

Notice of Meeting

CABINET

Tuesday, 13 December 2022 - 4:00 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: 5 December 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 15 November 2022 (Pages 3 - 8)

4. Revenue Budget Monitoring 2022/23 (Period 7, October 2022) and Q2 Capital Programme (Pages 9 - 49)

5. Budget Strategy 2023/24 to 2026/27 (Pages 51 - 63)

6. **Short Term Contract for the Provision of Supported Accommodation for Older People (Extra Care) - Direct Award (Pages 65 - 77)**
7. **Contract for the Provision of an Integrated Statutory Advocacy Hub (Pages 79 - 88)**
8. **Procurement of Contract for Right To Buy Valuations (Pages 89 - 99)**
9. **Debt Management Performance 2022/23 (Quarter 2) (Pages 101 - 107)**
10. **Any other public items which the Chair decides are urgent**
11. **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. The list below shows why items are in the private part of the agenda, with reference to the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). ***There are no such items at the time of preparing this agenda.***

12. **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, 15 November 2022
(7:02 pm)

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

Also Present: Cllr John Dulwich

Apologies: Cllr Sade Bright

46. Declaration of Members' Interests

There were no declarations of interest.

47. Minutes (18 October 2022)

The minutes of the meeting held on 18 October 2022 were confirmed as correct.

48. Revenue Budget Monitoring 2022/23 (Period 6, September 2022)

The Cabinet Member for Finance, Growth and Core Services introduced the Council's revenue budget monitoring report for the 2022/23 financial year as at 30 September 2022 (period 6).

The Council's General Fund revenue budget for 2022/23 was £183.06m and the forecast outturn position at the end of September projected a net overspend of £13.637m once movements to and from reserves and income had been taken into account. The Cabinet Member commented that whilst that represented an improvement of almost £4m compared to the previous month, mainly due to the Investment Reserve being used to cover lost income from dividends and a management action plan to reduce overspending in the Community Solutions service, it was imperative that Cabinet colleagues and Directors continued to identify savings and efficiencies within their respective areas to avoid a significant call on the Budget Support Reserve at the year end.

The Cabinet Member referred to the difficulties being experienced across local government, including Conservative-led Councils, stemming from the Government's underfunding of the public sector, which was exacerbated in areas of high deprivation such as Barking and Dagenham. In that regard, it was noted that a recent study by the Office for National Statistics (ONS) identified Barking and Dagenham as having the highest rate of deprivation in the country, with 62.4% of residents falling into at least one of the four deprivation indicator categories. Cabinet Members also poured scorn on the Government's lack of understanding of what was happening in society and its failure to implement Levelling Up and Fair Funding, as well as its tactic of shifting the blame for increased taxes on local residents by forcing the vast majority of Councils across the country to have to increase the rate of the local Council Tax by the maximum level allowed in order to continue to provide essential services.

The Cabinet Member was pleased to report that in line with agreed policy, the Council had increased the minimum hourly rate of pay for employees and apprentices in line with the increase to the London Living Wage which took effect from 22 September 2022.

Cabinet **resolved** to:

- (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; and
- (ii) Note that the Council had applied the increase to the London Living Wage from £11.05 to £11.95 per hour for employees and apprentices operating in service areas covered by Green Book terms and conditions, with effect from 22 September 2022.

49. Household Support Fund (October 2022 - March 2023)

The Cabinet Member for Community Leadership and Engagement introduced a proposed policy and allocation schedule in respect of the distribution of Household Support Fund (HSF) grant funding of £2.162m awarded to the Borough for the period October 2022 to March 2023.

The Cabinet Member alluded to the general criteria set by the Government for the allocation of the funding and the specific plans for Barking and Dagenham, aimed at providing a wide range of accessible support to households in financial hardship. The plans included £960,000 for vouchers for children in receipt of free school meals to continue to receive free meals during the school holiday periods, which was expected to benefit approximately 12,000 children, a further £150,000 set aside for local Food Banks and Community Food Hubs and an allocation of £630,000 for an open grant application process, with each application considered on its individual merits.

Cabinet **resolved** to:

- (i) Agree the Council's policy and intended allocation of the Household Support Grant of £2.162m, covering the period 1 October 2022 to 31 March 2023, as detailed in section 2 of the report; and
- (ii) Delegate authority to the Director of Support and Collections, in consultation with the Cabinet Member for Community Leadership and Engagement, to vary the allocation of funding and scheme criteria to reflect any changes in demand, where appropriate.

50. Fees and Charges 2023

The Cabinet Member for Finance, Growth and Core Services introduced a report on the proposed fees and charges for Council services, the majority of which would come into effect from 1 January 2023.

The Council's Charging Policy established that fees and charges would, in the main, be increased in line with the Consumer Price Index (at August each year).

The Cabinet Member advised, however, that with inflation at 9.9% he had asked officers to adopt a slightly different approach this year to ensure that fees and charges for 2023 were only increased by the amount necessary to ensure that the Council continued to recover its costs (including overheads) and, at the same time, recognising the additional financial pressures already faced by the local community as a consequence of the cost-of-living crisis. That meant, for example, that services where the main cost element was staff time would only be increased by the average Local Government Pay Award rate of 6.6% and a range of service fees and charges would be frozen at 2022 levels, as had been suggested by the Council's Overview and Scrutiny Committee when it had considered the proposals on 5 October 2022.

Cabinet **resolved** to:

- (i) Agree the proposed fees and charges as set out in Appendix A to the report, to be effective from 1 January 2023 unless otherwise stated;
- (ii) Note the fees and charges no longer applicable from 1 January 2023, as set out in Appendix B to the report; and
- (iii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Strategic Director, Finance and Investment and the relevant Cabinet Members, to set fees and charges to be applied from September for schools and academic year-based activities.

51. Annual Education Performance Review 2021/22 and Proposed Education Priorities for 2023-2026

The Cabinet received a report on the annual education performance review for 2021/22 and the development of priorities for the Education and Participation Strategic Plan 2023-2026.

The Cabinet Member for Children's Social Care and Disabilities introduced the item and explained the context of the successes and improvements in an area with high levels of deprivation, the inclusivity within the Borough's schools and the strong offer for vulnerable children and those with special educational needs, all against the backdrop of the disruption caused by the COVID-19 pandemic.

The Cabinet Member for Educational Attainment and School Improvement congratulated the Borough's schools and other educational establishments for their contributions to the ongoing improvements and commended the partnership approach that existed with the Council and other agencies. National research had shown that areas of high deprivation and the youngest pupils suffered most from the pandemic, yet the proportion of Borough schools rated 'Good' or 'Outstanding' by Ofsted stood at 95% (56/59 schools) which, for the first time, was above the latest published London benchmark of 93% and well above the national benchmark of 87%. The Cabinet Member also referred to several of the other key performance headlines for 2021/22 and highlighted the specific achievements for Looked After Children, those progressing to higher education and the Borough's Cultural Education Partnership 'Inspiring Futures' which celebrated its 10th year of providing broader support for young people's health and wellbeing.

Cabinet Members welcomed the report and conveyed their appreciation to the Borough's young people and to the Council's Commissioning Director, Education, who was present at the meeting, with a round of applause.

Cabinet **resolved** to:

- (i) Reaffirm the Council's commitment to strengthening and developing partnerships with Barking and Dagenham's family of schools, Barking and Dagenham School Improvement Partnership (BDSIP), Barking & Dagenham College, CU London, UCL PEARL and other key partners to achieve the best possible outcomes and opportunities for the Borough's children and young people;
- (ii) Note performance against the priorities of the Education and Participation Strategy 2018-22 as set out in section 2 of the report and in the dataset at Appendix A to the report; and
- (iii) Note the proposed priorities for the Education and Participation strategic plan for 2023-26 as set out in Appendix B to the report.

52. Treasury Management and Investment and Acquisition Strategy 2022/23 Mid-Year Review

Further to Minute 88 (21 February 2022), the Cabinet Member for Finance, Growth and Core Services introduced a report on the mid-year review of the Council's treasury management activities and Investment and Acquisition Strategy for 2022/23.

The Cabinet Member stressed the importance of successful treasury management and investment and acquisition activities as they underpinned much of the Council's regeneration aspirations as well as everyday service provision. The report gave an update on the current economic situation, the impact of interest rate rises and the Council's borrowing position which, although significant, was based on a very prudent approach that had been commended as best practice by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

- (i) The Treasury Management Strategy Statement Mid-Year Review 2022/23;
- (ii) The economic update covering the increase in inflation and the potential for a further increase in the Bank of England Base Rate;
- (iii) That the value of the treasury investments and cash as at 30 September 2022 totalled £109.2m and that the treasury investment strategy outperformed its peer group, with a return of 1.27% against an average of 0.95% for London Local Authorities (as at 30 June 2022);
- (iv) That the value of the commercial and residential loans lent by the Council as at 30 September 2022 totalled £168.1m at an average rate of 3.3%;
- (v) That the total borrowing position as at 30 September 2022 totalled

£1,086m, with £295.9m relating to the Housing Revenue Account and £791.1m to the General Fund;

- (vi) That interest payable was forecast to be £15.8m against a budget of £15.7m;
- (vii) That interest receivable was forecast to be £7.2m against a budget of £7.5m, representing a deficit of £0.3m;
- (viii) That capitalised interest was forecast to provide a surplus of £9.0m;
- (ix) That Investment and Acquisition Strategy income was forecast to be £6.7m against a budget of £7.0m, representing a deficit of £0.3m;
- (x) That the IAS surplus, held in a reserve, was currently £29.3m and is forecast to increase to £37.6m by the end of the year, of which £11.0m is ring fenced for lease and leaseback properties;
- (xi) The post Gateway 4 cashflows, including the impact of Gascoigne East 3B and the pressures on the current pipeline schemes, as outlined in paragraph 9.2 of the report; and
- (xii) That in the first half of the financial year the Council complied with all 2022/23 treasury management indicators.

53. Approach and Procurement of Phase 2 of the Council's Predictive Analytics Programme (One View)

The Deputy Cabinet Member for Performance and Data Insight introduced a report on proposals relating to the procurement of phase 2 of the Council's One View programme, the state-of-the-art predictive analytics platform that brought together a range of data to provide the Council with a single view of its residents and their needs.

The Deputy Cabinet Member advised that the One View programme had enabled the Council to interact far more effectively with its residents and he highlighted the pilot project initiated by the Homes and Money Hub which targeted several households identified as potentially being in financial difficulty. That exercise helped households to source additional income and avoid enforcement action and its success meant that the approach was now being rolled out as business-as-usual by the Homes and Money Hub.

The initial four-year contract was due to expire in March 2023 year and, due to the specialist nature of the contract, the intention was to negotiate directly with the current software supplier, Xantura, for a further three-year contract. The Deputy Cabinet Member also spoke on the potential savings that the Council could expect to achieve from phase 2 of the programme and the plans to extend its use to more service areas within the Council in order to provide an even more holistic service to its residents.

Cabinet colleagues spoke in strong support of the One View project and its potential to improve lives across the Borough, particularly when used in

conjunction with the latest Office for National Statistics (ONS) data. The Acting Chief Executive also reported on praise bestowed on the Council at an Institute of Government seminar regarding the way that it collected and used data in relation to interventions.

Cabinet **resolved** to:

- (i) Agree to procure phase 2 of the predictive analytics programme (currently delivered in the form of One View) in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Director of Strategy, in consultation with the relevant Cabinet Members, the Strategic Director, Finance and Investment and the Chief Legal Officer, to conduct the negotiation and award and enter into the contracts and relevant extension periods and all other necessary or ancillary agreements with the supplier, subject to the appropriate funding being agreed as part of the 2023/24 budget setting process.

54. Procurement Strategy for Corporate Laptop / Desktop Computer Device Refresh

The Cabinet Member for Finance, Growth and Core Services presented a report on proposals for the procurement of new laptops and desktop computers to replace existing stock across the Council which was nearing its end-of-life.

The Cabinet Member referred to the projected costs associated with the procurement, the tender evaluation criteria which included a 10% Social Value assessment, and the plans to recycle and remanufacture the old stock.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of replacement computer hardware and services, in accordance with the strategy set out in the report;
- (ii) Note the establishment of a contingency budget of £210,000 per annum for years 2 to 4 to procure replacement laptops as and when required;
- (iii) Agree the arrangements for the re-manufacturing of old devices at nil cost to the Council, as set out in paragraph 1.8 of the report; and
- (iv) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to award and enter into contract(s) / agreement(s) with the successful contractor(s), subject to the appropriate funding being agreed as part of the 2023/24 budget setting process.

CABINET

13 December 2022

Title: Revenue Budget Monitoring 2022/23 (Period 7, October 2022) and Q2 Capital Programme	
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 David Dickinson, Head of Investment	Contact Details: E-mail: Katherine.heffernan@lbbd.gov.uk Philippa.farrell@lbbd.gov.uk
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance & Investment	
Summary	
<p>This report sets out the Councils revenue budget monitoring position for 2022/23 as at the end of September 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 £199.662m which would be an overspend of £16.603m. 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 provides the second quarterly update on the Capital Programme. Cabinet is asked to approve the increased capital programme of £452.611m made up of £66.419m General Fund, £31.060m HRA, £2.354m for Transformation and £352.779m Investment Strategy. At quarter two expenditure is only running at just over 31.5% of the programme but the IAS and HRA are forecasting they will fully utilise this year's reprofiled budget while the General Fund is likely to see slippage into future years, especially in the Schools Programme.</p>	
Recommendation(s)	
Cabinet is recommended to:	

- (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; and
- (ii) Note the capital expenditure at 30 September 2022 (Quarter 2) and approve the revised Capital Programme for 2022/23, as detailed in section 4 and Appendices B and C 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 fourth revenue budget monitoring report to Cabinet for the 2022/23 financial year. There was 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 £199.662m after planned transfers to and from reserves resulting in a net overspend of £16.603m. 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 reserves without taking the General Fund below the minimum level of £12m. 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 The position has improved since last month principally as the result of two things: a decision to use the Investment reserve to cover the lost income from dividends and a management action plan brought forward by Community Solutions to reduce their in year overspend by £2.4m.

3. Savings and Commercial Income

3.1 There is a new savings target of £6.219m for 2022/23 including those brought forward from previous years. £3.600m of these savings are either fully achieved or expected to be achieved in year. £2.354m are at high risk of not being achieved at all with the remaining £0.265m being uncertain or only part achieved in year.

4. Capital Programme

4.1 A revised capital programme for 2022/23 was submitted to Cabinet in June 2022, included slippage from the previous year’s outturn, and was estimated at £644.94m split into £513.0m for the Investment and Acquisitions Strategy (IAS), £68.1m for General Fund (GF), £59.8m for HRA and £4.1m for Transformation.

4.2 Since then the Outturn has been revised with a £2.2m increase of slippage from £108.3m to £110.5m and budgets have been reprofiled for Quarter 1 with a capital programme of £417.05m split into £315.5m for the Investment Strategy (IAS), £70.5m for General Fund (GF) and £31.1m for HRA. The outturn position may still be adjusted due to delays in accruals for work carried out by BD Management Services and there are potentially adjustments to be made resulting from the transition from Oracle to E5. A more detailed summary of capital projects is set out at Appendix B and Appendix C.

4.3 Cabinet are asked to approve an increase in the capital programme by £35.556m from £417.05m to £452.611m. This is made up of £37.262m additional budget from the Investment and Acquisitions Strategy as a number of schemes have been added and £14.577m of carry forward and new schemes in the General Fund programme offset by £10.517m reduction in the in-year Education programme which has been reprofiled into future years. Details of the new schemes are set out in Appendix B. The programme is made up of £352.8m for the IAS, £82.3m for the GF, £2.4m transformation and £31.1m for HRA. The IAS is covered in detail in the regular Treasury Management reports to Cabinet and Assembly.

4.4 At quarter two expenditure is only running at just over 31.5% of the programme but the IAS and HRA are forecasting they will fully utilise this year’s reprofiled budget while the General Fund is likely to see slippage into future years especially in the Schools Programme. Further information about the Capital programme is provided in appendices B and C to this report.

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.

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 2 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 7)
- **Appendix B:** 2022/23 Capital Programme Summary (Q2)
- **Appendix C:** Detailed Capital Programme 2022/23

APPENDIX A

Budget Outturn Report 2021/22

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

- 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.

London Borough of Barking and Dagenham Budget Monitor: Period 7

Content Links

[Overall Summary](#)

[Savings](#)

[Community Solutions](#)

[Corporate Management](#)

[Inclusive Growth](#)

[Law and Governance](#)

[My Place](#)

[People and Resilience](#)

[Strategy](#)

Revenue Outturn - There is a c£16.6m overspend forecast as at P7 on Council Services

Last period the overspend reduced to c£13m as a result of in year mitigations by Community Solutions. However, this month it has RISEN again to £16.6m.

This period material movements in Adult Social Care and Disabilities has resulted in an increased overspend to c£9.9m in People and Resilience. (Increase of £2.6m)
The forecast in Central Expenses has also risen following a review of bad debt and other provisions.

Key Drivers

People & Resilience:

- Fostering uplift full year impact within Children's.
- SEND and LAC with Disabilities within Disabilities
- Placements within Adults, Innovate contract
- Always an approved £800k overspend to address Ofsted recommendation on senior manager review of caseloads within CIN this directly relates to case load levels

Corp Management:

- Bad Debt review has increased the central management overspend by £1.1m. This is the net position against a reduction in the pay award forecast and a partial release of redundancy provision.

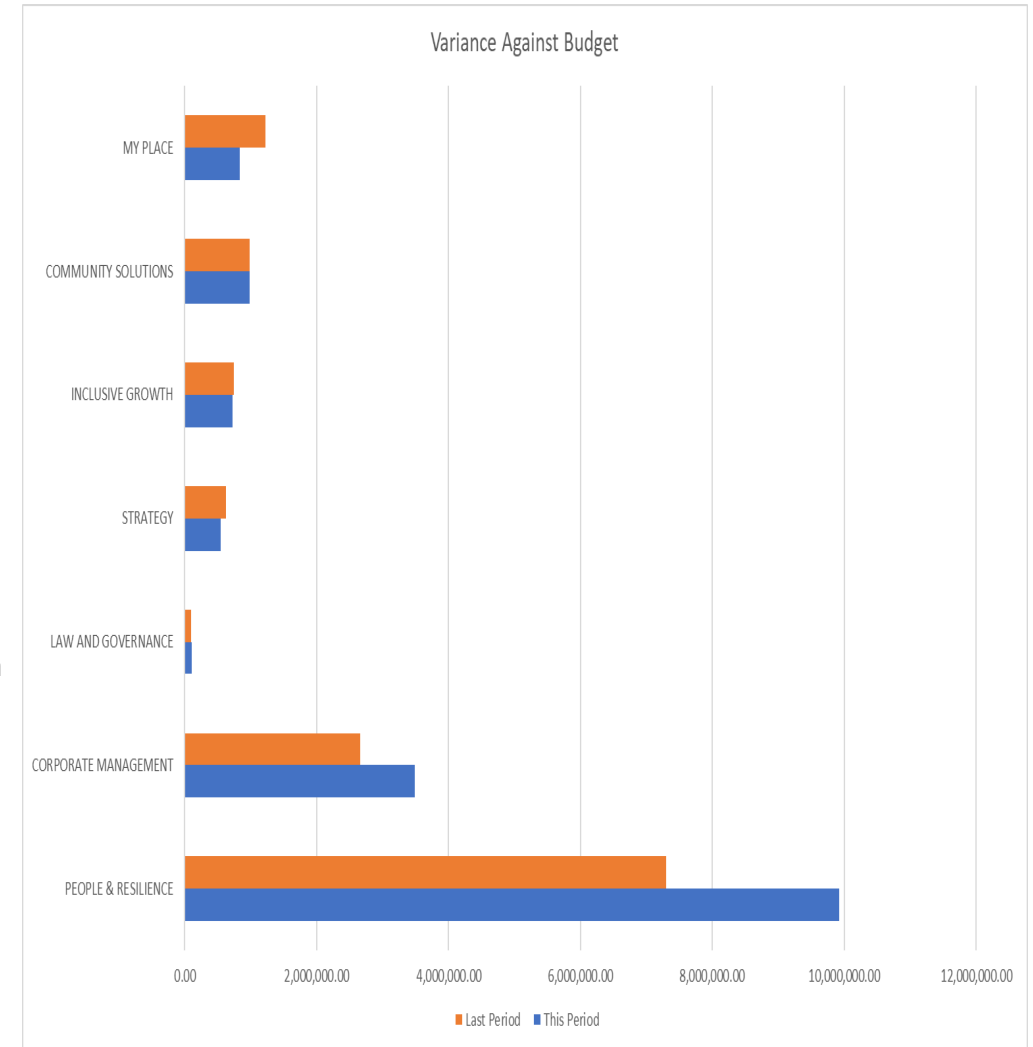
My Place:

- The variance has reduced by c£0.4m due to changes in fleet costs recharged and staffing vacancies in advance of an expected restructure.

All other service variances have held static at a material level.

Company Dividends:

- BDTP will not pay £2m dividend, this will be funded from the IAS reserve.



London Borough of Barking and Dagenham Revenue Forecast – Period 7

	This Years Budget	Actuals/Forecast	Variances Inc Reserves		Additional Information		
	Revised	YTD Actuals	Variance	Last Period Variance	Variance as % of budget	Net Reserve Transfers	
PEOPLE & RESILIENCE	129,929,230.00	63,219,085.01	9,925,477.75	7,304,085.52	7.6%	-1,807,707.00	↑
CORPORATE MANAGEMENT	5,543,595.75	15,240,191.47	3,490,150.52	2,659,345.35	63.0%	0.00	↓
LAW AND GOVERNANCE	-2,781,207.00	1,703,349.98	101,798.85	98,503.62	-3.7%	840,170.00	↑
STRATEGY	2,026,429.00	4,313,392.02	544,327.80	628,734.22	26.9%	-2,933,614.00	↓
INCLUSIVE GROWTH	4,946,050.00	-27,506.89	727,129.48	746,171.21	14.7%	-696,259.00	↔
COMMUNITY SOLUTIONS	24,758,813.25	10,894,468.24	983,217.99	979,561.15	4.0%	-1,818,245.00	↔
MY PLACE	18,637,220.00	26,242,077.09	830,772.26	1,221,075.66	4.5%	-14,438.00	↓
GENERAL FUND I&E	183,060,131.00	121,585,056.92	16,602,874.66	13,637,476.73	9.1%	-6,430,093.00	↑
CORPORATE FUNDING	-183,060,131.00	-56,968,801.00	0.00	0.00	0.0%	-2,000,000.00	↔
GENERAL FUND I&E	183,060,131.00	64,616,255.92	16,602,874.66	13,637,476.73	0.09	-8,430,093.00	↑

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 £9.9m, 7.6% of the overall budget. This is primarily driven by the overspend within Children's and Disabilities. 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 and has £2m of pressures driven by the HRA. This is a key area of risk, but in-year mitigations have been developed in direct response to the financial challenge and overspend reducing the forecast overspend to just under £1m.

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. In addition, a mid year forecast of bad debt provision has added £1.6m of pressure. This is offset by underspends in IT.

BDTP is not expected 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. It has now been agreed to take the £2m from the IAS smoothing reserve so it will not hit the General Fund or Budget Support Reserve this year.

London Borough of Barking and Dagenham Budget Monitor: Period 7 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. Particular remaining issues are the backlog of payroll/agency miscodings and some issues with income.
- This month is the third time budget holders have used CP. Although good progress is being made, we do not yet have full compliance and it may take some time before all managers are confident using the system. This adds an extra degree of risk into the forecast – although Finance carry out reviews and QA to mitigate the risk.
- 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. There may be a small offset from the changes to National Insurance – however this has not yet been adjusted for.
- 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.
- Recruitment is being reported as increasingly difficult across the Council and with delivery partners. This is driving up the usage of agency staff at a higher wage bill than budgeted permanent staff.

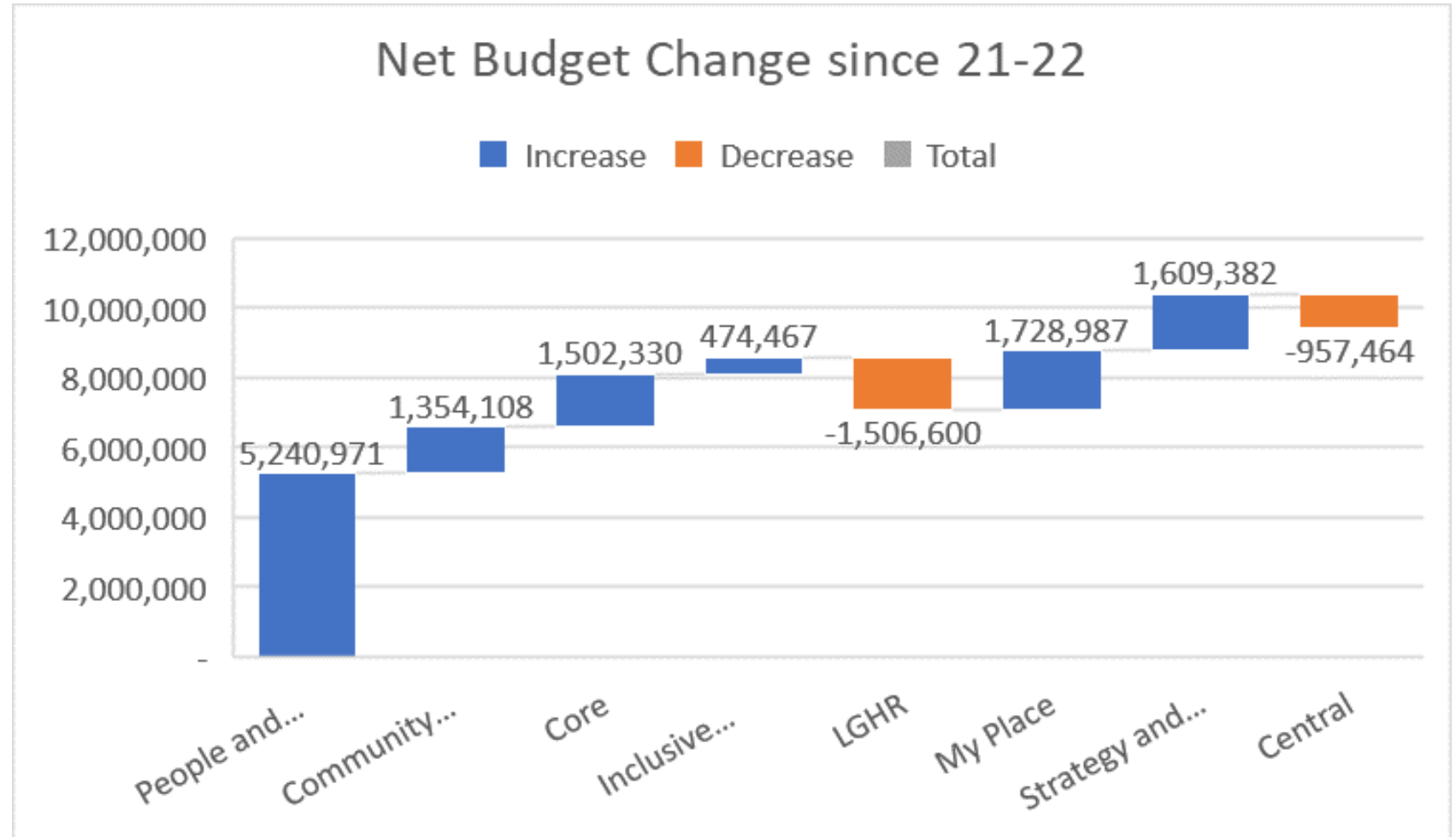
Opportunities

- 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



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

one borough; one community; no one left behind

2022- 23 Savings – including brought forward savings. NO CHANGE THIS MONTH

	2022-23 MTFs Savings	TOTAL SAVING '£000s	RAG RATING	Target for 22-23	Expected Achieved 22-23	Comments
EYC	Fixed Penalty Income	50	Amber	50	25	Finance estimate based on rag rating
ComSol	Working with VCS in community centres	90	Achieved	90	90	albeit by other means
LGHR	Parking Income	250	Achieved	250	250	
LGHR	Other Income - fines and market	70	Green	70	70	Income running slightly under profile but forecast to be achieved
LGHR	Further Parking Income	1,498	Green	1,498	1498	Income very robust
IT	Cyber Security	40	Achieved	40	40	
ComSol	Debt and Affordable Credit	580	Green	580	580	
My Place	Property Management	154	Red	154	0	Won't be achieved in 22/23 as dependent on restructure.
IT	various efficiencies	167	Amber	167	167	MPLS and Mobile Telephony achieved. Digital postroom and IT Procurement in progress
Disabilities	New CHC Monies from Transition clients	240	Amber	240	0	
Disabilities	Brocklebank	1,100	Red	1,100	0	Plans still being decided, timeline not achieved
Childrens	Efficient TOM	1,100	Red	1,100	0	Implementation postponed
		5,339		5,339	2,720	
	Brought Forward from previous years					
Inclusive Gr	Central Parks Landscaping Income	400	Green	400	400	Anticipated total income is £825k across 3 years
Adults	Transformation Income Generation	400	Green	400	400	
Enforcemen	Barking Market Additional Day	80	Green	80	80	
	TOTAL	6,219		6,219	3,600	

Community Solutions: Period 7

Forecast Position: £27.5m (overspend of £0.98m, 3.9% 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 Variance
COMMUNITY SOLUTIONS	24,758,813	18,923,773	5,835,040	10,894,468	27,560,276	190,000	(2,008,245)	983,218	979,561
SUPPORT AND COLLECTIONS	8,565,815	3,931,645	4,634,170	3,257,598	10,972,731		(889,323)	1,517,593	1,577,316
COMMUNITY SOLUTIONS	6,698,956	6,851,506	(152,550)	4,812,702	7,082,658	130,000	(215,000)	298,702	262,974
COMMUNITY PARTICIPATION & PREV	9,494,042	8,140,622	1,353,420	2,824,168	9,504,887	60,000	(903,922)	(833,077)	(860,730)

Key Drivers of the Position:

The total overspend pressure for Community Solutions is **£3.4m.**

The HRA recharge has been recalculated and this has resulted in an income shortfall of **£1.9m.** There are historic budget pressures of **£0.8m** and in-year budget pressures of **£0.7m.**

Following on from the MTFS session in September, Community Solutions held a DMT session to identify one-off in-year mitigations to help reduce their impact on the forecast outturn position. Community Solutions have taken a number of difficult decisions and identified one-off mitigations of **£2.4m** to reduce the outturn variance, which are listed in the mitigations table. It is to be noted that these mitigations come with their own level of risk/impact and this will be closely monitored.

There may be potential to reduce the outturn variance further, and these have been listed in the opportunities below.

A mid-year bad debt calculation for Temporary Accommodation and Housing Benefit will be provided next period.

Community Solutions: Period 7

Forecast Position: £27.5m (overspend of £0.98m, 3.9% Variance)

In Year Mitigation	Amount	Comments
Service Development Salary underspend	166,000	There has been a high staff turnover in 2022/23 within Service Development and a decision has been taken to not fill the Transformation Manager Position until the substantive post holder returns from secondment.
Strategic Director Salary underspend	150,000	The Strategic Director position was covered by agency on an interim basis. It is assumed the post will remain vacant from Oct-Mar and there will be no further consultants.
Customer Service Salary underspend	297,000	There have been a number of resignation over the summer and the transfer from Elevate to LBBB contracts has meant there are more than x13 vacancies. Currently we have x5 agency staff and the remain positions will not be filled before April 2023.
Triage Salary underspend	290,000	There are x4 vacancies within the NRPF team which will be held till April 2023.
Participation & Engagement Universal underspend	238,000	Release of reserve
Household Support Fund Admin Fee	400,000	Confirmation of HSF allocation and fee received at the end of September for Oct-Mar
Butler Court (Reserve draw down)	89,000	Drawdown of reserve to offset R&M
TA Modular (No MRP)	440,000	We have received confirmation in September that there will be no MRP payments on the modulars in 2022/23. MRP payments will commence from 2023/24.
Reduce TA Buffer	150,000	A decision has been taken to reduce the buffer in TA from £250k to £100k.
Total Mitigations	2,408,000	

Community Solutions: Period 7 Risk and Opportunities

Forecast Position: £27.5m (overspend of £0.98m, 3.9% Variance)

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

- It is assumed COVID-19 related costs **c£100k** will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income of **c£650k** is impacted due to delay in data and recruitment.
- The creation of a Parking Contact Centre has caused grading difference with existing staff within the Contact Centre. This creates an equal pay issue and is currently being investigated by HR. Further details will be provided in due course.
- A review of Bad Debt provision for Temporary Accommodation is being carried out. It is possible that when the information is collated there will be a budget pressure arising from this as collection rates for rents are being squeezed by cost of living and benefit reform changes.

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

- A **£100k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast outturn.
- Options are being explored around delivering the Homes for Ukraine scheme with existing resources to free up general fund **c£280k** as a one-off mitigation.

Corporate Management: Period 7

Forecast Position: £9m (Overspend of 3.5m)

	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	5,543,596	10,213,186	(4,669,590)	15,240,191	9,033,746	0	0	3,490,151	2,659,345
STRATEGIC LEADERSHIP	(334,261)	412,359	(746,620)	268,032	(379,570)	0	0	(45,309)	30,976
FINANCE	5,579,118	12,172,848	(6,593,730)	8,985,581	4,486,329	0	0	(1,092,789)	(1,130,011)
IAS	(4,167,250)	(4,178,970)	11,720	(3,293,429)	(4,258,928)	0	0	(91,678)	2,343
CENTRAL EXPENSES	4,465,989	1,806,949	2,659,040	9,280,007	9,185,915	0	0	4,719,926	3,756,037

Key Drivers of the Position:

There is a forecast overspend of £3.5m on Corporate Management . There is a net shortfall in income from the HRA of £338k.

Strategic Leadership - Reflecting a £45k projected underspend. This is as a result of the HRA recharge shortfall of £135k (Procurement Gainshare £103k + Managing Director £32k) and £58k Consultancy fees, partly offset by £138K underspend on senior leadership vacancies.

Finance and IT - £1.09m overspend:

IT is showing an underspend of £1.04m which is a further £62k under from last month mainly driven by:

- *IT Third Party Contracts*: £617k underspend partly due to £542 savings from the Oracle to Advanced E5, Itrent and Brent Hosting contract costs and £97k internal recharges
- *IT Staff and Agency* - £700k underspend largely attributable to unfilled vacancies
- *IT Projects* – reflecting £178k overspend. Most of the project resource is recharged out to services for which the projects are being delivered. The Projects Team are currently reviewing the GTT Projects system to ensure all recharges are being captured and implemented.

Finance – Projecting an underspend of £49k, mainly to do with £363K underspend in staffing on Corporate Finance offset in part by £174k overspend in salaries and agency costs in Service Finance, Pensions & Treasury as well as £139k budget pressure in Audit and Insurance, currently being reviewed.

- **Investment Strategy** - £92k underspend

- **Central Expenses** - £4.7m overspend: 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.

Corporate Management: Period 7 Risk and Opportunities

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

- 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 in addition to the pay award.
- There is a central provision to meet the costs of redundancies required to make savings. Currently there are no significant exercises underway so half this provision has been released.
- 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

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

- Currently the forecast includes estimated 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 7

Forecast Position: Overspend of £727k

	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	4,946,050	2,006,340	2,939,710	(27,507)	6,369,438	0	(696,259)	727,129	746,171
COMMERCIAL	470,749	(155,211)	625,960	(2,151,156)	1,325,469	0	0	854,720	854,595
INCLUSIVE GROWTH	4,475,301	2,161,551	2,313,750	2,123,649	5,043,969	0	(696,259)	(127,591)	(108,424)

Key Drivers of the Position (Summary):

Inclusive Growth overall are forecasting an overspend of £727k. There is a net shortfall in income from the HRA of £312k due to the HRA recharges review.

- **Commercial Services – 855k 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.
- £207k 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. A growth bid has been submitted to reduce this target and has been approved.
- £171k shortfall in net income for the CR27 Investment due to increased rent payable by LBBB whilst tenant is on rent free period.
- Across Commercial services there is a net pressure of £66k on salaries budgets including agency costs. In addition, there is a forecasted overspend of £35k from added years pension top ups.
- **Inclusive Growth – 128k underspend**
- Parks Commissioning: £16k underspend due to £30k budget pressure costs for Eastbrookend Discovery Centre and Park Commissioning core team and £10k shortfall for Licence & Permit income. This is offset by Income over achievement on Central Park Soil importation of £18k and salary underspend of £38k.
- Culture and Heritage: £109k overspend largely due to NNDR (Business Rates) costs and income under-achievement.
- Inclusive growth core team: £257k underspend is attributable to 57k HRA recharge income increase, anticipated CIL admin fee income £45k and staffing costs underspend of £184k due to restructure implementation.
- Development Planning – 36k projected overspend due to Added Years Compensatory payments
- The £696k transfer from Reserves represents a drawdown to finance the Food Sector development, Made in Dagenham Endowment programme, Employment team net overspend.

Inclusive Growth: Period 7 Risk and Opportunities

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. This is largely due to delays in the restructure implementation being built in Itrent to allow for vacant posts to be advertised and filled.
- There is an inherent risk that external market factors may make it more difficult for tenants of the Council's hotel investments to meet their rent payments.
- There is an unquantified risk to the Parks Commissioning budget overspending due to Capital projects revenue related expenditure not capitalizable being charged to the revenue budget.
- Contaminated land adjacent to Eastbrookend Country Park – risks:
 - Remaining risk of prosecution from Thames Water.
 - Lack of clarity about the future management and maintenance of the contaminated land.
 - Vehicular access – the current AXA licence expires on 1st March 2023. If alternative vehicular access to the site can't be secured this will severely impact on the future management and maintenance of this land parcel.
 - Electricity supply – a permanent electricity supply is essential to avoid future dependency on generator use and diesel deliveries.
 - Land drainage and flood risk assessment issues – still need to be satisfactorily addressed.
- There are inherent risks associated with expected grants for Works & Skills, as there is the possibility for the bids not being approved.

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.
- There are long term opportunities to generate commercial income from apprenticeships and recruitment support, which could be used to cross-subsidise employment support for the harder-to-reach, if resource can be identified to pursue them.
- Tennis Development Proposal – as per the report presented to ACB on 09.11.22, if adopted this proposal could attract significant external investment from the Lawn Tennis Association (c£395k) if the Council contributes c£132k.
- External funding – Parks commissioning has submitted (or has prepared) bids to the Grow Back Greener Fund (c£50k) and 3 x Rewild London Fund (c£40k, c£44k and c£18k). If successful these projects will deliver significant social, environmental, and economic benefits for the borough and residents.
- Green and Resilient Spaces Fund (Round 2) – funding round opens (i.e. project delivery grants from £250k up to £750k) in December and the application deadline is likely to be the beginning of February for projects which can start in April 2023 and be completed by March 2025 (i.e. over a 2 year period). As in round one GLA is looking for projects which are exemplary in quality with a focus on climate resilience and access to green space. Subject to the completion of the current Development Phase and obtaining Council support, Parks Commissioning is planning on submitting a bid for the Parsloes Park ‘Gores Brook Living Landscape Project’.

Law and Governance: Period 7

Forecast Position: -£2.7m (overspend of £0.1m, 3.5% Variance). Overspend is after transfer of c£2m parking surplus to reserves and drawdown c£0.9m 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	(2,781,207)	(268,467)	(2,512,740)	1,703,350	(3,517,745)	2,000,433	(1,160,263)	101,799	98,504
WORKFORCE CHANGE / HR	569,217	2,331,737	(1,762,520)	2,304,588	1,301,279	0	0	732,062	732,059
LEGAL	1,749,180	3,225,440	(1,476,260)	3,901,243	2,170,108	0	(233,939)	186,989	186,988
ENFORCEMENT	(5,100,025)	(6,084,515)	984,490	(4,684,835)	(7,037,539)	2,000,433	(926,324)	(863,405)	(866,696)
LEADERS OFFICE	421	258,871	(258,450)	182,354	46,573	0	0	46,152	46,152

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.

The Health & Safety team has been moved from Enforcement to HR which has led to a movement in variance in both areas, overall a net nil impact.

There are delays in the recruitment process for a number of positions within Law & Governance and it is unlikely that these positions will be filled before April 2023. There are currently 69 agency staff covering permanent roles at a forecast cost of £3.89m.

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 option to clear current borrowing for the implementation of CPZ of c£1.6m is being explored. The Private Sector Property Licensing (PRPL) scheme income target will not be met and a drawdown of c£0.9m will be required from reserves.

Law and Governance: Period 7 Risk and Opportunities

Forecast Position: -£2.7m (overspend of £0.1m, 3.5% Variance). Overspend is after transfer of c£2m parking surplus to reserves and drawdown c£0.9m PRPL from reserve

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 7

Forecast Position: **£19.5m (£830,772 overspend, 4.3% 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 Variance
10G	MY PLACE	18,756,779	37,453,434	(18,696,655)	19,774,347	19,482,430	0.00	(14,438)	830,772	1,221,076
10GA/B	MY PLACE (HOMES & ASSETS)	9,044,549	24,227,292	(15,182,743)	18,048,819	9,712,701	0.00	0.00	668,152	798,329
10GC	PUBLIC REALM	9,592,671	13,057,491	(3,464,820)	8,193,258	9,769,729	0.00	(14,438)	162,620	422,747

Executive Summary

- **Property Assets** net overspend is driven by the increased energy prices for **Street Lighting** at **£500,000** over budget.
- **Commercial Portfolio** reflects a **£682,000** overspend projection with 91% related to income under recovery. Service review ongoing.
- Overall **HRA Fixed Recharge** impact on the directorate is **(£547,000)** positive, mainly driven by **Caretaking** and **Grounds Maintenance**.
- **Public Realm** overspend of **£355,000** (adjusting out above line impact) is mainly driven by **Waste Ops** and **Street Cleansing**.
- **(£159,000)** across other budgets within **Homes and Assets** connected to the **HRA**.
- Quantifiable **Risks** stand at **£1.7m** versus **Opportunities (£50,000)**.

My Place – Homes & Assets: Period Forecast Position: **£9.7m (£668,000 overspend, 6.9% variance)**

Key Drivers of the Position (Summary):

Commercial Portfolio is reflecting a **£682,000** overspend (excluding the HRA Recharge below). The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred due to changes in the team and limited capacity. Furthermore, increased costs from insurance, repairs and maintenance have exacerbated the position. There is also uncertainty over repairs and maintenance charges due as BDMS have only supplied quarter 1 for corporate and commercial buildings incurred in 2022/23 at the end of October.

Property Assets is overspending by **£603,000**. **Highways** is projecting a **£759,000** overspend (excluding HRA recharge variance below), much of this relates to energy projections on its street lighting and illuminated signage **£500,000**, plus undeliverable 2022/23 savings of **£150,000**. This is offset in part from underspends in staffing on **Asset Management (£126,000)** and **Major Works (£30,000)**.

(£354,000) reflects the variance in the **HRA Fixed Recharges** that were reviewed in April 2022 compared to the current budget. These affect Commercial, Highways, Caretaking and Compliance. **(£263,000)** mainly to do with the **HRA My Place recharge** for Landlord Services, Leasehold, Business Development and Contract Management.

My Place - Public Realm: Period 7

Forecast Position: **£9.770m**, (**£163,000** overspend, **1.7%** variance)

Key Drivers of the Position (Summary):

Waste Operations is reflecting an overspend of **£717,000**, with a minor improvement on prior month of **(£49,000)**. The environment has played a factor in putting pressure on the 2022/23 staffing budgets. Storm Eunice and the pandemic increased carried forward leave, which in turn created a need for overtime and agency cover whilst staff excised their leave. The overspend is due to £250,000 where overtime and agency expenditure exceeds the staffing budget, £404,000 for Fleet recharges related to increased costs on fuel, repairs and maintenance and the hire of two additional refuge vehicles plus £77,000 on other costs such as purchasing new bins.

Fleet is reflecting a **(£420,000)** underspend, an adverse movement on Period 6 **£296,000**. The adverse movement was mainly driven by removing the Period 6 high level adjustment which now sits in the correct budget areas. The positive variance includes **(£168,000)** of increased external income and **(£213,000)** of increased internal recharge income compared to budget. The remainder is linked to underspend on purchasing budgets.

Parks and Environment is showing a **(£275,000)** underspend, an improvement of **(£235,000)**. Arboriculture and Cemeteries are online. Parks is reflecting a £82,000 pressure mainly related to increased compliance costs on FRA's. Ground Maintenance is reflecting a **(£357,000)** underspend of which 92% relates to positive changes in the planned HRA Fixed Recharge. The movement this month mainly relates to re-aligning the fleet recharges to counter the above Fleet adverse movement.

Compliance is reflecting a **(£197,000)** underspend, an increase on Period 6 of **(£22,000)** across Green Garden and Trade Waste, PEST Control and Compliance, Projects and Administration (CPA). CPA is underspending due to vacancies held ahead of restructure at **(£226,000)** which is partly offset by £28,000 mainly to do with Trade Waste.

Street Cleansing is reflecting a **£451,000** overspend, a reduction on Period 6 of **(£99,000)** due to a reduction in fleet recharge forecast. The overspend mainly relates to £280,000 where overtime and agency spend exceeds the employee budget plus £161,000 for Fleet recharges where fuel, damage and maintenance costs are exceeding budget.

PR Director Budget has released its purchasing budget to reduce the impact of Operations above **(£87,000)**. **Passenger Transport** is reflecting a forecast underspend of **(21,000)** due to staffing and **ELWA** is **(£5,000)**.

My Place: Period 7 Risk and Opportunities

Forecast Position: **£19.5m** (£830,772 overspend, 4.3% variance)

Risks: **£2.700m** (These are risks that are NOT in the forecast that we are monitoring)

- £1.4m: Total of outstanding invoices with BD Management Services relating to Fleet running costs **plus** forecast for 2022/23 built into Public Realm (invoices £1.9m).
- £150,000: Highways is facing inflationary pressures (26% indexation costs in current year) on maintenance contracts.
- £75,000: 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.
- £75,000: 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. **Corporate Repairs and Maintenance charges from BDMS for 2022/23 are now overdue for Quarter 2.** The company has provided Quarter 1 information to Budget Managers on 31st October 2022.
 2. Energy Budget uncertainty (other than Street Lighting).
 3. Further HRA Fixed Recharges are expected to be reviewed which could generate further adverse variances until funding is identified from the general fund.
 4. 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.

Opportunities: **(£50,000)** (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 7

Forecast Position: £140m (overspend of £7.3m, 5.6% 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 Variance
PEOPLE & RESILIENCE	129,929,230	107,532,940	22,396,290	63,219,085	141,737,606		(1,697,907)	9,925,650	7,304,086
DISABILITIES CARE & SUPPORT	30,345,254	29,552,494	792,760	17,937,518	34,801,380			4,456,126	3,259,859
ADULT'S CARE & SUPPORT	22,254,688	19,563,508	2,691,180	15,257,719	23,921,986		(1,110,000)	557,298	(655,586)
COMMISSIONING - CARE & SUPPORT	15,135,153	14,169,833	965,320	274,322	14,310,893			(824,260)	(15,966)
PUBLIC HEALTH	(318,250)	(381,250)	63,000	473,661	269,657		(587,907)		
CHILDREN'S CARE & SUPPORT	40,741,709	39,525,409	1,216,300	23,836,343	45,653,935			4,912,226	4,715,779
EDUCATION, YOUTH & CHILDCARE	20,522,911	3,915,181	16,607,730	5,721,434	20,707,729		(184,818)		
EARLY HELP SERVICE	1,247,765	1,187,765	60,000	(281,911)	2,072,025			824,260	()

Key Drivers of the Position (Summary):

- **Disabilities Service:**
 - The pressure is made up predominantly of three key areas, LAC Children with Disabilities which has a budget pressure of £2.402m, Adults with Disabilities £0.937m and Home to School Transport which has a pressure of £1.038m
- **Adults Care and Support**
 - Home Care £2.207m, Direct Payments **(£3.098m)**, Residential Placements £2.503m, Day Care **(£0.138m)**, Supported Living £1.933m, Management & Grant Receipts **(£1.732m)**, Drawn Down on Reserves **(£1.100m)**
- **Commissioning Care and Support / Early Help**
 - Currently reporting break-even
- **Public Health**
 - PH is grant funded and is expected to remain within its allocation.
- **Children's Care & Support:**
 - Whilst permanent staffing is underspent by **(£2.194m)**, covering agency staff are creating a £2.600m overspend. Creating a net overspend of £0.406m.
 - Within the placements, there are several areas overspending being compensated by similar underspends. The material pressure is in residential placements of £4.425m
- **Education, Youth & Childcare:**
 - Currently reporting breakeven.

People and Resilience: Period 7 Risk and Opportunities

Forecast Position: £140m (overspend of £7.3m, 5.6% 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.
- The HDP reserves are currently not in the forecast, this could potentially improve the forecasted outturn or mitigate some of the fair cost of care risk once it materialises.
- If the interim resources projected in Children's care and support are not brought in immediately this could potentially improve the position with some of the cost falling into the next financial year.
- We are scheduled to receive additional funding from Health to support Winter Pressures and we are in a good place to deliver services within sum being provided.

Strategy: Period 7

Forecast Position: Overspend of £544k

	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	2,026,429	2,832,599	(806,170)	4,313,392	5,504,371	0	(2,933,614)	544,328	628,734
STRATEGY & TRANSFORMATION	1,147,369	1,459,659	(312,290)	3,011,968	4,240,571	0	(2,933,614)	159,588	188,319
COMMUNICATIONS	879,060	1,372,940	(493,880)	1,301,424	1,263,800	0	0	384,740	440,415

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £544k. Just under half of the variance is attributable to the revised HRA recharge which is causing a budget pressure of £259k.

- **Strategy and Transformation – Forecast £159k overspend**
- The Insight hub are forecast to overspend by £34k due to an overspend on subscriptions such as Gartner, LG Inform, borough Data Explorer. This is offset by an anticipated £34k surplus on advertising.
- The PMO is forecast to overspend by £95k due to the HRA income pressure of £116k offset by a 22k underspend on salaries.
- The Strategy team is forecasting an overspend of £91k which is due to an overspend on staffing of £12k, a £44k overspend on subscriptions and reduced HRA income of £25k.
- **Communications and Marketing (including Events) – Forecast £385k overspend**
- Marketing and Communications are forecasting an overspend of £138k which is mainly due to a shortfall in HRA income of £117k.
- Events are forecast to overspend by £247k
- The £2.9m transfer from Reserves represents a drawdown to finance the ERP programme and Transformation expenditure and £497k of Shielding grant expenditure.

Strategy Period 7 Risk and Opportunities

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

- There is the risks of continued overspend on Strategy on membership and subscription fees. A growth bid has been submitted to bring the budget back in line with these uncontrollable costs.

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

- Income from Digital Advertising is an area of opportunity. There is potential for new units to generate additional income (estimated at £40k per year). However, after the service recently tested the market, providers were offering low fees to the Council and required a long contract (15 years). As such the team may decide to wait a year before going to market again. This would delay this income opportunity. The service is currently in discussions with procurement, finance and external advisers to decide the best route.

HRA: Period 7

Forecast Position: **£3.7m** overspend.

2022/23 FORECAST OUTTURN				
REPORT LEVEL	BUDGET	PERIOD 7	VARIANCE	CHANGE
	£'000	£'000	£'000	£'000
SUPERVISION & MANAGEMENT	43,523	45,244	£1,722	
REPAIRS & MAINTENANCE	24,215	23,549	(£666)	
RENTS, RATES ETC	950	1,055	£105	
INTEREST PAYABLE	10,944	10,944	£0	
DEPRECIATION	17,088	19,210	£2,122	
DISREPAIR PROVISION	0	0	£0	
BAD DEBT PROVISION	3,309	2,000	(£1,309)	
CDC RECHARGE	1,003	1,003	£0	
TOTAL EXPENDITURE	101,030	103,005	£1,975	£0
DWELLING RENTS	(£88,255)	(86,953)	£1,302	
NON-DWELLING RENTS	(£770)	(743)	£27	
CHARGES FOR SERVICES & FACILITIES	(£22,186)	(22,024)	£161	
INTEREST & INVESTMENT INCOME	(£299)	(299)	£0	
TOTAL INCOME	(£111,509)	(£110,019)	£1,490	£0
TRANSFER TO HRA RESERVE	1,281	1,536	£255	
TRANSFER TO MRR	9,198	9,198	£0	
	£0	£3,720	£3,720	£0

Key Drivers of the Position (Summary):

- Supervision & Management: **£1.722m**

Recharges from the General Fund mainly driven by My Place HRA Recharge due to increased costs projected for Compliance and Consultancy.

- Repairs and Maintenance: **(£666,000)**

Following restatement of the HRA Budget, the forecast for the HRA BDMS Contract is online at £11m for 2022/23. The main driver for the underspend is where BDMS recruitment of additional DLO Operatives this financial year has not been near to capacity (£480,000). The remaining variance is DLO where vacancies and agency recruitment has fallen behind. The DLO is managed by BDMS.

- Dwelling Rents/Service Charges: **£1.745m**

Rents represent a **£1.328m** overspend on a budget of **(£89.025m)** representing **1.5%** variance. The most notable cause is due to the increased RTB sales which had reached 93% of budgeted sales by end of Qtr 2 alone plus estate regeneration plans beyond budgeted assumptions.

Whilst Service Charges is forecasting a **£417,000** overspend, once Leaseholder Reserve (Transfer to HRA Reserve), is accounted for. The main cause is the factoring in of an expected actualisation adjustment of £300,000 at the coming year end. This recognises that service charges raised on estimates tend to actualise below the estimate in recent years.

- Depreciation and BDP: **£813,000**

Depreciation is expected to increase by **£2.122m** compared to budget. This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). The BDP has been reviewed in September and the provision required is **(£1.309m)** less than budget.

HRA: Period 7 Risk and Opportunities

Forecast Position: **£3.7m** Overspend

Risks: **£1.6m** (These are risks that are NOT in the forecast that we are monitoring)

- **£1.6m** Backlog of repairs and maintenance jobs within Housing based on BDMS volumes and My Place costing estimates. The timing of this delivery is uncertain, as the valuation and approach to be undertaken.
- There is uncertainty over energy budgets due to the world market but also the timing delays in receiving charges. Price uplift is further expected in November 2022. Additional resources are required in the Energy team to analyse impact and manage housing energy in the future.
- Further Compliance costs are expected above budget with the plan to complete Compliance of assets over 3 years.
- Uncertainty over what repairs and maintenance activities are in scope of the existing contract and what are not means a lack of assurance. This could be creating additional costs to the HRA.
- Insufficient backing information from BDMS leaves Leasehold Services unable to apply the true cost of R&M to Leaseholders, reducing cost recovery to the HRA.
- Contracts between the water companies and Council's predating 2016 have been challenged through various legal routes (e.g. Southwark). There is a risk that partial compensation maybe required.
- The Disrepair Provision may require additional resources due to the ongoing backlog and future claims coming forward.

Opportunities: **(£2.1m)** (These are opportunities that are NOT in the forecast that we are monitoring)

- **(£500,000)** the Bad Debt Provision budget is set at £3.309m and currently forecast at £2m. The opportunity value allows for some growth in the overall BDP but should be seen as a maximum figure.
- **(£1.6m)** The current year budget for revenue voids is likely to be released following a review of the current BDMS HRA Contract.

2022/23 Capital Programme

- 1.1 A revised capital programme for 2022/23 was submitted to Cabinet in June 2022, included slippage from the outturn, and was estimated at £644.94m split into £513.0m for the Investment and Acquisitions Strategy (IAS), £68.1m for General Fund (GF), £59.8m for HRA and £4.1m for Transformation.
- 1.2 Outturn has been revised with a £2.2m increase of slippage from £108.3m to £110.5m and budgets being reprofiled for Quarter 1 with a capital programme of £417.05m split into £315.5m for the Investment Strategy (IAS), £70.5m for General Fund (GF) and £31.1m for HRA. The outturn position is still be adjusted due to delays in accruals for work carried out by BD Management Services and there are potentially adjustments to be made resulting from the transition from Oracle to E5.
- 1.3 Quarter 2 reporting adjusts the capital programme by £35.56m from £417.05m to £452.61m with most of the additional budget from the IAS as a number of schemes were added. The split is £352.8m for the IAS, £66.4m for the GF, £2.4m transformation and £31.1m for HRA.

Table 1: 3 Year Capital Investment programme

	22/23	22/23	22/23	22/23	22/23	23/24	24/25
Strategic Function	Q1 Budget	Adjustment	Q2 Budget	Spend to Q2	Forecast delivery	Budget	Budget
Adults Care & Support	1,456		1,456	362	617		
Community Solutions	5		5	-			
Core IT	1,408		1,409	208	1,408		
CIL	576	356	932	193	932		
Culture, Heritage & Recreation	8,668	406	9,074	1,339	11,984	250	
Enforcement	2,254		2,254	-2	418		
Inclusive Growth	7,040	2,969	10,009	383	7,040		
Transport for London schemes	333	1,196	1,529	260	1,529		
My Place	7,395	1,091	8,486	1,218	5,727	5,190	
Public Realm	1,461	-127	1,334	985	1,168		
Education, Youth and Childcare	38,391	-10,517	27,876	4,667	9,698	6,900	
Devolved Formula Capital	-	566	566	490			
Other	1,488		1,489	327	1,007		
General Fund	70,475	-4,060	66,419	10,430	41,528	12,340	
Stock Investment (My Place)	18,691		18,691	6,759	18,691	23,000	23,000
Estate Renewal (Be First)	10,247		10,247	844	10,247		
New Build Schemes (Be First)	2,122		2,122	620	2,122		
HRA Total	31,060	0	31,060	8,223	31,060	23,000	23,000
Residential Developments	282,996	38,797	321,794	110,443	321,794	345,943	244,697
Temporary Accommodation	36		36	1	36		
Commercial Investments	32,484	-1,535	30,948	13,509	30,948		
Investments Total	315,516	37,262	352,778	123,953	352,778	345,943	244,697
Transformation Total		2,354	2,354	1	2,356		
Total	417,051	35,556	452,611	142,607	427,722	381,283	267,697

- 1.4 The capital team have worked with Project Managers to report significant projects key deliverables scrutinised to forecasted delivery. This is an on-going exercise to prepare Project Managers for the level of reporting expected within the Collaborative Planning system which will go-live 1 January 2023.
- 1.5 The funding sources below are expected to be available to finance the programme – unused amounts will be reprofiled to future years as required.

Table 2: Financing

Financed by:	454,903
Borrowing	370,745
Grant	45,368
HRA/MRR	31,180
Self-Financing	3,206
Capital Receipts	2,240
CIL/S106	2,164

2 Capital Projects Update by Strategic Function - General Fund

2.1 Adults Care & Support

Disabled Facilities Grant is provided by government and can be used to adapt older and disabled people’s homes to help them live independently and safely. Forecasting 42% of in year budget.

2.2 Community Solutions

Projects centred around Barking Learning Centre are now completed and the intention is to use the £5k remaining budget for other schemes.

2.3 CIL Schemes

Community Infrastructure Levy charged to new developments, with income recouped to deliver infrastructure needed to support new developments in the borough. Projects which have utilised CIL income for third party delivery benefitting LBB, include Box Up Crime and East End Woman’s’ Museum enhancements. A new scheme has now been added for Studio 3 Arts (**£356k total** - £156k CIL £200k Borrowing), The majority of CIL funding is used to fund infrastructure projects, but an element is also used towards education, community services and open spaces. This is included within those programmes.

2.4 Core

Contains projects relating to “Keeping the Lights on” IT schemes and purchases, Forecasting entire budget delivery. Expecting future Cabinet Paper regarding Desktop and Laptop refresh estimated at £2.7m.

2.5 Culture, Heritage & Recreation

The Council recognises the important role that access to green space plays in promoting health and wellbeing. Given the limited opportunities there are for creating new open space, the protection and enhancement of existing open space is

of crucial importance. The projects within this portfolio relate to the enhancement of Open Spaces, with developments in play infrastructure, various sports pitches, and protecting and enhancing Barking and Dagenham's unique Heritage assets. Forecasting delivery beyond current budget, whilst awaiting for the updated business case and budget approval papers relating to Parsloes Parklife where costs have increased above the original approved estimates.

2.6 Enforcement

Borough-wide controlled parking schemes, addressing emerging issues through traffic restrictions is an essential part of managing traffic in the borough and protecting the local environment and communities from excessive traffic, air pollution and road safety risks. Also including purchases of enforcement equipment such as upgrades to critical CCTV infrastructure.

2.7 Inclusive Growth

A new programme centred on Retrofitting Houses and Corporate Buildings (**£2,969m**) to install energy efficiency measures reducing energy consumption and decrease carbon emissions as part of our Net Zero Carbon Strategy has been added to the programme. Both this and the existing scheme are forecasting full budget delivery.

2.8 TfL

Contains Transport for London funded projects, recently awarded **£1.2m** grant in year relating to local corridor improvement plans within Goresbrook Road safety scheme, Gale Street/Woodward Road junction signalisation and high priority bus schemes, reducing traffic emissions in neighbourhoods and creating cycle routes Forecasting budget delivery.

2.9 My Place

The majority of this relates to Planned Preventive Maintenance of the Highways, Lighting and Bridges and Structures within the Borough, including flood risks and stock condition enhancement. Function also includes Habitat for Humanity and Ward members capital ambitions. Future view to attribute capitalizable Community Hubs and dispersed working costs and split operational spend. **£1m** has been added to the programme through reprofiling. Overall forecasting 67% delivery.

2.10 Public Realm

Replacement of ageing waste fleet to decrease the use of hire vehicles and ensure that the Council is operating newer vehicles which are compliant. Including upgrades to technology utilised in the waste operations and purchase of compatible Bins.

2.11 Education, Youth and Childcare

The Council has the legal duty to ensure that there are sufficient school places within the borough for the pupils who need them. Expenditure is designed to improve the fabric of buildings using Basic Needs Grant and/or make them more inclusive for children with special educational needs (SEN) or a physical impairment.

The service is making use of its SEN Capital Grant, School Condition Allocation Grant and sourcing funding from Section 106 and Community Infrastructure Levy to ensure schools remain in good condition. Government Grant of Schools Conditions allocation is being utilised for condition maintenance covering the fabric of school buildings, roofs, brickwork, windows and internal works. Schools Capital and Investment Update on-going,

The EYC 2022/23 budget has been adjusted to reflect approved capital budgets less projects delivered. To reflect the additional future education programme, work is ongoing to devise the remaining grant allocations within the monitor.

The current 34% of budget forecast is a result of budgets requiring profiling to future years, contractors going into administration and reduced retentions all of which have caused delay. However we expect to utilise all funding within time. The revised profile will be presented in later reports.

2.12 Devolved Formula Capital

Devolved formula grant is provided directly to the schools to help maintain and improve the condition of school buildings and grounds, with £566k directly transferred to the schools.

2.13 Other

Projects relating to Abbey Green conservation works and East Street Parade quality enhancement, key deliverables identified in Appendix 2. Awaiting proposal updates for 82a and 82b Oval St.

3. Housing Revenue Account

3.1 The Council is engaged in a development programme within the HRA with the primary driver £18m towards investment in existing stock including fire safety and energy efficiency works. In addition to building £2m new home builds, will £10m redevelop and regenerate existing estates. The HRA will play a significant role in the delivery of the Housing Programme and will work with the Council's General Fund and the wholly owned subsidiaries to ensure the aspiration of the housing plan is delivered.

3.2 The outcome of the HRA Business Plan Review will inform future decision making on investment and capacity within the HRA.

4. Investment and Acquisitions Strategy

4.1 Reports on the IAS taken to April and November Cabinet, raised viability issues on pipeline schemes and gave an update on performance. Work is being carried out with Be First to reprofile spend for 2023/24 onwards on current schemes and to start reporting using Collaborative Planning from December 2022.

APPENDIX C

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
Project	Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget	
General Fund								
Adults Care & Support								
C00106	Disabled Facilities Grant	1,456		1,456	362	617		
	Total for Adults Care & Support	1,456		1,456	362	617		
Community Solutions								
C03060	Barking Learning Centre Works	5		5				
	Total for Community Solutions	5		5				
Core								
C02877	Oracle R12 Joint Services				5			
C03052	KTLO	1,209		1,209	202	1,209		
C03059	Customer Services Channel Shift	64		64	48	64		
C03068	ICT End User Computing	263		263	48	263		
	Total for Core	1,408		1,409	208	1,408		
CIL (external)								
C05027	Kingsley Hall	30		30		30		
C05028	Box Up Crime	214		214	28	214		
C05029	East End Women's Museum	175		175		175		
C05030	Green Community	1		1		1		
C05031	Becontree Centenary - Create London	61		61	8	61		
C05062	Litter in Parks (CIL)	96		96		96		
C05108	Studio 3 arts		356	356	156	356		
	Total for CIL	576	356	932	193	932		
Culture, Heritage & Recreation								
C03032	Parsloes Park Activation	3,880	-	3,880	888	10,392		
C03090	Lakes	293	-	293	5	141	150	
C04013	Park Infrastructure Enhancements	30	-	30	30	30		
C04017	Fixed play facilities	83	-	83		55		
C04018	Park Buildings – Response to 2014 Building Surveys	92	-	92	1	92		
C04031	Reimagining Eastbury	4	-	4				
C04033	Redressing Valence	250	-	250	5	28		
C04043	The Abbey: Unlocking Barking's past, securing its future	389	-	389	15			
C04080	Children's Play Spcs & Fac (CIL)	214	-	214	118	56		
C04081	Parks & Open Spcs Strat 17	97	-	97	36	219	100	
C04084	Central Park Masterplan Implementation	982	-	982	120	332		
C04085	Play Facility at Valence Park'	5	-	5	5	5		
C05060	Safer Parks (CIL)	84	-	84	32	84		
C05061	B&D Local Football Facility (CIL)	157	-	157				
C05089	De-contamination adjacent to ECB	2,094	406	2,500	86	550		
C04042	Community Halls	15	-	15				
	Total for Culture, Heritage & Recreation	8,668	406	9,074	1,339	11,984	250	

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
	Project	Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget
	Enforcement							
C02982	Consolidation & Expansion of CPZ	2,154		2,154	65	345		
C04015	Enforcement Equipment	100		100	67	73		
	Total for Enforcement	2,254		2,254	2	418		
	Inclusive Growth							
C05084	Green Homes	7,040		7,040	383	7,040		
C03028	Retrofit		2,969	2,969		2,969		
	Total for Inclusive Growth	7,040	2,969	10,009	383	10,009		
	Transport for London schemes							
C02898	Local Transport Plans	46	90	136	30	136		
C05052	Dagenham Heathway 'Healthy Streets' Corridor Improvements		130	130		130		
C04094	Becontree Heath Low Emission	88		88	27	88		
C05056	Valance Avenue 'Healthy Streets' Corridor Improvements	11	10	1		1		
C05057	Eastbury Manor House Access	20		20		20		
C05058	Minor Works (Various Locations)		99	99		99		
C05079	Cycle Future Route 10	45	220	265		265		
C05080	Low Traffic Neighbourhood	327	221	548	231	548		
C05083	Bus Priority	33	426	459	26	459		
	Total for TfL	333	1,196	1,529	260	1,529		
	My Place							
C02811	Ward Capital Spend	666		666	50	127	340	
C03064	Street Lighting Prog 2015-2019	137	794	657	40			
C03065	HIP 2016-17 Footways & Carriageways	3,117		3,117	452	3,117	3,820	
C04064	Bridges and Structures	1,124		1,124	88	1,124		
C03011	Struct Rep's & Maintce-Bridges	33		33	6	33		
C05018	Stock Condition Survey	1,596		1,596	188	560	1,000	
C05055	Road Safety Improvements Programme (Various Locations)	160	297	457	77	160		
C04063	Flood Risk and Drainage Grant (Formally Flood Risk Management)	84		84				
C04029	Engineering Works (Road Safety)	55		55	35			
C04019	Replacement of Winter Maintenance Equipment / Gully Motors	3		3				
C05048	Procuring in cab tech for waste vehicles and subsequent licences etc					205		
C04032	Habitat for Humanity			574				
C05077	Community Hubs and Dispersed Working	808		808	198	400		
	Total for My Place	7,395	1,091	8,486	1,218	5,727	5,160	

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
	Project	Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget
	Public Realm							
C04012	Bins Rationalisation	34		34	7	11		
C04070	Vehicle Fleet Replacement	1,052		1,052	978	1,156		
C03083	Chadwell Heath Cemetery Extension	149		149				
C04028	Hand Arm Vibration	5		5				
		205		205			30	
C04016	On-vehicle Bin Weighing System for Commercial Waste	16		16				
C05039	Tree Planting	-	127	-	127			
	Total for Public Realm	1,461	- 127	1,334	985	1,168	30	
	Education Youth & Childcare							
C03042	Additional SEN Provision	4	-	4		4		
C04052	SEND 2018-21	349	- 19	330	207	330		
C04053	School Conditions Allocation 2018-20	38	-	38		38		
C04059	Chadwell Heath	100	- 100	-		-	6,900	
C04072	School Condition Alctns 18-19	513	- 18	531		200		
C04087	SCA 2019/20 (A)	37	-	37	3	37		
C04097	Trinity Special School Expansion	-	-	-	39	-		
C05033	SCA PRIORITY WORKS 20/22	303	-	303	60	303		
C05034	Schools Expansion Programme 20/22	1,007	- 1,200	2,207	132	250		
C05040	Healthy School	146	- 24	122		122		
C05069	SCA 20-21	859	- 1,798	939	429	650		
C05098	SCA 21-22	3,727	- 9	3,718	1,593	2,500		
C05099	SEND 21-22	1,836	- 159	1,677	335	650		
C05105	Basic Needs 21/22	36	- 2,000	1,964	400	500		
C05107	SCA 22-23		- 5,188	5,188		1,600		
	Primary							
C03053	Gascoigne Primary 5forms to 4 forms	60	-	60		60		
C04058	Marks Gate Infants & Juniors 2018-20	836	- 5	831	626	831		
C04071	Roding Primary Classroom Reinstatement		- 84	84	34	34		
C04098	Ripple Suffolk Primary	6	-	6		6		
C05078	Greatfields Primary	10,459	- 861	9,598	16	1,000		
	Secondary							
C03018	Eastbury Secondary	156	-	156		156		
C03020	Dagenham Park	77	-	77		77		
C03022	New Gascoigne (Greatfields) Secondary School	7,692	- 7,221	471	251	350		
C02959	Rober Clack Expansion existing		- 662	662		-		
C03054	Lymington Fields New School	137	- 373	236	8	-		
	Funds to be allocated	12,118	- 12,118	-				
	Total for Education Youth & Childcare	38,393	- 10,517	27,876	4,667	9,698	6,900	

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
	Project	Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget
	Other							
C03099	Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project	1,006		1,006	327	1,007		
C04051	Street Property Acquisition 2017-19	50		50				
C04056	Abbey Road Infrastructure	11		11				
C03056	Burford Close Garage Site	1		1				
C05038	82A AND 82B OVAL ROAD SOUTH	325		325				
DFC	Devolved Formula Capital		566	566	490			
	TBD	95		95				
	Total for Other	1,489	566	2,055	816	1,007		
	General Fund Total	70,477	- 4,058	66,419	10,429	44,497	12,340	

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
Project		Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget
HRA								
Stock Investment (My Place)								
C00100	Aids and Adaptations	1,000		1,000	162	1,000	1,000	1,000
C02933	Voids	1,242		1,242	537	1,242	1,500	1,500
C04002	Lift Replacement Programme	453		453	90	453	1,000	1,000
C04003	Domestic Heating Replacement	993		993	339	993	500	500
C04004	Box-Bathroom Refurbs (Apprenticeships)	35		35	35	35		
C04006	Minor Works & Replacements	144		144	19	144	750	750
C05002	Externals 1 - Houses & Blocks	2,317		2,317	2,879	2,317	5,000	5,000
C05003	Externals 2 - Houses & Blocks	3,011		3,011	819	3,011	1,000	1,000
C05004	Door Entry Systems	298		298		298	250	250
C05005	Compliance	324		324	11	324	500	500
C05006	Fire Safety Improvement Works	54		54	33	54	500	500
C05007	Fire Doors	200		200		200	500	500
C05008	De-Gassing of Blocks	27		27	27	27		
C05009	Lateral Mains						2,000	2,000
C05011	Communal Boilers	245		245	69	245		
C05013	Estate Roads Resurfacing	3,000		3,000	1,255	3,000	1,000	1,000
C05014	Energy Efficiency inc Green Street	2,000		2,000	32	2,000	5,000	5,000
C05015	Other Works	641		641	21	641	1,000	1,000
C05000	DH Internal	2,481		2,481	338	2,481	1,500	1,500
C05068	Adaptations and Extensions	225		225	93	225		
	Pending Projects	1,456		1,456				
	Total for Stock Investment (My Place)	1,456		1,456	6,759	18,691	23,000	23,000
C02820	Estate Renewal	10,247		10,247	844	10,247		
	Total for Estate Renewal	10,247		10,247	844	10,247		
New Build Schemes								
C02931	Leys New Build Dev (HRA)	43		43		43		
C03071	Mellish and Sugden	299		299	15	299		
C05102	Mellish Close - Austin House	1,746		1,746	635	1,746		
C02970	Marks Gate	5		5		5		
C02988	Bungalows (Stansgate, Mrgt Bon)	11		11		11		
C03009	Leys Estate Ph 2	18		18		18		
	Total for HRA New Builds	2,122		2,122	620	2,122		
	Total for HRA	31,060		31,060	8,224	31,059	23,000	23,000

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
	Project	Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget
Investment & Acquisitions								
Residential Developments								
C04067	12 Thames Road	33,019		33,019	14,574	33,019	20,300	2,009
C04065	200 Becontree	154		154	131	154		
C03086	A House for Artists	104		104	12	104		
C05100	Barking Riverside Health	806		806	5	806	10,860	23,066
C05066	Beam Park		22,489	22,489	80	22,489	36,184	56,699
C03089	Becontree Heath New Build	233		233	328	233		
C05071	Brocklebank Lodge	1,129		1,129	38	1,129		
C05065	Chequers Lane				137		307	
C04069	Crown House	4,005		4,005	744	4,005	33	
C04062	GEP2 C1	1,261		1,261	1,014	1,261	368	
C05076	Gascoigne East Phase 2 (E1)	26		26	120	26	19,872	32,639
C05092	Gascoigne East Phase 2 E2	24,203		24,203	12,294	24,203	1,436	
C05091	Gascoigne East Phase 2 F	39,545		39,545	16,255	39,545	20,700	1,235
C05090	Gascoigne East 3A - Block I	7,543		7,543	79	7,543	28,612	5,137
C05073	Gascoigne East 3B	13,691		13,691	132	13,691	43,143	68,169
C05026	Gascoigne East Phase 3	28,534		28,534	10,316	28,534	10,755	654
C02985	Gascoigne West (Housing Zone)						22	
C04099	Gascoigne West P1 Development (Phase 1)	970		970	198	970		
C05025	Gascoigne West Phase 2	72,843		72,843	38,759	72,843	53,579	5,306
C04068	Oxlow Road	6,063		6,063	2,359	6,063	9,876	256
C05035	Padnall Lake	9,210		9,210	1,696	9,210	528	
C05093	Padnall Lake Phase 2	19,363		19,363	8,265	19,363	4,891	89
C05094	Padnall Lake Phase 3	3,469		3,469	989	3,469	15,541	29,546
C04066	Roxwell Road	5,052		5,052	1,335	5,052	15,190	9,143
C03080	Royal British Legion	1,073		1,073	24	1,073	22,128	6,913
C03072	Sacred Heart	173		173	48	173		
C03084	Sebastian Court - Redevelop	1,128		1,128	142	1,128		
C04090	Site London Rd/North Street				115			
C05103	Town Quay Wharf		5,379	5,379	14	5,379	7,170	3,566
C05041	Transport House		10,167	10,167	62	10,167	21,859	10,001
C05082	Trocoll House		762	762	30	762	668	558
C05020	Woodward Road	9,866		9,866	2,358	9,866	1,943	323
	Total for Residential	282,996	38,797	321,794	110,443	321,794	345,943	244,697
Temporary Accommodation								
C05021	Grays Court	36		36	1	36		
	Total for Temporary Accomodation	36		36	1	36		
Commercial Investments								
C04091	Welbeck Wharf	1,018		1,018		1,018		
C04102	CR27	3	3					
C05024	Film Studios	12	12		92			
C05044	9 Thames Road	62	62					

		22/23	22/23	22/23	22/23	22/23	23/24	24/25
	Project	Q1 Budget	Budget Adjustment From Q1 to Q2	Q2 Budgets	Spend to Q2	Forecasted delivery	Budget	Budget
C04057	Travelodge Dagenham	- 15	15		1			
C04086	Travelodge Isle of Dogs	- 12	12		25			
C05074	Barking Business Centre	- 5	5		15			
C05042	26 Thames Rd	1,373 -	1,373		292			
C05067	Dagenham Heathway- Shopping Centre	23 -	23		32			
C04103	Barking Restore PLC	1 -	1					
C05072	Industria	30,178 -	248	29,930	13,053	29,930		
	Total for Commercial	32,484 -	1,535	30,948	13,509	30,948		
	Total for Investment Strategy	315,516	37,262	352,779	123,953	352,779	345,943	244,697
	Core Transformation		114	114		114		
	ERP Transformation		2,240	2,240		2,240		
C05019	CCS Transformation				1	1		
	Transformation Total		2,354	2,354	1	2,356		
	Capital and Investment Programme Total	417,053	35,559	452,612	142,607	430,691	381,283	267,697

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CABINET

13 December 2022

Title: Budget Strategy 2023/24 to 2026/27	
Report of the Cabinet Member for Finance, Growth & Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Philip Gregory, Strategic Director, Finance & Investment (Section 151 Officer)	Contact Details: Tel: 020 8227 5048 Philip.Gregory@lbbd.gov.uk
Accountable Director: Philip Gregory, Strategic Director, Finance & Investment	
<p>Summary</p> <p>On 12 July 2022, the Cabinet approved a refreshed Medium Term Financial Strategy (MTFS) for 2022/23 to 2026/27. It shows how the delivery of a strategy for a well run organisation goes hand in hand with organisational financial health. It has been prepared recognising the financial uncertainty arising from a period of increasing inflation following the COVID-19 pandemic and from uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2024/25 at the earliest, whilst taking into account anticipated demands and pressures.</p> <p>This report builds on that strategy and provides an update. Following the Autumn Statement by Government in November there is an expectation of a one-year funding settlement for 2023/24. There is significant uncertainty surrounding the allocation of funding from Government on an individual borough basis which will be clarified at the publication of the draft Local Government Finance Settlement in late December.</p> <p>It is in this context that the report updates Cabinet on changes to the Council's medium term financial position. It sets out how the remaining 2022/23 financial gap may be resolved and the implications for services and Council Tax payers in the borough.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the continued commitment to delivering the savings proposed in the MTFS reports approved by Assembly in March 2022; (ii) Note the approach to mitigate the funding gap put forward for 2023/24 onwards prior to inclusion in the Budget Report in Spring 2023; (iii) Agree the proposed consultation process for the budget, as set out in section 9 of the report; and 	

- (iv) Agree to consult Borough residents and taxpayers on the levying of a 3% General Council Tax increase and a 2% Social Care Precept to support the Borough's most vulnerable residents, subject to these thresholds being confirmed.

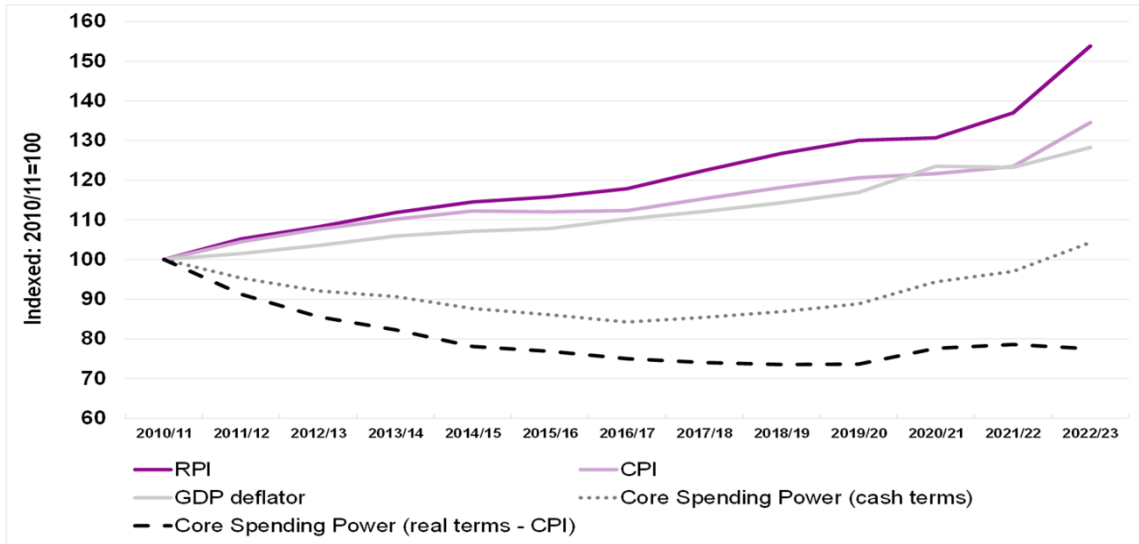
Reason(s)

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

1. Introduction and Background

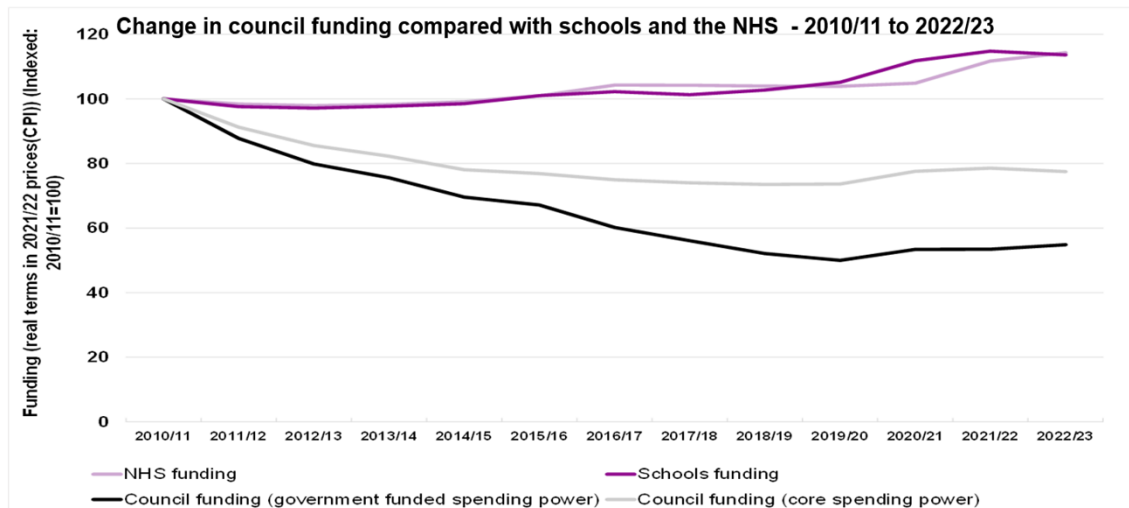
- 1.1 This report sets the context for the future financial position for the London Borough of Barking and Dagenham. The Medium Term Financial Strategy (MTFS) is a statement on the council's approach to the management of its financial resources to meet its Corporate Priorities. The MTFS also considers the appropriate level of reserves that the Council holds to mitigate current and longer term risks.
- 1.2 The wider context within which this update has been prepared is one of unprecedented uncertainty. The financial sustainability of the whole of Local Government has been tested like never before following the response to the COVID-19 pandemic and now the cost-of-living crisis and increasing inflation. The impact of this has resulted in increasing operational costs and increasing demand for services that support the most vulnerable members of our community. This is discussed further in section 3 of the report
- 1.3 The Government published their Autumn Statement on 17 November 2022. This set out the spending proposals for government, including the Department for Levelling Up, Homes and Communities (DLUHC), for the next 5 years with a number of policy and funding announcements related to local government. However, DLUHC are anticipated to provide a one-year funding settlement for 2024/25 with indications on the direction of travel for later years.
- 1.4 DLUHC are in the process of allocating funding to individual local authorities and these allocations will be published in late December 2022. The draft Local Government Finance Settlement will provide the basis on which the detailed budget for 2023/24 is prepared for approval by Assembly on 1 March 2023.
- 1.5 There have been significant cuts over several years to revenue support grant from DLUHC which, combined with increasing demographic and demand led pressures, results in the need to identify savings and transformation proposals to deliver a sustainable MTFS. Analysis from the Local Government Association (LGA) shows that Core Spending Power has reduced in real and cash terms since 2010.

Core Spending Power has lagged behind inflation since 2010/11



1.6 Furthermore, local government funding has not kept pace with NHS or schools funding, despite an increased reliance on council tax within core spending power, as shown below.

Councils have received less financial protection than schools and the NHS



1.7 The combination of reducing funding and a growing population meant the Council had to do something in order to be able to continue to provide services to local residents and businesses. The Ambition 2020 programme began in 2017 and delivered a New Kind of Council whilst setting out plans to deliver almost £50m in savings and increased income. A primary focus of the programme was to maximise housing, business and economic growth within the borough.

1.8 The COVID-19 pandemic has had a profound and unprecedented impact on the activity and finances of the Council since March 2020 and this is likely to continue

throughout 2021-22 and beyond into the medium term. The pandemic has resulted in three major financial effects on the council's financial position:

- Additional costs
- Income loss
- Agreed savings at risk

- 1.9 The financial scarring effects of the pandemic will continue to impact demand for services and income due to the council for many years to come. Whilst the council is not alone in facing these challenges this does not lessen the scale of the challenge and the impact on the residents and businesses within the borough
- 1.10 DLUHC may confirm when funding reforms will be introduced (the Review of Relative Needs and Resources (Fair Funding) and business rates retention). These reforms are expected to be a benefit to the council when introduced. They were due to be introduced in 2020/21 following the previous four year funding settlement. These reforms have now been delayed until 2024/25 at the earliest. The council has therefore lost the financial benefit from these reforms in 2020/21, 2021/22, 2022/23 and 2024/25 resulting in a wider savings gap in these financial years.
- 1.11 There is a savings target of £6.219m for 2022/23 including those brought forward from previous years. £3.600m of these savings are either fully achieved or expected to be achieved in year. £2.354m are at high risk of not being achieved at all with the remaining £0.265m being uncertain or only part achieved in year. The progress of the delivery of approved savings is reported in the regular budget monitoring reports to Cabinet. Any savings that are not delivered in full will result in an overspend and an increased drawdown on reserves.
- 1.12 The delivery of agreed savings is essential to deliver a balanced budget for 2022/23 and beyond. Where agreed proposals are deemed to be unachievable these should be replaced with alternative proposals by the service responsible, subject to Cabinet approval.
- 1.13 In July 2022, Cabinet approved an updated MTFS for 2022/23 including an indicative forward forecast for future years. This identified a cumulative savings gap of £14.6m during the MTFS period from 2023/24.
- 1.14 Medium term financial planning must make assumptions about the future demand profile and cost pressures on expenditure and on factors that affect income sources. The MTFS represents a summary of these assumptions and their impact on the funding of the council.
- 1.15 The approach of the Council continues to be to invest in the borough to generate growth and prosperity, while redesigning and transforming council services to meet the needs of the community at a lower cost.
- 1.16 This report provides an update on the funding gap within the MTFS and potential routes to close it.

2 Council Priorities and Strategic Framework

2.1 The MTFS is underpinned by four key strategic priorities for the council to ensure that resources are aligned with their delivery:

- **Inclusive Growth.** All activity related to homes, jobs, place and environment will be organised into a single strategy, focused on intervening in our economy in order to improve economic outcomes for all residents.
- **Prevention, independence and resilience.** All activity relating to people facing public service will be organised into a single strategy, focused on intervening in society in order to improve health and wellbeing outcomes for all residents, at every stage of life.
- **Participation & engagement.** All activity related to community engagement and social infrastructure will be organised into a single strategy focused on giving every resident the power to influence local decisions, and to pursue their version of the good life.
- **Well Run Organisation.** This is a crosscutting strategic priority, concerned with the operation of the Council's support functions and the way in which our business is operated.

2.2 These strategic priorities sit alongside our continued efforts to build and embed our new kind of council and will drive all council activity in the years ahead. Critically, each has an important part to play in managing future demand on council services. The financial position set out in the MTFS is designed to reflect this position

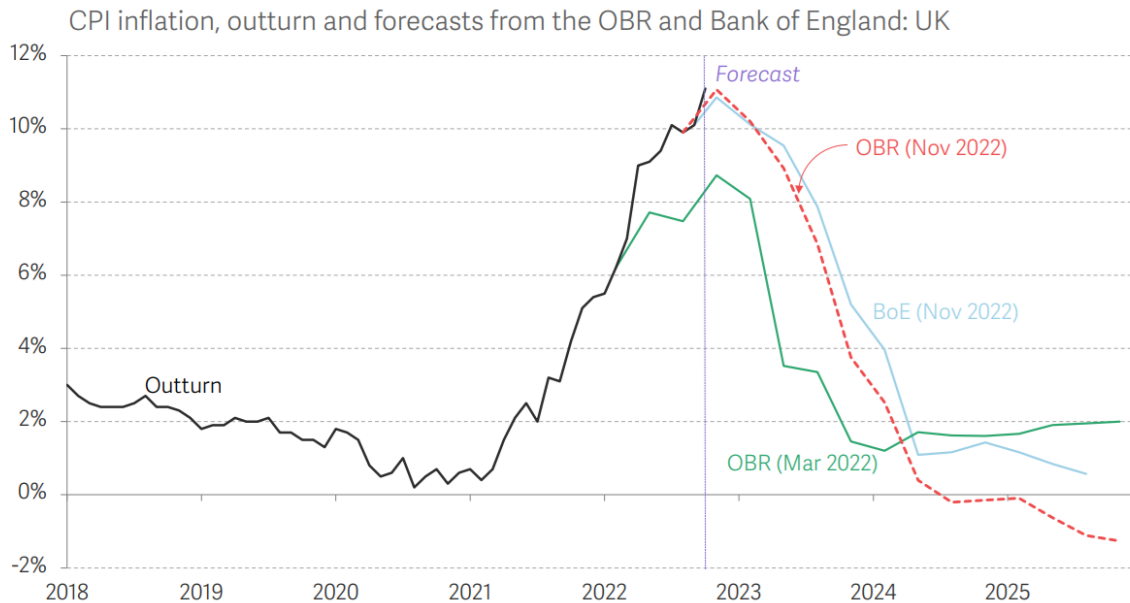
3 Cost-of-Living Crisis

3.1 The cost-of-living crisis is driven by many factors that are primarily evidenced by increases in inflation (comparing current costs to how much they cost a year ago). There are a number of reasons for increasing inflation which started to increase in 2021 in large part due to increased spending on goods during the Covid crisis. As economies around the world, including in the UK, opened up after Covid restrictions eased, some businesses struggled to meet this extra demand because of difficulties in getting the materials used in their production. A proportion of the additional cost pressures faced by the council 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.

3.2 Global, external factors continue to have an impact. Continued lockdowns in China have had an impact on the supply of goods. Russia's invasion of Ukraine has led to sharp increases in the price of energy. The war in Ukraine has also caused an increase in the price of many agricultural commodities, such as grain, which are needed to produce food. There are also inflationary pressures from the UK economy including wage inflation as there are more job vacancies than there are people to fill them, which means employers are having to offer higher wages to attract job applicants.

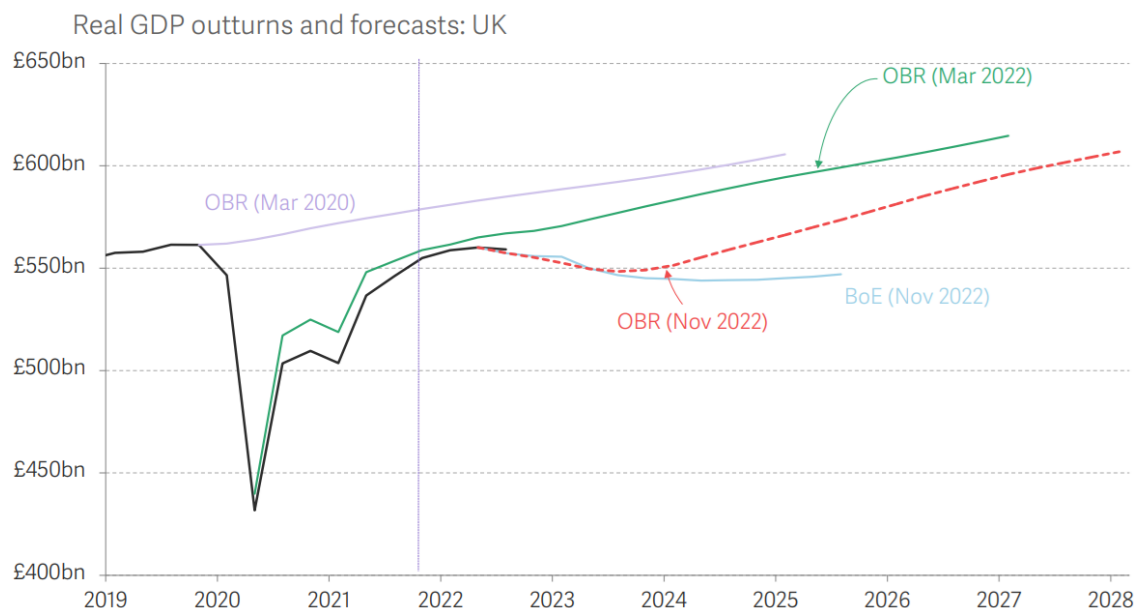
3.3 Inflation has risen sharply to level not seen for many decades. On 16 November 2022, the Office for National Statistics (ONS) published data showing that twelve-month inflation in the Consumer Prices Index (CPI) was 11.1% in October (compared to 11.6% in Germany and 7.7% in the US). The Bank of England

forecast that CPI inflation is expected remain above 10% during the next few months reflecting higher projected household energy prices. Inflation is expected to fall to the 2% target by the end of 2024 as shown below.



SOURCE: OBR, Economic and Fiscal Outlook, November 2022; Bank of England, Monetary Policy Report, November 2022.

3.4 The Office for Budget Responsibility (OBR) has slashed its forecasts for economic growth over the near term. The economy has already started to shrink, and the OBR forecasts a contraction of a cumulative 2.1 per cent in GDP over the five quarters between Q2 2022 and Q3 2023, as shown below. The economy will not regain its pre-pandemic size until Q4 2024. This is five years with no GDP growth: the economy is set to end this Parliament no bigger than it started. It is worth noting that the OBR forecast is more optimistic than the Bank of England forecast.



SOURCE: OBR, Economic and Fiscal Outlook, various; Bank of England, Monetary Policy Report, November 2022.

4 Medium Term Financial Strategy Forecasts

4.1 The report to Cabinet in July 2022 set out the following financial forecasts over the medium term:

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Budget Gap (incremental)	7.115	0.670	4.117	2.924
Budget Gap (cumulative)	7.115	7.785	11.902	14.826

4.2 A review of the assumptions has been undertaken and the financial forecast has been updated as shown in the table below. These updates are best estimates of the impact of the changes and are subject to change before the MTFFS is presented for approval in February / March 2023:

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Budget Gap (incremental)	7.115	0.670	4.117	2.924
New Budget Proposals*	10.652	16.210	11.489	11.678
REVISED BUDGET GAP	17.767	16.880	15.606	14.602

*subject to consultation and approval

4.3 Strategic Directors were asked to submit savings, growth and invest to save proposals over summer 2022 to address the budget gaps in the MTFFS. An initial prioritisation exercise took place which removed some growth bids but still resulted in a significant increase in budgets in future years.

4.4 Within the figures for 2023/24, growth bids totalling £24m were submitted against a budget gap of £7.1m. The prioritisation exercise reduced growth bids to £18.6m and accounting for growth already built into the MTFFS results in additional growth of £10.7m. The resulting £17.8m budget gap for 2023/24 is now the focus of further work to enable the council to set a balanced budget for 2023/24.

4.5 This position exemplifies the issues facing local government where funding is reducing and demand for services and statutory requirements continue to grow. The budget presented for approval in spring 2023 will need to include radical changes to service delivery in order to set a balanced budget with no funding gap. It is a legal requirement to set a balanced budget.

4.6 The strategy to address the funding gap continues to be through the following routes:

- Savings and Growth proposals: those that have been identified and those that are still in development to include in the MTFFS in February / March 2023.
- Delivery of the corporate plan priorities and agreed transformation programme to deliver sustainability in the longer term.
- Identify new investment opportunities to secure financial sustainability and deliver regeneration for the borough.

5 Government Funding Changes

- 5.1 The last four-year funding settlement ended in 2019/20 and a one-year funding settlement was received for 2020/21 with further one year funding settlements in 2021/22 and 2022/23. Single year funding settlements provide little clarity on future spending commitments from Government resulting in increasing uncertainty in the MTFS assumptions beyond the following year.
- 5.2 The Chancellor of the Exchequer announced the Autumn Statement on 17 November 2022. This provided a five-year funding forecast for Government departments. DLUHC will allocate funding for individual boroughs from their spending limit. It is expected that the draft Local Government Finance Settlement will be published by DLUHC in late December.
- 5.3 For local government, approximately £6.5 billion will be made available for local authorities to deliver core services in 2023/24 and 2024/25. This is in addition to what was agreed at the 2021 Spending Review and is summarised below.

	2023-24 £bn	2024-25 £bn	TOTAL £bn
Changes to Council Tax assumptions	0.6	1.2	1.8
Repurposed Adult Social Care funding	1.3	1.9	3.2
New Adult Social Care funding	0.7	1.2	1.9
Removal of NICs funding	-0.2	-0.2	-0.4
TOTAL	2.4	4.1	6.5

- 5.4 From this information, government are assuming that local authorities will use the full council tax flexibility for the next two years. The funding that government allocated in 2021 for the additional costs of Adult Social Care reform have remained in 2022 despite the rollout of the reforms being delayed for 2 years until Oct 2025. It is not expected that this repurposed funding will mitigate any of the current financial pressures the Council faces. There is £1.9bn of new funding for Adult Social Care from government over the next two years.
- 5.5 The MTFS funding gap has not been updated following these announcements as the individual allocations for local authorities have not been published. The MTFS will be updated taking into account these changes and reported to Cabinet and Assembly in Spring 2023.
- 5.6 DLUHC have not yet confirmed whether the implementation of funding reforms will be introduced from 2024/25. The Review of Relative Needs and Resources (Fair Funding) and business rates retention reforms are anticipated to have a positive impact on the amount of funding allocated to LBBB. These reforms have been delayed since 2020. A multiple year funding settlement would be expected to allow these reforms to be implemented.
- 5.7 A continuing pressure will be the local government pay award within the current financial year and into next year where inflation continues to be above the Bank of

England's 2% target. Our MTFS includes funding for a 4% pay award in 2024/25 and 2025/26 but any pay award above this will create an additional pressure. Each 1% increase in salary costs the Council c£1m.

- 5.8 **Council Tax** – DLUHC are expected to confirm in the draft Local Government Finance Settlement that there will be a council tax referendum threshold of 3% with an adult social care precept of 2% for 2023/24 and 2024/25. The MTFS currently assumes a total 2.99% increase in council tax, the additional 2% increase will increase funding by £1.5m in 2023/24 and £3.2m in 2024/25.
- 5.9 Growth in the council tax base has been estimated by using data on expected new homes being occupied over the MTFS period. A prudent deduction has been made to account for properties that may be delayed or where council tax will not be payable in full, e.g., recipient of CTS. On this basis the growth in council tax base increased from 1.5% to 3% per year in the July 2022 MTFS. This assumption will be kept under review.
- 5.10 **Business Rates** – from 1 April 2023 a revaluation will update rateable values for non-domestic properties in England and the multiplier in line with evidence from April 2021. There will be a number of initiatives to support ratepayers:
- The business rates multipliers for 23/24 will be frozen
 - A new Transitional Relief scheme limiting the rate at which bills can increase due to the revaluation funded, for the first time, by the Exchequer
 - A more generous Retail, Hospitality and Leisure relief for eligible properties in 23/24
 - A Supporting Small Business scheme to cap bill increases for businesses that lose other relief due to the revaluation.
- 5.11 DLUHC have confirmed that local authorities will be fully compensated for any loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.
- 5.12 **Social Care Funding** – new grants were announced in the Autumn Statement as set out above including the assumption that local authorities will increase council tax by the maximum allowed within the referendum limit (i.e. a 2% ASC precept in 2023/24 and 2024/25).
- 5.13 **Improved Better Care Grant** – an additional £600m will be provided to support hospital discharges in 2023/24 and £1bn in 2024/25. A proportion of this funding may be allocated to the NHS as well as local authorities.
- 5.14 **Public Health Grant** – this is a ringfenced grant and, whilst we assume the grant will continue at current levels, there is a lack of clarity on whether there will be additional funding to support ongoing public health initiatives related to the recovery from COVID-19.
- 5.15 **New Homes Bonus** – as the expectation is that funding will be rolled forward from 2022/23 to 2023/24, we expect that new homes bonus will continue to fund legacy payments and make a new round of allocations for 2023/24. The mechanism to allocate a new round of funding will be contained within the consultation published by DLUHC with the draft local government finance settlement.

- 5.16 The total removal of New Home Bonus without replacement could have a significantly detrimental effect on the MTFS as it is a key element of the Be First business plan target and underpins our efforts to regenerate the Borough.
- 5.17 **2022/23 Services Grant** – this was a one-off grant provided in the last Local Government Finance Settlement in anticipation of funding reforms being introduced from 2023/24. These reforms are not going to be introduced in 2023/24 so the funding for this grant will need to be reallocated. In 2022/23 this grant provided £3.9m funding for LBB. Our MTFS assumption is that this will increase to £5.4m in 2024/25.
- 5.18 **Homelessness/Housing** – additional funding was provided in previous years in an effort to reduce homelessness and rough sleeping in addition to new funding for Discretionary Housing Payments. It is expected that this will continue in 2022/23.
- 5.19 The Household Support Fund will be extended for a further year with £1bn in additional funding.
- 5.20 The Government is capping the amount that social rents can increase by next year at 7% compared to c.11.1% under current rules. This will have a detrimental effect on the HRA budget which will be updated in the report to Cabinet in Spring 2023.

6 Business Rates Pooling 2023/24

- 6.1 The Council participated in the London-wide business rates pilot which was introduced in 2018/19 and the London business rates pool from 2020/21. The business rates pool was dissolved in 2021/22 and will not be reintroduced in 2023/24.

7 Other Pressures

- 7.1 The General Fund budget for 2022/23 is £183.060m, a net increase from the previous year of £9.4m. As a result of underlying financial pressures including increased costs, demographic and other demand growth, savings not yet delivered and other risks there is a forecast budget overspend of £13.637m (7.4%) at September 2022.
- 7.2 The forecast budget overspend 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. 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.
- 7.3 The forecast overspend position is summarised below. The detailed report on this forecast was presented to Cabinet in November 2022.

	Budget £m	Variance £m	Variance %
Community Solutions	24.817	0.980	4%
My Place	18.757	1.221	7%
Inclusive Growth	4.950	0.746	15%
People & Resilience	129.929	7.304	6%
Strategy & Culture	2.026	0.628	31%
Law & Governance	-2.778	0.099	4%
Corporate Management	5.358	2.659	50%
TOTAL	183.060	13.637	7%

7.4 At the start of 2022/23 the budget support reserve stood at £18m. This would mean that the overspend could be covered from reserves if the overspend materialises per the current forecast. This General fund reserve, which we do not anticipate using during 2022/23, currently has a balance of £17m compared to a £12m minimum level set in our reserves policy.

7.5 It is also imperative that savings or income that have been approved must be delivered to protect our financial sustainability.

7.6 The Council continues to closely monitor the 2022/23 forecast outturn and the impact of cost and demand pressures, acting where possible to reduce costs and/or increase income.

8 Capital Programme

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

9 Proposed Consultation Process

9.1 As the Council is proposing new savings proposals, it is intended that consultation events will be undertaken as follows:

- An online budget consultation which will commence in the new year following publication of the draft local government finance settlement.
- Budget consultation Facebook Live with the Leader and Cllr Twomey will take place on Thursday 26 January
- Face to face events in January 2023 at the Barking Learning Centre and Dagenham Library.

9.2 Cabinet will be asked to recommend the 2023/24 budget on 20 February 2023 with Assembly being asked to formally approve on 1 March 2023.

10 Financial Implications

Implications completed by Philip Gregory, Strategic Director, Finance & Investment

10.1 Financial implications are covered throughout this report.

11 Legal Implications

Implications provided by Dr Paul Feild, Senior Corporate Governance Solicitor

- 11.1 Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report contributes to that requirement. Specific legal advice may be required on the detailed implementation of any agreed savings options.
- 11.2 As Covid 19 has now impacted on Council business for more than a year and a half the true economic impact on the Council's finances is that it has presented more costs and detrimentally influenced income. While vaccination and booster shots are a welcome development from this time last year the long-term impact is challenging to predict and passive preventative measures of social distancing together with prophylactics will present additional costs in terms of services delivery.
- 11.3 The strain on logistics of the epidemic has raised on-costs and scarcity particularly for products sourced overseas. This unique situation presents the Council with the prospect of the need to purchase additional supplies and services with heavy competition. Value for money and best values duties still apply. There is also the issue of the Council's existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained.
- 11.4 Where budgetary requirements proposals identify the need for the reduction of, or closure or discontinuance of a service or services, appropriate consultation will need to be carried out. The savings proposals that affect staff will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet because the Public Sector Equalities Duty ("PSED") set out in section 149 of the Equality Act 2010 obliges the Council in performing its functions "to have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it".

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

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

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

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

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

12 Risk Management

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

13 Equality Impact Assessments

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

Public Background Papers Used in the Preparation of the Report:

- Medium Term Financial Strategy and Reserves Policy 2021/23 to 2026/27, Cabinet 12 July 2022
<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=90119>
- Revenue Budget Monitoring 2022/23 (Period 6, September 2022), Cabinet 15 November 2022
<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=90126>

List of appendices: None

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CABINET

13 December 2022

Title: Short Term Contract for the Provision of Supported Accommodation for Older People (Extra Care) - Direct Award	
Report of the Cabinet Member for Adult Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Tom Stansfeld, Lead Commissioner - Older People, Commissioning Care and Support	Contact Details: Tel: 020 8227 5120 E-mail: Thomas.Stansfeld@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director, Care and Support	
Accountable Strategic Leadership Director: Elaine Allegretti, Strategic Director Children and Adults	
<p>Summary:</p> <p>Extra care housing are housing developments that comprise of self-contained homes with design features and support services available to enable residents to live as independently as possible. The schemes have communal facilities such as lounges and laundry rooms and access to 24-hour care and support to those who require it, in addition to planned support calls. The schemes also run an activity programme which is often co-produced with the residents and link up with other community and voluntary sector services and assets. It is one form of specialist housing which sits between sheltered accommodation, which offers some low-level support but not on a 24-hour basis, and residential care homes which cater for people with high needs who may require active 'round the clock' care.</p> <p>Within Barking and Dagenham, the extra care service is delivered across four schemes: Harp House, Colin Pond Court, Darcy House and Fred Tibble Court. The accommodation is made up of 1 bedroom flats in the main with some 2 bedroom flats available. This allows couples to stay together should one or both need Extra Care provision and supports them if their care needs increase. There are also 16 bungalows available at Darcy House which are a mixture of 1 and 2 bedroom units.</p> <p>The service is designed to adapt as the service users' needs evolve; residents can live in the flats for as long as it is safe for them to remain at the schemes. Service users are also supported through additional wrap around services which can be brought in to support individuals. An example of this is end of life care.</p> <p>A direct award is required due to a failed procurement exercise that took place over the summer of 2022 following Cabinet approval on 21 June 2022 (Minute 9 refers). This procurement failed as the price component of the Invitation to Tender (ITT) could not be properly evaluated and scored due to an inconsistent method of pricing among bidders,</p>	

as bidders interpreted this element of the tender differently to each other using the information provided in the specification, the ITT and resulting clarification questions.

A direct award will ensure compliance with the Council's Contract Rules and the Public Contracts Regulations 2015, ensuring continued service provision beyond the current contract end date of 31 January 2023. The current contract value is £1,334,847 and, therefore, a six-month extension at the value of £660,000.00 is required to allow for continuity of care whilst the tender process for a long-term contract is rerun. The proposed timeline of the procurement process is outlined in this report.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree to the waiver of tendering requirements under the provisions of paragraph 6.6 of the Council's Contract Rules and approve the direct award of the Extra Care contract to the current provider, Care Support, for the period 1 February to 31 July 2023, in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration, the Strategic Director of Finance and Investment and the Chief Legal Officer, to enter into the direct award contract and any other necessary agreements on behalf of the Council.

Reason(s)

To assist the Council to achieve its priorities of:

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

1. Introduction and Background

1.1 As the Extra Care procurement Cabinet report in June outlined, Extra Care housing are housing developments that comprise of self-contained homes with design features and support services available to enable selfcare and independent living. The schemes have communal facilities such as lounges and laundry rooms and access to 24-hour care and support to those who require it, in addition to planned support calls. The schemes also run an activity programme which is often co-produced with the residents. It is one form of specialist housing which sits in between sheltered accommodation, which offers some low-level support but not on a 24-hour basis, and residential care homes which cater for people with high needs who may require active 'round the clock' care. The service is currently provided by Care Support with Anchor as the Registered Social Landlord (RSL).

1.2 The service is designed to adapt as the service users' needs evolve and residents can live in the flats for as long as it is safe for them to remain at the schemes. Service users are also supported through End of Life care and additional wrap around services are brought in to support service users and enable them to remain in their own homes in the scheme.

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

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

2. Proposed Procurement Strategy

2.1 Direct Award – 6 months

2.1.1 We are seeking to direct award for a period of 6 months to the current provider Care Support. This is as a result of the procurement process that was undertaken being unable to result in an award due to fact that the Price component of the ITT could not be properly evaluated and scored as bidders interpreted this element of the tender differently to each other using the information provided in the specification, the ITT and resulting clarification questions.

2.1.2 The service being directly awarded is the provision of extra care support for older people to live independently with the provision of care and support in place to reflect their support needs and delivered at Harp House, Darcy House, Fred Tibble Court and Colin Pond Court.

2.1.3 The incumbent provider will be required to provide 24-hour care and support to the residents of the schemes, including a range of personal care and support tasks which will enable residents to live independently for as long as possible. The provider will also be required to support residents by:

- Undertaking a person-centred, person-led service;

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

2.1.4 They will be held to the terms and conditions of their existing contract and the current service specification. In 2022 they underwent a CQC inspection and were found to be a Good Provider.

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

2.2.1 The direct award for 6 months will cost the Council £660,000.00. During the six-month extension a tender will be undertaken as outlined in June 2022 Cabinet report to procure an Extra Care service.

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

2.3.1 This direct award will be for 6 months from 1 February 2023 until 31 July 2023

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

2.4.1 The direct award will fall below the threshold of the Light Touch Regime.

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

2.5.1 A direct award is recommended for a period of 6 months. This is due to the statutory duties in the Health and Social Care Act 2022 to provide continuity of care and the Care Act 2014 to ensure market sustainability. Due to the tender being unable to result in an award, a direct award is the only option.

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

2.6.1 The contract will be for the delivery of extra care services at Harp House, Fred Tibble Court, Colin Pond Court and Darcy House (all premises are located within the borough). The extra care service will involve the provider delivering 24-hour care and support to residents of the schemes. The provider will be required to deliver both personal care and health and wellbeing support to residents. Further details of the service can be found elsewhere in this report.

2.6.2 The contract will be funded from the Adult Commissioning Budget and delivered in line with the recommended option 2 below. Council standard terms including special terms for adult social care will be used.

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

2.7.1 There are no savings associated with this direct award however in line with the Care Act 2014 and the Borough Manifesto the service will deliver cost avoidance and longer term saving through the prevention, reduction and delay of additional support being put in place.

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

2.8.1 The contract will be awarded to the current provider as a direct award which has been selected through a historical tender process.

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

2.9.1 During the extension period the current provider Care Support will continue to work with the Council to deliver its social value commitments. During the contract the service has employed local residents and contributed to the local economy. The service also had a Level 3 Apprentice in Health and Social Care as part of the contract who has successfully completed the apprenticeship and is a permanent member of the team. In addition to this Care Support have worked in partnership with the Adult College to develop access opportunities to the Health and Social Care courses for interested staff.

2.9.2 During the direct award period the service will take on student placements for social care and nursing placements as made available by the academic timetable. As a guide each student will be required to complete 128 hours per academic year for their course, this will be pro rata to reflect the duration of the contract and if a previous placement has been completed. The provider is also looking to offer another apprenticeship placement and has been put in touch with our apprenticeship lead.

2.10 Contract Management methodology to be adopted

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

3. Options Appraisal

3.1 Option 1: Do nothing [NOT RECOMMENDED]

3.1.1 The do-nothing approach would be to not directly award the Extra Care service contract, whilst we carry out a new procurement process. This is not possible as residents of the scheme require social care support and meet the eligibility criteria set out in the Care Act. To not provide this support would result in the Council neglecting its duties under the Act. As a result of not directly awarding this contract, there would be an increase on the social care and health budgets as some of the individuals would either have to be moved to residential care or passed through another community setting, be provided with large care packages

or have recurrent unplanned hospital admissions. This option was therefore rejected.

3.2 **Option 2: Directly award the contract to the existing provider while actively undertaking a procurement process [RECOMMENDED OPTION]**

3.2.1 This approach would see a direct award to the current provider for a further 6 months until the end of July 2023. This extension would allow the Council to undertake a procurement process and subsequently award and go live with a provider for the extra care services for the duration of the long-term contract (3 + 2 year contract) as detailed in the Cabinet report 21/06/22 . This would follow the below timeline.

Date	Activity
Tender Published	Mid December 2022
Tender Closed	3 rd February 2023
Evaluation	3 rd February – 17 th March 2023
Presentations to residents	27 th March 2023
Award	31 st March 2023
Mobilisation	17 th April – 31 st of July 2023
Go Live	1 st August 2023

4. **Waiver**

4.1 This report seeks approval for a waiver and direct award to the current provider of the Extra Care service – Care Support.

4.2 We are seeking to waive the Council’s requirement to carry out a procurement process and directly award this contract based on the Council’s Contract Rules section 6.6 (a) an emergency situation exists. This situation is an emergency as if we do not directly award this contract then we are not fulfilling our statutory obligations. This situation has arisen due to a failed tender process and therefore could leave residents without critical services.

5. **Consultation**

5.1 Consultation for this procurement has taken place through circulation of this report and briefings with relevant Members and officers. The Cabinet Member for Health and Social Care Integration along with Ward Members, Procurement Board and the Corporate Strategy Group have been consulted on the proposals for the tender. The proposals in this report were considered and endorsed by the Procurement Board.

6. **Corporate Procurement**

Implications completed by: Francis Parker – Senior Procurement Manager

6.1 This contract extension is required because the procurement that was being undertaken to replace the current contract was abandoned.

- 6.2 The service needs to continue to be delivered whilst the replacement contract is put out to tender again. An extension to the current contract is the only viable option available

7. Financial Implications

Implications completed by: Paul Durrant (Finance Manager)

- 7.1 The annual budget provided for this service is £1.335m p.a. and that is the forecast to be spent during 22-23.
- 7.2 This is also the same annual value of the current contract.
- 7.3 There are no proposals for any savings in the medium-term financial strategy, so the proposed six-month extension of £0.660m is fully funded.

8. Legal Implications

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

- 8.1 This report is seeking approval to award an interim contract directly to Care Support, who is the current provider for Extra Care provision, while a procurement process is carried out. It is anticipated that the contract will be for a duration of 6 months.
- 8.2 It is noted that the value of the contract is £600,000 which is below the Light Touch Regime threshold. This means that there is no legal requirement to competitively tender the contract.
- 8.3 The Contract Rules do provide that where any waiver value exceeds £500,000 approval to waive the rules must be obtained from Cabinet. Each ground is however subject to the proviso that the appropriate decision-maker considers that no satisfactory alternative is available, and it is in the Council's overall interests. This report states that the waiver is sought on emergency grounds due to a failed procurement process which means without this new contract then the Council will be unable to fulfil its statutory obligations. It does appear that there are limited options available to the Council in this situation and an interim contract would be a sensible approach to ensure continuity of care to service users.
- 8.4 The legal team will be on hand and available to assist and answer any queries that may arise.

9. Other Implications

- 9.1 **TUPE, other staffing and trade union implications** -Not applicable as this is a direct award to the incumbent provider.
- 9.2 **Corporate Policy and Equality Impact** - This contract will be provided in line with the Equalities Act 2010 based on an open access service for all eligible individuals irrespective of their background and lifestyle. The contract also has provision for couples to move into Extra Care accommodation so that family units are not split

due to one individual's ill health or when the carer can no longer provide the caring role on their own. The service provides support to carers and onward referral to specialist support as required.

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

An Equality Impact Assessment screening tool has been completed for this procurement and ascertain the impact of recommissioning the Extra Care service and is included at Appendix 1. The Strategy and Partnerships Team are satisfied that a full EIA is not required.

- 9.3 **Safeguarding Adults and Children** - The provider will work in line with the Multi Agency Protocol and play an active role in safeguarding in the borough.
- 9.4 **Health Issues** - The proposal is in line with the outcomes and priorities of the Joint Health and Wellbeing Strategy. The award of the contract should further enhance the quality and access of services for Older People. The proposal will have a positive effect on our local community. We expect this service to work closely with our local health services, through initiatives such as discharge flats and long-term care support planning to support hospital discharges and keep readmissions down.
- 9.5 **Property / Asset Issues** - The properties are owned by a registered social landlord Anchor who are committed to continuing using the schemes as Extra Care housing.

Public Background Papers Used in the Preparation of the Report:

- Contract for the Provision of Supported Accommodation for Older People (Extra Care) Cabinet 21/06/22
(<https://modgov.lbbd.gov.uk/Internet/documents/s154598/Extra%20Care%20Report.pdf>)

List of Appendices:

- **Appendix 1** - Equality Impact Assessment Screening Tool

Equality Impact Assessment Screening Tool

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

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

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

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

Proposal/Project/Policy Title	Supported Accommodation for Older People – Extra Care Direct Award
Service Area	Adult Commissioning
Officer completing the EIA Screening Tool	Arabjan Iqbal, Commissioning Manager, Adult's Care and Support
Head of Service	Louise Hider-Davies, Head of Commissioning – Adults' Care and Support
Date	21/11/2022
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/decisions sought.	Extra care housing, provides self-contained supported accommodation flats with access to care and support provision that is on site 24 hours a day. The service works to prevent, reduce or delay increase in care and support through a strengths- based approach and positive risk taking. The service also supports prevention and early intervention through reduced isolation and access to wrap around community based services on site. The service supports independence by providing an interim service between residential or nursing homes that are too high for their needs and reduce independence, to sheltered accommodation that does not provide enough provision for their eligible needs in a cost effective manner and have 24 hours access to support. The service is a commissioned service and will be re-tendered to provide an Extra Care service over a period of 5 years, (3 years with a +1, +1 extension). The service is

	<p>currently delivered by Care Support across four schemes including Harp House, Darcy House, Fred Tibble Court and Colin Pond Court. Care Technologies, also known as assisted technology, will also be made available to all the residents to support them to live independently. There are different forms of Care Technologies that a tailored to the individuals needs to prevent, reduce and delay an increase in care and support needs. At present the schemes have Anchor On Call which is an emergency call button that can be activated in an emergency and is located both on the wall and carried on the person, in the form of a pendant for example. This ensures that there will be a response in case of an emergency. The service also has provision of co-produced wellbeing activities to reduce social isolation and engage residents in meaningful activities.</p>	
Protected characteristic	Impact	Description
Age	Positive impact (L)	<p>This service provides specialist care and support based in supported accommodation for people 55 years of age and over. The service users are supported to maintain their independence and live in flats with their own tenancy. The population projections for older people in the borough are set to increase with those aged 60-69 years by 3,600 (24%) to 18,700 by 2034. The additional years of life achieved in recent decades are often impaired by ill health and disability resulting in poor quality of life and significant need for health and social care services. Although there is an projected increase in demand for this cohort the proposed increase in demand can be accommodated in the proposed service provision.</p>
Disability	Positive impact (L)	<p>The service has a positive impact on disability as service users with physical, mental health, learning disability support needs are supported with bespoke support plans to achieve positive outcomes.</p>
Gender re-assignment	Not applicable (N/A)	<p>There is no specific data of gender re-assignment clients accessing the schemes. This is not necessarily shared by this cohort of service users, however the service is committed to supporting all service users as they</p>

		self -identify. The service is committed to supporting service users however they identify.
Marriage and civil partnership	Positive impact (L)	The service supports clients to move with their spouses and partners and retain their family unit when care needs develop. The schemes are also designed with 2 bed flats and bungalows available should the partners need separate bedrooms, for example in the case of increased equipment required when support needs increase or both develop support needs that mean they require separate bedrooms.
Pregnancy and maternity	Not applicable (N/A)	The service users are not generally at child bearing age so this would not be applicable. The service is however open to families and informal carers visiting as service users have independent flats where they can spend time with pregnant or young mothers as well as in the communal lounge.
Race	Positive impact (L)	The service is open to all service users irrespective of their racial heritage. There is a large proportion of White British clients in the scheme, this reflects the population make up of this age group and may also be influenced by cultural practices and family structures of other groups. This has been changing over the years and would expect this to continue in the future.
Religion	Positive impact (L)	The service is open to all faiths and is able to support service users with their practices. This is particularly important when End of Life plans are drawn up with the service users and their families. The service supports cultural and religious practices of the residents in the development of the care and support plans.
Sex	Positive impact (L)	The service is open to all genders and provides a safe environment where people can choose to be involved in communal activities or spend time in

		their flats. The activities that are delivered at the schemes are co-produced with the service users and reflect their interests. Gender re-assignment figures are not known, but the service is committed to supporting service users however they identify.
Sexual orientation	Don't know (H)	This cohort do not disclose their sexual orientation generally, so it is not always recorded. The service is committed to supporting service users however they identify. Spouses/partners that are able to stay together also include LGBTQ+ service users.
Socio-Economic Disadvantage¹	Positive impact (L)	The service provides an opportunity for service users to live in high quality accommodation which impacts on individual health and wellbeing outcomes. The residents have sometimes moved in from very poor-quality housing which they were not able to maintain. This accommodation is provided by a Registered Social Landlord which means that the rents charged are not at full market rents and are significantly cheaper and more protected from sudden annual rent increases. As such those that pay for their rent are able to access high quality properties at a more advantageous social market level.
How visible is this service/policy/project/proposal to the general public?		Medium visibility to the general public (M)
What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc		Low Risk (L)

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

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

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

The service does not require a full EIA, service users are referred to the schemes via a panel where referrals are based on age and care and support needs. Where service users have specific nuanced requirements based on their protective characteristics the service, both care and housing provider, have worked with the service user and their families to deliver positive outcomes for service users.

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

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CABINET

13 December 2022

Title: Contract for the Provision of an Integrated Statutory Advocacy Hub	
Report of the Cabinet Member for Adult Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Adrian Marshall, Commissioning Manager	Contact Details: Tel: 0208 227 3259 E-mail: adrian.marshall@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director, Care and Support	
Accountable Strategic Director: Elaine Allegretti, Strategic Director, Children and Adults	
<p>Summary:</p> <p>Advocacy can play a vital role in improving health and wellbeing by empowering people to take control of their lives and helping them make better informed decisions about issues affecting their health and well-being. At a practical level, the support of an advocate can also help improve the effectiveness of treatment and, in some cases, help early intervention or prevent the need for treatment and so ensuring the best use of resources.</p> <p>Advocacy is, by its nature, a support services touching a wide range of client groups including older people and those with mental health, a learning disability, dementia, substance misuse and physical disability. Advocacy services can provide a voice or facilitate involvement for those from vulnerable client groups who otherwise may have difficulty engaging in the care and support process. Advocates may also represent a person's best interests on their behalf if they lack the capacity to make decisions for themselves.</p> <p>The Council currently commissions statutory (IMHA/IMCA/RPR, Care Act and DoLS) advocacy services across the Borough, delivered by an external advocacy provider, Cambridge House (not to be confused with the similarly named Cambridge House offices based in Barking Town Centre). This contract commenced in April 2019 for 2 + 1 +1 years and is due to expire on 1 April 2023.</p> <p>This report seeks permission to conduct a competitive open market tender for the provision of an Integrated Statutory Advocacy Hub. Additionally, the new provision is to include NHS Complaints Advocacy services, which supports people who are thinking about making a complaint about treatment funded by the NHS. This service until now has been tendered separately.</p> <p>The new provision will also include Liberty Protection Safeguards (LPS), which once written into legislation, will introduce new codes of conduct when depriving vulnerable individuals' liberty, which will apply to more people, including 16 and 17 year old's and to</p>	

people in more settings (including hospitals, supported living and their own home). This ruling will replace the current DoLS legislation.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with an open market competitive tender for the provision of an Integrated Statutory Advocacy Hub in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration 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(s), in accordance with the strategy set out in the report.

Reason(s)

Advocacy services help deliver the key Council priorities of Participation and Engagement as well as Prevention, Independence and Resilience. Advocacy supports individuals who require it to be meaningfully involved throughout the care and support process for social care and mental health, enabling individuals to direct their care and support and have choice and control.

1. Introduction and Background

- 1.1 There are a number of different statutory duties on local authorities. Statutory advocacy is based on the principle of enabling those who require it to be fully involved in the key decisions that shape their lives by providing extra help to those who need it most. It is different and distinct from general advocacy or campaign activity as it is focussed on the individual within the agreed criteria.
- 1.2 **Mental Health Advocacy** - The Mental Capacity Act 2005 (MCA) and the Mental Health Act 2007 (MHA) introduced statutory obligations in England and Wales to provide advocacy services in certain circumstances. These can be summarised as:
- 1.3 **Independent Mental Health Advocacy (IMHA)** - IMHAs are specialist advocates who are trained to work within the framework of the Mental Health Act to provide an additional safeguard for patients who are subject to the Act (who have been detained). IMHA support also includes providing information and exploring options for individuals. IMHA work will take place in the community or in hospital. IMHAs are available for anyone over the age of 18.
- 1.4 **Independent Mental Capacity Advocacy (IMCA)** - IMCAs provide specialist independent advocacy to people (aged over 16) covered by the Mental Capacity Act 2005 who have no one able to support or represent them, and who lack the capacity to make a decision and/or have problems communicating, possibly because of dementia, a brain injury, a learning disability or mental health needs.

- 1.5 **Deprivation of Liberty Safeguards (DoLS)** - DoLS is one element of a wider IMCA Service and is intended to protect individuals who have been deprived of their liberty to serve their best interest. The Council may request advocacy support on receipt of a DoLS application. The purpose of a DoLS is to ensure that a person's liberty is only restricted if necessary and if so correctly and safely.
- 1.6 **Relevant Persons Representative (RPR)** – Following a DoLS authorisation and if a relevant person's representative (i.e. a family member or friend) is not available then, the supervisory body must appoint a **paid** representative with the appropriate skills, experience, and understanding of the Deprivation of Liberty Safeguards to perform this role in a professional capacity. Their role is to follow up any wider casework or recommendations post authorisation.
- 1.7 **The Care Act** - The Care Act 2014 introduced new statutory requirements for advocates.
- 1.8 **Care Act Advocacy** - A Care Act Advocate will need to be provided if there is no other appropriate person available to support and represent the person's wishes and their involvement in the care and support process. This includes the safeguarding process.

Local Need

- 1.9 **Non-Statutory Advocacy** – Locally, non-statutory advocacy is used in limited circumstances, in agreement with the authorised Commissioner, in rarer cases where an advocate is required outside of the other legislates outlined.
- 1.10 **The Integrated Statutory Advocacy Hub** - From 1 April 2023, it is intended that the new Integrated Statutory Advocacy Hub will include the current statutory advocacy provision, but will be widened to also include:
- 1.11 **Independent Health Complaints Advocacy Service (IHCAAS)** – Independent Health Complaints Advocates supports people who are thinking about making a complaint about treatment funded by the NHS. This service until now has been tendered separately.
- 1.12 **Liberty Protection Safeguards (LPS)** - Once written into legislation, will introduce new codes of conduct when depriving vulnerable individuals' liberty, which will apply to more people, including 16- and 17-year old's and to people in more settings (including hospitals, supported living and their own home). This ruling will replace the current DoLS legislation.
- 1.13 Going forward, the all-new, fully Integrated Statutory Advocacy Hub will help to ensure simple and easy to access for service users and patients, and, where possible, ensure that they are able to work the same advocate, rather than be passed from person to person.

2. Proposed Procurement Strategy

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

2.1.1 The contract specification is for statutory advocacy services including advocacy under the Care Act, Independent Mental Health Advocacy, Independent Mental Capacity Advocacy and Deprivation of Liberty Safeguards (whilst required), Liberty Protection Safeguards (LPS), Independent Health Complaints Advocacy (IHCAS), as well as limited Non-Statutory Advocacy in agreement with the authorised Commissioner, in rarer cases where an advocate is required outside of the other legislates outlined.

2.1.2 The specification provides a further opportunity to centralise referrals. A fully Integrated Advocacy suite of services will help to ensure easy to access for service users and patients, and, where possible, ensure that people work the same advocate, rather than be passed from person to person.

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

2.2.1 The proposed budget for the contract is as follows:

Provision of Integrated Statutory Advocacy Hub per annum	£165,000
Total for the contract duration	£660,000

2.2.2 The contract will be for an initial period of two years with the option to extend for a further two years at the sole discretion of the Council.

Year 1	Year 2	Year 3 (optional)	Year 4 (optional)	Total
£165,000	£165,000	£165,000	£165,000	£660,000

2.3 Duration of the contract, including any options for extension

2.3.1 The duration of the contract will be two years commencing 1 April 2023 to 31 March 2025, with the option to extend for a further two-year period to 31 March 2027 at the sole discretion of the Council (2+2 years).

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

2.4.1 The contract is considered a 'light touch regime contract' under current procurement legislation therefore it is not subject to the (EU) Public Contracts Regulations 2015.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The Integrated Advocacy Hub will be procured using a competitive open tender procedure; the tender opportunity will be advertised on Contracts Finder and the

Council’s website. The process will widen the competition and ensure the Council gets best value for money for this service.

2.5.2 The Council plans to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and voluntary sectors. Additionally, the call for competition is intended to create further opportunities to seek additional social values from potential bidders attracted to maintaining a sustained presence in the borough.

2.5.3 A single service provider model is recommended where the provider is responsible for the initial assessment of those referred, with a single access point for users, to meet holistic support needs not just legislative requirements. This should include non-statutory advocacy to be used in limited circumstances, in agreement with the authorised Commissioner. Referrals would typically be expected to be closed within an average of around 5–10 hours per case. An indicative timetable is included below:

Table 1: Procurement timeline

Activity	Date
Issue Contract Notice / Invitation to Tender (ITT)	Week ending 16 December 2022
Deadline for Submission of Clarification Questions	18 January 2023
Deadline for Submission of Tenders	27 January 2023
Tender Evaluation	30 January - 3 February 2023
Prepare Contract Award Report/ Get Approval	6 - 14 February 2023
Provisional Award (Notify successful/ unsuccessful Tenderer’s)	14 February 2023
Standstill Period	15 - 24 February 2023

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 The contract will be let using the Council’s standard Terms and Conditions appropriate for this service. Payment will be made once the Council is satisfied that the supplier has delivered the services in accordance with the requirements agreed.

2.6.2 The contract will be an activity based, call-off contract for the provision of statutory advocacy. The provider will be paid for advocacy at the tendered hourly rate.

2.6.3 This Contract will not commit the Council to guaranteed payments to the contractor but will ensure continued service during the contract term.

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

- 2.7.1 This procurement will offer opportunities for local suppliers to provide high-quality, cost-effective services to the London Borough of Barking and Dagenham.
- 2.7.2 Additionally, the call for competition is intended to create further opportunities to seek additional social values from potential bidders attracted to maintaining a sustained presence in the borough. The Integrated Advocacy Hub will also lower overheads and back-office costs for the provider, enabling them to invest in the promotion of their service and recruiting and developing specialist advocates.
- 2.7.3 The inclusion of non-statutory provision in the contract will help to reduce the need for external spot purchasing outside of the contract as well as the purchasing of emergency non-statutory advocacy at premium rates. This will also increase the flexibility of the LA to respond to complex cases that may not necessarily meet statutory criteria.
- 2.7.4 The amalgamation of the Independent Health Complaints Advocacy Service (IHCAS) into the Integrated Statutory Hub has reduced the combined budget total from £170,000 to £165,000 per annum, whilst also allowing for anticipated increases in future demand over the contract term.

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

- 2.8.1 It is proposed that the contract be awarded on the basis of the most economically advantageous tender, with an evaluation criteria split of 40% price, 50% quality and 10% social value.
- 2.8.2 Due to the nature of this service, it would be important that the quality element is sufficient. The Price will be assessed on the tenderers proposed hourly rate for the provision of advocacy support. This rate should incorporate all overheads, management costs, staff pay, travel time and travel remuneration, as well as any other associated costs.

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

- 2.9.1 Social Value will be monitored as part of the on-going commissioning, contract management and service review. Social value intentions will be monitored to ensure that they have been implemented and sustained over the contract term. Areas of additional Social Value in Care & Support Commissioning (will ask suppliers to consider the following areas but will ask for responses to a minimum of at least 2 of the specified activity/initiatives) sought from the contractor and examples of initiatives include:

Investment in local people: Developing local education, employment and training opportunities, particularly for people from vulnerable groups. (or) Empowering communities, involving citizens in service design and decisions, and helping to build the capacity of local civil society organisations. An example of this social value theme could include supporting existing volunteer projects such as BD CAN.

Investing in the local economy: supporting local job creation by sourcing goods and services from organisations with premises/operations based in the borough and supporting initiatives to build the capacity of local suppliers.

2.10 **Contract Management methodology to be adopted**

2.10.1 The authorised Commissioning Manager will provide the contractor with a detailed specification to include clear outcomes and supporting performance indicators. This will detail the contract management methodology to be adopted by the contractor throughout the contract term. Performance management will be carried out by the authorised Commissioning Manager.

2.10.2 Contract performance will be monitored through quarterly contract monitoring reporting reviewed at meetings, as well as annual stakeholder panel meetings and an annual service review. The Commissioning Manager will work closely with the providers to ensure that there is a smooth transition during any mobilisation period.

3. **Options Appraisal**

3.1 **Option 1 - Do Nothing:** This option would not be recommended as these services enable social inclusion, reduce the risk of isolation and loss of independence. These services are for vulnerable people likely to be from complex and difficult backgrounds. This is also a statutory service and therefore ceasing this service would mean that we do not have a service to fulfil our statutory duty.

3.2 **Option 2 - Extend the current contract** - This is not viable as there are no extension options remaining in the contract, thus necessitating a need to tender, unless the related contract rules are waived.

3.3 **Option 3 - Specialist Lots** - This option would see specialist Lots for particular client groups with different contractors able to bid for a particular Lot. This option was considered and rejected as it would likely add complexity to the referral process and be less flexible in meeting service users changing needs.

3.4 **Option 4 - Join an existing framework** - There is no suitable existing framework in place. This option was considered and rejected as it would likely add complexity to the referral process and be less flexible in meeting service users changing needs.

3.5 **Option 5 – Utilise a single supplier contract arrangement** - This option is the **recommended** option.

3.6 A single access model is the preferred approach. Due to the nature and variation in service user need, a multi-skilled contractor is sought who can be responsive to range of needs across a range of client groups. This would be in the form of a wrap-around for service-users. Flexibility in provision would be a keen priority.

4. **Waiver**

4.1 Not Applicable.

5. Consultation

- 5.1 In preparation for the for the re-tender we have consulted with stakeholders including service users, social work teams and providers. The high regard for advocacy services was highlighted. Key themes from the consultations highlighted the importance that:
- Commissioned providers have sufficient capacity and resource to continue to deliver services successfully.
 - Services are easy to access with simplified processes
 - People aren't passed around endlessly to different advocates
 - Some elements of non-statutory/community advocacy is maintained
- 5.2 This feedback has been reflected in the updated service specification which, going forward, will provide further opportunity to centralise referrals. A fully Integrated Advocacy suite of services will help to ensure easy to access for service users and patients, and, where possible, ensure that people work the same advocate, rather than be passed from person to person. Local/community advocacy will be available on rare occasions when needed on request and with commissioner authorisation.
- 5.3 The proposals in this report were considered and endorsed by the Procurement Board Sub-Group and Procurement Board at their meetings on 7 and 21 November 2022.

6. Corporate Procurement

Implications completed by: Francis Parker – Senior Procurement Manager

- 6.1 The proposed Open tender process is compliant with the Councils contract rules and the PCR 2015.
- 6.2 The value of the contract has been estimated to fall below the threshold for the light touch regime.
- 6.3 The evaluation criteria is reasonable for this service and Social Value has been included.

7. Financial Implications

Implications completed by Isaac Mogaji – Finance Business Partner:

- 7.1 This report seeks approval for the re-procurement of a contract for the provision of an Integrated Statutory Advocacy Hub, which amalgamates the current Statutory Advocacy and NHS Complaints Advocacy programmes respectively, for an initial period of two years with the option to extend for further 2 years at the sole discretion of the Council.
- 7.2 There is adequate funding for the contract value of £165,000 per annum within the combined budget allocations for the amalgamed programmes, which sit in Cost Centre F19890 within Children's Commissioning Service.

7.3 The cost of any uplift or extension of the contract would need to be contained within the total contract value.

8. Legal Implications

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

8.1 This report seeks to approve the re-procure and award a contract for the provision of statutory advocacy services at an Integrated Statutory Advocacy Hub from 1 April 2023 to 31 March 2025. The total contract value shall be £660,000.

8.2 Under s1 of the Care Act 2014, an authority has a general duty to promote an individual's wellbeing. As part of the promotion of wellbeing, under section 68 of the Care Act 2014, an authority must arrange for a person who is independent of the authority (otherwise known as an "independent advocate") to be available to represent and support an adult who has a case enquiry or case review.

8.3 Given the nature of the contract, being advocacy services, the Light Touch Regime applies. The value of the contract is over the threshold and the provisions of the Regime apply. As the current contract does not expire until April, there is time to procure the service. The proposal is in accordance with Contract Rules.

9. Other Implications

9.1 **TUPE, other staffing and trade union implications** - Transfer of Undertakings (Protection of Employment) (TUPE) is considered to apply.

Information will be made available in advance for providers to assess their needs relating to TUPE, salary and pension costs. Potential contractors should seek their own legal advice on both the applicability of the Directive and Regulations and the consequences of the Council's view that TUPE is to apply.

Mobilisation and TUPE consultation/handover periods have been factored into the procurement timeline.

9.2 **Corporate Policy and Equality Impact** - Advocacy services help deliver the key Council priorities of Participation and Engagement as well as Prevention, Independence and Resilience. Advocacy supports individuals who require it to be meaningfully involved throughout the care and support process for social care and mental health, enabling individuals to direct their care and support and have choice and control.

Statutory Advocacy services provide qualified independent advocates that support people with disabilities to have their voices heard. These services enable social inclusion, reduce the risk of and consequences of isolation and loss of independence. These services benefit vulnerable people likely to be from complex and difficult backgrounds. A full Equalities Impact Assessment (EIA) has been completed.

9.3 **Safeguarding Adults and Children** - Statutory Advocacy services provide qualified independent advocates that support people with disabilities to have their

voices heard. This serves as a mechanism to safeguard the rights and interests of vulnerable groups who may otherwise be marginalised or systematically mis-treated if their representations were not taken into account.

The Care Act 2014 mandates that vulnerable adults who may experience difficulty understanding the safeguarding process or retaining relevant information are entitled to an advocate to be present at safeguarding meetings.

- 9.4 **Health Issues** – Advocacy is a statutory and integrated service an provide as an additional intervention in health matter in the home and community.

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

List of appendices: None

CABINET

13 December 2022

Title: Procurement of Contract for Right to Buy Valuations	
Report of the Cabinet Member of Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Jane Shaw, Home Ownership Manager	Contact Details: E-mail: jane.shaw@lbbd.gov.uk
Accountable Strategic Leadership Director: Leona Menville, Interim Strategic Director, My Place	
<p>Summary:</p> <p>The Council (Leasehold Services) has a legal responsibility to undertake valuations where a request has been submitted to the Council to buy a council property under the Right to Buy Scheme and issue offer notices within prescribed statutory timescales.</p> <p>The current service is being undertaken via an extended waiver. Forecasts show that the spend in this area will breach Find a Tender thresholds in the next three years and therefore the Council will need to tender the requirement as per Public Contracts Regulations 2015.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Agree that the Council proceeds with the procurement of a contract for Right to Buy Valuations on a maximum five-year term (3 + 2) in accordance with the strategy set out in the report; and (ii) Delegate authority to the Strategic Director of My Place, in consultation with the Cabinet Member for Finance, Growth and Core Services, the Strategic Director of Finance and Investment and the Chief Legal Officer, to conduct the procurement and enter into the contract and all other necessary or ancillary agreements, including contract extensions, with the successful bidder. 	
<p>Reason(s)</p> <p>The Council currently does not have a contract for these services. To ensure compliance with the Council's Contract Rules and Public Contracts Regulations 2015 and assist in achieving the priority of 'Well-Run Organisation'</p>	

1. Introduction and Background

- 1.1 Right to Buy (RTB) is a government scheme which gives qualifying council tenants a chance to buy their homes. Once we have all the documentation from every applicant, a valuation is arranged of the property which is a free service offered under the scheme and is carried out by a qualified RICS Registered Valuer.
- 1.2 Each property is valued individually according to the market value at the time the RTB application is made and will take into account any known structural defects, estimates of any service charges and improvement contributions over the reference period (first 5 years of the lease), tenants' improvements, any specific covenants or conditions, and a location plan.
- 1.3 My Place (Leasehold Services) have a legal responsibility to undertake valuations where a request has been submitted to the Council to buy a council property under the Right to Buy Scheme and issue offer notices within prescribed statutory timescales.
- 1.4 Following a recent audit carried out on the RTB process, concerns were raised over the documentation of valuations not being sufficient and the reasonableness and evidence to substantiate how the valuation was arrived at.
- 1.5 The service is currently being provided by Richard John Clarke under a previously agreed extended Waiver to provide valuations.
- 1.6 It was the intention to procure the valuation service previously but due to change over in staff, the full procurement for a long-term contract had not been completed.

2. Proposed Procurement Strategy

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

- 2.1.1 The Council is looking to appoint a suitably qualified firm, or organisation, to undertake Right to Buy valuations and Joint Venture (Shared Ownership) valuations, Shared Ownership Stair-casing valuations for its housing stock.
- 2.1.2 The valuation will be an open market valuation in accordance with the Housing Act 1980, as consolidated by the Housing Act 1985, and in accordance with published guidance from the Department for Housing, Communities & Local Government.
- 2.1.3 The valuation must also:
 - (i) include any scope or development value which the market would reflect, e.g. a large garden, or wide frontage with potential to build a separate demise, garage or extension on.
 - (ii) state clearly the reasoning and assumptions, and where appropriate, provide a breakdown of the different elements, e.g., the amount attributable to a large garden, or wide frontage with potential to build a separate demise, garage or extension on.
 - (iii) include the details of at least 3 suitable comparable properties recently sold in the open market in the last 6 months, together with confirmation of the source of the comparable evidence. Specify if sold at auction or by any

other means. Where this is not possible, alternative properties should be used, but must be supported by any assumptions or allowances made.

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

2.2.1 £510,000 over 5 years based on an estimate of £300 per valuation on an average of 28 valuations per month with an additional allowance for lease extensions which will be a slightly higher valuation to take into account any negotiations the valuer may need to carry out on behalf of LBB

2.2.2 The table below shows the current position as of 31 October 2022 in respect of RTB applications and the number of valuations requested.

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Total year to date
Live RTB cases	301	330	375	346	345	332	307	307
RTB1 received	47	43	49	42	45	40	33	299
Valuation requested	15	25	30	43	33	23	25	194
Flat completion	17	15	5	8	5	12	7	69
House Completions	9	19	14	6	13	8	10	79
Denied	6	15	1	9	15	13	24	83
Withdrawn	28	20	21	39	24	17	28	177

2.2.3 My Place currently has 307 live Right to Buy applications that could be subject to a valuation being undertaken.

2.2.4 Since April 2022 we have instructed the current valuer to undertake valuations on 194 cases.

2.2.5 Since April 2022 we have completed on 148 cases which all would have been subject to a valuation being undertaken.

2.2.6 The number of cases denied since April is 83 and are unlikely to have had a valuation undertaken at the property. The main reason for this is the Right to Buy application would not have been progressed as the tenants would not have met the eligibility criteria.

2.2.7 The number of cases withdrawn is currently at 177; most of these cases would have had valuations carried out. The main reason they would have been withdrawn can be split into two categories: (i) the tenant could not obtain a mortgage; (ii) the tenant decided not to proceed with the application.

2.3 Duration of the contract, including any options for extension

2.3.1 Three years with option to extend for a further two years at the discretion of the Council.

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

2.4.1 The contract is subject to Public Contract Regulations 2015 but is not subject to the Light Touch Regime.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 A full open tender will be carried out and advertised on Find a Tender, Jaggaer/Bravo (e-tendering), Contracts Finder and the Council’s website. The tender will be published via the Jagger/Bravo Solution procurement portal.

2.5.2 The procurement is required to be let under an open procedure. The open procedure will allow for the maximum number of suppliers to respond, which will encourage SMEs and will likely produce the best value for money for the Council.

2.5.3 Suppliers will be required to have sufficient accreditation relevant to the services and have sufficient financial standing.

Indicative Procurement Timetable

Stage	Estimated Date
Report to Cabinet	13 December 2022
Publish tender opportunity in Find a Tender, Jaggar /Bravo, Contracts Finder and the LBBB website	January 2022
Tenders returned	March 2023
Tender Evaluation completed by	April 2023
Award Report approved	April 2023
Standstill period	April 2023
Award of Contract	May 2023
Implementation	May 2023
Contract Commencement	June 2023

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 The Contract will be let using the Council’s standard Terms and Conditions for Services.

2.6.2 A schedule of rates will be completed for all required services to provide cost certainty.

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

2.7.1 To continue to issue RTB Offer Notices within statutory timescales, which will be reported and measured under the contract on a quarterly basis. Internal audits will be carried out periodically ensuring that valuation reports are produced more accurately. Guaranteeing properties are sold at current market value.

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

2.8.1 The tenders will be evaluated through a scoring matrix based on 40% Quality, 10% Social Value and 50% Pricing. The service specification can be stipulated relatively clearly but as this is a legal requirement, it is important that the report is of a high standard and includes comparable evidence to ensure the risk of challenge is minimal and LBBD can clearly demonstrate how the purchase price has been arrived at and that they meet the obligations in line with current legislation. It is recommended that quality isn't lower than 40% as this will have a negative impact on the quality and accuracy of the valuation reports which could lead to properties being over or under valued.

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

2.9.1 The Social Value toolkit will be published as part of the tender documentation pack. A delivery plan (what) and method statement (how) question relating to social value will hold 10% of the overall evaluation. The social value coordinator will be invited to sit on the evaluation panel to grade this delivery plan and method statement alone, while the main evaluation panel members will be asked to evaluate the whole tender response.

2.10 Contract Management methodology to be adopted

2.10.1 This contract will be managed by the Home Ownership Manager. The My Place Contracts and Procurement Team will chair quarterly contract review meetings with the supplier and will be the point of escalation for any supplier or performance related issues. The Strategic Director of My Place will have overall accountability for the running of the contract.

3. Options Appraisal

3.1 Option One – Open procurement procedure for a 3-year contract with the option to extend for an additional 2 years. This is the most favourable option as it allows the council to dictate the service requirements without any scope limitations to social value, it ensures that local organisation have a better chance to secure contracts with the councils due to the award criteria being heavily weighted on the pricing.

3.2 Option Two – Do nothing. This is not an option as the council has legal responsibility to carry out these valuations. This would lead to waivers which could see the spend in this area breach procurement thresholds which may lead to challenges which could result in the council being fined.

3.3 Option Three – Employ in-house-surveyors. This option was rejected as there aren't enough resources to carry out these services in-house at this moment in time. However, if this was to be a consideration, 2 staff members would be recommended at Grade P05 spinal point 38 £62,845(with on costs) – spinal point 41 £66,994 (with on costs) would equate to £628,450 for the duration of this contract

3.4 Option Four – Reopen competition under the Fusion 21 Framework. This option was rejected due to the framework social value conflicting with the councils. The framework doesn't allow for the council to implement its own social value criteria. The frameworks social value criteria are done on a credit bases worked out on aggregate revenue through the framework. This allows the supplier to implement social value on a national basis which wouldn't benefit the Council's constituents.

4. Waiver

4.1 Not applicable for this procurement.

5. Equalities and other Customer Impact

5.1 My Place (Leasehold Services) have a legal responsibility to undertake valuations where a request has been submitted to the Council to buy a council property under the Right to Buy Scheme. The EIA screening tool at Appendix 1 shows that there are either mainly positive impacts or no perceived negative impacts on the protected characteristics, therefore at this time a full EIA is not required. The EIA Screening will be routinely reviewed for any changes in procurement / service.

6. Consultation

6.1 The proposals in this report were considered and endorsed by the Procurement Board at its meeting on 21 November 2022.

7. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

7.1 The Council's Contract Rules require all spend over £50,000 to be conducted in an open market and this is the recommendation as set out in the report.

7.2 The evaluation methodology stated in the report is Quality 40%, Social Value 10% and Price 50%, I deem this to be an acceptable split as there needs to be a measured quality assessment in terms of the report outputs from the providers as these will drive the property purchase costs including asset alterations that may impact this.

7.3 In order to ensure a fluid process it is recommended that the Right to Buy team, in conjunction with the Residential Conveyancing Team, identify any fixed assets (such as Solar Panels) and full evaluation of capital owed and potential income loss is conducted, to ensure the asset is costed into the property price and also to enable a smooth transfer of ownership to the new asset owner

8. Financial Implications

Implications completed by: Sandra Pillinger Group Accountant

8.1 The estimated value of the proposed contract over five years is £510,000. This is based on an average of 28 valuations per month at £300 per valuation, plus £6,000 to allow for a higher valuation fee for lease extensions.

- 8.2 The annual budget required is £102,000. Costs are charged to My Place (cost centre F50300 Sales Leasing and Conveyancing) and are then recharged in full to the Supervision and Management budget within the HRA.
- 8.3 Valuation fees are anticipated to more than double under the new contract, as the £115 current fee is below the market average of £300 for a full valuation report. Provision for the increased expenditure will need to be made in the My Place budget and the HRA budget.
- 8.4 The estimated value of the waiver extension for nine months is £37,500. This is based on an average 36 valuations per month at £115 per valuation.

9. Legal Implications

Implications completed by: Lauren van Arendonk, Locum Contracts & Procurement Lawyer

- 9.1 This report seeks to approve an open tender procurement for the provision of valuation services on the right to buy property in the Borough. The contract shall be valued at £510,000 over five years based on an estimate of £300 per valuation. Roughly 28 valuations per month shall be taken.
- 9.2 An open tender procurement is recommended, with the ITT being listed on Find A Tender, in accordance with Public Contract Regulations 2015. This is also in accordance with Rule 13.1, being an approved procurement method. This method is also most likely to best achieve Council Objectives.
- 9.3 Any procurement process followed must still comply with the requirements of equality of treatment, transparency, mutual recognition, and proportionality. In addition to the above, the proposed procurements must comply with LBBB's constitution and contract rules.
- 9.4 As the value of the Contract exceeds £100,000, in line with rule 52.2 of the Contract Rules, the Contract will require sealing. Legal Services will be on hand to assist in any queries which may arise and assist in the sealing of the Contract documents.
- 9.5 The proposed procurement route set out in this report in respect of this contract is, therefore, compliant with the requirements of the applicable law and LBBB's constitution and contract rules.

10. Other Implications

- 10.1 **Risk and Risk Management** - The Council has a legal responsibility to carry out these valuations under current legislation. If we continue to operate without a contract in place, we have no control over the content which could be subject to challenge. If legislative timescales are not adhered to it could result in delay notices being served on LBBB which ultimately could have a financial impact on the organisation.

Currently this is being managed by a spreadsheet which alerts us to when the valuation is due back from the valuer. In the new contract this responsibility will be

passed on to the supplier and managed by KPI and regular monthly review meetings.

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

List of appendices:

Appendix 1 – EIA Screening Tool

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

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

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

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

Proposal/Project/Policy Title	Procurement of contract for Right to Buy valuations	
Service Area	My Place – Sales and Leasing	
Officer completing the EIA Screening Tool	Jane Shaw Home Ownership Manager	
Head of Service	Leona Menville – Acting Strategic Director of My Place	
Date	24/10/2022	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/decisions sought.	Right to Buy (RTB) is a government scheme which gives qualifying council tenants a chance to buy their homes. My Place (Leasehold Services) have a legal responsibility to undertake valuations by a qualified RICS valuer where a request has been submitted to the Council to buy a council property under the Right to Buy Scheme and issue offer notices within prescribed statutory timescales. The London Borough of Barking and Dagenham is looking to appoint a suitably qualified firm, or organisation, to undertake Right to Buy valuations and Joint Venture (Shared Ownership) valuations, Shared Ownership Stair-casing valuations for its housing stock.	
Protected characteristic	Impact	Description
Age	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Disability	Not applicable (N/A)	Tenants with specific needs are allocated properties that have been adapted in some way. Under current

		legislation these properties are excluded from the Right to Buy scheme. At present we have 15,217 secure tenancies of which 516 have been adapted in some way for tenants with disabilities, this represents 3.41% of council secure tenancies.
Gender re-assignment	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Marriage and civil partnership	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Pregnancy and maternity	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Race	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Religion	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Sex	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Sexual orientation	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.
Socio-Economic Disadvantage¹	Not applicable (N/A)	There are no limitations as Right to Buy is a government scheme open to everybody who lives in a council property.

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

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

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

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

I do not believe a full EIA is required as My Place (Leasehold Services) have a legal responsibility to undertake valuations where a request has been submitted to the Council to buy a council property under the Right to Buy Scheme. The valuation will be an open market valuation in accordance with the Housing Act 1980, as consolidated by the Housing Act 1985, and in accordance with published guidance from the Department for Housing, Communities & Local Government.

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

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CABINET**13 December 2022**

Title: Debt Management Performance 2022/23 (Quarter 2)	
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: Fiona Taylor, Acting Chief Executive	
Summary	
<p>This report sets out the performance of the Revenues service in the collection of revenue and debt management for the second quarter of the financial year 2022/23. The report demonstrates that performance is becoming increasingly challenging as a result of the cost-of-living crisis.</p>	
Recommendation(s)	
<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; and (ii) Note the change in debt recovery processes for the collection of Council Tax to assist residents in the current climate, as described in paragraph 2.5 of the report. 	
Reason	
<p>Assisting in the Council's Policy aim of ensuring an efficient organisation delivering its statutory duties in the most practical and cost-effective way. This ensures good financial practice and adherence to the Council's Financial Rules on the reporting of debt management performance and the total amounts of debt written-off each financial quarter.</p>	

1. Introduction and Background

- 1.1. This report sets out performance for the second quarter of the 2022/23 financial year and covers the overall progress of each service element since April 2022.

- 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. Council Tax

- 2.1. Council tax collection is 0.5% behind last year, this is the equivalent of £500k in delayed payment. Arrears collection is £264k behind last year.
- 2.2. It should be noted that current year collection at that at the end of quarter 1 was 1.3% behind. However, as per Government guidance any resident that failed to claim their £150 energy rebate has had that money credited to their account which has improved the collection rate.
- 2.3. All £150 energy rebates have now been paid or credited to council tax accounts. With 63k payments made and 10k accounts credited with the £150, the total amount of support given totals £10.9m. This project was successfully completed at the end of quarter 2, but it has put a significant strain on the service, and this has contributed to a reduction in collection rates in the first two quarters of the year.
- 2.4. The cost-of-living crisis continues to place 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.
- 2.5. Residents are being given more time to pay their Council Tax, and reminders are being sent at the end of each month rather than shortly after each missed instalment. Council tax can be paid by instalments on the 1st, 8th, 15th or 22nd of the month and so this change allows the resident more time to pay. Previously reminders were sent 8 days after a missed instalment.
- 2.6. This adjustment has reduced the number of reminders issued by 3.6k and summonses by 5.7k, which is a reduction of 31% and 17% respectively. This has reduced summons costs passed on to residents by a total of £452k.
- 2.7. The council tax discretionary relief fund was increased this year from £50k to £250k. This has allowed for far greater flexibility when granting relief. The table below shows the amount of relief awarded as well as reductions to debts as a result of discounts and exemptions not previously applied for, and enforcement costs that have been removed.

Financial year	Total relief	Discounts & exemptions awarded	Court costs removed	Enforcement agent costs removed	Total
2021/22	£58,352	£20,988	£39,055	£10,667	£129,062
2022/23 (October)	£83,768	£19,603	£32,819	£13,902	£150,092
Difference	£25,416	-£1,385	-£6,236	£3,235	£21,030

- 2.8. As can be seen, the total amount of relief and reductions in debt at the end of quarter 2 exceeds that's given in the whole of 2021/22. In addition, the average award has increased by 30%, see table below.

Financial year	Number granted	Relief granted	Average
2019/20	53	£57,784	£1,090
2020/21	60	£61,330	£1,022
2021/22	56	£58,296	£1,041
2022/23 (September)	62	£83,768	£1,351

- 2.9. Reasons for granting relief vary and include domestic violence, terminal illness, abuse etc, but of the 62 cases awarded so far only 14 do not cite mental health issues as one of the reasons. The remaining 48 cases all cite mental health as a contributing factor and 29 (47%) cite mental health alone as the reason for making the application.
- 2.10. Residents that have still failed to pay or make contact are being sent through to Becontree Collection Service (BCS) for collection. BCS continues to operate ethically in allowing residents the opportunity to pay over extended periods of time. Previously, private external companies were used to perform this function minimising opportunities to take different approaches to collection.
- 2.11. Residents are still frequently 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

3. Business Rates

- 3.1. Business rates collection is 5.7% above last year for the same period.
- 3.2. A gradual reduction in collection rates in the second quarter is being closely monitored. Businesses are being contacted whenever possible to discuss their financial situation and ensure that payment plans do not jeopardise their continued trading.

4. Rents

- 4.1. Rent collection is 0.7% behind 2021/22 at the end of the quarter.
- 4.2. Rent arrears have increased due to the pandemic and subsequent cost of living crisis. Collection of rent in the current financial climate continues to be challenging.
- 4.3. Residents continue to migrate from housing benefit to universal credit (UC). This delays payment of rent by 4 to 6 weeks whilst the tenant awaits their first payment.
- 4.4. The results of migration coupled with the increase in rent this year can be seen below. Since rent is charged weekly these figures will increase. By year end the housing benefit will have reduced by £1.6m with an additional £2m charged in rent.

	QUARTER 1	QUARTER 2
Rent increased	£547,871	£1,050,260
HB reduced	£522,416	£888,153
Additional to collect	£1,070,287	£1,938,413
Additional rent paid	£692,010	£1,277,839

- 4.5. Since there is a delay of 4 to 6 weeks before the applicant receives their UC collection rate comparisons with previous years are problematic as the number of tenants fluctuates.
- 4.6. A considerable amount of work has been carried out to identify trends and patterns in payments made by our tenants. In this way changes in these trends can be used to identify those that have transitioned to UC or are potentially experiencing hardship. In such cases tenants are being contacted and offered support.
- 4.7. Trend analysis is being refined to become increasingly accurate and to incorporate other debts, e.g. council tax, allowing for targeted intervention at the earliest possible point.

5. Reside

- 5.1. Reside collection rates are 1.1% lower than in 20/21.
- 5.2. Reside tenants have been equally affected by the pandemic and cost of living crisis. The team are working with tenants to help through the financial crisis and ensure that payment is received.
- 5.3. As with all revenue streams, some residents fell into arrears during the pandemic. The cost-of-living crisis has therefore made it difficult for them to recover. The team are dedicated to assisting these residents and to agree payment plans that are affordable and will ensure that debts are cleared.

6. General Income

- 6.1. General income is 31% behind the same time last year. However, there has been a delay in payment from schools. Occasional delays occur in school payments, particularly during the summer holidays, and this is no cause for concern. Excluding, school payments, collection rates are exceeding 21/22.
- 6.2. There is a further £2.9m unpaid by BD groups, most notably BDMS and BDTP with outstanding invoices totalling £1.9m and £950k respectively. Discussions are ongoing to progress the settlement of these invoices and implement more robust arrangements to avoid similar delays by BD groups in settling invoices in the future.

7. Adult social care

- 7.1. These charges are mainly for homecare, residential and nursing care and currently the collection rate is 10.3% behind last year.
- 7.2. The number of invoices issued compared with last year has increased by 4k with an additional increase in charges of £4.1m.

- 7.3. Whilst payments have increased this year by £1.2m, the unprecedented increase in charges and invoices has meant that collection rates have reduced when compared with 2021/22.
- 7.4. This is one of the more complex charges to collect reliant upon social services, the financial assessment team as well as the collection team. The collection team is undergoing a database cleansing exercise, this is required since the previously used Oracle system was not appropriate for debt recovery. The new E5 system is a significant improvement and allows for recovery action to be taken and monitored properly. The collection of adult social care will be moved to the Financial Assessment Team once the database has been cleansed.
- 7.5. The collection service receives many queries about the charges which in many cases they are unable to answer. Moving the collection of these charges to the Financial Assessment Team will reduce delays in responding to these queries and therefore improve the accuracy of billing and collection rates.

8. Housing Benefit Overpayments

- 8.1. Housing Benefit Overpayment collection is 0.3% above 2021/22 for the same period, this is the equivalent of £77k.
- 8.2. Alongside normal activity, the team is focusing on a review of arrears to remove or collect older debts.

9. Collection rates

- 9.1. The table below shows collection rates for quarter 2:

Collection Area	2022/23	2021/22	Variation
Council Tax current year	55%	55.5%	-0.5%
Council Tax arrears	£1,309,515	£1,573,573	£-264,058
Rents	47.9%	48.6%	-0.7%
Business Rates	57.5%	51.8%	+5.7%
General Income	43.9%	74.6%	-30.7%
Leasehold	53.8%	61.9%	-8.1%
Commercial rent	51.5%	87.9%	-14.5%
Care	36.7%	47%	-10.3%
Housing Benefit Overpayment	7.3%	7%	+0.3%
Reside	90.8%	94.9%	-1.1%

10. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

- 10.1. 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.

- 10.2. The largest variation is in General Income of 31% which is mainly due to delay in payments from Schools. This is not a concern as occasional delays occur, particularly during the summer holidays.
- 10.3. There is a substantial amount outstanding from BD groups which is a cause for concern as no payment has been received despite contact being made on several occasions.
- 10.4. 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.
- 10.5. 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.
- 10.6. 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.
- 10.7. 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.

11. Legal Implications

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

- 11.1. 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.
- 11.2. 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.

- 11.3. 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.
- 11.4. 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.
- 11.5. The inevitable debt management implications are that with the legal enforcement options being limited by Government measures preventing the resort to eviction as a means to enforcement of debt for all of the financial year 2020 to 2021 because of the national Covid 19 crisis, the short-term debts and more particularly irrecoverable debts inevitably increased despite the very best efforts of all the teams involved. Now this last option has been restored the message that debts will be pursued in due course is being pressed home however such action is tempered with targeted efforts to help citizens and businesses successfully manage their debts.

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

List of appendices: None

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