

Notice of Meeting

CABINET

Tuesday, 22 June 2021 - 7:00 pm
Council Chamber, Town Hall, Barking

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

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Chief Executive

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Please note that this meeting will be webcast to enable the press and public to view the proceedings. Public access to the Town Hall is restricted at the current time and only those invited to attend shall be admitted. 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 25 May 2021 (Pages 3 - 8)

4. Revenue and Capital Outturn for the Financial Year 2020-21 (Pages 9 - 60)

5. Treasury Management Annual Report 2020/21 (Pages 61 - 83)

6. Social Value in Procurement - Implementation Update (Pages 85 - 110)

7. **Contract for Provision of Short Break Services for Disabled Children, Young People and their Families (Pages 111 - 119)**
8. **Debt Management Performance 2020/21 (Quarter 4) (Pages 121 - 131)**
9. **Any other public items which the Chair decides are urgent**
10. **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. **There are no such items at the time of preparing this agenda.**

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

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

- 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

Tuesday, 25 May 2021
(7:03 - 8:36 pm)

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

Apologies: Cllr Cameron Geddes

1. Declaration of Members' Interests

There were no declarations of interest.

2. Minutes (20 April 2021)

The minutes of the meeting held on 20 April 2021 were confirmed as correct.

3. Barking and Dagenham School Improvement Partnership Business Plan 2021-2024

The Cabinet Member for Educational Attainment and School Improvement introduced the Barking and Dagenham School Improvement Partnership (BDSIP) Business Plan for 2021-24.

The Business Plan set out BDSIP's vision, values, and social and commercial ambitions for the coming years, which included improving pupil outcomes year-on-year and generating an annual financial surplus of 5%, that would be re-invested in new service offers to schools. The Cabinet Member advised that while all 43 Local Authority schools and 13 Academy schools had continued to be Members of the BDSIP, the COVID-19 pandemic had impacted on the business, an example being a significant drop in the number of schools purchasing careers and work experience services in 2020/21. However, BDSIP had adapted well to mitigate the negative impact and had progressed several new opportunities, such as developing an online delivery model for Continued Professional Development.

It was noted that the uncertainty surrounding the long-term impact of the pandemic meant that the Business Plan only included financial performance forecasts for the 2021/22 financial year. The Cabinet Member was nonetheless reassured that BDSIP remained on a sound financial footing via the monitoring and challenge mechanisms in place via the Council's Shareholder Panel.

Members discussed other potential opportunities for the BDSIP to expand its clientele and offer to schools, such as GDPR services and the emerging economies in the Borough.

Cabinet **resolved** to endorse the BDSIP Business Plan 2021-2024 as set out in the appendices to the report.

4. Independent Domestic Abuse Commission Report - Initial Response

Further to Minute 78 (15 February 2021), the Cabinet Member for Social Care and Health Integration presented a report on the Council's initial response to the recommendations of the Independent Barking and Dagenham Domestic Abuse Commission (DAC).

The Cabinet Member confirmed that the Council had acknowledged and accepted all of the DAC's recommendations and a five-year delivery plan was being developed to enact them. It was noted, however, that Outcome 3, Step 3 of the DAC's report, which related to funding a young ambassador's group, was likely to be achieved in a different way than that proposed due to the level of resources required to achieve the projected outcomes.

A two-phased approach to embedding the principles and recommendations had been adopted, Phase 1 being 'Priming the System' and Phase 2 'Realising Change'. The Cabinet Member advised that domestic abuse survivors would be at the centre of the delivery plan's development and implementation, supported by dedicated staff resources within the Council, and led by a new strategic group, the Barking and Dagenham Against Domestic Abuse (BDADA).

Members commended the work of the DAC and the considerable progress already made by the Council in response to the recommendations. Members also expressed their pride at the Council's pro-active approach to tackling domestic abuse within the Borough and referred to other initiatives, such as the introduction of a new bereavement leave policy for staff that suffer a miscarriage before the 24th week of pregnancy, that exemplified the Council's position as an innovator in the public service sector.

Cabinet **resolved** to approve the Council's initial response to the Domestic Abuse Commission's recommendations, as detailed in the report.

5. Tri-Borough Civil Protection Service - Statutory Plans

The Cabinet Member for Enforcement and Community Safety presented a report on the Tri-Borough Civil Protection Service and updated versions of the two statutory plans which underpinned much of the service's work, the Corporate Emergency Management Plan and the Corporate Business Continuity Plan.

The Cabinet Member referred to the key responsibilities and achievements of the tri-borough service, which also covered the London Boroughs of Redbridge and Waltham Forest, since its inception in September 2017. The two statutory plans, required under the Civil Contingencies Act 2004, were extremely comprehensive and the robustness of the existing plans and service arrangements had been particularly evident in the Council's response to the fire at Samuel Garside House in July 2019 and the COVID-19 pandemic. The Corporate Business Continuity Plan also sets out the Council's procedures for responding to IT system software attacks, which had occurred in other local authorities and had a significant impact on their ability to maintain service provision.

Cabinet **resolved** to:

- (i) Approve the Corporate Emergency Management Plan at Appendix 1 to the report;
- (ii) Approve the Corporate Business Continuity Plan at Appendix 2 to the report; and
- (iii) Note the delivery mechanism for resilience via the Tri-Borough partnership arrangements.

6. Parking Permit Policy - Car Free Developments

The Cabinet Member for Enforcement and Community Safety presented a report on a proposed revision to the Council's Controlled Parking Zone (CPZ) policy relating to "car free", "car light" or private parking areas within the Borough.

The Cabinet Member explained that many new developments in the Borough were subject to planning approvals / conditions aimed at reducing traffic congestion, reducing air pollution and managing the limited capacity for on-street parking, particularly in areas with good public transport links. The intention, therefore, was to bring the Council's CPZ policy into line with the planning regime by restricting the eligibility of residents within such areas from the residential parking permit scheme, unless exceptional circumstances applied.

It was acknowledged that there needed to be further discussions, both within the Council, with the Government and with local residents, regarding achieving the correct balance between implementing the Government's Green Agenda and meeting the needs of residents via new and improved infrastructure.

Cabinet **resolved** to agree that the Council's Controlled Parking Zone policy be updated to reflect that those residing in housing developments which are granted planning permission on the basis they are or will be deemed to be "car free", "car light" or have own private parking arrangement or access to private car parks in accordance with section 45 (3) of the Road Traffic Regulation Act 1984, shall not be eligible for a parking permit, subject to the Operational Director, Enforcement and Community Safety being authorised to approve applications where he considers there to be exceptional circumstances.

7. Procurement of External Enforcement Agent Service

The Cabinet Member for Finance, Performance and Core Services presented a report on proposals relating to the procurement of a new four-year contract, commencing 1 January 2022, for external enforcement agent services to compliment the recently established in-house Enforcement Team.

The Cabinet Member outlined the key aspects of the procurement strategy and confirmed that the in-house service would deal with enforcement matters within the Borough and adjacent postcodes while the external service would focus on cases elsewhere, all in accordance with the Council's ethical debt collection approach.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of contracts for

external Enforcement Agent services in accordance with the strategy set out in the report; and

- (ii) Authorise the Strategic Director of Community Solutions, in consultation with the Cabinet Member for Finance, Performance and Core Services, the Strategic Director of Law and Governance and the Managing Director, to conduct the procurement and award and enter into the contracts and all other necessary or ancillary agreements with the successful bidder(s), in accordance with the strategy set out in the report.

8. Future of Roycraft House, Linton Road, Barking

The Cabinet Member for Finance, Performance and Core Services introduced a report on the opportunity to redevelop Roycraft House, the Council's six-storey office block in the heart of Barking Town Centre, into a hybrid / mixed-use model of managed workspace with ground floor café/event space to meet the demand for high-quality office accommodation in the area.

The Cabinet Member referred to the options for the site that had been considered as part of the initial assessment, which included selling the site on the open market and redevelopment to provide for a new primary school. However, it was felt that in order to promote the Council's vision for a vibrant Town Centre with a mix of uses where adaptability and flexibility were key features, in line with the Barking Town Centre Regeneration Strategy and masterplan for the area, the redevelopment of Roycraft House as proposed represented the best option in the medium-term.

An independent study of workspace needs in the Town Centre had been commissioned and had identified a range of benefits for the Council, the area in general and local businesses. The Cabinet Member explained that the next step would be to secure an innovative, high-quality workspace operator to deliver the project and, to that end, it was proposed that a procurement process be commenced. The outcome of the procurement exercise would be reported to the Cabinet in due course, setting out the delivery options and detailed financial issues.

Cabinet **resolved** to:

- (i) Agree that tenders be sought for a workspace operator for Roycraft House on the terms set out in the report; and
- (ii) Note that a further report shall be presented to Cabinet on the outcome of the tender process and, if appropriate, seeking approval to enter into lease / contract arrangements with the preferred bidder.

9. Development of Land at Transport House, 46-48 New Road, Dagenham

Further to Minute 86 (23 January 2018), the Cabinet Member for Finance, Performance and Core Services presented a report on an approach from the housing developer, Hollybrook Limited, to work in partnership to deliver a 149-unit residential development along New Road, Dagenham, which would incorporate the Council-owned Transport House site and a large part of the Premier Inn car park

site.

The Cabinet Member advised that the Transport House site was earmarked for development by the Council to provide circa 50 new homes. The proposal put forward by Hollybrook Limited, who had acquired exclusive rights to redevelop the Premier Inn land, was to deliver a scheme across the two sites to provide a total of 149 new, mixed tenure homes which would be purchased by the Council at a fixed price on completion. The Cabinet Member referred to the proposed terms of the Development Agreement with Hollybrook Limited, the options and risk analysis and the financial implications associated with the project, which were set out in an exempt appendix to the report, and confirmed that the projected outcomes were in line with the Council's Investment and Acquisition Strategy.

Members spoke in support of the project and the wider regeneration proposals for the south of the Borough. It was stressed, however, that the Government and the National Health Service must support the Council's ambitious regeneration plans across the Borough by ensuring that the necessary infrastructure was in place to serve the new and existing communities.

Cabinet resolved to:

- (i) Approve the preferred option and tenure mix as set out in the report which would deliver 50% market rent and 50% affordable housing comprising 45 Affordable Rent homes let at up to 80% of market rent and 30 London Affordable Rent (LAR) homes;
- (ii) Approve in principle to enter into a Development Agreement with Hollybrook Developments to deliver 149 units for a total development cost of £44.5m for expected completion in 2024 subject to satisfactory due diligence;
- (iii) Approve in principle the borrowing of up to £37.7m within the General Fund to finance the entire development subject to satisfactory due diligence;
- (iv) Agree to allocate up to £3.8m restricted Right to Buy receipts, if required, to fund the construction and professional fees to support the financial viability of the affordable housing delivery;
- (v) Agree to allocate £3m GLA LAR grant funding, subject to a successful bid, to support the financial viability of the LAR tenure;
- (vi) Note that the scheme meets the Council's Investment and Acquisition Strategy financial performance metrics;
- (vii) 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; and
- (viii) Delegate authority to the Managing Director, in consultation with the Strategic Director of Law and Governance, to agree and execute any agreements and contract documents to fully implement the project.

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

The Chair referred to the Black Lives Matter movement which gained prominence following the murder of George Floyd while in police custody exactly one year ago to the day and placed on record the Council's commitment to tackling hate and racism within the Borough in all of its forms.

CABINET**22 June 2021**

Title: Revenue and Capital Outturn for the Financial Year 2020-21	
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	
<p>This report sets out at a high level the Council's final budget monitoring position for 2020-21 and the likely challenges for the forthcoming year.</p> <p>The Council's General Fund revenue budget for 2020-21 was £155.796m. The final revenue expenditure outturn is £148.590m before a net transfer to reserves of £33.336m. After reserve transfers the net expenditure position is £181.927m, an overspend of £26.130m. The overspend is a combination of the impact of COVID-19 and one-off unforeseen events which are set out in the report. The corporate funding outturn is £183.878m, an overachievement of income of £28.081m from the original expected funding. Most of this additional income is funding from Central Government announced in year to support the Council's response to COVID-19. £8.236m of this is being carried forward to 2021-22. This results in a final outturn underspend position of £1.951m.</p> <p>The Draft Outturn for the Housing Revenue Account is an underspend of £3.566m. This is the net result of an overspend on running costs, particularly in Repairs and Maintenance, offset by a reduction in the revenue funding of the capital programme due to the high level of slippage attributable to the impact of COVID-19.</p> <p>The Capital Programme budget for 2020-21 was £370.167m and the final outturn was £319.440m. The slippage was caused in part by delays arising from COVID-19. The slippage will be carried forward and added to next year's capital programme.</p> <p>The final outturn on the Dedicated Schools Budget was an underspend of £3.843m which is expected to reduce to £1.476m after it is adjusted for Early Years Clawback by the DfE. This will be returned to the Ringfenced DSG reserve. In addition, Local Maintained Schools have increased their reserves by £1.3m.</p>	
Recommendation(s)	
Cabinet is recommended to:	

- (i) Note the revenue outturn for the 2020-21 financial year, including the details of the individual service variances, as set out in sections 2 to 4 and Appendix A of the report;
- (ii) Note the outturn for the Housing Revenue Account for 2020-21 as set out in section 4 of the report;
- (iii) Note the update on key savings programmes, as set out in section 5 of the report;
- (iv) Approve the write-off of the savings listed in section 5 of the report.
- (v) Note the update on the financial impact of COVID-19 and the lockdown and the financial support provided by the Government, as set out in section 6 of the report;
- (vi) Approve the transfers to and from reserves as set on in section 7 and Appendix D to the report;
- (vii) Note the impact of the consequent position for the Council's reserves, as set out in Appendix E to the report;
- (viii) Note the capital programme expenditure outturn and the detailed figures, as set out in Appendix F to the report;
- (ix) Approve the carry forward of £27.4m General Fund capital programme slippage and £22.8m HRA slippage into 2021-22 and the revised total programme of £399.114m for 2021-22 as set out in Appendix G to the report;
- (x) Approve the allocation of capital receipts totalling £51.624m to fund transformation costs, repay film studio land purchase costs and Becontree Heath build costs, as set out in paragraph 9.6 of the report;
- (xi) Note the outturn on the Dedicated Schools Budget and the Local Management of Schools Reserves, as set out in section 11 of the report;
- (xii) Note the update on the financial position of the Council's subsidiary companies, as set out in section 12 of the report;
- (xiii) Approve the write-off of the intercompany debt owed to the Council by Barking and Dagenham Reside Roding Ltd and agree that any further liabilities that arise under the development agreements and contracts that Barking and Dagenham Reside Roding Ltd was party to are settled directly by the Council who were also party to all the contracts, as referred to in section 13 of the report; and
- (xiv) Agree to appoint an insolvency practitioner and wind-up Barking and Dagenham Reside Roding Ltd by a Members Voluntary Liquidation with the intention that it be a solvent liquidation.

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 report gives a summary of the Council's revenue and capital outturn position. This will be used as the basis of the Statement of Accounts which will give a comprehensive overview of the Council's financial standing. It will be subject to external audit and further adjustments may be required during the audit process.

2. The 2020-21 Revenue Expenditure Outturn

- 2.1. The 2020-21 budget of £155.796m was approved by Cabinet in February 2020, a net increase of £6.976m from the previous year. Growth funding was approved for Care and Support (to meet demographic and cost pressures), Community Solutions (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.) The approved budget also included £12.696m of savings plans to be delivered during the year.
- 2.2. The COVID-19 pandemic and the UK response (lockdown) started before the beginning of the financial year and has had a considerable impact on the Council's financial performance during the year. Additional costs have been incurred in a range of areas especially Enforcement, Care and Support and Homelessness (Community Solutions) while other services have not been able to operate normally and have lost income as a result. There has also been a considerable diversion of leadership and management activity and staff time to support the pandemic response which has meant that some new initiatives and savings plans have been delayed.
- 2.3. This pandemic occurred after many years of financial pressures for Councils. Even without COVID-19 there were underlying overspends or pressures in a number of areas – some of which have been worsened during the pandemic while others have been temporarily alleviated. As a result the Council has an expenditure overspend of £26.130m against its financial plans including transfers to and from reserves.
- 2.4. However following strong lobbying from the Local Government sector the scale of the pressures were recognised by Central Government in the form of a variety of grants – both ring fenced and non-ringfenced. This has resulted in £28.081m of additional income recognised in the 2020-21 financial year.
- 2.5. The net result is an underspend of £1.951m. This is an improvement since the in-year forecasts reflecting both improvements in expenditure/income trends in some service blocks and significant additional grants released by Central Government in the final quarter of the year. The summary position is shown in the table below.
- 2.6. The current expectation is that there will be further COVID-19 grant funding in the first quarter of 2021-22 but no further support has been announced beyond that point. However it is expected that the increased level of need and financial pressure is likely to continue beyond the formal end of this current lockdown, especially if there are prolonged business and economic risks. In particular there is a risk of increased unemployment and poverty once the furlough scheme comes to an end and many individuals will experience longer term impacts on their mental and physical health and wellbeing that could mean they require support from the

Council. The 2020-21 underspend will therefore be transferred to the budget support reserve in order to meet the challenges coming in the next few years.

DEPARTMENT	FINAL ADJUSTED BUDGET	OUTTURN	RESERVES	OUTTURN AFTER RESERVES	OUTTURN VARIANCE
	£000	£000	£000	£000	£000
SDI COMMISSIONING	9,349	7,764	1,417	9,180	(168)
CARE & SUPPORT	83,030	87,467	0	87,467	4,437
EDUCATION, YOUTH & CHILDCARE	4,264	2,175	2,967	5,142	878
COMMUNITY SOLUTIONS	12,478	15,774	43	15,817	3,339
MY PLACE	5,928	8,495	26	8,521	2,593
INCLUSIVE GROWTH	1,425	746	1,026	1,772	347
LAW, GOVERNANCE & HR	(1,550)	(5,706)	3,326	(2,380)	(830)
STRATEGY & PARTICIPATION	1,788	3,448	2,531	5,979	4,191
CORE	5,775	797	7,331	8,128	2,353
CENTRAL EXPENSES	33,446	27,802	14,670	42,472	9,026
CONTRACTED SERVICES	(136)	(172)	0	(172)	(36)
	-	-	-	-	-
TOTAL EXPENDITURE (GF)	155,796	148,590	33,336	181,927	26,130
	-	-	-	-	-
CORPORATE INCOME	(155,796)	(192,114)	8,236	(183,878)	(28,081)
NET GF POSITION	-	43,524	41,573	1,951	1,951

3. Outturn 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.

3.2 Care and Support including Commissioning

2020/21 Overall Position

3.2.1 The total expenditure outturn for 2020-21 is £95.231m which has resulted in an overall budget pressure of £4.2m, of which approx. £4.4m can be attributed to COVID-19.

3.2.2 The table below summarises the overall position for the entire People and Resilience group.

DEPARTMENT	FINAL ADJUSTED BUDGET	OUTTURN	RESERVES	OUTTURN AFTER RESERVES	OUTTURN VARIANCE
	£000	£000	£000	£000	£000
DISABILITIES	24,065	27,715	0	27,715	3,649
ADULT'S CARE & SUPPORT	21,242	17,562	0	17,562	(3,680)
CHILDREN'S CARE & SUPPORT	37,723	42,191	0	42,191	4,468
CARE AND SUPPORT	83,030	87,467	0	87,467	4,437
ADULTS COMMISSIONING	5,381	4,805	237	5,042	(339)
PUBLIC HEALTH	(496)	(1,683)	1,360	(323)	173
CHILDREN'S COMMISSIONING	4,464	4,642	(180)	4,462	(2)
TOTAL	92,379	95,231	1,417	96,648	4,269

3.3 Adults' Care & Support

3.3.1 Adults care and support detailed summary table below.

Service Area	20/21 Budget £'000	20/21 Outturn £'000	Variance £'000	Period Movement £'000
Adult packages	7,689	2,415	-5,274	-518
Adult teams	3,581	3,501	-80	-25
Adult homes and centres	2,096	2,270	174	-112
Mental Health	7,340	9,015	1,675	-99
Adults Other (Support Service)	1,678	1,503	-175	-82
Less Depreciation/Capital	(1,142)	(1,142)	0	0
Directorate Total	21,242	17,561	-3,680	-836

3.3.2 The net forecast for Adults Care and Support (ACS) is £18.7m or £17.561m before capital charges, which has resulted in a budget underspend of £3.69m. Included in this forecast is approx. £1m of COVID-19 related expenditure.

3.3.3 Adults packages are forecasted to underspend by £5.274m, an improvement of £518k from reported period 11 position, this can be attributed to the following.

- £608k overspend on Homecare this has been caused by COVID-19 and the greater need to provide care at home with outbreaks in care homes.
- £1.036m 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-19 and the need to free up hospital beds quickly.
- £1.6m underspend on Direct Payment as more clients are opting for Managed personal budgets. There is an improvement of £630k from last month's reported position, this position was being held back previously and has now been released to mitigate increasing demand elsewhere.
- £258k overspend on Supported Living attributable to demand led for spot placements.
- £17k underspend on Transport, Respite and Day Care service.
- £38k underspend on Carer support

- £139k Overspend on Direct payments refunds, as financial assessment team is burst in calculating accurate package costs, hence reduction in clawbacks.
- £13k underspend Winter pressure money. £900k out of the Winter pressure money of £913k was used to create a provision for over charged clients for future refunds.
- The above is offset by £1.8m of BCF Funding, £986k of CCG Discharges funding for COVID-19 and £789k of unallocated growth monies from the previous year.

3.3.4 Mental Health (MH) is reporting a total overspend of £1.675m, an improvement of £99k from last monthly reported position. Below is the breakdown of the £1.675m overspend:

- £951k overspend on Home Care attributable to increases in Dementia cases.
- £515k 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.
- £239k overspend on Direct Payments due to demand led growth in Dementia cases.
- £181k underspend on Residential and Nursing due to COVID-19 impact on death rate, causing more clients to opt for Home Care instead.
- £11k underspend on Day Care, Respite, and transport. This is largely attributable to fear of COVID-19 infection.
- £162k overspend on Additional staffing costs as per Mental Health PID and pressure from the pay award.

3.3.5 There is £174k 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-19. Secondly, NEFT (NHS) have moved out of Grays Court, hence the service is currently not receiving the normal rental income and business rates.

3.3.6 Reported £80k underspend in Adults Teams due to staffing vacancies, Workforce Capacity and Rapid test grants.

3.3.7 Adults Other block achieved an underspend of £175k. This is mainly centred around the Preventative Technology Grant service and staffing underspends.

3.3.8 There has been a net favourable movement of £836k at year end across Adults Care and Support from the last reported position in January, this can be attributable to the following.

- Nursing and Residential placements cost the service £1.2m less than in 19/20, much of the reasons for this were reported over course of the year, COVID-19 played a significant part, but due to the CCG placing and funding all nursing placements for the first 6 months of the year.
- Previous month's forecasts did take account of this saving but around £0.5m was kept back as a buffer against potential increase in demand towards the end of the year. However this did not materialise causing a shift in the year net position compared to that reported in P11.
- There is similar story with Direct Payments, which has significantly dropped from last year. This could be attributed to variety of reasons, with COVID-19 playing a major part in how our clients opted to receive their care in 2020. This

trend could be seen in the actuals, but again there was the potential for y in case there may have been a spike in demand at year end. This unnecessary buffer of around £0.3m was the reason for the remaining improvement at year end.

3.3.9 Savings Programme - There has been an historical pressure on ASC from unachieved savings in the past, this has effectively been wiped out with the award of growth in 2020-21, however there continues to be an upward trend in demand which means continuous efforts need to be made by curbing demand, cost avoidance and cost reduction exercises.

3.3.10 The Adults PID set out a new set of strategies that should bring costs down if successful, due to COVID-19 most of these have been delayed into 2021-22 such as the recruitment of the visiting officers, however we have seen the benefits of the Financial Assessment reviews which have increased client contributions by circa £150k in 2020-21 with an additional £125k expected in 2021-22.

3.4 Disabilities Care and Support

3.4.1 Disabilities Services detailed summary table below.

Service Area	20/21 Budget £000	20/21 Outturn £000	Variance £000	Movement from P10 £'000
Adults Care Packages	13,733	15,438	1,705	(212)
Children's Care Costs	1,946	2,582	636	18
SEND Transport	2,892	3,534	642	(661)
Centres and Care Provision	1,913	2,375	461	76
Staffing/Management	3,581	3,786	205	(365)
Directorate Total	24,065	27,715	3,649	(1,144)

3.4.2 The Disability Service outturn position for 2020-21 is a net expenditure of £27.715m against a budget of £24.065m. The overall position is an improvement of £1.144m from the forecast reported at period 10. £676k of the improvement is due to the receipt of the Contain Outbreak Management Fund (COMF) to mitigate the impact of the overspends due to the pandemic. In addition, income generation for the Service showed an improvement from levels previously anticipated.

3.4.3 The main budget variances are as follows:

3.4.4 Packages and Placements total overspend of £2.983m, the breakdown of this is reported below: -

- **£1.705m** overspend on Learning Disabilities Adults – The outturn position on Adult's LD packages is an improvement of £212k from the position reported at P10. The change is due to the receipts of Continuing Health Care contributions received at year end. The breakdown of the overspend is as follows:
 - £1.767m Supported living packages have been the greatest contributor to the overspending in LD. This indicates a base budget pressure due to the number of clients currently in supported accommodation.

- £244k Home care costs exceeded the available budget mainly due to the client's preference to remain in own homes due to the pandemic.
- These overspends have been mitigate by net reductions across other package types and other service-related expenditure.
- **£642k Out** of Borough School Transport overspend –The overspend on the Home to School transport of £1.318m was mitigated by the receipt of the COMF grant. This Service area has had a historic budget pressure, but this was further magnified in 2020-21 due to the impact of COVID-19 and the need to comply with social distancing regulations. More vehicles were deployed alongside re-designing the routes for the protection of the children.
- **£636k** budget pressure on the Children with disabilities social care provision. The increase of £18k from the forecast at P10. The change is due to increase in the demand for respite packages to support the families of the children. The breakdown of the overspend is as follows:
 - £420k Day care placements for CWD
 - £125k Support and respite packages
 - £101k Direct payments
 - Offset by an underspend in legal/court costs and other expenditure of £10k.

3.4.5 Teams and Centres outturn spend is **£851k** which is a reduction of £103k from the forecast at P10. The reduction is due to improved traded income achieved by the School Psychology service.

- **£461k** overspend across the centres is due to the loss of income due to the pandemic. The adverse movement from P10 of £76k is due to the reversal of client income after financial assessments of clients deem them not to be liable for the full cost of care. The breakdown of the overspends on Centres is as below:
 - £322k Heathlands - Loss of income from other Local Authorities and clients due to the closure of centre.
 - £202k 80 Gascoigne staffing cost pressure of £158k and unachieved income of £44k.
 - (£63K) Heathway Centre – the centre relocated to the Becontree children's centre thereby saving on the running cost of the building e.g. security, utilities etc
- **£185k** Overspend, an improvement of £184k from the position at P10 due to the recovery of School Buy back traded income of School Psychological Services. The Service historically is unable to fully deliver on the income target as the team spends more time meeting the statutory demand from Schools.
- **£205k** 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 insurance.

3.4.6 The year end position has improved by £1.144m from that reported in P10 (January), the reasons for this are as follows.

- COMF funding received amounting to £676k to cover COVID-19 related overspend in Home to School Transport was not expected in P10.
- Approx. £200k of CCG income which was miscoded and therefore not picked up in the January forecast.
- Ed Psych Schools trading income that was not expected due to schools being closed for large parts of the year thanks to COVID-19, was paid by the schools improving the position by £184k.
- A further £84k forecast included for additional agency staff within the LP teams that did not materialise.

3.4.7 Savings Programme – The Disabilities PID outlined significant areas of potential that required additional resources to implement. Currently there were no savings expected in 2020-21, however the improvement programme will hope to bring in cost avoidance in the future.

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 Outturn £’000	Variance £’000	Movement from P10 £’000
Corporate Parenting & Permanence	22,069	27,000	4,932	(1,169)
Family Support & Safeguarding	5,640	5,466	(174)	(151)
Assessment & Intervention Team	4,070	4,004	(66)	18
SLT & Service Development	2,095	2,239	144	(107)
Specialist Intervention Service	2,143	1,984	(159)	31
Adolescence & YOS	1,706	1,498	(208)	34
Directorate Total	37,723	42,191	4,469	(1,344)

3.5.2 Children’s Care and Support outturn position is **£42.191m** which results in a budget overspend of £4.469m. There has been a net improvement of £1.344m from the position reported in January, the outturn has approx. £3m of COVID-19 related costs in it.

3.5.3 The main budget variances are as follows.

3.5.4 Corporate Parenting & Permanence placement costs outturn position is an overspend of £4.932m. The reduction of £1.169m is due to a combination of factors which include increase in UASC grant income, COMF allocation and some high placement costs ending early. The breakdown of the overspend is as follows:

- £3.556m overspend on Residential Homes.
- £703k overspend on Adoption Placements.
- £564k overspend Family Assessment Units
- £507k overspend on Leaving care services.
- £317k overspend on Specialist Agency Fostering
- £44k overspend in In-House foster care placements.
- The overspending above is mitigated by underspends of £759k across Secure placements, Asylum seekers and team budgets.

- 3.5.5 The Adolescence and Youth Offending Service outturn is an underspend of £208k this is because of vacant posts within the establishment in the year. The adverse movement of £34k from P10 is due to the cost of the Speech and Language therapist supporting the Service.
- 3.5.6 The Specialist Intervention Service achieved an underspend of £160k at the end of 2020-21. This is because not all the established posts were filled in the year. The movement of £31k from P10 is as a result of previously disputed 3rd party invoices for family support work settled at year end.
- 3.5.7 Assessment and Intervention team including the MASH service expenditure came in £66k under budget. Although the MASH service transferred into children's care and support with a budget pressure, the vacancies in Assessment and Intervention mitigate the cost. The service area is experiencing a high caseload and is seeking to fill all the posts in 2020-21.
- 3.5.8 Family Support & Safeguarding Team outturn is an underspend of £174k, an improvement of £151k from P10. For the first time in recent years the legal and court costs was under budget by £136k, due to the closure of the courts most hearings were done virtually. There was also a reduction in S20 payments when compared to the previous year.
- 3.5.9 The outturn position has come in £1.344m lower than forecasted in January, this can be attributed to the following.
- £190k of COMF funding for Summerfield House
 - Additional one-off UASC Income and a change in the rates giving us more income than forecasted accounts for a further £200k.
 - The remainder of the improvement seems to be down to inaccuracy within the Controcc forecast which is what P10 forecast was based upon.
 - There is on-going work still being undertaken here to ensure there have not been any invoices missed, however we do appreciate due to COVID-19 and the increased caseloads that regularly updating Controcc may have been affected, which would explain the gap between Oracle and Controcc.
- 3.5.10 The Children's Savings programme has been successful in delivering circa £1.2m of cost savings with a further £200k in increased CHC income in 2020-21. This has enabled the service to contain costs within their predicted overspend position, which is down to historical budget gaps and underfunded service growth.
- 3.5.11 Going forward LBBD has poured significant investment into Care and Support with approx. £11.35m of growth added to the 2021-22 base budgets, this comes with the expectation that Care and Support should be able to contain all costs within their budget for the coming year.

3.6 My Place

- 3.6.1 The Provisional Outturn Summary for the Directorate is:

DEPARTMENT	FINAL ADJUSTED BUDGET	OUTTURN	RESERVES	OUTTURN AFTER RESERVES	OUTTURN VARIANCE
	£000	£000	£000	£000	£000
MY PLACE	(1,830)	(264)		(264)	1,566
PUBLIC REALM	7,758	8,759	26	8,785	1,027
	5,928	8,495	26	8,521	2,593

3.6.2 The Directorate is reporting a Provisional Outturn including depreciation of £20.393m or £5.928m excluding depreciation, a £2.583m overspend (14.5%) compared to Budget. This represents a movement of £136,000 on Period 10. The estimated impact of COVID-19 on the position is approximately £1.2m, predominantly within Public Realm.

3.6.3 My Place (excluding Public Realm) is reflecting £1.582m of the overspend and is extrapolated below:

Service Area	20/21 Budget £'000	20/21 Outturn £'000	Variance £'000	Movement from P10 £'000
Business Development	2,798	2,462	-336	-399
Contracts Management	13,102	13,110	8	279
Landlord Services	4,034	4,147	113	165
Leasehold and Commercial	-4,361	-4,066	295	319
Management Central	-21,217	-18,765	2,452	816
Property Assets	13,850	12,885	-965	-783
Less Depreciation	-10,036	-10,036	0	0
Directorate Total	-1,830	-263	1,567	397

3.6.4 The driving factors behind the 2020-21 overspend are £442,000 on Street Works and Lighting, £332,000 Leasehold and Commercial, £174,000 erroneous Income Budget, £135,000 due to COVID-19, £110,000 underfunded Employer Liability Insurance Premiums and the remaining £389,000 relating to a change in the balance of cost between the HRA and My Place. The first pressure was due to be offset by savings from the My Place restructure, but this did not take place in part due to the pandemic.

3.6.5 Public Realm is reflecting £1.001m of the overspend and is broken down below:

Service Area	20/21 Budget £'000	20/21 Outturn £'000	Variance £'000	Movement from P10 £'000
Operations	7,070	8,865	1,795	-293
Parks and Environment	2,537	1,964	-573	-188
Fleet Management	727	728	1	227
Compliance	-702	-985	-283	-84

ELWA	-30	33	63	63
Less Depreciation	-1,844	-1,844	0	0
Directorate Total	7,758	8,761	1,003	-275

3.6.6 Operations overspent by £1.795m, an improvement on Period 10 due to reduced staffing activity (£293,000). Public Realm, in particular Operations, has incurred significant COVID-19 related costs across Waste, Street Cleansing and Caretaking due to additional staffing requirements and increased transport costs of up to £1.0m. However, it is not possible to accurately attribute all of this overspend to COVID-19 due to approximately half relating to Street Cleansing which also implemented a new way of working.

3.6.7 Compliance underspent due to a surplus of income generation across Pest Control, Trade Waste and Green Garden Waste services. For Parks and Environments, the underspend is due to additional income for Arboriculture and Cemeteries. Cemeteries income target was reduced by £260,000 due to the reprofiling of interest charges on cemeteries improvement to provide a more realistic income target when we return to post pandemic life.

3.7 Strategy and Participation

DEPARTMENT	FINAL ADJUSTED BUDGET	OUTTURN	RESERVES	OUTTURN AFTER RESERVES	OUTTURN VARIANCE
	£000	£000	£000	£000	£000
CULTURE & RECREATION	1,247	2,079	273	2,352	1,104
TRANSFORMATION	648	549	514	1,063	415
LEISURE	(2,003)	484	1,739	2,223	4,225
STRATEGY & PROGRAMMES	1,895	337	5	342	(1,553)
	1,788	3,448	2,531	5,979	4,191

3.7.1 The final variance for Strategy and Participation was an overspend of £4,190,000, after a net transfer of £1,717,000 to reserves. This was a reduction of £150,000 on the £4,340,000 variance which was forecast at Month 10. The directorate's capacity to generate income was significantly impacted by the coronavirus pandemic which necessitated the closure of leisure and heritage facilities, and also impacted on activities in Country Parks.

3.7.2 It was agreed to waive the concession fee from the leisure operator, resulting in an income loss of £2,057,000. In addition the operator was provided with support payments of £998,000. This has resulted in an overspend on the Leisure budget of £3,001,000.

3.7.3 Parks Commissioning were unable to achieve their income target of £802,000, with actual income of £94,711, resulting in an overspend of £709,000. This is largely attributable to the delay in obtaining planning permission for the Central Park soil importation scheme.

- 3.7.4 The Heritage service were unable to meet the income target of £180,000, with actual income of £11,000, resulting in an income shortfall of £169,000. The salaries budget overspent by £79,000 and the non-pay budget overspent by £47,000, resulting in an overall overspend of £295,000.
- 3.7.5 The cost of the Transformation programme in 2020-21 was £1,902,000 and the cost of the ERP programme was £1,065,000. This was fully funded from capital receipts.
- 3.7.6 The movement in the variance from Month 10 of £150,000, is partly attributable to Contain Outbreak Management Fund (COMF) grant of £71,000 which was credited in March 2021. This funding was not factored into the Month 10 forecast.
- 3.7.7 The directorate has made a £2,678,000 transfer to reserves, and a drawdown of £147,000, resulting in a net transfer to reserves of £2,531,000. The majority of these transfers (£1,104,000) relate to the carry forwards of grant funding into 2021-22. A further amount of £313,000 is to carry forwards funding in relation to projects, and £300,000 of Neighbourhood Community Infrastructure (NCIL) funds has been transferred to the BD Giving Endowment fund.

3.8 Core

DEPARTMENT	FINAL ADJUSTED BUDGET	OUTTURN	RESERVES	OUTTURN AFTER RESERVES	OUTTURN VARIANCE
	£000	£000	£000	£000	£000
COMMERCIAL	(73)	(5,125)	5,500	375	448
CHIEF INFORMATION OFFICER	2,041	2,454	107	2,561	521
STRATEGIC LEADERSHIP	25	(2)		(2)	(26)
FINANCE	2,293	(140)	1,724	1,584	(709)
CUSTOMER CONTACT	6,163	7,399		7,399	1,236
INNOVATION AND INVESTMENT	(4,673)	(3,789)		(3,789)	884
	5,775	797	7,331	8,128	2,353

- 3.8.1 Core Services have overspent by £1.946m. This is a £639k increase in the variance of £1.307m which was reported at Month 10.
- 3.8.2 Commercial Services capacity to generate income was significantly impacted by COVID-19 resulting in an overspend of £448k. The Film Office overspent by £123k due to a shortfall in income. The CR27 investment was delayed and there was a reduction in income from Travelodge due to the Company Voluntary Arrangement resulting in an overspend of £221k. The balance of the overspend is due to the unachievable £96k income target within Procurement.
- 3.8.3 Customer Services have overspent by £1.236m. The Registrars service were unable to meet their income target due to COVID-19, resulting in an income shortfall of £159k. The balance of the overspend is due to historic savings targets which the service has been unable to achieve. This budget gap has existed since the service transferred from Elevate.

- 3.8.4 Finance underspent by £672k. This comprises an underspend of £288k in Insurance, £433k in Corporate Finance and £64k on the Director cost centre offset by an overspend of £117k in Service Finance.
- 3.8.5 IT has overspent by £521k. There has been an historic budget gap which the service was anticipating to manage down to £172k at Month 10. This has not been possible, in-part due to issues with recharging the cost of project work, for which the service is not funded.
- 3.8.6 Strategic Leadership underspend by £26k. There was an overspend of £194k within Procurement Gainshare. However, this was compensated by underspend within staffing budget in the Chief Operating Officer's cost centre.

3.9 Law and Governance and HR

	Adjusted Budget £'000	Outturn Expenditure £'000	Reserves transfer £'000	Final Variance £'000	Change from M10 £'000
Enforcement	(3,125)	(7,042)	3,323	(594)	(860)
Democratic Services	993	779	75	(138)	2
Human Resources	0	(163)	51	(113)	49
Leader	(7)	10	0	16	2
Legal	589	711	(122)	0	0
Total	(1,550)	(5,706)	3,326	(830)	(808)

- 3.9.1 Law Governance and HR underspent by £817k, after transferring £3.326m to reserves. There has been a £795k movement from Month 10 when the forecast outturn was an underspend of £22k. This is due to a significant increase in Parking income.
- 3.9.2 Enforcement outturn variance was an underspend of £582k which is due to a large number of vacancies across the service. Parking had been estimated to overspend by £921k based on non-achievement of income targets due to reduced enforcement activity over lockdown. However, prior to the transfer to reserves, the service over-achieved by £673k which is due to two factors:
- i. Increased income in February and March of £626k. This can be attributed to additional enforcement officers and new parking enforcement cameras.
 - ii. An estimate of £882k was made for PCN income outstanding at 31/03/2021. This had not been allowed for in the Month 10 forecast.
- 3.9.3 The Private Sector Property Licensing scheme (within Enforcement) generated a surplus of £2.598m which has been transferred to reserves. The intention is to draw this down in future years as income tails off in the later years of the five-year scheme.
- 3.9.4 Democratic Services is reporting an underspend of £138k, this is mainly due to an underspend within the staffing and supply and services budget.
- 3.9.5 The Human Resources outturn variance was an underspend of £113k which is due to overachievement of SLA income than initially budgeted. The movement of 49k

when compared to month 10 was due to the adjustment to the SLA income forecast.

3.10 Community Solutions

DEPARTMENT	FINAL ADJUSTED BUDGET	OUTTURN	RESERVES	OUTTURN AFTER RESERVES	OUTTURN VARIANCE
	£000	£000	£000	£000	£000
COMMUNITY SOLUTIONS					
INTERVENTION LIFECYCLE	(987)	904		904	1,891
TRIAGE LIFECYCLE	4,258	4,031		4,031	(227)
SUPPORT LIFECYCLE	(132)	(293)		(293)	(161)
UNIVERSAL LIFECYCLE	3,673	2,759		2,759	(914)
COMMUNITY SOLUTIONS	840	1,492	767	2,259	1,418
WELFARE & COLLECTIONS LIFECYCLE	4,028	4,930		4,930	903
WORK & SKILLS LIFECYCLE	798	1,039	188	1,227	429
ELHP	(1)	912	(912)	0	1
	12,478	15,774	43	15,817	3,339

3.10.1 The table above shows the reported outturn position for Community Solutions is a overspend of £3.339m. This is made up of an underlying £272k overspend together with the impact of COVID-19 costs and loss of income of £2.2m and unrecovered court costs of about £900k. The in-year savings achieved by the respective services especially Triage, Support and universal lifecycles enabled the department to reduced it's non Covid overspend from £885k in month 10 to £272k at year end.

3.10.2 The savings strategies achieved by the department include: vacancy freeze, top slicing print and post and other supplies and services budgets, reattribution of eligible costs to grants and continued use of less expensive temporary accommodation as opposed to Private sector landlords (PSL).

3.11 Education, Youth and Childcare

3.11.1 The reported outturn for the department is an underspend of £27k, although this excludes the impact of COVID-19 loss of income for two traded services (Community Music Services and Trewern Education Centre). In line with corporate strategy, these two services received central support to mitigate the loss of income by £137k & £252k respectively.

3.11.2 Loss of income Payments to Schools Community Buildings

School Name	Total	5% Absorbed	95%	75%
Robert Clark	75,497	3,775	71,722	53,792
Jo Richardson	145,045	7,252	137,793	103,345
Barking Abbey	195,380	9,769	185,611	139,208
Dagenham Park	38,395	1,920	36,475	27,356
Total	454,317	22,716	431,601	323,701

3.11.3 In the course of the year the EYC department provided financial support to 4 schools who managed community buildings on behalf of the council, due to COVID-19, these schools were impacted by loss of income as a result of the 3 lockdowns. £324k was paid to the schools to mitigate the impact of COVID-19 loss of income in line with the corporate strategy. The four schools were: Robert Clark, Barking Abbey, Jo Richardson and Dagenham Park secondary schools.

3.12 Inclusive Growth

	Adjusted Budget £'000	Outturn Expenditure £'000	Reserves Transfer £'000	Final Variance £'000	Change from M10 £'000
Inclusive Growth	1,426	1,809	26	409	25
Film Studios	0	(1,000)	1,000	0	0
ELHP	0	(98)	0	(98)	(98)
Total	1,426	712	1,026	311	(73)

3.12.1 The final variance for Inclusive Growth was an overspend of £276k after a net transfer of £1.026m to reserves. This is a reduction of £108k on the overspend of £384k which was forecast at Month 10. A further £35k is expected for Reside.

3.12.2 The change of £108k from Month 10 is largely due to a credit of £98,000 on East London Housing Partnership (ELHP) and is attributable to the correction of a payroll miscode.

3.12.3 The overspend on Inclusive Growth of £374,000 is in large part due to a non-achievable income target of £393,000. This is a historic target which in the past was achieved largely from grant income. Actual income in 2020/21 was £98k resulting in an income shortfall of £295k. Unfunded Added Years Compensatory payments of £36k are a further contributory factor.

3.12.4 There was a drawdown of £75k to finance salary costs and a transfer to reserves of £1.101m. This comprises a £1.000m contribution from the film studios developer, and £101k of Social Housing Decarbonisation Fund grant.

3.13 Central Expenses

3.13.1 There was an overspend on Central Expenses of £9.025m. £9m of this relates to returns from the Council subsidiaries – however this is offset by £1.8m New Homes Bonus in Corporate Funding. In addition, there is a £4m bad debt provision required across general income, Temporary Accommodation rents and Housing Benefit overpayments and Court Costs. A £2.5m provision has also been made for remedial works for land adjacent to Eastbrookend Country Park, £1m for the Write off of Reside debts (see below) and a £0.9m cost to support the Pan London response to COVID-19 (additional mortuary costs and contributions to London Gold).

3.13.2 Offsetting these pressures are underspends on a range of other corporate costs including the £2m provision held against the risk of non-achievement of savings, £0.74m revenue contribution to capital not required, £1.5m pay and redundancy

provision not needed and £2.3m other contingencies. (£0.9m Special Projects fund, £0.6m income from the final wind up of the Elevate contract, £0.6m Pension provision plus various minor underspends.)

4. Housing Revenue Account

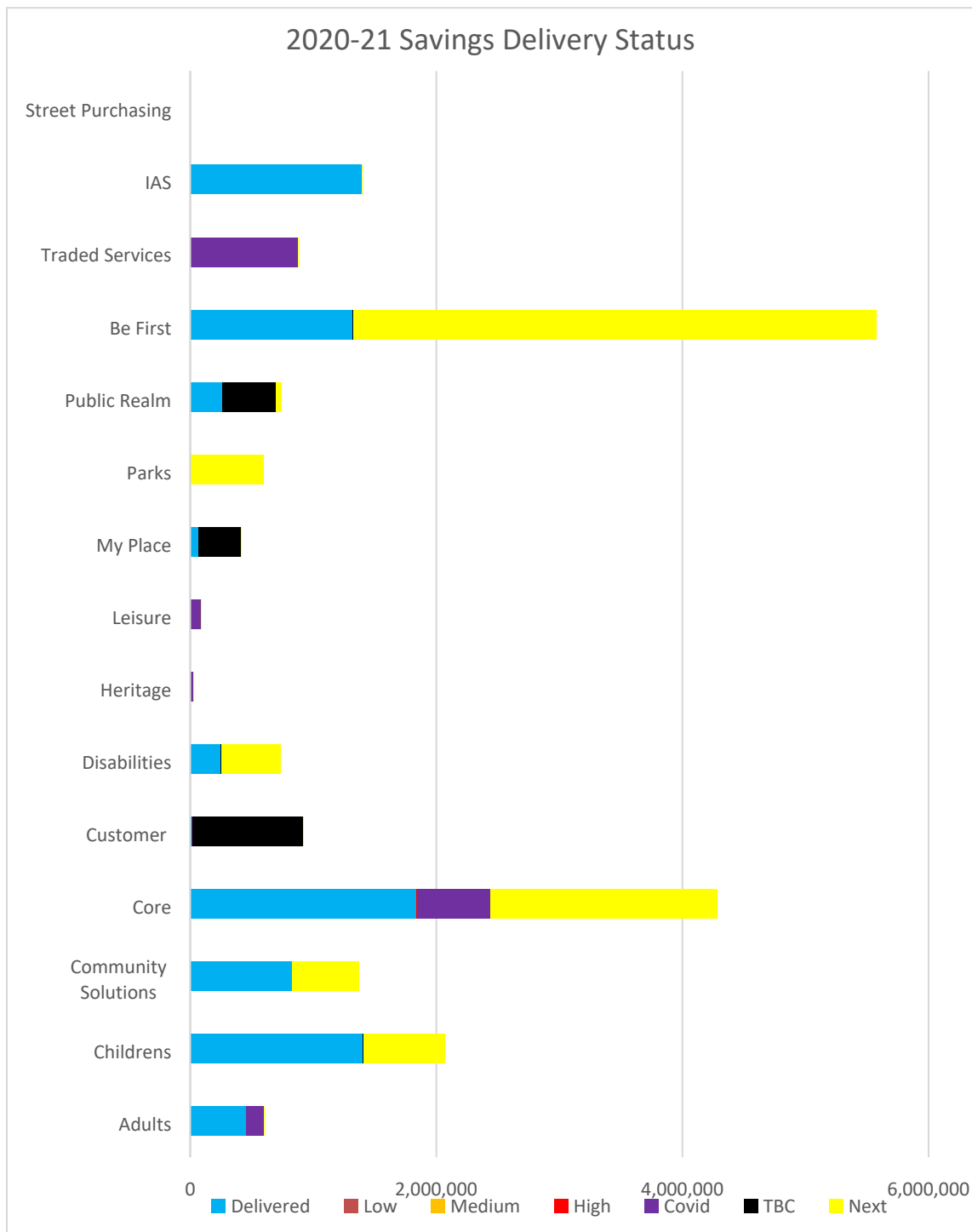
- 4.1 The outturn on the Housing Revenue Account is an in year overspend/deficit on Revenue Income and Expenditure of £3.070m. However due to slippage on the capital programme a much lower revenue contribution to capital is required and so the HRA reserve will increase by £3.566m this year.

REPORT LEVEL	BUDGET	OUTTURN	VARIANCE
	£0	£0	£0
SUPERVISION & MANAGEMENT	45,946	44,454	-1,492
REPAIRS & MAINTENANCE	14,320	17,178	2,858
RENTS, RATES ETC	357	119	-238
INTEREST PAYABLE	10,742	10,944	202
DEPRECIATION	15,860	17,088	1,228
DISREPAIR PROVISION	0	1,200	1,200
BAD DEBT PROVISION	3,309	1,322	-1,987
CDC RECHARGE	685	685	0
TOTAL EXPENDITURE	91,219	92,990	1,771
CHARGES FOR SERVICES & FACILITIES	-20,497	-21,559	-1,062
DWELLING & NON-DWELLING RENTS	-86,747	-84,413	2,334
INTEREST & INVESTMENT INCOME	-350	-299	51
TOTAL INCOME	-107,594	-106,271	1,323
TRANSFER TO HRA RESERVE	0	1,204	1,204
TRANSFER TO MRR	16,375	8,511	-7,864
	0	-3,566	-3,566

- 4.2 The final outturn was better than forecast. In particular, although there is an overspend on Repairs and Maintenance the final outturn is lower than forecast reflecting reduced activity this year. The final estimate for the disrepair provision is also a lower figure and the debt position began to improve slightly in the final quarter resulting in a reduced provision. The Supervision and Management charge also reflects a recalculated charge from My Place and increased income from Reside.

5. Key Savings Programmes

- 5.1 The 2020-21 financial year is the final year of the Ambition 2020 programme which had a total target of £48.824m savings to be delivered in the period 2017-21. Based on the original profile £36.129m should have been delivered prior to the start of the 2020/-1 year of which £28.941m had been achieved leaving £7.188m brought forward in addition to the £12.696m due to be delivered during 2020-21.



5.2 A further £7.840m has been delivered in-year meaning that £36.781m (75%) of the Ambition 2020 savings have been achieved. A further £10.350m has been deferred or delayed into the 2021-22 financial year of which at least £1.741m is directly attributable to the impact of COVID-19.

5.3 The £1.741m of delayed savings directly attributable to COVID-19 are mostly income initiatives: £150k from a delayed change to the Adults Charging Policy, £91k increased Leisure income, £25k increased Heritage and Culture income, £600k from reduced Council Tax Support, £875k return from the subsidiary traded services company. (It should be noted that these figures only represent the incremental increases for 2020-21 – the true income loss is in fact higher.)

- 5.4 The £10.350m deferred savings will have been indirectly impacted by COVID-19 as resources were focused on supporting the pandemic response. These include the Core programme (£1.84m), further efficiencies in Children’s (£0.659m), increased income in Disabilities (£0.483m), IAS returns (£0.189m) and further returns from Be First (£4.253m). In addition, there is £600k income from Central Parks landscaping that is delayed into 2021-22 and £543k in Community Solutions (Adult College and Staffing reductions brought forward). The Community Solutions shortfall was temporarily covered by management action in this year so did not contribute to the overspend but further work is required to ensure it materialises into permanent savings.
- 5.5 There are a small number of savings which are now assessed as no longer possible or desirable to achieve. These are shown below:

SAVING DESCRIPTION	Target £000	Comments
My Place Staffing restructure	290	Potential Adverse service impact if implemented
2018/19 Savings Initiative: Street Lighting - Estimated saving from trimming and dimming	60	This policy is no longer being pursued
2018/19 Savings Initiative: Street Cleansing – was originally an 18/19 target but has slipped into 19/20	439	Implementation would not meet member or resident expectations of service quality.
CSED - Channel Shift and Efficiency Improvements (Elevate)	904	Service has made savings but these have been used to create Digital team
TOTAL	1,693	

- 5.6 Given the ambition and scope of the programme it was expected that a proportion of savings that would not be achieved and a provision of £2m was made for this eventuality at the start. It is proposed to write the above savings off using this provision.

6 COVID-19 Impact

- 6.1 In 2020-21 £35m of COVID-19 grants were received from Central Government. £12.9m of this grant was ring fenced and netted off in expenditure lines, the remaining non-ring fenced £22.6m grant was held centrally. In addition, we received funding from Central Government to compensate against loss of income and Business Grants New Burdens, which amounted to £50.5m. Please refer to Appendix B for a breakdown of the grant received.
- 6.2 Since April 2020, the Government has introduced relief schemes for both Business Rates and Council Tax as well as several grant schemes for businesses. The grant schemes have been introduced in three main tranches, the first from April 2020 until November 2020, then from November 2020 when London entered the tier scheme, and finally from the start of lockdown in January to date.

- 6.3 The table below shows the total number and value of grants paid to businesses since April 2020.

	Grants paid	Value
April 20 – November 20	2,295	£28,011,000
November 20 – January 21	1,587	£1,732,567
January -	6,047	£17,086,599
Total	9,929	£46,830,166

- 6.4 In April 2020, the Government increased the existing retail rate relief given to business from 50% to 100% and extended this to hospitality, leisure and charity sectors. As a result, 1,000 businesses received 100% relief from Business Rates in 2020-21 totalling £20.4m.
- 6.5 The Government also gave assistance to Council Taxpayers by introducing a reduction of £150 for all working age recipients of Council Tax support. During the course of 2020-21 a total of 14,060 Council Taxpayers received this reduction to their bill, the total amount awarded was £2,067,064.
- 6.6 The Government has also provided compensation for unrecoverable loss of Sales, Fees and Charges income. Compensation is paid at the rate of 75% on all losses beyond the first 5% net of cost reductions and any furlough funding. LBBB has received £3.1m for the first eight months and a further £0.556 has been estimated for the final claim but this will be subject to audit. This has been included in Corporate Funding.

7. Transfers To and From Reserves

- 7.1 The impact of Covid and the uncertainty regarding the future of Local Government funding requires the proper use of reserves to support medium term financial planning and management. Barking and Dagenham has chosen to pursue a growth focused financial strategy with high levels of long-term investment in the borough in order. This requires us to hold reserves at sustainable levels to dampen the effect of short-term changes in the economy without putting at risk the longer-term goal of growth. We therefore propose to make a number of transfers to reserves in order to fulfil longer term plans and strategies that go beyond the financial year end. The reasons for these transfers fall into the following categories:

Supporting our Investment and Acquisitions and Capital Strategies

- 7.2 The Investment and Acquisitions strategy is funded through prudential borrowing and from receipts generated by the strategy itself. Funding of the borrowing is through the treasury net interest budget. An annual return target has been allocated to the investment strategy. There was a large surplus on treasury investment returns and from capitalised interest in 2020-21 and a small underspend on the MRP budget allowing £7.9m to be transferred to the investment reserves. The investment reserve is used to smooth out any return volatility from investment and to provide protection to the Council.

- 7.3 The Council entered into a financing deal for a hotel which resulted in a large upfront payment in 2020-21. A part of this was rental income being held as a Receipt in Advance on the balance sheet with another £5.5m being transferred to a new reserve to be held as a potential mitigation against future investment risks. The £5.5m will be increased by inflation each year, through a transfer from the investment reserve.

Carry Forward of Specific grants

- 7.4 Where grants have been received for specific purposes and projects that cross the financial year end, unspent funding at 31 March is transferred to reserves to be drawn down in the following financial year subject to compliance with grant conditions. This is usual practice that happens every year but due to the large amount of COVID-19 grant received in the second half of 2020-21 for responsibilities that continue into 2021-22 the total amount is higher this year - £5.512m of which £3.468m are covid related grants, £1.360m is the ringfenced Public Health grant, £0.1m is the Social Housing Decarbonisation Fund and the balance of £0.582m is made up of a few smaller grants (New Town Grant, Football Foundation, Air Quality, Urban Tree Challenge and monies from Health for specific projects).

Specific Revenue Projects and Funds

- 7.5 There are a small number of specific services which although revenue in nature have an uneven profile of income and expenditure and use reserves to smooth funding between years. This includes the Private Rented Property Licencing scheme where fee income is largely received at the beginning of the scheme but expenditure is incurred throughout (transfer of £2.598m), Parking where surpluses are ringfenced for future investment in roads (transfer of £0.672m), Elections (transfer of £0.075m), Work and Skills (transfer of £0.955m), IT Infrastructure fund (transfer of £0.107m). In a similar way there is a smoothing reserve for PFI payments in Education to which a transfer of £0.639m has been made.
- 7.6 Those services which operate on a Trading account basis – that is Legal, Trewern and the Music Service are permitted to carry their surpluses to reserves for use in future year. The value is £0.510m.
- 7.7 Where additional budget funding was provided in 2020-21 for specific projects which were delayed beyond year-end a transfer to reserves has been made to allow funding to be drawn down next year. (This is analogous to grant funding but relates to the Council's own monies.) The total is £0.419m and the projects including the Domestic Abuse Commission final work, the Community Engagement and Equalities Engagement work in Strategy and HR placements.
- 7.8 The budget for levies to other statutory bodies has an underspend in 2020-21 of £0.939m. This budget is set based on estimates and the underspend will be transferred to reserves and used to mitigate against future increases in levies.

Endowment Funds

- 7.9 The Council has created specific funds for investment in the local community and is transferring £1m from the Film Studios Developer contribution and £0.806m to BD

Giving Endowment fund, of which £0.300m is a transfer from revenue and £0.506m is from NCIL funds already within reserves.

Collection Fund

- 7.10 A total of £8.236m will be transferred to the Collection Fund Equalisation reserve. This is a mechanism for smoothing between years and mitigating collection risk on Council Tax and Business Rates. £5.795m relates specifically to Covid rates relief.

Risk Management

- 7.11 It is proposed to transfer £1.723m to the Insurance reserve. The Council's insurance management strategy is to support a high level of excess through use of reserves. This provides the best balance between reducing cost and mitigating risk.

Supporting the Council's MTFS

- 7.12 The Council's MTFS for 2020-21 included a planned transfer to the budget support reserve of £3.407m in 2020-21 to build this reserve up. The financial performance of the Council this year means that this transfer can be made.
- 7.13 As the Council's General Reserve is already above the minimum level required it is proposed that the remaining underspend should be transferred in full to the budget support reserve.

8 Impact on Reserves

- 8.1 Following audit adjustments the opening position for Earmarked General Fund reserves is £73.205m. This will increase to £113.210m following the movements detailed above. The General Fund Balance remains unchanged at £17m.

9. Capital Outturn

9.1 Capital Programme Outturn 2020-21

- 9.1.1 The capital programme for 2020-21 was £370.2m, which includes adjustments for the Investment and Acquisition Strategy (IAS) to reflect new schemes being added as and when they are agreed by Cabinet. The purchase of the Muller site purchase has also been included under commercial investments. The transformation budget has been adjusted to reflect the actual spend and this has been funded by using capital receipts received during the year.
- 9.1.2 Year-end adjustments totalling £16.1m have been reflected in the outturn figures and remaining budget has been provisionally added as slippage or carry forward to a 2021-22 provisional capital budget. The General Fund budget roll-forward totals £14.7m, HRA £22.8m and IAS £12.8m.
- 9.1.3 The 2020-21 gross Capital Spend was £319.4m against a budget of £370.2m, an underspend of £50.2m or 13.5%. with most of the spend in the IAS (£258.7m), Education, Youth and Childcare (£18.8m) and HRA (£26.1m).

The impact of COVID-19 is the main reason for the underspend and this is outlined under each respective department summary below.

9.1.4 A number of large-scale developments were taken to Cabinet and Investment Panel (IP) for agreement during 2020-21. These will have an impact on future capital budgets but the impact on 2020-21 was limited. A number of schemes have had budget increases agreed by IP. The table below contains all the projects currently in the Capital Programme, with the year to date spend. Appendix F provides a summary of the budget, spend and slippage for each scheme. It also includes a preliminary Capital budget for 2021-22.

Department	Budget	Expenditure	Budget Remaining	
	2020/21	YTD	20/21	%
Adults Care & Support	2,196	1,449	747	34.0%
Community Solutions	187	113	74	39.6%
CIL / S106	1,720	622	1,099	63.9%
Core	4,236	1,860	2,376	56.1%
Culture, Heritage & Recreation	3,069	623	2,446	79.7%
Enforcement	1,116	389	727	65.1%
Transport for London	2,516	1,000	1,516	60.3%
My Place	5,643	4,145	1,498	26.5%
Public Realm	3,391	924	2,467	72.8%
Education, Youth & Childcare	19,572	18,762	810	4.1%
Other	1,606	700	906	56.4%
General Fund	45,252	30,587	14,666	32.4%
HRA				
Stock Investment (My Place)	38,458	17,428	21,030	54.7%
New Build Schemes (Be First)	2,495	1,064	1,431	57.4%
Estate Renewal (Be First)	8,000	7,645	355	4.4%
HRA Total	48,953	26,137	22,816	46.6%
IAS				
Residential Developments	160,990	153,939	6,578	4.1%
Temporary Accommodation	14,022	10,777	3,245	23.1%
Commercial Investments	96,950	94,002	2,948	3.0%
Investments Total	271,962	258,718	12,771	4.7%
Transformation	3,999	3,999		0.0%
Total	370,167	319,440	50,254	13.5%

9.2 General Fund

9.2.1 Adults Care & Support (34% Budget remaining)

Work was delayed as COVID-19 restrictions reduced access and there was resistance on entry by residents, with further delays due to the winter. The DFG funding for this scheme allows for the unspent grant to be carried forward.

9.2.2 Community Solutions (40% Budget remaining)

The underspend includes expenditure on an ongoing redevelopment project linked to the Touchdown Project that is being implemented across council buildings as a response to changing work patterns following the COVID-19 pandemic. The funds are being used to make alterations to the ground and first floor to accommodate the touchdown space and relocate the existing library space, ensuring that all areas are made COVID-19 compliant.

Due to the bespoke nature of the existing library furniture and the requirement to ensure continuity, suitable suppliers have had to be identified to deliver the project in the reduced timeframe. A suitable number of contractors have now been identified and quotes obtained, which will allow for the project to be delivered in the 2021-22 financial year.

9.2.3 CIL Schemes (64% Budget remaining)

The Box up crime scheme has encountered a number of issues and additional funding will be provided via My Places' Stock Condition Survey to bring the building up to standard. East End Women's Museum delays have been due to the process of appointing new design teams and contractors which are out to tender.

9.2.4 Core (56% Budget remaining)

COVID-19 caused disruption and re-prioritisation of the IT programme to enable IT Services to support Council staff working from home. The original profile for Elevate IT Services was based on services returning at the end of the Elevate contract. Services were returned from Elevate on a staggered basis from January 2020 which disrupted the initial planned IT programme.

Agilisys who provided the Council with a Private Cloud to host the majority of the Council's Servers and software applications, announced that this facility would be closing early in March 2021, which resulted in the need to bring forward the planned migration of the Council's servers and system from IaaS to the Microsoft Azure Public Cloud, which was successfully completed in December 2020.

9.2.5 Culture, Heritage & Recreation (80% Budget remaining)

Most projects were delayed due to COVID-19, and underspends will be carried forward into 2021-22.

9.2.6 Enforcement (65% Budget Remaining)

Delayed spend due to the Covid. Internal governance processes behind delivering CPZ schemes is ongoing to confirm works required with contractors.

9.2.7 TfL (60% Budget remaining)

TfL fund drawdown to continue in 2021/22.

9.2.8 My Place (27% Budget Remaining)

The Highway Improvement Programme was extended following efficiency saving and collaborative works throughout the year's rolling programme enabling us to extend our works programme remit and limits. Unfortunately, February's extreme cold snap and snow delayed Highway surfacing works programmes within two areas for safety reasons. These areas were reprogrammed into 2021-22 and completed in April 2021.

The bulk of the roll forward is ringfenced funding to deliver a new bridge across the River Rom within The Chase and maintaining the vehicle access to Eastminster School of Riding. The bridge failed its structural integrity and loading capacities and was due to be replaced during 2020-21. COVID-19 delayed the progress, as the Environmental Agency Surveys and environmental impacts assessments were delayed. Moreover, these survey windows are defined and limited throughout the year. The project has been reengaged to deliver 2021/22, with temporary fixes and supports made to the bridge.

The Railway Footbridge Programme was delayed as Bridge Engineering Consultants were restricted from site visits as part of their Corporate COVID-19 safe working practices. This delayed the reports which are now complete. Identified works are now programmed for June 2021.

TfL funding streams were made available in March 2021 but delayed due to the financial impact caused by COVID-19 and the prioritisation on Covid recovery measures. Schemes identified and delivery is planned for 2021/22 Q1.

9.2.9 Public Realm (73% Budget remaining)

Vehicle Fleet replacement delayed due to staff changes and COVID-19. Replacement vehicles are now ordered or in the process of being ordered. The project has gained momentum and is aiming to be completed in 2021-22. Many vehicles have to be replaced now as they will not comply with the extension of the ULEZ boundaries.

9.2.10 Education, Youth and Childcare (4% Budget remaining)

The projects fall into two broad categories of either school's expansion or building works related to condition surveys, accessibility (SEN) and general improvements. Newly announced future year allocations to help create additional school places up to September 2021 of £6.6m in the financial year 2022-23 have also been awarded. The DFE have made £2.2m available to support provision of capital grant for special education needs, alongside £5.2m for school conditions allocations. Other key activities are outlined below:

- Grants allow carry forward to be utilised in 2021-22.
- Greatfields Primary delayed through Legal property issue.
- £100k funding from PFI has subsidised salary capitalisation costs.
- Successful refund insurance payments [Barking Abbey and Monteagle] of £180k.

- Retentions of £164k expected to be paid on the Robert Clack Lymington project but recent technical issues mean this will be delayed until the summer.
- Healthy Schools project at Trewern and Marks Gate delayed due to Covid.

9.3 HRA Capital (47% Budget remaining)

The HRA capital programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Overall, the stock investments expenditure is £17.4m against a budget of £38.5m with Covid and its associated lockdowns being the main cause of the underspend.

Delivering the programme and achieving this level of spend, was particularly challenging mainly due to the COVID-19 Pandemic which saw works cease, supply chains disrupted and access to properties very difficult.

The COVID-19 pandemic had significant impact on the delivery of the 2020-21 programme, particularly around gaining access to tenants' properties, social distancing implications, supply chain issues (with staff furloughed etc) and practical arrangements around deploying contractors and direct labour.

The Councils current overall provisional decency figures for Q4 of 2020-21 stood at 91.87%. with a non-decent percentage at 8.13%. Decency figures are submitted to the Government in June each year and appear on the Government website in the following November. The figure on the website is therefore currently the 2019-20 figure of 91.21%% decency level, so the 2020-21 figure is slightly up, even given the disruption to the programmes that affect decency.

A significant proportion of non-decency is with external works, a lot of which were delayed due to COVID-19. These works have now recommenced and once the externals programme is fully delivered, it is forecast that the level of overall decency will increase to around 97%.

The 2021-22 programme will be a blend of ongoing projects that commenced in 2020-21 such as the external programme to flatted blocks and replacement fire doors, internal works (kitchen's bathrooms, boilers etc identified through the stock condition data) and fire door replacements, the regular annual allocations in areas such as capital voids and property adaptations (specific by Adult Social Care) and new schemes such as additional lift replacements, HRA void extensions and specific energy efficiency schemes.

New build spend of £1.1m was £1.4m below the budget for the year. Estate renewal also underspent by £0.3m, with spend of £7.7m against a budget of £8.0m.

9.4 Investment and Acquisitions Strategy

Although COVID-19 did impact a number of schemes, Be First managed to successfully work with developers to ensure schemes progressed during the year. A total of £258.7m was spent in 2020/21 against a revised budget of

£272.0m. Spend was on residential (£151.9m), temporary accommodation (£10.8m) and commercial investments (£94.0m).

The commercial expenditure includes the equity element of the Muller site purchase. The Muller site was purchased via a Special Purchase Vehicle and is funded via a debt and equity split. A more detailed outline of the Investment and Acquisitions spend in 2020-21 and the performance of the assets will be reported as part of the Treasury and Investments outturn report.

9.5. Transformation

Expenditure relating to transformation is actually revenue expenditure funded from capital receipts under the Flexible Use of Capital Receipts direction, which allows transformational projects resulting in savings to be funded through capital receipts. Schemes include IT implementations and process improvements across all services.

A Flexible Use of Capital Receipts strategy is presented to Cabinet annually in February, along with an update of savings made from improvements implemented. The government recently extended this scheme for a further 3 years (as 2021/22 was due to be the final year), allowing use of capital receipts to fund transformation-related revenue expenditure until 31 March 2025.

The remaining Transformation budget has been excluded as this budget is subject to capital receipts profit which will be determined in the near future.

9.6. Capital Receipts 2020/21

There were £51.5m of capital receipts received in the General Fund during 2020-21; the majority of which relates to the sale of the film studio site. There were also £15.5m of net receipts relating to HRA properties, however these are set aside and spent in accordance with conditions set out in the Right to Buy pooling agreement. The receipts in-year were as outlined in the table below:

Capital Receipts Received 20/21	£'000
Film Studio sale	48,250
Becontree Heath Shared Ownership sales	3,032
Abbey Leisure Centre (Axe Street)	115
18-20 Goresbrook Road	165
Total General Fund Receipts	51,562
Right to Buy (RTB) receipts	16,981
Repayment of RTB discount	146
less: RTB admin costs	-314
less: RTB pooling payments to MHCLG	-1,299
Total HRA Receipts	15,514

General Fund receipts can be used to fund capital expenditure, to fund transformation expenditure under the Flexible Use of Capital receipts regulations, or to reduce the CFR. The available capital receipts are proposed to be used as outlined in the table below:

Use of Capital Receipts 2020/21	£'000
GF receipts received 2020/21	51,562
GF receipts unapplied c/f from 2019/20	62
Total GF receipts available	51,624
Flexible Use of Capital Receipts (fund revenue Transformation costs) 20/21	-3,999
Flexible Use of Capital Receipts (fund revenue Transformation costs) 18/19	-2,682
Repayment of Film Studio land purchase costs funded by borrowing	-44,404
Repayment of Becontree Heath build costs funded by borrowing	-539
Use of GF available receipts	-51,624
GF receipts to carry forward to 2021/22	0

10 Revised Capital Programme including Slippage

10.1 Following the carry forward of slippage the revised Capital Programme for 2021-22 will be £399.114m. A full list of the approved programme is given in Appendix G. Cabinet is asked to approve this.

11 Dedicated Schools Grant and Schools Reserves

2020/21 DSG OUTTURN	2020/21 £'000	2020/21 Out-turn	(Surplus) Deficit
Schools Block – ISB	171,254	171,414	160
Central Block	2,364	2,364	0
High Needs Block	34,015	32,379	-1,636
Early Years Block	22,933	20,566	-2,367
Total	230,566	226,561	-3,843
DSG reserves B/forward			-3,542
Estimated Outturn Position			-7,385
Early Years adjustment			2,367
Estimated DSG Reserve ex. EY			-5,018

11.1 The Dedicated Schools Grant is reporting an overall underspend of £3.843m. This comprises of an underspend on Early Years (EY) of £2.367m, an underspend on High Needs block of £1.636m and a net overspend on the schools block of £160k.

11.2 The EY funding is based on prior year allocations and funding is only finalised using the previous two spring census data after year-end around July 2021. During the pandemic, the DfE introduced protection arrangements to allow payments to providers to be based on pre-covid census data (Oct 2019) for the summer and autumn term, however spring 2021 payments was reverted back to actual places occupied. We have assumed a full claw back of the Early Years underspend, although there will be a retained element - this will not be known until July 2021.

11.3 The underspend on High Needs is £1.636m. This is primarily due to in-year net increase in import and export funding adjustments of £229k and gatekeeping budget of £935k set aside for in-year pressures and reduced activity due to COVID-19 and savings relating to out of borough children.

- 11.4 The Schools Block is reporting an overspend of £160k, and this relates to the cash shortfall in the funding formula previously reported to the June Schools Forum, previously agreed to be funded as a cash advance from the DSG reserves and treated as the first call on the 2021-22 DSG grant allocations. The Central School Services Block is reporting a break-even position.
- 11.5 The Local Management of Schools (LMS) reserves for schools have increased from £11.3m to £12.6m, an increase of £1.3m. 26 schools reported an in-year surplus totalling £4m, whilst 14 schools reported an in-year deficit of £2.7m. Out of the 14 schools that reported in-year deficit, 3 were secondary schools and 11 were primary schools. The number of schools in overall deficit have reduced from 5 to 3 as at the end of March 2021. The Finance Team is working with all three schools on their recovery plans.

12 Council Subsidiaries

- 12.1 The accounts of the Council's subsidiaries are subject to audit. At the time of writing not all the accounts for 2019-20 had been signed off. It has therefore not been possible to release a dividend from Be First although this company has made a positive return. BDTP returned £2.275m in 2019-20 for the previous year but their trading position has been very adversely affected by COVID-19 and so there will be no dividend in 2020-21.

13. Wind up of Barking and Dagenham Reside Roding Ltd

- 13.1 The Reside Board are registered at Companies House and sit as Directors for three Companies in the Reside structure;

- Barking and Dagenham Reside Ltd
- Barking and Dagenham Reside Roding Ltd
- Barking and Dagenham Reside Regeneration Ltd.

The Council is the 100% shareholder in both Barking and Dagenham Reside Regeneration Ltd and Barking and Dagenham Reside Roding Ltd.

- 13.2 Two of the Reside Companies were in a difficult financial position, totally dependent on Council support and had negative net assets at 31 March 2020:

- Barking and Dagenham Reside Roding Ltd had negative net assets of £948,427 at 31 March 2020 and had £950,840 of negative net assets at 18 November 2020
- Barking and Dagenham Reside Regeneration Ltd had negative net assets of £14,090

- 13.3 Although previously the Council provided a letter of support for the companies, the new auditors BDO considered that there was a material uncertainty relating to the companies being a going concern. This created professional and reputational risks for the Board of Directors and the Council.

- 13.3.1 The Shareholder Panel have been consulted and endorse the approach to write off these intercompany debts. The amount being put forward for write off in Barking and Dagenham Reside Roding Ltd is the loss made on the sale of 146 shared

ownership homes where the actual construction cost was more than the agreed fixed price. On average this was £7k per property. All the homes the company developed have been sold and the company has no further leasehold interest in the homes, the long lease on the homes is now held by the Council via B&D Reside Regeneration LLP. This LLP is wholly controlled by the Council. In addition to the amounts stated above, there are forecast additional costs to be incurred this year totalling a maximum of £81,916.22.

13.3.2 This write off will enable Barking and Dagenham Reside Roding Ltd to be closed using a Members Voluntary Liquidation. This will decrease the number of Reside vehicles reducing complexity and the legal/financial costs of their administration.

13.3.3 This prevents the company from being reinstated in the event of any claims. An authorised Insolvency Practitioner will need to be appointed to carry out the Members Voluntary Liquidation and this is expected to cost in the region of £5,000.

13.3.4 The Shareholder Panel also endorsed the write off of £14,190 owed by Barking and Dagenham Reside Regeneration Ltd. This will resolve the Company's difficult financial position and removes reliance on Council support. This will also enable the Company to be able to take on any future market rented homes subject to ensuring there is no state aid or subsidy, compliance with section 123(2) Local Government Act 1972 best consideration for land disposal. This means an additional company will not be required for this purpose.

13.3.5 The cost of writing off these amounts will fall upon the Council and has been included in the outturn (in Central Expenses).

14 Financial Implications

Implications completed by Katherine Heffernan, Head of Service Finance

14.1 This report details the financial position of the Council.

15 Legal Implications

Implications completed by Dr Paul Feild, Senior Governance Lawyer

15.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor its budget during the financial year and its expenditure and income against the budget calculations. The Council sets out its treasury strategy for borrowing and an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

15.2 The Council is legally obliged to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act. Furthermore, the Prudential Code emphasises that authorities can set their own prudential indicators beyond that specified in the Code where it will assist their own management processes.

- 15.3 This outrun report serves an important role in providing an updated narrative on the Council financial position as the 2020-2021 financial year has closed. As commented last year the corona virus and its long-term economic impact on the Council's finances has yet to be fully established as the severity of several lockdowns and the Brexit effect will not fully manifest itself for that financial year. By law, the Council was not able to utilise to the best effect its assets being required to be closed to the community such as the leisure centres for example. We can anticipate the current year will be more challenging with it being far from certain that service users will return to previous consuming patterns and what effect Brexit will have on the local economy.
- 15.4 As mentioned in the main body of this report the Councils wholly owned company Barking and Dagenham Reside Roding Ltd is no longer a going concern and so intervention action is being taken to proceed with a voluntary wind it up.

Public Background Papers Used in the Preparation of the Report: Delegated Authority Paper

List of Appendices

- Appendix A – General Fund Revenue outturn
- Appendix B - List of Covid grants
- Appendix C - Savings
- Appendix D - Transfers to/from the Reserves
- Appendix E - Reserves Position
- Appendix F - Capital outturn
- Appendix G - 2021/22 capital programme

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APPENDIX A

DEPARTMENT	FINAL ADJUSTED BUDGET	2020-21 ACTUAL	PENDING ADJUSTMENTS	OUTTURN	RESERVES			OUTTURN AFTER RESERVES	OUTTURN VARIANCE	P10 Forecast Variance
					TO	FROM	TOTAL			
SDI COMMISSIONING	9,348,553.00	7,763,766.00		7,763,766.00	1,596,920	(180,250)	1,416,670	9,180,436.00	- 168,117.00	1,839,000.00
CARE & SUPPORT	83,030,171.00	87,467,493.00		87,467,493.00			0	87,467,493.00	4,437,322.00	7,764,000.00
EDUCATION, YOUTH & CHILDCARE	4,263,706.00	3,991,860.00	(1,817,072)	2,174,788.00	2,967,102		2,967,102	5,141,890.00	878,184.00	741,500.00
COMMUNITY SOLUTIONS	12,478,202.00	15,773,972		15,773,972.39	955,200	(912,033)	43,167	15,817,139.39	3,338,937.39	5,830,143.00
MY PLACE	5,928,442.00	8,495,110.00		8,495,110.00	26,111		26,111	8,521,221.00	2,592,779.00	2,448,000.00
INCLUSIVE GROWTH	1,425,103.00	710,780	35,406	746,186.57	1,100,797	(75,000)	1,025,797	1,771,983.57	346,880.57	384,000.00
LAW, GOVERNANCE & HR	- 1,549,966.00	- 5,706,011.00		- 5,706,011.00	3,483,478	(157,019)	3,326,459	- 2,379,552.00	- 829,586.00	- 22,000.00
STRATEGY & PARTICIPATION	1,787,804.00	3,448,235		3,448,234.67	2,678,088	(147,132)	2,530,956	5,979,190.72	4,191,386.72	4,339,734.00
CORE	5,774,876.00	797,140		797,140.22	7,330,509		7,330,509	8,127,649.22	2,352,773.22	1,307,000.00
CENTRAL EXPENSES	33,445,711.00	27,560,353	241,500	27,801,853.16	14,669,651		14,669,651	42,471,504.41	9,025,793.41	5,198,539.00
CONTRACTED SERVICES	- 136,122.00	- 172,200.00		- 172,200.00			0	- 172,200.00	- 36,078.00	1,000,000.00
TOTAL EXPENDITURE (GF)	155,796,480.00	150,130,498.76	(1,540,166)	148,590,333.01	34,807,856.30	- 1,471,434.00	33,336,422.30	181,926,755.31	26,130,275.31	30,829,916.00
CORPORATE FUNDING	0									
				-				-	-	
COUNCIL TAX	(65,787,000)	(65,786,989)		- 65,786,989				- 65,786,989.14	10.86	-
BUSINESS RATES	(80,608,000)	(19,392,654)		- 19,392,654				- 19,392,654.00	61,215,346.00	-
NON-RINGFENCED GRANTS	(7,656,480)	(105,189,187)		- 105,189,187	8,236,112.08	-	8,236,112.08	- 96,953,074.68	- 89,296,594.68	-
COLLECTION FUND SURPLUS	(1,745,000)	(1,745,150)		- 1,745,150				- 1,745,150.00	150.00	-
TOTAL FUNDING (GF)	(155,796,480)	(192,113,980)		- 192,113,979.90	8,236,112.08	-	8,236,112.08	- 183,877,867.82	- 28,081,387.82	- 26,840,950.00
NET GENERAL FUND POSITION	-	- 41,983,481.14	- 1,540,165.75	- 43,523,646.89	43,043,968.38	- 1,471,434.00	41,572,534.38	- 1,951,112.51	- 1,951,112.51	3,988,966.00
DEDICATED SCHOOLS GRANT	0	(5,257,464)	1,817,072	(3,440,392)		(1,817,072)		(5,257,464)	(5,257,464)	
HRA MINUS F51020	(13,034,000)	(27,286,383)	971,383	(26,315,000)	9,715,000			(16,600,000)	(3,566,000)	
OVERALL LBD POSITION	(13,034,000)	(74,527,328)	1,248,289	(73,279,038)	52,758,968	(3,288,506)	41,572,534	(23,808,576)	(10,774,576)	

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APPENDIX B

Targeted Funding Allocated to Business Areas	Service/policy area	Barking & Dagenham Grant Share £
Infection control fund for adult social care (tranche 1)	ASC	1,002,873
Reopening High Streets Safely	Public Health	189,384
Local authority test and trace service support grant	Public Health	1,566,647
Local Authority Emergency Assistance Grant for Food and Essential Supplies	Welfare	322,440
Next Steps Accommodation Programme	Homelessness	441,894
Infection control fund for adult social care (tranche 2)	ASC	1,371,868
Test and trace support grants	Public Health	244,867
LA compliance and Enforcement grant	Public Health	154,391
Clinically Extremely Vulnerable Support Grant	Public Health	118,771
COVID Winter Grant	Welfare	870,077
Cold Weather Payment (housing)	Homelessness	25,000
Contain Outbreak Management Fund	Public Health	1,277,436
COMF - December 2020	Public Health	638,718
Test and Trace Support Payment scheme	Public Health	64,254
Adult Social Care Rapid Testing Fund	ASC	243,608
COMF - January 2021	Public Health	851,624
Workforce Capacity Fund	ASC	456,531
COMF - February 2021	Public Health	851,624
COMF - March 2021	Public Health	851,624
Additional HB Admin Grant	Admin	147,260
TTSP Feb Top-up	Public Health	213,176
LFT	Public Health	996,769
Total		12,900,835

General Funding Held Centrally	Service/policy area	Barking & Dagenham Grant Share £
Emergency funding (tranche 2)	All	12,122,188
Emergency funding (tranche 3)	All	2,452,177
Emergency funding (tranche 4)	All	7,985,419
Total		22,559,784

Compensation and New Burden Held Centrally	Service/policy area	Barking & Dagenham Grant Share £
Business Grants Fund	Business support	16,220,000
C-19 Business Rates reliefs	Business support	12,830,896
Discretionary Business Grants Fund	Business support	1,290,000
Local Lockdown Grant Fund	Business support	4,258,120
Business grants new burdens funding	Admin	233,149
Local Restrictions Support Grant (Closed) addendum	Business support	2,262,690
SFC First Payment	All	1,362,976
Business Grant Payment	Business support	12,071,290
Total		50,529,121

APPENDIX C

Programme	Savings Description	B/f	In Year	TOTAL	Delivered	Deferred	At Risk	Comments
Adults	Charging Policy Full Year Effect	300		300	300		-	Policy enacted last year & service is underspending
Adults	Charging - Disability Related Expenditure	150		150		150	-	This second change to charging policy deferred to 21/22: no further target to be implemented but impact tracked on delivery of charging policy.
Adults	Further income improvements	153		153	153		-	Processes in place & service is underspending
Childrens	Balance on prior year savings	605		605			605	
Childrens	Various Commissioning and Efficiency improvements		1,461	1,461	1,407		54	Evidence of impact from range of management actions contributing to overall target
Community Solutions	Staffing savings	400		400		400	-	b/f shortfall on restructure. Covered in 20/21 from one off but needs permanent resolution in 21/22
Community Solutions	Intervention savings - TA/Homelessness		500	500	500		-	budget monitoring suggests this has been achieved
Community Solutions	Support - changes to CCs + other efficiencies		130	130	130		-	budget monitoring suggests these or substitute savings have been made
Community Solutions	Universal - JSH		90	90			90	not made but monitoring suggests alternatives found
Community Solutions	Adult College/Emp and Skills		250	250	107		143	Income from RippleRd site part year achieved
Core	Elevate Exit		855	855	563	1,043	- 751	Taken from budgets - mostly gainshare. However may be contributing to overspends in some areas
Core	Procurements - Oracle		589	589	589		-	achieved previously and budget now taken
Core	Procurements - Print and Post		190	190	197	127	- 134	taken from budgets - appears to have been mostly achieved
Core	Management and Admin savings		729	729	377	56	296	taken from business/admin budgets
Core	Income Targets		618	618	115		503	largely not achieved - debt project to substitute
Core	Debt		574	574		614	- 40	not achieved in year - expected next year
Core	Council tax support		726	726		600	126	previously achieved but reversed by Covid - expected to recover or be achieved by debt project
Customer	b/f channel shift savings not made	611		611	17		594	application decommissioning, balance proposed for write off
Customer	further staffing reductions to be made		310	310			310	proposed for write off
Disabilities	b/f - to be made by income improvements	483		483		483	-	RPS suggests will be achieved next year (CHC + charging)
Disabilities	growth used to write this off		250	250	250		-	
Heritage	increased income		25	25		25	-	income shortfalls this year - work may be needed post Covid to rebuild income base
Leisure	increased concession fee		91	91		91	-	shortfall clearly linked to covid. Revised agreement with Provider in place
Parks	Central Park Mounds - one off landscape	300	300	600		600	-	planning delays. Income expected next year
Public Realm	further income for cemeteries	138	164	302	260	42	-	savings target reduced by reprofiling interest charge
Public Realm	routes and rounds - staffing reduction	439		439			439	saving proposed for write off in 21/22
My Place	Street Lighting - energy costs reduction	89		89	68		21	balance of saving proposed for write off co 21/22
My Place	Trimming and Dimming		60	60			60	saving proposed for write off co 21/23
My Place	Lighting saving switched to staffing efficiencies		269	269			269	saving proposed for write off co 21/24
Be First	NHB and Company Returns	3,329	2,247	5,576			5,576	return awaited in 21/22
BDTP	Company Dividends		875	875			875	no profits in 20/21 - covid risks
IAS	Returns on Reside + Commercial P	192	1,392	1,584	1,395		189	small shortfall largely linked to covid issues
Total		7,189	12,695	19,884	6,428	4,231	9,225	

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APPENDIX D

Reserves Tracker 2020/21

DRAWDOWN FROM RESERVES				
<u>Description</u>	<u>Reserve</u>	<u>Amount</u>	<u>Department</u>	<u>Reason</u>
ELHP expenditure drawdown 2020/21	ELHP	£912,033.00	COMMUNITY SOLUTIONS	Grant Drawdown
Drawdown - Secure Children Estate and Out of Schools Settings	Service Grant Carry Forwards	£120,250.00	SDI COMMISSIONING	Grant Drawdown
Drawdown - To complete work on SEND Reform	OTHER MISCELLANEOUS	£60,000.00	SDI COMMISSIONING	Grant Drawdown
Drawdown of IG grant into 2020-21	OTHER MISCELLANEOUS	£75,000.00	INCLUSIVE GROWTH	Grant Drawdown
Connected Communities Grant - Drawdown for 2020-21	OTHER MISCELLANEOUS	£123,636.00	POLICY & PARTICIPATION	Grant Drawdown
Drawdown of research grant from 2019-20	OTHER MISCELLANEOUS	£20,000.00	POLICY & PARTICIPATION	Grant Drawdown
B&D Lottery Grant drawdown into 2020-21	Service Grant Carry Forwards	£3,496.00	POLICY & PARTICIPATION	Grant Drawdown
Drawdown of legal reserves to fund spend in 2020/21	LEGAL TRADING RESERVE	£142,019.00	LAW, GOVERNANCE & HR	Revenue Smoothing
Drawdown of funding for social worker students placement costs	OTHER MISCELLANEOUS	£15,000.00	LAW, GOVERNANCE & HR	Grant Drawdown
TOTAL DRAWDOWN		£1,471,434.00		

TRANSFERS TO RESERVES				
Transfer of CR27 Hotel deal inducement payment	CR27 HOTEL DEAL RESERVE	-£5,500,000.00	CORE	Capital And Investments
Property account movement 20-21, Transfer to reserves	PROPERTY RESERVE - RESIDE	-£135,769.44	Central	Capital And Investments
Lifecycle account movement 20-21, Transfer to reserves	LIFECYCLE RESERVE	-£539,022.84	Central	Capital And Investments
Transfer of surplus interest/commercial income to reserves 2020-21	Investment reserves	-£7,732,271.89	Central	Capital And Investments
Transfer MRP underspent to fund future years 2020-21	Capital Investment Reserves	-£203,208.87	Central	Capital And Investments
Earmarked for Test & Trace Services provided by COMSOL in 2021/22	Service Grant Carry Forwards	-£289,499.02	Central	Covid Grant Carry Forward
COMF funding to reserves 2020-21	Service Grant Carry Forwards	-£1,138,420.19	Central	Covid Grant Carry Forward
To carry forward unspent Culture Recovery grant 2020-21	Service Grant Carry Forwards	-£4,286.00	POLICY & PARTICIPATION	Covid Grant Carry Forward
Shielding grant carry forward 2020-21	Service Grant Carry Forwards	-£675,034.00	POLICY & PARTICIPATION	Covid Grant Carry Forward
Leisure Recovery Grant C/F 2020-21	Service Grant Carry Forwards	-£514,497.00	POLICY & PARTICIPATION	Covid Grant Carry Forward
Earmarked for Test & Trace Services provided by Enforcement in 2021/22	Service Grant Carry Forwards	-£284,700.00	Central	Covid Grant Carry Forward
Carry forward of Winter Grant 2020-21	Service Grant Carry Forwards	-£317,198.00	POLICY & PARTICIPATION	Covid Grant Carry Forward
Carry forward of Self Isolation Grant 2020-21	Service Grant Carry Forwards	-£244,867.00	POLICY & PARTICIPATION	Covid Grant Carry Forward
Teeth for Life Programme	OTHER MISCELLANEOUS	-£15,000.00	SDI COMMISSIONING	Other Grant Carry Forward
Rehab, GP payments and Pharmacy	OTHER MISCELLANEOUS	-£196,686.00	SDI COMMISSIONING	Other Grant Carry Forward
CCG Extra capacity in brokerage	OTHER MISCELLANEOUS	-£25,000.00	SDI COMMISSIONING	Other Grant Carry Forward
Social Housing Decarbonisation Fund (BEIS) to reserves	Social Housing Decarbonisation Fund (BEIS)	-£100,797.00	INCLUSIVE GROWTH	Other Grant Carry Forward
To carry forward unspent Welcome Trust grant 2020-21	Service Grant Carry Forwards	-£32,120.00	POLICY & PARTICIPATION	Other Grant Carry Forward
To carry forward unspent New Town grant from 2020-21	Service Grant Carry Forwards	-£231,102.55	POLICY & PARTICIPATION	Other Grant Carry Forward

To carry forwards unspent Football Foundation grant from 2020-21	Service Grant Carry Forwards	-£5,000.00	POLICY & PARTICIPATION	Other Grant Carry Forward
Transfer unspent balance of PHG grant in 2020-21 to reserves	Public Health Reserve	-£1,360,234.00	SDI COMMISSIONING	Other Grant Carry Forward
Carry forward of the Air Quality Grant	Service Grant Carry Forwards	-£51,783.00	LAW, GOVERNANCE & HR	Other Grant Carry Forward
Urban Tree Challenge Fund - transfer grant to reserves	Service Grant Carry Forwards	-£26,111.00	MY PLACE	Other Grant Carry Forward
Democratic Services Election Reseve Top up 2020-21	Elections	-£75,000.00	LAW, GOVERNANCE & HR	Revenue Smoothing
Transfer Creditor Balance to earmarked Skills & Learning Programme Reserve	Skills & Learning Programme Reserve	-£767,200.00	COMMUNITY SOLUTIONS	Revenue Smoothing
Works & Skills programmes future costs and shortfall in grants	SKILLS & LEARNING PROGRAMME RESERVE	-£188,000.00	COMMUNITY SOLUTIONS	Revenue Smoothing
Transfer of surplus budget to fund future IT expenditure	IT RESERVE	-£107,000.00	CORE	Revenue Smoothing
Carry forward to fund future legal costs	LEGAL TRADING RESERVE	-£20,000.00	LAW, GOVERNANCE & HR	Revenue Smoothing
Transfer surplus PRPL funds to reserves to fund future deficits	LEP HOUSING RENTAL RESERVES	-£2,598,090.00	LAW, GOVERNANCE & HR	Revenue Smoothing
Parking surplus transfer to reserves	PARKING RESERVES	-£672,900.00	LAW, GOVERNANCE & HR	Revenue Smoothing
Transfer to pay for future PFI costs	PFI RESERVE	-£639,687.00	EDUCATION, YOUTH & CHILDCARE	PFI
EYC, carry forward to pay for unexpected costs in light of Covid	EDUCATION, YOUTH & CHILDCARE RESERVE	-£121,728.00	EDUCATION, YOUTH & CHILDCARE	Trading Accounts
Trewern - Transfer surplus to reserves to smooth future year impacts	TREWERN OUTDOOR CENTRE RESERVE	-£251,925.00	EDUCATION, YOUTH & CHILDCARE	Trading Accounts
Trewern - Transfer of funding to boost income in future years	TREWERN OUTDOOR CENTRE RESERVE	-£136,690.00	EDUCATION, YOUTH & CHILDCARE	Trading Accounts
Domestic Abuse Commission carry forwards of underspend 2020-21	OTHER MISCELLANEOUS	-£29,774.00	POLICY & PARTICIPATION	Specific Projects
PMO underspend carry forward 2020-21	OTHER MISCELLANEOUS	-£5,000.00	POLICY & PARTICIPATION	Specific Projects
Transfer funding for HR placements for future years	OTHER MISCELLANEOUS	-£65,705.00	LAW, GOVERNANCE & HR	Specific Projects
Equalities Engagement Lead Carry Forward from 2020/21	OTHER MISCELLANEOUS	-£75,000.00	POLICY & PARTICIPATION	Specific Projects
Carry forward of community engagement strategy underspends to support future years.	OTHER MISCELLANEOUS	-£243,922.00	POLICY & PARTICIPATION	Specific Projects
Tranfer Levies surplus to reserves	OTHER MISCELLANEOUS	-£939,759.00	Central	Levies
Film Studios developer contribution of £1m to reserves	Film Studios developer contribution	-£1,000,000.00	INCLUSIVE GROWTH	Endowments and Trusts
Tranfer to reserves the BD Giving Endowment Fund balance in 2020-	BD Giving Endowment Fund	-£300,287.50	POLICY & PARTICIPATION	Endowments and Trusts
Transfer NCIL levy to reserves to fund grants programme	Infrastructure Levy	£0.00	POLICY & PARTICIPATION	Endowments and Trusts
Business Rates New Burden Admin Cost Grant; 2020-21	Collection Fund Equalisation	-£34,805.00	Funding	Collection Fund
Additional Sec 31 Grants to C/F Reserves	Collection Fund Equalisation	-£70,081.00	Funding	Collection Fund
Sec 31 Grants - Retail Relief (30%)	Collection Fund Equalisation	-£6,097,818.00	Funding	Collection Fund
Transfer 75% TIG business rates to reserves	Collection Fund Equalisation	-£1,633,266.00	Funding	Collection Fund

Transfer 75% TIG Ctax to reserves	Collection Fund Equalisation	-£400,142.08	Funding	Collection Fund
Insurance liability provisions for future years 2020-21	Insurance reserve	-£1,723,509.00	CORE	Insurance and Risk
MTFS 2020-21, agreed transfer to reserves.	Budget Support	-£3,407,000.00	Central	MTFS Planning
Correcting Schools Cash Balance - Transfer to DSG	EDUCATION, YOUTH & CHILDCARE RESERVE	-£859,814.00	EDUCATION, YOUTH & CHILDCARE	Transfer Between Reserves
Transfer cash balance between EYC and DSG	EDUCATION, YOUTH & CHILDCARE RESERVE	-£957,258.00	EDUCATION, YOUTH & CHILDCARE	Transfer Between Reserves
		-£43,043,968.38		

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APPENDIX E - FORECAST RESEVES	Opening Balance 2020-21 (1st April 2020)	Transfer to Reserves	Drawdown from Reserves	Forecast Closing Balance 2020-21 (31st March 2021)
General Fund Balances	(17,030,171)			(17,030,171)

Earmarked Reserve Balances

BUTLER COURT (REFURBISHMENT)	(89,323)			(89,323)
SKILLS & LEARNING PROGRAMME RESERVE	(1,093,129)	(955,200)		(2,048,329)
TOTAL DEPARTMENTAL RESERVE	(1,182,452)	(955,200)		(2,137,652)
CAPITAL INVESTMENT RESERVE	(3,575,842)	(203,209)		(3,779,051)
TOTAL CAPITAL INVESTMENT RESERVE	(3,575,842)	(203,209)		(3,779,051)
Entities	(1,106,203)	(674,792)		(1,780,995)
TOTAL ENTITIES RESERVE	(1,106,203)	(674,792)		(1,780,995)
PFI RESERVE	(5,706,277)	(639,687)		(6,345,964)
JO RICHARDSON AND EASTBURY PFI	(7,698,827)			(7,698,827)
TOTAL PFI	(13,405,104)	(639,687)		(14,044,791)
OTHER MISCELLANEOUS	(3,643,637)	(1,595,846)	293,636	(4,945,847)
GRANTS - DEPARTMENT FOR EDUCATION	(38,700)			(38,700)
PARKING RESERVE	(254,181)	(672,900)		(927,081)
TREWERN OUTDOOR CENTRE RESERVE	(94,432)	(388,615)		(483,047)
YOS - HEALTH & JUSTICE (FROM CCG)	(115,766)			(115,766)
LEAVING CARE SERVICE (NEET FUNDING - RE CMF GRANT)	(140,074)			(140,074)
TOTAL OTHER MISCELLANEOUS	(4,286,790)	(2,657,361)	293,636	(6,650,515)
SERVICE GRANT CARRY FORWARDS	(1,351,026)	(3,814,618)	123,746	(5,041,898)
ELHP	(912,033)		912,033	0
INVESTMENT RESERVE	(3,265,410)	(13,232,272)		(16,497,682)
PUBLIC HEALTH RESERVE	(1,094,561)	(1,360,234)		(2,454,795)
CORPORATE RESTRUCTURING - REDUNDANCIES RESERVE	(735,000)			(735,000)
INSURANCE FUND - LIABILITY RESERVE	(1,639,009)	(1,723,509)		(3,362,518)
BUDGET SUPPORT RESERVE	(8,026,163)	(3,407,000)		(11,433,163)
VAT MARKET REPAYMENT	(223,406)			(223,406)
LEGAL TRADING RESERVE (LBBD SHARE)	(440,059)	(20,000)	142,019	(318,040)
COLLECTION FUND EQUALISATION RESERVE	(4,073,767)	(8,236,112)		(12,309,879)
ELECTIONS RESERVE	(296,755)	(75,000)		(371,755)
FILM STUDIOS DEVELOPER CONTRIBUTION	0	(1,000,000)		(1,000,000)
SOCIAL HOUSING DECARBONISATION FUND (BEIS)	0	(100,797)		(100,797)
BD GIVING ENDOWMENT FUND	0	(300,288)		(300,288)
LEP HOUSING RENTAL RESERVES	(43,508)	(2,598,090)		(2,641,598)
EDUCATION, YOUTH & CHILDCARE RESERVE	(2,887,165)	(1,938,800)		(4,825,965)
IT RESERVE	(1,105,000)	(107,000)		(1,212,000)
NET EARMARKED RESERVE BALANCES	(49,649,254)	(37,913,719)	1,177,798	(91,221,788)
	(73,205,645)	(43,043,968)	1,471,434	(119,614,792)

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Appendix F – 2020/21 Capital Outturn (£000's)

Department	Budget	Expenditure	Budget Remaining		21/22 Budget		Future Year Budget	
	2020/21	YTD	20/21	%	Pre-approved	Preliminary	22/23	23/24
Adults Care & Support	2,196	1,449	747	34%	1,841	2,589	1,841	
Community Solutions	187	113	74	40%		74		
CIL / S106	1,720	622	1,099	64%	403	1,501		
Core	4,236	1,860	2,376	56%		2,376		
Culture, Heritage & Recreation	3,069	623	2,446	80%	6,405	8,851	466	150
Enforcement	1,116	389	727	65%	1,233	1,960	1,000	
Transport for London	2,516	1,000	1,516	60%	859	2,375		
My Place	5,643	4,145	1,498	27%	5,000	6,498	4,850	4,850
Public Realm	3,391	924	2,467	73%	50	2,517		
Education, Youth & Childcare	19,572	18,762	810	4%	12,200	13,010	18,421	6,400
Other	1,606	700	906	56%	1,638	2,544	340	340
General Fund	45,253	30,586	14,667	32%	29,629	44,296	26,919	11,740
HRA								
Stock Investment (My Place)	38,458	17,428	21,030	55%	14,100	35,130		
New Build Schemes (Be First)	2,495	1,064	1,431	57%	1,500	2,931		
Estate Renewal (Be First)	8,000	7,645	355	4%	4,800	5,155		
HRA Total	48,953	26,137	22,816	47%	20,400	43,216		
IAS								
Residential Developments	160,990	153,939	6,578	4.1%	270,105	276,681	371,083	208,746
Temporary Accommodation	14,022	10,777	3,245	23.1%	2,194	5,439	239	
Commercial Investments	96,950	94,002	2,948	3.0%	26,854	29,802	6,534	
Investments Total	271,962	258,718	12,771	4.7%	299,153	311,922	377,856	208,746
Transformation	3,999	3,999						
Total	370,167	319,440	50,254	13.50%	349,182	399,434	404,775	220,486

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Appendix G: 2020/21 Capital Programme, P12 Cost and Preliminary 2021/22 budget (£000's)

Project	Name	Budget	Cost	Budget	Future Year Budget	
		20.21	YTD	Remain-ing	21/22	21/22 +Budget Remaining
	Adults Care & Support					
FC00106	Disabled Facilities Grant	2,090	1,343	747	1,841	2,589
FC03061	Social Care IT Replacement System	106	106			
	Total Adults Care & Support	2,196	1,449	747	1,841	2,589
	Community Solutions					
FC03060	Barking Learning Centre Works	182	108	74		74
FC04036	Upgrade & enhance of Security at BLC	5	5			
	Total Community Solutions	187	113	74	0	74
	Core					
	Ward Capital Spend					
FC02877	Oracle R12 Joint Services	175	107	68		68
FC03052	Elevate ICT investment	3,482	1,219	2,264		2,264
FC03059	Customer Services Channel Shift	116	110	6		6
FC03068	ICT End User Computing	463	424	38		38
	Total Core	4,236	1,860	2,376	0	2,376
	CIL (external)					
FC05027	Kingsley Hall	60	90	-30	90	60
FC05028	Box Up Crime	270	5	265		265
FC05029	East End Women's Museum	250	25	225		225
FC05030	Green Community Infra- Company Drinks	47	47		13	13
FC05031	Becontree Centenary - Create London	697	155	542		542
FC05062	Litter in Parks (CIL)	96	-	96		96
FC05063	BRL Thames Clipper (CIL)	300	300		300	300
	S106 Schemes					
FC05032	Barking Town Centre Master Plan					
	Total CIL & S106 Schemes	1,720	622	1,099	403	1,501
	Culture, Heritage & Recreation					
FC03032	Parsloes Park Activation	100	4	96	5,900	5,996
FC03090	Lakes	208	104	104	150	254
FC04013	Park Infrastructure Enhancements	74	40	34	20	54
FC04017	Fixed play facilities	85	33	52	50	102
FC04018	Park Buildings– Response to...	129	70	60	75	135
FC04031	Reimagining Eastbury	100	83	17		17
FC04033	Redressing Valence	500	109	391		391
FC04043	The Abbey: Unlocking Barking's past...	142	33	109	50	159
FC04080	Children's Play Spcs & Fac (CIL)	164	15	149	55	204
FC04081	Parks & Open Spcs Strat 17	283	138	145	100	245
FC04084	Central Park Masterplan Implement...	1,023	18	1,006		1,006
FC04085	Play Facility at Valence Park'	5	5		5	5
FC05060	Safer Parks (CIL)	84	-	84		84
FC05061	B&D Local Football Facility (CIL)	160	3	157		157
FC04042	Community Halls	12	-3	15		15

Project	Name	Budget	Cost	Budget	Future Year Budget	
		20.21	YTD	Remain-ing	21/22	21/22 +Budget Remaining
	Projects with no budget (see below)		-29	29		29
	Total Culture, Heritage & Recreation	3,069	623	2,446	6,405	8,851
	Enforcement					
FC02982	Consolidation & Expansion of CPZ	883	102	781	1,000	1,781
FC04015	Enforcement Equipment	233	288	-55	233	178
	Projects with no budget (see below)		-1	1		1
	Total Enforcement	1,116	389	727	1,233	1,960
	Transport for London schemes					
FC02898	Local Transport Plans	121	22	99	104	203
FC02964	Road Safety Improv Schemes 19-20	48	48			
FC05052	Dagenham Heathway 'Healthy Streets'	12	12			
FC04094	Becontree Heath Low Emission	657	182	437		437
FC04095	Station Access Improv Prog	23	23			
FC04093	Heathway 'Healthy Streets' Corridor...	35	35			
FC05056	Valance Avenue 'Healthy Streets'....	51	40	11		11
FC05057	Eastbury Manor House Access	51	18	16		16
FC05058	Minor Works (Various Locations)	347	337	10		10
FC02994	Renwick Rd/Choats Rd Saf Improv...	3	3			
FC03025	Gale St Corr Improv	24	-66	90		90
FC05079	Cycle Future Route 10	450	253	182		182
FC05080	Low Traffic Neighbourhood	613	99	514		514
FC05083	Bus Priority	80	20	60	755	815
	Projects with no budget (see below)		-5	5		5
	Total TfL schemes	2,516	1,000	1,424	859	2,284
	My Place					
FC03064	Street Lighting Prog 2015-2019	256	193	62		62
FC03065	HIP 2016-17 Footways & Carriageways	3,119	2,914	206	3,520	3,726
FC04064	Bridges and Structures	799	166	633	300	933
FC03011	Struct Rep's & Maintce-Bridges	77	44	33		33
FC05016	FRIZLANDS DEPOT WASHBAY	80	83	-3		-3
FC05018	Stock Condition Survey	414	360	54	1,000	1,020
FC05055	Road Safety Improvements Programme	168	132	36	150	186
FC04063	Flood Risk and Drainage Grant	200	57	143		143
FC04029	Engineering Works (Road Safety)	165	99	66		66
FC04019	Replacement of Winter Maintenance....	8	3	5		5
FC05048	Procuring in cab tech for waste vehicles	110	-	110	30	140
FC05075	Reside Capital - Abbey Road	88	88			
FC05077	Community Hubs and Dispersed Work..	160	7	153		153
	Total My Place	5,643	4,145	1,463	5,000	6,463
	Public Realm					
FC04012	Bins Rationalisation	50	-	50	50	100
FC04070	Vehicle Fleet Replacement	3,129	926	2,202		2,202
FC03083	Chadwell Heath Cemetery Extension	149	-	149		149
FC04028	Hand Arm Vibration	42	-	42		42
FC04016	On-vehicle Bin Weighing System for....	16	-	16		16

Project	Name	Budget	Cost	Budget	Future Year Budget	
		20.21	YTD	Remain-ing	21/22	21/22 +Budget Remaining
FC04014	Refuse fleet	5	-2	8		8
	Total Public Realm	3,391	924	2,467	50	2,517
	Education Youth & Childcare					
FC02920	Warren / Furze Expansion	69	69			
FC03042	Additional SEN Provision	4	-	4		4
FC03043	Pupil Intervention Project (PIP)	143	154	-10		-10
FC04052	SEND 2018-21	1,300	1,493	-193	1,057	863
FC04053	School Conditions Allocation 2018-20	314	126	188		188
FC04059	Chadwell Heath				100	100
FC04072	School Condition Alctns 18-19	1,400	793	607	57	664
FC04087	SCA 2019/20 (A)	526	411	115		115
FC04097	Trinity Special School Expansion	967	623	344		344
FC05033	SCA PRIORITY WORKS 20/22	2,200	3,127	-927	2,063	1,136
FC05034	Schools Expansion Programme 20/22	900	862	38	1,008	1,046
FC05040	Healthy School	332	21	311		311
FC05069	SCA 20-21	500	836	-336	3,500	3,164
	Primary					
FC03053	Gascoigne Primary 5forms to 4 forms	219	84	135		135
FC04058	Marks Gate Infants & Juniors 2018-20	650	454	196	1,800	1,996
FC04071	Roding Primary Classroom Reinstate	84	-	84		84
FC04098	Ripple Suffolk Primary	750	611	139	103	241
FC05078	Greatfields Primary	700	270	430	300	730
	Secondary					
FC03018	Eastbury Secondary	232	60	172		172
FC03020	Dagenham Park	84	7	77		77
FC03022	New Gascoigne (Greatfields) Sec..	7,108	7,491	-383	1,612	1,229
FC03054	Lymington Fields New School	985	1,149	-164	600	436
FC03078	Barking Abbey Expansion 2016-18	104	108	-4		-4
	Projects with no budget (see below)		12	-12		-12
	Total Education Youth & Childcare	19,572	18,762	810	12,200	13,010
	Other					
FC02811	Ward Capital Spend	575	336	238	340	578
FC02969	Creative Industry (Barking Bathhouse)	160	160			
FC03099	Abbey Green & Barking Town Centre...	273	204	70	1,298	1,367
FC04051	Street Property Acquisition 2017-19	50	-	50		50
FC04056	Abbey Road Infrastructure	11	-	11		11
FC05038	82A and 82B Oval Road South	325	-	325		325
-	TBD	212	-	212		212
	Total Other	1,606	700	906	1,638	2,544
	General Fund Total	45,252	30,587	14,666	29,629	44,295

		Budget	Cost	Budget	Future Year Budget	
Project	Name	20.21	YTD	Remain ing	21/22	21/22 +Budget Remaining
	HRA					
	Stock Investment (My Place)					
FC00100	Aids and Adaptations	1,701	801	900	1,400	2,300
FC02933	Voids	2,000	1,278	722	2,000	2,722
FC03039	Estate Roads & Environ 18/19	1	-2	3		3
FC03045	External Fabric – Blocks	35	-4	39		39
FC03048	Fire Safety Imp – 2015/16	65	132	-67		-67
FC04002	Lift Replacement Programme	1,700	1,800	-100		-100
FC04003	Domestic Heating Replacement	500	124	376	500	876
FC04004	Box-Bathroom Refurbs (Apprentice)	631	169	462		462
FC04006	Minor Works & Replacements	1,000	-	1,000		1,000
FC05002	Externals 1 - Houses & Blocks	10,058	3,929	6,063	4,500	10,563
FC05003	Externals 2 - Houses & Blocks	2,000	1,996	4	1,500	1,504
FC05004	Door Entry Systems	1,200	-3	1,203		1,203
FC05005	Compliance	1,190	714	474		474
FC05006	Fire Safety Improvement Works	1,193	23	1,169	2,000	3,169
FC05007	Fire Doors	3,979	639	3,340	950	4,290
FC05008	De-Gassing of Blocks	106	56	50		50
FC05009	Lateral Mains	1,000	-	1,000	500	1,500
FC05011	Communal Boilers	512	-81	592	250	842
FC05013	Estate Roads Resurfacing	2,000	2,930	-930		-930
FC05014	Energy Efficiency inc Green Street	1,500	52	1,448		1,448
FC05015	Other Works	742	1,294	-552	500	-52
FC03027	ESCO	74	-	74		74
FC05000	DH Internal	4,872	1,576	3,316		3,316
FC05068	Adaptations and Extensions	400	-	400		400
	Projects with no budget (see below)		4	-4		-4
	Total Stock Investment (My Place)	38,458	17,428	21,030	14,100	35,130
FC02820	Estate Renewal	8,000	7,645	355	4,800	5,155
	Estate Renewal	8,000	7,645	355	4,800	5,155
	New Build Schemes					
FC03009	Leys Phase 2	41	41			
FC02931	Leys New Build Dev (HRA)	43	-	43		43
FC03071	Mellish and Sugden	2,168	788	1,380		1,380
FC04090	Site London Rd/North Street	18	18			
FC02970	Marks Gate	150	138	12		12
FC02989	North St/Ilchester Rd New Build	57	57			
FC02988	Bungalow (Stansgate, Margaret Bonfield)	16	21	-6		-6
FC03056	Burford Close	1	1			
	Total HRA New Builds	2,495	1,064	1,431	1,500	2,931
	Total for HRA	48,953	26,137	22,816	20,400	43,216

Project	Name	Budget	Cost	Budget	Future Year Budget	
		20.21	YTD	Remain ing	21/22	21/22 +Budget Remaining
IAS & Be First						
Commercial Investments						
FC04091	Welbeck Wharf	8,000	7,116	884		884
FC04102	CR27	-215	-215	0		0
FC05024	Film Studios	-2,192	-2,192	0		0
FC04057	Travelodge Dagenham	89	89	0		0
FC05037	Dagenham Road Street Purchases	92	92	0		0
FC05049	Innovative Sites Programme	143	14	129		129
FC04086	Travelodge Isle of Dogs	250	-3	253		253
FC05074	Barking Business Centre	27,704	27,704	0		0
FC05070	23 Thames Road	5,596	5,596	0		0
FC05067	Dagenham Heathway- Shopping Centre	7,304	7,304	0		0
	Muller	47,920	47,920	0		0
FC05072	Industria	2,259	577	1,682	26,854	28,536
	Total Commercial	96,950	94,002	2,948	26,854	29,802
Residential Developments						
FC04067	12 Thames Road	3,470	3,087	383	33,529	33,912
FC04065	200 Becontree	2,883	2,669	214	1,153	1,366
FC03089	Becontree Heath New Build	1,022	1,022	-	-	-
FC03072	Sacred Heart	5,009	5,009	-	3,137	3,137
FC04069	Crown House	27,447	25,867	1,580	24,412	25,991
FC04062	Gascoigne East Phase 2	29,648	29,648	-	9,417	9,417
FC05026	Gascoigne East Phase 3	7,323	3,763	3,560	19,891	23,451
FC02985	Gascoigne West (Housing Zone)		-473	-	-	-
FC04099	Gascoigne West P1 Development (Ph1)	39,662	39,662	-	26,145	26,145
FC05025	Gascoigne West Phase 2	6,975	6,331	644	41,626	42,270
FC03086	A House for Artists	2,679	2,679	-	2,012	2,012
FC04068	Oxlow Road	634	634	-	10,387	10,387
FC05035	Padnall Lake	2,477	2,280	197	32,324	32,521
FC04075	Rainham Road South	-	-	-	10,569	10,569
FC04066	Roxwell Road	685	685	-	11,324	11,324
FC03080	Royal British Legion	549	549	-	4,348	4,348
FC03084	Sebastian Court - Redevelop	13,329	13,329	-	5,219	5,219
FC03058	Kingsbridge Shared Ownership	120	120	-	-	-
FC05065	Chequers Lane	11,708	11,708	-	11,785	11,785
FC05066	Beam Park	263	263	-	-	-
FC05073	Gascoigne East 3B	881	881	-	9,893	9,893
FC05020	Woodward Road	3,477	3,477	-	11,927	11,927
FC05071	Brocklebank Lodge	526	526	-	-	-
FC05023	GLA-Housing Zone 2019	5	5	-	-	-
FC05076	Gascoigne East Phase 2 (E1)	27	27	-	-	-
FC05082	Trocoll House	191	191	-	1,007	1,007
	Total Residential	160,990	153,939	6,578	270,105	276,681
Temporary Accommodation						
FC04077	Weighbridge	2,358	1,374	984		984
FC04078	Wivenhoe Containers	3,093	3,093	-		-

Project	Name	Budget	Cost	Budget	Future Year Budget	
		20.21	YTD	Remain ing	21/22	21/22 +Budget Remaining
FC05021	Grays Court	6,092	6,092	-		-
FC04101	Margaret Bondfield	2,479	218	2,261	2,194	4,455
	Total Temporary Accommodation	14,022	10,777	3,245	2,194	5,439
	Total IAS	271,962	258,718	12,771	299,153	311,922
	Total for Transformation Capital	3,999	3,999			
	Total Overall Budget	370,693	320,516	50,177	351,601	399,114
Project	Name					
FC02565	Corporate Accommodation Strategy		1			
FC02950	Central Heating 18/19		-1			
FC02959	Robert Clack Expansion existing		6			
FC02983	Decent Homes Central		8			
FC03029	Broadway Theatre Refurb		-3			
FC03034	Strategic Parks		-17			
FC03093	Eastbury Mnr Hse-Access Imprv		-1			
FC04027	Car Park Improvements		-1			
FC04054	Decent Homes Cntl18-20 (R&M)		6			
FC05010	Lift Replacement Prog 19/20		11			
FC02909	School Expansion Minor Projects		6			
FC02939	Conversions		3			
FC02943	Asbestos Removal		2			
FC03046	Decent Homes (North) 2015-16		-12			
FC03057	Youth Zone Development		4			
FC04005	Public Realm Improvements		-5			
FC04055	Woodlands Repairs		-10			
FC04089	Abbey Sports Centre Site		-10			
FC05012	Estates - Garages 19/20		2			
FC04020	Parsloes Park reg football hub		-2			

CABINET**22 June 2021**

Title: Treasury Management Annual Report 2020/21	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: David Dickinson, Investment Fund Manager	Contact Details: Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director (S151 Officer)	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
Summary	
<p>Changes in the regulatory environment now place a greater onus on Elected Members for the review and scrutiny of treasury management policy and activities. This Treasury Management Annual Report is important in that respect, as it provides details of the outturn position for treasury activities, significant new borrowing proposed, and highlights compliance with the Council's policies previously approved by the Assembly prior to the start of each financial year.</p> <p>This report presents the Council's outturn position in respect of its treasury management activities during 2020/21. The key points to note are as follows:</p> <p><u>Interest Income and Investments:</u></p> <ul style="list-style-type: none"> i) Total treasury investments held at 31/3/2021 was £210.17m (2019/20: £347.29m); ii) Total cash held at 31/3/2021 was £45.19m (2019/20: £6.79m); iii) Total loans lent held at 31/3/2021 was £105.99m (2019/20: £80.48m); iv) Interest for 2020/21 was £8.8m (2019/20: £8.8m) compared to a budget of £6.5m, an outperformance of £2.3m and has been transferred to the Investment Reserve; v) Investment income from the Council's Investment and Acquisition Strategy (IAS) totalled £6.59m (2019/20: £2.7m) for the year compared to a budget of £6.64m, an underperformance of £50k; vi) The Council's average treasury interest return of 1.62% for 2020/21 was 1.31% higher than the average London Peer Group return of 0.31%; vii) The Council's average return on its loans, consisting of commercial and property loans was 4.46% for 2020/21 (3.63% for 2019/20); 	

Interest Expense and Borrowing:

- viii) Interest payable for 2020/21 totalled £32.8m (2019/20: £34.17m), £9.6m for PFI / Finance leases, £10.9m for HRA and £12.3m for the General Fund;
- ix) Capitalised interest for 2019/20 totalled £1.5m and for 2020/21 totalled £3.0m and have been transferred to the Investment Reserve;
- x) The Council borrowed £60.0m of long-term General Fund borrowing in 2020/21 at an average rate of 1.28% and an average duration of 31.7 years;
- xi) The total long-term General Fund borrowing at 31/3/2021 was £600.4m, comprising of market loans, Public Works Loan Board (PWLB), Local Authority, European Investment Bank and other loans;
- xii) The value of short-term borrowing as at 31 March 2021 totalled £67.5m;
- xiii) HRA borrowing totalled £295.9m of long-term debt and £35.3m of internal borrowing from the General Fund, with PFI / finance lease borrowing totalling £217.8m;
- xiv) Total Council borrowing, including PFI and finance leases, was £1.16bn as at 31 March 2021;
- xv) The Council did not breach its 2019/21 Operational Boundary limit of £1.25bn or its Authorised Borrowing Limit of £1.35bn; and
- xvi) The Council complied with all other set treasury and prudential limits.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to:

- (i) Note the Treasury Management Annual Report for 2020/21;
- (ii) Note that the Council complied with all 2020/21 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2020/21, as set out in Appendix 1 to the report; and
- (iv) Note that the Council borrowed £60.0m from the Public Works Loan Board (PWLB) in 2020/21.

Reason(s)

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

1. Introduction and Background

1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce a treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

1.2 For the 2020/21 period Assembly received the following reports:

- an annual treasury strategy in advance of the year (Assembly 26/02/2020);
- a mid-year (minimum) treasury update report (Assembly 25/11/2020); and
- an annual review following the end of the year (this report).

1.3 This Annual Treasury Report covers:

- Treasury position as at 31 March 2021;
- Economic Factors in 2020/21 and Interest rates Forecasts;
- Treasury Investment Strategy and Performance in 2020/21;
- Borrowing Outturn and Capitalised Interest;
- Commercial and Reside Loans Outturn;
- Investment and Acquisition Strategy Outturn;
- Treasury Management costs in 2020/21;
- Compliance with Treasury limits and Prudential indicators; and
- Prudential Indicators for 2020/21 (Appendix 1).

2. **Treasury Position at 31 March 2021:** The Council's treasury position for 2019/20 and 2020/21 can be found in table 1 below:

Table 1: Council's treasury position at the start and end of 2020/21

	31-Mar-20	Average Rate of interest	Average Life	31-Mar-21	Average Rate of interest	Average Life
	£'000	%	Years	£'000	%	Years
Fixed Rate Debt						
HRA – PWLB	265,912	3.51	35.81	265,912	3.50	34.81
HRA – Market	30,000	4.03	58.2	30,000	4.03	57.20
HRA - Internal Borrowing	34,759	1.98	1.00	35,332	1.98	1.00
Total HRA Borrowing	330,671	3.40	34.18	331,244	3.38	33.23
GF Debt						
GF – PWLB	463,498	2.16	23.83	506,822	2.06	23.05
GF - Market	96,178	2.49	41.91	93,613	2.49	26.75
GF – ST Borrowing	126,100	0.85	0.07	67,503	0.09	0.30
Total GF Borrowing	685,776	1.97	22.00	667,938	1.92	21.27
Total Debt	1,016,447	2.43	25.96	981,688	2.45	25.68
Investments						
Treasury Investments	346,951	1.34	2.37	210,168	1.62	2.17
Cash	6,787	0.10	0.00	45,193	0.01	0.00
Loans	75,397	3.57		105,993	4.46	
HRA Internal Lending	34,759	1.98		35,332	1.98	
Total Investments	457,107	1.76		396,686	2.38	

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

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

3. **Economic Factors in 2020/21 and Interest Rate Forecasts**

3.1 **UK. Coronavirus.** 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three-month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer. The way in which the UK has implemented a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. Household saving rate has also been high since the first lockdown and there is plenty of pent-up demand and purchasing power stored up for services. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during Q1 of 2022.

3.2 The **Monetary Policy Committee** cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing QE (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased then QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

3.3 **Average inflation targeting.** This was the major change adopted by the BOE in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". In effect, if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor.

3.4 **BREXIT.** The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy.

4. Treasury Investment Strategy and Performance in 2020/21

4.1 Treasury and IAS Outturn: The Treasury and IAS Outturn is in Table 2 Below.

Table 2: Treasury Outturn for 2019/20 and 2020/21

Interest	2019/20 Actual	2019/20 Budget	Differ- ence	2020/21 Actual	2020/21 Budget	Differ- ence
HRA Borrowing Costs	12,244	12,244	0	10,944	10,944	0
General Fund IAS & Interest Costs						
GF Borrowing costs	12,374	11,769	605	12,254	13,069	(815)
GF Interest Income	(8,818)	(6,648)	(2,170)	(8,817)	(6,503)	(2,314)
GF IAS Income	(2,735)	(4,333)	1,598	(6,230)	(6,637)	407
Capitalised Interest (19/20)				(1,522)	0	(1,522)
Capitalised Interest (20/21)				(3,002)	0	(3,002)
GF Net IAS & Interest Cost	821	788	33	(7,317)	(71)	(7,246)

4.1.1 Overall borrowing costs were lower than budgeted as both long-term and short-term borrowing rates were cheaper than the forecast. The Council has also agreed to capitalise borrowing costs for schemes that are over £10m in total value and take longer than two years to develop. This was backdated to 2019/20 and as a result borrowing costs of £4.52m were capitalised in 2020/21.

4.1.2 Treasury provided a surplus return of £2.3m and the IAS, although underperforming its target by £50k, held up well during a particularly difficult investment period. The borrowing costs and treasury and IAS income is outlined in detail in the next sections.

4.2 Annual Investment Strategy (AIS) 2020/21

4.2.1 All investments were managed in-house and were invested with institutions of high credit standing listed in the Council's approved lending list and specified limits. The Council invested over a range of periods from overnight to three years, with an increase in lending to other Local Authorities and a reduction in lending to banks. The Council's investment policy is outlined in the 2020/21 Annual Investment Strategy. The policy sets out the Council's approach for choosing investment counterparties.

4.2.2 Council officers met quarterly with Treasury Adviser to discuss financial performance, objectives, targets and risk in relation to the Council's investments and borrowing. The Cabinet Member for Finance, Performance and Core Services was briefed regularly on treasury activity by the Section 151 Officer.

4.2.3 Investments decisions during 2020/21

When making investment decisions the Council's investment priorities are:

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

Using the above as the basis for investment decisions does mean that investment returns will be lower than would be possible were yield the only consideration. During 2020/21, the Council ensured that all investments were made with appropriately rated

counterparties and that liquidity was maintained. On occasion, short term borrowing was also used to allow the Council to take advantage of investment opportunities.

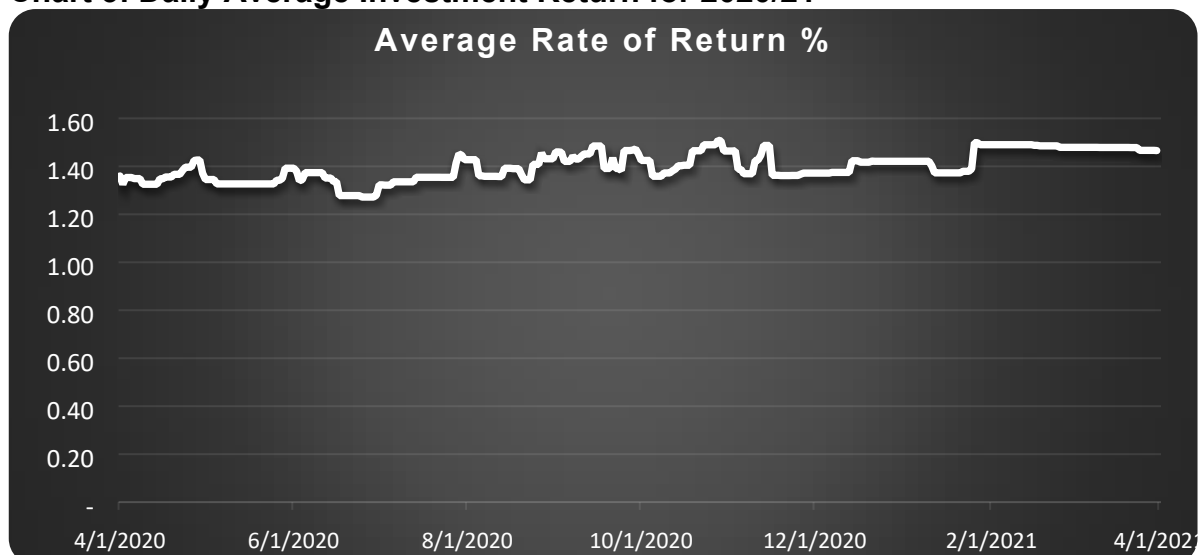
4.2.4 In March 2020 treasury forward dealt £30m at an average rate of 1.70% and an average duration of 2 years as it positioned for a low interest rate environment. These forward deals were the only major treasury deals made during the year as rates reduced to near zero. The Council held a high investment balance of £347.0m at 31 March 2020 and cash, rather than borrowing, was used to fund most of the Council's cashflow requirement for 2020/21. The average investment balance (excluding cash) held for 2020/21 was £268.5m. The average daily Treasury Investment Balance for 2020/21 is shown in chart 2:

Chart 2: Average Daily Treasury Investment Balance for 2020/21



4.2.5 Treasury investments provided an average return of 1.40% for 2020/21 (1.34% for 2019/20), which increased to an average return of 2.38% when including non-treasury investments. Although the average return was on a reducing balance, the increase in the average return for the year allowed a significant net surplus of £2.3m to be generated and this excess return was moved to the investment reserve. Chart 3 below graphically illustrates the average daily treasury return for the year:

Chart 3: Daily Average Investment Return for 2020/21



4.2.6 In addition, an average interest of 3.25% was charged on borrowing costs for commercial property (borrowing for commercial property at 31/03/2021 was £102.3m). This return was allocated to the IAS.

4.3 Strategy Changes in 2020/21

4.3.1 The Council's investment policy was agreed by the Assembly on 26 February 2020. Members agreed to delegate authority to the Section 151 officer in consultation with the Cabinet Member for Finance, Performance and Core Services to proportionally amend the counterparty lending limits agreed within the TMSS.

4.3.2 During the year an increase in the maximum short-term cash the Council could hold was agreed by the S151 officer to allow treasury to respond to any liquidity issues but also to manage large cashflow movements resulting from borrowing £60m of long-term debt in December 2020 and from the sale of the film studio land in March 2021. The high cash balance was offset by short-term borrowing.

4.4 Performance Benchmark in 2020/21

4.4.1 As part of ensuring value for money and to monitor the Council's investment return, the Council's treasury performance is benchmarked by against a peer group of London and other Local Authorities. Benchmarking data is provided by the Council's treasury advisors, Link Asset Services. Table 3 summarises the benchmarking data as at 31 March 2021.

Table 3: Advisor's Benchmarking data as at 31 March 2021

Savings Proposal	LBBD	London Peer Group (21)
Weighted Average Rate of Return	1.62%	0.31%
Weighted Average Maturity(days)	351	88
Credit Risk (lower is less risky)	1.34	2.68

4.4.2 The benchmarking data outlines the outperformance of the Council's treasury investment return compared to a group of 21 London Boroughs. By only including treasury returns (i.e. returns from deposits, Money Market Funds etc) the performance of each treasury team can be compared on a like for like basis. The Council's average return as at 31 March 2021 was 1.31% higher than the average London Peer Group return. On an average investment balance of £268.5m that equates to additional income above the average of £3.52m against the London Peer group.

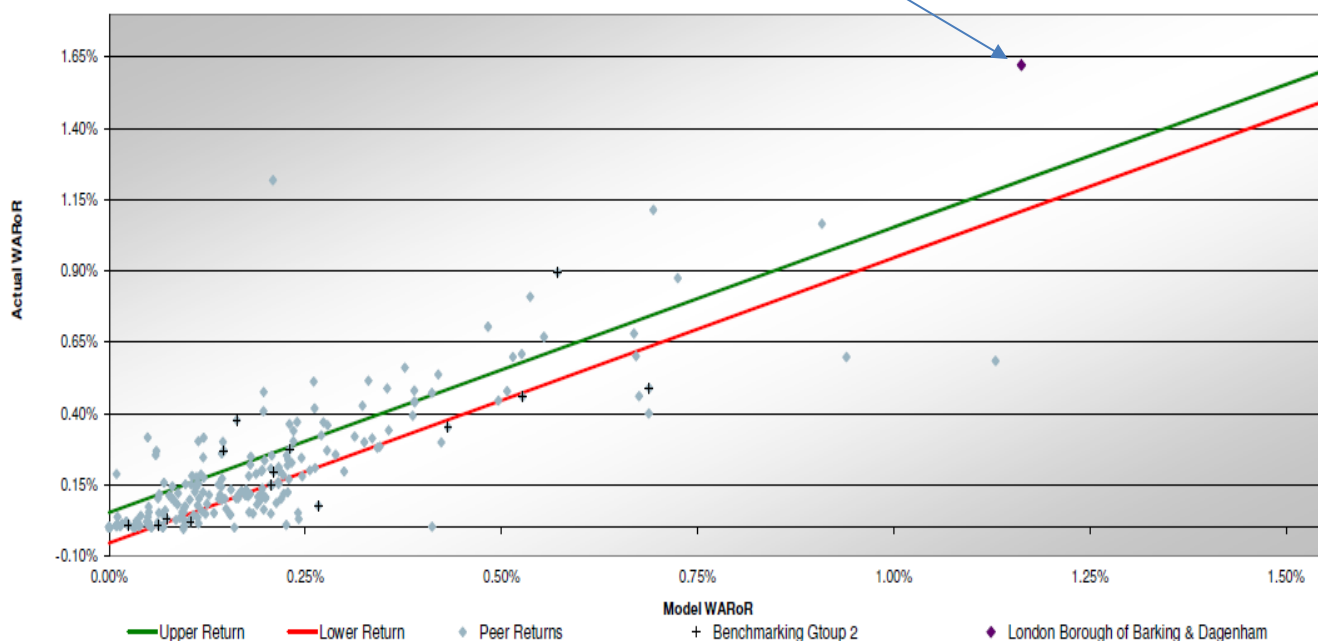
4.4.3 The Council's credit risk, at 1.34 was lower (better) than the London Peer Group at 2.68. This lower average is due to the Council moving away from investing in banks and other financial institutions and investing more with other Local Authorities.

4.4.4 Chart 4 illustrates the Council's return against the upper and lower banding levels. The Council has a high overall return (the highest when compared to the Local Authority group). The return is higher than the banding range, indicating the return is above the return that would be expecting considering the duration. The average return is expected to increase in 2021/22, although on a reducing average balance as cash is reduced to fund investments.

The Council's return is highlighted below:

Chart 4: Advisor's benchmarking data as at 31 March 2021

Population Returns against Model Returns



	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
London Borough Of Barking & Dagenham	1.62%	1.16%	0.46%	1.11%	1.22%	Above

4.5 Table 4: Investments held by the Council at 31 March 2021

Counterparty	Rating	Rate %	£000s	Start	End
LBBB Pension Fund	Local Authority	0.50	29,200		
Cambridgeshire CC	Local Authority	2.05	10,000	06/04/2018	06/04/2021
Medway Council	Local Authority	1.50	10,000	16/10/2018	16/04/2021
South Ayrshire Council	Local Authority	1.55	5,000	22/10/2018	22/04/2021
L B Croydon	Local Authority	1.50	10,000	24/04/2018	23/04/2021
Wokingham BC	Local Authority	1.55	10,000	30/01/2019	30/07/2021
Sedgemoor DC	Local Authority	1.08	5,000	20/08/2019	20/08/2021
Lloyds Bank PLC	A+	1.48	10,000	31/08/2018	31/08/2021
Rugby BC	Local Authority	1.80	5,000	18/10/2019	18/10/2021
Rugby BC	Local Authority	1.80	5,000	15/11/2019	15/11/2021
Rugby BC	Local Authority	1.60	10,000	25/11/2019	25/11/2021
Wokingham BC	Local Authority	1.65	15,000	28/01/2020	28/01/2022
Folkstone and Hythe DC	Local Authority	1.60	5,000	31/01/2020	31/01/2022
Lloyds Bank PLC	A+	1.59	5,500	18/04/2019	19/04/2022
Birmingham CC	Local Authority	1.70	10,000	24/04/2020	22/04/2022
L B Croydon	Local Authority	1.70	10,000	06/07/2020	06/07/2022
L B Croydon	Local Authority	1.70	10,000	14/07/2020	14/07/2022
Runnymede BC	Local Authority	1.80	5,000	20/12/2019	20/12/2022
Colchester BC	Local Authority	1.75	5,000	02/03/2020	03/01/2023
Cardiff Council	Local Authority	1.75	10,250	10/01/2020	10/01/2023
Dudley Metropolitan BC	Local Authority	1.80	10,000	21/02/2020	21/02/2023
Northumberland BC	Local Authority	1.80	5,000	27/02/2020	27/02/2023
Cambridgeshire CC	Local Authority	1.00	10,000	11/01/2021	11/01/2024
Other investments	Local Authority		218		
Total Investments			210,168		

5. Borrowing Outturn and Capitalised Interest

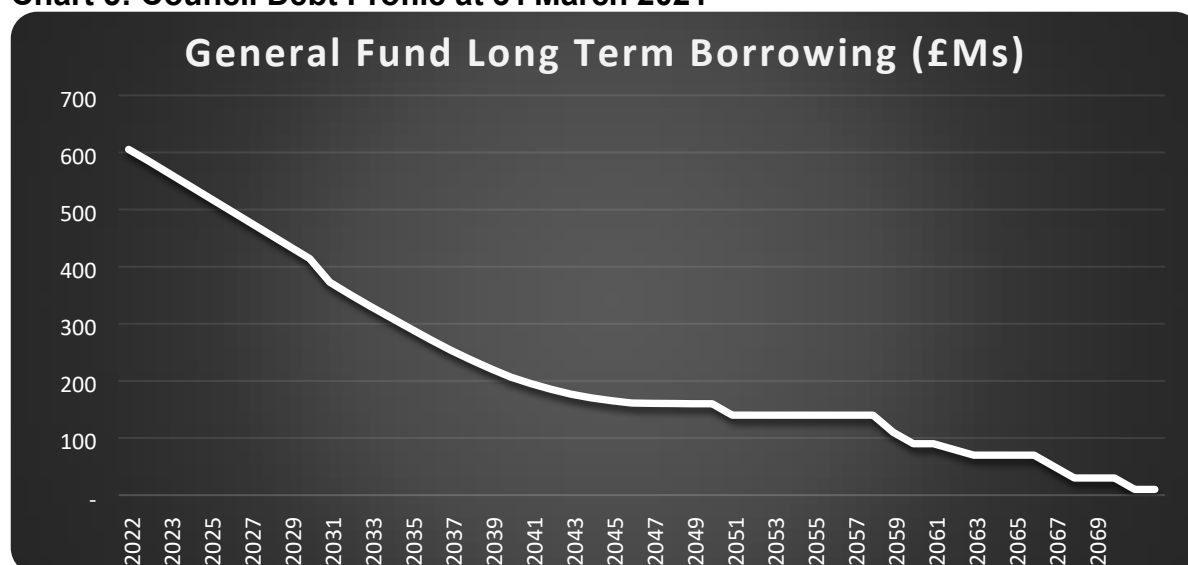
- 5.1.1 Short-term borrowing was used for most of the year to cover cashflow requirements, but after the PWLB dropped its margin from 1.8% to 0.8% in November 2020, £60m was borrowed at an average rate of 1.28% in December 2020. These loans are maturity loans (pay at maturity date) and were used as the strategy already has a significant amount of Equal Instalment and Annuity borrowing and these durations allowed both for a reduced rate but also smoothed the Council's overall repayment. Fixing long term borrow improves the future year budget requirements as the borrowing is locked in. Savings over the life of the borrowing compared to a 2.0% target is £12.16m.

Table 5: Long-Term Borrowing in 2020/21

Lender	Start Date	End Date	Amount £Ms	Rate	Duration	Savings Against 2% £Ms	Savings Against 3% £Ms
PWLB	21/12/2020	21/12/2070	20.00	1.33%	50 Years	6.70	16.70
PWLB	23/12/2020	23/12/2040	20.00	1.02%	10 Years	1.96	3.96
PWLB	23/12/2020	23/12/2055	20.00	1.50%	35 Years	3.50	10.50
Total and Average Rate			60.00	1.28%	31.7 yrs.	12.16	31.16

- 5.1.2 During the year commercial purchases, as part of land assembly, were funded by a mixture of short-term borrowing and cash, with expenditure on residential developments funded by PWLB borrowing taken in March 2020 and December 2020. This approach has also helped to reduce the overall borrowing costs.
- 5.1.3 Officers have sought to ensure that the borrowing matches the relevant asset life and repayment profile of the Council's investment portfolio. Chart 5 below summarises the GF long term debt position as at 31 March 2021, indicating the repayment profile.

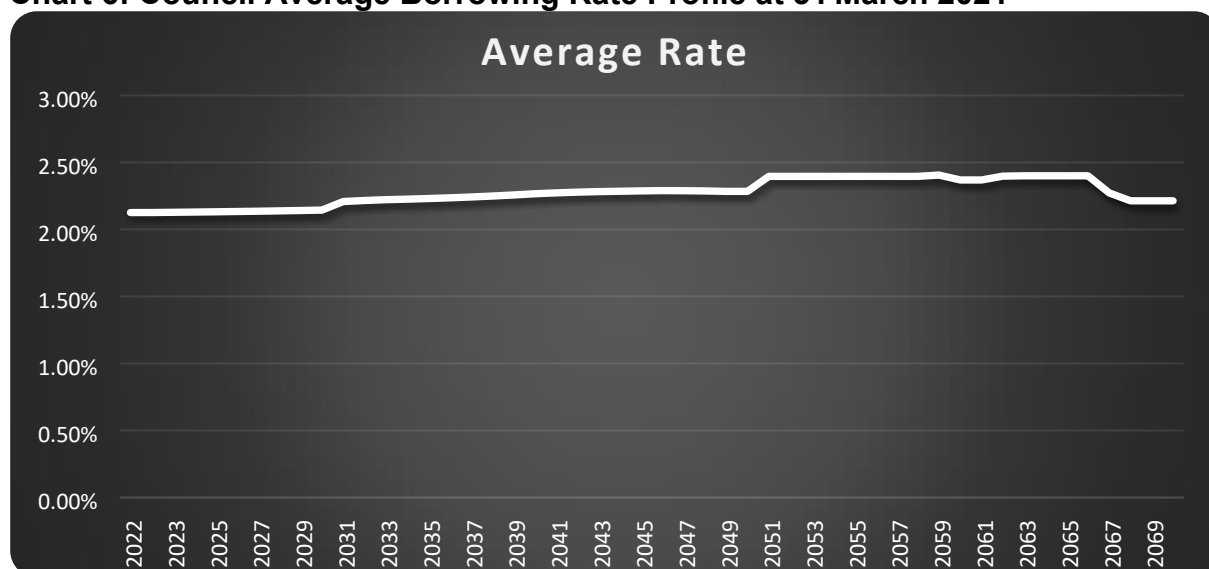
Chart 5: Council Debt Profile at 31 March 2021



- 5.1.4 The current borrowing strategy has a target of reducing the long-term average borrowing rate to below 2.0%. Currently the average long-term borrowing rate is 2.13%, down from 2.22% as at 31 March 2020. The average rate is reduced further by using short-term borrowing, with the total average borrowing rate for the General Fund at 1.92%. Chart 6 outlines the average borrowing costs over the duration of

the Council's borrowing. The increase over time reflects the fact some of the longer-term borrowing is at higher rates than the average, although this is against a much smaller amount of debt. Charts 5 and 6 are based on the same time period.

Chart 6: Council Average Borrowing Rate Profile at 31 March 2021



Capitalisation of Development Interest

- 5.1.5 The Council's IAS will increase the Council's interest payment costs as borrowing increases to fund the development costs. Were the Council to borrow a billion pounds at 2.0% (the current target average long-term debt rate) then the interest costs would be £20m per year, although this would decrease as debt is repaid. This will be funded by rental income from the various schemes but will result in a long-term obligation for future generations as some of the loans that will be taken out have maturity dates of up to 50 years.
- 5.1.6 The Council's borrowing is largely to fund the IAS. During the construction stage there is a cost of carry as there is no income from the scheme. For previous developments, such as Weavers, interest was capitalised during the construction against loans made to Reside. As construction is now carried out by the Council, a method to capitalise the interest was identified through advice provided by the fund's Treasury advisors, Link. As a result, interest incurred during the construction phase will be capitalised against developments that cost over £10m and that take in excess of two years to build. This approach has reduced the pressure on the Council's interest budget, which was raised in the July IAS update report.
- 5.1.7 Capitalisation of interest will start from when the development has been agreed at Gateway 2. Where land has been purchased as part of land assembly the capitalisation of interest will be from the later date of either the completion date of the purchase or the date of this accounting policy.
- 5.1.8 Interest will be capitalised on a quarterly basis and will be based on the weighted average of the borrowing costs that are outstanding during the period. Cessation of capitalisation will occur when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

5.2 Borrowing Owed at 31 March 2021

5.2.1 Table 5 outlines the borrowing owed by the Council at 31 March 2021, split between HRA and GF. The interest rate and borrowing period is included along with the type of loan, which includes Annuity, Equal Instalment, and maturity repayments.

Table 5: Loans as at 31 March 2021

Lender	Start Date	End Date	Amount	Rate %
HRA				
PWLB(Maturity)	28/03/2012	28/03/2042	50,000	3.50
PWLB(Maturity)	28/03/2012	28/03/2062	65,912	3.48
PWLB(Maturity)	28/03/2012	28/03/2061	50,000	3.49
PWLB(Maturity)	28/03/2012	28/03/2052	50,000	3.52
PWLB(Maturity)	28/03/2012	28/03/2060	50,000	3.49
LANCASHIRE CC (Maturity)	15/05/2019	27/02/2060	10,000	4.05
LANCASHIRE CC (Maturity)	15/05/2019	26/03/2059	10,000	4.05
BARCLAYS (Maturity)	30/05/2008	30/05/2078	10,000	3.98
HRA Total LT Borrowing			295,912	
General Fund				
PWLB(Maturity)	09/06/2016	09/06/2066	20,000.00	2.72
PWLB(Maturity)	14/06/2016	15/12/2059	10,000.00	2.65
PWLB(Maturity)	28/06/2016	29/12/2059	10,000.00	2.49
PWLB(Maturity)	29/06/2016	29/06/2062	10,000.00	2.38
PWLB(Maturity)	07/07/2016	06/01/2062	10,000.00	2.14
PWLB(Maturity)	05/04/2017	05/04/2067	20,000.00	2.36
PWLB(EIP)	12/09/2017	12/09/2040	16,956.52	1.98
PWLB(Maturity)	19/12/2017	19/06/2058	30,000.00	2.36
PWLB(EIP)	21/02/2018	21/02/2036	16,666.67	2.38
PWLB(EIP)	07/03/2018	07/03/2035	8,235.29	2.20
PWLB(EIP)	19/03/2018	19/03/2038	17,000.00	2.31
PWLB(EIP)	31/05/2018	29/05/2043	18,000.00	2.27
PWLB(EIP)	01/10/2018	01/10/2039	36,190.48	2.38
PWLB(EIP)	30/10/2018	30/10/2036	17,777.78	2.14
PWLB(EIP)	10/12/2018	10/12/2043	18,400.00	2.28
PWLB(EIP)	04/02/2019	04/02/2042	18,260.87	2.17
PWLB(EIP)	26/03/2019	26/03/2042	36,521.74	1.99
PWLB(EIP)	04/06/2019	04/06/2046	18,888.89	1.97
PWLB(EIP)	08/08/2019	08/08/2039	18,500.00	1.39
PWLB(EIP)	05/09/2019	05/09/2042	18,695.65	1.23
PWLB(Annuity)	28/02/2020	28/02/2038	19,089.13	2.27
PWLB(Annuity)	03/03/2020	03/03/2038	19,081.72	2.18
PWLB(Annuity)	10/03/2020	10/03/2040	19,182.64	2.06
PWLB(Annuity)	11/03/2020	11/03/2045	19,374.78	1.98
PWLB(Maturity)	15/12/2020	15/12/2070	20,000.00	1.33
PWLB(Maturity)	23/12/2020	23/12/2030	20,000.00	1.02
PWLB(Maturity)	23/12/2020	23/12/2055	20,000.00	1.50
DEXIA (Maturity)	01/04/2019	30/06/2077	10,000	3.98
L1 RENEW (Annuity)	01/04/2019	01/10/2046	6,794	3.44
EIB (Annuity)	01/04/2019	31/03/2044	76,820	2.21
Total GF Long Term Borrowing			600,436	

Lender	Start Date	End Date	Amount	Rate %
Liverpool City Combined	11/02/2021	11/05/2021	5,000	0.03
Wigan MBC	17/02/2021	17/05/2021	5,000	0.04
Essex CC	22/02/2021	24/05/2021	5,000	0.05
Colchester BC	10/12/2020	10/06/2021	5,000	0.12
Tyne & Wear Pension Fund	10/03/2021	10/06/2021	5,000	0.14
Liverpool City Region	19/02/2021	19/08/2021	5,000	0.08
Northern Ireland Housing	19/02/2021	19/08/2021	5,000	0.10
Derbyshire Pension Fund	19/02/2021	19/08/2021	5,000	0.10
East Suffolk	19/02/2021	19/08/2021	5,000	0.10
Oxfordshire CC	22/02/2021	23/08/2021	5,000	0.10
Crawley BC	22/02/2021	23/08/2021	5,000	0.10
LB of Islington	22/02/2021	23/08/2021	5,000	0.10
Reside Regeneration Ltd	01/04/2021	01/04/2021	3	3.00
North Tyneside Council	26/02/2021	26/08/2021	7,500	0.10
GF Total ST Borrowing			67,503	

6. Commercial and Reside Loans Outturn

- 6.1 In addition to its treasury investments, the Council has several loans to its subsidiary companies, residential property loans to Reside and a prepayment to the pension fund. These loans all have a loan agreement, a commercial interest and repayment schedule. As at 31 March 2021 the Council's commercial loans and equity exposure totalled £149.6m and are summarised in table 6 below:

Table 6: Commercial and Reside Loans at 31 March 2021

Reside Company	Loan Type	Value £000s
Grafton Primary School	Commercial Loan	60.53
Valence Primary School	Commercial Loan	55.53
Southwood Primary	Commercial Loan	31.99
Gascoigne Primary School	Commercial Loan	69.77
B&D Reside Roding ltd	Commercial Loan	792.36
Barking & Redbridge FC	Commercial Loan	92.79
Barking Riverside Ltd	Commercial Loan	5,500.00
BD Energy LTD	Commercial Loan	307.42
BD Energy LTD	Commercial Loan	2,623.83
BD Muller Developments	Commercial Loan	24,571.38
BDTP LEUK	Commercial Loan	23,858.06
BE-FIRST LTD	Commercial Loan	4,599.56
Care City	Commercial Loan	30.00
Reside Abbey Roding LLP	Commercial Loan	67.40
Reside Ltd	Commercial Loan	288.62
Reside Regeneration LLP	Commercial Loan	6,400.43
Reside Weavers LLP	Commercial Loan	93.35
Reside Weavers LLP	Commercial Loan	34,547.14
Reside Weavers LLP	Commercial Loan	2,200.73
TPFL Regeneration Ltd	Commercial Loan	20.36
LBBB Pension Fund	Pension Fund Prepayment	20,000.00
BD Muller Developments	Equity	23,348.97
Total		149,560.24

- 6.2 The majority of the loans outlined above are secured against an asset or a guarantee. Where the loan is unsecured the company is closely monitored to ensure that it remains viable.
- 6.3 Loans against residential properties (Reside Loans) are very long term, with the loan duration of up to 55 years (to match the asset life of the asset it is secured against). A repayment schedule, based on an annuity repayment, is in place for each loan.
- 6.4 Commercial loans durations vary, with some loans to schools maturing in 15 years but most of the loans have a maximum duration of 5 years. Each loan has a state aid compliant interest rate and have been agreed at Cabinet.
- 6.5 The Pension Fund amount is a prepayment of pension contributions totalling £40m and also includes a short-term loan. The prepayment provides the pension fund with cash, which it uses to fund investments in infrastructure but also provides a return to the Council from making the payment early. Each month a portion of the loan is repaid and the actual contribution for the month is paid by the Council to ensure that the correct contribution rate is paid to the pension fund.
- 6.6 The loan and equity investment in BD Muller Developments is for the purchase of the Muller site in Chadwell Heath.

7. Investment and Acquisition Strategy Outturn

7.1 Council's Growth Strategy

- 7.1.1 In 2015, the Growth Commission Report – “No-one left behind: in pursuit of growth for the benefit of everyone”, recommended the establishment of a Borough-wide regeneration vehicle that would be an early statement of the Council's intent to increase the pace of regeneration of the borough.
- 7.1.2 Subsequently Be First was set up to deliver the Council's long-term strategic regeneration objectives, including enhancing economic growth and prosperity for the people of Barking and Dagenham. In addition, Be First has been charged with delivering significant financial benefits to the council by bringing forward returns in New Homes Bonus, Council Tax and NNDR, and delivering dividends to the Council.
- 7.1.3 In October 2016, Cabinet agreed an Investment and Acquisition Strategy (IAS) and an Investment Panel was also established and charged with managing an investment portfolio. In 2017 the Council revised the IAS, with a revised strategy subsequently taken to Cabinet each year, the last one agreed was at the October 2020 Cabinet.
- 7.1.4 The IAS was originally set a target of delivering a net income of £5.13m per annum by 2020/21. Subsequently £0.60m was added as an additional target for the Abbey Road scheme and a further £0.91m was added as a return target for the CR27 income strip deal. As a result, for 2020/21 and for 2021/22 the total return target is £6.64m.

7.2 Overall Summary

- 7.2.1 In 2020/21 the IAS returned £6.59m against a revised target of £6.64m, which equates to a relatively small underachievement of £50k.

7.2.2 The reasons for the lower return include delays in a number of residential schemes becoming operational, CR27 was delayed by 3 months and there was a reduction in income from Travelodge as a result of the Company Voluntary Arrangement.

7.2.3 Interest charged on the commercial investments rental income provided a good, although short-term in nature, return. Income to the IAS from the loan to Muller and the arrangement fee also provided a significant return to the strategy. A summary of the outturn for each income type is provided in table 7 below:

Table 7: IAS Outturn 2020/21

Income Type	Target	Actual	Variance
Residential	2,760	1,812	(948)
Abbey Road	600	600	-
IAS Costs / Reside Costs	-	(559)	(559)
Total Residential	3,360	1,853	(1,507)
Commercial Income	2,365	4,575	2,210
Bad Debt Provision	-	(407)	(407)
Surplus Income to Be First	-	(125)	(125)
Total Commercial	2,365	4,043	1,678
CR27	912	690	(222)
IAS Total	6,637	6,586	(51)

7.2.4 Residential income is net of costs, bad debts and is effectively a surplus return from Reside. A bad debt provision has been included as part of the commercial return, with most of the provision made against outstanding debt from the purchase of the Heathway Shopping centre. The commercial return is predominantly income from sites acquired as part of land assembly in Thames Road. The variance against CR27 reflects the start date being delayed by a quarter to 1 July 2020.

7.2.5 For 2020/21, total gross spend on the investment strategy was £209.1m. The split between residential, commercial, and temporary accommodation is below:

Table 7: IAS Capital Spend 2020/21

IAS	£000
Residential Developments	151,734
Temporary Accommodation	10,765
Commercial Investments	46,632
Investments Total	209,131

7.2.6 For 2021/22 it is likely that there will remain a reliance on returns from the commercial properties, although this will reduce as the properties are either sold or redeveloped. There will be a shift towards the majority of the return coming from residential schemes that will become operational in 2021/22 and from an improvement in the returns from the current Reside schemes. A list of residential schemes that became operational in 2020/21 and that are scheduled to become operational in 2021/22 is provided in table 8 and 9:

Table 8: Residential Schemes Completed in 2020/21

Project 2020/21	Practical Completion (PC) Date			Units
	Original PC	Forecast PC	Variance	
Becontree Heath	Apr-20	Jul-20	3	87
Weighbridge	Sep-19	Oct-20	13	92
Grays Court Hospital	Dec-20	Jan-21	1	62
Wivenhoe Container	Dec-20	Feb-21	2	20
Total Number of Units				261

Table 9: Residential Schemes Scheduled to be Completed in 2020/21

Project 2021/22	Practical Completion (PC) Date			Units
	Original PC	Forecast PC	Variance	
Sebastian Court	Jan-21	Jul-21	6	95
Melish Close & Sugden Way	Apr-20	Jul-21	15	19
A House for Artists	Jul-21	Sep-21	2	12
Becontree Avenue 200	May-21	Sep-21	4	19
Sacred Heart	Sep-21	Sep-21	0	29
Margaret Bondfield	Aug-20	Nov-21	15	16
GE P2 - Block C	Mar-22	Mar-22	0	52
Crown House	Mar-22	Apr-22	1	169
Total Number of Units				411

8. Compliance with Treasury limits and Prudential Indicators

- 8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordable limits) are included in the approved Treasury Management Strategy (TMSS).
- 8.2 During the financial year to date the Council has operated within and complied with the treasury limits and Prudential Indicators set out in the Council's annual TMSS. The Council's prudential indicators are set out in Appendix 1 to this report. In 2020/21, the Council did not breach its authorised limit on borrowing of £1.35bn or its Operational limit of £1.25bn.

9. Options Appraisal

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

10. Consultation

- 10.1 The Section 151 officer has been informed of the approach, data and commentary in this report.

11. Financial Implications

Implications completed by: Katherine Heffernan, Finance Group Manager

- 11.1 This report sets out the outturn position on the Council's treasury management position and is concerned with the returns on the Council's investments as well as its short- and long-term borrowing positions. The net impact of the position is reflected in the Council's overall outturn position and the impacts into future years from borrowing and investment decisions will be incorporated into its MTFS.

12. Legal Implications

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

- 12.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor its budget during the financial year and its expenditure and income against the budget calculations. The Council sets out its treasury strategy for borrowing and an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 12.2 The Council is legally obliged to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act. Furthermore, the Prudential Code emphasises that authorities can set their own prudential indicators beyond that specified in the Code where it will assist their own management processes.

13. Risk Management

- 13.1 The whole report concerns itself with the management of risks relating to the Council's cash flow. The report mostly contains information on how the Treasury Management Strategy has been used to maximise income throughout the past year.
- 13.2 EIB funded urban regeneration programme - The urban regeneration programme will be governed by a programme delivery board established in the Regeneration department. A programme manager will be identified within the Council who will be responsible for delivering each scheme within the investment programme.

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

List of appendices:

Appendix 1 - The Prudential Code for Capital Investment in Local Authorities
Appendix 2 - Glossary of Terms

The Prudential Code for Capital Investment in Local Authorities

1. Introduction

- 1.1 There are a number of treasury indicators which previously formed part of the Prudential Code, but which are now more appropriately linked to the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code). Local authorities are still required to “have regard” to these treasury indicators.
- 1.2 The key treasury indicators which are still part of the Prudential Code are:
- Authorised limit for external debt;
 - Operational boundary for external debt; and
 - Actual external debt.

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

- 2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need;
- 2.2 To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure.
- 2.3 Net borrowing should not therefore, except in the short term, have exceeded the Capital Financing Requirement (“CFR”) for 2020/21 plus the expected changes to the CFR over 2020/21 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21.
- 2.4 For a number of years, the Council has used borrowing to fund its Investment and Acquisition Strategy (IAS), which is predominantly focused on the regeneration of the borough and the provision of affordable housing. Prior to any investment a scheme is appraised to ensure that it is financially viable and provides a contribution to the Council that will, at a minimum, cover its interest costs and Minimum Revenue Provision contribution, as well as pay for its management and maintenance costs. The IAS will result in a significant increase in the Council's borrowing, but this will be supported by an asset of a similar value being built and cash flows into the Council to support the increased borrowing.
- 2.5 Once a scheme is agreed and after development starts, treasury will seek to secure the borrowing to fund the scheme at a competitive rate. As such, from time to time, the Council may hold a higher-than-average cash balance as it holds the borrowed amount until it is required for the investment.

- 2.6 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.
- 2.7 **The authorised limit** – This sets the maximum level of external borrowing on a gross basis (i.e. Not net of investments) and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as Affordable Limit).
- 2.8 **The operational limit** – This links directly to the Council’s estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limits reflecting the most likely prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit for future known capital needs now. It should act as a monitor indicator to ensure the authorised limit is not breached.
- 2.9 **Total external borrowing**, including PFI and Finance Leases as at 31 March 2021 was £1.10bn, which is lower than the Approved Authorised Limit of £1.35bn and lower than the Operational Boundary of £1.25bn.

3. Capital Outturn and Capital Finance Requirement for 2020/21

- 3.1 The capital programme for 2020/21 was £343.5m, taking into account adjustments for the Investment and Acquisition Strategy (IAS) to reflect new schemes being added as and when they are agreed by Cabinet. The equity part of the Muller site purchase has been included as commercial investments. The transformation budget has been adjusted to reflect the actual spend and this has been funded by using capital receipts received during the year.
- 3.2 The 2020/21 gross Capital Spend was £293.8m against a budget of £343.5m, an underspend of £49.7m or 14.5%. with most of the spend in the IAS (£245.3m), Education, Youth and Childcare (£18.8m) and HRA (£26.1m). The impact of Covid is the main reason for the underspend.
- 3.3 The HRA programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore, they do not pose a pressure on the General Fund, in terms servicing the cost of borrowing. The service has spent £26.1m, which equates to 47% of the annual budget in 2020/21.

3.4 The 2020/21 outturn position is detailed below:

Capital Expenditure by Service	2020/21 Outturn	Budget	Over / (Under) spend
	£000	£000	£000
Adults Care & Support	1,449	2,196	(747)
Community Solutions	113	187	(74)
CIL / S106	622	1,720	(1,098)
Core	1,860	4,236	(2,376)
Culture, Heritage & Recreation	623	3,069	(2,446)
Enforcement	389	1,116	(727)
Transport for London	1,000	2,516	(1,516)
My Place	4,145	5,643	(1,498)
Public Realm	924	3,391	(2,467)

Education, Youth & Childcare	18,762	19,572	(810)
Other	700	1,606	(906)
General Fund	30,587	45,252	(14,665)
HRA			
Stock Investment (My Place)	17,428	38,458	(21,030)
New Build Schemes (Be First)	1,064	2,495	(1,431)
Estate Renewal (Be First)	7,645	8,000	(355)
HRA Total	26,137	48,953	(22,816)
Transformation	3,999	3,999	-
IAS			
Residential Developments	153,939	158,327	(4,388)
Temporary Accommodation	10,777	14,022	(3,245)
Commercial Investments	95,078	97,476	(2,398)
Investments Total	259,794	269,825	(10,031)
Add: PFI Additions (lifecycle costs)	144	144	0
Add: New Finance Lease (CF27)	94,600	94,600	0
Approved Capital Programme	415,261	462,773	(47,512)
Financed by:			
Grants	(29,254)		
Section 106	(3,357)		
CIL	(848)		
Capital Receipts	(3,999)		
HRA Contributions	(26,137)		
Sub Total	(63,595)		
Net financing need for the year	351,666		
Prudential Indicator – CFR			
Opening CFR as at 31 March 2020	867,933		
Change in Year – General Fund	291,909		
Change in Year – Housing	0		
Total CFR as at 31 March 2021	1,159,842		
Net movement in CFR	291,909		
Net financing need for the year	351,666		
Less: MRP*	(12,131)		
Less: Capital Receipts	(47,626)		
Movement in CFR	291,909		
Long & Short-Term Borrowing	963,850		
PFI and finance lease liabilities*	217,840		
Total debt 31 March 2021	1,181,690		
Operational Boundary	1,250,000		
Authorised Limit	1,350,000		

* includes draft CR27 figures

4. Affordability Prudential Indicators.

- 4.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.
- 4.2 The ratio of financing costs to net revenue stream. This indicator identifies the cost of capital (borrowing and MRP net of investment income) against the net revenue stream. For 2019/20 this was 4.72%, with most of the cost being MRP. The 2019/20 comparator figure has been adjusted to take into account capitalised interest relating to 2019/20 and post audit adjustments. The 2020/21 ratio is 2.81%, with the reduction due to capitalised interest and the good treasury and investment returns.

Table 2: Financing costs to net revenue stream 2019/20 & 2020/21

General Fund Cost of Capital	2019/20 Actual	2020/21 Actual
Net General Fund Base Budget	148,820	155,796
Cost of Capital		
GF Interest Payable	12,374	13,069
Capitalised Interest	(1,522)	(3,002)
Treasury Income	(8,818)	(8,817)
Investment Income	(2,735)	(6,230)
MRP	7,731	9,352
Net Cost of Capital	7,030	4,372
Financing Cost to Net Revenue	4.72%	2.81%

5. Limits for Fixed and Variable Interest Exposure

- 5.1 The following prudential indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.
- 5.2 The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%. The high fixed interest rate is as a result of locking in low long-term rates for the HRA borrowing and for the IAS, which requires certainty over the cost of borrowing. Table 3 shows the fixed and variable interest rate exposure.

Table 3: Fixed and variable rate exposure 2019/20 to 2021/22

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate
Interest Rate Exposures			
Upper limit for fixed interest rate exposure	100.0%	100.0%	100.0%
Upper limit for variable interest rate exposure	70.0%	70.0%	70.0%

6. Maturity Structure of Fixed Rate Borrowing

This prudential indicator deals with projected borrowing over the period and the rates that they will mature over the period. The majority of General Fund borrowing is either equal instalment repayment or annuity repayment, which means that each year a part of the loan is repaid. Table 4 summarises the borrowing structure based on £963.8 of long and short-term borrowing.

Table 4: Borrowing as at 31 March 2021

Maturity structure of fixed interest rate borrowing 2020/21			
	Actual Position	Lower	Upper
Under 12 months	8.62%	0%	40%
12 months to 2 years	2.22%	0%	60%
2 years to 5 years	6.65%	0%	70%
5 years to 10 years	13.15%	0%	70%
10 years and above	69.36%	0%	100%

Investments over 364 days

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

	2020/21	2021/22	2022/23
	£000's	£000's	£000's
	Actual	Estimate	Estimate
Maximum principal sums invested > 364 days £'000s			
Principal sums invested > 364 days	450,000	350,000	300,000

8.1 Summary Assessment

- 8.1 The outturn position is set out above in respect of the Prudential Indicators approved by Assembly in February 2020.
- 8.2 The outturn figures confirm that the limits and controls set for 2020/21 were applied throughout the year, and that the treasury management function adhered to the key principles of the CIPFA Prudential Code of prudence, affordability and sustainability. The treasury management indicators were regularly monitored throughout 2020/21.

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Glossary of Terms

1. **Authorised Limit** –represents the limit beyond which borrowing is prohibited, and needs to be set and revised by the Council. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some headroom for unexpected movements.
2. **Bank Rate** – the rate at which the Bank of England offers loans to the wholesale banks, thereby controlling general interest rates in the economy.
3. **Counterparty** – the other party involved in a borrowing or investment transaction.
4. **Capital Financing Requirement (CFR)** – the level of capital expenditure to be financed from borrowing.
5. **Liquidity** – The ability of an asset to be converted into cash quickly and without any price discount. The more liquid a business is, the better able it is to meet short term financial obligations.
6. **LIBID** – London Interbank Bid Rate - The interest rate at which London banks ask to pay for borrowing Eurocurrencies from other banks. Unlike LIBOR, which is the rate at which banks lend money, LIBID is the rate at which banks ask to borrow. It is not set by anybody or organisation, but is calculated as the average of the interest rates at which London banks bid for borrowed Eurocurrency funds from other banks. It is also the interest rate London banks pay for deposits from other banks.
7. **LOBO** (Lenders Option Borrowers Option) - Long term borrowing deals structured which usually has a short, initial period (anything from 1 year to 7 years), followed by a “step rate” to a higher rate of interest (the “back end” interest rate), which is to be charged for the remainder of the loan period.

The overall length of LOBO’s is usually 50 or 60 years but can be shorter or longer periods. After the “step up” date, and at set intervals thereafter, the lender (the bank) has the option of increasing the “back end” interest rate. Whenever this option is exercised, if the proposed new rate is unacceptable, the borrower (The Council) can redeem the loan without penalty.
8. **Monetary Policy Committee** – independent body which determines the Bank Rate.
9. **Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an early warning indicator to ensure the Authorised Limit is not breached.
10. **Prudential Code** – The Local Government Act 2003 requires the Council to ‘have due regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.
11. **PWLB** – Public Works Loan Board. An institution managed by the Government to provide loans to public bodies at rates which reflect the rates at which the government is able to sell gilts.

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CABINET**22 June 2021**

Title: Social Value in Procurement – Implementation Update	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Faye Elliott, Social Value Co-ordinator, Commercial Service	Contact Details: Tel: 07866 179745 E-mail: faye.elliott@lbbd.gov.uk
Accountable Director: Hilary Morris, Commercial Director	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
<p>Summary:</p> <p>The Council's Social Value policy was revised and approved by Cabinet in May 2020 (Minute 4, 19/05/20) and was formally launched in October 2020. Its purpose was to maximise the impact the Council could leverage from its contracted spend by mandating that social value must be part of the evaluation criteria on Council procurements.</p> <p>The revised policy was designed to enhance delivery of 'inclusive growth' and meet Borough Manifesto targets to improve job density, income and employment rates in the borough. The Social Value policy also plays a part in supporting delivery of the Council's wider Corporate Plan and strategic goals to improve participation and engagement; independence and resilience; and environmental sustainability.</p> <p>This report provides an update on the initial implementation progress and impact between October 2020 and March 2021.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the positive impact of the revised Social Value policy in terms of commitments in its first six months; (ii) Note the intention for the Council to apply for London Living Wage accreditation and its associated impacts, as set out in section 4.2 of the report; and (iii) Note the updated Social Value Toolkit, as set out at Appendix 1 to the report. 	
<p>Reason(s)</p> <p>To assist the Council in achieving its priority of 'Inclusive Growth' and commitments in the Borough Manifesto.</p>	

1. Introduction and Background

1.1 Since 2012, all public bodies have been legally required to consider how they can deliver additional economic, social and environmental benefits for the community when procuring goods and services, and how they may act to secure that improvement. Until the new policy came into effect this obligation was discharged by ensuring the Social Value was considered at the pre and post procurement stages but it was not mandated as part of the evaluation criteria within the tender process, therefore not all procurements returned measurable commitments.

1.2 This resulted in Social Value being seen in mainly large scale/high value procurements and although some outcomes had been achieved the policy was not maximising opportunities.

1.3 In May 2020 Cabinet approved a revised Social Value policy which committed Commissioners to include a minimum of 10% and a maximum of 20% Social Value weighting to the evaluation criteria for all procurements over £100k. This positive action was designed to ensure more focus was given to delivering measurable Social Value outcomes across the breadth of Council spend. The revised policy, along with a Social Value Toolkit, explains to potential suppliers how they can support the Council and our priority areas, and these were launched internally and externally in October 2020. The Policy requires potential suppliers to consider what action they might undertake to support the Council in achieving better outcomes for the borough and its residents and places emphasis on commitments that deliver within the five social value themes below:

- Investment in Local People
- Investment in Local Economy
- Environment Sustainability
- Community Participation and Engagement
- People, Independence and Resilience

1.4 Each Commissioner is encouraged to steer suppliers towards any number of these themes with emphasis placed on 'Investment in Local People' and 'Investment in Local Economy' as these are seen as offering the best opportunity for impact. However, it is ultimately the supplier that will commit to the outputs and actions it thinks it can achieve.

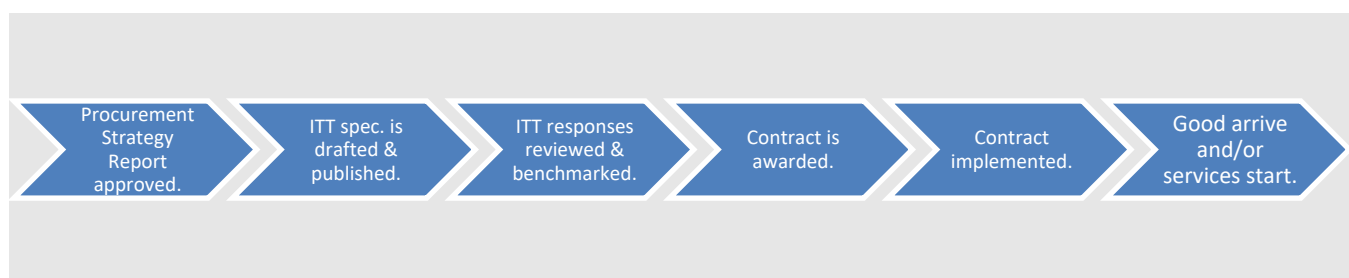
2. Baseline Data Analysis

2.1 Prior to the Social Value Co-Ordinator being appointed, there was limited collation of information on social value commitments or achievements therefore there is limited data available to use as an existing baseline. However, based on a review of data available, in the 12 months prior to the launch of LBBD's new Social Value Policy, there were 25 procurements logged on the Contract Register with an expected contract value of over £100,000 which would now meet the new Social Value criteria and require a commitment to measurable social value outcomes.

2.2 Of these, five specifically asked suppliers to respond outlining what Social Value commitments would be included in the contract. This represents 20% of procurements securing measurable additional outcomes, prior to the

implementation of the new Social Value Policy. One further procurement received some additional benefits for the borough that do not specifically relate to Social Value. Some of the five procurements also include contractual commitments that relate to Social Value but were listed in the contract specification. These therefore were recorded as a contractual outcome, not recorded as a Social Value outcome. Examples of these include a contractual requirement to secure 35% of supply chain spend through local suppliers with our print contract and a requirement to secure 60% of temporary labour from local people within our temporary labour contract.

- 2.3 Due to the nature of the procurements that now meet the Social Value threshold, there is often a long time between papers going to Procurement Board, Invitation to Tender (ITT) specification being developed and published, contract awards and the supplier starting work. The table below sets out the high-level procurement process:



- 2.4 As can be seen there can often be a 9-18 month lead time between the start of the process to procure and the work starting or goods arriving. On that basis reporting on Social Value should be considered in two separate ways; commitments and outcomes. Commitments are the activities or initiatives that suppliers outline they will deliver during the time they are in contract with the Council; whereas the outcomes are the actual benefits that are delivered by the supplier. There can be a number of factors that mean these two things differ, for instance, social distancing has caused some suppliers to revisit commitments they have made for this current year to ensure they are deliverable. Of the five procurements which included social value and which were conducted prior to the launch of the policy, the following commitments had been made:

- Xerox committed to deliver 3 activities within every 12 month period of the print contract. For the first 12 months this commitment was to deliver an amount of free printing for Schools in the borough, several tours of a print room facilities for students of Barking and Dagenham Schools, and a video of Print process for use in Barking and Dagenham Schools. More detail can be found in the outputs section below.
- Clear Channel committed a £60k fund to improve and increase green spaces in the Borough.

The other three procurements that were secured were:

- one supplier confirmed its commitment to pay the London Living Wage to all its staff,
- one had to postpone its contract implementation and, therefore, the Social Value implementation, focused on training and employment skills, has been delayed due to the pandemic but will be met at a later stage and;

- one is still in the contract implementation process. However, a commitment has been negotiated since the Policy launch with the assistance of the Social Value Coordinator and is included in the detail below.

2.5 Impact of Revised Policy

2.5.1 Since the Policy was officially launched in October 2020, all 29 procurements with a value greater than £100,000 that have had a procurement strategy approved at Procurement Board have included 10% Social Value weighting in their tender evaluation. Therefore, we have seen 100% compliance from the commissioners where they have met the threshold of the policy requirement in the first six months of the new Policy. This excludes procurements undertaken via a Waiver for direct award, single tender action or where the Council is procuring through an existing external framework which does not currently include a requirement for social value.

2.5.2 The following table summarises the commitments that have been agreed since the policy started and the outcomes that have been delivered. (Of the 29 procurements above, those not listed in the commitments or outcomes below are still in the ITT/contract development or implementation stage, so the final commitments have not been agreed.)

Supplier	Commitment	Themes
Moore Insight – ERP Replacement	<ul style="list-style-type: none"> • Working with Barking and Dagenham college to support students with CV/careers advice sessions and offer a work placement experience for a student. • Offer 8 week programme every 6-12 months for business in Barking and Dagenham, focused on start-up businesses for young people and women in business. • Provide business mentoring, accounting support and advice to businesses and local voluntary sector organisations. • Moore Insight have also committed to approximately 60 volunteer hours per year to be used on Local Growing/ Green initiatives. 	<ul style="list-style-type: none"> • Investment in local people • Investment in local economy • Investment in Environmental Sustainability
Fullers Builders - Valence House window repairs	<ul style="list-style-type: none"> • 3 videos for use on LBBD YouTube channel and in conjunction with B&D College as education material introducing Valence House and detailing the works being carried out. • 1 Site visit for B&D College students. 	<ul style="list-style-type: none"> • Investment in local people
Adecco – Temporary Labour	<ul style="list-style-type: none"> • 3 Initiatives in every 12-month period (these are yet to be defined however are to be focused on investment in local people and local economy) 	<ul style="list-style-type: none"> • TBC
Stigma - Nicotine Replacement Therapy	<ul style="list-style-type: none"> • Commitment to reduce single use plastics where possible. • Provide volume discount to Council and supply chain (pharmacies etc.) 	<ul style="list-style-type: none"> • Investment in Environmental Sustainability • Investment in local economy

ESRI – ARC GIS	<ul style="list-style-type: none"> • Provide Esri UK’s Schools Programme which provides free GIS software, data and lesson materials for schools in Barking and Dagenham, supporting teaching of the national curriculum: https://schools.esriuk.com/ • Provide one information event to provide education to schools/businesses of what ESRI offer and can provide. 	<ul style="list-style-type: none"> • Investment in local people • Investment in local economy
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Supplier	Outcomes	Themes
Xerox – Print contract	<ul style="list-style-type: none"> • Printing of signage (1000) for local business advising the Council’s ‘buy local, stay safe’ slogan. • Printing of home-schooling packs for some Primary Schools in the borough during the third national lockdown where schools were closed. • Undertaking role of Career Ambassador to support a career talk on Business for Yr12 students of Barking and Dagenham held via University of East London. • Through the supply chain of Xerox, DG3 made St Francis Hospice, Dagenham Food Bank and Barking and Dagenham Refuge their Christmas Charities, advising them and their fundraising efforts in the e-Christmas cards. 	<ul style="list-style-type: none"> • Investment in local economy • Investment in local people • Community participation and engagement
Clear Channel - Small Format Advertising (Digital & Analogue)	<ul style="list-style-type: none"> • £60k Innovation fund, advertised through B&D Giving: <ul style="list-style-type: none"> ○ £40k was awarded to the Thames View residents’ association to create a community green space (work yet to start, design consultation currently underway) ○ The River Roding Trust was awarded £20k for their proposal to plant a variety of trees along the upper reaches of the river Roding. 	<ul style="list-style-type: none"> • Community participation and engagement • Investment in Environmental Sustainability

2.6 Implementation phase 1: the first 6 months

2.6.1 In order to embed and ensure high quality and consistent application of the Social Value Policy across the various council commissioning teams, since the Policy was approved we have developed an internal Social Value Steering Group, meeting bi-monthly and made up of representatives from each commissioning service. These SV Steering Group members act as Social Value Champions, supporting and cascading information and best practice to their own teams and acting as a key point of liaison, as well as a consultative / co-productive group, working with the Social Value Coordinator.

- 2.6.2 Alongside the bi-monthly SC Steering Group meetings, the Social Value Coordinator has undertaken an extensive range of 1-2-1 interactions with commissioning colleagues across the council to embed the policy, ensure clarity of understanding and application, provide support in implementing, and review the different types of challenge and approach within each service area. This work has been fundamental to rapidly building a strong, cross organisational understanding of, and commitment to, the Social Value Policy as it is practically applied and has certainly contributed to the rapidly achieved 100% compliance rate we are now observing.
- 2.6.3 In addition to working with Commissioners on generating greater commitments and monitoring delivery of outcomes, we have also developed our approach to Social Value by working more collaboratively with the local Voluntary and Community Sector, SME sector, and those working directly with residents to ensure outcomes or interventions developed through the Social Value process in procurement are most effectively designed and targeted to where they will secure most benefit.
- 2.6.4 In line with that ambition, LBBD has created a Social Infrastructure Advisory Panel. This Panel has been created to ensure that the needs of the community and their priorities be as closely linked to the Council's aspirations with Social Value as possible, ensuring that where we can we match supply with demand.
- 2.6.5 The Panel is made up of front-line Council staff, voluntary sector organisations, community group networks, Barking and Dagenham's Schools Improvement Partnership, the Barking Enterprise Centre and others and will meet bimonthly. In addition to considering the options available from suppliers it will offer insight into the needs, priorities, and challenges in the community that Social Value outcomes can be focused on. This Panel will also be used to offer advice to suppliers, should they need it, regarding where the best impact will be felt for their Social Value initiatives, or to help facilitate any outcomes through their departments or organisations. An example of where this Panel has been used already is with the print supplier Xerox. Xerox committed to 3 initiatives each 12-month period of their contract and the Panel have met with the contract manager from Xerox, the council's contract manager, and the Social Value Coordinator to discuss options for these 3 initiatives for the 12 months starting April 2021. It is hoped the Panel will be able to offer the advice of support and facilitation for other upcoming contracts.
- 2.6.6 Forming this Panel not only allows LBBD to ensure they are continually aware of the changing priorities and needs of the Borough and its residents, it is also a useful forum for sharing this knowledge between voluntary, council and educational institutions.
- 2.6.7 Finally, in addition to creating the Social Value Advisory Panel, the Social Value Coordinator has established an informal network of Social Value officers from other London Authorities to share good practise. It is hoped this will offer the opportunity for cross Council knowledge sharing relating to Social Value implementation, guides and policies.

3. Looking Forward

3.1 Following its approval in May last year, the Social Value Policy Toolkit has recently been updated to reflect some non-material changes that improve clarity and completeness to its content as well as reflecting legislative changes – the updated Toolkit is at Appendix 1 and is available on the Council’s website.

3.2 As implementation of the Social Value Policy continues in the Council, there are several key lines of focus for the next 12 months. These include:

- To consider how we can move from a compliance led conversation (although this will still be maintained), to a more data and insight led conversation ie a move from a quantitative discussion (*have you included social value in your procurement strategy*) to a qualitative discussion (*are you securing the best social value outcome in your procurement*). As is made clear in this paper, the shift in culture towards active delivery of social value outcomes has only come about through the appointment of a dedicated resource but we are looking to deliver more than just compliance. The aspiration is to focus on securing outcomes that match the needs and priorities within the Borough by considering how outcomes can be aligned to target certain aspects of the Social Progress Index.
- To further develop and embed the activity of the Social Value Advisory Panel. The initial sessions have proved positive, and the engagement amongst suppliers and the panel has been good and welcomed but maintaining and growing the engagement and delivering real benefits from bringing this group together will take time. We are currently working on a plan for how we will use the panel over the next 12 months by identifying which contracts would benefit from the intervention to have maximum benefit to the Borough and its residents.
- We are considering how the potential presented by the replacement for Oracle project can enable a more active promotion of local supplier spend. There is the potential for the new system to provide opportunities for low level spend to be commissioned via ‘Request for Quote’s’ which could be targeted to local suppliers however that is only an indication of the potential technology. This will need to be demonstrated to be effective as well as any implications in terms of resources and costs understood before any decision to implement this is made. It is clear however that we need to have the ability identify how much spend we are sourcing through our local supply chain which has been built into the new system requirements.
- We are considering how the central procurement team and the commercial team could more effectively promote opportunities within Council procurement to our local supply chain as well as support the supply chain to be able to bid for and win this work. This will need further development before a clear view of the support can be set out.
- We are increasingly finding that external pre-procured Frameworks (Crown Commercial Services) often make achieving Social Value difficult to mandate as the terms by which buyers source a provider do not enable a social value criteria to be included within a tender. Over the next 12 months we need to be

lobbying the owners of large-scale frameworks to see what can be achieved regarding mandating Social Value. If that approach is not successful LBBB may also need to consider other procurement routes if the existing external frameworks cannot offer the support needed regarding Social Value.

- As yet no contracts have included the 20% social value weighting. However, over the next 12 months some procurements may be considered for this, but this will be monitored carefully.

4. Social Value outside of Procurement

4.1 The revised Social Value Policy is generating a culture shift within the Council which is having a knock-on effect outside of procurement discussions. There is an increased focus on social purpose and more discussion about how we can maximise the levers we have which are not procurement related. Conversations in some areas have shifted towards a discussion about how we can generate additional value along the social value themes by requiring it in a wayleave for a digital solution, but the shift is perceived to be more extensive. Early adopters of the culture are looking for alternative ways to 'buy local' or 'give back' to the community and we have seen foodbank donations, laptops brought for children in schools during lockdown, as well as film props and memorabilia offered as prizes for the Cultural Education Partnership competition to 11 schools in the borough, to name a few examples. The focus on added value, in addition to the specific focus on social value in procurement feels like it is developing momentum.

4.2 London Living Wage (LLW)

4.2.1 LLW accreditation is a commitment to pay a minimum salary to any employees or contractors that provide services (not contracts for goods). LLW accreditation has been an ambition for the Council for several years as well as being required for the Council to be able to sign up to the Good Work Standard. It has proved difficult to assess compliance in our supply chain due to the lack of usable data from our systems or any current process to monitor however work has been undertaken to establish some level of baseline data.

4.2.2 However, we have established that approximately one third of our spend is with suppliers who are already accredited to the LLW. Although that figure is likely to be higher it is not possible to determine with any further reliability due to the significant number (3,700+) and variety of suppliers that we work with. The LLW consider that homecare services are a high-risk to compliance due to the generally low levels of pay within the sector. As a result, there is a general view that if LLW was mandated, price increases could result. However, in line with the LLW Foundation recommendation we are in the process of creating an action plan to ensure that by the time these are re-procured, we will be in a position to embed LLW terms and conditions into our procurement framework within social care without increasing costs. We have identified that of the five main providers, at least two are close to LLW compliance already, so the risk of a financial impact in this area has lessened over the last two years.

4.2.3 Although the data cannot give a reliable view of any impact of mandating the LLW it is considered that given our emphasis on inclusive growth the Council must follow through and commit to apply the LLW to our own spend. This would involve us self-

certifying with the LLW Foundation and committing to mandate the LLW at the next possible point in our procurement/contract management lifecycle. As this would not require immediate compliance a full financial impact, if there is any, would not be seen for possibly 3-5 years. This commitment must also be made by the Council's wholly-owned companies and would need to be incorporated into any plan for accreditation.

4.3 Other Issues

- 4.3.1 The Government is currently consulting on changes to the Public Contracts Regulations in the 'Transforming Public Procurement Green Paper'. These plans propose to 'cut red tape, reduce bureaucracy and help unleash wider social benefits from public money spent on procurement'. It sets out an aspiration that the new rules should make it possible to consider full value to society and not just the public body undertaking the procurement, which could mean more wider opportunities to deliver social value through public contracts. At present however some of the requirements mirror the existing framework and although the LGA has provided a response to the consultation that suggests removing the requirement for social value to be linked to the subject matter of the contract, the outcome of the consultation will not be made public for some time and therefore any changes cannot be considered within this report.

5. Consultation

- 5.1 This report and the revisions to the Social Value Toolkit were considered and endorsed by the Corporate Performance Group in April 2021.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

- 6.1 The Social Value Tool Kit and its introduction into the procurement process has been positive and has changed the way in which value and outputs are shaped, delivered and monitored.
- 6.2 The 10% evaluation element has, in my view, not impacted the competition through procurement and has enabled varied and positive bid returns. As such, it is a core challenge point for all spend over £100,000 and ensures that the residents of the Borough are at the forefront of decisions, which again is an excellent positive.
- 6.3 Corporate Procurement will continue to work closely with the Social Value Co-Ordinator to ensure compliance with the Councils Contract Rules and UK legislation is continued alongside the requirement to ensure Social Value is considered.

7. Financial Implications

Implications completed by: Sandra Pillinger Group Accountant

- 7.1 This report provides an update on the impact of the Social Value Policy since it was launched in October 2020. Although there is an implicit benefit from 100% compliance with the policy, these benefits have not been quantified so it is not possible to place a monetary value on the commitments and outcomes secured.

7.2 The financial impact of the commitment to achieve LLW accreditation in the Council's supply chain is not considered as part of this report. This would need to be quantified to assess the financial implications.

8. Legal Implications

Implications completed by: Tessa Odiah, Locum Snr. Contracts and Procurement Solicitor (Law and Governance)

8.1 This report sets out progress on the Council's Social Value Policy and refers to changes to the Social Value Toolkit to reflect legislative changes, to ensure full compliance with the current public Services (Social value) legislative, and wording updates for clarity and completeness to its content. The updated document was published on the Council's internal and external website in May 2021.

8.2 The updates were approved by the Strategic Director of Inclusive Growth under the delegated authority given to him by the Cabinet on 19 May 2020, as they are non-material changes.

8.3 The report also asks the Cabinet to note the positive impact of the revised policy in terms of social value commitments in the first six months from October 2020 to present, and the move to apply for London Living Wage (LLW) accreditation and its associated impacts to the Council's Social Value Policy.

8.4 Legal Services support the proposals outlined in the body of this report.

9. Other Implications

9.1 **Corporate Policy and Equality Impact** - It is anticipated that the commitments secured through the revised policy will deliver improved outcomes and opportunities for residents & customers. The investment in local people theme encourages suppliers to prioritise proposals that provide opportunities for disadvantaged groups, including young people, care leavers and those with mental or physical health conditions and learning difficulties.

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

List of appendices:

- **Appendix 1:** Social Value Toolkit – Update 2021

2021

LONDON BOROUGH OF BARKING AND DAGENHAM
SOCIAL VALUE TOOLKIT

HOW CONTRACTORS CAN HELP THE COUNCIL DELIVER
WIDER COMMUNITY BENEFITS THAT MEET LOCAL
PRIORITIES

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INTRODUCTION

This document sets out how Barking and Dagenham Council is working to use its power as a major procurer of goods and services to deliver wider social, economic and environmental benefits in the borough.

We want to ensure we are doing all we can to deliver for residents in the context of limited resources. That means seeking to work with organisations who share our values and commitment to the borough, and asking those that want to contract with the council to deliver in a way that creates additional benefits for our residents and communities.

This 'Social Value' must be delivered over and above any benefits that arise from the goods and services being procured – and delivered in a way that is cost-neutral to the Council. Put simply, Social Value is about asking whether, if we are spending £1 on the delivery of goods and services, that same £1 can be used to produce a wider benefit to the community.

This policy also fulfils the legal obligation on all public bodies to consider Social Value under the Public Services (Social Value) Act 2012¹, which requires:

- a) That authorities must consider how procurement might improve the economic, social and environmental well-being of the local area; and
- b) how it might act with a view to securing that improvement.

We expect all potential contractors seeking to provide goods or services worth more than £100,000 to the Council to set out convincing Social Value proposals as part of their bid – with a focus on supporting progress against the 2017 Borough Manifesto goals and targets.

This toolkit aims to support bidders to understand how they can develop effective proposals to deliver wider community benefits as part of their activity in the borough. It provides an overview of:

- The Council's goals and priorities for Social Value
- How Social Value is assessed
- The tools available to help potential contractors to develop a meaningful Social Value offer
- Contact details for local partners that can support delivery on Social Value commitments

¹ The Public Services (Social Value) Act 2012 came into force on 31 January 2013 and applies to public services contracts and framework agreements relating to services to which the Public Contracts Regulations 2006 and revised Public Contracts Regulations 2015 apply.

SECTION I. DELIVERING SOCIAL VALUE IN LBB

GOALS AND PRIORITIES

The starting point for Barking and Dagenham’s approach to securing additional Social Value when procuring goods and services is the 2017 Borough Manifesto.² The manifesto was the product of consultation with nearly 3,000 residents. Through this process, local people helped set a vision to ensure ‘no one is left behind’ over the next 20 years, with a set of targets and metrics to track progress.



These targets provide the context for the council’s Social Value Framework, which is grouped around five priority themes. These themes are set out in the table below, along with the vision and activities that organisations can do to achieve the associated goals.

We encourage all organisations working or seeking to work in the borough to help us to achieve these goals. Those seeking major contracts to deliver goods, services and works for the council will be partly assessed on their proposals to deliver wider community benefits in line with these priorities – in addition to an assessment of the cost and quality of their bid.

We are keen to work with suppliers that demonstrate a commitment to paying and promoting the [London Living Wage](#), particularly for staff working on contracts to deliver council services.

² See: <https://www.lbbd.gov.uk/borough-manifesto>

LBBD'S SOCIAL VALUE FRAMEWORK

The framework below sets out the Council's priorities and some of the activities that we would like to see from contractors when developing their Social Value proposals. This list is not exhaustive, and bidders are welcome to come up with innovative ideas about how to deliver Social Value in line with borough goals and priorities.

In addition to the table below, all contractors are expected to adhere to the highest possible ethical standards in employment and are absolutely committed to preventing slavery and human trafficking within their own activities and through their supply chain. For full guidance, read the Council's Modern Slavery Statement by clicking the link [here](#).

Investment in Local People	
Work with the Council to meet Borough Manifesto goals to tackle low pay, reduce unemployment and increase access to education and training for borough residents by:	<ul style="list-style-type: none"> - Providing sustainable (26 weeks+) employment opportunities for LBBD residents. - Providing quality apprenticeships with clear wage and employment gains for LBBD residents – with a focus wherever possible on apprenticeships at or progressing to Level 3 and above. - Providing work experience and careers support for LBBD residents. - Providing work-related learning opportunities for the borough's schools, such as work experience, insight visits, careers talks, mock interview days and enterprise advisers. - Providing opportunities for disadvantaged groups – including young people, rehabilitating young offenders, care leavers, and those with mental or physical health conditions and learning difficulties. - Advertising all local employment and apprenticeship vacancies through the council's job brokerage services, and working with the existing local education and training system to deliver training and careers activities wherever possible.
Investment in Local Economy	
Work with the Council to meet Borough Manifesto goals to support job creation and business growth by:	<ul style="list-style-type: none"> - Buying goods and services from organisations based in Barking and Dagenham wherever possible – supporting our goal for at least 25% of council goods and services to be sourced from local suppliers. - Building the capacity of local suppliers to access procurement opportunities, such as through mentoring and meet the buyer events.

Environmental Sustainability	
Work with the Council to meet Borough Manifesto goals to create a clean, green and sustainable borough, recycling more and reducing waste by:	<ul style="list-style-type: none"> - Reducing the amount of waste and single-use plastic and seeking opportunities to recycle wherever possible. - Supporting LBBD's target to reduce carbon emissions by taking concrete steps to minimise energy consumption and consider the environmental performance of the wider supply chain. - Supporting initiatives to improve the local environment such as through local growing schemes and measures to address air pollution and fly-tipping.
Community Participation and Engagement	
Work with the Council to meet Borough Manifesto goals to support improvements in the capacity of civil society, resident engagement and involvement, and levels of volunteering in the borough by:	<ul style="list-style-type: none"> - Involving residents in the design of projects and services wherever relevant. - Building the capacity of local community groups and activities, such as through volunteering, mentoring and providing space and facilities. - 'Buying social' where possible, by sub-contracting with organisations that share our values and have a social purpose, such as those from the voluntary, community and social enterprise sectors.
People, Independence and Resilience	
Work with the Council to meet Borough Manifesto goals to improve the health, wellbeing and safety of borough residents by:	<ul style="list-style-type: none"> - Supporting initiatives to tackle obesity, anti-social behaviour, domestic abuse and other challenges that affect the independence and resilience of residents.

SECTION II. ASSESSING SOCIAL VALUE IN LBB

This section provides guidance for potential contractors about the threshold at which Social Value applies, the weighting it is given as part of the total contract evaluation, where it comes in the tender process, and how different proposals will be assessed.

WHO IS REQUIRED TO DELIVER SOCIAL VALUE?

Bidders on all LBB contracts over £100,000 for goods, services and works are required to provide convincing Social Value offers in line with LBB's stated goals and priorities, as set out in the Social Value Framework above.

However, we welcome all contractors to make Social Value proposals, and reserve the right to apply Social Value obligations on a discretionary basis on contracts below £100,000.

HOW IS SOCIAL VALUE ASSESSED?

Social Value commitments are assessed and scored as part of the tender evaluation process, alongside evidence of quality and value for money.

Potential contractors are asked to complete and submit a Delivery Plan setting out their commitments under the themes set out in LBB's Social Value Framework, and an accompanying Method Statement explaining how these will be delivered.

- The Delivery Plan should set out clear, measurable outputs that will be delivered through the contract, including timescales for delivery where possible.
- The Method Statement should include information about who will be responsible for overseeing the delivery of the obligations and how these will be delivered including, where relevant, how the contractor will ensure compliance in their wider supply chain.

Social Value in Barking and Dagenham will be weighted at **a minimum of 10%** of the overall assessment criteria, and up to **a maximum of 20%**.³ This is in line with central government recommendations.⁴

Within this weighting, both the quality of the Method Statement and the commitments (outputs) set out in the Delivery Plan will be taken into account when assessing the Social Value proposals. These weightings may vary and will range from between 10-50% of the total social value weighting for the method statement and 50-90% for the Delivery Plan.

³ Weighting refers to the percentage that Social Value is given within the procurement criteria and decisions, relative to the cost and quality commitments in the bid.

⁴ HM Government: *Social Value in Government Procurement* (2019), linked [here](#)

It is important that bidders are confident of their ability to deliver their Social Value commitments as, once agreed, they will form part of the contractual obligations and will be monitored alongside other key performance indicators.

All Social Value commitments must be delivered in a way that is cost neutral to the Council.

HOW WILL DIFFERENT PROPOSALS BE EVALUATED?

We recognise that different contracts will lend themselves to different priorities. We do not necessarily expect potential contractors to commit to deliver outcomes for all the priorities expressed in the Social Value Framework above.

On some contracts, commissioners will set out particular priorities for Social Value as part of the tender process.

Bids will be evaluated on the basis of the extent to which they are delivering additional community benefits that would not otherwise have been achieved, the clarity and ambitiousness of the commitments, and extent to which the Method Statement sets out a convincing plan for how outputs will be delivered.

We will also give priority to bids that make commitments under the themes of ‘investment in local people’ and ‘investment in the local economy’. In particular, we will score Social Value offers more highly where they:

- Provide quality employment, apprenticeships, and other training and work experience opportunities for LBBB residents⁵ – with additional consideration given to proposals that provide opportunities for groups facing disadvantage in the labour market⁶;

⁵ Wherever possible we would like to encourage sustainable employment opportunities lasting at least 26 weeks and apprenticeships for new entrants that are provided at, or progressing to, Level 3 and above, with evidence of clear wage and employment gains upon completion.

⁶ Priorities include: young people who are not in employment, education or training (NEET); unemployed care leavers and/or ex-offenders; residents who are long-term unemployed; and those with physical or mental health conditions and/or learning difficulties.

- Commit to procuring a meaningful proportion of goods and services relating to the contract from local suppliers – supporting the council to meet its target to procure 25% of all goods and services locally.

Securing community benefits in construction

The council's wholly-owned regeneration and development company Be First plays a key role in driving greater community benefits in the construction sector through its house-building and regeneration programme.

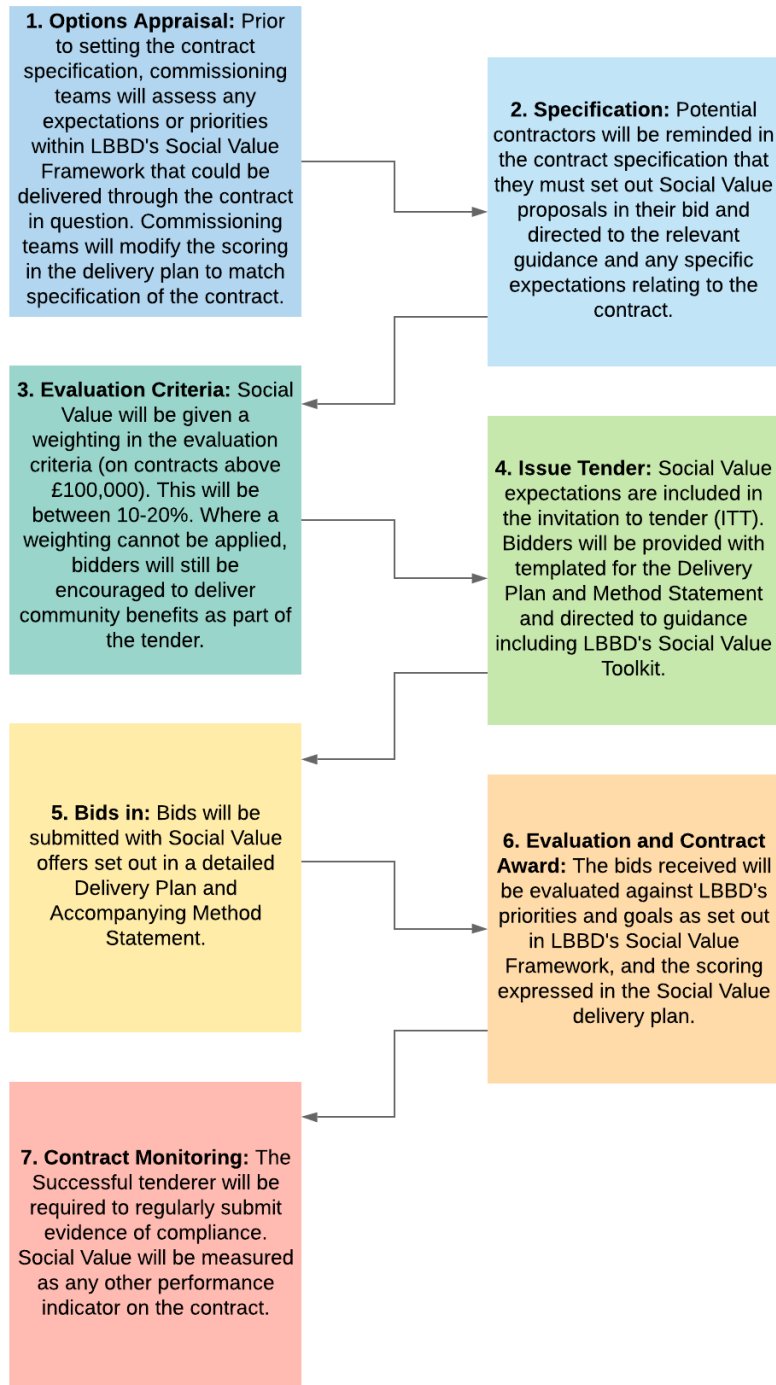
In June 2019 Be First and the council signed the Unite Construction Charter, which seeks to tackle undercutting and ensure decent pay and conditions in construction. Be First sets ambitious targets for contractors based on these commitments and wider established good practice to tackle skills and employment gaps in the sector and build the capacity of the local supply chain.

These targets are set as minimum requirements for all contractors and monitored as part of their key performance indicators. They include requirements to:

- Work to ensure that all operatives on Be First sites are directly employed on a PAYE basis under a contract of employment and paid no less than the London Living Wage;
- Ensure a minimum 25% of the total jobs (FTE) created are filled by LBBB residents – with all vacancies advertised through the council's job brokerage services;
- Provide at least one training opportunity for every 10 construction workers – at least half of which (or 5% of the FTE workforce) must be apprenticeships leading to a full recognised qualification;
- Provide 10 weeks of work experience for every 6 months of the development – with each placement lasting at least 2 weeks;
- Provide at least one educational workshop / visit per educational term for the duration of the construction phase to support local schools and careers services.
- Source at least 25% of the value of all goods and services required for the development from organisations based in borough and participate in at least two events in each year of the development to promote opportunities to local suppliers and build their capacity;

These targets are also promoted across the wider construction sector operating in the borough through Section 106 employment, skills and suppliers plans.

WHERE DOES SOCIAL VALUE COME IN THE TENDER PROCESS?



SECTION III. USEFUL RESOURCES

This section provides information about further tools, guidance and contacts that may be helpful in supporting potential contractors to develop meaningful Social Value proposals and ensure that bids stand the best chance of getting maximum marks in this area.

DO'S AND DON'TS WHEN SUBMITTING AN OFFER⁷

1) Don't offer anything that is required in the core contract:

Services or actions that the bidder is required to provide as part of the core contract requirements cannot also be counted as Social Value. For example: if the contract is about supporting people back to work, bidders cannot claim Social Value for taking people out of unemployment, as that is part of the requirements of the core contract.

2) Do provide good evidence of how you will deliver Social Value:

When submitting Social Value offers, make sure you take the time to fill in the Delivery Plan and Method Statement to the best of your ability. We are looking for bids that are deliverable as well as ambitious – a weak method statement will reduce the coherence of the offer and impact the overall score awarded to Social Value.

3) Don't double count:

Each Social Value outcome may be claimed only once. For example: if a reduction in carbon emissions is proposed through a flexible working initiative, bidders may not claim the same reduction in emissions achieved via a different initiative.

4) Do make sure you only include committed local spend in your supply chain:

When estimating local spend, bidders must only include the projection of spend that occurs as a result of the contract and can be influenced by their own spending decisions.

TARGETING YOUR COMMITMENTS

The best Social Value proposals are targeted to local issues with a clear sense of how they will be delivered in partnership with organisations and resources on the ground. A list of useful contact details to help contractors deliver on their commitments is provided at the end of this Toolkit. It may also be helpful for bidders to engage with some of the following organisations and resources while they are developing their proposals.

LBBD Borough Data Explorer

⁷ This has been adapted from Social Value Portal, ['Do's and Don'ts When Submitting a Social Value Offer'](#)

Barking and Dagenham Council have developed a Data Explorer which brings together data for all the indicators that either contribute to our Borough Manifesto⁸ or the Social Progress Index⁹. This tool allows the user to compare LBBB's performance to the rest of London and, where data is available, to visualise ward-by-ward level data.

This is a valuable tool to help produce locally targeted schemes and project. It can be used to understand the issues currently faced in the borough, and to enable contractors to think about where and how they target their interventions to meet the most pressing concerns in different parts of the borough.

Access the Borough Data Explorer by clicking [here](#), please note the data is updated annually at the start of each financial year.

⁸ Barking and Dagenham Together – Borough Manifesto, URL: <https://www.lbbd.gov.uk/borough-manifesto>

⁹ Barking and Dagenham 2018 Social Progress Index, URL: <https://www.lbbd.gov.uk/social-progress-index>

HOW TO CONTACT US FOR MORE INFORMATION

Social Value Inbox

London Borough of Barking and Dagenham hope that all the information needed to support our Social Value priorities is provided for potential suppliers in this Social Value Toolkit. However, if you have a specific question relating to Social Value please contact the email address below:

socialvalue@lbbd.gov.uk

Please note we will not be able to provide you with additional information through the inbox during live procurements. If you have a question that will allow you to respond in more detail to the Social Value section in the ITT specification, you should contact LBBB through the eportal: [Tendering | LBBB](#)

Barking and Dagenham has formed a Social Value Advisory Panel, that can help facilitate and offer advice on any Social Value commitments made by the supplier. Working with the Commissioner/Contract Manager of the product or service, the Panel's aim is to provide a voice of the communities that they represent. The panel is made up of groups including front-line council staff, voluntary sector organisations, business support organisation, community led networks who are all based within the borough. The aim of the panel is to ensure the needs and priorities of the communities, which can often change, are being considered allowing suppliers the opportunity to target a particular social value commitment to a particular identified need. For instance, if a supplier has committed to deliver a certain number of work placements, the panel could provide insight into where those work placements could best be sought to deliver the most impact. The panel is also a route to take views from the LBBB residents and to help guide the successful supplier should they need contacts or connections to aid the supplier in delivering their Social Value commitments.

Access to the Social Value Advisory Panel will be offered to suppliers at the point of being awarded the contract, once the Delivery Plan and Method Statement has been agreed. This relationship will be connected through the Commissioner/Contract manager.

OTHER USEFUL CONTACTS

<p>Recruit an employee or apprentice from Barking and Dagenham</p>	<p>All contractors are asked to advertise local job and apprenticeship opportunities with the council’s job brokerage service, which offers a free recruitment and selection service for organisations seeking to recruit locally.</p>	<p>Email: vacancies@lbbd.gov.uk</p>
<p>Get support with apprenticeship training costs</p>	<p>The government offers up to 95% of funding to cover the costs of training apprentices.</p> <p>LBBD also runs a scheme to transfer the Council’s unspent Apprenticeship Levy allowance to organisations that offer high quality opportunities to local residents – covering 100% of their training costs.</p>	<p>See: https://www.gov.uk/take-on-an-apprentice/get-funding</p> <p>Telephone: 0800 015 0600</p> <p>You can also email businessforum@lbbd.gov.uk for information about how to apply to the Council’s levy transfer scheme.</p>
<p>Offer work experience and other careers support</p>	<p>The council’s job brokerage service can help you to organise work experience for residents.</p>	<p>Email: vacancies@lbbd.gov.uk</p>
<p>Support for primary and secondary schools</p>	<p>Barking and Dagenham School Improvement Partnership (BDSIP) is a not-for-profit company, part owned by the borough schools and the council. Through it you can connect with schools to support a range of activities such as primary and secondary school careers events or offer work insights through shadowing or mentoring. Our work experience team arranges over 2000 weeklong placements for LBBD</p>	<p>Email:</p> <p>Rosalind Hall - Head of Careers, Higher Education and Work Experience Rosalind.hall@bdsip.co.uk</p> <p>Aasiya Hassan - Employer Engagement Manager Aasiya.hassan@bdsip.co.uk</p> <p>www.bdsip.co.uk</p> <p>Twitter updates @BDSIPEd</p>

	<p>secondary school students with local and regional employers and would appreciate your help. We can also help you develop other activities through both our teacher and digital expertise.</p>	
<p>Use local suppliers</p>	<p>The council’s Business Forum has a directory of local businesses. Get in touch for help finding local suppliers that meet your needs.</p> <p>The Business Forum can also help you publicise opportunities for local suppliers through its quarterly newsletter and events.</p>	<p>Email: businessforum@lbbd.gov.uk</p> <p>Telephone: 020 8227 5094</p>
<p>Identify local voluntary, community and social projects and organisations</p>	<p>Both Barking & Dagenham Giving and the BD_Collective collaborate with a range of partners to make it easy for organisations to identify and support local social organisations. Get in touch for help and ideas on how to target and deliver your obligations.</p>	<p>To get in touch with B&D Giving, email: Geraud@bdgiving.org.uk or visit the B&D Giving portal at: www.bdgiving.org.uk</p> <p>To get in touch with the BD_Collective, email Alison Cormack at: alison@bdcollective.co.uk or visit the BD_Collective website at: https://bdcollective.co.uk/</p>
<p>Volunteer in LBBB</p>	<p>Barking and Dagenham’s Volunteer and Community Solutions teams co-ordinate council volunteering opportunities in the borough. The BDCollective work collaboratively with the Council to coordinate volunteering across the social sector of the Borough using a shared volunteering platform called Better Impact.</p>	<p>To volunteer with the council, contact either Chidi Wilson at: chidi.wilson@lbbd.gov.uk or Jill Gallagher at: Jill.Gallagher@lbbd.gov.uk.</p> <p>For wider volunteering opportunities in the borough contact the BDCollective or B&D Giving, as above.</p>

Support initiatives to tackle Domestic Abuse	Dagenham's Domestic Violence Commission was set up to identify how to reduce high levels of domestic abuse in the borough and can advise on initiatives in this area, as well as how to effectively support and advise your own staff in this regard.	Email: domesticabusecommission@lbbd.gov.uk
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CABINET

22 June 2021

Title: Contract for Provision of Short Break Services for Disabled Children, Young People and their Families	
Report of the Cabinet Member of Social Care and Health Integration	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Amisha Maisuria, Commissioning Manager	Contact Details: Tel: 020 8227 3529 E-mail: amisha.maisuria@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director, Care and Support	
Accountable Strategic Leadership Director: Elaine Allegretti, Strategic Director, Children and Adults	
<p>Summary:</p> <p>The Council is under a statutory duty to provide short breaks for carers of disabled children as stipulated within the Children Act 1989, Children and Families Act 2014 and Breaks for Carers of Disabled Children Regulations 2011. Short breaks provide invaluable support for disabled children, young people, and their families. While children are given opportunities to become more independent, have fun, enjoy new experiences, and form friendships with their peers. Short breaks enable parents and carers the opportunity to take time out from their caring responsibilities and benefit families.</p> <p>This report seeks approval for the Council to commence a procurement exercise. This exercise is concerned with the establishment of a diverse range of services, for the provision of short breaks and activities for disabled children and young people, to replace the existing Framework Agreement that is due to expire, to ensure service continuity. We will be seeking to commission an Open Framework Agreement consisting of multiple, suitably qualified providers. The call off procedure will be via direct call off, or a mini competition. The procurement will take place under the Light Touch Regime of the Public Contracts Regulations 2015.</p> <p>The Framework Agreement awarded will be for a period of four years and shall be awarded to multiple providers. Forecasts indicate that total expenditure in this area over the four- year period will be approximately £2m (however, this could significantly increase based on demand). The Framework Agreement may be opened periodically at 6 – 12-month intervals, at the sole discretion of the Council if more providers are needed to meet demands of service users.</p> <p>The current Framework Agreement that is in place will expire on 31 December 2020, though contractual arrangements are in place that can persist beyond the expiry of the Framework Agreement.</p>	

<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Agree that the Council proceeds with the procurement of a contract for Short Breaks provision in accordance with the strategy set out in the report; and (ii) Authorise the Commissioning Director, Care and Support, in consultation with the Cabinet Member for Social Care and Health Integration, the Strategic Director of Law and Governance and the Managing Director, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder, in accordance with the strategy set out in the report.
<p>Reason(s)</p> <p>To enable the Council to fulfil its statutory duties as prescribed by the Children Act 1989, the Children and Families Act 2014 and Breaks for Carers of Disabled Children Regulations 2011; and to deliver better outcomes for children and young people, in accordance with our commitment in the Borough Manifesto.</p>

1. Introduction and Background

- 1.1 Short Breaks are a vital support service for families with disabled children. The importance of short breaks was initially indicated through investment under the 'Aiming High for Disabled Children' programme and further developed through the introduction of new legislation, in particular the Breaks for Carers of Disabled Children Regulations 2011 and the Children and Families Act 2014. The Council has a statutory duty to provide short breaks within their area. The effect of the short breaks duty is that the services provided by local authorities to disabled children and young people, should include both 'crisis' breaks and breaks designed to ensure that family life can be maintained to reduce family breakdown.
- 1.2 Short breaks can provide opportunities for disabled children and young people to have enjoyable experiences away from their primary carers, contributing to their social inclusion and personal and social development. They also provide the parents and carers of disabled children and young people with a necessary and valuable break from their caring responsibilities. Short breaks can include day, evening, overnight, weekend or holiday activities. They can take place in the child or young person's own home, in the home of an approved carer, a residential or community setting. Short breaks range from supporting disabled children to access a break within a universal setting, to providing specialist services at a local level, including personal care.
- 1.3 Parents and carers can access short breaks, through their child's care package which can be via a commissioned place or through direct payments. Direct payments give the parents control and flexibility over day-to-day life and the way care and support is provided to their child. Parents and carers will be able to access providers on the framework agreement via a direct payment, should they choose to manage their own package of support. The Council has a statutory duty derived from section

17A of the Children Act 1989 (as amended), to provide parents and carers of disabled children with a direct payment if they would prefer this as opposed to Council commissioned care packages. There are over 300 families within the borough who currently access short breaks through a direct payment. The number of parents or carers in receipt of a direct payment varies as young people transition to adulthood, move out of borough, have a review of their care package, or become known to us.

- 1.4 Within Barking and Dagenham there is a varied offer for short breaks, they can be accessed via the short breaks personal grant, where parents receive a one-off payment which can be used to purchase a range of activities, through a virtual e-market place. Parents and carers can access care packages through a direct payment and some services are commissioned directly by the council, which are the services we would be tendering for.
- 1.5 We will be seeking to commission an Open Framework Agreement, consisting of multiple suitably qualified providers under which we can call off directly, or via a mini competition. The Open Framework Agreement will be commissioned under the light touch regime of the Public Contracts Regulations 2015. The framework agreement will vary from those that are commissioned under the non-light touch regime, in that it will be opened periodically based on need, and at the sole discretion of the Council. Procurement exercises under the light touch regime, are not subject to the full rigor of the Public Contracts Regulations 2015, thus, the Council is able to adapt and create the procurement process whilst observing transparency, fairness, competition, and accountability.
- 1.6 The contract will be a Framework Agreement, that will have no minimum value. There will be no commitment to expenditure by the Council within the Framework Agreement itself. Expenditure will only be incurred at the call off stage, where there will be a direct call off, or mini competition, in accordance with the Lots advertised. The estimated expenditure in Barking and Dagenham is approximately 2 million over the duration of four (4) years, however, this figure could increase significantly due to demand as we have over 22,000 new homes being built in the borough and a transient population, which could increase the number of children within the borough that require specialist services.
- 1.7 The service vision is to commission outcome focused services, that encourage choice across a diverse selection of locally based providers, who can meet the needs of our disabled children and young people. The agreement will be structured in a way that does not create barriers to entry to SMEs, allows flexibility in the call-off process to allow for greater service user choice. The call off process will be driven by service users views and wishes.

2. Proposed Procurement Strategy

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

2.1.1 The tender will comprise of various short breaks services for disabled children up to the age of 18. The new framework will comprise 6 lots as follows:

- School Holiday; After School/ Evening; Saturday and Sunday Provision
- Overnight breaks

- Buddying and Befriending/ Outreach support
- Transition Support and Independence Skills
- Services for children and young people with autism

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

2.2.1 The contract will be a Framework Contract that will have no minimum value. No commitment to expenditure by the Council will be stipulated within the Framework Agreement itself. Expenditure will only be incurred at the call off stage. The estimated expenditure in Barking and Dagenham based on historical figures is approximately £500k per annum (circa £2m in total over the duration of 4 years). The spend could fluctuate dependent on more young people moving into the borough that require specialist support. In addition, this figure does not include the cost packages that are provided by the Disability Service.

2.3 Duration of the contract, including any options for extension

2.3.1 The Framework Agreement will be for a period of four (4) years, commencing 1st April 2022.

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

2.4.1 This contract is subject to the (EU) Public Contracts Regulations 2015 and is subject to the Light Touch Regime. As the procurement will be undertaken under the Light Touch Regime, it will not be subject to the full rigor of the Public Contracts Regulations 2015, however, we will ensure that the procurement is open, transparent, and fair.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The service will be procured in line with the Public Contract Regulations 2015 through a 'light touch regime' and line with the Councils contract rules. The tender opportunity will be advertised in Find a Tender, on the Council's e-tendering portal (Bravo), Contracts Finder and the Council's website.

2.5.2 Potential suppliers will be required to complete Supplier Information in addition, to a tender submission document (including method statements) to ascertain suitability to deliver. An evaluation of the Tender Submission will take place once the deadline has passed for submission. To ensure that the quality of the service is satisfactory there will be a pass threshold and a minimum quality score will be set that providers must meet, to be considered for delivery. A shortlist of providers will be selected based on the number of submissions and following scoring. Potential suppliers may be invited to attend a clarification interview to further determine suitability and assess their ability to deliver against the specified outcomes. Overall scores will be collated, and a provider who meet the thresholds will be added onto the Framework Agreement. Following the award of contract, the standstill period will commence.

- 2.5.3 The Framework will allow for a direct call off, in addition, to a mini competition. The direct call off will consider the choice of the young person and family, in which provider they would like services from. The framework maybe periodically opened to allow new providers to join, at intervals of 6-12 months, this will be based on the demand and changing needs of service users and will be at the sole discretion of the Council.

Projected Tender Outline

Activity	Completion Date
Procurement Board	November 2020
CSG	May 2020
Cabinet	June 2021
ITT Published	September 2021
ITT Bidders' Clarifications/Enquiries deadline	November 2021
Tender Returns	November 2021
Tender Evaluations	December 2021
Approval to Award – Delegated	January 2022
Award/Rejection letters	February 2022
Contract Award	March 2022
Contract Start Date	April 2022

2.6 The contract delivery methodology and documentation to be adopted

- 2.6.1 The service will be delivered by external providers. Documentation to be adopted will be the Council's standard terms and conditions. The contracts will be monitored on a quarterly basis to ensure compliance with terms and conditions, and to confirm the provider is meeting performance targets.

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

- 2.7.1 Utilising a Framework Agreement will allow more flexibility and competitive tendering at call off stage. Using a Framework Agreement will ensure that the Council are not committed to spend until a call off agreement is in place, this will be based on the number of referrals and service users that will need to access the provision.

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

- 2.8.1 The price/quality ratio upon which contracts will be awarded will be 50% price, 40% quality and 10% social value. Providers will be ranked per lot based on their tender submission.

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

2.9.1 The social value scoring will be allocated ten percent of the overall score available. We will ask potential providers to submit details of how they will employ staff locally and if the London Living wage will be paid to staff members. We will seek method statements in relation to how the providers will support initiatives to tackle obesity, anti-social behaviour, domestic abuse and other challenges that affect the independence and resilience of residents.

2.10 Contract Management methodology to be adopted

2.10.1 The delivery will be undertaken by multiple providers. Monitoring meetings will take place with providers on a quarterly basis, in the event there are any arising issues, these will be addressed at meetings/ via unannounced visits. The procurement will be overseen by a Commissioning Manager in conjunction with operational staff from the disability service.

3. Options Appraisal

3.1 Do nothing – this is not a viable option as the Council would be in breach of its statutory duties arising from the Children and Families Act 2014 and the Children Act 1989. It would also result in disabled children and their families not receiving the support that need, when they are vulnerable and at risk. The negative effects of caring are significant on carers health and wellbeing and could place families at greater risk of breakdown if they are not provided with short breaks.

3.2 Join up with other boroughs – there are currently not any procurement exercises for the short breaks service being undertaken, which align with the current framework expiry dates. Hence, joining up with neighbouring boroughs would not be a viable option in this instance.

3.3 Tender the service – tendering of this service would ensure compliance with the Council's Contract rules and the Public Contracts Regulations 2015. The tender would be open to any organisation which has the experience of delivering the service and will be undertaken under the Light Touch Regime. Of the options that have been considered this is the recommended option.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 The proposals in this report were endorsed at People Resilience Management Group, at the meeting held September 2020. The proposals in this report were endorsed at Procurement Board in November 2020.

6. Corporate Procurement

Implications completed by: Francis Parker, Senior Procurement Manager

- 6.1 The proposed framework is suitable for the services included within this report.
- 6.2 There are no suitable frameworks for these services or opportunities for joint procurements with other boroughs, so an open tender is likely the most appropriate route to market.
- 6.3 The proposed procurement is compliant with the Councils contract rules and the PCR 2015.

7. Financial Implications

Implications completed by: Isaac Mogaji, Finance Business Partner:

- 7.1 This report seeks the procurement of a framework contract for Short Breaks provision in accordance with the Council's strategy. The contract does not involve the Council's commitment to expenditure and costs will only be incurred at the call off stage.
- 7.2 The Council has a budget provision of £405k for the Short Break Service in 2020/21. Past years' levels of spend respectively have been lower than the budget provisions.
- 7.3 Therefore, there is adequate funding for the contract within the existing resources of Children's Care and Support Commissioning Services.

8. Legal Implications

Implications completed by: Lindsey Marks, Deputy Head of Law, and Tessa Odiah, Senior Contracts Solicitor

- 8.1 The Children Act 1989 and the Children and Families Act 2014 imposes a statutory duty on every local authority to provide short breaks to disabled children within their area. The provision should include both crisis breaks and breaks designed to ensure that family life can be maintained to reduce family breakdown.
- 8.2 This Report seeks approval of the Council to proceed with the procurement of a contract for Short Breaks provision in accordance with the strategy set out in this report. This Procurement would be through an established Framework Agreement and will comprise 6 lots. The term is for 4 years duration at the estimated contract value of £2m.
- 8.3 Due to the nature of the Service provision and contract value, the procurement process should be subject to the (EU) Public Contracts Regulations (PCR) 2015 recommended, Light Touch Regime and care must be taken to ensure that the procurement process is open, transparent, and fair.
- 8.4 The proposed procurement of this Service, as set forth within this report, is legally Compliance with the Councils Contract rules and PCR 2015 requirements.

9. Other Implications

9.1 Risk and Risk Management –

Risk	Impact	Mitigation
Lack of suitable providers tender for the service	We would be unable to deliver the service	There are providers on the current framework agreement who would be interested in delivering services within the borough. The tender will be advertised on the council's website, in addition, to Find a Tender and contracts finder, this should generate further interest in the tender.
Demand increases over the during the framework and more suppliers are required	Service users would not have their needs met, which could have a huge impact on families	A pseudo framework would allow the council flexibility, as there would be the option to periodically open the framework and allow suitable experienced providers to be allowed onto the framework during the period.

9.2 **TUPE, other staffing and trade union implications** - There are no TUPE implications for the Council as the service is currently delivered by an external provider and is being re-tendered hence any TUPE implications will apply to the successful providers, and they will be expected to undertake the relevant enquiries with current providers.

9.3 **Corporate Policy and Equality Impact** - The service will be provided in accordance with the Equalities Act 2010. This service will be accessible for children and young people with disabilities, that reside in Barking and Dagenham. As a part of the tender process any perspective providers will be assessed on their ability to provide a service that meets the needs of our diverse population.

9.4 **Safeguarding Adults and Children** - Access to suitable Short Breaks provision, as well as being a duty upon the Council, can play a significant role in safeguarding, as can any provision that reduces stress in the family environment. The opportunity for children and young people to access provision that help them develop social skills and manage behaviours in conjunction with their peers, as well as the impact of allowing the opportunity for parents and carers to take a break from these duties should not be underestimated. Nor should the role this plays in reducing stress factors that can contribute to familial breakdown and, at times, the escalation to more targeted and acute services that can be the culmination.

It is essential that all providers added to this Framework have the necessary skills and policies for identifying safeguarding concerns, and that the organisations themselves are capable of safeguarding these vulnerable children and young people effectively. The tender process, specification(s) and all resultant contracts must make these responsibilities explicit.

9.5 **Health Issues** - The Social Care Institute for Excellence has outlined research findings on respite care for the carers of disabled children. For many parents of disabled children, the traditional residential break model, which places their child in

a residential unit, does not always serve the needs of their family. Instead, parents may prefer a more flexible model that provides additional care to the child or the family as a whole at external residential centres, in the home or at external facilities, for short amounts of time.

This approach considers two issues integral to the care experience of disabled children and their families. First, the desire of disabled children to lead as ordinary a life as possible, including taking breaks with their family and friends close by. Second, it reflects the needs of their parents, who often want the break to provide a breather but also want flexible help that enables them to have a normal relationship with their disabled child.

- 9.6 **Property / Asset Issues** – Providers may need to access suitable delivery venues within the borough, if they are based outside of the borough or do not have access to premises that are accessible for disabled children and young people to meet their needs.

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

List of appendices: None

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CABINET**22 June 2021**

Title: Debt Management Performance 2020/21 (Quarter 4)	
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 Strategic Leadership Director: Mark Fowler, Strategic Director of Community Solutions	
<p>Summary</p> <p>This report sets out the performance of the Revenues service in the collection of revenue and debt management for the fourth 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.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the performance of the debt management function carried out by the Council's Revenues service; (ii) Note the impact of COVID-19 on collection levels across all revenue streams; and (iii) Note the continued recovery techniques applied to reduce the impact of the pandemic. 	
<p>Reason</p> <p>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.</p>	

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 fourth 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 Courts 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 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 March.

Month	UC claimants	Monthly increase
February 2020	13,913	
March 2020	14,544	631
April 2020	18,077	3,533
May 2020	26,405	8,328
June 2020	27,866	1,461
July 2020	28,620	754
August 2020	28,966	346
September 2020	29,405	439
October 2020	30,054	649
November 2020	31,279	1,225
December 2020	32,019	740
January 2021	32,206	187
February 2021	32,517	311
March 2021 (<i>provisional</i>)	33,034	517
Total increase		19,121

3.2 To support residents during 2020/21 the following discretionary payments and reductions to debt have been made:

Assistance	Value	Number
Council Tax hardship relief	£60,200	156
Discounts/exemptions	£23,897	-
Court costs removed	£24,723	-
Bailiff costs removed	£9,054	-
Council tax Covid hardship (£150 reduction to w/age CTS claimants)	£2,066,923	14,060
Discretionary Housing Payments	£1,572,378	1,326
Hardship fund awards	£317,936	525
Total	£4,075,111	16,067

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
Quarter 4	-2.5%	£2,083,791

4.2 Throughout the year collection rates have continued to reduce. However, after a considerable reduction in quarter 1, the decrease has been gradual and consistent.

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
Quarter 4	-£755,596

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, summons costs and bailiff costs have been removed where they residents are experiencing serious financial difficulty. In addition, many cases receive greater support through the Homes and Money Hub where benefit and budgeting advice is given.

5. Recovery actions

5.1 Throughout the course of 2020/21 the pandemic has had a profound effect upon the revenue collection process. Magistrates' court which is used to obtain liability orders for the purpose of Council Tax collection were closed until January 2021. County Court has remained closed throughout the year preventing any eviction action from taking place. Whilst both courts allow for further enforcement action to take place, they are used as a last resort and frequently prompt contact from residents to discuss repayment and avoid further action.

5.2 To ensure that residents remained informed of any arrears that may have accrued, recovery notices have continued to be sent. However, a more supportive approach has been taken, with reminders reviewed to emphasise the need to contact the Council to discuss arrears and to receive advice about the available support.

Outbound contact	Supportive reminders	Outbound calls
Council Tax	51,603	
Rent	16,061	50,400

- 5.3 Whilst eviction action will not be possible until July 2021 when County Courts re-opens, Magistrates' court re-opened in January 2021 to allow for the application of liability orders for Council Tax. Liability orders allow for further enforcement action, including the use of Enforcement Agents, attachments to earning or benefit and in cases of consistent refusal to pay, bankruptcy, charging orders or committal. Hearings are held virtually with a link established between the BLC and Barkingside Magistrates' court. Residents are strongly discouraged from attending these hearings in person and are advised to make contact prior to the hearing date. Summonses are sent with both a standard letter from the Magistrates' court and an additional flyer explaining the court process and advising debtor to make contact prior to the hearing.
- 5.4 The table below shows the number of statutory reminders and summonses sent in the final quarter of 2020/21. Even though attendance at court is strongly discouraged, 54 people attended the BLC on the hearing dates. All attendees were safely seen by Collection staff and their details taken for later contact. In addition, staff are stationed outside Barkingside Magistrates' court because even though the summons states the hearing will be at the BLC the summons is still issued via the Magistrates Court.

Statutory reminders	Summonses	Attendance at BLC
34,264	5,030	54

- 5.5 Where liability orders are obtained and the resident has failed to make contact or has refused to make payment, these cases will be referred to the new internal Ethical Enforcement service, Becontree Collection services for further action.

6. Business Rates

6.1 Collection Rates

Period	Current year	
	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
Quarter 4	-11.1%	£4,832,730

- 6.2 The impact of the pandemic on businesses in the borough has resulted in a significant reduction in Business Rates collection. Whilst government schemes will have provided some additional support it should be noted that these are focussed predominately on the retail, leisure, and hospitality sectors. Manufacturing and businesses in the supply chain have received no support through these schemes.
- 6.3 The tables below show the number and value of grants given to businesses since November 2020. This table is up to date at the point at which this report is being written.

Scheme	Grants	Value
Additional Restrictions grant (ARG)	2,149	£5,603,746
Closed grant (5th Nov-2nd Dec)	571	£930,254
Open grant (Tier 2 & 3)	421	£248,139
Closed grant (Tier 2 & 3)	19	£18,787
Closed addendum (Tier 4)	574	£532,911
Closed grant (Post 5th Jan)	1,136	£2,837,876
Lockdown grant	576	£2,812,000
Pub grant	19	£19,000
Restart grants	554	£4,018,706
Totals	6,019	£17,021,419

Additional Restrictions grant (ARG)	
Initial allocation	£6,149,375
BEC program cost	£85,000
ARG spent	£5,603,746
ARG balance (initial)	£460,629
Top up	£1,266,840
Balance	£1,727,469

- 6.4 The Additional Restrictions Grant (ARG) is a being used to give grants to those businesses that did not qualify for Government schemes. This is a discretionary scheme and was initially given to Local Authorities to distribute during the remainder of 2020/21 and then throughout 2021/22. However, the Government has now offered a further top of £1.2m providing all grants have been paid by 30 June 2021. This will be achieved and a further £1.2m will be available for distribution.
- 6.5 Whilst the vast majority of grants have now been paid to businesses, the Business rates team continue to deal with late applications as well as finishing payments from the ARG.
- 6.6 Recovery of unpaid Business Rates has been suspended through 2020/21. The Government's extension of the Retail, Hospitality and Leisure relief scheme means that 1,200 business currently have a 100%, however this will reduce to 66% in June. Therefore, debt recovery action will not recommence until July 21.

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
Quarter 4	-3.80%	£3,834,377

- 7.1 The pandemic has impacted tenants significantly during 2020/21. Arrears have increased from £3.6m in 2019/20 to £6.4m at the end of 2020/21. Arrears is defined as any tenants with more than 1 week's unpaid rent.
- 7.2 Whilst the financial impact of the pandemic upon residents has resulted in arrears, this is compounded by the delayed payment of Universal Credit which can be 4–6 weeks. Delays in Universal Credit payments have been causing increases in rent arrears since 2019. The increased number of tenants now in receipt of Universal Credit, coupled with the financial impact of the pandemic has resulted in the increase in 2020/21.
- 7.3 The Government prohibited eviction action at the beginning of the pandemic, and this has continued through the year. Courts are due to reopen in July 21. Preparations are being made to ensure that the correct process is used as new guidelines have been introduced by the Government.
- 7.4 Since the statutory process of recovery unpaid rent could not be used in 2020/21 and because the financial impact of the pandemic was apparent, tenants have been sent more supportive reminders to make payment or contact.

Reminders sent	Outbound calls to tenants
16,061	50,400

- 7.5 The Rents team continue to phone tenants that are in arrears to discuss repayment. Where possible this includes periodic checks on tenants to ensure that their circumstances have not worsened.
- 7.6 The Homes and Money Hub have been supporting tenants in rent arrears and all other debts by giving budgeting and benefit advice. A total of 2,995 residents have been seen this year in comparison with 1,721 in 2019/20.

8. Reside

- 8.1 A review of the measurement of Reside collection was undertaken during Quarter 3 of 2020/21. The intention of this review was to give a more detailed breakdown of collection rates across Reside properties and to move away from the previous collection method used by Elevate.
- 8.2 The table below shows the percentage of collection per month during 2020/21 including arrears carried forward from 2019/20.

Month	Percentage
April 2020	70.80%
May 2020	75.40%
June 2020	87.40%
July 2020	85.60%
August 2020	87.70%
September 2020	89.50%
October 2020	90.60%
November 2020	93.00%

December 2020	86.60%
January 2021	92.80%
February 2021	93.30%
March 2021	95.20%

Total rent collectable	Collected
£10,176,821	£9,692,853

- 8.3 Reside tenants have experienced financial difficulties due to the pandemic and collection rates reduced significantly at the beginning of the year.
- 8.4 Additional resource was allocated to deal with Reside collection with out of hours outbound calling being introduced. Reminder letters were revised to encourage tenants to make contact to discuss their financial situation.
- 8.5 Alternative payment agreements have been made with tenants experiencing financial difficulties and these are being monitored periodically to both ensure payment is being made and to identify any possibility of vulnerability.

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
Quarter 4	-7.15%	£11,811,933

- 9.1 General Income collection continued its improvement through to year end, however collection rates still remained below 2019/20.
- 9.2 The table below shows some of the higher increases in invoicing in 2020/21. Be First invoices relate to building and design of Gascoigne and the film studios. Increases in care and support are related to charging reviews.

Department	Subjective Name	Additional charge
BE FIRST	FEES & CHARGES INCOME	£7,083,820
EDUCATION, YOUTH & CHILDCARE	OTHER CONTRIBUTIONS & REIMBURSEMENTS	£3,728,165
CORE	COMMERCIAL RENTS	£2,407,210
BE FIRST	PLANNING APPLICATIONS INCOME	£1,792,162
CARE & SUPPORT	CONTRIBUTIONS FROM HEALTH	£2,164,901
CARE & SUPPORT	RESIDENTIAL CARE INCOME	£1,506,588
CORE	SCHOOL BUY BACKS	£1,390,116
CARE & SUPPORT	NURSING CARE INCOME	£1,327,374
MY PLACE	FEES & CHARGES INCOME	£756,195
CORE	OTHER CONTRIBUTIONS & REIMBURSEMENTS (INCOME)	£628,518

9.3 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
Quarter 4	-30.6%	£546,749

9.4 Homecare collection has experienced a decrease in collection, this is both related to the pandemic but also due to the increase in charges this year as shown in the General Income table above.

9.5 The General Income team continue to pursue residents for unpaid amounts however as mentioned the pandemic and increase in charge has made this more problematic. A review of Adult Social Care collection is being undertaken to improve the understanding of charging and to make query resolution more efficient.

10. Housing Benefit Overpayments

Period	Payments delayed
Quarter 1	-£350,870
Quarter 2	-£810,052
Quarter 3	-£1,180,594
Quarter 4	-£1,441,958

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.

10.2 The amount of Housing Benefit overpayment created this year is £3.9m, this is a reduction of £965k compared with 2019/20. As the number of tenants move to Universal Credit the amount of housing benefit overpayment created will continue to reduce.

11. Collection rates

11.1 The table below shows collection rates compared with the end of quarter 4 2019/20.

Collection rates				
Revenue area	2019/20	2020/21	Variation	Cash variation
Council Tax - current year	95.70%	93.20%	-2.50%	-£2,083,791
Council Tax - arrears	£2,282,688	£1,527,092	-£755,596	-£755,596
Rent - HRA	96.74%	92.36%	-3.8%	-£3,834,377
Former tenants Arrears (FTA)	£202,497	£164,358	-£38,139	-£38,139
General Income (sundry debt)	96.34%	89.19%	-7.15%	-£11,811,933
Leaseholders	83.14%	87.79%	4.65%	£211,055
Homecare	80.03%	49.47%	-30.56%	-£546,479
Commercial rent	98.78%	83.34%	-15.44%	-£889,729

Housing Overpayments	£5,405,277	£3,963,319	-£1,441,958	-£1,441,958
Business Rates	98.00%	86.86%	-11.14%	-£4,832,730
Reside (new measure)		95.2%		

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. The financial impact of court cases due to Covid-19 is also being monitored and reported regularly.

13. Legal Implications

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

- 13.1 Monies owed 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. Even though the vaccination programme has contributed to a recovery it is anticipated that it will not be until late summer before economic normality is approached and many businesses and activities may not return in the same form.
- 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 amended time span for these rules to run to 31 March 2021 and these were further extended by The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Amendment) (England) Regulations 2021 to 31 May 2021 at time of writing.
- 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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