

**Notice of Meeting**

**CABINET**

**Tuesday, 21 June 2022 - 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 Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones, Cllr Elizabeth Kangethe and Cllr Maureen Worby

**Invited:** Cllr John Dulwich (non-voting)

Date of publication: 13 June 2022

Fiona Taylor  
Interim Chief Executive

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, 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 19 April 2022 (Pages 3 - 7)**

**4. Draft Provisional Revenue and Capital Outturn for 2021/22 (Pages 9 - 51)**

**5. Rent Guarantor Scheme for Care Leavers (Pages 53 - 68)**

6. **Fit-Out Loan Funding for Two Council-Owned Properties (Pages 69 - 74)**
7. **Treasury Management Annual Report 2021/22 (Pages 75 - 103)**
8. **Contract for the Provision of Supported Accommodation at The Vineries (Pages 105 - 126)**
9. **Contract for the Provision of Supported Accommodation for Older People (Extra Care) (Pages 127 - 146)**
10. **Social Value in Procurement - Impact Report 2021/22 (Pages 147 - 180)**
11. **Debt Management Performance 2021/22 (Quarter 4) (Pages 181 - 189)**
12. **Any other public items which the Chair decides are urgent**
13. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). ***There are no such items at the time of preparing this agenda.***

14. **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, 19 April 2022  
(7:00 - 7:33 pm)

**Present:** Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Elizabeth Kangethe, Cllr Margaret Mullane and Cllr Maureen Worby

**Apologies:** Cllr Sade Bright and Cllr Evelyn Carpenter

### 101. Declaration of Members' Interests

There were no declarations of interest.

### 102. Minutes (22 March 2022)

The minutes of the meeting held on 22 March 2022 were confirmed as correct.

### 103. Investment and Acquisition Strategy Update

The Cabinet Member for Finance, Performance and Core Services presented a report which provided an update on the Council's Investment and Acquisition Strategy (IAS).

The Cabinet Member stressed that growth, innovation and transformation continued to be key to the future sustainability of the Borough and the delivery of the Council's Medium Term Financial Strategy. The IAS was a fundamental part of that vision and despite the challenges that were being faced locally, nationally and globally, he was confident that the governance arrangements that underpinned the IAS would ensure that the Council was in a relatively strong position to deliver its aim of achieving an annual net income of circa £7m through the IAS.

Cabinet **resolved** to:

- (i) Approve the updated Investment and Acquisition Strategy 2022-27 at Appendix A to the report;
- (ii) Agree the removal of the Lease and Lease back asset class from the IAS and the removal of external, inflation linked financing arrangements for IAS schemes, as outlined in section 1.15 of this report;
- (iii) Note that the IAS forecast for 2022/23 was a surplus of £6.17m, which was £0.76m below its target of £6.92m;
- (iv) Note that the IAS forecast for 2022/23 to 2026/27 was £30.38m, which was £4.23m below its target of £34.61m;
- (v) Note the governance and controls in place to manage the IAS;

- (vi) Note that gross and net developments costs increased by £100m between Gateway 2 and Gateway 4 and the impact on the IAS viability;
- (vii) Note the amendments that have been made to the IAS assumptions as outlined in paragraphs 3.2 - 3.6 of the report, and their implications;
- (viii) Note the requirement for commercial loans and commercial income to support the IAS, especially over the short-term; and
- (ix) Note the impact of leverage on the IAS, as outlined in section 7 of the report.

#### **104. Aids and Adaptations Policy 2022 - 2027**

The Cabinet Member and Champion for Disabled People introduced a report on a new, five-year Aids and Adaptations Policy that would enable more residents with disabilities to stay in their own home and improve their health and wellbeing.

The Cabinet Member explained that new policy set out how private homeowners and tenants with disabilities would be supported by the Council, via Disabled Facilities Grant, to live as independently as possible through the use of aids and adaptations. The policy also meant that additional assistance could be given to more residents through six new discretionary grants and four social care projects, which were detailed in the report.

Cabinet **resolved** to:

- (i) Approve the Aids and Adaptations Policy 2022-27 as set out at Appendix A to the report;
- (ii) Agree the proposed additional project uses for the Disabled Facilities Grant (DFG) Capital Allocation as set out in paragraphs 2.9 - 2.16 of the report; and
- (iii) Delegate authority to the Strategic Director, Children and Adults, and Commissioning Director, Care and Support, in consultation with the Cabinet Member and Champion for Disabled People, to revise, prioritise and/or withdraw discretionary assistance in line with the Aids and Adaptations Policy as appropriate, considering the Council's available resources and annual funding allocations.

#### **105. Contract for Refurbishment of Leys Park Pavilion for Box Up Crime Project**

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals relating to the refurbishment and conversion of the Leys Park Pavilion, Ballards Road, Dagenham, for use by the Box Up Crime project.

The Cabinet Member explained that the Cabinet had previously agreed to allocate Community Infrastructure Levy (CIL) funding to support the project. Due to the poor condition of the building and an extensive backlog of maintenance, further funding had been identified from the Council's Corporate Asset Management budget to fully fund the works, which were estimated at £560,000. It was also

noted that, following discussions with representatives of Box Up Crime, it had been agreed that the Council would lead on the delivery of the building works, including the commissioning of contractors.

Cabinet **resolved** to:

- (i) Agree the procurement of a building works contractor for the refurbishment and conversation of Leys Park Pavilion, Dagenham in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development 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).

#### **106. Procurement of Electrical Testing Services**

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals for the procurement of a maximum five-year contract via an ESPO Framework Agreement to provide electrical testing services across all of the Council's domestic dwellings and communal areas.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement to source suitably qualified contractors through a mini-competition exercise via the ESPO Framework Agreement Ref: 306\_19; Lot 2 - Fixed Installation Testing (FIT) to provide electrical testing services, in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, My Place, in consultation with 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.

#### **107. Procurement of CCTV Upgrade and Maintenance Services**

The Cabinet Member for Enforcement and Community Safety presented a report on proposals for the procurement of a maximum six-year contract via the Public Contracts Regulations 2015 'open' procedure for the provision of CCTV-related services.

The Cabinet Member advised that the new contract would continue to provide a 24-hour CCTV monitoring service via the latest technology and would complement a number of other Council initiatives aimed at improving public safety and reducing crime in the Borough.

Cabinet **resolved** to:

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

supplier for CCTV upgrade, equipment procurement and maintenance services in accordance with the strategy set out in the report; and

- (ii) Authorise the Operational Director, Enforcement and Community Safety, in consultation with the Cabinet Member for Enforcement Community Safety and the Strategic Director, Law and Governance, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements with the successful bidder, in accordance with the strategy set out in the report.

#### **108. Councillor Evelyn Carpenter**

The Chair placed on record the Cabinet's appreciation to Councillor Evelyn Carpenter, Cabinet Member for Educational Attainment and School Improvement, who would be standing down from the Council at the May Local Elections after 16 years' service.

The Chair referred to the significant improvements within the Borough's schools since Councillor Carpenter assumed responsibility for the education portfolio in 2014 and her commitment to improving standards and opportunities for all, with particular mention made to the Adult College which Councillor Carpenter was such a strong advocate for.

Cabinet colleagues also paid their own personal tributes to Councillor Carpenter, referring to her dedication, integrity, attention to detail and tireless commitment to improving the lives of everyone who lived, worked and were educated in the Borough, particularly those in Becontree ward who she had represented since joining the Council. Cabinet colleagues also welcomed, with some trepidation, Councillor Carpenter's continued interest in the work of the Council, and the Cabinet in particular, after she had stepped down.

The Chair advised that, unfortunately, Councillor Carpenter was not feeling well enough to attend tonight's meeting and he asked all those present to join him in a minute's applause in recognition of her outstanding contribution.

#### **109. Private Business**

Cabinet **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraphs 3 and 5 of Part 1, Schedule 12A to the Local Government Act 1972 (as amended).

#### **110. Disposal of Former Muller Dairy Site - Update**

Further to Minute 79 (18 January 2022), the Cabinet Member for Finance, Performance and Core Services introduced a report on revised arrangements regarding the proposed sale of the former Muller dairy site, Selinas Lane, Chadwell Heath.

Cabinet **resolved** to:

- (i) Agree that the Council, in its capacity as the Shareholder of Be First



Developments (Muller) Limited, approves the disposal of the site, shown edged red in Appendix 1 to the report, to the new preferred bidder in accordance with the terms set out in Appendix 4 to the report;

- (ii) Authorise the Director of Finance and Investments, on behalf of the Council as shareholder and in consultation with the Strategic Director, Law and Governance, to instruct Be First Developments (Muller) Limited to enter into all necessary documents to finalise the transaction in accordance with the Heads of Terms at Appendix 4 to the report, for the disposal to the new preferred bidder and to successfully conclude the bidding and sale exercise; and
- (iii) Approve the repayment of the loan from Be First Developments (Muller) Limited and entry by the Council into all necessary documents to effect the repayment and release of associated security.

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**CABINET****21 June 2022**

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| <b>Title:</b> Draft Provisional Revenue and Capital Outturn for 2021-22  |  |
| <b>Report of the Cabinet Member for Finance, Growth and Core Services</b>  |  |
| <b>Open Report</b>   | <b>For Decision</b>  |
| <b>Wards Affected:</b> All   | <b>Key Decision:</b> Yes   |
| <b>Report Author:</b><br>Katherine Heffernan and Philippa Farrell, Heads of Service Finance<br>David Dickinson, Head of Treasury and Investments   | <b>Contact Details:</b><br>E-mail:<br><a href="mailto:Katherine.heffernan@lbbd.gov.uk">Katherine.heffernan@lbbd.gov.uk</a><br><a href="mailto:Philippa.farrell@lbbd.gov.uk">Philippa.farrell@lbbd.gov.uk</a> |
| <b>Accountable Director:</b> Philip Gregory, Director of Finance and Investment  |  |
| <p><b>Summary</b></p> <p>This report sets out the Council's draft financial position for 2021/22 after the end of the financial year.</p> <p>The Council's General Fund budget for 2021/22 is £168.6m. The final revenue expenditure outturn is £166.9m, resulting in a £1.7m underspend. Transfer to reserves and transfer from reserves both Net to zero. Details of the individual movements are contained within Appendix B.</p> <p>The draft outturn for the Housing Revenue Account is an underspend of £2.7m. This is the result of a change in the HRA recharging Policy to the General Fund.</p> <p>The Capital Programme adjusted budget for 2021-22 was £468.8m m and the final outturn is £360.4m. The slippage in schemes is partially attributable to COVID-19 and the capacity of partners to deliver in a timely way. The slippage will be carried forward and added to next year's capital programme.</p> <p>The final outturn for the Dedicated Schools Budget was an underspend of £1.946m. This will be transferred to the ringfenced DSG reserve. In addition, although several schools had to draw down against reserves several local maintained schools have increased their reserves.</p> |  |
| <b>Recommendation(s)</b>   |  |
| Cabinet is recommended to:   |  |
| <ul style="list-style-type: none"> <li>(i) Note the provisional revenue outturn for the General Fund for 2021/22, including individual service variances, as detailed in Appendix A to the report;</li> <li>(ii) Note the provisional outturn for the Council's subsidiary companies BDTP and Be First, as detailed in Appendix A to the report;</li> </ul>  |  |

- (iii) Approve the transfers to and from reserves as set out in section 3 and Appendix B to the report;
- (iv) Note the provisional outturn for the Housing Revenue Account (HRA), as set out in Appendix C to the report position;
- (v) Note the provisional outturn for the Dedicated Schools Grant (DSG) and Schools, as set out in Appendix D to the report;
- (vi) Note the provisional outturn for the 2021/22 Capital Programme, as set out in section 6 and Appendices E and F to the report;
- (vii) Approve the carry forward of slippage of £34.861m General Fund, £49.032m Investment Strategy and £19.231m HRA capital budget into 2022/23 and the revised total Capital Programme of £644.936m for 2022/23, as detailed in Appendices E and F to the report; and
- (viii) Note the update on Transformation and Capital Receipts in section 7 of the report and approve the allocation of capital receipts of £5.5m from the sale of the Film Studio land to part-fund the transformation and ERP projects.

**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 a Well Run Organisation.

**1. Background**

- 1.1 This report gives a summary of the Council's revenue and capital outturn position which will be used as the basis for the Statement of Accounts which will give a comprehensive overview of the Council's financial standing.
- 1.2 The Council implemented a new financial system in April 2022 which has caused some delay in the preparation of the accounts. The position presented in this paper may therefore be subject to further adjustments. Any significant changes will be reported to Cabinet in future reports.

**2. Overall Financial Position**

- 2.1 The 2021-22 budget was approved by Cabinet in February 2021. The net service expenditure budget is £166.9m including a planned transfer to reserves of £5.655m. This is budgeted to be funded from £157.7m of grants and taxes and £10.9m returns from our subsidiary companies.
- 2.2 During the year services were experiencing a range of financial pressures that led us to forecast an overspend. However, the position improved in the final quarter especially in Adult Social Care, Community Solutions and Central Expenses. This was the result of several factors but especially increased income from central government and the NHS.

- 2.3 The draft outturn position on Council services was total expenditure of £166.9m. This results in a net underspend of £1.7m. During the year we received £1.2m of government grant funding above budget - £0.6m compensation for Covid related income shortfalls and the rest additional new burdens fundings and grants.
- 2.4 However there was a shortfall on Company returns of £3.4m. Together with the other variances this results in a net overspend of £475k.
- 2.5 More details about the variances on individual services and the movement since period 10 forecasts are given in Appendix A.

### 3. Transfers to and From Reserves

- 3.1 The Council manages its financial affairs as one entity and does not allow individual services – except those formally set up as Trading Accounts – to carry forward over and underspends. However, it does allow transfers to and from reserves in the following circumstances.
- 3.2 Included within Appendix B is a detailed list of each Reserve Transfer for approval. The Transfer To and From Reserves will balance to zero within Appendix A as the reserve transactions are included within the Full Year Outturn column within the summary in Appendix A. For Transparency we have included a column Transfer To and Transfer From reserve to identify the reserve requests against each specific area.
- **Supporting our Investment and Acquisitions and Capital Strategies.** Additional income generated by Investment activities including interest income is carried forward to mitigate future risks and provide new funding for schemes.
  - **Carry Forward of Specific Grants.** Where grants have been received from government (or other bodies) for specific purposes that have not been achieved at year end the money is carried forward for use in future years.
  - **Specific Approved Projects** In a similar way if Cabinet/Assembly have approved funding for a specific project that has also not been completed then this money is carried forward to enable the objectives of the project to be realised.
  - **Risk Management.** We may transfer money to reserves to mitigate against known or anticipated future risks such as Insurance and Waste.
  - **Trading Accounts and Ringfenced Funds.** The Council maintains a Legal Trading Account and also some Education Services (Trewern, Music Service) have approval to operate as trading accounts and so can carry forward surpluses and deficits. Also where money is collected from residents and others for specific purposes (Parking, Private Landlord registration, Market traders) then additional income above the budget is taken to a reserve until plans can be designed for its use.
- 3.3 Appendix B sets out the requests for transfers to be made at the end of the 2021-22 financial year in line with these policies.

### 4. HRA

- 4.1 There is a net underspend on the HRA largely the result of underspending on the capital programme due to slippage. Further information is set out in Appendix C.

## **5. Schools and Dedicated Schools Grant**

- 5.1 The outturn on the Dedicated Schools Grant was an underspend of £1.946m – largely on Early Years and some reduced call on the Growth fund in the Schools block.
- 5.2 Overall Schools Locally Managed Balances also grew by £1.9m – although within that there were a number of individual schools that had to draw down from their reserves. However, there were other schools that added to their balances and some large deficits were reduced by management action.

## **6. Capital Programme**

- 6.1 The revised capital programme for 2021/22 was £468.8m, which includes adjustments for new investments schemes and budget realignment. The Transformation budget has been adjusted to reflect the actual spend and this will be funded by using capital receipts received during the year.
- 6.2 Year-end accruals have been reflected in the outturn figures and remaining budgets have been provisionally added as slippage / carry forward to a 2022/23 provisional capital budget. Preliminary analysis indicates the General Fund budget roll-forward will total £34.9m, HRA £19.2m and Investment and Acquisition Strategy (IAS) totalling £49.0m. Subject to Cabinet's approval, this will be reprofiled in the Q1 capital report in 2022-23.
- 6.3 The 2021/22 gross Capital Spend was £360.4m against a budget of £468.8m, an underspend of £108.3m (or 23.11%) with most of the spend in the IAS (£282.9m), Education, Youth and Childcare (£26.6m) and HRA (£24.0m). The main reason for the underspend is outlined under each respective department summary.
- 6.4 A number of IAS schemes have had budget increases agreed by Investment Panel and / or by Cabinet during the year.
- 6.5 Appendix E provides a summary of the budget, spend and slippage for each scheme with more information in Appendix F.

## **7. Transformation and Capital Receipts**

- 7.1 There were £9.2m of capital receipts received in the General Fund during 2021/22; the majority of which relates to the sale of the remaining tranche of film studio land, which was held by LEUK. For the General Fund capital receipts, £3.7m relates to the sale of Shared Ownership properties through Reside and this will be allocated to the various schemes to reduce the build costs incurred. For the film studio land, there were purchase costs of £3.7m that need to be repaid.
- 7.2 There were also £38.4m of net receipts relating to HRA properties, however these are set aside and spent in accordance with conditions set out in the right to buy pooling agreement and this will be available to fund developments which have affordable rent schemes. The receipts in year were as outlined in the table below:

| <b>Capital Receipts Received 21/22</b> | <b>Receipts £000s</b> |
|--|-----------------------|
| Film Studio additional land sale       | 5,500.0               |
| Shared Ownership -Reside sales- BMC    | 3,698.7               |
| <b>Total General Fund Receipts</b>     | <b>9,198.7</b>        |
|  |                       |
| <b>Right to Buy (RTB) receipts</b>     | <b>38,315.1</b>       |
| HRA shared ownership staircasing       | 617.3                 |
| lease extension                        | 10.5                  |
| Repayment of RTB discount              | 158.9                 |
| Less: RTB admin costs                  | (652.7)               |
| Less: 20/21 adjust -rent/utilities     | (0.4)                 |
| Less: RTB pooling payments to MHCLG    | 0.0                   |
| <b>Total HRA Receipts</b>              | <b>38,448.7</b>       |
| <b>Total receipts</b>                  | <b>47,647.4</b>       |

- 7.3 In 2021/22, a total of £6.194m was spent on Transformation and on implementation of the new ERP. This expenditure is split into £4.2m that is capital in nature and a further £2.0m which is revenue in nature, but which is eligible for funding under the flexible use dispensation because it contributes to savings. It is therefore proposed to use the £5.5m of capital receipts to part fund these programmes with the balance being funded directly from revenue (funded by the BSR.)

| <b>Transformation Spend</b>               | <b>Total £000s</b> |
|---|--------------------|
| Transformation prog. (revenue)            | 4,812              |
| Core expenditure -Capital prog.           | 968                |
| Dispersed working -Capital prog.          | 412                |
| <b>Total expenditure to fund</b>          | <b>6,194</b>       |
| <b>Capital Receipts -Film Studio Land</b> | <b>(5,500)</b>     |
| <b>Revenue Funding from BSR</b>           | <b>693</b>         |

## 8. Legal Implications

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

- 8.1 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.
- 8.2 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.

## **9. Other Implications**

9.1 **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.

9.2 **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 3<sup>rd</sup> March 2021  
<https://modgov.lbbd.gov.uk/Internet/documents/s144013/Budget%20Framework%202021-22%20Report.pdf>

### **List of appendices:**

- Appendix A Revenue Outturn
- Appendix B Reserves Transfers
- Appendix C HRA
- Appendix D DSG
- Appendix E Capital Programme Summary
- Appendix F Capital Programme Detail



# Appendix A Revenue Outturn

**Barking &  
Dagenham**

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2021/22

one borough; one community; no one left behind

## London Borough of Barking and Dagenham Draft Revenue Outturn

| Table 1.                  | Controllable<br>BUDGET FY | Non-Controllable<br>BUDGET FY | Full Year<br>Outturn | Variance            | Transfer To<br>reserve | Transfer From<br>reserve | Outturn inc.<br>Reserves | Variance<br>Including<br>Reserves | Movement from<br>Period 10 | Variance           |
|---------------------------|---------------------------|-------------------------------|----------------------|---------------------|------------------------|--------------------------|--------------------------|-----------------------------------|----------------------------|--------------------|
| COMMUNITY SOLUTIONS       | 17,778,636                | 5,874,207                     | 23,639,007           | (13,836)            | 3,274,057              | (2,447,405)              | 24,465,659               | 812,816                           |                            | 804,018            |
| CORPORATE MANAGEMENT      | (7,450,764)               | (1,421,526)                   | (5,585,288)          | 3,287,002           | (15,933,275)           | 5,003,370                | (16,515,194)             | (7,642,904)                       |                            | (4,529,565)        |
| INCLUSIVE GROWTH          | 366,321                   | 186,257                       | 793,444              | 240,866             | 387,759                | (8,498)                  | 1,172,705                | 620,127                           |                            | 320,357            |
| LAW AND GOVERNANCE        | 1,655,050                 | (3,601,448)                   | (8,967,296)          | (7,020,898)         | 7,587,300              | (857,454)                | (2,237,450)              | (291,052)                         |                            | 534,481            |
| MY PLACE                  | 32,161,490                | (8,065,554)                   | 26,534,317           | 2,438,381           |                        |                          | 26,534,317               | 2,438,381                         |                            | 699,716            |
| PEOPLE AND RESILIENCE     | 100,222,241               | 20,741,747                    | 117,096,919          | (3,867,069)         | 4,079,934              | (506,071)                | 120,670,782              | (293,206)                         |                            | (4,345,312)        |
| STRATEGY & CULTURE        | 9,880,590                 | 286,703                       | 13,397,549           | 3,230,256           | 604,225                | (1,183,941)              | 12,817,833               | 2,650,540                         |                            | 238,564            |
| <b>TOTAL EXPENDITURE</b>  | <b>154,613,564</b>        | <b>14,000,386</b>             | <b>166,908,651</b>   | <b>(1,705,299)</b>  | <b>0</b>               | <b>0</b>                 | <b>166,908,651</b>       | <b>(1,705,299)</b>                |                            | <b>(6,277,742)</b> |
| COUNCIL FUNDING           | (124,950,050)             | (32,716,900)                  | (177,833,496)        | (20,166,546)        | 18,904,060             |                          | (158,890,795)            | (1,223,845)                       |                            | (703,387)          |
| COMPANY RETURNS           | (10,947,000)              |                               | (7,542,789)          | 3,404,211           |                        |                          | (7,542,789)              | 3,404,211                         |                            | 3,404,211          |
| <b>TOTAL FUNDING</b>      | <b>(135,897,050)</b>      | <b>(32,716,900)</b>           | <b>(185,376,285)</b> | <b>(16,762,335)</b> | <b>18,904,060</b>      | <b>0</b>                 | <b>(166,433,584)</b>     | <b>2,180,366</b>                  |                            | <b>2,700,824</b>   |
| <b>TOTAL NET POSITION</b> | <b>18,716,514</b>         | <b>(18,716,514)</b>           | <b>(18,467,634)</b>  | <b>(18,467,634)</b> | <b>18,904,060</b>      | <b>0</b>                 | <b>475,067</b>           | <b>475,067</b>                    |                            | <b>(3,576,918)</b> |

Overall, the position on NET SERVICE EXPENDITURE has improved by £6.3m since period 10 to an underspend of 1.7m. This is principally the result of large improvements in Care and Support – especially Adults and in Central Expenses/Corporate Management Costs due to Bad Debt Provision release of £2.7m and £2m write back from the balance sheet adjustment relating to Temporary Accommodation. Within this there has been a net reduction in income from the HRA of £2.7m because of the recharges review.

The Council Funding position excluding companies and after £18.9m of transfers to the Collection Fund reserve has improved by £700k to £1.22m –as the result of various section 31 and New Burdens grants.

This means that the net position considering traditional Council Services would be an underspend of £2.9m

However, there is a shortfall on Company Returns of £3.4m. This results in a net overspend across the whole of the accounts of £475k.

**TO NOTE – underspend on Council services is to be taken to the Budget Support Reserve, the underachievement of Company returns will be offset from a draw down from the Investment reserve.**

## **London Borough of Barking and Dagenham Draft Reserve Transfer To and From Detail**

Included within Appendix B is a detailed list of each Reserve Transfer for approval. The Transfer To and From Reserves will balance to zero within Appendix A as the reserve transactions are included within the Full Year Outturn column within the summary in Appendix A. For Transparency we have included a column Transfer To and Transfer From reserve to identify the reserve requests against each specific area.

## London Borough of Barking and Dagenham Draft Outturn Report

More Detailed Information on Individual Services/Directorates can be found here:

[Community Solutions](#)

[Corporate Management](#)

[Inclusive Growth](#)

[Law and Governance](#)

[My Place](#)

[People and Resilience](#)

[Strategy and Culture](#)

[Companies](#)

one borough; one community; no one left behind

**Barking &  
Dagenham**

## People and Resilience: Outturn Summary Position

Outturn Position: £120.7m (underspend of £293k, 0% variance)

| PEOPLE AND RESILIENCE            | Controllable<br>BUDGET FY | Non-Controllable<br>BUDGET FY | Full Year<br>Outturn | Variance           | Transfer To<br>reserve | Transfer From<br>reserve | Outturn inc.<br>Reserves | Variance<br>Including<br>Reserves | Movement from<br>Period 10<br>Variance |
|----------------------------------|---------------------------|-------------------------------|----------------------|--------------------|------------------------|--------------------------|--------------------------|-----------------------------------|--|
| DISABILITIES CARE AND SUPPORT    | 27,785,417                | 767,646                       | 29,960,200           | 1,407,137          | 46,000                 |                          | 30,006,200               | 1,453,137                         | (725,256)                              |
| ADULT'S CARE & SUPPORT           | 19,131,650                | 1,795,742                     | 15,310,351           | (5,617,041)        | 1,633,604              |                          | 16,943,955               | (3,983,437)                       | (2,794,175)                            |
| COMMISSIONING - CARE AND SUPPORT | 11,501,394                | 783,270                       | 11,910,050           | (374,614)          | 37,511                 |                          | 11,947,561               | (337,103)                         | (315,451)                              |
| PUBLIC HEALTH                    | (559,250)                 | 63,000                        | (1,955,124)          | (1,458,874)        | 1,485,679              |                          | (469,444)                | 26,806                            | (292,291)                              |
| CHILDREN'S CARE & SUPPORT        | 38,696,890                | 1,423,042                     | 42,292,753           | 2,172,821          | 239,450                |                          | 42,532,203               | 2,412,271                         | (156,260)                              |
| EDUCATION, YOUTH & CHILDCARE     | 3,666,140                 | 15,909,047                    | 19,578,689           | 3,502              | 637,690                | (506,071)                | 19,710,308               | 135,121                           | (61,879)                               |
| <b>TOTAL NET POSITION</b>        | <b>100,222,241</b>        | <b>20,741,747</b>             | <b>117,096,919</b>   | <b>(3,867,069)</b> | <b>4,079,934</b>       | <b>(506,071)</b>         | <b>120,670,782</b>       | <b>(293,206)</b>                  | <b>(4,345,312)</b>                     |

### 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
  - Home to school transport continues to carry an overspend due to the increasing demand for transport and the complexities of our children.
  - The above pressures have been partially mitigated by an improvement in DP refunds, reduced legal costs, the return of Day Care services income and vacancies across the Disabilities teams.
- **Adults Care and Support**
  - Adults Care and Support outturn is a £3.98m underspend.
  - The continued receipt of funding such as the CCG Discharge fund as well as further additional one-off support from the CCG such as the winter pressures pot, COVID grants along with a further £1m growth award has managed to keep the Adults bottom line position stable, despite seeing a significant jump in Residential & Nursing placements and further demand growth in Mental Health.
  - Direct payment costs have significantly reduced year on year, which has mitigated increases in other areas such as supported living and Residential.
- **Commissioning Care and Support**
  - The final outturn position for this service is a £337k underspend, this can be attributable to significant support from the CCG discharge fund which supported spend on various contracts, staff overtime and additional hours as well as equipment spend.
  - Increase to the BCF budget also allowed for contract uplifts to be funded from this pot thus reducing the pressure of the general fund budgets.
- **Public Health**
  - The final position is a small £27k overspend due to the coroners and mortuary service.
- **Children's Care & Support:**
  - The overall budget pressure for the Services sits within Corporate Parenting. There has been a substantial increase in Residential placements to a country wide demand for places, which has been exacerbated by the COVID –19 pandemic.
- **Education, Youth & Childcare:**
  - The final outturn position for EYC is a £135k overspend, this is because of a historical corporate budget gap.

## People and Resilience: Outturn Movement Analysis

Outturn Position: £120.7m (underspend of £293k, 0% variance)

- ❑ **Disabilities Service:- Budget £31.46m, Outturn £31.91m, Variance £1.45m over, Movement from P10 £726k Improvement**
  - Disaggregation of Health income for CWD LAC that was not forecasted in P10 amounted to approx. £220k in additional income for the disabilities service.
  - Unexpected improvement in DP refunds and a drop in the actual DP outturn resulted in a £392k improvement on the position forecasted in January.
  - Circa £100k worth of works on Heathway Centres refurbishment didn't go ahead as planned which reduced the expenditure at year end.
  
- ❑ **Adults Care & Support:- Budget £22m, Outturn £18.7m, Variance £3.98m under, Movement from P10 £2.79m Improvement**
  - Approx. £1m of budget was held back in the P10 forecast to cover any unexpected hikes in demand or outstanding provider invoices which did not materialise, it was also hoped that a reserve could be created from this money to carry forward, this was denied.
  - A further £450k was held in the BCF to support the care tech contract with any budgetary needs, due to the contract only going live in January of this year, this budget was not required, however it is expected to be used in full going forward.
  - The amount recouped from the CCG for the Discharge to Assess COVID pathway was underestimated, and we received around £680k more income than the forecasted position in January, part of this oversight was due to a missed invoice which has now been accrued equating to £282k more income for the LA.
  - A further £254k improvement was down to DP similar to Disabilities services above whereby an increase in refunds and a drop in expenditure was not anticipated.
  - Additional HRA Recharge Income for Sheltered Housing and Extra Care of £370k as well as Community Voices grant of £139k were not accounted for in P10.
  
- ❑ **Commissioning Care & Support:- Budget £12.5m, Outturn £12.1m, Variance £337k under, Movement from P10 £315k Improvement**
  - The P10 forecast did not factor in income received from the CCG Discharge fund for spend that was attributable to the early discharge of patients from hospital, this included brokerage staff, overtime hours, hospital equipment costs and some contract spend for accommodation.
  
- ❑ **Public Health:- Budget (£496k), Outturn £469k, Variance £27k over, Movement from P10 £292k Improvement**
  - The improvement at year end can be attributed to the Coroners and Mortuary service which came back with a reduced overspend in March. This is a shared service with 3 other local authorities, Waltham Forest are the lead borough who hold the cost of the service and apportion it out at year end.
  
- ❑ **Children's Care & Support:- Budget £39.9m, Outturn £42.3m, Variance £2.4m over, Movement from P10 £156k Improvement**
  - The majority of this improvement can be attributed to vacancies not being filled as expected.
  
- ❑ **Education, Youth & Childcare:- Budget £21.26m, Outturn £21.3m, Variance £135k Over, Movement from P10 £62k Improvement**
  - The service was forecasted to breakeven albeit an overspend of £197k at P10 due to historical corporate budget deficit , however this has been reduced to £135k overspend through rationalised use of grants, the service was able to absorb some of the historical corporate budget gaps.

## People and Resilience: In Year Mitigations/Savings

Outturn Position: £120.7m (underspend of £293k, 0% variance)

| <b><u>In Year Mitigations:</u></b>                             | <b><u>Amount</u></b> |
|--|----------------------|
| <b>CCS Commissioning Led Savings</b>                           | <b>£676,000</b>      |
| Joint CCG Funding over and above budget                        | £187,600             |
| Care Leaver Transitions into Accommodation and Care step downs | £306,400             |
| Residential Care Stepdowns                                     | £100,000             |
| Retrospective Residential Price Reductions                     | £82,000              |
| <b>CCS Operations Led Savings</b>                              | <b>£110,200</b>      |
| Reductions of Supplies and Services Spend (e.g venue hire)     | £110,200             |
| <b>Disabilities Service</b>                                    | <b>£544,771</b>      |
| COMF Grant for HTST COVID Measures                             | £276,400             |
| Workforce Capacity Grant                                       | £268,371             |
| <b>Adults Care and Support</b>                                 | <b>£1,171,500</b>    |
| One-Off CCG Winter Pressures Funding                           | £320,000             |
| Relish Closure   | £110,000             |
| DP Reviews   | £85,700              |
| Visiting Officer Income  | £50,000              |
| FA Review Officer  | £125,800             |
| One-Off Covid Workforce Capacity Grant                         | £110,000             |
| HRA Recharge Income  | £370,000             |

| <b>Commissioning</b>              | <b>£453,300</b>   |
|-----------------------------------|-------------------|
| D2A Beds                          | £85,400           |
| Extra Care Discharge Flats        | £25,000           |
| Other Discharge Related Costs     | £26,500           |
| CCG Discharge Funding - Equipment | £316,400          |
| <b>TOTAL</b>                      | <b>£2,955,771</b> |

## Corporate Management:

Outturn Position:

| CORPORATE MANAGEMENT      | Controllable<br>BUDGET FY | Non-Controllable<br>BUDGET FY | Full Year<br>Outturn | Variance         | Transfer To<br>reserve | Transfer From<br>reserve | Outturn inc.<br>Reserves | Variance<br>Including<br>Reserves | Movement from<br>Period 10 |
|---------------------------|---------------------------|-------------------------------|----------------------|------------------|------------------------|--------------------------|--------------------------|-----------------------------------|----------------------------|
| STRATEGIC LEADERSHIP      | 467,770                   | 71,774                        | 557,559              | 18,015           |                        |                          | 557,559                  | 18,015                            | 70,762                     |
| FINANCE                   | 2,919,570                 | (2,300,389)                   | 1                    | (619,180)        |                        |                          | 1                        | (619,180)                         | 82,674                     |
| IAS                       | (4,903,291)               | 779,025                       | (3,415,576)          | 708,690          |                        |                          | (3,415,576)              | 708,690                           | 658,690                    |
| CENTRAL EXPENSES          | (5,934,813)               | 28,064                        | (2,727,273)          | 3,179,476        | (15,933,275)           | 5,003,370                | (13,657,179)             | (7,750,429)                       | (5,341,691)                |
| <b>TOTAL NET POSITION</b> | <b>(7,450,764)</b>        | <b>(1,421,526)</b>            | <b>(5,585,288)</b>   | <b>3,287,002</b> | <b>(15,933,275)</b>    | <b>5,003,370</b>         | <b>(16,515,194)</b>      | <b>(7,642,904)</b>                | <b>(4,529,565)</b>         |

### Key Drivers

#### Movements from PD 10:

The 2021-22 pay award was agreed in March and funding for this has been removed from Central Expenses into service budgets. The actual outturn was lower than forecast – this is usually the case at year end as we hold corporate contingencies in this area including staff redundancies, insurance and the special projects fund all of which were underspent. The debt project has also been successful allowing a reduced bad debt provision and a release of £2.7m of bad debt provision. In addition, we have written back £2m from the Temporary Accommodation balance sheet code into Central Expenses.

Note that the apparent overspend variance on IAS is offset by Interest Income shown within Central Expenses

Reserve Requests – the budget had a planned net transfer £5.6m to the Budget Support Reserve as part of our medium-term financial planning (to smooth changes in funding.) We also planned to transfer the £3.67m levy rebate to the ELWA reserve. At year end we are recommending that £1.9m additional income on investments is taken to the IAS reserve. We also need to draw down £0.693m Transformation funding not available from Capital receipts.

#### Details of Outturn Position:

- There is an underspend of £7.8m in Central Expenses. This includes an underspend of £0.9m on the in-year ELWA levy, underspends against corporate contingencies, reduced bad debt provision contribution compared to previous years, release of £2.7m bad debt provision and £2m write back from Temporary Accommodation balance sheet.



## Law and Governance:

Outturn Position: Underspend of £0.291m after transfer of £7.5m to reserves and £842k PRPL drawdown from reserve

Table 5.

|                           | Controllable     | Non-Controllable   |                    |                    | Transfer To      | Transfer From    | Outturn inc.       | Variance         |                |
|---------------------------|------------------|--------------------|--------------------|--------------------|------------------|------------------|--------------------|------------------|----------------|
| LAW AND GOVERNANCE        | BUDGET FY        | BUDGET FY          | Full Year Outturn  | Variance           | reserve          | reserve          | Reserves           | Including        | Movement from  |
|                           |                  |                    |                    |                    |                  |                  |                    | Reserves         | Period 10      |
| WORKFORCE CHANGE / HR     | 2,190,370        | (1,652,530)        | 1,155,815          | 617,975            | 15,000           | (15,000)         | 1,155,815          | 617,975          | 624,662        |
| LAW & ASSURANCE           | 3,895,290        | (2,932,283)        | 798,771            | (164,236)          | 122,300          |                  | 921,070            | (41,937)         | 158,062        |
| ENFORCEMENT               | (4,686,530)      | 958,100            | (11,265,865)       | (7,537,435)        | 7,450,000        | (842,454)        | (4,658,320)        | (929,890)        | (274,313)      |
| LEADERS OFFICE            | 255,920          | 25,265             | 343,984            | 62,799             |                  |                  | 343,984            | 62,799           | 26,069         |
| <b>TOTAL NET POSITION</b> | <b>1,655,050</b> | <b>(3,601,448)</b> | <b>(8,967,296)</b> | <b>(7,020,898)</b> | <b>7,587,300</b> | <b>(857,454)</b> | <b>(2,237,450)</b> | <b>(291,052)</b> | <b>534,481</b> |

### Key Drivers

The outturn for Law and Governance is **-£2.2m** against a net budget of **-£1.9m** resulting in an underspend of **-£0.3m**. This is a movement of £535k from period 10. This movement has mainly been driven by the change in HRA Recharge Policy. The change in HRA recharge Policy has adversely impacted Law and Governance by £770k. There has also been a transfer from Insurance of £1.4m across a range of insurance provisions.

### Reserve Request

Law and Governance requesting to drawdown £0.8m from reserve to offset expenditure relating to the PRPL Scheme and to transfer parking surplus of £7.5m to the Parking reserve. Proposals for its use to improve local transport, highways management, community safety, mobility and environmental concerns are being developed. The focus of investment will be to generate future improvements for residents of the Borough. Law & Governance is also requesting to transfer £0.1m received from the Coroners Court to reserve. The proposal is to use the funds to refit the Town Hall once the court has left. Details of the reserve movements can be found on Appendix B

## Strategy and Culture:

| STRATEGY & CULTURE        | Controllable<br>BUDGET FY | Non-<br>Controllable | Full Year<br>Outturn | Variance         | Transfer To<br>reserve | Transfer<br>From reserve | Outturn inc.<br>Reserves | Variance<br>Including | Movement from<br>Period 10 |
|---------------------------|---------------------------|----------------------|----------------------|------------------|------------------------|--------------------------|--------------------------|-----------------------|----------------------------|
| CULTURE & RECREATION      | (59,750)                  | 1,175,229            | 4,120,481            | 3,005,002        | 91,841                 | (605,883)                | 3,606,440                | 2,490,961             | (37,143)                   |
| CHIEF INFORMATION OFFICER | 8,001,120                 | 877,556              | 8,379,291            | (499,385)        | 512,384                | (13,000)                 | 8,878,675                | (1)                   | (62,649)                   |
| STRATEGY & PROGRAMMES     | 1,372,200                 | (1,053,656)          | 897,777              | 579,233          |                        | (565,059)                | 332,718                  | 14,174                | 185,106                    |
| COMMUNICATIONS            | 567,020                   | (712,426)            |                      | 145,406          |                        |                          |                          | 145,406               | 153,250                    |
| <b>TOTAL NET POSITION</b> | <b>9,880,590</b>          | <b>286,703</b>       | <b>13,397,549</b>    | <b>3,230,256</b> | <b>604,225</b>         | <b>(1,183,941)</b>       | <b>12,817,833</b>        | <b>2,650,540</b>      | <b>238,564</b>             |

Movements from PD 10: Outturn was an increase of £239k on the Period 10 position. This is largely due to a £259k reduction in HRA recharge income.

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Reserve Requests – the service will be drawing down a range of brought forward funding (£1.132m) the largest element being the Leisure Recovery funding (£514k) and the Covid Winter Relief Grant (£317k). IT will be transferring £512k of unused KTL funding for use in future years to deliver the IT strategy.

Culture and Recreation: Final overspend of £2,491k

- Leisure overspend of £1,563k due to loss of concession income of £1,312k and the provision of a £803k support package to Everyone Active, offset by Leisure Recovery grant of £515k.
- Parks overspend of £495k mainly due to shortfall in income due to slippage of soil importation scheme.
- Heritage overspend of £251k due to income under-recovery and overspend on NNDR.
- Cultural Commissioning overspend of £182k of which £145k is on Events.

Chief Information Officer: The final position is a nil variance, as the underspend of £512k has been taken to the IT reserve to finance future Keeping the Lights On projects.

## Strategy and Culture:

### Strategy and Programmes – overspend of £14k

- Insight overspend of £120k on salaries due to unfunded posts.
- Advertising income of £190k in excess of target
- PMO overspend of £38k consisting of shortfall in HRA recharge of £116k offset by a salaries underspend of £78k due to vacancy savings
- Strategy team overspend of £37k of which £25k is due to a reduction in the HRA recharge.
- Unfunded ERP costs of £8k.

### Communications – overspend of £145k of which £118k is due to a reduction in the HRA recharge

### Transformation

Total expenditure on the ERP programme was £4.120m, of which £4.005m was capitalised. Revenue expenditure on other Transformation schemes was £858k of which £807k was capitalised. This is being financed from a combination of capital receipts and the budget support reserve.

## Inclusive Growth:

Outturn Position;

|                           | Controllable<br>BUDGET FY | Non-<br>Controllable<br>BUDGET FY | Full Year<br>Outturn | Variance       | Transfer To<br>reserve | Transfer<br>From reserve | Outturn inc.<br>Reserves | Variance<br>Including<br>Reserves | Movement from<br>Period 10 |
|---------------------------|---------------------------|-----------------------------------|----------------------|----------------|------------------------|--------------------------|--------------------------|-----------------------------------|----------------------------|
| INCLUSIVE GROWTH          |                           |                                   |                      |                |                        |                          |                          |                                   |                            |
| COMMERCIAL                | (198,839)                 | 96,722                            | 430,805              | 532,922        |                        |                          | 430,805                  | 532,922                           | 500,829                    |
| INCLUSIVE GROWTH          | 565,160                   | 89,535                            | 362,638              | (292,057)      | 387,759                | (8,498)                  | 741,899                  | 87,204                            | (180,473)                  |
| <b>TOTAL NET POSITION</b> | <b>366,321</b>            | <b>186,257</b>                    | <b>793,444</b>       | <b>240,866</b> | <b>387,759</b>         | <b>(8,498)</b>           | <b>1,172,705</b>         | <b>620,127</b>                    | <b>320,357</b>             |

### Key Drivers

Movements from PD 10: A £320k increase in overspend – of which £312k is due to a reduction in the HRA recharge.

Reserve Requests – A net transfer to reserves request of £379k. This is to carry forwards the balance of Economic Development growth funding of £123k, and grant funding of £264k. A drawdown of £8.5k is requested from the Make it Here Film Studios reserve.

HRA impact – There has been a net £312k under achievement of HRA income – the largest element being the former Elevate charge for procurement and accounts payable (£370k) offset by increased income of £58k against the main Inclusive Growth budget to reflect the cost of commissioning and management.

### Details of Outturn Position:

- There is a shortfall in HRA income in Commercial Services of £370k.
- Film Office income shortfall of £132k
- CR27 overspend of £88k due to increased rent charges.

## Community Solutions:

Outturn Position: £24.5m (overspend of £813k, 3% variance including transfers to and from reserves)

Table 2.

| COMMUNITY SOLUTIONS       | Controllable<br>BUDGET FY | Non-Controllable<br>BUDGET FY | Full Year Outturn | Variance        | Transfer To<br>reserve | Transfer From<br>reserve | Outturn inc.<br>Reserves | Variance<br>Including<br>Reserves | Movement from<br>Period 10<br>Variance |
|---------------------------|---------------------------|-------------------------------|-------------------|-----------------|------------------------|--------------------------|--------------------------|-----------------------------------|--|
| SUPPORT AND COLLECTION    | 1,570,445                 | 4,273,585                     | 6,575,112         | 731,082         | 800,000                |                          | 7,375,112                | 1,531,082                         | 1,357,317                              |
| COMMUNITY SOLUTIONS       | 9,403,147                 | (222,525)                     | 8,287,709         | (892,913)       | 703,240                | (289,499)                | 8,701,450                | (479,172)                         | (572,423)                              |
| COMMUNITY PARTICIPATIO    | 6,805,044                 | 1,823,147                     | 8,776,186         | 147,995         | 1,770,817              | (2,157,906)              | 8,389,097                | (239,094)                         | 19,124                                 |
| <b>TOTAL NET POSITION</b> | <b>17,778,636</b>         | <b>5,874,207</b>              | <b>23,639,007</b> | <b>(13,836)</b> | <b>3,274,057</b>       | <b>(2,447,405)</b>       | <b>24,465,659</b>        | <b>812,816</b>                    | <b>804,018</b>                         |

### Key Drivers

The Outturn for Community Solutions is £24.5m against a budget of £23.6m, resulting in an overspend of £813k. This is a movement of £804k from period 10. there have been a number of one-off movements which are listed below.

### Support & Collections (£1.3m Movement from P10)

|  |                |
|--|----------------|
| • Recalculation of HRA recharges impact  | £1,656k        |
| • Additional one-off CTX Grant (One-off)                                       | -£250k         |
| • Additional one-off New Burdens Grant NNDR (One-off)                          | -£220k         |
| • Additional one-off income from new buildings (MRP payments due from 2022/23) | -£410k         |
| • Vacancies not being filled as expected                                       | -£119k         |
| • Release of buffer (One-off)  | -£100k         |
| • Reserve request to support the Cost of Living Crisis                         | £800k          |
|  | <u>£1,357k</u> |

## Key Drivers

### **Community Solutions (-£0.57m Movement from P10)**

|   |             |
|---|-------------|
| Recalculation of HRA recharges impact   | £311k       |
| Works & Skills secured Community Renewal Fund Grant                                     | -£105k      |
| Additional recharge to BDMS (One-off)   | -£320k      |
| Reduction in Licence cost (based on number of users due to vacancies)                   | -£70k       |
| Vacancies not being filled as expected  | -£163k      |
| London Councils one-off credit received for prior-year adjustments                      | -£200k      |
| Customer Experience Grant (one-off)   | -£25k       |
| Digitalisation Project - Slipped due to delay in tender process and contract award      | -£180k      |
| Community Banking - Slipped due to delay in tender process and contract award           | -£35k       |
| Reserve request for Digitalisation - Project has slipped, will be delivered in 22/23    | £180k       |
| Reserve request for Community Banking - Project has slipped, will be delivered in 22/23 | <u>£35k</u> |
|   | -£572k      |

**Community Participation & Prevention** – The net movement is immaterial. However, details can be provided.

### Reserve Request

Community Solutions requesting to drawdown £2.447m from reserve and proposing to transfer £3.274m to reserve, details of the reserve movements can be found on Appendix B

|                                  | <b>Transfer<br/>From<br/>Reserve</b> | <b>Transfer<br/>To<br/>Reserve</b> | <b>Movement</b> |
|----------------------------------|--------------------------------------|------------------------------------|-----------------|
| <b>COMMUNITY SOLUTIONS Total</b> | <b>-2,447,405</b>                    | <b>3,274,057</b>                   | <b>826,652</b>  |

### HRA Impact

The change in HRA recharge Policy has adversely impacted Community Solutions by £1,933k

|                                  | <b>HRA Recharge<br/>Budget</b> | <b>Revised<br/>HRA<br/>Recharge</b> | <b>Variance<br/>on HRA</b> |
|----------------------------------|--------------------------------|-------------------------------------|----------------------------|
| <b>COMMUNITY SOLUTIONS Total</b> | <b>7,710,440</b>               | <b>5,776,976</b>                    | <b>1,933,464</b>           |

## My Place:

Table 6.

| MY PLACE                  | Controllable<br>BUDGET FY | Non-<br>Controllable | Full Year<br>Outturn | Variance         | Transfer (to/from)<br>reserve | Outturn inc.<br>Reserves | Variance<br>Including | Movement from<br>Period 10 | P10 Variance     |
|---------------------------|---------------------------|----------------------|----------------------|------------------|-------------------------------|--------------------------|-----------------------|----------------------------|------------------|
| MY PLACE CENTRAL          | 4,266,220                 | (22,378,068)         | (15,282,845)         | 2,829,003        |                               | (15,282,845)             | 2,829,003             | 829,422                    | 1,999,581        |
| HOMES AND ASSETS          | 18,616,845                | 7,290,084            | 24,832,822           | (1,074,107)      |                               | 24,832,822               | (1,074,107)           | (598,616)                  | (475,491)        |
| PUBLIC REALM              | 4,818,810                 | 6,153,354            | 10,723,202           | (248,962)        |                               | 10,723,202               | (248,962)             | (463,535)                  | 214,574          |
| <b>TOTAL NET POSITION</b> | <b>27,701,875</b>         | <b>(8,934,630)</b>   | <b>20,273,180</b>    | <b>1,505,935</b> | <b>0</b>                      | <b>20,273,180</b>        | <b>1,505,935</b>      | <b>(232,730)</b>           | <b>1,738,664</b> |

The outturn for My Place is an overspend of £1.5m which is a reduction of £233k on the Period 10 forecast. It should be noted that BDMS has notified outstanding accruals which are yet to be fully validated and may impact on the reported position.

### Movements from PD 10: (£233,000)

- (£126,000) adverse movement relating to the HRA recharge review, for example, removing a recharge to the HRA for the use of buildings that it no longer utilises.
- (£200,000) Commercial Income increase across rents, licenses, and insurance meaning it ended the year just over the £5.9m income target.
- (£422,000) Commercial Expenditure reduced significantly from Period 10 but mainly due to £350k transferring to the Investment Asset Strategy (IAS).
- £508,000 Highways increase including Street Lighting (£214k maintenance, £135k Energy), £60k LIP transfer to Capital and £99k across other areas. In addition, £181,000 from reduced education works and share of Wivenhoe TA security costs in Property Assets.
- (£102,000) movement across various My Place areas shared between HRA and GF due to reduced expenditure (e.g. Landlord Services).
- (£72,000) movement overall on Public Realm after the HRA recharge review.

### Details of Outturn Position: + £1.506m

- £1.755m adverse variance which includes:
  - a. £1.8m 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. £266,000 movement following HRA recharge review.
  - c. (£228,000) Commercial Portfolio as above, (£51,000) Property Assets with Highways and Major Works overspending offset by Corporate Asset underspends.
- (£249,000) on Public Realm which includes (£392,000) movement on the HRA recharge review, thereby leaving an underlying adverse variance of £143,000 relating to Waste Operations.



## Companies Outturn Summary

Below is the performance of expected income from the Council's subsidiaries:

### **BDTP:**

- Expected dividend was £2.1m but this did not materialise during the year
- It is expected this will not be the case for the next couple of years as BDTP seek to renew their business plan

### **Be First:**

- The expected total return to the Council was £10.3m
- During FY21/22, the Council has received the following:
  - £6.0m dividend
  - £1.5m New Homes Bonus (attributable to BF's total return to Council)
  - £1.3m Commercial Income (within Net service expenditure)
- A shortfall of £1.5m in revenue income – however, BF has helped generate £1.8m capital return to the Council during the year.

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## RESERVES TRANSFERS

## Drawdowns

| Directorate          | Reason for request   | Reserve Purpose   | Request Amount |
|----------------------|--|---|----------------|
| Strategy and Culture | To enable NMT to resume placement in PMO for a further 2 months at the end of the 6 month secondment in 21/22        | NMT scheme graduate in PMO seconded to the Dispersed Working workstream. This is to carry forwards to enable the graduate to resume her placement in the PMO for a further 2 months at the end of the 6 month secondment in 21/22 | - 5,000        |
| Strategy and Culture | £75k of the salaries budget in lieu of unspent LGA grant financing last 6 months of Equalities Engagement Lead post. | Equalities Engagement Lead Carry Forward from 2020/21   | - 75,000       |
| Strategy and Culture | Unspent funds  | Domestic Violence funding   | - 8,762        |
| Strategy and Culture | cyber security grant   | Cyber security grant  | - 13,000       |
| Strategy and Culture | Research Resources Award - Building Beacontree   | Wellcome Trust  | - 30,260       |
| Strategy and Culture | Expenditure of balance towards financial recovery of Heritage sites after Pandemic                                   | Culture Recovery grant  | - 4,286        |
| Strategy and Culture | 21/22 expenditure for aid for CEV  | CEV/Shielding grant   | - 77,135       |
| Strategy and Culture | support to SLM   | Leisure Recovery  | - 514,497      |
| Strategy and Culture | Remainder of grant to maintain 3G football pitches in Parsloes Park  | Football Foundation   | - 5,000        |
| Strategy and Culture | Balance of expenditure for support for vulnerable LBBB residents during Pandemic for 21/22                           | COVID local support grant   | - 317,198      |
| Community Solutions  | Reimbursement of additional Pen to Print activities in 2021/22   | Pen to Print Grant 19/20  | - 97,774       |
| Community Solutions  | COMF Test and Trace Support Scheme   | To hold unspent Service Grant income  | - 289,499      |
| Community Solutions  | BD Giving  |   | - 906,596      |
| Inclusive Growth     | Make it Here Film studios costs  | to hold endowment funding   | - 8,498        |
| LGHR                 | Drawdown to offset spend in 21/22  | Carry forward unspent funds   | - 842,454      |
| LGHR                 | Social Care Workforce Development  |   | - 15,000       |
| Community Solutions  | Clear Connected Communities Reserve  | Budget Support  | - 123,636      |
| Corporate Management | RCCO to Transformation   | Budget Support  | - 569,964      |

|                             |   |  |   |                   |
|-----------------------------|---|--|---|-------------------|
| People and Resilience       | Music Service carry forward from previous                 |  | - | 136,690           |
| People and Resilience       | Former years Childrens balances                           |  | - | 334,805           |
| People and Resilience       | Holiday Activity Programme Funding                        |  | - | 34,576            |
| Corporate Management        | Planned MTFS drawdown                                     |  | - | 3,407,000         |
| Technical Adjustments       | MIRS - Transfer from Service Grants Carry forward         |  |   | -100,000          |
| Technical Adjustments       | MIRS - Transfer from - Removal of NCIL funding            |  |   | -806,308          |
| Technical Adjustments       | Property account Movement 2021-22                         |  |   | -135,768          |
| Technical Adjustments       | MIRS - Transfer from Closure reserve                      |  |   | -175,432          |
| Technical Adjustments       | MIRS - Transfer of 20-21 Levy Refund                      |  |   | -939,759          |
| <b>TOTAL</b>                |   |  |   | <b>-9,973,896</b> |
| <b>Transfers To</b>         |   |  |   |                   |
| Education Youth & Childcare | To fund future PFI contract                               | to carry forward PFI in year surplus                       |   | 217,861           |
| Inclusive Growth            | to cf balance of one-off growth allocation                | balance of Economic Development Unit £200k growth funding  |   | 123,435           |
|                             | 20/21 Levy Surplus  | N/A - Rolling Forward                                      |   | 939,759           |
| LGHR                        | Social Worker Student Placements                          | N/A - Rolling Forward                                      |   | -                 |
|                             | Connected Communities Grant drawdown                      | Move to Budget Support Reserve                             |   | 123,636           |
| Community Solutions         | Cost of Living Crisis                                     | Project Related  |   | 800,000           |
| Community Solutions         | Digitalisation  | Project Slippage   |   | 180,000           |
| Community Solutions         | Community Banking   | Project Slippage   |   | 35,000            |
| Community Solutions         | Community Hubs  | Launch of Community Hubs                                   |   | 450,000           |
| LGHR                        | Town hall Refit   | Corner's Court Income to refit Town Hall                   |   | 122,300           |
| Public Health               | Cancer Transformation Funding                             | Unspent CCG contribution for Cancer Transformation project |   | 140,305           |
| Public Health               | Support Roadmap Development of Borough Partnerships       | Unspent contribution for SRDP project                      |   | 25,000            |
| Community Solutions         | SEND Grant for Abbey Nurseries                            | Unspent SEND Grant for Abbey Nurseries                     |   | 11,895            |
| Education Youth & Childcare | carry forward ringfenced grant for School Games Organiser | carry forward ringfenced grant for School Games Organiser  |   | 45,542            |
| Strategy and Culture        | to fund IT developments                                   | to fund IT infrastructure                                  |   | 512,384           |

|                             |  |   |           |
|-----------------------------|--|---|-----------|
| Public Health               | To hold unspent Public Health Grant  | Carry forward of unspent Public Health Grant in 2021/22   | 1,136,404 |
| Inclusive Growth            | GLA Future Neighbourhoods grant  | Becontree Estate Low Carbon Neighbourhood project   | 30,000    |
|                             | Funding for Social Care Workforce Development Grant  | Roll forward  | 15,000    |
| Strategy and Culture        | New Town Culture Project   | Surplus income after 21/22 business activities of the New Town Culture Project  | 40,001    |
| Public Health               | To fund future COVID 19 Community Test project   | Unspent COVID 19 Community Test Grant   | 183,971   |
| Corporate Management        | CIL Carry Forward  | CIL Carry forward   | 69,145    |
|                             | To hold unspent Service Grant income   | COMF Grant drawdown for 21-22 expenditure   | 623,811   |
| Community Solutions         | To hold unspent Service Grant income   | PSP Grant to be repaid  | 488,240   |
| Children's Commissioning    | To hold unspent Domestic Abuse Perpetrator Grant 20/21   | To carry forward unspent HO/MOPAC DA Perpetrator Grant 20/21  | 23,751    |
| Corporate Management        | Holding code for income from investments   | Interest on investments   | 1,900,000 |
| Education Youth & Childcare | Carry forward of underspend for Trewern as a traded service to absorb future income volatility           | Carry forward of underspend for Trewern as a traded service to absorb future income volatility                        | 24,312    |
| Inclusive Growth            | Social Housing Decarbonisation Fund grant  | Social Housing Decarbonisation Fund   | 179,277   |
| Community Solutions         | To hold the unspent NCIL funding for future years  | NCIL Carry forward  | 110,000   |
| Education Youth & Childcare | Create a new reserve for CMS as a traded service to mitigate future income fluctuation                   | Create a new reserve for CMS as a traded service to mitigate future income fluctuation                                | 126,590   |
| Education Youth & Childcare | Create a new reserve for Ed Psychology service as a traded service to mitigate future income fluctuation | Create a new reserve for Ed Psychology as a traded service to mitigate future income fluctuation                      | 86,695    |
| Corporate Management        | To hold the refund of Levy funding   | Carry forward of refund of ELWA Levy funding  | 3,670,000 |
| Children's care & Support   | To hold unspent grant funds  | Grant received late in the financial year. Project work not commenced in 2021/22. Agreement with CCG to carryforward. | 25,000    |

|                           |   |  |                   |
|---------------------------|---|--|-------------------|
| Children's care & Support | To hold unspent grant funds   | Grant received late in the financial year. Project officer will be in post early 22/23 | 54,450            |
| Children's care & Support | To hold unspent grant funds   | Grant received late in the financial year for 18 months project                        | 100,000           |
| Children's care & Support | To hold unspent grant funds   | Grant received for 18 month project. Project officer onboarding                        | 60,000            |
| Disability Services       | To hold unspent grant funds   | Grant received late in the financial year  | 46,000            |
| Adults Care and Support   | Carry forward of unspent BCF Contributions  | BCF Underspend 21/22   | 1,523,604         |
| Adults Care and Support   | To fund two temp posts that we were not able to recruit last year                 | Unspent Winter access fund   | 110,000           |
| Adults Commissioning      | To DfE SEND Regional Co-ordination grant  | Unspent Winter grant   | 13,761            |
| LGHR                      | Parking Surplus (Ringfenced)  | Carry forward Parking Surplus  | 6,817,000         |
| LGHR                      | Parking Surplus (Off-street)  | Carry forward Parking Surplus  | 633,000           |
|                           | Budget Support  | Connected Communities Grant  | 45,386            |
| Inclusive Growth          | Biodiversity Net Gain Grant   | Biodiversity Net Gain Grant carry forward  | 10,047            |
| Inclusive Growth          | to cf IG salaries budget in lieu of Green Homes grant 1b project management costs |  | 45,000            |
| Corporate Management      | Welfare Reform and Debt   | Carry forward funding  | 4,500,000         |
| Corporate Management      | MTFS planned Transfers  | smooth funding between years   | 9,062,000         |
| Technical Adjustments     | MIRS - Transfer to BD Giving - Endowment  |  | 100,000           |
| Technical Adjustments     | MIRS - Transfer to NCIL - Reserve   |  | 300,000           |
| Technical Adjustments     | MIRS - Transfer to BD Giving Endowment Fund                                       |  | 506,308           |
| Technical Adjustments     | Lifestyle account movement 2021-22  |  | 563,100           |
| Technical Adjustments     | MIRS - Transfer to Service Grant C/F  |  | 175,432           |
| Technical Adjustments     | MIRS - CMS 20-21 Surplus  |  | 136,690           |
| <b>TOTAL</b>              |   |  | <b>37,261,090</b> |

## HRA Outturn

| PERIOD 10<br>VARIANCE | REPORT LEVEL                      | 2021/22 PROVISIONAL |                   |                 |                 |
|-----------------------|-----------------------------------|---------------------|-------------------|-----------------|-----------------|
|                       |                                   | BUDGET              | OUTTURN           | VARIANCE        | CHANGE          |
|                       |                                   | £'000               | £'000             | £'000           | £'000           |
| (£2,242)              | SUPERVISION & MANAGEMENT          | 44,514              | 39,024            | (£5,490)        | (£3,249)        |
| £472                  | REPAIRS & MAINTENANCE             | 18,564              | 17,742            | (£822)          | (£1,294)        |
| £279                  | RENTS, RATES ETC                  | 423                 | 970               | £547            | £268            |
| £0                    | INTEREST PAYABLE                  | 10,742              | 11,215            | £473            | £473            |
| £0                    | DEPRECIATION                      | 16,879              | 17,820            | £941            | £941            |
| £0                    | DISREPAIR PROVISION               | 0                   | 0                 | £0              | £0              |
| (£1,309)              | BAD DEBT PROVISION                | 3,309               | 1,124             | (£2,185)        | (£876)          |
| £0                    | CDC RECHARGE                      | 685                 | 685               | £0              | £0              |
| (£2,799)              | <b>TOTAL EXPENDITURE</b>          | <b>95,116</b>       | <b>88,579</b>     | <b>(£6,536)</b> | <b>(£3,737)</b> |
| (£1,581)              | CHARGES FOR SERVICES & FACILITIES | (£20,581)           | (£21,622)         | (£1,041)        | £540            |
| £2,717                | DWELLING RENTS                    | (£86,882)           | (£84,335)         | £2,547          | (£170)          |
| £13                   | NON-DWELLING RENTS                | (£770)              | (£749)            | £21             | £8              |
| £0                    | INTEREST & INVESTMENT INCOME      | (£50)               | (£341)            | (£291)          | (£291)          |
| £1,148                | <b>TOTAL INCOME</b>               | <b>(£108,283)</b>   | <b>(£107,047)</b> | <b>£1,236</b>   | <b>£88</b>      |
| £1,340                | TRANSFER TO HRA RESERVE           | £ -                 | 1,325             | £1,325          | (£15)           |
| 0                     | TRANSFER TO MRR                   | 13,167              | 5,853             | (£7,314)        | (£7,314)        |
| (£311)                |                                   | £0                  | (£11,289)         | (£11,289)       | (£10,978)       |

# HRA – Key Drivers and Variances

- NOTE FOR CAB – HRA Accounts are still not completed. Outstanding issues are BDTP accruals (repairs costs) and recharges for Council support services.
- Overall there is an underspend of £11m in the HRA. The main drivers are as follows:
  - (£6.4m) – less funding required for the capital programme due to slippage
  - (£2.2m) - lower contribution to Bad Debt Provision than budgeted due to improved collection
  - £1.2m – rent income under budget due to Estate Renewal and need to remedy some over charging of tenants on target rents. Offset by increased service charges including leaseholder charges.
  - (£4.0m) S&M across SERCOP and Internal recharges based on updated activity split between General Fund and HRA.



# DSG Outturn Summary Table

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|                           | 2021/22<br>Funding | 2021/22<br>Outturn | Surplus<br>(Deficit)<br>Outturn<br>March 2022 | 2021/22<br>Outturn<br>January<br>2022 |
|---------------------------|--------------------|--------------------|---|---------------------------------------|
|                           | £'000              | £'000              | £'000   | £'000                                 |
| Schools Block – ISB       | 183,342            | 182,963            | 379   | 575                                   |
| Central Block             | 2,360              | 2,360              | 0   | 0                                     |
| High Needs Block          | 38,556             | 38,714             | (158)   | (2,319)                               |
| Early Years Block         | 21,223             | 19,498             | 1,725   | 0                                     |
| <b>Total</b>              | <b>245,481</b>     | <b>243,535</b>     | <b>1,946</b>                                  | <b>(1,744)</b>                        |
| DSG Surplus B/F           |                    |                    | 7,461   | 9,828                                 |
| Unadjusted DSG Reserves   |                    |                    | 9,407   | 8,084                                 |
| Less EY claw-back         |                    |                    | (1,162)                                       | (563)                                 |
| <b>21/22 DSG Reserves</b> |                    |                    | <b>8,245</b>                                  | <b>7,521</b>                          |
| Of which:                 |                    |                    |   |                                       |
| SFFD retained             |                    |                    | 554   | 699                                   |
| Growth Fund C/F           |                    |                    | 299   | 1,184                                 |
| Fall Rolls C/F            |                    |                    | 80  | 32                                    |
| <b>Net DSG Reserves</b>   |                    |                    | <b>7,312</b>                                  | <b>5,606</b>                          |

## DSG Outturn Summary

- ❑ The Dedicated Schools Grant is reporting an overall in-year underspend of £1.946m (please refer to DSG table above). This consists of an underspend on Early Years of £1,725k, a net underspend on schools' block of £379k and an overspend on High needs of £158k .
- ❑ The EY funding are based on prior year allocations and funding is only finalized using the previous two spring census data after year-end around July 2022. The underspend of £1.725m is made up of an in-year amount of £1,162, and £562k underspend brought forward from previous year following DfE claw-back adjustment. As in previous years, we have assumed a full claw back of the in-year underspend, although there will be a retained element, this will not be known until July 2022.
- ❑ The High Needs Overspend is £158k. This has been achieved despite making a one-off payment of £2.4m to schools to help alleviate the financial pressures schools are facing due to the ongoing demand and complex cases of children with SEN. The one-off payment supported pupils with band F/G/H that exceeds 1% of the total school population. This also includes early years SEN pupils at reception and Private Voluntary & Independent settings.
- ❑ The Schools' block is reporting an underspend of £379k. This is the net effect of revised forecasts on growth fund requirements, based on the October 21 census, and adjusted falling rolls allocations. There was a reduced claim on growth fund due to lower than anticipated September 2021 pupil number growth.
- ❑ The total DSG reserves before early years claw-back is £9,407k, we've assumed full claw-back of early years underspend of £1,162k, therefore adjusted reserves is £8,245, of which £1,946k relates to the in-year movements discussed above. The DSG reserves includes brought forward balances of £7,461k and schools facing financial difficulties fund (SFFD) of £554k as well as £299k & £80k relating to growth and falling rolls fund respectively which are earmarked to support future growth proposals and schools facing falling rolls.

## Capital Programme Outturn 2021/22

|                                | 21/22          | Q4            | Total          | 21/22          | 21/22          | 22/23          | 22/23           | 23/24          | 24/25          |
|--------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| Strategic Function             | Budget         | Adjust-ment   | Budget         | Spend          | Carry-forward  | Budget         | Combined Budget | Budget         | Budget         |
| Adults Care & Support          | 1,582          | 0             | 1,582          | 1,148          | 434            | 1,022          | 1,456           | -              | -              |
| Community Solutions            | 74             | 0             | 74             | 70             | 4              | 0              | 4               | -              | -              |
| CIL                            | 1,501          | 0             | 1,501          | 925            | 576            | 0              | 576             | -              | -              |
| Culture, Heritage & Recreation | 8,894          | 0             | 8,894          | 3,107          | 5,787          | 2,848          | 8,635           | 250            | -              |
| Enforcement                    | 724            | 0             | 724            | 705            | 19             | 2,235          | 2,254           | -              | -              |
| Inclusive Growth               | 10,236         | 0             | 10,236         | 4,513          | 5,723          | 0              | 5,723           | -              | -              |
| Transport for London schemes   | 1,446          | 0             | 1,446          | 1,114          | 332            | 0              | 332             | -              | -              |
| My Place                       | 7,144          | 0             | 7,144          | 5,548          | 2,809          | 5,190          | 7,999           | 5,190          | -              |
| Public Realm                   | 1,657          | 0             | 1,657          | 1,386          | 271            | 858            | 1,129           | -              | -              |
| Education, Youth and Childcare | 44,093         | 0             | 44,093         | 26,592         | 17,501         | 20,889         | 38,390          | 24,263         | -              |
| Devolved Formula Capital       | 1,650          | 0             | 1,650          | 1,857          | 0              | 0              | 0               |                |                |
| Other                          | 1,765          | 0             | 1,765          | 360            | 1,405          | 200            | 1,605           | -              | -              |
| <b>General Fund</b>            | <b>80,766</b>  | <b>0</b>      | <b>80,766</b>  | <b>47,326</b>  | <b>34,861</b>  | <b>33,242</b>  | <b>68,103</b>   | <b>29,703</b>  | <b>0</b>       |
| <b>HRA</b>                     |                |               |                |                |                |                |                 |                |                |
| Stock Investment (My Place)    | 35,129         | 0             | 35,129         | 16,348         | 18,788         | 28,500         | 47,288          | 23,000         | 23,000         |
| Estate Renewal (Be First)      | 5,155          | 0             | 5,155          | 6,953          | -1,798         | 12,045         | 10,247          | -              | -              |
| New Build Schemes (Be First)   | 2,930          | -22           | 2,908          | 667            | 2,241          | 0              | 2,241           | -              | -              |
| <b>HRA Total</b>               | <b>43,214</b>  | <b>-22</b>    | <b>43,192</b>  | <b>23,968</b>  | <b>19,231</b>  | <b>40,545</b>  | <b>59,776</b>   | <b>23,000</b>  | <b>23,000</b>  |
| <b>IAS</b>                     |                |               |                |                |                |                |                 |                |                |
| Residential Developments       | 271,678        | 26,011        | 297,689        | 271,049        | 26,640         | 450,484        | 477,124         | 337,837        | 201,649        |
| Temporary Accommodation        | 5,439          | 310           | 5,749          | 945            | 0              | 0              | 0               | -              | -              |
| Commercial Investments         | 29,252         | 4,069         | 33,321         | 10,929         | 22,392         | 13,446         | 35,838          | -              | -              |
| <b>IAS Total</b>               | <b>306,369</b> | <b>30,390</b> | <b>336,759</b> | <b>282,923</b> | <b>49,032</b>  | <b>463,930</b> | <b>512,962</b>  | <b>337,837</b> | <b>201,649</b> |
| <b>Transformation</b>          |                |               |                |                |                |                |                 |                |                |
| Dispersed Working              | 1,220          | 0             | 1,220          | 412            | 808            | 0              | 808             | 0              | 0              |
| Core                           | 2,119          | 0             | 2,119          | 968            | 1,151          | 1,110          | 2,261           | -              | -              |
| ERP                            | 4,701          | 0             | 4,701          | 4,813          | -112           | 1,138          | 1,026           | -              | -              |
| <b>Transformation</b>          | <b>8,040</b>   | <b>0</b>      | <b>8,040</b>   | <b>6,194</b>   | <b>1,847</b>   | <b>2,248</b>   | <b>4,095</b>    | <b>0</b>       | <b>0</b>       |
| <b>Total</b>                   | <b>438,389</b> | <b>30,368</b> | <b>468,757</b> | <b>360,411</b> | <b>104,971</b> | <b>539,965</b> | <b>644,936</b>  | <b>390,540</b> | <b>224,649</b> |



1. **General Fund** (Percentage of 2021/22 budget delivered)
  - 1.1 **Adults Care & Support (73%):** The adaptations project is dependent on Occupational Therapists and due to their national shortage alongside supply issues with building materials (microchips) the expected levels (120) of assessment recommendations and therefore adaptations carried out was reduced (84). The DFG funding for this scheme allows for the unspent grant to be carried forward, which is planned to meet the backlog of residents on a waiting list (600) with 173 identified as potential DFG cases.
  - 1.2 **Community Solutions (95%):** Bespoke redevelopment in Barking Learning Centre & Dagenham Library were successful with alterations made to the ground and first floor to accommodate the touchdown space and relocate the existing library space, ensuring that all areas are made Covid compliant. Project is completed.
  - 1.3 **Core (46%):** Keep the lights on project benefitted from a successful procurement of local/wider area network, resulting in professional and hardware costs below market forecasts, internal utilisation of resources as opposed to reliance on contractors further reduced costs. The project was also able to utilise funding sources separate to reported budget but were mainly funded from capital receipts. Some projects are planned to commence in 2022/24, with requests to carry forward the remaining budget.
  - 1.4 **CIL Third Party Schemes (62%):** Box up crime has had a number of issues and additional funding will be provided via My Places' Stock Condition Survey to bring the building up to standard. East End Women's Museum lag has been due to the process of appointing new necessary design teams and contractors.
  - 1.5 **Culture, Heritage & Recreation (35%):** Most projects were delayed, and underspends will be carried forward into 2022/23. There have been a number of issues, including significant cost increases, within recreation, with an update provided in a separate report on Parsloes Park.
  - 1.6 **Enforcement (97%):** CPZ accelerating in delivery with Enforcement Equipment underspent.
  - 1.7 **Inclusive Growth (44%) and TfL (77%):** TfL fund drawdown to continue in 2022/23.
  - 1.8 **My Place (78%):** Due to Covid, Bridges and Structures were delayed as inspections of all 81 structures through 2021/22 delayed as safe working practices had to be implemented. The Bridge Replacement will be taken forward in 2022/2023 with money earmarked for statutory maintenance responsibilities which are planned for Summer 2023.

Majority of budget is earmarked for a Bridge Replacement, which could not take place in 2021/22 due to Covid impacts on the Environmental Agency Elements which ensures nil impact on wildlife. The Bridge Replacement will be taken forward in 2022/2023.

There is a larger scaled flood relief programme being determined, therefore remaining budget on this project is expectant to be committed once current flood alleviation bids have been considered.

Stock Conditions forecasts full programme of delivery for 2022/23. As some schemes delayed in 2022/21.

Dispersed Working & Community Hubs works and equipment connected to the roll-out timetable of dispersed working & community hubs, planned between 2021-2023. The remaining budget represents projects planned for 2022/23.

- 1.9 **Public Realm (84%):** Vehicle Fleet replacement progressed well, with completion in 2022/23. Many vehicles have to be replaced now as they will not comply with the extension of the boundaries of ULEZ. Chadwell Heath Cemetery works budget not utilised, although works have progressed under My Place's Stock Conditions.
- 1.10 **Education, Youth and Childcare (60%):** Generally, the COVID effect continues through the construction industry supply chain. Prices are increasing and there are various material shortages. Overall, projects are being developed. Greatfields Secondary School is complete and the teaching operation which was temporarily located at 40 Thames Road has now relocated to its new home. The expansion project at Rose Lane Primary is now nearing completion. Many SEND environments are often complex and took longer to develop, many have been improved and the programme continues as demand rises.

Greatfields Primary was delayed due to Department of Education project go-ahead. The Basic Need project at Jo Richardson Community School to build science classrooms has been delayed due to tender returns being significantly over budget. Negotiations have since taken place and the project will recommence in the 2022/23.

Various minor Basic Need projects across existing schools are planned for progression to manage the expanding pupil population. It should be noted that the £12.1m future years budget is still being developed and subject to Cabinet agreement.

- 1.11 **Other (20%):** Conservation area townscape project underspent by 69%, no business plan has been submitted for 82A and 82B Oval Rd South.

## **2. HRA Capital (55%)**

- 2.1 The HRA capital programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Overall, the stock investment expenditure for 2021/22 is £15.8m against a budget of £35.1m.
- 2.2 The programme is delivered through the Major Works Teams of Be First, BDMS and My Place and delivery continued to be a challenge as the Country began the recovery from the Covid Pandemic. Supply chains continued to be disrupted with significant renegotiations taking place across a range of contracts and projects.
- 2.3 A significant number of projects in the current programme include S20 leaseholder consultation, which extends the overall delivery timescales and many of the larger

schemes are taking longer than 12 months to specify and delivery. A specific legal challenge from leaseholders led to at least one of the projects being reviewed.

- 2.4 For some projects, spend is behind the level of delivery and the timely submission of invoices continues to be an issue, which distorts the level of delivery against spend and this is reflected in the continuing increase in decency within the stock. As of Q4 21/22, decency levels stood at 92.5%, an increase of 0.6% from 20/21 (91.9%). Decency figures are submitted to the Government in June each year and appear on the Government website in the following November.
- 2.5 My Place are working with Delivery Agents on the development of a 4-year future stock investment programme which will continue with external works associated with the blocks (including leaseholder contributions) and works associated with the focus on compliance related projects and energy efficiency schemes.
- 2.6 New build spend of £0.7m was £2.3m below the budget for the year.
- 2.7 Estate renewal spent £6.9m against a budget of £5.2m, overspent by £1.75m. The renewal has continued the support the relocation of Tenants and Leaseholders to facilitate the Boroughs Estate Regeneration programme. This overspend is mainly attributed to acquiring leasehold interests in later phases of the Gascoigne programme and will result in a positive impact to later phases limiting the requirement to acquire by compulsory purchase orders and at higher values.

### **3. Investment and Acquisitions Strategy (84%)**

- 3.1 A total of £281.3m was spent in 2021/22 against a budget of £336.8m. Spend was on residential (£269.7m – 91% delivered), temporary accommodation (£0.9m – 17% delivered due to one scheme being delayed) and commercial investments (£10.7m – 32% delivered due to a delay with Industria).
- 3.2 A more detailed outline of the Investment and Acquisitions spend in 2021/22 and the performance of the assets is included in the Treasury and Investments outturn report at the June 2022 Committee and the IAS Update report, agreed by Cabinet in April 2022.

### **4. Transformation**

- 4.1 Expenditure relating to transformation is actually revenue expenditure funded from capital receipts under the Flexible Use of Capital Receipts direction, which allows transformational projects resulting in savings to be funded through capital receipts. Schemes include IT implementations and process improvements across all services.
- 4.2 A Flexible Use of Capital Receipts strategy is presented to Cabinet annually in February, along with an update of savings made from improvements implemented. The Government recently extended this scheme for a further three years (as 2021/22 was due to be the final year), allowing use of capital receipts to fund transformation-related revenue expenditure until 31 March 2025.

- 4.3 Transformation budget remaining has been included as a preliminary figure, as it is subject to capital receipts profit to be determined in near future pending Cabinet approval via Revenue reporting.



## Summary of 2021/22 budget, spend and slippage for each scheme

| E5 Code                                   | Project                                    | Total         | Total        | 21/22         | 22/23        |
|---|--|---------------|--------------|---------------|--------------|
|   |  | Budget        | Cost         | Carry-Forward | Budget       |
| <b>General Fund</b>                       |  |               |              |               |              |
| <b>Adults Care &amp; Support</b>          |  |               |              |               |              |
| C00106                                    | Disabled Facilities Grant                  | 1,582         | 1,148        | 434           | 1,022        |
|   | <b>Total for Adults Care &amp; Support</b> | <b>1,582</b>  | <b>1,148</b> | <b>434</b>    | <b>1,022</b> |
| <b>Community Solutions</b>                |  |               |              |               |              |
| C03060                                    | Barking Learning Centre Works              | 74            | 70           | 4             | -            |
|   | <b>Total for Community Solutions</b>       | <b>74</b>     | <b>70</b>    | <b>4</b>      | <b>-</b>     |
| <b>CIL (external)</b>                     |  |               |              |               |              |
| C05027                                    | Kingsley Hall                              | 60            | 30           | 30            | -            |
| C05028                                    | Box Up Crime                               | 265           | 52           | 213           | -            |
| C05029                                    | East End Women's Museum                    | 225           | 50           | 175           | -            |
| C05030                                    | Green Community                            | 13            | 12           | 1             | -            |
| C05031                                    | Becontree Centenary - Create London        | 542           | 481          | 61            | -            |
| C05062                                    | Litter in Parks (CIL)                      | 96            |              | 96            | -            |
| C05063                                    | BRL Thames Clipper (CIL)                   | 300           | 300          | -             | -            |
|   | <b>Total for CIL</b>                       | <b>1,501</b>  | <b>925</b>   | <b>576</b>    | <b>-</b>     |
| <b>Culture, Heritage &amp; Recreation</b> |  |               |              |               |              |
| C03032                                    | Parsloes Park Activation                   | 4,797         | 2,070        | 2,727         | 1,153        |
| C03090                                    | Lakes                                      | 254           | 113          | 141           | 150          |
| C04013                                    | Park Infrastructure Enhancements           | 54            | 24           | 30            | -            |
| C04017                                    | Fixed play facilities                      | 102           | 19           | 83            | -            |
| C04018                                    | Park Buildings – Response to 2             | 100           | 45           | 55            | 35           |
| C04031                                    | Reimagining Eastbury                       | 17            | 13           | 4             | -            |
| C04033                                    | Redressing Valence                         | 391           | 170          | 221           | -            |
| C04043                                    | The Abbey: Unlocking Barking's pa          | 257           | 29           | 228           | 161          |
| C04080                                    | Children's Play Spcs & Fac (CIL)           | 204           | 45           | 159           | 55           |
| C04081                                    | Parks & Open Spcs Strat 17                 | 150           | 148          | 2             | 95           |
| C04084                                    | Central Park Masterplan....                | 1,006         | 26           | 980           | -            |
| C04085                                    | Play Facility at Valence Park'             | 5             | -            | 5             | -            |
| C05060                                    | Safer Parks (CIL)                          | 42            | -            | 42            | 42           |
| C05061                                    | B&D Local Football Facility (CIL)          | -             | -            | -             | 157          |
| C05089                                    | De-contamination adjacent to ECB           | 1,500         | 406          | 1,094         | 1,000        |
| C04042                                    | Community Halls                            | 15            | -            | 15            | -            |
|   | <b>Total CH&amp;R</b>                      | <b>8,894</b>  | <b>3,107</b> | <b>5,787</b>  | <b>2,848</b> |
| <b>Enforcement</b>                        |  |               |              |               |              |
| C02982                                    | Consolidation & Expansion of CPZ           | 546           | 627          | -81           | 2,235        |
| C04015                                    | Enforcement Equipment                      | 178           | 78           | 100           | -            |
|   | <b>Total for Enforcement</b>               | <b>724</b>    | <b>705</b>   | <b>19</b>     | <b>2,235</b> |
| <b>Inclusive Growth</b>                   |  |               |              |               |              |
| C05084                                    | Green Homes                                | 10,236        | 4,513        | 5,723         | -            |
|   | <b>Total for Inclusive Growth</b>          | <b>10,236</b> | <b>4,513</b> | <b>5,723</b>  | <b>-</b>     |
| <b>Transport for London schemes</b>       |  |               |              |               |              |
| C02898                                    | Local Transport Plans                      | 62            | 16           | 46            | -            |
| C04094                                    | Becontree Heath Low Emission               | 459           | 547          | -88           | -            |
| C05056                                    | Valence Avenue 'Healthy Streets'...        | 4             | 14           | -10           | -            |
| C05057                                    | Eastbury Manor House Access                | -             | 20           | -20           | -            |
| C05079                                    | Cycle Future Route 10                      | 67            | 22           | 45            | -            |
| C05080                                    | Low Traffic Neighbourhood                  | 574           | 247          | 327           | -            |

|        |  |               |               |               |               |
|--------|--|---------------|---------------|---------------|---------------|
| C05083 | Bus Priority                           | 280           | 247           | 33            | -             |
|        | <b>Total for TfL</b>                   | <b>1,446</b>  | <b>1,114</b>  | <b>332</b>    | <b>-</b>      |
|        | <b>My Place</b>                        |               |               |               |               |
| C02811 | Ward Capital Spend                     | 578           | 252           | 326           | 340           |
| C02565 | Corporate Accommodation Strtgy         | -             | -0            | 0             | -             |
| C03064 | Street Lighting Prog 2015-2019         | 62            | 199           | -137          | -             |
| C03065 | HIP 2016-17 Footways & ....            | 3,726         | 4,093         | -367          | 3,485         |
| C04064 | Bridges and Structures                 | 933           | 108           | 825           | 300           |
| C03011 | Struct Rep's & Maintce-Bridges         | 33            | -0            | 33            | -             |
| C05018 | Stock Condition Survey                 | 1,054         | 458           | 596           | 1,000         |
| C05055 | Road Safety Improvements...            | 396           | 235           | 161           | -             |
| C04063 | Flood Risk and Drainage Grant...       | 143           | 59            | 84            | -             |
| C04029 | Engineering Works (Road Safety)        | 74            | 129           | -55           | -             |
| C04019 | Replacement of Winter Maintena...      | 5             | 7             | -2            | -             |
| C05048 | Procuring in cab tech for waste...     | 140           | -             | 140           | 65            |
|        | Other                                  |               | 6             | -6            |               |
|        | <b>Total for My Place</b>              | <b>7,144</b>  | <b>5,548</b>  | <b>1,596</b>  | <b>5,190</b>  |
|        | <b>Public Realm</b>                    |               |               |               |               |
| C04012 | Bins Rationalisation                   | 100           | 66            | 34            | -             |
| C04070 | Vehicle Fleet Replacement              | 1,350         | 1,156         | 194           | 858           |
| C03083 | Chadwell Heath Cemetery Exten..        | 149           | -             | 149           | -             |
| C04028 | Hand Arm Vibration                     | 42            | 38            | 4             | -             |
| C04016 | On-vehicle Bin Weighing System for     | 16            | -             | 16            | -             |
| C05039 | Tree planting                          | -             | 127           | -127          |               |
|        | <b>Total for Public Realm</b>          | <b>1,657</b>  | <b>1,386</b>  | <b>271</b>    | <b>858</b>    |
|        | <b>Education Youth &amp; Childcare</b> |               |               |               |               |
| C03042 | Additional SEN Provision               | 4             | -             | 4             | -             |
| C04052 | SEND 2018-21                           | 870           | 521           | 349           | -             |
| C04053 | School Conditions Allocation           | 157           | 120           | 37            | -             |
| C04059 | Chadwell Heath                         | -             | -             | -             | 100           |
| C04072 | School Condition Alctns 18-19          | 586           | 73            | 513           | -             |
| C04087 | SCA 2019/20 (A)                        | 92            | 55            | 37            | -             |
| C04097 | Trinity Special School Expansion       | 10            | 49            | -39           | -             |
| C05033 | SCA PRIORITY WORKS 20/22               | 1,136         | 833           | 303           | -             |
| C05034 | Schools Expansion Programme            | 600           | 39            | 561           | 446           |
| C05040 | Healthy School                         | 311           | 165           | 146           | -             |
| C05069 | SCA 20-21                              | 2,100         | 3,881         | -1,781        | 928           |
| C05098 | SCA 21-22                              | 5,225         | 1,504         | 3,721         | -             |
| C05099 | SEND 21-22                             | 1,000         | 323           | 677           | 1,160         |
| C05105 | Basic Needs 21/22                      | -             | 36            | -36           | -             |
|        | <b>Primary</b>                         |               |               |               |               |
| C03053 | Gascoigne Primary 5forms to 4 frm      | 135           | 76            | 59            | -             |
| C04058 | Marks Gate Infants & Juniors           | 1,000         | 1,209         | -209          | 1,046         |
| C04098 | Ripple Suffolk Primary                 | 241           | 235           | 6             | -             |
| C05078 | Greatfields Primary                    | 500           | 130           | 370           | 10,089        |
|        | <b>Secondary</b>                       |               |               |               |               |
| C03018 | Eastbury Secondary                     | 172           | 16            | 156           | -             |
| C03020 | Dagenham Park                          | 77            | -             | 77            | -             |
| C03022 | New Gascoigne (Greatfields)            | 17,126        | 16,555        | 571           | 7,120         |
| C03054 | Lymington Fields New School            | 633           | 770           | -137          | -             |
|        | Funds to be allocated                  | 12,118        | -             | 12,118        | -             |
|        | <b>Total for EY&amp;C</b>              | <b>44,093</b> | <b>26,592</b> | <b>17,501</b> | <b>20,889</b> |
|        | <b>Other</b>                           |               |               |               |               |
| DSG    | DSG                                    | 1,650         | 1,857         | -207          |               |
|        | <b>Total for DSG</b>                   | <b>1,650</b>  | <b>1,857</b>  | <b>-207</b>   | <b>-</b>      |

|        |                                     |               |               |               |               |
|--------|-------------------------------------|---------------|---------------|---------------|---------------|
|        | <b>Other</b>                        |               |               |               |               |
| C03099 | Abbey Green & Barking Town....      | 1,167         | 361           | 806           | 200           |
| C04051 | Street Property Acquisition 2017-19 | 50            | -             | 50            | -             |
| C04056 | Abbey Road Infrastructure           | 11            | -             | 11            | -             |
| C02565 | Corporate Accommodation Strtgy      | -             | -0            | 0             | -             |
| C03056 | Burford Close Garage Site           | -             | -1            | 1             | -             |
| C05038 | 82A AND 82B OVAL ROAD SOUTH         | 325           | -             | 325           | -             |
|        | TBD                                 | 117           | -             | 117           | -             |
|        | TBD                                 | 95            | -             | 95            | -             |
|        | <b>Total for Other</b>              | <b>1,765</b>  | <b>360</b>    | <b>1,405</b>  | <b>200</b>    |
|        |                                     |               |               |               |               |
|        | <b>General Fund Total</b>           | <b>80,766</b> | <b>47,325</b> | <b>33,441</b> | <b>33,242</b> |
|        |                                     |               |               |               |               |
|        | <b>HRA</b>                          |               |               |               |               |
|        | <b>Stock Investment (My Place)</b>  |               |               |               |               |
| C00100 | Aids and Adaptations                | 1,800         | 1,190         | 610           | 1,000         |
| C02933 | Voids                               | 1,000         | 1,258         | -258          | 1,500         |
| C03039 | Estate Roads & Environ 18/19        | 3             | -             | 3             | -             |
| C03045 | External Fabric – Blocks            | 39            | -             | 39            | -             |
| C04002 | Lift Replacement Programme          | 1,012         | 508           | 504           | 2,000         |
| C04003 | Domestic Heating Replacement        | 200           | 231           | -31           | 1,000         |
| C04004 | Box-Bathroom Refurbs...             | 162           | 2             | 160           | -             |
| C04006 | Minor Works & Replacements          | 700           | -             | 700           | 750           |
| C05002 | Externals 1 - Houses & Blocks       | 10,500        | 7,078         | 3,422         | 7,000         |
| C05003 | Externals 2 - Houses & Blocks       | 3,504         | 1,756         | 1,748         | 3,000         |
| C05004 | Door Entry Systems                  | 1,403         | 8             | 1,395         | 250           |
| C05005 | Compliance                          | 1,073         | 128           | 945           | 500           |
| C05006 | Fire Safety Improvement Works       | 1,350         | -             | 1,350         | 500           |
| C05007 | Fire Doors                          | 3,150         | 1,188         | 1,962         | 500           |
| C05008 | De-Gassing of Blocks                | 20            | -0            | 20            | -             |
| C05009 | Lateral Mains                       | 350           | -             | 350           | 2,000         |
| C05011 | Communal Boilers                    | 300           | 88            | 212           | -             |
| C05013 | Estate Roads Resurfacing            | 1,000         | 1,070         | -70           | 1,000         |
| C05014 | Energy Efficiency inc Green Street  | 3,500         | 78            | 3,422         | 5,000         |
| C05015 | Other Works                         | 163           | 1,214         | -1,051        | 1,000         |
| C03027 | ESCO                                | -             | 207           | -207          | -             |
| C05000 | DH Internal                         | 3,500         | 331           | 3,169         | 1,500         |
| C05068 | Adaptations and Extensions          | 400           | -             | 400           | -             |
| C05010 | Lift Replacement Prog 19/20         | -             | -5            | 5             | -             |
| C02950 | Central Heating 18/19               | -             | 18            | -18           | -             |
|        | <b>Total for Stock Investment</b>   | <b>35,129</b> | <b>16,348</b> | <b>18,781</b> | <b>28,500</b> |
|        |                                     |               |               |               |               |
| C02820 | Estate Renewal                      | 5,155         | 6,953         | -1,798        | 12,045        |
|        | <b>Total for Estate Renewal</b>     | <b>5,155</b>  | <b>6,953</b>  | <b>-1,798</b> | <b>12,045</b> |
|        |                                     |               |               |               |               |
|        | <b>New Build Schemes</b>            |               |               |               |               |
| C02931 | Leys New Build Dev (HRA)            | 43            | -             | 43            | -             |
| C05102 | Mellish Close - Austin House        | 2,875         | 688           | 2,187         | -             |
| C02970 | Marks Gate                          | 12            | 7             | 5             | -             |
| C02988 | Bungalows (Stansgate,Mrgt Bon)      | -11           | -11           | -0            | -             |
| C03046 | Decent Homes (North) 2015-16        | -             | -0            | 0             | -             |
| C03009 | Leys Estate Ph 2                    | -11           | -18           | 7             | -             |
|        | <b>Total for HRA New Builds</b>     | <b>2,908</b>  | <b>667</b>    | <b>2,241</b>  | <b>-</b>      |
|        |                                     |               |               |               |               |
|        | <b>Total for HRA</b>                | <b>43,192</b> | <b>23,968</b> | <b>19,224</b> | <b>40,545</b> |
|        |                                     |               |               |               |               |

| <b>Investment &amp; Acquisitions</b> |                                      |                |                |               |                |
|--------------------------------------|--------------------------------------|----------------|----------------|---------------|----------------|
| <b>Residential Developments</b>      |                                      |                |                |               |                |
| C04067                               | 12 Thames Road                       | 9,390          | 15,825         | -6,435        | 31,909         |
| C04065                               | 200 Becontree                        | 2,867          | 3,112          | -245          | 314            |
| C03086                               | A House for Artists                  | 2,682          | 2,950          | -268          | -              |
| C05100                               | Barking Riverside Health             | -              | 194            | -194          | 3,707          |
| C05066                               | Beam Park                            | 26,011         | 26,071         | -             | 46,695         |
| -                                    | Beam Park Phase 4 / 7 - Scheme       | -              | -              | -             | 32,267         |
| C03089                               | Becontree Heath New Build            | -              | 741            | -741          | -              |
| C05071                               | Brocklebank Lodge                    | 2,836          | 455            | 2,381         | 3,209          |
| C05065                               | Chequers Lane                        | 12,291         | 13,769         | -1,478        | 630            |
| C04069                               | Crown House                          | 24,065         | 25,204         | -1,139        | 6,126          |
| C04062                               | GASCOIGNE EAST PH2                   | 13,647         | -15,140        | 28,787        | 17,504         |
| C05076                               | GASCOIGNE EAST PHASE 2 (E1)          | -              | 4,359          | -4,359        | 38,234         |
| C05092                               | GASCOIGNE EAST PHASE 2 E2            | 35,027         | 41,590         | -6,563        |                |
| C05091                               | Gascoigne East 2 F                   | 36,919         | 40,544         | -3,625        | 52,164         |
| C05090                               | Gascoigne East 3A - Block I          | -              | 2,959          | -2,959        | 27,432         |
| C05073                               | Gascoigne East 3B                    | 1,334          | 1,327          | 7             | 20,826         |
| C05026                               | Gascoigne East Phase 3               | 8,499          | 7,729          | 770           | 13,011         |
| C02985                               | Gascoigne West (Housing Zone)        | -              | -62            | 62            | -              |
| C04099                               | Gascoigne West P1                    | 28,987         | 32,823         | -3,836        | 2,887          |
| C05025                               | Gascoigne West Phase 2               | 39,213         | 37,229         | 1,983         | 73,709         |
| C04068                               | Oxlow Road                           | 2,947          | 3,894          | -947          | 9,362          |
| C05035                               | Padnall Lake                         | 18,423         | 1,922          | 16,502        | 5,058          |
| C05093                               | Padnall Lake Phase 2                 | -              | 4,369          | -4,369        | 14,432         |
| C05094                               | Padnall Lake Phase 3                 | -              | 1,011          | -1,011        | 390            |
| C04066                               | Roxwell Road                         | 8,419          | 764            | 7,655         | 9,989          |
| C03080                               | Royal British Legion                 | 3,405          | 827            | 2,578         | -              |
| C03072                               | Sacred Heart                         | 3,389          | 3,508          | -119          | -              |
| C03084                               | Sebastian Court - Redevelop          | 6,848          | 5,583          | 1,266         | 802            |
| C04090                               | Site London Rd/North Street          | -              | 282            | -282          | -              |
| C05103                               | Town Quay Wharf                      | -              | 83             | -83           | 9,682          |
| C05041                               | Transport House                      | -              | 258            | -258          | 17,428         |
| C05082                               | Trocoll House                        | 1,007          | 259            | 748           | 1,137          |
| C05020                               | Woodward Road                        | 9,482          | 6,611          | 2,872         | 11,580         |
|                                      | <b>Total for Residential</b>         | <b>297,689</b> | <b>271,049</b> | <b>26,700</b> | <b>450,484</b> |
| <b>Temporary Accommodation</b>       |                                      |                |                |               |                |
| C04077                               | Weighbridge                          | 984            | 616            | 368           | -              |
| C04078                               | Wivenhoe Containers                  | 139            | 139            | -             | -              |
| C05021                               | Grays Court                          | 171            | 171            | -             | -              |
| C04101                               | Margaret Bondfield                   | 4,455          | 18             | 4,437         | -              |
|                                      | <b>Total for Temp. Accommodation</b> | <b>5,749</b>   | <b>945</b>     | <b>4,805</b>  | <b>-</b>       |
| <b>Commercial Investments</b>        |                                      |                |                |               |                |
| 04091                                | Welbeck Wharf                        | 884            | 231            | 653           | 365            |
| 04102                                | CR27                                 | 3              | 3              | -             | -              |
| 05024                                | Film Studios                         | 3,750          | 3,750          | -             | 3,739          |
| 05044                                | 9 Thames Road                        | 62             | 62             | -             | -              |
| 04057                                | Travelodge Dagenham                  | 15             | 15             | -             | -              |
| 05037                                | Dagenham Road Street Purchases       | 129            | -              | 129           | -              |
| 05049                                | Innovative Sites Programme           | 253            | -              | 253           | -129           |
| 04086                                | Travelodge Isle of Dogs              | 12             | 12             | -             | -253           |
| 05074                                | Barking Business Centre              | 54             | 54             | -             | 49             |
| 05070                                | 23 Thames Road                       | 128            | 128            | -             | 128            |
| C05042                               | 26 Thames Rd                         | 35             | 35             | -             | 1,392          |
| C05067                               | Dagenham Heathway                    | 8              | 8              | -             | 31             |

|        |                                       |                |                |                |                |
|--------|---------------------------------------|----------------|----------------|----------------|----------------|
| C04103 | Barking Restore PLC                   | 2              | 2              | -              | 1              |
| C05072 | Industria                             | 27,986         | 6,629          | 21,357         | 8,123          |
|        | <b>Total for Commercial</b>           | <b>33,321</b>  | <b>10,929</b>  | <b>22,393</b>  | <b>13,446</b>  |
|        |                                       |                |                |                |                |
|        | <b>Total for Investment Strategy</b>  | <b>336,759</b> | <b>282,923</b> | <b>53,897</b>  | <b>463,930</b> |
|        |                                       |                |                |                |                |
| C02877 | Oracle R12 Joint Services             | 35             | 35             | 0              | -              |
| C03052 | KTLO                                  | 1,687          | 478            | 1,209          | -              |
| C03059 | Customer Services Channel Shift       | 297            | 361            | -64            | -              |
| C03068 | ICT End User Computing                | 100            | 95             | 5              | 258            |
|        | Misc                                  | 7              | 7              | 0              |                |
| C05077 | Community Hubs and Dispersed          | 1,213          | 405            | 808            | -              |
|        | ERP Transformation                    | 4,701          | 4,813          | -112           | 1,138          |
|        | <b>Transformation Total</b>           | <b>8,040</b>   | <b>6,194</b>   | <b>1,846</b>   | <b>1,396</b>   |
|        |                                       |                |                |                |                |
|        | <b>Capital &amp; Investment Total</b> | <b>468,757</b> | <b>360,410</b> | <b>108,408</b> | <b>539,113</b> |

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**CABINET****21 June 2022**

|   |  |
|---|--|
| <b>Title:</b> Rent Guarantor Scheme for Care Leavers  |  |
| <b>Report of the Cabinet Member for Children’s Social Care &amp; Disabilities and Cabinet Member for Adult Social Care &amp; Health Integration</b>   |  |
| <b>Open Report</b>  | <b>For Decision</b>  |
| <b>Wards Affected:</b> All  | <b>Key Decision:</b> No  |
| <b>Report Author:</b><br>Valerie Tomlinson, Lead Commissioner for Children’s Care and Support   | <b>Contact Details:</b><br>Tel: 020 8227 3549<br>E-mail:<br><a href="mailto:valerie.tomlinson@lbbd.gov.uk">valerie.tomlinson@lbbd.gov.uk</a> |
| <b>Accountable Director:</b> April Bald; Operational Director Children’s Care and Support   |  |
| <b>Accountable Strategic Leadership Director:</b> Elaine Allegretti, Strategic Director, Children and Adults  |  |
| <b>Summary:</b>   |  |
| <p>As Corporate Parents, the Council believes in the ethos of asking itself “What would we do if this was our child” and endeavours to ensure that all children in its care are treated the same as it would treat its own children. Any parent who has the financial means to support their child when they initially leave home would do so and, as Corporate Parents, the Council should be no different.</p> <p>This report seeks approval for the Council to pilot a scheme to assist its care leavers to find suitable, long-term Private Rented accommodation by offering a Rent Guarantor Scheme to young people over school leaving age who decide to be fully independent and work full-time paying their own rent.</p> |  |
| <b>Recommendation(s)</b>  |  |
| <p>The Cabinet is recommended to agree the proposal to pilot the Rent Guarantor Scheme for a period of 12 months beginning 1 August 2022, with a view to informing a wider policy change to the Council’s Local Offer for Care Leavers, in accordance with the strategy set out in the report.</p>  |  |
| <b>Reason(s)</b>  |  |
| <ul style="list-style-type: none"> <li>• To support the Council’s vision to “protect the most vulnerable, keeping adults and children healthy and safe”.</li> <li>• To provide an appropriate, best-value service that delivers excellent outcomes for children and young people.</li> </ul>  |  |

## 1. Introduction and Background

- 1.1 There is a national shortage of accommodation for young people and local authorities are not legally required to prioritise care leavers for the social housing stock that is available. There is a joint protocol between children's and housing services in LBBB that is working effectively; however, we need to look at ways to increase the range of accommodation that is offered to care leavers.
- 1.2 There have been some positive policy changes to protect care leavers in recent years, such as 'Staying Put' and the extension of some care leaver provision up to age 25 under the Children and Social Work Act. From 1 April 2020, care leavers aged between 18 and 25 who have been looked after by the London Borough of Barking & Dagenham and are resident in the borough are exempt from paying Council Tax. However, this needs to go further. Whilst other young people will continue to have the support of their parents well into adulthood, local authorities must ensure that care leavers receive all the support they need too.
- 1.3 As Corporate Parents we believe in the ethos of asking ourselves "What would we do if this was our child?" and endeavour to ensure that all children in our care are treated the same as we would treat our own children. Any parent who has the financial means to support their child when they initially leave home would do so and as Corporate Parents the Council should be no different.
- 1.4 Private accommodation is increasingly important given the shortage of other accommodation types and length of waiting lists. However, there are several barriers preventing care leavers from accessing private tenancies. Private landlords are subject to a lower degree of regulation and so rent tends to be much higher than the social housing sector, particularly in London and the South East. Many landlords demand rent upfront alongside a deposit, which is especially difficult for care leavers who do not have the financial support of their family.
- 1.5 The Rent Guarantor Scheme is a Kent Care Leavers initiative. At an event in November 2021; Caroline Smith, Head of Corporate Parenting in Kent, shared that the scheme came from young people's determination to have their Corporate Parent act as guarantor - "the scheme with council tax exemption are the two things that have had the most impact on Care Leavers achieving independence and creating change". [NLCBF November Managers Event 2021 Kent's Rent Guarantor Scheme - YouTube](#)
- 1.6 This report seeks approval for LBBB to pilot a scheme to assist its care leavers to find suitable, long-term private rented accommodation by offering a Rent Guarantor Scheme to young people over school leaving age who decide to be fully independent and work full-time paying their own rent.
- 1.7 A 'Guarantor' is a financial term describing an individual who promises to pay a borrower's (tenant's) debt if the borrower (tenant) defaults on his or her loan obligation.
- 1.8 A 'Corporate Guarantor' is simply a guarantor for payment of debt (as above) but instead of having an individual person held responsible for these debts, a company or organisation (in this case LBBB) agrees to bear this responsibility.



## **2. Proposal and Issues**

### **The Guarantor Offer**

- 2.1 There is no evidence of a prohibition on a Local Authority acting as a Guarantor. The Localism Act 2011 states 'A local authority has power to do anything that individuals may generally do'. The Corporate Parenting and Permanence Service already has in place an offer to care leavers to provide them with a rent deposit and one month's rent in advance for those care leavers who:
- find a property that is deemed as affordable and an LBBB approved suitable landlord.
  - are subject to management approval (based on likelihood they will manage the tenancy and not be quickly evicted).
  - have not had this support previously.
- 2.2 The guarantor offer would be against unpaid rent for the first 12 months of their tenancy. It is therefore important that we assess the young person's maturity, financial position and emotional wellbeing before we agree to accept them onto this scheme.
- 2.3 Our aim with the offer to be a guarantor, is that we can open up the private rental market to our young people, strengthening their case and giving them more options of accommodation.
- 2.4 Community Solutions already has links to the local housing forums, where private landlords could be approached. There would also be scope to review those young people in both supported and semi-independent accommodation, with a view to moving them into better quality independent rental properties, which could mean lower costs.

### **Pilot**

- 2.5 The proposal is that LBBB carry out a 12-month pilot beginning in August 2022. Applications will be accepted from all eligible care leavers up to a maximum of 10 young people, due to the financial risks involved. The aim will be to build the scheme in subsequent years, to be accessed by a larger cohort of young people and with a view to the learning underpinning a wider policy change in 2023.
- 2.6 Within the pilot the guarantor offer will be available to young people who are deemed lower risk of default such as those in work or at university. They must be able to show that they can manage the rent payments and not get into debt. They also need to demonstrate their ability to remain in communication with their Leaving Care Advisor, including when issues arise. They are also required to agree to the landlord being able to contact their Leaving Care Advisor immediately if there are issues with rent payments so that support can be provided early. After 12 months or when they turn 25, they will be responsible for all of their rent payments as the corporate rent guarantor scheme will end at this point.
- 2.7 After the pilot period, consideration can be given to making this offer available to other vulnerable young people, who are likely to have more restricted access to appropriate accommodation.

2.8 The pilot will test out:

- Financial implications by testing the numbers of young people who default on rental payments;
- Whether it opens more choice of private rental accommodation, in terms of both quality and location;
- Review of young people in semi-independent accommodation, as to whether any can be moved into rental properties by using the enhanced offer of LBBB acting as a guarantor;
- Whether the Guarantor offer directly impacts upon better outcomes for our Care Leavers in securing long term quality housing options.

### **Financial Impact**

- 2.9 Being a Corporate Guarantor means, that should the young person not be able to pay their rent, the Corporate Parenting Service will be contractually obliged to pay the rent instead. It could also mean that should the young person be unable to pay for any damage to the property, LBBB will be contractually obliged to cover these costs as well, resulting in a financial cost to the Council.
- 2.10 A care leaver may be given notice to quit their tenancy and may seek LBBB to act as Guarantor on more than one occasion. The likelihood is that any guarantee called in may not be recovered and, therefore, there would be budgetary implications on an ongoing annual basis.
- 2.11 Kent County Council (KCC) introduced this scheme in July 2018. Their initial 12-month pilot was a success, and they offered the opportunity to 26 young people with no negative financial implications for them.
- 2.12 The Rent Guarantor Scheme is now part of their Local Offer for Care Leavers, open to all young people leaving care with an assessment and application process to ensure that they are confident that the young people have the capacity and ability to move into private rented accommodation and the finances to do so.
- 2.13 As of September 2020, KCC have acted as Rent Guarantor for 79 Care Leavers. There had been only one young person who had defaulted on their rent due to losing employment during the Covid-19 Pandemic. KCC were advised quickly and a YPA worked with the young person and landlord to access appropriate benefits to support them.
- 2.14 If the eligible young people were to remain in 18+ supported accommodation, the cost to Children's Social Care would be approximately £300 per week. By offering the Rent Guarantor Scheme to 10 eligible young people the savings incurred over 12 months would be £156,000 (£15,600 per young person).
- 2.15 A 12-month pilot beginning 1st August 2022 and ending 31st July 2023 would give an indication for the financial implications for future years and the option not to progress the pilot into LBBB policy, should the financial risk be too high.

| Monthly Rent                | Default for 3 months | Default for 6 months | Default for 9 months |
|-----------------------------|----------------------|----------------------|----------------------|
| £450 pcm - Flat share (IG1) | £1,350               | £2,700               | £4,050               |
| £500 pcm - Flat share (E7)  | £1,500               | £3,000               | £4,500               |
| £850 pcm – Solo (IG1)       | £2,550               | £5,100               | £7,650               |
| £950 pcm - Solo (E6)        | £2,850               | £5,700               | £8,550               |

2.16 Based on the above, if 10 Care Leaver that were in properties that cost £950 per calendar month ceased paying their rent after three months, then the potential cost to LBBB would be £85,500. Therefore, to reduce the financial impact to LBBB it would be imperative to ensure that the young people deemed eligible for the scheme were appropriately and suitably assessed.

2.17 It should be noted that if a young person is unable to pay their rent, then a YPA will work with them to assist them in claiming appropriate benefits to off-set against the rental costs meaning that the actual financial impact to the Council will be minimal. The costs shown above are those that may be incurred in the worst-case scenario and are the absolute maximum.

2.18 There is an expectation that all young people benefitting from this scheme will have regular income beyond that provided by benefits.

### Eligibility

2.19 The Personal Advisor identifies a young person aged between 18 and 25 years of age who is suitable for the scheme (see below).

|  |   |
|--|---|
| <b>Financially Stable</b>  | Currently managing finances well  |
|  | No prohibitive levels of debt   |
|  | Regular legal income from source other than benefits  |
| <b>Coping Well Emotionally/ Psychologically</b>                    | No issues managing emotional / psychological wellbeing independently                                    |
|  | Receiving adequate support and avoiding significant prohibitive difficulties with related issues        |
|  | Utilising and able to evidence successful strategies for managing difficulties as/when they arise.      |
| <b>Has Necessary Independent Living Skills to Maintain Tenancy</b> | Will seek support from support network if required  |
|  | Has practical day-to-day skills such as cooking, cleaning and basic maintenance abilities               |
|  | Understands the need for routine, understanding legal / tenancy commitments and sense of responsibility |

2.20 If a young person is in employment they must be:

- Earning an income above or in addition to state benefits (i.e. if working only, total income must be more than LHA rate in area desired for PRS accommodation OR the young person must be earning income in addition to being in receipt of benefits.
- Be engaged positively with their employment and not currently being involved in or expecting to become involved in any disciplinary or other

process which has the potential to limit or otherwise negatively impact upon their future income.

- Have no intention to end this employment, during the 12 months of their tenancy (for which Guarantor support has been provided by LBBD).

2.21 If the Young Person is in full-time higher education, they must be:

- Currently enrolled in full-time education (Tertiary / Degree Level). This needs to be confirmed in writing.
- Have the intention to continue this study to its conclusion.
- Be engaged positively with their education and not currently be involved in or expecting to become involved in any disciplinary or other process which has the potential to limit or otherwise negatively impact upon their future enrolment in their current educational provision.
- In receipt of all benefits/other incomes to which they are eligible in order to support with the costs of their studies and reduce the potential dependency i.e. ESA, PIP, student grants/loans etc.

2.22 If a young person becomes aware that they may experience problems in paying their rent at any point in the future, this must be communicated to their YPA and landlord/letting agent as soon as possible. This will allow a joint approach to supporting the young person to take preventative measures where possible and to work with their support network to avoid ongoing or recurring problems in this respect.

2.23 At the point that a change in circumstances which affects the young person's ability to pay their rent becomes a reality and the scheme is required to cover their payments, the young person remains responsible for paying any benefits or other monies issued for use against rent payments to the landlord/letting agent, reducing the amount of rent required to be covered by LBBD.

### **Proposed Process**

2.24 The young person will complete a Rent Guarantor Application Form. After which, The YPA will also write a supporting statement which addresses why they feel the young person is ready to hold a tenancy. This should be a summary as to why they feel that the young person can hold a tenancy both emotionally, financially and has the skills to meet the requirements.

2.25 For the purposes of the young person's financial wellbeing, it is an expectation that they will have another source of legitimate, regular income above any benefits they receive and that these are evidenced via appropriate documentation.

2.26 The summary application form and documents relating to the tenancy will be checked by the respective Team Manager. The Team Manager will need to agree that the young person is able to meet the requirements to oversee their own accommodation.

2.27 The Team Manager will then forward all the documents to the Head of the Corporate Parenting Service. The Head of Service will check and assess as to whether it seems an appropriate agreement.

- 2.28 Each agreement may be different. For many it will be for student accommodation, for others long-term private rental agreements. The Personal Advisor, Team Manager and Head of Service will ensure that the risk is minimal for the young person
- 2.29 No young person will be told that they can be offered a guarantor until they have completed the application process successfully.
- 2.30 In most cases the young person will have identified a possible property and be aware of the main costs, including rent, rent in advance and deposit. If no specific address has been identified for a young person prior to the application, LBBB will only stand as a corporate guarantor 'in principle', meaning that specific details of costs and payments must be considered for the specific property(s) prior to any formal agreement and legal obligation.

### **Letting Agents/Landlords**

- 2.31 Letting Agent/Landlords must be advised that we are offering a Corporate Guarantee. Neither LBBB, nor any individual within the Corporate Parenting Service, can stand as a personal guarantor for a tenancy.
- 2.32 We would expect the Landlord / Agent to notify us by email immediately if one of our young people missed a monthly rent payment or there has been a significant shortfall in a rent payment so that we can intervene at the earliest point to provide support or guidance to ensure that all the tenancy requirements are fulfilled.
- 2.33 If LBBB are not made aware of the amount owed, they cannot be held responsible for payment. Both the landlord/letting agent and young person have the responsibility to inform LBBB of any issues regarding rent payments or monies owed at the earliest possible point.

### **3. Options Appraisal**

- 3.1 **Option 1: Do nothing** - Private accommodation is increasingly important given the shortage of other accommodation types and length of waiting lists. However, there are several barriers preventing care leavers from accessing private tenancies. Private landlords are subject to a lower degree of regulation and so rent tends to be much higher than the social housing sector, particularly in London and the Southeast. Many landlords demand rent upfront alongside a deposit, which is especially difficult for Care Leavers who do not have the financial support of their family. Due to this, young people may spend longer than needed in costly Supported Accommodation which has a budgetary impact on the Corporate Parenting Service.
- 3.2 **Option 2: Pilot the Rent Guarantor Scheme** - This option is recommended as the 12-month pilot will provide enough time to test out the impact of the agreement for LBBB to act as a guarantor for their Care Leavers and inform any request for a permanent policy change. There would be a mid-way review after six months (January 2023) and it is proposed that the findings be presented in March 2023.

#### 4. Consultation

- 4.1 An initial consultation has been carried out with relevant Council services and this will be followed by further consultation meetings with stakeholders to ensure that their views are considered when setting up the proposed pilot.
- 4.2 The table below sets out the consultation process that has and will be undertaken:

| Activity                                | Completion Date  |
|---|------------------|
| Meeting with Service Managers           | January 2022     |
| PRMG                                    | 24 February 2022 |
| Portfolio                               | 15 March 2022    |
| CSG (Corporate Strategy Group)          | 21 April 2022    |
| Procurement report submitted to Cabinet | 31 May 2022      |
| Report considered at Cabinet            | 21 June 2022     |
| Pilot Start Date                        | 1 August 2022    |

#### 5. Financial Implications

Implications completed by: Owen Kelly, Finance Business Partner

- 5.1 This proposal is for LBBB to act as a Guarantor for young people seeking to rent accommodation in the private sector. The benefit of this arrangement is that it opens a wider accommodation offer to our young people, as there is a shortage of social housing which impacts this cohort.
- 5.2 The financial implication of this decision is that Children's care and support must plan to fund potential defaults in rent payment of the young people up to the sum of £85,500 in the pilot year. The proposal sets out the mitigations that will be put in place to ensure only the most suitable clients are given the Councils backing. If the clients are vetted properly and the young person's advisers works closely with the clients, the risk posed will be greatly reduced. This will allow for early identification of potential financial difficulties and access to housing benefit or support from other sources.
- 5.3 On balance, the benefits of the proposed arrangement far outweigh the potential cost. The Council's Guarantor status ceases once 12 months has elapsed or the young person reaches the age of 25. If any cost arises from the Rent Guarantor Scheme, it will be met from the Leaving Care budget.

#### 6. Legal Implications

Implications completed by: Daniel Lodge, Senior Contracts and Procurement Solicitor, Law & Governance

- 6.1 The first consideration is whether the Council has the power to approve this proposal. Sections 1 to 6 of the Localism Act 2011 states that a local authority has

the power to do anything that an individual generally may do and this includes things that an individual may do even though they may not be like anything the authority or other public bodies have done. This power includes the power to do the thing in any way including the power to do it in the UK, for commercial purposes or otherwise or for a charge or without a charge. It can also be for the benefit of the authority, its area or persons resident or present in its area. The powers conferred by section 1 to 6 of the Localism Act 2011 is wide enough to cover this proposal and therefore if granted will not be Ultra Vires.

- 6.2 The proposal can be summarised as a decision to provide a Guarantor Service; which is something that an individual may do and frequently does. It is something which has been done by another public body, as highlighted in this report, as being done by Kent County Council. The guarantor service is aimed at benefiting persons resident and or present in the Council's area. The net effect of that benefit to the Council and its residents is that it would increase the means by which that cohort can access accommodation, which in turn may have a net positive effect on the council's housing duty under the Housing Act 1998 as well as the Council's duty under the Children Act 1989.
- 6.3 If this proposal is approved, then it would be necessary to clarify which cohort of Care Leavers the scheme is aimed at benefiting, especially because the Children Act 1989 imposes a statutory duty towards "former relevant children", and "persons qualifying for advice and assistance", both of which could arguably be referred to as Care Leavers.
- 6.4 It would also be essential to draw up a standard guarantor agreement which appropriately protects both the local authority and young persons. This is something that we can provide further guidance and assistance with at legal.
- 6.5 Subject to the forgoing, the recommendation is legally sound and within the powers of the council to approve.
- 6.6 As mentioned above, legal advice should be sought throughout the process to ensure that it remains legally compliant.

## 7. Other Implications

- 7.1 **Risk Management** - The guarantor offer will be available to young people who are deemed lower risk of default such as those in work or at university. They must be able to show that they can manage the rent payments and not get into debt. They also need to demonstrate their ability to remain in communication with their Leaving Care Advisor, including when issues arise.

They are also required to agree to the landlord being able to contact their Leaving Care Advisor immediately if there are issues with rent payments so that support can be provided early.

We would expect the Landlord / Agent to notify us by email immediately if one of our young people missed a monthly rent payment or there has been a significant shortfall in a rent payment so that we can intervene at the earliest point to provide support or guidance to ensure that all the tenancy requirements are fulfilled.

7.2 **Corporate Policy and Equality Impact** – An Equality Impact assessment was undertaken and is set out in Appendix 1.

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

**List of appendices:**

- **Appendix 1** – Equality Impact Assessment



## Equality Impact Assessment Screening Tool

Equality Impact Assessments help the Council to comply with its public sector duty under the Equality Act 2010 to have due regard to equality implications. EIAs also help services to be customer focussed, leading to improved service delivery and customer satisfaction.

The Council understands that whilst its equalities duty applies to all services, it is going to be more relevant to some decisions than others. We need to ensure that the detail of Equality Impact Assessments (EIAs) are proportionate to the impact of decisions on the equality duty, and that in some cases a full EIA is not necessary.

This tool assists services in determining whether plans and decisions will require a full EIA. It should be used on all new policies, projects, functions, staff restructuring, major development or planning applications, or when revising them.

Full guidance on the Council's duties and EIAs and the full EIA template is available at [Equality Impact Assessments](#).

|  |  |
|--|--|
| <b>Proposal/Project/Policy Title</b>   | Rent Guarantor Scheme Pilot for Care Leavers   |
| <b>Service Area</b>  | Children's Care and Support  |
| <b>Officer completing the EIA Screening Tool</b>   | Lydia Freeman, Commissioning Manager   |
| <b>Head of Service</b>   | Heather Storey, Head of Commissioning for Children's Care and Support  |
| <b>Date</b>  | 07/06/2022   |
| <b>Brief Summary of the Proposal/Project/Policy</b><br>Include main aims, proposed outcomes, recommendations/decisions sought. | <p>As Corporate Parents, the Council believes in the ethos of asking itself, "What would we do if this was our child" and endeavours to ensure that all children in its care are treated the same as it would treat its own children. Any parent who has the financial means to support their child when they initially leave home would do so, and, as Corporate Parents, the Council should be no different.</p> <p>The Council is looking to pilot a scheme to assist its care leavers in finding suitable, long-term Private Rented accommodation by offering a Rent Guarantor Scheme to young people over school leaving age who decide to be fully independent and work full-time paying their own rent.</p> <p>The pilot is due to start on the 1<sup>st</sup> August 2022 and finish on the 31<sup>st</sup> of July 2023. The scheme will be ringfenced for 10</p> |

|                                 | <p>eligible care leavers who have been deemed by their leaving care advisor ready to live independently.</p> <p>The pilot will test out:</p> <ul style="list-style-type: none"> <li>• Financial implications by testing the numbers of young people who default on rental payments;</li> <li>• Whether it opens more choice of private rental accommodation, in terms of both quality and location;</li> <li>• Review of young people in semi-independent accommodation, as to whether any can be moved into rental properties by using the enhanced offer of LBBB acting as a guarantor;</li> <li>• Whether the Guarantor offer directly impacts upon better outcomes for our Care Leavers in securing long term quality housing options.</li> </ul> |   |
|---------------------------------|---|---|
| <b>Protected characteristic</b> | <b>Impact</b>   | <b>Description</b>  |
| <b>Age</b>                      | Positive impact (L)   | <p>The service will support our most vulnerable young people to give them the 'Best Start in Life'. The pilot is small scale however will provide the young people with the chance and the trust to live independently and take responsibility for their own livelihoods. Nationally 25% of care experienced young people present as homeless before the age of 18, by offering this pilot we are investing and trusting our young people. The potential savings achieved through this scheme, will free up financial capacity to support children and young people.</p> <p>The service will have no impact cohorts aged over 25.</p> |
| <b>Disability</b>               | Low negative impact (L)   | <p>The pilot is reserved for those without prior history of issues managing emotional/ psychological wellbeing and for those who are able to support themselves independently. This may result in our more complex cases not benefitting from the scheme.</p> <p>The negative impact this will have on young people with disability or mental health issues will be limited to not actively benefiting from the scheme. Extra care from the placements, life planning and housing will be present to help coordinate a specialised response that meets the bespoke needs of the</p>   |

|                                       |                         |   |
|---------------------------------------|-------------------------|---|
|                                       |                         | <p>young person when finding move-on accommodation in a personalised way. The financial savings that will be achieved from this scheme will free up budget to provide more bespoke and higher cost provision to better meet complex needs for our young people in care.</p>   |
| <b>Gender re-assignment</b>           | Not applicable (N/A)    | <p>The pilot will accept those who are eligible based on the criteria outlined within the cabinet report. In the event someone who is protected due to gender reassignment, the risk this poses to vulnerability of homelessness will be considered in terms of priority need.</p>  |
| <b>Marriage and civil partnership</b> | Not applicable (N/A)    | <p>The pilot will seek to support those who exhibit signs of managing finances and living well independently, irrespective of their marital status. The scheme is reserved for Care Leavers only and is not intended to support partners through this.</p>  |
| <b>Pregnancy and maternity</b>        | Low negative impact (L) | <p>The pilot will accept eligible candidates based on the criteria outlined within the cabinet report. Given the specific needs of a young person who is pregnant or a young mother, this scheme may not be the most suitable support the Council can provide at this time. Currently, we will seek to provide appropriate move-on accommodation through the use of our contracted family assessment units, mother and baby placements, and support from our existing provisions.</p> <p>If the scheme is successful more work will be done to understand the nuanced support that can be provided to pregnant Care Leavers and Care Leavers with children as part of the guarantor scheme.</p> |
| <b>Race</b>                           | Not applicable (N/A)    | <p>The pilot will accept those who are eligible based on the criteria outlined within the cabinet report. The specific risk of deprivation and homelessness that correlates with race will be</p>   |

|                           |                         |  |
|---------------------------|-------------------------|--|
|                           |                         | <p>considered in prioritising the need for this scheme.</p> <p>Currently there is a disproportionate number of white children in our care in Barking and Dagenham, 51% children in care are white compared to 36% of the local under 18 population.</p>  |
| <b>Religion</b>           | Not applicable (N/A)    | <p>The pilot will accept those who are eligible based on the criteria outlined within the cabinet report. The specific risk of deprivation and homelessness will be considered in prioritising need for this scheme. The scheme will not disproportionately impact people due to their religious beliefs.</p>  |
| <b>Sex</b>                | Low negative impact (L) | <p>25% of care experienced young people present as homeless before the age of 18. Currently our looked after children are 45% female and 55% male. According to Shelter 60% of the homeless population living in temporary accommodation, this is a disproportionate amount compared to the population.</p> <p>The pilot will accept those who are eligible based on the criteria outlined within the cabinet report. The specific risk of deprivation and homelessness correlates with gender this will be considered in prioritising need for this scheme.</p>   |
| <b>Sexual orientation</b> | Positive impact (L)     | <p>The pilot will accept eligible candidates based on the criteria outlined within the cabinet report. The specific risk of deprivation and homelessness that correlates with sexual orientation will be considered in prioritising need for this scheme. It will be important to prioritise this cohort when considering eligibility as LGBTQ+ young people are disproportionately represented in the young homeless population. As many as 24% of young homeless people are LGBTQ+. To ensure our LGBTQ+ Care Leavers are supported to build positive peer relations we will ensure that we link with Flipside, a youth club for young people aged 11 to 19 (up to</p> |

|  |                     |  |
|--|---------------------|--|
|  |                     | 25 for people with SEN) who identify as LGBTQ+.  |
| <b>Socio-Economic Disadvantage<sup>1</sup></b> | Positive impact (L) | <p>Children in areas of deprivation are more likely to be in receipt of Children’s Social Care at roughly 1 in 60 in the most deprived areas compared to 1 in every 660 in the least deprived areas. As of the end of the FY21/22 the rate of entry into care for Barking and Dagenham was 1 in 64.6. The high rate of children in care in Barking and Dagenham correlates to our IMD score as the highest in London.</p> <p>Care Leavers are a cohort who are disproportionately represented within the homeless population, with 25% of homeless individuals having experience care in their childhood. Another aspect that compounds this level of deprivation is that Care Leavers have significantly higher levels of those not in education, employment, or training (NEET), at 39% compared with 13% of the general population aged 19-21.</p> <p>Many Care Leavers are at the beginning of their careers making it difficult to save funds for a rental deposit and are without a trusted relationship to act as a guarantor, however, can afford their rent by providing the additional funds needed for a deposit for a rental property will support those who are able to live independently, preventing them from being further disadvantaged as a Care Leaver. In addition, the savings achieved from the success of this scheme will be used to support others within Children’s Care and Support.</p> |

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<sup>1</sup> Socio-Economic Disadvantage is not a protected characteristic under the Equality Act. London Borough of Barking and Dagenham has chosen to include Socio-Economic Disadvantage as best practice.

|   |  |
|---|--|
| <p><b>How visible is this service/policy/project/proposal to the general public?</b></p>  | <p><b>Low visibility to the general public (L)</b></p> |
| <p><b>What is the potential risk to the Council's reputation?</b></p> <p>Consider the following impacts – legal, financial, political, media, public perception etc</p> | <p><b>Low risk to reputation (L)</b></p>               |

If your answers are mostly H and/or M = **Full EIA to be completed**

If after completing the EIA screening process you determine that a full EIA is not relevant for this service/function/policy/project you must provide explanation and evidence below.

As this is a pilot the scale of the scheme is small, therefore limiting any negative impact to the local authority or the wider population, however those who are part of the pilot will benefit positively. The project is not anticipated to have medium or high impact on those from protected cohorts and will largely benefit vulnerable groups. There is no large risk to reputation due to the small scale of the project. At this time a full EIA is not required but should any aspect of the pilot change, this EIA screening will be revisited and updated accordingly.

Please submit the form to [CE-strategy@lbbd.gov.uk](mailto:CE-strategy@lbbd.gov.uk) and include the above explanation as part of the equalities comments on any subsequent related report.

**CABINET****21 June 2022**

|   |   |
|---|---|
| <b>Title:</b> Fit-Out Loan Funding for Two Council-Owned Properties   |   |
| <b>Report of the Cabinet Member for Regeneration and Economic Development</b>   |   |
| <b>Open Report</b>  | <b>For Decision</b>   |
| <b>Wards Affected:</b> Abbey and Northbury  | <b>Key Decision:</b> Yes  |
| <b>Report Author:</b><br>David Harley, Head of Regeneration, Be First   | <b>Contact Details:</b><br>Tel: 07870 278181<br>E-mail: david.harley@befirst.london |
| <b>Accountable Director:</b> Ed Skeates, Development Director, Be First   |   |
| <b>Accountable Strategic Leadership Director:</b> Abi Gbago, Strategic Director, Inclusive Growth   |   |
| <p><b>Summary</b></p> <p>In April 2014 Cabinet agreed the principle of granting Care City Community Interest Company (CIC), the healthy ageing innovation centre, a lease for nil rent on the ground floor office space to be created as part of the redevelopment of the Axe Street sports centre. The redevelopment will be completed this year.</p> <p>In September 2021 Cabinet agreed the principle of transforming Roycraft House into a new destination and focal point for local communities and business. After tendering the opportunity, a 10-year lease was granted to Make it Bow Limited from February 2022.</p> <p>Both tenants will provide valuable social, business and community benefits to residents of the borough in spaces that add to Barking town centre's offer and delivering inclusive growth.</p> <p>It is now proposed to assist both parties with the fit out of their spaces by providing amortised loans repayable over the duration of their occupational leases. These loans will be repaid, in full, with interest and will address the occupiers' cash flow issues of requiring significant capital expenditure to become operational.</p> <p>This report sets out the detailed terms for the loans and seeks authority to proceed.</p> |   |
| <b>Recommendation(s)</b>  |   |
| The Cabinet is recommended to:  |   |
| <p>(i) Approve a loan of up to £440,000 (plus rolled up interest) to Care City Innovation CIC to help fund the fit-out of Council-owned premises at Axe Street, Barking, to be leased by Care City, on the terms set out in paragraph 2.1 of the report;</p> <p>(ii) Approve a loan of up to £250,000 (plus rolled up interest) to Make it Bow Limited (part of the Make it Group) to help fund the fit-out of Council-owned premises at</p>  |   |

Roycraft House, Linton Road, Barking, leased to Make it Bow, on the terms set out in paragraph 2.2 of the report; and

- (iii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development, the Director of Finance and Investments and the Chief Legal Officer, to agree and enter into any agreements and other documents to fully implement and effect the proposals set out in the report.

#### **Reason(s)**

To contribute to the delivery of inclusive growth through facilitating getting the spaces operational at both Axe Street and Roycraft House in order to secure a wider range of social and community benefits as well as flagship facilities for Barking town centre.

## **1. Introduction and Background**

### **1.1 Care City – Axe Street**

- 1.1.1 In April 2014, as part of a wider recommendation for the redevelopment of the former Abbey Sports Centre on Axe Street, Cabinet agreed the principle of granting Care City, the healthy ageing innovation centre, a lease for nil rent of the office space to be created on part of the ground floor of the development (alongside a cinema). After some delay and scheme redesign, the 170-apartment scheme is now on site, progressing well and due to complete later this year.
- 1.1.2 Cabinet approved Care City taking a lease at the development at a ‘peppercorn rent’ due to innovative nature of its work, and the health and socio-economic benefits it will deliver for the borough. As an innovation centre for healthy ageing and regeneration, Care City is particularly focused on work that will both transform health and care services for residents of the borough and open up new opportunities for local people to move into and progress through health and care careers. In relation to LBBD’s Social Value Framework, this means Care City will contribute to investment in local people, investment in the local economy, and to community participation and engagement.
- 1.1.3 Care City is also playing a critical role in supporting the Inclusive Growth team’s work to drive up the quality of work and wages within the Care sector, one of the borough’s most substantial employment sectors, including providing significant senior leadership time in a strategic advisory capacity, and aligning delivery of Care City pilots and programmes with LBBD priorities and outcomes.

### **1.2 Make it Bow – Roycraft House**

- 1.2.1 In September 2021 Cabinet agreed the principle of transforming Roycraft House into a new destination and focal point for local communities and business.
- 1.2.2 After tendering the opportunity, a lease for 10 years was granted to Make it Bow Limited in February 2022.



- 1.2.3 Make it Bow Limited will be offering a wide range of affordable workspace targeting the Council's identified growth industries, especially the creative sector, complemented by tailored business support activities. The facility will include event space and a food and beverage offer and forms part of the plans to improve Barking's night-time economy.
- 1.3 Both tenants will provide valuable social, business and community benefits to residents of the borough at no direct cost to the Council.
- 1.4 It is now proposed to assist both parties fit out their space by providing amortised loans repayable over the duration of the occupational leases together with interest. This report sets out the detail terms and seeks authority to proceed with the loans.

## **2. Proposal and Issues**

### **2.1 Care City – Axe Street**

- 2.1.1 The Care City space will be provided by the developer to an enhanced shell & core specification and leased-back to the Council for 150 years at nil rent. The space will then be sublet by the Council to Care city on an effective FRI (full repairing and insuring) lease for a term of 20 years.
- 2.1.2 In order to assist Care City deliver the quality and type of facility sought, it is proposed that the Council will loan the full cost of Care City's fit out. This is estimated at a maximum cost of £440,000 and includes initial advance of £30,000 (already provided under delegated authority) and a £5,000 contribution towards the Council's legal fees for preparation of the property lease. The loan will be repaid over the 20-year term of the lease via equal quarterly payments with a fixed interest of Base Rate + 2.5% per annum.
- 2.1.3 The loan will be advanced in agreed stages following exchange of an agreement for lease with the loan repayments being set at Practical Completion of the development and grant of the lease.
- 2.1.4 The Council has reviewed Care City's Business Plan that demonstrates it can meet the repayment of the fit-out costs through a rental mechanism whilst at the same time covering its operational costs.

### **2.2 Make it Bow – Roycraft House**

- 2.2.1 Whilst it was originally envisaged that Make It Bow would be able to self-fund the full fit of Roycraft House, since taking the lease it has become apparent that additional funding is required to fully implement the intended workspace proposal. Planning permission has been secured but they require some additional funding to contribute towards the delivery of the impressive proposals. This is, in part, due to significant increases in the cost of labour and materials since their proposal was submitted.
- 2.2.2 towards the internal and external fit out of the property. The loan will run for the unexpired term of the lease, with repayments amortised until 31<sup>st</sup> October 2032 at a fixed interest rate of Base Rate + 2.75%pa. Repayments will be made on a quarterly basis.

- 2.3 Both tenants are/will be directly responsible for all outgoings on the space including utilities, refuse and business rates (if payable).
- 2.4 In order to ensure that both loans are appropriately utilised, Be First will monitor the tenants' design process and monitor the works during construction. In the case of Care City, the works will increase the specification of the base fit out of the unit being delivered by the developer which will be capable of use by future occupiers. Likewise, Make It Bow will be undertaking an extensive refurbishment and improvements to Roycraft House. In terms of the worst-case scenario, if either party become insolvent and/or defaulted on the loan, the Council would get the properties back with the benefit of the loan works which will assist in the reletting and potential rental that could be achieved on the individual spaces.

### 3. Options Appraisal

- 3.1 **Do Nothing:** Not providing the fitout loans will reduce both Care City's and Make it Bow Ltd's ability to establish their proposed business models, deliver the range of social and economic benefits for residents and local businesses, and help contribute to an active and vibrant town centre. Both organisations would struggle to find alternative funding to the timetable needed to keep to programme.
- 3.2 **Loan Proposal:** The recommended loan proposals will enable the two parties to proceed with their fit-out proposals in order to fully deliver the wide range of socio-economic benefits the facilities will provide. They will address each occupier's cash flow issue of high up-front expenditure. The Council will therefore be helping to facilitate the initiatives but in doing so will also be making a financial return from the loan funding.

### 4. Consultation

- 4.1 The proposals in this report were considered and endorsed by the Investment Panel on 25 April 2022.

### 5. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 5.1 Treasury have agreed the interest rate for each of the loans, with a variable interest rate preferred due to the potential for the Bank of England Base Rate to increase over the next few years.
- 5.2 The loan to Care City, at £440k, is significantly higher than was originally estimated at £200k to £300k and this reflects the increased materials costs for the fit out. The £440k is inclusive of £30k that has already been lent. The rate is currently 3.5% (Base Rate of 1% plus 2.5%). The repayment is based on a 20-year annuity, with 20 years being a significantly long time for a fit out but is required to make the loan affordable. Although the business plan does provide some assurances that the loan, initially, can be repaid, close monitoring will be required over a long period of time.

5.3 The loan to Make it Bow Limited is for £250k at a rate of 3.75% (Base Rate of 1% plus 2.75%) and over a much shorter 10-year period, which reflects the duration of the lease.

5.4 As outlined in the report, if either party become insolvent and/or defaulted on the lease, the Council would get the properties back with the benefit of the loan works which will assist in the reletting and potential rental that could be achieved on the individual space.

## 6. Legal Implications

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

6.1 This report seeks Cabinet Authority for two completely separate and unconnected loans for two projects being the Care City at the Axe Street development ground floor office space and the Make it Bow Limited occupation at Roycraft House. In both circumstances the same legal principles apply in that now the UK has left the European Union (EU) different considerations will apply in terms of where non-commercial loans are made by state backed entities such as local authorities ie the Council.

6.2 As part of the leaving of the EU agreement was that a level playing field would be established albeit on the UK legal basis the Subsidy Control Act 2022 was passed in April 2022 and will become effective later this year on secondary legislation. The Council's agents in this matter Be First procured advice on compliance and were advised to structure the loans so as to be compliant with the new UK subsidy regime.

6.3 **Care City – Axe Street.** Their rent is zero (that is the value of a peppercorn rent). Paragraph 1.1. above explains the social, economic and health benefits it will bring and the loan will be for fitting out as the accommodation is delivered to the Council as a shell and core. The loan will be on sub-market terms. This would be permitted under the Subsidy Control Act as a Service of Public Economic Interest (SPEI) and the final terms will be set out between the parties to ensure it is compliant with the SPEI exemption from the subsidies control regime.

6.4 **Make it Bow – Roycraft House.** The Subsidy Control Act 2022 at section 36 sets a de minimis threshold of £315,000 over three years to which the regime does not apply. The loan is significantly smaller than that being £250,000 over the ten-year lease period. Again, the final terms will be agreed between the parties to ensure the overall package of rent and loan is in compliance with the 2022 Act.

## 7. Other Implications

7.1 **Risk Management - Funding risk:** Care City's and Make it Bow Ltd's business models have been reviewed during the lease discussions when full due diligence was undertaken. If either party default on a lease, the Council would be able to relet the property with the benefit of the asset enhancements funded by the loan.

7.2 **Contractual Issues –** Stepien Lake (external legal advisors) are acting for the Council on the Care City lease and LBB Legal will document the loan with Make it Bow.

7.3 **Staffing Issues** – Both tenants will appoint project managers for their fit-out works. Be First has facilitated this report and discussions to date in order to progress a vibrant, active town centre with destination facilities.

7.4 **Corporate Policy and Equality Impact** – LBBD is one of the cofounders of Care City (NELFT being the other) and has a seat on Care City's CIC board. The Council collaborates with Care City through its work.

Care City's objective is to transform health and care services for residents and open up new opportunities for local people to move into and progress through health and care careers. It therefore contributes to investment in local people, investment in the local economy, and to community participation and engagement.

Make it Bow Ltd intend to transform of Roycraft House to be a new destination and focal point for local communities and businesses. They will be offering a wide range of affordable workspace targeting the Council's identified growth industries, especially the creative sector, complemented by tailored business support activities.

7.5 **Property / Asset Issues** - The transaction will see the Council retaining either the freehold or the long leasehold interest in the spaces. Should Care City or Make It Bow become insolvent or not comply with lease obligations then the Council would re-secure the space for an alternative use.

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

**List of appendices:** None

**CABINET****21 June 2022**

|   |   |
|---|---|
| <b>Title:</b> Treasury Management Annual Report 2021/22   |   |
| <b>Report of the Cabinet Member for Finance, Growth and Core Services</b>   |   |
| <b>Open</b>   | <b>For Decision</b>   |
| <b>Wards Affected:</b> None   | <b>Key Decision:</b> Yes  |
| <b>Report Author:</b><br>David Dickinson, Investment Fund Manager   | <b>Contact Details:</b><br>Tel: 020 8227 2722<br>E-mail: <a href="mailto:david.dickinson@lbbd.gov.uk">david.dickinson@lbbd.gov.uk</a> |
| <b>Accountable Director:</b> Philip Gregory, Director, Finance & Investment (S151 Officer)  |   |
| <b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Acting Chief Executive  |   |
| <b>Summary</b>  |   |
| <p>Changes in the regulatory environment now place a greater onus on Elected Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities, significant new borrowing proposed, and highlights compliance with the Council's policies previously approved by the Assembly prior to the start of each financial year.</p> <p>This report presents the Council's outturn position in respect of its treasury management activities during 2021/22. The key points to note are as follows:</p>  |   |
| <b>Interest Income and Investments:</b>   |   |
| <ul style="list-style-type: none"> <li>i) Total treasury investments held at 31/3/2022 was £154.9m (2020/21: £210.12m);</li> <li>ii) Total cash held at 31/3/2022 was £1.7m (2020/21: £29.0m);</li> <li>iii) Total loans lent held at 31/3/2022 was £124.9m (2020/21: £139.2m);</li> <li>iv) Total Equity held with Muller was £23.4m (2020/21: £0.00)</li> <li>v) Net General Fund Interest for 2021/22 was a surplus of (£0.8m) compared to a budget of £2.6m, an outperformance of £3.4m and £1.9m of this outperformance has been transferred to the Investment Reserve, with the remaining balance used to cover shortfalls in the Investment and Acquisition Strategy (IAS) and a potential provision against an impairment against on the Council's loans;</li> <li>vi) Investment income from the Council's IAS totalled £5.4m (2020/21: £6.9m) for the year compared to a budget of £6.8m, an underperformance of £1.4m, which will be covered by the outperformance in interest;</li> </ul> |   |

vii) The Council's average treasury interest return of 1.39% for 2021/22 was 1.27% higher than the average London Peer Group return of 0.21%; and

viii) The Council's average return on its loans, consisting of commercial and property loans was 4.42% for 2021/22 (4.46% for 2020/21);

**Interest Expense and Borrowing:**

ix) Interest payable for 2021/22 totalled £37.30m (2020/21: £31.8m), consisting of £12.3m for PFI / Finance leases, £11.2m for HRA and £13.8m for the General Fund;

x) Capitalised interest for 2021/22 totalled £5.5m;

xi) The Council borrowed £140.0m of long-term General Fund borrowing in 2021/22 at an average rate of 1.41% and an average duration of 44.4 years;

xii) The total long-term General Fund borrowing at 31/3/2022 was £720.5m, comprising of market loans, Public Works Loan Board (PWLB), Local Authority, European Investment Bank and other loans;

xiii) The value of short-term borrowing as at 31 March 2022 totalled £63.0m;

xiv) HRA borrowing totalled £295.9m of long-term debt and £35.9m of internal borrowing;

xv) With PFI / finance lease borrowing totalling £197.4m, the total Council borrowing as at 31 March 2022 was £1,276.8m (this excludes internal HRA borrowing).

xvi) The Council did not breach its 2021/22 Operational Boundary limit of £1,700m or its Authorised Borrowing Limit of £1,800m; and

xvii) The Council complied with all other set treasury and prudential limits.

**Recommendation(s)**

The Cabinet is asked to recommend the Assembly to:

(i) Note the Treasury Management Annual Report for 2021/22;

(ii) Note that the Council complied with all 2021/22 treasury management indicators;

(iii) Approve the actual Prudential and Treasury Indicators for 2021/22, as set out in Appendix 1 to the report; and

(iv) Note that the Council borrowed £140.0m from the PWLB in 2021/22.

**Reason(s)**

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

## 1. Introduction and Background

1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce a treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2 For the 2021/22 period Assembly received the following reports:

- an annual treasury strategy in advance of the year (Assembly 03/03/2021);
- a mid-year (minimum) treasury update report (Assembly 24/11/2021); and
- an annual review following the end of the year (this report).

1.3 This Annual Treasury Report covers:

- Treasury position as at 31 March 2022;
- Economic Factors in 2021/22 and Interest rates Forecasts;
- Treasury Investment Strategy and Performance in 2021/22;
- Borrowing Outturn and Capitalised Interest;
- Commercial and Reside Loans Outturn;
- Investment and Acquisition Strategy Outturn;
- Treasury Management costs in 2021/22;
- Compliance with Treasury limits and Prudential indicators; and
- Prudential Indicators for 2021/22 (Appendix 1).

## 2. Treasury Position at 31 March 2022 is shown in table 1 below:

**Table 1: Council's treasury position at the start and end of 2021/22**

|                            | 31-Mar-21      | Average Rate of interest | Average Life | 31-Mar-22        | Average Rate of interest | Average Life |
|----------------------------|----------------|--------------------------|--------------|------------------|--------------------------|--------------|
|                            | £'000          | %                        | Years        | £'000            | %                        | Years        |
| <b>Fixed Rate Debt</b>     |                |                          |              |                  |                          |              |
| HRA – PWLB                 | 265,912        | 3.5                      | 34.81        | <b>265,912</b>   | <b>3.5</b>               | <b>33.81</b> |
| HRA – Market               | 30,000         | 4.03                     | 44.7         | <b>30,000</b>    | <b>4.03</b>              | <b>43.7</b>  |
| HRA - Internal Borrowing   | 35,332         | 1.98                     | 1            | <b>35,905</b>    | <b>1.98</b>              | <b>1</b>     |
| <b>Total HRA Borrowing</b> | <b>331,244</b> | <b>3.38</b>              | <b>33.23</b> | <b>331,817</b>   | <b>3.38</b>              | <b>33.23</b> |
| GF – PWLB                  | 506,822        | 2.06                     | 23.05        | <b>629,521</b>   | <b>1.92</b>              | <b>29.13</b> |
| GF - Market                | 93,613         | 2.49                     | 26.75        | <b>90,988</b>    | <b>2.49</b>              | <b>25.75</b> |
| GF – ST Borrowing          | 67,503         | 0.09                     | 0.3          | <b>63,000</b>    | <b>0.58</b>              | <b>0.14</b>  |
| <b>Total GF Borrowing</b>  | <b>667,938</b> | <b>1.92</b>              | <b>21.27</b> | <b>783,509</b>   | <b>1.98</b>              | <b>27.38</b> |
| <b>Total Debt</b>          | <b>981,688</b> | <b>2.45</b>              | <b>25.68</b> | <b>1,115,326</b> | <b>2.33</b>              | <b>28.72</b> |
| <b>Investments</b>         |                |                          |              |                  |                          |              |
| Treasury Investments       | 210,168        | 1.4                      | 2.17         | <b>154,900</b>   | <b>1.25</b>              | <b>1.66</b>  |
| Cash                       | 29,037         | 0.01                     | 0            | <b>1,675</b>     | <b>0.75</b>              | <b>0</b>     |
| Loans & Equity             | 139,243        |                          |              | <b>148,287</b>   |                          |              |
| HRA Internal Lending       | 35,332         | 1.98                     | 1.0          | <b>35,905</b>    | <b>1.98</b>              | <b>1.0</b>   |
| <b>Total Investments</b>   | <b>413,780</b> |                          |              | <b>340,767</b>   |                          |              |

2.1 The Council manages its debt and investments through its in-house treasury section to ensure adequate liquidity for revenue and capital spend, security of investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

### **3. Economic Factors in 2021/22 and Interest Rate Forecasts**

#### **3.1 UK Economy**

3.1.1 Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16<sup>th</sup> December 2021, 0.50% at its meeting of 4<sup>th</sup> February 2022; 0.75% in March 2022 and 1.0% in May 2022.

3.1.2 The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

3.1.3 Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

3.1.4 Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1<sup>st</sup> April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

#### **3.2 Average inflation targeting**

3.2.1 This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.



### 3.3 USA

- 3.3.1 The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.
- 3.3.2 In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.
- 3.3.3 The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.
- 3.3.4 More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

### 3.4 EU

- 3.4.1 With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”
- 3.4.2 While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

### 3.5 World growth

- 3.5.1 World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

### 3.6 Central banks' monetary policy

- 3.6.1 During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth.

3.6.2 This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

#### 4. Treasury Investment Strategy and Performance in 2021/22

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

**Table 2: Treasury Outturn for 2020/21 and 2021/22**

| Interest                              | 2020/21 Actual | 2020/21 Budget | Variance | 2021/22 Actual | 2021/22 Budget | Variance    |
|---------------------------------------|----------------|----------------|----------|----------------|----------------|-------------|
| <b>HRA Borrowing Costs</b>            | 10,944         | 10,944         | 0        | <b>10,874</b>  | <b>10,874</b>  | <b>0</b>    |
| GF Borrowing costs                    | 12,254         | 13,069         | -815     | 13,833         | 14,121         | -288        |
| GF Interest Income                    | -8,817         | -6,503         | -2,314   | -9,156         | -6,503         | -2,653      |
| GF IAS Income                         | -6,919         | -6,637         | -282     | -5,434         | -6,782         | 1,348       |
| Capitalised Interest (19/20)          | -1,522         |                | -1,522   | 0              | 0              | 0           |
| Capitalised Interest (20/21)          | -3,002         |                | -3,002   | 0              | 0              | 0           |
| Capitalised Interest (21/22)          | 0              | 0              | 0        | -5,463         | -5,000         | -463        |
| Transfer to Reserves                  | 7,935          | 0              | 7,935    | 1,900          | 0              | 1,900       |
| <b>GF Net IAS &amp; Interest Cost</b> | <b>-71</b>     | <b>-71</b>     | <b>0</b> | <b>-4,320</b>  | <b>-4,164</b>  | <b>-156</b> |
| Capital Reserve                       |                | -3,576         |          |                | -3,779         |             |
| CR27 Reserve                          |                | -5,500         |          |                | -5,500         |             |
| IAS Reserve                           |                | -3,265         |          |                | -10,998        |             |
| IAS Reserve Transfer                  |                | -7,935         |          |                | -1,900         |             |
| <b>Total IAS Reserve</b>              |                | <b>-20,277</b> |          |                | <b>-22,177</b> |             |

4.1.1 Overall borrowing costs were lower than budgeted as both long-term and short-term borrowing rates were cheaper than the forecast. The Council has also agreed to capitalise borrowing costs for schemes that are over £10m in total value and take longer than two years to develop. A budget was allocated against capitalised interest of £5.0m, with the IAS therefore contributing £5.0m to the 2021/22 budget.

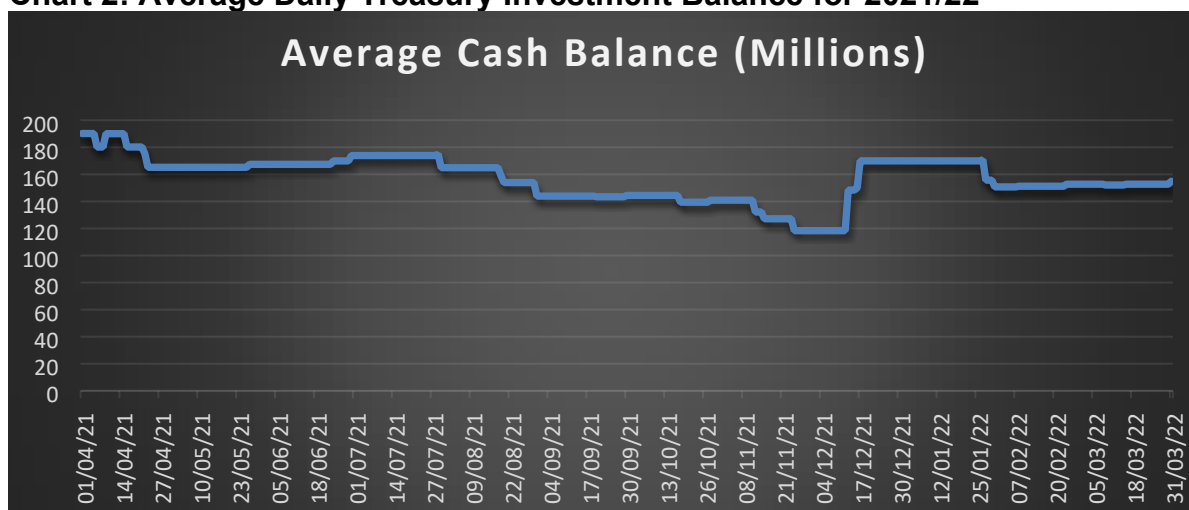
4.1.2 Treasury provided a surplus return of £2.9m from net interest. Capitalised interest provided a surplus of £0.5m above the £5.0m target. Including the capitalised interest, treasury provided a £3.4m surplus for 2021/22.

4.1.3 The IAS, underperformed its target by £1.3m during a particularly difficult investment period. At the time of this report, final numbers had not yet been received from Reside for the net contribution to the IAS. The IAS underperformance is likely to reduce but currently it is not possible to estimate what the contribution from Reside will be. Any contribution from Reside will be transferred to the IAS reserve. The borrowing costs and treasury and IAS income is outlined in detail in the next sections.

## 4.2 Annual Investment Strategy (AIS) 2021/22

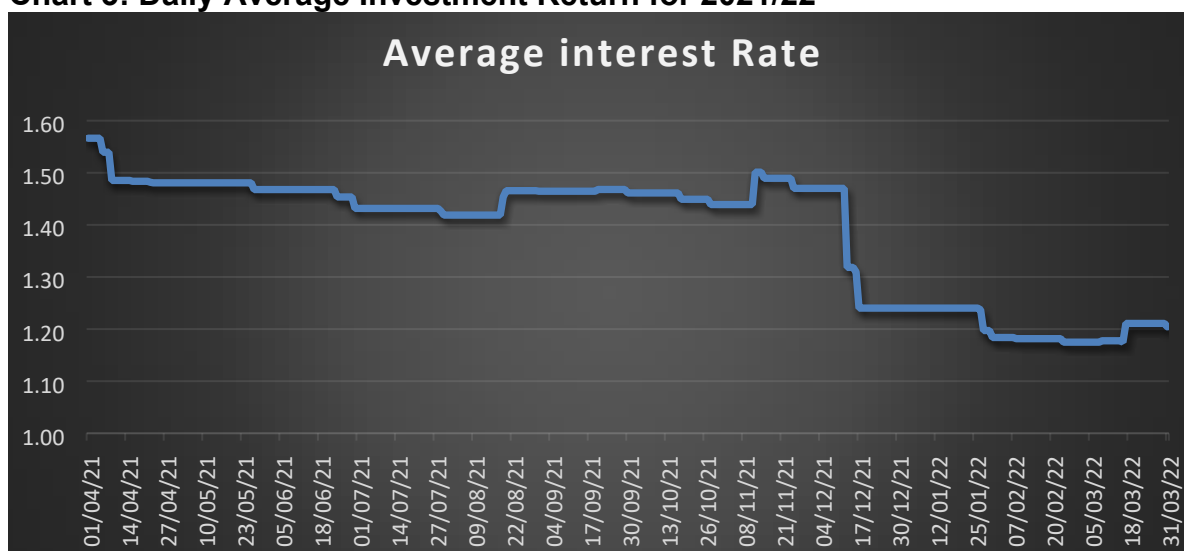
- 4.2.1 All investments were managed in-house and were invested with institutions of high credit standing listed in the Council's approved lending list and specified limits. The Council's investment policy is outlined in the 2021/22 Annual Investment Strategy. The policy sets out the Council's approach for choosing investment counterparties.
- 4.2.2 Council officers met quarterly with Treasury Adviser to discuss financial performance, objectives, targets and risk in relation to the Council's investments and borrowing. The Cabinet Member for Finance, Performance and Core Services was briefed regularly on treasury activity by the Section 151 Officer.
- 4.2.3 **Investments decisions during 2021/22** - When making investment decisions the Council's investment priorities are **security** of capital; **liquidity** of its investments; and **Yield** (after ensuring the above are met). Using the above as the basis for investment decisions does mean that investment returns will be lower than would be possible were yield the only consideration. During 2021/22, the Council ensured that all investments were made with appropriately rated counterparties and that liquidity was maintained. On occasion, short term borrowing was also used to allow the Council to take advantage of investment opportunities.
- 4.2.4 Treasury made few investments during the year as cash and borrowing was used to fund the IAS developments. The Council held an investment balance of £210.2m at 31 March 2021 and ended the year with a cash balance of £154.9m. The average investment balance (excluding cash) held for 2021/22 was £157.0m. The average cash balance for 2021/22 is shown in chart 2:

**Chart 2: Average Daily Treasury Investment Balance for 2021/22**



- 4.2.5 Treasury investments provided an average return of 1.39% for 2021/22 (1.40% for 2020/21). Although the average return was on a reducing balance, the increase in the average return for the year provided a net interest surplus. Chart 3 below graphically illustrates the average daily treasury return for the year:

**Chart 3: Daily Average Investment Return for 2021/22**



### 4.3 Strategy Changes in 2021/22

4.3.1 The Council’s investment policy was agreed by the Assembly on 3 March 2021. Members agreed to delegate authority to the Section 151 officer in consultation with the Cabinet Member for Finance, Performance and Core Services to proportionally amend the counterparty lending limits agreed within the TMSS. During the year an increase in the maximum short-term cash the Council could hold was agreed by the S151 officer to allow treasury to respond to any liquidity issues but also to manage large cashflow movements resulting from borrowing £100m in December 2021. In addition, the maximum amount that can be invested in A rated financial institutes was raised to £50m each.

### 4.4 Performance Benchmark in 2021/22

4.4.1 As part of ensuring value for money and to monitor the Council’s investment return, the Council’s treasury performance is benchmarked by against a peer group of 21 London Authorities. Benchmarking data is provided by the Council’s treasury advisors, Link Asset Services. Table 3 summarises the data as at 31 December 2021.

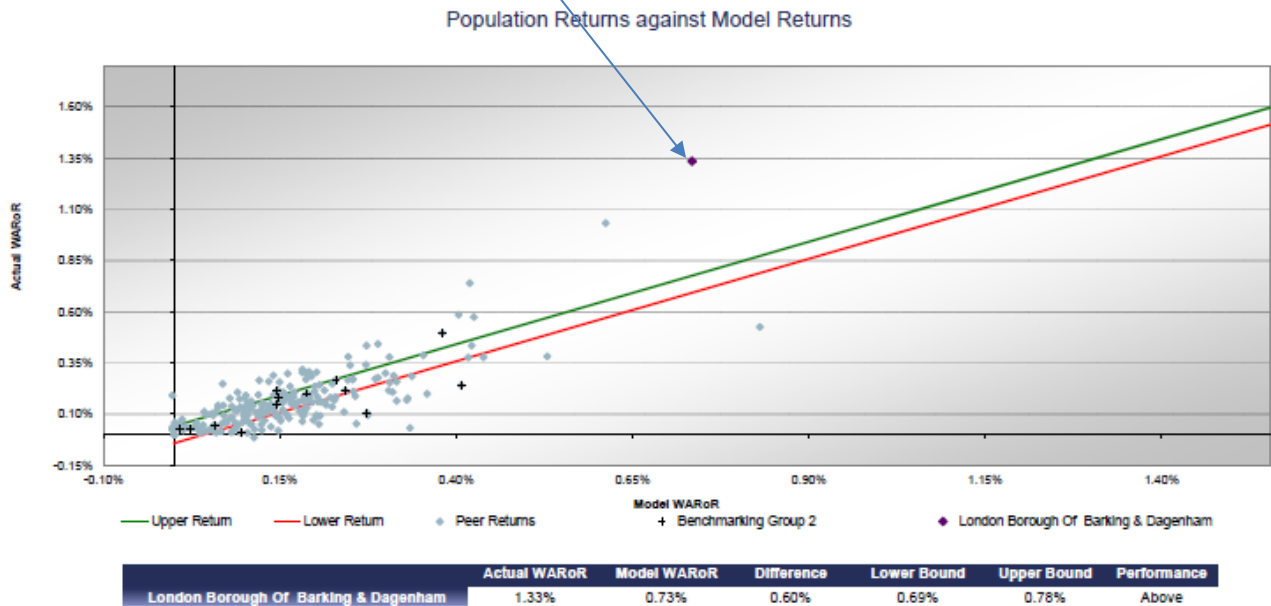
**Table 3: Advisor’s Benchmarking data as at 31 December 2021**

| Savings Proposal                  | LBBB  | London Peer Group (21) |
|-----------------------------------|-------|------------------------|
| Weighted Average Rate of Return   | 1.33% | 0.21%                  |
| Weighted Average Maturity(days)   | 285   | 85                     |
| Credit Risk (lower is less risky) | 2.47  | 2.61                   |

4.4.2 The benchmarking data outlines the outperformance of the Council’s treasury investment return by 1.12% against the average London Peer Group. On an average investment balance of £157.0m that equates to additional income above the average of £1.88m. The Council’s credit risk, at 2.47 was lower (better) than the London Peer Group at 2.61. Chart 4 illustrates the Council’s return against the upper and lower banding levels. The Council has a high overall return and significantly outperforms the model return.

The Council's treasury return is indicated in the chart below:

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



**4.5 Table 4: Investments held by the Council at 31 March 2022**

| Counterparty             | Rating          | Rate % | £000s          | Start      | End        |
|--------------------------|-----------------|--------|----------------|------------|------------|
| LBBD Pension Fund        | Local Authority | 0.50   | 24,150         |            |            |
| Lloyds Bank PLC          | A+              | 1.59   | 5,500          | 18/04/2019 | 19/04/2022 |
| Birmingham CC            | Local Authority | 1.70   | 10,000         | 24/04/2020 | 22/04/2022 |
| L B Croydon              | Local Authority | 1.70   | 10,000         | 06/07/2020 | 06/07/2022 |
| L B Croydon              | Local Authority | 1.70   | 10,000         | 14/07/2020 | 14/07/2022 |
| Goldman Sachs Int. Bank  | A+              | 0.72   | 20,000         | 17/12/2021 | 19/09/2022 |
| Goldman Sachs Int. Bank  | A+              | 0.72   | 30,000         | 13/12/2021 | 13/12/2022 |
| Runnymede BC             | Local Authority | 1.80   | 5,000          | 20/12/2019 | 20/12/2022 |
| Colchester BC            | Local Authority | 1.75   | 5,000          | 02/03/2020 | 03/01/2023 |
| Cardiff Council          | Local Authority | 1.75   | 10,250         | 10/01/2020 | 10/01/2023 |
| Dudley Metropolitan BC   | Local Authority | 1.80   | 10,000         | 21/02/2020 | 21/02/2023 |
| Northumberland BC        | Local Authority | 1.80   | 5,000          | 27/02/2020 | 27/02/2023 |
| Cambridgeshire CC        | Local Authority | 1.00   | 10,000         | 11/01/2021 | 11/01/2024 |
| <b>Total Investments</b> |                 |        | <b>154,900</b> |            |            |

## 5. Borrowing Outturn and Capitalised Interest

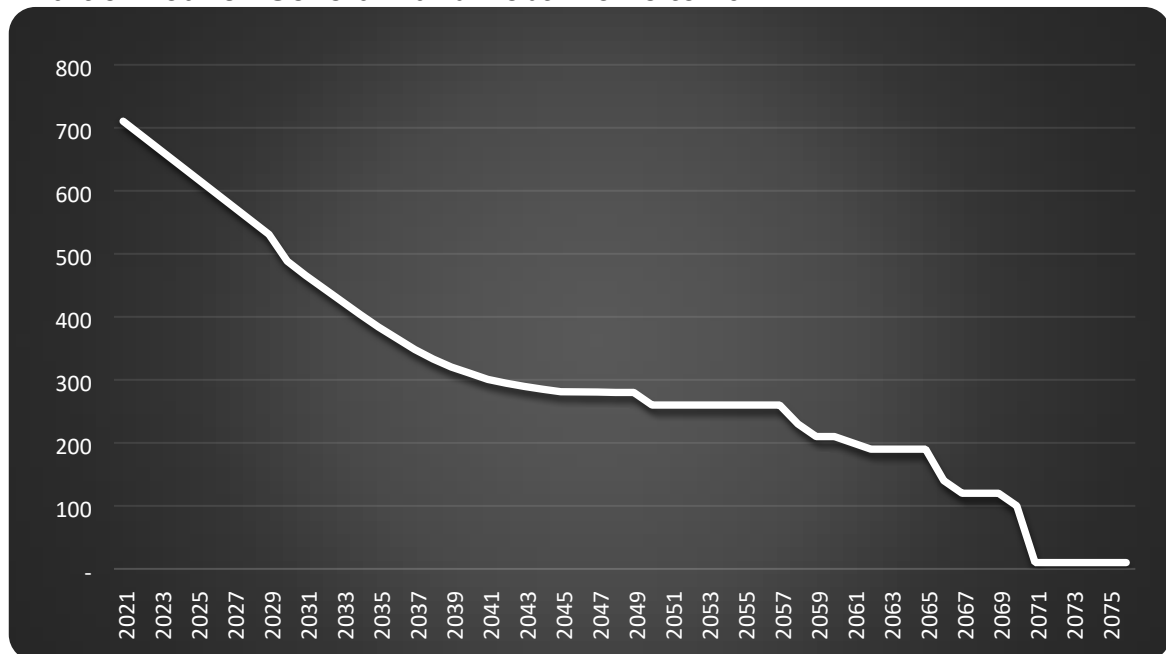
5.1 A mix of Long-term and short-term borrowing was used for most of the year to cover cashflow requirements, with a total of £140m borrowed in 2021/22. These loans were mostly maturity loans (pay at maturity date) and were used as the strategy already has a significant amount of Equal Instalment and Annuity borrowing and these durations allowed both for a reduced rate but also smoothed the Council's overall repayment. Fixing long term borrow improves the future year budget requirements as the borrowing is locked in. Savings over the life of the borrowing compared to a 2.0% target is £34.28m.

**Table 5: Long-Term Borrowing in 2021/22**

| Lender                        | Start Date | End Date   | Amount £Ms | Rate         | Duration (Yrs) | Savings Against 2% £Ms | Savings Against 3% £Ms |
|-------------------------------|------------|------------|------------|--------------|----------------|------------------------|------------------------|
| PWLB                          | 12/07/2021 | 12/07/2039 | 20         | 1.38%        | 18.00          | 2.23                   | 5.83                   |
| PWLB                          | 12/07/2021 | 13/07/2071 | 20         | 1.71%        | 50.00          | 2.90                   | 12.90                  |
| PWLB                          | 10/11/2021 | 10/11/2063 | 20         | 1.51%        | 42.00          | 4.12                   | 12.52                  |
| PWLB                          | 10/11/2021 | 10/11/2063 | 30         | 1.37%        | 42.00          | 7.94                   | 20.54                  |
| PWLB                          | 16/12/2021 | 16/12/2066 | 30         | 1.31%        | 45.00          | 9.32                   | 22.82                  |
| PWLB                          | 16/12/2021 | 16/12/2071 | 20         | 1.25%        | 50.00          | 7.50                   | 17.50                  |
| <b>Total and Average Rate</b> |            |            | <b>140</b> | <b>1.41%</b> | <b>41.50</b>   | <b>34.28</b>           | <b>92.10</b>           |

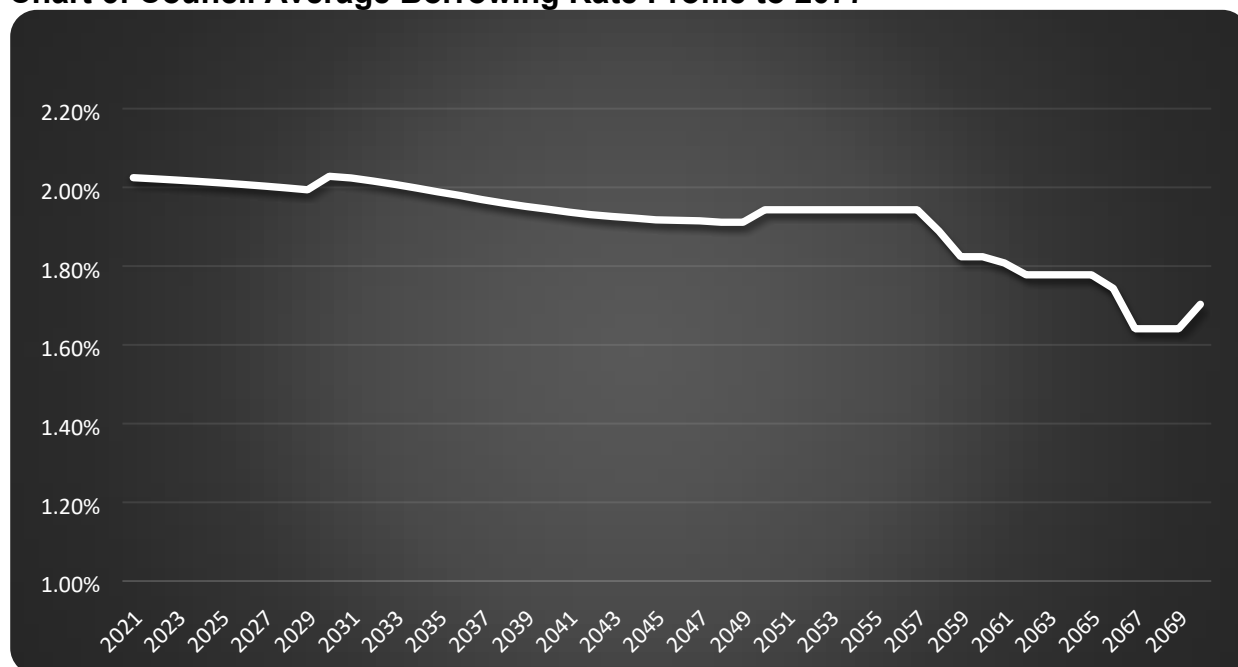
- 5.2 During the year commercial purchase costs were transferred from short-term funding to long-term funding. Receipts from the sale of a number of the commercial purchases will be used to fund remaining costs for the residential developments. Cash balances will also be used to fund developments, although, given the current borrowing requirement, some borrowing may be required in 2023. New developments agreed in future will need additional borrowing.
- 5.3 Officers have sought to ensure that the borrowing matches the relevant asset life and repayment profile of the Council’s investment portfolio. Chart 5 below summarises the GF long term debt position as at 31 March 2022, indicating the repayment profile.

**Chart 5: Council General Fund Debt Profile to 2077**



- 5.4 The current borrowing strategy has a target of reducing the long-term average borrowing rate to 2.02% (excluding short-term borrowing), a reduction of 0.2% from the average long-term borrowing of 2.22% as at 31 March 2020. The average rate is reduced further by using short-term borrowing, with the total average borrowing rate for the General Fund at 1.88%. Chart 6 outlines the average borrowing costs over the duration of the Council’s borrowing. With the recent loans that are repaid at maturity, the repayment profile is much smoother and the average rate decreases over the next 45 years to an average rate of 1.64%. Charts 5 and 6 are based on the same time period.

**Chart 6: Council Average Borrowing Rate Profile to 2077**



## 5.5 Capitalisation of Development Interest

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

## 5.6 Borrowing Owed at 31 March 2022

5.6.1 Table 5 outlines the borrowing owed by the Council at 31 March 2022.

**Table 5: Loans as at 31 March 2022**

| <b>Lender</b>                 | <b>Start Date</b> | <b>End Date</b> | <b>Amount</b>  | <b>Rate %</b> |
|-------------------------------|-------------------|-----------------|----------------|---------------|
| <b>HRA</b>                    |                   |                 |                |               |
| PWLB(Maturity)                | 28/03/2012        | 28/03/2042      | 50,000         | 3.50          |
| PWLB(Maturity)                | 28/03/2012        | 28/03/2062      | 65,912         | 3.48          |
| PWLB(Maturity)                | 28/03/2012        | 28/03/2061      | 50,000         | 3.49          |
| PWLB(Maturity)                | 28/03/2012        | 28/03/2052      | 50,000         | 3.52          |
| PWLB(Maturity)                | 28/03/2012        | 28/03/2060      | 50,000         | 3.49          |
| LANCASHIRE CC (Maturity)      | 15/05/2019        | 27/02/2060      | 10,000         | 4.05          |
| LANCASHIRE CC (Maturity)      | 15/05/2019        | 26/03/2059      | 10,000         | 4.05          |
| BARCLAYS (Maturity)           | 30/05/2008        | 30/05/2078      | 10,000         | 3.98          |
| <b>HRA Total LT Borrowing</b> |                   |                 | <b>295,912</b> |               |
| <b>General Fund</b>           |                   |                 |                |               |
| PWLB(Maturity)                | 09/06/2016        | 09/06/2066      | 20,000.00      | 2.72          |
| PWLB(Maturity)                | 14/06/2016        | 15/12/2059      | 10,000.00      | 2.65          |
| PWLB(Maturity)                | 28/06/2016        | 29/12/2059      | 10,000.00      | 2.49          |
| PWLB(Maturity)                | 29/06/2016        | 29/06/2062      | 10,000.00      | 2.38          |
| PWLB(Maturity)                | 07/07/2016        | 06/01/2062      | 10,000.00      | 2.14          |
| PWLB(Maturity)                | 05/04/2017        | 05/04/2067      | 20,000.00      | 2.36          |
| PWLB(EIP)                     | 12/09/2017        | 12/09/2040      | 16,086.96      | 1.98          |
| PWLB(Maturity)                | 19/12/2017        | 19/06/2058      | 30,000.00      | 2.36          |
| PWLB(EIP)                     | 21/02/2018        | 21/02/2036      | 15,555.56      | 2.38          |
| PWLB(EIP)                     | 07/03/2018        | 07/03/2035      | 7,647.06       | 2.20          |
| PWLB(EIP)                     | 19/03/2018        | 19/03/2038      | 16,000.00      | 2.31          |
| PWLB(EIP)                     | 31/05/2018        | 29/05/2043      | 17,200.00      | 2.27          |
| PWLB(EIP)                     | 01/10/2018        | 01/10/2039      | 34,285.71      | 2.38          |
| PWLB(EIP)                     | 30/10/2018        | 30/10/2036      | 16,666.67      | 2.14          |
| PWLB(EIP)                     | 10/12/2018        | 10/12/2043      | 17,600.00      | 2.28          |
| PWLB(EIP)                     | 04/02/2019        | 04/02/2042      | 17,391.30      | 2.17          |
| PWLB(EIP)                     | 26/03/2019        | 26/03/2042      | 34,782.61      | 1.99          |
| PWLB(EIP)                     | 04/06/2019        | 04/06/2046      | 18,148.15      | 1.97          |
| PWLB(EIP)                     | 08/08/2019        | 08/08/2039      | 17,500.00      | 1.39          |
| PWLB(EIP)                     | 05/09/2019        | 05/09/2042      | 17,826.09      | 1.23          |
| PWLB(Annuity)                 | 28/02/2020        | 01/03/2038      | 18,157.46      | 2.27          |
| PWLB(Annuity)                 | 03/03/2020        | 03/03/2038      | 18,143.32      | 2.18          |
| PWLB(Annuity)                 | 10/03/2020        | 10/03/2040      | 18,348.35      | 2.06          |
| PWLB(Annuity)                 | 11/03/2020        | 11/03/2045      | 18,737.11      | 1.98          |
| PWLB(Maturity)                | 15/12/2020        | 15/12/2070      | 20,000.00      | 1.33          |
| PWLB(Maturity)                | 23/12/2020        | 23/12/2030      | 20,000.00      | 1.02          |
| PWLB(Maturity)                | 23/12/2020        | 23/12/2055      | 20,000.00      | 1.50          |
| PWLB(Annuity)                 | 12/07/2021        | 12/07/2039      | 19,444.44      | 1.38          |
| PWLB(Maturity)                | 12/07/2021        | 13/07/2071      | 20,000.00      | 1.71          |
| PWLB(Maturity)                | 17/11/2021        | 17/11/2071      | 20,000.00      | 1.51          |
| PWLB(Maturity)                | 07/12/2021        | 07/12/2071      | 30,000.00      | 1.37          |
| PWLB(Maturity)                | 16/12/2021        | 16/12/2066      | 30,000.00      | 1.31          |
| PWLB(Maturity)                | 16/12/2021        | 16/12/2071      | 20,000.00      | 1.25          |



|   |                   |                 |                     |               |
|---|-------------------|-----------------|---------------------|---------------|
| DEXIA (Maturity - LOBO)                     | 30/06/2008        | 30/06/2077      | 10,000.00           | 3.98          |
| L1 RENEW (Annuity)                          | 15/12/2016        | 01/10/2046      | 6,768.06            | 3.44          |
| EIB (Annuity)                               | 30/01/2015        | 31/03/2044      | 74,220.26           | 2.21          |
| <b>Total GF Long Term Borrowing</b>         |                   |                 | <b>720,509.11</b>   |               |
| <b>Lender</b>                               | <b>Start Date</b> | <b>End Date</b> | <b>Amount</b>       | <b>Rate %</b> |
| MIDDLESBROUGH TEESIDE                       | 11/02/2021        | 11/05/2021      | 10,000.00           | 0.50          |
| NEWCASTLE CITY COUNCIL                      | 17/02/2021        | 17/05/2021      | 10,000.00           | 0.54          |
| CITY & COUNTY of SWANSEA                    | 22/02/2021        | 24/05/2021      | 5,000.00            | 0.56          |
| L B REDBRIDGE                               | 10/12/2020        | 10/06/2021      | 5,000.00            | 0.56          |
| Basildon District Council                   | 10/03/2021        | 10/06/2021      | 5,000.00            | 0.64          |
| CHELMSFORD CC                               | 19/02/2021        | 19/08/2021      | 5,000.00            | 0.65          |
| MIDDLESBROUGH BC                            | 19/02/2021        | 19/08/2021      | 5,000.00            | 0.60          |
| Neath Port Talbot CBC                       | 19/02/2021        | 19/08/2021      | 4,000.00            | 0.60          |
| Cambridge City Council                      | 19/02/2021        | 19/08/2021      | 5,000.00            | 0.60          |
| VALE OF GLAMORGAN                           | 22/02/2021        | 23/08/2021      | 5,000.00            | 0.64          |
| NEWPORT CITY COUNCIL                        | 22/02/2021        | 23/08/2021      | 4,000.00            | 0.62          |
| <b>GF Total ST Borrowing</b>                |                   |                 | <b>63,000.00</b>    |               |
| <b>Total General Fund and HRA Borrowing</b> |                   |                 | <b>1,079,421.11</b> |               |

## 6. Commercial and Reside Loans Outturn

- 6.1 The Council has several loans including working capital, residential property loans and a prepayment to the pension fund. These are outlined in table 6 below:

**Table 6: Commercial and Reside Loans at 31 March 2022**

| <b>Counterparty</b>             | <b>Loan Type</b>   | <b>Value £000s</b> |
|---------------------------------|--------------------|--------------------|
| B&D Homes Ltd                   | Commercial Loan    | 4,100.00           |
| B&D Homes Ltd                   | Commercial Loan    | 6,450.70           |
| Barking Enterprise Centre       | Commercial Loan    | 142.62             |
| BARKING RIVERSIDE LTD           | Commercial Loan    | 5,500.00           |
| BD ENERGY LTD                   | Commercial Loan    | 4,016.77           |
| BD ENERGY LTD                   | Commercial Loan    | 1,953.13           |
| BD ENERGY LTD                   | Commercial Loan    | 954.87             |
| BD Muller Developments          | Commercial Loan    | 26,661.68          |
| BD TP Working Capital           | Commercial Loan    | 1,500.00           |
| LEUK                            | Commercial Loan    | 24,867.85          |
| BE-FIRST LTD                    | Commercial Loan    | 4,769.41           |
| CARE CITY                       | Commercial Loan    | 31.21              |
| Dagenham & Redbridge FC         | Commercial Loan    | 81.11              |
| Reside Abbey Roding LLP         | Commercial Loan    | 47.68              |
| Reside Ltd                      | Commercial Loan    | 308.83             |
| Reside Regeneration LLP         | Commercial Loan    | 6,400.43           |
| Reside Regeneration Ltd         | Commercial Loan    | 168.82             |
| Reside Weavers LLP              | Commercial Loan    | 34,553.14          |
| Reside Weavers LLP              | Commercial Loan    | 66.29              |
| Reside Weavers LLP              | Commercial Loan    | 2,200.73           |
| TPFL Regeneration Ltd           | Other              | 162.5              |
| <b>BD Muller Developments</b>   | <b>Equity</b>      | <b>23,348.97</b>   |
| <b>Total Loans &amp; Equity</b> |                    | <b>148,286.74</b>  |
| LBBB Pension Fund               | Pension Prepayment | 20,000.00          |

- 6.2 The majority of the loans outlined above are secured against an asset or a guarantee. Where the loan is unsecured the company is closely monitored to ensure that it remains viable.
- 6.3 Loans against residential properties (Reside Loans) are very long term, with the loan duration of up to 55 years (to match the asset life of the asset it is secured against). A repayment schedule, based on an annuity repayment, is in place for each loan.
- 6.4 Commercial loans durations vary with most of the loans having a maximum duration of 5 years. Each loan has a state aid compliant interest rate and have been agreed at Cabinet. A number of loans are linked to the Bank of England base rate and these will provide an increased return for 2022/23 due to the increase in base rate to 1.0%.
- 6.5 The Pension Fund amount is a prepayment of pension contributions totalling £40m and also includes a short-term loan. The prepayment provides the pension fund with cash, which it uses to fund investments in infrastructure but also provides a return to the Council from making the payment early. Each month a portion of the loan is repaid and the actual contribution for the month is paid by the Council to ensure that the correct contribution rate is paid to the pension fund.
- 6.6 The loan and equity investment in BD Muller Developments was for the purchase of the Muller site in Chadwell Heath, which was sold and the loan repaid in April 2022. The equity element will be repaid when the final payment is received in December 2022.
- 6.7 **Potential Loan Impairment**
- 6.7.1 The Council has loaned one of its subsidiary companies, BDTP, £24.87m to purchase a company, London East UK (LEUK). The loan is secured against the land held by LEUK and BDTP. Included in the loan agreement is a breach clause, whereby a breach occurs if the combined value of LEUK and BDTP is below the outstanding loan balance. Since the purchase, BDTP has sold two parcels of land and has used the proceeds from the sale to fund losses incurred by BDTP over the past two years. As a result, the valuation of the land held by LEUK has reduced, with the latest valuation being £21.7m, which is below the outstanding loan value of £24.87m, a difference of £3.17m.
- 6.7.3 BDTP are currently working on the accounts for both LEUK and BDTP and they have advised that potentially there will be a relatively small breach. The size of the breach will only be confirmed when final accounts have been produced.
- 6.7.4 Where the outstanding loan is higher than the value of BDTP and LEUK, there is the potential for an impairment (recognize a loss) to be required.

## **7. Investment and Acquisition Strategy Outturn**

### **7.1 Council's Growth Strategy**

7.1.1 In 2015, the Growth Commission Report – “No-one left behind: in pursuit of growth for the benefit of everyone”, recommended the establishment of a Borough-wide regeneration vehicle that would be an early statement of the Council's intent to increase the pace of regeneration of the borough.

7.1.2 Subsequently Be First was set up to deliver the Council's long-term strategic regeneration objectives, including enhancing economic growth and prosperity for the people of Barking and Dagenham. In addition, Be First has been charged with delivering significant financial benefits to the council by bringing forward returns in New Homes Bonus, Council Tax and NNDR, and delivering dividends to the Council.

7.1.3 In October 2016, Cabinet agreed an Investment and Acquisition Strategy (IAS) and an Investment Panel was also established and charged with managing an investment portfolio. In 2017 the Council revised the IAS, with a revised strategy subsequently taken to Cabinet each year, the last one agreed was at the October 2020 Cabinet.

7.1.4 The IAS was originally set a target of delivering a net income of £5.13m per annum by 2021/22. Subsequently £0.60m was added as an additional target for the Abbey Road scheme and a further £0.91m was added as a return target for the CR27 income strip deal. As a result, for 2021/22 and for 2021/22 the total return target is £6.64m.

### **7.2 Overall Summary**

7.2.1 In 2021/22 the IAS returned £5.4m against a revised target of £6.75m, which equates to an underachievement of £1.3m.

7.2.2 The main reasons for the lower return includes delays in a number of residential schemes becoming operational, an increase in bad debt, predominantly from Heathway. In addition, security costs on a number of commercial and residential site impacted the return.

7.2.3 A bad debt provision (including 100% provision in some cases) has been included as part of the commercial return, with most of the provision made against outstanding debt from the purchase of the Heathway Shopping centre and it is likely that some of these debts will need to be written off. The commercial return is predominantly income from sites acquired as part of land assembly in Thames Road.

7.2.4 Minimum Revenue Provision (MRP) payments were made on three of the commercial assets that are being held as long-term investments, including Travelodge, Welbeck and Restore, with MRP on Pianoworks to start in 2022/23. No MRP was charged on the other sites as they are part of land assembly for Thames Road. A summary of the outturn for each income type is provided in table 7 below:

**Table 7: IAS Outturn 2021/22**

| <b>Income Type</b>         | <b>Actual</b> | <b>Target</b> | <b>Variance</b> |
|----------------------------|---------------|---------------|-----------------|
| Residential                | 506           | 2,000         | -1,494          |
| Abbey Road                 | 600           | 600           | 0               |
| <b>Total Residential</b>   | <b>1,106</b>  | <b>2,600</b>  | <b>-1,494</b>   |
| Commercial Income          | 5,402         | 2,485         | 2,917           |
| MRP                        | -399          |               | -399            |
| Bad Debt Provision         | -267          |               | -267            |
| Support Costs              | -233          |               | -233            |
| Security Costs             | -464          |               | -464            |
| Other costs                | -525          |               | -525            |
| Brokerage                  | -229          |               | -229            |
| Surplus Income to Be First | -531          |               | -531            |
| <b>Total Commercial</b>    | <b>2,754</b>  | <b>2,485</b>  | <b>269</b>      |
| <b>Other Commercial</b>    | <b>800</b>    | <b>800</b>    | <b>0</b>        |
| <b>CR27</b>                | <b>774</b>    | <b>862</b>    | <b>-88</b>      |
| <b>IAS Total</b>           | <b>5,434</b>  | <b>6,747</b>  | <b>-1,313</b>   |

7.2.5 Residential income covers only the surplus from Abbey Road. The remaining Reside surpluses have not been included as the outturn position for Reside is not finalised. It is expected that Reside will provide additional returns, which will be accrued in 2021/22. Any additional surpluses from Reside will be transferred to the Investment Reserve, subject to Member approval.

7.2.6 For 2021/22, total gross spend on the investment strategy was £282.9m. The split between residential, commercial, and temporary accommodation is below:

**Table 7: IAS Capital Spend 2021/22**

| <b>IAS</b>               | <b>£000</b>    |
|--------------------------|----------------|
| Residential Developments | 271,049        |
| Temporary Accommodation  | 945            |
| Commercial Investments   | 10,929         |
| <b>Investments Total</b> | <b>282,923</b> |

7.2.7 For 2022/23 it is likely that there will remain a reliance on returns from the commercial properties but there will be a shift towards the majority of the return coming from residential schemes that will become operational in 2022/23 and from an improvement in the returns from the current Reside schemes. A list of residential schemes that became operational, started on site or were agreed in 2021/22 is provided in table 8, 9 and 10:

**Table 8: Residential Schemes Completed in 2021/22**

| Project             | BP Homes   | Net Costs (£m) | Q4 2021/22 update                                  | Actual delivered | Actual Net Costs (£) |
|---------------------|------------|----------------|--|------------------|----------------------|
| Sacred Heart        | 29         | £9m            | Completed Q4 2021/22                               | 29               | £8.1m                |
| Melish & Sugden Way | 19         | £5m            | Sugden completed Jan-21<br>Melish delayed to 22/23 | 13<br>(Sugden)   | £2.5m<br>(Sugden)    |
| A House for Artists | 12         | £3m            | Completed Q3 2021/22                               | 12               | £3.6m                |
| Becontree Ave. 200  | 19         | £6m            | Completed Q4 2021/22                               | 19               | £5m                  |
| Sebastian Court     | 95         | £20m           | 33 Block C completed Q3 2021/22                    | 33               | £5.4m                |
|                     |            |                | Blocks A & B handover in Q1 22/23                  | -                |                      |
| Margaret Bondfield  | 15         | £4m            | Project on hold                                    | -                | -                    |
| GE P2 – Block C     | 52         | £13m           | Completed Q4 2021/22                               | 52               | £12.1m               |
| <b>Subtotal</b>     | <b>241</b> | <b>£60m</b>    | <b>N/A</b>   | <b>145</b>       | <b>£36.7m</b>        |
| GWP1                | 201        |                | Completed Q4 2021/22                               | 201              | £63m                 |
| <b>Total homes</b>  | <b>442</b> |                | <b>N/A</b>   | <b>346</b>       | <b>£99.7</b>         |

**Table 9: Start on Site Pipeline units in 2021/22**

| Project                | BP Homes   | Net Costs (£m) | Start on Site | Q4 2021/22 update                 |
|------------------------|------------|----------------|---------------|-----------------------------------|
| Oxlow Lane             | 62         | £13m           | Q2 21/22      | Commenced                         |
| RBL/Jervis Court       | 64         | £19m           | Q4 21/22      | Negotiations ongoing              |
| Roxwell Road           | 87         | £20m           | Q2 21/22      | Contract award Q1 2022/23         |
| Brocklebank            | 41         | £10m           | Q4 21/22      | Q3 2022/23                        |
| Industria              | 9,000 m2   | £34m           | Q2 21/22      | Q3 2021/22                        |
| <b>Total as per BP</b> | <b>254</b> | <b>£96m</b>    | <b>N/A</b>    |                                   |
| GE Ph2 E1              | 112        |                | Q1 21/22      | Q2 2022/23 – currently not Viable |
| 12 Thames Road         | 156        | £55.6m         | Q1 21/22      | Commenced                         |
| GE3A Block I           | 102        | £71m           | Q4 21/22      | Commenced                         |

**Table 10: Start on Site Pipeline - Turnkey units in 2021/22**

| Project                | BP Homes     | Net Costs (£m) | BP Start on Site | Q4 2021/22 update                   |
|------------------------|--------------|----------------|------------------|-------------------------------------|
| Beam Park              | 936          | £282m          | Q1 21/22         | Exchanged Q4 2021/22 - SoS Jan 2023 |
| Town Quay Wharf        | 62           | £14m           | Q1 21/22         | Dec 2022                            |
| Trocoll House          | 198          | £64m**         | Q4 21/22         | Contract signed Q3 2021/22          |
| Church Elm Lane        | 85           | £21m           | Q4 21/22         | On hold                             |
| Ecoworld               | 562          | £132m          | Q4 21/22         | Negotiations ongoing                |
| <b>Total as per BP</b> | <b>1,843</b> | <b>£513m</b>   | <b>N/A</b>       |                                     |

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

- 8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordable limits) are included in the approved Treasury Management Strategy (TMSS).
- 8.2 During the financial year to date the Council has operated within and complied with the treasury limits and Prudential Indicators set out in the Council's annual TMSS. The Council's prudential indicators are set out in Appendix 1 to this report. In 2021/22, the Council did not breach its authorised limit on borrowing of £1.8bn or its Operational limit of £1.7bn.

## **9. Options Appraisal**

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

## **10. Consultation**

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

## **11. Financial Implications**

Implications completed by: Katherine Heffernan, Finance Group Manager

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

## **12. Legal Implications**

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

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

### **13. Risk Management**

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

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

#### **List of appendices:**

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

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## The Prudential Code for Capital Investment in Local Authorities

### 1. Introduction

1.1 There are a number of treasury indicators which previously formed part of the Prudential Code, but which are now more appropriately linked to the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code). Local authorities are still required to “have regard” to these treasury indicators.

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

- Authorised limit for external debt;
- Operational boundary for external debt; and
- Actual external debt.

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

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

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

2.3 Net borrowing should not therefore, except in the short term, have exceeded the Capital Financing Requirement (“CFR”) for 2021/22 plus the expected changes to the CFR over 2021/22 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2021/22.

2.4 For a number of years, the Council has used borrowing to fund its Investment and Acquisition Strategy (IAS), which is predominantly focused on the regeneration of the borough and the provision of affordable housing. Prior to any investment a scheme is appraised to ensure that it is financially viable and provides a contribution to the Council that will, at a minimum, cover its interest costs and Minimum Revenue Provision (MRP) contribution, as well as pay for its management and maintenance costs. The IAS will result in a significant increase in the Council’s borrowing, but this will be supported by an asset of a similar value being built and cash flows into the Council to support the increased borrowing.

- 2.5 Once a scheme is agreed and after development starts, treasury will seek to secure the borrowing to fund the scheme at a competitive rate. As such, from time to time, the Council may hold a higher-than-average cash balance as it holds the borrowed amount until it is required for the investment. It also means that decisions made on future schemes may have different borrowing rate assumptions, depending on borrowing rates at the time.
- 2.6 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.
- 2.7 **The authorised limit** – This sets the maximum level of external borrowing on a gross basis (i.e. Not net of investments) and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as Affordable Limit).
- 2.8 **The operational limit** – This links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limits reflecting the most likely prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit for future known capital needs now. It should act as a monitor indicator to ensure the authorised limit is not breached.
- 2.9 **Total external borrowing**, including PFI and Finance Leases at 31 March 2022 was £1.35bn, which is lower than the Approved Authorised Limit of £1.8bn and Operational Boundary of £1.7bn. During 2021/22 there were no breaches of these limits.

### **3. Capital Outturn and Capital Finance Requirement for 2021/22**

- 3.1 The 2021/22 gross Capital Spend was £360.4m against a budget of £468.8m, an underspend of £108.3m or 23.1%. with most of the spend in the IAS (£282.9m), Education, Youth and Childcare (£26.6m) and HRA (£24.0m).
- 3.2 The HRA programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore, they do not pose a pressure on the General Fund, in terms servicing the cost of borrowing.
- 3.3 The 2021/22 outturn position is detailed in table 1 below, including the net financing need for 2021/22.

**Table 1: 2021/22 Capital Outturn and Financing**

| Capital Expenditure by Service         | 2021/22<br>Outturn | Mar 2022<br>Revised<br>Budget | Over /<br>(Under)<br>spend |
|--|--------------------|-------------------------------|----------------------------|
|  | £000s              | £000s                         | £000s                      |
| Adults Care & Support                  | 1,148              | 1,582                         | -434                       |
| Community Solutions                    | 70                 | 74                            | -4                         |
| CIL                                    | 925                | 1,501                         | -576                       |
| Culture, Heritage & Recreation         | 3,107              | 8,894                         | -5,787                     |
| Enforcement                            | 705                | 724                           | -19                        |
| Inclusive Growth                       | 4,513              | 10,236                        | -5,723                     |
| Transport for London schemes           | 1,114              | 1,446                         | -332                       |
| My Place                               | 5,548              | 7,144                         | -1,596                     |
| Public Realm                           | 1,386              | 1,657                         | -271                       |
| Education, Youth and Childcare         | 26,592             | 44,093                        | -17,501                    |
| Devolved Formula Capital               | 1,857              | 1,650                         | 207                        |
| Other                                  | 360                | 1,765                         | -1,405                     |
| <b>General Fund</b>                    | <b>47,326</b>      | <b>80,766</b>                 | <b>-33,440</b>             |
| <b>HRA</b>                             |                    |                               |                            |
| Stock Investment (My Place)            | 16,348             | 35,129                        | -18,781                    |
| Estate Renewal (Be First)              | 6,953              | 5,155                         | 1,798                      |
| New Build Schemes (Be First)           | 667                | 2,908                         | -2,241                     |
| <b>HRA Total</b>                       | <b>23,968</b>      | <b>43,192</b>                 | <b>-19,224</b>             |
| <b>IAS</b>                             |                    |                               |                            |
| Residential Developments               | 271,049            | 297,689                       | -26,640                    |
| Temporary Accommodation                | 945                | 5,749                         | -4,804                     |
| Commercial Investments                 | 10,929             | 33,321                        | -22,392                    |
| <b>IAS Total</b>                       | <b>282,923</b>     | <b>336,759</b>                | <b>-53,835</b>             |
| <b>Transformation</b>                  |                    |                               |                            |
| Dispersed Working                      | 412                | 1,220                         | -808                       |
| Core                                   | 968                | 2,119                         | -1,151                     |
| ERP                                    | 4,813              | 4,701                         | 112                        |
| <b>Transformation</b>                  | <b>6,194</b>       | <b>8,040</b>                  | <b>-1,846</b>              |
| <b>Approved Capital Programme</b>      | <b>360,411</b>     | <b>468,757</b>                | <b>-108,346</b>            |
| Financed by:                           |                    |                               |                            |
| Grants                                 | -35,644            | -69,927                       | 34,283                     |
| s106                                   | -29                | -254                          | 225                        |
| CIL                                    | -1,926             | -                             | -1,926                     |
| Capital Receipts                       | -5,500             | -6,094                        | 594                        |
| MRR                                    | -17,820            | -37,752                       | 19,932                     |
| RCCO (GF)                              | -1,294             | -1,968                        | 674                        |
| RCCO (HRA)                             | -5,934             | -28,981                       | 23,047                     |
| Sub-Total                              | -68,146            | -144,976                      | 76,830                     |
| <b>Net financing need for the year</b> | <b>292,265</b>     | <b>323,781</b>                | <b>-31,515</b>             |

- 3.4 The movement in the CFR is outlined in table 2 below. Overall, 2021/22 ended with an under borrowed position of £120.2m, calculated as CFR less Total Debt, but was well below the operational boundary and authorised limit.

**Table 1: 2021/22 CFR and Borrowing**

| <b>Prudential Indicator – Capital Financing Requirement</b> |                  |                  |                |
|---|------------------|------------------|----------------|
|   | <b>£000s</b>     | <b>£000s</b>     | <b>£000s</b>   |
| <b>Opening CFR at 31 March 2021</b>                         | 1,117,439        | 1,117,439        | 0              |
| CFR – General Fund  | 279,555          | 305,440          | -25,885        |
| CFR – Housing   | 0                | 0                | 0              |
| <b>Total CFR as at 31 March 2022</b>                        | <b>1,396,994</b> | <b>1,422,879</b> | <b>-25,885</b> |
| <b>Net movement in CFR</b>                                  | <b>279,555</b>   | <b>305,440</b>   | <b>-25,885</b> |
| <b>Net financing need for the year</b>                      | <b>292,265</b>   | <b>323,781</b>   | <b>-31,515</b> |
| <b>Less: MRP*</b>   | -12,710          | -12,247          | -463           |
| <b>Less: Capital Receipts</b>                               |                  | -6,094           | 6,094          |
| <b>Movement in CFR</b>                                      | <b>279,555</b>   | <b>305,440</b>   | <b>-25,885</b> |
| Long & Short-Term Borrowing                                 | 1,079,421        | 1,063,850        | 15,571         |
| PFI and finance lease liabilities                           | 197,357          | 200,365          | -3,008         |
| <b>Total debt 31 March 2022</b>                             | <b>1,276,778</b> | <b>1,264,215</b> | 12,563         |
| <b>Operational Boundary</b>                                 | <b>1,700,000</b> | <b>1,700,000</b> | 0              |
| <b>Authorised Limit</b>                                     | <b>1,800,000</b> | <b>1,800,000</b> | 0              |
| <b>Under/(Over) Borrowing</b>                               | <b>120,216</b>   |                  |                |

#### 4. Affordability Prudential Indicators.

- 4.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.
- 4.2 The ratio of financing costs to net revenue stream. This indicator identifies the cost of capital (borrowing and MRP net of investment income) against the net revenue stream. For 2021/22 this was 3.96%, with most of the cost being MRP.
- 4.3 In future the interest payable is likely to increase significantly as the Council continues to borrow and the treasury income is likely to reduce as cash balances are reduced. In addition, as schemes become operational, then interest will no longer be capitalised. At this point the interest costs will be covered, with a margin, from the cashflows coming from the assets being built. There is also forecast to be an increase in investment income from the various investments, including both residential and commercial.

**Table 2: Ratio of financing costs to net revenue stream 2021/22**

|                                      | 2021/22<br>Outturn | Mar 2022<br>Revised<br>Budget | Over /<br>(Under)<br>spend |
|--------------------------------------|--------------------|-------------------------------|----------------------------|
|                                      | £000s              | £000s                         | £000s                      |
| <b>Net Cost of Services</b>          | <b>168,614</b>     | <b>161,318</b>                | <b>7,296</b>               |
| MRP                                  | 12,710             | 12,247                        | 463                        |
| GF Borrowing costs                   | 13,536             | 14,121                        | - 585                      |
| GF Interest Income                   | -8,495             | -6,503                        | - 1,992                    |
| Capitalised Interest (21/22)         | -5,463             | -5,000                        | - 463                      |
| Investment Income                    | -5,611             | -6,782                        | 1,171                      |
| <b>Net GF Cost</b>                   | <b>6,677</b>       | <b>8,083</b>                  | <b>-1,406</b>              |
| <b>Financing Cost to Net Revenue</b> | <b>3.96%</b>       | <b>5.01%</b>                  |                            |
| HRA Interest Payable                 | <b>10,503</b>      | <b>10,503</b>                 | <b>0</b>                   |
| <b>Total Net Cost</b>                | <b>17,180</b>      | <b>18,586</b>                 | <b>-1,406</b>              |

## 5. Limits for Fixed and Variable Interest Exposure

- 5.1 The following prudential indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%. Table 3 shows the fixed and variable interest rate exposure.

**Table 3: Fixed and variable rate exposure 2021/22 TO 2023/24**

| Interest rate exposures                                    | 2021/22      | 2022/23      | 2023/24      |
|--|--------------|--------------|--------------|
|  | <b>Upper</b> | <b>Upper</b> | <b>Upper</b> |
| <b>Limits on fixed interest rates based on net debt</b>    | 100%         | 100%         | 100%         |
| <b>Limits on variable interest rates based on net debt</b> | 70%          | 70%          | 70%          |
| <b>Limits on fixed interest rates:</b>                     |              |              |              |
| • <b>Debt only</b>   | 100%         | 100%         | 100%         |
| • <b>Investments only</b>                                  | 90%          | 90%          | 90%          |
| <b>Limits on variable interest rates</b>                   |              |              |              |
| • <b>Debt only</b>   | 70%          | 70%          | 70%          |
| • <b>Investments only</b>                                  | 80%          | 80%          | 80%          |

## 6. Maturity Structure of Fixed Rate Borrowing

- 6.1 This prudential indicator deals with projected borrowing over the period and the rates that they will mature over the period. The majority of General Fund borrowing is either equal instalment repayment or annuity repayment, which means that each

year a part of the loan is repaid. Table 4 summarises the borrowing structure based on £981.688m of long and short-term borrowing.

**Table 4: Borrowing as at 31 March 2022**

| <b>Maturity structure of fixed interest rate borrowing 2021/22</b> |                        |              |              |
|--|------------------------|--------------|--------------|
|  | <b>Actual Position</b> | <b>Lower</b> | <b>Upper</b> |
| <b>Under 12 months</b>   | 5.84%                  | 0%           | 50%          |
| <b>12 months to 2 years</b>  | 0.0%                   | 0%           | 60%          |
| <b>2 years to 5 years</b>  | 0.0%                   | 0%           | 70%          |
| <b>5 years to 10 years</b>   | 1.85%                  | 0%           | 70%          |
| <b>10 years and above</b>  | 92.31%                 | 0%           | 100%         |

## 7. Investments over 364 days

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

| <b>Maximum principal sums invested &gt; 364 days £'000s</b> | <b>2021/22<br/>£000's</b> | <b>2022/23<br/>£000's</b> | <b>2023/24<br/>£000's</b> |
|---|---------------------------|---------------------------|---------------------------|
| <b>Principal sums invested &gt; 364 days</b>                | 350,000                   | 300,000                   | 250,000                   |

## 8.1 Summary Assessment

- 8.1 The outturn position is set out above in respect of the Prudential Indicators approved by Assembly in February 2021.
- 8.2 The outturn figures confirm that the limits and controls set for 2021/22 were applied throughout the year, and that the treasury management function adhered to the key principles of the CIPFA Prudential Code of prudence, affordability, and sustainability. The treasury management indicators were regularly monitored throughout 2021/22.

## Glossary of Terms

1. **CFR:** capital financing requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.
2. **CIPFA:** Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.
3. **CPI:** consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.
4. **ECB:** European Central Bank - the central bank for the Eurozone
5. **EU:** European Union
6. **EZ:** Eurozone -those countries in the EU which use the euro as their currency
7. **Fed:** the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.
8. **FOMC:** the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.
9. **GDP:** gross domestic product – a measure of the growth and total size of the economy.
10. **G7:** the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.
11. **Gilts:** gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.
12. **HRA:** housing revenue account.
13. **IMF:** International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

14. **LIBID:** the London Interbank Bid Rate is the rate bid by banks on deposits i.e., the rate at which a bank is willing to borrow from other banks. It is the "other end" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). These benchmarks ceased on 31<sup>st</sup> December 2021 and have, generally, been replaced by SONIA, the Sterling Overnight Index Average.
15. **MHCLG:** the Ministry of Housing, Communities and Local Government - the Government department that directs local authorities in England.
16. **MPC:** the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.
17. **MRP:** minimum revenue provision - a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).
18. **PFI:** Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.
19. **PWLB:** Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.
20. **QE:** quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.
21. **RPI:** the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – Consumer Price Index. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.
22. **SONIA:** the Sterling Overnight Index Average. Generally, a replacement set of indices (for LIBID) for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.



23. **TMSS:** the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.
24. **VRP:** a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

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## CABINET

21 June 2022

|   |  |
|---|--|
| <b>Title:</b> Contract for the Provision of Supported Accommodation at The Vineries   |  |
| <b>Report of the Cabinet Member for Children's Social Care &amp; Disabilities and Cabinet Member for Adult Social Care &amp; Health Integration</b>   |  |
| <b>Open Report</b>  | <b>For Decision</b>  |
| <b>Wards Affected:</b> All  | <b>Key Decision:</b> No  |
| <b>Report Author:</b><br>Mazeda Bellevue – Commissioning Manager  | <b>Contact Details:</b><br>Tel: 020 8227 5466<br>E-mail: mazeda.bellevue@lbbd.gov.uk |
| <b>Accountable Director:</b> April Bald; Operational Director, Children's Care and Support  |  |
| <b>Accountable Strategic Leadership Director:</b> Elaine Allegretti, Strategic Director, Children and Adults  |  |
| <p><b>Summary:</b></p> <p>This report sets out proposals to commence a Procurement exercise for the provision of Supported Accommodation for 16- to 19-year-old Looked after Children, Care Leavers and Vulnerable Homeless young people.</p> <p>The procurement process will involve the re tendering of an existing provision of supported accommodation at The Vineries using an updated specification that outlines changes to the housing landscape and local needs and priorities with regards to homeless vulnerable young people including Looked After children and Care Leavers.</p> <p>This will be a single stage tender using the Open Process with a four (4) year contract in place (2+1+1) and include an extension period.</p> <p>The service being procured falls within the services under the Light Touch Regime under the Public Contracts Regulations 2015 (the Regulations). The value of the contract is above the threshold requiring competitive tender under the Regulations. There are no prescribed procurement processes under the light touch regime, therefore the Council may use its discretion as to how it conducts the procurement process provided that it complies with principles of transparency and equal treatment of economic operators; conducts the procurement in conformance with the information that it provides in the Find a Tender advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate.</p> |  |
| <b>Recommendation(s)</b>  |  |
| The Cabinet is recommended to:  |  |
| (i) Agree that the Council proceeds with the procurement of a four-year contract for the provision of Supported Accommodation for 16- to 19-year-old Looked after Children, Care Leavers and Vulnerable Homeless Young People in accordance   |  |

with the Council's Contract Rules and in accordance with the strategy set out in the report; and

- (ii) Delegate authority to the Strategic Director, Children's and Adults, in consultation with the relevant Cabinet Members, the Director of Finance and Investment and the Chief Legal Officer, to conduct the procurement and award and enter into the contracts and relevant extension periods and all other necessary or ancillary agreements with the successful bidder, in accordance with the strategy set out in the report.

### **Reason(s)**

To support the Council's vision to "protect the most vulnerable, keeping adults and children healthy and safe" and "provide an appropriate, best-value service that delivers excellent outcomes for children and young people) and to enable the Council to fulfil its statutory duties as prescribed by the:

- (i) Children (Leaving Care) Act 2000 (s23a and s23b)
- (ii) Children Act 1989 (s17 and s20)
- (iii) Housing Act 1996 (s188, s189 and s195)

## **1. Introduction and Background**

- 1.1 The index of multiple deprivation (IMD) is the official measure of relative deprivation for small areas or neighbourhoods in England. Barking and Dagenham has: the 21st highest IMD score in England (based on 317 local authority districts, where 1 is the most deprived and 317 is the least deprived) including the highest IMD score in London.
- 1.2 Research suggests that poverty is a precursor to homelessness. Contributory factors such as low incomes, worklessness and having to rely on welfare benefits all exacerbate pressures within families which can often lead to relationship breakdown between young people and their families.
- 1.3 Young people who become homeless in their adolescence are more likely to experience severe and multiple disadvantage such as poverty, substance misuse, issues, mental health problems, trauma, social isolation and can often be victims of exploitation.
- 1.4 Over the last decade, the housing landscape on both a national and local level has seen some significant changes as a result of increased demand on both the social and private sector housing. This has led to changes in local housing policies to meet the demands which include the introduction and the development of a local housing offer for vulnerable residents which enables outcomes and makes cost-effective use of supply as a corporate priority in Barking and Dagenham.
- 1.5 This report seeks approval to go out to re-tender and procure an external provider to deliver Supported Accommodation for 16- to 19-year-old single homeless young people at the Vineries, to enable the borough to continue to meet the needs of vulnerable young people.

## 1.6 Legislative Context

- 1.6.1 The Council has a legal responsibility to safeguard and promote the welfare and upbringing of children and young people within the area by their families in accordance with section 17 of the Children's Act 1989.
- 1.6.2 The Council currently provides accommodation to 317 Care Leavers (as of 1st March 2022) and has a duty under the Children's (Leaving Care) Act 2000 to ensure that young people who have been looked after by a Local Authority move from care into living independently in as stable a fashion as possible.
- 1.6.3 In addition to the duties set out for care leavers, the Council also has additional duties as outlined in the Southwark Judgement (case law) which places a duty on children's social care to assess young people aged 16 and 17 who present to the Local Authority as homeless. Following assessment, if the young person is assessed as a 'child in need' and if so, requires accommodation, the young person must be accommodated under section 20 of Children Act 1989.
- 1.6.4 Accommodation provided under S20 is not limited to residential or foster care and can encompass a wide range of accommodation, which children's social care would be responsible for paying for.
- 1.6.5 LBBD has a Homeless 16/17-year-old Joint Working Protocol which is a partnership response to how both Children's Care and Support services will work with the Homeless Prevention Team within Community Solutions when a 16 or 17 year presents as homeless. The protocol works towards a trauma informed approach which aims to get those YP at risk, the right assistance as soon as they need it.
- 1.6.6 The joint working approach enables Children's Care and Support services and Housing Services to prevent a young person from becoming homeless and will be undertaken under both section 17 of the Children Act 1989 Act and section 195 of the Housing Act 1996.
- 1.6.7 A 16- or 17-year-old, who is competent and has all the information they need to make an informed decision, cannot be obliged to accept accommodation under S20 if they do not want it.
- 1.6.8 If the young person is assessed as not being a 'child in need' and in need of accommodation, then they should be referred for assessment by Housing to see if they are in priority need under section 189 of the Housing Act 1996.
- 1.6.9 LBBD received 166 homelessness applications for 16- to 19-year-olds between the 1 April 2021 to 28 February 2022 which includes Care Leavers (eligible and relevant child), former relevant children where a duty to accommodate was owed and those young people where no duty was owed, however the young person may have been deemed vulnerable therefore may have been seen as having a priority need. The Local Authority have a duty to secure accommodation for applicants who have a priority need for accommodation under section 189 (1) of the Housing Act and the Homelessness Order 2002.
- 1.6.10 If a young person aged 18 or 19 is assessed by the Homeless Prevention Team as being vulnerable and having a 'priority need (this can include, although not

exclusive to, young people who have been on remand or having served a custodial sentence), then accommodation must be provided under Section 193 (2) of the Housing Act 1996.

## 1.7 Data on Homeless Single Assessments

1.7.1 Data provided by the Performance and Information team have reported on the number of Homeless single assessments completed in January 2022.

1.7.2 The single assessment is completed when a young person aged 16 or 17 presents with a homelessness issue. The assessment is completed jointly with housing colleagues as outlined in LBBD's Joint Protocol.

1.7.3 A breakdown of the assessments completed in January 2022 are illustrated below:

- A total of 12 assessments were undertaken of which, 11 have been completed and 1 is ongoing.
- 11 (92%) of young people were aged 17 at the time of assessment and 1 was aged 16 (8%).
- 7 (58%) are Male, 5 (42%) are Female
- 6 (50%) are White British, 1 (8%) White Other, 1 (8%) Black African, 3 (25%) are Mixed and 1 (8%) was not recorded
- 7 (58%) were created by the Assessment Service, 4 (31%) by Family Support and Safeguarding Team, 1 by the Pre-Birth Team and 1 by the Exploitation Team
- 7 (58%) have had accommodation provided for them, 4 (33%) have not been provided with accommodation and 1 (8%) assessment is ongoing therefore a decision has not yet been reached.
- 9 (75%) young people have been placed in LBBD, 2 (16%) in Redbridge and 1 (8%) has not yet been placed
- 3 (25%) of young people have an outcome of LAC, 8 (67%) have an outcome of CIN and 1 (8%) is pending an outcome

1.7.4 The data suggests that only a quarter (25%) of those of 16- and 17-year-old who have been assessed as having a housing need, go on to become a 'Looked After Child' and around 67% remain a 'Child in Need' with a housing need.

1.7.5 It is recognised that for these groups of young people; (16+ care leavers, 16- and 17-year-old young people who have opted to not become 'Looked After Children' including vulnerable 18- and 19-year-olds), that they will likely require support to help them develop and learn independent living skills as this may be the first time, they have lived away from their family home or foster care.

1.7.6 To ensure that support is maintained from the onset, it would be appropriate to provide the young person with an offer of supported accommodation that provides them with the skills required to live independently and manage and sustain a long-term tenancy in the future.

1.7.7 The Vineries 24-hour provision offers low to medium support (5 hours per week) which enables the young person to receive accommodation and support at a reduced cost in comparison to alternative supported accommodation providers as the provision is block purchased and accommodation costs for those over 17 years

of age are covered by housing benefit. As customers are given individual tenancy agreements provided by the Housing provider – Clarion Housing. Voids are currently not funded.

## **1.8 The Vineries Supported Accommodation Provision**

- 1.8.1 The Vineries provides focused, short-term Accommodation Based Support for Single Homeless Young People aged 16 to 19 which is delivered by Look Ahead Care and Support. Clarion Housing Group, who are the landlords, own the building and provide housing management and overnight security staff. Look Ahead have a Service Level Agreement in place with Clarion Housing Group to ensure the day-to-day operational management of the building is maintained.
- 1.8.2 The London Borough of Barking & Dagenham currently holds a contract with Look Ahead Care and Support to provide low to medium support and accommodation for vulnerable young people aged 16 to 19 years at the Vineries.
- 1.8.3 The current contract for Look Ahead, has been in place since 2018 under the Semi Independent Supported and Independent Housing Services Framework and was due to expire on 31 March 2022. It has been extended until 31 December 2022 to enable a full procurement exercise to take place. The framework is currently under review.
- 1.8.4 The current contract with Look Ahead has no minimum value as services are sought if and when required. The final value of the contract is dependent on the number of referrals made to the provider.
- 1.8.5 Eligibility is for young people aged 16 - 19 years in housing need, either homeless or unsuitably / unsustainably housed. This includes Looked After Children who opt to 'move on' from Foster Care at 16+ or other Accommodation providers, 16 and 17 homeless young people accommodated under section 20 including those young people aged 16 and 17 who have made an informed choice not to be accommodated under section 20 and where a duty still lies under section 189 of the Housing Act.
- 1.8.6 The young people residing at the Vineries are deemed to have low to medium support needs. A maximum of five (5) hours of support per week is delivered to each young person. Support provided includes accessing education, training, and employment, managing finances, support with mental and physical health problems, emotional support, support with substance misuse etc.
- 1.8.7 The Vineries provides supported accommodation for 31 young people aged 16-19 for up to two years or until suitable move on accommodation has been secured. It comprises of eight (8) blocks with four (4) units per block with shared kitchen and bathroom (with 2 separate toilets) facilities in each block. The eight blocks are served by one shared communal living room/space and extensive outdoor space.
- 1.8.8 The vineries building is located in Dagenham Heathway and has good transport links across the borough and into central London. Young people placed here can continue to attend local schools and colleges and maintain contact and receive support from family and friends.

- 1.8.9 The service is staffed 24/7 with a team from Look Ahead of five support workers and one contract manager worker and two-night security staff. Night security staff work on a rota basis from 9pm – 8am
- 1.8.10 Each young person has a support/key worker who offers them support on a 1:1 basis. The service also provides group workshops and activities.
- 1.8.11 Once a young person completes their support and are considered 'ready for move on', they are supported to bid regularly for council accommodation and to look at private rented accommodation options.
- 1.8.12 The Vineries differs from other supported accommodation providers used by the council in that the young people placed there are offered a licence agreement which is a less restrictive form of a tenancy agreement, considering that a young person cannot legally hold a tenancy until they are 18 years old. This agreement prepares the young person to learn how to maintain a tenancy as well as building up a credit history through the setting up of a rent account which provides a level of financial independence for the future.
- 1.8.13 Dependent on circumstances, young people aged 16 – 19 who are not considered to be a 'relevant child' and those young people who are Care Leavers aged 18+ placed at the Vineries, are eligible to apply for housing benefit to cover both their rent and support costs (excludes personal care support) as the support will be factored into the Housing Benefit claim. The Landlord, Clarion Housing have been assessed by the councils HB department as being a Supported Accommodation provision under Housing Benefit Regulations.

## **1.9 Inhouse Service Review & QA Visit**

- 1.9.1 A review was held with colleagues in both Housing and Corporate Parenting to determine whether there was value in re-procuring the provision of Supported Accommodation at the Vineries. The review highlighted the need to continue to offer a provision of supported accommodation for 16 – 19-year-olds at The Vineries to allow the borough to continue to support Care Leavers into independence and for young people aged 16/17 who are not accommodated under section 20 of the Children Act (those that have been jointly assessed as having a housing and support need and do not wish to be 'looked after children').
- 1.9.2 The Vineries is currently the only Supported Accommodation provision in the borough for 16/17-year-old young people who have chosen not to be accommodated under section 20.
- 1.9.3 It was recognised that the current service specification for the Vineries, was outdated and there was a need to include a broader range of vulnerable groups that can access the provision. In addition to this it was recognised that the provision should have in place a key focus on 'move on options' to reduce the need for the council to provide social housing for those who have completed their support and are ready to 'move on'.
- 1.9.4 Findings from the most recent LBBB Quality Assurance visit held on the 21<sup>st</sup> July 2021, reported that two residents that had been spoken to, stated that were both happy with the service, praising the staff for support that they received and the



environment in which they lived. The QA report outlined that there was *‘evidence of good working relationships with local agencies; this included the Fire Brigade and Police, DABD & Barking & Dagenham College, whereby residents are offered the opportunity to enhance their English and Maths skills, and the NHS for both personal health and voluntary opportunities’*.

1.9.5 Room visits undertaken by the QA team, reported rooms to be in good condition that the property had been refurbished in 2016 and communal areas such as hallways, kitchens and toilets were all in a good state of repair and clean, with ample space in the garden with a decent sized allotment area which is maintained by staff and residents.

1.9.6 The QA visit did not flag up any Health & Safety concerns and reported that during the height of the Covid 19 pandemic, social distancing measures had been put in place with a ‘no mask, no entry’ policy being enforced and that a reduced visitor policy was awaiting approval. Following more recent government guidelines, these policies have now been relaxed.

#### 1.10 Young people/Consultation/Feedback

1.10.1 As part of the proposed procurement exercise to re tender the Vineries Supported Accommodation Provision and to measure the impact the Vineries has had on young people who currently reside there, service user consultations have taken place via questionnaires. The responses received are illustrated on The Vineries Semi - Independent Living Experience Feedback form that can be found at [Microsoft Forms \(office.com\)](#). Feedback received will be reflected in the new specification.

1.10.2 In addition to service user consultations, telephone consultations were held with a wider audience of young people placed in both 16+ and 18+ Supported Accommodation provisions across the borough to ensure that the design and delivery of any future service is based on the needs and experiences of young people who have lived in a supported accommodation environment.

1.10.3 The views and feedback of the young people consulted will be key to the development of a new specification to ensure that the service is ‘fit for purpose’.

1.10.4 The consultation focused on the following areas:

- The experiences of living in Supported Accommodation and the impact this has had on their lives.
- What worked well for them, in terms of support they received and what they feel needs to improve
- Their experiences of the referral process into supported accommodation? Does this work? Does this need to change, were their views captured?
- Their views are in terms of the length of time support is made available. For example, is 2 years enough or should this be extended to a longer period?
- Their move on experiences and what they feel needs to happen to ensure a smooth transition from SA to semi-independent, private sector etc.
- Their views on what a robust life skills programme should offer

- 1.10.5 Findings from the consultation suggest that most young people have found living in a Supported Accommodation provision/environment was a positive experience and felt that they were offered the right level of support they feel they needed. They went on to report that when learning to live independently, it was important that support offered should include key skills around; budgeting, debt management, help finding education and or employment, how to cook and registering with primary health care providers.
- 1.10.6 Some key areas for improvement were highlighted around the transition to 'move on' processes and practices where some young people had found this to be a challenge, reporting having 'to wait for a long time' to find suitable move on accommodation, not being aware of what types of 'move on' accommodation available to them and not having enough support from key professionals involved in their lives.
- 1.10.7 Further feedback was received around some young people feeling they needed more financial support when 'moving on' and also being made aware of what to expect from the early on, particularly around what types of accommodation is on offer.
- 1.10.8 Young people consulted with, were offered the opportunity to take part in a young people's evaluation panel, which will be crucial to the final evaluation process following the receipt of tenders. Having young people included into the evaluation process ensures that tenderers are selected based on their ability to respond to the needs of vulnerable groups of young people.
- 1.10.9 We have also taken into consideration and listened to the views of young Care Leavers around their experiences of 'moving on' from care and have responded to their feedback through the development of a young person friendly guide which outlines their housing options from 14 years old and onwards. This can be found on the borough website [B&D\\_CareLeavers\\_A4\\_7pp\\_SEP21\\_D4.pdf \(lbbd.gov.uk\)](https://www.lbbd.gov.uk/B&D_CareLeavers_A4_7pp_SEP21_D4.pdf).
- 1.10.10 In addition to this, we are currently exploring a Care Leavers Guarantor Scheme to open up the private rental market to eligible young people.

## **2. Proposed Procurement Strategy**

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

- 2.1.1 The supported accommodation provision at the Vineries currently provides crucial services to homeless young people aged 16 – 19, through the offer of accommodation including a programme of support that will help them to develop the required skills to live independently in the future.
- 2.1.2 A waiver was approved by Procurement Group on 21 March 2022 for an interim nine (9) month contract to be put in place whilst a procurement exercise is completed to re tender the service for 16- to 19-year-old homeless young people.
- 2.1.3 The service will provide focused, short-term accommodation-based support aimed at 16- to 19-year-old young people who have been assessed as having a housing need and require additional support (that can be completed within a period of two

years) to develop their life skills and prepare them to live independently and achieve a smoother transition into adulthood.

- 2.1.4 The service objectives at the Vineries will enable social inclusion, independence, choice, and control for young people over their lives, with, but not exclusive focus on supporting individuals to access and sustain accommodation, maintain health, maximise their finances, develop domestic and social skills and meet their potential and aspirations.
- 2.1.5 These objectives will be delivered through a tailor-made support plan for each individual, offering 1:1 and group activities covering key areas such as; money management/budgeting, accessing information and support for substance misuse, mental health, physical health and providing healthy relationship advice promoting positive lifestyle choices. In addition to this, support will be made available for young people who are NEET to access employment, training, and educational opportunities
- 2.1.6 The service will aim to reduce the inequalities experienced by many vulnerable young people living in Barking and Dagenham, through a provision of support that will help them to develop the required skills they need, to live independently in the future. The provision of support will include educational and employment opportunities that will promote self-growth as well as independence and financial stability which will increase their chances of sustaining a tenancy and achieving their aspirations.
- 2.1.7 The Service will work with service users to prepare them for ‘Move on options’, providing support to find them sustainable and affordable accommodation and sourcing options through nominations to Housing Associations, Social Housing, Semi-Independent Living providers and the Private Rented sector.
- 2.1.8 The Service will work with people who have a varying level and variety of needs to provide support that is appropriate to the service user needs and aspirations.
- 2.1.9 The Service will focus on the prevention of repeat homelessness and the loss of independence through tenancy breakdown, hospital admission, custody or other forms of institutionalised care.
- 2.1.10 The Service will support service users to access specialist services including health, substance misuse and benefits services and voluntary organisations, training and work opportunities as appropriate according to individual need.

**2.1.11 Procurement Timetable**

| <b>Activity</b>               | <b>Completion Date</b>       |
|-------------------------------|------------------------------|
| Report considered at Cabinet  | 21 June 2022                 |
| Prior Information Notice      | 22 June – 26 July 2022       |
| Advertise Tender on Bravo     | 1 August – 12 September 2022 |
| Deadline for provider Queries | 5 September 2022             |

|  |                                |
|--|--------------------------------|
| Stage 1 Evaluations – Individually score method statements | 14 September – 7 October 2022  |
| Stage 1 Evaluations - Group score method statements        | 11 October 2022                |
| Notify successful providers for presentation/interview     | 12 October 2022                |
| Stage 2 Evaluation - YP Panel Presentation/interview       | 24-28 October 2022             |
| Stage 2 - Final Evaluation                                 | 28 October 2022                |
| Provisional notification of successful provider            | 31 October 2022                |
| Alcatel (10-day standstill period)                         | 31 October – 11 November 2022  |
| Provider TUPE implementation/consultation (if applicable)  | 11 November – 23 December 2022 |
| Award Report – sign off                                    | 14 November – 18 November 2022 |
| Send Contract to successful provider for signing           | 21 November 2022               |
| Contract Sealed  | 15 December 2022               |
| Contract Start Date  | 1 January 2023                 |

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

2.2.1 The total value for the contract will be £840,000 over four (4) years (2+1+1). The contract will have no minimum value as services will only be sought if and when required. The final value of the contract will be dependent on the number of referrals made to the provider.

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

2.3.1 The duration of the contract will be four (4) years (2 years +1 +1). There will be a three-month no-fault termination clause to allow the Council to exit the contract for any reason.

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

2.4.1 Yes - The contract is considered a 'light touch regime contract' under current procurement legislation therefore it is subject to the Public Contracts Regulations 2015. As the procurement will be undertaken under the Light Touch Regime, it will be subject to the full rigor of the Public Contracts Regulations 2015, and we will ensure that the procurement is open, transparent, and fair. This will be an Open tender exercise, which will be advertised on Find a Tender, Bravo, the Council website and Contracts Finder.

## 2.5 **Recommended procurement procedure and reasons for the recommendation**

2.5.1 This will be a single stage tender using the Open Process. The tendering of this service will be advertised on Find a Tender, the Council's e-tendering portal (Bravo), Contracts Finder and the council's website following the open process.

- 2.5.2 Tenderers will be required to submit Tender Submission Documents via the e-portal Bravo link which will include a signed Tender Agreement, a Standard Selection Questionnaire and a Method Statement responding to set questions under the following headings as to how they will deliver services outlined in the specification;
- Service, Delivery and Design
  - Recruitment, Expertise and Credentials
  - Health, Safety and Safeguarding
  - Quality Assurance
  - Equalities
- 2.5.3 Tenderers will also complete a Social Value assessment which will identify a commitment to a minimum of two themes set out in LBBD's Social Value Policy in line with the goals of the borough manifesto.
- 2.5.4 A two-part evaluation of the Tender Submission will take place once the deadline has passed for submission. To ensure that the quality of the service is satisfactory there will be a pass threshold and a minimum quality and price score will be set that provider(s) must meet, to be considered for the contract.
- 2.5.5 As part of the proposed procurement process, discussions will take place between the current landlord – Clarion Housing, to outline details of proposed new tender and the impact this may have on them as landlords.
- 2.5.6 Consultations with young people residing in supported accommodation has already taken place to ensure the development of a new specification is led by their views and feedback.
- 2.5.7 The tender exercise will involve participation of key stakeholders within children's social care (corporate parenting), children's commissioning, placements team including colleagues from housing and a young people's panel who will be supported to form part of an independent evaluation panel.
- 2.5.8 It is anticipated that this tender will be advertised in June 2022 with the tender exercise and contracts awarded by 1st December 2022.

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

- 2.6.1 This service will be delivered by an external provider.
- 2.6.2 Referrals to the service will be made through the Councils Placements Team and the Homelessness Prevention Team following assessment of the young person's homelessness and or accommodation duty for 16+ care leavers. This will be carried out in line with pathways set out in the Homeless 16- and 17-Year-old Joint Working Protocol including any local strategic visions and objectives set out to address the needs of homeless vulnerable young people.

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

- 2.7.1 There will be no direct savings relating to service provision however, the contract will have no minimum value as services will be sought as and when required. The final value of the contract will be dependent on the number of referrals made to the provider.
- 2.7.2 The service will play a significant role in assisting the Council to fulfil its commitment and statutory obligation to providing accommodation for single vulnerable homeless young people aged 16 to 19 years.

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

- 2.8.1 The price/quality ratio upon which contracts will be awarded will be 60% Quality, 30% Price, 10% Social Value. Providers will be ranked based on their tender submission and presentation scores.
- 2.8.2 The evaluation of the Tender submission will be in two stages. The first stage will include key operational colleagues to take part in the evaluation of the Tender Submission Documents (method statement) to ensure that the quality, price and social value delivery is satisfactory.
- 2.8.3 in respect of Quality (60%), this will include the following five key areas, each making up a % of the total quality score:
- Service Delivery and Design
  - Recruitment Expertise and Credentials
  - Quality Assurance
  - Health, Safety & Safeguarding
  - Equalities
- 2.8.5 The providers that meet the quality criteria will be assessed by a panel of young people. The scoring will be equal to 10% of the total score.
- 2.8.6 Discussion with Legal and Procurement colleagues will take place to ensure the scoring for each method statement heading (Service Delivery and Design, Recruitment Expertise and Credentials, Health Safety and Safeguarding and Quality Assurance and Equality) is compliant. There will be a pass threshold and a minimum quality score will be set that provider(s) must meet to be considered for the second stage evaluation.
- 2.8.7 The second stage will be led by a young people's panel who have been selected from a broad range of service users living or likely to be living in supported accommodation. The young people's panel will consist of four (4) young people; one current service user at The Vineries, one current care leaver, one looked after child (transitioning to a care leaver) and one former care leaver to enable a cross section of experiences and views to be captured.
- 2.8.8 Tenderers will be required to complete a presentation on a series of pre-set questions designed by the young people's panel. The panel will ask a series of up

to four (4) questions, which will have been drawn up by the panel to ensure that tenderers have the ability to deliver a young people focused provision and capture issues which are important to the young people living in supported accommodation.

2.8.9 The young people's panel will then evaluate the presentation which will feed into the overall Quality scores. The scoring process for each stage including the young people's panel will be discussed and agreed with Legal and Procurement colleagues to ensure compliance, transparency and fairness and will be shared with the Tenderers following the first stage of evaluation to give the tenderers an opportunity to prepare their answers.

2.8.10 The contract will be awarded to the successful tenderer on the basis of the most economically advantageous tender. Following the award of the contract, a 10-day Alcatel standstill period will commence.

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

2.9.1 The Council continues to be committed to promoting the welfare of and protecting the most vulnerable children and young people in Barking and Dagenham, therefore we will ask suppliers to place their focus on and comment on the social value theme "Investment in Local People", which incorporates the previous themes of 'community participation and engagement' and 'people, independence and resilience'. In addition to this we will encourage providers to recruit locally where possible and access local services and businesses as part of their ongoing service delivery.

2.9.2 The successful Tenderer will be subject to contract monitoring which will oversee how the provider is meeting their Social Value commitments outlined in their social value delivery template and method statement.

## 2.10 **Contract Management methodology to be adopted**

2.10.1 Referrals to the service will be made through the Councils Placements Team and the Homelessness Prevention Team following assessment of the young persons homelessness and or accommodation duty for 16+ care leavers. This will be carried out in line with pathways set out in the Homeless 16- and 17-Year-old Joint Working Protocol including any local strategic visions and objectives set out to address the needs of homeless vulnerable young people.

2.10.2 Young people aged 16 and 17 where a duty to accommodate falls under section 189 (1) of the Housing Act and the Homelessness Order 2002 (where the YP has made an informed choice to decline section 20) will be offered The Vineries as the primary pathway to support and accommodation, unless there are exceptional circumstances as to why they cannot reside there.

2.10.3 The same will apply (although not exclusively) for Vulnerable young people aged 18 and 19 where a duty to provide accommodating under section Section 193 (2) of the Housing Act 1996 will also be offered the support and accommodation at the Vineries.

2.10.4 The Commissioning Manager will have responsibility for overseeing the procurement activity and will undertake formal contract monitoring meetings with the successful provider at the end of each quarter to ensure outcomes are being met in accordance with the objectives outlined in the specification. Regular operational monthly meetings will also take place between the successful provider, LBB Homeless Prevention Team, Placements Team and the commissioning manager to ensure operational issues are picked up on a consistent basis.

### 3. Options Appraisal

3.1 **Option 1: Do nothing** - The current contract will expire at the end of March 2022. If we do nothing the Council will not have contractual cover in place. This option would fail to be compliant with EU procurement legislation as well as the Council's own policies. There would also be a high degree of risk associated with this option, exposing the Council to potential price increases and deficit budgetary positions. There would also be risk to our young people residing at Vineries who would not have any guarantee of services or support being delivered to them. Without contracts in place, we are limited in our ability to manage the provision, we cannot enforce DBS (Disclosure and Barring Service) checks being mandatory or ensure that the service has the correct policies and procedures in place.

3.2 **Option 2: Decommission the service** - This option would not be recommended as the service is major part of the housing related support provision in the borough and a key part of the borough's strategy for inclusion amongst these vulnerable groups. In particular homeless young people aged 16/17 who have an assessed housing and support need and do not wish to be a 'looked after child' as this is the primary pathway of support offered to this group.

The young people housed at the Vineries are very vulnerable by virtue of their experiences of homelessness and are deemed to have low to medium support needs which requires a tailor-made plan to help them overcome their challenges. In addition, there would need to be considerable immediate resources put into the reviewing and resettlement of existing young people:

- The Leaving Care team would be required to find alternative accommodation for the care leavers currently residing in The Vineries.
- Resources would be required within Commissioning, Housing and Children's Services as all three areas would be involved in the decommissioning of Vineries.

3.3 **Option 3: Re tender the Vineries Provision** - Provide approval to commence the procurement of a four-year contract for the provision of Supported Accommodation for 16- to 19-year-old Looked after Children, Care Leavers and Vulnerable Homeless Young People.

### 4. Waiver

4.1 Not applicable



## **5. Consultation**

- 5.1 An initial consultation has been carried out with relevant Council services and this will be followed by further consultation meetings with stakeholders to ensure that their views are considered when setting up the proposed project.
- 5.2 The proposals in this report were also considered and endorsed by the Procurement Board and Corporate Strategy Group at their meetings on 16 and 19 May respectively.

## **6. Corporate Procurement**

Implications completed by: Francis Parker – Senior Procurement Manager

- 6.1 The proposed procurement strategy is compliant with the Council's contract rules and the PCR 2015. An Open tender is likely to yield the best value for money.
- 6.2 The evaluation criteria is reasonable for this service and social value has been included.
- 6.3 The procurement timetable is realistic and should be achievable without any unforeseen delays

## **7. Financial Implications**

Implications completed by: Florence Fadahunsi, Finance Business Partner

- 7.1 This report seeks approval for the Council to commence a four-year contract for the provision of support services at the Vineries for 16-to-19-year old's. The current contract comes to an end on 31st March 2022. A six-month contract is already in place in the interim
- 7.2 The Council has a duty of care to provide 16- and 17-year-olds with suitable accommodation under Section 20 of the Children Act 1989. The Vineries has been a provider of supported living for young people in LBBB since 2018. The Vineries is located within the borough and provides a value for money option for our young people when compared to other providers. The Council only pays the cost of support and not accommodation costs as the young people can claim housing benefit.
- 7.3 The total value for this contract is £840,000 over the four-year period. There is no minimum contract value, and the final value will be dependent on the number of referrals made to the provider. The budget for this contract sits within the Leaving Care service under Corporate Parenting & Permanence.

## **8. Legal Implications**

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law & Governance

- 8.1 This report is seeking approval to tender a contract for a Supported Accommodation Service at The Vineries, for 16- to 19-year-old Looked after Children, Care Leavers

and Vulnerable Homeless Young People for a total period of 4 years on a 2+1+1 basis.

- 8.2 The service being procured falls within the services under the Light Touch Regime under the Public Contracts Regulations 2015 (the Regulations). The value of the contract is above the threshold requiring competitive tender under the Regulations. There are no prescribed procurement processes under the light touch regime, therefore the Council may use its discretion as to how it conducts the procurement process provided that it complies with principles of transparency and equal treatment of economic operators; conducts the procurement in conformance with the information that it provides in the Find a Tender advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement, a contract award notice is required to be published in Find a Tender.
- 8.3 In compliance with the requirements under the Light Touch Regime, section 2.5 of this report states that an Open tender exercise will be carried out, which will be advertised on Find a Tender, Bravo, the Council website and Contracts Finder.
- 8.4 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.
- 8.5 In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.
- 8.6 The proposed procurement strategy outlined in the body of the Report appears to be compliant with the requirements of the applicable law and Council's constitution and Contract Rules. The legal team will continue to be on hand to assist and advise as required.

## 9. Other Implications

- 9.1 **Risk and Risk Management** - A risk assessment has been undertaken highlighting key areas of risk associated with tender and procurement process.

| Risk   | Likelihood | Impact | Risk Category | Mitigation  |
|--|------------|--------|---------------|---|
| Delay to/ failed procurement process                                 | Low        | High   | Medium        | Set and monitor realistic implementation timetable, ensure legal and procurement compliance, clear escalation pathways of any potential delay   |
| No appropriate bids received   | Low        | High   | Low           | PIN to give advance notice to the market and provide a contact for soft touch discussion and additional support. Longer open tender timeframe considered to allow enough time for providers to submit high quality bids.<br><br>Current supplier has demonstrated appetite to submit bid. |
| Smaller providers who do not have experience in applying for tenders | Medium     | Low    | Low           | As above, PIN will be posted 1 month in advance of tender being posted on Bravo, encouraging discussion from smaller  |

|  |        |        |        |  |
|--|--------|--------|--------|--|
| may be deterred from applying                                    |        |        |        | providers. Queries will be taken as part of tender process.  |
| Challenge of contract award decision by unsuccessful provider(s) | Low    | High   | Medium | Procure contract in line with Council's contract rules and EU Public Contracts Regulations. Ensure documentation is kept. ITT to detail procurement approach and transparent process. Stick to the timeframes given. Ensure that communication is consistent.  |
| Provider(s) fails to meet their obligations                      | Medium | Medium | Medium | Phased approach to contract monitoring with more frequent meetings initially, outlined in a clear project plan, clear KPIs and outcomes.   |
| TUPE implications may deter smaller providers from applying      | Medium | Medium | Medium | Cannot mitigate, ensure the requirements are clearly outlined.   |
| Data transfer from current supplier and new supplier- GDPR risk  | Medium | High   | Medium | Data impact assessment completed, use secure anonymised data transfer. Ensure discussion with Information Governance manager – Kim Starbuck to ensure only necessary data is shared/requested.   |
| Young people panel fail to participate in evaluation             | High   | Low    | Low    | Lead worker in place to support the development and delivery of YP panel. Incentives are being considered. YP panel scheduled for half term to ensure wider availability of YP. In the event YP cannot attend panel, representatives from commissioning team will step in using questions submitted by YP panel. |

9.2 **TUPE, other staffing and trade union implications** – Current supplier – Look Ahead, have six (6) staff where TUPE is likely to apply in the event they are not successful in the tender process.

The current provider Look Ahead Care and Support have recently submitted their paperwork (Employee Liability Information - ELI) for the first stage of the TUPE process in preparation for the Procurement exercise.

A TUPE Staffing Information document will be supplied with the Tender documents to assist tenderers in formulating their bids and in taking into account the implications of the potential transfer of staff engaged in carrying out this work in accordance with the Acquired Rights Directive and the Transfer of Undertakings (Protection of Employment) Regulations 2006. This will also be detailed in the updated specification. Sufficient time will be allowed in the timeline to cover any TUPE implication.

9.3 **Corporate Policy and Equality Impact** - As part of the procurement process, an Equalities Impact Assessment (EIA) Screening Tool has been completed (**Appendix 1**). This assessment outlines the impact on those cohorts with protected characteristics as outlined in the Equalities act 2010 and addresses how the impact will be mitigated throughout the new service.

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

Staff working with the young people and vulnerable adults will be expected to have a current Disclosure and Barring Service (DBS) check. In addition, as a part of the Contract, all providers will be thoroughly assessed on child protection and safeguarding methods they employ, ensuring they have updated policies in place, along with annual training which must be delivered to their staff.

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

- Housing for Vulnerable Residents (PID):  
<https://modgov.lbbd.gov.uk/Internet/documents/s136734/Appendix%201.pdf>
- Joint protocol: Meeting the needs of Homeless 16/17 year old's:  
<https://www.lbbd.gov.uk/sites/default/files/attachments/Homeless%2016%20-17%20year%20old%20Joint%20protocol%20V2%20April%202021.pdf>
- Enhanced Local Offer for Care Leavers:  
<https://www.lbbd.gov.uk/sites/default/files/attachments/FINAL%20-%20ELO%20CareLeavers.pdf>
- Deprivation in Barking and Dagenham:  
<https://www.lbbd.gov.uk/deprivation-in-barking-and-dagenham>

#### **List of appendices:**

- **Appendix 1** – EIA Screening Tool

## Equality Impact Assessment Screening Tool

Equality Impact Assessments help the Council to comply with its public sector duty under the Equality Act 2010 to have due regard to equality implications. EIAs also help services to be customer focussed, leading to improved service delivery and customer satisfaction.

The Council understands that whilst its equalities duty applies to all services, it is going to be more relevant to some decisions than others. We need to ensure that the detail of Equality Impact Assessments (EIAs) are proportionate to the impact of decisions on the equality duty, and that in some cases a full EIA is not necessary.

This tool assists services in determining whether plans and decisions will require a full EIA. It should be used on all new policies, projects, functions, staff restructuring, major development or planning applications, or when revising them.

Full guidance on the Council's duties and EIAs and the full EIA template is available at [Equality Impact Assessments](#).

|  |  |
|--|--|
| <b>Proposal/Project/Policy Title</b>   | Provision of Supported Accommodation at the Vineries for 16- to 19-year-old Looked after Children, Care Leavers and Vulnerable Homeless Young People.  |
| <b>Service Area</b>  | Childrens Care and Support   |
| <b>Officer completing the EIA Screening Tool</b>   | Lydia Freeman – Commissioning Manager  |
| <b>Head of Service</b>   | Joanne Tarbutt; Head of Service; Children's Care and Support   |
| <b>Date</b>  | 09/03/2022   |
| <b>Brief Summary of the Proposal/Project/Policy</b><br>Include main aims, proposed outcomes, recommendations/decisions sought. | <p>To put in place a direct award contract for the provision of Supported Accommodation at the Vineries for 16- to 19-year-old Looked after Children, Care Leavers and Vulnerable Homeless Young People.</p> <p>The provision will be aimed at 16- to 19-year-old young people who have been assessed as having a housing need and require additional support (that can be completed within a period of two years) to develop their life skills to prepare them to live independently.</p> <p>Service objectives will enable social inclusion and proposed outcomes will promote, independence, choice, and control for young people over their lives, with a, but not exclusive, focus on supporting individuals to access and sustain accommodation, maintain health, maximise their finances,</p> |

|                                       |  |   |
|---------------------------------------|--|---|
|                                       | develop domestic and social skills and meet their potential and aspirations. |   |
| <b>Protected characteristic</b>       | <b>Impact</b>  | <b>Description</b>  |
| <b>Age</b>                            | Positive impact (L)  | <p>Services will be delivered for 16- to 19-year-olds who are care leavers and or those facing homelessness. The provision will allow them to receive accommodation and support to learn to live independently.</p> <p>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs.</p> |
| <b>Disability</b>                     | Positive impact (L)  | <p>Services will be delivered for young people with low to medium support which will include young people with additional or more complex needs. No personal care support is included.</p> <p>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs.</p>                          |
| <b>Gender re-assignment</b>           | Not applicable (N/A)   | The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs.  |
| <b>Marriage and civil partnership</b> | Not applicable (N/A)   | <p>No perceived impact.</p> <p>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs.</p>   |
| <b>Pregnancy and maternity</b>        | Not applicable (N/A)   | <p>No perceived impact.</p> <p>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young person's needs.</p>  |
| <b>Race</b>                           | Positive impact (L)  | The service will provide to support to cater to the needs of our ethnically diverse community. Within the specification we will outline the clear expectations to ensure that the support provided is culturally sensitive and inclusive.   |

|   |                      |  |
|---|----------------------|--|
|   |                      | The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs  |
| <b>Religion</b>   | Not applicable (N/A) | No perceived impact.<br>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs  |
| <b>Sex</b>  | Not applicable (N/A) | No perceived impact.<br>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs  |
| <b>Sexual orientation</b>   | Not applicable (N/A) | No perceived impact.<br>The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the young persons needs  |
| <b>Socio-Economic Disadvantage<sup>1</sup></b>                                    | Positive impact (L)  | Care Leavers are cohort who are disproportionately are at a socio-economic disadvantage. Nationally 39% of Care Leavers are not in employment, education or training (NEET) whereas only 18% of 18–24-year-olds are NEET. The commissioned service will provide support hours to build skills such as budgeting, to support our young people.<br><br>We will also be hosting a local opportunities for young people session with the Council’s organisational development team for young people who participate in the evaluation. |
| <b>How visible is this service/policy/project/proposal to the general public?</b> |                      | <b>Medium visibility to the general public (M)</b>   |
| <b>What is the potential risk to the Council’s reputation?</b>                    |                      | <b>Low risk to reputation (L)</b>  |

<sup>1</sup> Socio-Economic Disadvantage is not a protected characteristic under the Equality Act. London Borough of Barking and Dagenham has chosen to include Socio-Economic Disadvantage as best practice.

|  |  |
|--|--|
| Consider the following impacts – legal, financial, political, media, public perception etc |  |
|--|--|

If your answers are mostly H and/or M = **Full EIA to be completed**

If after completing the EIA screening process you determine that a full EIA is not relevant for this service/function/policy/project you must provide explanation and evidence below.

|  |
|--|
| <p>The proposed service to be commissioned is likely to be of a positive impact with limited impact on the protected characteristics outlined above. There is an expectation of the provider to reflect the Council's approach to equalities, diversity and inclusion. The new service specification will reflect and align to the Council's approach to equalities, diversity and inclusion. This will highlight the importance of culturally sensitive support when working with young people, particularly those who are classed as vulnerable. The successful provider will be contact monitored in accordance with the service specification with clear escalations routes to highlight any concerns around equality of practice.</p> |
|--|

Please submit the form to [CE-strategy@lbbd.gov.uk](mailto:CE-strategy@lbbd.gov.uk) and include the above explanation as part of the equalities comments on any subsequent related report.



**CABINET****21 June 2022**

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| <b>Title:</b> Contract for the Provision of Supported Accommodation for Older People (Extra Care)  |  |
| <b>Report of the Cabinet Member for Adult Social Care and Health Integration</b>   |  |
| <b>Open Report</b>   | <b>For Decision</b>  |
| <b>Wards Affected:</b> All   | <b>Key Decision:</b> No  |
| <b>Report Author:</b> Arabjan Iqbal, Commissioning Manager, Commissioning Care and Support   | <b>Contact Details:</b><br>Tel: 020 8227 5731<br>E-mail: Arabjan.iqbal@lbbd.gov.uk |
| <b>Accountable Director:</b> Chris Bush, Commissioning Director, Care and Support  |  |
| <b>Accountable Strategic Leadership Director:</b> Elaine Allegretti, Strategic Director Children's and Adults  |  |
| <p><b>Summary:</b></p> <p>Extra care housing are housing developments that comprise of self-contained homes with design features and support services available to enable residents to live as independently as possible. The schemes have communal facilities such as lounges and laundry rooms and access to 24-hour care and support to those who require it, in addition to planned support calls. The schemes also run an activity programme which is often co-produced with the residents, and link up with other community and voluntary sector services and assets. It is one form of specialist housing which sits in between sheltered accommodation, which offers some low-level support but not on a 24-hour basis, and residential care homes which cater for people with high needs who may require active 'round the clock' care.</p> <p>Within Barking and Dagenham, the extra care service is delivered across four schemes: Harp House, Colin Pond Court, Darcy House and Fred Tibble Court. The accommodation is made up of 1 bedroom flats in the main with some 2 bedroom flats available. This allows couples to stay together should one or both need Extra Care provision and supports them if their care needs increase. There are also 16 bungalows available at Darcy House which are a mixture of 1 and 2 bedroom units.</p> <p>The service is designed to adapt as the service users' needs evolve; residents can live in the flats for as long as it is safe for them to remain at the schemes. Service users are also supported through additional wrap around services which can be brought in to support individuals. An example of this is end of life care.</p> <p>The current contract value is £1,334,847 and is in the final extension year of the contract.</p> |  |

## Recommendation(s)

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the procurement of a contract for the provision of an Extra Care service in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Children's and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration, the Director of Finance and Investment and the Chief Legal Officer, to conduct the procurement and enter into the contract and extension documents with the successful bidder in accordance with the strategy set out in the report.

## Reason(s)

The procurement exercise will ensure compliance with the Council's Contract Rules and the Public Contracts Regulations 2015, ensuring continued service provision beyond the current contract end date of 31 January 2023, and assist in achieving the following priorities:

- i. **Participation and Engagement** – Extra care services enable people to remain in a property which is their own home. This is an essential part of promoting a welcome, safe and resilient community for Barking & Dagenham residents. The services delivered by Extra Care schemes help residents to take control of their own health and well-being and their quality of life whilst reducing their need for residential care. The service reduces isolation and increases connections in the community, and supports positive outcomes through prevention and early intervention in line with the Joint Health and Wellbeing Strategy.
- ii. **Prevention, Independence and Resilience** – Extra care schemes help to protect some of our most vulnerable adults, keeping them healthy and safe whilst ensuring they have access to good quality care when required. Service users are supported to maintain independence through their own tenancy and are involved in the development of their care and support plans. An important aspect of the service is the co-production of activities with service users for the schemes, empowering service users to lead the design of service delivery.
- iii. **Inclusive Growth** – The proposed model for service delivery enables service users to remain in independent high quality accommodation that provides employment to local people. The contract will facilitate the Social Value vision for the borough through enabling access to training and employment opportunities for local residents.

## 1. Introduction and Background

- 1.1 Extra care housing are housing developments that comprise of self-contained homes with design features and support services available to enable selfcare and independent living. The schemes have communal facilities such as lounges and laundry rooms and access to 24-hour care and support to those who require it, in addition to planned support calls. The schemes also run an activity programme which is often co-produced with the residents. It is one form of specialist housing which sits in between sheltered accommodation, which offers some low-level

support but not on a 24-hour basis, and residential care homes which cater for people with high needs who may require active 'round the clock' care. The service is currently provided by Care Support with Anchor as the Registered Social Landlord (RSL). This procurement seeks to procure the care and support provider that will work within the Anchor buildings.

- 1.2 Currently there are four schemes in the Borough: Harp House, Colin Pond Court, Darcy House and Fred Tibble Court. The accommodation is made up of 1 bedroom flats in the main with some 2 bedroom flats available. This allows couples to stay together should one or both need Extra Care provision and supports them if needs increase. There are also 16 bungalows available at Darcy House which are also a mixture of 1 and 2 bedroom units. Harp House, Darcy House and Fred Tibble Court offer a midday meal which is included as part of the tenancy and associated costs.
- 1.3 The service is designed to adapt as the service users' needs evolve and residents can live in the flats for as long as it is safe for them to remain at the schemes. Service users are also supported through End of Life care and additional wrap around services are brought in to support service users and enable them to remain in their own homes in the scheme.
- 1.4 Life expectancy in Barking and Dagenham has decreased recently and remains lower than the national average. Female life expectancy at age 65 in LBBB (19.8 yrs) is worse than the national average (21.1 yrs) and male life expectancy at age 65 in LBBB (16.7) is also worse than the national figure (18.7). The additional years of life achieved in recent decades are often impaired by ill health and disability resulting in poor quality of life and significant need for health and social care services<sup>1</sup>.
- 1.5 The population projections for older people in the borough are set to increase with those aged 60-69 years by 3,600 (24%) to 18,700 by 2034.<sup>2</sup>
- 1.6 Locally, 1 in 4 people are between 65 -74 years and more than 40% of over 75's live alone in Barking and Dagenham. Additionally, 1 in 3 carers above 65 years don't have as much social contact as they would like. Isolation in older people is widely reported to have a negative impact on physical health and wellbeing, the provision of an extra care service contributes to reducing isolation and the negative impacts associated with this.<sup>3</sup>
- 1.7 Research shows that moving people into extra care from the community gave a care costs saving of £2,400 per person, per year to the Council<sup>4</sup>. This is through delaying the escalation of care needs into residential and other high-cost settings, as well as a reduction in hospital admissions. There are additional savings in non-care costs when postponing entry into residential care by one year with a cost avoidance of £15,500 to the Council. Having an option for extra care housing brings cost benefits in both the short and long term to the Local Authority as for example residential care is costly and would be the potential alternative. In comparison, sheltered accommodation does not meet the service user needs and

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<sup>1</sup> Public Health Outcomes Framework 2018-20

<sup>2</sup> ONS 2018-based principal population projection

<sup>3</sup> LBBB administrative data sources – 2020/Public Health Outcomes Framework 2018/19

<sup>4</sup> Demonstrating the Health and Social Cost-Benefits of Lifestyle Housing for Older People, Housing LIN, 2017

residential care provides support that is surplus to requirements and can have a negative impact by reducing independence. Extra Care also supports the wider health economy by reducing the duration of unplanned hospital admission from 8-14 days to 1-2 days as compared to the community.<sup>5</sup> This not only reduces pressure on hospital beds but also contributes to prevention and early intervention by preventing an increase in care and support needs as the individual maintains their independence as holistic support is available on discharge to an Extra Care environment.

1.8 Extra care housing is an ideal option for older people who:

- Find it hard to cope in their current home but want to stay as independent as possible;
- Require an alternative to a residential care placement which means they can remain in their own accommodation with their own tenancy;
- Are in hospital and need to return to accommodation with support and care available 24 hours per day.

1.9 The current service is accessed through an Extra Care panel to make effective use of the resource provision, ensuring that all of the options available to the resident are considered and providing transparency to the allocations process which is in line with the Borough's allocation policy.

1.10 The strategic context of Extra Care Housing supports the Council's Vulnerable People's Housing programme of work, our developing Community Hubs approach and addresses our current Corporate Plan commitment: 'All vulnerable adults and older people are supported to access safe, timely, good quality, sustainable care that enables independence, choice and control integrated and accessed in their communities, and keeps them in their own homes or close to home for longer.' The work also supports the developing commitments of the Integrated Care System and Place Based Partnership agendas, with Extra Care schemes playing a vital role in connecting services and community assets with individuals to meet their health, care and social needs. This will be developed further through the specification for the service.

1.11 The Care Act has a number of aspects directly relevant to the delivery of extra care. These will need to be taken into consideration as the model and the specification for the future service is developed. This includes:

- **Wellbeing and prevention** – The promotion and maintaining of a person's wellbeing enshrined in law. As well as meeting the individual's wellbeing outcomes the service will be required to contribute to the prevention, reduction and delay of a person's needs.
- **Person-centred, person-led processes** – Central to the wellbeing principle is the ethos that the individual is best placed to make decisions about their care and support, and that a person-centred system takes account of the individual's views, wishes and beliefs. The successful provider will be required to involve

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<sup>5</sup> Demonstrating the Health and Social Cost-Benefits of Lifestyle Housing for Older People, Housing LIN, 2017

the service user in all aspects of their care.

- **Personalisation** – Independence, choice and control are key themes of the Care Act which aims to complete the mainstreaming of personalisation and stimulate the proliferation of choice of services to meet different needs (and/or meet those needs differently).

1.12 The *Health and Care Bill*<sup>6</sup> looks to bring about a closer integration between health and social care and improve outcomes for people. This is further detailed in *People at the Heart of Care: adult social care reform white paper*<sup>7</sup> that further integrates housing into local health and care strategies. This includes a focus on increasing the range of new supported housing options available of which extra care plays a key role. The paper identifies that the top 3 priorities for people who require care and support are:

- Remaining independent.
- Having access to the internet, phone and technology.
- Being able to stay in my current or own home.

1.13 Extra care and this procurement exercise supports all three of these priorities, by allowing independence and autonomy for people in their own home through their own tenancies.

### **COVID Pandemic**

1.14 The service provision has provided valuable support to residents as part of the wider COVID-19 response in the borough. Both the care and support service and housing services supported service users within the schemes to access food and medication when movement in the borough was restricted and managing visiting in line with guidance. This was a difficult time for family and friends through infection control protocols, but service users were supported with online shopping, staff accessed shopping during protected shopping hours and staff supported individuals to use technology to make virtual calls to maintain contact with loved ones. Throughout the pandemic the extra care settings experienced outbreaks of COVID-19. They were able to contain the spread of the virus through strong infection control procedures and open communication with residents. This included the closure of communal spaces and asking those who were positive to isolate in their flats.

1.15 The Extra Care service provides valuable support to residents using an integrated model working with GPs, Pharmacies and specialist practitioners such as the mental health teams, Care Co-ordinators and the Community Treatment Teams. Alongside care calls passive observations of service users have enabled early intervention for service users such as UTI infection causing delirium. The GP is informed alongside the Community Treatment Team so that the service user can be tested and appropriate medication is put in place. This removes the need for an unplanned hospital admission due to a timely integrated approach to deliver beneficial outcomes for the service user.

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<sup>6</sup> <https://publications.parliament.uk/pa/bills/cbill/58-02/0140/210140.pdf>

<sup>7</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1037663/people-at-the-heart-of-care\\_asc-form-print-ready.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1037663/people-at-the-heart-of-care_asc-form-print-ready.pdf)

- 1.16 The service works very closely with several health partners to deliver an integrated response and reduce escalation in health and care needs for the individual. For example identifying risk of falls following an illness or physical change such as weakness. Referrals are made to the falls clinic and the matter discussed with the GP and the therapists to reduce the risk of falls, injury and potential hospitalisation.
- 1.17 The Extra Care schemes also supported the borough with hospital discharges in order that individuals could isolate after leaving hospital. This reduced pressure on the hospitals and the Council by providing short term interim flats through an agreed fast track process.

### **Service review findings**

- 1.18 A detailed service review was completed for the service prior to the first 1 year extension being put in place. This was in 2020/21 and the service has since been extended by a further year to the maximum contract end date of 2023.
- 1.19 The service review demonstrated that the current service specification and delivery model is having a positive impact on residents and their health and wellbeing outcomes.
- 1.20 Since the review over the last 18 months the service has continued to build on the positive outcomes for service users and implemented the recommendations of the review. Alongside providing Care and Support, the service showed service users were involved in the co-production of activities and supported to adjust to the restrictions of the COVID Government guidance which was very challenging for the residents and posed infection control risks. Alongside this service users also benefitted from the inter-generational contacts with students from the college and development of activities when possible. The service also demonstrated positive risk taking to support reduction or maintenance of support hours using a strengths based approach. Service users are positive about the schemes and through contract monitoring family members/informal carers have spoken highly of the service and the impact that this has had on maintaining their loved ones independence, and provided reassurance to them regarding their family members.

### **Historic Allocation Policy**

- 1.21 Historically and prior to the Extra Care Panel, several of the units were allocated in a bid to reduce voids rather than allocate the resource appropriately. This has meant that individuals were allocated directly to Colin Pond with many of them not requiring any social care input and of working age due to the 55 year age requirement.
- 1.22 Within Colin Pond Court there are still individuals that are going to work and should not necessarily be living in extra care, but are not able to be moved on because of their tenancy and this has left the borough with a legacy issue at this site. This historic issue of inappropriate placements has been addressed by the current landlord, Anchor Housing.

## Voids

- 1.23 The Extra Care provision in place currently is delivered across four schemes and has been difficult to fill both pre and during the pandemic with the service showing a number of voids. Out of the three schemes Colin Pond Court has had the lowest number of service users residing in the extra care accommodation. This alongside historical allocation of the service has meant that Colin Pond in particular has a larger number of service users with no support needs but are unable to be moved because of their tenancy. This paper will set out the options appraisal for the number of schemes proposed to be commissioned for this contract, taking into consideration the future needs of residents. Based on projected population changes, we do anticipate the need for the the four schemes of Harp House, Darcy House, Colin Pond Court and Fred Tibble Court to continue. Fred Tibble Court also contains two bedroom units which supports equal access to Extra Care support for couples that require an additional bedroom due to their care needs.
- 1.24 Work was undertaken with social care colleagues at the beginning of the last tender (2017) to review those who did not have current care needs but had underlying conditions, to be assessed to see if it was likely that they would need care and support during the lifetime of the current contract. There have been no significant increases in the number of people requiring a care package across the four schemes over the five years of the contract, although it is thought that Covid-19 has had an impact on new referrals, as well as the important early intervention and prevention work undertaken by the on-site carers, including reducing isolation and participation in wellbeing activities.

| Scheme            | No of units              | No of voids (exclusive of 4 interim flats) | % occupied flats with care packages. | No of care packages |
|-------------------|--------------------------|--|--------------------------------------|---------------------|
| Harp House        | 36 flats                 | 7  | 68%                                  | 23                  |
| Darcy House       | 36 flats<br>16 bungalows | 3  | 51%                                  | 24                  |
| Fred Tibble Court | 31 flats                 | 3  | 48%                                  | 15                  |
| Colin Pond Court  | 31 flats                 | 1  | 46% (40%)                            | 14* (12)            |

\*It should be noted that two of these individuals receive external support from a PA/homecare agency

## Care Technology

- 1.25 The new Care Technology service provided by Medequip will work closely with the newly procured care technology service to provide bespoke tech solutions to maintain and increase independence of service users and reduce additional costs to the Council and Health budgets. This tender will emphasis this partnership within the service specification, and although it is not possible to estimate the value of cost avoidance, there will be demonstrable benefits to residents and the Council. There will be no additional costs for this equipment as this cohort is already included in the initial unit drawdown and growth within the separate Medequip contract.

## **Interim Flats**

- 1.26 As part of improvement work within Adults there have been a number of pilots run to test out new ways of improving hospital discharges. One of these has been a series of interim discharge flats that have been run out of the Extra Care settings.
- 1.27 The purpose of these flats is to aid timely hospital discharge and provide an opportunity for residents who would benefit from extra care to understand the schemes and how they work before entering into a formal tenancy. Since their introduction these flats have been well used. To date 8 people have passed through the interim flats, of which 2 have moved into extra care and 5 have returned home following remedial works at their properties, and 1 has moved to alternative supported accommodation. This has both reduced pressure on the hospital beds as well as not creating further needs as people are supported to return to or improve on their baseline abilities using a strengths based support approach.
- 1.28 We will be seeking to have four of these interim flats in the new service specification. This will continue to support timely hospital discharges and encourage people into the extra care schemes from the community where they will benefit from the level of care and independence. Each day in hospital costs the system £350 so there is a high level of cost avoidance for supporting timely discharges. Within the interim flats, whose costs are built into the contract, residents who moved in were in receipt on average of £228 of care a week. This translates to a cost avoidance of £2,222 per week to the health system. Discussions are ongoing with health colleagues in relation to an NHS budgetary contribution to the contract, as well as how the contract can be expanded in line with developments in the Integrated Care System and the Borough Partnerships.

## **2. Proposed Procurement Strategy**

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

- 2.1.1 The service being procured is the provision of extra care support for older people to live independently with the provision of care and support in place to reflect their support needs. This procurement exercise will be undertaken to award a contract to a provider for the provision of extra care services delivered at Harp House, Darcy House, Fred Tibble Court and Colin Pond Court. This is the preferred option for this procurement exercise.
- 2.1.2 Due to the specialist nature of this provision, it would generally be expected that a single provider tenders for the care and support provision at the four schemes. However, consortium or sub-contracting bids would be welcomed as long as they could demonstrate flexibility in the use of hours across the four schemes, continuity of care for service users and innovation and creativity in the way that activities are co-produced with the residents. For example an organization could be sub-contracted to facilitate the activities in the schemes on behalf of the main provider. This would embody the ethos of the Borough Partnership which seeks to use the strengths of the collective health, social and community system to better the outcomes for Barking and Dagenham residents.
- 2.1.3 The successful organisation will be required to provide 24-hour care and support to the residents of the schemes, including a range of personal care and support tasks



which will enable residents to live independently for as long as possible. The provider will also be required to support residents by:

- Undertaking a person-centred, person-led service;
- Preventing, reducing and delaying further social care and health needs where appropriate;
- Reducing social isolation;
- Providing emotional support;
- Monitoring health and wellbeing;
- Administering, prompting and monitoring medication;
- Supporting residents in times of crisis;
- Co-ordinating the production of a varied schedule of activities, co-produced with the residents

2.1.4 Extra Care is a care pathway that keeps people within their own homes and within the community. This contract will seek to strengthen the role that these schemes play in the community with their links with the community health services and voluntary sectors. How these schemes work with Primary Care Networks and the community hubs locally will also be key to the success of this contract.

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

2.2.1 If the option to commission four schemes is taken, based on current occupancy, this will cost £1.78 million per year, £8.9 million for the total period including extensions. If occupancy of the four schemes increases to an 80% occupancy level given increases in population projects and use of extra care, this contract could cost up to £2.1 million per year, or £10 million over the five year period, including extensions. As per the financial comments below, increases in occupancy and associated increases in the contract value would need to be borne from operational package and placement budgets as well as MTFS demographic growth.

### **Model of Costs**

2.2.2 The extra care services will deliver support on a core and add on basis. This is where the contract is broken into core aspects and then the additional care costs for the residents are added on. This enables more accurate costings to the Council and reduces the risk of overpaying for care that is not required.

2.2.3 The provider will deliver the service through a core cost element which will ensure 24 hours staff provision, social activities and contribute to the support provided by the service in addition to the care calls. This includes reducing isolation, prevention and early intervention support. This has been allocated £100,000 per annum per scheme. This was calculated based on the number of hours of care delivered over the last period of the current contract.

2.2.4 The number of care and support hours will be based on staff being at each site for 24 hours per day, this equates to 1,260 hours a week across the four sites. Currently on average per week 430 hours of care and core activities are delivered per site. For Colin Pond Court due to the number of service users with care needs, we are proposing 1 member of staff to cover the scheme at night and that another member of the team can be requested from the other Extra Care

sites within the contract, should there be an emergency situation. This is what is currently in place at Colin Pond Court and works well.

2.2.5 With the new model that this paper is proposing, there will be £100,000.00 per scheme allocated for core costs and a further £1.38 million for add on costs in the form of care hours to total £1.78m. We believe that the average hourly rate proposed in this tender will be around £19.00 which allows for providers to pay London Living Wage.

2.2.6 The table below shows the costs of this contract, based on current average care hours per scheme and the core element. This model assumes that £20,000.00 of the core cost is allocated to care hours. This equates to 20 hours per scheme per week. It is important to say that we expect some care hours to be accounted for in the core costs, however this will be at the discretion of the tenderers.

| <b>New costs</b>  | <b>Core</b> | <b>Average Weekly Care Cost @£19/hour</b> | <b>Yearly Care Cost</b> | <b>Total cost per year (core and care)</b> |
|-------------------|-------------|---|-------------------------|--|
| Harp House        | £100,000    | £8,292.17                                 | £431,192.84             | £511,192.84                                |
| Fred Tibble Court | £100,000    | £6,139.39                                 | £319,248.49             | £399,248.49                                |
| Darcy House       | £100,000    | £8,714.52                                 | £453,155.09             | £533,155.09                                |
| Colin Pond Court  | £100,000    | £5,016.44                                 | £260,854.72             | £340,854.72                                |

2.2.7 It is important to note that these figures assume no self funders or client contributions as well as a £19/hour rate. However, what is clear is that there are budget pressures that exist within the extra care contract, as it seeks to adjust to high inflation, increased running costs and ensuring employers can pay London Living Wage.

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

2.3.1 The contract period is 5 years (3 years contract with option to extend for a further 2-year period).

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

2.4.1 The service is subject to the (EU) Public Contracts Regulations 2015 and are subject to the Light Touch Regime, however due to the value of the contract it will be an open tender and advertised on FTS.

2.4.2 The report has been drafted in line with the current contract rules; however, may be subject to change according to new guidance.

## 2.5 Recommended procurement procedure and reasons for the recommendation

- 2.5.1 The Extra Care Services will be procured in line with the Public Contract Regulations 2015 and the Council's Contract Rules through a 'light touch regime' taking into account the small number of specialist providers. The recommended procurement route is a competitive open tender procedure; the tender opportunity will be advertised in Find a Tender, on the Council's e-tendering portal (Bravo), Contracts Finder and the Council's website. This process will widen the competition and ensure the Council gets best value for money for this service.
- 2.5.2 Potential suppliers will be required to complete Supplier Information in addition, to a tender submission document (including method statements) to ascertain suitability to deliver the services that they wish to offer. An evaluation of the Tender Submission will take place once the deadline has passed for submission. To ensure that the quality of the service is satisfactory there will be a pass threshold and a minimum quality score will be set that the provider must meet.
- 2.5.3 The Council will negotiate and issue the contract in line with the Public Contract Regulations for the provision of the service with a break and variation clauses. The contracts will be further tightened with service specification requirements and expected outcomes. Key performance indicators will be outlined in the service specification and agreed with the providers. Performance management will be carried out by the borough.

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

- 2.6.1 The contract will be for the delivery of extra care services at Harp House, Fred Tibble Court, Colin Pond Court and Darcy House (all premises are located within the borough). The extra care service will involve the provider delivering 24-hour care and support to residents of the schemes. The provider will be required to deliver both personal care and health and wellbeing support to residents. Further details of the service can be found elsewhere in this report.
- 2.6.2 The contract will be funded from the Adult Commissioning Budget and delivered in line with the recommended option 2 below. Council standard terms including special terms for adult social care will be used.
- 2.6.3 A PIN event to engage with the market took place on the 19<sup>th</sup> May 2022 and with 18 providers in attendance.

| Action                          | Date               |
|---------------------------------|--------------------|
| Cabinet                         | 21 June 2022       |
| Publish ITT documents           | 6 July 2022        |
| Clarification question deadline | 26 August 2022     |
| Tender Submission Deadline      | 9 September 2022   |
| Provisional Award               | 4 November 2022    |
| Standstill period               | 4 Nov- 18 Nov 2022 |
| Go live                         | 1 February 2023    |

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

- 2.7.1 There are no savings associated with this contract, however in line with the Care Act 2014 and the Borough Manifesto the service will deliver cost avoidance and longer term saving through the prevention, reduction and delay of additional support being put in place.
- 2.7.2 As part of this tender we will ask our providers to pay London Living Wage to all of their staff as part of our commitment to the London Living Wage. This will increase the cost of care being delivered.
- 2.7.3 As this budget was originally set nearly 5 years ago inflation pressures and annual increases in wages are predicted to mean that there are no cost savings associated with this tender. We are estimating that we will need £480,000 per year or £2.4m over the lifetime of the contract to accommodate these increases on top of the current budget envelope and this has already been forecast with Finance colleagues and discussed in the Financial Implications below.
- 2.7.4 This budget is presented as a worst case scenario as it does not include income from self funders and income from client contributions.

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

- 2.8.1 The contract will be awarded on the basis of the most economically advantageous tender with a split of 55% Quality and 35% Price and 10% social value. Price will be assessed on the tenderers proposed prices based on the current volume of activity within the Extra Care schemes.
- 2.8.2 The Quality element will be formed of two parts, the tenderers method statement response and service user evaluation. The tenderers method statement will consist of their responses to a number of questions set which will cover:
- Service delivery and quality
  - Service user involvement
  - Safeguarding
  - Choice and control
  - Innovation and creativity
  - Business continuity
  - Staffing model
  - Social value
  - Equalities and diversity in service delivery
- 2.8.3 The service user evaluation element will consist of development of questions and model responses based on service user experience and feedback. It is anticipated that the 55% quality score will therefore be made up of:
- 50% assessment of the method statement
  - 5% service user assessment

2.8.4 Clarification meetings may be held with individual providers on any clarifications that are required in the method statement. This will not be scored.

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

2.9.1 The Council is committed to ensuring that services are delivered in a way that protects the quality of the environment and minimises any adverse impact on community well-being.

2.9.2 The contractors will need to clearly outline and consider the following options from below:

- **Investment in local people:** working into the specification the need to employ local people, work with Barking and Dagenham College to access course based placements and to incorporate apprenticeships opportunities.
- **Community participation and engagement:** working with service users and informal carers to develop services. Building capacity through volunteering and mentoring opportunities and working with the community including the community and voluntary sector to support capacity improvements in civil society.

2.9.3 It has been agreed that the technical submission will expect the provider to focus on "Investment in local people" and "Community Participation and Engagement" elements. Commissioning has met with the Social Value Coordinator to discuss this.

2.9.4 Through the procurement of the Extra Care services local employment opportunities can be secured as well as training and development of local volunteers and students/trainees. There is also the opportunity of partnership working with the voluntary sector that will provide increased capacity and learning between local providers and community and voluntary sector organisations.

## 2.10 **Contract Management methodology to be adopted**

2.10.1 The contract will be subject to quarterly contract monitoring reviews monitoring performance against the specification.

## 3. **Options Appraisal**

3.1 We will be asking all providers to pay London Living Wage to their staff as part of this tender. In order to control costs to the Council passed through the rate paid to the successful provider for care will be subject to considerations as part of the Care and Support annual uplift policy. This is particularly important given the Adult Social Care funding reform legislation and the Fair Cost of Care exercises that will be undertaken over the coming months. This provides the provider/or Procurement Sub-Group and the Council protection from differing rates of inflation and ensures that staff continue to be paid fairly with cost of living uncertainty on the agenda.

### 3.2 **Option 1: Do nothing [NOT RECOMMENDED]**

3.2.1 The do nothing approach would be to not renew the Extra Care service contract. This is not possible as residents of the scheme require social care support and meet the eligibility criteria set out in the Care Act. To not provide this support would result in the Council neglecting its duties under the Act. As a result of not retendering this contract, there would be an increase on the social care and health budgets as some of the individuals will either have to be moved to residential care or passed through another community setting, be provided with large care packages or have recurrent unplanned hospital admissions. This option was therefore rejected.

### 3.3 **Option 2: Re-commission all four schemes in a core and add-on model [RECOMMENDED OPTION]**

3.3.1 This option looks to procure Extra Care provision across the four schemes Harp House, Darcy House, Fred Tibble Court and Colin Pond Court as per the model discussed above through a core and add-on arrangement. The provider will deliver the service through a core cost element which will ensure 24 hour staff provision, social activities and contribute to the support provided by the service in addition to the care calls. This includes reducing isolation, prevention and early intervention support. Best practice in this area will see work in partnership with our voluntary sector and Community Solutions.

3.3.2 On deciding whether the scheme is right for them and whether their care and support needs will be met by this provider, residents will be aware of the care provider on site and will make their choice based on this information. The opportunity to move into an extra care scheme with a prescribed provider or remain at home with a different provider provides the resident with choice and control. The individuals who receive care and support from the on-site provider will have support plans in place in which the provider will be expected to ensure that they are demonstrating choice, control and flexibility in meeting the needs of residents.

3.3.3 Additionally, the personalisation ethos will be used in the design of activities for residents. The provider will also be required to work with the voluntary sector and local volunteers in the delivery of the activities.

3.3.4 As stated in section 2.2 above, the cost of contracting for four schemes per annum is approximately £1.78m based on current occupancy. This is based on £20,000.00 of the core costs being allocated to care hours and divided between the care residents, and a subsequent cost of £19.00 per hour for the remaining care calls for each individual. This is also referred to as the add-on within the 'core and add on model'. Due to the number of residents in Colin Pond Court the specification will stipulate a greater number of the core hours are allocated to face to face care to reduce the number of add-on hours required as it is proposed that only one member of staff is on site at this scheme at night due to the lower number of care needs.

3.3.5 The minimum hours for all schemes will remain the same for the life of the contract but it is proposed that the maximum hours will be reviewed on a yearly basis to ensure that they meet the needs of the residents of the schemes and prospective residents that may be referred to the scheme.

- 3.3.6 The Insight Hub have provided information that shows that despite the projected population growth in older adults, care needs are projected to remain stable and not rise in conjunction with the population. This is based on care need increases over the past years in comparison with the population rise since 2011. It is therefore felt that the numbers of units within the schemes will be enough to provide for the numbers of care needs that we are likely to see coming through in the population over the course of this contract. The schemes do have a small number of voids and we will continue to work with the Housing provider to fill these. Covid-19 has contributed to a decrease in referrals over the last two years, however over the last quarter the Extra Care Panel has seen an increase in referrals. To illustrate this, four new residents are in the process of moving into Colin Pond Court at the time of publication (and included in the occupancy table above). We are therefore confident that the numbers of units will meet the level of need within the Borough and we will review the numbers and usage of extra care throughout the life of the contract.
- 3.3.7 **This is the proposed procurement model.** This option allows us to fully utilise the resources within the extra care schemes and deliver the priorities for the Borough around prevention and early intervention.
- 3.4 **Option 3: To decommission Colin Pond Court [Not recommended]**
- 3.4.1 The option to commission Fred Tibble, Harp House and Darcy House as extra care and decommission Colin Pond as an extra care scheme was seriously considered as an option due to the lower number of residents with care needs at Colin Pond. This would have seen Colin Pond Court de-registered as extra care and essentially becoming a sheltered accommodation scheme with the housing manager from the RSL continuing to support the residents in terms of their housing needs. The RSL, Anchor, were in support of this proposal and Anchor Housing would have retained the tenancies with the individuals, the costs of which are covered by rent or housing benefit payments. Additionally a Housing Officer would have been available at the scheme, Monday – Friday during normal working hours.
- 3.4.2 As part of this proposal, the residents with care needs would have had a review of their care needs and a discussion with a social worker to look at how they wished for their care needs to be met e.g. through a home care agency, a personal assistant or a different extra care scheme.
- 3.4.3 Due to the fact that the scheme would have been de-registered as extra care, this option would have seen 24 hour support withdrawn from the scheme. No activities or early intervention/prevention would have been undertaken at the scheme besides the housing support provided by the housing provider, and no one would have been available at the scheme at nighttime to provide care and support or reassurance, unless provided by an external agency for an individual's care needs. To address potential concerns regarding night cover, the Housing Provider would have continued with their current comprehensive alarm system and provide daily welfare calls to the residents. In addition, care technology would be offered to residents from the new Care Technology service provided by Medequip which would provide bespoke technology to support the needs of residents and a 24/7 monitoring and response service.

- 3.4.4 This proposal was discussed with residents of Colin Pond Court and the findings of the consultation can be found in Section 5 below. This option is not being proposed due to the findings of this consultation.
- 3.4.5 In addition, the option would have generated little in the way of savings to the Council – the care packages for the individuals with care needs would have cost a similar amount if commissioned from external agencies or Personal Assistants. In addition, a value cannot be placed on the role that the extra care provider plays in information, advice, guidance, wellbeing activities, preventative and early intervention support with the individuals in the scheme and there is a concern that if this support was removed that residents with or without care needs could see a negative impact on their health, wellbeing, needs and social contact.
- 3.4.6 Finally, the scheme has seen an encouraging improvement in the numbers of residents with care needs moving in, with four residents imminently moving in with care needs, leaving one void. This increases the numbers of residents with care needs to 14 in Colin Pond (rather than 10 at the end of 21/22). The new core and add-on model that is being recommended for all schemes also means that there will be a reduced risk to the local authority paying for care that is not required and we will continue the arrangement of one member of staff at night-time at Colin Pond which adequately meets the current needs profile.
- 3.4.7 As in all the extra care schemes, Colin Pond will still see the introduction of new care technologies as a result of the Medequip contract and we will review the impact that this has at the scheme.

#### **4. Waiver**

- 4.1 Not applicable

#### **5. Consultation**

- 5.1 Consultation for this procurement has taken place through circulation of this report and briefings with relevant Members and officers. The Cabinet Member for Health and Social Care Integration along with Ward Members, Procurement Board and the Corporate Strategy Group have been consulted on the proposals. The proposals in this report were considered and endorsed by the Procurement Board at its meeting on 21 March 2022 and the Corporate Strategy Group on 17 March 2022.
- 5.2 All residents were written to across all the Extra Care schemes informing them of the upcoming re-tender. Residents at Colin Pond Court were sent separate letters bespoke to those that have care needs and those without care needs, outlining the initial proposal to decommission Colin Pond Court and the impact that this would have. The Commissioning team have also worked closely with Anchor Housing on the proposals for the schemes.
- 5.3 Residents of Harp House, Darcy House and Fred Tibble Court were written to regarding the retender and invited to take part in the retender process and provide feedback to inform the development of the service specification.
- 5.4 Colin Pond Court residents were invited to a residents meeting with 27 residents written to and 19 residents including family members attending the meeting. Three



individuals have written to or phoned the team with feedback regarding the initial proposal to decommission Colin Pond Court. The feedback, including the questions asked and key comments were compiled into an FAQ document to be shared with residents including those that did not have an opportunity to attend the meeting.

5.5 Overall feedback from residents and family members was as follows:

- Residents wanted their concerns recorded regarding the removal of staff on site 24 hours a day and more specifically around the overnight staff. Residents stated that they moved into the scheme because it had 24/7 support on site.
- The residents reported that the proposed change would have an impact on their mental health and wellbeing, particularly regarding the role that the care workers played in their everyday life in terms of regular social contact, reassurance and support. Many of the residents stated that the care workers were the first people they saw in the morning and said hello to, and the last people that they saw in the evening and wished a good night.
- There were concerns in accessing help in an emergency. Informal carers reported that if they are notified that their loved one has had a fall, or requested emergency assistance, that this will put increased pressure on them to be present with them as they worry there will be a delay in getting them help.
- Residents raised concerns around not having continuity of care in alternative care arrangements e.g. homecare agency with the same staff providing the care.
- Although they understood the concept of Care Technologies and were positive about the introduction of the service, some residents and carers were unclear how the technology would support the specific needs of some of the individuals in the scheme.

## 6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

- 6.1 The Councils Contract Rules require all spend over £50,000 to be procured in the open market, this report complies with this provision.
- 6.2 It is noted that the proposal is to seek either a single provide or a consortia, both avenues should be allowed so as to not inhibit smaller providers in bidding.
- 6.3 The evaluation criteria is weighted to Quality then cost and 10% Social Value, based on the requirements and the detail in this report, this level of criteria is suitable for the risk levels in providing this service.

## 7. Financial Implications

Implications completed by: Philippa Farrell, Head of Service Finance

- 7.1 The current budget envelope for the Extra Care contract is £1.3m per annum, with this being the last year of the extension. The contract is based on an hourly cost of care that is now out of line with the current market and the current low level of occupancy of the schemes.
- 7.2 This report recommends the new contract should be let for all the current four schemes. The new estimated cost of the contract is £1.78 million per year, £8.9

million for the total period including extensions, based on current occupancy levels. If occupancy of the four schemes increases to an 80% occupancy level given increases in population projections and use of extra care, this contract could cost up to £2.1 million per year, or £10 million over the five-year period, including extensions. Therefore, there will be a resulting budget gap of between £0.5m and £0.8m.

- 7.3 The cost increase to £1.78m is due to the market price of care having risen during the contract period and the need to ensure that the London Living Wage can be accommodated within the price. This additional funding requirement should be addressed initially by managing the budget within the Adult Social Care available budgets, but it should be noted in the result of an overspend within this area this pressure will need to be met centrally. The area is currently forecasting to be on budget, without taking into consideration this pressure. It should be noted that there are additional requirements in relation to Fair Funding, the Cap on Care Cost, and the implementation of a formal CQC inspection process that are also yet to be factored in and therefore the approval of this contract does create a significant risk of an overspend that will need to be met centrally.
- 7.4 Adults Commissioning estimate that there is likely to be increased need for this provision during the life of the contract due to growing demographic demand for social care. This will result in increased costs. As an illustration an increase of around twenty users (to 80% occupancy with care needs) would increase the total by around £300-350k. This will need to be considered in the MTFS budget planning process and the increased cost met within the demographic provision in the MTFS. Likewise, if the level of need of the tenants increases this would also increase costs.
- 7.5 The contract contains an inflation clause which will increase the annual cost of the contract as it progresses through the five-year term. This will create a pressure on the financial envelope that will need to be maintained with offsetting cost reductions or additional funding. This will need to be addressed through the MTFS process and available inflation provisions. This needs to be kept in mind when approving the award as it increases the financial pressure on the organisation.
- 7.6 It should be noted that cost avoidance and the improved outcomes are well documented because of this service. If this contract were not approved alternative forms of provision for the service users such as Residential care would cost significantly more. Failure to let the contract would not lead to lower spending overall. There will also be some income available from Health funding, self-funders, and client contributions which are not accounted for within the financial estimations. There are no savings attached to the letting of this contract.

## **8. Legal Implications**

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law & Governance

- 8.1 This report is seeking approval to tender a contract for the provision of supported accommodation for Older People (Extra Care) for a period of 3 years with an option to extend for 2 years.)

- 8.2 The service being procured is subject to the Light Touch Regime under the Public Contracts Regulations 2015 (the Regulations). The value of the proposed contract is above the threshold meaning that it will need to be advertised in Find a Tender. There are no prescribed procurement processes under the light touch regime, therefore the Council may use its discretion as to how it conducts the procurement process provided that it complies with principles of transparency and equal treatment of economic operators; conducts the procurement in conformance with the information that it provides in the Find a Tender advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement, a contract award notice is required to be published in Find a Tender.
- 8.3 Paragraph 2.5 of this report states that the contract will be advertised in Find a Tender, on the Council's e-tendering portal (Bravo), Contracts Finder and the Council's website in compliance with the Regulations. This appears to be following a compliant tender process.
- 8.4 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.
- 8.5 In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.
- 8.6 The legal team will be on hand to assist and advise as required.

## 9. Other Implications

### 9.1 Risk and Risk Management

| Risk  | Likelihood | Impact | Risk Category | Mitigation   |
|---|------------|--------|---------------|--|
| Delay to/ failed procurement process                          | Medium     | Medium | Medium        | Set and monitor a realistic timetable. Council to negotiate a new short term contract with current provider in the case of a delayed or failed procurement   |
| TUPE issues prevents new providers from tendering for service | Medium     | Medium | Medium        | Gather TUPE information early in project; get expert advice from legal services. Make information clear in ITT documents. Negotiate new contract with current provider as contingency plan for no tenders received                               |
| No tender received  | Medium     | High   | High          | High level of publicity around the soft market testing and tender launch in various contract register platforms and via the Council for the Voluntary Sector. Hold market engagement event and provide advice relating to consortia arrangements |
| Contract award decision challenged by                         | Low        | Low    | Low           | Procure contract in line with Council's contract rules and EU Public Contracts Regulations. Liaise with  |

|   |     |      |        |   |
|---|-----|------|--------|---|
| unsuccessful provider(s)                      |     |      |        | legal and corporate procurement departments at all stages and ensure documentation is kept.   |
| Provider fail to meet contractual obligations | Low | High | Medium | Clear set of outcomes set out in service specification and agreed with provider. Robust and regular performance monitoring procedures, performance indicators and consequences of failure to meet them set out in service contract. |

9.2 **TUPE, other staffing and trade union implications** - Eligible staff currently employed in the service will, in the event of change in service provision, transfer their employment to the new provider under the Transfer of Undertakings (Protection of Employment) Regulations 2014. With the proposed mobilisation period, we have the time to work with the outgoing and incoming provider to ensure a smooth transfer of care and TUPE.

9.3 **Corporate Policy and Equality Impact** - This contract will be provided in line with the Equalities Act 2010 based on an open access service for all eligible individuals irrespective of their background and lifestyle. The contract also has provision for couples to move into Extra Care accommodation so that family units are not split due to one individual's ill health or when the carer can no longer provide the caring role on their own. The service provides support to carers and onward referral to specialist support as required.

The service contract will support residents from varying backgrounds throughout their stay with person centred plans that take into account individual needs and wishes. The service contract is also able to support End of Life care in line with the service users and family wishes, taking into consideration individual's needs and requirements.

An Equality Impact Assessment screening tool has been completed for this procurement and ascertain the impact of recommissioning the Extra Care service. The Strategy and Partnerships Team are satisfied that a full EIA is not required.

9.4 **Safeguarding Adults and Children** - We would expect the new provider to work in line with the Multi Agency Protocol and play an active role in safeguarding in the borough. This will be evaluated as part of the tender process.

9.5 **Health Issues** - The proposal is in line with the outcomes and priorities of the joint Health and Wellbeing Strategy. The award of the contract should further enhance the quality and access of services for Older People. The proposal will have a positive effect on our local community. We expect this service to work closely with our local health services, through initiatives such as discharge flats and long term care support planning to support hospital discharges and keep readmissions down.

9.6 **Property / Asset Issues** - The properties are owned by a registered social landlord Anchor who are committed to continuing using the schemes as Extra Care housing.

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

**List of Appendices:** None

## CABINET

21 June 2022

|  |  |
|--|--|
| <b>Title:</b> Social Value in Procurement – Impact Report 2021/22  |  |
| <b>Report of the Cabinet Member for Finance, Growth and Core Services</b>  |  |
| <b>Open Report</b>   | <b>For Decision</b>  |
| <b>Wards Affected:</b> None  | <b>Key Decision:</b> No  |
| <b>Report Author:</b><br>Faye Elliott, Social Value Co-ordinator<br>Commercial Service   | <b>Contact Details:</b><br>Tel: 07866 179745<br>E-mail: faye.elliott@lbbd.gov.uk |
| <b>Accountable Director:</b> Hilary Morris, Commercial Director, Customer, Commercial and Service Delivery   |  |
| <b>Accountable Strategic Leadership Director:</b> Abi Gbabo, Strategic Director of Inclusive Growth  |  |
| <p><b>Summary:</b></p> <p>The Council’s Social Value Policy was revised and approved by Cabinet in May 2020 (Minute 4, 19/05/20) and then launched in October 2020. Its purpose was to maximise the impact the Council could leverage from its contracted spend by mandating social value must be part of the evaluation criteria on Council procurements over £100,000.</p> <p>The revised policy was designed to enhance delivery of ‘inclusive growth’ and meet Borough Manifesto targets to improve job density, income and employment rates in the borough. The Social Value policy also plays a part in supporting delivery of the Council’s wider Corporate Plan and strategic goals to improve participation and engagement; independence and resilience; and environmental sustainability.</p> <p>This report provides the annual update regarding progress and impact that the policy has had between April 2021 and March 2022.</p> |  |
| <p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) Note the continued positive impact of the Council’s Social Value in Procurement policy in terms of suppliers’ social value commitments and associated outputs;</li> <li>(ii) Approve the updated Social Value Toolkit 2022 as set out at Appendix 1 to the report, reflecting the change from five Social Value themes to the three themes and top-level ambitions of:</li> </ul> <p><b>Investment in Local People:</b> A resilient population. Supporting higher levels of local employment, income, independence, and wellbeing in the borough.</p>   |  |

**Investment in Local Economy:** A vibrant, future focused local economy. A resilient economy that meets the needs of the local population.

**Environmental Sustainability:** Better outcomes for all. An environmentally sustainable economy with improved air quality and reduced transport, waste, and packaging.

- (iii) Note the Council's plan to pilot a programme focussing on work experience for young people and those disadvantaged in the workplace.

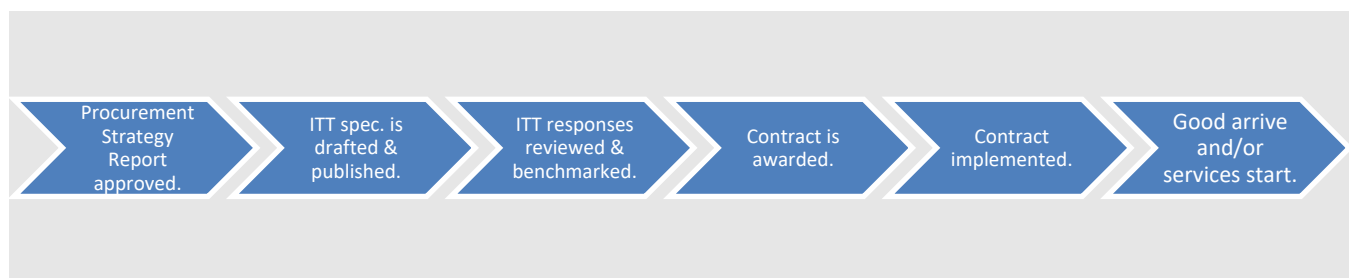
**Reason(s)**

As the Social Value Policy is nearly 2 years old, we are recommending reducing the 5 themes to 3 for the reasons set out in this paper, to make it easier for suppliers to understand our expectations. It is not anticipated that outcomes will be lost through this change.

## 1. Introduction and Background

- 1.1 In May 2020 Cabinet approved a revised Social Value policy which committed Commissioners to include a minimum of 10% and a maximum of 20% Social Value weighting to the evaluation criteria for all procurements over £100,000 (excluding frameworks and waivers).
- 1.2 This policy, along with a Social Value Toolkit, explains to potential suppliers how they can support the Council by delivering social value outcomes within our priority areas. The Policy requires potential suppliers to consider what action they might undertake to support the Council in achieving better outcomes for the borough and its residents and places emphasis on commitments that deliver within our five social value themes.
- 1.3 Under the current framework set out within the 2020 Social Value Policy, there are five themes:
- Investment in Local People
  - Investment in Local Economy
  - Environment Sustainability
  - Community Participation and Engagement
  - People, Independence and Resilience
- 1.4 The Council's Social Value Coordinator has been in post since August 2020 to work with commissioners to ensure they understand and implement the Council's priorities for Social Value. Each Commissioner is encouraged to steer suppliers towards any number of these themes with emphasis placed on 'Investment in Local People' and 'Investment in Local Economy' as these are seen as offering the best opportunity for impact. However, it is ultimately the supplier that will commit to the outputs and actions it thinks it can achieve.
- 1.5 As a reminder, most procurements that now meet the Social Value threshold are large and complex, therefore there is often a long time between papers going to Procurement Board, ITT specification being developed and published, contract

awards and the supplier starting work. The table below sets out the high-level procurement process.



- 1.6 There is often a 9-18 month lead time between the start of the process to procure and the work/service starting or goods arriving.
- 1.7 On that basis reporting on Social Value should be considered in two separate ways: commitments and outcomes. Commitments are the activities or initiatives that suppliers outline they will deliver during the time they are in contract with the Council; whereas the outcomes are the actual benefits that are delivered by the supplier. There can be a number of factors that mean these two things differ, for instance, the ongoing impact of Covid 19 or possible lack of engagement from a community organisation, school etc. If these situations occur, the Council works with suppliers to find an alternative outcome to ensure some impact is still achieved.

## **2. Proposal and Issues**

### **2.1 Data analysis**

- 2.1.1 There have been 58 relevant procurements brought to Procurement Board in the last 12 months with only 2 suppliers winning a tender process without providing any social value commitment. Therefore 97% of our major suppliers are committing to provide some social value to the borough and its residents.
- 2.1.2 Where goods or services are procured through either a Framework or via a Council approved waiver, Social Value evaluation cannot be mandated. However, the commissioner is still encouraged to contact the supplier to discuss Social Value impact and whether there are any commitments that can be made. This is often undertaken with support from the Social Value Coordinator. In the last 12 months the Council has received Social Value commitments from a number of suppliers through this process, with the commitments ranging from advertising roles via the jobs shop, committing to provide additional trees in the borough, and workshops for residents with additional learning needs focused on personal safety in public places.

### **2.2 Impact of the first full year of policy change**

- 2.2.1 The following summarises the commitments that have been agreed between April 2021 and March 2022 and the outcomes that have been delivered during this period. More information regarding each supplier's commitments and outcomes can be found in the Appendix2: Social Value Commitments and Output from Suppliers April 2022.

2.2.2 Of all the procurements during 2021 to 2022, those not listed in the commitments or outcomes below are still in the ITT/contract development or implementation stage, so the final commitments have not been agreed.)

### Commitments



### Outcomes



## 2.3 Social Impact outside of Procurement

2.3.1 As explained in the previous Impact Report, the revised Social Value Policy change is generating a culture shift within the Council which is having a knock-on effect



outside of procurement discussions. The wider community benefit and social impact the policy is having is highlighted in a few key example areas below:

- **Council Commercial Portfolio** - The Council has noted a marked step change in the way our commercial portfolio address the Social Value owned by them through their onward supply chain. Below are a few examples:
  - B&D energy: Working with their onward supply chain, B&D energy have secured two apprenticeships via Vital Energy started in May 2021 and October 2021. Vital Energy have also undertaken school talks, tours and mini competition and given away goodie bags to students. There have also been seven trees planted in LBBDD by B&D Energy supplier as part of their Social Value outcomes.
  - Be First – Through their own construction works and their onward supply chain Be First are offering residents local employment (941 people from B&D employed), work experience, apprenticeships (86 employed on site), as well as supporting local businesses through local spend. Be First have really embedded Social Value into the way they procure, and the Borough and its residents are seeing the benefits.
  - BD Group – Working closely with the council BD Group are reviewing their own Social Value Policy and how they manage this through their onward supply chain. While this is underway, BD Group have also used social value commitments made through their supply chain to fund the Job Shop to support 25 individuals in the Borough with additional barriers to find employment.
  - BD SIP – As a stakeholder in the Council's Social Value Advisory Panel, BD SIP helps suppliers to fulfil their Social Value commitments by working with suppliers to schools with opportunities for work experience placements, volunteering opportunities and careers and industry specific sessions they host at the schools within the Borough. BDSIP therefore helps to provide the infrastructure that supports suppliers to fulfil their Social Value commitments in a meaningful and structured fashion.
  
- **Film LBBDD** - The Council's Film Service, Film Barking and Dagenham continues to drive Social Impact through the engagement they have with their client base – an approach that is set to grow through the 'Make It Here' programme of pathways to secure education, employment, supply chain and community benefits linked to the new film studios.

Focusing on delivering outcomes within the Council's Social Value themes, Film LBBDD have overseen additional community benefits from visiting productions ranging from work experience for students on film sets, paid marshalling roles, additional financial support to local businesses and creation of new local long term employment opportunities for residents (5 opportunities currently being advertised through the Council's job shop within the Film Office team and its associated supply chain).

With a total of 21 paid placements being offered to students in the borough, the Film office alone achieved approx. 117 days of paid experience in a variety of roles for students with the likes of Apple, Netflix and Warner Bros. Using the flat daily marshal rate (set by industry), an estimation can be made that total earnings of £14,625 were shared between this cohort of B&D students. This is

all additional to the benefit the Borough obtains from the direct income from these visiting productions and gives them direct experience in this critical key sector.

Also, the Eastbrook Studio hoarding is a great example of wider Social Impact. All the casting agents, models, photographers, and designers are from within Barking and Dagenham, a total of 23 people. Highlighting the talent that B&D has, as well as the Borough's ability to ensure the positive impact of the Film Studio development is felt by its residents.

- **LBBB Park Service** - Across the Parks Services, the teams ensure that whenever they spend any Council money that there is additional benefit to the Borough, even though their spend is predominantly below the threshold at which Social Value is required. A good example of these outcomes are personal trainer sessions and open days that are implemented when new Outdoor Gyms are installed or when additional equipment is purchased. Although it does not benefit the borough directly, the outdoor gym equipment providers plant 1 tree nationwide for every piece of gym equipment bought.

An additional example is at Pondfield Park where the supplier is providing and installing two new picnic tables for families using the park, as an additional commitment to the Borough.

- **Local Procurement Pilot** - To support the Council's goal to procure more goods and services within the borough, Inclusive Growth is working with My Place to pilot a different approach to smaller contracts – i.e. those under the £100K threshold for Social Value. The pilot is identifying contracts that could be delivered locally and supporting commissioners to tender and promote it in ways that make it more likely local organisations will apply. It is also exploring what support can be put in place to address some of the barriers local organisations face when seeking contracts with the Council.
- **London Living Wage** - In the original plan to implement Social Value, we said we would promote payment of the London Living Wage in our contracts for services through Social Value. Having consulted with Living Wage accredited councils that are already committed to paying the London Living Wage to contracted staff as well as employees, we are now proposing to make this a condition within the contract. This would require contractors to pay the London Living Wage to their staff working directly on LBBB, rather than simply scoring those that commit to do so more highly.

## 2.4 Changes to the Toolkit

2.4.1 Having worked with the Social Value themes for over a year now, it appears suppliers struggle to focus across all five themes and found it particularly challenging to understand how they can deliver outcomes that meet the Council's aspirations in the following two themes:

- Community Participation and Engagement
- People, Independence and Resilience

- 2.4.2 From listening to a number of suppliers, it has become clear that if the above themes could be incorporated into the Investment of People, Economy and Environment themes they are more likely to engage with considering tangible outcomes associated with these aspirations. It has also been suggested that by reducing the number of themes, it is likely to increase the suppliers focus on less small activities, in favour of activities that have greater and more tangible impact to the Borough and its residents.
- 2.4.3 Following these discussions, it is recommended to merge these two themes and any current activities that sit as examples under them into the remaining three to ensure no activity type would be lost. We believe this will provide a more public-facing narrative that is easier for commissioners, suppliers and residents to understand and engage with than the previous five themes. The revised themes and top-level ambitions would be:
- **Investment in Local People:** A resilient population. Supporting higher levels of local employment, income, independence, and wellbeing in the borough.
  - **Investment in Local Economy:** A vibrant, future focused local economy. A resilient economy that meets the needs of the local population.
  - **Environmental Sustainability:** Better outcomes for all. An environmentally sustainable economy with improved air quality and reduced transport, waste and packaging.
- 2.4.4 More detail around suggested activities under each theme can be found in the updated Social Value Toolkit, included at Appendix 1.
- 2.5 **Development of key programmes: Supported Employment Pilot**
- 2.5.1 Currently the Social Value Coordinator engages with commissioners and suppliers to identify suitable Social Value commitments, based on a combination of their corporate interests and resources, and the borough priorities. We host a Social Infrastructure Advisory Panel that provides a forum for key community representatives and partners to advise and shape our approach, both generally and on specific Social Value agreements. This flexible approach is a key feature of our ability to generate creative ideas and outcomes through Social Value.
- 2.5.2 Alongside this, however, we feel it would be useful to better direct contractors towards key priorities by establishing a small number of programmes that they could be asked to contribute to as part of their Social Value commitments. The first of these that we are working on is a supported employment programme to improve employment levels among people in receipt of social care support – including those with learning disabilities and mental health conditions – and in doing so improve levels of independence and resilience in the borough.
- 2.5.3 Some co-design research has been commissioned to develop a pilot programme with the relevant services (including Disability, Mental Health and Youth Offending) and the people they work with who would like to work. BD Group has agreed to be part of the pilot, with a view to developing a single approach to Social Value across their various contracts with My Place. If successful, the aim would be to expand the programme using the Social Value commitments of other major contractors. The pilot is due to start in the summer/autumn 2022.

## 2.6 Conclusion

- 2.6.1 There continues to be progress of the second phase of implementation of the Social Value Policy and commitments are starting to turn into a larger volume of outcomes as time passes. The Commissioners have a greater understanding of what is the art of the possible with Social Value and are showing real commitment and understanding of the wider impact of the policy changes. There is genuine engagement in certain areas, rather than just completing an additional procurement process and suppliers are increasingly keen to work with us to ensure their outcomes have tangible long-term benefits.
- 2.6.2 As Social Value continues to develop, so does the Council's understanding of what is possible in terms of expected outcomes. However, it isn't always easy to quantify what can be expected from suppliers. There isn't always a link between size/value of contract and our ability to obtain social value commitments, as some procurements and supply chains lend themselves to Social Value commitments in a way others do not. There are examples of high value IT contracts with limited or no Social Value commitments from suppliers, and other smaller adult social care contracts where the outcomes are having a real tangible impact of residents' lives. The Social Value Coordinator continues to work internally and with external suppliers to develop guidance, training and understanding to address this. We are also seeking to test the impact of a higher Social Value weighting (up to 20%), and to direct resources to priority areas through the development of programmes.
- 2.6.3 Overall, the impact continues to be felt within the Borough, by its residents and the environment. Below are some of the quotes received from suppliers, voluntary sector organisations and residents.

"It's amazing to see all of the work of The River Roding Trust and how our fund has had a **direct and tangible positive impact** for the local community. We're exceptionally **proud to be a part of the fabric of Barking and Dagenham.**"

- Clear Channel

"We have found social value uplifting as a team. We have found that it has given us a **new insight in to ways of supporting our residents.** With the contributions from our staff and volunteers we feel we are more in tune with our community"

- Independent Living Foundation (ILF)

"The Moore Insight colleagues have been wonderful and really supportive. I'm so happy that are working with borough for 10 years, although I anticipate **engagement with young people will continue** beyond that."

- BDSIP

"We believe that **Barking deserves beauty and that the River Roding should be the jewel in the crown of the town.** That's why ...local volunteers have spent many months working hard to plant trees and install benches along the river.

We're very grateful to Barking and Dagenham Council for recognising the importance of social value and to Clear Channel for: **providing the funding to pay for the trees and materials**

- River Roding Trust

"My placement at Moore Insight has been very beneficial for myself and for my future...**the placement has given me a better understanding of how communities and environments** can affect people in many different ways which has taught me to be much more grateful and don't take anything for granted.

- Child A. Resident / Beneficiary

Lastly, the team has had a big role in my life over the last few months...I am very grateful for this opportunity and very happy I took the opportunity up as it has **helped me develop as a person** and hopefully **my input will be a factor in making Barking and Dagenham a better place**".

- Resident / Beneficiary

"**Without the ILA I would not have had the confidence to move on and find employment.** The support throughout lockdown really **helped me realise I could find a job**"

- Resident / Beneficiary

We don't just want to "tick a box" for Social Value. We want our passion for doing good in everyday life to reflect in the work we undertake with clients. Targets and measurements are only one part of Social Value but to us, **focusing on creating a long-lasting impact on the communities** that our clients serve, with real, tangible results is what we see as making a real difference."

- Moore Insight

**I can now go out in confidence** knowing I don't have to remember phone numbers as **one button will get me help faster if in danger.**

- Resident / Beneficiary

"I feel very much part of a team, **like I belong to something**"

- Resident / Beneficiary

### **3. Consultation**

- 3.1 This report was considered and endorsed by Corporate Performance Group in May 2022.

### **4. Corporate Procurement**

Implications completed by: Sam Woolvett, Category Manager, Corporate Procurement

- 4.1 Corporate Procurement have worked alongside stakeholders in all service areas to ensure social value is included in the procurements we are responsible for. We assist our stakeholders in recognising the benefit of social value and the impact it can, and does have, within the borough.
- 4.2 Corporate Procurement ensures social value reflects the various themes detailed in the Borough Manifesto and that supplier's tender responses include targets and demonstrates how those targets will be delivered within the borough.

### **5. Financial Implications**

Implications completed by: Sandra Pillinger Group Accountant

- 5.1 Although the Social Value Policy does not generate income in terms of cash receipts, there has been a considerable indirect financial benefit for both the Council and the borough's residents. For example, donations of equipment, work experience placements and support to residents. There has also been direct funding support to the VCSE sector and contributions made in support of Council initiatives. It is not possible to quantify these benefits, but it is clear that the introduction of the policy has resulted in financial advantages.

### **6. Legal Implications**

Implications completed by: Lauren van Arendonk, Contract & Procurement Lawyer

- 6.1 This report provides an annual update on the progress and impact that the Social Value Policy has had between April 2021 and March 2022 and suggests changes to condense and streamline the social value outcomes sought in suppliers.
- 6.2 Clause 18 of the Contract Rules requires that Council Officers procure goods and services in compliance with the Public Services (Social Value) Act 2012 and the Council's Social Value Policy. Under clause 18.2, prior to the commencement of a procurement process, consideration to how the proposed procurement might improve the economic, social and environmental well-being of the Council's area must be given. In addition, consideration to how the procurement may secure such improvement and lastly, whether consultation on the economic, social and environmental well-being factors could provide value to shape specifications, programmes and services. Therefore, the policy ensures procurements are undertaken with social value as an important consideration in contracting with any successful supplier and take the form of weighted questions.

- 6.3 The Social Value policy supports the delivery of the Council's wider Corporate Plan and strategic goals to improve participation and engagement; independence and resilience; and environmental sustainability. These are critical considerations in any procurement. Streamlining all 5 themes of social value would not contradict clause 18 of the Contract Rules.
- 6.4 Lastly, the proposals would also not contradict the legislative requirements under the Public Services (Social Value) Act 2012.

## **7. Other Implications**

- 7.1 **Corporate Policy and Equality Impact** – The Equality Impact Assessment has been updated accordingly and it is expected that the outcomes secured through the revised policy will continue to deliver improved outcomes for residents.

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

### **List of appendices:**

- **Appendix 1:** Social Value Toolkit – Update 2022
- **Appendix 2:** Social Value Commitments and Outcomes from Suppliers (April 2021 to March 2022)

**APPENDIX 1**

2022

**LONDON BOROUGH OF BARKING AND DAGENHAM  
SOCIAL VALUE TOOLKIT**

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

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## INTRODUCTION

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

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

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

This policy also fulfils the legal obligation on all public bodies to consider Social Value under the Public Services (Social Value) Act 2012<sup>1</sup>, which requires:

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

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

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

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

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

## SECTION I. DELIVERING SOCIAL VALUE IN LBBD

### GOALS AND PRIORITIES

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



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

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

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

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

## LBBD'S SOCIAL VALUE FRAMEWORK

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

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

| Investment in Local People  |  |
|---|--|
| <p>Work with the Council to meet Borough Manifesto goals to tackle low pay, reduce unemployment and increase access to education and training for borough residents. As well as to support improvements in the capacity of civil society, resident engagement, and levels of volunteering in the borough, whilst looking to improve the health, wellbeing and safety of residents by:</p> | <ul style="list-style-type: none"> <li>- Providing sustainable (26 weeks+) employment opportunities for LBBB residents.</li> <li>- Providing quality apprenticeships with clear wage and employment gains for LBBB residents – with a focus wherever possible on apprenticeships at or progressing to Level 3 and above.</li> <li>- Providing work experience and careers support for LBBB residents.</li> <li>- Providing work-related learning opportunities for the borough's schools, such as work experience, insight visits, careers talks, mock interview days and enterprise advisers.</li> <li>- Providing opportunities for disadvantaged groups – including young people, rehabilitating young offenders, care leavers, and those with mental or physical health conditions and learning difficulties.</li> <li>- Advertising all local employment and apprenticeship vacancies through the council's job brokerage services, and working with the existing local education and training system to deliver training and careers activities wherever possible.</li> <li>- Building the capacity of local community groups and activities, such as through volunteering, mentoring and providing space and facilities.</li> <li>- Supporting initiatives to tackle obesity, anti-social behaviour, domestic abuse and other challenges that affect the independence and resilience of residents.</li> </ul> |

|  |  |  |
|--|--|--|
| <p><b>Investment in Local Economy</b></p>  | <p>Work with the Council to meet Borough Manifesto goals to support job creation and business growth by:</p>   | <ul style="list-style-type: none"> <li>- Buying goods and services from organisations based in Barking and Dagenham wherever possible – supporting our goal for at least 25% of council goods and services to be sourced from local suppliers.</li> <li>- Building the capacity of local suppliers to access procurement opportunities, such as through mentoring and meet the buyer events.</li> <li>- 'Buying social' where possible, by sub-contracting with organisations that share our values and have a social purpose, such as those from the voluntary, community and social enterprise sectors.</li> </ul> |
| <p><b>Environmental Sustainability</b></p> | <p>Work with the Council to meet Borough Manifesto goals to create a clean, green and sustainable borough, recycling more and reducing waste by:</p> | <ul style="list-style-type: none"> <li>- Reducing the amount of waste and single-use plastic and seeking opportunities to recycle wherever possible.</li> <li>- Supporting LBBD's target to reduce carbon emissions by taking concrete steps to minimise energy consumption and consider the environmental performance of the wider supply chain.</li> <li>- Supporting initiatives to improve the local environment such as through local growing schemes and measures to address air pollution and fly-tipping.</li> </ul>   |

## SECTION II. ASSESSING SOCIAL VALUE IN LBB

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

### WHO IS REQUIRED TO DELIVER SOCIAL VALUE?

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

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

### HOW IS SOCIAL VALUE ASSESSED?

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

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

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

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

Within this weighting, both the quality of the Method Statement and the commitments (outputs) set out in the Delivery Plan will be taken into account when assessing the Social Value

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

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

proposals. These weightings may vary and will range from between 10-50% of the total social value weighting for the method statement and 50-90% for the Delivery Plan.

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

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

## HOW WILL DIFFERENT PROPOSALS BE EVALUATED?

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

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

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

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

- Provide quality employment, apprenticeships, and other training and work experience opportunities for LBBB residents<sup>5</sup> – with additional consideration given to proposals that provide opportunities for groups facing disadvantage in the labour market<sup>6</sup>;

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

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

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

### **Securing community benefits in construction**

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

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

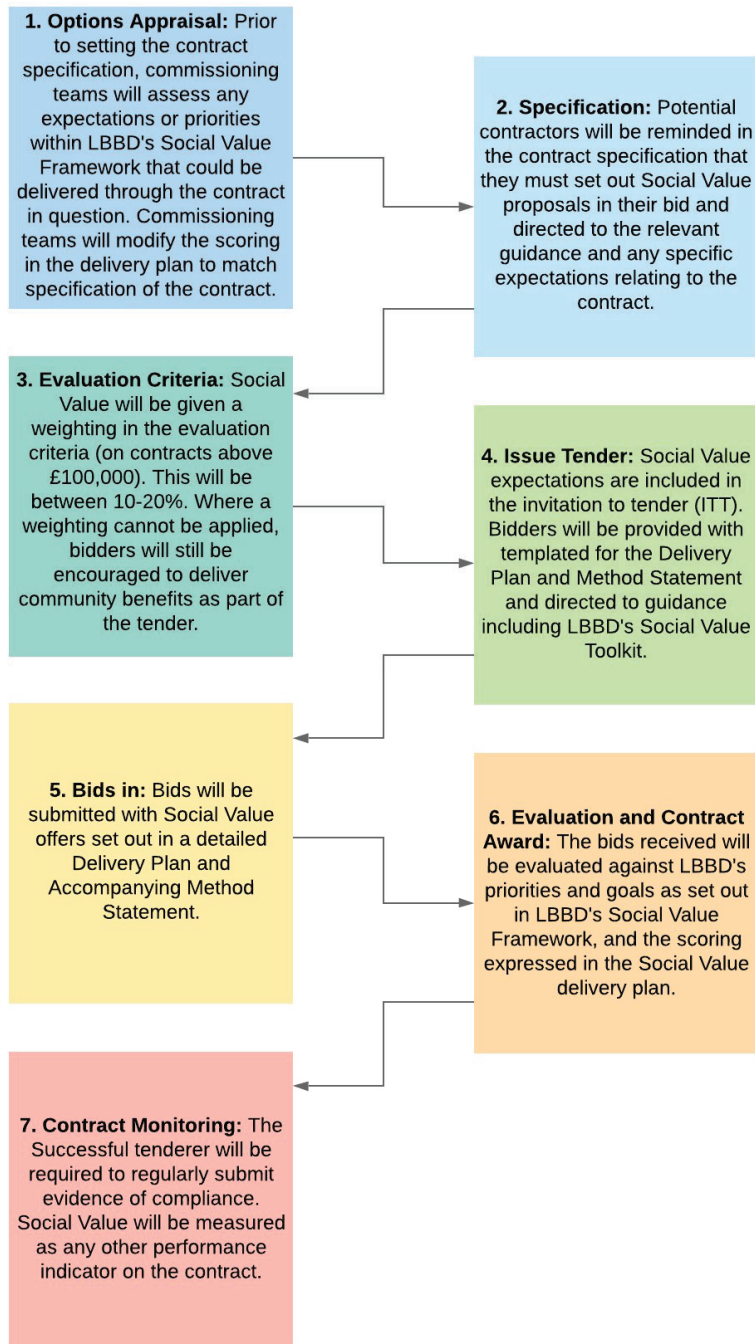
These targets are set as minimum requirements for all contractors and monitored as part of their key performance indicators. They include requirements to:

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

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



## WHERE DOES SOCIAL VALUE COME IN THE TENDER PROCESS?





## SECTION III. USEFUL RESOURCES

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

### DO'S AND DON'TS WHEN SUBMITTING AN OFFER<sup>7</sup>

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

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

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

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

#### **3) Don't double count:**

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

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

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

### TARGETING YOUR COMMITMENTS

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

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

## **LBBB Borough Data Explorer**

Barking and Dagenham Council have developed a Data Explorer which brings together data for all the indicators that either contribute to our Borough Manifesto<sup>8</sup> or the Social Progress Index<sup>9</sup>. This tool allows the user to compare LBBB's performance to the rest of London and, where data is available, to visualise ward-by-ward level data.

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

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

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

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

## HOW TO CONTACT US FOR MORE INFORMATION

### **Social Value Inbox**

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

[socialvalue@lbbd.gov.uk](mailto:socialvalue@lbbd.gov.uk)

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

[Tendering | LBBDD](#)

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

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

## OTHER USEFUL CONTACTS

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

|  |   |   |
|--|---|---|
|  | arranges over 2000 weeklong placements for LBBB secondary school students with local and regional employers and would appreciate your help. We can also help you develop other activities through both our teacher and digital expertise.   |   |
| <b>Use local suppliers</b>   | <p>The council's Business Forum has a directory of local businesses. Get in touch for help finding local suppliers that meet your needs.</p> <p>The Business Forum can also help you publicise opportunities for local suppliers through its quarterly newsletter and events.</p> | <p>Email: <a href="mailto:businessforum@lbbd.gov.uk">businessforum@lbbd.gov.uk</a></p> <p>Telephone: 020 8227 5094</p>  |
| <b>Identify local voluntary, community and social projects and organisations</b> | Both Barking & Dagenham Giving and the BD_Collective collaborate with a range of partners to make it easy for organisations to identify and support local social organisations. Get in touch for help and ideas on how to target and deliver your obligations.                    | <p>To get in touch with B&amp;D Giving, email: <a href="mailto:Geraud@bdgiving.org.uk">Geraud@bdgiving.org.uk</a> or visit the B&amp;D Giving portal at: <a href="http://www.bdgiving.org.uk">www.bdgiving.org.uk</a></p> <p>To get in touch with the BD_Collective, at: <a href="mailto:hello@bdcollective.co.uk">hello@bdcollective.co.uk</a></p> <p>or visit the BD_Collective website at: <a href="https://bdcollective.co.uk/">https://bdcollective.co.uk/</a></p> |
| <b>Volunteer in LBBB</b>   | Barking and Dagenham's Volunteer and Community Solutions teams co-ordinate council volunteering opportunities in the borough. The BDCollective work collaboratively with the Council to coordinate  | <p>To volunteer with the council, contact either Chidi Wilson at: <a href="mailto:chidi.wilson@lbbd.gov.uk">chidi.wilson@lbbd.gov.uk</a> or Jill Gallagher at: <a href="mailto:Jill.Gallagher@lbbd.gov.uk">Jill.Gallagher@lbbd.gov.uk</a>.</p> <p>For wider volunteering opportunities in the borough contact the BDCollective or B&amp;D Giving, as above.</p>   |

|   |   |   |
|---|---|---|
|   | volunteering across the social sector of the Borough using a shared volunteering platform called Better Impact.   |   |
| <b>Support initiatives to tackle Domestic Abuse</b> | Dagenham's Domestic Violence Commission was set up to identify how to reduce high levels of domestic abuse in the borough and can advise on initiatives in this area, as well as how to effectively support and advise your own staff in this regard. | Email: <a href="mailto:domesticabusecommission@lbbd.gov.uk">domesticabusecommission@lbbd.gov.uk</a> |

Social Value Commitments and Output from Suppliers  
April 2021 to March 2022

**Commitments**

| Supplier   | Commitment  | Themes   |
|--|---|--|
| Adecco –<br>Temporary Labour                     | <p>3 Initiatives in every 12-month period focused on Access to Work, Access to Opportunity and Inclusive Futures:</p> <ul style="list-style-type: none"> <li>• 100 young people to be supported with employability skills, (CVs, Careers Advice, Interview techniques, resilience training etc).</li> <li>• 200 hours of mentoring for 16-24 year olds, currently unemployed focused on skills and work readiness.</li> <li>• 8 weeks of work placements per year of the contract.</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul>   |
| Bunzl (Greenhams), Keltic and SMI – PPE supplier | <ul style="list-style-type: none"> <li>• Bunzl (Greenhams): 1% rebate to create fund for community use, decided through Advisory Panel April 2023 for community use.</li> <li>• Keltic: 5 suits per year for vulnerable job seekers via Job Shop. Donate 10 coats/fleeces per year to LBBD homeless shelter, first year allocated to The Source BLC</li> <li>• SMI: H&amp;S training workshops, Uniform recycling scheme, 1% annual spend as a rebate to create fund decided through Advisory Panel April 2023 for community use.</li> </ul>                        | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Community Participation and Engagement</li> <li>• Environmental Sustainability</li> </ul> |
| Medequip Connect – Care Technologies Services    | <p>Contract mobilisation starting in Jan/Feb 2022, the volumes of detail below are being confirmed:</p> <ul style="list-style-type: none"> <li>• Employment opportunities advertised via the LBBD Job Shop</li> <li>• 6 permanent staff members from LBBD to be recruited</li> <li>• 2 full-time level 2/3 apprenticeships each year of contract</li> <li>• 8 hrs career mentoring to 6 cohorts of 5 unemployed residents</li> <li>• 4 x 1 week work experience placements per year</li> <li>• Schools programme - 'Medequip explorers' for years 4 to 6</li> </ul> | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Community Participation and Engagement</li> </ul>   |

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| <p>Agilisys – Database Administration (DBA) Management Service</p>                         | <ul style="list-style-type: none"> <li>• Contribution of £1,000 per annum to support We Rise, community group focused survivors of domestic abuse.</li> <li>• Contribution of £2,000 per annum to support of the annual Women’s Empowerment Awards</li> <li>• Contribution of £2,000 per annum to support council’s focus on awareness raising regarding domestic abuse and initiatives to support survivors, during established events.</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Community Participation and Engagement</li> </ul> |
| <p>Microsoft Collaboration and Content Infrastructure Services (Sharepoint) – Agilisys</p> | <ul style="list-style-type: none"> <li>• 20 Chromebook/Laptops to be used in the Council’s Digital Inclusion pilot programme.</li> </ul>  | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul>   |
| <p>CDW Ltd - Lan Hardware</p>  | <ul style="list-style-type: none"> <li>• Advertise all roles through LBBDD’s job sites and job shop.</li> <li>• Deliver c.70 mock interviews a week for an 8 week period, for approx. 8 schools, 560 mock interviews for school leaving age children.</li> <li>• 5 fully funded places for each STEMettes hackathon</li> </ul>  | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul>   |
| <p>Re-Gen - 4 New classrooms at Rose Lane Primary School</p>                               | <ul style="list-style-type: none"> <li>• Design and installation bird boxes, bug hotel etc, volumes TBC, items to be constructed from recycled / surplus material.</li> <li>• All jobs advertised through local community webpages and Council job shop.</li> <li>• Local Employment – 2 x local groundworkers and site manager to be employed.</li> <li>• 1 site visit, and 1 assembly presentation for students about careers in construction.</li> <li>• Bottle Green House created and installed from recycled plastic bottle.</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental Sustainability</li> <li>• Investment in Local People</li> </ul>           |
| <p>Brightway, Everychild and Kelwel - Family Contact Service Framework</p>                 | <p>All items listed below are volume of work dependant.</p> <ul style="list-style-type: none"> <li>• Brightway – LLW, Carbon reduction and work experience placement</li> <li>• EveryChild – LLW &amp; Sustainable employment opportunities, Volunteering opportunity &amp; all vacancies shared through Job Shop.</li> <li>• KelWel – LLW and advertising jobs via Job Shop</li> </ul>   | <ul style="list-style-type: none"> <li>• Environmental Sustainability</li> <li>• Investment in Local People</li> </ul>           |



|  |   |   |
|--|---|---|
| KelWell - Bespoke Children's Support         | <ul style="list-style-type: none"> <li>• Kelwell – LWW and advertising jobs via Job Shop</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul>  |
| CDER & Marstons - External Enforcement Agent | <p>All items listed below are volume of work dependant.</p> <p>CDER</p> <ul style="list-style-type: none"> <li>• 5 work experience placements</li> <li>• MIND donation of £3k during 3 year contract to B&amp;D branch of MIND</li> <li>• Foodbank donation £4k during contract</li> <li>• 2 Apprenticeships during contract</li> <li>• 10 traineeships during contract, 8-week City &amp; Guilds accredited courses</li> <li>• 20 hours of Employability sessions</li> <li>• 8 hours of careers talks (2 talks a year) at schools through LBBB</li> </ul> <p>Marston</p> <ul style="list-style-type: none"> <li>• Provide e-training module(s) for educational money management for 11-18 year olds</li> <li>• Provide e-training modules focused on Improving Money Management: 'How to Manage Money'.</li> <li>• Advertise all jobs via LBBB Job Shop and run 2 'into work sessions' and 1 'Employability' workshop with the Job Shop client base.</li> <li>• Work with CAB to present at or run poverty group or workshop.</li> <li>• Undertake 1 NNDR workshop and offer unlimited training for council staff on IRRV.</li> <li>• Undertake 2 community social events focused on social inclusion, or dementia awareness</li> <li>• Undertake 2 Debt management workshops</li> </ul> | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Investment in Local Economy</li> <li>• Community Participation and Engagement</li> </ul> |
| Agilisys - Azure                             | <ul style="list-style-type: none"> <li>• Work with LBBB secondary schools annually to engage students on technology career, via BD SIP career session, volumes (TBC)</li> <li>• To fund five places per year for young people in LBBB to enhance their employability, via Fast Futures, a partner programme.</li> <li>• To provide annual revenue funding of £12,000 for each year to support the development of the Babyzone at Future Youth Zone.</li> </ul>  | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Community Participation and Engagement</li> </ul>  |

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|---|--|---|
| <p>Independence Living Foundation - Housing related floating support services</p> | <ul style="list-style-type: none"> <li>• 4 x volunteer roles per year with each volunteer undertaking 26 weeks of voluntary employment/support.</li> <li>• Develop and support the establishment of 'self-support community group' focused on employment, education, volunteering and reducing social isolation. Consisting of 4 residents and 1 ILA trustee.</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• People, Independence and Resilience</li> </ul>   |
| <p>Independent Living Foundation – Blitz cleaning contract</p>                    | <ul style="list-style-type: none"> <li>• Pay all staff working on Blitz cleaning service LLW.</li> <li>• 2 volunteers at any one time, focused on employability skills</li> <li>• Maintain 70% of workforce from within the Borough, report annually.</li> <li>• Undertake support for an individual in the borough with learning difficult to access work experience.</li> <li>• One additional commitment/activities in every 12 months.</li> </ul>  | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Community Participation and Engagement</li> </ul>  |
| <p>“reMOVE abuse” Perpetrator Intervention Pilot Project – Contract extension</p> | <ul style="list-style-type: none"> <li>• Deliver training sessions in collaboration with Refuge</li> <li>• Tree planting (possible fruit trees)</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> <li>• Environmental Sustainability</li> </ul>  |
| <p>Access and Lock – CCTV Camera maintenance</p>                                  | <ul style="list-style-type: none"> <li>• Recruit and train residents from the LBBB for security &amp; fire alarm engineers and/or office staff.</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul>  |
| <p>MPD FM Ltd - Contract for SIA Security and Ancillary Services</p>              | <ul style="list-style-type: none"> <li>• 1 Apprenticeship</li> <li>• Advertise roles via job shop; Bid writer, Admin role and HR admin</li> <li>• 6week paid internship</li> <li>• Increase B&amp;D resident in overall workforce from 10% to 15%</li> <li>• Reduce single use plastic, purchase of individual water bottles for all staff</li> <li>• Community fund of £9k for allocation to community groups within B&amp;D</li> <li>• Workshop for residents of assisted living on personal safety in public spaces. 30 people x 2 workshops (20 hours Volunteering, prep and delivery)</li> <li>• Develop supply chain to include more LBBB based suppliers.</li> <li>• Support LBBB residents with Digital Hardware (Laptops x 20)</li> </ul> | <ul style="list-style-type: none"> <li>• Investment in local people</li> <li>• Investment in local economy</li> <li>• Community Participation and Engagement</li> </ul> |
| <p>Aston Heating Ltd - Fews Lodge &amp; Kallar Lodge Main Boiler Replacement</p>  | <ul style="list-style-type: none"> <li>• 6 raised planters within the shared gardens for resident's</li> <li>• Maintenance inside reception area.</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul>  |

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| Barclays – Purchase Card Service and Ancillary Services              | <ul style="list-style-type: none"> <li>Attend Head Teachers calls to ensure that all schools in the borough have access to the Barclays LifeSkills. (10 hours)</li> <li>Offer LifeSkills support to those NEET and Care Leavers via job shop team. (TBC)</li> </ul>  | <ul style="list-style-type: none"> <li>Investment in Local People</li> </ul>   |
| TrucTyre - Supply and fitting of Tyres for Fleet Services            | <ul style="list-style-type: none"> <li>Support and/or funding for Tree planting in the Borough (1)</li> <li>Food supplies collected annual and provided to one of the B&amp;D food banks – Volumes TBC</li> <li>Provide all new (location appropriate) vacancies to B&amp;D Job Shop</li> </ul>  | <ul style="list-style-type: none"> <li>Environmental Sustainability</li> <li>Investment in Local People</li> </ul>           |
| Portakabin - Manor Junior School Modular Library                     | <ul style="list-style-type: none"> <li>Tree planted at school</li> <li>Bird box made from surplus materials</li> <li>Foodbank donation – volume tbc.</li> </ul>  | <ul style="list-style-type: none"> <li>Environmental Sustainability</li> <li>Investment in Local People</li> </ul>           |
| Extra Care - Supported Accommodation for Older People                | <ul style="list-style-type: none"> <li>8 student placements for social care and nursing placements</li> <li>1 apprenticeship</li> </ul>  | <ul style="list-style-type: none"> <li>Investment in Local People</li> </ul>   |
| Mulalley & Company - Stones Close Balcony Replacements               | <ul style="list-style-type: none"> <li>1 work experience placement.</li> <li>2 site visits for B&amp;D students, via Construction Youth Trust.</li> <li>25% of none specialised spend, to be from within the borough.</li> <li>Raised planter and bird house for gardens surrounding the Stones Close building.</li> </ul>   | <ul style="list-style-type: none"> <li>Investment in local people</li> <li>Community Participation and Engagement</li> </ul> |
| Leeds Credit Union – Credit Union Services across LBD                | <ul style="list-style-type: none"> <li>Support to schools focused on money and debt management programme.</li> <li>Wider offer to residents regarding money and budgeting support sessions. Volumes and cohorts TBC (expected 10 hours)</li> </ul>   | <ul style="list-style-type: none"> <li>Investment in Local People</li> <li>People Independence and Resilience</li> </ul>     |
| Re-Gen - Barking Abbey Lower/Upper School: Heating Main Replacements | <ul style="list-style-type: none"> <li>Material and volunteer hours to decorate classrooms at each site, number of classrooms TBC and provision of additional paint for school use. (expected 2 days)</li> <li>Also support with volunteer time and material to create/redevelop memorial garden for schools 100-year anniversary (Lower School) (expected 2 days).</li> </ul> | <ul style="list-style-type: none"> <li>Investment in Local People</li> </ul>   |
| Re-Gen - Beam Primary School: Heating Main Replacements              | <ul style="list-style-type: none"> <li>Material and volunteer time to construct and install 1 bench at the school. (expected 2 days)</li> </ul>  | <ul style="list-style-type: none"> <li>Investment in Local People</li> </ul>   |

## Outputs

| Supplier  | Outcomes  | Themes   |
|---|---|--|
| Xerox – Print contract  | <ul style="list-style-type: none"> <li>10,000 printed copies to advertise Business support offering in B&amp;D</li> </ul>   | <ul style="list-style-type: none"> <li>Investment in local Economy</li> </ul>  |
| Clear Channel - Small Format Advertising (Digital & Analogue) | <p>£60k Innovation fund, advertised through B&amp;D Giving,</p> <ul style="list-style-type: none"> <li>£40k was awarded to the Thames View residents' association to create a community space around the Skate bowl, designs are underway, public consultation to follow. ONGOING</li> <li>The River Roding Trust was awarded £20k for their proposal to plant a variety of trees along the upper reaches of the river Roding. They have also brought and installed benches, noticeboard and additional bins. The first set of trees were planted in January 2020, with the final set planted in March 2022 by Cllr Ashraf. In total 40 Trees (a mixture of fruit, nut and other) have been planted along the River Roding. COMPLETED.</li> </ul> | <ul style="list-style-type: none"> <li>Community participation and engagement</li> <li>Investment in Local People</li> <li>Investment in Environmental Sustainability</li> </ul> |
| Moore Insight – ERP Replacement                               | <ul style="list-style-type: none"> <li>103 hours of support to young people, student placements, careers day attendance, STEM industry professional events for college/schools etc.</li> <li>24 weeks of support to young people, of which 6 weeks of formal placement, then 18 weeks of additional career support.</li> <li>30 hours Business support and advice to VCSE and Social Enterprises.</li> <li>6 hours of design development for Environmental roundtable event likely focused on litter reduction campaign with schools as an output.</li> <li>Estimated reduction of 5,000 miles of car travel saved from hybrid working and use of public transport.</li> </ul>  | <ul style="list-style-type: none"> <li>Investment in Local People</li> <li>Investment in local Economy</li> <li>Investment in Environmental Sustainability</li> </ul>            |
| Fullers Builders - Valence House window repairs               | <ul style="list-style-type: none"> <li>3 videos for use on LBBB YouTube channel and in conjunction with B&amp;D College as education material introducing Valence House and detailing the works being carried out. Final video editing to be completed.</li> </ul>  | <ul style="list-style-type: none"> <li>Investment in local people</li> </ul>   |
| Stigma - Nicotine Replacement Therapy                         | <ul style="list-style-type: none"> <li>Outputs effected by Covid. However, supplier has provided virtual training for our LBBB staff and the local pharmacy. (2 Volunteer days)</li> </ul>  | <ul style="list-style-type: none"> <li>Investment in local people</li> </ul>   |

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| ESRI – ARC GIS  | <ul style="list-style-type: none"> <li>• Provide Esri UK’s Schools Programme which provides free GIS software, data and lesson materials for schools in Barking and Dagenham, supporting teaching of the national curriculum: <a href="https://schools.esriuk.com/">https://schools.esriuk.com/</a></li> </ul>   | <ul style="list-style-type: none"> <li>• Investment in local people</li> <li>• Investment in local economy</li> </ul>   |
| MPD FM Ltd - Contract for SIA Security and Ancillary Services | <ul style="list-style-type: none"> <li>• Advertise roles via job shop; 1 LBBB resident employed</li> <li>• Reduce single use plastic, purchase of individual water bottles for all staff</li> <li>• Community fund of £4k for allocation to community groups within B&amp;D</li> <li>• Workshop for residents of assisted living on personal safety in public spaces. 30 people x 4 workshops (10 hours Volunteering, prep and delivery), All attendees received personal alarms free of charge.</li> <li>• Develop supply chain to include more LBBB based suppliers. Two suppliers used are now local providers.</li> <li>• Support LBBB residents with Digital Hardware: 22 Laptops donated to VCSE &amp; schools in the Borough (2 more than committed).</li> </ul>  | <ul style="list-style-type: none"> <li>• Investment in local people</li> <li>• Investment in local economy</li> <li>• Community Participation and Engagement</li> </ul> |
| Independent Living Foundation – Blitz cleaning contract       | <ul style="list-style-type: none"> <li>• All staff paid above LWW</li> <li>• 1 new permanent role filled resident of LBBB</li> <li>• Volunteers recruited via LBBB Employment Support Coordinator, Disability and LBBB Sensory Team. 1 volunteer working 1 morning per week, 1 volunteer working 2 days per weeks while studying.</li> <li>• 1 paid employee working 3 hours (1 morning) per week.</li> <li>• Additional value added, outside of commitments: <ul style="list-style-type: none"> <li>○ 50 food parcels delivered</li> <li>○ Had a locksmith to support residents change locks due to safeguarding</li> <li>○ Redistributed donated times including out items of clothing, bedding, furniture which was donated as well as 6 wheelchairs</li> </ul> </li> <li>• Gave free office space to another community group to enable them to support residents.</li> </ul> | <ul style="list-style-type: none"> <li>• Investment in local people</li> <li>• Community Participation and Engagement</li> </ul>  |
| Re-Gen - 4 New classrooms at Rose                             | Outcomes achieved to date:   | <ul style="list-style-type: none"> <li>• Environmental Sustainability</li> </ul>  |

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| <p>Lane Primary School</p>   | <ul style="list-style-type: none"> <li>• Design and installation 20 bird boxes, 1 bug hotel and a mud kitchen made from recycled / surplus material.</li> <li>• All jobs advertised through local community webpages and Council job shop.</li> <li>• Local Employment – 2 x local groundworkers and 1 x site manager to be employed.</li> <li>• 1 site visit for students</li> <li>• 2 assembly presentation for students about careers in construction.</li> </ul> | <ul style="list-style-type: none"> <li>• Investment in Local People</li> </ul> |
| <p>Wilde Carter Clack - Materials testing and sampling services relating to residential High Rise Large Panel System (LPS) blocks.</p> | <ul style="list-style-type: none"> <li>• Industry talk given to B&amp;D students about to complete HNC Construction and Built Environment at B&amp;D college c50 students. Event was very well received.</li> <li>• Job opportunity advertised via job shop.</li> </ul>  | <ul style="list-style-type: none"> <li>• Investment in local people</li> </ul> |

**CABINET****21 June 2022**

|   |   |
|---|---|
| <b>Title:</b> Debt Management Performance 2021/22 (Quarter 4)   |   |
| <b>Report of the Cabinet Member for Finance, Growth and Core Services</b>   |   |
| <b>Open Report</b>  | <b>For Information</b>  |
| <b>Wards Affected:</b> None   | <b>Key Decision:</b> No   |
| <b>Report Author:</b><br>Stuart Kirby, Revenues Manager   | <b>Contact Details:</b><br>E-mail: <a href="mailto:stuart.kirby@lbbd.gov.uk">stuart.kirby@lbbd.gov.uk</a> |
| <b>Accountable Director:</b> Stephen McGinnes, Director of Support and Collections  |   |
| <b>Accountable Strategic Leadership Director:</b> Judith Greenhalgh, Strategic Director of Community Solutions  |   |
| <b>Summary</b>  |   |
| <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>   |   |
| <b>Recommendation(s)</b>  |   |
| <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>(i) 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;</li> <li>(ii) Note that a review of the number of businesses that qualified under the Council's Covid-19 Additional Relief Fund (CARF) policy, approved by Minute 94 (22 March 2022), meant that the level of Business Rates relief awarded to the 716 qualifying businesses was able to be increased from 90% to 100% for the 2021/22 financial year, as detailed in section 4 of the report; and</li> <li>(iii) Note the arrears project started in April 2022, as detailed in section 11 of the report.</li> </ul> |   |
| <b>Reason</b>   |   |
| <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 fourth 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 continued reduction in residents claiming Universal Credit (UC) since its peak at the beginning of 2021/22. The March figure is provisional and is likely to reduce as DWP have historically overestimated unconfirmed figures.

| Quarterly | People on Universal Credit |
|-----------|----------------------------|
| Mar-20    | 14,544                     |
| Jun-20    | 27,866                     |
| Sep-20    | 29,405                     |
| Dec-20    | 32,019                     |
| Mar-21    | 32,681                     |
| Jun-21    | 32,441                     |
| Sep-21    | 32,117                     |
| Dec-21    | 30,989                     |
| Mar-22    | 30,292                     |

## 3. Council Tax

- 3.1. Current Year Collection Rates

| Council Tax – current year |                                |                                |
|----------------------------|--------------------------------|--------------------------------|
| Period                     | Increase/decrease<br>2020/21 % | Increase/decrease<br>2020/21 £ |
| Quarter 4                  | +0.5%                          | +£421k                         |

| Council Tax – current year |                                |                                |
|----------------------------|--------------------------------|--------------------------------|
| Period                     | Increase/decrease<br>2019/20 % | Increase/decrease<br>2019/20 £ |
| Quarter 4                  | -2%                            | -£1.844k                       |

- 3.2. Arrears Collection

| Council Tax |                                |                                |
|-------------|--------------------------------|--------------------------------|
| Period      | Increase/decrease<br>2020/21 £ | Increase/decrease<br>2019/20 £ |
| Quarter 4   | +£949k                         | +£193k                         |



- 3.3. Collection rates reduced in the final quarter of 21/22. At the end of quarter 3, collection rates were 1% above 2021/22 but decreased by 0.5% in the final 3 months of the year.
- 3.4. Whilst both current year and arrears collection both exceeded 2021/22, this reduction is of concern and is likely to be linked to the current cost of living crisis.
- 3.5. Whilst the number of residents in receipt of UC continues to gradually decrease and taking into account those that would have naturally migrated, this is still a significant increase in those residents' requiring assistance.
- 3.6. It was estimated that recovery from the pandemic, in collection terms, would mean a return to 2019/20 levels within 12-18 months. It has become increasingly clear that the cost-of-living crisis will delay this recovery by a yet to be determined period of time.
- 3.7. This crisis and the slowing of recovery will result in further arrears and potential hardship for residents.
- 3.8. In exceptional circumstances, discretionary relief can be applied and the table below shows the average relief awarded each quarter during 2021/22.

| <b>2021/22</b> | <b>Granted</b> |
|----------------|----------------|
| April          | £4,089         |
| May            | £5,128         |
| June           | £6,351         |
| July           | £5,285         |
| August         | £4,299         |
| September      | £3,559         |
| October        | £4,219         |
| November       | £4,893         |
| December       | £4,621         |
| January        | £2,635         |
| February       | £4,458         |
| March          | £8,816         |
| <b>TOTAL</b>   | <b>£58,352</b> |

- 3.9. As can be seen, the amount of relief granted in March 2022 has doubled compared with the previous month.
- 3.10. In total 514 applications were submitted in 2021/22 with 174 residents awarded some relief. Most awards were granted on the basis of ill health or as a result of a traumatic event, e.g. domestic violence.
- 3.11. Residents refused relief will have had additional costs removed, been given advice to ensure their benefits were maximised and an affordable repayment plan agreed.
- 3.12. Applicants are still being referred to the Homes and Money Hub where they receive the following essential support:

- 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

| <b>Business Rates</b> |  |  |
|-----------------------|--|--|
| <b>Period</b>         | <b>Increase/decrease<br/>2020/21 %</b> | <b>Increase/decrease<br/>2020/21 £</b> |
| Quarter 4             | +8%                                    | +£4,410,082                            |

| <b>Business Rates</b> |  |  |
|-----------------------|--|--|
| <b>Period</b>         | <b>Increase/decrease<br/>2019/20 %</b> | <b>Increase/decrease<br/>2019/20 £</b> |
| Quarter 4             | -3.1%                                  | -£1,736,526                            |

- 4.2. Whilst not returning to 19/20 levels, collection rates have recovered significantly in 21/22. However, it should be noted that in 21/22 retail, hospitality and leisure businesses were granted 100% relief for the first quarter, reducing to 66% for the remainder of the year. This relief has now been reduced to 50% in 2022/23.
- 4.3. The Government ended all grants to business via Local Authorities in March 2022. Over the past 2 years a total of 8,690 payments with a value of £46.3m has been paid to businesses over 35 different schemes
- 4.4. The Government introduced a new scheme in 2021/22 called Covid-19 Additional Relief Fund (CARF) available to businesses that have not received retail, hospitality, leisure, or nursery reliefs in 21/22. The amount of relief available is £4.5m and the scheme is discretionary.
- 4.5. In March 2022 a report and draft policy was presented to Cabinet estimating the number of businesses that would receive the relief and what percentage reduction they would be granted. Cabinet approved this policy giving 90% to 791 businesses (Minute 94, 22 March 2022). However, upon preparing to award this relief the data was rechecked, and some businesses were found to not qualify. This was because they either should have received retail, hospitality, and leisure relief in 2021/22 which disqualified them from the scheme or that the property descriptions in the business rates system were incorrect.
- 4.6. Upon revision of the data the number of qualifying businesses was found to be 716, which allows an award of 100% rather than 90%. This relief is fully funded by Government and there is no financial impact upon the Council.

## 5. Rents

### 5.1. Collection Rates

| <b>Rents</b>  |  |  |
|---------------|--|--|
| <b>Period</b> | <b>Increase/decrease<br/>2020/21 %</b> | <b>Increase/decrease<br/>2020/21 £</b> |
| Quarter 4     | -1.4%                                  | £1,483,420                             |

| <b>Rents</b>  |  |  |
|---------------|--|--|
| <b>Period</b> | <b>Increase/decrease<br/>2019/20 %</b> | <b>Increase/decrease<br/>2019/20 £</b> |
| Quarter 4     | -1.8%                                  | £1,844,693                             |

- 5.2. The cumulative effect of tenants transitioning from housing benefit to UC has reduced the percentage of collection in comparison to previous years.
- 5.3. The delay in payment of universal credit results in a 4-5 week wait for tenants to receive payment creating arrears to build over that period. In some cases, the tenant will pay those arrears upon receipt of their payment from the DWP, but in many cases they are unable to do so.
- 5.4. Compared with 2021/22 an additional £3.6m of rent has been collected however housing benefit has reduced by 2.6m.
- 5.5. The pandemic resulted in a £2.6m increase in arrears by the end of 2020/21, with £6.1m carried forward to 2021/22. At the end of 2021/22 arrears have increased to £6.4m.
- 5.6. Although the pandemic continued into 2021/22 and the cost-of-living crisis has become a significant issue, although arrears have not increased significantly they have not reduced. This would indicate that tenants have been helped to start paying their rent but are unable to significantly reduce their arrears caused by the pandemic.

## 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.

| <b>RESIDE</b> |  |  |
|---------------|--|--|
| <b>Period</b> | <b>Increase/decrease<br/>2020/21 %</b> | <b>Increase/decrease<br/>2020/21 £</b> |
| Quarter 4     | +1.2%                                  | +£137,612                              |

- 6.3. Reside tenants have been affected by the pandemic and, as a result, arrears have increased. However, tenants have been contacted and have agreed repayment plans.

## 7. General Income

### 7.1. Collection Rates

| General income |                                |                                |
|----------------|--------------------------------|--------------------------------|
| Period         | Increase/decrease<br>2020/21 % | Increase/decrease<br>2020/21 £ |
| Quarter 4      | -1.4                           | -£2,160,277                    |

| General income |                                |                                |
|----------------|--------------------------------|--------------------------------|
| Period         | Increase/decrease<br>2019/20 % | Increase/decrease<br>2019/20 £ |
| Quarter 4      | -8.6%                          | -£12,990,352                   |

7.2. General Income collection frequently varies depending on when invoices are issued during the quarter. The introduction of E5 replacing Oracle has meant that no debt recovery action was possible in March.

7.3. All unpaid debtors are known and are expected to make payment.

## 8. Homecare – Adult Social Care

### 8.1. Collection Rates

| Homecare  |                                |                                |
|-----------|--------------------------------|--------------------------------|
| Period    | Increase/decrease<br>2020/21 % | Increase/decrease<br>2020/21 £ |
| Quarter 3 | +1.1%                          | +£25,611                       |

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 so collection rates shown in this report will have a level of error.

8.3. Debt recovery action was not possible in March due to the introduction of E5.

## 9. Housing Benefit Overpayments

### 9.1. Collection Rates

| Housing Benefit Overpayments |                                |                                |
|------------------------------|--------------------------------|--------------------------------|
| Period                       | Increase/decrease<br>2020/21 % | Increase/decrease<br>2020/21 £ |
| Quarter 4                    | -1.1%                          | -£291,727                      |

9.2. Housing benefit overpayment collection has reduced because of the increase in debtors applying for UC 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 UC has had a direct effect upon collection.

- 9.4. The DWP prioritises deductions from UC and Housing Benefit overpayments are given a lower priority, below mortgage, rent, child maintenance, council tax, gas, electricity, fines etc.
- 9.5. The creation of overpayments has also reduced significantly over the past two years.
- 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 4 (percentages are rounded to 1 decimal place).

| <b>Collection Area</b>      | <b>2021/22</b> | <b>2020/21</b> | <b>Variation</b> |
|-----------------------------|----------------|----------------|------------------|
| Council Tax current year    | 93.6%          | 93.1%          | +0.5%            |
| Council Tax arrears         | £2,476,171     | £1,527,092     | +£949,079        |
| Rents                       | 92.2%          | 93.60%         | -1.44%           |
| Business Rates              | 94.8%          | 86.8%          | +8%              |
| General Income              | 87.8%          | 89.2%          | -1.4             |
| Leasehold                   | 87.7%          | 91.3%          | -3.6%            |
| Commercial rent             | 87.4%          | 83.3%          | +4.1%            |
| Homecare                    | 50.9%          | 49.5%          | +1.4%            |
| Housing Benefit Overpayment | 14.1%%         | 15.3%          | 1.1%             |
| Reside                      | 96.5%          | 95.2%          | +1.2%            |

## 11. Arrears project

- 11.1. At the end of the Elevate contract, a build-up of arrears across revenues streams had occurred. The Elevate contract focussed primarily upon collection and not the management of arrears and, in particular, the writing off of debt that was no longer collectable.
- 11.2. It was intended that upon its return to LBBB, the revenues team would begin a project to review these arrears with the intention of either collecting or writing off older debts. In this way some additional revenue may have been generated but also a cleaning of databases would allow for a more accurate assessment of arrears. However, this was delayed due to the pandemic.
- 11.3. Currently, across all revenue streams a total of £98m is outstanding and can be classified as arrears. After a review of these debts, £58m has been identified as appropriate to recover or to write off.
- 11.4. The vast majority of debts are for former residents and are over three years old, and a 100% provision has already been allocated. Therefore, the writing off of these debts will have not financial impact upon the Council.

- 11.5. The project will take between 12 and 18 months to complete and in cases where collection may be possible, they will be handled with the utmost sensitivity given the nature of some debts and the current financial climate.

## **12. Financial Implications**

Implications completed by: Nurul Alom, Finance Manager

- 12.1. 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 most 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.
- 12.2. 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.
- 12.3. 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.
- 12.4. The Council maintains a bad debt provision which is periodically reviewed. Increases to the provision are met from the Council's revenue budget and reduce the funds available for other Council expenditure.
- 12.5. The arrears project will review historic debt and where these are recoverable the necessary action will be taken. Where debt is no longer recoverable, they will be written off. Vast majority of these debts are more than three years old, and a 100% provision has been allowed for these debts.

## **13. Legal Implications**

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

- 13.1. Monies owed to the Council in the form of debts are a form of asset that is the prospect of a payment sometime in the future. The decision not to pursue a debt carries a cost and so a decision not to pursue a debt is not taken lightly.
- 13.2. The Council holds a fiduciary duty to the ratepayers and the government to make sure money is spent wisely and to recover debts owed to it. If requests for payment are not complied with then the Council seeks to recover money owed to it by way of court action once all other options are exhausted. While a consistent message that the Council is not a soft touch is sent out with Court actions there can come a time where a pragmatic approach should be taken with debts as on occasion, they are uneconomical to recover in terms of the cost of process and the means of the debtor to pay. The maxim no good throwing good money after bad applies. In the case of rent arrears, the court proceedings will be for a possession and money

judgement for arrears. However, a possession order and subsequent eviction order is a discretionary remedy, and the courts will often suspend the possession order on condition the tenant contributes to their arrears.

- 13.3. Whilst the use of Introductory Tenancies as a form of trial tenancy may have some impact in terms promoting prompt payment of rent as only those tenants with a satisfactory rent payment history can expect to be offered a secure tenancy, people can fall behind and get into debt. The best approach to resolve their predicament is to maintain a dialogue with those in debt to the Council, to offer early advice and help in making repayments if they need it and to highlight the importance of payment of rent and Council tax. These payments ought to be considered as priority debts rather than other debts such as credit loans as without a roof over their heads it will be very difficult to access support and employment and escape from a downward spiral of debt. The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.
- 13.4. As observed the Covid 19 pandemic is having a detrimental effect on debt management with a combination of severe pressures on households and businesses. Even though the vaccination programme has contributed to a recovery it is anticipated that it will not be until well into autumn before economic normality is approached and many businesses and activities may not return in the same form.
- 13.5. 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:** None

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