet Member for Educational Attainment and School Improvement raised concerns that the census data for pupil premium, based on the take up of free school meals, had been moved back, potentially creating a huge loss for schools. This would mean that during a time of increasing child poverty, funding for the most vulnerable children in schools was being reduced.

The Cabinet Member for Health Integration and Social Care raised concerns that the Government's lack of support for social care and recent decision to reform the NHS following the pandemic may put more obligations on the Council, without additional resources being provided.

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

(i) Approve a base revenue budget for 2021-22 of £174.326m, as detailed in Appendix A to the report;

(ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2021-22 to 2024-25 allowing for other known pressures and risks at the current time, as detailed in Appendix B to the report, including the revised cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;

(iii) Note the observations made by the Overview and Scrutiny Committee at its meeting on 26 January 2021 in respect of the Cabinet's savings and growth proposals for 2021/22 and beyond and the outcome of the public consultation on the budget proposals, as set out in section 14 of the report;

(iv) Approve the budget savings and growth proposals for 2021/22 and beyond, as detailed in section 8 and Appendix C to the report;

(v) Delegate authority to the Chief Financial Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services, to finalise any contribution required to or from reserves in respect of the 2021-22 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2021;

(vi) Approve the Statutory Budget Determination for 2021-22 as set out at Appendix D to the report, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, an Adult Social Care precept of 3.00% and the final Council Tax proposed by the Greater London Assembly (9.5% increase), as detailed in Appendix E to the report;

(vii) Note the update on the current projects, issues and risks in relation to Council services, as detailed in sections 8-10 of the report;

(viii) Approve the Council's draft Capital Programme for 2021-22 totalling £399.105m, of which £30.845m are General Fund schemes, as detailed in Appendix F to the report;

(ix) Approve the Flexible Use of Capital Receipts Strategy as set out in

Appendix G to the report;

(x) Note the update on Dedicated Schools Funding and approve the Local Funding Formula factors as set out in section 13 and Appendix H to the report; and

(xi) Note the Chief Financial Officer's Statutory Finance Report as set out in section 15 of the report, which includes a recommended minimum level of reserves of £12m.

(Standing Order 7.1 (Chapter 3, Part 2 of the Council Constitution) was suspended at this juncture to enable the meeting to continue beyond the 9pm threshold).

82. Housing Revenue Account: Estimates and Review of Rents and Other Charges 2021/22

The Cabinet Member for Regeneration and Social Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2021/22, and the available HRA resources within the context of the 30-year Business Plan.

The Cabinet Member advised that 2021/22 was the second year in which the Council was able to increase rents since the Government imposed the 1% rent reduction policy on all providers of social housing from April 2016. It was proposed that rents increase by CPI + 1% from April 2021, resulting in an average HRA rent increase of £1.44 per week, from £95.76 per week to £97.20 per week.

Cabinet **resolved** to:

(i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be increased by the Consumer Price Index (CPI) (September 2020) of 0.5% + 1%, from the current average of £95.76 per week to £97.20 per week;

(ii) Agree the following service charges for tenants:

Service	Weekly Charge 2021/22	Increase / reduction
Grounds Maintenance	£2.93	£0
Caretaking	£7.65	£0
Cleaning	£3.68	£0
Estate Lighting	£3.94	£0.02
Concierge	£10.06	£0
CCTV (SAMS)	£6.17	£0
Safer Neighbourhood Charge	£0.52	£0.02
TV aerials	£0.62	£0

(iii) Agree that charges for heating and hot water increase by CPI (September 2020), as follows:

Property size	Weekly Charge 2020/21	Weekly Charge 2021/22
Bedsit	£13.34	£13.41
1 bedroom	£14.16	£14.23
2 bedroom	£16.99	£17.07
3 bedroom	£17.30	£17.39
4 bedroom	£17.75	£17.84

(iv) Agree that the above charges take effect from 1 April 2021; and

(v) Agree the HRA Investment in Existing Stock Capital Programme of circa £30.494m for 2021/22, together with the commitment of circa £6.06m for 2022/23 to enable My Place to commence design and procurement arrangements, as detailed in Appendix 5 and paragraph 4.4 of the report.

83. Air Quality Action Plan 2020-2025

The Cabinet Member for Enforcement and Community Safety introduced a report on the Air Quality Action Plan 2020-2025.

The Cabinet Member advised that although the air quality in the Borough was above the legal limit set by EU, it was still poor and remained a public health worry. In January 2020, the Council declared a climate emergency in the Borough to try and address the inequalities that existed. For example, poor air quality impacted more on those with respiratory illness and disproportionately affected the old and young.

The Cabinet Member advised that the new Air Quality Action Plan was being written into all strategic documents produced by the Council. An Air Quality Steering Group was also meeting quarterly with key partners across the Borough.

Cabinet **resolved** to:

(i) Approve and adopt the London Borough of Barking and Dagenham Air Quality Action Plan 2020-2025 for implementation, as set out at Appendix A to the report; and

(ii) Authorise the Operational Director for Enforcement and Community Safety, in consultation with the Cabinet Member for Enforcement and Community Safety, to approve any non-material amendments to the AQAP prior to publication.

84. Treasury Management Strategy Statement 2021/22

The Cabinet Member for Finance, Performance and Core Services introduced a report on the Treasury Management Strategy Statement 2021/22 which set out the Council's borrowing, investment and funding plans for the year ahead.

Cabinet **resolved to recommend the Assembly** to adopt the Treasury Management Strategy Statement for 2021/22 and, in doing so, to:

(i) Note the current treasury position for 2021/22 and prospects for interest rates, as referred to in sections 4 and 8 of the report;

(ii) Approve the Annual Investment Strategy 2021/22 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;

(iii) Approve the Council's Borrowing Strategy 2021/22 to 2023/24, as set out in Appendix 2 to the report;

(iv) Note that the Capital Strategy 2021/22, incorporating the Investment and Acquisitions Strategy, shall be updated and presented for approval in April 2021;

(v) Approve the Capital Prudential and Treasury Indicators 2021/22 to 2023/24, as set out in Appendix 3 to the report;

(vi) Approve the Minimum Revenue Provision Policy Statement for 2021/22, representing the Council's policy on repayment of debt, as set out in Appendix 4 to the report;

(vii) Approve the Operational Boundary Limit of £1.70bn and the Authorised Borrowing Limit of £1.80bn for 2021-22, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 4 to the report; and

(viii) Delegate authority to the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services, to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to consider the increase in short-term cash held from borrowing.

85. Procurement of All-Age Care Technology Service

The Cabinet Member for Social Care and Health Integration introduced a report on the procurement of an all-age care technology service.

The Cabinet Member advised that the Council needed to revolutionise the way care and support was provided and by procuring the right innovation partner, the Council would save money in the long term and provide a better service for residents. Key benefits of the new service could include:

- Improving access for groups who traditionally have had limited access to Care Technology;
- Delivering better outcomes for service users;
- A smooth and responsive experience for Social Workers, Occupational Therapists, and other referrers;
- A more cost-effective service than the current service, Financial benefits would be from both existing service users for whom new solutions are introduced at review and new entrants to social care support for whom costs will be mitigated and avoided; and
- A more flexible service that will be able to develop as new innovative

opportunities emerge and our health partners progress further with their offer.

Cabinet **resolved** to:

(i) Approve the procurement of an Innovation Partner for the management and delivery of an all-age Care Technology solution to the residents of Barking and Dagenham, in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Director of People and Resilience, in consultation with the Cabinet Member for Social Care and Health Integration and the Director of Law and Governance, to award and enter into the contract and any extension periods with the successful tenderer, in accordance with the strategy set out in the report.

86. Pay Policy Statement 2021/22

The Cabinet Member for Finance, Performance and Core Services introduced a report on the Council's Pay Policy Statement for 2021/22.

The Cabinet Member advised that, as required by the Localism Act 2011, the Council must agree, before the start of the new financial year, a pay policy statement covering chief officer posts and other prescribed information. The Council's draft Pay Policy Statement for 2021/22, which was attached at Appendix A, set out the expected position at 1 April 2021.

The report also sought Cabinet's approval to apply the uplift in the London Living Wage with effect from 9 November 2020, which increased the minimum hourly rate of pay from £10.75 to £10.85 per hour.

Cabinet **resolved** to:

(i) Agree the implementation of the London Living Wage increase from £10.75 to £10.85 per hour for employees and apprentices operating in service areas covered by Green Book terms and conditions, with effect from 9 November 2020; and

(ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2021/22 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2021.

87. Short-Term Contract for SIA Security and Ancillary Services - Direct Award

The Cabinet Member for Enforcement and Community Safety introduced a report on the proposal to directly award the Council's SIA Security and Ancillary Services contract to the current contractor, MPD FM Limited, for the seven-month period 1 February 2021 to 31 August 2021, while work continued on the full retendering of the service via a long-term contract.

Cabinet **resolved** to:

(i) Agree to the waiver of tendering requirements under the provisions of paragraphs 6.3 and 6.6 of the Council's Contract Rules and approve the direct award of the Council's SIA Security and Ancillary Services contract to MPD FM Limited (company no. 04632279) for the seven-month period 1 February 2021 to 31 August 2021, in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Operational Director for Enforcement and Community Safety to negotiate and enter into the contract on behalf of the Council.

88. Barking & Dagenham Trading Partnership - Request to Change Auditors

The Cabinet Member for Finance, Performance and Core Services introduced a report on the request from the Barking and Dagenham Trading Partnership (BDTP) to change its auditors, in line with the requirements of the Shareholder Agreement.

It was noted that BDTP wished to explore the potential benefits of changing auditors in view of performance issues being experienced with its current auditors, BDO.

Cabinet **resolved** to:

(i) Approve the Barking and Dagenham Trading Partnership's request to change its auditors; and

(ii) Delegate authority to the Chief Operating Officer, or nominated deputy, the power to agree on behalf of the Cabinet the appointment of an alternative Auditor on such terms as considered to be reasonable and effective to the Council as a Shareholder.

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CABINET

16 March 2021

Title: Update on COVID-19 Issues	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	**For Information**
Wards Affected: All	**Key Decision:** No
Report Author: Matthew Cole, Director of Public Health	**Contact Details:** E-mail: matthew.cole@lbbd.gov.uk
Accountable Director: Matthew Cole, Director of Public Health	
Accountable Strategic Leadership Director: Elaine Allegretti, Director of People and Resilience	

Summary:

The Cabinet will be provided with an update at the meeting on the latest COVID-19 pandemic issues relating to the Borough.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the update on the latest COVID-19 pandemic issues relating to the Borough; and

(ii) Comment on the latest issues and other matters pertaining to the Council's response to the pandemic.

Reason(s)

The ensure the Cabinet is kept informed of the latest Borough issues relating to the COVID-19 pandemic.

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

List of appendices: None

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CABINET

16 March 2021

Title: Revenue Budget Monitoring 2020/21 (Period 10, January 2021) and Capital Programme Update	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Katherine Heffernan and Philippa Farrell, Head of Service Finance	**Contact Details:** E-mail: katherine.heffernan@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	

Summary

This report sets out at a high level the Council's budget monitoring position and the likely challenges this year.

The Council's General Fund budget for 2020-21 is £155.796m. As a result of underlying financial pressures including increased costs, demographic and other demand growth, savings not yet delivered and other risks there is an underlying budget variance of £3.702m largely in Care and Support and My Place offset by underspends in Central Expenses and Enforcement. In addition, as a result of the COVID-19 epidemic, the lockdown, and subsequent economic impacts the Council has experienced a high level of additional costs and pressures including loss of service income from fees and charges. The minimum impact from this is assessed to be £30.455m including delayed or reversed savings which are also in the main forecast. Including these Covid costs, the Council's final net expenditure for the year is expected to be at least £189.954m. This would be an overall expenditure variance of £30.830m. This is an increased estimate since last month as a result of a reassessment of likely levels of bad debt provision that will be required in a number of areas.

There is £22.560m of unringfenced grant support funding for LBBD to support the additional costs of Covid, plus £1.363m has been received and a further £1.7m claimed as compensation for loss of income. In addition, by the end of January £12.6m of specific Covid related grants had been received which have been netted off in the forecasts. The Council has also received £0.634m of other (non Covid) non-ringfenced grants and a business rates pooling benefit of £0.503m. Taking into account this funding, the expected outturn for the Council is an overspend of £3.988m. The estimated pessimistic case for the Council is a further risk of £5.772m.

The potential range of outturn variance therefore is between £3.988m at the more optimistic end to £9.76m at the more pessimistic (although still entirely possible) end. This is a narrowing of the range since last month as we approach the end of the financial year. However, this narrowing in part represents a shift of risk and costs into the next financial year rather than an absolute reduction in increased costs. In practice the final outturn is likely to fall between those extremes with a likely overall variance of £6.874m. This is the main estimate and a sensible basis on which to plan. This could be funded

from the budget support reserve and some draw from the general fund – although the higher estimate would also mean more drawdown from the general fund reserve was required. It is therefore important that all possible action should be taken to reduce the overspend by identification and implementation of efficiency savings, short term cost reductions (such as delaying recruitment or non-urgent projects) or maximisation of income where possible given anti COVID-19 constraints.

Capital Programme 2020/21 spend to 31 December 2020 was £140.1m, with most of the spend in the Investment and Acquisition Strategy (£108.3m), Education, Youth and Childcare (£12.2m) and HRA (£12.9m). It is forecast that spend will accelerate towards the end of the financial year, especially in investments, but there remains uncertainty as to the impact of Covid-19 will have on the spend profile.

The Q3 forecast is a total of £285.8m spend in 2020/21, an underspend variance of £42.0m to the revised budget of £327.8m.

The report also sets out proposals for a new scheme relating to Chequers Lane environmental improvements and the associated section 106 allocations as well as proposals relating to the variation of the contract with Sports and Leisure Management Limited, who manage the Borough's leisure centres, in the light of the constraints that the company has faced as a consequence of the Covid-19 pandemic.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the projected revenue outturn forecast for the 2020/21 financial year as at 31 January 2021, as set out in sections 2 to 4 and Appendix A of the report, and the potential impact on the reserves position, as set out in section 7 of the report;

(ii) Note the update on key savings programmes, as set out in section 5 of the report;

(iii) Note the update on the impact of COVID-19 and the lockdown, as set out in section 6 of the report;

(iv) Note the Capital Programme expenditure and forecast position as at 31 December 2020 (Q3), as detailed in section 9 and Appendix 2 to the report;

(v) Approve a capital budget of £421,319.80 for the Chequers Lane environmental improvements scheme, to be fully funded from Section 106 contributions relating to the area, as set out in section 10 of the report;

(vi) Approve, in the light of the Covid-19 public health emergency, a contract variation under Contract Rule 58 (c) with Sports and Leisure Management Limited (company no. 02204085) in respect of the management of the Borough's leisure centres, as set out in section 11 of the report; and

(vii) Authorise the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to take any further decisions necessary in connection with the varied contract with Sports and Leisure Management Limited to ensure continuance of the service, including the entering into of any necessary documents, arrangements and/or further variations to give effect to recommendation (vi) above.

Reason(s)

As a matter of good financial practice, the Cabinet should be informed about the Council's financial risks, spending performance and budgetary position. This will assist in holding officers to account and inform further financial decisions.

1. Introduction and Background

1.1 This is the final budget monitoring report of the 2020/21 Financial Year. Although normally the main pressures and trends are clear this year there are complications arising from the COVID-19 pandemic and the response which creates uncertainty. For this reason, a range of potential outcomes is being reported. The Council should plan on the basis of the main forecast but should seek to be assured that the pessimistic/worst case scenario can be managed within its resources.

1.2 It is clear that this is a difficult financial year. The final outturn for 2019/20 was an overall overspend of £4.930m with £11m of overspent expenditure being offset by additional income. Most of this overspend was driven by long term budgetary pressures including demographic/demand pressures in Social Care and other frontline services. Considerable growth funding was provided in the MTFS including the use of additional government grant, but this was not sufficient to cover the level of pressure. This meant that there was a steep savings challenge and a potential overspend even before the impact of Covid.

2. The 2020-21 Budget Monitoring Position - Summary

2.1. The 2020-21 budget was approved by the Cabinet in February and is £155.796m – a net increase of £6.976m from last year. Growth funding was supplied for Care and Support (to meet demographic and cost pressures), ComSol (for Temporary Accommodation), Public Realm (to cover additional work from housing growth), Legal (to cover additional work) and Policy and Participation (for the Community Engagement Strategy.) It also includes £12.696m of new savings plans.

2.2. In response to the Covid situation the Government has made available to Local Authorities a range of grants. Where these are ring fenced grants for specific activities these have generally been netted off within the forecasts. However, the main support is in the form of a large unringfenced grant which has been treated as corporate income (like Revenue Support Grant.) Services that have incurred additional costs as a result of this epidemic have been identified in the financial systems with a project code. These additional costs are shown as an overspend against the original budget, offset by additional corporate income.

2.3. As shown in the table below there is an underlying pressure of £3.703m which includes £3.3m of savings not delivered or delayed as a result of COVID-19. This is offset by £1.138m income above budget. In addition, there are £30.455m net of COVID-19 costs or income losses that have already been incurred or seem unavoidable at this stage. This includes an increased bad debt provision – especially for households in temporary accommodation. This is offset by £25.703m, of general COVID-19 funding and income compensation. A new claim for income compensation has been submitted in December for £1.75m. This results in a net variance of £4.752m. This is a slight improvement since last month reflecting the minor improvements in Enforcement. However, it should be noted that there are further risks that are discussed further down in this report. A fuller table can be found in Appendix A showing the underlying pre COVID variances, the additional costs that are clearly attributable to COVID and the further level of COVID cost risk that the Council is facing.

2.4. The underlying forecast position has improved this month especially in Care and Support, Enforcement, Core and My Place.

	MAR-21			COVID ISSUES	
DEPARTMENT	ADJUSTED BUDGET	OUTTURN	VARIANCE	Covid Costs	FINAL VARIANCE
SDI COMMISSIONING	9,281,803	9,116,803	(165,000)	2,004,000	1,839,000
CORE	5,003,904	5,690,904	687,000	620,000	1,307,000
CENTRAL MINUS F30080	35,308,521	34,006,514	(1,302,007)	2,396,546	1,094,539
EDUCATION, YOUTH & CHILDCARE	4,251,906	4,251,906	0	741,500	741,500
LAW, GOVERNANCE & HR	(1,594,966)	(3,142,966)	(1,548,000)	1,526,000	(22,000)
STRATEGY & PARTICIPATION	1,757,904	2,482,356	724,452	3,615,282	4,339,734
CARE & SUPPORT	82,880,471	85,644,471	2,764,000	5,000,000	7,764,000
INCLUSIVE GROWTH	1,000,743	1,338,743	338,000	46,000	384,000
COMMUNITY SOLUTIONS	12,470,774	13,427,254	956,480	4,873,663	5,830,143
MY PLACE	5,571,542	6,819,542	1,248,000	1,200,000	2,448,000
REVENUES & BENEFITS	(136,122)	(136,122)	0	1,000,000	1,000,000
COMMERCIAL INCOME				2,275,000	2,275,000
SAVINGS DELAYED	0	0	(3,328,000)	5,157,000	1,829,000
TOTAL GENERAL FUND BUDGET	**155,796,480**	**159,499,405**	**374,925**	**30,454,991**	30,829,916
CORPORATE FUNDING	**(155,796,480)**	**(156,934,430)**	**(1,137,950)**	**(25,703,000)**	**(26,840,950)**
NET GENERAL FUND POSITION	**0**	**2,564,975**	**(763,025)**	**4,751,991**	**3,988,966**

3. Main Variances

3.1 This section sets out the main service variances in this financial year. In some areas there are underlying pressures and also there are known COVID-19 costs or income losses. As far as possible we have tried to distinguish between these but in some areas the relationship is complicated.

3.2 Care and Support

3.2.1 The total expenditure forecast for 2020/21 is £100.4m which would result in an overall budget pressure of £7.5m.

3.2.2 The table below summarises the overall position for each service.

People & Resilience Group	20/21 Budget £000	20/21 Forecast £000	Variance £000	Period Movement £000	Change since 2019/20 £000
Adults Care & Support	22,151	19,307	-2,844	-1,155	-243
Adults Commissioning	5,361	5,133	-228	-93	1,242
Disabilities Service	24,229	29,026	4,797	0	4,395
Children's Care & Support	37,762	43,574	5,811	-297	4,330
Children's Commissioning	3,882	3,847	-35	-35	-328
Public Health	(537)	(511)	26	(70)	26
Group Total	**92,848**	**100,378**	**7,529**	**-1,506**	**9,424**

3.3 **Adults' Care & Support**

3.3.1 Adults' Care and Support (ACS) detailed summary table below;

Service Area	20/21 Budget £'000	20/21 Forecast £'000	Variance £'000	Period Movement £'000
Adult packages	7,702	3,180	-4,522	-1,232
Adult teams	3,557	3,502	-55	0
Adult homes and centres	2,119	2,403	285	-15
Mental Health	7,413	8,932	1,519	93
Adults Other (Support Service)	1,360	1,290	-71	0
Directorate Total	**22,151**	**19,307**	**-2,844**	**-1,155**

3.3.2 The net forecast for Adults Care and Support (ACS) is £19.307m, which has resulted in a budget underspend of £2.844m.

3.3.3 Significant work has been undertaken by finance to re-align budgets to reflect a more realistic and current picture of our spend and income, the result is a much clearer picture of where our pressures or underspends are. However, there may be further realignments required this year in line with some changes in responsibility as set out in the Adults, Disabilities and MH PIDs.

3.3.4 Adults packages is forecasted to underspend by £4.522m, an improvement of £1.232m from reported period 9 position, this can be attributed to the following.

- £858k overspend on Homecare this has been caused by COVID and the greater need to provide care at home with outbreaks in care homes.
- £618k underspend on Residential and Nursing clients, this underspend is attributable to the fact the CCG has been funding and allocating placements for the first 6 months of the year due to COVID and the need to free up hospital beds quickly. Residential forecast has been adjusted to reflect the payment runs by the assessment team in Oracle.
- £949k underspend on Direct Payment as more clients are opting for Managed personal budgets. There is an improvement of £319k from last month's reported position, this position was being held back previously and has now been released to mitigate increasing demand elsewhere.
- £253k overspend on Supported Living attributable to demand led for spot placements.

- £190k overspend on Transport and Day Care service. Investigation underway as it is suggested that some Residential and Nursing care costs have been miscoded here. Appropriate corrective action will be taken to reflect this in next month's monitoring.

- £365k Overspend on Direct payments refunds, as financial assessment team is burst in calculating accurate package costs, hence reduction in clawbacks.

- The above is offset by the winter pressures money of £913k, £1.8m of BCF Funding, £1m of CCG Discharges funding for COVID-19 and £789k of unallocated growth monies from the previous year.

3.3.5 Mental Health (MH) is reporting a total overspend of £1.519m, an increase of £93k from last month reported position.

- £1.044m overspend on Home Care attributable to increases in Dementia cases.

- £526k overspend on Supported Living due to lack of Housing options for young people with MH and transitional cases. Additionally, the Complexity and chronicity in needs had also pushed costs up. This service has seen an increment of £170k from last month's position, as forecast has been adjusted to align with assessment team payment runs in Oracle.

- £2344k overspend on Direct Payments due to increases in Dementia cases.

- £367k underspend on Residential and Nursing due to COVID impact on death rate, causing more clients to opt for Home Care instead. An increment of £69k from last month's position as forecast has been adjusted to align with assessment team payment runs.

- £19k underspend on Day Care and transport. This is largely attributable to fear of Covid infection.
- £92k overspend on Additional staffing costs as per Mental Health PID

3.3.6 There is an estimated £285k overspend in the Adults Homes and Centres service, this is firstly, due to Relish café which has been closed for the entire year due to COVID. Secondly, NELFT (NHS) have moved out of Grays Court, hence the service is currently not receiving the normal rental income and business rates.

3.3.7 Reported £55k underspend in Adults Teams due to staffing vacancies. Adults Other block is forecasted to achieve an underspend of £71k. This is mainly centred on the Preventative Technology Grant service, which is not expected to be fully spent this year.

3.3.8 There has been a net favourable movement of £1.2m across Adults Care and Support in this month this is broken down below.

- A budget of £450k set aside for Assistive Technology projects will now not be spent this financial year, thus improving the in-year position.

- £350k built into the Nursing and Residential forecasts for additional pressure expected from the return of our clients from the CCG discharge funding has been removed as this pressure is not as much as initially expected, but it is expected to continue into the next financial year.

- The forecast for COVID related expenditure was overstated by £400k as it double-counted costs sitting in other parts of Care and Support; this has now been corrected which has improved the Adults position.

3.3.9 Included in this forecast is approx. £1.5m of COVID related expenditure, this includes uplifts to providers and a significant rise in MH cases due to the lockdown.

3.3.10 There has been a significant rise in demand within mental health, this is a culmination of increasing numbers but also the full year impact of the dementia cases that moved over to MH in the last financial year. Due to this unforeseen pressure, our contingencies for COVID-19 have been swallowed up leading to the movement in the position mentioned above.

3.4 **Disabilities Care and Support**

3.4.1 The Disabilities service detailed summary table is below:

Service Area	**20/21 Budget**	**Forecast**	**Variance**	**Period Movement**
	£0	**£0**	**£0**	**£'000**
Adults Care Packages	13,733	15,650	1,917	27
Children's Care Costs	1,946	2,564	618	0
SEND transport	2,892	4,196	1,304	0
Centres and Care Provision	1,960	2,345	385	(15)
Staffing/Management	3,698	4,272	574	(12)
Directorate Total	**24,229**	**29,026**	**4,797**	**0**

3.4.2 The Disability Service is projecting an expenditure of £29.026m against a budget allocation of £24.229m. The net position of P10 remains the same as reported in the previous month.

3.4.3 Packages and Placements total overspend of £3.839m, the breakdown of this is reported below: -

- **£1.917m** overspend on Learning Disabilities Adults – There has been an adverse movement of £27k from P9. This is due to a reduction in the expected contribution from supported living clients. The current forecast of LD packages is based on clients recorded on Controcc as at end of January.

- **£1.304m** Out of Borough School Transport overspend -This is due to the redesign of the school routes taking in the light of COVID and social distancing requirements. More vehicles have been deployed on the routes for the protection of the children. There has been no change to the position at P9 but this will be reviewed when the schools re-open fully.

- **£618k** budget pressure on the Children with disabilities social care provision. The forecast at P10 remains unchanged from the previous months position. The overspend is due to various support packages put in place for the children which include respite packages and family support /contact (£484k) secure transportation (£75k), court costs (£40k) and direct payments (£19k).

3.4.4 Teams and Centres total overspend is forecast at £954k which is a reduction of £27k from the previous month. The reduction is mainly due to the grant for infection control in the centres (£15k) and revised staff cost projection across the teams (£12k).

- **£385k** overspend across the centres is due to the loss of income due to the pandemic (£324k) and other unbudgeted but essential expenditure items at 80 Gascoigne (£88k). The overspends are being mitigated by an underspend of £27k at the Heathway centre.

- **£345k** Overspend on School Psychological Services due to loss of income due to school closures over the pandemic and schools only purchasing the statutory minimum for the new school year.

- **£225k** overspend against the other Teams budget. This is due to the need to recruit agency staff in both Life planning teams due to the increase in caseloads as a direct result of the pandemic. Included in the overspend also is the staff pay awards and unbudgeted employers' liability.

3.4.5 Included in this forecast is the estimated COVID-19 related expenditure of £1.075m. £648k on additional vehicles for home to school transport, £128k one off direct payment support, £197k of equipment and minor adaptation following hospital discharges and £90k for additional agency staff to cover the increased case workload.

3.5 **Children's Care & Support**

3.5.1 Children's Care and Support detailed summary table below:

Service Area	20/21 Budget £'000	20/21 Forecast £'000	Variance £'000	Period Movement £'000
Corporate Parenting & Permanence	22,069	28,169	6,100	16
Family Support & Safeguarding	5,640	5,617	-23	-76
Assessment &Intervention Team	4,004	3,920	-85	-64
SLT & Service Development	2,193	2,444	251	0
Specialist Intervention Service	2,143	1,953	-190	-190
Adolescence & YOS	1,713	1,471	-242	17
Directorate Total	**37,762**	**43,574**	**5,811**	**-297**

3.5.2 Children's Care and Support is projecting an outturn position of £43.574m which would result in a budget overspend of £5.811m. There has been a net favourable variance of £297k across the various service areas.

3.5.3 The projected overspend is £6.1m is due to packages and the breakdown is as follows:

- £2.713m overspend on Residential Homes.
- £1.962m overspend on Leaving care services.
- £770k overspend Family Assessment Units

- £612k overspend on Specialist Agency Fostering
- £385k overspend on Adoption Placements.
- £263k overspend in Asylum Seeker
- The overspending above is mitigated by underspends of £605k across inhouse foster care provision, secure placements, and team budgets.

3.5.4 The Adolescence and Youth Offending Service is forecast to underspend by £242k this is because of vacant posts within the establishment. There has been an increase in expenditure of £17k from the position at P9. This is because of the review of income due from external funding sources.

3.5.5 The Specialist Intervention Service is forecast to underspend by £190k. This is because of posts remaining vacant this financial year and the inability of the teams to deliver the full range of contact and family support work due to the pandemic.

3.5.6 Family Support & Safeguarding Team is reporting an underspend of £23k, an improvement of £76k from P9. The forecast for legal and court costs has been revised due to the reduced volume of cases held by external counsel. The virtual court hearings due to COVID has had a positive impact on costs as hearings are booked for half a day instead of the full day and additional expenses incurred by travelling to court.

3.5.7 Assessment and Intervention team including the MASH service is projecting an underspend of £85k. There has been a reduction in forecast of £64k from the previous months position. This change is due to the review of staff cost projections in the MASH team. The underspend is due posts which have remained vacant this financial year.

3.5.8 The overall position of Children's care and support is a favourable variance of £297k. The reasons for this are a combination of vacant posts, inability of the SIS to deliver its full range of services due to the pandemic and reduced legal expenses. There has been an increase of 1 new LAC case in the January. at a projected cost of £226k.

3.5.9 The budget pressure on residential placements is in part due to the impact of the COVID-19 pandemic and the availability of providers to meet the increased demand and complexity of cases. There are 15 children with disabilities in this cohort with a projected expenditure of £3.493m.

3.5.10 There is approx. £1.9m of spend within the forecast that can be directly attributed to the COVID Pandemic.

3.6 My Place

3.6.1 The My Place summary table is below.

PERIOD 9		2020/21	PERIOD 10			
FORECAST	VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
£000	£000		£000	£000	£000	£000
9,913	1,554	MY PLACE	8,399	9,569	1,170	(384)
10,837	1,355	PUBLIC REALM	8,604	9,882	1,278	(77)
20,750	**2,909**	**TOTAL MY PLACE**	**17,003**	**19,451**	**2,448**	**(462)**

3.6.2 The Directorate is reporting a forecast overspend of £2.448m. This represents a positive movement of £462,000 from last month. It is estimated that COVID-19 related costs and income loss account for £1.2m of the overspend.

3.6.3 The budget has been increased since last month: £260k has been applied to reduce the Cemeteries income target and £45k in recognition of Street Lighting price inflation. An increase of £100k has been assumed for Employer Liability insurance funding.

3.6.4 My Place (excluding Public Realm) is reporting a £1.169m overspend which is an improvement of £385k.

PERIOD 9			PERIOD 10			
FORECAST	VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	P9 to P10
£000	£000		£000	£000	£000	£000
2,811	14	BUSINESS DEVELOPMENT	2,798	2,860	63	49
12,969	(189)	CONTRACTS MGMT	13,158	12,887	(271)	(82)
3,992	(42)	LANDLORD SERVICES	4,034	3,982	(52)	(10)
(4,359)	2	LEASEHOLD & COMMERCIAL	(4,361)	(4,385)	(24)	(26)
(19,638)	1,916	MNGMT CENTRAL	(21,553)	(19,918)	1,636	(280)
14,137	(146)	PROPERTY ASSETS	14,324	14,142	(182)	(36)
9,913	1,554	TOTAL	8,399	9,569	1,169	(385)

3.6.5 Management Central is reporting an overspend of £1,636k.This is attributable to a £936k reduction in the recharge from My Place to the HRA plus an estimate of £500k for employer liability insurance premiums which are unfunded and an erroneous income budget of £174k. The position has improved by £280k on last month as agency and consultancy costs have been transferred to the appropriate budgets. There is a small overspend of £63k in Business Development, but other services are underspending by a total of £529k

3.6.6 The overspend on Public Realm has reduced by £77k to £1,278k.

PERIOD 9		2020/21	PERIOD 10			
FORECAST	VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
£000	£000		£000	£000	£000	£000
8,980	1,725	OPERATIONS	7,255	9,343	2,088	363
2,076	(122)	PARKS & ENVIRONMENT	2,458	2,073	(385)	(262)
(401)	(10)	FLEET MANAGEMENT	(391)	(617)	(226)	(216)
(925)	(237)	COMPLIANCE	(718)	(916)	(199)	39
(30)	0	ELWA	(30)	(30)	0	0
9,699	1,355	TOTAL	8,604	9,882	1,278	(77)

3.6.7 Operations is forecast to overspend by £2.088m offset by underspends in Parks, Fleet and Compliance. Operations continues to incur significant COVID related costs across Waste, Street Cleansing and Caretaking due to additional staffing requirements and increased transport costs.

3.7 Strategy and Participation

3.7.1 The Strategy and Participation summary table is below:

	Adjusted Budget £'000	Forecast £'000	Variance £'000	Change £'000
Director	(106)	144	250	226
Leisure Parks and Heritage	(889)	3,063	3,952	68
Culture	1,155	1,183	28	(17)
Participation	998	983	(14)	(68)
Comms	112	153	42	48
Insight	460	473	13	(24)
Advertising	(158)	(33)	126	10
PMO	135	79	(56)	(56)
Transformation	2,139	2,139	0	0
ERP	586	586	0	0
Total	4,432	8,772	4,340	186

3.7.2 Strategy and Participation is forecast to overspend by £4.34m of which £3.615m is due to the impact of COVID-19 on income from the leisure centres concession and loss of income from museums and parks.

3.7.3 Leisure, Parks and Heritage are forecast to overspend by £3,952k. Approximately £3,226k of this is attributable to the support package provided to SLM and associated legal costs. The £2,057k concession fee for 2020/21 has been waived and funding of up to £965k is to be provided. Cashflow support of £241k to cover payroll costs has been repaid to the Council. A bid has been made to the National Leisure Recovery Fund and it is anticipated the outcome will be known shortly.

3.7.4 Parks Commissioning are forecasting to overspend by £745k due to non-achievement of MTFS savings for 2020/21. It was planned to meet the savings target through income from soil importation to Central Park, but the timescale for this has slipped.

3.7.5 Heritage services are forecast to overspend by £195k which is partly due to income loss whilst Valence House Museum and Eastbury Manor House are closed.

3.7.6 The advertising budget is forecast to overspend by £125k which is attributable to a loss of income due to COVID. NNDR costs of £19k are unfunded.

3.8 **Core**

3.8.1 The Core service summary table is below:

	Adjusted Budget £'000	Forecast £'000	Variance £'000	Change £'000
Finance	2,314	1,755	(559)	(447)
IT	1,934	2,106	172	(400)
Commercial	(13)	480	492	(82)
Investment Strategy	(4,673)	(4,674)	(1)	0
Customer Services	7,129	8,236	1,107	(419)
Strategic Leadership	63	159	95	0
Total Core	6,754	8,061	1,307	(1,348)

3.8.2 Core Services are forecast to overspend by £1.307m, which is a reduction of £1.348m. COVID costs account for £620k of the overspend.

3.8.3 Finance are forecasting to underspend by £559k. This is all attributable to Insurance where income from the recharge of insurance premiums attributable to last financial year has been recovered in 2020/21.

3.8.4 IT are forecast to overspend by £172k after drawing down £668k from the Core Infrastructure fund. This forecast is based on a number of factors including assumptions made with regard to the final settlement with Elevate and the level of project recharges.

3.8.5 Commercial Services are forecasting a pressure of £492k, which is largely due to the impact of COVID-19 on commercial income. This comprises £172k on the Film Unit and £240k on the CR27 Travelodge investment. There is also a pressure on Procurement of £132k due to non-achievement of income targets.

3.8.6 Customer Services are forecast to overspend by £1,107k of which £207k is due to a shortfall in Registrars income due to COVID-19. The balance is due to a budget shortfall on the cost of services transferred from Elevate.

3.8.7 Strategic Leadership are forecasting a pressure of £95k which comprises salary budget underspends of £98k offset by £194k of Core Savings which have not been achieved.

3.9 Law and Governance and HR

3.9.1 The Law and Governance and HR service summary table is below:

	Adjusted Budget £'000	Forecast £'000	Variance £'000	Change £'000
Enforcement	(2,788)	(2,522)	266	(93)
Democratic Services	1,010	871	(140)	56
HR	(10)	(172)	(162)	(231)
Leader and Cabinet Office	(7)	7	14	(15)
Legal	919	919	0	(0)
Total LGHR	(876)	(897)	(22)	(283)

3.9.2 Law Governance and HR are forecast to overspend by £22k after drawing down £452k from reserves. This represents a reduction of £283k from last month.

3.9.3 Enforcement are forecast to overspend by £266k. This broadly comprises overspends in Parking of £935k and East Street Market of £532k, offset by salary underspends across most services. Several restructures have taken place over the last year, e.g. Regulatory Services and Community Safety, and several posts remain vacant. The overspends in Parking and East Street Market are due to the impact of COVID on income levels.

3.9.4 HR are forecast to underspend by £162k due to a higher level of trading income than anticipated, mainly from schools and the traded entities.

3.9.5 Democratic Services are forecast to underspend by £140k, largely because members have claimed less in expenses over lockdown.

3.9.6 Legal services are forecast to overspend by £300k due to increased costs and reduced income recovery. This will be met by a transfer from the legal reserve.

3.10 Community Solutions

3.10.1 The Community Solutions service detailed summary table is below:

Service Area	20/21 Budget £000	Forecast £000	Variance £000	Period Movement £'000
Intervention Lifecycle	387	1,194	807	645
Triage Lifecycle	2,192	1,753	(434)	(453)
Support Lifecycle	4,110	3,498	(612)	(651)
Universal Lifecycle	4,558	4,271	(287)	(287)
Service Dev. & Dir of Comsol	1,194	2,260	1,066	1,099
Works & Skills Lifecyle	523	734	211	282
Revs & Bens Lifecycle	3,331	3,503	172	250
Directorate Total	**16,295**	**17,180**	**923**	**885**

3.10.2 Community Solutions is forecast to overspend by £923k excluding the impact of Covid, unchanged from previous months. The overspend is due to combination of factors including the loss of grant income for the Works and Skills lifecycle and the brought forward budget gap for staffing costs within the service. There are also risks to the MTFS savings plan for reducing the cost of homelessness. The service has worked on budget realignment to ensure that the Oracle budget matches the respective budgets for each area. The improved forecast position which has resulted in the reduction of the reported overspend from £1.094m to £923k overspend is due to the effectiveness of management actions developed to mitigate the overspend which includes, vacancy freeze, moratorium on consultancy budget, reattribution of costs to grants, savings on print & posts etc.

3.10.3 The management actions being delivered by the service has been effective in achieving savings and in most cases are resulting in the downward trend in overall outturn forecast, however because the service costs are volatile and sensitive to unpredictable demands, we are gatekeeping a strict monitoring regime to avoid reporting monthly fluctuating outturn position. The reported figures for Comsol include circa £172k pro-rata of pension costs for Revenues and Benefits Service that has recently joined Comsol from September.

3.10.4 This is a service area that has seen a large impact from Covid including loss of income in Universal services (libraries, nursery and children's centres) and increased voids in hostels and the accommodation of rough sleepers and other homeless families. The bad debt provision has also been assessed and an increase of £2.5m is expected.

3.11 Revenues and Benefits

3.11.1 Revenues and Benefits is forecast to overspend by £1m due to a loss of courts income as a result of COVID-19. The Court service has been suspended, and courts remain closed for all cases with the exception of those deemed priority. This means that it is not possible to obtain a liability order which allows further action by enforcement agents.

3.12 Inclusive Growth

3.12.1 Inclusive Growth is forecasting a £338k overspend. The service has an historic income target of £400k which is unrealistic given the only income generated is a share of the admin fee chargeable on developments subject to Community Infrastructure Levy (CIL). This non achievement is not within the budgetholder's control and needs to be reviewed in next year's budget setting. There may also slight covid effect delaying some CIL income as this is highly variable dependent on the value and timing of developments.

4. Housing Revenue Account

4.1 The HRA is forecast to overspend by £3.034m which is a reduction of £2.2m on last month.

PERIOD 9		PERIOD 10			
FORECAST	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£000	£000	£000	£000
45,248	SUPERVISION & MANAGEMENT	45,055	44,264	(791)	(984)
18,579	REPAIRS & MAINTENANCE	14,220	17,520	3,300	(1,059)
419	RENTS, RATES ETC	357	419	62	0
10,742	INTEREST PAYABLE	10,742	10,742	0	0
15,860	DEPRECIATION	15,860	15,860	(0)	(0)
2,200	DISREPAIR PROVISION	0	2,200	2,200	0
3,309	BAD DEBT PROVISION	3,309	3,309	0	0
685	CDC RECHARGE	685	685	0	0
97,042	**TOTAL EXPENDITURE**	**90,227**	**94,999**	**4,771**	**(2,044)**
(20,499)	CHARGES FOR SERVICES & FACILITIES	(20,497)	(21,972)	(1,475)	(1,473)
(85,288)	DWELLING & NON-DWELLING RENTS	(85,755)	(85,266)	489	23
(50)	INTEREST & INVESTMENT INCOME	(350)	(50)	300	0
(105,837)	**TOTAL INCOME**	**(106,602)**	**(107,288)**	**(685)**	**(1,450)**
0	**TRANSFER TO HRA RESERVE**	**0**	**1,205**	**1,205**	**1,205**
14,119	**TRANSFER TO MRR**	**16,375**	**14,118**	**(2,257)**	**(1)**
5,324		-0	**3,034**	**3,034**	**(2,290)**

4.2 Supervision and Management is forecast to underspend by £791k which is largely due to the correction of income mapping issues on Street Properties which means this income had previously been understated.

4.3 Repairs and Maintenance is forecast to overspend by £3.3m. This comprises a forecast overspend of £765k on DLO salaries and £2,109k on Revenue Voids and Mechanical and Electrical Compliance maintenance expenditure.

4.4 A provision of £2.2m has been made for the legal costs of disrepair cases. Legal Services have provided an estimated cost in relation to 100 disrepair claims that are underway against LBBD as the landlord. 16 disrepair cases have been settled to date.

4.5 Leaseholder Service charges are forecast to over-recover by £1.4m and £1.2m will be transferred to the HRA reserve to fund future Major Works.

4.6 There is an overspend of £489k on Dwelling Rents which is within acceptable tolerances. Interest & Investment Income is forecast to overspend by £300k due to reduced investment income and interest accrued on reserve balances. The impact of Covid is likely to require a large increase to the bad debt provision but this can be contained within the budget allowed.

5. Key Savings Programmes

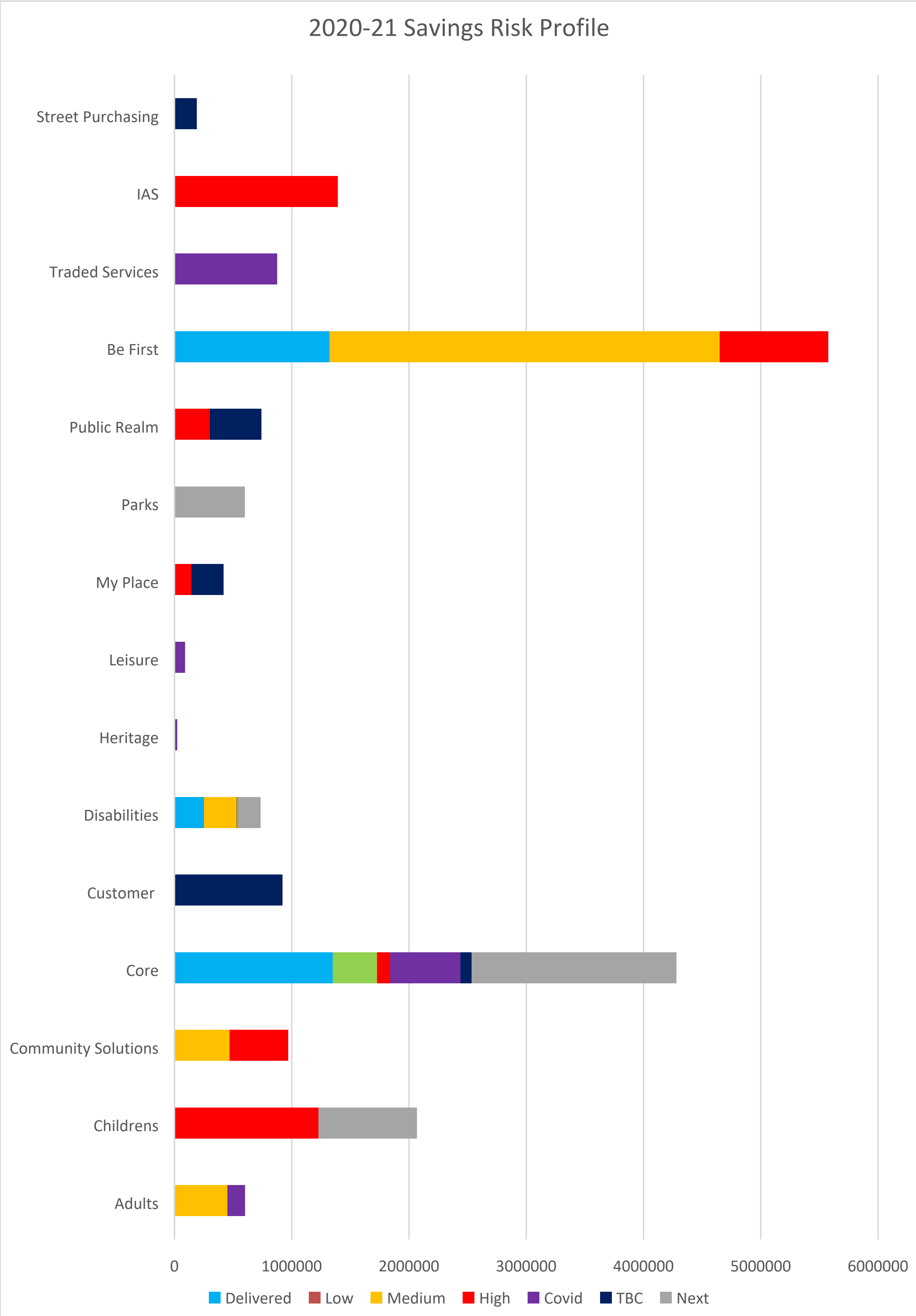
5.1 2020/21 is the fourth and final year of the original Ambition 2020 savings and transformation programme. The total savings for the target is £48.8m of which £36.129m was originally profiled as to be delivered by the end of 2019/20 and £12.696m is due in 2020/21. As at the end of 2019/20 the total delivered was £29.314m leaving £6.788m undelivered at that point.

5.2 Progress on savings delivery has been slow this year – partly as a result of Covid. A small number of savings have been assessed as impossible to deliver in the current year but may be possible to reinstate in future years. These are largely income related and include the Leisure Concession Fee which will not be payable in 2020/21, increased Heritage income, a further change to the Adults Charging Policy and the Council Tax Support Scheme (part of the Core programme) where the impact of the epidemic has reversed the previous reduction in this scheme.

5.3 In addition there are a large number of savings where the original plans have been delayed (My Place restructure) or are much more difficult/high risk (Debt collection in Core, Homelessness reductions in COMSOL.) In addition, it is now expected that the additional income from BDTP will not be achieved this year as a direct result of COVID.

5.4 The largest programmes for this year are Be First where we are still awaiting final confirmation of the returns to be made to the Council and the Core programme. A detailed review of this programme has established that 40% of the target is delivered or on track, 40% is expected to be delivered next year while the balance remains high risk. As part of a detailed review of Care and Support for the MTFS, these services have identified new plans to deliver their remaining savings gap through increased income collection, small service efficiencies and commissioning savings. These are expected to come into effect over this financial year and next.

5.5 The table below shows the risk breakdown of savings in the current financial year.


2020-21 Savings Risk Profile
Street Purchasing
IAS
Traded Services
Be First
Public Realm
Parks
My Place
Leisure
Heritage
Disabilities
Customer
Core
Community Solutions
Childrens
Adults
0
1000000
2000000
3000000
4000000
5000000
6000000
Delivered
Low
Medium
High
Covid
TBC
Next

6 COVID-19 Risks

6.1 The known pressures associated with COVID-19 have been shown separately in the table in section two. The Council has experienced both cost increases and loss of income. Cost pressures are made up of additional demand for services and additional costs of providing services including the costs of PPE for front line works and new IT equipment for those working from home.

6.2 Income losses were incurred across the Council with the almost total suspension of a range of normal activities during the initial period of lockdown. Almost all services experienced some degree of loss, but Enforcement was particularly affected from the reduction in parking, licensing and market income. In addition, the Council's leisure centres were closed and return to normal activity is expected to be slow resulting in the loss of the concession income from the managing partner company. Since the easing of the lockdown income levels for Enforcement have begun to increase again but whether this can be sustained will depend on whether further restrictions are introduced.

6.3 Details of the Income Loss Compensation scheme have now been announced. This provides 75% compensation for income losses after the first five percent reduction. The Council has now submitted two claims for the April to November period and claimed £3.127m in total. Further income losses are expected to be compensated at similar levels.

6.4 In addition, there have been £12.3m of specific grants including for Test and Trace, Infection Control, Contain Outbreak Management and Welfare Support and Food Assistance and NHS funding available to support discharges from hospital to social care. These have been netted where they are being allocated directly to services.

6.5 However, there are further risks to the Council from the second lockdown and any further impacts. The total pessimistic case estimate is a total pressure in the region a further £5.8m of further costs. This figure is reducing as we near the end of the financial year but we are now expecting some costs to continue into the next year.

6.6 The further risks are chiefly a further £3.5m potential commercial income risk and up to £2.3m risks in Care and Support and Community Solutions (especially Homelessness) if activity increases sharply. There are also risks around loss of Parking income and additional costs in Enforcement and Policy and Participation.

7. Impact on Reserves

7.1 The potential range of outturn variance therefore is between £3.988m at the most optimistic end to £9.760 at the more pessimistic (although still entirely possible) end. In practice it is likely to fall between those extremes with a likely overall variance of £6.8m (ie assuming that half of the future risks come to pass.)

7.2 There are several reserves that would be available to meet this level of pressure. As at the end of 2019/20 there were sufficient funding across the budget support and restructuring reserves to cover the lower range of scenarios. There would need to be a small drawdown on the general reserve to meet the higher end of the range.

7.3 On the basis of these estimates the overspend is containable within Council resources but could have a detrimental effect on our future financial resilience.

7.4 Alternatively if we wish to preserve the General Fund or if further call on reserves is required there are a number of reserves held for longer term investment such as the Capital Investment reserve and the Corporate Infrastructure reserve that could be used in the short term. They would require repayment in future years in order to deliver against the Council's longer-term plans and strategies.

8 Council Companies

8.1 The accounts for the 2019/20 are being finalised and will be subject to audit. Following this there will be a formal process to agree any returns or dividends to the Council. It must be remembered that although the dividends will be based on the previous financial year, the company boards will need to consider the current financial and trading position before agreeing release of funds and so the COVID-19 risks could result in a lower return than expected in 2021/22. For this reason, there is now a high expectation that it may not be possible for BDTP to make a full payment of dividend in this financial year. The company did return a profit in 2019/20 but some of their trading in this year has been affected by the Covid lockdown. It would not therefore be prudent for them to diminish their cash reserves by returning a payment this year. This has created a £2.273m in year financial risk. It is expected that this is a short-term impact and dividends will be payable in future years. The other companies are less exposed to the lockdown effect and we are still forecasting returns from them. The process for the respective boards to meet and approve dividends will take place in the next few months.

9. Capital Programme

Capital Monitoring - Summary Q3 2020/21

9.1 The capital programme for 2020/21 was reviewed in Q1 and agreed at the September 2020 Cabinet, with further budget adjustments subsequently approved at December 2020 Cabinet. The revised budget provides a more achievable capital programme but even with the relatively reduced capital programme, spend to date remains significantly below the revised budgets.

9.2 Capital Programme 2020/21 – Q3 Spend

9.2.1 The 2020/21 spend to 31 December 2020 was £140.1m, with most of the spend in the Investment and Acquisition Strategy (IAS) - £108.3m, Education, Youth and Childcare - £12.2m and HRA - £12.9m. It is forecast that spend will accelerate towards the end of the financial year, especially in investments but there remains uncertainty as to the impact of Covid-19 will have on the spend profile.

9.2.2 The Q3 forecast is a total of £285.8m spend in 2020/21, a variance of (£42.0m) to the revised budget of £327.8m. The majority of the spend will be on residential developments, with a total of £177.2m expected to be spent. A number of schemes are currently being developed and may be completed in 2021/22.

9.2.3 A summary of each department's spend, including the forecast spend for each, is provided below.

9.3 **IAS (Forecast to spend 92.7% of £231.2m budget):**

9.3.1 The IAS incurs the largest capital spend, forecast to be £214.3m in 2020/21. Most of this spend (£177.2m) will be in residential developments with nearly 80% of the homes being built will be affordable, with a number of them completing in the next two years. The largest developments forecast spend for the year are summarised below, including their forecast completion date:

Scheme Name	2020/21 Expenditure £000s	Forecast Practical Completion Date
Gascoigne West Phase 1	40,232	Jul-2022
Crown House	28,401	Apr-2022
Gascoigne West Phase 2	18,973	Sep-2023
Sebastian Court	15,035	Jul-2021
Gascoigne East Phase 2	14,544	Mar-2022 to Mar-2024
Padnall Lake	6,396	Jan-2024
Grays Court	6,189	Jan-2021
12 Thames Road	5,187	May-2023
Sacred Heart	4,934	Sep-2021
Woodward Road	4,320	Sep-2022
Gascoigne East Phase 3	4,297	Jul-2024
200 Becontree	3,874	Sep-2021
Wivenhoe Containers	3,066	Feb-2021
A House for Artists	3,012	Sep-2021
Weighbridge	2,252	Feb-2021

9.3.2 The capital spend is the gross development cost, with grant and sales funding removed via funding to produce a net borrowing amount. Expenditure, where the spend is incurred in a Special Purpose Vehicle, such as for Muller, are not included as this is reflected as a loan or equity investment rather than capital spend. In-year agreements and cost increases can mean that the final budget may differ significantly compared to the budget proposed.

9.3.3 A number of large-scale developments have recently been brought to Cabinet agreement. These will have a significant impact on future capital budgets but the impact on 2020/21 will likely be limited. A number of schemes also require budgets to be revised as a result of overspends and in some cases acceleration. Due to the size of some of the contracts that have been awarded, commitments may be significantly higher than the forecast spend for 2020/21.

9.3.4 The sale of the majority of the film studio site should completed in 2020/21 and the resulting cash, funded by long term borrowing, will be used to fund further investments in the IAS.

9.4 **General Fund**

9.4.1 **Adults Care & Support (Forecast to spend 45.4% of £2.2m budget)**

Covid-19 has delayed spend overall. Work has now recommenced, although resistance on entry by residents exists, with delays expected due to the winter period effecting desirability of works by residents in cold weathers. DFG funding will allow carry forward. There are 83 live streams of works taking place with increased streams to occur. Payments for the final implementation of the Liquid Logic social care system paid bringing project to completion. Funding provided for the Breezie Project and for some of the refurbishment for Kallar Lodge.

9.4.2 **Community Infrastructure Levy (Forecast to spend 43.2% of £1.7m budget)**

Several new schemes have come on stream including, Boxed up Crime, Kingsley Hall, and the East End Women's Museum. There will be an impact on some of the spend as a result of Covid-19. Allocations agreed by developers and LBBD in 2019/20 to fund community infrastructure and can be used to help fund parks and youth services. The project manager (PM) is waiting on the 3rd parties to submit their claims before releasing the funds of £1.7m.

Steady forecast:
BRL Thames Clipper (CIL) On Plan
Green Community Infrastructure "Company Drinks" On plan

Reduced forecast:
Box Up Crime New designers are being bought in to ensure the project is designed and delivered within the allocated budget.
East End Women's Museum Progress dependent on project team recruitment.
Becontree Centenary - Create London Programme delivery reviewed given covid-19 delays

Litter in Parks (CIL) to be spent in 2021/22

9.4.3 **Community Solutions (Forecast to spend 100.0% of £187k budget)**

The funding is being used for building improvement and modernisation works including the creation and design of additional spaces to future proof the building and make it more accessible for residents and service users. A project to redesign the children's library is underway which will make full use of the area and create an inspirational learning space that will stimulate young minds and encourage cognitive and literary development. The remaining funds are to be used to redevelop the space formerly occupied by Bath Haus Spa. Contractors are currently providing quotes that will allow the space to be opened up and create additional capacity for staff including desks, offices, and rest facilities. It is currently envisioned that work will commence in Q4 2021.

The budget for Barking Learning Centre Works will be spent in Q3/4 and will be used to increase the scope and coverage of CCTV & Panic Alarms including in the newly created areas that are being developed. Conversations with contractors underway, with projects reaching completion stage once budget is fully spent.

9.4.4 **Core (Forecast to spend 31.6% of £4.2m budget)**

Q4 will see the bulk of the project delivery now that lockdown has been lifted. Work is still required to realign the budgets for IT related projects, it is expected costs relating to the implementation of the new ERP will be capitalised.

9.4.5 **Culture, Heritage & Recreation (Forecast to spend 46.5% of £3.069m budget)**

An update on individual projects is provided below:

Lakes: This budget has been used to deliver a range of physical lake related improvements at ECP and Mayesbrook Park, and also fund survey related work in support of the 'Redressing Valence' project and associated improvement of the moat and surrounding area. POs have also been raised for lake related works at ECP, including 6 x accessible angling platforms on Tom Thumb Lake & an accessible pond dipping platform on BARDAG lake. Further spend is anticipate this year related to the Barking Park lake revetment works, subject to receiving the final designs and costs. The balance of funding will be carry forward into 2021/22.

Park Infrastructure: This budget has been used to deliver a wide range of infrastructure enhancements, most recently footpath improvements and CCTV foundation repairs in Barking Park and new fencing to secure the old bowling green in Central Park. A variety of similar infrastructure enhancement schemes are planned, so no carry forward into 2021/22 is anticipated.

Fixed play: A contribution of £8.5k has been made to deliver a Ward Member supported outdoor gym in Heath Road Open Space & works on the embankment slide and crawl tunnel in Barking Park are planned (£16.8k). Discussions are ongoing with Parks and Environment regarding delivery of similar fixed play related schemes in several other parks this financial year (e.g. Greatfields, Oval Road North, KGV and St Chads). So, potentially all the budget will be allocated this year, subject to the development of these identified priority schemes. However, the Greatfields Park proposals will be informed by ongoing consultation being delivered in partnership with The Campaign Company, & the St Chads Park proposal will be delivered when the s106 £50k becomes available. Any balance of funding remaining will need to be carried forward into 2021/22.

Park Building Surveys: Several projects have been completed (e.g. repairs to the Company Drinks pavilion roof in Barking Park). A condition survey for the ECP Discovery Centre has been commissioned & this will identify related building improvement works, including refurbishment of the viewing platform. However, planned repairs (c.£21k) to the Barking Park Indoor Bowls Pavilion have been put on hold. Therefore, the balance of funding will be carried forward into 2021/22.

Abbey – Unlocking Barking's Past: Initial studies and design have been completed. However, scheme completion is dependent on the appointment of a contractor for physical repairs & this work is normally best carried out in summer.

Children's Play: Limited spend to date. However, in partnership with Parks and Environment a programme of fixed play related projects has been developed.

Central Park Master Plan: Following a meeting with Alliance Leisure a revised project timetable and associated budget/spending plan is being prepared. The balance of funding will be carried forward into 2021/22. A response to Planning Conditions was submitted and the last water test was completed mid Jan.

<u>Timetable:</u>
- Phase 1: Start April 2021, Duration 5 months, Completion Sept 2021.
- Phase 2: Start Oct 2021, Phase: 3 start July 2022, Phase 4: start Oct 2022.

However, discussions are taking place with Alliance Leisure regarding 'front loading' the tennis court refurbishment & children's play area as these improvements are not dependent on the soil importation.

Valence Park 'Love where you live' Project: In accordance with the original agreement with Community Resources to deliver an activation programme in Valence Park, the Council agreed to pay £30k: £20k in 2019, £5k in 2020 & £5k in 2021. The balance of funding (£5k) will be carried forward into 2021/22.

Safer Parks, Healthier Communities: Community engagement is at the heart of this project, but Covid-19 has made this difficult. However, a number of potential project ideas are being developed (e.g. possible support for resident volunteer groups such as Roding Rubbish, CHRA & identified improvements in St Chads Park, initiatives identified in Greatfields Park & ODP c/o The Campaign Company Intervention Plan & related resident engagement). It is hoped some projects will be delivered in 2020/21. However, it is unlikely that the full £84k allocation will be spent, so any balance will be carried forward into 2021/22.

Local Football Facility Plan: The original intention was to use this SCIL as match funding to bring in additional Football Foundation investment to refurbish the existing Valence Park sports pavilion. Therefore, expenditure to date relates to a new building condition survey. However, as part of the 'Redressing Valence' Heritage project & associated site wide Conservation Management Plan, the location of the pavilion could potentially change. Therefore, the LFFP scheme is currently on hold. The balance of funding will be carried forward into 2021/22.

9.4.6 **Education, Youth and Childcare (Forecast to spend 105.3% of £19.2m budget)**

Additional S106 Funding, to replace grant resources for later use. Future years adjusted according to project managers profiling of spend for future years in line with balances available in the Schools Conditions Allowance Basic Needs and Special provisions opening balances. Work is ongoing to confirm forecasts in year. Overall SCA Projects forecast increased by 386k, Expenditure for year revaluated given resource dedication to other prioritised major projects.

<u>Forecast increase:</u>
- Ripple Suffolk Primary-Issues found in ground, spend will occur in Q4.
- Schools Expansion Programme 20/22 acceleration.

<u>Forecast decrease:</u>
- Gascoigne Primary remaining work is to replace windows and doors – due to Covid issues, other projects were given priority. Work will commence next year.
- Eastbury, Dagenham park are PFI School, not owned by LBBD therefore works have to be arranged by PFI contractors- as contract variation approvement issues existed- works will take place next year.

<u>Acceleration of spend beyond in year budget:</u>
- SCA Priority Works & Schools Expansion Prog. – future year allocation exists.
- Roding Primary Classroom Reinstatement – Insurance pay-out expected.

9.4.7 **Enforcement (Forecast to spend 84.0% of £1.1m budget)**

Expansion of CPZ is an invest to save scheme where the repayment from revenue has been factored into the Parking budget, the income target has therefore been increased. Spend to continue in Q4 below budget due to delays caused by Covid, Internal governance processes behind delivering the scheme is ongoing to confirm works the can occur with contractors.

Enforcement Equipment has seen spend above total budget due to CCTV miscodes in revenue which are being capitalised. Further funds have been requested for a complete CCTV overhaul to upgrade (applicable tangibles) and replace street cameras moving them to wireless connections (reducing revenue costs to Virgin Media).

9.4.8 **My Place (Forecast to spend 82.9% of £5.6m budget)**

Allocations likely to roll forward, dependent on environmental elements, Covid delays on meeting certain processes and talks with engineers. Risks mitigated through careful planning and programming of priorities Project Manager to provide breakdown of funding sources for projects. Expected that Stock Condition Survey budget will be re-profiled to increase the 20/21 budget.

9.4.9 **Transport for London (TfL) (Forecast to spend 69.2% of £2.4m budget)**

Covid has affected the normal funding schedule from the department of transport, with the latest approval increasing allocations by £1.08m. £1.06m is dedicated towards the creation of new projects relating to Low traffic Neighbourhoods and cycle future routes (making it easier for residents to cycle in the borough), with the remaining increasing allocations for existing projects/funding projects that were reported in “Pending Projects”.

Low traffic neighbourhood has the aim to promote the "air quality improvement" brand within Barking Town Centre, Pond field, Southwood and Five Elms, with works to be encouraged and supported by community contributions avoiding strict modal filters (road closures) that have been carried out by other boroughs where residents have opposed, enforcement cameras will be put in to action to fine those cars that do not belong to residents in the area, current forecasts are for be first fees, with works to commence in the new financial year.

9.4.10 **Public Realm (Forecast to spend 100.0% of £3.4m budget)**

Discussions on-going regarding revenue implications for invest to save Vehicle Fleet replacements. Various contracts are being revisited due to expiry/waiver requirements that need to follow the correct procurement processes. This has led to a delay in costs being actualised.

9.4.11 **Other (Forecast to spend 124.2% of £1.6m budget)**

82A AND 82B Oval Rd South - Project has the aim of converting the building into a supported living building for children and adults up to the age of 25. The conversion will allow long term savings as provision demand for pressure points (especially those aged 16) are not having demands met by the private sector.

Ward members project has been moved from Core department - Conversations with ward Councillors will be focussed on spending the remaining budget, approving spend from quotes and considering projects for next year.

Creative Industry – This is providing fit out funding for the Creative Industry space at the ground floor of the Barking 360 development. .

Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project – Contract for public realm works and improvements to the building are being entered. Funding is provided through a S106, Owner Contributions and the heritage lottery grant (claimed in arrears).

Infrastructure improvements to Abbey Road carried out last year. In year allocation related to 19.20 Slippage, Project will be kept active as next year a £500k GLA draw down is expected to arrive for second phase of works.

There is a legitimate underspend from an original allocation granted for a historical project (**Gurdwara Way**), a proposal has been submitted to the GLA on which priorities to use this funding for London Road bus stand relocation.

9.5 **HRA Capital (Forecast to spend 57.2% of £49.0m budget)**

9.5.1 The HRA capital programme is financed by the HRA using Government grants, capital receipts and HRA revenue.

9.5.2 The new build scheme has been reduced to £2.5m and the estate renewal is currently budgeted at £8m. Estate Renewal is forecast to spend as per budget, but estate renewal is forecast to overspend by £1m to allow for forward programme buybacks that have agreed terms - final spend will be dependent on these completing.

Stock Investment Programme

9.5.3 The delivery of the HRA Stock Investment Programme has been hugely disrupted by the impact of the lockdown, with all programmes ceasing from March with contractors and supply chains not fully mobilising until September. Leaseholder consultation (S20) was also suspended during this time and has now recommenced, which has also had a knock-on effect with regards works to blocks containing leaseholders.

9.5.4 Delivery Agents (Be First, BDMS and My Place) have updated their forecast spend profiles and are projecting an overall spend of £17.95m against a budget of £38.5m. Access arrangements to homes in order to carry out works is improving and takes into account those are shielding or self-isolating. Some projects (such as the estate road improvements) have only been partially impacted by the pandemic.

9.5.5 The partial lockdown in November and then lockdown since December has slowed some programmes further, although progress is being maintained wherever possible and some of the delayed externals works (roofs & windows that were scheduled for completion over the Spring and Summer) may still be affected by any inclement winter weather.

9.6 **Transformation**

9.6.1 The budget is funded by capital receipts, which will predominantly be from the sale of Shared Ownership units for Becontree Heath and Kingsbridge. Discussions are underway to establish the amount of capital funding required for the new ERP system project.

9.6.2 Projects include:

- Anticipating capital expenditure for refurbishment of Mayesbrook school (50k) with remaining expenditure to be reflected in Revenue in due course.

- Implementation of new IT systems across ComSol, primarily B&D OneView. The scope of the transformation programme has altered to include significant investment in areas such as hardware for the Adult College to facilitate online learning, a new social prescribing platform and GP integration and further development to B&D OneView.

- WOWNow (formerly known as NWow) – these costs related to the implementation of and move to Microsoft Teams, internet security and other associated costs.

9.7 **Capital receipts**

9.7.1 Capital receipts from the sale of Shared Ownership units at Becontree Heath will be split into profit (to the IAS) and net cost. Net cost will be split into an amount to fund transformation and reduce the Capital Financing Requirement (i.e. repay the build costs). Currently the forecast is for £3.9m to be received from the first tranche sales receipts in 2020/21 (see table below).

Date	Amount £000s
To 31 Oct	2,693.50
Nov-20	218.75
Dec-20	126.25
Jan-21	388.00
Feb-21	465.50
Total	**3,892.00**

10 **Chequers Lane Environmental Improvements**

10.1 Approval is sought to include £421,319.80 in the capital budget for the Chequers Lane environmental improvements capital scheme which is fully funded by section 106 contributions from planning agreements relating to the area. Further details are set out below.

10.2 A number of s106 agreements totalling £421k relate to Chequers Lane (north of the station) and Dagenham Dock. Chequers Lane has been assessed and a package of works defined to improve the streetscape and quality of environment for its users. This includes some improved lighting around Dagenham Dock station, some hard and soft landscaping improvements and attractive artwork along hoarding lines which dominate the area and will do for a number of years. The hoarding can generate an oppressive feeling to the area but can be radically enhanced with attractive artwork which reflects the area's heritage and creativity. We would work with artists to produce the hoarding artwork which would be able to be reused elsewhere in the area whenever the hoarding goes.

10.3 The area is subject to significant change with new development coming forward at Merrielands Crescent, the Council's 90 home scheme on the former Job Centre site and a potential scheme at Transport House coming to Cabinet in the near future. These s106 funded works would enhance the environment for the new residents as well as existing residents who use Chequers Lane to access the station. In Dagenham Dock there is scope to enhance foot and cycle connections through Dagenham Dock to Barking Riverside addressing some of the existing barriers which prevent access.

10.4 **s106 allocation:** This report seeks Cabinet approval to allocate the following section 106 amounts received which have already been approved by Assets and Capital Board and are considered to be in line with the requirements of the planning agreements. There are five contributions for public realm improvements, totalling £421k, that this report recommends allocating to be used to support the provision of environmental improvements at Chequers Lane and Dagenham Dock.

Planning reference	**Site Address**	**Funding Requirements (wording of requirements in agreement)**	**Amount Received**	**Amount Requested for this Project**
11/00399/OUT	Orion Park, Merrielands Crescent	Public realm improvements incl. to the streetscape along Chequers Lane	£100,000.00	£100,000.00
14/00948/CTY	Hope Cement	Green grid Improvements (public realm)	£194,740.80	£194,740.80
11/00460/FUL	East London Biogas	Green grid improvements (public realm)	£96,000.00	£96,000.00
14/00175/FUL	Gill Aggregates, Thunderer Road	Green grid improvements (public realm)	£5,485.00	£5,485.00
14/00456/FUL	Unit 14, Thames Gateway Park	Green grid improvements (public realm)	£25,094.00	£25,094.00

11. Leisure Centre Contract with Sports and Leisure Management Limited (SLM)

11.1 Following a Government order in response to the Covid-19 public health emergency, all leisure centres in the Borough run by Sport and Leisure Management Limited (SLM), under the Service Agreement between SLM and the Council of 2017, have been required to temporarily close to the public at various times during 2020/21. The leisure centres are key Council assets which SLM manage on our behalf and in order to protect the employment of the staff and to ensure the continued maintenance of the leisure centre buildings in April and in July 2020 the Council agreed to provide financial support to SLM during 2020/21 to enable the re-opening of the facilities and ensure they are maintained until services return.

11.2 Since 2017 SLM have invested in building a new 50m pool in the borough as well as delivering both the agreed guaranteed income to the Council and increasing participation within the centres in line with the original contract. It is acknowledged that the leisure centres provide opportunities for social interaction and improving physical and emotional health for the wider community and under SLM's management, usage within the centres has risen from 1.48m in 2017 to 1.72m.

11.3 The closure of leisure centres has been one of the longest closures of the lockdown with only a small section of the hospitality sector being required to re-open at a point later than leisure services. This has had a negative impact on the financial performance of the contract and even with the proposed re-opening of centres in April, under the Governments recently announcement roadmap to lifting restrictions, there will continue to be impacts on financial performance for several years with usage and income not expecting to return to pre-Covid levels until at least 2024/25.

11.4 It is under these circumstances that a reduction in income to the Council from c£10m to c£6.5m over the remaining 7 years of the contract has been agreed in principle, in addition to a package of measures which will enhance the Council's share of any additional income. The components will comprise:

(i) the waiver of the concession payment for the period of April 2021 - March 2022;
(ii) underwriting a capped sum to cover the operating cost for the period April 2021 - March 2022; and
(iii) a revised financial package for the remainder of the contract period up to and including 2027/28.

11.5 This variation will protect the significant investment that the Council has made to the facilities over the recent years; the continuation of the commitment SLM has made to increasing participation and enhancing the well-being of residents as well as secure the continued receipt of income under the Concession Contract until the end of the contract in 2027/28.

12 Financial Implications

Implications completed by Katherine Heffernan, Head of Service Finance

12.1 This report details the financial position of the Council and the risks and pressures arising in year for both revenue and capital expenditure.

12.2 The report also recommends the approval of a contract variation for SLM, the Council's Leisure provider. The potential maximum cost of this variation to the Council is £2.190m in 2021/22 – loss of £1.312m income and financial support/additional payments of £0.878m. This will result in a budget pressure to the council. It is expected that this will be partially offset by additional Government support including National Leisure Recovery Funding and compensation for lost sales, fees and charges income. The details of the income compensation scheme in 2021/22 are not yet confirmed but in the 2020/21 financial year this provided for a maximum of 71% of any budgeted income lost.

12.3 The net residual loss will show as an overspend in the Council's budget and, unless offset by other underspends (which is unlikely) will require a drawdown from the Council's reserves. It will therefore need to be included in the Council's financial planning and monitoring from April 2021.

12.4 However the other options considered in this report are assessed as resulting in similar or worse financial outcomes in both the 2021/22 financial year and following years. Despite the poor performance during the Covid period, the contract overall will deliver an income return to the Council of around £6m over ten years.

12.5 If further assistance is required – whether additional amounts or an extension of the duration then another assessment of the case will need to be carried out and further approval sought.

13 Legal Implications

Implications completed by Dr Paul Feild, Senior Governance Lawyer, and Alison Stuart, Head of Law

13.1 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.

13.2 In this current Covid 19 emergency, the general laws still apply unless there are special legislative measures to take account of the factors which may or will have an effect on the Council and its duties, powers and obligations. The key provision at time of writing being the Coronavirus Act 2020 which addresses specific issues connected with the challenges that the pandemic presents rather than matters of finance and procurement.

13.3 Nevertheless, the unique situation presents the prospect of the need to purchase additional supplies and services with heavy competition. Value for money and best value duties still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained. Careful tracking of theses cost will facilitate grounds for seeking Covid 19 support funds.

13.4 In respect of the contract with SLM, the Council has power under s 19 of the Local Government (Miscellaneous Provisions) Act 1976 to provide sports and leisure facilities and assistance to others in providing them. It also has the general power of competence available to it under s1 of the Localism Act 2011.

13.5 The proposal in the report seeks to give financial assistance to SLM and vary the terms of the Concession contract let to it by the Council.

13.6 The Contract is subject to the provisions of the Concession Contract Regulations 2016 and reg 43 (1) (c) provides that these contracts can be varied provided:

(i) the need for modification has been brought about by circumstances which a diligent contracting authority or utility could not have foreseen,
(ii) the modification does not alter the overall nature of the concession contract,
(iii) in the case of a concession contract awarded by a contracting authority, any increase in value does not exceed 50% of the value of the original concession contract;

13.7 There is a further provision in Reg 43 (2) that provides that the value calculation is aggregated over successive variations, so provided both this and the previous variation do not alter the contract value by more than 50% the variation is permitted under the regulations.

13.8 The Council must also consider whether or not the assistance given breaches state aid prohibitions which have been slightly modified by the Withdrawal Agreement. Government guidance issued at the beginning of the year in PPNs 01 and 02 20 suggest that support given due to the pandemic do not amount to State Aid but that it is for authorities to consider each case on its merits.

13.9 The Council must also consider its own Contract Rules and any variation must comply with Rule 58 (2) (c).

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

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Appendix A – General Fund Revenue budgets (period 10)
Appendix B – Capital Programme

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APPENDIX A

	MAR-21	JAN-21		RESERVE TRANSFERS					COVID ISSUES	
DEPARTMENT	ADJUSTED BUDGET	ACTUAL	FORECAST	TO	FROM	OUTTURN	VARIANCE	CoVid Costs	FINAL VARIANCE	PESSIMISTIC
SDI COMMISSIONING	9,281,803	3,208,798	9,116,803			9,116,803	(165,000)	2,004,000	1,839,000	
CORE	5,003,904	11,607,873	6,358,904		(668,000)	5,690,904	687,000	620,000	1,307,000	
CENTRAL MINUS F30080	35,308,521	48,678,626	33,846,614			34,006,514	(1,302,007)	2,396,546	1,094,539	
EDUCATION, YOUTH & CHILDCARE	4,251,906	4,965,409	4,251,906			4,251,906	0	741,500	741,500	
LAW, GOVERNANCE & HR	(1,594,966)	(5,517,638)	(2,690,966)	48,000	(500,000)	(3,142,966)	(1,548,000)	1,526,000	(22,000)	
STRATEGY & PARTICIPATION	1,757,904	5,790,682	3,967,701	868,423	(2,353,768)	2,482,356	724,452	3,615,282	4,339,734	
CARE & SUPPORT	82,880,471	69,565,393	85,644,471			85,644,471	2,764,000	5,000,000	7,764,000	1,430,000
INCLUSIVE GROWTH	1,000,743	(236,397)	1,413,743		(75,000)	1,338,743	338,000	46,000	384,000	
COMMUNITY SOLUTIONS	12,470,774	13,234,317	13,427,254			13,427,254	956,480	4,873,663	5,830,143	870,000
MY PLACE	5,571,542	(8,205,414)	6,819,542			6,819,542	1,248,000	1,200,000	2,448,000	
REVENUES & BENEFITS	(136,122)	(172,200)	(136,122)			(136,122)	0	1,000,000	1,000,000	
COMMERCIAL INCOME								2,275,000	2,275,000	3,500,000
SAVINGS DELAYED	0	257,754	0			0	(3,328,000)	5,157,000	1,829,000	
TOTAL GENERAL FUND BUDGET	**155,796,480**	**143,177,203**	**162,409,850**	**916,423**	**(3,596,768)**	**159,499,405**	**374,925**	**30,454,991**	30,829,916	5,800,000
CORPORATE FUNDING										
COUNCIL TAX	(65,787,000)	(65,786,989)	(65,787,000)			(65,787,000)	0		0	
BUSINESS RATES	(80,608,000)	(19,392,654)	(81,111,330)			(81,111,330)	(503,330)	(25,703,000)	(503,330)	
NON-RINGFENCED GRANTS	(7,656,480)	(151,028,812)	(8,291,100)			(8,291,100)	(634,620)		(26,337,620)	
C/F SURPLUS	(1,745,000)	(1,745,150)	(1,745,000)			(1,745,000)	0		0	
CORPORATE FUNDING	**(155,796,480)**	**(237,953,605)**	**(156,934,430)**			**(156,934,430)**	**(1,137,950)**	**(25,703,000)**	**(26,840,950)**	
NET GENERAL FUND POSITION	**0**	**(94,776,402)**	**5,475,420**	**916,423**	**(3,596,768)**	**2,564,975**	**(763,025)**	**4,751,991**	**3,988,966**	9,788,966

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APPENDIX B

Table 1: Summary of 2020/21 Capital Programme and Q3 Expenditure

Department	Q2 2020/21 Budget	Budget Adjust ment	Q3 2020/21 Budget	Q3 2020/21 Expenditure	Q3 Forecast	Forecast Variance	2020/21 Budget Remaining	2021/22 Budget	2022/23 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults Care & Support	1,976	220	2,196	454	996	-1,200	1,742	1,841	1,841
Community Solutions	187	0	187	66	187	0	121	-	-
CIL / S106	2,116	-396	1,720	504	743	-977	1,216	403	-
Core	4,576	-340	4,236	686	1,339	-2,897	3,550	-	-
Culture, Heritage & Recreation	8,908	-5,839	3,069	382	1,426	-1,643	2,687	6,405	466
Enforcement	1,116	0	1,116	98	937	-179	1,018	1,233	1,000
TfL schemes	596	1,840	2,436	472	1,686	-750	1,964	-	-
My Place	5,332	311	5,643	2,205	4,678	-965	3,438	5,000	4,850
Public Realm	3,391	0	3,391	893	3,391	0	2,498	50	-
Education, Youth & Childcare	19,193	0	19,193	12,154	20,205	1,012	7,039	12,200	4,422
Other	1,072	537	1,609	284	1,999	390	1,325	340	340
General Fund	**48,463**	**-3,667**	**44,796**	**18,198**	**37,587**	**-7,209**	**26,598**	**27,472**	**12,919**
HRA									
Stock Investment	38,458	0	38,458	5,537	17,952	-20,506	32,921	-	-
New Build Schemes	2,500	0	2,500	809	1,052	-1,448	1,691	-	-
Estate Renewal	8,000	0	8,000	6,542	9,000	1,000	1,458	-	-
HRA Total	**48,958**	**0**	**48,958**	**12,888**	**28,004**	**-20,954**	**36,070**	**-**	**0**
Investments									
Residential Developments	164,753	3,120	167,873	85,154	164,603	-3,270	82,719	271,287	229,285
Temporary Accommodation	12,949	0	12,949	7,993	12,572	-377	4,956	2,194	239
Commercial Investments	20,061	30,351	50,412	15,173	37,158	-13,254	35,239	27,084	6,534
Investments Total	**197,763**	**33,471**	**231,235**	**108,320**	**214,333**	**-16,901**	**122,914**	**300,565**	**236,058**
Transformation	**2,777**	**0**	**2,777**	**670**	**5,887**	**3,110**	**2,107**	**-**	**-**
Total Overall Budget	**297,961**	**29,804**	**327,766**	**140,076**	**287,690**	**-41,955**	**187,689**	**328,037**	**248,977**

Table 2: Detailed 2020/21 Capital Programme and Q3 Expenditure

Project	Name	Q2 2020/21 Budget £'000	Budget Adjustment £'000	Q3 2020/21 Budget £'000	Q3 2020/21 Expenditure £'000	Q3 Forecast £'000	Forecast Variance £'000	2020/21 Budget Remaining £'000	2021/22 Budget £'000	2022/23 Budget £'000
	Adults Care & Support									
FC00106	Disabled Facilities Grant	1,870	220	2,090	349	890	-1,200	1,742	1,841	1,841
FC03061	Social Care IT Replacement System	106	-	106	106	106	-	-	-	-
	Total for Adults Care & Support	**1,976**	**220**	**2,196**	**454**	**996**	**-1,200**	**1,742**	**1,841**	**1,841**
	Community Solutions									
FC03060	Barking Learning Centre Works	182	-	182	65	182	-	117	-	-
FC04036	Upgrade & enhancement of Security Threat Management System at BLC	5	-	5	1	5	-	4	-	-
	Total for Community Solutions	**187**	**-**	**187**	**66**	**187**	**-**	**121**	**-**	**-**
	Core									
	Ward Capital Spend	340	-340	-	-	-	-	-	-	-
FC02877	Oracle R12 Joint Services	175	-	175	33	42	-133	142	-	-
FC03052	Elevate ICT investment	3,482	-	3,482	368	793	-2,689	3,114	-	-
FC03059	Customer Services Channel Shift	116	-	116	-	136	20	116	-	-
FC03068	ICT End User Computing	463	-	463	285	368	-95	177	-	-
	Total for Core	**4,576**	**-340**	**4,236**	**686**	**1,339**	**-2,897**	**3,550**	**-**	**-**
	CIL (external)									
FC05027	Kingsley Hall	150	-90	60	60	60	-	-	90	-
FC05028	Box Up Crime	270	-	270	5	50	-220	265	-	-
FC05029	East End Women's Museum	250	-	250	25	100	-150	225	-	-
FC05030	Green Community Infrastructure "Company Drinks"	59	-12	47	47	47	-	-	13	-
FC05031	Becontree Centenary- Create Lndon	697	-0	697	67	186	-511	630	-	-
FC05062	Litter in Parks (CIL)	96	-	96	-	-	-96	96	-	-
FC05063	BRL Thames Clipper (CIL)	300	-	300	300	300	-	-	300	-
	S106 Schemes	-	-	-	-	-	-	-	-	-
FC05032	Barking Town Centre Master Plan	294	-294	-	-	-	-	-	-	-

	Total for CIL & S106 Schemes	**2,116**	**-395**	**1,720**	**504**	**743**	**-977**	**1,216**	**403**	**-**
	Culture, Heritage & Recreation									
FC03032	Parsloes Park Activation	6,000	-5,900	100	-1	100	-	101	5,900	-
FC03090	Lakes	208	-	208	28	140	-68	180	150	150
FC04013	Park Infrastructure Enhancements	74	-	74	39	74	-0	35	20	-
FC04017	Fixed play facilities	85	-	85	1	50	-35	84	50	-
FC04018	Park Buildings – Response to 2014 Building Surveys	129	-	129	61	100	-29	68	75	-
FC04031	Reimagining Eastbury	100	-	100	78	100	-	22	-	-
FC04033	Redressing Valence	500	-	500	47	500	-	453	-	-
FC04043	The Abbey: Unlocking Barking's past, securing its future	139	3	142	2	50	-92	140	50	161
FC04080	Children's Play Spcs & Fac (CIL)	164	-	164	15	50	-114	149	55	55
FC04081	Parks & Open Spcs Strat 17	225	58	283	132	225	-58	151	100	100
FC04084	Central Park Masterplan Implementation	1,023	-	1,023	3	11	-1,012	1,020	-	-
FC04085	Play Facility at Valence Park'	5	-	5	5	5	-	-	5	-
FC05060	Safer Parks (CIL)	84	-	84	-	20	-64	84	-	-
FC05061	B&D Local Football Facility (CIL)	160	-	160	3	3	-157	157	-	-
FC04042	Community Halls	12	-	12	-3	12	-	15	-	-
	Projects with no budget	-	-	-	-29	-15	-15	29	-	-
	Total for Culture, Heritage & Recreation	**8,908**	**-5,839**	**3,069**	**382**	**1,426**	**-1,644**	**2,688**	**6,405**	**466**
	Enforcement									
FC02982	Consolidation & Expansion of CPZ	883	-	883	44	350	-533	839	1,000	1,000
FC04015	Enforcement Equipment	233	-	233	55	585	352	178	233	-
	Projects with no budget	-	-	-	-1	2	2	1	-	-
	Total for Enforcement	**1,116**	**-**	**1,116**	**98**	**937**	**-180**	**1,018**	**1,233**	**1,000**
	Transport for London schemes									
FC02898	Local Transport Plans	96	25	121	35	124	3	86	-	-
FC02964	Road Safety Improv Schms 19-20	-	48	48	48	48	-	-	-	-

FC05052	Dagenham Heathway 'Healthy Streets' Corridor Improvements	12	-	12	-	12	-	12	-	-
FC04094	Becontree Heath Low Emission	112	545	657	73	717	59	584	-	-
FC04095	Station Access Improv Prog	29	-6	23	23	23	-	-	-	-
FC04093	Heathway 'Healthy Streets' Corridor Improvements	-	35	35	35	35	-	-	-	-
FC05056	Valance Avenue 'Healthy Streets' Corridor Improvements	-	51	51	-	51	-	51	-	-
FC05057	Eastbury Manor House Access	-	51	51	-	51	-	51	-	-
FC05058	Minor Works (Various Locations)	347	-	347	230	347	-	117	-	-
FC02994	Renwick Rd/Choats Rd Saf Imprv	-	3	3	3	-	-3	-	-	-
FC03025	Gale St Corr Improv	-	24	24	24	-	-24	-	-	-
FC05079	Cycle Future Route 10	-	450	450	-	148	-302	450	-	-
FC05080	Low Traffic Neighbourhood	-	613	613	-	130	-483	613	-	-
	Total for TfL schemes	**596**	**1,841**	**2,436**	**472**	**1,686**	**-750**	**1,964**	**-**	**-**
	My Place									
FC03064	Street Lighting Prog 2015-2019	256	-	256	63	256	-	193	-	-
FC03065	HIP 2016-17 Footways & Carriageways	3,119	-	3,119	1,706	3,119	-	1,413	3,520	3,485
FC04064	Bridges and Structures	875	-77	799	101	375	-423	698	300	300
FC03011	Struct Rep's & Maintce-Bridges	-	77	77	43	77	-	33	-	-
FC05016	FRIZLANDS DEPOT WASHBAY	80	-	80	83	83	3	-3	-	-
FC05018	Stock Condition Survey	414	-	414	192	394	-20	222	1,000	1,000
FC05055	Road Safety Improvements Programme (Various Locations)	65	102	168	5	112	-55	163	150	-
FC04063	Flood Risk and Drainage Grant (Formally Flood Risk Management)	200	-	200	-	20	-180	200	-	-
FC04029	Engineering Works (Road Safety)	79	86	165	8	115	-50	157	-	-
FC04019	Replacement of Winter Maintenance Equipment / Gully Motors	8	-	8	3	8	-	5	-	-
FC05048	Procuring in cab tech for waste vehicles and subsequent licences etc	235	-125	110	-	110	-	110	30	65

FC05075	Reside Capital - Abbey Road	-	88	88	-	-	-88	88	-	-
FC05077	Community Hubs & Dispersed Working	-	160	160	-	-	-160	160	-	-
	Projects with no budget	-	-	-	-	9	9	-	-	-
	Total for My Place	**5,332**	**311**	**5,643**	**2,205**	**4,678**	**-965**	**3,438**	**5,000**	**4,850**
	Public Realm	-	-	-	-	-	-	-	-	-
FC04012	Bins Rationalisation	50	-	50	-	50	-	50	50	-
FC04070	Vehicle Fleet Replacement	3,129	-	3,129	895	3,129	-	2,233	-	-
FC03083	Chadwell Heath Cemetery Extension	149	-	149	-	149	-	149	-	-
FC04028	Hand Arm Vibration	42	-	42	-	42	-	42	-	-
FC04016	On-vehicle Bin Weighing System for Commercial Waste	16	-	16	-	16	-	16	-	-
FC04014	Refuse fleet	5	-	5	-2	5	-	8	-	-
	Total for Public Realm	**3,391**	**-**	**3,391**	**893**	**3,391**	**-**	**2,498**	**50**	**-**
	Education Youth & Childcare									
FC02920	Warren / Furze Expansion	69	-	69	60	69	-	8	-	-
FC03042	Additional SEN Provision	4	-	4	1	1	-3	3	-	-
FC03043	Pupil Intervention Project (PIP)	143	-	143	155	144	1	-12	-	-
FC04052	SEND 2018-21	1,300	-	1,300	959	1,300	-	341	1,057	-
FC04053	School Conditions Allocation 2018-20	314	-	314	13	100	-214	301	-	-
FC04059	Chadwell Heath	-	-	-	-	-	-	-	100	500
FC04072	School Condition Alctns 18-19	1,400	-	1,400	1,029	1,200	-200	371	57	-
FC04087	SCA 2019/20 (A)	526	-	526	279	526	-	246	-	-
FC04097	Trinity Special School Expansion	967	-	967	623	967	-	344	-	-
FC05033	SCA PRIORITY WORKS 20/22	2,200	-	2,200	2,604	3,000	800	-404	2,063	-
FC05034	Schools Expansion Prog. 20/22	900	-	900	798	1,000	100	102	1,008	-
FC05040	Healthy School	332	-	332	-	332	-	332	-	-
FC05069	SCA 20-21	500	-	500	274	500	-	226	3,500	1,658
	Primary	-	-	-	-	-	-	-	-	-
FC03053	Gascoigne Primary 5forms to 4 forms	219	-	219	-	100	-119	219	-	-
FC04058	Marks Gate Infants & Juniors 18-20	650	-	650	445	650	-	205	1,800	50

FC04071	Roding Primary Classroom Reinst.	84	-	84	-	88	4	84	-	-
FC04098	Ripple Suffolk Primary	750	-	750	174	858	108	576	103	-
FC05078	Greatfields Primary	700	-	700	-	700	-	700	300	700
	Secondary	-	-	-	-	-	-	-	-	-
FC03018	Eastbury Secondary	232	-	232	60	60	-172	172	-	-
FC03020	Dagenham Park	84	-	84	-	20	-64	84	-	-
FC03022	New Gascoigne Secondary	7,108	-	7,108	3,781	7,108	-	3,327	1,612	913
FC03054	Lymington Fields New School	611	-	611	773	1,205	594	-162	600	600
FC03078	Barking Abbey Expansion 2016-18	98	-	98	108	237	139	-10	-	-
	Projects with no budget	-	-	-	16	40	40	-16	-	-
	Total for Education Youth & Childcare	**19,193**	**-**	**19,193**	**12,154**	**20,205**	**1,012**	**7,038**	**12,200**	**4,422**
	Other									
FC02811	Ward Capital Spend	-	575	575	35	575	-	539	340	340
FC02969	Creative Industry	160	-	160	160	160	-	-	-	-
FC03099	Abbey Green & Barking Town Centre Conservation Area Townscape HLF	276	-	276	68	200	-76	209	-	-
FC04051	Street Property Acquisition 2017-19	50	-	50	-	50	-	50	-	-
FC04056	Abbey Road Infrastructure	11	-	11	-	11	-	11	-	-
FC05038	82A AND 82B OVAL ROAD SOUTH	325	-	325	-	325	-	325	-	-
	Travelodge Isle of Dogs	250	-250	-	-	250	250	-	-	-
	TBD	-	117	117	-	-	-117	117	-	-
	TBD	-	95	95	-	-	-95	95	-	-
	Projects with no budget	-	-	-	21	429	429	-21	-	-
	Total for Other	**1,072**	**537**	**1,609**	**284**	**1,999**	**390**	**1,325**	**340**	**340**
	General Fund Total	**48,462**	**-3,666**	**44,796**	**18,198**	**37,586**	**-7,210**	**26,598**	**27,472**	**12,919**
	HRA									
	Stock Investment (My Place)									
FC00100	Aids and Adaptations	1,701	-	1,701	360	705	-996	1,341		-

FC02933	Voids	2,000	-	2,000	270	1,514	-486	1,730		-
FC03039	Estate Roads & Environ 18/19	1	-	1	-2	-	-1	3		-
FC03045	External Fabric – Blocks	35	-	35	-4	-	-35	39		-
FC03048	Fire Safety Imp – 2015/16	65	-	65	92	167	102	-27		-
FC04002	Lift Replacement Programme	1,700	-	1,700	173	1,417	-284	1,527		-
FC04003	Domestic Heating Replacement	500	-	500	56	124	-376	444		-
FC04004	Box-Bathroom Refurb	631	-	631	-	150	-481	631		-
FC04006	Minor Works & Replacements	1,000	-	1,000	-	-	-1,000	1,000		-
FC05002	Externals 1 - Houses & Blocks	10,058	-	10,058	868	4,169	-5,889	9,190		-
FC05003	Externals 2 - Houses & Blocks	2,000	-	2,000	361	1,695	-305	1,639		-
FC05004	Door Entry Systems	1,200	-	1,200	-8	32	-1,168	1,208		-
FC05005	Compliance	1,190	-	1,190	616	512	-677	574		-
FC05006	Fire Safety Improvement Works	1,193	-	1,193	23	5	-1,188	1,169		-
FC05007	Fire Doors	3,979	-	3,979	24	1,635	-2,344	3,955		-
FC05008	De-Gassing of Blocks	106	-	106	-	-	-106	106		-
FC05009	Lateral Mains	1,000	-	1,000	-	-	-1,000	1,000		-
FC05011	Communal Boilers	512	-	512	8	8	-504	504		-
FC05013	Estate Roads Resurfacing	2,000	-	2,000	1,675	3,245	1,245	325		-
FC05014	Energy Efficiency inc Green Street	1,500	-	1,500	11	90	-1,410	1,489		-
FC05015	Other Works	1,142	-400	742	267	500	-242	475		-
FC03027	ESCO	74	-	74	0	-	-74	74		-
FC05000	DH Internal	4,872	-	4,872	736	1,975	-2,897	4,135		-
FC05068	Adaptations and Extensions	-	400	400	-	-	-400	400		-
	Projects with no budget	-	-	-	11	11	11	-11		-
	Total for Stock Investment (My Place)	**38,458**	**-**	**38,458**	**5,537**	**17,952**	**-20,506**	**32,921**		**-**
FC02820	Estate Renewal	8,000	-	8,000	6,542	9,000	1,000	1,458	-	-
	Estate Renewal	**8,000**	**-**	**8,000**	**6,542**	**9,000**	**1,000**	**1,458**	**-**	**-**
	New Build Schemes									
FC03009	Leys Phase 2	4	37	41	41	5	-36	-	-	-

FC02931	Leys New Build Dev (HRA)	-	43	43	-	-	-43	43	-	-
FC03071	Mellish and Sugden	1,936	265	2,201	566	834	-1,366	1,635	-	-
FC04090	Site London Rd/North Street	16	-8	8	8	3	-4	-	-	-
FC02970	Marks Gate	144	6	150	138	145	-5	12	-	-
FC02989	North St/Ilchestr Rd New Build	-	57	57	57	57	-	-	-	-
	Adaptations and Extensions	400	-400	-	-	-	-	-	-	-
	Projects with no budget	-	-	-	-	7	7	-	-	-
	Total for HRA New Builds	**2,500**	**-0**	**2,500**	**809**	**1,052**	**-1,448**	**1,691**	**-**	**-**
		-	-	-	-	-	-	-	-	-
	Total for HRA	**48,958**	**-0**	**48,958**	**12,888**	**28,004**	**-20,953**	**36,069**	**-**	**-**
	Investment Strategy & Be First									
	Commercial Investments									
FC04091	Welbeck Wharf	8,000	-	8,000	6,545	6,603	-1,397	1,455	-	-
FC04102	CR27	250	-	250	24	200	-50	226	-	-
FC05024	Film Studios	3,400	-	3,400	-4,328	-4,410	-7,810	7,728	-	-
FC04057	Travelodge Dagenham	969	-	969	7	7	-961	961	-	-
FC05037	Dagenham Road Street Purchases	92	-	92	92	92	-	-	-	-
FC05049	Innovative Sites Programme	-	143	143	7	-	-143	135	-	-
FC04086	Travelodge Isle of Dogs	-	250	250	-3	20	-230	253	230	-
	Barking Business Centre	-	21,700	21,700	-	21,700	-	21,700	-	-
FC05070	23 Thames Road	-	6,000	6,000	5,596	5,596	-404	404	-	-
FC05067	Dagenham Heathway	7,350	-	7,350	7,195	7,350	-	155	-	-
FC05072	Industria	-	2,259	2,259	39	-	-2,259	2,220	26,854	6,534
	Total for Commercial	**20,061**	**30,352**	**50,412**	**15,173**	**37,158**	**-13,254**	**35,239**	**27,084**	**6,534**
	Residential Developments									
FC04067	12 Thames Road	7,930	-	7,930	2,277	5,187	-2,742	5,653	33,529	25,712
FC04065	200 Becontree	4,518	-	4,518	1,657	3,874	-643	2,861	1,153	655
FC03089	Becontree Heath New Build	376	-	376	1,022	1,217	841	-646	-	-
FC03072	Sacred Heart	4,968	-	4,968	2,847	4,934	-34	2,121	3,137	226
FC04069	Crown House	29,922	-	29,922	13,989	28,401	-1,521	15,933	24,412	1,599

FC04062	Gascoigne East Phase 2	21,336	-	21,336	10,772	14,544	-6,792	10,564	11,607	639
FC05026	Gascoigne East Phase 3	2,833	-	2,833	2,242	4,297	1,464	591	19,891	57,519
FC02985	Gascoigne West (Housing Zone)	-	-	-	376	342	342	-376	-	-
FC04099	Gascoigne West P1 Development	36,648	-	36,648	25,958	40,232	3,584	10,689	26,145	7,460
FC05025	Gascoigne West Phase 2	12,992	-	12,992	2,414	18,973	5,981	10,579	41,626	54,060
FC03086	A House for Artists	2,581	-	2,581	1,765	3,012	431	816	2,012	299
FC04068	Oxlow Road	1,332	-	1,332	112	1,943	611	1,220	10,387	4,140
FC05035	Padnall Lake	4,652	-	4,652	1,189	6,396	1,744	3,463	32,324	28,520
FC04075	Rainham Road South	2,655	-	2,655	-	-	-2,655	2,655	10,569	6,534
FC04066	Roxwell Road	1,376	-	1,376	132	1,265	-111	1,244	11,324	10,645
FC03080	Royal British Legion	284	-	284	267	510	226	17	4,348	10,883
FC03084	Sebastian Court - Redevelop	16,681	-	16,681	7,373	15,035	-1,646	9,308	5,219	262
FC05065	Chequers Lane	9,661	-	9,661	8,144	9,941	280	1,517	11,785	4,097
FC05066	Beam Park	-	175	175	-	-	-175	175	-	-
FC05073	Gascoigne East 3B	-	2,940	2,940	1	-	-2,940	2,939	9,893	12,171
FC05020	Woodward Road	4,010	-	4,010	1,905	4,320	310	2,105	11,927	3,863
FC05071	Brocklebank Lodge	-	-	-	588	-	-	-588	-	-
FC05023	GLA-Housing Zone 2019	-	5	5	5	5	-	-	-	-
	Projects with no budget	-	-	-	119	175	175	-119	-	-
	Total for Residential	**164,753**	**3,120**	**167,873**	**85,154**	**164,603**	**-3,270**	**82,720**	**271,287**	**229,285**
	Temporary Accommodation									
FC04077	Weighbridge	2,358	-	2,358	975	2,252	-106	1,383	-	-
FC04078	Wivenhoe Containers	3,076	-	3,076	2,333	3,066	-10	743	-	-
FC05021	Grays Court	5,036	-	5,036	4,557	6,189	1,152	479	-	-
FC04101	Margaret Bondfield	2,479	-	2,479	129	1,017	-1,463	2,351	2,194	239
	Projects with no budget	-	-	-	-	50	50	-	-	-
	Total for Temporary Accomm.	**12,949**	**-**	**12,949**	**7,993**	**12,572**	**-377**	**4,956**	**2,194**	**239**
		-	-	-	-	-	-	-	-	-
	Total for Investment Strategy	**197,763**	**33,472**	**231,235**	**108,319**	**214,334**	**-16,901**	**122,916**	**300,565**	**236,058**

	Transformation Capital									
FC04008	Customer Access Strategy (CAS)	620	-	620	20	467	-153	600	-	-
FC04009	New Ways of Working Programme	517	-	517	158	-	-517	359	-	-
FC04049	Community Solutions	1,111	-	1,111	331	740	-371	781	-	-
FC05019	Children’s Improvement Programme	528	-	528	161	467	-61	368	-	-
F25250	Core	-	-	-	-	2,652	2,652	-	-	-
F25290	BD Way, Adults Improvement Programme, and dispersed working	-	-	-	-	303	303	-	-	-
F25400	ERP	-	-	-	-	1,258	1,258	-	-	-
	Total for Transformation Capital	**2,777**	**-**	**2,777**	**670**	**5,887**	**3,110**	**2,107**	**-**	**-**
		-	-	-	-	-	-	-	-	-
	Total Overall Budget	297,960	29,806	327,766	140,076	285,811	-41,955	187,690	328,037	248,978

CABINET

16 March 2021

Title: Be First and Be First Developments (Muller) Ltd Business Plans 2021-26	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report with Exempt Appendices (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Hilary Morris, Commercial Director	**Contact Details:** Tel: 020 8227 3017 E-mail: hilary.morris@lbbd.gov.uk
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary

This report seeks Cabinet approval of the 2021-26 Business Plan for Be First and Be First Developments (Muller) Ltd in line with the requirements of their Shareholder Agreement. The Business Plans have been scrutinised by the Shareholder Panel, the advisory body created to monitor and to report to Cabinet on the performance of companies that the Council has a shareholding interest in.

It must be noted that the Business Plans have been developed whilst in the middle of a third nationwide lockdown and it is possible that there are further impacts on the Company's ability to deliver the outcomes outlined in the report which are not yet known. Performance against this plan will be monitored through the Shareholder Panel.

The substantive Business Plans are contained within Appendices 1 and 2, which are in the exempt section of the agenda as they contain commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the Be First Business Plan 2021-26, as set out at Appendix 1 to the report.

(ii) Approve the Be First Developments (Muller) Ltd Business Plan 2021-22, as set out Appendix 2 to the report;

(iii) Authorise the Chief Operating Officer, in consultation with and on the advice of the Investment Panel, to take all necessary action to enable Be First or Be First Developments (Muller) Ltd to carry out its proposals under the Business Plan and to agree any minor variations to the Business Plans subject to the conditions in these recommendations;

(iv) Approve Be First, Be First Developments (Muller) Ltd or the Council to enter into any procurement related agreement or commitment required to enable the delivery of the Business Plans, subject to compliance with relevant procurement regulation and with State Aid rules;

(v) Agree that if Be First enter into contractual arrangements described in the Business Plans and the report, the Council shall give a guarantee to the contractor under such contract guaranteeing performance of the contract by Be First, subject to Be First being satisfied that the contractor is able to perform the contract and all necessary due diligence being undertaken;

(vi) Authorise the Chief Operating Officer to enter into any such guarantee and any necessary documents to give effect to the contractual arrangements as described, subject to the above conditions and the advice of the Director of Law and Governance;

(vii) Note the dividend strategy as set out within the Be First Business Plan and note that it may be necessary to increase the existing working capital loan facility to support the Be First cash positions as set out within the report;

(viii) Authorise the Chief Operating Officer, in consultation with and on the advice of the Investment Panel, to grant loans and complete all necessary documents and negotiations to complete the projects set out in the Business Plans subject to all necessary due diligence and compliance with State Aid rules, the Public Contracts Regulations 2015 (or any replacement thereof) and the Council’s Constitution;

(ix) Delegate authority to the Chief Operating Officer, in consultation with the Shareholder Panel, to approve a long-term strategy for the use of Special Purpose Vehicles (SPVs) and authorise the Director of Law and Governance to complete any documents and legal agreements necessary to give effect to that strategy in future acquisitions; and

(x) Note the progress in developing innovative mixed-use schemes, including 12 Thames Road as referred to in paragraph 3.3 of the report, and authorise the Chief Operating Officer, in consultation with and on the advice of the Investment Panel, to enter into all necessary legal documents to give effect to the schemes.

Reason(s)

To assist the Council with delivering the Inclusive Growth Strategy and delivering a well-run organisation. This proposal is in line with Recommendation 8 of the independent Growth Commission’s report published in February 2016 and is therefore aligned to the Council’s ‘Inclusive Growth’ priorities.

1. Introduction and Background

1.1 The approval of the Be First and Be First Developments (Muller) Ltd business plans are reserved to the Council as shareholder under a shareholder agreement entered into with Be First in September 2017. This is an executive function exercised by the Cabinet on behalf of the Council as shareholder. In line with that agreement this Business Plan has been produced for Cabinet approval as outlined in the recommendations.

1.2 The Business Plans were approved by Be First's Board in January 2021; Corporate Strategy Group in February 2021 and have been scrutinised by the Shareholder Panel and recommended for approval to Cabinet on Monday 15th February 2021.

1.3 This report highlights the key objectives to be delivered and the period by which the returns, either financial or social, are expected with the detail behind the assumptions being shown in the Business Plans at Appendix 1 and 2.

1.4 The Be First Business Plan identifies that Be First have progressed a number of activities outlined within the 2019/20 Business Plan and that it has made tremendous strides in establishing a ground-breaking model of local authority regeneration with over 100 staff delivering at a pace and the organisation now fully established and operational.

1.5 However, 2020 was an exceptionally difficult year. Be First's work was battered by a combination of global, national and industry-specific events set out and summarised in the four key challenges below, many of which will have ramifications for the lifetime of their business plan.

1.6 The ultimate result of the EU Membership Referendum in June 2016 is still causing uncertainty and it remains to be seen what impact it will have on the speed of delivery and trade prices of materials.

1.7 The Grenfell Fire tragedy in June 2017 transformed public awareness of cladding issues, and serious inconsistencies and ambiguities in building regulations and, as a result, fire safety guidelines continue to change as these issues are brought to light and addressed. There is a lack of clear government guidance and fire officer wariness, resulting in delay and additional cost. This issue will not be resolved until clear guidance becomes available, removing the uncertainty.

1.8 The Covid-19 pandemic is having an unprecedented impact, not just across business but upon all our lives, and will affect how we do business for some time to come. Be First and its staff have adapted, working from home where possible, while at the same time progressing on site construction, ensuring our sites are safe for everyone. Be First currently have 12 sites under construction, working safely and with little impact to the current programme however, the pandemic has impacted the Company's ability to deliver the financial return required by LBBD, with most income streams under-performing during 20/21 despite a recovery plan being implemented in April 2020 to mitigate the effect of delays to the programme.

1.9 There is uncertainty over the continuation of New Homes Bonus (NHB), which is a significant contributor to the company's ability to generate the recurring £10.3m required from March 2021 onwards. It remains unclear whether NHB will continue beyond 2022 or be replaced with something similar as the Government has set out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23. The Provisional Local Government Finance Settlement for 21/22 has indicated that this will result in a financial impact as there is no legacy payment in respect of 2020/21, and there will be no legacy payment in respect of 2021/22 in forthcoming years. Prior to this announcement New Homes Bonus was forecast to deliver just over £43m in income towards the Be First financial target over the next five years. Although Be First has modelled a steady state scenario which outlines the work programme needed to still meet the £10.3 financial return, meeting that challenge and delivering the return as set out in this plan is not without significant risk.

1.10 Taking all these factors into account the Be First 21-26 Business Plan is ambitious. It reports Be First remaining true to its mission to deliver socially inclusive regeneration, setting out an aspiration to ensure the homes are not just exemplar architectural schemes, but also sustainable and flexible, situated in attractive, culturally rich places to live, with access to jobs and good transport and social infrastructure. The regeneration strategy focuses on seven key areas outlining a vision of the social, cultural and economic identity for each which speaks to the history, aspiration and opportunity that could be unlocked by working in collaboration with the local community to deliver projects that achieve a better place, more homes and more jobs, so no-one is left behind.

2. Be First Company performance highlights in 2020/21

2.1 Be First's performance is measured against four key strategic objectives which are: delivery of new homes; place making, socio economic outcomes and financial return. A summary of progress and achievements this year against each one of these is set out below.

2.2 Be First are forecasting completion of 261 homes in 20/21 against a target of 116 with 101 of the extra homes being due to delays from completions in Q4 19/20. The total breakdown of homes being delivered this year are shown table 1.

Table 1: 2020/21 unit completion forecast

	20/21 Business Plan units target	2020/21 forecast units (As at Q3)
Wivenhoe	20	20
Grays Court	62	62
Melish & Sugden	19	0
Margaret Bondfield	15	0
SUBTOTAL	**116**	**82**
Weighbridge	N/A	92
Becontree Heath	N/A	87
TOTAL	**116**	**261**

2.3 Be First are committed to delivering a cumulative financial return to the Council of £10.3m by 31 March 2021 and £10.3m per year annually thereafter. This return is achieved by adding up a variety of different income sources such as the operational surplus from their core operations (planning, capital programme delivery, construction) in addition to New Homes Bonus and any commercial income generated from investments proposed and delivered by Be First.

2.4 In last year's Business Plan Be First forecasted they would deliver £10.1m return in 20/21 and a cumulative return from 2017-2021 of £16m but delivery of this income has been impacted by Covid-19 with income being below target in most areas of the business. Due to continued uncertainty, it is not possible to accurately predict the full end of year position although current forecasts indicate the return will be less than forecast. Some elements of the financial return such as New Homes Bonus are already confirmed and have already been received by the Council, but the actual level of commercial income received as well as operational surplus achieved will not be known until the end of Q4. In addition to this the actual level of distributable dividend that will be issued by Be First and counted towards achievement of their target depends on a number of elements which are not yet finalised including:

- Accounting treatment of the 2017/18 losses being finalised.
- 2020/21 Final audited accounts which are not expected until the Summer.
- Tax liability on the P&L which cannot be confirmed until the final actuals are audited.
- Confirmation of the level of retained earnings / working capital potentially required by Be First which could be up to £4m (depending on the final outturn from 20/21). This would be used to support cash flow to enable the maximum dividend to be paid to the Council, in accordance with the dividend strategy set out within the business plan.

2.5 Although it is likely the final return will be less than target due to the difficulties experienced this year, a capital receipt of £5.5m has been created by Be First from the successful delivery of the film studio transaction and will be counted towards the Be First return. Normally, capital receipts would not count towards Be First's revenue target but as the Council will be able to use these to fund transformation it has been agreed that as a one-off this sum will count towards delivery of the target. To ensure the maximum amount of revenue is deliverable in future, the Business Plan outlines the need to develop a longer-term strategy for the creation of Special Purpose Vehicles and a working group has already been established to develop this.

2.6 In addition to the financial and delivery progress Be First has continued to develop a regeneration strategy for the borough, focusing on six 'zones' where transformation is required. The detail of the key actions for next year are set out the business plan but progress has been made in 2020/21 by activities such as supporting the bid for Freeport status (which if achieved will help to transform Dagenham dock) and progress towards finalising the local plan which has been out for public consultation. Be First have made further progress in developing it's Social Value offer and in 2020/21 have facilitated 231 jobs being successfully placed with local people.

3. Be First Business Plan Commitments 2021-26

3.1 The Business Plan identifies that Be First continues to develop and expand to meet the growing business. Since 2017 when Be First was established, it has recruited nearly double the regeneration resources that were TUPE transferred into the Company from 55 full-time equivalent staff in 2017 to 110 FTE in 2020. At point of transfer, the majority of the team was focused on delivery of the Council's capital programme only and a very small number of regeneration schemes. This added level of resource is needed to drive the Council's Regeneration vision for the borough and brings a wealth of new skills and expertise to enable delivery of the vision and strategy set out in the Business Plan.

3.2 Although it has been slow to build a pipeline of schemes through to feasibility, planning and now into delivery stage, the plan outlies that Be First are expecting to complete 207 new homes during 21/22. By 1st April 2021, Be First anticipates having projects on site which are forecast to deliver a total of 2,200 new homes in future years. In total, Be First anticipate completing 5,069 new homes over the next 5 years of which 3,747 (74%) have already received Investment Panel approval.

3.3 The plan outlines how Be First are delivering against the Council's strategic vision with re-development in key locations such as Thames Road. The proposed re-development of 12 Thames Road, formerly a vacant industrial warehouse, which received planning approval in December 2020 is expected to provide an exemplar of how to combine residential accommodation with commercial units, allowing 156 new affordable homes to be delivered without the loss of commercial space by re-providing over 5,000m2 of modern industrial floorspace. By demonstrating to the market that this type of innovative development is both deliverable from a planning as well as commercial perspective is anticipated to act as a catalyst for private developers to bring forward other similar schemes thereby stimulating the wider regeneration of industrial spaces. This scheme is due to start on site at the end of March 2021 and be completed by April 2023.

3.4 To enable Be First to deliver these units the Council will need to borrow approximately £1.61 billion (bn) over the next 5 years, which is a similar amount to the £1.63bn outlined in the previous business plan. As at 31 December 2020 the Council had £700m of debt and this will therefore increase to over £2bn by 2025/26. This is important in relation to the potential change to the Prudential Code noted in section 1.9 above and further work will need to be undertaken over the course of the next financial year to consider the future funding strategy.

3.5 The Business Plan is based on Q2 data and predates the further lockdown in November 2020 and January 2021 and therefore the impact of Covid-19 in terms of scheme delays, which have a consequential impact on income is not reflected. The plan forecasts however that Be First will generate a surplus above target in the next three years but acknowledges that its ability to continue to meet the £10.3m annual target is dependent on there being an increase in either direct borrowing by the Council or by the Council providing a guaranteed return to external funders in addition to overcoming the challenges set out at the top of this report. The plan includes bold assumptions but is accompanied by significant risks and dependencies which are largely not within either the Council or Be First's control and therefore there is no question that continuing to meet the annual target will become increasingly challenging and is not without significant risk.

3.6 As part of Be First's top 9 priorities for 2021-22, there is a commitment to take a holistic view to align design, development management, planning and resident offers to ensure a deliverable scheme for all. The borough has set itself some ambitious targets in relation to addressing the structural inequalities which hold back too many of our residents from fulfilling their potential and the scale of the challenge means that a cross-sector, local and national effort is required to deliver change.

3.7 However, Be First are moving forward with delivering a housing programme which will provide 75% affordable housing over the life of the business plan. The provision of high quality, secure and affordable housing is a crucial part of the foundations required for people to thrive. Therefore, providing housing on scale will make a contribution to delivering these targets.

3.8 Alongside this progress has been made on the drafting of the new Local Plan for the borough. This plan will set out the strategic planning framework for the borough, setting out where the new homes will be delivered alongside other infrastructure**.**

4. Be First Developments (Muller) Ltd Business Plan 2021/22

4.1 The Council acquired the Muller site in July 2020 via a project specific SPV - Be First Developments (Muller) Ltd. The SPV is managed by a fully independent Board consisting of members of the Be First Board but in line with its Shareholder Agreement is required to ensure Cabinet approval of its annual Business Plan.

4.2 The Muller site was purchased to promote delivery of a revised mixed-use allocation for the Chadwell Heath area, supported via a new Masterplan which was being created with a view to accelerate strategic regeneration in the wider area. The expectation is the site will be held for up to three years before it is sold with the benefit of the revised allocation and the land value uplift returned to the Council.

4.3 The report outlines that the governance arrangements and operational arrangements in terms of the short-term lettings is taking place, and interim users are generating a near expected level of revenue. The update sets out a clear list of priorities for the site moving forward through 2021/22 and a further, more detailed updated will be provided in subsequent plans as the detailed design work is progressed.

5. Consultation

5.1 The Be First and Be First Developments (Muller) Ltd, Business Plans have undergone the following consultations -

- Approved by the Be First & Be First Developments (Muller) Ltd Boards in January 2021;
- Endorsed by Corporate Strategy Group in February 2021;
- Endorsed by the Shareholder Panel on 5 February 2021.

6. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

6.1 The Be First Business Plan (BFBP) is based on data as at 30 September 2020 and this predates any subsequent Investment Panel and Cabinet agreements but also predates issues that may result from additional Covid-19 lockdowns and caused by Brexit. To date the impact of Covid has been managed well but has still negatively impact the BFBP as schemes were delayed and there has been an increase in build costs.

6.2 An additional consideration that may impact the BFBP is a CIPFA consultation on the Prudential Code. This consultation is looking at:

- Any commercial investment undertaken should be consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice.

- Requirements to assess the affordability of commercial activity within local authorities' capital strategies. CIPFA will also publish, early this year, further guidance on good practice for development of capital strategies.

- The addition of sustainability and ensuring that the capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code.

- Introduction of new prudential indicators on affordability. External debt to net service expenditure (NSE) ratio, and commercial income to net service expenditure.

- The introduction of the liability benchmark to promote good practice and understanding of local authority's debt management in relation to capital investment.

While the majority of the consultation will have no or very limited impact on the BFBP, prudential indicators on affordability could put a limit on the level of borrowing by a local authority. While this should not impact the schemes already agreed it may have an impact on the funding of future schemes.

6.3 As outlined in the BFBP, the future of New Homes Bonus (NHB) is unclear and potentially may end. Currently it has not been included from 2023/24 and therefore this risk has been mitigated to a degree in the BFBP.

6.4 At the time of adding these financial implications, it is too early to tell what the financial impact will be but close monitoring by Be First and the Council is essential to identify any issues and adjust the BFBP accordingly.

6.5 Be First Return to the Council and Increased Borrowing Requirements

6.5.1 The BFBP for 2021 to 2026 outlines an ambitious programme of development and regeneration of the Council, with a significant increase in the borrowing required. The BFBP shows that Be First will generate target surplus of £11.9m for 2021/22, £10.2m for 2022/23 and potentially £38.8m for 2023/24. The BFBP therefore forecasts Be First’s ability to deliver at or near its target of £10.3m to the Council for the next three years. As the target return has not changed from the £10.3m, the forecast of additional return provides a margin, should there be pressures on the return.

6.5.2 Currently the BFBP does forecast £5.8m for 2024/25 and £2.7m for 2025/26, although this is without NHB, which could still be a source of income for the Council if it continues or a similar scheme is agreed. The main driver behind the drop in return from Be First from 2024/25 onwards is that the operational profit from development fees reduces. To increase the operational profit, additional sources of income are required, or additional schemes need to be agreed by the Council, which will result in an increase in borrowing.

6.5.3 To enable Be First to achieve these returns, the Council will need to spend £797m, which is a significant amount over five years but does include £242m of potential spend. Approximately £200m of the £797m has been secured by the Council at relatively low, fixed rates of borrowing of around 2%. Securing borrowing at these rates has allowed a number of costs pressure that have come through during the year, including increasing costs to meet new fire regulations requirements, construction cost inflation and delays in getting schemes operational to be absorbed, without the need to increase the interest budget.

6.5.4 Development and Construction income, which delivers the majority of Be First's financial return is driven predominantly by fees from the Councils Investment and Acquisitions Strategy (IAS). The Council is currently responsible for funding the IAS and therefore this income is reliant on the Council providing funding. This funding requirement must be factored into Be First's future strategy as there will be a limit to the level of funding the Council can provide, especially from 2024/25 onwards or if additional expenditure is required to fund additional commercial schemes or the Turnkey schemes.

6.5.5 The Business Plan does not cover, in any great detail, other income streams outside of Development and Construction Fees and it is essential that Be First identifies additional income streams to reduce the pressure on the Council. If this does not happen then there will be a continuous requirement for the Council to continue to increase its borrowing to levels.

6.5.6 The Be First financial return to the Council does consider investing in Turnkey schemes to support their financial returns as Be First's financial return will come under pressure from 2024/25 onwards as the current schemes are built and become operational and Be First no longer receive development and construction management fees. The Turnkey schemes will require borrowing of £351m, with potentially a further £241m for further schemes.

6.5.7 Development and Construction fees are directly linked to development spend and can be increased through bringing forward schemes that were originally scheduled for later on in the Business Plan, through new pipeline schemes being added but also as a result of an increase in development costs due to cost inflation and build cost increases. All of these lead to an increase the amount the Council needs to borrow and, in turn, the borrowing costs. It is therefore essential for Be First to work closely with the Council to ensure that the schemes acceleration is affordable, both in terms of funding but also in terms of Be First achieving their £10.3m target.

6.5.8 A concern within the BFBP is the delay in a number of the schemes. During 2019/20 no units became operational as the Becontree Heath (87 units) site was closed in March due to Covid-19 and Weighbridge (92 units) is now forecast to complete in Q1 2020/21. Wivenhoe was also due to be completed in 2019/20 but its completion has also been pushed back to 2020/21.

6.5.9 The impact of these delays means that the income to the Council from Reside, both from interest from the loans and from the net return, is delayed. This puts pressure on the Council's interest budget and the IAS target return. Going forward, it is essential that schemes are completed on time and as close to budget as possible and that new schemes are only started when there is sufficient interest budget to fund them.

6.6 **Loan Facility**

6.6.1 A loan facility agreement of up to £4.2m working capital was provided to Be First in 2017/18. This loan will not be repayable until Be First are fully self-financing.

6.7 **Be First Contribution to the IAS**

6.7.1 Be First will help to accelerate the delivery of the Council-led development schemes which will be integral to the Council's ability to achieve its £5.1m investment strategy returns by 2020/21. The £5.1 investment return is in addition to Be First's target return of £10.3m and is predominantly generated when each scheme is operational and managed within Reside. Delays in schemes becoming operational and or where net returns are reduced will negatively impact on the ability for the Council to achieve the target return. As no new schemes became operational in 2019/20, the IAS will struggle to meet its income target.

6.8 **BFBP Funding**

6.8.1 The borrowing requirement outlined in the BFBP comprises most of the schemes agreed in the IAS but excludes some of the large schemes that have already been built, such as Abbey Road 2, Weavers and the Street Purchases schemes. The size of the borrowing is significant and careful treasury management is required to manage the interest cost of carry during the construction phase.

6.8.2 The BFBP potentially requires an increase in net development costs of £200m for the existing IAS schemes but also an additional £320m for pipeline schemes, £185m for commercial schemes and £246m for Turnkey schemes, for a total additional funding of £950m over the next 5 years. This results in the funding requirement increasing from £2.69bn to £3.64bn, although £2.1bn of this are potential schemes that have not been agreed or taken to gateway panels.

6.8.3 Although interest will be capitalised during the development period, delays in some of the schemes becoming operational will also have a negative impact on the net borrowing costs as income from the schemes will be delayed and therefore there will be delays in receiving the interest income.

6.8.4 Each £100m of additional borrowing will require an interest budget of £2.0m based on average borrowing costs of 2.0%. Once schemes are operational, then the interest income received from the scheme being operational can be used to fund further borrowing and provide an income stream to the Council. It is important to outline that the Council does not have unlimited borrowing powers and each scheme proposed will need to provide a return and fit within the funding budget.

6.8.5 It is therefore essential that Be First work closely with the Council to ensure that future investment proposals fit within the current funding available and are built, at the right time and within agreed budgets, to ensure that the Council's plans are met within agreed timescale but that are also Value for Money.

6.9 **External Borrowing**

6.9.1 Currently the Council has funded most of the IAS, with only the original Reside 1, William Street and Eastern Thames View, being funded by financial institutions. The Council has used long term fixed rate borrowing, from the Public Works Loan Board (PWLB) and European Investment Bank to fund the schemes.

6.9.2 The BFBP has included the potential for funding from financial institutions. The ability to borrow long term from financial institutions has always existed but the rates are usually around 1.1% to 1.5% above the rate the UK government borrows at (GILTS). Since 2012 the PWLB rate has been the GILTS rate plus a margin of 0.8%, which has made the PWLB rate much cheaper than financial institutions. In October 2019, the government increased the margin the PWLB charges on GILTS to 1.8%, which was a much less competitive rate and allows funding to be considered from a number of different banks and pension funds. Subsequently the margin charged for PWLB borrowing has reduced back to 1.0% above gilts, which makes the PWLB the cheapest available to the Council.

6.9.3 Other borrowing options from financial institutions could include borrowing that is not fixed but is inflation linked, this is often accessed through a lease and leaseback approach. This approach can prove to be useful where there is sufficient margin from the rental income, such as with the recent Aparthotel and Travelodge hotels. However, where margins are small and where there can be pressure to not increase rents by inflation every year, such as with social housing, a disconnect between the increase, through inflation, of the borrowing costs to the funder and the income received from rents. If margins are small, this can turn to a shortfall in income that will need to be covered by the Council.

6.9.4 The risks and requirements of using financial institutions have only briefly been covered as part of the financial implications and it is essential that any proposal includes a detailed outline of the risks and obligations and also scenario testing for different situations.

6.10 **Risks**

6.10.1 There are a number of risks that have the potential to impact on Be First financial performance including risks attached to capital programme delivery; supply chain costs; and general economic performance and activity including the potential impact of Brexit and Covid-19. These are assessed as part of the BFBP and mitigations and monitoring arrangements in place, with the risk register constantly being updated. Corporate risks are monitored through the Shareholder Panel.

6.10.2 Given the increased scale of the borrowing, the interest rate risk (i.e. the risk that interest rates will be higher than currently forecast) will be significant. An interest rate margin has been included to produce the interest budget but there is still the risk that borrowing rates could increase, which would make a number of the more marginal scheme unviable. To mitigate this, where schemes have progressed through Gateway 4 and are in the process of being built, the Council will seek to lock in the borrowing requirement, but it will only do so when rates are relatively low.

6.10.3 In considering the BFBP, it is incumbent on the Council to ensure the activity of Be First is strategically aligned with the Council and Reside priorities to deliver long term outcomes for the borough. These include understanding the quality of schemes as well as the delivery of financial returns. To do this the Council has put in place governance arrangements through the Investment Panel and associated gateway processes.

7. Legal Implications

Implications completed by: Dr Paul Feild Senior Governance Lawyer

7.1 Cabinet is requested to approve the Business Plan for Be First, for the five-year period 2021-2026. The Council is a 100% shareholder of Be First, which was set up by the Council to accelerate delivery of regeneration in the area. The relationship between the Council and Be First is regulated through a shareholder agreement dated 29 September 2017, albeit this is not a legal requirement. Shareholder agreements make provision to ensure accountability to the Shareholder and form part of both the governance of the companies and the contractual documents setting out the course of business, accounting for dividends, and reserved activities over which only the shareholder has control. Via its shareholder controls (exercised through Cabinet and Shareholder Panel) the Council can set the strategic direction for Be First and monitor its performance of the companies. It is a condition of the agreement that an update on the business plan is presented to the Council on an annual basis, albeit the Business Plan for Be First is prepared for a rolling given year period.

Relevant Statutory Powers

7.2 The Council has a number of relevant powers regarding its establishment of trading companies, borrowing and investment activities. Section 1 of the Localism Act 2011, the general power of competence (“GPC”) empowers local authorities to do anything that an individual can lawfully do provided that the activity is not expressly prohibited by other legislation. Activities authorised by the GPC can include investment, trading or charging decisions which may be undertaken through commercial (corporate) vehicles with the primary aim of benefiting the authority, its financial management, its area or its local communities. The power is wide and provided that the specific activity is not expressly restricted or proscribed by other legislative provisions, it will be within the parameters of the GPC power. However, Section 4 of the Localism Act 2011 adds a proviso that if the GPC power is exercised for an activity which may be deemed ‘for a commercial purpose’ that is more than incidental to other functions or purposes of the Council, such activity must do so through a company. Therefore, there may be circumstances where commercial activity carried out by the Council’s companies may necessitate that a company limited by shares is utilised and may require further approvals by Cabinet whether the projects have been identified in the proposed Business Plans or not.

7.3 Section 12 of the Local Government Act 2003 (“Power to Invest”) enables a local authority to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs. Consequently, borrowing to invest primarily or only for profit would not be deemed directly relevant to fulfilling the authority’s functions and will not, therefore, be authorised under this power. However, investment in development, land or property with a view to promoting regeneration will fall within the power to invest.

7.4 Section 1 of the Local Government Act 2003 ("Power to Borrow") provides local authorities with the power to borrow for any purpose relevant to their functions under any enactment or for the purpose of the prudent management of its financial affairs. The Power to Borrow has similar constraints to the investment power under the 2003 Act. Borrowing primarily to achieve a return is unlikely to be deemed connected to the functions of the Council or to be prudent financial management. Caution should be exercised in making decisions to ensure that any investments or loans financed with borrowing further the functions of the Council and are consistent with the prudent management of the Council's financial affairs and associated prudential guidance. In instances, where there may be commercial reasons for borrowing or investment further scrutiny and approval by Cabinet will be necessary as to whether the proposed activity is within the powers to invest and borrow, the CIPFA Prudential Code and relevant statutory guidance will be necessary (among other matters).

Other Legal and Commercial Considerations

7.5 The Council's fiduciary duties can be summarised as the Council acting as a trustee in respect of taxes collected and public sector income on behalf of its rate and taxpayers. The Council in effect holds money but does not own it; it spends money on behalf of its business rates and local taxpayers.

7.6 In making approving the business plan, Cabinet should consider the risks and benefits of approving the recommendations, i.e. whether a prudent investor, shareholder or borrower would undertake the activity or risks proposed; whether the Council will achieve appropriate outcomes and return for the risk it is taking, and that the risks and potential costs involved in approving the planned business activity have been appropriately mitigated in the event of the company (or any subsidiaries) becoming insolvent and/or defaulting on outstanding loan(s). It should be borne in mind that in instances where loan book activity references in the report and business plans is funded by PWLB borrowing, a default by the borrower/s (whether the Council's entities or other third parties) could leave the Council exposed to repaying loans and interest notwithstanding default by its borrowers. The Chief Operating Officer should also consider these risks in approving the terms of any relevant legal agreements.

Funding and Borrowing

7.7 Section 15 of the Local Government Act 2003 requires that the Council have regard to statutory guidance in relation to exercising its borrowing and investment powers. The relevant Statutory Guidance on Local Government Investments (3rd Edition, issued on 1 April 2018). In accordance with the Guidance (paragraphs 33 and 34), A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity provided that the overall Investment Strategy demonstrates that:

- The total financial exposure to such loans is proportionate;
- An expected 'credit loss model' has been adopted to measure the credit risk of

the overall loan portfolio;

- Appropriate credit controls are in place to recover overdue re-payments; and
- The Council has formally agreed the total level of loans by type and the total loan book is within self-assessed limits.

7.8 It is noted that matters associated with credit / risk management and borrowing / lending activity are expected to be addressed in the next iteration of the Council's Investment Strategy.

7.9 Individual schemes and projects will have potential implications under the Public Contracts Regulations 2015 and state aid rules, which will need to be complied with by the Council or the company undertaking such activity for the Council. The Council should put in place appropriate assurance protocols for checks and balances to ensure that its companies are compliant.

Procurement Implications

7.10 Be First's business arrangements were structured to ensure that it can provide services to the Council without being subject to the compliance with the European procurement rules. That position has changed in that since February 2020 the UK has left the EU and the transitory measures ended on 31 December 2020. However, some of the principles are also within in the UK's Public Contract Regulations 2015 (PCR). Thus, the so-called 'Teckal' exemption is also set out in Regulation 12 of the PCR. CIPFA advise that compliance requires that a local authority (the Council) must control all the shares in a company (Be First), and also exercise effective control over the company's affairs in a manner similar to its own directorates and, finally, that there is no direct private capital participation. Regulation 12 (3) of the PCR sets out the meaning of "control" as exercising a "*decisive influence over both strategic objectives and significant decisions of the controlled legal person*."

7.11 To benefit from the Teckal exemption, the PCR require that at least 80% of Be First's business turnover must be for its public sector owners. Be First is able to undertake 20% trading with third parties in a manner which is still compliant with its 'Teckal' arrangements with the Council. The turnover is calculated based on three years of turnover – therefore allows for some smoothing over these years. It must be borne in mind that as a Teckal company Be First is an emanation of a public body, therefore, a contracting authority. As the financial position to date demonstrates, Be First primarily act as development / construction manager for contracts in respect of which the Council is employer. Therefore, in procuring works, services or other supplies from third parties, the company must tender in a manner compliant with procurement legislation. Whilst the Council has and is delegating to Be First procurement of contracts which facilitate the delivery of the Business Plan, it should be noted that as the parent body and often contracting party, the Council would also bear the risk of any non-compliance. Therefore, it is recommended that the Council in its shareholder capacity should undertake appropriate assurance measures from time to time to ensure overall compliance with procurement law and good practice by Be First.

State Aid Implications – Post Brexit

7.12 State aid too continues to be a consideration. As local government is an emanation of the state, the Council must comply with UK Law regarding State Aid. This means that local authorities cannot subsidise commercial undertakings or confer upon them an unfair economic advantage. While the UK has left the European Union (EU), issues regarding state aid have not ceased. For example, the UK membership of the World Trade Organisations agreement on trade also has requirements regarding State Aid albeit somewhat less prescriptive than the EU. The agreement with the EU now talks in terms of “Level Playing Field” and “Subsidies” rather than state aid which if anything clouds the issue until we get published Government Guidance. However, the general principle applies in that support on a selective basis to any organisations or undertaking in a manner that could potentially distort competition and trade is challengeable and unlawful. This principle is binding in law on the Council This means that the Business Plans must be compliant in design and execution. The Council is aware of its duty not to breach state aid law and in this regard, will continue to monitor and seek reassurance from the companies that their activities and support from the Council (including its terms, finance rate and security offered) satisfies the Market Economy Investor Principle and any loans and facilities are state aid compliant. Legal due diligence will be carried out to confirm this to the Chief Operating Officer before entering into any agreements or permitting drawdowns. Finally, even if the residue of the EU rules were not effective, the Council has a fiduciary duty to look after its assets to the Government, Non-Domestic ratepayers and Council taxpayers and that also means that funds must be management in a prudent and sound business-like way.

Governance Implications

7.13 The approval of the Be First business plan is reserved to the Council as shareholder under the Shareholder Agreement. This is an executive function exercised by the Cabinet on behalf of the Council as shareholder. Under Part 3, Chapter 1, paragraph 1.2 of the Council’s Constitution, the Cabinet can in turn delegate its functions to an officer or authorise the officer to take decisions in respect of specific schemes forming part of the Business Plan, subject to established parameters, such as the need to consult other officers or Cabinet Members prior to making a final decision. It is noted that the Chief Operating Officer has such delegations (e.g. in respect of investment decisions) under the Constitution or expressly given by Cabinet on specific plans or schemes.

8. Other Implications

8.1 **Contractual Issues** - Development of Business Plans is a contractual commitment for all of the Companies and is designed to set the framework by which the strategic direction of each Company is considered and approved or endorsed by the Council as either a major or minor Shareholder.

8.2 The plan sets out an intention to develop a strategy for maximising revenue opportunities through the wider use of SPVs. This strategy will likely require the creation of multiple project/acquisition specific SPVs governed by formal contractual agreements between the Council and each SPV.

8.3 **Corporate Policy and Customer Impact** – The outcomes noted within the Business Plan are expected to have a positive impact on residents, either by supporting the Council’s aim to become self-sustainable as well as improving service outcomes and educational attainment for residents and children.

8.4 **Health Issues** - The proposed Business Plans will have a positive impact on the local community in terms of improvements the environment, place and housing.

8.5 **Property / Asset Issues –** Any changes to the delivery of regeneration schemes will impact the financial assumptions set out within the Reside Business Plan

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

List of appendices:

- Appendix 1: Be First Business Plan 2021-2026 (exempt document)
- Appendix 2: Be First Developments (Muller) Ltd Business Plan 2021-2022 (exempt document)

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CABINET

16 March 2021

Title: SEND Home to School and Post-16 Travel Assistance Policies 2021/22	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Clare Brutton, Head of Commissioning (Disabilities), Care and Support Commissioning, People and Resilience	**Contact Details:** clare.brutton@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director for Care and Support	
Accountable Strategic Leadership Director: Elaine Allegretti, Director of People and Resilience	

Summary

Every local authority has a duty to publish its policies that set out how it will provide support to some of its most vulnerable families and individuals with travel to and from school each day. More specifically this requirement extends to the publication of two distinct policies, as follows:

1. The Council policy for providing home to school travel assistance for children and young people with special educational needs and/or disabilities (SEND); and

2. The Council policy for providing travel assistance and/or support for young people aged over 16 when travelling to or from further education.

Both policies are written in accordance with Department for Education statutory guidance and are underpinned by requirements as set out in the Education Act. This report introduces the current iterations of these policies, as we are required to do so on an annual basis. The home to school travel assistance policy for children and young people with SEND remains unchanged for families following review; the post-16 travel assistance policy has been updated and details of the updates are explained in this report.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the 'Home to School Travel Assistance Policy 2021/22' for children and young people with special educational needs and/or disabilities (SEND), as set out at Appendix 1 to the report; and

(ii) Approve the updated 'Post-16 Travel Assistance Policy 2021/22', as set out at Appendix 2 to the report.

Reason(s)

To ensure that the Council is compliant with relevant statutory guidance and legislation by reviewing and approving the policies each year and assist in achieving its priority of "Prevention, Independence and Resilience".
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1. Introduction and Background

1.1 Every authority has a duty to review, update and publish the Home to School Travel Assistance Policy, including the post 16 transport policy each year. The policy is written in line with the DfE Statutory Guidance. This guidance states that the Local Authority must develop and publish their transport policy statement for young people of sixth form age and adults over 19 in education and training.

1.2 The legislation for home to school transport/ has not changed since the last review came to cabinet in 2016 following a full public consultation. Whilst the policy available was reviewed and republished in 2019, no changes were required as the policy was in line with the DFE guidance relating to Home to School Travel Assistance. This policy has again been reviewed, and it light of the changes required to the services to ensure they are Covid-19 Safe there is not a requirement to make any changes to the Home to School Transport Policy that will impact on residents.

Local Authority Responsibility for Young People Under 16

1.3 The Education Act 1996 contains the law on school transport. The government has also issued statutory guidance underpinning this and setting out in greater detail the precise associated duties. Local Authorities must have regard to this when carrying out their duties on home to school travel and transport and sustainable travel.

1.4 In short, to qualify as an "eligible child", the child must be of compulsory school age (5—16) attending a qualifying school and must fulfil one of the following criteria:

- The child is living outside of the statutory walking distance of the nearest suitable maintained school.
- For children aged over 5 but under the age of 8 the statutory walking distance is 2 miles.
- For children aged over the age of 8 and under 16 the statutory walking distance is 3 miles.
- The statutory distance is measured by the shortest route along which a child, accompanied if necessary, may walk safely.
- A suitable school is defined as the nearest qualifying school with places available that provides education appropriate to the age, ability and aptitude of the child and considering any SEN the child may have.
- A child's home is defined as the place where he/she is habitually and normally resident.

The child cannot reasonably be expected to walk to school because of their mobility problems or other health and safety concerns related to their SEN or disability.

- This will be assessed on a case-by-case basis.

- The local authority will consider whether the child could reasonably be expected to walk if accompanied and whether the child's parent can reasonably be expected to accompany the child.

Local Authority Responsibility for Young People Post 16

1.5 The statutory responsibility for travel assistance for 16–19-year-olds (who have started a course before their 19th birthday) rests with local authorities. Local authorities have a duty to prepare and publish an annual travel policy statement specifying the arrangements for the provision of transport, or otherwise that the authority considers necessary, to make to facilitate the attendance of all persons of sixth form age receiving education or training.

1.6 Legislation gives local authorities the discretion to determine what transport and financial support are necessary to facilitate young people's attendance. The local authority must exercise reasonable assessment of need against the post 16 policy to determine a young people's eligibility.

1.7 The sixth form age duty applies to young people of sixth form age and young people with Education, Health and Care Plans (EHC plans) up to the age of 25 where they are continuing a course they started before their 19th birthday.

1.8 The overall intention of the sixth form age transport duty is to ensure that:

- Learners of sixth form age can access the education and training of their choice; and
- If support for access is requested, this will be assessed and provided where necessary.

1.9 The local authority also has a duty under The Education Act 1996 section 508G to prepare a transport policy statement setting out any transport or other arrangements that it proposes to make for that academic year in respect of adults aged under 25 with EHC plans. This must be published on or before 31 May each year. The statement must include the details of transport arrangements and the details of financial support in respect of reasonable travelling expenses that the local authority considers it necessary to facilitate access to education or training for learners of sixth form age for the following academic year. These arrangements could include:

- The availability of a concessionary fare schemes.
- A bus pass or Direct Payment equivalent.
- A bus pass or Direct Payment equivalent plus a companion pass or Direct Payment equivalent.
- Independent travel training.
- A fixed mileage allowance.
- Provision of actual transport.

1.10 This policy is reviewed by operational and legal colleagues on a yearly basis and the policy is published in line with the guidance. The Home School Transport Policy was last presented to Cabinet in 2016 and continues to be compliant with the law.

1.11 In developing the updated post-16 Policy, all relevant legislation was reviewed and incorporated into the Councils' policy.

2 Current Home-to-School Transport Policy (SEND)

2.1 The Home to School Transport Policy was extensively reviewed in 2016 and a full public consultation was undertaken. The final policy statement was agreed at Cabinet in 2016.

2.2 The policy was reviewed again in 2019 following a further issuing of guidance from the DFE. However, on review of the policy there were no requirements to make any changes to meet the requirements of the new guidance that will impact on residents. There has been an amendment recommended by Commissioners which explicitly states that we cannot provide travel assistance for a Looked After Child for whom another LA is responsible unless they agree to fund the costs, even if they are placed in Barking and Dagenham. This will bring us in line with other local authorities.

2.3 The policy clearly states how the authority will determine the eligibility and the travel models that will be considered for those children of statutory school age who are eligible for travel assistance.

2.4 As the policy continues to meet the requirements of the DFE guidance there is no requirements to make any amendments to the policy that will impact local families and children.

2.5 Commissioners have amended the policy, explicitly stating that we cannot provide travel assistance for a Looked After Child for whom another LA is responsible unless they agree to fund the costs, even if they are placed in Barking and Dagenham. This will bring us in line with other local authorities.

The post-16 Travel Policy

2.6 Since June 2013 young people are required to stay in education or training for a further year after compulsory school leaving age, and this extends to the age of 18 from June 2015. The government has issued statutory guidance on Post-16 transport to education and training 2014 which local authorities must have regard to when carrying out their responsibilities. Local authorities have discretion to determine transport and financial support in their area and must publish their policies on this. Local authorities must have regard to:

- The needs of those who could not otherwise access education or training and those not in education, employment, or training (NEET) and young parents.
- The young person having reasonable choice between education options.
- The distance between home and the education establishment.
- The journey time.
- The journey costs
- The needs of learners with learning difficulties and/or disabilities.

2.7 Similarly to the Home School Travel Policy, the Post 16 Transport Policy is a document that must be reviewed yearly to ensure it meets the requirements of the DFE Guidance.

2.8 The guidance provided by the DFE was last update in January 2019 and whilst there were no changes to the guidance there were clarifications, where legislation was ambiguous.

- Further clarify the sixth form age and adult duties, including clearer explanation of when each applies.
- Includes good practice suggestions.
- Provides additional annexes containing an example Local Authority policy template, information on compliance checks conducted by the department and FAQs

2.9 With the options available to young people leaving their secondary educational setting there has been an increase in demand where young people are choosing to change placement rather than remain in their secondary provision to complete their FE placement. Coupled with some secondary setting not having a Further Education offer there are more 16-19yr old students that are in need to travel assistance to access their FE placement.

2.10 The post 16 policy links to the Home School transport Policy and the eligibility that is applied in these cases is that moving to a placement that is not the local suitable placement would be deemed as a preferred placement and therefore the young person would not be eligible for travel assistance.

2.11 For young people to have choice of where they wish to undertake their FE studies the eligibility criteria must be relaxed to ensure these young people can access the support they need to ensure they can access their educational place of choice.

2.12 Under the current policy many applications were declined, with alternative arrangements offered to support families to facilitate young people getting to a college placement. Where a family was not offered a transport option, they requested a Direct Payment from children's social care via the Heathway Resource Centre to cover the cost. This simply moves the pressure to Children's Social Care and masks the true cost of Transport for the borough.

	2018/2019	**2019/2020**	**2020-2021**
Applications	12	6	16
Declined	9	5	16
DP Awarded	3	2	3
Mileage	1	1	1
Travel Training			3
Direct Transport		5	5
Stage 1 appeals	7	4	5
Stage 2 appeals	1	2	2
Members enquiries	3	0	0

3 Revisions to the Post 16 Travel Policy

3.1 While the current policy meets our statutory obligations, it does not reflect the changing profile and needs of young people moving to Further Education in the borough. The 16 declined applications for post 16 transport came from Riverside Bridge Special School, who do not have a Further Education offer; it is inequitable that young people at Trinity, with similar levels of need, are offered transport assistance due to their post 16 education offer.

3.2 As a consequence, two key revisions are proposed to the Post 16 Transport policy as follows:

1. To ensure that Transport is considered as part of the transitions process for all SEND children, so that options can be discussed and applications for travel assistance can be considered early in the transition process, which will negate the number of appeals we currently have. We recognise that transitions are tricky for families and young people, the change will streamline the process in a pragmatic and transparent way, focusing on positive outcome for the young person.

2. That Independent Travel Training (ITT) will be considered for all young people transitioning to FE colleges, so that we can maximise independence in line with the Care Act. If an ITT place is offered and a parent refuses to consent to their child attending independent travel training, their child's eligibility for transport may be reviewed and future travel arrangements may be offered on the condition that their child attends the training in the future. Continued refusal may lead to withdrawal of travel assistance.

4. Demand and Costs

4.1 The number of applications for Home School Travel Assistance, is rising as is complexity of need. The revisions to the Post 16 Policy seeks to maximise independence and reduce demand on Home School Transport in the longer term.

	2018/2019	2019/2020	2020-2021
Applications	549	656	693
Declined	3	39	41
DP Awarded	45	69	84
Mileage	13	22	35
Travel Training	3	16	5
Direct Transport	461	510	528
Stage 1 appeals	12	18	8
Stage 2 appeals	1	5	2
Members enquiries	1	0	1

4.2 Additional demand

Due to COVID-19, we are running substantially more routes than in previous years. which has had a significant impact on the budget in 20 /21. The expectation is that in September the routes will return to pre COVID-19 rate, which will have a positive impact on the budget.

Resources required	2018/2019	2019/2020	2020-2021
Number of PTS routes	23	19	33
Number of Taxis	44	45	46
Total	67	64	80

4.3 The costs of the provision of each service are:

	2018/2019	2019/2020	2020-2021 (forecast)
PTS recharge	£1,388,200	£1,688,200	£1,688,200
Direct Transport	£1,173,175	£1,210,365	£2,440,792
Total	£2,561,375	£2,898,565	£4,128,992

4.4 The cost of providing travel assistance for FE Students has started to increase. The post-16 Policy seeks to mitigate some of this cost by improving young people's independence and the use of public transport, where appropriate.

	2018/2019	2019/2020	2020/2021 (forecast)
DP	£4000	£4500	£9,000
Mileage	£500	£500	£500
ITT			£15,000
Direct Travel		£15,000 (from Sept)	£30,500
Total	**£4,500**	**£20,000**	**£55,000**

4.5 On analysis of this trend, the needs of young people leaving our special schools and Alterative Resourced Provisions (ARPs) at 16 have significantly increased over recent years making them eligible for discretionary awards; proposed changes to the post-16 Transport policy will allow the Transport Coordinator to manage those transitioning at an early stage of planning, which will negate the number of appeals at Stage One and Two. It is worth noting that the authority has not had any Local Government and Social Care Ombudsman appeals, which reflects that our appeals process is well managed and seeks to problem solve pragmatically with families to a positive outcome.

4.6 During the pandemic the council took a proactive stance to reduce the number of children on buses, aligned to school bubbles, to ensure that the risk of Covid was minimised. This has meant that there have been more buses, coaches, and taxi's than we would normally have commissioned. This has led to significant cost pressures on this budget line. We are anticipating that home to school transport will return to pre-Covid capacity in September 2021, which will have a positive part-year effect on the budget. The post-16 Transport policy will improve forecasting of the budget, as young people's transport needs will be considered as part of their overall plan.

5. Options Considered as part of the post-16 Policy Review

5.1 The table below details the various options that have been considered in the development of the Post 16 Transport Policy.

Considered	Rationale	Outcome
Charging for 16-18 transport was considered (and is undertaken by other Local Authorities)	It was felt that this would be inequitable compared to those non-SEND students who are able to travel for free through the Transport for London Concessionary Fare scheme.	Rejected
A means-based approach based on household income	Rejected since this did not consider the needs of the individual students	Rejected
A blanket approach to making Direct Payments the default position for all 16-18 transport	Rejected on the basis that would be financially unviable	Rejected

We develop a bespoke offer for Young People moving to college post 16 applying for transport	That individual circumstances are considered and appropriately responded to, that we ensure that we are maximising independence where indicated and supporting families holistically.	**Recommended**

5.2 The proposed change to the policy would make the Council's preferred option for 16–18-year-olds Independent Travel Training; where this is not appropriate families could apply for a Direct Payment (DP) to support the cost of transport, where they meet the conditions of the policy. The exception would be for students with severe learning difficulties or complex physical/medical needs, where we would continue to meet their needs within the Home School Transport contract.

5.3 The proposed changes to the post-16 Travel assistance policy are intended to:

- Promote the choice and independence of young people in relation to travel and transport.
- Empower families to find their own lasting travel solutions.
- Remove reliance on council provided transport and promote increased use of public transport.

6. Equality Impact Assessment (EIA)

6.1 An equality impact assessment is not required as the recommendations contained within this report do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010, rather the changes clarify the Council's existing position and ensures that the policies are applied transparently.

7. Consultation

7.1 The proposals in this report were considered and endorsed at the Portfolio meeting on 16 February and by the Corporate Strategy Group at its meeting on 18 February 2021.

8. Financial Implications

Implications completed by Philippa Farrell, Head of Service Finance

8.1 This report seeks approval for the updated Home to School Transport policy. The local authority has a duty under The Education Act 1996 section 508G to prepare a transport policy statement setting out any transport or other arrangements that it proposes to make for that academic year in respect of adults aged under 25 with EHC plans. This must be published on or before the 31 May each year.

8.2 With the increase in Additional Resourced provisions, the migration of children in need of travel assistance and the increased capacity in our special schools, and the opening of the Riverside School, the demand for travel assistance continues to rise. Providing Covid secure travel has placed further pressure on the budget.

8.3 In the current year the service has overspent quite significantly against the original budget of £2.9m by £1.3m – however £730k is driven by Covid and we are expecting much of this to be met from the Covid grant. Then in 2021/22 there is MTFS growth of £730k.

8.4 Delivering the optimal option outlined in the above paper will result in a financial requirement of £2.9m (Pre-COVID level) this proposed option can be met within the existing financial envelop of £2.9m which includes £700k growth from the previous year. The In year additional pressure of £730k in 2020/21is being met in the main from Covid grant, it is anticipated these costs would recede once normal operation resumes, however current arrangements are expected to continue at least into the first quarter of the new financial year.

9. Legal Implications

Implications completed by Lindsey Marks, Deputy Head of Law

9.1 Local authorities have a statutory responsibility for transport for 16–19-year-olds (who have started a course before their 19th birthday) rests with local authorities. Local authorities are required to prepare and publish an annual transport policy statement, specifying the arrangements for the provision of transport, or otherwise that the authority considers necessary, to make to facilitate the attendance of all persons of sixth form age receiving education or training.

9.2 Section 509AA Education Act 1996 places a duty on all duty applies to all local authorities in England in respect of arrangements for young people (over compulsory school age) aged 16-18 and those continuing learners up to age 25 with EHC plans, who started their programme of learning before their 19th birthday. The legislation recognises that a local response to transport arrangements is important in enabling young people’s participation in education and training and as such the flexibility of the extent of an individual policy lies with individual local authorities. A local approach allows local circumstances to be considered. The legislation therefore gives local authorities the discretion to determine what transport and financial support are necessary to facilitate young people’s attendance. The local authority must exercise its power to provide transport or financial support reasonably, considering all relevant matters.

9.3 The sections 509F and 508G Education Act 1996 place duties apply to all local authorities in England in respect of arrangements for adults aged 19 and over, who started their programme of learning after their 19th birthday. The legislation recognises that a local response to transport arrangements is important and whether local authority arranged transport for this age group is necessary, sits at a local level and, and as such the flexibility of the extent of an individual policy lies with individual local authorities. Where local authorities do decide that it is necessary for them to provide transport, this must be provided free of charge, however, the legislation also gives local authorities the flexibility to contribute to, fund or charge for other transport solutions where it wishes.

9.4 Section 508A Education Act 1996 requires local authorities to promote the use of sustainable travel and transport for all children and young people of compulsory school age who travel to receive education in the local authority’s area. Section 508B and Schedule 35B Education Act 1996 places local authorities under a duty to provide free school transport to “eligible children”.

9.5 Local authorities are required to prepare and publish a transport policy statement on or before 31 May each year. The statement must include the details of the transport arrangements and the details of the financial support in respect of reasonable travelling expenses that the local authority considers it necessary to make to facilitate access to education or training for young people of sixth form age. The transport policy statement should set out any transport or other arrangements that it proposes to make for that academic year in respect of adults aged under 25 with Educational Health and Care (EHC) plans.

Public Background Papers Used in the Preparation of the Report:

- Department for Education - Home to School Travel and Transport Statutory Guidance: https://www.gov.uk/government/publications/home-to-school-travel-and-transport-guidance

- Department for Education - Transport to education and training for people aged 16 and over: https://www.gov.uk/government/publications/post-16-transport-to-education-and-training

List of Appendices:

- **Appendix 1:** LBBD Home-to-School Travel Assistance Policy 2021/22

- **Appendix 2:** LBBD Post-16 Travel Assistance Policy 2021/22

APPENDIX 1

London Borough of Barking and Dagenham

Home to School Travel Assistance Policy

2021/22

1 Introduction

This policy is written for parents and young people to explain the arrangements that Barking and Dagenham Council makes to support travel arrangements for children and young people (CYP) with special educational needs and/or disabilities (SEND) up to the age of 16. There is a post 16 travel home to school travel policy, which can be accessed on the Barking and Dagenham council web pages.

This policy covers travel arrangements for children and young people aged 5 to 16.

Barking and Dagenham believes that support for eligible children and young people to develop independent travel skills helps enable them to take part, in education, employment, life and leisure activities within their communities.

Barking and Dagenham promotes the use of sustainable travel options and to support this we promote greener options for any travel assistance that we fund or organise.

Parents have a legal duty to make necessary arrangements to ensure their children attend school regularly and this policy does not remove that responsibility.

An Education Health and Care Plan (EHCP) does not give the child an automatic entitlement to travel assistance. If a school has been named in the EHC Plan in accordance with parental preference and is not the nearest suitable school, transport will be the parents responsibility.

2 Scope of the policy

This policy and guidance is relevant to residents of Barking and Dagenham who are:

- Parents/carers of a child with special educational needs and/or a disability aged 5-16, who attends education provision. Most (but not all) of these children and young people will have an EHC plan, and the policy explains the criteria that will apply.
- A carer or foster parent of a child who is looked after by Barking and Dagenham (LAC under the Children Act) and who also has special educational needs and/or disabilities, and who lives in Barking and Dagenham. We cannot provide travel assistance for LAC for whom another LA is responsible unless they agree to fund the costs, even if they are placed in Barking and Dagenham.

3 What is the legal basis for this policy?

Any duty on Barking and Dagenham to provide travel assistance is set out in the Education Act 1996, as amended by the Education and Inspections Act 2006. Schedule 35B of the Education Act defines eligible children (those who qualify for travel assistance) as children with special educational needs, disabilities, or mobility problems, who live within the walking distance, but cannot be expected to walk or access public transport.

Barking and Dagenham Council has considered the statutory legal framework and statutory guidance in formulating this policy. These include the Education Act 1996 and the requirements of the SEN and Disability Code of Practice (2015). Our policy aims to ensure that we identify those children and young people who are in need of an appropriate travel solution, making decisions that are fair and equitable and promote greater independence by providing life skills to help them prepare for adulthood.

The policy will be reviewed annually and will take account of any legislative or policy changes on home to school assistance.

Sustainable Travel
Barking and Dagenham Council seeks to reduce harm to the environment, for example minimising carbon emissions. The majority of children and young people attending education provision are able to walk to school or access free public transport

The Council will award the most appropriate, sustainable and cost-effective form of travel assistance, in some cases we will arrange for an independent travel training assessment to determine this.

We do not have to make a travel award where suitable ones already exist. In London children can usually travel for free, using Transport for London (TfL) provision. An outline of TfL free transport provision is given below.

We owe a duty to all residents to use our resources effectively. We must act in accordance with the law, including the Equalities Act 2010.

4 What are the eligibility criteria?

Parents/carers have a legal responsibility to ensure their child's attends school regularly. This policy outlines the travel solutions that will be considered in cases where a child's needs are such that prevent them from being able to walk, cycle or access public transport even with an adult to accompany them.

An EHCP does not give the child an automatic entitlement to free travel. If a school has been named in the EHC Plan in accordance with parental preference, and is not the nearest suitable school, transport will be the parents responsibility.
Where the Council agrees to provide travel assistance, it will be reviewed each year as part of the annual review of the EHC plan with the explicit focus on moving to greater independence as the child becomes older. In addition, we will always review travel assistance eligibility when:

- the family address changes
- the school attended changes
- at phase transfer (from primary to secondary, secondary to post 16 and transfers between post 16 institutions)
- The current travel solution is no longer suitable due to change of needs of family circumstances change.

We expect families to reapply for travel assistance when circumstances change.

If following review, the Council believes that travel assistance is no longer required, it may be withdrawn, subject to a minimum of 6 weeks' notice. Such a decision would be subject to the appeal procedures set out in this policy.

The criteria we consider when making a decision about a child or young person's eligibility to receive transport assistance are set out in the following sections.

Criteria for Children under 5 years old
There is no legal requirement for the Council to make special arrangements for children under the age of 5 to travel between home and school. The Council expects that children under the age of 5 will be taken to their educational provision by a parent or guardian.

Barking and Dagenham Council has used its discretionary powers to expand the policy for children under the age of 5 attending a specialist provision to enable them to be considered under the same criteria as school aged children, from the start of their first term in **Reception year**.

Criteria for Children and young people attending school
The two primary considerations for determining eligibility for travel assistance are the individual needs of the child or young person, and the distance they live from the nearest suitable school:

Individual Needs
- Does the child or young person have physical, learning and/or mental health needs which mean they cannot walk, travel by wheel chair, cycle or access public transport even if accompanied by a responsible adult?

Distance
- Does the child or young person live more than the statutory 'walking distance' from the nearest suitable school (This means a child who lives beyond the statutory 'walking distance' of 2 miles, for pupils below the age of 8, and 3 miles for those aged 8 and over).

Home to school when a closer suitable alternative has been offered
The distance criteria applies when a child cannot be placed by the Council at a suitable school within walking distance, or by accessible public transport.

Supported travel will only be provided for travel to a qualifying school. A qualifying school means one that can meet a child's needs and is nearest to their home. The Council will not agree to pay the transport costs for a child if a nearby school can meet the child's needs but parental preference is for a school which is further away.

The Special Educational Needs Code of Practice (2015) says a parent's preferred choice of school may be further away from the child's home than another school that can meet the child's special educational needs. In such cases the Council could name a nearer school if naming a further school was an unreasonable use of public expenditure. The Council could also agree to name the preferred school on condition the parent agrees to meet the transport costs. If at any point the parent then said they would not meet the transport costs the Council would review the placement and make a decision based in accordance to the statutory framework.

How we measure distance
We measure distance using online mapping tools, which measure the actual distance travelled (i.e. not a straight line or "as the crow flies" between home and school). Please note that that walking routes are often shorter than driving routes.

Travel costs of parents/carers accompanying children
Parents are expected to accompany children to school (or to make arrangements for them to be accompanied by an authorised adult) if this is necessary for the child's safety. Any travelling expenses for the parent are the responsibility of the parent.

The Council does not provide assistance with travel costs for adults accompanying children to school unless there are exceptional circumstances. Where a parent or carer through illness, incapacity, or some other reason finds it unusually difficult to accompany a child to school, they can request a Care Act assessment of their needs relating to their ability to carry out their caring responsibilities.

Other parental circumstances
Travel assistance is made on the basis of the individual child's needs and cannot take in to account individual parental circumstances. Please be aware that the following are not taken into account when considering applications:

- A parent's work or childcare arrangements
- Taking other children in the family to and from school
- Temporary pick up and or drop off at a different place: travel arrangements are agreed for the child or young person's main residence to their place of education only. We are not required to make arrangements for a child or young person to be picked up and/or dropped off at a different address.
- Being in receipt of the higher rate of the mobility component of Disability Living Allowance does not necessarily confer eligibility for free school transport but neither does it preclude it if the child is an eligible child.

5 Travel assistance - range of options

For children and young people who are able to access it, *Transport for London* provides free or subsidised travel. Further information is available from www.tfl.gov.uk.

For children and young people who are unable to access public transport, Barking and Dagenham makes use of a range of travel assistance solutions to best address the individual needs of children and young people, but which also utilises existing networks, to promote independence and which represent the most cost effective and sustainable mode of transport.

Before requesting travel assistance, parents may wish to consider:

- Do you have access to a blue badge for your child? Your child may be more settled if you are able to take them to school.
- Are there travel arrangements that you are able to make with family, friends or neighbours whose child attends the same school?

Different forms of travel assistance we will consider
If a child is eligible for travel assistance, the following forms of assistance are considered:

- Funding for the provision of a travel card (Oyster or Freedom Pass) for the parent/ carers to enable them to accompany their child where they have access to free travel on London Buses and where parents' consent.
- Public transport with or without a Passenger Assistant When people are eligible for Freedom passes they can fund their own transport.
- Use of family car with a milage allowance
- Independent travel training support, which could take place from year 6 onwards and which could include assistive technology
- A taxi or school bus provided by Passenger Transport Service (PTS) who would take your child to and from school, from a pickup point near your home.

Escorts/passenger attendants
Where the Council has decided that it is necessary to provide assistance with travel, we will, in addition, consider whether it is necessary to provide a Passenger Assistant to supervise the child/young person's journey. This will depend on, amongst other matters:

- their age
- medical needs (for example a child with uncontrolled epilepsy may require an escort)

- mental capacity (for example some children and young people with profound and multiple difficulties may require continuous support and attention)
- level of behaviour difficulties
- level of physical difficulty (should they need continuous support and attention)

Personal Travel budget with direct payment for travel assistance
If travel assistance is agreed, the Council will consider a request for a Personal Budget. If this is via a direct payment then a personal budget direct payment agreement form will need to be signed.
A personal budget will only be agreed where:
- the young person is eligible to receive transport assistance under this policy
- it is an efficient use of the Council's resources
- the child or young person achieves and sustains good attendance

Independent Travel Training
For young people who receive any travel assistance under this policy, consideration will be given to their need to become independent travellers in preparation for adulthood and achieving maximum independence. Barking and Dagenham commissions an accredited travel training programme which enables pupils who are eligible for transport assistance, to develop the skills needed for independent travel.

Behaviour Agreements
Parents and pupils share responsibility for ensuring that acceptable behaviour is maintained to ensure a safe and stress free journey for all on school transport.
Travel arrangements are provided on the understanding that a child behaves in a reasonable manner during the journey. If a child demonstrates behavioural difficulty giving persistent cause for concern (i.e. threatens the health and safety of themselves, other children, the driver or passenger assistant) and all attempts to modify the child's behaviour have been resisted, travel assistance will be reviewed. Where despite all efforts it is no longer feasible for the child or young person to be on council provided transport we will provide a personal transport budget as an alternative.

6 Special cases

Pupils with EHC Plans where a residential school is named

Where the EHCP names a residential school as the only or nearest school:
Travel assistance will be provided at the beginning and end of each of the three academic terms (3 term year) and each of the three half terms, other periods when the school is closed, and an additional return journey at the weekend for each half term.

It is expected that parents will be responsible for the cost of any additional journeys to and from school. Requests for additional journeys during term-time can be considered and assistance given using discretionary powers if the circumstances are exceptional.

Where children attend on a weekly boarding basis, transport will be provided at the start and end of each week and for other periods of school closure only.

Pupils with a temporary disability or medical condition/mobility problems
Where pupils have a temporary condition that prevents them getting to school we may award travel assistance on a temporary basis . Supporting medical evidence will be required for stop the assistance will come to an end when the temporary condition no longer exists.

7 Applications, awards, reviews, appeals and complaints

How to apply

The application form for travel assistance is available online. It is recommended that you apply for transport once your educational provision has been agreed, as claims can not be backdated.

Awards of travel assistance

The Council processes all applications as soon as practicable. Awards will be made from the date the completed form and supporting evidence is received.

Any award of travel assistance will be made for a specified period, or until it is reviewed. No award will be for more than one academic year. When an award of travel assistance ends it is the responsibility of the parent to make a further application.

Reviews

Assessments of the need for travel assistance will be reviewed annually and more frequently where circumstances change within the year.

Changes in circumstances

Parents need to reapply for travel assistance for their child if any changes in circumstances that may affect entitlement to travel assistance. These include a change of address, school, safety of the route, income if qualifying under the extended rights given to low income families, changes in the health or SEND or associated needs of the child/parent or other member of the family that affects the child getting to school

Eligibility Checks

The Council has a duty to ensure that it protects public funds. The Council may contact families during the academic year, to ensure they are still eligible for travel assistance.

Awards made in error

Where an award of travel assistance has been made in error, the Council has the right to withdraw this after first considering the circumstances of each case to determine whether there are exceptional reasons for provision to continue.

Where it is decided to withdraw transport, up to one term's notice will be given. If the error was discovered before the commencement of the academic year the assistance will be withdrawn straight away.

Fraud

Where an award of travel assistance has been made as a result of fraud it will be withdrawn immediately. All monies paid will have to be repaid. Legal action to recover monies may be taken. Criminal proceedings may be taken, which may lead to conviction.

Appeals

The Council has adopted the appeal procedure recommended by the Department for Education Guidance. This can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/575323/Home_to_school_travel_and_transport_guidance.pdf

Complaints

Complaints about the service provided by Council relating to home to school transport can be made by using the Council's complaints procedure. This is available at Complaints procedure | LBBD

Local Government Ombudsman

The Local Government Ombudsman may investigate some matters relating to home to school transport. Details are given in our appeals policy.

Exceptional Circumstances – asking the Council to use its discretionary powers

The Council may make an award of travel assistance for a pupil who does not meet the criteria of "eligible child" using its discretionary powers, as it considers necessary. These are made in exceptional circumstances. Applications should be made as soon as possible on the form that appears at Travel assistance application form | LBBD Such an award cannot be backdated.

Applicants must provide all evidence listed or requested by the Council. Where a form is incomplete and/or evidence is not provided as requested, within any given time limit, no award can be made.

Where a discretionary award is made parents may be asked to make a financial contribution to the cost. We are able to charge for discretionary arrangements and have a duty to protect our resources.

Definitions

- Section 444(5) of the Act defines the statutory walking distances.
- Schedule 35B of the Act defines:
    - ‘eligible children’ (paragraphs 2-7 and 9-13);
    - ‘qualifying school’ (paragraph 15);
    - ‘disabled child’ (paragraph 15(4));
    - ‘religion and belief’ (paragraph 15(6)) and 509AD of the Act;
    - ‘low income family’ (paragraphs 9-14).
- Section 579 of the Act defines ‘child’.
- Section 509AC of the Act defines ‘compulsory school age’.
- The Equality Act 2010 defines ‘religion or belief’ for the purposes of this Act.
- The Children’s and Families Act section 10 defines ‘SEN’

Key term Glossary

- Home: A child’s 'home' is the place where he/she is habitually and normally resident.
- Nearest suitable school: Taken to mean the nearest qualifying school with places available that provides education appropriate to the age, ability and aptitude of the child, and any SEN that the child may have.
- Parent: Reference to parent in this document should be equated to mean parent/carer/legal guardian.
- Philosophical Belief: For a philosophical “belief” to be worthy of protection, it must attain a certain level of cogency, seriousness, cohesion and importance; be worthy of respect in a democratic society; and not be incompatible with human dignity or the fundamental rights of the child. Examples of beliefs are humanism and atheism.
- Road routes: Reference to road route should be taken to mean a route passable by a motor vehicle, and could include distance covered on additional transport, e.g. via ferry.
- Qualifying school:
- community or foundation special schools;
- non-maintained special schools;
- pupil referral units;
- maintained nursery schools; or
- city technology colleges (CTC), city colleges for the technology of the arts
- (CCTA) or academies, including free schools and University Technical Colleges (UTC)

APPENDIX 2

London Borough of Barking and Dagenham

Post 16 Travel Assistance Policy

2021/2022

1 **Statement**

Local Authorities have a duty to prepare and publish an annual Transport Policy Statement (TPS) specifying the arrangements for the provision of transport or otherwise that the authority considers it necessary to make, to facilitate the attendance of all persons of sixth form age receiving education or training.

We are committed to ensuring that sixth form students (including those with Education, Health and Care Plan (EHCP) up to age 25 if they started a course before their 19th birthday) have access to educational opportunities at school, college or other training establishment, enabling them to get the knowledge, skills and experience necessary for them to pursue their chosen careers and, to meet the challenge of employment and personal development in the future.

This Policy Statement describes the help with transport costs that is available to Barking and Dagenham sixth form aged students (including those with Education, Health and Care Plan up to age 25 if they started on course before their 19th birthday).

This statement is published in line with the statutory duties under the Education Act 1996, including s.509AA and s.509AB and takes into account the Department for Education statutory guidance - Post 16 transport to education and training - January 2019.

2 **Travel options and costs**

Details of all concessionary / free fares, discounts, subsidies, passes or travel cards available for learners aged 16-18 and who provides them, plus details of any costs to the learner.

Free or reduced-price travel

Most students of sixth form age and adult learners will be able to get to school/college or training on foot or by using public transport.

There are many travel options for learners within our Borough, and within London, and this is either free or offered at a reduced rate, by Transport for London for many students who are 16 or over.

Transport for London travel for students of sixth form age

16+ Oyster Photo Card

Students who are 16 – 18, live in London and are in full time education, can apply for free travel on buses and public transport using a 16+ Oyster photo card if they are:

- Under 19 on the 31st August prior to the start of the current academic year.
- Living in a London Borough; and
- In full-time education (as defined under the scheme)

This enables students to travel for free on Buses and Trams. Students can also get reduced travel fares on the Tube, DLR and London Overground Services.

Students may apply for an Oyster Card through the Transport for London website:

Zip Oyster photocards - Transport for London

Freedom Pass

The freedom pass is for people who have permanent disability that imposes a mobility problem or who are registered blind.

The 16-19 Bursary Fund

This is a discretionary award available for education-related costs for students between the ages of 16 and 18. It can also be made to pupils who are 19 or over if they continued on a course they started when they were 16, 17 or 18 or if they have an Education Health and Care Plan (EHCP).

Find out more at 16 to 19 Bursary Fund - GOV.UK

Dial–a–Ride

Some students may be eligible for travel assistance from Dial-a-Ride (TFL) if they meet any of the following criteria:

- A Taxi Card Member
- Are in receipt of the Higher Rate Mobility component of Disability Living Allowance
- Are registered blind or partially sighted.
- Are in receipt of Higher Rate Attendance Allowance
- Other students can apply but will need to complete a paper-based assessment to determine their eligibility

How to apply to Dial-a Ride: you may apply for this service by downloading the application form from the website Dial-a-Ride - Transport for London or by calling 0343 222 7777.

Young Parents

Care to Learn (C2L) is a scheme that can help young learners with childcare and travel costs if they are 19 or under when they start their course. Details can be found at www.gov.uk/careto-learn.

Apprentices and trainees: Can make use of TfL concessions as above and may obtain some assistance from their employer. Information is available at Gov.uk.

3 **SEND Applicants**

Where a student has a learning difficulty or a disability, a transport needs assessment should be completed by the Education, Health and Care Plan team as part of the annual review and/or part of the transition process.

A student / student's family can apply to the council for help with transport costs for Post-16 education. The level and type of travel assistance is discretionary and will vary depending upon individual circumstances. A student / student's family may already be in receipt of some / all of the following which would help to determine the level of funding required from the council:

- free school meals
- maximum level of Working Tax Credit
- any level Universal Credit
- Council Tax Reduction (previously known as Council Tax Benefit)

Young people commencing Post-16 provision who have an Education Health and Care Plan (EHCP) will have the name of the Post-16 institution that they will be attending named in that

Plan. Should a young person with an EHCP choose to attend a Post-16 institution other than that which is named in their EHCP, then this may impact on the level of travel assistance that can be provided.

In making a decision, the Council would have to be satisfied that:

- Any different arrangements would meet the needs of the child/young person
- No additional costs would be incurred by the council

Independent Travel Training for learners who face difficulty with transport

The council preferred option for young people with an EHCP is Independent Travel Training (ITT) which seeks to promote independence so that students will ultimately be able to travel on their own.

For some students Independent Travel Training (ITT) would not be appropriate due to their complex needs, but where students have the potential to benefit from Independent Travel Training it is expected that those students will take part in the programme.

It is a programme of support that aims to enable a young person to become an independent and safe traveller; as a result it covers topics such as road safety, personal safety, journey planning and coping strategies.

If it is identified through a transport needs assessment process that travel training would be an option for an individual student, a referral can be made by the school, EHCP team or the family / young person. On receipt of a referral, the team will evaluate the suitability of travel training for that particular student, and where appropriate begin a personalised programme of training to meet their needs.

If a place is offered and a parent refuses to consent to their child attending independent travel training, their child's eligibility may be reviewed and future travel arrangements may be offered on the condition that their child attends the training in the future. Continued refusal may lead to withdrawal of travel assistance, although consideration will be given to individual circumstances.

When to apply for travel assistance or support

You can apply any time after you know where you have been offered a place at school / college and you are encouraged to submit your application as soon as possible. All students need to apply on an annual basis.

4 Vulnerable Young People

The Council may also offer assistance to a young person of 16 or 17 who is vulnerable to not being in education, employment or training (NEET), or who has already become NEET if it considers this necessary to support their participation in education, training or employment.

5 How to apply for Travel Assistance

Applications must be made online using the link below:

https://www.lbbd.gov.uk/travel-assistance-application-form

Applicants must provide all evidence listed or requested by the Council. Where a form is incomplete and/or evidence is not provided as requested, within any given time limit, no award can be made.

Notes for applicants for discretionary awards

Awards

A decision will be given in writing, including reasons for a refusal. Where an application is successful, assistance will be given for a specified period, or until it is reviewed. No award will be for more than one academic year. It is the responsibility of the student to make a further application. Awards cannot be backdated. Applications should therefore be made as soon as a pupil is offered and has accepted a place, or their circumstances have changed when they are part way through a course.

Reviews

Assessments of the need for assistance will be reviewed annually and more frequently where circumstances change within the year.

Changes in circumstances

Students must inform the Council of any changes in circumstances that may affect entitlement to assistance. These include a change of address or place of learning, changes in health or SEND or associated needs that affect travelling to the place of education/training.

Eligibility Checks

The Council has a duty to ensure that it protects public funds. The Council may contact students during the academic year, to ensure they are still eligible for assistance.

Awards made in error

Where an award of assistance has been made in error, the Council has the right to withdraw this after first considering the circumstances of each case to determine whether there are exceptional reasons for provision to continue. Where it is decided to withdraw assistance, up to one term's notice will be given. If the error was discovered before the commencement of the academic year the assistance will be withdrawn straight away.

Fraud

Where an award of assistance has been made as a result of fraud it will be withdrawn immediately. All monies paid will have to be repaid. Legal action to recover monies may be taken. Criminal proceedings may be taken, which may lead to conviction.

6 Appeals and complaints

Appeals can be made to the following: transport.appeals@lbbd.gov.uk

Stage One: Review by a senior officer

A parent/carer has 10 working days from receipt of the local authority's home to school transport decision to make a written request asking for a review of the decision.

The written request should detail why the parent believes the decision should be reviewed and give details of any personal and/or family circumstances the parent believes should be considered when the decision is reviewed.

Within 20 working days of receipt of the parent's written request a senior officer will review the original decision and send a detailed written notification of the outcome of their review, setting out:

- the nature of the decision reached;
- how the review was conducted.
- information about other departments and/or agencies that were consulted
- as part of the process;

- what factors were considered;
- the rationale for the decision reached; and
- information about how the parent can escalate their case to stage two (if appropriate).

Stage Two: Review by an independent appeal panel

A parent has 20 working days from receipt of the local authority's stage one written decision notification to make a written request to escalate the matter to stage two.

Within 40 working days of receipt of the parents request an independent appeal panel will consider written and verbal representations from both the parent and officers involved in the case and give a detailed written notification of the outcome (within 5 working days), setting out:

- the nature of the decision reached.
- how the review was conducted (including the standard followed e.g. Road Safety GB); ○ information about other departments and/or agencies that were consulted as part of the process.
- what factors were considered; ○ the rationale for the decision reached; and
- information about the parent's right to put the matter to the Local Government Ombudsman (see below).

The independent appeal panel members are independent of the original decision-making process and suitably experienced, to ensure a balance is achieved between meeting the needs of the parents and the local authority.

Local Government Ombudsman

There is a right of complaint to the Local Government Ombudsman,

If the complainant considers the decision of the independent panel to be flawed on public law grounds, the complainant may also apply for judicial review.

Should you wish to make a complaint about a service you have received please talk to the person who is providing the service or their manager in the first instance as most complaints can be sorted out 'on the spot'. However, should you feel this is not possible or you do not receive a satisfactory response from the service area please contact our Complaints Team on 020 8227 2405 / 2111 or socialCareComplaintsandInformation@lbbd.gov.uk and they will initiate a formal complaint investigation for you.

You may also write to the Complaints Team at the London Borough of Barking and Dagenham.

If an applicant remains dissatisfied, they may consider contacting the Local Government Ombudsmen (LGO) or complaining to the Secretary of State for Education. The LGO is an independent organisation that investigates complaints against councils. It is a free service and information can be found online at www.lgo.org.uk.

To complain to the Secretary of State, young people or their families should use the contact form on gov.uk - www.education.gov.uk/help/contactus. Any complaint should outline the case, set out the decision taken by the local authority and include any other relevant documentation, for example any advice or decisions from the LGO where appropriate.

Complaints about the service you have received may be made using the Council's complaints procedure, which can be found at SocialCareComplaintsandInformation@lbbd.gov.uk

Contact Details

Transport Commissioning

Opening times: 07.00am – 17.30pm

Contact Numbers: 020 8227 2713

E-mail – transport.request@lbbd.gov.uk

Address: 3RD Floor Roycraft House

15 Linton Road

Barking

IG11 8HE

Mobility Services

Contact Number: 020 8227 2334 - 020 8227 2325

E-mail: mobility@lbbd.gov.uk

Community Learning Development Team

Contact number: 020 8227 5432

E-Mail: cldtintake@lbbd.gov.uk

7 **Local Colleges**

Barking & Dagenham College, Dagenham Road, Romford, RM7 0XU – 020 8090 3020

Redbridge College, Little Heath, Barley Lane, Romford R6 4XT – 020 8548 7400

Havering College, Ardleigh Green Road, Hornchurch, RM11 2LL – 01708 455 011

CABINET

16 March 2021

Title: Provision of a Children's Out of Hours Emergency Duty Service	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Valerie Tomlinson, Lead Commissioner for Children's Care and Support. Services	**Contact Details:** E-mail: valerie.Tomlinson@lbbd.gov.uk
Accountable Director: April Bald; Operational Director Children's Care and Support	
Accountable Strategic Leadership Director: Elaine Allegretti; Director of People and Resilience	

Summary

There is a statutory duty for Local Authorities to provide a 24-hour, seven day per week service to safeguarded children and young people and respond to immediate risks of harm.

Since 2014, the London Borough of Redbridge has delivered the Children's Emergency Duty services, that operates out of hours, on behalf of the London Boroughs of Havering (LBH), Barking & Dagenham (LBBD), Waltham Forest (LBWF). As it is a Shared service, it is not subject to Public Contracts Regulation 2015, it does not need to be competitively tendered.

In 2017, agreement was reached, following a report being presented to the Health and Wellbeing Board (HWBB), to enter a further three-year partnership agreement for the shared Children's Emergency Duty service until 31 March 2020.

The HWBB report outlined that consideration would be given to establishing a single Adult and Children's Emergency Duty Service in the London Borough of Barking and Dagenham, post contract expiry on 31 March 2020. As the Adult's Emergency Duty Service contract, with NELFT, was also due to end in March 2020, this presented a good opportunity to consider if there were increased benefits to be obtained in merging the two services.

Since the HWBB report was presented in 2017, significant development and improvement in the shared Children's Emergency Duty service has occurred, resulting in Ofsted recognising it as a highly effective service. Audit activity evidenced a 100% compliance in response to referrals within 30 minutes. The service has responded well in managing the increased complexity of cases associated with criminality and exploitation and maintains robust safeguarding measures.

In 2019, Adult Social Care extended their Emergency Duty service contract with NELFT to 31 March 2021.

As a result of these developments, the option of establishing a single Adult and Children's Emergency Duty service by March 2020, was not considered a favourable way forward. There too was the risk of destabilising the shared Children's Emergency Duty service and the negative impact this may have had on Barking and Dagenham's Children's Care and Support services, who were at the time were undergoing a restructure and prioritising service improvement in response to the Ofsted findings in February 2019. The COVID pandemic and the lockdown measures applied in March 2020, also required the shared Children's Emergency Duty service and Barking and Dagenham's Children's Care and Support to galvanise their efforts in safeguarding and protecting vulnerable children and families impacted by the virus and lockdown measures. As a result of these developments, a further three-year contract for the shared Children's Emergency Duty service was entered into during the COVID pandemic, for which this report is seeking retrospective agreement for. The three-year contract commenced on 1 April 2020 and ends on 31 March 2023.
Recommendation(s) The Cabinet is recommended to grant retrospective approval for the Council to enter into a three-year contract for the delivery of the four-borough Children's Emergency Duty service from 1 April 2020 in accordance with the strategy set out in the report.
Reason(s) To assist the Council to achieve its priorities of 'Participation and Engagement' and 'Prevention, Independence and Resilience'.

1. Introduction and Background

1.1 The Council has a statutory duty to provide an Out of Hours Emergency Duty service, to safeguarded children and young people and respond to immediate risks of harm.

1.2 In 2017, the Health and Wellbeing Board (HWBB) approved entering into a three-year partnership agreement for the delivery of a Children's Emergency Duty service, delivered by the London Borough of Redbridge, on behalf of the London Boroughs of Havering (LBH), Waltham Forest (LBWF) and Barking and Dagenham (LBBD). The agreement commenced on 1 April 2017 and expired on 31 March 2020.

1.3 The HWBB report outlined that consideration would be given to establishing a single LBBD Adult and Children's Emergency Duty Service, post contract expiry on 31 March 2020, as the Adult's Emergency Duty Service contract with NELFT was to also due to end in March 2020.

1.4 It is essential that an Emergency Duty service is of good quality and is integrated with the work of the Council's Children's Care and Support teams and related IT systems and offers value for money. The shared Children's Emergency Duty service does meet these requirements.

1.5 Since 2017, significant development and improvement in the shared Children's Emergency Duty service has taken place, resulting in Ofsted recognising it as a highly effective service following their inspection of Redbridge in 2019. The service has responded well to managing the increased complexity of cases and maintaining robust safeguarding measures. The service responded swiftly in the implementation and compliance with the Home Office Concordat as to Children in Custody, working effectively with all partners in doing so.

1.6 In 2019, Adult Social Care extended their Emergency Duty arrangements with NELFT to 31 March 2021.

1.7 As a result of the developments outlined in points 1.5 and 1.6 and the potential risks associated with destabilising the shared Children's Emergency Duty service and the impact this would have on Children's Care and Support, who in 2019 were undergoing significant change in implementing a new target operating model and prioritising service improvement in response to the Ofsted finding, no further consideration was given to the option of establishing an integrated Adult and Children's Emergency Duty service in LBBD.

1.8 The COVID pandemic and the lockdown measures applied in March 2020, required the shared Children's Emergency Duty service and Barking and Dagenham's Children's Care and Support to galvanise their efforts in safeguarding and protecting vulnerable children and families impacted by the virus and lockdown measures.

1.9 A further three-year contract for the shared Emergency Duty service was entered into during the COVID pandemic, for which this report is seeking retrospective agreement for. The three-year contract commenced on 1 April 2020 and ends on 31 March 2023.

2. Service Delivery

2.1 The table below, highlights the number of contacts for each authority from April 2014 to March 2019. Overall, there has been an increase in the number of contacts from 2014 through to 2017, with numbers deceasing in in 2017 to 2019.

Authority	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
LB Waltham Forest	3,671	4,748	5,246	5,652	5,079
LB Havering	2,672	2,711	3,598	5,472	6,212
LB Barking & Dagenham	3,033	4,149	5,281	5,011	4,749
LB Redbridge	2,916	3,500	3,446	3,732	3,340
Other1	89	192	146	103	114
Total	**12,381**	**15,300**	**17,717**	**19,970**	**19,494**

2.2 The shared Emergency Duty service has responded in a timely way to referrals associated with absence from care, missing from care and child welfare concerns as shown below.

2018/19	LBBD	Havering	Redbridge	Waltham Forest	Total
Absent from care	1010	2235	643	1694	**5582**
Missing from care	1142	1329	472	645	**3588**
Child Welfare Concern	489	400	395	394	**1678**

2.3 At the end of March 2019, the shared Emergency Duty service started to receive contacts where the concerns were more complex such children being arrested for murder and other high- level crimes, criminal exploitation, and child sexual exploitation. This meant that although the number of contacts had slightly decreased from the previous year, in real terms the workload had increased due to the level of their complexity.

2.4 The shared Emergency Duty service continues to face significant challenge in arranging placements for children due to a lack of availability of provision and providers not always operating an out of hour referral line, however, many young people from LBBD are placed with in-house foster carers which makes the task much easier but for the remaining boroughs it can take hours to locate and agree a suitable placement.

3. Service Development

3.1 There has been several service developments and improvements made since 2017, enabling the shared Emergency Duty service to evidence its effectiveness.

3.2 The introduction of the Home Office Concordat on Children in Custody, in 2017, required Emergency Duty Social Workers to visit every child that is accommodated into Local Authority care and every child in custody where the police have requested secure or non-secure accommodation. This includes advocating for children of their behalf and supporting their release on bail, when charged. This has resulted in a significant increase in duties being placed on shared Emergency Duty service.

3.3 These new visiting arrangements are evidenced in a more robust and comprehensive quarterly performance report which is presented to the Emergency Duty service Board. The service has undertaken a high number of out of hours visits to children, young people, and their families during the last contract period. In 2017/18, 211 visits were made, in 2018/19, 228 visits were made and total visits for the year ending March 2020 was 314 visits. This is 86 more visits than the previous year and a 37.7% increase when compared to 2018/19.

3.4 A new audit process has been introduced which examines both detailed case work oversight and procedural adherence ensuring the service is efficient and effective. The audits have shown the shared Emergency Duty service achieving a 100% compliance with data protection and responding to referrals within the service timescale of 30 minutes. Furthermore, the audits found good case recording and evidence of management oversight.

3.5 In accordance the guidance issued by the Home Office concordat, the shared Emergency Duty service supported the Metropolitan Police (MET) in its implementation by training several hundred police officers who worked in the custody suite.

3.6 In 2018 quarterly meetings were established with the police Detective Inspector for Custody and the Basic Command Unit Detective Inspector to review all cases where the police had requested secure and non-secure accommodation for children in custody. These meetings identified variance on thresholds of secure and non-secure accommodation requests being addressed. The Emergency Duty now ensured that only young people arrested for high-level crimes such as murder, manslaughter and rape are detained, and secure accommodation explored. For crimes such as possession of an offensive weapon / knife, robberies and possession of cannabis, the Emergency Duty service has advocated for these children to be bailed and returned home to extended families or placed in non-secure accommodation when a return home is an unsuitable option.

3.7 The most recent Redbridge inspection in 2019 graded the operational practice as outstanding. Ofsted stated: “The Emergency Duty service is highly effective, offering a well-supportive service to children and their families out of hours. It is child-focussed and it is appropriately challenging to other professionals when needed, for example, if a young person is held inappropriately in police custody. The flexibility of the service has been enhanced by a pool of support workers. This ensures that children are accompanied to placements without delay.”

3.8 Waltham Forest and Barking and Dagenham received an inspection in 2019, the former achieving a rating of ‘Good’ and the latter ‘Requires Improvement’. Ofsted commented that in Waltham Forest “Children and young people receive appropriate support and intervention from an effective out-of-hours emergency duty team service’’ and for Barking and Dagenham ‘’A well-resourced and experienced emergency duty team ensures that effective arrangements are in place and that protective action is taken to safeguard children out-of-hours”. Havering were inspected in 2018 receiving an overall rating of Good. The feedback was ‘’children receive appropriate support and interventions from the out-of-hours emergency duty team.”

3.9. The other key benefits that the shared Emergency Duty service are listed below:

- Economies of scale and reduced costs, as outlined in section 5 of this report.
- Reduced/shared management costs.
- Joint training/induction.
- More permanent staff and sessional/bank staff, reducing the cost and reliance on agency staff.
- Improved screening resulting in fewer non-emergencies being passed to Children’s Care and Support.

4. Decision timeline

4.1 Approval is needed from Cabinet to retrospectively ratify the three-year contract which commenced on 1 April 2020 and the table below outlines the dates in which this report has been circulated to all representative boards.

Activity	Completion Date
PRMG BAU	28th January 2021
Portfolio	2nd February 2021
Procurement Board Sub-Board	8th February 2021
Procurement Board	22nd February 2021
Cabinet	16th March 2021

5. Estimated Contract Value, including the value of any uplift

5.1 The funding model for the Children's Emergency Duty Service has been revised based on actual referrals. This has resulted in Barking and Dagenham's contribution reducing from 28% to 26% of the total contract value since April 1st, 2017.

5.2 The revised cost has been created using demand and usage data. The financial model / budget for the service going forward has been calculated on a proportionate contribution based on historical demand/usage (the contact rate) of the service between 2017-2020.

5.3 The cost of the service over the three-year period, is tabled below.

	Financial Contribution by Referral Volume		
	2020/21	2021/22	2022/23
Barking and Dagenham	£273,578.50	£279,659.43	£285,082.27

Total LBBD contribution: £838,320

5.4 The London Borough of Redbridge, has prepared a budget for the continued operation of the Children's Emergency Duty service to March 2023 based on all four boroughs agreeing to a new three-year contract. This is the structure for partner contributions:

	Financial Contribution by Referral Volume		
	2020/21	2021/22	2022/23
Waltham Forest	£280,944.07	£287,188.72	£292,757.57
Havering	£313,563.05	£320,532.73	£326,748.15
Barking and Dagenham	£273,578.50	£279,659.43	£285,082.27
Redbridge	£184,139.47	£188,232.49	£191,882.33
Total	£1,052,225.00	£1,075,613.28	£1,096,470.32

5.5 It is estimated that a 1% annual inflationary increase will be applied for staff, but each Local Authority will be notified as to this on an annual basis.

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

6.1 The contract length is for 3 years from 31 March 2020 to 31 March 2023. The contract terms and conditions are the same as the pre-existing collaborative arrangement between the four boroughs. There are no options to extend.

6.2 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

7. The contract delivery methodology and documentation to be adopted

7.1 There is a service specification and contract that all three London Boroughs have signed up to that outlines the requirements of the service that is to be delivered by the London Borough of Redbridge.

7.2 The service is contract managed through the Emergency Duty Service Board, who has senior representation from each Local Authority, who meet on a quarterly basis and review all quarterly performance data.

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

8.1 Not applicable.

9. How the procurement will address and implement the Council’s Social Value policies

9.1 Not applicable

10. Contract Management methodology to be adopted

10.1 Service performance will be monitored via quarterly meetings of the Governance Board to determine whether the service is working to the satisfaction of all parties. This meeting will determine if key performance indicators/service requirements are being met and seek ways of resolving any issues of under or poor performance.

10.2 The last of the quarterly meetings in each accounting period will be used as a formal annual review of the service at which the Emergency Duty Service Manager will present an annual report on the work of the Children’s Emergency Duty service.

10.3 Performance reporting is provided by Redbridge via the Emergency Duty service recording log within a sub system of the protocol ICS used by Redbridge. The data will be used to report performance to the governance board and will include the following:

- Number of contacts received by EDT.
- No of cases where children were (not) known to the Local Authority.
- Number of cases received at different times of evening/weekend.
- Reason for case referral.
- Source of case referral.
- Number & percentage of Children recorded as Missing and Absent.

- Number of Children Accommodated and whether they were seen by EDT.
- Number of Children taken into Police Protection.
- Number of children requested to be accommodated under PACE.
- Number of children requested to be accommodated in a Non-Secure Accommodation.
- Number of children at risk of Child Sexual Exploitation.
- Number of referrals due to homelessness/ NRPF.
- Number of Unaccompanied Asylum seekers.
- Number of times the Practice Manager / Back up Manager was called.
- Number of Out of Hours Strategy Discussions taking place.
- Number of Children visited and seen.
- Reasons for referral.

11. Options Appraisal

11.1 No other options were considered for the following reasons:

- Continuity of Service.
- No redundancy costs or TUPE process.
- Minimises disruption and the costs associated with procuring a new service.
- The existing service is well integrated with the Children's Care and Support services provided in LBBD.
- Enables LBBD to secure a known provider with a known level of support and performance.
- Staffing is now stable without the use of agency staff.
- Provides reasonable consistency for the existing service.

12. Waiver

12.1 Entering this contract would ensure the agreement between the four boroughs would be mandated to perform the service to the Council's standards at a guaranteed cost. There is minimal risk that this process would/could be challenged.

13. Consultation

13.1 Not applicable.

14. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

14.1 The report outlines the need to provide the Out of Hours EDT Service is a mandatory requirement under current legislation, and as such falls under the remit of Light Touch.

14.2 The staffing and management of the service will be the responsibility of LB Redbridge and as such this is deemed to sit outside of PCR2015.

14.3 It should be noted that there is not an option to extend and as such the requirements will need to be re-established if an alternative shared arrangement is to be provided or allow such time to re-establish a Council service or procure a service. At this point an consolidated service should be reviewed with ASC.

14.4 Based on the information contained within this report I cannot see any reason not to approve the recommendations as made.

15. Financial Implications

Implications completed by Murad Khan (Group Accountant)

15.1 The EDT service is required to fulfil the statutory requirement of providing an emergency out of hour's social work service for children & Adults, amongst other responsibilities.

15.2 The proposed option is a 3-year extension of the existing 4 borough service that has enabled the authorities to renegotiate the rates and provide a significant saving on the current annual cost of the contract.

15.3 As well as saving money, continuing with the existing arrangement ensures minimal disruption, stability and avoids costly procurement and TUPE arrangements. The 4 borough partnerships also keep the economies of scale that would otherwise not be achievable in a in house or single borough contract.

15.4 There is sufficient budget to fund this contract, as the cost is less than what was paid in previous years, however it must be noted that the care and support budgets continue to remain in significant pressure and the service should ensure any uplifts or extensions are contained within the existing budget envelope.

16. Legal Implications

Implications completed by Tessa Odiah – Interim Snr. Contracts Solicitor (Law & Governance)

16.1 The report is seeking the approval of the Council to procure and enter into a new shared service arrangement for the provision of out of hours emergency services for Children's Social Services with the London Boroughs of Redbridge, Waltham Forest and Havering for the delivery of the four-borough Children's Emergency Duty Team.

16.2 The report states that the request for a Waiver to enter this EDT Service is on the grounds of Contract rule 6.6(h); that there are other circumstances which are genuinely exceptional. As this is a Collaboration Agreement with the other 3 Boroughs, this Service is required for accomplish the statutory requirement and providing emergency out of hour's social work service for children & Adults, amongst other social care responsibilities.

16.3 The procurement of this Service is via the 'light touch regime' which is complaint with the procurement requirement for this type of Service.

16.4 The contract term is 3 years, with no option to extend, from 31 March 2020 to 31 March 2023, as this is the date that the current existing collaborative arrangement with the four Boroughs would expire.

16.5 Therefore, the proposals set out in this report would appear to be legally permissible.

17. Other Implications

17.1 **Risk and Risk Management -** If the retrospective waiver is not agreed the implications are that if one or more Authority withdraws from this Agreement that these savings or efficiencies may be reduced or the price of the shared Emergency Duty service to the remaining Authorities increases.

17.2 The Authorities have agreed that they will not seek to withdraw from the service either in whole or in part during the first Year of this Agreement.

17.3 There are no procurement implications for this partnership agreement, as under the Public Contracts Regulations 2015 ("PCR 2015") an exemption has been provided for contracts which establish or implement co-operation between contracting authorities.

17.4 The partnership agreement has been specifically tailored to ensure that aspects such as monitoring, accountability and collaboration for effective functioning of the Children's Emergency Service, are all addressed. The London Borough of Barking and Dagenham is represented on the four-borough Emergency Duty Service Board.

17.5 The performance monitoring of the service has been effectively managed. This has supported a continuous improvement in quality during the contract period.

17.6 **Corporate Policy and Equality Impact -** The current service is delivered from two location hubs Barking and Dagenham and Havering (hub 1) and LBR and LBWF (hub 2). The potential for one hub to cover the other when multiple and/or prolonged emergencies arise results in a more resilient service and improved outcomes for service users.

17.7 According to the EDT performance reports the monitoring of cases and follow-up is well documented in the report. Children's Care and Support professionals in LBBD report that the EDT is functioning well and that work with service users is effective.

17.8 **Safeguarding Adults and Children** - The Children Act 1989 requires Local Authorities to provide services for children in need for the purposes of safeguarding and promoting their welfare. The shared Emergency Duty service is required to adhere to the duties under the Children Act 1989 and all the Council's local safeguarding procedures. These are explicitly addressed within the service specification that forms a schedule of the contract that has been scrutinised by the Council's Legal Department.

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

List of appendices: None

CABINET

16 March 2021

Title: Redevelopment of Trocoll House, Wakering Road, Barking - Agreement for Long Headlease	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report with Exempt Appendices (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	**For Decision**
Wards Affected: Abbey	**Key Decision:** Yes
Report Author: Daniel Brooks, Assistant Development Manager, Be First	**Contact Details:** E-mail: daniel.brooks@befirst.london
Accountable Director: Ed Skeates, Development Director, Be First	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer, and Graeme Cooke, Director of Inclusive Growth	

Summary

The Council has an ambitious vision for regenerating the borough and delivering up to 50,000 new homes over the next twenty years. Trocoll House sits in one of the most key regeneration areas within Barking Town Centre. As the most prominent gateways in the Borough, the regeneration of this site will contribute as a catalyst for further redevelopment in this area.

Be First has been approached with the opportunity to bring forward the Trocoll House redevelopment opportunity, on an Agreement for Lease basis, in partnership with the development funder Rail Pen. The Development will be a single new building on the Trocoll House site. This is proposed to be based on the development funder (Rail Pen) taking on all of the development risk, with no payment from LBBD until practical completion. At practical completion LBBD will take a head leasehold interest in the building for a 50 year period, with an initial lease cost of £2.0675m per annum. At the end of the 50 year period, the freehold will transfer to the Council for £1.

The proposal is that the building will contain 198 homes and ground floor commercial use. LBBD are proposed to take an interest in the building on the above terms (subject to necessary legal and technical due diligence).

Be First, on behalf of the Council would manage the transaction and monitor the development process to practical completion in 2023/2024. The scheme would then be held and operated by BD Reside as part of their residential portfolio with any financial surplus made being paid back to the Council. It is proposed currently that My Place manage the commercial element of the development.

Planning permission for the overall development site has been fully secured.

There are significant financial benefits for the Council in entering into an agreement for lease and an extremely large benefit in the site achieving its regeneration potential in a key location in Barking town centre. The site will be one of the largest regeneration schemes in the town centre and is of strategic importance to the borough's growth.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree the proposal to enter into an agreement for a long Headlease interest in up to 198 homes, comprising 35% affordable housing and approx. 650sqm of commercial floor space, subject to legal and technical due diligence;

(ii) Agree to enter into an Agreement for Lease with the Freehold owner of the site to deliver these units on an agreement to lease, subject to acceptable legal due diligence and the Council agreeing that the proposed specification is suitable for the intended purpose;

(iii) Agree to the borrowing of up to £2,620,264 within the General Fund to finance the entire development period. This will cover development management fees and required professional fees;

(iv) Note the scheme meets the Investment and Acquisition Strategy financial performance metrics delivering a positive net present value of £14.2m;

(v) Agree to the use of an existing or the establishment of a Special Purpose Vehicle(s) as required within the Barking & Dagenham Reside structure to develop, own, let, sell and manage and maintain the homes in accordance with the funding terms in a loan agreement between the Council and Special Purpose Vehicle;

(vi) Allocate up to £50,000 to allow the necessary initial legal and technical due diligence work to be undertaken prior to entry into contract;

(vii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to agree and execute any legal agreements and contract documents to fully implement the project; and

(viii) Delegate authority to the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Chief Operating Officer, to agree the funding and finance arrangements to fully implement the project.

Reason(s)

This project primarily helps deliver on the Council's priorities of 'Inclusive Growth' and 'Well Run Organisation' by providing high quality regeneration to a key gateway site into the Borough and, in doing so, supports the social and economic regeneration of the area, contributes to growing the Council's residential portfolio and delivers a financial return to the Council through a long-term income stream.

1. Introduction and Case for Action

1.1 The council has an ambitious vision for regenerating the borough, and delivering up to 50,000 new homes over the next twenty years. While developments will happen across the borough, Barking Town Centre, where this development is situated, is a key focus for this housing growth. Plans are in place to deliver 8,000 homes in the town centre, a mixture of delivery by private developers and through the council's own new build programme which are being delivered by Be First.

1.2 The delivery of high quality housing is also a key element of the ambitious strategy which the council has agreed for the future of Barking town centre. The development which has been offered to Be First and the Council forms part of a wider number of schemes which are been delivered within the town centre. These developments not only provide new housing, but will also contribute to the strategic aims of the council to improve the station area as a key gateway site into Barking town. It is also hoped that by improving this general area, the Trocoll House redevelopment may act as a catalyst to encourage other developments in the vicinity, such as Vicarage Fields.

1.3 The site known as Trocoll House is a premier plot located at the heart of Barking Town Centre adjacent to Barking station. It has laid vacant above the ground floor for a number of years and is a prime redevelopment opportunity to help continue the regeneration of Barking Town Centre. The Barking Town Centre Regeneration Strategy 2020-30 adopted by Cabinet in October 2020 identified the Gateway into the town centre around the station as a key priority for intervention.

1.4 Historically there have been a number of stalled attempts to redevelop this building. A scheme to provide a hotel on the site was granted planning consent in 2010, however due to viability issues the scheme did not progress. A new planning application was submitted in 2015 for a residential led scheme. This application was refused for number of reasons, which included a lack of affordable housing. This application was called in by the GLA with The Mayor resolving to grant planning permission. The permission (for 100% private BTR) expired in 2019 without being implemented.

1.5 The current planning application was approved summer 2020 with 35% affordable housing. It is on this basis that Rail Pen are proposing to bring forward the development for LBBD to acquire on a long leasehold basis. This equates to 70 affordable homes and 128 private rent homes.

1.6 The site is constrained and complex and development will involve an extremely technical build out process due to its direct proximity to the station and multiple trainlines. The recommended option of proceeding with the long leasehold deal means that the development programme and cost risk will be entirely taken by the developer and will not fall upon LBBD.

1.7 Rail Pen, the development funder, are currently part of an agreement with the vendor to purchase the site, which will take place prior to LBBD entering into the agreement, and have appointed a developer to project manage the build out of Trocoll House. The council will enter an agreement to lease with RailPen when it takes control of the site.

1.8 It is proposed that the Council will take a Head lease interest for 50 years of the entire building, including the structure. The lease to the commercial space (including the Wetherspoons pub) will sit underneath this lease. The Council will then grant separate leases out to Reside and MyPlace as they see appropriate.

2. Proposal and Issues

2.1 The Council, via Be First, has been presented with the opportunity to bring forward the Trocoll House redevelopment opportunity on an Agreement for Lease basis in partnership with the development funder Rail Pen.

2.2 The site was acquired from Coplan Estates by Patrizia AG in 2016. The purchase was part of Patrizia's decision to develop, acquire and manage a portfolio of large scale, high quality BTR investments in the UK. Due to this site no longer being in Patrizia's development plans, Rail Pen have negotiated a purchase of the site. Rail Pen will take control of the site prior to the development commencing.

2.3 Be First have been introduced to Rail Pen to bring forwards this site. It is proposed that LBBD will enter into the agreement with Rail Pen prior to start on site with the developer and funder taking on all of the development risk.

2.4 At practical completion LBBD will take a Head leasehold interest of the entire building for a 50 year period, with an initial lease cost of £2.0675m per annum. At the end of the 50 year period, the freehold will transfer to the council for £1. The units will be rented out via Reside and it is intended that the income from tenants rent will cover the annual lease cost payment which the council makes to RailPen.

2.5 A full breakdown of the proposed structure is contained in Appendix 1 which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2.6 The planning permission has already been granted (subject to s106), and the proposal is for the development to be delivered as set out below planning permission and LBBD are proposed. The approved mix is set out below:

Unit size	BTR	DMR (80% MR)	LLR	Total
1 bed/1P	16	4	6	10 (5%)
1bed/2P	37	16	8	73 (37%)
2 bed/3P	54	24	4	71 (36%)
2 bed/ 4P	21	5	3	44 (22%)
Total	**128 (65%)**	**49 (25%)**	**21 (10%)**	**198 (100%)**

2.7 This bedroom and tenure mix are not typical of the wider Council / Be First housing delivery programme. On the council's own schemes we deliver approximately 75% affordable housing; and typically provide a larger proportion of family sized properties.

2.8 However given the location and the proposed specification of this development it is considered that the tenure mix and bedroom size mix is appropriate, due to its potential appeal to people who need to travel easily into Central London and Essex. Reside, who will manage the completed development on behalf of the council, will need to develop a marketing and management strategy that will appeal to this segment of the housing market.

2.9 All units are London Plan internal space standards compliant and all have private and communal amenity space that meets the Mayor's guidance.

2.10 All units have been designed with the aim of providing equally sized bedrooms and open plan living spaces.

2.11 Specification and finishes will be in line with the standing LBBD/Be First requirements and external private amenity space via a balcony. Be First are working with the Council, My Place and Reside to review and sign off the specification including any divergencies.

2.12 In addition to the housing the development will also re-provide the commercial space on the ground floor (A3 use class). This is proposed to be managed by the Council following practical completion

- Bar (A4 use): 325 sqm
- High Street shop (A1 / A3 use) 325 sqm)

2.13 The Bar unit is currently occupied by JD Wetherspoons and at practical completion they will be moving back into the space with a fit out contribution from the developer. This lease to Wetherspoons will sit underneath the headlease that will be taken on by the council. As part of the terms of the lease Wetherspoons will be responsible for internal repairs, with the council responsible for wider structural issues. Appropriate management arrangements will be put in the place by the council to ensure the asset is well managed and that the rent levels are achieved.

3. Finance and Funding

3.1 The detailed financial arrangements and implications are set out in Appendix 3, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. Options Appraisal

4.1 The following options have been assessed.

Option	Advantages	Disadvantages
Do Nothing	• No cost to the Council • No risk	• Site unlikely to be delivered without council intervention • Homes not added to Council's residential portfolio • Loss of revenue income • No delivery control
As set out in recommendation	• Delivery of homes (market and affordable)	• More risk than doing nothing – however risk can be

	• Income generation • Support the regeneration the Barking station / key gateway area	managed given fixed price deal • Cost of finance to council

5. Consultation

5.1 The development has planning consent and has therefore been subject to community consultation through the planning process.

5.2 The Council's Investment Panel considered and endorsed the proposals at its meetings on 27 January 2021 and 24 February 2021.

6. Commissioning Implications

Implications completed by: Darren Mackin, Head of Commissioning and Programmes, Inclusive Growth

6.1 The regeneration of Barking Town Centre is critical in terms of delivering the Council's Inclusive Growth agenda. The site's prominent location adjacent to the train station, places it at the key gateway for people arriving in the borough on a daily basis. Improving this area around the station forms a key element of delivering the Town Centre strategy. Taken together with proposed improvements to the station and public realm around it, and ongoing progress towards the delivery first phase of the Vicarage Field redevelopment, there is the potential to transform the gateway to the borough. Therefore the successful delivery of this development provides the opportunity not only to provide new homes, but also to unlock other town centre developments and help contribute towards changing perceptions of the town centre.

6.2 As the report sets out over recent years there have been a number of attempts to redevelop the site, which have stalled for a variety of reasons. The proposal set out here to deliver a build to rent development, provides a sustainable solution for the long-term use of the site. The tenure mix is not typical of our own directly delivered or turn key developments, which typically contain at least 50% affordable housing on turn key and closer to 75% on council developments which are being delivered by Be First. However, the location, bedroom mix and specification of these flats is deemed appropriate for a more market led scheme, that will assist in delivering the council's wider housing strategy.

6.3 Improving the standards and quality of the provision for residents living in the private rented sector is an important part of the council's housing strategy. Approximately 21% of Barking Dagenham residents rent in the private sector, and in some circumstances struggle with high rents and poor service from their landlord. The council and its wholly-owned housing company Reside are intervening to address these issues. The agreement to lease will contribute to Reside's portfolio of market rent properties, many of which will be concentrated in Barking Town centre. This provides Reside with the opportunity to develop their service for this portion of the local housing market, and ensure that high customer service standards are offered to differentiate Reside in the market.

7. Commercial Implications

Implications completed by: Hilary Morris, Commercial Director

7.1 This proposal is requesting approval to proceed with entering into an agreement for lease with an institutional funder in order to bring forward the development of a complex but strategically important development site in the middle of Barking Town Centre. Trocoll House was considered a key strategic regeneration opportunity as far back as 2017 and the original 2018 Be First Business Plan set it out as a key development site which Be First were already in negotiations to purchase. However, despite ongoing negotiations in the years since and a subsequent stalled planning application the development of this site had not been able to be achieved until the proposal set out in this paper was brought forward.

7.2 The current proposal will offer an almost immediate start on site providing the opportunity to deliver the regeneration and the surplus income much quicker. The proposal is a more expensive option than the Council delivering the development directly but the actual cost of the transaction over 50 years will depend on the prevailing market conditions outlined in annual CPI increases as set out within the lease terms.

7.3 The total financial exposure is capped at 4% meaning the total inflationary increase that can be applied to the Headlease rent at each renewal period cannot be above 4% even if CPI tracks at a greater rate. Since 1989 CPI has tracked at an average of 2.55% per annum however that masks historically large variations from year to year with CPI at 7.5% in 1991 but 0% in 2015. Over the course of the next 50 years it is difficult to predict with any accuracy what the future average CPI level with track at, but it will be important for the tenant rent levels to track as near as possible to CPI each year to ensure the surplus income does not get eroded over time. Reside will need to ensure this is considered and reflected within its rent setting processes.

7.4 The Council will not own the Freehold of the site until the end of the Headlease period but the site will generate an expected surplus rent level provided tenant rent levels are inflated at the same inflationary uplift levels. This means the Council will carry more trading risk and operational rent increase exposure over the 50 year period than it would do if it were to borrow the money and develop itself as direct borrowing carries more certainty (although these do fluctuate) than inflation linked assets.

7.5 The paper outlines the Council will become the Landlord of the commercial units with one of these to be under an existing Agreement for Lease to Wetherspoons which will be managed within the Council. Effective management of these assets and any Landlord obligations will be critical to ensuring the rental income from those maintains similar levels throughout the Head lease period.

7.6 The Council will not be a party to the construction contract or development agreement with the contractor and carries no risk during this period including no risk regarding cost or time over-runs or difficulties in the building process. However, as the Council will be the tenant it will expect to receive a full set of construction warranties and indemnities prior to the building being handed over. These documents will form part of a complex set of due diligence activities that will need to be undertaken by Be First’s legal team to ensure the form of warranties, indemnities and insurances are acceptable and adequately covers the risk the Council is taking in relation to building defects, snagging works or other property related issues that might arise within the warranty period.

7.7 It will be important for the Council to ensure a property qualified professional represents the Council's interests at any Practical Completion inspections to ensure the building has met the Council's standards and requirements and the costs for these activities have been build into the financial assumptions. The due diligence associated with concluding this transaction in terms of obligations set out within the Headlease is also important and will need to be undertaken through a robust legal process prior to agreement.

8. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

8.1 The financial implications for this report are contained in Appendix 3 – Financial Information (exempt appendix).

9. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

9.1 This report relates to a commercial investment opportunity for the Council to take a lease as an investor in a multilevel housing development to be constructed at the Trocoll House, 101 Wakering Road, Barking, IG11 8PD site. The description of the arrangements is taken from the Heads of Terms documentation at Appendix 2, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

9.2 The proposed development will be a 198 homes tower with 35% affordable housing. The actual process will be that the construction will be commissioned by the Developer who will enter an Agreement for Lease with the Council. Completion of the Lease is to take place ten working days after the issue of Practical Completion pursuant to the building contract. Then the Council will take a 50-year head lease of the building and will in turn be underlet to a Council Special Purpose Vehicle (a company owned by the Council and "SPV" for short) for an under lease term of 50 years from Practical Completion. The SPV will let the dwellings and the commercial lettings too. The Head Lease is apparently not to be assignable. The Council will receive an underlease rent designed to deliver a surplus profit after the headlease rent has been paid to the headlease holder. Essentially the Council for a premium is guaranteeing an income for the freeholder for 50 years. The Council institutional lease rent is to be based on the Base Scheme and is payable irrespective of any changes the Council SPV may decide in terms of tenure of the residential units. At the end of the Head Lease duration the Council will have the option to acquire the freehold for a nominal sum (suggested £1). There is currently at the site a Pub run by JD Wetherspoons. It will cease trading during construction and then on completion to be re-instated for trading and that it will be under let from the proposed Head lease held by the Council.

Council's powers to enter the proposed arrangements.

9.3 The Council has a variety of powers to enable it to enter into the proposed transaction. These are subject to the Council also complying with its fiduciary duties to its taxpayers/residents.

9.4 The actual powers which the Council relies on is to an extent governed by its purpose/intention in entering into the arrangements and whether any of the limitations or restrictions of those powers conflict with the proposals made by the fund.

Entering the Lease with the Institutional Investor

9.5 Section 120 of the Local Government Act 1972 (section 120) gives the Council the power to acquire land (including a leasehold interest) for a purpose relating to any of its functions or pursuant to duties under any enactment (other purpose).

9.6 The Council in exercising section 120 may acquire land within or outside its area.

9.7 This means that the Council is required to identify another function (power or duty) which it seeks to exercise/rely on. Two powers which may be available include the general power of competence under Section 1 Localism Act 2011 and its investment power under Section 12 of the Local Government Act 2003.

The general power

9.8 The general power is set out in section 1 of the Localism Act 2011 and permits the Council to do anything which an individual may do. The general power is subject to several limitations which include that it cannot be used to circumvent any prohibition or restriction which exists in legislation which precedes the general power.

9.9 The general power is also subject to the limitation under section 4 of the Localism Act 2011, namely that if it is used for a commercial purpose then the Council must do that thing through a company or society registered or deemed to be registered.

9.10 Should the Council rely on the general power to directly enter the head lease (rather than using a Council-owned company to do so) the Council would have to satisfy itself that it was not acting predominantly for a commercial purpose. In doing so it would have to analyse whether the letting of the building (in terms of the arrangements) was commercial. As there is an element of risk in that it is a commercial arrangement for the purposes of generating an investment income (‘profit rent’), the proposal has a badge of commercial activity about it and the utilisation of a corporate special purpose vehicle i.e., a limited liability company may be required for compliance. Nevertheless, the presence of 35% affordable housing will have an impact of its overall commercial investment viability.

9.11 In this example it appears that the arrangement is to provide an investment return if that is the purpose then rather than the general competence power of section 1 of the Localism Act 2011 the following power is available.

Section 12 – the Local Government Act 2003 (LGA 2003) (Power to invest)

9.12 The Council's power to invest (Section 12, LGA 2003) may be exercised for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. In exercising this power, the Council would rely on the second limb, namely that the proposals aid prudent financial management and to have regard to relevant statutory guidance. The financial implications consider how the proposals assist the prudent management of the Council finances.

9.13 The Ministry of Housing Communities and Local Government (MHCLG) issued new statutory guidance (attached to the email) under section 15 of the Local Government Act 2003 on local authority investments on 1 April 2018 (MHCLG Guidance). In approving the proposals both officers and decision makes should have regard to relevant aspects of the MHCLG Guidance.

9.14 Local Authorities are required to adopt an updated investment strategy as is required in that guidance. The Council's Investment Strategy contains provision for commercial investments. The report and accompanying financial reports (which are confidential and exempt) address how the proposals are aligned with the investment parameters for the commercial asset class.

9.15 The Guidance references 'non-financial assets' which includes certain property portfolios: 'non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property'.

9.16 There are specific requirements for non-financial investments, and property portfolios, set out in paragraphs 37 to 40 of the Guidance. The Guidance requires local authorities to consider whether the asset retains enough value to provide security of investment using the fair value model in International Accounting Standard 40: Investment Property as adapted by proper practices.In exercising the section 12 Investment power it would need an evidential basis to support compliance with new statutory guidance on local authority investments on 1 April 2018 (MHCLG Guidance).

Power to grant a Lease to the Underleasee

9.17 The Council has a power to grant a leasehold interest in the property to the operator under section 123 of the Local Government Act 1972. The SPV would be so enabled in its company objects. The Council in making the underlease should ensure that it receives the best consideration which reasonably could be obtained. A valuation report confirming this should be obtained. By the same power it could grant an underlease to the Weatherspoons Pub business.

The Council's Fiduciary Duties

9.18 The Council's fiduciary duties could be briefly summarised as it is acting as a trustee of tax and public sector income on behalf of its residents' rate and tax payers. The Council in effect holds money but does not own it; it spends money on behalf of its residents' business rate and council tax-payers.

9.19 The Cabinet in agreeing the recommendations should consider the risks and rewards of approving them and the proposed arrangements. In practice the Cabinet should consider whether the proposals are on market normative terms which a prudent investor on the open market would enter into, whether the Council will achieve an appropriate return for the risk it is taking and whether the risk and potential cost to it of entering into the arrangements can be appropriately mitigated these principles apply throughout the whole process to completion.

Procurement structuring

9.20 The primary purpose of the transaction appears to be one of investment landlord and tenant. Advice should be obtained with regard to the impact of the Public Contract Rules 2015 as amended and the post Brexit level playing field emerging public contracts regime to ensure that any risk of procurement challenge is mitigated and minimised.

State aid compliance

9.21 State Aid - As local government is an emanation of the state, the Council must comply with UK Law regarding State Aid. This means that local authorities cannot subsidise commercial undertakings or confer upon them an unfair economic advantage. While the UK has left the European Union (EU), issues regarding state aid have not ceased. For example the UK membership of the World Trade Organisations agreement on trade also has requirements regarding State Aid albeit somewhat less prescriptive than the EU. Nevertheless, under the proposals the Council will be entering into the arrangements mainly for financial purposes. The leasing and letting of the development are market activity and in agreeing final terms for both the Institutional Investor and operator leases, the Council should be satisfied they are state aid compliant. To do this the Council should ensure it acts as a market operator would, meaning the terms it agrees should be such that an operator or investor in the private sector would agree to those terms in the same or similar circumstances.

9.22 As a potential option the Council could seek evidence from a commercial adviser whether in their opinion market/private sector parties in the same circumstances would be likely to do agree to the same or broadly comparable terms which constitute the market norm. Such a report (confirming that private/market sector parties will do so) will evidence state aid compliance.

Risk Management

9.23 Investment transactions of this nature carry a range of risks which are effectively detailed below. A number of risk factors, including planning, title investigations, commercial terms and construction, warrant early due diligence, with the aim of determining whether any of those risk factors have adverse implications on the transaction, including impact on future capital value and income yields. For example, if planning permissions regulating the development in terms of scale, nature/use class and restrictions do not materially align with the proposal pitched or valuation assumptions, the associated risks may impact on usage of the completed development and consequently income.

9.24 As the Council carries the risk of paying guaranteed rent under a headlease, it is imperative to carry out due diligence to appraise the risks. Furthermore, the current heads of terms require the Council /SPV to take responsibility for the upkeep of the building and the headlease will contain a full repairing and insuring covenant in respect of the whole property, subject to the repairing covenants in the occupational leases. This repairing covenant shall include the repair and maintenance of all the structure and common parts located at the development and to keep all plant, machinery and equipment located at the property (the “Plant”) in good working order and to replace such Plant when beyond economic repair. LBBD will be required to insure the property itself or procure that this is done by an undertenant. Furthermore, LBBD will not benefit from either a rent suspension or option to terminate its lease if the property is damaged or destroyed by either an insured risk or uninsured risk. There will be a right to buy-out the Funder following such damage for a price equivalent to the gilt investment value of the income that is payable for the remainder of the term plus a spread of 20 base points.

Human Rights and Third-Party Interests

9.25 As there are no persons residing on the site, there do not appear to be any direct human rights implications, nevertheless the situation should be monitored and reviewed.

9.27 Third party interests need to be established. With construction of a tall building there is a risk regarding established easements, principally rights of light which needs to be fully understood.

Development / Land Risks and Considerations

9.28 Apart from the requirement to acquire an interest in the development at no more than the market value there will be the imperative to ensure that all land, development and environmental risks are identified and managed through feasibility studies to ensure the preferred development option is deliverable before significant expenditure, and mitigation strategies put in place. Potential risk arising include, but are not limited to, any third-party rights or restrictions or incumbrances which may frustrate or prevent the development of the land. In terms of environmental, construction and operational risks, extreme caution must be exercised in a location so close to a major railway station. The rail operator will be vigilant to any possibility of construction works affecting services and swift to resort to legal action if there are risks or actual interference with rail operations or passenger safety. Being so close to the long existing rail use site may raise risks of historical land contamination and if so, any remedial action and the costs of such remediation would need to be factored into the feasibility and viability considerations. Specifically, there should be early due diligence before contractually committing to the transaction to ensuring that the site is suitable for the construction of the development and is without risk of historical contamination, or in the alternative that any contamination is capable of being remedied and costs are both factored into the investment and acquisition price and do not compromise the viability of any residential development.

Taxation

9.29 As a commercial enterprise the proposal will be subject to a variety of taxation issues including SDLT, VAT and Corporation taxes. Specialist advice will need to be procured to ensure the most tax efficient structure is identified before any binding commitment is entered into.

Future Regulatory Issues

9.30 As currently structured the arrangement means that the Council / SPV will have overall responsibility for the building for the life of the head-lease (50 years). New legislation regulating tall building operators is in draft form (Fire Safety Bill and Building Safety Bill) these will place further obligations on landlords. Furthermore, additional legislation may follow post the publication of the Grenfell Public Inquiry Report. These obligations are inevitably going to have cost implications and forward anticipation of the risks and liabilities and costs of such measures do need to be factored into the evaluation model of this development and its viability. Having said that the Council as an operator of tall building housing ought to be well placed to apply it's growing expertise to such challenges.

10. Other Implications

10.1. Risk Management

Risk/Issue	Description/Mitigation
Risk (1)	Risk: • Lease payment linked to CPI which will be at risk of being higher than rental inflation. Mitigation: • Careful sensitivity testing has been undertaking with CPI and rental inflation modelled at different levels
Risk (2)	Risk: • Rental uptake and value Mitigation: • Full sales and market report conducted by Savills (Appendix 4)
Risk (3)	Risk: • Unit specification Mitigations: • Be First will be agreeing a robust set of employers requirements between the Developer, LBBD and Be First that will form part of the developers contract with the building contractors. These will then be used as the ER that will be within the development agreement between the contractor and RailPen. • An employers agent / CoW will be appointed throughout the development period to ensure that all items of the ER's are met to our satisfaction.
Issue (1)	Ongoing impact of Covid 19 Response • Development teams are working as normal with leading the pre-planning and pre-contract work stages which take the project through to end of the current year. • Anticipated that Construction teams will begin to operate at capacity before the anticipated start on site date of Q1 2021. To be monitored closely by Be First. • Impact on housing market is and will continue to be monitored by Savills with any changes in current values to be flagged immediately.

10.2 **Staffing Issues** – The proposal will be delivered by Be First on behalf of the Council.

10.3 **Health Issues** – The proposal is for housing to be made available to borough residents in need of affordable housing. The development has acceptable levels of private and communal amenity space and childrens play area.

10.4 **Crime and Disorder Issues** – The development makes use of a currently vacant, brownfield site. The development proposals will therefore have a positive impact on the local community. The scheme has been subject through the planning process to Secure by Design review to reduce any crime or disorder arising from the new development.

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

List of appendices:
Appendix 1 – Development, Funding and Ownership Structure (exempt document)
Appendix 2 – Draft Head of Terms (exempt document)
Appendix 3 – Financial Information (exempt document)
Appendix 4 – Savills Market report (exempt document)

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CABINET

16 March 2021

Title: Contract for the Provision of Council Insurance Cover	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: Christopher Martin, Head of Assurance	**Contact Details:** Tel: 020 8227 2174 E-mail: Christopher.Martin@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Leadership Director: Claire Symonds, Acting Chief Executive	

Summary

The Council's existing main insurance contracts are due to expire on 30 June 2022. Authority is being sought to extend the end date of this contract to 31 March 2023 so that it falls in line with the Council's accounting period and to undertake a procurement exercise to procure new contracts thereafter.

The new contracts awarded will be for a period of 3+2 years commencing 1 April 2023. The contracts are likely to be awarded to multiple providers and forecasts indicate that total expenditure in this area over the potential five-year period will be approximately £7.3m.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree the extension of existing insurance contracts due to expire on 30 June 2022, listed in paragraph 1.4 of the report, to 31 March 2023 for the reasons set out in the report;

(ii) Agree that the Council proceeds with the procurement of new insurance contracts, to commence from 1 April 2023, in accordance with the strategy set out in the report; and

(iii) Authorise the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder(s), in accordance with the strategy set out in the report.

Reason(s)

To assist the Council in achieving each of its priorities of "A New Kind of Council", "Empowering People", "Inclusive Growth" and "Citizenship and Participation" through continued insurance arrangements.

1 Introduction and Background

1.1. The Council manages insurance risk through its own internal fund (the Insurance Fund) and by paying premiums to external insurers where the financial consequences of the risks cannot be borne in-house. Services are recharged to recover the attendant costs of insurance based upon a number of factors, including claims experience. Having adequate external insurance in place is integral to the functioning of the authority, enabling the Council to meet insurable financial losses that may arise from the delivery of services.

1.2. The Council's main insurance contracts are due to expire on 30th June 2022. The current Insurance programme consists of the main corporate insurance policies which cover the usual business activities of the Council and also the leasehold right to buy policy (which is recharged in full to leaseholders) which expires separately on 29th September 2023 and is therefore not currently under consideration. A summary of the current main insurance arrangements are detailed in paragraphs 1.4 and 1.5 below.

1.3. The Corporate main insurance cover is provided through a mixture of internal and external arrangements. The Council's insurance fund meets the costs of self-insured claims and claims within the policy deductibles, up to the aggregate stop limit (maximum payable by the Council in each policy year). Costs of claims above these levels are met by the external insurance providers.

1.4. The different categories of insurance under the current contract are detailed below:

Category	**Insurer**	**Deductible**	**2020/21 Premium Cost**
Property	AIG	£250,000	£365,378
Liability & Claims Management	QBE	£250,000	£357,768
Officials Indemnity	QBE	£250,000	£60,335
Computers, Contract Works, PI & Medical Malpractice	Various	Various	£21,786
Fidelity Guarantee	Zurich Municipal	£10,000	£16,922
Engineering & Inspection	Zurich Municipal	£100	£116,153
Motor	Zurich Municipal	£160,000	£86,860
Personal Accident & Travel	Zurich Municipal	£Nil	£25,620
Commercial Properties	Zurich Municipal	Various	£383,354
School Journey	Zurich Municipal	Various	£19,635
TOTAL			**£1,453,811**

1.5. The current ‘insurance year’ does not fall in line with the Council’s financial year. This means that the costs for insurance at renewal in July currently need to be split between financial years, allocating 9/12 of the costs to the prevailaing year and 3/12 to the next year across all appropriate cost centres, services and third parties. The total cost of insurance premiums are also therefore not known by budgetholders until some time into the year which makes accurate forecasting of costs more difficult. Bringing the insurance premiums in line with the financial year would eliminate the uncertainty and eradicate the need to split costs between years.

2. Proposed Procurement Strategy

2.1. An actuarial review has been commissioned with the objective to ensure that the Council is achieving value for money whilst ensuring that suitable cover is in place to mitigate our insurable risks.

2.2. As part of this review, the Council's financial position, claims history, current insurance position, statutory position and risk profile is being considered in detail. Consideration is also being given to an alternative, higher deductible. This review allows the Council to review the insurance programme to ensure that it has the right balance between risk and reward and to calculate the impact of considering a higher deductible.

2.3. Insurers tend to view local authorities as high risk mainly due to the risks associated with many statutory council functions and also the traditional risk structuring such as low policy excesses that many local authorities have historically favoured.

2.4. The public sector insurance market is limited and a highly specialist area and the market can be influenced by various factors such as expensive claims, global exposures and the economic climate. The majority of insurers will only deal with local authorities via an insurance broker intermediary. As such, the Council’s insurance broker, AJG, will manage the tender process with support from the Procurement team. The cost of the broker’s work is subject to a separate procurement exercise.

2.5. The aggregate annual value of the contracts to be tendered is currently in the region of £1.45m. The proposed procurement is therefore estimated to exceed the threshold for supplies and services and a formal competitive tender is proposed to be undertaken in line with Council’s Procurement Standing Orders and the Public Procurement Regulations 2015.

2.6. The price quality ratio upon which contracts will be awarded will be 65% price, 25% quality and 10% social value. Providers will be ranked per Lot that they can provide based on their tender submission.

2.7. The contracts would be divided into individual lots and an open tendering procedure followed. This approach is intended to encourage greater competition and allow specialist insurers to submit bids for specific lots. Whilst this is a lengthy process it is likely to result in maximum exposure to the range of insurers available. The process appears more protracted than normally necessary as time has been built in to undertake a procurement process sooner in the event that the requested extension is not granted. A timetable for this process is set-out below:

Cabinet approval	March 2021
Advertise and send out tender application packs	June 2022
Tender submissions to be returned	September 2022
Tender evaluations and clarifications	December 2022
Approval and award of contract	February 2023
Start of contract delivery	1st April 2023

2.8. The Council's approach to social value asks major contractors to contribute to the achievement of the Borough Manifesto goals and targets. The aim of this policy is to ensure that the Council maximises the social, economic, and environmental wellbeing that it delivers through its expenditure. The policy also ensures that the Council is aligned to the requirements of the Public Services (Social Value Act) 2012.

2.9. Bidders will be expected to demonstrate how they can add value to the work of the Council in line with the Social Value Framework and will be assessed accordingly.

3. Options Appraisal

3.1. There were essentially 4 alternative options to the proposed strategy available to address the Council's insurance requirements from 1st April 2023:

A – Tender via Framework Agreement
B – Local Government Association Mutual
C – Full Self-Insurance

3.2. **A - Tender via Framework Agreement** - For the main Corporate Insurance Cover the Crown Commercial Services (CCS) Framework for insurance (RM3731) is sometimes used to simplify the process. This framework provides a list of insurance companies who have already expressed interest in the public sector insurance market. All providers have already been initially assessed as being capable of providing the range of insurances required by local authorities. This reduces the risk of the Council placing business with an insurer who may not have adequate financial capabilities or who is unable to provide adequate coverage or fully appreciate the specialised risks involved in Council operations.

3.3. Many insurers who are capable and willing to insure local authorities are already on the CCS Framework. Their terms & conditions have already been agreed and the need to conduct lengthy negotiation or consultation is reduced. Non-cashable savings will be made because the timescales of the process and the resources required will be reduced. However, a Brokers Management fee of 0.75% premium and Insurance Premium Tax (IPT) is payable. This route would restrict the Council to using those insurers on the framework.

3.4. **B - Local Government Association (LGA) Mutual** - Due to the limited number of insurance companies in the market willing to insure local authorities, the LGA are developing an Insurance Mutual. The Mutual aims to offer affordable, high quality risk transfer and risk management through a mutual structure for the benefit of the local government sector.

3.5. Discussions have taken place between the Council and the LGA Mutual. The LGA Mutual has advised that they may be able to provide a proposal from April 2023; although it is unclear at this stage exactly which risks that proposal would address and the terms of engagement.

3.6. The LGA Mutual have confirmed that the Council would not be required to place all their insurable risks with the Mutual, however if the Council wishes to join the Mutual then they would be required to place significant classes of business with them, such as Property and Liability.

3.7. The Mutual is a recent development in the Local Authority insurance market and questions remain to be answered over their long-term feasibility, including the financial resilience of the Mutual. For example, the public liability profile of the public sector is one of long tail claims which are often reported many years after the event giving rise to the claim. The recent tragedy at Grenfell Tower has also catapulted the issue of adequacy of Limits of Indemnity to the forefront; it will be interesting to see how the proposed Mutual will be able to protect local authorities at the higher levels that are now being requested. The Mutual would of course be able to purchase reinsurance but it will have to compete with existing players, which will add to the costs for any members.

3.8. All insurers and brokers offer a range of services which may come as part of the programme, including risk management, claims management, underwriting guidance, support and training to name but a few. These insurer/broker skills have been honed over a great many years of dealing with risks and in particular those of the public sector. It is unclear at the moment if or how the Mutual is likely to replicate these.

3.9. **C - Full Self Insurance** - Self-insurance would by definition result in premium savings but brings the need to maintain adequate level of resources to meet all likely claims/ liabilities against the organisation.

3.10. If the contract is not re-tendered, the Council will have to completely self-insure against its liabilities. The ability to self-insure is dependent on the provision and maintenance of an adequate internal insurance fund, which for complete self-insurance may be in the tens of million pounds.

3.11. As a measure of the risk arising from claims against the Council over the last five years, the value of reserves has fluctuated somewhat, with reserves in excess of £1m each for a small number of claims. Whilst the value of future claims is difficult to predict, it would be necessary to increase the value of the Fund to cover these potential liabilities. In the current financial climate, it is prudent to continue to insure externally for those major/ catastrophic risks that the Council may not be able to meet should they occur.

4. Waiver

4.1. Not Applicable

5. Consultation

5.1. The proposals in this report were considered and endorsed by the Council's Assurance Group on 11 February 2021 and the Procurement Board on 22 February 2021.

6. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

6.1. The proposals in this report are two-fold firstly that the existing insurance contracts be extended by a period of 8 months to align the period of insurance cover with that of the Council's accounting years and secondly that the Council's insurance business be subject to a competive tendering in accordance with the Council's Contract Rules.

6.2. In all the circumstances the proposed extension is a reasonable response enabling there be the time available to remedy the timing disparity and the tendering process will enable a demonstrable commitment to securing value for money which is a preresquisit in accordance with the Councils best values duty placed on it by the Local Government Act 1999.

7. Procurement Implications

Implications completed by: Francis Parker – Senior Procurement manager

7.1. The recommended approach is likely to yield the best value for money for the Council.

7.2. An Open tender will be compliant with the Council's contract rules and the PCR2015.

7.3. The other options listed are not as suitable as the recommended route.

8. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

8.1. The cost of the current Insurance contract is £1.45m per year. The contract was last let as a 3+2 contract in 2017.

8.2. If the tender exercise does result in an increased cost for the Council then this will need to be met from the cost inflation provision within the MTFS. There is sufficient provision to cover any likely increases.

8.3. The tender will be run by AJG as part of their Insurance brokerage contract, supported by the Insurance team from within existing resources. The charge is estimated to be in the region of £13k to £50k depending on the complexity of the exercise although it is more likely to be at the lower end of this range. This cost will be met from within the budget of the Council's Finance service.

9. Other Implications

9.1. **Risk Management -** Insurance is a mechanism for transferring risks to another (the insurer) for a consideration (premium). The broad principal of insurance is that the premiums collected from many policyholders pays for the claims of a few.

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

List of appendices: None.

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CABINET

16 March 2021

Title: Debt Management Performance 2020/21 (Quarter 3)	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Stuart Kirby, Revenues Manager	**Contact Details:** E-mail: stuart.kirby@lbbd.gov.uk
Accountable Director: Mark Fowler, Director of Community Solutions	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	

Summary

This report sets out the performance of the Revenues service in the collection of revenue and debt management for the third quarter of the financial year 2020/21. The report demonstrates that performance is stable and continuing to improve year on year in terms of overall cash collection, though continuing to be impacted by Covid-19 and welfare reform measures.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the performance of the debt management function carried out by the Council's Revenues service; and

(ii) Note the impact of Covid-19 on collection levels across all revenue streams and the continued recovery techniques applied to reduce the impact of the pandemic.

Reason

Assisting in the Council's Policy aim of ensuring an efficient organisation delivering its statutory duties in the most practical and cost-effective way. This ensures good financial practice and adherence to the Council's Financial Rules on the reporting of debt management performance and the total amounts of debt written-off each financial quarter.

1. Introduction and Background

1.1 The Council's Revenues, Benefits, General Income and Rents Service was operated by the Council's joint venture company, Elevate East London LLP (Elevate). This service returned to the Council on the 1st September 2020. The service is responsible for the management of the Council's debt falling due by way of statutory levies and chargeable services. It also collects rent on behalf of Barking and Dagenham Reside. Council debts not collected by Elevate are not included in this report, for example parking and road traffic debt prior to warrants being granted and hostel and private sector leasing debt.

1.2 This report sets out performance for the third quarter of the 2020/21 municipal and financial year and covers the overall progress of each element of the service since April 2020. In addition, it summarises debts that have been agreed for write off in accordance with the Council's Financial Rules. All write offs are processed in accordance with the Council's debt management policy agreed on 25 April 2017.

1.3 The Revenues service is responsible for the collection of Council Tax, Business Rates, Housing Benefit Overpayments, General Income, Rents and for the monitoring of cases sent to Enforcement Agents for unpaid parking debts

2. Covid-19 – debt recovery restrictions

2.1 The Covid-19 pandemic has had a significant impact upon businesses and residents living and working in the borough. It has also prevented many of the standard debt recovery practices utilised by the Revenues Service

2.2 **The following restrictions have impacted collection rates:**

- Magistrates' and County Court have not operated normally. It has not been possible for the Magistrates' court service to hold safe hearings for the application of Liability Orders for Council Tax or Business Rates. Similarly, it has not been possible for County Court to hold eviction hearings.
- Evictions were prohibited by Government legislation
- Enforcement agents were prohibited from visiting debtors, although they were permitted to continue writing and/or calling debtors.
- Payments being deducted from benefits to pay for Housing Benefit were halted whilst the DWP diverted resources to deal with the increase in Universal Credit applications.

2.3 As a result the Revenues service has changed its approach to debt recovery in the following ways:

- Reminder letters have been reviewed and have placed a much greater emphasis on the need for residents to make contact if they are experiencing financial difficulty.
- Instalments for Council Tax and Business Rates have been recalculated to start later in the year where payers are affected by the Covid.
- Residents experiencing financial difficulty have been advised to pay as much as they can afford and have been advised to apply for Discretionary Housing Payments, Council Tax discretionary relief and to contact the Homes and Money Hub for the following assistance:
    - Budgeting assistance

- Training advice
- Referral to the Job shop
- Maximisation of benefit entitlement
- Tenancy sustainment

3. Financial impacts upon residents

3.1 Data from Government and local sources indicate a significant increase in residents requiring support. The table below shows the number of residents in receipt of Universal Credit (UC) at the end of August.

Increases in the number of people claiming Universal Credit reduced through the Summer and early Autumn and then increased again in November and December. This may be linked to lockdown periods and tougher restrictions.

Month	UC claimants	Monthly increase
February	13,913	
March	14,544	631
April	18,077	3,533
May	26,405	8,328
June	27,866	1,461
July	28,620	754
August	28,966	346
September	*29,405*	439
October	*30,054*	649
November	*31,279*	1,225
December (provisional)	*32,244*	965

3.2 To further support residents, this year the following discretionary hardship payments have been made.

Discretionary Hardship Payments	Quarter 1	Quarter 2	Quarter 3
Number paid	179	355	462
Value Paid	£92,730	£209,399	£267,385

3.3 Discretionary Housing Payment have increased significantly compared with the same time last year. 93% of the Discretionary Housing Payment allocation has now been spent in comparison with 79% at the end of December 2019.

Discretionary Housing payments	2019/20	2020/21
Number paid	643	989
Value Paid	£762,440	£1,147,828

4. Council Tax

4.1 Collection Rates

Current year		
Period	**Percentage reduction**	**Payments delayed**
Quarter 1	-1.9%	£1,651,979
Quarter 2	-2.2%	£1,866,019
Quarter 3	-2.3%	£1,939,640

4.2 Throughout quarter 3 collection rates have not dropped significantly and remain relatively stable. This is mainly due to the continued contact being made with residents. Residents have been able to discuss realistic payment plans and receive assistance from the Homes and Money Hub.

4.3 Arrears

Arrears (debts prior to April 20)	
Period	**Payment reduction (cumulative)**
Quarter 1	-£362,139
Quarter 2	-£567,697
Quarter 3	-£733,502

4.4 Many residents who are finding it difficult in the current year also have arrears from previous years.

The Council Tax team continue to assist residents in financial difficulties. Alongside discretionary reductions to Council Tax, costs are removed wherever possible.

Council Tax discretionary award	Granted	Discounts awarded	Court costs removed	Bailiff costs removed	Total assistance
Council Tax discretionary award	£36,517	£19,088	£17,097	£6,117	£78,819

4.4 There have been 344 applications for support and 135 residents have been granted a reduction to their Council Tax. Those that have failed to qualify have been given budgeting advice and new payment plans put in place to help them out of debt.

5. Recovery actions

5.1 Since the start of the pandemic a “softer” approach to debt recovery has been taken. Statutory reminders and recovery action has been suspended and residents that have missed instalments have been issued with reminders encouraging them to make contact.

5.2 From November statutory debt recovery action recommenced and reminders have been sent. These reminders have been sent in stages based on the value of the debt accrued throughout the year.

Reminders			
Criteria	**Date issued**	**Number**	**Value**
>£900 (Current year)	13/11/2020	1,352	£1,473,186
>£500 (Current year)	20/11/2020	1,970	£1,419,377
>£200 (Current year)	27/11/2020	2,053	£712,839
>£100 (Current year)	04/12/2020	2,474	£384,553
Total		**7,849**	**£3,989,955**

5.3 The court service will allow Local Authorities to hold virtual courts from January. A pilot court will be held in February with 99 summonses being issued in January. The virtual court will be held at the BLC. The summons has been altered to discourage attendance. In addition, the Court Service has produced an insert explaining the court process and discouraging attendance and a further insert has been designed to explain that the resident should contact the Council rather than attending.

5.4 In case residents still go to the BLC Council Tax officers will attend and see any attendees outside the building. In addition, an officer will attend Barkingside Magistrates' Court as this is where hearings are normally held. The attendee's details will be taken, and contact made shortly after. Where the attendee

6. **Business Rates**

6.1 **Collection Rates**

Current year		
Period	**Percentage reduction**	**Payments delayed**
Quarter 1	-3.4%	£1,601,265
Quarter 2	-7.3%	£3,248,761
Quarter 3	-9.3%	£3,805,525

6.2 Collection rates continue to reduce as businesses struggle to make payments this year.

6.3 Quarter 3 has seen a number of new Local Restrictions grant (LRSG) schemes introduced in line with lockdown and the tier system.

Scheme	**Period**	**Description**	**Paid to date**
LRSG (open)	17/10/20 – 04/11/20	Tier 2 impacted	£131,945
LRSG (closed)	05/11/20 – 02/12/20	National lockdown	£782,218
Wet led pubs	02/12/20 – 29/12/20	Pubs where drink generates more than 50% of income	£16,000

LRSG (open)	02/12/20 – 15/12/20	Tier 2 impacted but remain open	£0
LRSG (closed)	02/12/20 – 15/12/20	Tier 2 impacted but are required to close	£0
LRSG (open)	16/12/20 – 19/12/20	Tier 3 impacted	£0
LRSG (closed)	16/12/20 – 19/12/20	Tier 3 impacted but are required to close	£0
LRSG (closed)	20/12/20 – 04/01/21	Tier 4 impacted	£0
LRSG (closed) addendum	05/01/21 – 15/2/21	National lockdown	£0
Closed business lockdown payment	05/03/21 – 31/3/21	One off payment for lockdown	£0
Additional restrictions grant	05/11/20 – 3/3/22	Discretionary grant scheme	£360,140

Figures as of 8 February 21

6.4 The Additional Restrictions Grant is currently being partially used for businesses that failed to qualify for the open grants scheme. The total allocation from Government for this scheme is £6.1m to be used throughout the remainder of 20/21 and 21/22. A scheme is currently in development and will in part offer business support to applicants

6.5 The initial open and closed schemes required businesses to submit an application and these will be used to pay the remaining schemes. These payments will be issued in February.

6.6 The ministry responsible for grant schemes, the Department for Business, Energy & Industrial strategy (BEIS) continue to ask for regular detailed reports of progress. Although, BEIS have recently asked Local Authorities what slows the issuing of grants, and the level and frequency of reporting was cited as being one of the contributing factors, BEIS continues to request further layers of detail.

6.7 The team continue to process applications and issue grants as quickly as possible. It is estimated that all current grant schemes will be fully completed by mid-March.

7. **Rents**

Period	**Percentage reduction**	**Payments delayed**
Quarter 1	-1.66%	£1,702,155
Quarter 2	-2.52%	£2,576,324
Quarter 3	-3.07%	£3,140,287

7.1 Rents collection continues to reduce as a result of the pandemic. The use of “soft” reminders also continues as evictions have currently been stopped by Government and cannot recommence until July.

7.2 The team is engaging with tenants by outbound calling and by reminder letters. To further increase contact with tenants’ additional resources will be brought in during the last quarter. New staff will work in two areas, they will look at lower debts to identify those falling into debt and to help assist with budgeting and payment agreements and they will focus upon higher debts where court orders have been broken.

Reminders issued	
Period	**Reminders issued**
Quarter 1	4,401
Quarter 2	2,624
Quarter 3	5,834

7.3 The restrictions upon eviction action are having a detrimental effect upon collection rates. There are currently 949 cases with a value of £2m that have court orders where the tenant has been ordered by the court to pay. In 346 of these cases the court order is not being adhered to and would have been summoned to reappear at court.

7.4 Contact by phone has been attempted in these cases but new letters will be sent advising that action will continue later in the year if the order is not brought back up to date and further contact will be carried out by the new resource.

7.5 New reminders will be sent in Quarter 4 warning tenants of the consequences of continued non-payment. These letters will be sent to tenants who have failed to make contact or continue to pay less than require without acceptable reason.

7.6 The Rents Team contact tenants by reminder and by outbound calling. Since evictions will not now take place until July the team will focus more heavily upon outbound calling.

7.7 As recovery action has been suspended this year the Rents team have received fewer calls, 21k in 19/20 compared with 19k this year, however average handling times for these calls have increased by over 1 minute to 9 minutes per call. This is due to the more complex nature of the calls.

7.8 To allow staff to focus more upon about bound contact, incoming calls will be taken by the Contact Centre with the Rents team providing support if required. This will increase the capacity to target nonpayers and allow a greater length of time for budgeting assistance and benefit maximisation.

8. **Reside**

Period	Percentage reduction
Quarter 1	-0.32%
Quarter 2	-0.18%
Quarter 3	-0.21%

8.1 An alternative methodology for measuring collection is being developed and will be reported in quarter 4.

8.2 Reside residents have also experienced financial difficulties due to the pandemic and arrears have increased from £168k in February 20 to £397k in December.

8.3 To deal with this increase, resource has been doubled from two to four and all residents have been contacted to discuss repayment plans. The majority of residents in arrears have been contacted.

8.4 57 residents in arrears could not be contacted. Evening calls were made to try and make contact. Over a 12-hour period 43 of the 57 tenants were contacted. The results are shown below.

8.5 Where possible, alternative payment agreements were made with tenants. In 21 cases the tenants' financial situation did not allow them to make an agreement to pay regular payments. These tenants will be monitored and contacted on a regular basis.

8.6 Due to the success of this exercise, outbound calling has now been built into the process and so will continue.

Result	**Tenants**	**Arrears**
Arrears now clear	3	£0
Unable to commit to a payment plan but are paying as much as they can afford – monitoring to continue	21	£71,743
Current payment agreement will clear arrears by March 2021	1	£191
Current payment agreement will clear arrears by June 2021	2	£4,143
Current payment agreement will clear arrears by 2021	2	£2,815
Current payment agreement will clear arrears by 2021	1	£3,168
Current payment agreement will clear arrears by 2022	13	£54,584
TOTAL	**43**	**£136,647**

9. **General Income**

Period	**Percentage reduction**	**Payments delayed**
Quarter 1	-23.3%	£4,222,086
Quarter 2	-16.3%	£12,223,466
Quarter 3	-11.8%	£13,649,061

9.1 General Income collection has steadily improved throughout the year. The team have spent quarter 3 focusing on larger debts ensuring that delayed payments are paid.

9.2 **Homecare – Adult Social Care**

Period	**Percentage reduction**	**Payments delayed**
Quarter 1	-34.4%	£123,937
Quarter 2	-25.8%	£224,434
Quarter 3	_24.8%	330,594

9.3 Whilst the percentage of collection has increased over the past two quarters, the value of delayed payments has also increased. This is due to the new charging policy introduced in 20/21 and has increased charges by £686k compared with December 2019.

9.4 The team has increased collection by £164k compared with the same time last year and are focused upon helping residents to make affordable payments agreements.

10. Housing Benefit Overpayments

Period	Payments delayed
Quarter 1	-£350,870
Quarter 2	-£810,052
Quarter 3	-£1,180,594

10.1 The team continue to assist debtors that are struggling to maintain payment due to the pandemic. However, debtors with larger debts are being pursued. In December one of the larger debts was successfully settled and a payment in full of £99k was received with £7k of interest also paid.

10.2 The amount of Housing Benefit overpayment created this year is £3.3m, this is a reduction of £1.1m, and creation has been reducing steadily over the past two years.

11. Collection rates

11.1 The table below shows collection rates compared with the end of quarter 3 19/20

Revenue stream	Dec-19	Dec-20	Variation
Council Tax	81.8%	79.5%%	-2.3%
Council Tax arrears	£1,914,319	£1,180,817	-£733,502
Business Rates	79.7%	70.4%	-9.29%
Rents	71.46%	68.29%	-3.07
Former Tenants arrears	£146,819	£104,659	-£42,160
General Income	94.37%	82.53%	-11.84
Commercial rent	95.95%	81.99%	-13.97%
Homecare	72.14%	47.36%	-24.78%
Housing Benefit overpayments	£4,210,227	£3,398,692	-£1,180,594
Reside	99.68.%	99.46%	-0.21%
Leasehold	67.66%	72.64%	+4.98%

12. Financial Implications

Implications completed by: Kofi Adu, Group Accountant

12.1 Compared to the same period last year, collection rates are reduced across most categories of debt. This is due to the impact of the Covid-19 pandemic on the ability of residents and businesses to pay, given their reduced financial circumstances and also on restrictions placed on the debt collection process as outlined in para 2.2 above.

12.2 The Revenues team has been working closely with Community Solutions to identify residents in financial difficulty and to provide support to assist in tackling financial problems and managing debt. In addition, a new data led approach is being taken which is more targeted.

12.3 Collecting all debts due is critical to funding the Council and maintaining cashflow. Monthly performance monitoring meetings with Director of Community Solutions focus on where the targets are not being achieved to improve prompt collection of Council revenues.

12.4 The Council maintains a bad debt provision which is periodically reviewed. Increases to the provision are met from the Council's revenue budget and reduce the funds available for other Council expenditure.

12.5 The risks to the council's general fund posed by covid-19 debt recovery restrictions are monitored regularly and reported to ensure mitigated actions are taken to minimise the financial impact to the council.

13. Legal Implications

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

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

13.2 The Council holds a fiduciary duty to the ratepayers and the government to make sure money is spent wisely and to recover debts owed to it. If requests for payment are not complied with then the Council seeks to recover money owed to it by way of court action once all other options are exhausted. While a consistent message that the Council is not a soft touch is sent out with Court actions there can come a time where a pragmatic approach should be taken with debts as on occasion they are uneconomical to recover in terms of the cost of process and the means of the debtor to pay. The maxim no good throwing good money after bad applies. In the case of rent arrears, the court proceedings will be for a possession and money judgement for arrears. However, a possession order and subsequent eviction order is a discretionary remedy and the courts will more often than not suspend the possession order on condition the tenant makes a contribution to their arrears.

13.3 Whilst the use of Introductory Tenancies as a form of trial tenancy may have some impact in terms promoting prompt payment of rent as only those tenants with a satisfactory rent payment history can expect to be offered a secure tenancy, people can fall behind and get into debt. The best approach to resolve their predicament is to maintain a dialogue with those in debt to the Council, to offer early advice and help in making repayments if they need it and to highlight the importance of payment of rent and Council tax. These payments ought to be considered as priority debts rather than other debts such as credit loans as without a roof over their heads it will be very difficult to access support and employment and escape from a downward spiral of debt. The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.

13.4 As observed the Covid 19 pandemic is having a detrimental effect on debt management with a combination of severe pressures on households and businesses due to the sudden reduction of economic activity compounded by the future uncertainty of when an effective vaccine will become widely available. The picture is that it is unlikely to be before spring 2021 at the earliest that any recovery will begin.

13.5 Furthermore the Government has provided in the Coronavirus Act 2020 in schedule 29 that there will be protection from eviction for residential tenancies. This includes Housing Act 1985 public sector tenancies and introductory tenancies. Notice of possession will need to be given for three months ahead. The Secretary of State has the power to extend the requirement. The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Amendment) (England) Regulations 2020 has amended time span for these rules to run to 31 March 2021. Bearing in mind the Regulations were made effective on 28 August 2020, before the current measures, we should anticipate that the relevant time span date is bound to be extended later in 2021.

13.6 The inevitable debt management implications are that with legal enforcement options limited because of the national Covid 19 crisis, the short term debts and more particularly irrecoverable debts are anticipated to increase despite the very best efforts of all the teams involved nevertheless the message that debts will be pursued in due course is being pressed home.

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

List of appendices: none

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