

Notice of Meeting

CABINET

Tuesday, 14 December 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 Elizabeth Kangethe, Cllr Margaret Mullane and Cllr Maureen Worby

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Please note that this meeting will be webcast and members of the press and public are encouraged to view the proceedings via this method due to COVID-19 restrictions. Those wishing to attend the meeting in person must provide evidence of a negative Lateral Flow Test on arrival and wear a face mask at all times, including while seated in the public gallery on the second floor of the Town Hall. 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 16 November 2021 (Pages 3 - 9)

4. Revenue Budget Monitoring 2021/22 (Period 7, October 2021) and Quarter 2 Capital Programme Update (Pages 11 - 45)

5. Budget Strategy 2022/23 to 2025/26 (Pages 47 - 59)

6. **Dedicated Schools Budget and School Funding Formula 2022/23 (Pages 61 - 81)**
7. **Debt Management Performance 2021/22 (Quarter 2) (Pages 83 - 94)**
8. **Disposal of Land - Wedderburn Road, Barking (Pages 95 - 103)**

Appendix 2 to the report is exempt from publication as it contains commercially confidential information (exempt under paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 (as amended)).
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. Item 8 above includes an appendix which is exempt from publication, as described. ***There are no other 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, 16 November 2021
(7:00 - 8:17 pm)

Present: Cllr Dominic Twomey (Deputy Chair in the Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Elizabeth Kangethe and Cllr Maureen Worby

Apologies: Cllr Darren Rodwell and Cllr Margaret Mullane

50. Declaration of Members' Interests

There were no declarations of interest.

51. Minutes (19 October 2021)

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

52. Revenue Budget Monitoring 2021/22 (Period 6, September 2021)

The Cabinet Member for Finance, Performance and Core Services presented a report on the Council's revenue budget monitoring position for the 2021/22 financial year as at 30 September 2021 (period 6).

The General Fund revenue budget showed a forecast outturn position of £184.322m, which was a slight improvement on the position reported for period 5. Once income was taken into account, that would represent an overspend of £10.187m which could be offset against the Budget Support Reserve of £11.433m, although that would deplete the reserve and increase the risk in future years.

The Cabinet Member highlighted the large overspend in the previous year due to the COVID pandemic, some of which was met through Government grants, and advised that many of those additional costs had now become the 'new normal'. Two areas which would continue to face revenue pressures in the years to come dealt with the Borough's most vulnerable residents, those being Community Solutions and the Children and Adults' services. As there was unlikely to be a similar level of grant to cover those ongoing pressures and with the recent reduction of Universal Credit of up to £1,000 per year for some residents, the Cabinet Member commented that the local community would continue to suffer as a direct result of the Government's policies, albeit that the Council was doing all it could to reduce the burden.

The Cabinet Member referenced the prudent investments made by the Council, without which the Council would be in a considerably worse financial position, and advised that returns from the Council's subsidiary companies continued to provide dividends which would supplement the budget.

Cabinet **resolved** to:

- (i) Note the projected revenue outturn forecast for the 2021/22 financial year

as set out in sections 2 and 3 and Appendix A of the report

- (ii) Note the update on savings proposals, as set out in section 4 of the report.

53. Provision of New SEND School Places

The Cabinet Member for Educational Attainment and School Improvement introduced a report on the provision of new special education needs and disabilities (SEND) school places.

The Council had a statutory obligation to provide a school place for every child or young person who wanted one in the borough. The demand for places from pupils with SEND was steadily increasing and, in response, the Council planned to create additional capacity.

The Cabinet Member and Champion for Disabilities explained that Additional Resource Provisions (ARPs) were educational provisions set up within a mainstream school, designed to provide vital specialist and targeted support for pupils with long term SEND. ARPs were very popular with parents and carers as they cater for pupils and young people in a local context. With this targeted help, many pupils or young people with additional learning needs could make better, more sustained progress when they attended mainstream schools.

Cabinet Members spoke in support of the proposal and commented on the life changing support given by ARPs to the young people in the Borough.

Cabinet **resolved** to:

- (i) Agree the permanent establishment of seven new Additionally Resourced Provisions (ARPs) at the following schools:

Name of School	Total number of places	Type of need
Ripple Primary School Suffolk Road Site	12	Complex and Moderate Learning Difficulties
Ripple Primary School Westbury Road	12	Autistic Spectrum Condition
Rose Lane Primary School	12	Autistic Spectrum Condition
Barking Abbey Longbridge Road	15	Complex and Moderate Learning Difficulties
Eastbrook Primary School	24	Autistic Spectrum Condition
Becontree Primary School	12	Autistic Spectrum Condition
Dorothy Barley Infant School	8	Complex and Moderate Learning Difficulties

- (ii) Agree the expansion of the following three ARPs as detailed below:

Name of School	Total number of additional places	Type of need
Barking Abbey School Sandringham Road	18 places	Autistic Spectrum Condition
Eastbury Primary School	2 places	Hearing Impairment
Dagenham Park School	10 places	Complex and Moderate Learning Difficulties

- (iii) Agree the closure of the ARP at Eastbrook Secondary School for pupils with social, emotional and mental health disorders in light of the new provision at Eastbrook Primary School and future additional provision at Pathways Special School.

54. School Streets Programme

The Cabinet Member for Regeneration and Economic Development introduced a report on the school streets programme.

School Streets was aimed at improving air quality and road safety around school gate areas and encouraging more active travel (cycling, walking and scooting). Vehicles would be prohibited from using the designated areas during the main school drop-off and pick-up times, with exemptions for those living in the designated roads, key school staff and other specified service providers.

The Cabinet Member advised that the School Streets trial project had been implemented at four of the Boroughs primary-age schools (Grafton Primary, Manor Junior, Dorothy Barley Primary and Becontree Primary) in July 2021, with Eastbury Primary implemented in September. All five areas implemented had been hailed a success by parents and, in response to the positive feedback, a further seven primary-age schools were planned for implementation by Spring 2022. It was noted that the schemes were funded by the Department for Transport via Transport for London.

Cabinet Members spoke in support of the School Streets project, especially compared to low traffic neighbourhood schemes introduced elsewhere in London, and expressed the desire to see the School Streets project extended to many other schools in the Borough.

Cabinet **resolved** to:

- (i) Endorse the current School Streets trial projects at Becontree Primary, Dorothy Barley Primary, Eastbury Primary, Grafton Primary and Manor Junior;
- (ii) Approve the inclusion of Hunters Hall Primary, Parsloes Primary, Richard Alibon Primary, Southwood Primary, St Joseph's Primary (Dagenham), Sydney Russell Primary and Valence Primary in the trial programme by Spring 2022;
- (iii) Approve the draft School Streets Exemption Policy, as set out at Appendix D to the report, and authorise the Strategic Director, Inclusive Growth to make any necessary changes to the policy in response to feedback from

statutory consultation and guidance issued by TfL and DfT;

- (iv) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development and the Strategic Director, Law and Governance, to:
 - (a) Agree the inclusion of further schools in the trial programme, subject to appropriate grant funding being available;
 - (b) Determine whether any trial scheme should be made permanent, prior to the expiry of the Experimental Traffic Management Order (ETMO) and following statutory consultation and a full assessment of the benefits of the scheme;
 - (c) Take all necessary steps to make permanent any trial schemes, including the publication of Traffic Management Orders.

55. Procurement of Framework for Day Care and Home Care Services for Residents with Disabilities

The Cabinet Member and Champion for Disabled People presented a report on the procurement of a framework contract for day care and home care services for residents with disabilities, to commence from 1 April 2022 when current arrangements expired.

The Cabinet Member explained that home care (also referred to as domiciliary care) was health care or supportive care provided to adults, young people and/or children by a professional carer, either at their home or where they may be living, while day care provided support to the service user to improve their quality of life and remain as independent as possible within their own home, the community and their chosen way of life.

The Care Act 2014 required local authorities to commission a range of providers for individuals to access various support services, whilst ensuring that individuals had choice and control over their support purchases. The Cabinet Member advised that as well as ensuring that the Council was compliant with the Act and financial contractual regulations, the framework would expand the range of services available and introduce a results-based accountability model to strengthen the monitoring of service quality and costs.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a framework for day care and home care services for residents with disabilities and/or mental health, in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, Children and Adults, in consultation with the Cabinet Member and Champion for Disabled People and the Strategic Director, Law and Governance, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder(s), in accordance with the strategy set out in the report.

56. Annual Education Performance Review 2020/21

The Cabinet Member for Educational Attainment and School Improvement presented a report on the annual education performance review 2020/21 and opened by thanking the education providers for their tireless efforts throughout the last year.

The Cabinet Member commented that it had been a further year of disruption for pupils due to the COVID-19 pandemic, with little test and examination data for a second year running. There were also no comparison tables available as different methodology had been used across the country for teacher assessed results.

The Cabinet Member referred to the many achievements of schools, pupils and the support services, which included:

- Partnerships had strengthened and blossomed during the pandemic;
- The proportion of schools rated good or outstanding remained at 91.5%, unchanged from the previous year. That meant the borough's schools were well above latest published national benchmark and just under the London benchmark; and
- Health and wellbeing, creative and culture opportunities had been developed by teachers over the past year which significantly benefitted the borough's young people and supported them through the pandemic.

The Cabinet Member and Member Champion for Disabled People referred again to the review of Additional Resourced Provision undertaken during the year which had highlighted the wealth of strong practice and opportunities for new provision to meet the complex needs of young people with SEND.

Cabinet Members welcomed the report and were impressed with the continued hard work of everyone concerned throughout the ongoing pandemic.

Cabinet **resolved** to:

- (i) Renew the Council's commitment to continuing to strengthen and develop partnerships with Barking and Dagenham's family of schools, BDSIP, Barking & Dagenham College, CU London and other key partners to achieve the best possible outcomes and opportunities for the borough's children and young people; and
- (ii) Note performance against the priorities of the Education and Participation Strategy 2018-22 as set out in section 3 of the report and in the dataset at Appendix A to the report, acknowledging that most benchmarking data in Appendix A was for 2019 and 2020/21 provisional updates were made to lines 23-28 of the dataset only.

57. Fees and Charges 2022

The Cabinet Member for Finance, Performance and Core Services introduced a report on the proposed fees and charges for Council services, the majority of which would come into effect from 1 January 2022.

The Cabinet Member referred to the Council's Charging Policy which underpinned the review of fees and charges and explained that the default position, which had been applied to the majority of services, was an inflationary increase of 3.2% in line with the August 2021 Retail Price Index. However, the Council had been mindful of the impact that increases could have on residents, particularly those most affected by the pandemic, and the Cabinet Member referred to some of the services charges which had not been increased by inflation, which included:

- 30 minutes free parking at all street parking locations and one-hour free parking in the Council's car parks;
- Following the introduction of controlled parking zones to help achieve the vision of a cleaner, greener Borough, there would be no further changes to residents parking permit charges in 2022; and
- No increase in the charges made by Revenues Service for summonses issued.

The Cabinet Member for Social Care and Health Integration also advised that a number of planned increases to social care charges from 1 January 2021 had not been fully applied due to the pandemic. To avoid service users facing a potential double increase in 2022, it was proposed that those charges would remain at the planned 2021 rate for the coming year.

Cabinet **resolved** to:

- (i) Agree the proposed fees and charges as set out in Appendix A to the report, to be effective from 1 January 2022 unless otherwise stated;
- (ii) Note the fees and charges no longer applicable from 1 January 2022, as set out in Appendix B to the report; and
- (iii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Managing Director and the relevant Cabinet Members, to set fees and charges to be applied from September for schools and academic year-based activities.

58. Treasury Management 2021/22 Mid-Year Review

Further to Minute 84 (15 February 2021), the Cabinet Member for Finance, Performance and Core Services introduced a report on the mid-year review of the Council's treasury management activities for 2021/22.

The Cabinet Member summarised the key issues and achievements and confirmed that the Council had complied with all 2021/2 treasury management indicators, policies and statutory requirements. He also praised the Council's Treasury team for achieving an overall surplus of £2.4m against targets and significantly outperforming its peer group with an investment return of 1.61% compared to the London average of 0.24%.

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

- (i) The Treasury Management Strategy Statement Mid-Year Review 2021/22;

- (ii) The economic update covering the increase in inflation and the potential for an increase in the Bank of England Base Rate;
- (iii) That the value of the treasury investments and cash as at 30 September 2021 totalled £170.2m and that the treasury investment strategy outperformed its peer group, with a return of 1.51% against an average of 0.24% for London Local Authorities (as at 30 June 2021);
- (iv) That the value of the commercial and residential loans lent by the Council as at 31 March 2021 totalled £171.5m;
- (v) That the total borrowing position as at 30 September 2021 totalled £1.0 billion, with £331.2m relating to the Housing Revenue Account and £669.1m to the General Fund;
- (vi) That interest payable was forecast to be £12.6m against a budget of £13.6m, representing a surplus of £1m;
- (vii) That interest receivable was forecast to be £8.2m against a budget of £6.5m, representing a surplus of £1.7m;
- (viii) That capitalised interest was forecast to be £6.5m against a budget of £5.0m, representing a surplus of £1.5m;
- (ix) That Investment and Acquisition Strategy income was forecast to be £4.9m against a budget of £6.6m, representing a deficit of £1.7m; and
- (x) That in the first half of the 2021/22 financial year the Council complied with all 2021/22 treasury management indicators.

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CABINET

14 December 2021

Title: Revenue Budget Monitoring 2021/22 (Period 7, October 2021) and Quarter 2 Capital Programme Update	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Katherine Heffernan and Philippa Farrell, Heads of Service Finance David Dickinson, Investment Fund Manager	Contact Details: E-mail: Katherine.heffernan@lbbd.gov.uk Philippa.farrell@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
<p>Summary</p> <p>This report sets out the Councils budget monitoring position for 2021/22 as at the end of September 2021, highlighting key risks and opportunities and the forecast position.</p> <p>The Council's General Fund budget for 2021/22 is £173.614m. At this early stage of the financial year there is still significant uncertainty in the forecast position due to continued financial risks arising from the Covid epidemic. The current forecast outturn position is £184.127m which would be an overspend of £10.443m or £9.299 once income is taken into account. This is an improvement in the position by around £0.850m compared to last month from reduced forecasts especially in Care and Support and the recognition of government compensation for lost sales fees and charges income. This can be managed by use of the budget support reserve which was £11.433m at the end of the previous financial year however this will deplete the reserve increasing the risk in future years. The position will continue to be closely monitored and in-year remedial actions may need to be put in place if the overspend continues to increase.</p> <p>The overall capital programme for 2021/22 is £432.043m consisting of £82.46m General Fund, £306.37m Investment Strategy and £43.22m HRA. At the end of the second quarter expenditure of £129.46 had been incurred. The forecast for this year's expenditure is £366.54 meaning that there will be around £65.5m of slippage into future years.</p>	
<p>Recommendation(s)</p> <p>Cabinet is recommended to:</p> <p>(i) Note the projected revenue outturn forecast for the 2021/22 financial year as set out in sections 2 and 3 and Appendix A of the report;</p>	

- (ii) Note the update on savings and commercial income, as set out in section 4 of the report;
- (iii) Approve the revised Capital Programme for 2021/22 of £432.043m, incorporating the adjustments set out in section 5 of the report; and
- (iv) Note the Q2 capital expenditure and forecast spend for the year as set out in sections 6 and 7 and Appendix B to the report.

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 and support the objective of achieving Value for Money as part of the Well Run Organisation.

1. Introduction and Background

- 1.1 This is the fourth budget monitoring report to Cabinet for the 2021/22 financial year. The financial outturn for the previous financial year was a net underspend after transfers to and from reserves of £1.951m (subject to finalisation of the external audit). This was the net result of a large overspend of £26.13m offset by additional in year grant income from the Government of £28.02m. The grant income was provided to meet the financial challenges to Local Government from the Covid pandemic and the lockdown/other measures taken to contain it. The overspend was driven by a range of factors including underlying demographic pressures, additional costs and demands arising from Covid and delays in making savings and income.
- 1.2 There has been a net £17.817m of growth added to the budget for 2021/22 as part of the Council's budget setting process in February in order to meet the then known pressures especially those in Care and Support. This was funded from Council tax increases, commercial returns and government grants including special grants to meet additional Covid related costs in the first quarter of the year.
- 1.3 Despite the growth this year has a high level of financial risk including the continuing impact of the Covid pandemic and its aftermath, the potential impacts of Brexit, the long-standing pressures that impact across the Local Government sector and the high levels of deprivation and disadvantage that already existed for residents of the borough.
- 1.4 As part of our ongoing improvement programme a more streamlined budget monitoring process has been introduced. This has resulted in some changes to the format of the budget monitoring report. This report is now a high-level summary with key information and action points with more detailed being contained within the appendices.

2. Overall Financial Position

- 2.1 The 2021/22 budget was approved by the Cabinet in February and is £173.613m – a net increase of £17.817m from last year. Growth funding was supplied for Care

and Support (to meet demographic and cost pressures), Community Solutions (for Homelessness, Temporary Accommodation and the Creation of a Customer Experience Team), Inclusive Growth (Economic Development Team), Legal and Finance (Counter Fraud), Participation and Engagement and Council-wide (Staff Pay award and non-staff inflation) It also includes £8.201m of savings plans – most of which were brought forward from previous years.

- 2.2 As the table below shows the expenditure forecast is £184.057m. This is a prudent estimate and as it is still early in the year it is possible that this can be managed down. However, if the final outturn is in line with this forecast it would result in an overspend of £9.299m. This level of overspend can be fully met from the budget support reserve without the need for recourse to the General Fund which will remain at £17m. However, this would reduce the Council's ability to absorb further financial risks or support new investment in transformation in future years.
- 2.3 A proportion of the additional pressures are driven by the Covid epidemic - however as time has passed some of the additional costs have now become the "new normal" and it is becoming increasingly hard to draw a sharp distinction between covid costs and business as usual. Additional government support has been provided for the first quarter of the year and this has already been built into the forecasts.

Table 1.	NET FULL YEAR BUDGET	Full Year Forecast	Variance
COMMUNITY SOLUTIONS	24,775	27,158	2,383
CORPORATE			
MANAGEMENT	4,417	1,900	(2,517)
INCLUSIVE GROWTH	1,342	1,979	637
LAW AND GOVERNANCE	(1,304)	(1,466)	(162)
MY PLACE	16,589	18,215	1,626
PEOPLE AND RESILIENCE	124,179	129,653	5,474
STRATEGY & CULTURE	3,617	6,618	3,001
TOTAL EXPENDITURE	173,614	184,057	10,443
FUNDING	(173,614)	(174,758)	(1,144)
TOTAL NET POSITION	173,614	184,057	10,443

3. Key Variances

- 3.1 This section provides a high-level summary of the main variances. There has been little change in the overall expenditure forecast but the position has improved this month with the recognition of government compensation for lost sales, fees and charges income in the first quarter. More detail on all Council services is given in Appendix A.
- 3.2 **Community Solutions.** This service is facing a range of different financial risks and pressures including demand and cost pressures that may be partly covid driven in Homelessness, NRPF and the contact centre, additional costs from Digitalisation and the Innovate IT system and the loss of some external grant funding. In response a range of mitigation actions have already been put in place and the service continues to work on new grant bids to replace lost funding and long-term strategies to manage homelessness.

- 3.3 **Corporate Management.** There is a forecast underspend of £1.4m in central expenses from provisions and corporate contingencies. This effectively serves as a buffer against service overspends. It should be noted that this is a much lower figure than in previous years as more funding has been moved into service department budgets. There is also an underspend on the ELWA levy budget.
- 3.4 **Inclusive Growth** There is an overspend in this area from income shortfalls - £335k for historic grants no longer being received which needs to be corrected in the MTFs and £281k from the Film Unit where income generation is still being adversely affected by the impact of Covid.
- 3.5 **Law and Governance.** Following the introduction of new CPZs and increased activity as the lockdown has eased there has been an increase in Parking income. This can be volatile and will be monitored throughout the year. Currently it is assumed to be transferred to the Parking Account reserve.
- 3.6 **My Place.** There are long standing pressures in this service in both Homes and Assets and Public Realm including staffing and agency costs (which have been exacerbated by Covid and the self-isolation rules), transport costs and income from the HRA and commercial rents. The service is undertaking an in-depth review of its operating model to identify its true funding needs and where there is scope for cost reductions.
- 3.7 **People and Resilience.** There has been a very substantial increase in the Children's Care and Support caseload in the past year which is thought to be linked to Covid and lockdown. In addition, the number of children requiring residential care placements and the cost of that provision has also risen. In addition, there are similar pressures in Disabilities for Children with Disabilities. There is also a short-term increase in the Equipment and Adaptations budget as the service works through a backlog built up during the lockdown period when access to homes of vulnerable people was restricted for their protection.
- 3.8 **Strategy and Culture.** The main pressure in this area is the loss of the Leisure concession income and financial support to the provider directly linked to Covid. In addition, there are income shortfalls across heritage and leisure and historic pressures in the ICT budget. The forecast has worsened this month as it is now assumed that the income contribution from Central Park relandscaping will not be received this financial year.

4. **Savings and Commercial Income**

- 4.1 There is a savings target of £8.210m for 2021/22 – of which £2.641m are new savings approved in the MTFs, £5.033m are unachieved A2020 brought forward from the previous year(s) and £0.536m are Transformation programme savings in Care and Support. £4.799m of these savings depend on efficiencies and cost reductions and £3.411m are based on new or increased income. £5.278 of the Council's total commercial income saving has also been included in the tables as this is the incremental increase expected.
- 4.2 Currently around £6.5m of these savings are regarded as high or medium risk. High risk savings include the contact centre restructure, savings on the Foyer lease

arrangements and £2.2m relating to debt and income improvements. The Central Parks relandscaping income is now not expected to be delivered this year.

- 4.3 The budget also includes a target of £12.4m returns from the Council's subsidiary companies – part of which is also reflected in the savings tables. At present there is good confidence that this can be met through dividends paid by Be First for the financial years 2019/20 and 2020/21. (Dividends are paid in arrears following the audit of the accounts and may be delayed in times of uncertainty.) There is no dividend expected from BDTP.

5. Capital Programme Update Q2

- 5.1 A capital programme of £399.43m for 2021/22 was agreed by Members at the September 2021 Cabinet, alongside approval of a Q1 capital programme increase of £12.72m to £412.15m, or £411.51m when excluding the £642k transformation budget (henceforth reported via Revenue section).
- 5.2 In Q2 a further £25.470m will be added to the Education capital programme. This is fully funded by grant. There has been a reduction of £5.296m in the allocation to our programme for Green Homes. The Capital Programme is now £432.043m. This is made up of £82.46m for the General Fund (GF), £43.22m for HRA and £306.37m for the Investment and Acquisition strategy (IAS). Cabinet are asked to approve the revised programme.
- 5.3 The Q2 forecast of spend has reduced by £46.26m, from the Q1 forecast of £412.81m to £366.54m. This would be an in-year underspend of £65.5m most of which will be slippage into future years – especially in the IAS (£34m), HRA Stock Improvement (£10m) and Education (£20m).
- 5.4 A summary of the programme is provided in Table 2 and a list of all the projects are included in Appendix B. Where new capital schemes are agreed, for example in the IAS, these will be added after each Cabinet and will be reported as an adjustment against the budget for the year.

Table 2: 2021/22 Capital Programme

Department	Outturn Budget	Q1 Budget	Adjustment	Q2 Budget	Q2 Cost	Q2 Forecast	Forecast variance	22/23 Budget	23/24 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Adults Care & Support	2,589	1,582		1,582	129	1,582		2,848	
Community Solutions	74	74		74	69	74			
Core	2,376	2,118		2,118	387	2,115	4	258	
CIL	1,501	1,501		1,501	395	1,501			
Culture, Heritage & Recreation	8,852	8,795	106	8,901	463	7,504	1,396	2,893	150
Enforcement	1,960	724		724	340	724		2,235	
Inclusive Growth	-	15,533	- 5,296	10,236		10,236			
Transport for London schemes	2,375	1,411	35	1,447	201	1,126	321		
My Place	6,498	8,139	218	8,356	2,054	8,132	225	5,190	5,190
Public Realm	2,517	1,657		1,657	381	1,657		858	
Education, Youth & Childcare	13,010	18,626	25,470	44,095	15,862	24,208	19,887	20,888	
Other	2,544	1,765		1,765	32	1,765		200	
General Fund	44,296	61,925	20,533	82,458	20,313	60,624	21,833	35,370	5,340
HRA									
Stock Investment (My Place)	35,130	35,130		35,130	4,730	24,813	10,317		
Estate Renewal (Be First)	5,155	5,155		5,155	4,602	5,900	- 745		
New Build Schemes (Be First)	2,931	2,931		2,931	355	2,931			
HRA Total	43,216	43,216	0	43,215	9,687	33,644	9,572	0	0
Investments									

Residential Developments	276,682	271,679		271,679	94,869	253,635	18,044	414,465	234,460
Temporary Accommodation	5,439	5,439		5,439	122	20	5,419		
Commercial Investments	29,801	29,252		29,252	4,471	18,621	10,632	21,087	
Investments Total	311,922	306,370	0	306,370	99,462	272,276	34,095	435,552	234,460
Transformation		641							
Total	399,434	412,153	20,532	432,043	129,464	366,544	65,500	470,924	239,800

Programme adjustments

5.5 The £20.532m budget increase affects the programmes in the General Fund below:

Table 3: 2021/22 Programme adjustments

Department	Q1 Budget £000's	Adjustment £000's	Q2 Budget £000's
Culture, Heritage & Recreation	8,795	106	8,901
Inclusive Growth	15,533	- 5,296	10,236
Transport for London schemes	1,411	35	1,447
My Place	8,139	218	8,356
Education, Youth and Childcare	18,626	25,470	44,095
General Fund		20,533	

5.6 Culture, Heritage & Recreation has benefitted from S106 funds of £0.11m contributing towards archaeological investigations at Barking Abbey.

5.7 Inclusive Growths' Green home initiatives' closure of phase 1A requires payment of grants back to the BEIS and to Energy On.

5.8 Transport for London schemes team are in the process of confirming funds available, which have been changed as a result of Covid-19.

5.9 My Place has benefitted from Local Improvement Plan (LIP) funding of £0.21m, improving road safety within various locations, alongside £8k of Section 106 contributions.

5.10 For 2021/22 and future years, the Education, Youth & Children's Capital Programme reflects DfE funding approved at the 13 July Cabinet relating to the Review of School Places and Capital Investment, budget updates reflected below:

- £5.23m to support condition and suitability improvements.
- £2.16m has been made available to support the provision for Special Education Need places, or improvement to SEND places.
- £12.12m for meeting unallocated basic needs provisions, where a combination of further updates to the costs plans and discussions for the apportioning of the funding is required.
- £7.13m of Free Schools Grant relating to Greatfields Secondary - which has partly been profiled to future years

6 2021/22 Q2 Spend

6.1 The 2021/22 Q2 spend was £129.46m with £99.46m (77%) spent in the IAS and the £30.18m spent on the rest of the capital programme.

- 6.2 Spend, especially in the IAS, is expected to accelerate in the latter part of 2021/22 as more schemes start on site.
- 6.3 Officers are monitoring the impact of Covid-19 on the organisation's ability to deliver its capital programme in 20/21. A monthly highlight report is tracking delivery of the main areas of spend and risk. Be First have produced an action plan to bring the new build delivery programme back on track after some delays caused by the pandemic, to ensure they deliver the programme as planned this year.

7. Forecast Updates

- 7.1 The £46.26m forecast reduction comprises of a £1.30m reduction of the GF, £10.32m of the HRA and £34.64m of the Investment strategy:

Department	Q1 Forecast £000's	Change £000's	Q2 Forecast £000's
Core	2,118	- 4	2,115
Culture, Heritage & Recreation	8,795	- 1,291	7,504
Inclusive Growth	15,533	- 5,296	10,236
Transport for London schemes	1,411	- 285	1,126
My Place	8,139	- 7	8,132
Education, Youth and Childcare	18,626	5,582	24,208
General Fund	61,925	-1,301	60,624
HRA			
Stock Investment (My Place)	35,130	- 10,317	24,813
HRA Total	43,961	-10,317	33,644
Investments			
Residential Developments	271,679	- 18,044	253,635
Temporary Accommodation	5,439	- 5,419	20
Commercial Investments	29,802	- 11,181	18,621
Investments Total	306,920	-34,644	272,276
Total	412,806	-46,262	372,246

7.2 Investments (32%):

- 7.2.1 The capital budgets are loaded as gross spend, with grant and sales funding removed via funding to produce a net borrowing amount. Expenditure where the spend is incurred in a Special Purpose Vehicle, such as for Muller, have been removed as this is reflected as a loan rather than capital spend.
- 7.2.2 Work has been undertaken to improve the reporting and prevent a significant underspend being reported. However, in-year agreements and cost increases can mean that the final budget may differ significantly compared to the budget proposed.

7.3. General Fund (25%):

- 7.3.1 **Adults Care & Support:** Covid-19 has delayed spend in Q2, with resistance on entry to homes existing, £1.007m of funding had been profiled to 2022/23. Adaptations reported under HRA as funded via HRA.

- 7.3.2 **Community Solutions:** The Touchdown Project is responsive to address COVID compliancy. Project will finish by Q3.
- 7.3.3 **Community Infrastructure Levy Schemes:** Community Infrastructure Levy is collected from new developments in the borough to pay for infrastructure to support growth and is payable on commencement of development. Schemes are due for completion by the end of 2021/22.
- 7.3.4 **Core:** Historical Bids funding enhancement of IT software/hardware and Service Recipients experience. There is a need for complete replacement of end user devices for 2022/23 with discussions in progress (£2.5m). Alongside end user device's a list of Major line of Business systems require upgrading or replacement in 2022/23 onwards, with further scoping in development.
- 7.3.5 **Culture, Heritage & Recreation:** Parsloes Parklife Activation has regional significance for its football pitch provision and the improvement of associated facilities. Along with the Central Park Masterplan to create new landscape and facilities spearheads, other project progressing with delivery are lake improvements, de-contaminating land adjacent to Eastbrookend Country park, park infrastructure and heritage schemes.
- 7.3.6 **Education, Youth and Childcare:** The Education programme is financed by DfE grant, the projects fall into two broad categories of either schools expansion or building works related to condition surveys, accessibility (SEN) and general improvements.
- 7.3.7 **Enforcement:** Spend on CPZ and enforcement equipment will now continue in 2021/22, although there has been a delay in spend during Q2.
- 7.3.8 **My Place:** Includes Council's requirement to dispersed working and community hubs. Infrastructure work to highways and bridges are expected to be committed as per budget. Work is being carried out to profile the remaining ward budgets for the Q3 report.
- 7.3.9 **Transport for London (TfL):** TfL are in the process of confirming funds available, which have been changed as a result of Covid-19.
- 7.3.10 **Public Realm:** Spend will commence in Q3 relating to Vehicle fleet replacements.
- 7.4 **HRA Capital (22%):** The HRA capital 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. Monitoring is split into stock investment, estate renewal and new build. The new build scheme has a budget of 2.931m and the estate renewal is currently budgeted at £5.155m.
- 7.5 **Transformation:** Costs and Forecasts are being reflected in Revenue Monitoring. The budget will largely be funded by capital receipts and work is being completed in identifying the level of capital receipt expected for 2021/22, which will predominantly be from the sale of the film studio land to Hackman and for the sale of other assets held.

8. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 8.1 This report is one of a series of regular updates to Cabinet about the Council's financial position.

9. Legal Implications

Implications completed by: Dr Paul Feild, Senior Standards and Governance Lawyer

- 9.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.
- 9.2 Nevertheless, the unique situation of Covid 19 presents the prospect of the need to purchase additional supplies and services with heavy competition for the same resources together with logistic challenges which is causing scarcity and rising costs. Still, value for money and the legal duties to achieve best value still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained. We must continue careful tracking of these costs and the reasoning for procurement choices to facilitate grounds for seeking Covid 19 support funds.

10 Other Implications

- 10.1 **Risk Management** – Regular monitoring and reporting of the Council's budget position is a key management action to reduce the financial risks of the organisation.
- 10.2 **Corporate Policy and Equality Impact** – regular monitoring is part of the Council's Well Run Organisation strategy and is a key contributor to the achievement of Value for Money.

Public Background Papers used in preparation of this report

- The Council's MTFs and budget setting report, Assembly 3rd March 2021
<https://modgov.lbbd.gov.uk/Internet/documents/s144013/Budget%20Framework%202021-22%20Report.pdf>

List of appendices:

- Appendix A: Revenue Budget Monitoring Pack (Period 7)
- Appendix B: Q2 Capital Programme Update

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London Borough of Barking and Dagenham Budget Monitor: Period 6

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London Borough of Barking and Dagenham Budget Monitor: Period 7

Table 1.	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month	
COMMUNITY SOLUTIONS	17,934,548	6,840,150	28,469,198	3,694,500	(1,311,000)		<u>2,383,500</u>		—
CORPORATE MANAGEMENT	3,075,140	1,342,250	1,970,488	(2,516,902)			(2,516,902)	96,574	↕
INCLUSIVE GROWTH	322,991	1,018,760	1,979,013	637,262			637,262	(38,433)	✓
LAW AND GOVERNANCE	1,359,100	(2,663,360)	(4,466,429)	(3,162,169)		3,000,000	(162,169)	(17,532)	✓
MY PLACE	9,391,640	7,196,870	18,264,813	1,676,303	(50,000)		<u>1,626,303</u>	(33,232)	✓
PEOPLE AND RESILIENCE	99,835,601	24,343,420	129,981,913	5,802,892	(328,740)		<u>5,474,152</u>	(233,569)	✓
STRATEGY & CULTURE	8,978,030	(5,361,190)	10,628,808	7,011,968	(4,011,107)		<u>3,000,861</u>		—
TOTAL EXPENDITURE	140,897,050	32,716,900	186,827,803	13,143,853	(5,700,847)		10,443,006	(226,192)	✓
FUNDING	(140,897,050)	(32,716,900)	(174,758,408)	(1,144,458)			(1,144,458)	(624,000)	✓
TOTAL NET POSITION	0	0	12,069,395	11,999,395	(5,700,847)	0	9,298,548	(850,192)	✓

Summary: The NET position has improved to a £9.7m overspend. This is the result of a £10.5m Overspend against total expenditure , 6% of Budget and favourable variance against funding of £624k. The £624k is the result of fees and charges compensation being recognised in the forecast.

Key Risks and Opportunities:

- Children's and Disability - Although there has been a positive movement in the overspend this period there are still large financial pressures in Children's Care and Support arising from additional demand. Increases in the numbers of Children requiring social care intervention is leading to staffing pressures and increases in the cost of care and numbers of children with the most complex needs requiring residential/specialist care is leading to an overspend on placements. Disabilities is also showing a significant overspend and remains an area of risk with Home to School travel and CWD LAC residential placements increasing in number and cost. Adult's is increasingly unable to produce an underspend to mitigate the overspends in Care and Support due to rising Mental Health costs.
- Community Solutions - There are a range of pressures in Community Solutions arising from additional demand and the loss of grant. There are still several opportunities in this area that are being pursued to bring the overspend down.
- Strategy and Culture remain 84% over budget. This is driven largely because it has been assumed up until now that the soil importation income target would be met. This has now been removed. Heritage income remains a risk in this area.
- We are now holding fewer central budgets following the write off savings and distribution of some contingencies. This should improve the service position but means there is much less of a buffer than in previous years.

Community Solutions: Period 7

Forecast Position: £27m (overspend of £2.384m, 8.8% variance)

Table 2.

COMMUNITY SOLUTIONS	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
SUPPORT AND COLLECTIONS	1,936,697	4,603,920	7,790,617	1,250,000	(225,000)		1,025,000	
COMMUNITY SOLUTIONS	9,303,837	762,310	11,388,647	1,322,500	(180,000)		1,142,500	
COMMUNITY PARTICIPATION AND PREVENTION	6,694,014	1,473,920	9,289,934	1,122,000	(906,000)		216,000	
TOTAL NET POSITION	17,934,548	6,840,150	28,469,198	3,694,500	(1,311,000)	0	2,383,500	0

Key Drivers of the Position:

The total overspend for the Department is **£4.4m.**

This has been reduced by (£2m) mitigations.

The reported overspend of **£2.384m** is caused by the following:

This excludes COVID related costs charged to COMF.

- Income target for Brocklebank & Foyer have not been removed, the buildings have been decommissioned. £775k
- Works & Skills Loss of grant £400k
- Comsol gap (includes £250k income target) £318k
- Pressure of TA (Voids & demand led) £250k
- Pressure of NRPF £216k
- Digitalisation £180k
- Contribution to Innovate system which was unbudgeted £155k
- CC & Careline (historic budget gap) £59k
- R&B Contact Centre (pressure of Agency cost after mitigations) £31k

Total Variance **£2.384m**

The loss of grant are due to combination of reduced amounts previously confirmed by grant providers , unsuccessful bids and ceased grants

Agency costs are due to increased demand and dealing with backlog of cases at contact centre

Mitigation Table (Mitigations are included in the forecast):

In Year Mitigation	Amount	RAG Rating
Coroners court - One Year Lease (from July)	112,500	Green
RSI funding SO1 posts	42,000	Green
Homelessness growth for 21/22	260,000	Green
Homelessness growth for 21/22	280,000	Green
Gatefiled Final Payment	53,000	Green
new burdens grant for Bus Rate	229,000	Green
Social Care funding 2 posts PO2 & Scale 5	96,000	Amber
2x Scale 5 - Frontline post	66,000	Amber
Invest to Save (from Growth)	100,000	Amber
GLA collection grant	250,000	Amber
Concessionary Fares	350,000	Amber
Brocklebank Rent	58,000	Red
Transformation or CSR	100,000	Red
Total Potential Savings	1,996,500	

Community Solutions: Period 76 Risk and Opportunities

Forecast Position: £27m (overspend of £2.384m, 8.8% variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- Although Brocklebank has been decommissioned, there are ancillary costs being charged to the cost centre which may have an aggregate impact on the budget. We are investigating what these costs relates to.
- There are inherent risk associated with expected grants for Works & Skills, as there are possibility of the bids not being approved.
- Contributions towards additional costs associated with Community Banking worth £100k may not materialise.
- We are not able to identify Impacts which may arise from the Afghanistan Support Scheme. However, we do expect financial implications to arise.
- It is assumed COVID-19 related costs c£1m will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income may be impacted due to delay in Parking data.
- The Customer Services invoice c£700k to BDMS for 2020/21 is still outstanding due to cashflow issues. A further invoice will be issued in 2021/22. This relates to the Housing Repairs Service.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- Possible recharge of **£300k** to BDMS for additional duties at Contact centre will have a positive impact on the forecast
- Works & Skills have put forward grant bids worth circa **£245k**, if successful will reduce the overspend forecast
- A **£250k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.
- An amount of **£775k** is earmarked to be funded from Treasury relating to decommissioning of Brocklebank and development of Foyer.
- Additional Homeless Prevention grant **£906k**, options being explored to free up general fund.

Community Solutions: Period 7

Forecast Position: £27m (overspend of £2.384m, 8.8% variance)

		Controllable BUDGET FY	Non- Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
COMMUNITY SOLUTIONS								
SUPPORT AND COLLECTIONS	Support Services	(1,784,300)	3,310,220	2,550,920	1,025,000			1,025,000
	REVENUE SERVICES	(455,120)	1,293,700	1,063,580	225,000	(225,000)		
COMMUNITY SOLUTIONS	DIRECTOR OF COMMUNITY SOLUTIONS	128,550	276,700	878,250	473,000			473,000
	WORKS & SKILLS	394,260	903,860	1,878,120	580,000	(180,000)		400,000
	CUSTOMER CONTACT	7,854,242	(460,050)	7,663,692	269,500			269,500
COMMUNITY PARTICIPATION AND PREVENTION	PARTICIPATION AND ENGAGEMENT	1,160,980	107,380	2,174,360	906,000	(906,000)		
	TRIAGE SERVICES	2,497,044	174,000	2,887,044	216,000			216,000
TOTAL NET POSITION		9,795,656	5,605,810	19,095,966	3,694,500	(1,311,000)	0	2,383,500

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The overspend is due to 3 main lifecycles:

Support & Collections: £1.025m (Decommissioning of Brocklebank £525k, development of Foyer £250k, TA voids and demand £250k)

Community Solutions: £1.143m (relates to Comsol historic gap £318k, cost of Innovate (one-off) £155k, W&S loss of grants £400k, digitalisation costs for Intranet re-design and strategy £180k and customer contact caseload agency costs (one-off) £31k & historic budget gap £59k). The Contact Centre is working on automation and efficiencies currently with a view to realise cost reductions by mid October 2022. This should bring the service back in line within budget.

Community Participation & Prevention: £216k (NRPF is a statutory function which has seen a 65% increase in demand compared to 2020/21)

An amount of £775k is earmarked to be funded from Treasury relating to decommissioning of Brocklebank and development of Foyer.

Corporate Management: Period 7

Forecast Position: £1.97m (underspend of £2.4m, 55% underspend variance)

CORPORATE MANAGEMENT	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
STRATEGIC LEADERSHIP	458,660	(746,620)	(261,405)	26,555			26,555	(86,338)
FINANCE	2,863,330	(537,890)	2,140,721	(184,719)			(184,719)	132,912
IAS	(4,418,610)	11,720	(4,356,890)	50,000			50,000	50,000
CENTRAL EXPENSES	4,171,760	2,615,040	4,378,062	(2,408,738)			(2,408,738)	
TOTAL NET POSITION	3,075,140	1,342,250	1,900,488	(2,516,902)	0	0	(2,516,902)	96,574

- There is an underspend of £2.4m in Corporate Management. There is a much smaller underspend in central expenses than in previous years as several provisions have been released into service budgets including the £2m for write off of non achieved savings. This provides much less of a buffer against service overspends.
- The recent one off £50 bonus payment to staff has been funded from this budget
- There is also an underspend of £0.9m against the ELWA levy budget reflecting the latest agreement with the authority.
- The movement has been driven by recruitment for budgeted posts.

Mitigation Table

NONE required in this area

Corporate Management: Period 7 Risk and Opportunities

Forecast Position: £1.97m (underspend of £2.4m, 55% variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- A £2m budget provision has been made for the 21/22 pay award i.e., approx. a 2% uplift. If a higher award is made this will cause a budget pressure (either here or dispersed among services.)
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes a provision in line with last year may be required which would be an overspend of £1m. If the position worsens then further provision would be required.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- Currently the forecast assumes full spend against a number of contingency budgets including the central redundancy pot and insurance. If these are not required, then this will contribute further underspends the Council position.
- In addition to the reduced in year ELWA contribution some previous funding has been returned to the member authorities. This is not included in the forecast.

Inclusive Growth: Period 7

Forecast Position: £1.979m (overspend of £0. 637m, 47% overspend variance)

Table 4.

INCLUSIVE GROWTH	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
COMMERCIAL	(220,819)	(216,700)	(230,694)	206,825			206,825	(104,598)
INCLUSIVE GROWTH	543,810	1,235,460	2,209,707	430,437			430,437	66,165
TOTAL NET POSITION	322,991	1,018,760	1,979,013	637,262	0	0	637,262	(38,433)

Key Drivers of the Position (Summary)

The £637k variance is caused by:

- An income target for Inclusive Growth of £394k which will not be met. This target was set several years ago on the basis of grant income which is no longer received. The only income received by IG is the CIL admin fee which is minimal.
- A shortfall of £175k on Film Unit income. The target is unachievable given the reduction in filming locations.
- £36k unfunded Added Years Compensatory costs

Mitigation Table: There are no mitigations within the forecast.

Opportunities: (These are NOT in the forecast)

- The forecast is based on gross income of £591,000 for the Film Unit and is based on known income to date. The level of income is anticipated to increase as the year progresses. However, it's unlikely that the net income target of £243,000 will be met, as the opportunity to generate income has been impacted by the reduction in filming locations, and the income target is unachievable.

Law and Governance: Period 7

Forecast Position: Net income of £4.47m; underspend of £162k; 12% favourable variance)

Table 5.

LAW AND GOVERNANCE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
WORKFORCE CHANGE / HR	2,132,460	(1,762,520)	406,540	36,600			36,600	
LAW & ASSURANCE	3,821,380	(1,935,890)	1,910,703	25,213			25,213	(17,200)
ENFORCEMENT	(4,846,530)	1,293,500	(6,820,212)	(3,267,182)		3,000,000	(267,182)	(332)
LEADERS OFFICE	251,790	(258,450)	36,540	43,200			43,200	
TOTAL NET POSITION	1,359,100	(2,663,360)	(4,466,429)	(3,162,169)	0	3,000,000	(162,169)	(17,532)

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Key Drivers of the Position (Summary):

Following WFB approval the Director of Law and Governance and PA salary costs have been recharged across LGHR. This will require services to work to contain these costs (£244k).

Parking income is forecast to over-achieve by £3m. PCN income to October has averaged £915k per month. It is anticipated that monthly income will fall between now and year end as some cameras will be out of use, but overall annual income including permits is forecast to be approx. £15m. The excess income will be taken to the Parking reserve at year end.

Mitigation Table:

There are vacancies across Enforcement resulting in budget savings which mitigate overspends elsewhere within the Directorate.

Law and Governance: Period 7 Risk and Opportunities

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- The Private Sector Property Licensing (PRPL) scheme has a challenging income target across five years and so there is a long term risk that it might not generate sufficient net income to meet the income target of £1.924m. This is not currently assessed as high risk but must be monitored.
- Parking income is volatile and depends on driver behaviour and compliance. There is a risk that the income forecast will not be met. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals.
- Private sector Housing Income target of 100k. There is a risk that this may not be achieved. Although significant penalty income of 314k has been raised, most of this remain unpaid. LBBB may need to apply to the court to progress recovery of invoices raised.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- There are significant staff vacancies currently being recruited to following major reorganisation. The level of underspend may vary depending on the success of the recruitment campaign.
- Barking Market Income: The current income level is influenced by post COVID activities. The monthly income can increase or decrease in future. An extra day was added based on a return to pre COVID levels, this is not being achieved yet and it depends on how COVID impact develops.

My Place: Period 7

Forecast Position: £18.264m (overspend of £1.626m, 9.8% variance)

Table 6.

MY PLACE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
MY PLACE	(396,200)	7,784,670	8,571,133	1,182,663	(50,000)		1,132,663	(49,861)
PUBLIC REALM	9,787,840	(587,800)	9,693,680	493,640			493,640	16,629
TOTAL NET POSITION	9,391,640	7,196,870	18,264,813	1,676,303	(50,000)	0	1,626,303	(33,232)

Key Drivers of the Position (Summary):

- My Place:
 - a. £1.3m adverse variance due mainly to the recharge of expenditure to the HRA being below budget. The expenditure is being incurred, but was identified as non-HRA after the 2021/22 budget was set.
 - b. (£0.2m) mitigation within Property Assets.
- Public Realm:
 - a. Operations - £1.0m adverse variance related to excess expenditure on transport (£868k) and agency staff (£226k).
 - b. The above line is offset partly by Parks and Environments (£400k) due to above budget income recharges for Ground Maintenance and Arboriculture, Compliance (£169k) having favourable income forecasts, mainly on pest control.

Mitigation Table: Only minor mitigations currently in place around holding vacancies where possible for this financial year.

The underlying cause of the HRA recharge budget issue is being investigated to help determine where the service goes from there.

My Place: Period 7 Risk and Opportunities

Forecast Position: £18.264m (overspend of £1.626m, 9.8% variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- £130k: Commercial Rental Income due fell in 2020/21 by £170k compared to budget. The service lead is reviewing the current leases.
- £130k: Dispersed Working Saving (Roycraft House) £312k - the original projected timeline of the closure date has slipped. £70k already in Outturn but risk of further slippage if indicated milestones (e.g. start date of new lease arrangement are delayed). This is a one off risk for 2021/22.
- Unquantifiable Risks:
 1. Energy Budget uncertainty not only due to global market but also the delays in actuals coming through and new contract prices engaging from October.
 2. BDMS Corporate Repairs and Maintenance costs have yet to be provided by our partner company for 2021/22. This generates both a possible risk that they could be higher than forecast or conversely, an opportunity if reactive works are limited.
 3. Arboriculture planned works relies on one FTE, therefore it is a recognised point of failure. This could impact forecast income recharges in Parks & Environments.
 4. An external consultant has been commissioned to carry out a Compliance Review that may have wider financial implications for My Place (and the HRA).

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- (£100k) There is an opportunity that forecast Agency expenditure will reduce due to the easing of restrictions. Particularly around the changing requirements on self-isolation if you come into contact with an individual with C-19.
- Unquantifiable – Transport, with investment in new fleet in recent years, it can be expected that some further reduction in transport expenditure should be realisable from less hire, leasing and breakdowns. This has started to show in the forecast.

People and Resilience: Period 7

Forecast Position: £130m (overspend of £5.8m, 4.4% variance)

PEOPLE AND RESILIENCE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
DISABILITIES CARE AND SUPPORT	28,314,597	2,376,440	33,339,799	2,648,762			2,648,762	(0)
ADULT'S CARE & SUPPORT	19,433,720	3,076,900	22,510,620					
COMMISSIONING - CARE AND SUPPORT	10,992,014	965,320	12,242,804	285,470			285,470	(233,569)
PUBLIC HEALTH	(559,250)	63,000	88,310	584,560	(328,740)		255,820	
CHILDREN'S CARE & SUPPORT	38,078,960	1,216,300	41,382,360	2,087,100			2,087,100	(0)
EDUCATION, YOUTH & CHILDCARE	3,575,560	16,645,460	20,418,020	197,000			197,000	
TOTAL NET POSITION	99,835,601	24,343,420	129,981,913	5,802,892	(328,740)	0	5,474,152	(233,569)

Key Drivers of the Position (Summary):

- Disabilities Service:**
 - CWD LAC Disaggregation –is responsible for most of the pressure mainly due to the high-cost residential placements. The average weekly cost being £4,600 .
 - There is also one-off pressure of £240k in the minor Equipment & Adaptations budget due to a backlog of works built up over the pandemic.
 - Home to school transport continues to carry an overspend due to the increasing demand for transport and the complexities of our children.
- Commissioning Care and Support**
 - Early Help Service has transferred over to Commissioning this month, bringing with it a pressure of £450k, this is due to a shortage of staff which need immediate short-term coverage.
 - A portion of this overspend is being mitigated by underspends across other areas of Children's commissioning leaving an overall pressure of £285k.
- Public Health**
 - £256k overspend within PH solely on the Coroners and Mortuary service. This is our share of the overall service overspend which is demand led and is a shared service utilised by us and 4 other neighbouring boroughs.
- Children's Care & Support:**
 - The overall budget pressure sits within Corporate Parenting, in particular Residential placement costs which has seen a substantial increase over the past year due to a lack of suitable affordable placements, which has been exasperated because of COVID.
- Education, Youth & Childcare:**
 - £197k relates to unachievable income budgets due to historical corporate budget adjustments

In Year Mitigation	Amount	RAG Rating
CCS: Commissioning Led cost reduction initiatives 21/22		
Joint CCG Funding agreed over and above current budget	£226,000	
Care leaver transitions into supported accommodation and stepping down of 2	£278,000	
Retrospective residential price reductions	£82,000	
CCS: Operational Led cost reduction initiatives 21/22		
Reduction of venue hire, subsistence, mobile phone and staff expenses	£110,200	
DIS: COMF Grant	£276,400	
Potential Total Savings	£972,600	

People and Resilience: Period 7 Risk and Opportunities

Forecast Position: £130m (overspend of £5.8m, 4.4% variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- D2A CCG Funding to cease – Nursing placement rates inflated due to COVID Discharges which will be difficult to bring back down to LBBB rates in the short term, this additional cost currently being covered by CCG funding which is due to end in September.
- The outcome of the Norfolk judgement is still a significant risk factor, the cost to the service is currently unknown but it is likely to be very significant if the legal case goes against us.
- Early Help service TOM has yet to be finalised, it is expected that the cost of the service will significantly rise once this is complete as the service is currently significantly understaffed.
- Loss of funding such as the BCF in the future is a significant risk for Commissioning as it generally funds annual contract uplifts.
- The Sexual Health service commissioned by Public Health is a demand led service, although there is no data to support a significant increase in demand, if such a scenario was to occur this could cause the service to overspend.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- The use of Care Technology is the biggest opportunity care and support has to exploit, currently going through a tendering process, this is not expected to bring about any cost's reductions/avoidance this financial year, but the hope is that we should see these benefits in the coming years.
- Workforce Capacity grant allocation for 21-22 should help contain some spend on resources due to the pandemic across Adults and Disabilities Care and Support.
- One-off CCG monies to meet additional costs to support Hospital Discharge expected in to come in, this should mitigate various bits of expenditure across care and support and commissioning in particular additional equipment costs.
- The successful step down on any LAC in a high-cost placement will help reduce overall costs. The service conducts regular panel meetings to assess suitability of the children to be moved into less expensive settings whilst not compromising on the quality of care.

Strategy and Culture: Period 7

Forecast Position: £10.6m net expenditure; overspend £3m; 83% adverse variance

STRATEGY & CULTURE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
CULTURE & RECREATION	(83,350)	1,041,190	4,292,406	3,334,566	(791,740)		2,542,826	
CHIEF INFORMATION OFFICER	7,160,730	(5,596,210)	2,050,520	486,000			486,000	
STRATEGY & PROGRAMMES	1,347,240	(312,290)	4,215,652	3,180,702	(3,219,367)		(38,665)	(123,240)
COMMUNICATIONS	553,410	(493,880)	70,230	10,700			10,700	123,240
TOTAL NET POSITION	8,978,030	(5,361,190)	10,628,808	7,011,968	(4,011,107)	0	3,000,861	0

Culture and Recreation: Forecast overspend of £2.5m

Leisure overspend of £2m due to loss of concession income of £1.312k and the provision of a support package to Everyone Active of up to £878k, offset by Leisure Recovery grant of £515k.

Parks overspend of £739k mainly due to slippage in income from soil importation scheme and reduced commercial use income.

Heritage overspend of £170k due to income under-recovery and overspend on NNDR. As Eastbury Manor remains closed the income target should still be considered to be at risk.

Chief Information Officer: Forecast overspend of £486,000

Loss of Income from traded entities £313k. 10% increase in licences due to 250 new users.

IT equipment couriering £79k.

Reduced income from schools due to replacement of VoIP by 8*8 telephony £45k.

There was a 5% vacancy factor applied to the salaries budget on transfer from Elevate which is not being met.

Strategy and Culture: Period 7 Risk and Opportunities

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- Heritage income remains a risk. The exposure should be limited to £300k.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- The NNDR bills for Eastbury Manor and Valence House have been appealed and, if successful, may result in a refund of up to £200k.
- There may be some soil importation income in 2021/22, as works have commenced.
- Income from Digital Advertising is set to increase. There are currently 33 small format advertising units for which the minimum guaranteed rental income is £5000 per unit plus a 35% share of income above the guaranteed sum. New units will be coming on-stream throughout the year and will generate additional income. There will be two large format sites in place before year end which will generate £10k each pa. The budget monitor does not currently include any income surplus over and above the income target of £158k.

HRA: Period 7

Forecast Position: £792,000 overspend

PERIOD 6		2021/22 PERIOD 7			
VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£'000	£'000	£'000	£'000
(£2,198)	SUPERVISION & MANAGEMENT	44,514	42,862	(£1,652)	£546
(£331)	REPAIRS & MAINTENANCE	18,564	18,353	(£211)	£120
£329	RENTS, RATES ETC	423	755	£333	£3
£0	INTEREST PAYABLE	10,742	10,742	£0	£0
£0	DEPRECIATION	16,879	16,879	£0	£0
£0	DISREPAIR PROVISION	0	0	£0	£0
(£527)	BAD DEBT PROVISION	3,309	2,000	(£1,309)	(£782)
£0	CDC RECHARGE	685	685	£0	£0
(£2,727)	TOTAL EXPENDITURE	95,116	92,276	(£2,840)	(£112)
(£680)	CHARGES FOR SERVICES & FACILITIES	(£20,581)	(£21,217)	(£636)	£44
£1,823	DWELLING RENTS	(£86,882)	(£84,190)	£2,692	£869
£18	NON-DWELLING RENTS	(£770)	(£757)	£13	(£5)
£0	INTEREST & INVESTMENT INCOME	(£50)	(£50)	£0	£0
£1,161	TOTAL INCOME	(£108,283)	(£106,214)	£2,069	£908
£1,284	TRANSFER TO HRA RESERVE	£ -	1,281	£1,281	(£3)
0	TRANSFER TO MRR	13,167	13,167	£ -	£ -
(£282)		£0	£510	£510	£792

Key Drivers of the Position (Summary):

- Supervision & Management: **(£1.652m)**

(£1.311m) of underspend on internal recharges which is predominantly due to the My Place Recharge reduction compared to budget. An investigation is ongoing. (£287,000) on utilities, (£54,000) on security of premises budget not required this year.

The adverse *movement* from Period 6 of £546,000 was primarily down to an increase in the My Place HRA Recharge of £337,000, £66,000 Other internal recharges and £46,000 recognition of security costs relating to St Margaret's/The Clarkson's.

- Bad Debt Provision: **(£1.309m)**

The budget has been prudently set at £3.309m for several years and has always been required at some level each year to bolster the existing provision. Last year the additional provision rose by 50%. However, it is not normally the case that the whole budget is required.

A BDP Review has been undertaken and based on a flat run rate, a £2.0m figure maybe required (compared to £1.2m in 2020/21). Therefore, the forecast has been reduced to match this.

- Dwelling Rents/Service Charges: **£2.692m**

£1.5m relates to void rates higher than both budget and last years Outturn. £900,000 relating to potential rent adjustments, £399,000 Street Purchases which is in part also linked to void rates. £644,000 on service charges, adjusted for the Leaseholder Reserve movement £1.281m, where water and sewerage recovery is lower than budgeted in part due to RTB sales and excess voids.

HRA: Period 7 Risk and Opportunities

Forecast Position: £510k Overspend

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- **£0.5m:** Service Charges are raised based on an estimate, then actualised six months after the financial year. For 3 years, the process has concluded actualisation as lower than the estimate. This is down to issues in budget estimates but also being unable to identify costs at block level in certain areas (R&M).
- Unquantified: Energy Budget uncertainty not only due to global market but also the delays in actuals coming through and new contract prices engaging from October.
- An audit of compliance checks (gas, electricity, fire safety etc) is currently under way. Should this identify any areas of weakness or non compliance this will require immediate remedy.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- **£1.0m:** The Bad Debt Provision budget is set at £3.309m and has historically not been fully required at year end. The opportunity value allows for some growth in the overall BDP but should be seen as a maximum figure. A review of the BDP is planned in September in time for Period 6. The current outturn reflects a forecast £527,000 underutilisation.
- Unquantified: Should the Capital Programme forecast for HRA Stock Investment fall by more than £3m, this will create an underspend on the HRA Forecast as less in year funds will be required. It may also reduce interest payable charges slightly due to reduced borrowing requirement. In addition, some schemes in the Programme attract Leaseholder funding which would be used instead of HRA funding where appropriate consultation was undertaken.

In Year Savings: Period 7

2021/22 Savings, Income Targets and Dividends

Savings

High Risk	811,000	20%
Medium Risk	2,671,147	66%
Low Risk	440,000	11%
Delivered	127,000	3%
Total	4,049,147	100%

Income

High Risk	2,351,000	57%
Medium Risk	625,000	15%
Low Risk	442,027	11%
Delivered	143,000	3%
Deferred	600,000	14%
Total	4,161,027	100%

Dividend

Low Risk	5,128,330	100%
Total	5,128,330	100%

For the purposes of reporting savings , additional income targets and dividends are set out separately.

Savings: 86% of savings are high to medium risk currently. In some instances where savings are not being achieved alternatives are being delivered in year as mitigations. Community solutions is a good example of this.

High Risk: The contact centre restructure savings remain high risk. Currently there are staff pressures in this area driven by demand. The Foyer is also not making the £250k saving identified. The CHC transition money within Disabilities is recorded now recorded as medium risk.

Medium Risk: At 66% this is the biggest segment of savings. £1m of this is the result of Elevate Exit savings being identified as at risk. c.£650k of savings from Children's Efficiencies are also recorded as medium risk the area is delivering significant mitigation but is overspent against budget. Community Solutions restructure saving is not being made, but in year mitigations are delivering against this savings target. The remainder is a timing delay in exiting Roycraft House, £300k and HR restructure resulting in the savings being unlikely to be recognised in full. £600k relating to Central Park landscaping has been deferred to next financial year and recognised as income not savings.

Income:

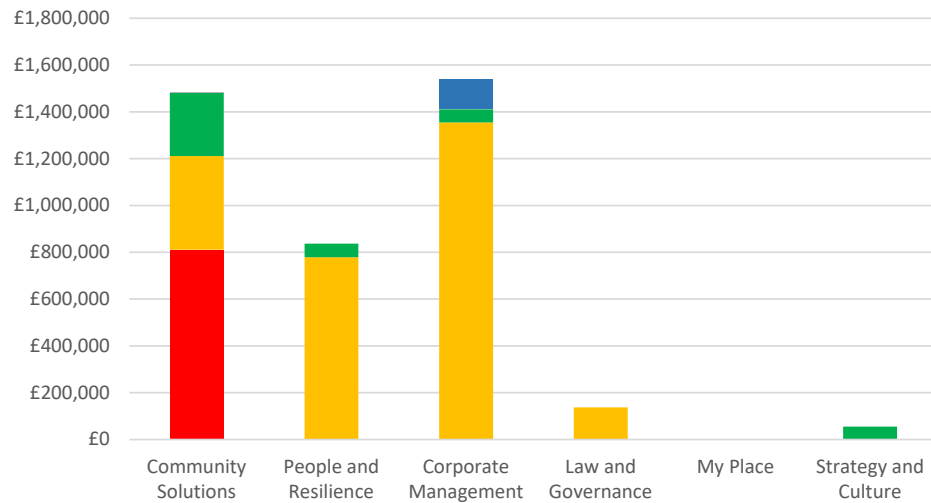
High Risk: £600k of CTSS, £614k of Central Core debt, £483k of Disabilities improvements, and £388k of improving debt collection income is recorded as high risk. Heritage income of £25k is also recorded as high risk.

Medium Risk:£400k of income generation in Adults social care. £145k in enforcement regulatory service income and £80k of Barking Market extra day income are identified as medium risk.

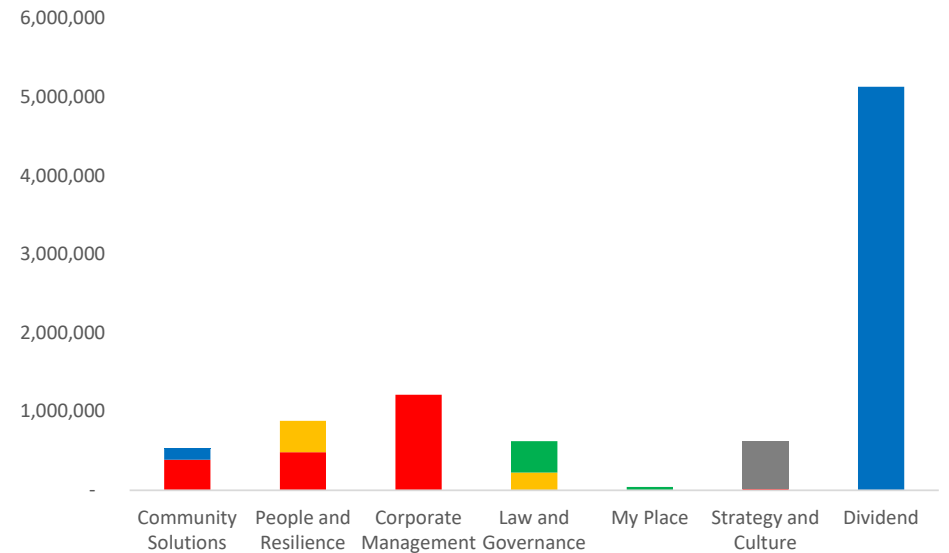
The biggest movement in this arena is dividends which are now low risk due to the expectation of Be First paying a £6m dividend.

In Year Savings: Period 7

2021/22 Savings: Risk Rated



2021/22 Additional Income targets



MTFS Savings/Income Position: 2021/22 to 2024/25

Across the MTFS c£16m in savings and income needs to be delivered. 75% of these proposals are to be delivered in 2021/22, c£13m, meaning that it is crucial that savings are delivered in this year. Of these 48% rated as high or medium risk. C£2.7m is to be made in 2022/23 and c£0.1k is due in 2023/24.

The savings to be made in 2022/23 are primarily made up of £1.1m from the children’s efficient TOM. This is currently high risk and a further £1.1m from Brocklebank within Disabilities, which is also high risk. £0.2m from CHC transitions in Disabilities which is also recorded as high risk.

COMF: Period 7

Forecast Position: £ 3.4m , Underspend of £1.1m

	Total Budget	Forecasted Spend Full Year	Variance
COMF	£4,449,850	£3,363,395	(£1,086,455)

Government provided Community Outbreak Management Funding for 2020/21 and 2021/22. LBBB did not spend all of its COMF in 2020/21 and therefore carried forward £1.3m which was added to the £1.9m awarded in 2021/22. The total available funding is therefore £3.2m.

Government have also rolled the Test and Trace grant into COMF. LBBB carried forward £1.3m of Test and Trace grant that is available to be used for all COMF activities. This accounts for the £1.1m underspend currently reported.

To date we have spent £1.0m, with c£300k on vaccination support, c£300k on SEND travel, c£200k on one off equipment purchase, enhanced cleaning and comms and security for TA. The remaining amounts are focused on enforcement and Public Realm.

LBBB is forecasting to spend £3.4m, the biggest driver in the forecast is £500k on enhanced cleaning, c£500k on Homelessness and TA with the need to hold voids for self-isolation, additional enforcement actions and cleaning. There is the real possibility as numbers rise that further funding will need to be utilised and there is an underspend against the carry forward Test and Trace grant of £1.1m

Companies Position: Period 7

Dividend income remains high risk.

The Medium-Term Financial Plan outlined a target of £12.4 from Company Dividends. Included in the £12.4m are income targets of £4.3m for Be First and £0.9m for BDTP which were included in the savings and income target programme representing the incremental increases from the previous year.

At present we are forecasting the following for each company:

- BDTP – no dividend is forecast for this financial year with a significant risk over the next two years of the MTFP
- Be First – we are forecasting a £6m dividend payment for this year, post tax, this is the dividend for 2019/20 and 2020/21. The balance of the £10.2m return will be made up of commercial income and New Homes Bonus from current year activity.
- Reside – There will be a marginal dividend, this will not offset the pressures and we will not be certain on the position until closer to year end
- BD Energy – no income is forecasted in this financial year in line with budget

As of March 2021, included within the MTFP is income from dividends and investment activity from subsidiary companies. The income targets currently in the MTFP are shown in the table below:

£million	2020-21	2021-22	2022-23	2023-24	2024-25
Be First	4.733	10.390	10.895	10.707	10.707
BDTP	1.225	2.100	2.100	2.100	2.100
TOTAL INCOME TARGET	5.958	12.490	12.995	12.807	12.807

APPENDIX B

Name	Original Budget*	Q2 Budget	Q2 YTD Expenditure	Q2 Forecast	Forecasted Variance	22/23 Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Adults Care & Support						
Disabled Facilities Grant	2,589	1,582	129	1,582		2,848
Total for Adults Care & Support	2,589	1,582	129	1,582		2,848
Community Solutions						
Barking Learning Centre Works	74	74	69	74		
Upgrade & enhancement of Security at BLC						
Total for Community Solutions	74	74	69	74		
Core						
Oracle R12 Joint Services	68	35		35		
KTLO	2,264	1,687	81	1,661	26	
Customer Services Channel Shift	6	297	259	325	-	29
ICT End User Computing	38	100	47	93	7	258
Total for Core	2,376	2,118	387	2,115	4	258
CIL (external)						
Kingsley Hall	60	60		60		
Box Up Crime	265	265	3	265		
East End Women's Museum	225	225		225		
Green Community Infra "Company Drinks"	13	13	12	13		
Becontree Centenary - Create London	542	542	386	542		
Litter in Parks (CIL)	96	96		96		
BRL Thames Clipper (CIL)	300	300		300		
Total for CIL	1,501	1,501	395	1,501		
Culture, Heritage & Recreation						
Parsloes Park Activation	5,996	4,797	34	4,797		1,199
Lakes	254	254	34	254		150
Park Infrastructure Enhancements	54	54	14	54		
Fixed play facilities	102	102		102		
Park Buildings – Response to 2014 Building Surveys	135	100	41	100		35
Reimagining Eastbury	17	17	9	17		
Redressing Valence	391	391	130	391		
The Abbey: Unlocking Barking's past, securing its future	159	265	3	169	96	161
Children's Play Spcs & Fac (CIL)	204	204		204		55
Parks & Open Spcs Strat 17	245	150	69	150		95
Central Park Masterplan Implementation	1,006	1,006	21	1,006		
Play Facility at 'Valence Park'	5	5		5		
Safer Parks (CIL)	84	42		42		42
B&D Local Football Facility (CIL)	157					157
De-contamination adjacent to ECB		1,500	109	199	1,301	1,000
Community Halls	15	15		15		
Pending Projects	29					
Total for Culture, Heritage & Recreation	8,852	8,901	463	7,504	1,396	2,893
Enforcement						
Consolidation & Expansion of CPZ	1,781	546	346	546		2,235
Enforcement Equipment	178	178	6	178		
Pending Projects						
Total for Enforcement	1,960	724	340	724		2,235
Inclusive Growth						
Green Homes		10,236		10,236		
		10,236		10,236		
Transport for London schemes						
Local Transport Plans	203	62	29	62		
Road Safety Improv Schms 19-20						
Dagenham Heathway 'Healthy Streets' Corridor Improvements						
Becontree Heath Low Emission Station Access Improv Prog	476	459	30	205	254	
Valence Avenue 'Healthy Streets' Corridor Improvements	11	4	11	4		
Eastbury Manor House Access	33		20	3	3	
Minor Works (Various Locations)	10		4	31		31
Cycle Future Route 10	197	67	30	101		33
Low Traffic Neighbourhood	514	574	29	489		85
Bus Priority	835	280	49	231		49
Pending Projects	95					
Total for TfL schemes	2,375	1,447	201	1,126	321	
My Place						
Ward Capital Spend		578	88	578		340
Street Lighting Prog 2015-2019	62	62		62		
HIP 2016-17 Footways & Carriageways	3,726	3,726	1,463	3,726		3,485
Bridges and Structures	933	933	9	933		300
Struct Rep's & Maintce-Bridges	33	33		33		
Stock Condition Survey	1,054	1,054	212	1,054		1,000
Road Safety Improvements Programme (Various Locations)	186	395	47	395		
Flood Risk and Drainage Grant (Formally Flood Risk Management)	143	143		143		
Engineering Works (Road Safety)	66	74	18	115	41	
Replacement of Winter Maintenance Equipment / Gully Motors	5	5	6	7	3	

Name	Original Budget*	Q2 Budget	Q2 YTD Expenditure	Q2 Forecast	Forecasted Variance	22/23 Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Procuring in cab tech for waste vehicles and subsequent licences etc	140	140		140		65
Reside Capital - Abbey Road						
Community Hubs and Dispersed Working Pending Projects	153	1,213	212	945	268	
	3					
Total for My Place	6,498	8,356	2,054	8,132	225	5,190
Public Realm						
Bins Rationalisation	100	100	48	100		
Vehicle Fleet Replacement	2,202	1,350	296	1,350		858
Chadwell Heath Cemetery Extension	149	149		149		
Hand Arm Vibration	42	42	38	42		
On-vehicle Bin Weighing System for Commercial Waste	16	16		16		
Refuse Fleet	8					
Total for Public Realm	2,517	1,657	381	1,657		858
Education Youth & Childcare						
Additional SEN Provision	4	4		4		
SEND 2018-21	863	870	275	870		
School Conditions Allocation 2018-20	188	157	99	157		
Chadwell Heath	100					100
School Condition Alctns 18-19	664	586	49	586		
SCA 2019/20 (A)	115	92	25	92		
Trinity Special School Expansion	344	10		10		
SCA PRIORITY WORKS 20/22	1,136	1,136	519	1,136		
Schools Expansion Programme 20/22	1,046	600	35	600		446
Healthy School	311	311	130	311		
SCA 20-21	3,164	2,100	2,646	2,800	700	928
SCA 21-22		5,225	42	250	4,975	
SEND 21-22		1,000	59	150	850	1,160
Primary						
Gascoigne Primary 5forms to 4 forms	135	135	56	75	60	
Marks Gate Infants & Juniors 2018-20	1,996	1,000	261	1,000		1,046
Roding Primary Classroom Reinstatement	84					
Ripple Suffolk Primary	241	241	224	241		
Greatfields Primary	730	500	23	100	400	10,089
Secondary						
Eastbury Secondary	172	172		172		
Dagenham Park	77	77		20	57	
New Gascoigne (Greatfields) Secondary School	1,229	17,126	11,308	15,000	2,126	7,120
Lymington Fields New School	436	633	111	633		
Unallocated funds	26	12,118			12,118	
Total for Education Youth & Childcare	13,010	44,095	15,862	24,208	19,887	20,888
Other						
Creative Industry (formerly Barking Bathouse)						
Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project	1,367	1,167	32	1,167		200
Street Property Acquisition 2017-19	50	50		50		
Abbey Road Infrastructure	11	11		11		
Wards Capital	578					
82A AND 82B OVAL ROAD SOUTH	325	325		325		
TBD	117	117		117		
TBD	95	95		95		
Total for Other	2,544	1,765	32	1,765		200
General Fund Total	44,296	82,458	20,315	60,625	21,833	35,371

HRA						
Stock Investment (My Place)						
Aids and Adaptations	2,300	1,800	294	900	900	
Voids	2,722	1,000	530	1,000		
Estate Roads & Environ 18/19	3	3			3	
External Fabric - Blocks	39	39			39	
Fire Safety Imp - 2015/16	67					
Lift Replacement Programme	100	1,012	505	1,012		
Domestic Heating Replacement	876	200	31	200		
Box-Bathroom Refurbs (Apprenticeships)	462	162		60	102	
Minor Works & Replacements	1,000	700		700		
Externals 1 - Houses & Blocks	10,629	10,500	1,686	8,547	1,953	
Externals 2 - Houses & Blocks	1,504	3,504	293	3,795	291	
Door Entry Systems	1,203	1,403	8	1,000	403	
Compliance	475	1,073	123	515	558	
Fire Safety Improvement Works	3,170	1,350		800	550	
Fire Doors	4,290	3,150	308	1,650	1,500	
De-Gassing of Blocks	50	20			20	
Lateral Mains	1,500	350			350	
Communal Boilers	842	300	88	300		
Estate Roads Resurfacing	930	1,000	455	971	29	
Energy Efficiency inc Green Street	1,448	3,500	10	600	2,900	
Other Works	52	163	117	500	337	
ESCO	74					

Name	Original Budget*	Q2 Budget	Q2 YTD Expenditure	Q2 Forecast	Forecasted Variance	22/23 Budget
	£000s	£000s	£000s	£000s	£000s	£000s
DH Internal	3,296	3,500	282	1,993	1,507	
Adaptations and Extensions	400	400		270	130	
Pending Projects	-	4				
Total for Stock Investment (My Place) (My Place)	35,130	35,130	4,730	24,813	10,317	
Estate Renewal	5,155	5,155	4,602	5,900	-	745
Estate Renewal	5,155	5,155	4,602	5,900	-	745
New Build Schemes						
Leys New Build Dev (HRA)	43	43		33	10	
Mellish and Sugden	2,880	2,875	355	2,875		
Marks Gate	12	12	7	12		
Bungalows (Stansgate,Mrgt Bon)	-	6	10	10	-	10
Leys Estate Ph 2			-	17		
Total for HRA New Builds	2,931	2,931	355	2,931		
Total for HRA	43,216	43,215	9,687	33,644	9,572	
Investment Strategy & Be First						
Residential Developments						
12 Thames Road	33,912	9,390	1,587	12,063	-	2,672
200 Becontree	1,366	2,867	1,607	3,296	-	430
Becontree Heath New Build						
Sacred Heart	3,137	3,389	2,432	3,364	24	
Crown House	25,991	24,065	13,821	25,687	-	1,621
GEP2 C1	9,417	13,647	23,555	13,256	391	107
GEP2 E		35,027		36,405	-	1,377
GEP2 F		36,919		32,365	-	4,554
Gascoigne East Phase 3	23,451	8,499	3,202	8,236	264	36,895
Gascoigne West (Housing Zone)			-	83		
Gascoigne West P1 Development (Phase 1)	26,145	28,987	19,222	31,375	-	2,388
Gascoigne West Phase 2	42,270	39,213	8,874	38,907	306	74,138
A House for Artists	2,012	2,682	1,781	2,779	-	97
Oxlow Road	10,387	2,947	1,306	3,445	-	497
Padnall Lake	32,521	18,423	2,108	6,554	11,869	73,374
Rainham Road South	10,569					6,534
Roxwell Road	11,324	8,419	502	3,236	5,184	15,725
Royal British Legion	4,348	3,405	131	1,737	1,668	12,428
Sebastian Court - Redevelop	5,219	6,848	4,178	4,868	1,981	
Kingsbridge Shared Ownership						
Chequers Lane	11,785	12,291	6,803	13,475	-	1,184
Beam Park			51	45	-	45
Gascoigne East 3B	9,893	1,334	379	2,042	-	708
Woodward Road	11,927	9,482	2,710	9,464	18	7,126
Brocklebank Lodge		2,836	68	998	1,837	2,027
Gascoigne East Phase 2 (E1)			455			
Site London Rd/North Street			108			
Transport House			56	30	-	30
Gascoigne East 3A - Block 1			8			
Trocoll House	1,007	1,007	8	8	1,000	
Total for Residential	276,682	271,679	94,869	253,635	18,044	414,465
Temporary Accommodation						
Weighbridge	984	984	64	17	967	
Wivenhoe Containers			28	2	-	2
Grays Court			88			
Margaret Bondfield	4,455	4,455	2	1	4,454	
Total for Temporary Accommodation	5,439	5,439	122	20	5,419	
Commercial Investments						
Welbeck Wharf	884	884	108	884		
CR27						
Film Studios			3,769	3,769	-	3,769
Travelodge Dagenham						
3 Gallions Close						
Dagenham Road Street Purchases						
Innovative Sites Programme	129	129		129		
Travelodge Isle of Dogs	253	253	4	253		
Barking Business Centre			25	25	-	25
23 Thames Road			126	126	-	126
Dagenham Heathway- Shopping Centre						
Industria	28,535	27,986	438	13,434	14,552	21,087
Total for Commercial	29,801	29,252	4,471	18,621	10,632	21,087
Total for Investment Strategy	311,922	306,370	99,462	272,275	34,095	435,553
Total for Transformation						
Total Overall	399,434	432,043	129,464	366,544	65,500	470,924

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CABINET

14 December 2021

Title: Budget Strategy 2022/23 to 2025/26	
Report of the Cabinet Member for Finance, Performance & Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Philip Gregory, Chief Financial Officer (Section 151 Officer)	Contact Details: Tel: 020 8227 5048 Philip.Gregory@lbbd.gov.uk
Accountable Director: Philip Gregory, Chief Financial Officer	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
<p>Summary</p> <p>On 13 July 2021, the Cabinet approved a refreshed Medium Term Financial Strategy (MTFS) for 2021/22 to 2025/26. It showed how the delivery of a strategy for a 'New Kind of Council' goes hand in hand with organisational financial health. It was prepared recognising the financial uncertainty as a result of the COVID-19 pandemic and from uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2023/24 at the earliest, whilst taking into account anticipated demands and pressures.</p> <p>This report builds on that strategy and provides an update. Following the Spending Review and the Budget by Government in October there is an expectation of a three year funding settlement from 2022/23 onwards. There is significant uncertainty surrounding the allocation of funding from Government on an individual borough basis which will be clarified at the publication of the draft Local Government Finance Settlement in December.</p> <p>It is in this context that the report updates Cabinet on changes to the Council's medium term financial position. It sets out how the remaining 2022/23 financial gap may be resolved and the implications for services and Council Tax payers in the borough.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the continued commitment to delivering the savings proposed in the MTFS reports approved by Assembly in February 2017 and updated in subsequent years; (ii) Note the new proposed savings and growth proposals put forward for 2022/23 onwards, as set out in Appendix 1 to the report, prior to inclusion in the Budget Report in Spring 2022; 	

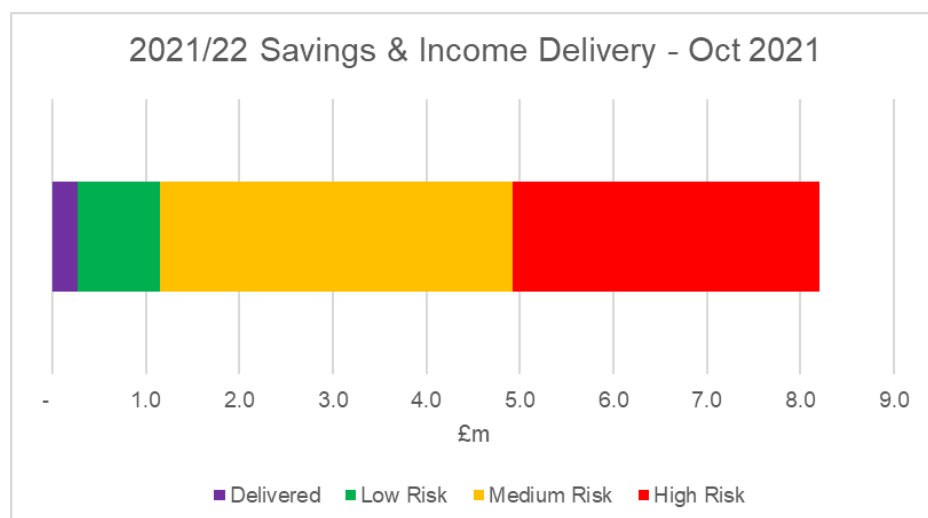
- (iii) Agree the proposed consultation process for the budget, as set out in section 9 of the report; and
- (iv) Agree to consult Borough residents and taxpayers on the levying of a 2% General Council Tax increase and a 1% Social Care Precept to support the Borough's most vulnerable residents, subject to these thresholds being confirmed.

Reason(s)

The setting of a robust and balanced Medium Term Financial Strategy will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's vision of One borough; one community; no one left behind and delivery of the priorities within available resources.

1. Introduction and Background

- 1.1 This report sets the context for the future financial position for the London Borough of Barking and Dagenham. The Medium Term Financial Strategy (MTFS) is a statement on the council's approach to the management of its financial resources to meet its Corporate Priorities. The MTFS also considers the appropriate level of reserves that the Council holds to mitigate current and longer term risks.
- 1.2 A number of the original Ambition 2020 savings remain outstanding where implementation has been delayed as a direct impact of the COVID-19 pandemic. These savings are included in 2021/22 budgets and we expect these to be delivered.
- 1.3 There are in-year savings of £8.210m included in the 2021/22 budget. Of these savings, £2.641m are new savings approved in the MTFS, £5.033m are unachieved Ambition 2020 savings brought forward from previous year(s) and £0.536m are Transformation programme savings in Care and Support. £4.799m of 2021/22 savings depend on efficiencies and cost reductions and £3.411m are dependent on new or increased income.



- 1.4 In July 2021, Cabinet approved an updated MTFs for 2021/22 including an indicative forward forecast for future years. This identified a cumulative savings gap of £25.1m during the MTFs period from 2022/23.
- 1.5 The wider context within which this update has been prepared is one of unprecedented uncertainty. The financial sustainability of the whole of Local Government has been tested like never before in the response to the COVID-19 pandemic. This Council has stepped up to provide support to the most vulnerable members of the community as they have shielded from COVID-19 whilst continuing to deliver a full range of services to our residents and businesses.
- 1.6 There have been significant cuts over several years to revenue support grant from the Department for Levelling Up, Homes and Communities (DLUHC) (previously the Ministry of Housing, Communities and Local Government (MHCLG)) which, combined with increasing demographic and demand led pressures and the continuing cost of COVID-19, result in the need to identify savings and transformation proposals to deliver a sustainable MTFs.
- 1.7 The Government published their Spending Review and Budget on 25 October 2021. This set out the spending limit for DLUHC for the next 3 years with a number of policy and funding announcements related to local government.
- 1.8 DLUHC are in the process of allocating funding to individual local authorities and these allocations will be published in December 2021. The draft Local Government Finance Settlement will provide the basis on which the detailed budget for 2022/23 is prepared for approval by Assembly on 2 March 2022.
- 1.9 DLUHC are expected to confirm when funding reforms will be introduced (the Review of Relative Needs and Resources (Fair Funding) and business rates retention). These reforms are expected to be a benefit to the council when introduced. They were due to be introduced in 2020/21 following the previous four-year funding settlement. These reforms have now been delayed until 2023/24 at the earliest. The council has therefore lost the financial benefit from these reforms in 2020/21, 2021/22 and 2022/23 resulting in a wider savings gap in these financial years.
- 1.10 The approach of the Council continues to be to invest in the borough to generate growth and prosperity, while redesigning and transforming council services to meet the needs of the community at a lower cost.
- 1.11 This report provides an update on the funding gap within the MTFs and potential routes to close it.

2 The Barking and Dagenham MTFs from 2017/18

- 2.1 The 2017-21 Ambition 2020 Transformation Programme identified £48.8m of savings to be delivered over the four years of the programme. 2020/21 was due to be the fourth and final year of the original Ambition 2020 savings and transformation programme, however £5.033m of the savings have been rolled forward into 2021/22 mainly as a result of COVID-19 delaying the delivery of savings as officers concentrated their efforts on responding to the pandemic.

- 2.2 The total delivered so far is £43.767m leaving £5.033m so far undelivered and built into 2021/22 budgets. The savings to be delivered were already high risk even before the COVID-19 situation arose and the response to the pandemic has considerably worsened the situation. A small number of savings have been assessed as impossible and were written off as part of the budget setting process in March 2021.
- 2.3 The progress of the delivery of approved savings is reported in the regular budget monitoring reports to Cabinet. Any savings that are not delivered in full will result in an overspend and an increased drawdown on reserves.
- 2.4 The delivery of agreed savings is essential to deliver a balanced budget for 2022/23 and beyond. Where agreed proposals are deemed to be unachievable these should be replaced with alternative proposals by the service responsible, subject to Cabinet approval.

3 COVID-19

- 3.1 The COVID-19 pandemic occurred after many years of financial pressures for local authorities. Even without COVID-19 there were underlying overspends or pressures in a number of areas, some of which worsened during the pandemic. There has been significant financial turmoil from many different aspects of their local roles, both from the delivery of services and as a conduit for central government to support local businesses.
- 3.2 The current expectation remains that there will no further Government support beyond what has been announced for 2021/22 through direct grants or sales, fees and charges income guarantees. The extended lockdown period during 2021/22 increased the latent demand for services and financial pressure within the borough. In particular, the rate of unemployment within the Borough is now the highest nationally and now that the furlough scheme has ended there is a risk that unemployment and poverty will increase with associated mental and physical needs that require support from the Council. It is unclear whether the demand for services as a result of COVID-19 will continue or reduce into 2022/23 and beyond.

4 Medium Term Financial Strategy Forecasts

- 4.1 The report to Cabinet in July 2021 set out the following financial forecasts over the medium term:

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Budget Gap (incremental)	5.110	6.767	6.767	6.416
Budget Gap (cumulative)	5.110	11.877	18.644	25.06

- 4.2 A review of the assumptions has been undertaken and the financial forecast has been updated as shown in the table below. These updates are best estimates of the impact of the changes and are subject to change before the MTFs is presented for approval in February / March 2022:

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Budget Gap (incremental)	5.110	6.767	6.767	6.416
New Savings Proposals*	(2.444)	(2.463)	(2.888)	(3.010)
New Growth Proposals*	4.086	5.067	5.896	6.996
REVISED BUDGET GAP	6.752	9.371	9.775	10.402
CUMULATIVE BUDGET GAP	6.752	16.123	25.898	36.300

*subject to consultation and approval

- 4.3 The strategy to address the funding gap is through the following routes:
- Savings and Growth proposals: those that have been identified and those that are still in development to include in the MTFs in February / March 2022.
 - Delivery of the corporate plan priorities and agreed transformation programme to deliver sustainability in the longer term.
 - Identify new investment opportunities to secure financial sustainability and deliver regeneration for the borough.

4.4 A summary of the savings and growth proposals is included in Appendix 1.

5 Government Funding Changes

- 5.1 The last four-year funding settlement ended in 2019/20 and a one year funding settlement was received for 2020/21 with a further one year funding settlement in 2021/22. Single year funding settlements provide little clarity on future spending commitments from Government resulting in increasing uncertainty in the MTFs assumptions beyond the following year.
- 5.2 The Chancellor of the Exchequer presented the Budget and Spending Review on 25 October 2021. This provided a three-year funding settlement for Government departments. DLUHC will allocate funding for individual boroughs from their spending limit. It is expected that the draft Local Government Finance Settlement will be published by DLUHC in December.
- 5.3 Included within the announcements made during the Spending Review were an increase of Spending Power for local authorities of 3% in each year of the 3 year period. Spending Power refers to the funding available to local authorities from Council Tax, Government Grant and Business Rates Retention.
- 5.4 Included within this 3% increase is an assumption that Council Tax will increase each year. The assumed annual increases in Council built into the Spending Power calculation have not yet been published.
- 5.5 DLUHC are expected to confirm whether the implementation of funding reforms will be introduced from 2023/24. The Review of Relative Needs and Resources (Fair Funding) and business rates retention reforms are anticipated to have a positive impact on the amount of funding allocated to LBB. These reforms have been delayed since 2020. A multiple year funding settlement is expected to allow these reforms to be implemented.

- 5.6 Also included within the 3% increase in Spending Power for local authorities is £3.6bn in Adult Social care funding allocated to DLUHC raised through an increase in National Insurance contributions from 1 April 2022 (a further £1.9bn will be distributed by the Department for Health and Social Care (DHSC)). This funding will be allocated to recompense local authorities for the increased costs associated with the changes to Social Care funding announced by the government. It is not expected that this funding will mitigate any of the current financial pressures the Council faces.
- 5.7 The Spending review included £1.6bn in new funding for local government from 2022/23 within the 3% increase in Spending Power. A proportion of this funding had already been promised to ensure that local authorities are compensated for the cost of increased employers National Insurance contributions related to the Adult Social Care levy where contributions will increase by 1.25%. A further pressure is emerging related to the local government pay award within the current financial year and into next year where inflation may continue to be above the Bank of England's 2% target. Our MTFS includes funding for a 2% pay award each year but any pay award above this will create an additional pressure. Each 1% increase in salary costs the Council c£1m.
- 5.8 There is not expected to be a significant increase in year-on year funding for local government services as a result of this funding announcement.
- 5.9 In combination, whilst the Spending Review has set the scene for a multiple year settlement, there remains a lack of detail from government on which to plan the 2022/23 budget. The Local Government Finance Settlement will provide clarity on funding for 2022/23, expected to effectively roll forward the settlement from 2021/22, with reform being introduced the following year.
- 5.10 **Council Tax** – current indications are that there will be a council tax referendum threshold of 2% with an adult social care precept of 1% for 2022/23. The MTFS currently assumes a total 2.99% increase in council tax.
- 5.11 The tax base for Council Tax has been reduced as the number of Council Tax Support claimants increased as a result of COVID-19. This is a national issue and the government may address this funding shortfall in the local government finance settlement as the tax base is unlikely to have recovered to pre-pandemic levels.
- 5.12 **Social Care Funding** – new grants were made available in 2019/20, 2020/21 and 2021/22 our assumption is that this funding will be carried forward into 2022/23 in addition to the new costs and funding resulting from the Social Care reforms being introduced from 1 April 2022.
- 5.13 **Improved Better Care Grant** – the assumption is that this grant continues at previous funding levels providing over £9m in funding.
- 5.14 **Public Health Grant** – this is a ringfenced grant worth £16.8m. Whilst we assume the grant will continue at current levels, there is a lack of clarity on whether there will be additional funding to support ongoing public health initiatives related to COVID-19.

- 5.15 **New Homes Bonus** – as the expectation is that funding will be rolled forward from 2021/22 to 2022/23, we expect that new homes bonus will continue to fund legacy payments and make a new round of allocations for 2022/23. The mechanism to allocate a new round of funding will be contained within the consultation published by DLUHC with the draft local government finance settlement.
- 5.16 The total removal of New Home Bonus without replacement could have a catastrophic detrimental effect on the MTFs as it is a key element of the Be First business plan target and underpins our efforts to regenerate the Borough.
- 5.17 **Homelessness/Housing** – additional funding was provided in previous years in an effort to reduce homelessness and rough sleeping in addition to new funding for Discretionary Housing Payments. It is expected that this will continue in 2022/23.

6 Business Rates Pooling 2022/23

- 6.1 The Council participated in the London-wide business rates pilot which was introduced in 2018/19 and the London business rates pool from 2020/21. The business rates pool was dissolved in 2021/22 and will not be reintroduced in 2022/23.

7 Other Pressures

- 7.1 The General Fund budget for 2021/22 is £173.614m. As a result of underlying financial pressures including increased costs, demographic and other demand growth, savings not yet delivered and other risks there is a forecast budget overspend of £10.7m (6.0%) at September 2021.
- 7.2 The forecast budget overspend is driven by savings delivery and ongoing pressures in services because of variations to demand and/or costs. These can further be split into one-off variances, that are unlikely to reoccur in future years, and on-going variances, that are likely to continue in future years unless action is taken. £4.6m (43%) of the current budget pressure is forecast to be ongoing into future years.

	Saving		Pressure		Overspend	
	One-off	On-going	One-off	On-going	Total	Budget %
Community Solutions	388	250	994	751	2,383	9.9%
My Place	312	-	-	1,348	1,660	10.0%
Inclusive Growth	-	-	280	397	677	52.4%
People & Resilience	-	150	600	4,957	5,707	4.6%
Strategy & Culture	125	-	1,646	1,268	3,039	84.0%
Law & Governance	362	-	53	(560)	(145)	11.0%
Corporate Management	2,243	-	(913)	(3,943)	(2,613)	-49.2%
TOTAL	3,430	400	2,660	4,218	10,708	6.0%

- 7.3 As at the end of 2020/21 the budget support reserve stood at £11.433m. This would mean that the overspend could be covered from reserves if the overspend materialises per the current forecast. This General fund reserve, which we do not anticipate using during 2021/22, currently has a balance of £17.031m compared to a £12m minimum level set in our reserves policy.

- 7.4 The reduction in reserves is a direct result of the COVID-19 pandemic response. Whilst the council can manage to fund the shortfall in 2021/22, should there be further cost pressure on the 2022/23 forecast outturn the options to mitigate such costs from reserves are limited.
- 7.5 It is also imperative that savings or income that have been approved must be delivered to protect our financial sustainability.
- 7.6 The council continues to closely monitor the 2021/22 forecast outturn and the impact of cost and demand pressures, acting where possible to reduce costs and/or increase income.

8 Capital Programme

- 8.1 The MTFS includes provision to fund a small corporate capital programme for operational requirements. The total pot available however is £5m. The allocation will be co-ordinated by the Capital and Assets Board. Once prior approved bids and the £1m allocation for urgent works/health and safety are considered the funding available is around £3.4m in 2022/23 and following years.

9 Proposed Consultation Process

- 9.1 As the Council is proposing new savings proposals, it is intended that consultation events will be undertaken as follows:
- An online budget consultation which will commence in the new year following publication of the draft local government finance settlement.
 - Online events to which representatives of the business community and the voluntary sector will be invited.
- 9.2 Cabinet will be asked to recommend the 2022/23 budget on 21 February 2022 with Assembly being asked to formally approve on 2 March 2022.

10 Financial Implications

Implications completed by Philip Gregory, Chief Financial Officer

- 10.1 Financial implications are covered throughout this report.

11 Legal Implications

Implications provided by Dr Paul Feild, Senior Corporate Governance Solicitor

- 11.1 Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report contributes to that requirement. Specific legal advice may be required on the detailed implementation of any agreed savings options.
- 11.2 As Covid 19 has now impacted on Council business for more than a year and a half the true economic impact on the Council's finances is that it has presented more costs and detrimentally influenced income. While vaccination and booster shots are

a welcome development from this time last year the long-term impact is challenging to predict and passive preventative measures of social distancing together with prophylactics will present additional costs in terms of services delivery.

11.3 The strain on logistics of the epidemic has raised on-costs and scarcity particularly for products sourced overseas. This unique situation presents the Council with the prospect of the need to purchase additional supplies and services with heavy competition. Value for money and best values duties still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained.

11.4 Where budgetary requirements proposals identify the need for the reduction of, or closure or discontinuance of a service or services, appropriate consultation will need to be carried out. The savings proposals that affect staff will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet because the Public Sector Equalities Duty (“PSED”) set out in section 149 of the Equality Act 2010 obliges the Council in performing its functions “to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it”.

This means an assessment needs to be carried out of the impact of financial strategy measures and a decision taken in the light of such information within the PSED context.

11.5 Further clarification has been given by the Supreme Court as to the following general principles of consultation being:

- That consultation must be at a time when proposals are still at a formative stage;
- That the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
- That adequate time must be given for consideration and response; and
- That the product of consultation must be conscientiously taken into account in finalising any statutory proposals.

11.6 If at any point a resort to constricting expenditure is required, it is essential that due regard is given to statutory duties and responsibilities. In particular the Council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must either be fulfilled or varied with agreement of current providers;

- any legitimate expectations that persons already receiving a service (that is earmarked for reduction) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
- any rights which statute may have conferred on individuals that as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs following a statement of special educational needs;
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
- the response to any consultation undertaken.

12 Risk Management

12.1 In each of the areas set out in this report, the significant risks have been identified with some of the impacts from those risks highlighted for consideration. Mitigation for those risks is alluded to within this report and have been integrated into the implementation plan to deliver the Budget Strategy.

13 Equality Impact Assessments

13.1 Full Equality Impact Assessments will be carried out on all applicable proposed savings.

Public Background Papers Used in the Preparation of the Report:

- Medium Term Financial Strategy and Reserves Policy 2021/22 to 2025/26, Cabinet 13 July 2021 (Minute 23)
<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=11189&Ver=4>

List of appendices:

- Appendix 1: Savings and growth proposals

APPENDIX 1

SAVINGS AND GROWTH PROPOSALS		2022/23	2023/24	2024/25	2025/26
* negative values (in brackets) are growth items		£k	£k	£k	£k
SERVICE AREA	GROWTH PROPOSAL				
My Place	Waste & Recycling New year-on-year pressure of £2,295k by 2025/26 to implement the National Waste Strategy, including weekly food collection, free Green Garden Waste, and weekly recycling.		(295)	(1,295)	(2,295)
My Place	Waste & Recycling A one-off investment of £150k in 2022/23 will fund consultancy work to support implementation of National Waste Strategy and public engagement to support implementation of food waste service.	(150)			
My Place	Keeping the Streets Clean There is a year-on-year pressure in of £250k. This is cost of addressing pressure in the current budget to ensure delivery of current levels of activity is sustainable. This pressure has been reduced significantly over the last year.		(250)	(250)	(250)
My Place	Keeping the Streets Clean There is a one-off budget requirement of £150k to support new strategies linked to resident behaviour change, waste minimisation and recycling.	(150)			
Care & Support	Giving Children the Best Chance There is a year-on-year pressure at a minimum of £3,000k. Additional funding is required to create a sustainable Early Help Service. Since the workshops, further work on the Early Help Target Operating Model (TOM) identified that immediate investment of £1.6m is required to ensure the safety and effectiveness of the current service. The EH TOM also points to independent evidence suggesting a further estimated investment of £1.4m - subject to a business case - would curb predicted future demand on statutory services.	(2,000)	(3,000)	(3,000)	(3,000)
Community Solutions	Community Hubs (2 years funding) There is an investment requirement in these services of £70k for 2 years. This is the cost of appointing a senior manager who would be responsible to get the 17 hubs up and running and then further developing, maintaining, managing the hubs.	(70)	(70)		
Community Solutions	BD-Can (one year funding only) There is an investment of £112k to extend current resources to support the delivery of CAN (2 roles) for one year.	(112)			
Community Solutions	Youth Zone (3 year funding agreement)	(200)	(200)	(200)	
Core	Inclusive Workplace There is a continued investment in these services required to maintain the delivery of Inclusive Workplace aspirations. This extends some of the temporary HR resources enabling the delivery of Inclusive Workplace priorities.	(100)	(100)		
Core	Tools & Capabilities: IT core budget deficit	(105)	(105)	(105)	(405)

SAVINGS AND GROWTH PROPOSALS		2022/23	2023/24	2024/25	2025/26
* negative values (in brackets) are growth items		£k	£k	£k	£k
Core	Tools & Capabilities: IT contract inflation costs	(260)	(260)	(260)	(260)
Core	Tools & Capabilities: IT operations resourcing specialist, technical expertise - related to ERP, DCAP, GIS, and Cyber Security	(586)	(586)	(586)	(586)
Core	Tools & Capabilities: IT training budget and an IT trainee and career development scheme	(200)	(200)	(200)	(200)
	SUBTOTAL:	(3,933)	(5,066)	(5,896)	(6,996)
PROPOSALS THAT NEED TO DEMONSTRATE ROI					
Community Solutions	Debt & Affordable Credit (2 years funding) Temporary investment in these services, £420k each year for two years, is required to expand the council tax collection programme that has been operating over the last 18 months. This investment will be underpinned by a business case that is expected to deliver over £1m in additional income.	580	580	1,000	1,000
Inclusive Growth	Economic Development Unit (2 years funding) Temporary investment of £120k per year for two years is required to support staff and IT costs related to the set-up of the Economic Development Unit, and to support a more strategic approach to the council's commercial property portfolio. This investment will generate new income that will cover its costs within two years.				
	SUBTOTAL:	580	580	1,000	1,000
PROPOSALS THAT WILL ONLY BE FUNDED IF EXTERNAL FUNDING IS IDENTIFIED					
Enforcement	Addressing ASB Year-on-year investment in these services of £320k is required to provide a 24-hour community safety enforcement service focused on the Town Centre, whilst continuing to expand the work of the new integrated ASB team. There is also a one-off budget requirement of £70k for the cost of project management and commercial expertise to make the most of income generating opportunities across services related to this priority, including CCTV.				
Inclusive Growth	Net Zero Year-on-year investment in these services of £250k is required to deliver on our Green Capital of The Capital ambitions. This is the cost of 2 roles in commissioning to drive the agenda forward and attract new funding plus 2 roles to boost capacity in communications and procurement to help drive the behaviour change and practises of our residents and contractors. It also includes a small commissioning budget to run public engagement campaigns and to commission technical expertise.				

SAVINGS AND GROWTH PROPOSALS		2022/23	2023/24	2024/25	2025/26
* negative values (in brackets) are growth items		£k	£k	£k	£k
Strategy & Culture	Cultural Production There is an investment required of £106k for the cost of a new set of resources in the cultural commissioning team to ensure cultural and economic benefits of major new programmes and activity – including TATE – are fully realised.				
	SUBTOTAL:	-	-	-	-
PROPOSALS THAT NEED MORE INFORMATION BEFORE FUNDING IS AGREED					
Community Solutions	Building Capacity in the Social Sector (1 year FTC) <i>in addition to £112k proposal above</i>	(63)			
Strategy & Culture	Opportunities to participate There is an investment requirement of £45k to bring the EFG London Jazz Festival and related community workshops and family programme to the Borough.	(45)			
	SUBTOTAL:	(108)	-	-	-
NEW SAVINGS PROPOSALS					
My Place	Property Management and Capital Delivery	154	220	285	357
Core	Extend Laptop Life (CAPITAL SAVING IN 22/23)				
Core	Digital identity verification (requires £100k capital	25	50	50	50
Core	Mobile Telephony move to Daisy from EE	72	-	-	-
Core	Streamline IT procurement	(45)	(1)	55	105
Core	MPLS replacement	115	115	-	-
Core	Parking Enforcement Income	1,498	1,498	1,498	1,498
	SUBTOTAL:	1,819	1,882	1,888	2,010
	Existing MTFS Funding Gap	(5,110)	(6,767)	(6,767)	(6,416)
	TOTAL:	(6,752)	(9,371)	(9,775)	(10,402)

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CABINET

14 December 2021

Title: Dedicated Schools Budget and Schools Funding Formula 2022/23	
Report of the Cabinet Member for Educational Attainment and School Improvement and the Cabinet Member and Champion for Disabled People	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Katherine Heffernan, Head of Service Finance, Kofi Adu, Schools Finance Manager	Contact Details: E-mail: Katherine.heffernan@lbbd.gov.uk
Accountable Directors: Jane Hargreaves, Commissioning Director, Education, Youth and Childcare; Philip Gregory, Finance Director	
Accountable Strategic Leadership Directors: Elaine Allegretti, Strategic Director, Children and Adults	
Summary	
<p>This report provides an update on the National Funding Formula for Schools consultation and reforms and their likely impact on Barking and Dagenham. This report also sets out the Dedicated Schools Budget (DSB) strategy for 2022/23 and the principles that we plan to use for the Local Funding Formula for Schools following discussion and consultations with Schools Forum. The report also considers the implications for the Council of the wider Education funding changes and the risks and opportunities that arise as a result.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the update on the latest Education Funding Changes and, in particular, the move towards a fixed National Funding Formula; (ii) Note the indicative allocation of Dedicated Schools Grant for 2022/23 as set out in section 3 of the report; (iii) Approve the 2022/23 strategy for the Schools Block as set out in section 4 of the report; (iv) Approve, subject to consultation with schools and (vi) below, the proposed principles for the design of the Local Schools Funding Formula as set out in section 4 of the report; (v) Note the allocated funding and strategy for the High Needs Block as set out in section 5 of the report; 	

<p>(vi) Note the allocated funding and strategy for the Central Services Block as set out in section 6 of the report; and</p> <p>(vii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Finance Director, Schools Forum and the Cabinet Member for Educational Attainment and School Improvement, to approve the final 2022/23 school funding formula for submission to the Education and Schools Funding Agency.</p>
<p>Reason(s)</p> <p>The Dedicated Schools Budget is part of the Council’s overall budget and Local Authorities are required to develop and maintain a Local Funding Formula to distribute funding to schools. Local authorities will continue to have local flexibility until 2022/23, but DfE will tighten the rules for local formula from 2023/24 so that these gradually align with NFF allocations over time.</p>

1. Introduction and Background

- 1.1 Most Education funding is provided by the Department of Education in the form of a specific ringfenced grant to Local Authorities known as the Dedicated Schools Grant (DSG). This was first introduced in 2006 and at that time was based on the allocations within Local Authority budgets for Education. Since that time the direction of travel has been towards replacing this with a formula-based allocation with funding based on population and indicators of additional needs such as deprivation and poor attainment.
- 1.2 The DSG is made up of the following four blocks: Schools Block, Early Years Block, High Needs Block & Central Services Block. These blocks fund different components of the 3-16 Education system: the Schools Block makes up most of the allocations to individual schools budget, the High Needs Block which provides funding for Special Schools, Alternative Provision, and Additional support for students with Special Education Needs in mainstream schools, the Early Years block provides funding for two, three and four year old education and the Central Block funds various central services such as Admissions and School Improvement. More information is given on each of the blocks in the report.
- 1.3 The ultimate intention of Department of Education policy is that Schools Block funding will be passported straight to schools based on the National Funding Formula (NFF). However, there is a transitional period before the NFF hard formula is implemented by the government.
- 1.4 **Update on National Funding Formula (NFF)**
- 1.4.1 The Government has been consulting on a Fair Funding for All and they have set out proposals on moving towards a hard NFF which they believe is “fair, simple and transparent, and efficient and predictable”. The consultation closed on 30 September 2021. There is no fixed date for the hard NFF to be in place. Local authorities will continue to have local flexibility until 2022/23, but DfE will tighten the rules for local formula from 2023/24 so that these gradually align with NFF allocations over time.

- 1.4.2 Convergence towards the NFF formula means that local discretions are being gradually phased out. In LBBB, the main impact of this transition to NFF would be to gradually shift funding from primaries to secondaries from 35% more funding on average for secondary schools to 45% more.
- 1.4.3 The ultimate aim is for all Schools funding to be distributed by the NFF without further adjustment by the local authority. Schools would be protected from per pupil funding losses during the transition period. Schools Forum will only retain local discretionary powers over Central School Services Block, and Early Years funding is already largely on a formula basis. Changes to the high needs funding arrangements will be consulted at a later stage in light of the proposal in the SEND review.
- 1.4.4 Even though the DfE are still only encouraging rather than mandating existing schools to become academies they have made it clear that their ambition is for all schools to be part of a multi-academy trust (MAT) and the direction of travel for Education funding is in line with a reduced role for the Local Authority. The implementation of the hard formula is a step in that direction as is the reduction in the Central Services block funding. It should be noted that a significant number of schools buy back into local authority services ranging from arboriculture to payroll services. This generated around £3m in trading income for the local authority in 2021/22. Although some academies do continue to buy into LA services, those in MATs are less likely to do so as they receive these services through the central trust or through a collective procurement arrangement.
- 1.4.5 The move to a formula-based allocation has resulted in changes to the overall distribution of funding between geographical areas with a mixed impact for LBBB. When the Early Years formula was introduced, this resulted in an initial increase for LBBB and transition to a formula for High Needs has resulted in improved funding for the LBBB High Needs Block which had previously been severely underfunded. However, this remains an area of financial pressure at the local and national level.
- 1.4.6 On the other hand, for the Schools Block the National Funding Formula is less favourable to London and in general terms the full implementation of the formula will result in a shift of funding away from the capital over time. In 2022/23, London boroughs will see the:
- lowest percentage increase in DSG funding of 2.9% compared with 4% nationally.
 - lowest percentage increase in Schools Block funding of 1.7% compared with 2.9% nationally.
 - lowest percentage increase in High Needs Block funding of 8.2% compared with 8.8% nationally although LBBB will receive 10.1% increase.
- 1.4.7 Schools Block funding for Barking and Dagenham will be similarly constrained. Many of the LBBB schools currently are on the funding floor and will receive only the lowest national increase of 2%. This 2% uplift represents real terms cuts at a time when schools are facing cost increases on many fronts. In broad terms, as the formula does not work in favour of LBBB schools, many will continue to see minimal increases for the foreseeable future. Where schools also see falling pupil numbers,

as is the case for some primaries, then their total budget will reduce and cost efficiencies and savings will need to be identified.

2. The Dedicated Schools Grant

2.1 As described above, the Dedicated Schools Grant is made up of four blocks which fund different aspects of the Education system. The table below shows the current year (2021/22) allocations and the indicative funding for 2022-23. The net allocation for the current financial year is £247.463m, which is subject to minor changes during the course of the year.

Block	2021/22 Allocation	2022/23	Movement +Fav / (Unfav.)	Mov't
		Provisional Alloc.		
	£000s	£000s	£000s	%
Pupil No	39,847	39,847		
School NFF Allocations	232,350	237,305	4,955	2.1%
Premises (lagged)	9,992	9,461	-531	-5.3%
Growth Fund (22/23 is estimate)	1,939	2,000	61	3.2%
Schools Block	244,281	248,766	4,485	1.8%
High Needs Block	42,557	46,861	4,304	10.10%
Central Sch. Services Block - On-going	1,619	1,630	11	0.7
Central Sch. Services Block - Historic	741	592	-149	-20.1
Early Years (Provisional)	23,205	23,205	0	0
Total Funding	312,403	321,054	8,651	2.8%

2.2 The 2022-23 indicative allocations were published by the DfE in July. They are based on the pupil numbers census data from October 2020 and the final allocations will differ as they will be based on the October 2021 numbers. It should also be noted that the numbers are given prior to "Recoupment" and so include funding for academies and free schools within our Council area.

2.3 As the table shows the main Schools Block has only increased by the minimal level of 2%. The Premises elements are based on lagged actual costs and can vary from year to year but the impact is neutral over time. The growth fund is estimated and will be updated when the final grant allocations are published in December.

2.4 There has been another considerable increase in the High Needs Block which reflects both increased national funding and the continued movement towards the formula allocation for LBBB.

2.5 The Central Block continues to reduce in line with the Council's intention to standardise and reduce central LA spending on Education.

2.6 The Early Years allocation has not yet been published but the current amount is shown for information. It is expected that when the final allocation is published it will include a small inflationary uplift which will be passed through to providers in line with guidance. Funding is allocated based on levels of activity. However there has been considerable instability in the level of take up during the Covid period which has led to greater uncertainty.

2.7 Further information about the individual blocks is given below.

3. Schools Block

3.1. The provisional DSG allocations for 2022/23 were published by DfE in July 2021. The NFF calculations for 2022-23 are based on school and pupil characteristics data from previous years. The Core National formula funding factors include the basic age weighted pupil unit (AWPU) amount, deprivation, low prior attainment (LPA), English as an additional language (EAL), mobility, and lump sum factors. The area cost adjustment (ACA) is then applied to NFF rates to take account of the differences in local labour market costs between different geographical areas.

3.2. The main formula for 2022-23 is similar to 2021-22. Changes in respect of 2022/23 NFF calculations affecting Barking and Dagenham schools are as follows:

- In broad terms, the 2022/23 units of funding have been calculated based on October 2020, or earlier data where it is missing due to the pandemic.
- The count of children who have ever received Free School Meals in the past six years (FSM E6) is now based on October 2020 census rather than the preceding January census (reducing lag by 9 months).
- Data used for Low Prior Attainment is based on the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests as a proxy because of cancellation of 2020 tests due to the pandemic.
- Where a pupil who was not at the school in the January census has an entry date recorded in the October 2020 census of between the date of the January 2020 census and the date of the (cancelled) May 2020 census, that pupil attracts mobility funding (as long as the school itself was open before the January 2020 census)

3.3. The following NFF cash uplifts have been applied by the DfE in their calculations:

- A 3% increase to the main pupil led factors ie basic entitlement (AWPU), free school meals ever 6 (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum.
- 2% uplift to the floor, the minimum per pupil levels and free school meals (FSM).
- 0% on the premises factors, except for PFI which has increased by RPIX.

3.4. However, the basic entitlement unit funding is still lower than the previous LBBD rate (as is the case in most of London.) This means that the simple application of the formula would result in a shift of funding away from London on average. In order that

no school sees a reduction in per pupil funding the DfE have provided two forms of funding protection:

- (a) A minimum funding amount per pupil. All LBBB schools already receive more than this.
- (b) A “Funding floor” which provides a minimum gain of 2% per pupil above their 2021-22 baseline pupil-led funding. As almost all schools – especially Primary schools - are now on the funding floor they have therefore received the minimum 2% uplift.

3.5. The DfE funding model calculates values for all schools based on the previous October census data and then derives an average unit of funding per pupil. The final December 2021 allocations are then calculated using these averages for the updated pupil numbers. If there are significant changes in pupil characteristics between the two sets of pupil data then this has to be managed at a local level.

Table - Primary and Secondary Unit of Funding for 2022/23

	2021-22	2022-23	Cash Movement	% Movement
Primary Unit of Funding (PUF)	5,212	5,314	102	1.96%
Secondary Unit of Funding (SUF)	6,851	7,012	161	2.35%

3.6. The notional school level allocations have also been published on the DfE website. The final allocations to schools would be different because:

- (a) notional allocations are based on October 2020 pupil profile data whereas actual allocations are to be based on October 2021 pupil profile data.
- (b) actual rates applied locally may differ in order to meet local priorities, such as managing growth, falling rolls, and achieving the required primary secondary ratio or movements between blocks.

4. Provisional Funding Model for 2022/23

4.1 In previous years there have been pressures on the Growth Fund, needed to finance the opening of new classes, which has required some funding to be top-sliced from the Schools Block. However local demographic growth is levelling off to some extent and provisional modelling appears to indicate that there is no requirement to top up the growth allocation from the Schools Formula funding for 2022/3. This means that the whole schools block is available to be passed on to schools via the Local Funding Formula.

4.2 As explained above the DfE have confirmed their intention to move towards a hard National Formula. However, for 2022/23 Local Authorities still have the ability to set a local formula in consultation with their Schools Forum. This does have to be within strict parameters set by the DfE.

4.3 During the previous transition period, in consultation with the Schools Forum and local schools, LBBB has made significant movements towards the National Funding Formula, using the national factors for all the pupil led additional needs factors and the per school lump sum while retaining our own split site funding factor. We have

however adjusted the basic entitlement unit (AWPU) to slightly weight funding back towards the primary sector. The national funding formula tends to result in secondaries receiving 42% more funding on average (i.e. ratio of 1:1.42) and we have taken the local decision to shift this back to 35% (ratio of 1:1.35). This policy has been consistently supported by the Schools Forum.

4.4 In considering the local formula for 2022-23 we have produced three models of the local funding formula for consideration by Local Schools.

- (a) Model A – we have replicated the NFF using the full rates for all factors
- (b) Model B - mirroring at 10% i.e., removing 10% of the existing differences between local and NFF rates for AWPU. (All other rates are already at NFF levels.)
- (c) Model C – adjusting AWPU rates so that the existing primary secondary ratio of 1:1.35 is maintained (i.e., the formula is flexed locally)

4.5 The table below shows how these models compare.

	Model A	Model B	Model C
Description	Full National Funding Formula	Mirroring – 10% transition towards NFF	Local Model with AWPU adjusted
Key Features and impact on schools	Primary AWPU less than 21/22 Secondary AWPU higher Large number of schools below MFG - £7.683m funding used as protection	All AWPU rates higher than 21/22 Moves towards NFF at minimum rate proposed by DfE £1.5m MFG protection needed	Primary, KS3 and KS4 AWPU's would increase by £76, £115, and £137 respectively compared to 2021/22 Moving towards NFF more quickly than Model B £1.717m MFG protection needed
Affordability	Yes	No – exceeds grant by £0.671m	Yes
Primary/Secondary Ratio	1:1.42	1:1.36	1:1.35
Conclusion	Offers less protection to primary sector although differences are only small	Not affordable – AWPU rates too high	Preferred model – affordable, meets DfE requirements while protecting primary sector

4.6 The provisional school levels allocations under each of the models are set out in Appendix 2 to this report. All options illustrate cash increases. Variations in funding between 2021/22 and other models presented for 22/23 are entirely driven by changes in the formula unit rates. Numbers on Roll (NOR) and pupil profile are the same in the 21/22 model. However, movement in funding in the final model will be determined by changes in NOR, unit rates, and changes in pupil profile data.

4.7 As the table shows because of the large number of schools receiving MFG/floor protection the final differences between the models are relatively small at the individual school level. This means that the number of pupils will have the largest

impact on determining the final allocations. The provisional data shows a large number of primary schools will be seeing significant drop in pupil numbers. This will translate into marked reductions in delegated budgets and may impact on other funding allocations such as Pupil Premium. Changes in pupil profile data (e.g. number of pupils receiving FSMs) is also key driver of funding allocations, and the impact of the pandemic could be to increase the levels of deprivation. This may only have limited impact on mitigating the impact of reductions in pupils. Therefore, schools should have clear plans in place to manage this period of funding turbulence.

4.8 Model B is not viable as the total cost exceeds DSG cash envelope. The recommended option is Option C. This option was also approved by Schools Forum. This option is preferred for the following reasons:

- It is affordable and also distributes the total amount of funding
- It maintains our long-standing local policy of supporting the primary sector by keeping the relative funding between the sectors at 1:1.35 (or as close to it as possible.)

4.9 A consultation document was sent to all maintained and academy schools regarding the funding models and options. There were 31 responses with the majority in support of the Local Authority proposals. In particular, 29 of the responses preferred Model C – the Local variation of the formula.

4.10 Cabinet is asked to approve the following principles to be used in setting the Local funding formula:

- To use the NFF adjusted for Area Cost Adjustment except for the local Split Sites factor and AWPU
- To adjust the AWPU rates to ensure all funding is used and to maintain a funding ratio of 1:1.35 or as close as possible to that
- To not use capping and scaling and to use a 2% Minimum Funding Guarantee.

4.11 The indicative factors are set out in Appendix 1. The final AWPU figures may vary but this will be based on the principles outlined above.

4.12 As noted above, after a period of high demographic increases there has been a levelling in the need for growth funding. The authority has £1m of brought forward growth funding contingency held in the DSG reserve which is not now expected to be required. It is proposed to release half of this amount from the reserve for reallocation back to Schools during 2022-23. We are currently consulting with schools as to how this should best be used. The proposals are:

- To provide targeted support to schools with falling pupil numbers
- To retain as a growth contingency
- To use to support the High Needs Block
- To use to provide additional MFG protection

4.13 The Consultation responses showed strongest support for the first and third option i.e., for additional High Needs Funding (12) and support for Schools with Falling Rolls (14). As set out below we are providing additional support from reserves for High Needs and so we are proposing to use this £0.5m drawdown to provide support for Schools with Falling Needs. This will be a targeted support fund outside of the main

funding formula. Fair and objective criteria for distribution will be agreed with the Schools Forum. A summary of the consultation responses is set out at Appendix 3.

5. High Needs Block

- 5.1 The budget for 2021/22 is £38.556m (after recoupment ie net of payments to Special Academies) and including The Teacher Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG). This was an increase of 11.6% from the previous year. After many years of historic underfunding LBB is currently seeing large year on year increases in High Needs budget as a result of the move to a fairer distribution of funding. However, needs and costs are also rising and this does continue to be an area of pressure requiring strict management.
- 5.2 The 2020/21 end of year outturn position for the high needs block was an underspend of £1.636m. This is in large part the result of the strong culture of inclusion and strict financial management in this area but may also reflect some level of needs not being identified during a year of exceptional disruption. Schools are now reporting large increases in the needs of children and an overspend is forecast for this year. The table below shows the current year budget and forecast. The Gatekeeping/Contingency line refers to in year growth in expenditure including £1.3m of additional payments to support exceptional levels of needs in primary schools.

	2020/21 Outturn	2021/22 Budget	2021/22 Outturn Forecast	Variance +Deficit / (Surplus)
Alternative Provision	3,399,759	3,475,830	3,184,510	(291,320)
ARP Funding	6,093,890	8,259,360	8,094,873	(164,487)
DSG – HN Education Inclusion.	1,494,256	1,542,659	1,448,776	(93,875)
Top-ups (inc. OB & NMSS)	6,264,504	7,863,410	7,441,379	(422,031)
High Needs Top Ups – Post 16	1,801,210	1,755,760	2,063,771	308,011
SEN Panel Top Ups	1,522,596	1,350,000	2,000,000	650,000
LACHES, Language Support	360,490	344,210	341,581	(2,629)
Initiatives	147,608	676,750	676,750	0
Special School Funding	10,951,784	12,279,360	12,360,800	81,440
Early Years & Integrated Youth	342,143	568,410	568,410	0
Total	32,378,240	38,115,749	38,180,850	65,101
Surplus & Gatekeeping / Contingency	1,636,435	440,365	1,725,924	1,285,559
Total Budget	34,014,675	38,556,114	39,651,774	1,350,660

- 5.3 In 2022/23, we are expecting another significant increase in High Needs Funding of around 10%. However if the current upward trend in need continues, this will still be an area of pressure. The Local Authority works closely with Local Schools through the Forum and the High Needs Working Party to devise strategies to manage and reduce demand and will set the High Needs Budget in collaboration with them once the final allocations are published.

5.4 In particular the working group have developed a model for both primary and secondary school notional budgets of suggested expenditure earmarked from the notional budget in support of Low Cost High Incident (LCHI) children. This is to ensure that schools have the understanding and able to identify eligible costs relating to notional SEN funding.

6. Central Services to Schools Block

6.1 The Central School Services Block allocates funding to LAs for ongoing and historic responsibilities.

6.2 Funding for on-going responsibilities is based on a pupil-led formula. The formula uses two factors: a basic per-pupil factor for all pupils (£32.74), and a deprivation per-pupil factor based on FSM E6 count (£14.54) uplifted by General Labour Market Area Cost Adjustment of 10.813%.

6.3 The CSSB on-going budget in 2021/22 is funding responsibilities held for all schools which includes; administration of school admission service (£636k), servicing of Schools forum (£60k), DfE copy right licences agreement (£180k) and statutory and regulatory duties (£743k) performed under School and Early Years Finance (England) Regulations 2021.

	2020/21	2021/22	2022/23	Movement
On-going responsibilities	1,439	1,620	1,630	10
Historic	925	740	592	(148)
Total	2,364	2,360	2,222	(138)

6.4 In 2020/21, CSSB historic commitments funding is being reduced 20% year-on-year. The annual reductions, set out in the table below, will impact on services available to schools.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
School improvement	108b	86	69	55	44	35.2
Schools' estates	150	120	96	77	61.6	49.28
School games organiser	50	40	32	26	20.8	16.64
Trewern outdoor education	209	167	133	106	84.8	67.84
Community music service	310	248	198	158	126.4	101.12
Advisory teachers	330	264	212	170	136	108.8
Total (historic)	1,157	925	740	592	474	379

6.5 In 2021/22 total budget requirement for these historic duties is £740k. By 2022/23, these services will need to make aggregate savings of £565k compared to 2019/20.

6.6 The following is a summary of how the services funded from the CSSB historical grant are being remodelled to mitigate the reductions:

- School improvement – this is being offset by School Improvement contingency budget and reserves while we develop a longer term funding agreement with Schools Forum.

- Advisory Teachers – this is part of the BDSIP contract and the savings have been passed on through a reduction to the contract price.
- Community Music Service – the service has remodelled the delivery by entering into a service level agreement with schools.
- Trewern outdoor education – the centre is implementing a basket of measures including increase term time residential bookings for 52 weeks, increase holiday youth group bookings, use of external public health grant for outdoor physical activities, glamping pods and private hire and use of reserves if required.
- School Games Organiser – the reduction in DSG funding is being replaced by other grants such as public health grants, Young Londoners Fund, Inspiring Futures etc.
- Schools Estates – the reduction is being mitigated by capitalisation of eligible staffing costs of the team.

6.7 The Department is also consulting on the withdrawal of an additional School Improvement Grant that supports Local Authority statutory work in this area and proposing that this should be recovered from Local Maintained schools by de-delegation. This will create a further financial burden on our schools and puts at risk an important support for Education. A copy of our response to this consultation is attached at Appendix 4.

7. Financial Implications

Implications completed by Katherine Heffernan, Head of Service Finance

7.1 The Dedicated Schools Grant is a ringfenced grant provided by the Department of Education. The anticipated allocation for 2022/23 will be confirmed once October 2021 pupil census data is finalised but is expected to be approximately £321m (including funding for Academies which does not come to the LA). Any further significant implications will be reported to Cabinet as part of the final budget report in February.

8. Legal Implications

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

8.1 The Dedicated Schools Grant is payable to local authorities under section 14 of the Education Act 2002. It is as set out in this report a 'ring fenced grant' that is to say it must be solely spent on the grant conditions and guidance as been prepared by the Education and Skills Funding Agency (ESFA) to assist local authorities in the operation of the dedicated schools grant (DSG).

8.2 Each year new regulations are issued as they only cover one year the current being School and Early Years Finance (England) Regulations 2020. In 2022-23, The Council will continue to determine schools' budget allocations at a local level, through a local funding formula, though in future years to come this will change to a national funding formula.

9. Other Implications

- 9.1 **Risk Management** - There is a risk that for some schools the funding available may not fully meet their expected operating costs and financial pressures. The Minimum Funding guarantee that limits any reduction in funding to 2%% per pupil offers some mitigation as it provides a smoothing mechanism preventing sudden funding changes. The Council will continue to work with Schools and others to ensure there are high standards of financial management and control to meet these funding challenges.
- 9.2 **Staffing Issues** – The current allocations were published in July before the increases in National Insurance were announced. In previous years additional grant funding has been provided for large increases in teachers' pay, pensions or other employment costs and it is expected this will be the case but the details are yet to be confirmed. Aside from this, many schools in Barking and Dagenham will receive only a small uplift in their main funding and where schools are also experiencing changes in roll numbers there may be budget pressures which impact on staffing plans. The Authority has taken some steps to support schools through the creation of a falling rolls fund and access to loans via the Financial Difficulties Fund. Schools are encouraged to work with HR in order to mitigate the impact on individual staff members and to avoid compulsory redundancies as far as possible.
- 9.3 **Corporate Policy and Equality Impact** – The National Funding Formula provides additional funding to meet the educational and safeguarding needs of students with specific characteristics that indicate higher levels of need and vulnerability such as deprivation, lower prior attainment and speaking English as an additional language. This is reflected in the Local Formula
- 9.4 **Safeguarding Adults and Children** - The additional needs factors and the pupil premium provide targeted support for looked after children and those entitled to free school meals. The High Needs block is available to provide support for students with complex educational needs and disabilities.

Public Background Papers Used in the Preparation of the Report:

- LBBB Schools Forum reports can be found here: <https://www.lbbd.gov.uk/schools-forum>
- DSG Operational Guidance
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902183/Schools_operational_guide_2021_to_2022_1.pdf

List of appendices:

Appendix 1 – The preferred Local Funding formula model for 2022-23

Appendix 2 – Illustrative impact of the LFF models for schools based on current pupil numbers.

Appendix 3 – Consultation Responses

Appendix 4 – LBBB response to the Government Consultation on School Improvement.

Appendix 1 - Overview of Funding Model C (1:1.35 P:S Ratio) and Factor Rates

	Pupil Units	2021/22 Local Rates	2022/23 NFF Rates with ACA	2022/23 - Model C - 1:1.35 P:S Ratio	2022/23 - Total Funding Passing Through the Factors - Model C
Primary (Years R-6)	24,796	3,820	3,642	3,896	96,601,463
Key Stage 3 (Years 7-9)	9,375	5,025	5,135	5,140	48,189,201
Key Stage 4 (Years 10-11)	5,625	5,654	5,788	5,791	32,575,272
Primary:					
FSM	5,272	520	532	532	2,805,076
FSM6	6,246	650	668	668	4,172,316
IDACI Band F	4,586	243	249	249	1,142,367
IDACI Band E	9,101	294	306	306	2,781,893
IDACI Band D	3,785	463	476	476	1,800,006
IDACI Band C	2,825	503	521	521	1,471,452
IDACI Band B	383	537	555	555	212,231
IDACI Band A	5	701	725	725	3,630
					-
Secondary:					
FSM	3,425	520	532	532	1,822,354
FSM6	5,394	949	979	979	5,282,213
IDACI Band F	2,809	350	362	362	1,017,629
IDACI Band E	5,232	469	481	481	2,517,647
IDACI Band D	2,341	655	674	674	1,576,907
IDACI Band C	1,682	712	736	736	1,237,607
IDACI Band B	307	768	793	793	243,681
IDACI Band A	4	977	1,008	1,008	4,012
					-
LAC March 19					-
EAL 3 Primary	7,160	621	640	640	4,579,976
EAL 3 Secondary	791	1,678	1,732	1,732	1,369,481
Mobility-P	297	1,117	1,047	1,047	311,435
Mobility-S	16	1,596	1,506	1,506	24,130
					-
Primary low prior attainment	7,187	1,237	1,279	1,279	9,194,289
Secondary low prior attainment (3,384	1,876	1,936	1,936	6,551,335
Lump sum		133,096	137,331		7,690,536
Split Sites		160k&200k		160k&200k	1,360,000
Rates					4,736,789
PFI funding					3,261,647
Minimum Funding Guarantee					1,717,346
Total Cost of Formula					246,253,923
Growth Funding					2,165,251
Total Cost - Formula and Growth Funding					248,419,174
Total budget available					248,419,175
Minimum Funding Guarantee					2.0%
Capping & Scaling					No

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Appendix 2 - Impact of funding for LBBB schools

		B	C	D	E	F	G
				241,029,880	245,867,677	246,924,648	246,253,923
Phase	School Name	Pupil Numbers (NOR)	21-22 Post MFG per pupil Budget	22-23 Full NFF	22-23 10% Mirroring	22-23 1:1.35 Ratio	
		39,797		Model A	Model B	Model C	
Primary	Dorothy Barley Infants' School	272	1,572,949	1,600,626	1,600,626	1,600,626	
Primary	Manor Junior School	599	3,056,120	3,113,551	3,113,551	3,113,551	
Primary	Manor Infants' School/Manor Longbridge	1,081	5,833,863	5,945,166	5,945,166	5,945,166	
Primary	Northbury Primary School	780	4,236,323	4,316,940	4,316,940	4,316,940	
Primary	Ripple Primary School	867	4,784,853	4,875,776	4,881,450	4,875,776	
Primary	Beam Primary School	556	2,979,870	3,035,422	3,051,329	3,046,497	
Primary	Furze Infants' School	410	2,154,502	2,193,928	2,193,928	2,193,928	
Primary	Grafton Primary School	845	4,371,507	4,455,208	4,455,208	4,455,208	
Primary	Marsh Green Primary School	363	1,966,245	2,002,373	2,002,373	2,002,373	
Primary	Rush Green Primary School	761	3,906,003	3,979,853	3,979,853	3,979,853	
Primary	The Leys Primary School	392	2,111,746	2,150,919	2,150,919	2,150,919	
Primary	Warren Junior School	536	2,741,634	2,793,095	2,793,095	2,793,095	
Primary	Thomas Arnold Primary School	398	2,232,215	2,273,308	2,283,703	2,280,244	
Primary	Valence Primary School	940	5,073,883	5,170,329	5,190,926	5,182,758	
Primary	Village Infants' School	259	1,493,583	1,520,096	1,530,124	1,527,873	
Primary	Rose Lane Primary School	607	3,297,472	3,359,680	3,376,744	3,371,469	
Primary	William Bellamy Primary School	967	5,068,015	5,164,655	5,164,655	5,164,655	
Primary	Parsloes Primary School	463	2,503,002	2,549,243	2,561,812	2,557,788	
Primary	Five Elms Primary School	402	2,181,111	2,221,070	2,221,070	2,221,070	
Primary	Henry Green Primary School	418	2,276,907	2,318,932	2,318,932	2,318,932	
Primary	Roding Primary School	1,117	6,081,376	6,196,276	6,219,148	6,209,441	
Primary	Becontree Primary School	414	2,228,311	2,269,358	2,282,276	2,278,678	
Primary	John Perry Primary School	552	2,979,976	3,035,509	3,051,655	3,046,858	
Primary	Richard Alibon Primary School with ARP for Cogniti	551	2,980,270	3,036,121	3,052,058	3,047,270	
Primary	Monteagle Primary School	670	3,567,443	3,634,629	3,634,629	3,634,629	
Primary	Godwin Primary School	452	2,392,390	2,436,584	2,450,124	2,446,196	
Primary	Hunters Hall Primary School	581	3,085,075	3,143,177	3,159,519	3,154,470	
Primary	Southwood Primary School	593	3,147,572	3,206,913	3,224,017	3,218,864	
Primary	Gascoigne Primary School	1,086	6,130,726	6,245,739	6,245,739	6,245,739	
Primary	William Ford CofE Junior School	346	1,865,856	1,900,426	1,911,869	1,908,862	
Primary	St Peter's Catholic Primary School	374	1,982,829	2,019,739	2,031,637	2,028,388	
Primary	St Vincent's Catholic Primary School	204	1,130,343	1,150,203	1,157,091	1,155,318	
Primary	George Carey Church of England Primary School	608	3,656,068	3,726,125	3,726,125	3,726,125	
Secondary	Barking Abbey School, A Specialist Sports and Hum	1,722	11,490,124	11,754,264	11,828,942	11,761,486	
All-through	Robert Clack School	1,888	13,436,757	13,737,780	13,819,635	13,745,689	
Secondary	Jo Richardson Community School	1,473	13,016,069	13,268,092	13,326,119	13,268,468	
Secondary	All Saints Catholic School and Technology College	1,180	7,699,171	7,885,416	7,936,521	7,890,335	
Secondary	Dagenham Park CofE School	1,222	8,441,193	8,647,829	8,700,771	8,652,931	
All-through	Eastbrook School	1,049	7,946,839	8,090,906	8,096,828	8,090,906	
All-through	Eastbury Community School	1,813	12,578,947	12,821,649	12,926,642	12,866,455	
Primary	Dorothy Barley Junior Academy	387	2,103,060	2,142,180	2,154,643	2,151,280	
Primary	Thames View Junior School	382	2,075,472	2,114,049	2,126,970	2,123,650	
Primary	Eastbury Primary School	768	4,001,937	4,078,769	4,078,769	4,078,769	
Primary	Riverside Primary School	219	1,213,016	1,234,018	1,238,759	1,236,858	
Primary	Thames View Infants	312	1,781,199	1,813,906	1,816,039	1,813,906	
Primary	The James Cambell Primary School	584	3,063,148	3,121,412	3,138,381	3,133,307	
Primary	St Margarets CofE Primary School	355	1,865,161	1,899,580	1,899,580	1,899,580	
Primary	St Joseph's Catholic Primary School	315	1,730,542	1,762,068	1,773,262	1,770,524	
Primary	St Joseph's Catholic Primary School	358	1,917,227	1,952,425	1,964,430	1,961,319	
Primary	The St Teresa Catholic Primary School	200	1,099,619	1,118,685	1,126,744	1,125,006	
Secondary	Riverside School	1,109	7,688,618	7,874,537	7,922,847	7,879,282	
Secondary	The Warren School	1,050	7,111,423	7,282,593	7,328,152	7,287,007	
Secondary	Elutec	35	407,275	412,674	412,674	412,674	
Secondary	Greatfields School	681	4,884,668	5,005,545	5,035,169	5,008,448	
All-through	Goresbrook School	927	5,798,407	5,910,191	5,960,920	5,936,572	
All-through	The Sydney Russell School	2,304	14,609,973	14,898,136	15,033,561	14,959,912	

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Appendix 3 -Summary of the Consultation Responses

Q1 Please rank the three illustrative funding models in order of preference

		Model A NFF	Model B - 10%	Model C - 35% ratio
Most important	1	1	1	29
	2	19	6	2
Least Important	3	7	20	0

Q2 We are proposing to release £505k from previously unused growth funding. Please rank how you would like this money to be distributed (column A).

		Falling Rolls	School Funding Formula	High Needs
Most Important	1	14	3	12
	2	7	11	9
Least Important	3	5	10	5

Q2 OR alternatively, if you wish to split the funding across the three areas, please show the % share below (column B)

Falling rolls received the highest % points.
Please see attached survey details for details

Q3 Do you agree with the maximum MFG protection of +2% per pupil?

Yes 30
No 0

Q4 Do you agree that gains should not be capped / scaled back?

Yes 30
No 1

In the final funding model, compromises and trade-offs may have to be made between competing objectives to balance the budget. To this end, if you could please rank the following priorities in the order of importance

		Falling Rolls	No Minimum Funding Guarantee	capping and scaling	Primary Secondary Ratio	Fund significant pupil growth	High Needs
Most Important	^1	8	7	3	12	0	5
	2	3	11	4	7	1	5
	3	5	10	5	4	2	5
	4	7	1	6	2	3	10
	5	5	2	9	5	4	6
Least Important	6	3	0	4	1	21	0

^ some respondents ranked more than one area as the most important
Please note, some respondents only provided partial answers.

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London Borough of Barking and Dagenham Response to the Consultation on Reforming How Local Authorities' School Improvement Functions are Funded

Questions

Question 1: We believe that instances of councils exercising formal intervention powers remain relatively low, and that since its introduction, this grant has primarily supported improvement functions such as early support and challenge to improve individual school performance, which overlaps with wider (non-core) improvement provision. Do you agree that this is the case? If not, please explain.

We disagree: We believe that the most effective school improvement functions are those which are pre-emptive, providing good local intelligence to local authorities, headteachers and governing boards to support their own self-evaluation and improvement. Whilst there remain instances of councils exercising formal intervention powers, the fact that these are relatively rare is an indication of the success of the current system. Regular, pre-emptive work undertaken by local authority school improvement systems means that in the vast majority of cases evidence of a decline in quality of education is picked up earlier, so that the right support for school leaders can be put in place without the need for formal intervention.

We are concerned that following so many reductions in funding, the proposed removal of this grant will make it more difficult for the Director of Children's Services and councils to carry out their statutory responsibilities for all children in their local area. It introduces another strand of risk and uncertainty into the system with the expectation that schools will fund direct and annual approval will be required of the Schools' Forum. This is in a context of severe pressures on schools' funding. Whilst the immediate risk and pressure is on the LA maintained schools, there could be implications for academy schools who work as part of the local family and draw upon the local system for school improvement activity. The proposal with its dependence on schools under financial pressure for funding and Schools' Forum approval will make the system less secure. It risks further weakening the system of local intelligence which has been so beneficial, especially in the last 20 months, to partners across the local and regional area including the Regional Schools' Commissioner and DfE colleagues.

Question 2: We are proposing to (i) remove the Grant (Proposal 1), and (ii) enable councils to de-delegate funds via their schools' forum to ensure they are sufficiently funded to exercise all of their improvement activities, including all core improvement activities (Proposal 2). Do you agree that, taken together, these proposals will allow councils to continue to ensure they are adequately funded for core improvement activities; and therefore do not impose a new burden? If not, please explain.

No, we disagree:

This proposal represents a cut to school funding at a time of unprecedented pressure on budgets. This is partly owing to the impact of the pandemic on children's learning and on the increasing number of children with complex special needs which our schools are educating. To ask schools at this point to directly fund a service, however well regarded, which up to now has been funded directly by government grant seems unfair. Many schools are already paying an element of their budget for school improvement activity.

These proposals assume that School Forum will automatically support and approve de-delegation of funds for school improvement functions; this may not necessarily be the case, given other calls on their budgets. There is a possibility that schools forum may not approve de-delegation. Schools are likely to see this arrangement as a reduction or a cut to their budgets. It undermines the claim that budgets will be restored to 2010 levels. There is little detail in the proposal about the mechanism so for example - the proposal does not mention if the removal of the grant will be added to the schools' block via the National Funding Formula. If school improvement services are to be funded entirely by de-delegation, this relies on strong consensus from schools but there is no detail nor recognition of how an LA can fulfil some of its statutory duties if schools' forums do not reach consensus.

The removal of the grant poses a real risk to local authorities' school improvement functions due to the uncertainty of securing approval from schools' forum. It builds in uncertainty, risk and potential delay into the system. None of this is helpful to embedding a secure cycle of school improvement activity.

There is also the question of timing with a decision in early January 2022 and new regulations to come into effect from April 2022. Given the significance of the proposed change, a longer period of consideration would seem fair and necessary.

Question 3: Bearing in mind Proposals 1 and 2, are there any aspects of our guidance to councils on their role in school improvement which could usefully be clarified to aid understanding of what councils are accountable for with respect to improvement and how it should be funded? (For example, our Schools Causing Concern guidance.)

Government guidance to schools needs to be reviewed in some important areas. The Ofsted Inspection Framework has changed significantly over the lifetime of the Schools' Causing Concern guidance. There is a much greater emphasis on schools' and councils' responsibility for vulnerable children and those with SEND and a more explicit view that being a good school has providing well and inclusively for these groups at its heart. The government guidance to schools including Schools Causing Concern needs a far greater emphasis on duties in relation to these groups. Council and school duties in respect of vulnerable groups need to be seen as a central strand of school improvement.

It would be helpful for the guidance also to be more explicit of its expectations of local authorities in the following areas of school improvement:

- Good and Outstanding Schools
- Schools Causing Concern
- School Requiring Additional Support (These are LA maintained schools which have an Ofsted inspection coming up)
- Improving Primary Reading
- Improving GCSE and A Level Performance
- Primary Assessment Co-ordination & duties
- Headteacher Recruitment
- Safeguarding and complaints (including for SEND)
- Oversight of SACRE
- Acting as an Appropriate Body for NQTs

Question 4: The Public Sector Equality Duty (PSED) requires that public bodies consider the potential effects of key decisions on groups with protected characteristics. The relevant protected characteristics for the purposes of the PSED are: sex; race; disability; religion or belief; sexual orientation; pregnancy or maternity; gender reassignment; and age. Please let us know, providing evidence where possible, if you believe any of the proposals set out in this consultation will have the potential to have an impact on specific groups, in particular those with relevant protected characteristics.

As indicated earlier there is a great risk from these proposals to vulnerable children, including those with special needs and disability. Ensuring that children in these groups are well educated, included and supported in their local school as far as possible is central to school improvement. Councils need to have the resource to keep oversight of how well schools are educating inclusively. If de-delegation is not approved by schools' forum or is insufficient, then there is a real risk that school improvement resources will not exist to monitor, challenge and support education opportunity for these groups of children.

Provision for pupils who are at risk of exclusion or have been excluded and are therefore in alternative provision are also relevant here and should be looked at in any risk assessment.

School improvement activity includes important work to highlight the disproportionality of performance and achievement within key groups in an area. It ensures a focus on looked after children, those on free school meals, those who are CiN, those vulnerable to exclusion alongside disparity of performance by ethnicity and gender. Any equality impact assessment must consider how this work is protected if school improvement activity becomes less secure as a result of the proposal.

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CABINET**14 December 2021**

Title: Debt Management Performance 2021/22 (Quarter 2)	
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 second quarter of the financial year 2021/22. 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 note the performance of the debt management function carried out by the Council's Revenues service, including the improvement of collection rates and the continued recovery techniques applied to reduce the impact of the COVID-19 pandemic.</p>	
<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. This report sets out performance for the second quarter of the 2021/22 municipal and financial year and covers the overall progress of each element of the service since April 2021.
- 1.2. 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. Financial impacts upon residents

- 2.1. Data from Government shows a small reduction in residents receiving Universal Credit since June, but the August 2021 number remains 130% higher than February 2020. September's figure is provisional and is likely to reduce as DWP have historically overestimated unconfirmed figures.

Month	People on Universal Credit	Monthly change
Feb-20	13,913	
Mar-20	14,544	631
Apr-20	18,077	3,533
May-20	26,405	8,328
Jun-20	27,866	1,461
Jul-20	28,620	754
Aug-20	28,966	346
Sep-20	29,405	439
Oct-20	30,054	649
Nov-20	31,279	1,225
Dec-20	32,019	740
Jan-21	32,206	187
Feb-21	32,517	311
Mar-21	32,681	164
Apr-21	32,691	10
May-21	32,730	39
Jun-21	32,441	-289
July-21	32,255	-186
August-21	32,005	-250
September-21*	32,117	112

3. Council Tax

- 3.1. Current Year Collection Rates

Council Tax – current year		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	+2%	+£1,837,947

Council Tax – current year		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 2	-0.1%	-£87,321

- 3.2. Arrears Collection

Council Tax		
Period	Increase/decrease 2020/21 £	Increase/decrease 2019/20 £
Quarter 2	+£740,546	+£172,849

- 3.3. Collection rates for the current year remain 2% above 2020/21 and are almost in line with 2019/20.
- 3.4. At the end of quarter 1, council tax collection was 2.2% above 2020/21. This has reduced in quarter 2 due to the application of the Government's Covid-19 Covid hardship fund in August 2020, where £150 was applied to all working age council taxpayers accounts where they were in receipt of council tax support. This reduced the collectable amount by £1.8m and therefore increased the percentage of collection.
- 3.5. In addition, the net collectable debit increased in the quarter by £159,000 due to a mix of new properties and reviews of discounts and exemptions. It has increased by £423,000 since April 2021. We estimate that it will increase by approximately £1,200,000 by March 2022. Taking these into consideration council tax collection is significantly higher at the end of quarter 2 2021 when compared to 2020/21.
- 3.6. Many council taxpayers are paying arrears that accrued at the end of 2019/20 and throughout 2020/21. As a result, arrears collection is considerably higher.
- 3.7. The service is acutely aware of the financial impact of the pandemic upon taxpayers. Affordable repayment plans are being agreed with taxpayers to help them catch back up and minimise the risk of them taking out unaffordable loans.
- 3.8. Support is also given by the Homes and Money Hub where the resident may be experiencing more complex problems and the following assistance is also given:
- Budgeting assistance (income and expenditure)
 - Training advice
 - Referral to the Job shop
 - Maximisation of benefit entitlement
 - Tenancy sustainment

4. Business Rates

4.1. Current Year Collection Rates

Business Rates		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	+3.53%	+£1,924,467

Business Rates		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 2	-3.9%	-£2,104,554

- 4.2. Quarter 2 collection rates are now exceeding rates in 2020/21. Debt recovery action restarted during quarter 2 with 1,000 summonses being issued for non-payment. However, only 400 cases progressed to court with all other businesses making contact to discuss repayment.

- 4.3. The amount of business rates charged is increasing and has increased by £1m in quarter 2. Whilst there are significant increases and decreases in business rates throughout the borough, the net effect is an increase in the amount being charged and indicates business growth in the borough.

5. Rents

5.1. Collection Rates

Rents		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	+0%	+£0

Rents		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 2	-0.3%	-£279,665

- 5.2. Collection of rent in percentage terms is level with 2020/21 and 0.3% lower than 2019/20. However, tenants transitioning from Housing Benefit (HB) to Universal Credit (UC) has increased the amount of rent to collect.
- 5.3. The table below shows the quarterly reduction in council tenants claiming Housing Benefit

Month	HRA HB claimants	Reduction
Apr-19	7,997	
Jun-19	7,749	-248
Sep-19	7,499	-250
Dec-19	7,279	-220
Mar-20	7,060	-219
Jun-20	6,858	-202
Sep-20	6,723	-135
Dec-20	6,554	-169
Mar-21	6,372	-182
Jun-21	6,223	-149
Sep-21	6,068	-155
Total		-1,929

- 5.4. Housing benefit is paid directly to the rent account on a weekly basis. Universal Credit can take between 4 and 6 weeks to be paid and tenants should then pay any arrears that have accrued.
- 5.5. The table below compares the quarter 2 position and shows the reduction in total Housing Benefit paid to council tenants since 2019/20 and the additional rent collected.

Year	Housing Benefit	Reduction
2019/20	£17,175,755	
2020/21	£16,029,364	-£1,146,391
2021/22	£14,538,230	-£1,491,135
Total		-£2,637,526

Year	Collected	Increase
2019/20	£30,270,043	
2020/21	£30,782,999	£512,956
2021/22	£33,385,048	£2,602,049
Total		£3,115,005

5.6. The amount of rent collected has increased, however the transition to universal credit and the pandemic resulted in an overall increase in rent arrears of £2.6m by the end of 2020/21.

5.7. The service continues to work with tenants to help them to recover and to assist them with the transition to Universal Credit. There are a number of tenants that have received Housing Benefit for a considerable period of time and have not been responsible for paying rent. The team alongside the Homes and Money Hub have been helping those tenants to budget and where required deduct rent directly from their Universal Credit.

6. Reside

6.1. During the latter part of 2020/21 the methodology used to measure collection rates was reviewed. As a result, a more accurate measurement was devised and applied.

6.2. The table below shows performance against target for 2021/22.

RESIDE		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	+3.7%	+£213,408

6.3. The team continue to contact tenants that have fallen into arrears and action to evict those refusing to pay will start in quarter 3.

7. General Income

7.1. Collection Rates

General income		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	-2.0%	-£976,824

General income		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 2	-18.3%	-£8,930,279

7.2. General Income collection frequently varies depending on when invoices are issued during the quarter.

- 7.3. In preparation for the Oracle replacement system, issuing departments have been undertaking a cleansing exercise. This has resulted in significant changes to the invoicing structure within Oracle. This has made accurate comparisons between departments problematic.
- 7.4. The overall collection position is improving month on month. Issues still remain with the timeliness of invoicing by departments; however this is in part due to the pandemic as well as the cleansing exercise.

8. Homecare – Adult Social Care

8.1. Collection Rates

Homecare		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	+3.4%	+£28,588

- 8.2. Due to the cleansing exercise in Oracle, some invoices attributed to Homecare have been moved to different issuing departments and renamed. This has made collection comparisons problematic and only so collection rates shown in this report will have a level of error.
- 8.3. A review of these changes is being undertaken and an estimate made of comparative collection rates.

9. Housing Benefit Overpayments

9.1. Collection Rates

Housing Benefit Overpayments		
Period	Increase/decrease 2020/21 %	Increase/decrease 2020/21 £
Quarter 2	-1.01%	-£255,650

Housing Benefit Overpayments		
Period	Increase/decrease 2019/20 %	Increase/decrease 2019/20 £
Quarter 2	-3.44%	-£873,623

- 9.2. Housing benefit overpayment collection has reduced because of the increase in debtors applying for Universal Credit and an overall reduction on overpayments being raised.
- 9.3. A main source of Housing Benefit Overpayment income is via deductions from ongoing Housing Benefit or directly from earnings. The increasing number of Housing Benefit claimants that have transitioned to Universal Credit has had a direct effect upon collection.

- 9.4. The DWP prioritises deductions from Universal Credit and Housing Benefit overpayments are given a lower priority, below mortgage, rent, child maintenance, council tax, gas, electricity, fines etc.
- 9.5. This has resulted in a reduction of £342,000 in payment via deductions. Although cash collection has increased by £45,000, it is a significantly longer process to collect overpayment directly from the debtor then to deduct payments from benefits.
- 9.6. The team is currently focusing upon identifying debtors that would normally be paying via these deductions to pursue direct payment.

10. Collection rates

- 10.1. The table below shows collection rates for quarter 2. Targets are based primarily upon 2020/21 collection rates and the stretch target 2019/20.

Collection Area	Collection Rate	Target	Stretch
Council Tax current year	53.4%	+2%	-0.1%
Council Tax arrears	£1,573,573	+£740,564	+172,849
Rents	46.24%	0%	-0.3%
Business Rates	51.8%	+3.5%	-3.9%
General Income	76.64%	-2%	-18.3%
Leasehold	64.12%	+6.3%	+17.1%
Commercial rent	87.92%	+14.5%	-6.1%
Homecare	47.05%	+3.4%	-22.3%
Housing Benefit Overpayment	7%	-1%	-3.4%
Reside	93.19%	+3.7	+3.7%

11. Financial Implications

Implications completed by: Kofi Adu, Group Accountant

- 11.1. Compared to the same period last year, collection rates are higher across most categories of debt, 2019/20 pre-pandemic collection rates are slightly higher in a couple of areas, but collection rates are gradually improving. 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 on restrictions placed on the debt collection process as outlined in Section 2 above.
- 11.2. The Revenues team has been working closely with the wider 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. It is anticipated that the introduction of community banking in the borough will accelerate the wider support given to residents in financial difficulty and managing debt.
- 11.3. Collecting all debts due is critical to funding the Council and maintaining cashflow. Monthly performance monitoring meetings with the Strategic Director of Community

Solutions focus on where the targets are not being achieved to improve prompt collection of Council revenues.

- 11.4. 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.
- 11.5. 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.

12. Legal Implications

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

- 12.1. 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.
- 12.2. 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 often suspend the possession order on condition the tenant contributes to their arrears.
- 12.3. 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.
- 12.4. 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 as contributed to a recovery it is anticipated that it will not be until well into autumn before economic normality is approached and many businesses and activities may not return in the same form.

12.5. The inevitable debt management implications are that with the legal enforcement options being limited by Government measures preventing the resort to eviction as a means to enforcement of debt for all of the financial year 2020 to 2021 because of the national Covid 19 crisis, the short-term debts and more particularly irrecoverable debts inevitably increased despite the very best efforts of all the teams involved. Now this last option has been restored the message that debts will be pursued in due course is being pressed home however such action is tempered with targeted efforts to help citizens and businesses successfully manage their debts.

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

List of appendices:

Appendix 1 – London Collection Performance Comparisons 2020-21

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Council Tax				
District	(Multiple Items)			
Authority	% 2019/20	% 2020/21	% change	Loss £000
Hackney	94.7	84.7	-10.0	-£11,632
Newham	95.9	89.5	-6.4	-£7,049
Westminster	96.7	91.1	-5.6	-£6,030
Tower Hamlets	96.0	90.4	-5.6	-£7,843
Kensington and Chelsea	97.4	92.6	-4.7	-£5,846
Camden	95.4	91.0	-4.3	-£6,581
Brent	95.9	91.9	-4.0	-£6,280
Lambeth	95.0	91.1	-4.0	-£6,761
City of London	97.8	94.4	-3.5	-£302
Hammersmith and Fulham	95.9	93.3	-2.6	-£2,388
Barking and Dagenham	95.7	93.2	-2.5	-£2,055
Southwark	95.4	92.9	-2.5	-£3,741
Hounslow	98.2	95.8	-2.3	-£3,246
Wandsworth	98.2	95.9	-2.3	-£2,541
Haringey	96.5	94.2	-2.3	-£3,118
Harrow	97.6	95.4	-2.2	-£3,635
Waltham Forest	95.8	93.7	-2.1	-£2,956
Islington	95.3	93.7	-1.7	-£2,077
Greenwich	94.7	93.1	-1.6	-£2,120
Enfield	95.5	94.0	-1.5	-£2,428
Croydon	97.1	95.6	-1.5	-£3,503
Kingston upon Thames	98.7	97.2	-1.5	-£1,801
Ealing	96.8	95.5	-1.4	-£2,569
Bromley	97.9	96.5	-1.3	-£2,920
Bexley	96.3	95.1	-1.2	-£1,739
Hillingdon	96.8	95.6	-1.2	-£1,801
Merton	97.8	96.8	-1.0	-£1,198
Lewisham	93.7	92.8	-0.9	-£1,323
Richmond upon Thames	98.6	97.7	-0.9	-£1,454
Redbridge	97.1	96.4	-0.8	-£1,183
Havering	96.9	96.2	-0.8	-£1,198
Barnet	95.7	94.9	-0.7	-£1,664
Sutton	98.6	98.1	-0.5	-£657

Business rates				
District	(Multiple Items)			
Authority	% 2019/20	% 2020/21	% change	Loss £000
Hackney	96.2	72.4	-23.8	-27,867
Waltham Forest	95.9	78.4	-17.5	-6,945
Kensington and Chelsea	97.2	80.3	-16.9	-21,012
Haringey	96.4	82.7	-13.7	-4,924
Barnet	96.0	82.4	-13.5	-5,704
Enfield	98.6	86.3	-12.3	-9,328
Richmond upon Thames	97.4	85.4	-12.0	-5,400
Wandsworth	98.2	86.6	-11.6	-7,613
Barking and Dagenham	98.0	86.9	-11.1	-4,838
Brent	98.2	87.3	-11.0	-7,969
Redbridge	96.3	85.5	-10.8	-2,801
Westminster	97.6	88.8	-8.8	-118,545
Merton	97.9	89.1	-8.8	-4,162
Lewisham	99.8	91.6	-8.2	-2,928
Greenwich	98.2	90.3	-7.9	-3,387
Lambeth	98.0	90.2	-7.8	-7,815
Bexley	98.6	90.8	-7.8	-3,807
Harrow	96.7	89.1	-7.6	-1,881
Kingston upon Thames	98.2	91.0	-7.2	-2,709
Camden	99.0	92.5	-6.6	-31,273
Hounslow	99.9	93.5	-6.4	-9,471
Bromley	98.1	92.0	-6.1	-2,389
Ealing	96.6	90.6	-6.1	-6,366
Southwark	99.7	94.1	-5.6	-13,605
Sutton	99.6	94.3	-5.2	-1,678
Hammersmith and Fulham	96.7	91.9	-4.8	-7,019
Hillingdon	99.0	94.8	-4.2	-11,856
Newham	99.2	95.3	-3.9	-2,946
Islington	96.7	93.0	-3.7	-8,788
Tower Hamlets	99.5	95.8	-3.7	-13,077
Croydon	99.1	95.5	-3.6	-2,418
City of London	99.6	97.4	-2.2	-24,664
Havering	98.5	98.6	0.1	35

Council Tax		
Row Labels	change %	Loss £000
Inner London	-49.2	-£59,185
Metropolitan	-39.6	-£69,611
Outer London	-36.1	-£52,453
Shire District	-171.3	-£121,143
Unitary Authority	-53.7	-£75,125
Total		-£377,516

Business rates		
Row Labels	Change %	Sum of Loss £
Inner London	-111.6	-£287,593
Metropolitan	-183.2	-£146,130
Outer London	-168.5	-£97,556
Shire District	-654.5	-£154,917
Unitary Authority	-230.6	-£127,806
Total		-£814,001

Council Tax		
Row Labels	change %	Loss £000
Inner London	-49.2	-£59,185
Outer London	-36.1	-£52,453
Total		-£111,638

Business rates		
Row Labels	Change %	Sum of Loss £
Inner London	-111.6	-£287,593
Outer London	-168.5	-£97,556
Total		-£385,149

CABINET

14 December 2021

Title: Disposal of Land - Wedderburn Road, Barking	
Report of the Cabinet Member for Finance, Performance and Core Services and Cabinet Member for Regeneration and Economic Development	
Open Report with Exempt Appendix 2 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Ward Affected: Eastbury	Key Decision: No
Report Authors: Jacky Nelson, Sales & Leasing Officer, My Place Ron Chagger, Chartered Surveyor, My Place	Contact Details: Jacky.nelson@lbbd.gov.uk ron.chagger@lbbd.gov.uk
Accountable Strategic Leadership Director: Lisa Keating, Strategic Director of My Place	
<p>Summary</p> <p>This report sets out a proposal for the sale of Council-owned land at Wedderburn Road, Barking, which is deemed surplus to requirements, to facilitate a private development of 12 x flats at the location.</p> <p>The area of Council-owned land is 311 sqm, situated on the north side of Wedderburn Road between its junction with Cranborne Road to the west and St Awdry's Road to the east. The land is almost rectangular in shape, which is laid to grass and trees, and the frontage to Wedderburn Road is approximately 170 ft with a smaller frontage of around 50 ft to St Awdry's Road. Site plans and photographs are at Appendix 1 to the report.</p> <p>Broom Consultants Limited, who own the adjoining site at 2A Cranborne Road which is currently used as a car wash, first approached the Council in 2018 regarding the potential sale and its plans to redevelop the site for housing. An independent valuation was commissioned and draft Heads of Terms agreed, subject to the receipt of planning approval. Broom Consultants subsequently received planning approval for the development (20/01570/FULL, Planning Committee 21 December 2020) and Cabinet approval is now sought for the sale of the Council-owned land, in accordance with the Council's Land Acquisition and Disposal Rules (Part 4, Chapter 4 of the Constitution).</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the sale of the Council-owned land at Wedderburn Road, Barking, as shown edged red in the site plan at Appendix 1b to the report, to Broom Consultants Ltd on the terms set out in Appendix 2 to the report; (ii) Delegate authority to the Strategic Director, My Place, in consultation with the Strategic Director, Law and Governance and the Cabinet Member for Finance, Performance and 	

Core Services, to agree the final terms and contract documentation to fully implement the sale of the site; and

- (iii) Authorise the Strategic Director of Law and Governance, or an authorised delegate on her behalf, to execute all the legal agreements, contracts, and other documents on behalf of the Council.

Reason(s)

To assist the Council in meeting its priorities of 'Inclusive Growth' and 'Well Run Organisation' through the provision of new housing in the Borough and the generation of a capital receipt for the Council from the sale of land that is surplus to requirements.

1. Introduction and Background

- 1.1 In 2018, Broom Consultants Ltd contacted the Council seeking to purchase an area of land measuring 311 sq.m situated on the north side of Wedderburn Road, between its junction with Cranborne Road to the west and St Awdry's Road to the east. The Council-owned land is laid to grass and trees, as can be seen in the plans and photos at Appendix 1, and is deemed to be surplus to the Council's requirements.
- 1.2 Broom Consultants own 2a Cranborne Road, which is adjacent to the Council's land, and wish to merge the two sites and develop of a three-storey block of 12 residential units (use class C3) with associated landscaping and car parking. 2a Cranborne Road is currently used as a car wash.

2. Proposals

- 2.1 The proposed development should have no discernible negative impact upon the surrounding area and neighbouring properties, particularly when compared with the current use of the adjoining site as a car wash, and it is considered that the development of 12 residential dwellings (7 x 1-bedroom units; 3 x 2-bedroom units; 2 x 3-bedroom units) in this location would be more commensurate to local residential composition within the immediate surroundings. The proposal would result in the loss of some open space; however that would be mitigated by plans to sustain the improvement of local highways green space within a 1.5km radius of the site.
- 2.2 The Council-owned land was originally valued in 2018 and again in 2021, in line with RICS (Royal Institution of Chartered Surveyors) guidelines, and took account of the value of the land when combined with 2a Cranborne Road. The Wedderburn site value is less than the combined value with 2a Cranborne Road for development purposes. This combined value is commonly known as synergistic value and reflects the additional element of value created by the combination of two or more assets or interests where the combined value is more than the sum of the separate values.
- 2.3 Draft Heads of Terms were agreed between the Council and Broom Consultants in 2018, subject to the receipt of planning approval. The terms include a capital sum to be paid to the Council for the land and Broom Consultants meeting the Council's

legal costs and fees. Planning approval for the development was granted in December 2020 and conditions attached to that permission via a Section 106 Agreement include the company making financial contributions to the Council of £90,000 for offsite affordable housing (to be paid on the sale/occupation of the 9th unit at the development), £15,000 towards the improvement of local highways green space within a 1.5km radius of the site, funding 1 x on-street electric vehicle charging point and the development being car parking permit free.

- 2.4 The valuation details and terms of the proposed sale are set out at Appendix 2, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

3. Options appraisal

- 3.1 **Reject the sale** – this would severely effect the viability of the developer’s proposed scheme and result in either a reduced scheme (which would require a new planning application) or the abandonment of the project, thereby impacting on the development of much-needed residential accommodation in the Borough. Furthermore, the Council would not benefit from improvements to the locality or a capital receipt.

4. Consultation

- 4.1 The planning approval process for the proposed development involved consultation with local residents, ward councillors, Council service departments and other statutory consultees, such as the emergency services.
- 4.2 The Assets and Capital Board noted the importance of considering the ecological impact of disposals. To mitigate this, the plans have been further revised to exclude the area to the right of the development (see Appendix 1b and associated photos). The easternmost half of the initial site covered by the existing trees will, as a result, be retained by the Council.

5. Financial Implications

Completed by: Alison Gebbett, Capital Accountant

- 5.1 The proposed sale of land at Wedderburn Road represents the best financial outcome for the Council. The sale would generate a capital receipt which can be re-invested into services and would also avoid any future costs of holding the asset. In addition to the sale leading to a development of 12 new homes, the Council will also receive section 106 contributions towards affordable housing and highways green space from the development once planning permission is granted, which is subject to the sale going ahead.
- 5.2 This asset is held within the General Fund and as such, the capital receipt will be available to invest in the capital programme after the deduction of any costs of sale, which are capped at 4% as set out in the Local Authorities Capital Finance and Accounting Regulations 2003. Capital receipts are able to fund the Council’s Transformation programme under the Flexible Use of Capital Receipts direction.

6. Legal Implications

Completed by: Jonathan Boyle, Regeneration Projects Lawyer

- 6.1 Section 1 of the Localism Act 2011 gives to the Council a general power of competence to do anything that an individual may do, subject to a number of limitations. Section 2(1) sets out that these limitations include that local authorities are still bound by such restrictions as applied to their powers before the commencement of the general power.
- 6.2 One of the pre-existing limitations is contained in section 123(1) of the Local Government Act 1972 which states that a local authority may only dispose of land without the consent of the Secretary of State if the land is disposed for a consideration not less than the best that can reasonably be obtained. The external valuations referred in Appendix 2 which support the proposed purchase price demonstrate that this requirement has been satisfied.
- 6.3 As the land to be disposed of is open space, by section 123(2A) of the Local Government Act 1972 the Council is required, before any disposal, to advertise its intention to dispose in a local newspaper for two consecutive weeks and consider any objections received. A notice to that effect was placed in the London Gazette on 28 July and 4 August 2021 and in the Barking and Dagenham Post on the same dates. No objections were received.
- 6.4 In addition, any decision on this proposed disposal should take account of the Council's overarching best value and fiduciary duties concerning the proper and prudent stewardship of Council assets.
- 6.5 In accordance with paragraphs 2.1 to 2.2 of the Council's Land Acquisition and Disposal Rules, all strategic decisions about the use, acquisition and disposal of land and property assets is within the remit of the Cabinet and must be approved by it.
- 6.6 Legal have subsequently advised that the land we sell to the purchaser will be registered in the purchaser's name when we sell to them, and they will require sufficient evidence of our ownership before the sale completes so that Land Registry can register it as such.

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

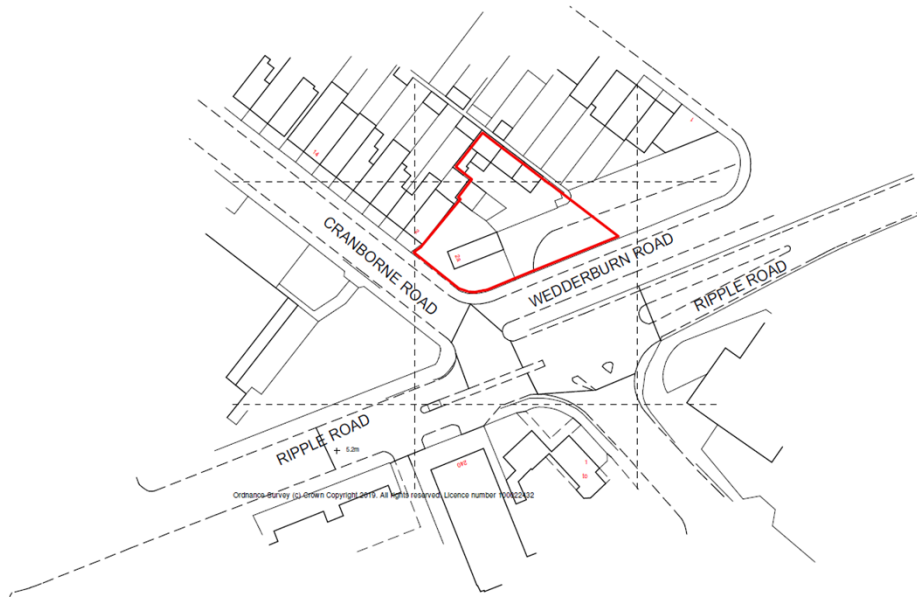
List of Appendices:

Appendix 1 - Site Plans and Photographs

Appendix 2 - Valuation Information (exempt appendix)

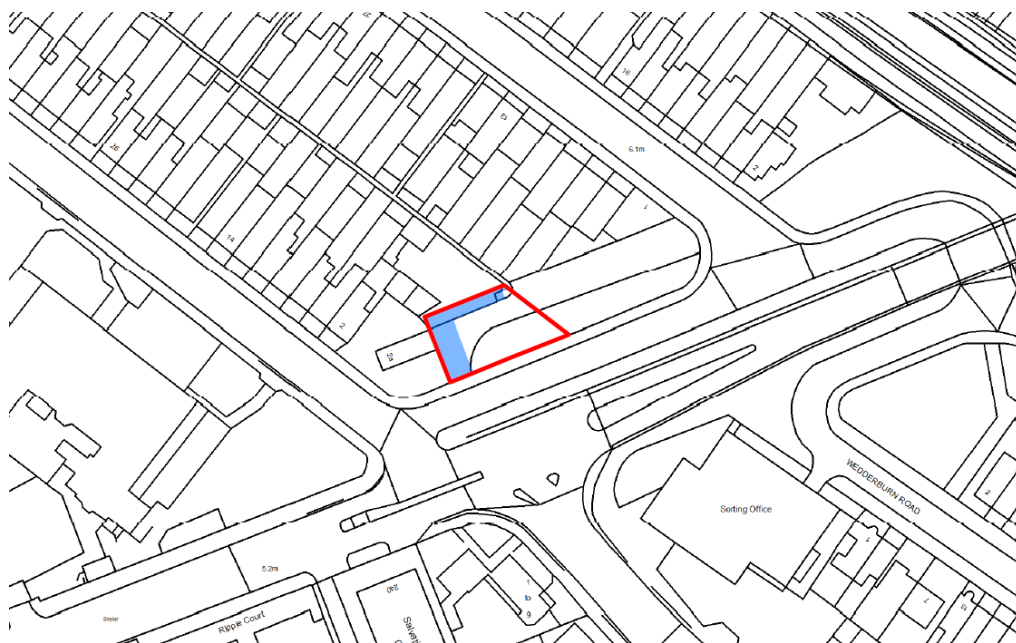
APPENDIX 1a.

Site Plan showing the Wedderburn Road site merged with 2a Cranbourne Road.



APPENDIX 1b.

Site plan showing registered land edged in red and Unregistered land edged in Blue.



Site photograph 1. Wedderburn Road



Site photograph 2. Cranbourne Road



Photo 3 showing Wedderburn Road site abutting 2a Crabourne Road.



Photo 4 showing trees and shrubs from St Awdrys Road. (This part Wedderburn Road site will be retained by the council)



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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