

Notice of Meeting

CABINET

Tuesday, 20 September 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: 12 September 2022

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Acting 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 12 July 2022 (Pages 3 - 13)

4. Revenue Budget Monitoring 2022/23 (Period 4, July 2022) (Pages 15 - 45)

5. Cost-of-Living Crisis Response - Update and Welfare Reserve Proposals (Pages 47 - 108)

6. **Review of School Places and Capital Investment - Update (Pages 109 - 120)**
7. **Proposed Purchase of Maritime House Office Building, Linton Road, Barking (Pages 121 - 177)**

Appendices 1, 3, 4 and 5 to the report are exempt from publication as they contain commercially confidential information (exempt under paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 (as amended)).

8. **Proposed Purchase of the Edwards Waste Site, Gallions Close, Barking (Pages 179 - 196)**

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

9. **Draft Chadwell Heath Transformation Area Masterplan Supplementary Planning Document (Pages 197 - 203)**

The SPD document (Appendix A) is available to view alongside the report at <https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12606&Ver=4>

10. **Debt Management Performance 2022/23 (Quarter 1) (Pages 205 - 212)**
11. **Strategy for the Flexible Use of Capital Receipts 2022/23 (Pages 213 - 222)**
12. **Urgent Action - Loan and SCIL Grant to Studio 3 Arts for Major Arts Centre Development Project at the Galleon Centre (Pages 223 - 231)**
13. **Any other public items which the Chair decides are urgent**
14. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

The public and press have a legal right to attend/observe Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. Items 7 and 8 above include appendices which are exempt from publication, as described. ***There are no other such items at the time of preparing this agenda.***

15. **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, 12 July 2022
(7:03 - 9:01 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Elizabeth Kangethe and Cllr Maureen Worby

Also Present: Cllr John Dulwich

Apologies: Cllr Jane Jones

12. Declaration of Members' Interests

There were no declarations of interest.

13. Minutes (21 June 2022)

The minutes of the meeting held on 21 June 2022 were confirmed as correct.

14. Barking & Dagenham Response to the Cost-of-Living Crisis

The Cabinet Member for Community Leadership and Engagement introduced a progress report on the Borough response to the cost-of-living crisis.

Building on the community-led response that proved so effective during the COVID-19 pandemic, the Council and social sector partners were working together to support local residents in the face of the worsening impact of fuel, heating and food cost rises, alongside generally rising levels of inflation. The high level of deprivation in the Borough meant that those factors were having an increasingly significant impact on a large proportion of the Borough, many of whom were already struggling to make ends meet, and the situation would only get worse as winter approached.

The Cabinet Member referred to initiatives already introduced in the Borough to support local residents, such as BD CAN and the Homes and Money Hub. A key initiative under the new proposals would be the establishment of a Cost-of-Living Alliance, which arose from a recent Cost-of-Living Summit arranged by the Council. The Alliance would involve Council service teams delivering a package of training that would enable social sector partners to support residents before they hit crisis point, as part of a preventative approach, while supporting other community groups in the local area. The Citizens Advice Bureau would play a central co-ordinating role, working closely with the Homes and Money Hub, while offering an option for escalation for those residents whose situation was more severe. In addition, the Council was leading on ways for partners to collaboratively access funding from Central Government and other sources that could be used to support residents who were having difficulties.

Cabinet Members criticised the Government for its lack of understanding of, and response to, the cost-of-living crisis and commended the proactive action being

taken by the Council and social sector partners to mitigate the impact on a local level. It was also noted that although the Council had recently secured funding of circa £1.2m towards addressing health inequalities in the Borough, if the Government used the 2021 census data for the allocation of local authority funding the Council would be receiving an additional £20m per annum.

Cabinet **resolved** to:

- (i) Note the development of a Cost-of-Living Alliance, the steps towards its formation and required activity to further develop the model; and
- (ii) Note that a further report shall be presented in October 2022 to update the Cabinet on the development of the Alliance.

15. Medium Term Financial Strategy and Reserves Policy 2022/23 to 2026/27

Further to Minute 84(ii) (21 February 2022), the Cabinet Member for Finance, Growth and Core Services introduced a report on the Council's draft Medium Term Financial Strategy (MTFS) and Reserves Policy for the period 2022/23 to 2026/27 in relation to General Fund expenditure.

The Cabinet Member explained that the draft MTFS had been developed against the backdrop of the financial uncertainty caused by the cost-of-living crisis, inflation, delays to Fair Funding reforms and Business Rates retention arrangements, whilst also taking into account other anticipated demands and pressures. He also pointed out that the Borough had the second highest population growth in London and the third highest in the country as well as a deprivation level showing that 48% of children were living in poverty, which only reinforced the need for Fair Funding reforms to be implemented to ensure that Barking and Dagenham received the appropriate level of funding from Government to support the local community.

The MTFS identified a cumulative funding gap of £14.8m over the five-year period, which represented a significant reduction on the £26.3m gap identified in the report to the February meeting. To ensure an ongoing financially balanced position, the intention was to close the gap through savings, the continued implementation of transformation programmes to deliver sustainability in the longer-term and the identification of new investment opportunities. The Cabinet Member stressed, however, that with so many uncertainties at the present time, the current position must be treated with caution. On that issue, attention was drawn to examples within the report which included the local government pay award, which had been budgeted at 2% per annum but was likely to be significantly above that figure in view of the current level of inflation.

The report also set out principles for a robust reserves policy, although the Cabinet Member referred to the earlier discussions regarding the cost-of-living crisis which, in the absence of appropriate additional funding from Government, would inevitably impact on reserves.

Cabinet **resolved** to approve the Medium Term Financial Strategy and Reserves Policy 2022/23 to 2026/27 as set out in Appendices A and D to the report and the proposed approach to ensure the financial health of the Council over the medium

term.

16. Proposed Council Tax Support Scheme 2023/24

Following on from the earlier discussions regarding the Borough response to the cost-of-living crisis, the Cabinet Member for Community Leadership and Engagement introduced a report on the proposal to amend the Council's Council Tax Support (CTS) Scheme for future years as a way of helping low-income residents in most need of financial support.

By Minute 59 (26 January 2022), the Assembly had approved the CTS Scheme for 2022/23 which set a minimum Council Tax payment threshold of 25% for qualifying, working age claimants. In light of the cost-of-living crisis, the Council had brought forward a review of the CTS scheme and it was now proposed that, for 2023/24, the minimum payment threshold be reduced to 15%, thereby giving qualifying claimants up to 85% relief. Furthermore, the intention was to move away from the centrally defined default CTS scheme for 2024/25 and replace it with a scheme that addressed discrepancies between the old and new (Universal Credit) benefits systems. It was noted that due to the requirement to consult on changes to the CTS Scheme, it was not possible to introduce the 15% change for the current financial year and the work needed to move away from the centrally defined default CTS scheme had an implementation timetable of approximately 18 months.

In welcoming the proposals, the Cabinet Member for Finance, Growth and Core Services pointed out that, in the past, qualifying residents were eligible for Council Tax Benefit and could receive 100% relief from Council Tax. However, the Government changed the rules, which meant that every individual had to contribute, irrespective of their financial situation, and the costs associated with the CTS scheme fell directly on the Council.

Cabinet **resolved** to:

- (i) Support the proposed Model 2 for the 2023/24 CTS scheme, which would reduce the minimum payment applied within the CTS scheme by 10% to 15%;
- (ii) Note that the above proposal shall be subject to public consultation and formal approval by the Assembly in due course; and
- (iii) Support the proposal to replace the current CTS scheme with a new 'banded' scheme for 2024/25 and authorise the Director of Support and Collections to commence consultation and the modelling process to enable the replacement CTS scheme to be implemented for 2024/25.

17. Energy Company Obligation (ECO4) Programme

The Cabinet Member for Regeneration and Economic Development introduced a report on the fourth and final iteration of the Energy Company Obligation (ECO) scheme.

By Minute 63 (15 October 2019), the Council had partnered with E.ON Energy

Services for the third phase of the ECO, which had delivered the Cosy Homes scheme whereby more than 1,100 free energy efficiency installs had been delivered across all housing tenures. ECO3 ended in March 2022 and it was proposed to follow a similar procurement route for ECO4, with a view to engaging a partner to build on that legacy and help even more residents out of fuel poverty. In that regard, it was noted that ECO3 had helped the Borough in being recognised as the London Region's Best Largest Retrofit and Insulation Scheme at the Energy Efficiency Awards in November 2021.

The Cabinet Member clarified the eligibility criteria for the scheme and the types of works undertaken and took onboard the need for regular communication with residents to overcome some of the concerns raised in earlier schemes.

Cabinet colleagues spoke in support of the proposals and the Cabinet Member for Public Realm and Climate Change particularly welcomed them as another positive step to helping the Council achieve its commitment to become a Net Zero organisation by 2030 and for the wider Borough to become carbon neutral by 2050.

Cabinet **resolved** to:

- (i) Approve the expression of interest route to test the market and find a delivery partner to ensure the Council maximises the number of free energy efficiency installs under ECO4 across all tenures, subject to the endorsement of the Procurement Board;
- (ii) In respect of Council owned properties, waive the requirement to tender under paragraph 28.5 of the Council's Contract Rules in order for the Council to enter into a contract with the identified company to carry out energy efficient installs under ECO4, where appropriate; and
- (iii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development, the Chief Legal Officer and the Strategic Director, My Place, to appoint the successful bidder and enter into the contracts and all other necessary or ancillary agreements set out in the report, including accessing grant opportunities.

18. Barking and Dagenham School Improvement Partnership Business Plan 2022/23

The Cabinet Member for Finance, Growth and Core Services introduced the Barking and Dagenham School Improvement Partnership (BDSIP) Business Plan for 2022/23.

The Business Plan set out BDSIP's vision, values, and social and commercial ambitions for the year and provided an update against the 2021/22 financial performance and forecast for 2022/23. The Cabinet Member was pleased to report that all of the Borough's schools purchased services from the BDSIP and a key objective for the year was to increase the take-up from the wide range of services on offer. It was noted that BDSIP was a not-for-profit organisation and any increase in business would be reinvested in schools to improve the life-

chances of young people in the Borough.

The Cabinet Member highlighted the key objectives for 2022/23, which included:

- To increase the number of work experience opportunities for pupils which had been severely impacted by the COVID-19 pandemic and changes to working practices. On that issue, the Cabinet Member referred to a recent jobs fair that took place at the film studios development at Dagenham East which covered all types of jobs linked to the filming industry and provided a unique opportunity for over 700 secondary school pupils to learn more about the industry and become involved.
- That all schools be rated by Ofsted as “good” or “outstanding” - at the moment, 91% of Borough’s schools met that objective.

Cabinet Members spoke in support of the excellent work of the BDSIP and the relationship that it had established with schools, Headteachers and Governing Bodies.

Cabinet **resolved** to endorse the BDSIP Business Plan 2022/23 as set out in the appendices to the report.

19. Controlled Parking Strategy 2022-25

Further to Minute 19 (17 July 2018), the Cabinet Member for Enforcement and Community Safety presented a report on the progress of the first phase of the Council’s Controlled Parking Zone (CPZ) project as well as plans for the second phase and other proposed changes to current arrangements.

The Cabinet Member referred to the key objectives of the Council’s CPZ project, which focused on improving road safety particularly around schools, reduced traffic congestion, improved parking for residents and businesses, improved air quality and better access for pedestrians, and advised that further analysis work was being undertaken to assess the impact of the measures implemented in the first phase (Project 1). Those results would inform the roll-out of the second phase, CPZ Project 2, which was planned for Spring 2023 and would encompass a further nine areas of the Borough, primarily those neighbouring the CPZ areas in Project 1.

The Cabinet Member also spoke on the plans to implement lessons learned and feedback from local residents, businesses and schools during Project 1. Those proposals included an enhanced consultation and engagement process, a reduction in CPZ and Council car park charges for school and Council-employed staff, and revisions to the Dropped Kerb Policy to allow residents with a dropped kerb installed to obtain a permit allowing them to park free-of-charge outside their property.

The Cabinet Member confirmed that those driving fully-electric vehicles and many hybrid models would continue to be exempt from parking charges and further incentives were being considered to encourage people to drive cleaner vehicles in support of the Council’s net zero and air quality priorities.

In response to issues raised, the Cabinet Member confirmed that further resources

were being put into the back-office support service to ensure that additional demand for permit requests could be met. He also reiterated that the enhanced consultation and engagement arrangements would include social media campaigns as well as more traditional means to ensure that all affected residents were fully aware of proposals and had access to the service.

Cabinet **resolved** to:

- (i) Note the update provided with regards to CPZ Project 1, as set out in section 2.1 of the report;
- (ii) Approve the delivery of the new CPZ Project 2 from Spring 2023 following the completion of Project 1, as set out in section 2.2 of the report;
- (iii) Delegate authority to the Operational Director, Enforcement and Community Safety, in consultation with the Cabinet Member for Enforcement and Community Safety, to determine the timetable for implementation of Project 2;
- (iv) Agree the enhanced consultation and engagement arrangements in relation to CPZ schemes, as set out in paragraph 2.3 of the report;
- (v) Agree the amended terms of use and pricing structure for school permits and LBBB staff permits; as set out in paragraph 2.4 of the report; and
- (vi) Agree the introduction of a specific permit to enable residents to park across their dropped kerb within a CPZ; as set out in paragraph 2.5 of the report.

20. Parsloes Park 'Parklife' Project Review

The Cabinet Member for Community Leadership and Engagement presented a report on the progress of the Parklife project at Parsloes Park, which included the development of three artificial grass pitches (AGPs), a new sports pavilion with changing rooms for up to eight teams, gym facilities, sports café, public toilets, multi-use areas and social space, and increased costs that were impacting on the deliverability of the project.

By Minute 4 (19 June 2018), the Cabinet had agreed a funding package of circa £6m to deliver the project, with the majority of funding coming from The Football Foundation and other grant sources. Since that time, project costs had been steadily increasing and that position was further exacerbated by the impact of COVID-19 which resulted in project delays and, along with other factors, significant increases in construction and component costs. As a consequence, the total project cost was now estimated at £13.6m and while The Football Foundation had agreed to increase its overall contribution to £6.2m, there was a total funding gap of circa £6.1m without taking into account the £400,000 already pledged by the Council.

The Cabinet Member and other Cabinet colleagues spoke on the significant benefits of the flagship Parklife project to the local community and reiterated their support for its delivery.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the Parklife project in Parsloes Park to deliver high-quality pavilion facilities to support local football growth in the Borough and associated sports and social activity, and enter the Grant Deed and Delivery Agreements;
- (ii) Agree the provision of additional funding of up to £6.1m, via prudential borrowing, to address the project shortfall;
- (iii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Community Leadership and Engagement and the Chief Legal Officer, to let the facilities to the National Football Trust on the terms set out in the report subject to compliance with s123 of the Local Government Act 1972; and
- (iv) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Chief Legal Officer, procure and enter into all necessary contracts and agreements, in accordance with the Council's Constitution, to ensure completion of the Parklife project.

21. Draft Planning Obligations Supplementary Planning Document Update and Consultation

The Cabinet Member for Regeneration and Economic Development introduced a report on a draft Supplementary Planning Document (SPD) that provided supplementary planning guidance to developers, planning officers and residents as to how the Council intended to seek developer contributions, through planning obligations, to support the infrastructure required to deliver the Council's wider Local Plan ambitions for housing and employment growth in the Borough.

The Cabinet Member explained that the two main mechanisms for collecting developer contributions under the SPD would be via the Community Infrastructure Levy (CIL) and Section 106 (S106) agreements under the Town and Country Planning Act 1990. It was noted, however, that the Government's new Levelling Up Bill outlined proposed changes to the current CIL and S106 regime and, therefore, the draft SPD would be kept under review. The Cabinet Member also referred to the priority areas listed in the draft SPD that would qualify for S106 funding and encouraged Cabinet colleagues to review the listing to ensure that their portfolio priorities were fully covered.

Cabinet **resolved** to:

- (i) Approve the Draft Planning Obligations Supplementary Planning Document, as set out at Appendix A to the report, for public consultation; and
- (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development and the Chief Legal Officer, to make any appropriate amendments to the document following public consultation, prior to its submission to the Assembly for formal adoption.

22. Corporate Plan 2020-22 - Quarters 3 and 4 2021/22 Performance Monitoring

The Cabinet Member for Finance, Growth and Core Services introduced a report which summarised performance in quarters three and four of 2021/22 against the numerous metrics and deliverables contained in the Council's Corporate Plan 2020-22.

The Cabinet Member highlighted some of the key achievements, ambitions, challenges and areas of risk across portfolios, which included:

- the delivery of over 3,000 new affordable homes in the Borough by March 2023;
- a 43% increase in the number of children meeting the threshold for statutory intervention from Children's Social Care, from 2,349 at the end of 2019/20 to 3,357 at present;
- a 31% increase over the same period in the number of children meeting the extremely high child protection threshold;
- a return to pre-pandemic levels in Early Years provision;
- a record number of Year 11 students progressing to an education destination; and
- the lowest ever recorded number of young people aged 16-18 not in education, employment or training (NEETs).

The Deputy Cabinet Member for Performance and Data Insight added that, as had been discussed earlier in the meeting, the cost-of-living crisis was an increasing risk across a range of areas despite the Council's proactive, preventative approach. Other Cabinet Members spoke on aspects of their respective portfolios and it was acknowledged that the advent of the new Integrated Care System would require thought to be given to new overarching, strategic objectives relating to health and social care to be added to the performance monitoring regime.

Cabinet **resolved** to note the performance highlights and areas of improvement relating to quarters 3 and 4 of the 2021/22 financial year, as set out in Appendix 1 to the report.

23. Contract for Provision of Liquid Fuel and Ancillary Products

The Cabinet Member for Public Realm and Climate Change presented a report on the retendering of the contract for the provision of liquid fuel to serve the Council's transport fleet.

The Cabinet Member advised that the previous contract had expired on 31 March 2022 and a new short-term contract had been entered into to ensure a continuity of service. The assessment of options for a new, four-year contract had identified the Crown Commercial Services (CCS) Liquid Fuels Framework as the preferred approach due to economies of scale that could be achieved.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of contracts for the provision of liquid fuel and ancillary products through the CCS Liquid Fuels

RM6177 framework agreement, in accordance with the strategy set out in the report; and

- (ii) Delegate authority to the Director of Public Realm, in consultation with the Cabinet Member for Public Realm and Climate Change and the Chief Legal Officer, to conduct the procurement and award and enter into the contract(s) and any other ancillary agreements with the successful bidder(s).

24. Contract for the Provision of Temporary Accommodation for Homeless Families

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals that would assist the Council to meet its statutory responsibilities to homeless families through the provision of temporary accommodation, pending the provision of longer-term housing solutions.

The Cabinet Member advised that the Council continued to reduce the number of homeless households in temporary accommodation, with the current level at circa 1,400. Outside of stock owned and managed by the Council, it also relied on several contracted housing providers to meet its statutory obligations. The current contract for the additional provision had been extended to 31 May 2023 and the intention was to procure a new, maximum four-year framework contract.

Cabinet **resolved** to:

- (i) Note the extension of the existing contracts for the final year of the current temporary accommodation contract from 3 June 2022 to 2 June 2023;
- (ii) Agree that the Council proceeds with the procurement of a new contract for the provision of temporary accommodation for homeless families commencing 3 June 2023, in accordance with the strategy set out in the report; and
- (iii) Authorise the Director of Support and Collections, in consultation with the Cabinet Member for Community Leadership and Engagement, the Strategic Director, Finance and Investment and the Chief Legal Officer, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder, in accordance with the strategy set out in the report.

25. Procurement of Electricity and Gas Supplies and Ancillary Services

Further to Minute 30 (18 September 2018), the Cabinet Member for Finance, Growth and Core Services presented a report on the proposal to appoint LASER, a company owned by Kent County Council that procured energy on behalf of local authorities, to act as the Council's specialist energy procurement broker.

A range of procurement and supply options had been considered in light of the significant energy price rises and volatility in the market due to the conflict in Ukraine. The Cabinet Member explained that LASER was currently negotiating a new, maximum four-year energy supply contract that would cover energy supplies

from 1 October 2024, when the current contract expired. However, purchasing under the new contract could commence from 1 October 2022, thereby enabling the Council to mitigate energy price rises and limit price fluctuations going forward.

Cabinet **resolved** to:

- (i) Approve the appointment of LASER as the Council's energy broker to procure gas and electricity supplies and associated meter services such as Meter Operation and Data Collection Services on behalf of the Council, in accordance with the procurement strategy set out in the report;
- (ii) Authorise the Strategic Director, My Place, in consultation with the Strategic Director, Inclusive Growth, the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements, including finalising the preferred purchasing strategy (basket option) in accordance with the strategy set out in the report; and
- (iii) Delegate authority to the Strategic Director, My Place, in consultation with the Strategic Director, Inclusive Growth, the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to progress arrangements in relation to Power Purchasing Agreements (PPAs) in the event that they become a viable option in the future, including conducting any procurement and awarding and entering into any contract(s) and other necessary or ancillary agreements.

26. 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).

27. Proposed Freehold Sale of the Former Welbeck Steel Site, 8 River Road, Barking

Further to Minutes 67 (11 December 2018), 35(v) (20 October 2020) and 37 (21 September 2021), the Cabinet Member for Finance, Growth and Core Services presented a report on a proposal to dispose of the former Welbeck Steel site, 8 River Road, Barking, to Hackman Studios.

The Cabinet Member advised that the site had been purchased by the Council in 2019 and was currently leased to Eastbrook Studios, a subsidiary of Hackman Studios, under an initial 10-year arrangement as part of the major film studio development project taking place in the Borough. To support the company's plans to invest in the site for film production and secure a long-term tenant, Hackman Studios had approached the Council regarding the purchase of the site.

The Cabinet Member alluded to the various conditions that would be included in the sale contract to protect the Council's interests, the wider benefits for the Borough and the immediate River Road / Thames Road area and synergies with the Council's draft Local Plan and the Mayor's London Plan. A sale would also

provide the Council with a capital receipt significantly higher than the purchase price paid by the Council in 2019, which could be used to support other projects within the Council's Investment and Acquisition Strategy. The report also referred to proposed arrangements for determining the fee payable to Be First for its efforts in securing such a positive outcome for the Council.

Cabinet **resolved** to:

- (i) Approve the disposal of the former Welbeck Steel site, shown edged red in Appendix 1 to the report, to Hackman Studios, in accordance with the Heads of Terms set out in Appendix 2 to the report;
- (ii) Authorise the Strategic Director, Finance and Investment, in consultation with the Chief Legal Officer, to enter into all necessary documents to finalise the transaction; and
- (iii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services, to approve a fee payment to Be First to project manage the proposed disposal.

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CABINET

20 SEPTEMBER 2022

Title: Revenue Budget Monitoring 2022/23 (Period 4, July 2022)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Katherine Heffernan and Philippa Farrell, Heads of Service Finance	Contact Details: E-mail: Katherine.heffernan@lbbd.gov.uk Philippa.farrell@lbbd.gov.uk
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance & Investment	
<p>Summary</p> <p>This report sets out the Councils budget monitoring position for 2022/23 as at the end of July 2022, highlighting key risks and opportunities and the forecast position. This is the first budget report of this financial year.</p> <p>The Council's General Fund budget for 2022/23 is £183.060m – a net increase from the previous year's position of £9.4m. The current forecast outturn position including movements to and from reserves and the income position is £199.347m which would be an overspend of £16.287m. This is a significant overspend in the period and is driven by significant cost pressures such as the potential Local Government pay award and the increasing costs of social care. In addition there is the impact of a changing balance of costs between the HRA and the General Fund.</p> <p>There is potential for risks and opportunities to materialise and for management action to be taken to reduce overspends. Furthermore, the overspend can be managed by use of the budget support reserve. However, the current level of overspend would deplete the reserve, increasing the risk in future years. The position will continue to be closely monitored and risks and opportunities recognised as soon as certain.</p> <p>This report also presents a revised budget for the HRA taking into account increased cost pressures in repairs and a reduction in recharges from the Council for supervision and management costs.</p>	
Recommendation(s)	
Cabinet is recommended to:	
<ul style="list-style-type: none"> (i) Note the projected revenue outturn forecast for the 2022/23 financial year as set out in section 2 and Appendix A of the report; (ii) Note the update on savings proposals, as set out in section 3 of the report; and 	

- (iii) Approve the restatement of the HRA budget as set out in section 4 and Appendix B of the report.

Reason(s)

As a matter of good financial practice, the Cabinet should be informed about the Council's financial risks, spending performance and budgetary position. This will assist in holding officers to account and inform further financial decisions and support the objective of achieving Value for Money as part of the Well Run Organisation.

1. Introduction and Background

- 1.1 This is the first budget monitoring report to Cabinet for the 2022/23 financial year. There has been a net £9.4m of growth added to the budget for 2022/23 as part of the Council's budget setting process in February in order to meet the then known pressures, especially those in Care and Support. This was funded from Council Tax increases, commercial returns and Government grants.
- 1.2 Despite the growth, this year has a high level of financial risk including inflation and the cost-of-living crisis, the impact of the Covid pandemic and its aftermath, the potential impacts of Brexit, the long-standing pressures that impact across the Local Government sector and the high levels of deprivation and disadvantage that already existed for residents of the Borough.
- 1.3 As part of our ongoing improvement programme, a new financial system and budget monitoring process was introduced in April 2022. This has resulted in some changes to the format of the budget monitoring report. This report is a high-level summary with key information and action points with more detailed being contained within the appendices.

2. Overall Financial Position

- 2.1 The 2022/23 budget was approved by the Assembly in March 2022 and is £183.060m – a net increase of £9.4m from last year. Growth funding was supplied to most services to meet known demand and cost pressures and a central provision was made for the expected Local Government pay award. In addition there were £5.3m of savings included in the budget.
- 2.2 As Appendix A shows the expenditure forecast is £199.347m. There are still risks and opportunities that could be realised, as well as the possibility that this overspend can be managed down further. This level of overspend can be fully met from the budget support reserve without the need for recourse to the General Fund which will remain at £17m. However, this would reduce the Council's ability to absorb further financial risks or support new investment in transformation in future years.
- 2.3 A proportion of the additional pressures are driven by the Covid pandemic. However as time has passed, some of the additional costs have now become the "new normal" and it is becoming increasingly hard to draw a sharp distinction between Covid costs and business as usual. There are now increasing pressures

from the impact of inflation including pay inflation and the cost of living crisis. In addition there has been a review of costs recharged to the HRA which has resulted in a reduction of income from the HRA to the General fund.

2.4 Further details are set out in Appendix A to this report.

3. Savings and Commercial Income

3.1 There is a new savings target of £5.339m for 2022/23. £2.695m of these savings are either fully achieved or expected to be achieved. £0.290m are rated less certain and £2.354m are at high risk of not being achieved.

3.2 In addition there are £5.349m of previous year savings that were not fully achieved at year end. Of these, £3.128m are no longer being pursued because circumstances have changed or the action has already been taken but not achieved the target saving. They have now been effectively absorbed into the base budget of the services concerned and should be treated as existing budget pressures with mitigations and management actions being sought.

3.3 During budget setting, £1.141m of savings were formally resolved and taken out as they are no longer achievable for reasons outside of service control (mostly Covid related.) A further £1.080m are still achievable and will be monitored in 2022-23 along with the new savings discussed above.

4. Housing Revenue Account

4.1 Since the HRA budget was approved by Cabinet in February 2022 there have been some significant changes.

4.2 There are three main changes:

- The impact of the review of HRA recharges to/from the General Fund. This resulted in an approx. £3m shift of costs. There is a risk that this trend will continue as the HRA stock reduces. It may be possible to replace some of this income to the General Fund through charging to Reside. However, it is a significant risk in the Council's MTFs. For the HRA it represents an improvement in the position and reduces total expenditure.
- Shortly before the start of the financial year it was agreed to fund additional capacity in the BDMS contracts (increased trades numbers) and to provide for inflationary uplifts on subcontractor payments plus an increase in the management fee and a 15% margin across the contracts. Together these amounted to a potential increase of £7.4m in Repairs and Expenditure costs.
- There was significant slippage in the HRA stock improvement capital programme in 2021/22. This will have an impact on the 2022/23 programme and there will be a need to reprofile the catch-up and the new programme. This in turn will affect the level of funding and borrowing.

4.3 The HRA is a ring fenced self-balancing account. These changes will be made within this account with no changes to services or additional fees or charges to tenants. Cabinet is asked to approve this restatement of the budget as set out in Appendix B.

5. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 5.1 This report is one of a series of regular updates to Cabinet about the Council's financial position.
- 5.2 The introduction of the Suspension Service enhanced services will generate income to the Council. The reduction of the Low Emission Vehicle: Zero to 50 CO2 emission charge to zero will be minimal with no material impact on the financial position.

6. Legal Implications

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

- 6.1 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.
- 6.2 Nevertheless, the unique situation of the aftermath of Covid 19 combined with the hostilities between the Russian Federation and the Ukraine presents the prospect of the need to purchase supplies and services with heavy competition for the same resources together with logistic challenges which is causing scarcity and inflationary 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 itemise and document the reasoning for procurement choices to facilitate grounds for seeking such additional support funds as the Authority may be able to access.

7. Other Implications

- 7.1 **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.
- 7.2 **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 2rd March 2022
<https://modgov.lbbd.gov.uk/Internet/documents/s152346/BF%202022-23%20Report.pdf>

List of appendices:

- **Appendix A:** Revenue Budget Monitoring Pack (Period 4)
- **Appendix B:** Revised HRA Revenue and Capital Budget

APPENDIX A

Primary Focus: Top level summary of the financial position of the General Fund.

Budget Monitoring Report 2022/23

1. Operational Summary
2. Risks
3. Growth

Review the financial position, including the risks, and opportunities. Identify areas for management action or further review.

Secondary Focus: Top level summary of HRA, DSG, Companies

4. HRA
5. DSG
6. Companies

Review the financial position, including the risks, and opportunities. Identify areas for management action or further review.

Tertiary Focus: Detailed breakdown of service's financial position

7. Community Solutions
8. Corporate Management
9. Inclusive Growth
10. Law and Governance
11. My Place
12. People and Resilience
13. Strategy

Financial positions of each directorate and department.

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London Borough of Barking and Dagenham Budget Monitor: Period 4

Content Links

[Overall Summary](#)

[Savings](#)

[Community Solutions](#)

[Corporate Management](#)

[Inclusive Growth](#)

[Law and Governance](#)

[My Place](#)

[People and Resilience](#)

[Strategy](#)

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**Barking &
Dagenham**

Revenue Outturn - There is a c£16m overspend forecast as at P4, £14m overspent on services and a £2m under recovery of funding

Summary:.

This is a worse position since last month mainly driven by the increased forecast for the pay award and a worsening position in My Place mainly in Commercial and Property Services.

Key Drivers

• People & Resilience:

- The position is c£6m over. **C£2m** within disabilities driven by the overspend in **the SEND travel spend and LAC with disabilities**. Children's is **c£4m** overspent as a result as a result of Corporate Parenting, with a pressure of £3.9m, a £900k increase from last year. This is solely down to **Fostering**, where the full year effect of the uplift given to carers is now being felt. **The remaining pressure is on staffing where there has been special dispensation given to increase spend in order to bring in temporary resource to manage the rising caseloads within CIN.**

• Corp Management:

- The budget reflects a 2% pay rise provision. Noting inflation and public sector pay awards the forecast **reflects a 6% pay rise resulting in a £4m overspend** within this area. Contingency budgets held here in previous years have been redistributed to services leaving **no central underspend cushion.**

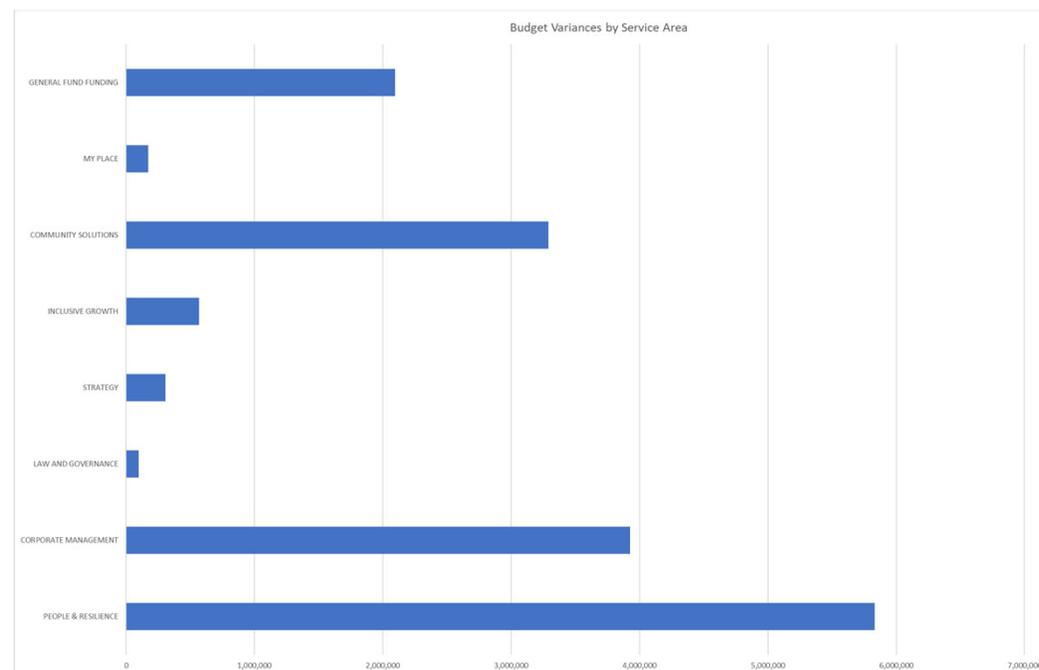
• Community Solutions:

- £3.3m variance from budget. This is driven by the change in the HRA recharge policy which has had a **c£2m impact.** The remainder are variance across the services.

• Company Dividends:

- The company dividends are forecast to be **£2m lower as a result of BDTP being unable to meet the budgeted income.**

Variance against Budget



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**Barking &
Dagenham**

London Borough of Barking and Dagenham Revenue Forecast

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
PEOPLE & RESILIENCE	129,963,050	107,566,760	22,396,290	7,538,307	135,795,193	0	0	5,832,143	6,030,053
CORPORATE MANAGEMENT	4,933,320	9,602,910	-4,669,590	6,148,252	8,861,065	0	0	3,927,745	2,442,861
LAW AND GOVERNANCE	-2,777,915	-265,175	-2,512,740	248,100	-3,131,002	1,946,433	-1,495,824	97,522	617,699
STRATEGY	2,026,429	2,832,599	-806,170	930,062	3,406,824	0	-1,076,147	304,248	232,136
INCLUSIVE GROWTH	4,737,340	1,797,630	2,939,710	-1,599,564	5,608,972	0	-302,817	568,815	791,925
COMMUNITY SOLUTIONS	25,421,128	19,527,638	5,893,490	1,504,176	30,222,484	295,000	-1,807,000	3,289,356	3,356,163
MY PLACE	18,756,779	37,279,549	-18,522,770	7,440,672	18,929,337	0	0	172,558	-420,537
GENERAL FUND I&E	183,060,131	178,341,911	4,718,221	22,210,006	199,692,873	2,241,433	-4,681,788	14,192,387	13,050,300
GENERAL FUND FUNDING	-183,060,131	-183,060,131		-5,763,627	-180,965,131	0	0	2,095,000	2,095,000
GENERAL FUND	0	-4,718,221	4,718,221	16,446,379	18,727,742	2,241,433	-4,681,788	16,287,387	15,145,300

The main drivers of the variance to budget are the change in HRA policy, which is seen across several areas within the Council, most notably Community Solutions, Inclusive Growth and Law and Governance.

Aside from this People and Resilience is the most significant area of overspend of **£6m, 5.6% of the overall budget**. This is primarily driven by the overspend within Children's. The area has received £5m in growth in 2021/22 to their base budget. This is a key area of risk for the Council as a small variance can have a significant impact on the overall position.

Community Solutions is a volatile area that is demand driven, **although £2m of it's overspend is driven by the HRA**. This is a key area of risk where mitigations are being developed, growth was allocated to this area to write off unachievable savings in prior years.

Corporate Management has been reduced to allocate budgets to services. There is less availability of this resource to cover other overspends. The area is forecasting an overspend as a **result of the forecasted 6% pay award**.

BDTP is not assumed to **make £2m in dividend payment this year**, which has reduced funding. The Be First contribution is currently assumed to be secure as a result of the Mueller site profits.

London Borough of Barking and Dagenham Budget Monitor: Period 4 Risk and opportunities

Risk

- There are still some data and reporting issues arising from the implementation of the new ERP and Financial Systems which are making it harder for Finance and budget holders to gain full and up to date financial information. This has been improving over time but remains a significant financial risk with incomplete data available to make financial decisions, or to take remedial action if spend profiles are driving an overspend or under achievement in income.
- This month the Finance team have had access to Collaborative Planning and have carried out a monitoring dry run – however budget holders have not been able to engage with the new system yet. (Go live was 1st September.)
- The cost-of-living crisis and increased inflation has meant pressure on the pay award request. Built into the budget was a 2% award however the LGA Employers offer amounts to around a 6% increase creating a significant pressure. In addition, we have made £0.5m provision for the PWC review of Senior Pay and £0.5m for other potential recruitment/retention requirements.
- HRA and General Fund recharge policy change has resulted in an increase of costs of c£2.7m within the General Fund. This will drive an overspend to be managed in year as this was not built into the budget.
- The income for PRPL is forecasting a shortfall of c£1.5m and will require a drawdown from reserve. This will leave a balance of c£0.3m on the reserve. The scheme is currently in year 3 of 5. A full review of the scheme will be carried out in the current year.

Opportunities

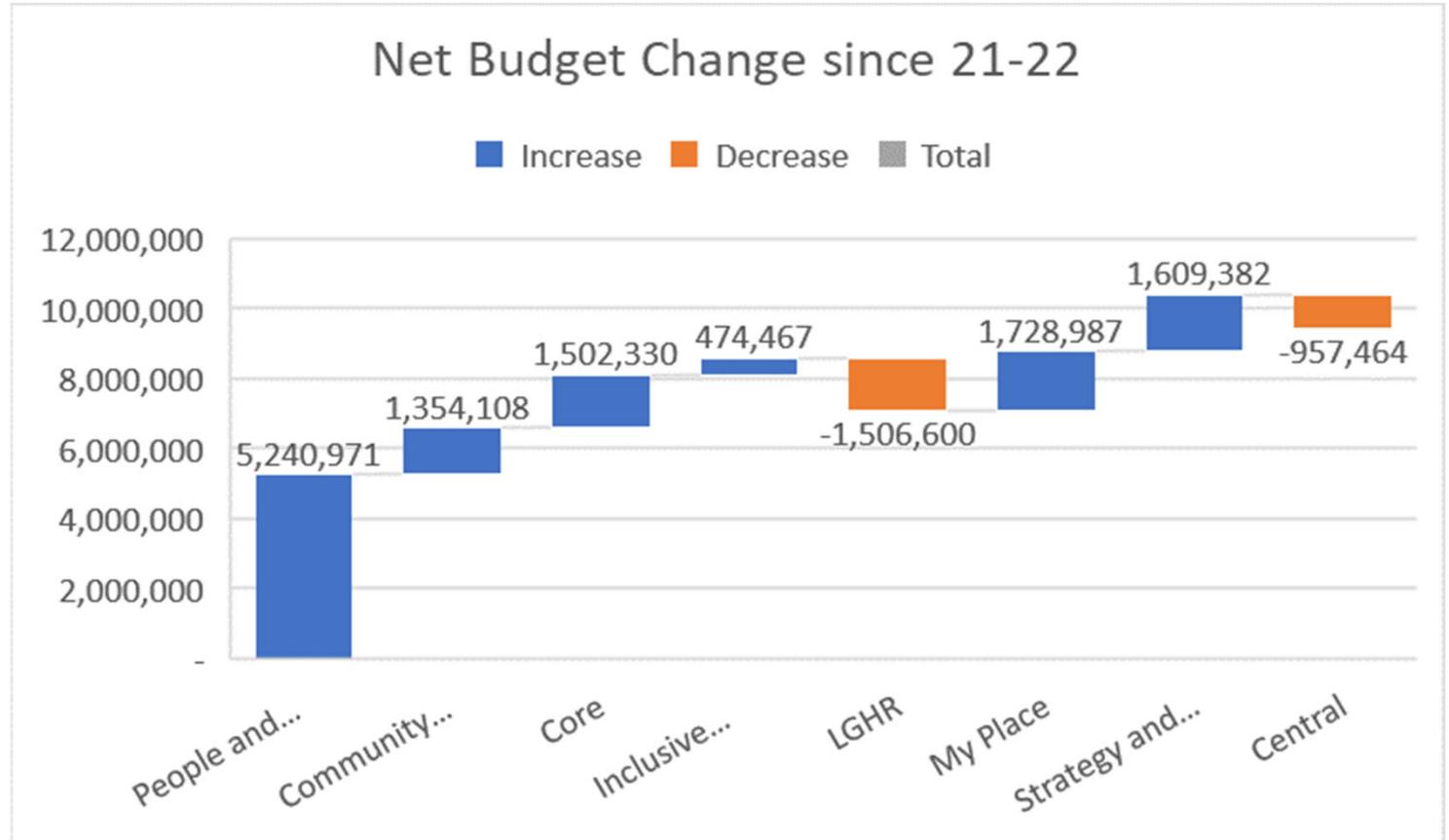
- At this early point of the year forecasts will reflect risks but there has been little time to build an enact mitigations. We would therefore anticipate that this forecast will reduce as the year progresses and mitigations take effect.
- Income for Parking is forecasting a c£2m surplus. This is in-line with prior year income. The income target has been increased by c£3.5m in the current year. There is a likelihood that the income will be higher than forecast. This will be a result of introduction of new CPZ schemes and Safer School Streets, but this is currently difficult to quantify.

Budget Increase: The Budget has increased by a net £9.4m from £173.6m to £183.1m since 2021-22

Several areas have received growth since 2021/22.

- **People & Resilience:**
 - Demographic and Inflation growth and investment in Early Help, Coroners
- **Community Solutions**
 - Concessionary Fares (-), debt strategy, NRPf, Core savings written off, loss of Brocklebank income, community hubs
- **Law and Governance:**
 - Increased income
- **Inclusive Growth**
 - Foyer written off, old income written off
- **Core:**
 - Investment in IT and HR
- **My Place**
 - Improving waste and recycling
- **Strategy and Culture**
 - Realignment of Leisure fees post Covid, small increase in Policy/strategy team
- **Central**
 - Distribution of centrally held contingency budgets to support services

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Note: this is based on the structure at the time of the MTFs so may differ slightly from current.

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2022- 23 Savings

	2022-23 MTFS Savings	£000s	RAG RATING	Comments
EYC	Fixed Penalty Income	50	Amber	
ComSol	Working with VCS in community centres	90	Achieved	albeit by other means
LGHR	Parking Income	250	Achieved	
LGHR	Other Income - fines and market	70	Green	Income running slightly under profile but forecast to be achieved
LGHR	Further Parking Income	1,498	Green	Income very robust
IT	Cyber Security	40	Achieved	
ComSol	Debt and Affordable Credit	580	Green	
My Place	Property Management	154	Red	Won't be achieved in 22/23 as dependent on restructure.
IT	various efficiencies	167	Achieved	
Disabilities	New CHC Monies from Transition clients	240	Amber	
Disabilities	Brocklebank	1,100	Red	Plans still being decided, timeline not achieved
Childrens	Efficient TOM	1,100	Red	Implementation postponed
		5,339		

Prior Year Savings Not Yet Achieved

There were a large number of savings last year totalling £5.3m including some brought forward from previous years where it is not clear whether they have been met. In a couple of cases they are potentially expected in 22-23 (parks landscaping, market income) but in most they are now part of the services position and are being managed/mitigated within the overall underspend/overspend. A number of these services did receive some additional funding in the MTFs to reduce the associated pressures. See table on next slide for details.

DECISION POINT: There are three differing solutions for how we treat savings in 2021/22 and those high risk within 2022/23

- 1. £3.128m of savings are no longer being pursued because circumstances have changed or the action has already been taken but not achieved the target saving. They have now effectively been absorbed into the base budget of the service and in many cases can no longer be clearly tracked back to the original budget change (because of subsequent realignments.) It is proposed that these are no longer monitored but services should treat them as any other budget pressure and find mitigations/management action.**
- 2. £1.141m have been resolved in budget setting because they have been recognised as no longer achievable for reasons outside service control.**
- 3. £1.080m are assessed as still achievable and will be monitored in 2022-23.**

Prior Year Savings Not Yet Fully Achieved

Directorate	Department	Savings Description	SAVINGS PR 21/22		Comments	Proposal
PEOPLE AND RESILIENCE	ADULTS	Charging policy - DRE	A2020 bf	150,000	Policy change not implemented but service underspent overall so impact has been absorbed	Consider achieved by other means
PEOPLE AND RESILIENCE	Childrens	Various efficiency/commissioning improvements	A2020 bf	659,147	Service overspent overall, some initiatives no longer being pursued, others impact less than expected or offset by other pressures	Absorb into overall service pressures - to be resolved by management action and/or budget growth
PEOPLE AND RESILIENCE	Disabilities	Further Income Improvements	A2020 bf	483,000	Some improvements in income but overall offset by pressures on service	Absorb into overall service pressures - to be resolved by management action and/or budget growth
COMMUNITY SOLUTIONS	Across service	Staffing Savings	A2020 bf	400,000	residual savings from restructure not fully achieved, balance now treated as part of overall service position	Absorb into overall service pressures - to be resolved by management action and/or budget growth
CORE/COMMUNITY SOLUTIONS	Core/Support & Collections	Elevate Exit	A2020 bf	1,043,000	residual savings from restructure not fully achieved, balance now treated as part of overall service position	£100k Transformation Director post achieved, £450k was formally written off in 22/23 MTFs, rest to be absorbed into overall service pressures
Corporate Management	Central Expenses	CTSS	A2020 bf	600,000	reduction in Council Tax Support completed reversed by Covid	Already resolved through budget setting process
STRATEGY & CULTURE	Leisure/Parks	Concession Fee	A2020 bf	91,000	Not achieved because of Covid - Leisure income renegotiated	Already resolved through budget setting process
STRATEGY & CULTURE	Leisure/Parks	Central Park Landscaping	A2020 bf	600,000	One off cash - part received in 21/22, balance expected this year	Retain and monitor
STRATEGY & CULTURE	Heritage	increased income	A2020 bf	25,000	Now part of overall income shortfall on service	Absorb into overall service pressures - to be resolved by management action and/or budget growth
PEOPLE AND RESILIENCE	Disabilities	CHC/Transitions	Transformation	120,000	Service overspent overall, increasing income important for service sustainability but is largely offset by other pressures	Absorb into overall service pressures - to be resolved by management action and/or budget growth
PEOPLE AND RESILIENCE	Adults	Income Generation	Transformation	400,000	Partly achieved already, rest forecast to be delivered	Continue to monitor
COMMUNITY SOLUTIONS	Participation	Contact Centre Restructure	MTFS 21/22	561,000	Contact centre activity increasing, full achievement unlikely	Absorb into overall service pressures - to be resolved by management action and/or budget growth
LAW AND GOVERNANCE	LGHR	Barking Market extra day	MTFS 21/22	80,000	Impact of Covid has delayed but expected to be achieved	Continue to monitor
LAW AND GOVERNANCE	LGHR	HR Service Restructure - increased income	MTFS 21/22	137,000	ERP efficiencies delayed and income targets hard to achieve	Absorb into overall service pressures - to be resolved by management action and/or budget growth
				5,349,147		

Community Solutions: Period 4

Forecast Position: £30.2m (overspend of £3.3m, 12.9% Variance)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period
COMMUNITY SOLUTIONS	25,421,128	19,527,638	5,893,490	1,504,176	30,222,484	295,000	(1,807,000)	3,289,356	
SUPPORT AND COLLECTIONS	9,261,950	4,569,330	4,692,620	2,046,810	12,644,659		(800,000)	2,582,709	
COMMUNITY SOLUTIONS	6,698,956	6,851,506	(152,550)	13,737	7,623,300	130,000	(215,000)	839,344	
COMMUNITY PARTICIPATION & PREV	9,460,222	8,106,802	1,353,420	(556,371)	9,954,524	165,000	(792,000)	(132,698)	

Key Drivers of the Position:

The reported overspend of **£3,289k** is caused by the following:

Support & Collections;

• Impact of HRA recalculation	£1,656k	
• Pressure on TA (Voids & demand led)	£250k	
• Under recovery on Bailiff Fees	£545k	
• Under Recovery of Court Cost Income (Historic Budget Pressure)	<u>£132k</u>	
		£2,583k

Community Solutions;

• Impact of HRA recalculation	£311k	
• Oneview System Annual Subscription	£300k	
• Customer Services FTC Staff	<u>£228k</u>	
		£839k

Community Participation & Prevention;

• Impact of HRA recalculation	-£33k	
• Everyone Everyday	<u>-£100k</u>	
		-£133k
		<u>£3,289k</u>

Community Solutions: Period 4 Risk and Opportunities

Forecast Position: £30.2m (overspend of £3.3m, 12.9% Variance)

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

- Although Brocklebank has been decommissioned, there are ancillary costs being charged to the cost centre which may have an aggregate impact on the budget.
- We are not able to identify Impacts which may arise from the Homes for Ukraine scheme. However, we do expect financial implications to arise.
- It is assumed COVID-19 related costs c£0.1m will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income is impacted due to delay in data.

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

- A **£250k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.

Corporate Management: Period 4

Forecast Position: £8.9m (Overspend of 3.9m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CORPORATE MANAGEMENT TOTAL	4,933,320	9,602,910	(4,669,590)	6,148,252	8,861,065	0	0	3,927,745	0
STRATEGIC LEADERSHIP	(272,344)	474,276	(746,620)	33,438	(274,671)	0	0	(2,327)	0
FINANCE	5,517,201	12,110,931	(6,593,730)	1,556,257	5,266,451	0	0	(250,750)	0
IAS	(4,167,250)	(4,178,970)	11,720	(21,718)	(4,167,250)	0	0	0	0
CENTRAL EXPENSES	3,855,713	1,196,673	2,659,040	4,580,275	8,036,535	0	0	4,180,822	0

Key Drivers of the Position:

Corporate Management are forecasting an overspend of 3.9m. There is a net shortfall in income from the HRA of £338k.

- **Central Expenses** – The Local Government employers offer is an approx. 6% pay increase on average (higher for lower grades, lower for managers/professional grades). This is significantly higher than the roughly 2% provision made in the MTFS. Currently other contingencies and provisions are assumed to be fully used. It should be noted that these are much lower than in previous years as funds have been transferred to services.
- **Strategic Leadership** - £2.3K underspend : HRA recharge shortfall of £103k less staff vacancy saving of £97k
- **Finance** - £251k underspend : £183k underspend in IT mainly due to vacancies, £102k underspend in Audit and Insurance, £36k net overspend in other teams within Finance, largely driven by £100k overspend in Service Finance.

Corporate Management: Period 4 Risk and Opportunities

Forecast Position: £8.9m (Overspend of 3.9m)

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

- A £2m budget provision made for the 22/23 pay award. If a higher award is made this will cause a budget pressure (either here or dispersed among services.) The forecast assumes an approx. 6% award in line with offers made to other public service workers. However the final position is unlikely to be settled for some time. In addition there are risks from the Senior Leadership review and also a number of services are reporting recruitment/retention issues that mean result in other upwards pressures on pay.
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes spend to budget – however the economic situation may mean that debt could rise.
- Finance recruitment and staff retention becoming increasingly difficult
- Insufficient engagement within the Council over risk management & Internal audit practices
- IT forecasts requires further work on agreeing expenditure as currently cost model review is pending and new posts are being advertised for recruitment.

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

- Currently the forecast assumes full spend against several contingency budgets including the central redundancy pot and insurance. If these are not required, then this will contribute further underspends the Council position.

Inclusive Growth: Period 4

Forecast Position: Overspend of £569k

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
INCLUSIVE GROWTH TOTAL	4,737,340	1,797,630	2,939,710	(1,599,564)	5,608,972	0	(302,817)	568,815	0
COMMERCIAL	257,849	(368,111)	625,960	(366,416)	773,781	0	0	515,932	0
INCLUSIVE GROWTH	4,479,491	2,165,741	2,313,750	(1,233,147)	4,835,191	0	(302,817)	52,883	0

Key Drivers of the Position (Summary):

Inclusive Growth are forecasting an overspend of £569k. There is a net shortfall in income from the HRA of £312k. This is because the value of the recharges to the HRA has been recalculated but the budget has not been adjusted.

• **Commercial Services – 516k overspend**

- £370k relates to the reduced HRA recharge. The greatest impact is in Procurement where there was a historic fixed fee of £331k chargeable by Agilisys to the HRA. As part of the Elevate exit business case it was agreed that Procurement would continue to make the charge to the HRA. Now the recharge no longer takes place this has left a budget gap of £331k.
- £159k estimated Film Income shortfall. The Film Office is finding it increasingly difficult to meet the income target, as the number of filming locations dwindles as the borough is being regenerated.
- Added years pension top ups are causing a budget pressure of £33k. This is an unavoidable cost which is not fully-funded, and in the main relates to staff who were employed by services that are now delivered by Be First.

• **Inclusive Growth – 53k overspend**

- There are pressures within Parks Commissioning on a number of fronts. There is no revenue budget associated with capital schemes, such as the schemes at Parsloes Parks and Central Park. As not all expenditure associated with capital projects can be treated as capital expenditure, this is creating a pressure on revenue budgets, currently offset by a projected one off income over achievement of £17k on Central Park soil importation.
- Country Side and Conservation: £17k budget pressure costs for Eastbrookend Discovery Centre (inc. utilities, building, management costs) and £21k shortfall in budgeted income for Licence & Permit income as budget set in excess of achievable amount.
- Heritage services are forecasting an overspend of £275k on salaries, NNDR and income under-achievement.
- Inclusive growth core team estimated underspend £208k due to 58K HRA recharge income increase, anticipated CIL admin fee income £40k and staffing underspend of £84k due to restructure implementation.

Inclusive Growth: Period 4 Risk and Opportunities

Forecast Position: **£569,000** overspend (£257,000 underlying after adjusting for HRA Recharges impact)

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

- Key risk is that the film studios operator MBS/Hackman do not continue to fund the existing post or the programme beyond the initial endowment, which is projected to last 5 years.
- There is a risk that the City of London does not re-locate the wholesale markets to the borough, in which case we will not receive additional funding beyond the s106 funding received to date. This would shorten the impact and length of the programme to 2 years. Longer term, there is a risk that the City of London does not provide funding to support the ongoing nature of the programme beyond the s106 funding.
- Heritage income remains at risk with Eastbury Manor House only open 1 day per week, making it difficult to meet income targets.

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

- The opportunity is to establish ongoing sponsorship from MBS/Hackman for the film studios, as well as using the endowment to leverage additional funding and resources from the sector and visiting productions. There are also opportunities to commercialise/self-fund elements of the programme, to ensure long term sustainability, including by creating a training space that can be leased to different providers to deliver sector-specific training.
- The opportunity for the food sector is to establish ongoing sponsorship from the City of London, and leverage further additional funding from external sponsors.
- The Business Rates bills for Eastbury Manor and Valence House have been appealed and, if successful, may result in a refund of up to £200k.

Law and Governance: Period 4

Forecast Position: Overspend of £98k after transfer of c£2m parking surplus to reserves and drawdown c£1.5m PRPL from reserve

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
LAW AND GOVERNANCE	-2,777,915.00	-265,175.00	-2,512,740.00	248,099.64	-3,131,001.85	1,946,433.00	-1,495,824.00	97,522.15	0.00
WORKFORCE CHANGE / HR	569,217.00	2,331,737.00	-1,762,520.00	396,535.71	1,038,712.03	0.00	0.00	469,495.03	0.00
LAW & ASSURANCE	1,749,180.00	3,225,440.00	-1,476,260.00	405,668.54	1,926,868.02	0.00	0.00	177,688.02	0.00
ENFORCEMENT	-5,096,733.00	-6,081,223.00	984,490.00	-584,442.58	-6,097,002.91	1,946,433.00	-1,495,824.00	-549,660.91	0.00
LEADERS OFFICE	421.00	258,871.00	-258,450.00	30,337.97	421.00	0.00	0.00	0.00	0.00

Key Drivers of the Position (Summary):

The HRA recharge has been recalculated and this has resulted in an income shortfall across Law and Governance of £615k.

There are significant staff vacancies within the Enforcement Service which has resulted in a forecast underspend of c£0.5m. A recruitment campaign is currently in process, which may slightly impact the forecast underspend.

Parking income is forecast to be around £2m above the expected level as traffic levels have increased after lockdown and the introduction of new CPZ schemes. This additional income will be taken to the Parking reserve at year end while proposals for its use to improve local transport, highways management, community safety, mobility and environmental concerns are developed. The focus of investment will be to generate future improvements for residents of the Borough. The Private Sector Property Licensing (PRPL) scheme income target will not be met and a drawdown of c£1.5m will be required from reserves.

Law and Governance: Period 3 Risk and Opportunities

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

- The Private Sector Property Licensing (PRPL) scheme has a challenging income target across five years and so there is a long term risk that it might not generate sufficient net income to meet the income target of £1.924m. This is not currently assessed as high risk but must be monitored.
- Parking income is volatile and depends on driver behaviour and compliance. There is a risk that actual income will be lower than the current forecast. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals.
- Private sector Housing Income target of 100k. There is a risk that this may not be achieved.

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

- Barking Market Income: The current income level is influenced by post COVID activities. The monthly income can increase or decrease in future. An extra day was added based on a return to pre COVID levels, this is not being achieved yet and it depends on how COVID impact develops.

My Place: Period 4

Forecast Position: **£173,000** overspend (£720,000 underlying after adjusting for HRA Fixed Recharges impact)

Table 6.

MY PLACE	Controllable BUDGET FY	Non- Controllable BUDGET FY	Full Year Forecast (Excluding Reserves)	Variance (Excluding reserves)	Transfer TO Reserves	Transfer FROM Reserves	Forecast inc. Reserves	Variance Including Reserves	Movement in Variance from Previous Period	Previous Month Variance
MY PLACE	23,657,772	(15,379,928)	8,963,492	685,648			8,963,492	685,648	293,272	392,376
PUBLIC REALM	13,611,935	(3,133,000)	9,965,844	(513,091)			9,965,844	(513,091)	299,822	(812,913)
TOTAL NET POSITION	37,269,707	(18,512,928)	18,929,336	172,557	0	0	18,929,336	172,557	593,095	(420,537)

Key Drivers of the Position (Summary):

- My Place **£686,000**:

- £266,000 reflects the variance in the HRA Fixed Recharges that were reviewed in April 2022 compared to the current budget. These affect Depots, Highways and Compliance.
- Further HRA Fixed recharges are scheduled for review this year.

Therefore, the underlying variance is **£420,000** driven by:

- Commercial Assets: £645,000

The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred yet due to changes in the team and limited capacity. Furthermore, increased costs from insurance, repairs and maintenance have exacerbated the position

- Service Area Underspends: **(£225,000)**

Underspends within Business Development and Contract Management are the primary generators of this forecast. This is a mixture of staffing where vacancies are held pending a restructure and BD Cleaning Contract changes post budget.

Key Drivers of the Position (Summary):

- **Public Realm (£513,000)** underspend:

- **(£813,000)** the HRA Fixed Recharges that were reviewed in April 2022 compared to the current budget. These affect Caretaking, Ground Maintenance and Fleet Management.
- Further HRA Fixed recharges are scheduled for review this year.
- Therefore, the underlying variance is **£300,000** driven by:

- Waste Operations: £325,000
- Street Cleansing: £406,000

The environment has played a factor in putting pressure on the 2022/23 budget, with Storm Eunice and the pandemic impacting carried forward leave for staff, creating a need for overtime and agency cover whilst staff have taken leave entitlement. Compounding this in year, the fire in Beam Parklands and the ongoing heatwave and drought has had its effect.

- Offset by: **(£431,000)** predominantly within Compliance with increased income forecast compared to budget and underspends from vacancies.

My Place: Period 4 Risk and Opportunities

Forecast Position: **£173,000** overspend (£720,000 underlying after adjusting for HRA Fixed Recharges impact)

Risks: **£3.0m** (These are risks that are NOT in the forecast that we are monitoring)

- £2.0m: Total of outstanding invoices with BD Management Services relating to Fleet running costs.
- £250k: Transport expenditure is online awaiting quarter 1 activity, this was a key pressure area in 2021/22.
- £550k: Highways is facing inflationary pressures (£150k) on maintenance contracts and energy Street Lighting (£400k).
- £75k: Ward Budget expenditure should only be capital in nature. However, sometimes schemes are progressed that do not meet the definition and this expenditure must be charged to the general fund revenue budget. The value is based on last years impact.
- £75k: Cemetery and Crematoria income is at risk despite prudently reducing the income budget for 2022/23. This risk is based on current fees and charges.
- Unquantifiable Risks:
 1. Energy Budget uncertainty (other than Street Lighting).
 2. Corporate Repairs and Maintenance charges from BDMS for 2022/23 are now due for Quarter 1.
 3. Arboriculture planned works relies on one FTE, therefore it is a recognised point of failure. This could impact forecast income recharges in Parks & Environments. Succession planning and the reduction in overreliance to the post is being factored into the future establishment structure.
 4. Further HRA Fixed Recharges are expected to be reviewed which could generate further adverse variances until funding is identified from the general fund.

Opportunities: **(£102k)** (These are opportunities that are NOT in the forecast that we are monitoring)

- Commercial: The overspend in Commercial Assets could be reduced if the service is able to initiate some of the budgeted plans around rent reviews and letting voided properties.

People and Resilience: Period 3

Forecast Position: £136m (overspend of £5.8m, 4.5% variance)

		This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves		
		Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Movement from Previous Period	Last Period Variance
10A	PEOPLE & RESILIENCE	129,963,050	107,566,760	22,396,290	7,538,307	135,795,193	0	0	5,832,145	-197,209	6,029,354
10AA	DISABILITIES CARE & SUPPORT	29,550,582	28,757,822	792,760	2,817,259	31,431,647	0	0	1,881,065	-12,216	1,893,281
10AB	ADULT'S CARE & SUPPORT	23,629,160	20,937,980	2,691,180	1,237,506	23,467,277	0	0	-161,883	0	-161,883
10AC	COMMISSIONING - CARE & SUPPORT	15,836,938	14,811,618	1,025,320	2,841,691	15,836,938	0	0	0	0	0
10AD	PUBLIC HEALTH	-318,250	-381,250	63,000	-4,267,808	-318,250	0	0	0	0	0
10AE	CHILDREN'S CARE & SUPPORT	40,741,709	39,525,409	1,216,300	3,438,118	44,854,670	0	0	4,112,961	-184,995	4,297,956
10AF	EDUCATION, YOUTH & CHILDCARE	20,522,911	3,915,181	16,607,730	1,471,542	20,522,911	0	0	0	0	0

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, this should be noted as not being within the control of the Disabilities director, but currently reports under here.
- **Adults Care and Support**
 - Adults Care and Support currently reporting a small underspend.
- **Commissioning Care and Support**
 - Currently reporting breakeven, EH which sits within this service is expected to be moved out into its own Service level before the next monitoring period, this is also currently reporting a breakeven position.
- **Public Health**
 - Growth was awarded to the Coroners and mortuary service which means this service currently has no budget pressure, PH is grant funded and is expected to remain within its allocation.
- **Children's Care & Support:**
 - The overall budget pressure for the Services sits mainly within Corporate Parenting, with a pressure of £3.9m, a £900k increase from last year.
 - The increase is currently solely down to Fostering, where the full year effect of the uplift given to carers is now being felt.
 - The remaining pressure is on staffing where there has been special dispensation given to increase spend in order to bring in temporary resource to manage the rising caseloads within CIN.
 - This has been partly offset by the growth award for 22/23.
- **Education, Youth & Childcare:**
 - Currently reporting Breakeven.

People and Resilience: Period 3 Risk and Opportunities

Forecast Position: £136m (overspend of £5.8m, 4.5% variance)

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

- D2A CCG Funding has now ceased, although there is some short term funding, the lasting impact of the pandemic is expected to increase base costs permanently.
- The outcome of the Norfolk judgement is still a significant risk factor, the cost to the service is currently unknown but it is likely to be very significant if the legal case goes against us.
- Early Help service TOM has yet to be finalised, it is expected that the cost of the service will significantly rise once this is complete as the service is currently significantly understaffed.
- Market stabilisation and Fair Cost of Care impact is currently being worked on, although there is some short term funding to mitigate this, the ongoing impact is currently unfunded and will increase our base care rates.
- Cap on Care Costs legislative change will mean that more costs will fall on the LA rather than the individual within Adults Care and Support.
- The Sexual Health service commissioned by Public Health is a demand led service, although there is no data to support a significant increase in demand, if such a scenario was to occur this could cause the service to overspend.
- Hays Social Worker Review may lead to an increase in salary and incentive offers to social workers across the board.

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

- The use of Care Technology is the biggest opportunity care and support has to exploit, service is in now implemented and client reviews starting to take place, we hope to see savings/cost avoidance this year and in the future.

Strategy: Period 4

Forecast Position: Overspend of £304k

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
STRATEGY TOTAL	2,026,429	2,832,599	(806,170)	930,062	3,406,824	0	(1,076,147)	304,248	0
STRATEGY & TRANSFORMATION	1,147,369	1,459,659	(312,290)	706,070	2,135,333	0	(1,076,147)	(88,183)	0
COMMUNICATIONS	879,060	1,372,940	(493,880)	223,992	1,271,491	0	0	392,431	0

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £304k. This is in the main attributable to the revised HRA recharge which is causing a budget pressure of £259k.

- **Strategy and Programmes – Forecast 88k underspend**

- There is a budget pressure from the reduced HRA recharge in Strategy and the PMO of £141k. This is offset by vacancies in the PMO and the Strategy team. The Insight team are forecast to overspend by £75k. Advertising is forecasting an income surplus of £95k.

- **Communications (including Events) – Forecast 392k overspend**

- There is a budget pressure of £118k from the reduced HRA recharge. There is also a pressure of £275k in Events due to salaries, increased costs and an increase in the number of events being staged.
- The £1.076m transfer from Reserves represents a drawdown to finance the ERP programme from the budget support reserve. The £1.076m is indicative as further work needs to be done to establish the expenditure forecast.

Strategy Period 4 Risk and Opportunities

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

- Community events recently transferred from Heritage to communications and marketing. Community events are now set to deliver most or all LBBD events programme which further raises the risk of an underspend.

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

- Income from Digital Advertising is potentially set to increase. There is potential for new units coming on-stream and will generate additional income.

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HRA

APPENDIX B

The table shows the agreed Original Budget for the HRA and proposed revisions to it.

- Summary of Changes

- Following March 2022 CPG Report, recommendation for 2022/23 only, **£7.435m** BDMS contractual increase to fund additional capacity in the BDMS contracts (increased trades numbers) and to provide for inflationary uplifts on subcontractor payments plus an increase in the management fee and a 15% margin across the contracts.
- Additional expenditure of **£463,000** for My Place management, DLO provision to cover former apprentice post commitments and additional fixed term legal costs to manage Disrepair Claims.
- The above increases on Repairs and Maintenance as well as Supervision and Management have partly been offset by the impact of the review of HRA recharges to/from the General Fund (**£2.386m**) and reduction of Corporate Support Services to the HRA (**£1.074m**) via My Place.
- The above net movements require a (**£4.438m**) reduction in available funding towards the Capital Programme (RCCO).

HOUSING REVENUE ACCOUNT BUDGET	CABINET (FEB '22)		REVISED
	2022/23 BUDGET	CHANGE	2022/23 BUDGET
Income			
Dwelling Rents	(£88,254,553)	£0	(£88,254,553)
Non Dwelling Rents	(£770,000)	£0	(£770,000)
Charges for Services & Facilities	(£22,047,998)	(£137,750)	(£22,185,748)
Interest & Investment Income	(£298,672)	£0	(£298,672)
Total Income	(£111,371,223)	(£137,750)	(£111,508,973)
Expenditure			
Repairs & Maintenance	£18,851,284	£5,363,555	£24,214,839
Supervision & Management	£44,627,768	(£1,105,166)	£43,522,602
Rents, Rates, Taxes & Other	£949,678	£0	£949,678
Interest Charges	£10,943,624	£0	£10,943,624
Provision for Bad Debt	£3,309,000	£0	£3,309,000
Leaseholder Provision for Major Works	£1,280,574	£0	£1,280,574
Corporate & Democratic Core	£685,000	£317,652	£1,002,652
Total Expenditure	£80,646,928	£4,576,041	£85,222,969
NET REVENUE SURPLUS	(£30,724,295)	£4,438,291	(£26,286,004)
Used to Fund Capital Programme - as follows			
Depreciation	£17,088,028	£0	£17,088,028
Revenue Contribution to Capital Outlay (RCCO)	£13,636,267	(£4,438,291)	£9,197,976
CAPITAL PROGRAMME	£30,724,295	(£4,438,291)	£26,286,004
BALANCED BUDGET	£0	£0	£0

HRA

- The revised Capital Programme reflects a (£13.0m) reduction due to re-profiling commitments within the Stock Improvement Programme across future years. (The overall budget has not changed but the projected in year spend has reduced.)

- As highlighted on the previous slide, this also assists with the reduction in available revenue surplus, at £4.438m, to fund this year's Capital Programme.

- The re-profiling of commitments also reduces the planned borrowing required to fund the programme, and so reduces the borrowing estimate, by over £250,000 per annum.

OVERALL CAPITAL PROGRAMME			
	FEB -22 Cabinet	Change	Revised Budget
22-23 £000s			
Investment in Stock Programme	30,000	- 13,000	17,000
Energy Improvements	5,000	- 3,000	2,000
Careline Upgrade	500	-	500
	35,500	- 16,000	19,500
Estate Renewal	8,800		8,800
New Build	2,200		2,200
TOTAL HRA PROGRAMME	46,500	- 16,000	30,500
Funded By			
Revenue Surplus	30,724	- 4,438	26,286
Leaseholder Contributions	1000	0	1000
Borrowing	14776		3214
TOTAL FUNDING	46,500	- 4,438	30,500
Interest Cost of Borrowing	443.28		96.42

HRA Stock Improvement Programme

	Project	Forecast for 2022-23	
C00100	Aids and Adaptations	£	1,000,000.00
C02933	Voids	£	1,242,198.63
C04002	Lift Replacement	£	452,514.66
C04003	Domestic Heating	£	993,452.85
C04004	Box-Bathroom Refurbs	£	35,175.93
C04006	Minor Works & Replacements	£	144,161.60
C05000	DH Internal	£	2,480,645.90
C05002	Externals 1 - Houses & Blocks	£	2,316,778.02
C05003	Externals 2 - Houses & Blocks	£	3,011,251.26
C05004	Door Entry Systems	£	298,352.40
C05005	Compliance	£	323,696.00
C05006	Fire Safety Improvement Works	£	54,268.80
C05007	Fire Doors	£	200,000.00
C05008	De-Gassing of Blocks	£	27,393.52
C05011	Communal Boilers	£	244,860.00
C05013	Estate Roads Resurfacing	£	3,000,000.00
C05015	Other Works	£	641,016.90
C05068	Adaptations and Extensions	£	225,176.02
	Total for Stock Investment (My Place)	£	16,690,942.49

This chart shows the expected spend in this financial year. It is part of the overall budget approval of £60m over three years.

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CABINET

20 September 2022

Title: Cost-of-Living Crisis Response – Update and Welfare Reserve Proposals	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Michael Kynaston – Participation Manager (Communities), Claire Brewin – Policy Officer (Communities)	Contact Details: Tel: 07539762914 E-mail: Michael.kynaston@lbbd.gov.uk and Claire.brewin@lbbd.gov.uk
Accountable Director: Rhodri Rowlands, Director of Community Participation and Prevention	
Accountable Strategic Leadership Director: Judith Greenhalgh, Strategic Director ,Community Solutions	
<p>Summary</p> <p>This report provides an update on the services and support the Council has in place to mitigate the impact of the cost-of-living crisis on residents.</p> <p>By Minute 14 (12 July 2022), Cabinet noted the establishment of a Cost-of-Living Alliance which recognises that actions to support residents through the cost-of-living crisis require a system response, with all partners working together to:</p> <ul style="list-style-type: none"> • co-design and coordinate the support that is available to residents who are in crisis; • bringing partners together to develop and deliver a shared response to the longer-term challenge of helping people out of crisis and building greater resilience. <p>The report also updates Cabinet on a series of proposals that set out additional activity and initiatives to support residents in lieu of expected increased demand and impact.</p> <p>The Council has made available a welfare reserve of £4.5m to help underpin the cost-of-living response and this report seeks Cabinet approval for the allocation of funds to priority areas of support.</p>	
<p>Recommendations</p> <p>Cabinet is recommended to:</p> <p>(ii) Approve the allocation of funding totalling £3.065m from the Welfare Fund to the priority initiatives and areas of support, as set out in sections 4 and 5 and Appendix 2 of the report;</p> <p>(ii) Delegate authority to the Strategic Director, Community Solutions, in consultation</p>	

with the Cabinet Member for Community Leadership and Engagement and the Strategic Director, Finance and Investment, to approve the allocation of the remaining £935,000 unallocated funding towards appropriate projects,

- (iii) Note the existing services and support available to residents, as set out in Appendix 1 to the report; and
- (iv) Note that a further report will be presented on the development and launch of the Cost-of-Living Alliance in due course.

1 Introduction and Background

1.1 The UK is facing an unprecedented Cost of Living crisis, driven by increases in heating, fuel and food prices against a backdrop of rising inflation, which is forecast to be as high as 10% - 15% by the end of this year. Energy prices rose by 54% in April 2022 and further significant rises will again occur in October 2022 and January 2023

1.2 The Cost-of-Living Crisis will hit the Borough's most vulnerable residents the hardest. Its impact is already being felt. For many residents, this means having to make difficult decisions on how they spend their income, which can have a negative impact on their standard of living.

1.3 The National Citizens Advice (CA) service has seen more people coming to them, for help with crisis support, energy problems and not having enough money to make ends meet, than ever before. These are people who need to rely on food banks, need advice on their energy bills and who just cannot afford to use energy at all. They were seeing unprecedented demand for the services by June of this year.¹ By June 2022:

- CA had more people come to them in June 2022 who have been unable to top up their prepayment meters than by the end of each of the past three years. By June of this year, CA have had 10,802 people come to them in this situation, with 21,604 predicted by December. This is in comparison to the 8618 that were recorded in 2021.
- Had more people needing referrals or another form of charitable support due to not being able to afford to eat than in 2019 and 2020. The projected final total of people needing such support in 2022 is 212,966, compared to the 135,572 that were recorded in 2021.
- People are coming to CA for help with energy issues at a higher rate than in the whole of 2019 and 2020. 116,869 people have already come by June 2022, with a projected total for the end of the year of 233,738. This is in comparison to the total of 160,814 people in 2021 and 107,837 in 2020. By extension, energy debts are rising rapidly. The value of energy debts is now almost twice what it was in 2019.
- CA have seen the numbers of single people, social housing tenants and disabled people needing food bank referrals rise dramatically over the course of the past year. For example, when looking at disabled people or those with long term health conditions, CA saw 3074 people needing referrals to food banks in

¹ <https://public.flourish.studio/story/1634399/>

June 2020, whereas that figure in June 2022 now stands at 6917 people, with the total having more than doubled in two years.

- 1.4 Barking and Dagenham is the most deprived area in London, and the 21st most deprived in the UK. The impact of the pandemic has already affected many of the Borough’s resident’s disproportionality. With the rising cost of living, currently, 22.5% of households are in fuel poverty, and 18.6% have food insecurity. In some wards, such as Gascoigne, 60% of their residents live below the poverty line. Residents cannot cope with a further rise in cost of living.
- 1.5 Fundamentally, there is a greater exposure amongst Barking and Dagenham residents to risk factors, as can be seen by the table below:

Risk Factor Table – Higher Amongst Barking and Dagenham Residents:



- 1.6 On 18 August, the Council launched a Residents’ Survey, hosted on One Borough Voice, to learn more about the issues and challenges facing residents. Key headlines to date include:

- 373 survey responses, as at 31 August. These are preliminary results only, as the survey will remain open until 18 September.
- When asked ‘how is the rising cost of living affecting you?’- 15% said their outgoings have increased and they are not able to cope, and 27% said they have increased and they are having to make significant changes to cope.
- When asked about the areas people are noticing the greatest impact of rising cost: 93% said in food and groceries; 91% said in electricity/gas costs; 52% said fuel/car costs
- 68% of respondents said they had already cut back on food and groceries; 56% said they are already cut back on electricity/gas; 48% said they had cut down on entertainment and subscriptions.
- 51% of respondents said they were unable to afford to take time of work when they are ill.
- 82% are worried about paying monthly bills; 42% are worried about clearing debt; 40% are worried about security in retirement.
- 25% of people struggle to pay for gas or electricity every month, with another 30% who have struggled in the last year.
- 28% are already struggling with rent or mortgage payments (9% of people have regularly missed or been late with these payments in the last 6 months)

- 42% have borrowed money from family or friends in the last 6 months to pay everyday bills, with 33% using credit cards.
- 17% of people said they miss meals every week so they can pay their bills, with a further 19% saying they have missed meals in the last month.
- 12.3% of respondents have used a foodbank in the last year, with 2.5% of people saying they use one every week.
- When asked about the 3 most important priorities, 83% said help with energy bills, 35% said mental health support, 33% said help with accommodation costs.
- 35% of people said that financial worries are significantly affecting mental health and wellbeing- a further 42% said such worries were somewhere affecting them.

2 Existing Services and Support

2.1 The Council already has in place a number of mechanisms to support residents who may be struggling financially and with related inequalities. Further information is provided in Appendix 1:

- **Resident and household financial support schemes:** Including the Discretionary Housing Payment scheme (DHP), Household Support Fund (HSF), Energy rebate scheme (ERS), Local Hardship Schemes (IAP).
- **Community hubs and universal support services:** hubs and other locations have in place mechanisms that enable people to access emergency food and support alongside financial and related information and advice. Hubs act as one stop shops, with additional partnerships operating community food clubs. Wider information, advice and access to support is provided around associated issues including debt, housing, welfare, benefits, mental well-being, positive activities, jobs and skills support, digital skills and access.
- **Homes and Money Hub (HamHub):** provides money management support, income maximisation and help and advice to deal with priority debts.
- **BD Money website, tools and resources:** launched four months ago, provides an essential focal point and universal source of financial guidance and self-help tools for households struggling with the Cost of Living. It enables residents to directly access support, or alternatively provides a resource for Council staff and public and voluntary sector partners to support residents.
- **Prevention and Early help including family support:** In the area of Early Help, three Family Hubs are being established, building on our existing Community Hubs infrastructure to strengthen the locality reach and offer to vulnerable families, working with a range of partners to do so, to provide a more integrated service offer. A further 27 additional posts are being recruited within the Targeted Early Help service to support the management increased demand.
- **Care and support:** The Aids and Adaptations Policy for 2022-2027 has been confirmed, this will include a series of new provisions which help mitigate the cost-of-living crisis for some of our most vulnerable residents living with disabilities. Additionally, the new All-age Care Technology Service will mitigate the cost-of-living crisis for service recipients through the deployment of innovative

new technologies. With regards to care for older adults, there has been a high uplift with commissioned providers, along with a commitment to reviewing rates again in October 2022 in case of high levels of inflation. In addition, there are a range of contracts through Care and Support that provide generic and specialist information, advice and guidance and floating support to residents in line with the Care Act duty. Providers include Citizen's Advice Bureau, DABD, ILA and Carers of Barking and Dagenham.

- **Work and skills:** Services work to support residents to gain qualifications and support them into employment. The service is pro-active in that it works with individuals to give information, advice and guidance to enable them to make an informed decision about their preferred pathway and offers support to them to overcome barriers to participation, such as caring responsibilities, disabilities or other health problems. The 'Job Shop' and Adult College offer are fundamental elements of the Community Hubs offer, offering a 'One Stop Shop' approach to learning and skills advice and support.
- **Green energy:** Against the backdrop of climate change targets, the upgrading of insulation and fabric in homes, as well as the deployment of renewable energy sources has become even more critical since energy prices for those on standard variable tariffs and prepay meters increased in April by 54% to £1,971 a year. The borough also has an estimated 19,000 homes on expensive prepayment meters. The Council has managed to ensure that low-income households in poor energy rated homes have been getting access to free energy efficiency measures to reduce their energy consumption. Through Energy Company Obligation (ECO3) and Green Homes Grant funding (GHG), its Cosy Homes partnership with EON has provided: 1,160 free cavity wall/loft insulation measures installed across 1,012 homes, 579 properties receiving solar PV or external wall insulation through GHG, 533 Properties that were an EPC E, F and G have been moved to a D or above, £4.7m in estimated lifetime bill savings (LBS) for those households, £1.3m in ECO3 funding brought into Borough, 13,967 tonnes of carbon saved, £577,585 economic benefit brought to Barking & Dagenham through employment of local surveyors, tradesmen, kickstart placements, accommodation costs, fuel purchases and subsistence/food allowances spent in Barking.

2.2 **Community and faith groups:** are already supporting residents in these challenging times. Since the successful delivery of BD CAN in response to Covid-19, the social infrastructure of the Borough has continued to develop, while relationships between the Council and Social Sector partners have also strengthened, with increasing numbers of shared projects and initiatives to better support the Borough's residents. Partners now come together through the networks curated by the BD_Collective, to explore solutions to deep seated issues, both in terms of how organisations work together and how residents get the support they need. Networks have been launched in a variety of areas, including:

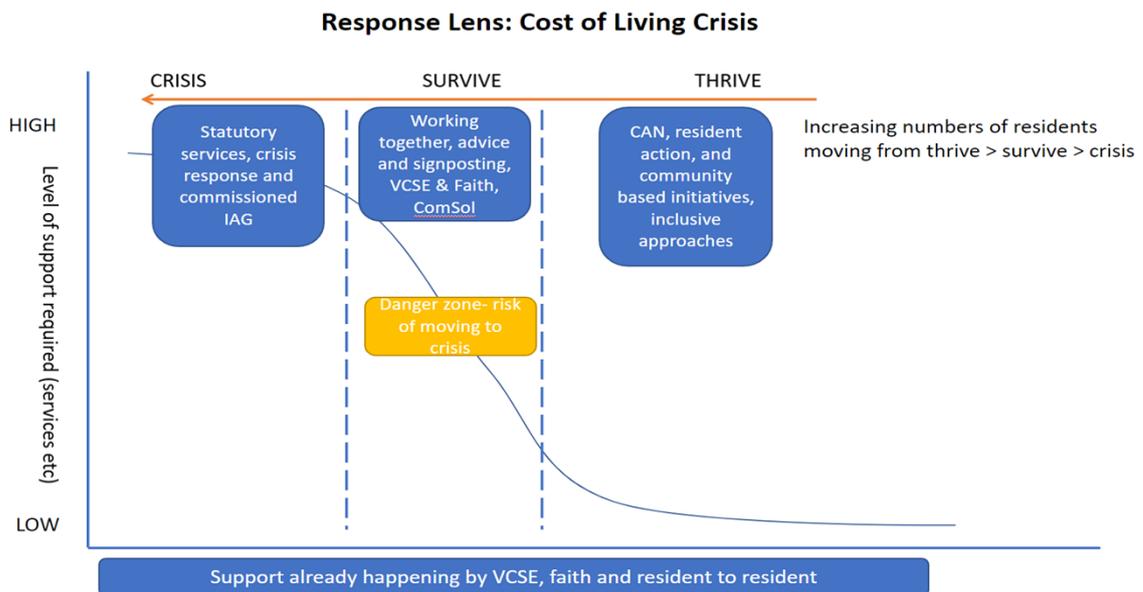
- early help for families
- adult social care
- food banks
- sports and young people

3 A Cost-of-Living Alliance

- 3.1 A cost-of-living summit was held on 16th June 2022, chaired by the Deputy Leader and Member for Community Leadership and Engagement Councillor Saima Ashraf along with the acting Chief Executive Fiona Taylor. This sought to explore the challenge ahead and establish a collective commitment across the council and with VCSE and faith organisations to work together to minimise the impact of the crisis for residents – mobilising and drawing together support and collaboration across council, commissioned providers and the VCSE and faith sector.
- 3.2 At this summit on the 16th of June, it was agreed to proceed with the Cost-of-Living Alliance proposal and to begin outlining the approach, as is detailed below.
- 3.3 This Cost-of-Living Alliance will seek to co-design and coordinate the support that is available to residents locally who are in crisis while bringing partners together to develop and deliver a shared response to the longer-term challenge of helping people out of crisis and building greater resilience.
- 3.4 The following principles will be at the heart of the Alliance – emphasising the need for a joined-up approach:
- Joining up the support that is already in place across the Borough, whether through council commissioned services, VCSE and Faith communities and other statutory agencies. Where necessary, additional capacity will be added in specific parts of the system.
 - Embed learning and responding together in a coordinated way - ensuring all partners involved are listening to residents and local communities meaningfully and designing approaches together that reflect that.
 - Committing to working together for the long-term to address this challenge and make a difference for residents, as it is not going to get easier anytime soon.
 - The focus being the best possible outcomes for and with residents. Not any individual organisation. Only an open and coordinated approach will make an impact on the huge challenges that Barking and Dagenham's residents are facing.
- 3.5 The Alliance will be made up of a range of partners who are best placed to support residents facing the greatest challenges. It will be based on a locality model that is co-ordinated by the BD Collective, working closely together with the Council, building on the successful approach seen in BD CAN.
- 3.6 The Citizens Advice Bureau (CAB), working closely with the Homes and Money Hub, will play an important role in the creation and delivery of a training package for lead organisations that make up the locality model, along with an ongoing learning network. These lead local organisations will in turn support other community groups in their area. The focus will be on working together to enable the best results for residents, helping them move from crisis point to surviving, and from surviving to thriving. The Alliance will operate support at three levels, each meeting different levels of need:

- **Thrive:** Accessing the Borough's existing range of ways of connecting people. This includes friendly spaces, community hubs, neighbourhood networks, EOED, CAN. These would be promoted in a proactive way
- **Survive:** Information, advice and guidance and prevention support including navigating B&D Money, money management, tenancy support and pathways to other help such as job support, training and skills. Organisations across the Borough would be co-ordinated by lead agencies, similar to the BDCAN model, and are a point of contact for other organisations in their locality
- **Crisis:** Specialist crisis relief and recovery support including the hardship fund, emergency assistance, emergency access to food and money advice etc. through Community Solutions, CAB, DABD and ILA. The HAM Hub offers triage to a range of services as a single point of access for those in crisis in the community where the universal offer cannot meet need. The HAM Hub can be accessed face to face or remotely, depending on a resident's preference

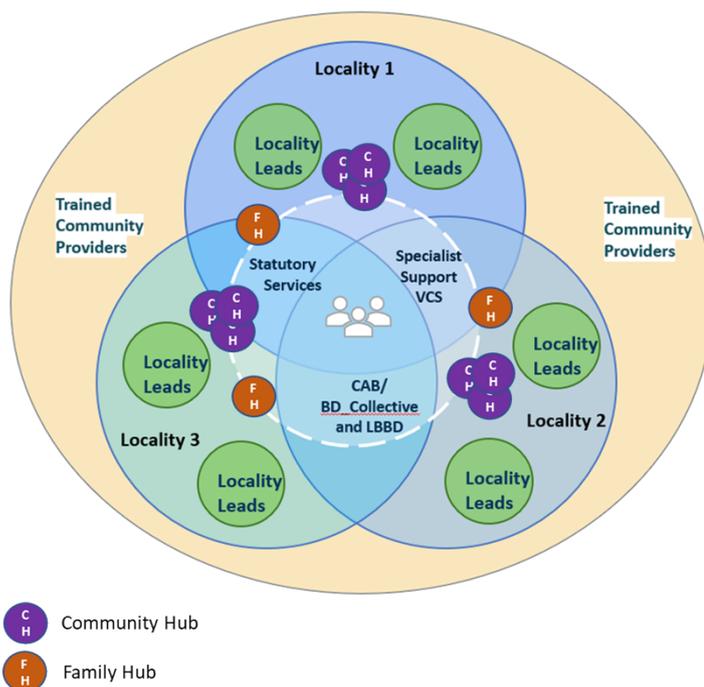
3.7 The three-lens model described above, is visualised in the diagram below:



3.8 This is a partnership approach between the council and VCSE, sitting alongside all the existing support that is mentioned above: it is underpinned by the principle that communities are best placed to understand the needs of local people and so this represents the most effective way of tackling the crisis and supporting residents who might be struggling. Any funding allocated will be distributed by the social sector. More streams of work may emerge in future and meetings are planned with commissioners to discuss opportunities, ensuring that working with communities is at the heart of the crisis response. This way of working aligns with the political priorities of the Council, putting people at the heart of the approach.

3.9 In terms of how the Alliance model will practically work from a locality perspective, it is proposed there will be locality leads in each locality: work with community partners in identifying residents of concern, signposting to relevant information or resources available, mapping what is available, while triaging and supporting community providers. This locality model will be co-ordinated by the BD_Collective, as it did so successfully through BD CAN.

- 3.10 There will also be trained community providers in each locality, providing on the ground support to residents and working closely with locality leads. Council staff will work closely with all the partners mentioned above to develop effective routes to support services, while the Citizens Advice Bureau will play a leading role, providing training and developing the advice providers, but also giving formal advice and quality assurance of Alliance support and training for partners.
- 3.11 North East London Integrated Care System (NEL ICS) health inequalities funding has also been awarded for a localities approach that will seek to build community infrastructure to tackle health inequalities through to March 2023.
- 3.12 Funding had already been agreed to develop the localities approach across the three Primary Care Network (PCN) localities, with each PCN having two locality leads. Officers worked to align the funding through BD_Collective to build one locality approach funded to the end of September 2023, bringing together the health inequalities funding with the proposed Alliance, as the residents impacted by health inequalities are those who will be primarily impacted by the cost-of-living crisis.
- 3.13 This also ensures a place-based support model that operates on a shared footprint and will enable links with other initiatives such as Community and Family Hubs. The below diagram displaying the locality model:

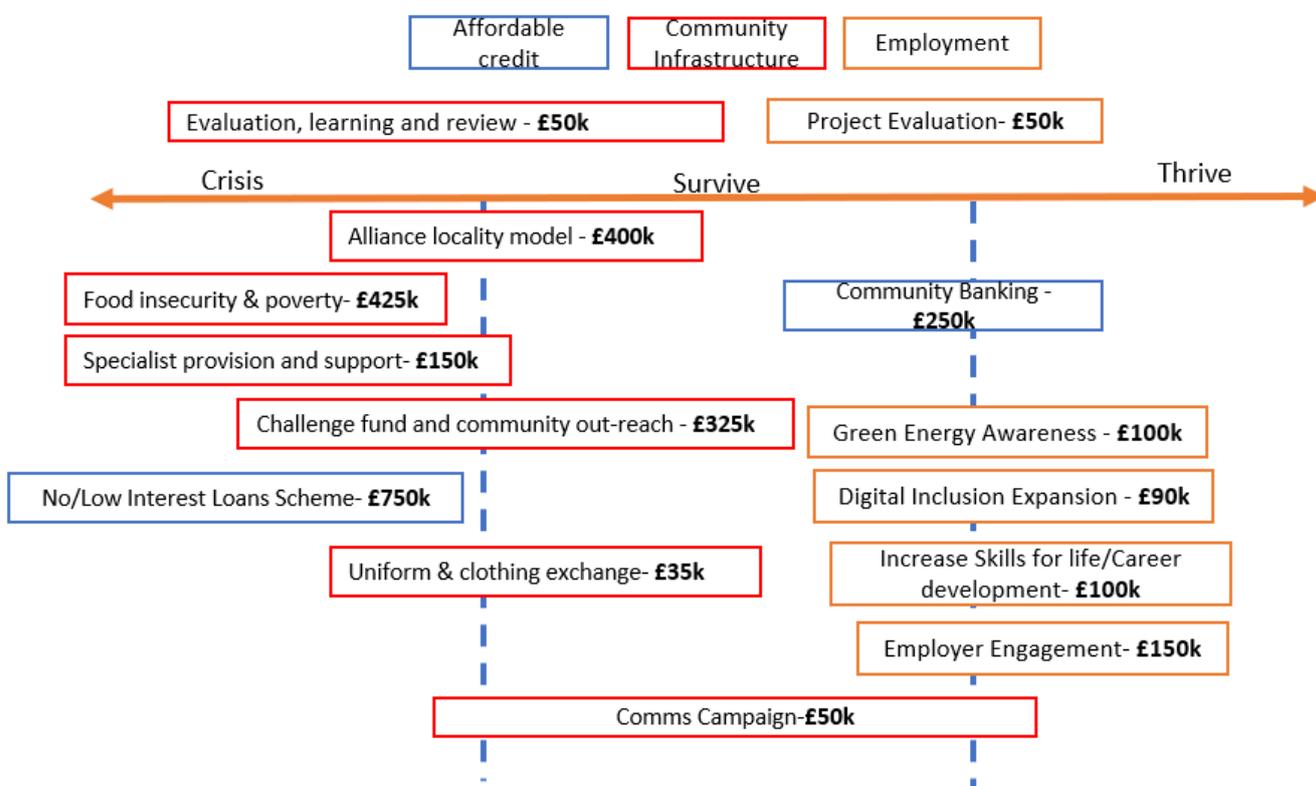


- 3.14 The training offer for locality lead organisations and frontline Council and community partner staff is being developed, with the Homes and Money Hub and Citizens Advice Bureau working closely together as part of this.
- 3.15 The Cost-of-Living Alliance will publicly launch at a second Cost of Living Summit event – date to be confirmed.

4 Cost of living support – additional support initiatives and welfare funding proposals

4.1 The Cost-of-Living Alliance will provide the over-arching coordination of support to residents to mitigate the impact of the crisis. The following proposals build on existing forms of support and set out details of the additional support initiatives and actions that will help effectively tackle the worsening crisis and provide residents with sustainable, long-term help that helps them to survive and thrive in the coming months and years.

4.2 An overview of the funding streams that are being pursued can be seen below, categorised by the above-mentioned Crisis-Survive-Thrive model. Proposals are themes in the following areas: Community infrastructure, Affordable Credit and Employment.



4.3 Theme 1: Community and Social Infrastructure

4.3.1 The Community Infrastructure funding will support the Cost-of-Living Alliance and the wider partnership response. The alliance will seek to co-design and coordinate support to residents who are in crisis while bringing partners together to develop a shared response to the longer-term challenge of helping people out of crisis and building greater resilience, this will be done so through the areas below:

- **Locality support, shelter and advice:** Expand access to help and support. Address known un-met need and find emerging need. Find new ways to help people.
- **Warm & Welcoming spaces:** – offering shelter, warmth, advice & support. To be targeted to ensure access to vulnerable groups which may include children living in poverty, older adults

- **Specialist support:** Contingency top-up provision and / or capacity for new and additional activities with commissioned providers. Alleviate demand & contribute to future proof capacity
- **Food insecurity & poverty:** Expanding borough food network and schemes. Ensuring viability and food supply to food banks to keep open and operating. Promoting wider initiatives linked to good food e.g. cooking clubs and healthy eating
- **School uniform & clothing exchange:** Clothing exchange & recycling scheme. Exploring need and potential partnerships with social providers and schools and aligning with locality support model and community hubs
- **Challenge fund:** fund to promote new and innovative solutions. Open to all organisations. Builds on examples like NCIL. Focus to alleviate pain now and look at future resilience
- **Community outreach:** Capacity for proactive and targeted out-reach – led by data & insight

Alongside this, the bid recognises that to fully understand the value and impact of initiatives on residents and their longer-term sustainability, we must learn as we go. Proposals include a resource for evaluation and review.

➤ **Proposal 1: Locality support, shelter and advice**

Core activity	Key outcomes & benefits
<ul style="list-style-type: none"> • Co-design and coordinate support to residents in crisis (to include articulating offer to children / adults once agreed) • Bring partners together to develop a shared response to the longer-term challenge of helping people out of crisis and building greater resilience • Expand access to help and support – easier and joined up • Deliver training & support on BDMoney, welfare and debt management, mental wellbeing • Grow networks of warm and welcoming places – shelter, warmth, advice & support • Use data & insight to minimise unmet / hidden need • Map offers of support. Identify cohorts at risk and target. • Connect people to specialist services • Build capacity across council and partner orgs. • Find new ways of helping people 	<ul style="list-style-type: none"> • Minimise unmet need • Residents can access warm & welcoming spaces – shelter, warmth, advice & support & save on heating / eating • Interactive resources about support available locally • Support communications activity to reach all households • Identify unknown demand and connect to support • Reduce pressure on services by keeping community spaces open and enabling shelter, warmth, advice • VCSE and faith – capacity build and upskilling

Allocation	Spending
Locality support model - 6 Locality Leads in 3 Localities, through expressions of interest and commission.	£210k
Training and support package	£50k
Warm and welcoming spaces grant scheme	£25k

Citizen Alliance Bureau (CAB) – fixed-term project manager to coordinate specialist support and training offer	£50k
Learning Resource	£15k
Project Manager – hosted by alliance (VCSE)	£50k
Total	£400k

➤ **Proposal 2: Food insecurity & poverty**

Key activities	Key outcomes and benefits
<ul style="list-style-type: none"> • Deliver hot meals to residents who are experiencing fuel poverty once a week plus prioritisation re child poverty • Targeting the areas with the highest levels of fuel poverty and those at-risk groups. • A Food Network coordinator to support food provision and relief as part of wider cost of living response • Explore and support initiatives such as energy efficient cooking, cooking clubs • Engage with schools to understand need for, and if required food support to breakfast clubs • Sustain food supply and delivery to food clubs & as warm & welcoming spaces are networked 	<ul style="list-style-type: none"> • Reach 10k people with regular hot meals • Network of food banks and cubs sustained and kept open • Support to schools (if needed) with breakfast & food clubs • Food banks and offer of advice & support linked to localities – key locations accessible on foot

Allocation	Spending
Food Network Co-ordinator	£25k
Tiffin Hot Food Delivery service	£300k
Food supply & further capacity to grow to meet need	£100k
Total	£425k

➤ **Proposal 3: School Uniform and clothing exchange**

We will explore partnerships with schools and social enterprise providers such as Baby Bank HQ to implement and scale a uniform and clothing exchange scheme linked to alliance localities and community hubs (no provision exists or is commissioned currently).

Key activities	Key outcomes and benefits
<ul style="list-style-type: none"> • Initial focus to explore demand for such a scheme and potential partnering with schools and other providers in community such as Baby Bank HQ and The Source • Design proposals • Resourcing requirements • Implementation plan and pilot with a locality 	<ul style="list-style-type: none"> • Recycled uniform & clothing – saves people money • Locality offer – accessible and linked to wider support • No scheme or provision currently exists

Allocation	Spending
Provision to initiate and scale a scheme	£35k
Total	£35k

➤ **Proposal 4: Specialist provision and support**

Top-up capacity to existing core contracted services e.g. ILA, DABD, Carers B&D
 Provision for contingency top-up capacity to existing support contracts(replicating what worked in Covid) - to assist with expected demand and need to support more vulnerable residents and carry out additional tasks.

Key activities
<ul style="list-style-type: none"> • Support the Generic Information & Advice and Enhanced Welfare Right Service to reduce the effects of social and financial exclusion caused by: Poverty, Debt, Homelessness, Educational Disadvantage, Family breakdown, discrimination, illness and disability, language barriers. Also for learning disabilities, autism, mental health problems, dementia and brain injury – specifically exploring around minimising mental well-being risks • Housing related floating support for vulnerable people with chaotic backgrounds who are struggling to maintain their tenancies or facing homelessness. • VCSE start up capacity for an employment and skills scheme for disabled, SEN and other people with additional needs/ • Carers of Barking and Dagenham: explore additional support for known carers to minimise risk of crisis impacting on their care provision and subsequently driving up demand and council costs

Allocation	Spend
Apportioned across providers	£80k
Employment & Skills scheme start up funding	£10k
Income maximisation	£60k
Total:	£150k

➤ **Proposal 5: Challenge Fund and Community outreach**

Key activities	Key outcomes and benefits
<ul style="list-style-type: none"> • Find new ways of helping people • Door-knocking, place based drop-in surgeries, outreach to community, voluntary, faith spaces, small businesses. • Focus on access, IAG, education and awareness • Targeted engagement e.g. text messaging • Provision of info, advice and guidance 	<ul style="list-style-type: none"> • Potential targeted outreach to at risk groups (as identified through data and known evidence such as CAB) including: <ul style="list-style-type: none"> • 5k un-met needs via CAB • Social household tenants • People with disabilities • NRPF • Single households • People with known and underlying health / care conditions

<ul style="list-style-type: none"> • Connection to specialist support and services when required. • Exploring new forms of support • Employment engagement with the faith sector – find break down in employment section 	<ul style="list-style-type: none"> • Food bank referrals • Multi-lingual support • Earlier and better access to support • Creates new capacity and people / orgs willing to contribute • Demonstrates value of collaboration and community-led ideas and impact that lead to further project
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Allocation	Spend
Community outreach and link work	£75k
Innovation fund	£165k
Total	£240k

4.4 Theme 2: Affordable Credit Community Banking and No Interest Loans

4.4.1 The Affordable Credit element of the bid enhances the B&D Money offer. The financial advice website currently signposts to local and national support, however, Barking and Dagenham is a credit desert, and there is a lack of affordable credit options for residents in the borough.

4.4.2 This bid would enhance our ability to meet these goals by broadening the client scope for the Credit Union, giving them more ability to accept applications with a lower credit score. This is with the aim to build financial resilience for more residents. This allows residents to better survive and thrive. However, not everyone will be financially viable to access the Credit Union due to existing struggles with high-cost credit, and have already fallen into financial crisis, therefore we also aim to expand the No Interest Loans Scheme. These offers provide a range of support options for (a) residents in crisis, (b) those at the tipping point and (c) prevents any more residents due to cost of living moving into tipping point. By consolidating loans and enhancing the Credit Union offer we aim to ease the interest burden in the borough, put more money back in residents' pockets and make residents more financially independent.

Community Banking	No/low interest loans
Increase the credit union provision	Expand the pilot to support most over-indebted residents
To support residents who wouldn't traditionally qualify	Lever to unlock further funding from Fair for All Finance
To build financial resilience and build credit scores	Prevent the use of subprime and loan shark lending
Bridging the gap	

Allocation	Spend
Community banking	£250k
No Interest Loans Scheme	£750k
Total	£1m

4.5 Theme 3: Employment

4.5.1 As well as supporting people to access urgent crisis support, it's crucial we support longer term resilience by helping more people to access good jobs and increase their incomes during this period. This will require action to:

- Tackle low engagement: Engage high need communities with low levels of engagement with employment services through pop ups and new community partnerships
- Improve job quality: Support and encourage employers to adapt jobs to meet residents needs through greater flexibility and family-friendly practices
- Support access to new opportunities: Extend green jobs programme – helping 50 more residents into jobs in the green economy – and expand Green Energy Awareness courses
- Tackle digital inclusion: Expand support for residents experiencing digital inequality
- Improve life skills: Pilot new programmes to support residents struggling with cost-of-living crisis
- Project evaluation: Research to understand low engagement with employment support, alongside a review of these initiatives

Key activities	Outcomes and benefits
<ul style="list-style-type: none"> • Provide IAG, action plans and employment solutions, targeting long-termed unemployed and those recently impacted by Covid-19 • Set up various outreach locations in shop fronts and the markets to ensure that those residents who do not usually engage with Council services are reached – 2 temporary members of staff to work nomadically around the Borough • Working with community faith groups, voluntary and community partners for residents to access education and employment support via coffee mornings, events and integration – Marketing/Advertising, Supplies, room rental/incentives • Ensuring more of the jobs available meet local needs for flexible working by supporting local employers to foster more flexible recruitment practices – 2 Employer 	<ul style="list-style-type: none"> • 500 new residents engaged specifically focusing on those who have been identified as hardest to reach and most affected by the cost-of-living crisis via Borough Data Explorer and local data from E+S. Include Ben Cap residents, LTU, EI, underemployed and low paid and cohorts – Returners, Health Conditions and low skills • Partner with at least 10 community / faith groups to carry out engagement and create new referral pathways • 100 new employers engaged who agree to foster flexible recruitment practices • Support at least 50 residents into Green Sector Employment • Assist at least 500 residents onto

<p>Engagement Officers</p> <ul style="list-style-type: none"> • Extend the current support for residents around green industries pathways to employment (currently due to close in December 2022) • Expand delivery of National Energy Awareness courses to help residents understand cost saving methods in regard to energy efficiency • Engaging those experiencing digital inequality with first steps to accessing technology to take up wider life skills • The ability to pilot new programmes to support residents struggling with cost-of-living crisis at different times (rolling programmes responsive to resident's demand not at prescriptive enrolment times) • Research to better understand underlying issues affecting high unemployment and low engagement with employment support, alongside a review of these initiatives and partnerships to assess effectiveness, sustainability and identify opportunities to extend and scale up 	<p>an energy efficiency awareness sessions</p> <ul style="list-style-type: none"> • 18 lower-level digital skills-based "life skills and employment" programmes which will aid ability to search for both work and life-based needs specifically for those unable to use/access IT/Internet – helping approx 200 residents • Increased footfall to website and on to Job Shop and Employment Support provision – unlimited • Residents able to complete application forms online and become more self-sufficient – unlimited • 250 new learners engaged on skills for life courses around food choices, budgeting, understanding cost of living and money saving techniques as well as short basic skills courses • Utilise findings from these projects to feed into a wider strategy around poverty and growth and seek funding to continue on successful areas of improvement
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Allocation	Spend
Engaging those most in need via new methods – cross cutting theme with comms campaign/challenge fund and community outreach	£200k
Improving the quality of jobs available by increased employer engagement	£150k
Green and Energy Awareness – cross cutting theme with green energy work	£100k
Digital inclusion expansion	£90k
Increased skills for life and career development and progression – cross cutting theme community banking and finances	£125k
Project evaluation	£50k
Total	£715k

5 Communications and Engagement

- 5.1 An ongoing dialogue with residents has started through the Citizens' Alliance Network – hosted on One Borough Voice, beginning with an overarching residents survey to find out how people are experiencing the crisis so far. This will give crucial insight as to what people are worried about and what they are already struggling with and need support around. There is the possibility for further workshops, in-

person conversations in community hubs and other Council and partner spaces, and future surveys to maintain the conversation and feedback loop. A key aspect will be going to where residents already are and engaging with them there, to capture and respond to any need that might be missed otherwise.

- 5.2 Conversation between partners will continue through regular meetings through the COL Alliance workshops and beyond, including in more informal spaces, to keep track of the people that partners are meeting and supporting, joining up resource to best help people in need. This will also involve the setting up and running of a steering group that brings partners together.
- 5.3 A broader draft communications plan for this overall partnership response to the Cost-of-Living Crisis has been developed and is being worked into together with partners, utilising the steering group that is being set up.
- 5.4 A steering group with Council staff and community partners is being set-up. Part of its remit will involve overseeing and developing the overall communications and engagement approach around this partnership response – ensuring this is both shaped by and implemented as an alliance partnership approach. This will require internal and external communication campaigns to be delivered together by partners to make sure the approach is aligned, that community partners are able to reach those residents who need support and so that these residents can be supported.

Evaluation and learning key activities/outcomes		Comms campaign key activities/outcomes	
<ul style="list-style-type: none"> • We understand how to continue to develop a new way of working that connects for the resident • Use resident stories to understand impact and test sustainability • Impact tracking of initiatives • Build an evidence base of what works and what doesn't 		<ul style="list-style-type: none"> • Reach all households • We reach residents better with a cohesive partnership comms strategy • Communicate help and support offer • Multi-channel & integrated approach • Corporate comms to design a comms strategy • Remove the stigma of asking for help 	
Allocation	Spending	Allocation	Spending
Provision to initiate and scale a scheme	£50k	Provision to initiate and scale a scheme	£50k

6 Governance

- 6.1 To deliver this overall partnership response effectively, we will need clarity, coordination and a mechanism through which senior leaders and partners can feel comfortable that they can be sighted on progress.
- 6.2 To that end it is proposed that a focused steering group is to be established to provide strategic oversight and coordination of the cost-of-living response. This will be chaired by the Deputy Leader and Cabinet Member for Community Leadership and Engagement. This will provide support and oversight in the short-term as it develops, and it will help to shape the long-term sustainable approach together with partners.

- 6.3 The membership of this steering group is to be agreed but representation from all relevant parts of the council plus wider partners must be ensured. Its remit will cover the areas of communications and stakeholder engagement; communications and marketing campaigns; training offers; data, impact and benefits monitoring; project delivery coordination and planning; future funding bids; and ensuring alignment with and across other strategic initiatives and plans such as the Inclusive Growth Strategy, community banking, social isolation and other relevant workstreams.
- 6.4 This steering group will have a direct line to CSG, reporting regularly so that senior leadership is kept sighted throughout. Cabinet members will be updated regularly.

7 Consultation

- 7.1 An update and proposal around the Cost-of-Living Alliance was presented to Cabinet and endorsed on 12 July.
- 7.2 The Participation and Engagement Team, along with the BD Money team, spoke to over 150 residents at the One Borough Festival about the Cost-of-Living Alliance and their fears and priorities related to it.
- 7.3 An update on the Cost-of-Living Alliance and the next steps for it went to Community Leadership and Engagement Portfolio on 2 August.
- 7.4 A Cost-of-Living Summit follow-up event is proposed for October on a date to be confirmed.
- 7.5 A Cost-of-Living Resident Survey, hosted on One Borough Voice, launched on 18 August and runs to 18 September.

8 Financial Issues

Implications completed by: Nurul Alom, Finance Manager.

- 8.1 The welfare reserve makes available £4.5m to support individuals in crisis or on the cusp of crisis because of the cost-of-living crisis.
- 8.2 Government has also contributed c£11m for the energy rebate and c£4.4m for the Household support Fund. In addition, Community Solutions put aside £800k to address the Cost-of-Living.
- 8.3 This paper sets out the current service provisions and the creation of the cost-of-living alliance. Attached is the bid for the balance of the £4m welfare reserve. £0.5m has already been allocated to the Council Tax reduction scheme.
- 8.4 There are several measures already in place that can be scaled up to deliver for residents. The key to the success of ensuring that this money is spent in a way that supports residents is to ensure that residents are engaging with the services available. If engagement is not successful, the financial investment will not deliver results. It is noted that engagement is more successful through partnership agencies. The Cost-of-Living Alliance can create this communications and response plan to address resident's needs.

- 8.5 It is essential that we monitor the level of need in the Borough and whether those who require the need are being targeted appropriately. Whether we have the right level of support and in the right place available to address those needs. It is also crucial we have the flexibility to adjust as required.
- 8.6 Finance would recommend not only an external communications plan but an internal plan to ensure that partners within the Council are providing consistent advice and referral to available services. For example, social workers knowing that local food banks are available and how to access them, that they can refer the client to the HAM Hub or a partnership body, what available financial grants exist, e.g., Prescription financial help. Providing a holistic service. It should be noted the direct causal link between poverty and domestic violence so proactive work in this area will drive down costs and improve outcomes across several pressure services.
- 8.7 There is no communications plan attached for evaluation, but Finance would support a higher level of investment in this area across several formats both traditional and digital, even a bus stop campaign or turning up to events for example regular faith events to provide a point of contact.
- 8.8 Finance recommends the implementation of regular review of spend and outcomes being achieved, both through the Council and through funding provided to partners.

9 Legal Issues

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

- 9.1 The Localism Act 2011 section 1 provides a general power of competence for local authorities in England to act as an individual generally can and provides that the power may be used in innovative ways. Where the authority can do something under the power, the starting point is that there are to be no limits as to how the power can be exercised. For example, the power does not need to be exercised specifically for the benefit of any place or group, the Council may exercise the power anywhere and in any way. Furthermore section 111 of the Local Government Act 1972 permits the Council to further its objectives by carrying out actions that are reasonably incidental to the Councils objects. The proposals in this report may be carried out using this power.
- 9.2 Powers may be subject to duties. In carrying out the proposals set out in this report the Council must pay due regard to its Public-Sector Equality Duty (PSED), as set out in Section 149 of the Equalities Act 2010 (the 2010 Act). The PSED provides that a public authority must, in the exercise of its functions, have due regard to the need to: (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. A sound approach would be to carry out consultation and analyse the proposals while at a developmental stage with an equality impact assessment.
- 9.3 In terms of agreements on working together with other partners in delivering the joint objectives, it would be recommended that these are set out in memorandums

of understanding and where payments be made, then that the money shall be accounted for and in alignment with the Council's Finance rules. Where funds have come from third parties then, use of the monies must be in compliance with any grant conditions. The Councils Legal Services Contracts and Procurement team can advise.

10 Other Issues

- 10.1 **Risk Management** – The proposed governance process laid out above will ensure consistent and effective oversight and management of the cost-of-living response, making sure it is joined up and any potential risks are managed. As part of the Cost-of-Living Alliance, a full training package would be delivered to lead community partners involved in the response, to ensure all safeguarding risks are addressed so that partners are able to fully and safely support residents who are struggling, as part of the Alliance offer.
- 10.2 **Contractual Issues** - Details of how contracts or grants would be awarded to increase lead community groups capacities are to be worked out together with Council colleagues and Social Sector Partners as the Cost-of-Living Alliance model develops, upon allocation of funding following the welfare bid.
- 10.3 **Staffing Issues** - No current staffing issues identified, there will be further consideration as part of further development of the overall response, upon allocation of funding following the welfare bid.
- 10.4 **Corporate Policy and Customer Impact** - LBBDD consider social-economic disadvantage along with the protected characteristics set out in the Equalities Act 2010. The focus of this partnership led response will be those residents most likely to be hardest hit financially by the Cost-of-Living Crisis. As such it will make a clear positive contribution addressing the existing socio-economic inequality of the Borough. The approach will seek to be data led in the response, using analysis to identify cohorts and communities most impacted by the Crisis then working to support them. A core part of this approach is working in partnership with Social Sector and faith communities who are in direct contact with and representing residents that the Council has not been as effective at reaching in the past.
- 10.5 **Safeguarding Children** - 48% of children in Barking and Dagenham live in poverty. In providing the relevant training and capacity building, a joined-up approach would work towards reducing these figures to ensure that the right support is offered to those in need. Partners will have the knowledge and skillsets to offer support and guidance where required, and where they cannot provide it themselves, the overall partnership-led response will have helped to build relationships for the partner to signpost the resident accordingly. There will be continued consideration of any further implications in the context of safeguarding through the further development and details of the Alliance model.
- 10.6 **Health Issues** - Around half of a person's health is determined by economic circumstance: around twice the influence that healthcare is believed to have. Many of the borough's residents' health is damaged by economic deprivation, evidenced in rising levels of obesity and cardiovascular diseases, with lifelong consequences. This will get worse. Health services need to ensure they sign post to support and have correct services in place such as mental health support, with community

partners playing a key role. Furthermore, the overall partnership response laid out above can play a vital role in providing access to support to reduce the negative impacts on health. Access to food – especially healthy food – will be critical to health and wellbeing, with a partnership approach better able to coordinate access to food banks and clubs. Signposting to help with winter fuel payments will help address fuel poverty, which is known to be associated with respiratory, circulatory, and mental health problems, as well as negatively impact the development of children and young people. All of this will have positive impacts upon residents' health issues.

- 10.7 **Crime and Disorder Issues** - The current unemployment rate stands at 6.8% with 18.3% of the borough seeking benefits. A collaborative approach which builds on the relationships with and knowledge of the VCSE will allow them to signpost local people to the right place for seeking work and skills help. Helping people to build the skills to gain stable employment will improve both financial and mental wellbeing, reducing the occurrence of poverty-related crime and anti-social behaviour.
- 10.8 **Property/Asset Issues** - Barking and Dagenham has a worse-than-average level of evictions. Allowing local people to seek support through informal and hyper-local means and use the support and resources that partners can offer should lessen financial burdens and may decrease the pressure on rent payments. This, in turn, may decrease the number of evictions from council property. There are no plans or proposals to purchase, lease or sell property or assets as part of this partnership approach.

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

List of appendices:

Appendix 1 - The Barking and Dagenham Whole-System Response
Appendix 2 – Welfare Reserve Bid

1 The Barking and Dagenham Whole-System Response

- 1.1 This core offer, working together in close collaboration with partners offers, is already working to support residents in the face of the cost-of-living crisis.
- 1.2 All this support is already in place and functioning well for the resident, although there is as always room for learning across the organisation. However, the challenge that our residents now face requires the system to join up around the resident more, rather than the resident and partners seeking to navigate the system, so people can get help earlier and more easily wherever they touch the system.

Existing Financial Support Schemes

- 1.3 Residents can make a claim for any of the support schemes and will automatically be considered for awards across all schemes as a whole – a holistic approach is taken so the correct support can be allocated according to individual need, and this enables us to ensure each fund usage is maximised to the full.
- 1.4 There have been a total of 1,208 claims received since 1 April, with 578 individual awards made and an additional 23,603 Free School Meals vouchers issued, and 16,650 food and energy vouchers/parcels distributed in this time.
- 1.5 The full description and breakdown of the schemes can be seen below:
 - 1.5.1 DHP is a government funded grant to LA's yearly and is subject to legislative restrictions - must be in receipt of either Housing Benefit or Universal Credit Housing Element to be able to apply and be considered for an award. It is means tested and full income and expenditure checks are done in all cases. DHP fund can be used to cover shortfalls in rent due to LHA caps, under occupancy charges, welfare reforms such as benefit cap, excess income benefit reduction in HB and/or Universal Credit and Rent deposit and rent in advance support payments.
 - 1.5.2 HSF is a government funded grant. The current HSF scheme covers the period 6 April to 30 September 2022 and, as announced in March spring statement by Government, an additional extension was confirmed which will cover the period 1 October 2022 to 31 March 2023 due to cost-of-living crisis. This scheme has caveats around what it can be used for and % of spend that must be directed at both Families with Children (33% minimum) and Pensioners (33% minimum). Awards can be made to support energy, water, energy, and water related wider essentials (cookers, fridges, pans, clothes, blankets, energy saving bulbs, draught excluders etc), food and wider essentials linked to food. Within this scheme we financially support the Free School Meal holiday voucher program and grants to third party partners we work with to support and supply vulnerable residents with food, vouchers, energy vouchers and energy key meter top ups. This funding is not expected to continue beyond March 2023.
 - 1.5.3 IAP is the local authority funded hardship scheme that works in tandem with the above schemes to pick any gaps where support cannot be paid – see policy document – can cover food, energy, debt, travel, clothes, furniture etc

1.5.4 ERS is a one-off government funded energy rebate payment in response to the increased energy prices. This portion of funding is the discretionary support element left after all band H to F properties have been allocated their £150 award – this excess can be utilised to support residents struggling with increased energy bills and energy debts (this ends 30 November 2022)

Scheme Name	Household Support Fund (HSF)	Discretionary Housing Payment Scheme (DHP)	Energy Rebate Scheme (ERS)	Local Hardship Schemes (IAP)
Gov contribution	£4,324,102	£712,986	£560,400 (one off grant, for 2022/23)	N/A
LA Contribution	N/A	£300,000	N/A	£300,000
Total Allocated	<p>Currently allocated and paid is £1,865,697. This includes:</p> <p>Free School Meals: £173,444.99 = 11,563 vouchers issued by schools for May half term (£15 per child) £602,000.00 = 12,040 vouchers issued by schools for summer holiday (£50 per child)</p> <p>Pensioner Energy Payments: £728,550.00 = 4857 pensioner households in receipt of Council Tax Support (£150 payment each)</p> <p>Food Network Partners: £250,000.00 = (9 grants of between £20,000 and £50,000) estimated @ £15 each package = 16,650 residents/visits</p> <p>DABD: £48,000.00 = supporting vulnerable disabled households</p> <p>Individual Residents Awards: 185 payments – food, energy & wider essentials - £111,952 awarded</p>	<p>Currently awarded £125,950</p> <p>81 Approved Awards since 1st April 2022</p>	<p>Currently allocated and paid £113,454</p> <p>312 awards (240 of those are £150.00 energy support payments)</p>	<p>Currently allocated and paid IAP is £20,820.00</p> <p>44 approved awards.</p>

Community Solutions Existing Support Offer with Partners

- 1.6 There are a range of Universal Services, as part of Community Solutions, that are already working with partners to support residents who are struggling. These are outlined below and will all need to be closely connected with community partners offers as part of a community led response to the ongoing crisis.
- 1.7 Community Hubs are spaces that are run by Community Solutions, but also aim to boost collaborative partnership working by opening spaces where partners can work together to support residents. This is part of an ambition to put services, support and information closer to where residents are, while supporting more collaborative and joined up working across the system.

- 1.8 Community Food Clubs: residents are referred (can self-refer in some clubs) for 12 weeks of support, but this can be longer. Each week, they are invited to make up a bag of shopping from available produce. They are also offered advice and referrals to other services. Fundamentally these are spaces where residents can access food, while also looking to address the root cause of any issues that are being presented, working closely with residents to do so. These are run from different community centres and spaces across the Borough. Three of the clubs are run by the Council in a Community hub: William Bellamy; Marks Gate and Sue Bramley. Two are run by community partners in Council buildings: The Source in the Barking Learning Centre and Churches Together in Dagenham Library. Al Madina Mosque run a club from their own premises, and there are two due to open at Grays Court and Darul Ummah Goresbrook Mosque. In the period of 2021-2022 (April – Mar) the food clubs averaged 134 members per week, 4,437 visits, saving members nearly £90,000. In the more recent period from (April – June 2022) the clubs averaged 212 families per week, visiting 688 times, saving members over £13,000 so far.
- 1.9 The Homes and Money Hub team also link into provision for wider community welfare support, for example charity funds, foodbanks and projects providing clothing, furniture and white goods. This involves the HamHub team working closely with the Citizens Advice Bureau, working from the same location in the Barking Learning Centre and with referrals being provided from one to the other in both directions, providing residents with a joined-up offer with an effective handover process and referral pathway. The team supported 2,857 households directly through casework in 21/22, but also supported 3,712 households through their Universal offer and more through on-line tools and via partners. In doing so residents were supported to claim additional welfare benefits of £1,758,974 and reach agreement for £980,000 in rent and council tax arrears. Since April 2022, the HamHub has worked with 492 residents and achieved: £284,770 in income maximisation and financial outcomes; £209,574 in Rent arrears reductions (priority debt); £44,916 in Council Tax arrears reductions (priority debt); 1332 financial assessments undertaken; 854 payment/budgeting plans undertaken
- 1.10 B&D Money It enables residents to directly access support, or alternatively provides a resource for Council staff and public and voluntary sector partners to support residents. It signposts to local hardship funding options; other local and national grants for those struggling financially; complete income maximisation checks to ensure households are claiming all entitled benefits; money management and budgeting tools; free local or national specialist debt advice.
- 1.11 These ComSol Universal services are working closely with the NHS and other health partners to support residents. For example, by actively promoting and connecting residents to the 'Help with Prescriptions' scheme which saves residents money when accessing their medical prescriptions, either through qualifying for help with the NHS Low Income Scheme; being automatically entitled to free NHS prescriptions; or applying for certificates that entitle residents to free NHS prescriptions.
- 1.12 All the above resident focused services which form a key part of resident pathways to support and connections, will need to continue working closely with partners and supporting residents as part of the co-ordinated partnership response to the Cost-of-Living Crisis. Each of these services already has developing relationships with

community partners, and these relationships will need to be strengthened and given increased capacity as part of any coordinated response to the crisis. All resident facing Council services need to be aligned with partners if this co-ordinated approach is to have the maximum possible positive impact for residents.

The Wider Council Support Offer for Residents

Work and Skills Support

- 1.13 The Borough's unemployment rate at 7.7% is one of the highest in the country and 9.2% of residents have no qualifications, the second highest in London. A significant number of those residents that are in work are low-paid– and as a consequence are increasingly likely to be affected by in-work poverty as living costs increase. The service is pro-active in that it works with individuals to give information, advice and guidance to enable them to make an informed decision about their preferred pathway and offers support to them to overcome barriers to participation, such as caring responsibilities, disabilities or other health problems. Practical support is detailed below:
- 1.13.1 The Adult College curriculum offer is aligned to local and regional strategies to engage with residents on a community level and to progress them on to skills and vocational programmes to support their progression into sustainable employment, as well as to upskill those already in employment to aid career progression. This includes collaborative work with other delivery partners through the Barking and Dagenham Adult and Community Educations Skills Forum (BDACES), which was set up to create more seamless progression pathways between for residents between providers.
- 1.13.2 Collaborations and referral pathways across other Community Solutions and other Council services have been improved in recent years, including commissioning from Adult Social Care for wellbeing, skills training and employment support for those with mental health and SEND needs, delivered by the specialist Vocational Support Service within Work and Skills. The team are currently working with colleagues in Inclusive Growth and Adult Social Care to design and fundraise for a new supported employment programme targeting these cohorts, ensuring people with more complex needs do not get left behind in the context of high unemployment.

Adults Care and Support:

- 1.14 This will enable private homeowners, housing association tenants and private tenants with disabilities to live as independently as possible in good quality homes that meet their needs through aids and adaptations. Some of the benefits include scrapping the means test for major adaptation works under £15,000; providing Top-Up funding for major adaptations that exceed the current mandatory limit of £30,000; and the launching of a series of new discretionary grants.
- 1.15 Key benefits include: the use of more energy efficient devices – reducing utility costs for residents; reduced dependency of service user landline via use of 4G/5G alternatives – reducing billing costs for alarm activations; and enhanced devices which keep people safer in their own home for longer - mitigating the impact of lost economic productivity due to ill-health or caring responsibilities.

- 1.16 With regards to care for older adults, there has been a high uplift with commissioned providers, along with a commitment to reviewing rates again in October 2022 in case of high levels of inflation. This will help to ensure that those employed in the care industry are supported with any increases being focused on increased wages.
- 1.17 In addition, there are a range of contracts through Care and Support that provide generic and specialist information, advice and guidance and floating support to residents in line with the Care Act duty. Providers include Citizen's Advice Bureau, DABD, ILA and Carers of Barking and Dagenham

Early Help:

- 1.18 Increased Parenting support services will be provided from the first quarter of next year to support vulnerable families, who may be in crisis to provide in the home and immediate support
- 1.19 Conflict resolution support services will be provided from the first quarter of next year to support families, who are in conflict due to one of the concerns being debt and financial constraint. In addition, online Family Group conferencing will be brought within our Targeted Early Help service to support family members, friends and communities' networks in providing wrap round support to vulnerable families and enable better resilience. Along with this, the IAG available to families will be improved, as to how to access services.
- 1.20 A further 27 additional posts are being recruited within the Targeted Early Help service to support the management increased demand. In addition, the team for the Around the Schools offer will be strengthened, with support being offered to pupils who may have been impacted by the cost-of-living crisis, helping them and their families to access services they need. In addition, the Mental Health Support Service will be expanded into a further four schools.

Community Partners Support and Offer

- 1.21 Community and faith groups are already supporting residents in these challenging times. In working alongside partners, the Council will continue to build more effective support mechanisms for and with residents.
- 1.22 Since the successful delivery of BD CAN in response to Covid-19, the social infrastructure of the Borough has continued to develop, while relationships between the Council and Social Sector partners have also strengthened, with increasing numbers of shared projects and initiatives to better support the Borough's residents.
- 1.23 Significant progress has been made through working with the holders of the Social Infrastructure contract for the Borough, the BD_Collective. Networks have been launched in a variety of areas, including early help for families; adult social care; food banks; sports and young people. Partners now come together through the networks curated by the BD_Collective, to explore solutions to deep seated issues, both in terms of how organisations work together and how residents get the support they need.

- 1.24 The BD CAN network was able to be activated so quickly because of the years spent building relationships and working in partnership with the social sector in the borough. The BD_Collective, who played a key co-ordinating role as part of BD CAN, have continued to increase the capacity of the sector and strengthen relationships between partners. The role of communities in tackling the cost-of-living crisis will be as critical as their role during the Covid 19 pandemic. Community groups and local networks are best placed to understand and respond to the needs of residents in their local areas and the Council's well-developed partnerships and networks will need to be supported and developed further to enable this.
- 1.25 Through this developing social infrastructure and the community-based services of Community Solutions that are already supporting residents, there is a clear pathway forwards for a Cost-of-Living Alliance that can deliver support to residents in the face of the crisis, co-ordinated by the BD_Collective as they did so successfully in BD CAN, as part of a partnership focused and whole systems approach.

Welfare Reserve Bid

Responding to the Cost of Living Crisis

APPENDIX 2

**Barking &
Dagenham**

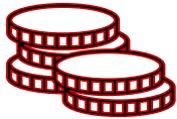
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one borough; one community; no one left behind

The Background

LBBD has set aside £4m in a Welfare Reserve to support its residents through the cost-of-living crisis. This bid aims to support some of the major emerging challenges, particularly, debt, unemployment and poverty.

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Before the cost of living, residents had **10,080** loans worth **£2.8 million** that were high cost, short term with 1,200% APR



6.9% of the working age population were claiming **unemployment related benefits** in 2021.



18.6% in 2020 were living in fuel poverty



18.6% of adults are experiencing food insecurity.

The CSG Paper Summary

Existing Financial Support Schemes

Current offer: Discretionary Housing Payment Scheme, Household Support Fund, Energy Rebate Scheme, Local Hardship Fund. Residents can make a claim for any and will be automatically reviewed for all.

The Cost of Living Alliance

Co-design and coordinate support available for residents in crisis. Join up support. Embed learning and respond in coordinated way. Committed to working together in the long term. Use the Thrive, Survive and Crisis Model to inform approach and focus on family and household approach to tackling poverty. Incorporates existing support offers and organisations e.g. Al Madina

Work and Skills Support

Adult College curriculum offer aligned with local and regional strategies. Job Shop for skills advice and support.

Universal Community Solutions

1. Community Hubs as a 'one stop shop' for range of support. **2.** Community Food Clubs. **3.** Homes and Money Hub (2022 saved residents £13,000 so far). **4.** BDMoney. **5.** Social prescribing pathways. These pathways will be strengthened with community partnership and capacity building. **6.** Library of Things partnership

The CSG Paper Summary

Early Help

Family Hubs established. Conflict resolution support services. 27 additional posts being recruited. All support being expanded to respond to cost of living.

Health Inequalities

Connect people with NRPF to eligible support to prevent financial and health crises and build community resilience...aligning with health inequalities funded approach. Locality leads will work to understand and address the current challenges for residents facing health inequalities, aligning work in respect of cost of living

Child poverty

Access to Household Support Fund & related financial support schemes. Care Leavers a priority group. Promoting and targeting access to food provision. Work with schools to target households. Explore a new uniform and clothing exchange scheme. Additional resource to tackle food insecurity & poverty with provision for schools. Warm and welcoming places initiative that opens up access e.g. after school hours to safe, warm, places of shelter with support. HAF activities programme. Ensuring cost of living support offers are accessible to social workers. BDMoney IAG one stop shop for families

Adults Care and Support

The Aids and Adaptations Policy confirmed. All-Age Care Tech service mitigate cost-of-living. Review of care for older adults. Explore one-off funding provision for carers to mitigate carer breakdown. Promoting targeted access to warm and welcoming spaces, plus consideration of transport. Access to Household Support Fund & related financial support schemes. Social prescribers to connect with GPs to promote support pathways. Additional contingency resource for existing providers such as ILA, DABD, Carers B&D.

What more we can do...

expanding provision and new initiatives

To be funded from the Welfare Reserve

Community and social
Infrastructure £1.25m



Affordable Credit £1m



Employment Support
£715k



Communications campaign and evaluation
£100k

*£935K proposed to be kept in reserve

Outcomes and Benefits

1

Target Immediate Crisis

Developing additional support mechanisms and reach every household with Cost of Living Comms.

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2

Build Capacity

In the VCSE sector and council services to join up the system to better support residents

3

Build Resilience

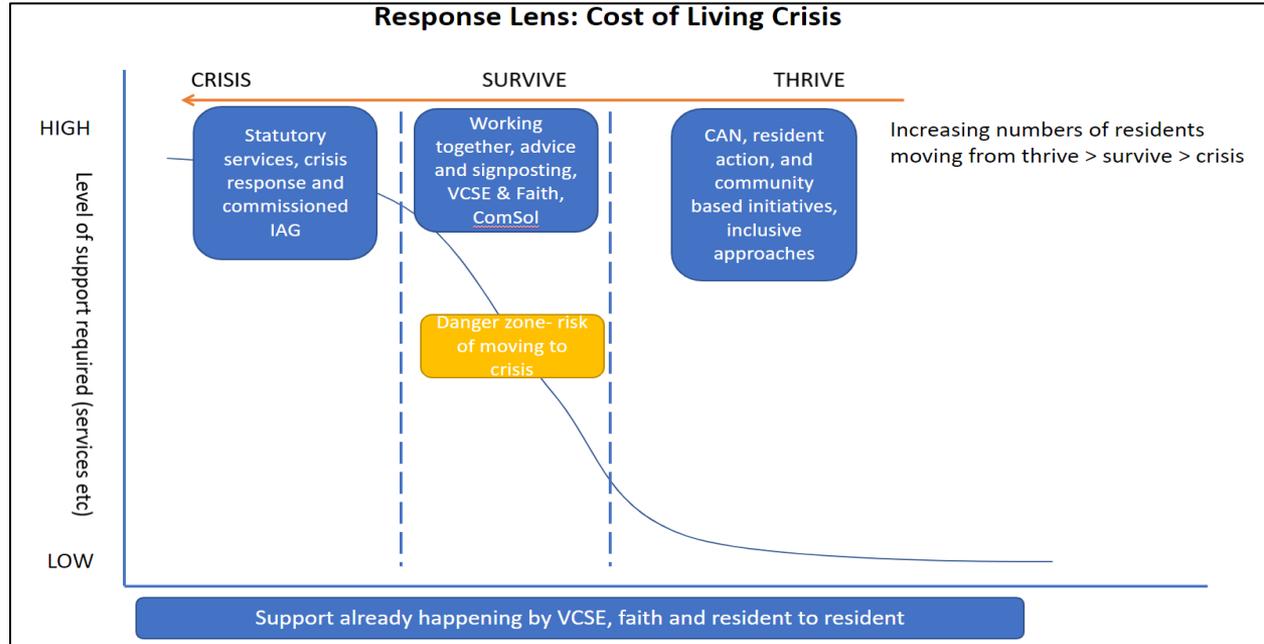
Bridge longer term structural changes to support residents to be more resilient.

4

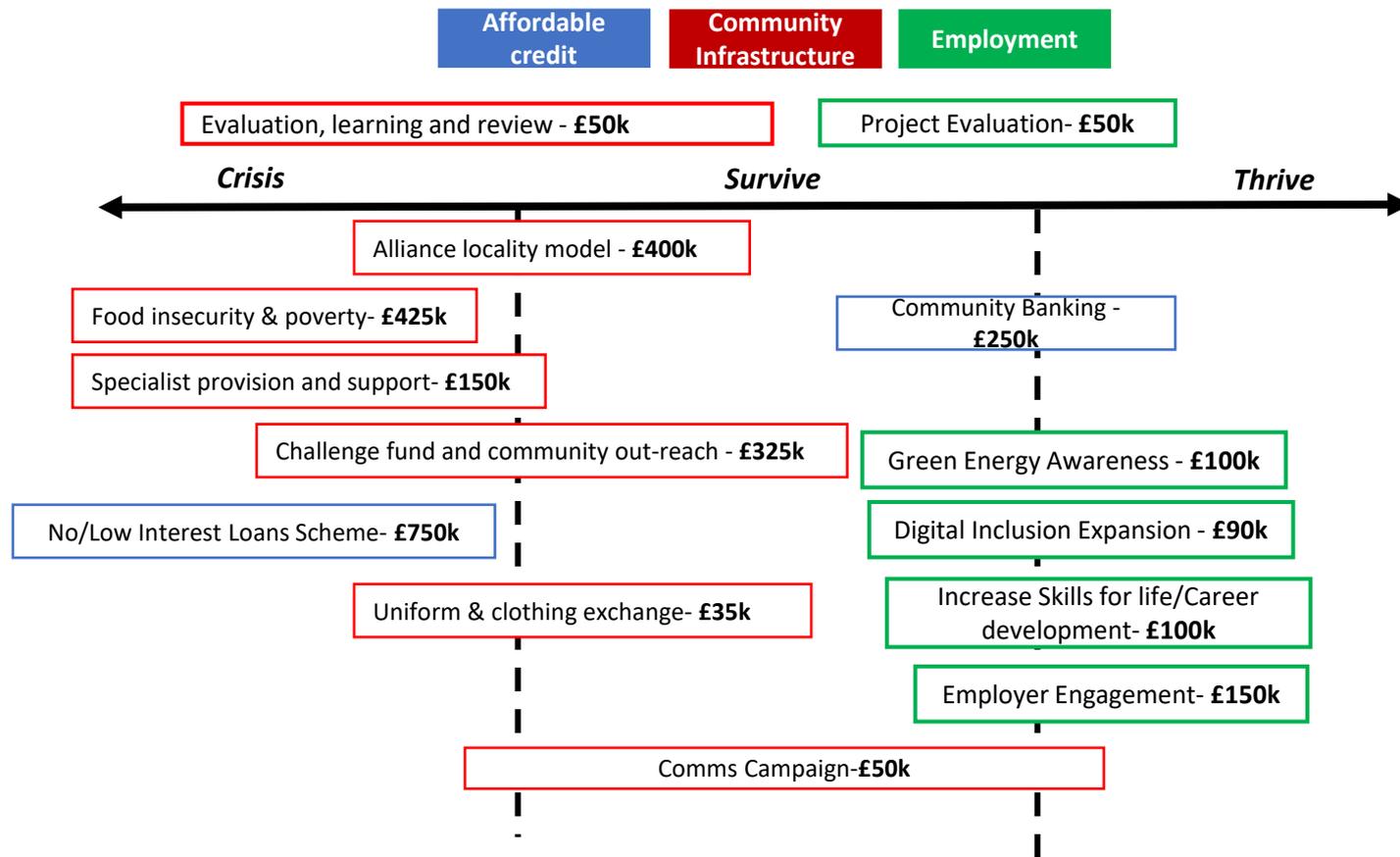
Evaluate and Learn

Reflect on new ways of working.

Crisis, Survive, Thrive Model



How the Bid Maps



Community and Social Infrastructure

Co-design and coordinate support to residents who are in crisis while bringing partners together to develop and a shared response to the longer-term challenge of helping people out of crisis and building greater resilience

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Locality support, shelter & advice

Expand access to help and support. Address known un-met need & find emerging need. Find new ways to help people. Warm & Welcoming spaces – shelter, warmth, advice & support.

Specialist support

Contingency top-up provision and / or capacity for new and additional activities with commissioned providers. Alleviate demand & contribute to future proof capacity

Food insecurity & poverty

Expanding food network and schemes. Ensuring viability and food supply to food banks. Promoting wider initiatives linked to good food e.g. cooing clubs and healthy eating

School uniform & clothing exchange

Clothing exchange & recycling scheme. Exploring need and potential partnerships with social providers and schools and aligning with locality support model and community hubs

Challenge fund

fund to promote new and innovative solutions. Open to all organisations. Builds on examples like NCIL. Focus to alleviate pain now and look at future resilience

Community outreach

Capacity for proactive and targeted out-reach – led by data & insight

[Click here for the more detailed slides](#)

Community Banking & No Interest Loans Scheme



Community Banking

Increase the Credit Union provision

To support residents who wouldn't traditionally qualify

To build financial resilience and build credit scores.

Bridging the gap



No/low interest loans

Expand the pilot to support most over-indebted residents

Lever to unlock further funding from Fair For All Finance

Prevent the use of subprime and loan shark lending

Employment

As well as supporting people to access urgent crisis support, it's crucial we support longer term resilience by helping more people to access good jobs and increase their incomes during this period. This will require action to:

Tackle low engagement

Engage high need communities with low levels of engagement with employment services through pop ups and new community partnerships

Improve job quality

Support and encourage employers to adapt jobs to meet residents needs through greater flexibility and family-friendly practices.

Support access to new opportunities

Extend green jobs programme – helping 50 more residents into jobs in the green economy – and expand Green Energy Awareness courses.

Tackle digital inclusion

Expand support for residents experiencing digital inequality.

Improve life skills

Pilot new programmes to support residents struggling with cost-of-living crisis

Project Evaluation

Research to understand low engagement with employment support, alongside a review of these initiatives.

Communications campaign & evaluation

Evaluation & Review

Learn what works. Inform future ways of working focused on greater resilience and capacity. Review impact.

Comms Campaign

Partnership Cost of Living Comms campaign – to reach every household in the borough, support alliance

[Click here for the more detailed slides](#)

Theme	Summary description	Funding (£000s)
Locality support, shelter & advice	1. 6x locality leads covering 3 localities (alliance support model) – network offers of help and support, address unmet need, identify hidden / unknown demand 2. CAB resource 3. PM, 4. Training development and support to upskill and create legacy capacity 5. Coordinate warm and welcoming spaces grant scheme	400
Food insecurity & poverty	1. Grow new hot food delivery service to vulnerable households complimenting fixed place-based offer. 2. Sustain food supply across food bank network. 3. Potential food support to schools (to be explored) 4. Coordinator to create fixed-term capacity to consolidate activity and resource across food network to get best value and align with other cost of living support 5. Support to warm & welcoming spaces	425
School uniform & clothing exchange	Explore partnerships with schools and social enterprise providers such as Baby Bank HQ to implement and scale linked to alliance localities and community hubs (no provision exists or commissioned currently)	35
Specialist support	Contingency top-ups to specialist providers such as ILA, DABD, Carers B&D to mitigate against increased demand, capacity and provide provision for additional tasks should be required	150
Challenge fund and community out-reach	Capacity for proactive and targeted out-reach. Innovation fund to promote new and innovative solutions	240
Evaluation, learning and review	Commission a partner to work alongside Cost of Living Alliance, Insight & Innovation Team to support evaluation, learning and review – building evidence of how we work as well as what we do and its impact to inform longer-term support offer	50
Communications campaign	Resource to support partnership / alliance cost of living partnership comms and engagement campaign	50
Community Banking	Increase the risk appetite for loan applications. Enhances social value projects that help build residents credit score, and provide specific advice.	250
No/Low Interest Loans Scheme	Develop the NILS scheme past its pilot, to offer consolidation and very low interest loans for residents who already have debt and very poor credit scores.	750

Area	Description	Funding (£000)
Engaging those most in need via new methods – cross cutting theme with comms campaign/challenge fund and community outreach	Targeted outreach including pop ups and work with local community, faith groups, schools and other community partners to improve referral pathways and engage more residents in need to access education and employment support – with incentives for residents to engage with courses/employment workshop in their wards	200
Improving the quality of jobs available by increased employer engagement	Ensuring more of the jobs available meet residents needs by supporting local employers to attract and retain more employees by improving pay, job security and flexibility at work	150
Green and Energy Awareness – cross cutting theme with green energy work	Supporting residents into jobs in the green economy and helping them understand the changes in energy prices and direction of travel for green energy by delivering National Energy Awareness courses	100
Digital inclusion expansion	Engaging those experiencing digital inequality with first steps to accessing technology to take up wider life skills	90
Increased skills for life and career development and progression – cross cutting theme community banking and finances	The ability to be able pilot new programmes to support residents struggling with cost-of-living crisis	125
Project evaluation	Research to understand and address the reasons for low engagement with employment services and job opportunities, alongside a review of these projects, including evaluation of impact, sustainability and scaling up opportunities	50
	Total	3,065,000

Appendix

Community and Social Infrastructure

Overall Responsible Officer: Director of Community, Participation & Prevention

Locality support, shelter & advice

Details: 1. 6x locality lead organisations covering 3x localities (aligned with health & care and health inequalities) 2. Warm & welcoming spaces small grant scheme 3. Training & support package 4. Dedicated post in Citizen Advice Bureau to coordinate IAG 5. PM capacity

Core activity:

- Co-design and coordinate support to residents in crisis (to include articulating offer to children / adults once agreed)
- Bring partners together to develop a shared response to the longer-term challenge of helping people out of crisis and building greater resilience
- Expand access to help and support – easier and joined up
- Deliver training & support on BDMoney, welfare and debt management, mental wellbeing
- Grow networks of warm and welcoming places – shelter, warmth, advice & support
- Use data & insight to minimise unmet / hidden need
- Map offers of support. Identify cohorts at risk and target.
- Connect people to specialist services
- Build capacity across council and partner orgs.
- Find new ways of helping people

Key outcomes & benefits:

- Minimise unmet need
- Residents can access warm & welcoming spaces – shelter, warmth, advice & support & save on heating / eating
- Interactive resources about support available locally
- Support communications activity to reach all households
- Identify unknown demand and connect to support
- Reduce pressure on services by keeping community spaces open and enabling shelter, warmth, advice
- VCSE and faith – capacity build and upskilling

Locality support, shelter & advice

Details: **1.** 6x locality lead organisations covering 3x localities (aligned with health & care and health inequalities) **2.** Warm & welcoming spaces small grant scheme **3.** Training & support package **4.** Dedicated post in Citizen Advice Bureau to coordinate IAG **5.** PM capacity

Allocation	Spending
Locality support model - 6 Locality Leads in 3 Localities, through expressions of interest and commission.	£210k
Training and support package	£50k
Warm and welcoming spaces grant scheme	£25k
Citizen Alliance Bureau (CAB) – fixed-term project manager to coordinate specialist support and training offer	£50k
Learning Resource	£15k
Project Manager – hosted by alliance (VCSE)	£50
Total	£400

Food insecurity & poverty

Details: 1. Grow new hot food delivery service to vulnerable households complimenting fixed place-based offer. 2. Sustain food supply across food bank network. 3. Potential food support to schools (to be explored) 4. Coordinator to create fixed-term capacity to consolidate activity and resource across food network to get best value and align with other cost of living support 5. Support to warm & welcoming spaces

Key Activities:

- Deliver hot meals to residents who are experiencing fuel poverty once a week plus prioritisation re child poverty
- Targeting the areas with the highest levels of fuel poverty and those at-risk groups.
- A Food Network coordinator to support food provision and relief as part of wider cost of living response
- Explore and support initiatives such as energy efficient cooking, cooking clubs
- Engage with schools to understand need for, and if required food support to breakfast clubs
- Sustain food supply and delivery to food clubs & as warm & welcoming spaces are networked

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Key Outcomes and Benefits:

- Reach 10k people with regular hot meals
- Network of food banks and cubs sustained and kept open
- Support to schools (if needed) with breakfast & food clubs
- Food banks and offer of advice & support linked to localities – key locations accessible on foot

Allocation	Spending
Food Network Co-ordinator	£25k
Tiffin Hot Food Delivery service	£300k
Food supply & capacity to grow to meet need	£100
Total	£425k

School Uniform & Clothing Exchange

Details: 1Explore partnerships with schools and social enterprise providers such as Baby Bank HQ to implement and scale a uniform and clothing exchange scheme linked to alliance localities and community hubs (no provision exists or commissioned currently)

Key Activities:

- Initial focus to explore demand for such a scheme and potential partnering with schools and other providers in community such as Baby Bank HQ and The Source
- Design proposals
- Resourcing requirements
- Implementation plan and pilot with a locality

Key Outcomes and Benefits:

- Recycled uniform & clothing – saves people money
- Locality offer – accessible and linked to wider support
- No scheme or provision currently exists

Allocation	Spending
Provision to initiate and scale a scheme	£35
Total	£35k

Specialist provision and support

Detail 1. Top-up capacity to existing core contracted services e.g. ILA, DABD, Carers B&D Provision for contingency top-up capacity to existing support contracts(replicating what worked in Covid) - to assist with expected demand and need to support more vulnerable residents and carry out additional tasks.

Key Activities

- Support the Generic Information & Advice and Enhanced Welfare Right Service to reduce the effects of social and financial exclusion caused by: Poverty, Debt, Homelessness, Educational Disadvantage, Family breakdown, discrimination, illness and disability, language barriers. Also for learning disabilities, autism, mental health problems, dementia and brain injury – specifically exploring around minimising mental well-being risks
- Housing related floating support for vulnerable people with chaotic backgrounds who are struggling to maintain their tenancies or facing homelessness.
- VCSE start up capacity for an employment and skills scheme for disabled, SEN and other people with additional needs/
- Carers of Barking and Dagenham: explore additional support for known carers to minimise risk of crisis impacting on their care provision and subsequently driving up demand and council costs

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Allocation	Spend
Apportioned across providers	£80k
Employment & Skills scheme start up funding	£10k
Income maximisation	£60k
Total:	£150k

Challenge Fund and Community out-reach

Key Activities

- Find new ways of helping people
- Door-knocking, place based drop-in surgeries, outreach to community, voluntary, faith spaces, small businesses.
- Focus on access, IAG, education and awareness
- Targeted engagement e.g. text messaging
- Provision of info, advice and guidance
- Connection to specialist support and services when required.
- Exploring new forms of support
- Employment engagement with the faith sector – find break down in [employment section](#)

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Outcomes and Benefits

Potential targeted outreach to at risk groups (as identified through data and known evidence such as CAB) including:

- 5k un-met needs via CAB
- Social household tenants
- People with disabilities
- NRPF
- Single households
- People with known and underlying health / care conditions
- Food bank referrals
- Multi-lingual support
- Earlier and better access to support
- Creates new capacity and people / orgs willing to contribute
- Demonstrates value of collaboration and community-led ideas and impact that lead to further project

Allocation	Spend
Community outreach and link work	£275k
Innovation fund	£165k
Total	£240k

Communications Campaign & Evaluation

Detail: **1.** A partnership communications approach to underpin the borough Cost of Living Alliance. **2.** A partner to work alongside the work streams of this bid to support evaluation, learning and review, with support from Insight & Innovation Hub and Service Development **3.** A commitment to continuous evaluation and learning sits across all proposals. This includes embedding learning into the locality model and resourcing systemic evaluation work to capture what is happening, the learning and the measures and evidence of impact to inform lasting system change across the partners. These proposals are hosted in Community & Social Infrastructure.

Evaluation and learning key

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Activities/Outcomes

We understand how to continue to develop a new way of working that connects for the resident

- Use resident stories to understand impact and test sustainability
- Impact tracking of initiatives
- Build an evidence base of what works and what doesn't

Allocation	Spending
Provision to initiate and scale a scheme	£50

Comms campaign key Activities/Outcomes

- Reach all households
- We reach residents better with a cohesive partnership comms strategy
- Communicate help and support offer
- Multi-channel & integrated approach
- Corporate comms to design a comms strategy
- Remove the stigma of asking for help
-

Allocation	Spending
Provision to initiate and scale a scheme	£50

*Key for table in comments

Risks

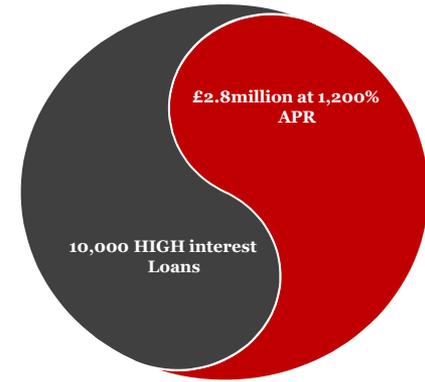
Risk	Impact	Likelihood	Severity	Description of Impact	Mitigation
Joined up/ engaging with health and other partners	3	3	6	If partners are not joining up around the resident –they will still not get support in a timely way	We have aligned the locality model around PCN areas and have aligned funding for Health inequalities. This will need ongoing attention
The approach is not sustained after one year	4	4	8		Partners will work together to build the evidence for the locality work over the first 9 months and bring proposals forward in appropriate locations
Increase in demand for support from residents	5	5	8	There is already increased demand in the system and residents may need more support creating further challenge	The proposal supports early intervention and seeks to identify issues for residents earlier, therefore connecting and addressing issues earlier where possible to prevent demand

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Affordable Credit

Overall Responsible Officer: Director for Support and Collections.

Detail



No/Low Interest Loans Scheme (NILS): £750k
Community Banking (LCU): £250k

No/Low Interest Loans Scheme:

The current provision from Fair4All Finance is £1.5m which results in only 500 No Interest Loans being dispersed, with a average value of £3000 per consolidation loan. Fair 4 All Finance have indicated that the additional funding from LBBB described above would unlock and be used as a lever for further funding from them – approximately £4.5m.

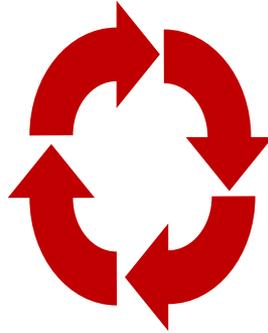
This would enable the expansion of the pilot, better supporting the most vulnerable and over-indebted in the borough, as the first pilot is only able to have a limited impact due to its limited scale. Therefore, the main outcome is to reach more residents with multiple debts and poor credit scores to try and prevent the use of subprime lending.

Community Banking

£250k set aside for Credit Union enhancement and development in the borough to support those who would traditionally not qualify for the CU products. This would include the provision of low interest loans, as well as the ability to innovate and develop products specific to the needs of LBBB. This will also increase the scale and range of social value projects delivered by LCU. This would be delivered 3 to 6 months post LCU basic offer launch in September.

Detail: How the NLS scheme works

Initial Funding is provided by LBBD and F4AF – This provides the lending capital for the No Interest Loans. This expansion would initiate around April/June 2022.



Loans are issued in accordance with criteria. These are administered by our third party partner.

Loan Repayments recycled into the available funding for further loans
The administrative cost of these loans would be factored into the funding.

The total lending capital available would diminish over time due to the administrative costs and bad debt provision with each wave. Therefore once the funding has finished the project would cease.

Community Banking offer

Embed a benefits checker into the loan application process. This would require additional capacity

Accept loan applications that are outside our current risk appetite

Where a loan is declined, we would encourage member to prove affordability by: saving £25 a month for 3 months and we will guarantee a £250 loan. Even with a small loan it will help their credit profile.

Build financial resilience through developing a savings habit. For example: If a member saves £10 a month for 10 months, we will match the savings balance at the end of the period.

Assumptions



NILS

- Assumption of 50% non-repayment of loans – Previous modelling provided by F4AF on previous schemes reflected a rate of 20%. Given the escalating cost of living crisis, it has been assumed that a higher rate of bad debt provision would be required.
- Over three years 2540 loans will be requested and issued on the assumption of a £4 million funding provision from F4AF. This is based on 1365 cases with 607 having non priority debt in the HamHub in 2021. In the 2022 Financial lives Survey 37,504 residents are overdrawn. We can assume that there will be high uptake of this offer, and need for it.
- A small portion of the money would be used for continued comms and engagement. Assuming the targeted approach with BDMoney triaging and referral routes from partners and council services is affective.
- The cost of administering a loan is £150-170, so we can assume that with recycling repayments, less loans will be disbursed as the scheme continues until the funding runs out.



Community Banking

- Risk appetite: Assuming average loan is £500 there would be a £3-4000 exposure risk per month to accept loans between 480 and 499. If LBB is 20% of Leeds Credit Union Volume, then they would expect around 6-8 loans written in this group.

*Key for table in comments

Risks

Risk	RAG for Impact	Likelihood	Severity	Description of Impact	Mitigation
NILS not used to pay existing debts - add to burden on resident	5	3	8	Without adequate controls, this could contribute to an increased financial burden on individuals due to another monthly outgoing.	Process in place to ensure consolidation of debts. Affordability checks in place
Lack of take up due to lack of awareness	4	3	7	High cost credit continues to be profligate in the borough.	Ongoing comms and engagement with LBBB and partners. Continuous reviewing of MI and takeup to target engagement activity
Credit Union scheme does not lead to reduction in high cost credit use	3	3	6	Circumstances would be the same as they are now - benefits would only be short term.	Wraparound support can be offered alongside. Can explore making it a condition - e.g. an appointment with a support service (telephone, HAMhub etc).
Lack of take up of loans due to delays in administering loans	4	2	6	If the work streams take too long, residents will seek other, more detrimental forms of credit.	Monitoring of MI, SLAs and continuous improvement work with provider. Pilots and trials to take place to influence development. Ensure comms and engagement educates on the benefits of affordable credit options with a slightly longer lead in time.
Low repayment rate of NILS	2	3	5	Without repayment, cannot recirculate funding and limits benefit.	Affordability checks taken. LBBB funding unlocks larger pool of F4AF funding - potential benefits for residents still outweigh initial LBBB funding
Reliance on delivery partner to administer loans. Third party failure affects roll out	3	1	4	While LBBB and F4AF would provide the funding, a 3rd party would administer the loans. And the credit union administer all products. Any disruption on their side would impact the potential to deliver loans.	Both third parties are an established provider who has been operating for over a decade.

Opportunities

- Recycling the loan provision once it has been repaid to help another resident.
- Provide wrap around support for residents in financial difficulty.
- Lower the debt burden on our residents, helping them to build financial resilience and reduce interest payments
- Lessen the influence of high cost credit providers in the borough

Monitoring Arrangements

A suite of management information is being developed for the existing NILS and Credit Union programmes. This will enable the Council to identify the levels of take up and associated benefits. The continued participation and funding of this scheme will be dependent on the right number of residents making use of the products.

- How many loans have been administered
- Locations in the borough that loans are being administered to
- Value of the loans
- Length of loans % Repayment made on time
- Total amount repaid
- Total amount of arrears
- Time taken for loan to be disbursed
- Time taken for application process
- Success rate of application
- Referral pathway numbers into NILS and out of NILS

Milestones

NILS

1. Funding made available to delivery partner to administer loans. Take up monitored and further engagement with frontline services to signpost residents to offer.
2. Using management information with our third party partner we will measure monthly number of loans being taken out – and usage for the loans if we can record it through survey data.
3. Customer satisfaction when using the service, through a satisfaction survey after submission and 6 months after dispersal.
4. Number of loans being repaid and the time frame for that – i.e., are they within the original agreed timeframe or later, measured as part of our management metrics.

Community Banking

1. Design and implement a benefits checking tool that can be used in the loan application process.
2. Design and launch product aimed at those outside of their current risk appetite.
3. Launch savings encouragement scheme and engage with rejected loan applicants in order to build credit score and enable future lending.
4. Monitor achieved benefits – total amount saved, usage of benefits checking tool and higher risk loans administered.

Employment Support

Overall Responsible Officer: Strategic Head of Inclusive Economy, Employment and Skills

Detailed Spending Overview

Area	Description	Funding
Engaging those most in need through outreach and community partnership capacity building	Alongside the wider community outreach and campaign, the Work and Skills team will conduct targeted outreach to engage harder-to-reach communities with high levels of unemployment and low pay – delivering pop up shops across the borough, partnering with at least 10 faith groups to deliver workshops/coffee mornings, and improving referral pathways with other council teams and community partners – with incentives for residents to engage with courses/employment workshop in their wards (such as interview clothes, first month travel, food vouchers while waiting for first pay cheque)	200k
Improving the quality of jobs available by increased employer engagement	Supporting local employers to attract and retain more employees by improving pay, job security and flexibility at work – making work attractive for the residents as an immediate response to the cost-of-living crisis	150
Green Economy and Energy Awareness	Supporting residents with the changes in energy prices, direction of travel for green energy and overarching aim of support into employment in the sector – by delivering National Energy Awareness courses	100
Digital inclusion expansion	Engaging those experiencing digital inequality with first steps to accessing technology to take up wider life skills	90
Increased skills for life and career development and progression	The ability to be able pilot new programmes to support residents struggling with cost-of-living crisis at different times – budgeting courses, understanding shopping choices, bank accounts and financial health – connects with digital skills above and wider ComSol work via HamHub	125
Project research and evaluation	Research to better understand underlying issues affecting high unemployment and low engagement with employment support, alongside a review of these initiatives to assess effectiveness, sustainability and opportunities to scale up	50
	Total	715,000

Detailed outcomes

	<u>Key Activities</u>	<u>Outcomes and Benefits</u>	
<p style="text-align: center;"><u>Area</u></p> <ul style="list-style-type: none"> • Targeted outreach including incentives for residents to engage £150k • Community partnership capacity building £50k • Increased employer engagement £150k • Green Sector £100k 	<ul style="list-style-type: none"> • Provide IAG, action plans and employment solutions, targeting long-termed unemployed and those recently impacted by Covid-19 • Set up various outreach locations in shop fronts and the markets to ensure that those residents who do not usually engage with Council services are reached – 2 temporary members of staff to work nomadically around the Borough • Working with community faith groups, voluntary and community partners for residents to access education and employment support via coffee mornings, events and integration – Marketing/Advertising, Supplies, room rental/incentives • Ensuring more of the jobs available meet local needs for flexible working by supporting local employers to foster more flexible recruitment practices – 2 Employer Engagement Officers • Extend the current support for residents around green industries pathways to employment (currently due to close in December 2022) • Expand delivery of National Energy Awareness courses to help residents understand cost saving methods in regard to energy efficiency. 	<p style="text-align: center;"><u>Outcomes and Benefits</u></p> <ul style="list-style-type: none"> • 500 new residents engaged specifically focusing on those who have been identified as hardest to reach and most affected by the cost-of-living crisis via Borough Data Explorer and local data from E+S. Include Ben Cap residents, LTU, EI, underemployed and low paid and cohorts – Returners, Health Conditions and low skills. • Partner with at least 10 community / faith groups to carry out engagement and create new referral pathways • 100 new employers engaged who agree to foster flexible recruitment practices • Support at least 50 residents into Green Sector Employment • Assist at least 500 residents onto an energy efficiency awareness sessions 	<p style="text-align: center;"><u>Exit Strategy</u></p> <p>Employment contracts will be fixed term and will be terminated, and/or up for review for other funding streams. This builds immediate capacity with the opportunity to source longer term funding where needed. Secondments could be offered for speed.</p>

Detailed outcomes (continued)

Detail

- Digital inclusion expansion **£90k**
- Increased skills for life and career development and progression **£125k**
- Project evaluation **£50k**

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Key Activities

- Engaging those experiencing digital inequality with first steps to accessing technology to take up wider life skills
- The ability to pilot new programmes to support residents struggling with cost-of-living crisis at different times (rolling programmes responsive to resident's demand not at prescriptive enrolment times)
- Research to better understand underlying issues affecting high unemployment and low engagement with employment support, alongside a review of these initiatives and partnerships to assess effectiveness, sustainability and identify opportunities to extend and scale up

Outcomes and Benefits

- 18 lower-level digital skills-based "life skills and employment" programmes which will aid ability to search for both work and life-based needs specifically for those unable to use/access IT/Internet – helping approx 200 residents
- Increased footfall to website and on to Job Shop and Employment Support provision – unlimited
- Residents able to complete application forms online and become more self-sufficient – unlimited
- 250 new learners engaged on skills for life courses around food choices, budgeting, understanding cost of living and money saving techniques as well as short basic skills courses
- Utilise findings from these projects to feed into a wider strategy around poverty and growth and seek funding to continue on successful areas of improvement

Exit Strategy

Employment contracts will be fixed term and will be terminated, an/or up for review for other funding streams. This builds immediate capacity with the opportunity to source longer term funding where needed. Secondments could be offered for speed

Risk and Opportunities

Risk area	Description of risk	Risk impact	Impact level	Risk mitigation
Target groups fail to engage	Target groups have multiple complex barriers and historically have failed to engage with services or feel that they cannot progress. Lack of engagement will significantly impact targets.	Outputs and Targets	Significant	This project will have a key focus on engaging with groups facing multiple barriers to work and understanding and addressing the factors that may prevent them from securing employment.
Employers fail to engage	Reputation damage and timescale of delivery would also be impacted here. If engagement with employers becomes difficult or they fail to embrace the overall ethos of what is trying to be achieved, the opportunity for new vacancies or improving the career aspirations and earning potential of existing employees will be significantly impacted. This will impact various elements of the project	Outputs and Targets	Significant	Expanding the offer to employers to show the value in engaging with the service such as wider partnership forums and business groups. Wider engagement across other areas if needed
Partners and community/ faith groups fail to engage	Difficulties in partner engagement, leading to missed opportunities to cross refer and connect the offer with skills and training opportunities as intended	Outputs and Targets	Significant	Discussions with potential partners around business needs and supportive measures. Collaborations and incentives. Arranging events and ongoing marketing as required
Locations become unavailable	Utilising both community partners, and other council spaces, pop ups and market stalls as well as coffee shops and public spaces could become a risk if the spaces are unavailable, rented out or unsuitable	Capacity	Low	Currently, LBBD hold 17 community-based locations in which delivery can take place. If these were to become unavailable, then alternative resources would need to be utilised

CABINET

20 September 2022

Title: Review of School Places and Capital Investment – Update	
Report of the Cabinet Member for Educational Attainment and School Improvement	
Open Report	For Decision
Wards Affected: All Wards	Key Decision: Yes
Report Author: Andrew Carr Group Manager School Investment, Organisation and Admissions	Contact Details: Tel: 020 8227 2254 E-mail: andrew.carr@lbbd.gov.uk
Accountable Commissioning Director: Jane Hargreaves, Commissioning Director Education	
Accountable Strategic Director: Elaine Allegretti, Strategic Director, Children and Adults	
Summary	
<p>This report provides an update on the forecast demand for education places across the Borough's Schools and education settings. It gives a flavour of the impact on demand across nursery, mainstream and special schools, and units in the borough. The detail in the report about demand for school places is based on a recent exercise which has been completed. The data has been used to inform the Department for Education (DfE) of the trends and impacts on demand for school places at local level.</p> <p>The report sets out some changes to the programme of investment currently approved by Cabinet, as the forecast has identified where funding secured from Government grant needs to be invested. Furthermore, it provides details of new grant allocations from the DfE.</p> <p>Finally, the report provides information on a consultation of school admission arrangements where there are no proposed changes.</p>	
Recommendation(s)	
The Cabinet is recommended to:	
<ul style="list-style-type: none"> (i) Note the actions being taken by officers to identify additional school places across the Borough to meet further demand pressures and the ongoing discussions relating to future provision in the Council's Local Plan; (ii) Approve the proposed changes and allocations of funding as set out in paragraphs 6.2 and 6.3 of the report, to support the provision of new places and improvements; (iii) Delegate authority to the Strategic Director, Children and Adults, acting on advice from the Procurement Board, to approve the final procurement strategies for Additional Resource Provisions referred to in section 6 of the report; 	

- (iv) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Education Attainment and School Improvement and the Chief Legal Officer, to conduct the procurements and award the respective project contracts; and
- (v) Note that in accordance with the School Admissions Code 2021, a six-week public consultation was undertaken on the Council's intention to continue with its existing school admission arrangements for 2023/24 and no adverse comments were received.

Reason(s)

The decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and support the intention of the Council's Vision and Priorities, including encouraging civic pride, enabling social responsibility, and growing the Borough, and delivering the ambition for excellence in education set out in our Education Strategy.

1. Introduction and Background

- 1.1 It has been the practise for the last ten years to provide Cabinet with regular information on the forecast demand of pupil numbers in Barking and Dagenham. This is important as the Council has a statutory obligation to provide a suitable school place for every child who lives in the Borough and wants to attend school here.
- 1.2 The reports have also covered details of how it is intended to meet rises in demand and discussions with both schools and Academy operators which support the future provision of school places.

2. Update on Pupil Numbers and Capacity for September 2022

- 2.1 The need exists to review information which supports the forecast for pupil numbers as this helps to have a dialogue with Central Government about the level of support needed to meet the obligation to provide school places. It has led to an improved working relationship with sections of the Department for Education in certain areas and consequently has been beneficial to local residents in helping to respond to demand. Every Summer, the Council's Education team makes a data submission showing, by locations across the Borough, where there is likely to be a need for new places based on the projected rise in expected pupils. This could be, for example, to provide support to reflect new home building as part of a wider network of funding for place making, and particularly for designating suitable spaces for schools.
- 2.2 To ensure that there are sufficient high-quality places to meet current and future demand for mainstream and specialist places for pupils with Special Educational Needs (SEND), intelligence led forecasting takes into consideration the following factors.
 - Numbers of pupils currently in the Borough;
 - GLA data including population, migration and birth numbers;
 - Transition rates from birth to Reception age five years later;

- New housing proposals as advised in the Local Plan Review and planning applications received for proposed housing developments;
- Historical data and trends such as migration patterns and those pupils who live in the borough but choose schools outside;
- Internal knowledge of recent population fluctuations in particular the impact of population movements into and out of the Borough.

2.3 The information described above is submitted in an approved format to the DfE on an annual basis. Subsequently, in a spirit of collaborative working, officers have discussed the data and the outputs with officials from the DfE Place Planning Team and agreed the interpretation. There is little immediate need for additional places in the next two years; however, beyond that we need to be prepared to open new places to respond to the growth in new homes in the Borough. As there is a time lag between planning places and securing funding and building new school facilities, the Council's Education team will be focusing on some specific projects to have places ready for future children. For example, a new school is planned to start in construction which will need to open in 2/3 years' time – Greatfields Primary – as part of the Gascoigne Regeneration project.

2.4 In the past 15 years, the Borough has seen its pupil population rise from 31,421 pupils in May 2007 to today where it is now stands at 44,639 pupils. This was originally driven by the changing demographics in the Borough such as the average age of the population reducing and migration from inner London. The current position is that the Borough has the largest proportion of 0–15-year-olds (27%) as its population when compared to London average 20%. In short, this means LBBDD has a higher number of its population attending school than the average of other London Boroughs.

2.5 The ambition set out in the Local Plan for increasing the number of new homes in the next 15 years will see the number of pupils proportionately increase, as reported to Cabinet in July 2021. This forecast based on 35,000 new homes could be an increase of 30,000 pupils.

3. Current demand for Special Educational Needs and Disabilities (SEND)

3.1 Numbers of Pupils with SEND are growing exponentially in terms of the proportion of the pupil population and severity of their disabilities. The summer 2021 census indicated that there were 1,667 pupils with an Education Healthcare Plan (EHCP) who were allocated across the following provisions below.

Make Up of Provision

	Total Numbers	%
Special Schools	491	29%
Additional Resource Provision (ARPs)	341	20%
Mainstream Schools	625	37%
Out of Borough Schools	210	13%
Total	1667	100%

3.2 This number has increased and there are now 1,854 pupils with an EHCP which equates to 4.2% of the population compared to the London average of 3.7%. The

demand is placing an unequitable strain on suitable placements being found along with the right support these pupils need. The revised forecast based upon this growth is shown on the table below.

Educational Health Care Plans in Barking & Dagenham

	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/22 (provisional)	3-year average (2018/19 to 2020/21)
Total	914	974	1,050	1,123	1,255	1,389	1,854	1,256
Annual Increase		60	76	73	132	134	465	113
EHCP %	2.2%	2.4%	2.5%	2.7%	3%	3.3%	4.2%	3%

In effect this means the data shows that between 2015/16 and the current year 2021/22 the numbers of pupils with EHCPs has increased 91%, and in particular over the last year the numbers have risen by 27%.

- 3.3 There are two new SEND schools being procured by the DfE which will provide much needed additional facilities in the Borough. Pathways, who are currently operating from the City Farm site on a temporary basis, will move to their permanent location in South Dagenham once the building has been constructed. This is due to commence in summer 2022, having recently secured planning approval. The second school, Oxlow Bridge, will be constructed on the former Pondfield site. Scheme development and procurement are underway and the DfE plan to commence construction in January 2023 with an opening of September 2024.
- 3.4 However, the Council needs further capacity, both short and long term. The above projects were originally approved by the DfE in 2018 but struggled to secure suitable sites. Council officers approached The Partnership Learning Trust, who operate the Riverside Special School, to ask if they would consider expanding their provision by 90 places commencing in September 2022 (30 places initially). The Trust welcomed the proposals to meet the demand and submitted a business case to the DfE which was approved. The provision will be located on part of the City Farm site where the Council will provide a lease and undertake some adaptations to the building in readiness for September 2022.
- 3.5 The Council needs further additional capacity in a specialist setting such as expansion of the special schools and creation of ARPs which are specialist units within mainstream schools to support pupils with SEND. Cabinet approved the setting aside of funding from DfE allocations to create additional places to support pupils with SEND in ARPs in schools Cabinet 13 July 2021, minute 24.
- 3.6 In addition to the growth in the numbers of pupils with an Education Health Care Plan, there are an increasing number of pupils who need to have an element of support in their mainstream school for part of the week. Schools have been very receptive to ensuring that pupils remain in their mainstream school and this positivity means that, collectively, pupils' education can be maintained with some support to ensure that they can withdraw at certain times, for example providing a specific space with designated teacher and/or non-teaching staff. In adopting this strategy, it is intended to give the early intervention needed.

4. New Grant Allocations for 2022

- 4.1 The Department for Education (DFE) announced in April 2022 its grant allocations to Councils which included Basic Need, School Condition grant and High Needs Provision.
- 4.2 The Council has received £5,754,079 School Condition grant for 2022/23 to invest in the maintenance of school buildings. Of this funding, £566,417 is called devolved Capital funding which will be distributed to schools so they can undertake small investment projects themselves.
- 4.3 In addition, the Council has received an allocation of £5,949,069 for 2022/23 and £5,609,695 for 2023/24 for High Needs Provision Projects. This funding will be used to create additional specialist SEND places such as the Riverside Special School expansion, new ARPs and finally to rebuild and expand Mayesbrook Pupil Referral Unit (PRU).
- 4.4 The Council did not receive a Basic Need allocation for 2023-24 and 2024-25. This is due to the fact that there are a number of DfE approved school projects in the pipeline which will be delivered under the Free Schools Programme. This includes Fords View, Beam Park, Mallard Primary, Barking Riverside and Beam High in South Dagenham.

5 Reducing Energy Consumption In Education Buildings

- 5.1 As part of the work being commissioned within Education for the school estate each year, a priority list of schemes are identified of the most urgent need for major repairs or to update facilities. It has been reported previously that there is an approx. £50m backlog of repairs and because the age of a sizeable number of buildings on school sites are similar the progress about updating the school estate and keeping buildings modernised is difficult. At present, we are dependent on receiving annual capital grant funding from Central Government to support any works in Council-owned and operated school buildings, and there are a number of pressures for use of the funding.
- 5.2 A good example of the fortuitous design is that several schools were fitted with oversize pipework when they were constructed, as this has meant that hot water systems in those schools continue to function despite the build-up of residue inside the pipework.
- 5.3 Examples of works undertaken at schools over recent years to improve fuel efficiency are:
 - Removal of lightweight temporary buildings being replaced with bricks and mortar as part of our expansion programme;
 - Replacement boilers, small, multiple, efficient units that work sequentially thus reducing wear and tear and providing for one-off replacement while avoiding full shutdown, rather than relying on one or two large boilers;
 - Replacement windows with improved energy efficiency.

- 5.4 In the work we have commissioned on behalf of the DfE to construct Greatfields Secondary School, the building has been insulated to a more effective level and the system for heating and cooling is by way of air source heat pumps. It is intended to replicate the use of this technology when the Greatfields Primary School is constructed during the next year. This raises the effectiveness of the heating and cooling system. It has been necessary to contribute from other grant funding the Council has received from the DfE to create school places.
- 5.5 Thinking about the available funding, maintaining the functioning school estate and trying to address deficiencies, together with investing in improved energy efficiencies which would need to include rethinking the school estate in terms of existing design, new insulation, outer coverings and whole new internal fit out the cost would exceed £100m. At the current rate of investment, all funding for 26 years would need to be committed and realistically the school estate and functionality of the building would not survive the starvation of investment needed to maintain the capital repairs.
- 5.6 In addition to these projects and in view of the Council's net zero carbon ambition 2030, we have commissioned a pilot dining hall project to determine what zero carbon heating looks like for an older education building. Carrying out a project like this will help us to identify schemes' issues for future projects.

6. Current position regarding capital funding for meeting Basic Need (New School Places)

- 6.1 By Minute 24 (13 July 2021), Cabinet approved the allocation of funding as follows:

Budget indicated available as at July 2021, to be allocated as follows:	£14,852,237
<i>Item 1:</i> Conduct discussions and design investigations to assess the feasibility of expanding an existing special school.	£100,000
<i>Item 2:</i> Provision of a replacement ARP (Additional Resource Provisions) building at Monteagle Primary.	£1,500,000
<i>Item 3:</i> Develop ARP provision at a number of mainstream schools.	£1,000,000
<i>Item 4:</i> Cost of Additional Classroom space at Mayesbrook Park School	£300,000
<i>Item 5:</i> Cost of continuing to provide improvements to mainstream schools to support the curriculum especially where schools have been previously expanded, or where the implications of Covid have caused particular issues.	£2,000,000
Retained basic need funding held as a contingency	£9,952,237

- 6.2 Subsequently the major impetus has been to secure suitable places in schools to accommodate pupils with additional needs. These have been a priority as, without various building adjustments, some pupils may have been unfairly excluded. This has meant that some of the projects shown in 6.1 above have not been progressed as quickly as might otherwise had been hoped. Progress on each aspect is as follows:

Item 1: As previously referred to, two new special schools are being provided by the DfE - Pathways at New Road, Dagenham, and Oxlow Bridge on the former Pondfield Depot in Wantz Road, Dagenham. These facilities will help to address some of the urgent need as some pupils currently in ARPs will receive a designated space at these two schools. The pressure in terms of place demand does appear to be at the older age range now and officers are exploring ways this might be addressed with school operators. Further work is also underway in this area and in particular, the expansion of Riverside Bridge onto part of the City Farm school site. The Trust, together with the Council, are preparing a business case to the DfE for expansion. If approved, the intention is that the Council will provide a lease to part of this site to facilitate the expansion.

Item 2: The proposal at Monteagle has currently been met using existing accommodation as the numbers of pupils in the locality of the school have reduced temporarily. It will be necessary to review this position each year and to address the need for replacing any lost school places in a timely manner. A feasibility study will be completed in readiness for when school places are required. An issue has been identified in terms of sufficient dining accommodation at the school which needs to be addressed. It is proposed to use £1.2m of the funding set aside for the school to resolve this and to complete the separate feasibility study above. The balance of funding will be placed in the Basic Need reserves funding.

Item 3: The funding set aside for new or improved ARPs at schools has supported 10 projects and has significantly supported pupils towards an improved education experience. This work needs to continue at further schools this year because of the increased demand set out in section 3.2 above. See below for suggested additional funding of £1m from the current grant fund received from DfE

Item 4: A discussion and review is currently being undertaken with the Headteacher of Mayesbrook Park School and some work is being planned to support the necessary site improvements to make one of the sites more functional. It is proposed that additional funding of £100k be allocated from the current grant fund received from DfE.

Item 5: There has been support for 7 projects at schools, the type of work needed at schools has been to provide additional science facilities as students have sought to increase the opportunity for studying exams at higher level in the sciences. A further example is the need to increase external useable space for dining reflecting the difficulties of the numbers of pupils in dining spaces particularly in the current Covid pandemic.

6.3 A new allocation list has been designed as follows:

Retained Basic Need funding held as a contingency	£8,867,731
Continue the development and refurbishment of ARP provisions at a number of mainstream schools, increased funding	£1,000,000
Cost of Additional Classroom space at Mayesbrook Park School, increased funding	£100,000
Adjustment following the Roding Primary fire settlement	£490,095

JRSC Science classrooms	£1,250,000
Monteagle budget reduction	-£300,000
Revised Retained Basic Need funding	£6,327,637

- 6.4 In addition to this funding we have current schemes identified in the Capital programme which includes a sum of £7m set aside to increase the number of school places in Chadwell Heath. The timing of this project will need to be determined once we have improved information about the progress of the development of new homes in the locality. There may need to be a number of issues addressed using this funding at a few existing schools and this will be assessed once information is available.
- 6.5 The reduction of retained basic need funding from the July 21 Cabinet report of £9,952,237 to £8,867,731 is due to a number of current projects which have seen their costs rise due to increased material costs and inflation.

7. Options Appraisal

- 7.1 The agreed investment strategy (see Future Planning Programme to meet Basic Need [including SEN places] 2019 to 2027 Cabinet 21 January 2020) is firstly to expand provision on existing school sites as far as practicable to meet local demand on a forward looking basis (i.e. to seek value for money solutions which have longevity); secondly to seek and build on sites in areas of demand in Council or other public ownership that are suitable for development as a school and which also offer value for money and longevity; then subsequently to support those external providers that have access to further capital funding and are capable and willing to provide high quality inclusive education places that comply with the Council's Admissions Policies.
- 7.2 The variables that influence the delivery of this strategy are: demand fluctuations; the willingness of governing bodies to accede to expansion plans; funding limitations; cost variances – specific to sites and timescales to achieve cost efficient / competitive prices often in short timescales.
- 7.3 Options exist for any specific scheme and are explored to ensure that the overall strategic outcomes sought are achieved in the most beneficial way being economic and appropriate for the school. Other overall strategies e.g. to rely on outside providers to meet the prospective short fall of school places would not be effective on their own: timescales and speed of reaction are too short.

8. Consultation on School Admission Arrangements 2023/24

- 8.1 In accordance with the School Admissions Code 2021, the admission arrangements must be consulted upon at least every seven years. This is even if there are no proposed changes. It is a requirement that any proposed changes to admission arrangements are consulted on to a date schedule set by the Department for Education.

- 8.2 Academies, including free schools, voluntary aided and foundation schools are also required to consult if they intend to change their admission arrangements. The local authority will respond to those consultations, ensuring they are in accordance with the Admissions Code.
- 8.3 Although there were no proposed changes to our current admission arrangements, following the code we undertook a consultation period which ran from 20 December 2021 and closed on the 31 January 2022. Here a full copy of the consultation document was published on the Councils website and included a response form. All Barking and Dagenham Schools, neighbouring Local Authorities, interested bodies were contacted. The Councils communications team published the consultation information in the Councils Newsletter so to reach local residents and families.
- 8.4 Historically the consultation exercise has previously received a low response rate. In 2011 we received 69 replies and in 2015, 16 replies. For this consultation no replies were received. One possible reason for this is that we were not seeking to change anything and or families are either in agreement with the current admissions process or had no strong views as it is more likely that consultees who disagree would record their views.

9. Consultation

- 9.1 These proposals are not Ward specific. There has been consultation with a range of officers throughout the Council in order that appropriate matters are considered including financial, legal, procurement and others mentioned in section 12 of this report.

10. Procurement Implications

Implications completed by: Euan Beales – Head of Procurement and Accounts Payable

- 10.1 The spend detailed in the report will be procured in line with legislation at the time of the procurement and in line with the Council's Contract Rules and governance processes.

11. Financial Implications

Implications completed by: Anmol Mahmood, Capital and Investment Monitoring Officer

- 11.1 This report provides an update on projected pupil numbers and planned place provision for the upcoming year but also longer term projections, along with the known resources available to support this provision.
- 11.2 There will be increasing numbers of school pupils in the borough over the next 15 years due to housing developments. The report also highlights the demand for special educational needs and sets out the options that are being reviewed.
- 11.3 The allocations in section 6.3 are fully grant funded and will have no additional financial implications for the Council.

- 11.4 Any major risks, issues or overspending that becomes apparent will be monitored, managed, and reported on as part of the Council's normal quarterly capital monitoring process.

12. Legal Implications

Implications completed by: Kayleigh Eaton, Senior Solicitor, Contracts and Procurement, Law & Governance and Lindsey Marks Deputy Head of Law

- 12.1 Any procurement carried out must comply with the Council's Contract Rules and the Public Contracts Regulations 2015 (the "Regulations") where the contract has a value in excess of procurement thresholds set out in the Regulations.
- 12.2 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.
- 12.3 The report author and responsible directorate are advised to keep the Council's Legal team fully informed at every stage of the proposed tender exercises. The team will be on hand and available to assist and answer any questions that may arise.
- 12.4 Local authorities have legal duties to identify and assess the special educational needs of children and young people for whom they are responsible. Local authorities become responsible for a child or young person in their area when they become aware that the child or young person has or may have special educational needs and the local authority must ensure that those children/young people receive support to help them in "achieving the best possible educational and other outcomes".
- 12.5 Each local authority is required to publish a Local Offer detailing relevant information about all the services and support it expects to be available for children/young people with special educational needs and/or a disability for whom they are responsible. The Local Offer must set out what the local authority expects in terms of support provided by schools/colleges, educational health and care provision, training provisions, transport arrangements from home to school/college and support for preparing the young person for adulthood and independent living. The local authority has a duty to secure sufficient school places which applies to all children, including those with SEND.

13. Other Implications

- 13.1 **Risk Management** - The provision of school places is a matter which is directly identified in the Corporate Risk Register and listed at Corporate Risks 31 – Provision of School Places. An assessment of specific risks is set out below:

Risk that funding levels will not be sufficient to meet demand to create new education places needed - This risk is high impact (4) and medium (3) probability = 12 red. This risk is being managed by purchasing the most affordable accommodation which is system build where possible. Post control the risk is high impact (4) and low (2) probability = 8 amber.

Risk that funding levels will not be sufficient to create suitable new school places - This risk is high impact (4) and high (4) probability = 16 red. This risk is being managed by purchasing the most affordable accommodation, which is system build, and blending it with site specific proposals. Post control the risk is high impact (4) and low (2) probability = 8 amber.

Primary and Secondary schools: risk that site availability would prevent delivery of school places in the areas where demand is highest - This risk is high impact (4) and medium (3) probability = 12 red. This risk is being mitigated, as far as practicable, by expanding all available sites in high demand areas, and reviewing other buildings for potential school use. Post control the risk is still high impact (4) and medium (3) probability = 12 red.

Risk that the cost of the rate of deterioration of the school estate will outrun the funding available to maintain it - This risk is high impact (4) and high (4) probability = 16 red. This risk is being mitigated as far as practicable by lobbying DfE for improvements in funding. Post control the risk is high impact (4) and medium (3) probability = 12 red.

Risk that final costs will be higher than estimate costs - This risk is high impact (4) and high (4) probability = 16 red. This risk is managed through monthly finance meetings and initial planning figures that architects and schools are asked to work within being set below the highest estimate to allow for unforeseen challenges.

- 13.2 **Contractual and Procurement Issues** - It is anticipated that projects will be procured through options related either to the Local Education Partnership or through the Council's Framework of Contractors or other national or local frameworks which are accessible to the Council to secure value for money. It is a requirement of the grant funding to achieve value for money and demonstrate that all procurement options have been evaluated.

Legal, procurement and other professional advice will be sought regarding the appropriate procurement routes and contractual agreements to procure and secure the individual projects. All procurement activity will be conducted in compliance with the Council's Contract Rules and EU Legislation. The procurement routes will be approved at Procurement Board which will consider a report from Education Commissioning about a procurement strategy based on a project basis. This will ensure that Value for Money is tested.

Projects will be subject to the Capital Appraisal Process and the agreement of the Procurement Board to progress schemes.

- 13.3 **Staffing Issues** - There are no specific staffing issues although the growing demand for school places will create additional opportunities in schools for both teaching and non-teaching staff.
- 13.4 **Corporate Policy and Equality Impact** - The decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and support the intention of the Council's Vision and Priorities, including encouraging civic pride, enabling social responsibility, and growing the Borough. It is part of the mitigation of Corporate Risk 31 – Inability to Provide School Places.

The short-term impact of the recommendations for the coming year would be positive for customers on all counts of: race, equality, gender, disability, sexuality, faith, age and community cohesion. The longer-term outlook is unlikely to be positive on the proposed funding levels as it will be difficult to address need on current budget levels.

- 13.5 **Safeguarding Adults and Children** - Adoption of the recommendations in the short term would contribute to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure children's facilities are provided in an integrated manner, having regard to guidance issued under the Childcare Act 2006 in relation to the provision of services to children, parents, prospective parents, and young people.
- 13.6 **Health Issues** - The health and wellbeing board and JSNA highlight the importance of investing in early intervention and education to support children's and young people's long-term wellbeing. The evidence and analysis set out in Fair Society, Healthy Lives (Marmot Review) has been developed and strengthened by the report of the Independent Review on Poverty and Life Chances. The reports draw attention to the impact of family background, parental education, good parenting and school-based education, as what matters most in preventing poor children becoming poor adults. The relationship between health and educational attainment is an integral part of our Health and Wellbeing Strategy. At this point there is no need to change the focus of the Health and Wellbeing Strategy as a result of this report. Healthy Schools funding is to be welcomed.
- 13.7 **Crime and Disorder Issues** - Appropriate consideration of the development of individual projects will take into account the need to design out potential crime problems and to protect users of the building facilities.
- 13.8 **Property / Asset Issues** - This proposed decision would facilitate the improvement and renewal of Council assets.

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

List of Appendices: None

CABINET

20 September 2022

Title: Proposed Purchase of Maritime House Office Building, Linton Road, Barking	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open report with Exempt Appendices 1, 3, 4 and 5 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Wards Affected: Abbey	Key Decision: Yes
Report Author: Jonathan Langham, Head of Commercial Development, Be First	Contact Details: Tel: 07812 965342 E-mail: jonathan.langham@befirst.london
Accountable Director: Ed Skeates, Director of Development, Be First	
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance & Investment	
<p>Summary</p> <p>An off-market opportunity to purchase the freehold investment of Maritime House has been presented to Be First and the Council. The purchase would ensure that one of the borough's best office buildings would be retained for office use as well as providing a redevelopment opportunity in the medium / longer term.</p> <p>The clear medium-term redevelopment potential is consistent with the mandate of the Public Works Loan Board solely for purchases in-borough with regeneration outcomes.</p> <p>The site is immediately adjacent to Roycraft House, which is also owned by the Council and let to Make it London for a period of 10 years. Accordingly, if Maritime House was purchased and operated as an office investment for a 10-year period the Council would be able to formulate comprehensive redevelopment proposals for both sites in the intervening period to ensure that a quality development was provided in future years.</p>	
<p>Recommendation(s)</p> <p>Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the purchase of the Maritime House site, Linton Road, Barking, as shown edged red in the plan at Appendix 2 of the report, in accordance with the draft Heads of Terms set out in Appendix 3 to the report; (ii) Authorise the Strategic Director, Finance & Investment, in consultation with the Chief Legal Officer, to enter into all necessary legal documents to finalise the transaction in accordance with the draft Heads of Terms. 	

Reason(s)

To assist the Council to achieve its priorities of “inclusive growth” and “well-run organisation” by protecting valuable office accommodation and providing an opportunity to promote a mixed-use redevelopment in the longer term.

1. Introduction and Background

- 1.1 Maritime house is a 10-storey office block constructed in the 1970s providing approximately 53,000 sq. ft (NIA). It benefits from on-site car parking which is barrier controlled. The building has an appearance of its age, however internally it has been maintained to a good standard with a recent refurbishment of the reception area.
- 1.2 Given the scarcity of office accommodation in the borough which has, in part, been accelerated by permitted development rights to convert offices to residential use, the building has, in recent years, had a good level of occupancy and there has been growth in rental levels. The building is almost exclusively occupied by public sector organisations with strong covenant strengths, which include:
 - London Ambulance Service NHS trust
 - Department Work and Pensions (via a Head Lease from Instant Offices)
 - Be First Regeneration Limited
- 1.3 The building has been owned by the CEG group for a number of years by means of a long leasehold interest. CEG have recently secured the reversionary freehold interest, so the site is sold as an income generating freehold investment. Appendix 4 sets out the building’s current tenancy schedule and Appendix 5 is a valuation undertaken by Wilks Head on behalf of the Council - these documents are in the exempt section of the agenda as they contain commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. Current Position and Proposal

- 2.1 The building’s owners had engaged DTRE to market the property but have confirmed it will provide the Council with an exclusive position until the Cabinet meeting in September to complete on a purchase. Terms have been agreed to purchase the freehold interest in accordance with the terms set out in Appendix 3, which is also in the exempt section of the agenda as it contains commercially confidential information.
- 2.2 Most of the existing leases expire in 2028 providing approximately six years of fixed income. However, a number of leases are subject to tenant break clauses providing an average lease term until break of 3.9 years. The DWP lease has a break in 2024 and Victim Support are holding over with a likely term extension to April 2023. In the current office market, it is rare to have lease terms longer than five years. Therefore, the relative shortness of the term is not a fundamental concern.

- 2.3 Be First has recently served notice on its 9th and 10th floor lease and will vacate on 11 December 2022, at which point this space will be vacant. The terms agreed with Make it London for the occupation of their fifth floor means that Be First can reduce its overall occupational costs over a 5 and 10-year period.
- 2.4 Whilst there is likely to be a void in the re-letting of the 9th and 10th floor at Maritime House, the Valuation set out in Appendix 5 supports the proposed purchase price. Provision will be made for MRP assuming the building has a potential lifespan of 30 years. This will reduce the cash flow income but will also, over time reduce the level of debt on the asset. This will enhance options for redevelopment in future years as the 'book value' of the asset based on the level of outstanding debt will have been reduced. In accordance with the convention adopted elsewhere on the purchase of property investments, the margin between the net income received and the loan cost is attributed to the Be First dividend target.
- 2.5 A number of the floors have been let since 2019 and achieved new headline rents. For example, the Be First letting in 2017 achieved a rent of £19 psf. Lettings in 2019 and 2021 have achieved £27psf. The valuation at Appendix 5 confirms the forecast rental projections relative to the proposed purchase price.

Planning Considerations and future redevelopment outlook

- 2.6 The site will be held in its current employment/office use for at least another 10 years. The site has future redevelopment potential for either a residential or mixed-use scheme.
- 2.7 Given its location next to other Council owned assets (Roycraft House and London Road Car Park) there is the possibility of bringing forward the site in isolation or as a comprehensive redevelopment.
- 2.8 The site is located within Barking Town Centre and the River Roding Transformation Area. The Local Plan seeks development proposals to provide comprehensive mixed-use development of retail, cultural and community uses alongside office and residential development.
- 2.9 The Local Plan protects office floor space in accordance with Policy E1: Offices of the London Plan. This defines Barking Town Centre as Category C: Protect small office capacity, where these centres show demand for existing office functions, generally within smaller units. Given current planning policy while a mixed-use scheme including some small office provision would be preferable, if evidence regarding the lack of demand for office space is provided a primarily residential scheme could also be justified.

3. Options Appraisal

- 3.1 The following options are available to the Council:
- 3.2 **Option 1: Do nothing** - The site owners are about to actively market the building as a short-term income opportunity with medium-term development potential. The marketing details include a schematic for a residential scheme of approximately 210 units with no replacement office accommodation. Therefore, if the council do not purchase the site there is a strong likelihood that the office floor space will be lost

soon after the current leases expire (2028), and the building will be demolished and replaced with a residential tower block.

- 3.3 Whilst the loss of office accommodation is a material planning consideration that must be addressed with market evidence supporting a lack of demand this situation can easily be manufactured by presenting existing and incoming tenants with unattractive terms. There is now little office accommodation in Barking and the loss of this building is likely to result in a further reduction in pedestrian footfall in the town centre associated with office workers using town centre facilities at lunchtime and throughout the day.
- 3.4 The cost impacts of revised EPC standards for office lettings will be a disincentive for investors to retain office buildings if they can be converted or redeveloped for residential use. There are cost/ benefit exemptions that might mitigate the needs to undertake costly alterations. Given recent structural shifts in the office market driven by the recent Covid pandemic it is likely that the demand for office accommodation will decline over time. However, left to the private sector it is unlikely that new office accommodation will be re-provided which will over time erode the economic diversity of Barking town centre. Therefore, it is considered that an intervention to purchase is justified.
- 3.5 **Option 2: Be First remain in occupation at Maritime House** - The opportunity to purchase the freehold of Maritime House came forward after the proposal to occupy Roycraft House had already been approved by the Be First board. Consequently, notice has been served to terminate the Be First lease as of 11th of December. If the Council purchases the freehold this position could be reversed, and the rent paid by Be First to the landlord (LBBB assuming a purchase is forthcoming) could be repatriated to the Council as revenue.
- 3.6 However, occupation of Roycraft presents a lower cost opportunity for Be First and under pins the Make It business case for a workspace facility. Therefore, it would be better to secure an alternative occupier of the vacant floor space at Maritime House at a potentially increased rent to further improve the income return on Maritime House. Accordingly, it is recommended that Be First continue with its planned occupation of Roycraft House and that the vacant accommodation on the ninth and 10th floor is relet to a third party at a commercial rent.
- 3.7 **Option 3: Purchase Maritime House (Recommended)** - This is the recommended approach to provide the Council with a positive income return which is attributed to the Be First dividend target after an allowance for MRP. A purchase will ensure that valuable office accommodation is protected in the short to medium term and that the Council can comprehensively plan for the redevelopment of both Roycraft House and Maritime House in the longer term to provide a mixed-use neighbourhood that will generate sustainable patterns of development and sustain other facilities in the town centre. Ownership will also give LBBB control over relocating other council occupiers as part of any wider accommodation review.
- 3.8 **Option 4: Encourage a third-party to purchase the site and secure similar regeneration objectives** - Based upon the marketing details prepared by DTRE it is evident that the site is most suited for redevelopment purely for residential uses therefore any likely private sector purchaser will pursue the short-term demolition of the building and its replacement with a residential tower block. Unless a third party

with social value aspirations can be identified it is unlikely that a mixed-use scheme will be delivered by the private sector. Even if planning requirements require evidence of a lack of demand for office accommodation it is anticipated that this evidence could be prepared relatively easily (give the likely cost of complying with revised EPC standards and the ongoing maintenance of the building) and undermine any aspiration to retain a significant element of office accommodation in any redevelopment scheme.

4. Consultation

- 4.1 The proposals in this report were discussed with the relevant Cabinet Member on 16 August 2022 and have also been considered by the membership of the Investment Panel.

5. Commissioning implications

Implications completed by: Shanaaz Carroll, Interim Head of Commissioning and Place

- 5.1 The proposed purchase is adjacent to Roycraft House and the London Road car park that are both owned by the Council and will form a redevelopment site in the medium term, when the Roycraft lease to Make it London, a workspace provider, expires in 2032. Maritime House is the best quality office accommodation in Barking and the proposed purchase will ensure that the office accommodation is retained until comprehensive redevelopment proposals have been developed.
- 5.2 If the site is not purchased there is a risk that the site will be developed for predominately residential uses that will displace the current commercial uses that have a strong synergy with other nearby town centre uses enhancing the vitality of the town centre. Therefore, the purchase will provide the Council with better control over the future re-development of this key site to ensure that eventual uses maximise their proximity to other town centre uses and public transport facilities.
- 5.3 Therefore, the proposal is considered to be supportive of the wider Inclusive Growth strategy.

6. Financial and Investment Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 The detailed financial implications are included in Appendix 1 of this report, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

7 Legal Implications

Implications completed by: Dr Paul Feild, Principal Governance & Standards Solicitor

- 7.1 This report proposes as the preferred option the acquisition of Maritime House at Linton Road Barking. The site is not yet on the open market so the sale will be by

private treaty. The actual acquisition will be under conditions set by the heads of terms as in Appendix 3. There is currently in existence a long leasehold and the freehold interest. The landlord interest will be as a going concern which is beneficial for VAT purposes. The Council will acquire both interests and merge them, but its ability to use the building will be subject to the existing leases to the current commercial tenants which it will take over as landlord.

7.2 **Vires** - The Council has the power to acquire land for its functions by virtue of Section 120 Local Government Act 1972. To promote the delivery of the potential development opportunity it can utilise the general power of competence in section 1 of the Localism Act 2011 which provides sufficient power for the Council to participate in the transaction and enter into the various proposed agreements, further support is available under Section 111 of the said Local Government Act 1972 which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

7.3 **Investment Aspects** - In exercising the power of general competence and in making any investment decisions (to the extent that any aspect of this transaction is considered to involve investment decisions), the Council must have regard to the functions for the purpose of which it is exercising the power, must act reasonably and also have regard to the following:

- Compliance with the Statutory Guidance on Local Government Investments (the Statutory Guidance).
- Fulfilling its fiduciary duty to taxpayers.
- Obtaining best consideration for any disposal.
- Compliance with Section 24 of the Local Government Act 1988 in relation to giving financial assistance to any person (which either benefits from a general consent or requires express consent by the Secretary of State)
- Compliance with any other relevant considerations such as state aid and procurement.

The implications are that there is a responsibility on the Council to actively management and review its investment strategy and the underlying assets themselves. This is because the Council is under a Best Value duty under the Local Government Act 1999 to pursue continuous improvement and ensure value for money.

7.4 **Subsidy and State Aid** - As local government is an emanation of the State, the Council must comply with treaties, laws and regulations regarding state assistance as now set out in the Subsidy Control Act 2022. This means that local authorities cannot subsidise commercial undertakings or confer upon them an unfair economic advantage unless within defined exceptions. This report does not identify any specific aspect of the proposed acquisition that is other than an arm's length commercial transaction between the Council and Vendor, thus this arrangement satisfies the requirement it is on market terms.

7.5 **Human Rights** – As the proposal as described does not seek the use of compulsory purchase powers or displacement of any residents there does not appear to be

critical risks associated with a Human Rights Act challenge, nevertheless, matters should be kept under review in case such considerations should arise.

8. Other Implications

8.1 Risk Management

8.2 The key risks relating to the project are as follows:

Property Management and Service charge recovery - The principal reason for Be First servicing notice to vacate Maritime House is the high cost of the service charge amounting to approximately £10 psf. The combination of rent and service charge means that Maritime House is a relatively expensive form of accommodation. Due diligence is being undertaken but it is understood that all the existing tenancies are subject to a service charge demand that recovers all of the landlord's costs of running the building. It is understood that only Be First negotiated a cap on the service charge contribution meaning that the landlord had to fund the unrecovered cost of the service charge which amounted to approximately £8,000 per annum.

It is unlikely that the service charge costs of Maritime House can be lowered given the age of the plant and machinery within the building. Therefore, care will be needed in providing attractive lease terms to ensure full-service charge recovery at the same time as achieving commercial rental levels. Given the paucity of good quality office accommodation in Barking and a continued level of demand from the public sector it is likely that income levels and service charge recovery will be sustained.

A firm of building surveys has been appointed to review the fabric of the building and provide a commentary on key maintenance issues to ensure that a sufficient service charge budget is maintained. Proper control on the service charge budget will ensure occupational costs remain reasonable and the buildings occupancy levels can be maintained.

The impact of minimum energy performance standards - All commercial lettings over 50 Sqm for a term of two years currently need an EPC rating greater than level E by 2023. In 2027 it is proposed (the Government White Paper) that the EPC standard will be increased to level C and to a B in 2030. This is likely to result in a significant proportion of the stock of office accommodation in Barking, and the UK as a whole, becoming obsolete. This will further reduce supply and increase rents. As such whilst there is likely to be a cost impact in upgrading office accommodation to achieve an improved EPC rating this will be balanced by increased rents being achieved on the remaining stock. Currently three are three floors (3rd, 4th and 6th) that have a C or E rating. The rest of the building has a B rating. An allowance has been made for improvement works and will be reviewed in the light of more detailed surveys.

In order to better assess the impact of the shift in minimum EPC rating a condition survey is underway to determine the costs of achieving a C and B rating to ensure that a sufficient budget can be set aside for these works. This is likely to relate to more energy-efficient lighting and the upgrade of air conditioning systems to remove gas heating.

Increased levels of vacancy and falling income - It is difficult to predict levels of occupier demand in the short to medium period. However, the evidence from Maritime House suggests it continues to be a popular location commanding increased rental levels. The impact of changes in minimum EPC ratings is a clear risk that can be mitigated by determining likely costs for remedial works and ensuring that the accommodation continues to be cost effective for its occupiers. This might require a review of the provision of heating and cooling solutions.

There is a paucity of good quality accommodation in Barking, and it continues to be a cost-effective substitute to adjacent centres such as Stratford. The 9th and 10 floor will become vacant in December 2022, the 3rd floor in April 23 and potentially DWP might break in 2024. In this worst-case scenario this would amount to 50% of the floorspace being vacant. However, rental evidence suggest that this would provide an opportunity to increase rents at each lease event that are phased over a 3-year period that will further improve the income return. Initial discussions are already underway with an office leasing agent to market test the demand for the 9th and 10th floor.

Increased costs impacting on longer term development potential - Based upon current lease terms and opportunities for a comprehensive redevelopment this is likely to take place beyond a 10-year time horizon. Therefore, it is difficult to project anticipated costs. However, the council will have the opportunity to postpone redevelopment by elongating the buildings use as an office investment. The council has previously been successful in accessing grant funding to pursue economic and social objectives. An element of the refurbishment works on Roycraft House were included in the current levelling up bid for Barking town centre. Accordingly, there will be opportunities in the forthcoming period to review the schemes longer term viability.

Public background papers used in the preparation of the report: None

List of appendices:

Appendix 1: Financial and Investment Implications (exempt document)

Appendix 2: Site Plans

Appendix 3: Heads of Terms (exempt document)

Appendix 4: Sales Details (exempt document)

Appendix 5: Wilks Head Valuation (exempt document)

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

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Site Plan

Maritime House, Linton Road Barking

Site measurements approximate and subject to confirmation of title



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

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of the Local Government Act 1972.

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CABINET

20 September 2022

Title: Proposed Purchase of the Edwards Waste Site, Gallions Close, Barking	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open report with Exempt Appendices 1 and 3 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Wards Affected: Thames View	Key Decision: Yes
Report Author: Jonathan Langham, Head of Commercial Development	Contact Details: Tel: 07812 965342 E-mail: jonathan.langham@befirst.london
Accountable Director: Ed Skeates, Director of Development, Be First	
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance & Investment	
Summary	
<p>Authority is sought to purchase the Edwards Waste Site on Gallions Close that lies within the Thames Road regeneration area. The purchase of this site will enable the cessation of its current challenging environmental use and will assist in the delivery of housing units consistent with the emerging Thames Road development strategy on this site and adjacent land already owned by the Council. The site is at the eastern end of Thames Road, adjacent to a school site, which is allocated as entirely residential in the emerging Thames Road masterplan.</p> <p>Appendix 2 identifies the site which extends to approximately 1 acre and is adjacent to the former Medina Dairy, which is now owned by Inland Homes. The former dairy site extends to approximately 1.65 acres and Inland Homes have submitted an application for its redevelopment to provide up to 231 residential units. Adjoining the Inland site is 3 Gallions Close. The 1-acre Lithuanica site was acquired by Be First for LBB in 2019 and is subject to a sale and lease back in the short term.</p> <p>Any applications for residential use on these sites will have to demonstrate that the adjacent Edwards Waste transfer site, which creates challenging environmental issues in terms of noise and odour, will either cease operation prior to occupation or other mechanical ventilation solutions are provided capable of mitigating the environmental impact.</p> <p>Edwards Waste have now found a suitable relocation site in Dagenham Dock (the CSM site) and are seeking to dispose of its Gallions Close site for them to relocate to Dagenham Dock.</p>	

<p>This is a significant opportunity to remove the current use at Gallions Close without the need to invoke a compulsory purchase order where it would be necessary to pay additional statutory compensation and associated time delays.</p>
<p>Recommendation(s)</p> <p>Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the purchase of the Edwards Waste site, Gallions Close, Barking, as shown edged red in the plan at Appendix 2a of the report, in accordance with the draft Heads of Terms set out in Appendix 3 to the report; and (ii) Authorise the Strategic Director, Finance & Investment, in consultation with the Chief Legal Officer, to enter into all necessary legal documents to finalise the transaction in accordance with the draft Heads of Terms.
<p>Reason(s)</p> <p>To assist the council to achieve its priorities of Inclusive Growth and Well-Run Organisation with the acceleration of housing completion units in the Thames Road regeneration area</p>

1 Introduction and Background

- 1.1 Thames Road is a well-established mixed-use regeneration area where new residential uses and intensified commercial uses are proposed to improve the environment and better link Thames View with the Barking Riverside redevelopment area further to the south. The aim is to create a more integrated community with access to improved public transport (the rail link to Barking Riverside as well as riverboat services on the Thames) and community facilities including the new Barking Riverside district centre and leisure pool.
- 1.2 The Council has prepared and consulted on a draft master plan for Thames Road. The draft master plan proposes that the Gallions Close area falls within the residential zone. Other parts of the masterplan area are proposed for mixed uses with commercial use at ground floor with residential above.
- 1.3 Inland Homes have contributed towards the cost of the draft master plan and have already purchased two sites on Thames Road namely No 7 Thames Road which benefits from a resolution to grant permission for approximately 131 residential units and 15,000 sqft of commercial floor space.
- 1.4 Inland have also purchased the former Medina Dairy and submitted a planning application for up to 231 residential units. This scheme is broadly acceptable to the Council, but there are concerns about implementation whilst the Edwards Waste site remains in operation. Whilst there may be a technical solution to control odour levels this is likely to result in a sub optimal solution having a depressing effect on residual values and the environment generally. While Inland might progress an appeal on the basis of a technical solution to the odour issue if consent is not granted, the ongoing Edwards operation will continue to have a depressing effect on values and the amenity of the area generally.

- 1.5 Edwards Waste have now found a suitable relocation site in Dagenham Dock and have outlined terms for the Council to purchase their site.
- 1.6 In combination the site together with the adjacent Lithuanica site that has already been purchased by LBBD will provide a sizeable development site that will enable the Council to provide new residential units consistent with the draft master plan. Whilst there continues to be a further commercial use nearby, the Marwood's plant depot, this use is relatively benign in terms of its environmental impact and is likely to come forward for redevelopment in due course. Therefore, it is considered that the three proposed sites (namely the Lithuanica site already owned by LBBD and the purchase of the Edwards Waste site and the Inland Homes site) will enable the earlier delivery of new housing units. Negotiations are ongoing with Inland on the purchase of the former Medina Dairy site at a price point that reflects Inland's lower construction cost and the betterment created by the removal of the Edwards Waste challenging environmental use.
- 1.7 Legal advice has been sought from lawyers GWLG to determine how a contract could be entered into with Inland for it to provide turnkey product at its lower price point at the same time as extending this arrangement to the adjacent Edwards and Lithuanica sites. GWLG advise that a solution is capable of being drafted that still satisfies the Council's public procurement and best consideration rules (land is sold to Inland and they subsequently develop the site, and the completed product is purchased back as a turnkey). This would require its own Cabinet approval. Clearly the scale of the work stream for Inland will provide an opportunity for the Council to clawback the betterment value created by removing the current Edwards usage.

2 Current Position and Proposal

- 2.1 The proposed commercial terms for the purchase are set out in Appendix 3 to the report, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The detailed structure of the proposed transactions is shown below.
- 2.2 Edwards Waste will relocate their paper recycling and batching operation to a site in Dagenham Dock known as the CSM site that is currently used for archive storage (Appendix 4). Whilst terms are still in negotiation it is anticipated that the purchase price of the CSM site will be in the order of up to £8.5 to included stamp duty, VAT, legal fees and other professional fees associated with the transaction. This is subject to clarification of the site status as a transfer as a going concern. The cost of the decant site determines the sale price needed by Edwards Waste to facilitate the relocation.
- 2.3 In order for Edwards Waste to relocate they will need to secure a change of use for their proposed B2/ Sui generis waste operation as well as the relevant Environment Agency licence. This is likely to take between 12 to 18 months therefore they will stay in occupation at Thames Road until the necessary consents have been obtained. As outlined in Appendix 3, Edwards would occupy the site for a rent of £1 per annum in Year 1 and £250,000 in Year 2. Edwards Waste will then vacate the site and Be First would seek to secure planning permission for a residential scheme on both Edwards

Waste and the Lithuanica sites consistent with the adjacent Inland Homes scheme. Therefore, the site is likely to be vacant for a period of one or two years whilst planning permission for the development of the Edwards and Lithuanica sites are secured. During this time the site would be let for open storage if Edwards have already vacated.

- 2.4 There is an option for planning permission to be sought at the same time as the change of use and waste licences are being sought to foreshorten the development programme. The contract with Edwards will be drafted so that they have to vacate after a pre-determined long stop date so there is no risk in securing a residential planning permission in advance of them relocating.
- 2.5 Negotiations are ongoing to determine a sale and lease back rent whilst Edwards Waste are still in occupation for the intervening 12 to 18-month period whilst the necessary statutory consents are secured.
- 2.6 Given the potential un-certainties surrounding the detailed drafting of the contract an allowance for price re negotiation, the sale and lease back rent, stamp duty and fees are summarised in Appendix 3.
- 2.7 The upper threshold for the purchase price will be dictated by statutory compensation levels that would have to be paid if the Council were pursuing a compulsory purchase of the site that would include the cost of the relocation site, stamp duty, legal fees, business disruption, moving expenses and statutory loss payments.

3 Options Appraisal

- 3.1 The following options are available to the Council:
- 3.2 **Option 1: Do nothing** - Without the removal of Edwards Waste planning permission is unlikely to be granted for the adjacent Inland Homes scheme. There is a prospect that Inland might appeal demonstrating that a technical solution can address the noise and odour issues. Whilst this might result in consent being granted the ongoing odour and appearance issues of Edwards Waste will still have a depressing effect on values which will likely impact upon the scheme's likely implementation. Moreover, this will have consequences for the Council's existing Lithuanica site ownership potentially delaying or prejudicing its subsequent redevelopment. Also, if the site is acquired by another industrial operator (including another waste operator), then this may lock the site up for some time and further delay the regeneration of this section of Thames Road coming forward. This approach is therefore not recommended.
- 3.3 **Option 2: Seek enhanced GLA funding** - So far, only £11.3m of the £30m GLA grant for land assembly has been drawn down and the GLA has indicated no further advances will be considered until there have been further housing completions. Therefore, it is highly unlikely that the GLA will provide further grant for land assembly until further housing completions taking place, however all efforts will be made to seek an enhanced grant for affordable homes delivery calling on the £18m unspent Housing Zone grant.
- 3.4 **Option 3: Cross subsidise the Edwards Waste and Inland purchases from previous GLA grant and income generating assets to improve project financials** - The Investment and Acquisition Strategy imposes a 4% hurdle rate for

commercial projects. The proposed acquisition will not meet the threshold. It may be possible to transfer some or all of the £11.3m of GLA grant into this purchase to improve its metrics and give consideration for the income generated on other Thames Road assets. However, the overall effect of a cross subsidy will be neutral as there will be an equal and opposite impact on the performance of existing assets.

- 3.5 **Option 4: Adopt a Portfolio Wide Approach** - The regeneration of Thames Road is a long-standing Council objective. 12 Thames Road is now on site and in the wider area progress has been made with the letting and sale of the Welbeck site for a film studio and the construction of the multi-level Industria scheme on Creek Road. Accordingly, the Council is already invested in Thames Road and will secure the benefit of improved income returns and the density of development (generating improved Business rates and Council Tax income) over time. These returns will come but in the longer term and forms part of the Council social and environmental regeneration agenda.
- 3.6 Not acquiring Edwards Waste will clearly have a prejudicial effect on the Thames Road strategy which forms a key element of the Local Plan and presents the risk that it might be replaced by another equally unpalatable use having negative impacts on the adjacent potential development sites and the Riverside School. Given the long-term nature of the Thames Road scheme there will be opportunities to clawback the cost of the acquisition via improved build costs by utilising turnkey solutions and seeking S106 contributions for other developers as sites come forward for redevelopment for other community infrastructure. **This is the recommended approach.**

4 Consultation

- 4.1 Given the confidential nature of the acquisition, public consultation has not been undertaken although the draft masterplan has separately been subject to public consultation.
- 4.2 The proposals in this report were discussed with the relevant Cabinet Members on 15 August 2022 and have also been considered by the membership of the Investment Panel.

5 Commissioning implications

Implications completed by: Shanaaz Carroll, Interim Head of Commissioning and Place

- 5.1 The proposed purchase lies in an established regeneration area and will assist in the implementation of the draft master plan and emerging local plan to introduce mixed uses to Thames Road. In particular the site is adjacent to other emerging mixed use proposals and land already owned by the Council. So the assembly of this site in the context of adjacent sites will facilitate a comprehensive approach. The current waste operation is prejudicial to the objectives of the draft masterplan and its continued operation will impede the speed and quality of any eventual redevelopment. Therefore the planned purchase provides a significant opportunity for the Council to have greater control in the area with the aim of securing a comprehensive treatment.
- 5.2 Therefore, the proposal is considered to be supportive of the wider Inclusive Growth

strategy.

6. Financial and Investment Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 The detailed financial implications are included in Appendix 1 of this report, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

7 Legal Implications

Implications completed by: Dr Paul Feild, Principal Governance & Standards Solicitor

- 7.1 This report proposes as the preferred option the acquisition of the site known as the Edwards Waste Transfer site at Gallions Close. The objective of the Thames Road master plan of regeneration of the area has the contingency of the presence and use of the waste transfer station not being conducive to a residential development. The actual acquisition will be under the heads of terms as set out in Appendix 3.
- 7.2 **Vires** - The Council has the power to acquire land for its functions by virtue of Section 120 Local Government Act 1972. by promote the delivery of the development utilising the general power of competence in section 1 of the Localism Act 2011 which provides sufficient power for the Council to participate in the transaction and enter into the various proposed agreements, further support is available under Section 111 of the Local Government Act 1972 which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
- 7.3 **Investment Aspects** - In exercising the power of general competence and in making any investment decisions (to the extent that any aspect of this transaction is considered to involve investment decisions), the Council must have regard to the functions for the purpose of which it is exercising the power, must act reasonably and also have regard to the following:
- Compliance with the Statutory Guidance on Local Government Investments (the Statutory Guidance).
 - Fulfilling its fiduciary duty to taxpayers.
 - Obtaining best consideration for any disposal.
 - Compliance with Section 24 of the Local Government Act 1988 in relation to giving financial assistance to any person (which either benefits from a general consent or requires express consent by the Secretary of State)
 - Compliance with any other relevant considerations such as state aid and procurement.

The implications are that there is a responsibility on the Council to actively management and review its investment strategy and the underlying assets themselves. As the Council is under a Best Value duty under the Local Government Act 1999 to seek continuous improvement and value for money, there will be

occasions when disposal of assets is the right investment decision, particularly where they will deliver a strong positive rate of return

7.4 Subsidy and State Aid - As local government is an emanation of the state, the Council must comply with laws and regulations regarding State Aid as now set out in the Subsidy Control Act 2022. This means that local authorities cannot subsidise commercial undertakings or confer upon them an unfair economic advantage unless within a defined exception. This report does not identify any specific aspect of the proposed acquisition, which is other than a commercial transaction, thus this arrangement satisfies the requirement it is on market terms. Furthermore, in the event that there are harmful residues present on the Site, there are certain grants to remediate contaminated land for housing.

7.5 Human Rights - As the scheme as described does not seek the use of compulsory purchase powers or displacement of any residents there does not appear to be critical risks associated with a Human Rights Act challenge, nevertheless, matters should be kept under review in case such considerations should arise.

8. Other Implications

8.1 Risk Management

Risk	Description	Mitigation
Transactional	Matter do not progress, and the purchase prices increases	The contract negotiations are competed quickly with an undertaking to meet the legal costs of the third parties given the time needed to secure cabinet approval. An allowance is made for price re-negotiation to ensure that matters can be completed quickly when the terms of the CSM deal are fully understood subject to approval by the S123 officer.
Contamination	Increased cost arises from adverse ground conditions	A suitable allowance is made for site remediation based on previous experience on Thames Road with a contingency for the complexities imposed by a waste operation
Income	Construction of the proposed residential units cannot take place as the scheme is not viable	Explore turnkey opportunities to minimise build costs, optimise the tenure profile and the potential for increased commercial floorspace to improve viability. Maximise short-term letting income by clearing the site for open storage use.
Vacant possession	Edwards fail to relocate if the CSM site falls away	The contract is drafted to require Edwards to relocated after a period of 24 months either to the CSM site or another site as might be identified.

8.1.1 The key risks surrounding the planned purchases are as follows:

Speed of Transaction and Exclusivity - Edwards Waste have been searching for a decant site for some considerable time and a suitable site has now been found which is immediately adjacent to their existing facility at Dagenham Dock and larger than their current site. Therefore, this proposal is attractive to them. Whilst there is a slight price difference (18%) between the decant site and the value of the Gallions Close

site this is not significant in relation to the costs that would normally be incurred in relocating an existing operational business. If the Council were pursuing a compulsory purchase of the Edwards site it would have to pay statutory compensation as well as the cost of a new site, stamp duty, legal costs, moving costs and business disruption. If an alternative site could not be found it would have to extinguish the business and pay compensation for the loss of the business's income. The proposed acquisition will achieve the removal of the Edwards site for an overall lower cost in a shorter period.

Therefore, it is important that the transaction can be completed quickly given that the council would only be able to commit to a transaction following Cabinet approval. Therefore, it is proposed that Be First will provide an undertaking on legal fees and other transaction cost for Edwards Waste to a cap of £30,000. Moreover, to ensure that the CSM opportunity is not lost a similar undertaking will be provided to CSM so that they provide an exclusive position to Edwards Waste to complete on the purchase agreement in the period to the September cabinet.

Contamination - The ground conditions on Thames Road are well known to the council given the extensive development programme currently in hand. Accordingly appropriate allowances will be made in the future redevelopment contract sums to account for known and unknown ground conditions.

Interim income - Due diligence is being undertaken to determine if there is a valid occupational lease in place on the Edwards Waste site that will provide interim income. If this is confirmed VAT will not be paid on the purchase price. Depending upon the overall viability of the proposed redevelopment scheme (for the combined sites of Edwards Waste and Lithuancia) using either the council's existing contractor framework or via a turnkey solution there may be an opportunity to secure further short-term income by letting the site for open storage during the intervening period whilst planning permission and tendering of the construction works is undertaken.

Vacant possession - This cannot be achieved on the Edwards Waste site until they have secured planning permission on the CSM site for their planned operation. This is likely to take between 12 and 18 months and has been included in the proposed long stop date in the purchase contract. A proposal has been made by the Be First planning consultancy team to assist in securing the relevant planning permission in order that the consultation with the GLA in relocating an established waste operation is fully understood in the context of the proposals for a mixed-use regeneration on Thames Road. The sale contract will include a long stop date so that Edwards Waste would have to vacate the site even if it had not secured the relevant consents.

Public background papers used in the preparation of the report:

- Inland Homes' Gallions East Pre-Application Document (October 2021)
(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12606&Ver=4>)

List of appendices:

Appendix 1: Financial and Investment Implications (exempt document)

Appendix 2a & b: Site Plans

Appendix 3: Draft Heads of Terms (exempt document)

Appendix 4: CSM Site Details.

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

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Site Plans

Sites In Gallions Close Thames Road

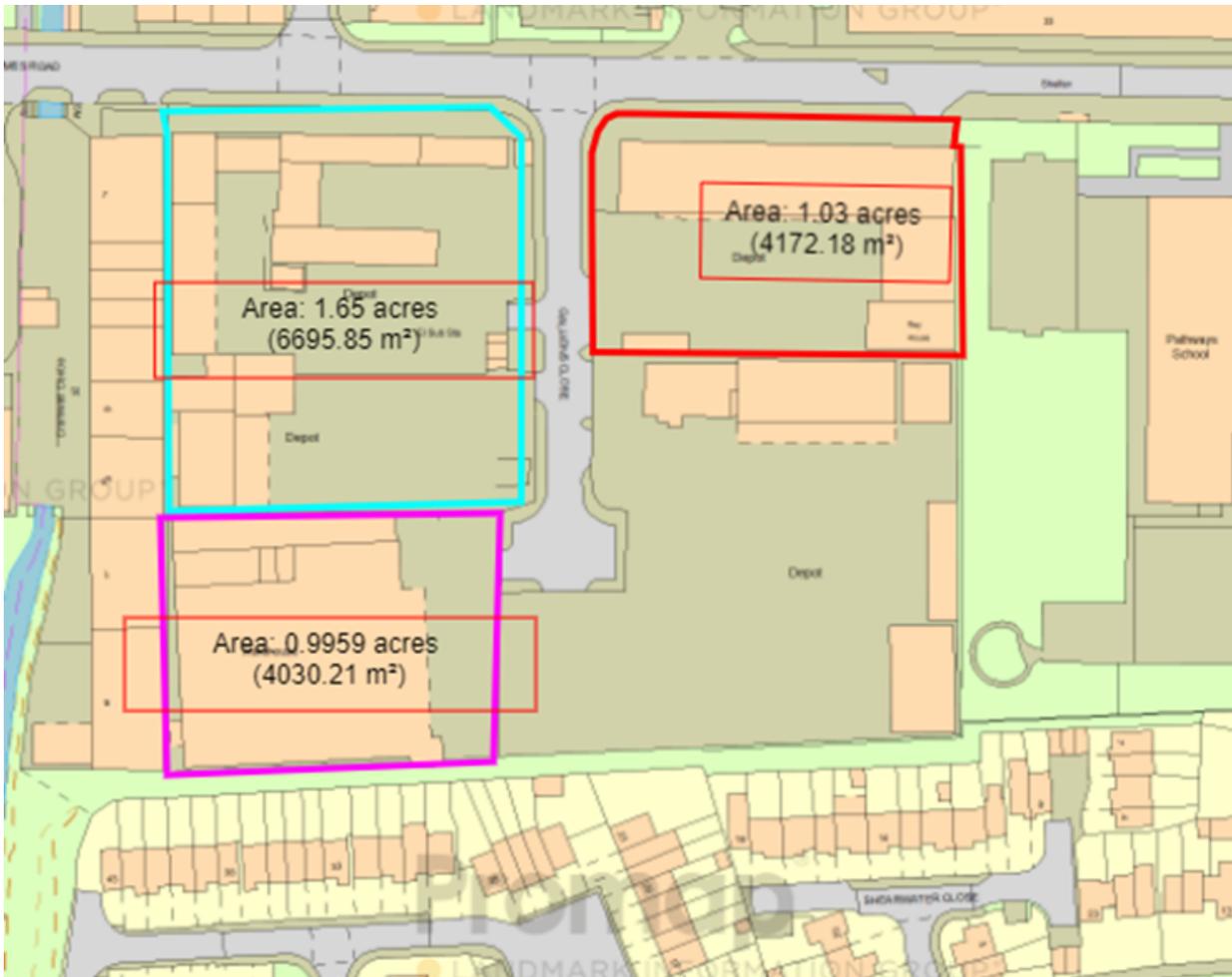
Key

Red – Edwards Waste

Purple – Lithuanica (LBBB)

Blue – Former Median Diary (Inland Homes)

Site measurements approximate and subject to confirmation of title



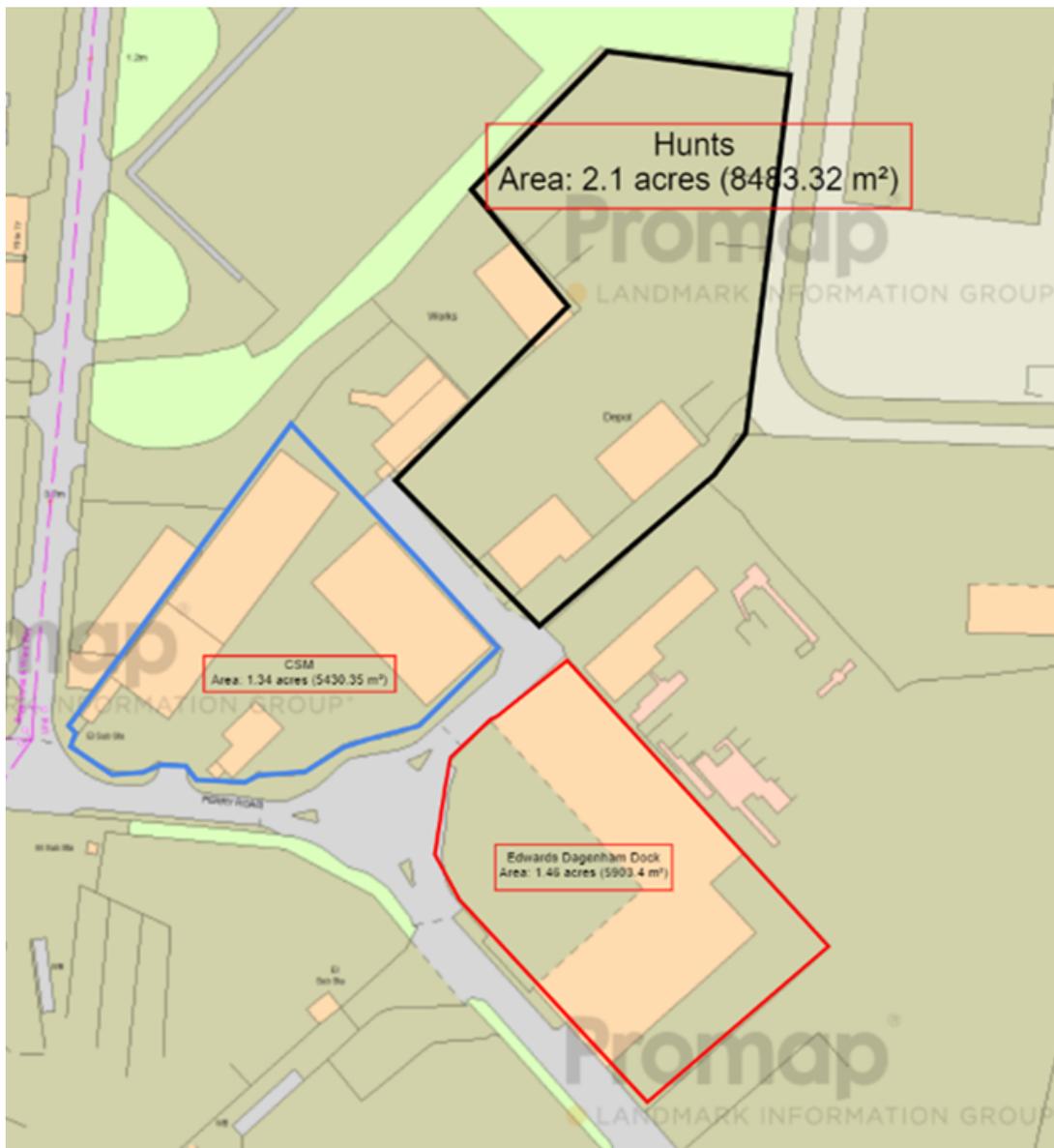
Sites In Dagenham Dock

Key

Red – Edwards Waste existing facility

Blue – CSM Site proposed decant site for Edwards Waste

Site measurements approximate and subject to confirmation of title



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

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Chequers Lane, Dagenham, Essex RM9 6PR

Light industrial / warehouse accommodation
extending to 24,464 sq ft

- Self contained secure site or 1.38 acres
- Concrete surface
- 6.5m minimum eaves height
- 3 Phase power supply
- Roller shutter loading access

Page 195

Location

The property is located on the eastern side of Chequers Lane in an established industrial area, south of the A13 dual carriageway. Road communications are excellent, with the A13 offering swift access to the A406 (North Circular Road), Docklands and the City to the west and junction 30/31 of the M25 motorway to the east.

Description

The site extends to 1.38 acres and houses 3x light industrial units. Each unit is of frame construction and benefits from a minimum eaves height of 6.5m, loading doors and 3 phase power supply. Additional portable buildings are situated on the site and provide office accommodation.



Chequers Lane, Dagenham, Essex RM9 6PR

Accommodation

The premises have been measured in accordance with the RICS Code of Measuring Practice on a gross internal (GIA) basis as follows:

Floor	Sq Ft	Sq M
Warehouse 1	4,746	440.9
Warehouse 2	9,127	847.9
Warehouse 3	10,591	983.9
Total	24,464	22,710.71

Terms

The freehold of the site is available with vacant possession. Alternatively, the vendor may consider leasing the site as a whole. Quoting prices and terms available upon request.

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Location Map



Business Rates

The rateable value for the site is £169,000. Interested parties should contact the London Borough of Barking and Dagenham to ascertain the rates payable for the current financial year.

Energy performance certificate

An EPC has been requested and will be available shortly.

Next steps...

For further details on these and many other available properties please contact:



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Nowsher Alam

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East London Office

Call: 020 3141 3500

**Unex Tower, 5 Station Street, Stratford
London, E15 1DA**

14-Jun-2022

AE001170

CABINET

20 September 2022

Title: Draft Chadwell Heath Transformation Area Masterplan Supplementary Planning Document	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report	For Decision
Wards Affected: Whalebone, Valence, Chadwell Heath	Key Decision: Yes
Report Author: Jen Beresford, Planning Policy Officer	Contact Details: Tel: 07999028831 E-mail: jen.beresford@befirst.london
Accountable Director: Caroline Harper, Chief Planning Director, Be First	
Accountable Strategic Director: Abi Gbago, Strategic Director, Inclusive Growth	
Summary	
<p>This report provides an update to the Cabinet on the Draft Chadwell Heath Transformation Area Masterplan Supplementary Planning Document (SPD) and seeks approval to progress the draft document through the necessary stages to statutory public consultation (anticipated to be undertaken over a 6-week period in Autumn 2022). Subject to the relevant approvals, the intention is to adopt this SPD alongside the adoption of the Local Plan.</p> <p>The London Borough of Barking and Dagenham Draft Local Plan 2037 was submitted to the Secretary of State for examination on 20 December 2021. The Local Plan outlines how the Borough's ambitious housing and employment targets will be met over the plan period and beyond, aided in part through the delivery of several transformation areas within the Borough including Chadwell Heath. This SPD provides more detailed supplementary guidance to developers, the local community and other interested stakeholders on how we envisage development in the Chadwell Heath Transformation Area coming forward over the new Local Plan period and beyond. Significant development proposals, including at the former Muller site, are already being considered by developers and so it is essential we are able to take this SPD to formal consultation later this year. Following consultation, it will gain weight as a material consideration in planning application decisions and therefore is able to influence the progression of the site in line with our objectives.</p> <p>The proposed timeline for this SPD is set out in the table below.</p>	
Stage	Proposed Dates
Cabinet	20 September 2022
Consultation period (6 weeks)	3 October – 13 November
Review responses and update SPD	December 2022

Adoption	Alongside Local Plan 2037 (date subject to progress at examination – current estimate early 2024)
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the Draft Chadwell Heath Transformation Area Masterplan Supplementary Planning Document, as set out at Appendix A to the report, for public consultation; and (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development and the Be First Chief Planning Director, to make any appropriate amendments to the document following public consultation, prior to its submission to the Assembly later in the year for formal adoption. 	
<p>Reason(s)</p> <p>Be First, on behalf of the Council, is creating a series of Masterplan SPDs for the transformation areas listed in Policy SPDG1 of the Draft Local Plan. A timetable for the Council to publish these SPDs is included in the recently updated Local Development Scheme, which sets out the intention to progress this document to formal consultation in the Autumn.</p> <p>This masterplan SPD is required to provide guidance for developers on emerging Local Plan policies and ensure that future development of the area is delivered to meet local needs, including new housing, renewed industrial floorspace and supporting infrastructure.</p>	

1. Introduction and Background

- 1.1 Supplementary Planning Documents provide guidance on policies set out in a Local Plan, such as site-specific information, or specific matters such as developer contributions. They provide a material consideration in planning decisions and are pivotal in helping to shape development in specific areas.
- 1.2 LB of Barking and Dagenham’s draft Local Plan outlines a target to build 44,051 new homes and create 20,000 new jobs over the next 20 years. The most significant levels of development within the Borough are outlined to take place in designated transformation areas, with more in-depth development frameworks required for each of these areas to shape how these targets will be met and the appropriate supporting social infrastructure can be provided.
- 1.3 The Local Plan has been informed by the Barking and Dagenham Industrial Strategy (2020) which is a boroughwide analysis of industrial land and buildings to provide a coordinated Industrial Land Strategy for Barking and Dagenham. It highlights that there is a preponderance of old, inefficient industrial usages, some of

which are derelict and obsolete and an undersupply of modern buildings and spaces. There is potential, therefore, for more efficient usage of land and the scope for newer, cleaner uses while also generating new jobs within the Borough.

- 1.4 The Local Plan's identified transformation areas are locations within the Borough that are likely to be subject to more extensive growth and development. One of these is the Chadwell Heath Industrial Estate, which has been recognised within the Local Plan for its potential for housing delivery, job creation and intensified industrial spaces. The Local Plan is also clear that a Chadwell Heath Transformation Area Masterplan SPD will be developed to provide further details and policy guidance to shape proposals in the area.
- 1.5 The Masterplan area itself is well located, with Whalebone Lane to the East and Chadwell Heath Station (and the new Elizabeth Line) to the West. In addition, the old Muller site is situated within it, offering potential for a significant amount of both innovative and intensified industrial floorspace and activities. The Chadwell Heath Industrial Estate is designated in planning policy as a Locally Significant Industrial Site (LSIS) and therefore predominantly industrial; however, the land is currently not well utilised and there is scope for industrial intensification alongside the introduction of other land uses, such as residential.

2. Proposals and Issues

Overview of the Masterplan

- 2.1 The image below provides an overview of the Masterplan approach, with paragraphs 2.3 – 2.12 addressing the content of the proposals in more detail.
- 2.2 The Masterplan proposals are also clear on the supporting infrastructure that will be required to accommodate the proposed growth in the area (as set out in more detail below) and planning applications will be assessed against this to ensure delivery. The full draft Masterplan SPD is attached at Appendix A.



Housing and Industrial Land

- 2.3 This Masterplan emphasises the importance of maintaining and developing a strong (and innovative) industrial presence in the area, whilst also dedicating a significant amount of land for housing to provide 3,500+ new homes. The proposals within this Masterplan seek to deliver jobs and economic growth in the area.
- 2.4 A key part of the proposal is the east-west predominant land-use split of the area, with the east side predominantly industrial and the west side predominantly residential. This takes into account the accessibility of Whalebone Lane for industrial occupiers, and Chadwell Heath Station for both new and current local residents.

Healthcare, Education and Social Infrastructure Provision

- 2.5 To support new development, the Masterplan sets out provision for a 1x8 Form Entry (FE) secondary school, and 2x3FE primary schools (one of which is to be co-located with the new secondary provision). These schools are located in the south-west of the site and situated within the predominantly residential area.
- 2.6 The Masterplan notes that future healthcare provision for the area is set out in the Infrastructure Delivery Plan and this is regularly reviewed. We are in ongoing discussions with NHS infrastructure colleagues on the healthcare provision needs of the Borough and we will continue to work with them to secure any necessary health provision for the Masterplan area.
- 2.7 The Masterplan notes that the Council will seek to ensure that a range of high-quality social and cultural infrastructure facilities are provided in appropriate locations throughout the Borough (as set out in the emerging Local Plan). The emerging Local Plan (currently at examination) and the emerging Planning Obligations Supplementary Planning Document (set to go to public consultation in September) provide more detailed guidance on the expectations and mechanisms for bringing forward community infrastructure in the Borough. The Masterplan also sets out detailed provisions for the public realm, including details on a range of public green spaces and community squares, and these are opportunity areas for social interaction and to bring the community together. As planning applications come forward for the area, we would expect to negotiate the associated infrastructure provision with the applicant.

Transport Infrastructure

- 2.8 There is a strong emphasis on sustainable travel, with proposals for a new green spine across the area, allowing more pleasant and safe pedestrian and cycle access to/through the area, and proposals for a new bus route.
- 2.9 New residential developments are expected to be made car-free with the exception of disabled parking and electric vehicle parking. This is in line with the London Plan 2021 and draft Local Plan. There will also be a reduction/removal of parking on Selinas Lane and Freshwater Road.

Play spaces, Parks and the Public Realm

- 2.10 Two new public squares are proposed (Market Square towards the centre of the area and Arrival Square towards the station).
- 2.11 A variety of new green spaces are set out across the residential parts of the Masterplan. These include three new main parks, pocket parks (including play spaces), and other private/semi-private green space amenities.
- 2.12 The Masterplan is clear that each development should develop connections within the wider Masterplan area as a whole, with key pedestrian routes and public open spaces connecting to one another.

Next Steps

- 2.13 This report is seeking Cabinet approval to progress the document to public consultation for six weeks from 3 October 2022 – 13 November 2022 in line with the Council's Statement of Community Involvement (SCI) Refresh 2019 (updated in August 2020).
- 2.14 As set out in the reasoning above, it is important that the timetable relating to the progression of this document to public consultation is met so that the SPD can be used to guide forthcoming development and help secure the associated mitigating infrastructure, as well as deliver on the regeneration aspirations for new homes, new jobs and good placemaking.
- 2.15 Following the statutory consultation period, Be First Planning Policy will review the representations made and prepare a final version of the Masterplan SPD. Any proposed changes will be discussed with, and approved by, the Strategic Director of Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development and Be First's Chief Planning Director, before being presented to Assembly for adoption alongside the Local Plan (currently estimated for adoption early 2024, but this is dependent on the speed at which it is able to progress through examination, which is at the Planning Inspectorate's discretion).

3. Options Appraisal

- 3.1 The options for consideration here were:
 - Do not bring forward a Masterplan for this area.
 - Bring forward a Masterplan for this area, but at a later date to align more closely with the Local Plan examination process
 - Bring forward the emerging Chadwell Heath Masterplan SPD for public consultation this year
- 3.2 The first option was not considered a viable approach as more in-depth supplementary planning guidance is required to guide the future development of this area as outlined in the emerging Local Plan. The second option, whilst possible, does not take into consideration the fact that individual site proposals are starting to be considered and brought forward by developers. In order to ensure the area secures the objectives set out in the Local Plan and by the Council, this Masterplan SPD is required to undergo a formal process of public consultation to gain weight in

planning application decisions within the area. While there has been some informal consultation to date, it is also important to give local communities, both working and residential, an opportunity to comment on and potentially shape the final Masterplan SPD.

4. Consultation

- 4.1 In preparing this SPD, the views of landowners, local residents, Council colleagues and other interested stakeholders have been taken into account. Following initial engagement with landowners within Chadwell Heath (at an organised event in 2020, pre-Covid), Council colleagues and others, an initial iteration of the Masterplan was produced. Further, we undertook informal consultation on the Masterplan in November 2021 for four weeks. We received 104 responses from a mixture of local residents, developers and statutory consultees.
- 4.2 The key concerns raised during this consultation related to the social and transport infrastructure provision that would need to be in place for such growth. Whilst these aspects had generally already been considered, it was acknowledged that they could have been made clearer in the document itself. The Masterplan accompanying this report has been updated to reflect this.
- 4.3 Further discussions also took place with Planning and Education colleagues at the Council, as well as with Councillor Geddes and (former) Councillor Carpenter. The actions from these discussions also related to social infrastructure (predominantly school location) and green space. In the latest version of the Masterplan, these issues have also been addressed.
- 4.4 In addition, Planning Committee members have been briefed on these proposals for information purposes, and the invite to this briefing was extended to Ward Councillors representing Whalebone, Valence and Chadwell Heath Wards. The proposals in this report were also endorsed by the Corporate Strategy Group at its meeting on 21 July 2022.
- 4.5 Noting that the transformation area borders the railway line and Network Rail has significant freehold land ownership to the North-West of the Masterplan area, Be First Planning Policy are also in ongoing discussions with Network Rail regarding the delivery of their land and protection of necessary railway infrastructure.

5. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 5.1 This report seeks approval of the Chadwell Heath Transformation Area Masterplan and the beginning of a public consultation on the Supplementary Planning Document. This work will be largely delivered by Be First. There is no additional Council funding for this so it is presumed it can be carried out within existing resources.
- 5.2 The Masterplan sets out the need for a range of social infrastructure and transport facilities. Some of these - health and transport - largely fall to the responsibility of other public bodies and the education provision is likely also to be independent of the Council (academy/free school) and, in any case, should be funded through the

Schools Funding formula. However, parks, public realm, environmental and community services will be provided by the Authority. The Council will receive additional income in the form of Council Tax and government grant/NNDR top-up from the new housing, but this may not be fully aligned with the cost of new services. Previously New Homes Bonus was intended to cover any timing gaps/shortfalls, but the future of this is uncertain and it is expected to be phased out. It will be important for the impact of new development to be carefully reflected in the Council's medium term financial strategy.

6. Legal Implications

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

- 6.1 The Planning and Compulsory Purchase Act 2004 (the "Act") required the Council to replace its Unitary Development Plan (UDP) with a Local Development Framework (LDF). As observed above the Chadwell Heath Masterplan Supplementary Planning Document is a key LDF document.
- 6.2 The Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2004 provide that adoption of LDF documents are not an Executive function, so the resolution to adopt LDF documents under section 23 of the Act must be carried out by the Assembly.
- 6.3 This report is proposing to recommend the Council enters the consultation stage and will follow the guidance by the Secretary of State in terms of community involvement.

7. Other Implications

- 7.1 **Contractual issues** – This SPD is required to provide supplementary planning guidance to the emerging Barking and Dagenham Local Plan 2037. It is outlined in the emerging Local Plan that a masterplan SPD on Chadwell Heath "will provide further details and policy guidance to shape proposals" for this transformation area.
- 7.2 **Corporate Policy and Equality Impact** – The planning policy team has undertaken a full Equality Impact Assessment as part of the new Local Plan Regulation 19 document, which this document supplements. The Council's Policy and Participation Officer has advised that a further assessment is not required for this SPD due to its supplementary status outside of the Development Plan, but separate EqIAs may be required for individual schemes when brought forward in future.

Public Background Papers Used in the Preparation of the Report:

[Regulation 19 \(2\) Draft Local Plan 2037](#)
[LBBB Infrastructure Delivery Plan 2020](#)

List of appendices:

- **Appendix A** - Draft Chadwell Heath Transformation Area Masterplan SPD

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CABINET**20 September 2022**

Title: Debt Management Performance 2022/23 (Quarter 1)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Stuart Kirby, Revenues Manager	Contact Details: E-mail: stuart.kirby@lbbd.gov.uk
Accountable Director: Stephen McGinnes, Director of Support and Collections	
Accountable Strategic Leadership Director: Judith Greenhalgh, Strategic Director of Community Solutions	
<p>Summary</p> <p>This report sets out the performance of the Revenues service in the collection of revenue and debt management for the first quarter of the financial year 2022/23. The report demonstrates that performance is becoming increasingly challenging as a result of the cost-of-living crisis.</p> <p>The report also proposes an amendment to the Council's uncollectable debts write-off arrangements to reflect the renaming of the Revenues and Benefits service to the Collections and Welfare service. The proposals are merely intended to reflect the responsibility changes at Head of Service level and do not vary the authorisation levels previously agreed by Cabinet.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the performance of the debt management function carried out by the Council's Revenues service, including the pressure on collection rates as a result of the cost-of-living crisis; (ii) Note progress of the £150 energy rebate distribution to residents and actions taken to ensure maximum uptake, as described in paragraph 3.5 of the report; and (iii) Approve the amendment to the Council's uncollectable debts write-off arrangements to reflect the renaming of the Revenues and Benefits service to the Collections and Welfare service, as set out in paragraph 11.4 of the report. 	
<p>Reason</p> <p>Assisting in the Council's Policy aim of ensuring an efficient organisation delivering its statutory duties in the most practical and cost-effective way. This ensures good financial</p>	

practice and adherence to the Council's Financial Rules on the reporting of debt management performance and the total amounts of debt written-off each financial quarter.

1. Introduction and Background

- 1.1. This report sets out performance for the first quarter of the 2022/23 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 that residents in receipt of Universal Credit increased in May 2022 for the first time March 2021. The Government have not yet released figures for June.

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
Apr-22	29,698
May-22	29,889

3. Council Tax

- 3.1. Council tax collection is 1.2% behind last year, this is the equivalent of £1.2m in delayed payment. Arrears collection is £90k behind last year.
- 3.2. This reduction is due to a number of factors
 - the cost-of-living crisis is making it increasingly difficult for residents to pay their council tax, particularly if they were already in arrears;
 - The £150 energy rebate currently being administered for the Government has added additional pressure on the collection service and contact centre;
 - The amount to be collected is increasing significantly as new properties are brought into the register;
 - The level of support able to be given through the council tax support scheme continues to reduce.
- 3.3. The cost-of-living crisis is placing an unprecedented level of financial pressure upon our residents. The level of financial support given to residents during this crisis is considerably less than that during the Covid-19 pandemic and there is no additional support for business.

- 3.4. To try and alleviate some of this additional pressure, adjustments have been made to the process of debt recovery allowing residents a longer period of time to pay. Previously, a reminder was sent 8 days after a missed instalment - this has been moved to the end of the month. This allows the resident a longer period of time to pay and means that they are less likely to lose their right to pay by instalments.
- 3.5. The Government's council tax energy scheme which gives £150 to all liable payers in bands A to D has resulted in circa 59,000 payments worth £8.7m, or 80% of those eligible as at the end of July. All residents that have not yet made a claim have been written to, hubs have been trained to assist those less able to use the internet and faith groups have been advised.
- 3.6. All payments must be made by the end of September. The application process is being closed at the end of August. Those that have still not claimed by the end of August will have the £150 applied to their council tax account.
- 3.7. The increase in the number of domestic properties has resulted in an increase in council tax charged. By the end of the first quarter this amount increased by £453k and is expected to continue to increase throughout the year. New residents will be given instalments to pay their council tax and so the percentage of collection will appear lower than 2021/22 where the increase was lower.
- 3.8. Council Tax Support (CTS) has reduced throughout the first quarter compared with an increase during the same period in 2021/22. At the end of the first quarter 2021/22, 12,140 working age residents had their council tax reduced via CTS, this is compared with 11,183 at the end of quarter 1 2022/23.
- 3.9. The number of working age recipients of CTS continues to reduce, and the amount of CTS applied to accounts has reduced by £300k by the end of quarter 1. The current scheme grants a maximum reduction of 75%. This means that a resident receiving the full 75% and living in a band C property with their family will be required to pay £396.63 per year, an increase of £16.06 compared with 2021/22.
- 3.10. Taking into account the increase in charges, the reduction in CTS and other smaller changes to discount and exemptions, the total increase in council tax to be collected in the first quarter is £843k.
- 3.11. Therefore, whilst an increase in the number of properties is of benefit to the Council in terms of council tax charged, the percentage of collection is lower when compared with the same period in 2021/22, and all the contributing factors detailed in this report should be considered.
- 3.12. Residents 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. Business rates collection is 1% above last year for the same period.
- 4.2. Grants to assist businesses finished in March 2022. With the exception of a 50% reduction for retail, hospitality or leisure, no further reliefs have been introduced.
- 4.3. Collection rates are slowly improving. However, they dropped significantly during the pandemic and many businesses received significant support packages from the Government.
- 4.4. The effects of the cost-of-living crisis and cessation of support packages is yet to be realised. However, this is being closely monitored and a supportive approach is and will be taken where required.

5. Rents

- 5.1. Rent collection is 0.36% behind 2021/22 at the end of the quarter.
- 5.2. The increase in arrears as a result of the pandemic coupled with the cost-of-living crisis and the continued transition of tenants from housing benefit to universal credit has made collection challenging in the first quarter of the year.
- 5.3. The increase in the rent alone has increased the annual amount to be collected by £1.1m.
- 5.4. By the end of 2020/21 arrears had increased by £3.8m to £6.1m, a 164% increase. At the end of 2021/22 this had increased to £6.4m (a 5% increase) and, due to the factors already mentioned, is likely to increase further, although as in 2021/22 this will be at a controlled rate.
- 5.5. Tenants continue to transition to Universal Credit from Housing Benefit and when compared with 2021/22 the first quarter has seen a total reduction in housing benefit of £486k. However, the amount collected has increased by £206k. The delay in Universal Credit payments made to tenants delays payment of rent and effects the collection percentage when compared with previous years.

6. Reside

- 6.1. Reside collection is 1.5% above 2021/22.
- 6.2. Reside tenants, as with many residents, were equally affected by the pandemic. Reside tenants adversely affected have been recovering from their rent arrears through payment agreements with the Rents team.

7. General Income

- 7.1. The migration from Oracle to E5 was successfully completed. However, as with all major migrations some processes required fixing and re-testing.
- 7.2. The migration process delayed the issuing of invoices at the start of the year. As a result the majority of invoices were sent in May and June. In addition, the total

amount invoiced in quarter 1 was £20.1m compared with £14m at the same time last year.

7.3. Therefore, collection rates in quarter 1 this year are not comparable with 2021/22.

7.4. Collection is expected to improve during the course of the year as the benefits of the new system are fully realised.

8. Homecare – Adult Social Care

8.1. Homecare is collected using E5 and, as with General income collection rates, are not comparable.

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 transition to E5.

9. Housing Benefit Overpayments

9.1. Housing Benefit Overpayment collection is 0.1% below 2021/22 for the same period, this is the equivalent of £26k.

9.2. As more tenants migrate to Universal Credit the value of overpayments reduces and is expected to continue to do so during the course of the year.

9.3. Alongside normal activity, the team is focusing on a review of arrears to remove or collect older debts and this is scheduled to be completed by year end.

10. Collection rates

10.1. The table below shows collection rates for quarter 1:

Collection Area	2022/23	2021/22	Variation
Council Tax current year	28.6%	29.8%	-1.2%
Council Tax arrears	£737,685	£828,254	-£90,569
Rents	23.04%	23.42%	-0.36%
Business Rates	27.6%	26.6%	+1%
General Income	19.04%	64.32%	-45.29%
Leasehold	35.10%	44.41%	-9.31%
Commercial rent	20.13%	53.74%	-33.62%
Homecare	18.84%	43.34%	-24.50%
Housing Benefit Overpayment	3.48%	3.58%	-0.1%%
Reside	84.19%	82.72%	+1.5%

11. Write off authorisation

11.1. Uncollectable debts are approved based on upon the following rules:

Value of Debt	Staff Authorised to Write Off Debt
Up to £10,000	Head of Revenues and Head of Benefits
£10,000.01 to £20,000	Director of Community Solutions
Over £20,000	Chief Financial Officer

11.2. The above was approved shortly after Revenues and Benefits returned from Elevate to LBBB. A number of changes have occurred since that time that require an update to the approvals.

11.3. Revenues and Benefits have become Collections and Welfare. Rent collection has moved from Collections to Support Lifecycle and a new Director of Support and Collections has been appointed.

11.4. The table below shows the proposed revision to authorisations:

Value of Debt	Staff Authorised to Write Off Debt
Up to £10,000	Head of Collections / Head of Welfare / Head of Support (as appropriate)
£10,000.01 to £20,000	Director of Support and Collections
Over £20,000	Chief Financial Officer

12. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

12.1. Compared to the same period last year, collection rates are lower across most categories of debt. This is due to the impact of the Cost-of-living crisis and transition of residents from Housing Benefit to Universal Credit. To try and alleviate some of this additional pressure, adjustments have been made to the process of debt recovery allowing residents a longer period of time to pay, given their reduced financial circumstances.

12.2. The migration from Oracle to E5 has been successful. However, due to delays in issuing invoices the data is not comparable to 2021/22.

12.3. 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.

12.4. 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.

- 12.5. 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.
- 12.6. 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

CABINET**20 September 2022**

Title: Strategy for the Flexible Use of Capital Receipts 2022/23	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Philippa Farrell and Katherine Heffernan, Heads of Service Finance	Contact Details: E-mail: Philippa.Farrell@lbbd.gov.uk / Katherine.Heffernan@lbbd.gov.uk
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance and Investment	
<p>Summary</p> <p>Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.</p> <p>In March 2016 the Secretary of State for Communities and Local Government issued guidance giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure.</p> <p>The scheme has been extended several times, most recently by the Department for Levelling Up, Housing and Communities (DLUHC) for the financial years 2022/23, 2023/24 and 2024/25. There are clear requirements to use this flexibility.</p> <ol style="list-style-type: none"> 1. A strategy for the flexible use of Capital Receipts is published and approved by the Local Authority. 2. A submission of this strategy is made to the DLUHC. <p>Only projects that generate ongoing savings or increased income can be financed through this flexibility.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is asked to recommend the Assembly to:</p> <ol style="list-style-type: none"> (i) Agree the Council's Strategy for the Flexible Use of Capital Receipts 2022/23, as set out at Appendix A to the report; and (ii) Note that as a consequence of the new statutory guidance, only two transformation schemes were deemed to meet the revised criteria and that ongoing schemes no longer meeting the criteria shall be funded from alternative sources within the General Fund. 	

Reason(s)

To assist the Council to achieve its priority of creating A New Kind of Council.

1. Introduction and Background

Legislation

- 1.1 Capital receipts can only be used for specific purposes, and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.
- 1.2 However, the Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations. The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital:

“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”
- 1.3 This was extended in an amended direction in December 2017 by a further three years up to and including 2021/22.
- 1.4 On 4 April 2022, the Government extended the freedom for local authorities to use eligible capital receipts flexibly on qualifying revenue expenditure. Qualifying expenditure would need to meet the below requirements:
 1. A strategy for the flexible use of Capital Receipts is published and approved by the Local Authority.
 2. A submission of this strategy is made to DLUHC.
- 1.5 The direction also includes a new requirement to submit the planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority’s own strategy documents provided they contain the detail asked for in the direction. This is not an approval process, and authorities can still freely use the flexibility as before, but the information must be sent to ensure transparency and allow proper monitoring by central government’.
- 1.6 Only projects that generate ongoing savings or increased income can be financed through this flexibility.
- 1.7 As clearly outlined there must be an Authority Strategy in place that is approved and then shared with DLUC. The Council published its original strategy in February

2021, as Appendix G of the Budget Framework 2021/22 report. The new Strategy is an update of this position and can be found at Appendix A.

- 1.8 Officers were made aware at the time that the Budget Framework report for 2022/23 was presented to Assembly in March 2022, that the scheme was to be extended again by the Government for the period 2022/23 to 2024/25. However, the statutory guidance supporting the extension had not been issued by the DLUHC and, therefore, it was not possible to present a Strategy for the Flexible Use of Capital Receipts 2022/23 as part of that report. We are presenting the new strategy now which is an update of this position and can be found at Appendix A. The Council published its original strategy in February 2021, as Appendix G of the Budget Framework 2021/22 report

LBBD's Approach to the Flexible Use of Capital Receipts

- 1.9 At the initial granting of the powers for the flexible use of capital receipts, the Council created the Transformation Strategy to be funded from the flexible use of capital receipts. Several programmes which were assessed as delivering savings, changes in ways of working that would lessen demand, cost, or provide cost avoidance were identified and met the required criteria at the time. Many of these schemes have reached their conclusion.
- 1.10 At the time of the guidance issued in April 2022, two schemes have been assessed to still fall within the updated criteria for the flexible use of capital receipts. These schemes are outlined in paragraph 2.1 below. Both commenced in prior years and are forecast to complete in this financial year.
- 1.11 The DLUHC issued new statutory guidance in August 2022. The updated guidance provides clarification that the capital receipts used for transformation projects must only be from disposals where the authority does not still retain some direct or indirect control of the assets. This means that councils can no longer use the income generated from asset sales to subsidiary companies to fund transformation projects. The tightening of the rules does not impact on the Council as there were no plans to fund transformation projects in this way.

2. Proposal and Issues

- 2.1 In light of the latest guidance, each potential scheme has been re-evaluated based on activity within 2022/23. Only two projects in 2022/23 meet the updated criteria for flexible use of capital receipts, these being the Adult Services Direct Payment Review and the Adult Services Financial Assessment Review. These projects are anticipated to cost £114,000 in 2022/23 and to generate savings of £125,000. The cost of these projects will be financed by capital receipts.
- 2.2 Several other transformation projects no longer qualify as they do not generate ongoing revenue savings or cost/demand reduction in 2022/23. These projects are:

Project	Funding From	Funding Required
Development of new OD and wellbeing function under Dispersed Working including staff induction.	Corporate Management	97500
Feasibility study for future redevelopment of Roycraft House	Business Support Reserve/Corporate Management	30000
Internal comms resource to support Dispersed Working	Corporate Management	17000
System Development and Business Objects support:	Business Support Reserve	85,000
Data Analyst	Corporate Management	60,000
Multi-agency Safeguarding Review	Service	100,000
Scan it scrap it store it	Business Support Reserve	80,000
ERP	Business Support Reserve	1,200,000*

* Expenditure to date on the ERP project is £1.2m. This will increase throughout the year.

2.3 Alternative sources of financing within the General Fund have been identified for these projects as outlined above. However, this does place additional pressure in-year. This is within current forecasts.

2.4 The Strategy for 2022/23 is set out at Appendix A.

3. Options Appraisal

3.1 Option 1: Approve the two schemes within the strategy

3.2 Option 2: Do not approve the strategy and note that the two schemes must either cease or be funded through alternative means.

4. Consultation

4.1 Consultation with the relevant Business Departments and the PMO have taken place in the creation of this strategy.

4.2 The proposals in this report were considered and endorsed by the Corporate Performance Group on 25 August 2022.

5. Financial Implications

Implications completed by: Sandra Pillinger Group Accountant

5.1 At present there are just two projects which meet the updated criteria for flexible use of capital receipts, these being the Adult Services Direct Payment Review and the Adult Services Financial Assessment Review. These projects are anticipated to cost

£114,000 in 2022/23 and to generate savings of £125,000. The cost of these projects will be financed by capital receipts.

- 5.2 There are other projects which were previously badged as Transformation projects and were funded from capital receipts, but no longer qualify, as they do not generate ongoing revenue savings or cost/demand reduction. Alternative sources of financing have been identified for these projects.

6. Legal Implications

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

- 6.1 This report seeks approval for continuance of the Council's flexible use of capital receipts scheme. This has been extended by the Government for a further three financial years 2022/23 to 2024/25.
- 6.2 Before the flexibility can be used the Secretary of State's guidance is that the full Council (Assembly) must approve and publish a strategy for the flexible use of Capital Receipts which is then submitted to the DLUHC. The said Department requires the Council's Strategy for openness; it does not actually have a veto and the Council can implement the strategy after its own approval.

Public Background Papers Used in the Preparation of the Report:

- LGA Consultation Response "Proposals for the use of capital receipts from asset sales: 24th September 2013
(<https://www.local.gov.uk/sites/default/files/documents/capitalisation-asset-sale-2c0.pdf>)
- Statutory Guidance on the Flexible Use of Capital Receipts (Updated)
(<https://www.gov.uk/government/publications/final-guidance-on-flexible-use-of-capital-receipts/guidance-on-the-flexible-use-of-capital-receipts-updated>)

List of appendices:

- **Appendix A** – Strategy for the Flexible Use of Capital Receipts 2022/23

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Strategy for the Flexible Use of Capital Receipts 2022/23

Background

Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

However, the Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

For a number of years, the local government sector has been lobbying central government to provide councils with greater freedoms and flexibilities in relation to the use of Capital Receipts to support the delivery of savings and efficiencies. In 2013, the Local Government Association argued that freedoms should be given to Councils to *“release value currently residing on council’s balance sheets without the need for further funding from taxation; the sale of assets generates economic activity, as does transformational revenue expenditure”*.

In response, the Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure. This Direction allowed for the following expenditure to be treated as capital:

“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”

This was extended in an amended direction in December 2017 by a further three years up to and including 2021/22 to allow the continued flexible use of capital receipts for the above purposes. Further updated statutory guidance was issued by the Department for Levelling Up, Housing and Communities (DLUHC) in August 2022 which extended the scheme for the financial years 2022/23, 2023/24 and 2024/25.

To benefit from this dispensation and comply with the Direction, the Council must consider the statutory guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a ‘Flexible Use of Capital Receipts Strategy’.

The guidance also requires that each authority should disclose the individual projects that will be funded or part-funded through capital receipts flexibility to full Council (the Assembly). It goes on to say that this requirement can be satisfied as part of the annual budget setting process, through the Medium-Term Financial Plan or equivalent, or for those authorities that sign up to a four-year settlement deal, as part of the required Efficiency Plan. Accordingly, this strategy sets out how the flexible use of capital receipts will be utilised in 2022/23. Updates will be included in the Budget and MTFs reports to Assembly in future years or earlier if required.

There is no prescribed format for the Strategy; the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects.

The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project where it is intended capital receipts will be used, together with the expected savings that the project will deliver. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

As referred to above, the scheme has been further extended for the financial years 2022/23, 2023/24 and 2024/25. There are clear requirements to use this flexibility.

1. A strategy for the flexible use of Capital Receipts is published and approved by the Local Authority.
2. A submission of this strategy is made to DLUHC.

The direction also includes a new requirement to submit the planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority's own strategy documents provided they contain the detail asked for in the direction. This is not an approval process, and authorities can still freely use the flexibility as before, but the information must be sent to ensure transparency and allow proper monitoring by central government.

The recent detailed guidance clearly outlines that ongoing savings or increased income must be forecast because of the project funded by flexible use of capital receipts. This is a tightening of the guidance.

The Flexible Use of Capital Receipts Strategy for 2022/23 is set out below.

Flexible Use of Capital Receipts Strategy 2022/23

The Council welcomes the Government's Flexible Use of Capital Receipts dispensation and believes that if it is used judiciously and prudently, it can help the authority deliver savings while protecting revenue budgets. Working in this way will help to protect jobs and shield the taxpayer. It aligns with the more commercial approach the Council is adopting to the use of its balance sheet to get the best value from its assets, in terms of both acquisitions and disposals; and also boosting our income generating asset portfolio.

Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

It has been clarified that ongoing savings or income must be forecast because of the project funded by flexible use of capital receipts

In 2022/23 the below schemes have been identified as within the Transformation Programme and therefore eligible to be funded from Capital Receipts. These fall within Adult Services.

Adult Services

There is an improvement programme in Adult Services that is expected to improve services and provide savings through process improvements and increased income as shown below. Although the savings generated in this year are lower for the Direct Payments Project than anticipated spend, this is due to the savings being weighted in the early part of the project. There is an additional £24k of cost avoidance associated with this spend. Overall savings will exceed spend in this programme and ongoing changes to practices will embed cost reduction.

Project	Outcome	Funding Required	Savings Generated
Adults Direct Payment Review	Review of the Direct Payment process and Cases - this work has slipped into 2022/23. It should be noted savings of c£86k were made in the first year frontloading the savings. This process now focuses on the policy and well as the review.	86,000	75,000
Adults Financial Assessment Review Officer	Review of cases for Financial Assessment - embed improvements in process	28,000	50,000

Programs that will now be funded from General Fund

There are several projects that formed the original Transformation programme and were funded from Capital Receipts. These programs have ongoing activity within 2022/23, although they have been deemed to fall outside out the revised criteria for flexible use of capital receipts due to not delivering ongoing savings because of 2022/23 spend. These programs are under way and General Fund funding has been identified. This will cause an additional pressure of £1,699,500 on the General Fund or need to be funded from reserves.

The ERP project was financed from the capital receipts flexibility in 2021/22. It is anticipated that expenditure in 2022/23 will be financed from the Budget Support Reserve. This is detailed below:

Project	Funding From	Funding Required
Development of new OD and wellbeing function under Dispersed Working including staff induction.	Corporate Management	97500
Feasibility study for future redevelopment of Roycraft House	Business Support Reserve/Corporate Management	30000
Internal comms resource to support Dispersed Working	Corporate Management	17000
System Development and Business Objects support:	Business Support Reserve	85,000
Data Analyst	Corporate Management	60,000
Multi-agency Safeguarding Review	Service	100,000

Scan it scrap it store it	Business Support Reserve	80,000
ERP	Business Support Reserve	1,200,000*

* £1.2m is expenditure to date. This will increase as the year progresses.

Impact on Prudential Indicators

The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. There will be no impact on the Council's prudential indicators as a result of the implementation of this strategy because none of the assets in question have currently been allocated for use in the Council's capital programme.

CABINET

20 September 2022

Title: Urgent Action - Loan and SCIL Grant to Studio 3 Arts for Major Arts Centre Development Project at the Galleon Centre	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report	For Information
Wards Affected: Gascoigne	Key Decision: No
Report Author: Alan Dawson, Head of Governance and Electoral Services	Contact Details: Tel: 020 8227 2348 Email: alan.dawson@lbbd.gov.uk
Accountable Director: Alison Stuart, Chief Legal Officer	
Accountable Strategic Leadership Director: Fiona Taylor, Acting Chief Executive	
<p>Summary:</p> <p>Studio 3 Arts is a vibrant community arts organisation with an ambitious creative programme that reaches people across Barking and Dagenham and beyond. The charity delivers key components of the borough's equalities, diversity and inclusion programming, as well as youth mentorship and leadership schemes in partnership with the GLA and other key stakeholders.</p> <p>Studio 3 Arts operate out of the LBBB-owned former Galleon Community Centre, Boundary Road, Barking. The site historically suffered from a lack of street presence, dingy, uninsulated spaces, worn and unreliable services and facilities that did not reflect the scale, ambition and quality of the work produced. Associated with the massive urban change in the area, the significant potential for Studio 3 Arts to attract greater numbers of residents and visitors to Barking Town Centre and to act as the creative glue of an emerging new community, Studio 3 Arts secured external funding of £1.63m towards the redevelopment of the former Galleon Community Centre into a world class arts centre.</p> <p>The works at the Galleon Centre are reaching the final stages. However, despite the significant fund-raising, the price of materials has increased exponentially throughout the building works due to the pandemic and other national/global economic pressures, placing enormous pressure on the project budget. Significant unforeseen costs from highways related to the exterior pavement have also arisen at the late stages of the building programme. For these reasons, Studio 3 Arts approached the Council regarding a possible loan / grant funding to finalise the project. Following discussions and appropriate due diligence by the Council, it was proposed that the Council provide Studio 3 Arts with a loan of £200,000 to reach the final snagging stage of the project and a grant of £156,000, via the Strategic Community Infrastructure Levy, to cover the balance of the outstanding project costs.</p> <p>As the commitment to providing the funding was time critical and as the Cabinet was not meeting until 20 September 2022, the Chief Executive agreed that it would be</p>	

appropriate to approve the financial support package under the Urgent Action provisions of Part 2, Chapter 16, paragraph 4 of the Constitution. It was also necessary to apply the Special Urgency arrangements as set out in Part 2, Chapter 17, paragraph 15 of the Constitution as the matter qualified as a 'key decision' and had not been publicised in advance on the Council's Forward Plan in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. The detailed report which formed the basis of the Chief Executive's decision is set out at Appendix 1 to this report.

In line with the Urgent Action and Special Urgency provisions, the Chair of the Cabinet and the Chair of the Overview and Scrutiny Committee were consulted prior to the Chief Executive taking the action on 22 August 2022 and the matter is being reported to this meeting for information.

Recommendation(s)

The Cabinet is asked to note the action taken by the Chief Executive, in accordance with the Urgent Action procedures set out in Part 2, Chapter 16, paragraph 4 and the Special Urgency provision under Part 2, Chapter 17, paragraph 15 of the Council Constitution, in relation to approving a loan of £200,000 and a grant of £156,000, via the Strategic Community Infrastructure Fund levy, to Studio 3 Arts towards the redevelopment of the former Galleon Community Centre, Boundary Road, Barking, into a world class arts centre.

Reasons

To accord with the requirements of the urgency procedures contained within the Council Constitution.

Public Background Papers Used in the Preparation of the Report:

- Letter signed by the Chief Executive dated 22 August 2022 entitled "Urgent Action under Part 2, Chapter 16, paragraph 4 of the Constitution – Studio 3 Arts Loan and Grant"
(<https://modgov.lbbd.gov.uk/Internet/ecSDDisplay.aspx?NAME=SD4705&ID=4705&RPID=13144933>)

List of appendices:

- **Appendix 1** - Report entitled "Loan and SCIL Grant to Studio 3 Arts for Major Arts Centre Development Project at the Galleon Centre"

Title: Loan and SCIL Grant to Studio 3 Arts for Major Arts Centre Development Project at the Galleon Centre	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report with Exempt Appendices (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Wards Affected: Gascoigne	Key Decision: Yes
Report Author: Ann Marie Peña, Head of Culture	Contact Details: Tel: 07866184248 Email: annmarie.pena@lbbd.gov.uk
Accountable Strategic Leadership Director: Abi Gbago, Strategic Director Inclusive Growth	
<p>Summary</p> <p>Studio 3 Arts is a vibrant community arts organisation with an ambitious creative programme that reaches people across Barking and Dagenham and far beyond. The charity delivers key components of the borough’s equalities, diversity and inclusion programming, as well as youth mentorship and leadership schemes in partnership with the GLA and other key stakeholders. Operating out of the LBBD-owned former Galleon Community Centre, Boundary Road, Barking, the site has historically suffered from lack of street presence, dingy, uninsulated spaces, worn and unreliable services and facilities that do not reflect the scale, ambition and quality of the work produced. In an area undergoing massive urban change, there is huge potential for Studio 3 Arts to attract greater numbers of residents and visitors to Barking Town Centre and to act as the creative glue of an emerging new community.</p> <p>The ongoing works for the new “World Class Arts Centre” in the heart of Barking and Dagenham include retaining most of the structure and fabric of the existing building, whilst re-orientating many of the functions within. The entrance and public spaces are to be more visible and welcoming, creating a vibrant and inviting appearance on the street, also benefiting the wider public realm. Most significantly, a new studio is proposed, allowing the organisation to rent space for community events at affordable rates as well as increasing its own creative programme.</p> <p>Studio 3 Arts has raised over £1.6m towards the project; this includes £1m from Arts Council England and £500k from GLA. Despite this significant fund-raising, the price of materials has increased exponentially throughout the building works due to the pandemic and other national/global economic pressures, placing enormous pressure on the project budget. Significant unforeseen costs from highways related to the exterior pavement have also arisen at the late stages of the building programme. For these reasons, Studio 3 Arts have requested a loan from LBBD in the amount of £200,000 to reach the final snagging stage of the project. In addition, they are also requesting a grant of £156,000 via the Strategic Community Infrastructure Levy to cover the balance of the outstanding project costs.</p>	

Recommendation(s)

The Chief Executive, acting on behalf of the Cabinet in accordance with the Urgent Action provisions of Part 2, Chapter 16, paragraph 4 of the Council Constitution, is recommended to:

- (i) Agree a loan in the amount of £200,000 to Studio 3 Arts to allow completion of the project on the terms set out in the report; and
- (ii) Agree the allocation of £156,000 Strategic Community Infrastructure Levy (SCIL) funding as a one-off grant to cover the balance of the project, which represents less than 10% of the overall project cost.

Reason(s)

This capital project is a significant community-focused development, which will contribute to much needed cultural infrastructure for the Borough. Development of the world-class arts centre aligns directly to key Council priorities, particularly as it provides an inclusive platform for greater “Citizenship and Participation” for the diversity of residents of the Borough, and as it contributes to a more “inclusive growth” as part of the broader Barking Town Centre Strategy.

1. Introduction and Background

- 1.1 Studio 3 Arts is a vibrant community arts organisation and charity with an ambitious creative programme that reaches people across Barking and Dagenham and far beyond.
- 1.2 With a programme focused on instilling local pride and ambition, as well as the confidence to embrace the extremes of imagination and vulnerability, Studio 3 is well established as a social and cultural anchor spanning a hugely diverse community of users across Barking and Dagenham – and beyond.
- 1.3 Studio 3 Arts delivers key components of the borough’s equalities, diversity and inclusion programming such as the LBBD-funded *Be and Do* programme which provides support to the broader LGBTIA+ community of Barking and Dagenham; Studio 3 Arts also heads key youth leadership programmes in the borough such as *Groundbreakers* which is funded through the Mayor’s Office for Policing and Crime as part of a broader knife-crime reduction scheme initiated by the Home Office.
- 1.4 Operating out of the LBBD-owned former Galleon Community Centre, the site suffers from lack of street presence, dingy, uninsulated spaces, worn and unreliable services and facilities that don’t reflect the scale, ambition and quality of the work produced.
- 1.5 Following appointment in May 2019, Citizens Design Bureau are the Architects for the project, with a team of specialist consultants. The ongoing works to see through the transformational project include:
 - Refurbishment of a 110-seat studio theatre
 - A recording suite with live room

- A fully accessible “Changing Place” room with hoist, shower and changing facilities for disabled people
- A café/bar
- A gallery
- A brand-new extension to create a rehearsal studio with own kitchenette which will be available for hire for fitness classes, children’s birthdays, rehearsals etc
- Artists commissions inside and outside

1.6 Studio 3 Arts are employing Kickstarter Apprentices to work with our contractor GLF Lewis.

1.7 The extension is being built sustainably with straw bales and lime plaster techniques, led by the School of Natural Building <http://schoolofnaturalbuilding.co.uk/>. Super-insulated and built by local people, everything about this new addition and the wider building reflects LBBB’s own ethos of an imaginative, inclusive, community-powered and sustainable future. See Appendix 1 for further details.

2. Proposal and Issues

2.1 Studio 3 Arts have requested a loan from the Council totalling £200,000 to reach the final stage of building works at the former Galleon Centre site. In addition, they are requesting a grant of £156,000 to cover the final costs of the project. A loan for the full amount would not be financially viable for the organisation to take on, with the repayments putting a monthly pressure which would affect their ability to deliver key programming.

2.2 The work on the Galleon Centre to date has encompassed extensive engagement and consultation with staff, users and planners, with highly supportive feedback provided by LBBB in August 2019 and planning permission granted. These conversations have informed design development, towards an approach that reflects the creative DNA of Studio 3 Arts and the borough more broadly.

Funds raised to date by Studio 3 Arts:

Arts Council England Small Capital - £499,999

Greater London Authority Good Growth Fund- £500,000

Clothworker’s - £50,000

Foyle Foundation - ££75,000

Veolia Environmental Trust - £75,000

Theatre Trust - £5,000

Arts Council England Kickstart Fund - £425,000

TOTAL £1,629,999

2.3 Currently Studio 3 Arts have a **£356,000** projected overspend on the building and interior costs due to factors beyond their control. As the project has progressed, material prices have exponentially increased due to implications of the pandemic and broader global/national economic issues, which have also affected the building industry at-large.

2.4 Additionally, Studio 3 Arts have had to manage unexpected costs arising to the project such as £20k in highways costs that were unforeseen related to the exterior pavement.

3. Options Appraisal

- 3.1 **Approve the loan and grant** - The Council owns the property and should there be a default on this project, the lease will end and the Council will take back ownership of the building.

LOAN - Agreed loan terms are:

Amount:	200,000.00
Rate (%):	3.00%
Years:	24
Payments Per Year:	1
Estimated Start Date	01-Aug-2022

GRANT - £156,000 SCIL grant funding to be met through either:

- Strategic Community Infrastructure Levy funding, or
- Capital expenditure: The Council could spend £156k on enhancing the asset as capital spend. This would then be adjusted in the accounts when the asset is revalued. There would still be a spend of £156k that would need to be paid back over the length of the remaining lease, which is 24 years. This would require a fixed budget allocation of £9.715k per year for the 24 years.

- 3.2 **Do nothing** - Risk of project not being completed and the building returning to the Council, or risk of the project being significantly delayed beyond this calendar year whilst the organisation seeks other sources of funding. The lack of funding support would also have a detrimental impact on Studio 3 Arts' viability as an organisation, possibly causing them to default on payments owed to contractors and architects working on the project. By being in this vulnerable position, their National Portfolio Organisation status with Arts Council England (currently under review as part of the triennial funding cycle) may also be impacted.

4. Consultation

- 4.1 Relevant Cabinet Members have been kept informed on this proposal since it first arose in early 2022.
- 4.2 The Head of Planning and Assurance and LBBB's Asset Manager have been consulted to discuss SCIL grant-funding possibilities to support completion of this project. Studio 3 Arts have completed an application form for SCIL funding to be considered as a one-off funding application. This application, and an assessment report, was submitted to the Local Plan Steering Group (LPSG) for consideration, in accordance with the SCIL Allocation Procedure agreed at Cabinet in December 2017. LPSG have agreed to present the proposal to Cabinet for approval
- 4.3 Consultation also took place with the Chair of the Board at Studio 3 Arts to discuss the most fiscally resilient model of loaning and granting funds to the charity organisation, and reviewed their proposed new Management Structure and programming frameworks for the refurbished building once it reopens to the community.

5. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 5.1 The loan to Studio 3 Arts is for £200k, with a repayment period of 24 years and a fixed loan rate of 3.0%. The loan has been structured to be affordable for Studio 3 Arts, while ensuring that the Council covers its cost of borrowing.
- 5.2 The funding is required to cover a shortfall in funding as a result of large increases in build costs. The Council owned building, Galleon Community Centre, will have had nearly £2m of spend to enhance the asset, made up of £1.630m of external grants and the £356k requested from the Council, via a loan and grant.
- 5.2 The loan duration of 24 years is significant for the size and type of loan, but it matches the duration of the lease. In the event of a default due to Studio 3 Arts becoming insolvent, the loan will likely need to be written-off but this will also end the lease and the Council will take back the enhanced asset.
- 5.3 A draft repayment schedule is provided below but will be finalised to reflect the actual payment dates if the loan is agreed.

No.	Start Date	Start Balance	Payment Amount	Capital Paid	Interest Paid	Remaining Balance
1	Aug/2023	200,000.00	11,809.48	5,809.48	6,000.00	194,190.52
2	Aug/2024	194,190.52	11,809.48	5,983.77	5,825.72	188,206.75
3	Aug/2025	188,206.75	11,809.48	6,163.28	5,646.20	182,043.47
4	Aug/2026	182,043.47	11,809.48	6,348.18	5,461.30	175,695.29
5	Aug/2027	175,695.29	11,809.48	6,538.62	5,270.86	169,156.66
6	Aug/2028	169,156.66	11,809.48	6,734.78	5,074.70	162,421.88
7	Aug/2029	162,421.88	11,809.48	6,936.83	4,872.66	155,485.05
8	Aug/2030	155,485.05	11,809.48	7,144.93	4,664.55	148,340.12
9	Aug/2031	148,340.12	11,809.48	7,359.28	4,450.20	140,980.84
10	Aug/2032	140,980.84	11,809.48	7,580.06	4,229.43	133,400.79
11	Aug/2033	133,400.79	11,809.48	7,807.46	4,002.02	125,593.33
12	Aug/2034	125,593.33	11,809.48	8,041.68	3,767.80	117,551.64
13	Aug/2035	117,551.64	11,809.48	8,282.93	3,526.55	109,268.71
14	Aug/2036	109,268.71	11,809.48	8,531.42	3,278.06	100,737.29
15	Aug/2037	100,737.29	11,809.48	8,787.36	3,022.12	91,949.92
16	Aug/2038	91,949.92	11,809.48	9,050.99	2,758.50	82,898.94
17	Aug/2039	82,898.94	11,809.48	9,322.52	2,486.97	73,576.42
18	Aug/2040	73,576.42	11,809.48	9,602.19	2,207.29	63,974.23
19	Aug/2041	63,974.23	11,809.48	9,890.26	1,919.23	54,083.98
20	Aug/2042	54,083.98	11,809.48	10,186.96	1,622.52	43,897.01
21	Aug/2043	43,897.01	11,809.48	10,492.57	1,316.91	33,404.44
22	Aug/2044	33,404.44	11,809.48	10,807.35	1,002.13	22,597.09

23	Aug/2045	22,597.09	11,809.48	11,131.57	677.91	11,465.52
24	Aug/2046	11,465.52	11,809.48	11,465.52	343.97	0.00

- 5.4 Strategic Community Infrastructure Levy (SCIL) is collected from developers when development commences and is held in an account for the Council to allocate to infrastructure projects that are necessary to deliver the objectives of the Borough Manifesto and growth set out in the emerging Local Plan. In 2018 and 2019 the Council held a bidding process (agreed by Cabinet in December 2017) to allocate money received. The process is that projects are considered by Local Plan Steering Group and then presented for approval by Cabinet. The Infrastructure Delivery Board has agreed that the process of allocation should be reviewed, and no money has been allocated since October 2019. Studio 3 Arts have completed an application form for SCIL funding, which has been submitted to LPSG. As an exceptional measure, LPSG agreed the application should be presented to Cabinet for SCIL funding outside of the allocation cycle.
- 5.5 Were the Council to spend £156k on enhancing the asset, this would require funding of £9.715k per year for 24 years, based on an annuity Minimum Revenue Provision (MRP) and a rate of 3.5%, which is the standard MRP approach used by the Council.
- 5.6 The Council generally does not provide loans to external organisations there is a risk of default of this loan. The key factors to take into account for the loan is the community service provided and the funding already accessed by the by Studio 3 Arts and that the asset is owned by the Council, although leased to Studio 3 Arts.

6. Legal Implications

Implications completed by: Dr Paul Feild, Principal Governance Lawyer

- 6.1 This report proposes a grant and loan be made to Studio 3 Arts. The grant is for £156K and the loan is for £200k, with a repayment period of 24 years and a fixed loan rate of 3.0%.
- 6.2 As observed in the report the proposed grant funding source will be the Strategic Community Infrastructure Levy. The levy must be spent on infrastructure needed to support the development of the area, and is intended to focus on the provision of new infrastructure. The levy can only be spent on the infrastructure within the following categories being: Education facilities; Transport improvements; Environmental improvements including hard and soft landscaping, green spaces and waterways; Sport, leisure, parks and open spaces; Health facilities; Business support facilities; Community safety projects; Community facilities and Flood defences
- 6.3 The aims and objectives of Studio 3's activities as set out in para 1.2 above would be consistent with SCIL. The loan is understood to be secured on the lease asset which would provide security if there were to be a default situation. The loan agreement will be by deed.

7. Other Implications

- 7.1 **Risk Management** - We have consulted the Chair of the Board at Studio 3 Arts to discuss the most fiscally resilient model of loaning and granting funds to the charitable organisation, and reviewed their proposed new Management Structure and programming frameworks for the refurbished building once it reopens to the community. Appendix 2 provides details of Studio 3 Arts' budget for the current 2022/2023 financial year.

It is also important to note Studio 3 Arts' core funding obtained through Arts Council England's National Portfolio Organisation scheme is currently being reviewed as part of the regular triennial review of portfolio organisations, and their inability to deliver on this project may affect their national status and viability as part of that scheme longer term.

- 7.2 **Corporate Policy and Equality Impact** - Studio 3 Arts delivers key components of the borough's equalities, diversity and inclusion programming such as the LBBD-funded *Be and Do* programme which provides support to the broader LGBTIA+ community of Barking and Dagenham; Studio 3 Arts also heads key youth leadership programmes in the borough such as *Groundbreakers* which is funded through the Mayor's Office for Policing and Crime as part of a broader knife-crime reduction scheme initiated by the Home Office.
- 7.3 **Property / Asset Issues** – The property is freehold owned by the Council and the subject of a lease, as noted in this report.

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

List of appendices:

- Appendix 1: RIBA Stage 4 report prepared by Studio 3 Arts and architects Citizens Design Bureau (exempt document)
- Appendix 2: Updated Studio 3 Arts outline budget as provided by Chair of the Board Karen West Whyllie on 06/07/2022 (exempt document)
- Appendix 3: SCIL Application form completed by Studio 3 Arts Board members (exempt document)

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