

**Notice of Meeting**

**OVERVIEW AND SCRUTINY COMMITTEE**

**Wednesday, 8 December 2021 - 7:00 pm**  
**Council Chamber, Town Hall, Barking**

**Members:** Cllr Jane Jones (Chair); Cllr Dorothy Akwaboah (Deputy Chair); Cllr Toni Bankole, Cllr Donna Lumsden, Cllr Olawale Martins, Cllr Fatuma Nalule, Cllr Simon Perry, Cllr Ingrid Robinson, Cllr Paul Robinson and Cllr Phil Waker

**By Invitation:** Cllr Dominic Twomey

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Please note that this meeting will be webcast and members of the press and public are encouraged to view the proceedings via this method due to COVID-19 restrictions. Those wishing to attend the meeting in person must provide evidence of a negative Lateral Flow Test on arrival and wear a face mask at all times, including while seated in the public gallery on the second floor of the Town Hall. To view the webcast click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

**AGENDA**

**1. Apologies for Absence**

**2. Declaration of Members' Interests**

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

**3. Minutes - To confirm as correct the minutes of the meeting held on 10 November 2021 (Pages 3 - 8)**

**4. Budget Strategy 2022/23 to 2025/26 (Pages 9 - 21)**

**5. Work Programme (Pages 23 - 24)**

6. **Any other public items which the Chair decides are urgent**
  
7. **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 Overview & Scrutiny Committee, 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 legislation (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.***

8. **Any 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 OVERVIEW AND SCRUTINY COMMITTEE**

Wednesday, 10 November 2021  
(7:00 - 9:10 pm)

**Present:** Cllr Jane Jones (Chair), Cllr Dorothy Akwaboah (Deputy Chair), Cllr Olawale Martins, Cllr Fatuma Nalule, Cllr Simon Perry, Cllr Ingrid Robinson, Cllr Paul Robinson and Cllr Phil Waker

**Also Present:** Cllr Syed Ghani

**Apologies:** Cllr Toni Bankole and Cllr Donna Lumsden

### **26. Declaration of Members' Interests**

There were no declarations of interest.

### **27. Minutes - To confirm as correct the minutes of the meeting held on 6 October 2021**

The minutes of the meeting held on 6 October were agreed.

### **28. Reunification of Probation Services**

The Head of the Probation Delivery Unit (HP) for Barking, Dagenham and Havering (BDH) delivered a presentation on the reunification of probation services, detailing the purpose and recent history of these, the reasons behind the reunification, the new structure, the impact of the Covid-19 pandemic and measures to mitigate this, future plans and key priorities.

- When the Community Rehabilitation Company (CRC) contracts ended, the contracts for the services that had been commissioned by them also terminated; however, the Commissioned Rehabilitative Services (CRS) listed on page 13 of the agenda pack, were still being delivered from the first day of the reunification. Whilst some services had not been recommissioned, the Probation Delivery Unit (PDU) had the opportunity to commission new bespoke services through the Regional Outcomes and Innovations Fund (ROIF) and it would undertake this recommissioning work with partners through the Reducing Reoffending Group.
- In terms of the transfer of staff from the former CRCs to the reunified National Probation Service (NPS), this was made easier as the skillsets and training for both CRC and NPS staff were the same. BDH were also fortunate to have lots of long-term staff. As some staff had previously only worked with medium-low risk offenders, and some with solely high-risk offenders, there was a programme of training pre-reunification to refresh staff skills, to enable all staff to take on a fully blended caseload.
- A working group had been established to review the processes and Terms of Reference behind the Reducing Reoffending Group, comprised of members of the Community Safety Partnership for BDH. Part of this review would enable the group to revitalise the data sets used to track its

performance. Current data used was also quite backwards looking, meaning that it could be difficult to gain an understanding of what was currently happening in BDH.

- Employment could be a big issue for previous offenders, especially as past criminal convictions had to be declared, and many people ended up in construction-type jobs. There was also a real drive by the NPS in engaging employers to actively seek out and employ people with criminal convictions. The Department for Work and Pensions (DWP) was a partner on various boards; as such, the NPS could work with and hold the DWP to account. There were also CRSs to assist previous offenders with education and employment.
- Maximus was the commissioned provider that could signpost and assist offenders into education. The NPS did not physically provide this resource.
- Historically, the NPS had a very diverse workforce; however, it tended to have higher levels of female staff than male. There was also a challenge in ensuring that diversity moved up within the ranks of the service. Interpreter services were also employed both via phone and in-person.
- During the pandemic, the NPS had to divert to telephone and video appointments; however, the highest risk individuals were still seen face-to-face. As the NDU moved to new national standards, all previous offenders had to have a minimum of one face-to-face appointment. The pandemic had highlighted the need for flexibility, with a key learning being the usefulness of a blended telephone/video/in-person approach, especially around those at lower risk. Some of this learning would be employed going forward.
- In terms of the low figures for offenders in employment and in accommodation, whilst this was partly due to the lack of employment and housing, this was also owing to the complexity of needs of some, who may need additional support to maintain their tenancies due to challenges with mental health, drugs or alcohol. If an offender had been in custody for a significant period of time, there was time for pre-release work; however, this was not so much the case with 'revolving door' cohorts that persistently and rapidly entered and existed prison services. It was difficult for this cohort to maintain their accommodation or employment, and for services to plan for their re-release. This cohort were generally deferred into integrated offender management, with wraparound services to support them. Nevertheless, there were also some data recording issues that the NDU was resolving.
- Unpaid work (known as community payback) was a court-ordered sanction and was a sentence in itself. Nevertheless, conversations needed to be had around community payback and how the vision for this could grow to address skills, improve outcomes and reduce offending. The NDU was working with the Council to explore which programmes it could develop to encourage skills development through community work, separately to community payback.
- The SL029 indicator related to unpaid work completed within 12 months. This was currently at 0% because unpaid work had ceased during the pandemic, and it would take a while for this indicator to improve.
- The retention rate for trainees across the country was 95%, so it was hoped that new trainees gained as part of the reunification would stay with the NDU. However, the Civil Service often had challenges with individuals

moving into other roles within it, which may not be included in NDU retention rates.

- The NDU tried to place offenders in local accommodation; however, around 35% of the cohort were between 18 and 25 years old, were unemployed and would not have access to higher levels of housing benefits. As most did not have critical needs, they would need to rent privately, and it could be difficult to locate suitable accommodation.
- The partnership with the commissioned drugs and alcohol service in Barking and Dagenham was particularly effective and had very close links to senior NPS officers.
- The role of the NPS was to 'assess, protect and change'. Assessments were completed with the Offender Assessment System (OASys) tool, which looked at various criminogenic needs such as accommodation, relationships, and thinking and behaviour, to formulate a plan based on the risks of an individual. Whilst this would ideally be done in unison with the offender, it was based on the practitioner's skills and knowledge. Other bespoke assessment tools were also used dependent on the offense type, such as for sex offenses and domestic abuse. 'Protect' was based on the enforcement of court orders through breaches, failures to comply, or reoffending, such as through licence conditions for those on release, exclusion zones and GPS tagging for Domestic Abuse and prolific offenders. 'Change' was based on providing those opportunities for change through offending behaviour programmes and structured interventions to work with individuals on their criminogenic needs.
- Skillsets were needed by practitioners to deal with challenging offenders. This included building rapport, de-escalating situations, building balanced relationships with individuals, and laying out clear boundaries and expectations. Nevertheless, offenders had to choose to engage and change.
- CRCs had different data measures and were not subject to service levels, meaning it could be difficult to track certain service improvements. However, there had been a dramatic improvement from June 2021 around assessments, which had been at 45% in July and was now at around 93%. There was a difference in record keeping and data quality. Outcomes resulting from a supervision session had to be recorded within 24 hours and the NDU was working to ensure that recording was accurate through additional checks and providing administrative support to officers. Record keeping was based on managing risk for offenders and supporting their outcomes, whereas data quality was more about driving resources and informing commissioning decisions, services and wrap-around support.

In response to a question, the Operational Director for Enforcement Services stated that his team was working with the Council's Housing team and other parts of the organisation to try to encourage more projects to support offenders, to come through the system.

The Chair suggested that additional work be undertaken between the NDU, the Council and its partners to develop the skills of previous offenders and improve their access to learning and voluntary opportunities, especially in regards to

'revolving door' offenders who repeatedly and rapidly entered and exited prison.

## **29. General Progress Update Regarding "Improving Household Waste, Recycling, and Street Cleansing" Scrutiny Review**

The Strategic Director My Place (SDMP), Operational Director Enforcement Services (ODES) and Head of Regulatory Services (HRS) delivered a presentation on progress made as part of the "Improving Household Waste, Recycling, and Street Cleansing" scrutiny review, which included projects and work being undertaken as a result of the ten recommendations made by the Committee.

In response to questions from Members, the SDMP, ODES and HRS stated that:

- The Council needed to use more communications around the contamination of waste bins. It currently placed stickers on the bins of those households where contamination was a particular problem; however, this method did not always help to prevent contamination. A number of initiatives would be used to try to reduce contamination over the next few months, such as the use of in-cab technology in waste trucks from April/May 2022 onwards. This technology would enable waste crews to input collection information and update the Council website in real-time, for example, inputting the location of contaminated bins and flagging these immediately. This would mean that the Council could also respond to any resident complaints much more efficiently. After three to six months of data, the Council would be able to better identify 'problem areas' and target particular blocks or streets through campaigns. The in-cab technology would also help with route optimisation, with the Council working with the developer within the first three months to also identify areas where residents were not recycling.
- The Council hoped to better encourage residents living in flats to recycle their waste; however, this often proved challenging and it was looking to bring in more waste facilities on estates through spaces such as disused garages and large recycling banks. Funding had been identified and the Council was to undertake some pilots to identify the best locations for these facilities.
- The Council was challenging caretakers and waste collection teams in relation to complaints that had been received that they had left waste in roads from which they had collected. The Council was aware of which teams were leaving waste regularly, via means such as pictures sent in by residents and telephone complaints. It had a high turnover of staff and employees were disciplined if they did not do their job properly. The Council had also done lots of recruitment around caretakers and were currently running inductions, instilling the correct behaviours as part of these.
- Under the Housing Act 2004, local authorities were exempt from licensing homelessness properties where tenants were placed into this accommodation; however, they were not exempt from other enforcement action, such as around the environment. The Council investigated any complaints of disrepair, anti-social behaviour and eyesore gardens within those particular properties. It was working closely with authorities in terms of the residents that they were placing there, as well as on being notified of their placement so that it had a record of who was living in private rented accommodation.



- If a crew went out, left waste behind them and this was reported, the Council would ask them to return to collect this if the crew was near enough to the location. If not, it could send other teams, such as street cleansers or caretakers, but this meant diverting resources.
- The Council was trying to use its community hubs to advertise waste messages and employ staff within these to speak to residents. It was also starting to think about putting messages on the sides of its waste trucks to reach a wider range of residents, such as those without the internet.
- 24 Landlord Services Officers looked after the Council's tenancy stock and they frequently tackled eyesore gardens. They would issue notices to residents if necessary, as well as assist those who did not have the resources physically or the capability to address their gardens. The officers would try to address private landlords if they were responsible for problem areas, as well as businesses, to encourage accountability.
- The Private Sector Housing team inspected dwellings and was responsible for identifying issues such as eyesore gardens, abandoned vehicles and illegal crossings where there was no dropped curb. It also identified hoarding cases and provided support to these vulnerable tenants. As such, support, education and enforcement means were employed.
- The Council was currently looking into alleyways within the Borough, which had previously been gated and subject to anti-social behaviour.
- Within the past three months, the SDMP had moved the Street Cleansing team under the Head of Parks, to ensure greater collaboration. The Street Cleansing and Parks teams were jointly responsible for keeping streets clean, having joint team meetings and receiving the same communications. So far, there had been good engagement and union support.
- All waste vehicles now had tracking devices to provide the Council with real-time information around where the vehicles had been, how long the routes had taken and what had been collected at which time. On its commercial routes, the Council also knew which bins had been collected from which units, and how much the companies had paid, meaning that it could speak to companies who were disposing of more rubbish than they were paying for.
- The Council had a 25-year waste contract with the East London Waste Authority (ELWA) until 2027 and was working with ELWA to try to get a better deal.
- The Council was having discussions around how it could better support residents who had moved in from other boroughs, to help them to understand what they needed to do to dispose of their waste, as collections were often different elsewhere. Individuals often took their old bins with them when they moved, with some trying to put these into commercial spaces, believing that the Council would collect from these and becoming upset when this wasn't the case. As such, the Council needed to be more proactive in its messaging.

The Cabinet Member for Public Realm (CM) provided a short update, as follows:

- There was a reusable nappy scheme, which was a pilot project. These nappies involved reusable outer parts, to reduce waste;

- The Council would soon roll out brochures for new residents to the Borough, explaining waste collection and recycling;
- The London Waste Authority had provided waste collection symbols for all London boroughs, to standardise these, and the Council would be employing these, as well as more pictures on its website to support residents with their waste;
- The Council had collected 99.2% of bins with 48 hours during the pandemic, which was to be commended, and recycling rates had also improved in the last few months; and
- The Council needed to continue to encourage behaviour change in residents, to support them in recycling and correct waste disposal.

The Committee commended the CM for his assistance in helping Councillors to resolve residents' waste issues during the pandemic.

*At this juncture, the Committee resolved to suspend Standing Order 7.1 at Part 2, Chapter 3 of the Council Constitution to allow the meeting to continue beyond the two-hour duration threshold.*

In response to further questions, the SDMP stated that:

- The Council aimed to collect bulky waste within 48 hours of a resident paying for this service online.
- The Council had a “no side waste” policy, meaning that waste disposed of around bins was not collected. This often created the wrong behaviour in residents, with more problems for the Council. The Council needed to ensure that residents had the right bins, to speak to residents where their bins were repeatedly overflowing, and to encourage residents to take further steps needed to reduce their waste levels and increase their recycling.

In response to further questions, the CM stated that:

- The AO white goods agreement had ended because of the pandemic. The Council was working with other companies to reinstate this service.
- The Council planned to use other means of communication, such as fridge magnets to encourage residents to recycle. It also wanted to establish a text messaging service, informing residents of their recycling dates.

The Chair expressed her appreciation for the hard work of the Service during the pandemic and for continuing to build on the Committee's recommendations. She suggested that there be continued conversations around improving the messaging on the Council's website. The Committee also suggested utilising space on the sides of waste trucks for local business advertising, to generate more income.

### **30. Work Programme**

The Committee agreed to accept the changes to the Work Programme as outlined in the report.

## OVERVIEW AND SCRUTINY COMMITTEE

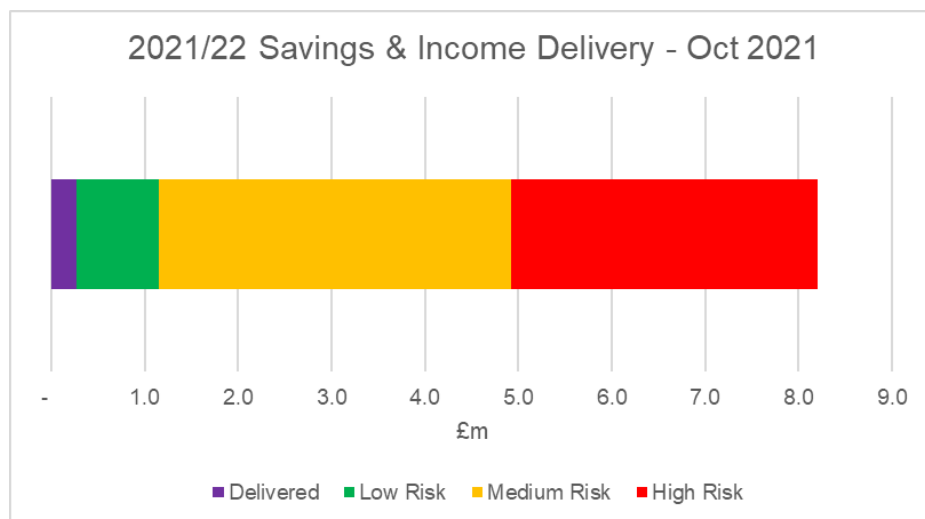
8 December 2021

<b>Title:</b> Budget Strategy 2022/23 to 2025/26	
<b>Report of the Cabinet Member for Finance, Performance &amp; Core Services</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
<b>Report Author:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	<b>Contact Details:</b> Tel: 020 8227 5048 <a href="mailto:Philip.Gregory@lbbd.gov.uk">Philip.Gregory@lbbd.gov.uk</a>
<b>Accountable Director:</b> Philip Gregory, Chief Financial Officer	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Managing Director	
<p><b>Summary</b></p> <p>On 13 July 2021, the Cabinet approved a refreshed Medium Term Financial Strategy (MTFS) for 2021/22 to 2025/26. It showed how the delivery of a strategy for a 'New Kind of Council' goes hand in hand with organisational financial health. It was prepared recognising the financial uncertainty as a result of the COVID-19 pandemic and from uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2023/24 at the earliest, whilst taking into account anticipated demands and pressures.</p> <p>This report builds on that strategy and provides an update. Following the Spending Review and the Budget by Government in October there is an expectation of a three year funding settlement from 2022/23 onwards. There is significant uncertainty surrounding the allocation of funding from Government on an individual borough basis which will be clarified at the publication of the draft Local Government Finance Settlement in December.</p> <p>It is in this context that the report updates Cabinet on changes to the Council's medium term financial position. It sets out how the remaining 2022/23 financial gap may be resolved and the implications for services and Council Tax payers in the Borough.</p>	
<p><b>Recommendation(s)</b></p> <p>The Committee is recommended to note the new proposed savings and growth proposals put forward for 2022/23 onwards, as set out in Appendix 1, and discuss any issues that need further exploration with officers.</p>	
<p><b>Reason(s)</b></p> <p>The setting of a robust and balanced Medium Term Financial Strategy will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's</p>	

vision of One borough; one community; no one left behind and delivery of the priorities within available resources.

## 1. Introduction and Background

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



- 1.4 In July 2021, Cabinet approved an updated MTFS for 2021/22 including an indicative forward forecast for future years. This identified a cumulative savings gap of £25.1m during the MTFS period from 2022/23.
- 1.5 The wider context within which this update has been prepared is one of unprecedented uncertainty. The financial sustainability of the whole of Local Government has been tested like never before in the response to the COVID-19 pandemic. This Council has stepped up to provide support to the most vulnerable members of the community as they have shielded from COVID-19 whilst continuing to deliver a full range of services to our residents and businesses.
- 1.6 There have been significant cuts over several years to revenue support grant from the Department for Levelling Up, Homes and Communities (DLUHC) (previously the

Ministry of Housing, Communities and Local Government (MHCLG)) which, combined with increasing demographic and demand led pressures and the continuing cost of COVID-19, result in the need to identify savings and transformation proposals to deliver a sustainable MTFS.

- 1.7 The Government published their Spending Review and Budget on 25 October 2021. This set out the spending limit for DLUHC for the next 3 years with a number of policy and funding announcements related to local government.
- 1.8 DLUHC are in the process of allocating funding to individual local authorities and these allocations will be published in December 2021. The draft Local Government Finance Settlement will provide the basis on which the detailed budget for 2022/23 is prepared for approval by Assembly on 2 March 2022.
- 1.9 DLUHC are expected to confirm when funding reforms will be introduced (the Review of Relative Needs and Resources (Fair Funding) and business rates retention). These reforms are expected to be a benefit to the Council when introduced. They were due to be introduced in 2020/21 following the previous four year funding settlement. These reforms have now been delayed until 2023/24 at the earliest. The Council has therefore lost the financial benefit from these reforms in 2020/21, 2021/22 and 2022/23 resulting in a wider savings gap in these financial years.
- 1.10 The approach of the Council continues to be to invest in the Borough to generate growth and prosperity, while redesigning and transforming council services to meet the needs of the community at a lower cost.
- 1.11 This report provides an update on the funding gap within the MTFS and potential routes to close it.

## **2 The Barking and Dagenham MTFS from 2017/18**

- 2.1 The 2017-21 Ambition 2020 Transformation Programme identified £48.8m of savings to be delivered over the four years of the programme. 2020/21 was due to be the fourth and final year of the original Ambition 2020 savings and transformation programme; however, £5.033m of the savings have been rolled forward into 2021/22 mainly as a result of COVID-19 delaying the delivery of savings as officers concentrated their efforts on responding to the pandemic.
- 2.2 The total delivered so far is £43.767m leaving £5.033m so far undelivered and built into 2021/22 budgets. The savings to be delivered were already high risk even before the COVID-19 situation arose and the response to the pandemic has considerably worsened the situation. A small number of savings have been assessed as impossible and were written off as part of the budget setting process in March 2021.
- 2.3 The progress of the delivery of approved savings is reported in the regular budget monitoring reports to Cabinet. Any savings that are not delivered in full will result in an overspend and an increased drawdown on reserves.
- 2.4 The delivery of agreed savings is essential to deliver a balanced budget for 2022/23 and beyond. Where agreed proposals are deemed to be unachievable these should be replaced with alternative proposals by the service responsible, subject to Cabinet approval.

### 3 COVID-19

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

### 4 Medium Term Financial Strategy Forecasts

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

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

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

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
<b>Budget Gap (incremental)</b>	<b>5.110</b>	<b>6.767</b>	<b>6.767</b>	<b>6.416</b>
New Savings Proposals*	(2.399)	(2.462)	(2.468)	(2.590)
New Growth Proposals*	4.208	5.233	6.063	7.163
<b>REVISED BUDGET GAP</b>	<b>6.919</b>	<b>9.538</b>	<b>10.362</b>	<b>10.989</b>
<b>CUMULATIVE BUDGET GAP</b>	<b>6.919</b>	<b>16.457</b>	<b>26.819</b>	<b>37.808</b>

\*subject to consultation and approval

- 4.3 The strategy to address the funding gap is through the following routes:

- Savings and Growth proposals: Those that have been identified and those that are still in development to include in the MTFs in February / March 2022.

- Delivery of the corporate plan priorities and agreed transformation programme to deliver sustainability in the longer term.
- Identify new investment opportunities to secure financial sustainability and deliver regeneration for the Borough.

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

## **5 Government Funding Changes**

5.1 The last four year funding settlement ended in 2019/20 and a one year funding settlement was received for 2020/21 with a further one year funding settlement in 2021/22. Single year funding settlements provide little clarity on future spending commitments from Government resulting in increasing uncertainty in the MTFs assumptions beyond the following year.

5.2 The Chancellor of the Exchequer presented the Budget and Spending Review on 25 October 2021. This provided a three year funding settlement for Government departments. DLUHC will allocate funding for individual boroughs from their spending limit. It is expected that the draft Local Government Finance Settlement will be published by DLUHC in December.

5.3 Included within the announcements made during the Spending Review were an increase of Spending Power for local authorities of 3% in each year of the three year period. Spending Power refers to the funding available to local authorities from Council Tax, Government Grant and Business Rates Retention.

5.4 Included within this 3% increase is an assumption that Council Tax will increase each year. The assumed annual increases in Council Tax built into the Spending Power calculation have not yet been published.

5.5 DLUHC are expected to confirm whether the implementation of funding reforms will be introduced from 2023/24. The Review of Relative Needs and Resources (Fair Funding) and business rates retention reforms are anticipated to have a positive impact on the amount of funding allocated to LBBD. These reforms have been delayed since 2020. A multiple year funding settlement is expected to allow these reforms to be implemented.

5.6 Also included within the 3% increase in Spending Power for local authorities is £3.6bn in Adult Social care funding allocated to DLUHC raised through an increase in National Insurance contributions from 1 April 2022 (a further £1.9bn will be distributed by the Department for Health and Social Care (DHSC)). This funding will be allocated to recompense local authorities for the increased costs associated with the changes to Social Care funding announced by the government. It is not expected that this funding will mitigate any of the current financial pressures the Council faces.

5.7 The Spending review included £1.6bn in new funding for local government from 2022/23 within the 3% increase in Spending Power. A proportion of this funding had already been promised to ensure that local authorities are compensated for the cost of increased employers National Insurance contributions related to the Adult Social Care levy where contributions will increase by 1.25%. A further pressure is emerging related to the local government pay award within the current financial year

and into next year where inflation may continue to be above the Bank of England's 2% target. Our MTFs includes funding for a 2% pay award each year but any pay award above this will create an additional pressure. Each 1% increase in salary costs the Council c£1m.

- 5.8 There is not expected to be a significant increase in year-on year funding for local government services as a result of this funding announcement.
- 5.9 In combination, whilst the Spending Review has set the scene for a multiple year settlement, there remains a lack of detail from government on which to plan the 2022/23 budget. The Local Government Finance Settlement will provide clarity on funding for 2022/23, expected to effectively roll forward the settlement from 2021/22, with reform being introduced the following year.
- 5.10 **Council Tax** – Current indications are that there will be a council tax referendum threshold of 2% with an adult social care precept of 1% for 2022/23. The MTFs currently assumes a total 2.99% increase in Council Tax.
- 5.11 The tax base for Council Tax has been reduced as the number of Council Tax Support claimants increased as a result of COVID-19. This is a national issue and the government may address this funding shortfall in the local government finance settlement as the tax base is unlikely to have recovered to pre-pandemic levels.
- 5.12 **Social Care Funding** – New grants were made available in 2019/20, 2020/21 and 2021/22. Our assumption is that this funding will be carried forward into 2022/23 in addition to the new costs and funding resulting from the Social Care reforms being introduced from 1 April 2022.
- 5.13 **Improved Better Care Grant** – The assumption is that this grant continues at previous funding levels providing over £9m in funding.
- 5.14 **Public Health Grant** – This is a ringfenced grant worth £16.8m. Whilst we assume the grant will continue at current levels, there is a lack of clarity on whether there will be additional funding to support ongoing public health initiatives related to COVID-19.
- 5.15 **New Homes Bonus** – As the expectation is that funding will be rolled forward from 2021/22 to 2022/23, we expect that new homes bonus will continue to fund legacy payments and make a new round of allocations for 2022/23. The mechanism to allocate a new round of funding will be contained within the consultation published by DLUHC with the draft local government finance settlement.
- 5.16 The total removal of New Home Bonus without replacement could have a catastrophic detrimental effect on the MTFs as it is a key element of the Be First business plan target and underpins our efforts to regenerate the Borough.
- 5.17 **Homelessness/Housing** – Additional funding was provided in previous years in an effort to reduce homelessness and rough sleeping in addition to new funding for Discretionary Housing Payments. It is expected that this will continue in 2022/23.

## **6 Business Rates Pooling 2022/23**

- 6.1 The Council participated in the London-wide business rates pilot which was introduced in 2018/19 and the London business rates pool from 2020/21. The



business rates pool was dissolved in 2021/22 and will not be reintroduced in 2022/23.

## 7 Other Pressures

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

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

- 7.3 As at the end of 2020/21 the budget support reserve stood at £11.433m. This would mean that the overspend could be covered from reserves if the overspend materialises per the current forecast. This General Fund reserve, which we do not anticipate using during 2021/22, currently has a balance of £17.031m compared to a £12m minimum level set in our reserves policy.
- 7.4 The reduction in reserves is a direct result of the COVID-19 pandemic response. Whilst the Council can manage to fund the shortfall in 2021/22, should there be further cost pressure on the 2022/23 forecast outturn the options to mitigate such costs from reserves are limited.
- 7.5 It is also imperative that savings or income that have been approved must be delivered to protect our financial sustainability.
- 7.6 The Council continues to closely monitor the 2021/22 forecast outturn and the impact of cost and demand pressures, acting where possible to reduce costs and/or increase income.

## **8 Capital Programme**

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

## **9 Proposed Consultation Process**

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

## **10 Financial Implications**

Implications completed by Philip Gregory, Chief Financial Officer

- 10.1 Financial implications are covered throughout this report.

## **11 Legal Implications**

Implications provided by Dr Paul Feild, Senior Corporate Governance Solicitor

- 11.1 Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report contributes to that requirement. Specific legal advice may be required on the detailed implementation of any agreed savings options.
- 11.2 As Covid 19 has now impacted on Council business for more than a year and a half the true economic impact on the Council's finances is that it has presented more costs and detrimentally influenced income. While vaccination and booster shots are a welcome development from this time last year the long-term impact is challenging to predict and passive preventative measures of social distancing together with prophylactics will present additional costs in terms of services delivery.
- 11.3 The strain on logistics of the epidemic has raised on-costs and scarcity particularly for products sourced overseas. This unique situation presents the Council with the prospect of the need to purchase additional supplies and services with heavy competition. Value for money and best values duties still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained.

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

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

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

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

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

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

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must either be fulfilled or varied with agreement of current providers;
- any legitimate expectations that persons already receiving a service (that is earmarked for reduction) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
- any rights which statute may have conferred on individuals that as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs following a statement of special educational needs;

- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
- the response to any consultation undertaken.

## **12 Risk Management**

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

## **13 Equality Impact Assessments**

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

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

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

### **List of appendices:**

- Appendix 1: Savings and Growth Proposals

## APPENDIX 1

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

SAVINGS AND GROWTH PROPOSALS		2022/23	2023/24	2024/25	2025/26
* negative values (in brackets) are growth items		£k	£k	£k	£k
Core	Tools & Capabilities: IT contract inflation costs	(260)	(260)	(260)	(260)
Core	Tools & Capabilities: IT operations resourcing specialist, technical expertise - related to ERP, DCAP, GIS, and Cyber Security	(586)	(586)	(586)	(586)
Core	Tools & Capabilities: IT training budget and an IT trainee and career development scheme	(200)	(200)	(200)	(200)
Strategy & Culture	Tools & Capabilities: Make fixed term resources in the Strategy & Policy team permanent (Head of Strategy & Policy and Equalities Strategy Manager)	(167)	(167)	(167)	(167)
	SUBTOTAL:	(4,100)	(5,233)	(6,063)	(7,163)
PROPOSALS THAT NEED TO DEMONSTRATE ROI					
Community Solutions	Debt & Affordable Credit (2 years funding) Temporary investment in these services, £420k each year for two years, is required to expand the council tax collection programme that has been operating over the last 18 months. This investment will be underpinned by a business case that is expected to deliver over £1m in additional income.	580	580	1,000	1,000
Inclusive Growth	Economic Development Unit (2 years funding) Temporary investment of £120k per year for two years is required to support staff and IT costs related to the set-up of the Economic Development Unit, and to support a more strategic approach to the council's commercial property portfolio. This investment will generate new income that will cover its costs within two years.				
	SUBTOTAL:	580	580	1,000	1,000
PROPOSALS THAT WILL ONLY BE FUNDED IF EXTERNAL FUNDING IS IDENTIFIED					
Enforcement	Addressing ASB Year-on-year investment in these services of £320k is required to provide a 24-hour community safety enforcement service focused on the Town Centre, whilst continuing to expand the work of the new integrated ASB team. There is also a one-off budget requirement of £70k for the cost of project management and commercial expertise to make the most of income generating opportunities across services related to this priority, including CCTV.				
Inclusive Growth	Net Zero Year-on-year investment in these services of £250k is required to deliver on our Green Capital of The Capital ambitions. This is the cost of 2 roles in commissioning to drive the agenda forward and attract new funding plus 2 roles to boost capacity in communications and procurement to help drive the behaviour change and practises of our residents and contractors. It also includes a small commissioning budget to run public engagement campaigns and to commission technical expertise.				

SAVINGS AND GROWTH PROPOSALS		2022/23	2023/24	2024/25	2025/26
* negative values (in brackets) are growth items		£k	£k	£k	£k
Strategy & Culture	Cultural Production There is an investment required of £106k for the cost of a new set of resources in the cultural commissioning team to ensure cultural and economic benefits of major new programmes and activity – including TATE – are fully realised.				
	SUBTOTAL:	-	-	-	-
PROPOSALS THAT NEED MORE INFORMATION BEFORE FUNDING IS AGREED					
Community Solutions	Building Capacity in the Social Sector (1 year FTC) <i>in addition to £112k proposal above</i>	(63)			
Strategy & Culture	Opportunities to participate There is an investment requirement of £45k to bring the EFG London Jazz Festival and related community workshops and family programme to the Borough.	(45)			
	SUBTOTAL:	(108)	-	-	-
NEW SAVINGS PROPOSALS					
My Place	Property Management and Capital Delivery	154	220	285	357
Core	Extend Laptop Life (CAPITAL SAVING IN 22/23)				
Core	Digital identity verification (requires £100k capital	25	50	50	50
Core	Mobile Telephony move to Daisy from EE	72	-	-	-
Core	Streamline IT procurement	(45)	(1)	55	105
Core	MPLS replacement	115	115	-	-
Core	Parking Enforcement Income	1,498	1,498	1,498	1,498
	SUBTOTAL:	1,819	1,882	1,888	2,010
	Existing MTFS Funding Gap	(5,110)	(6,767)	(6,767)	(6,416)
	TOTAL:	(6,919)	(9,538)	(9,942)	(10,569)

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**Overview and Scrutiny Committee: Work Programme 2021/22**

Officers must ensure reports are cleared by the relevant internal board and include legal and financial implications at least

Meeting	Agenda Items	Officer(s)	Cabinet Member/ Presenter	CSG Deadline	Governance Service's Final Deadline
<b>5 January 2022</b>	Community Hubs	Mark Fowler/Rhodri Rowlands	Cllr Ashraf	9 December	10am, 23 December
	Homes and Money Hub (HAM Hub)	Mark Fowler/Katherine Gilcreest	Cllr Ashraf		
	East London Joint Resources and Waste Strategy 2027-2057- Consultation	Lisa Keating/Abdul Jallow	Cllr Ghani		
	Investments and Acquisitions Strategy	Philip Gregory	Cllr Twomey		
<b>25 January 2022</b>	How are we incorporating Race & Social Justice work into our schools' education programmes?			9 December	10am, 14 January
	Quality of school recovery post-Covid-19	Jane Hargreaves	Cllr Carpenter		

	How are we working to address school performance in traditionally underperforming groups?				
<b>2 February 2022</b>	Update on the Early Help Improvement Programme	Chris Bush/Elaine Allegretti	Cllr Worby	9 December	10am, 21 January
	Changes to Reside	Michael Westbrook/Kate Still	Cllr Ashraf		
	How can we continue the positive work that we have established with BDCAN and BD Collective?	Mark Fowler/Monica Needs	Cllr Ashraf		
<b>9 March 2022</b>	Fees and Charges	Philip Gregory	Cllr Twomey	10 February	10am, 25 February
	Disability Payment Disregards	Chris Bush/Mark Fowler	Cllr Worby		
	Update on work in the Private Rented Sector	Andy Opie	Cllr Mullane		