Barking & Dagenham

Notice of Meeting

CABINET

Monday, 20 February 2023 - 7:00 pm
Council Chamber, Town Hall, Barking

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

Date of publication: 10 February 2023

Fiona Taylor
Interim Chief Executive

Contact Officer: Masuma Ahmed
Tel. 020 8227 2756
E-mail: masuma.ahmed@lbbd.gov.uk

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. Members are reminded that the provisions of paragraph 9.3 of Part 5, Chapter 1 of the Constitution in relation to Council Tax arrears applies to agenda item 6.

3. Minutes - To confirm as correct the minutes of the meeting held on 17 January 2023 (Pages 3 - 9)

4. Revenue Budget Monitoring 2022/23 (Period 9, December 2022) (Pages 11 - 49)

5. Budget Framework 2023/24 and Medium Term Financial Strategy 2023/24 to 2026/27 (Pages 51 - 100)

6. **Treasury Management Strategy Statement 2023/24 (Pages 101 - 155)**

7. **Contract for Provision of New Community Equipment Service (Pages 157 - 170)**

8. **Retail, Hospitality and Leisure Business Rates Relief Scheme 2023/24 (Pages 171 - 181)**

9. **Leaseholder Charging Policy - Fire Door Programme at High Rise Blocks (Pages 183 - 196)**

10. **LBBD Statement of Gambling Licensing Policy 2023-2026 (Pages 197 - 298)**

11. **Maintenance and Support Contract for the Capita Academy System (Pages 299 - 310)**

12. **Pay Policy Statement 2023/24 (Pages 311 - 321)**

13. **Sale of Land Adjacent to 1044 Green Lane, Dagenham (Pages 323 - 329)**

    Appendix 2 to the report is exempt from publication as it contains commercially confidential information (exempt under paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 (as amended)).

14. **Any other public items which the Chair decides are urgent**

15. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

The public and press have a legal right to attend/observe Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. Item 13 above includes an appendix which is exempt from publication, as described. The item below is exempt from publication under paragraph 3, Schedule 12A of the Local Government Act 1972 (as amended) as the report contains commercially confidential information and professional privileged information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

16. **Acquisition of Site in Village Ward (Pages 331 - 391)**

17. **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, 17 January 2023
(7:00 - 8:11 pm)

Present: Cllr Saima Ashraf (Deputy Chair in the 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; Cllr Mukhtar Yusuf

Apologies: Cllr Darren Rodwell and Cllr Sade Bright

65. Declaration of Members' Interests

There were no declarations of interest.

66. Minutes (13 December 2022)

The minutes of the meeting held on 13 December 2022 were confirmed as correct.

67. Revenue Budget Monitoring 2022/23 (Period 8, November 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 November 2022 (period 8).

The Council's General Fund revenue budget for 2022/23 was £183.06m and the forecast outturn position at the end of October projected a net overspend of £15.001m once movements to and from reserves and income had been taken into account, which represented an improvement of £1.6m compared to the previous month. The Cabinet Member commented that despite the Council adding £9.4m to the 2022/23 budget to meet known demand and cost pressures, the current overspend projection reflected the failure of the Government to properly fund local authorities, particularly Barking and Dagenham, over the past 10 years.

The Cabinet Member confirmed that the Council's Budget Support Reserve was sufficient to cover the current level of overspend and he expected that overspend to reduce slightly by the year-end. He stressed, however, that a significant depletion of that reserve fund or new unforeseen pressures could mean that it would be necessary to drawdown from the main General Fund Reserve in future years.

Arising from the discussions, the Cabinet Member for Adult Social Care and Health Integration asked that the Brocklebank scheme listed in the schedule of proposed savings for 2022/23 be progressed as soon as possible due to its financial impact as well as the need for local provision for adults with disabilities.

Cabinet **resolved** to note the projected revenue outturn forecast for the 2022/23 financial year as set out in section 2 and Appendix A of the report.

68. Council Tax Support Scheme 2023/24 and Council Tax Support Fund

Further to Minute 16 (12 July 2022), the Cabinet Member for Finance, Growth and Core Services reported on the positive outcome of a public consultation on the proposed introduction of a revised Council Tax Support (CTS) scheme for 2023/24.

The Cabinet Member advised that the proposal would reduce the minimum payment applied within the CTS scheme from 25% to 15% of the individual Council Tax bill, as a way of supporting low-income residents during the cost-of-living crisis. The net effect of such a change would mean that households entitled to the full level of CTS would be over £150 better off under the Council's revised scheme. In referring to the responses to the consultation, the Cabinet Member acknowledged that several respondents had not supported any enhancement to the scheme as the additional funding would need to be met directly by the Council and would, therefore, impact on all residents, many of whom would not qualify for CTS but were facing their own financial challenges in the current climate.

Cabinet Members spoke in support of the enhanced CTS scheme and reference was made to the Equality Impact Assessment that accompanied the report which exemplified the benefits of the proposal.

The Cabinet Member also referred to the recent grant allocation from the Department for Levelling Up, Housing and Communities (DLUHC) aimed at providing additional support to low-income households in receipt of CTS with their Council Tax payments. It was noted that the funding would enable the Council to award a rebate of up to £25 to approximately 15,000 low-income households in receipt of CTS in the Borough. While the Cabinet Member questioned the impact that such a small amount would have on those households struggling to make ends meet during the current cost-of-living crisis, he nonetheless welcomed any assistance from the Government towards the most vulnerable in the community.

Cabinet **resolved** to:

(i) Agree to implement an additional one-off reduction of up to £25.00 for households in receipt of Council Tax Support and delegate authority to the Director of Support and Collections, in consultation with the Cabinet Member for Finance, Growth and Core Services, to determine and implement a scheme for its delivery in line with the guidance issued by the Department for Levelling Up, Housing and Communities;

(ii) **Recommend the Assembly** to:

(a) Agree, in light of the positive response to the public consultation, to adopt Model 2, as detailed in the report, as the CTS Scheme for 2023/24, which would reduce the minimum payment from 25% to 15% of the individual Council Tax bill, as a way of supporting low-income residents during the cost-of-living crisis; and

(b) Note that a fundamental review of the CTS scheme shall be undertaken in preparation for the determination of the CTS scheme for 2024/25, with a view to providing a more transparent and simple approach, with predictable levels of support, via a new banded scheme.

69. Housing Revenue Account: Review of Rents and Other Charges 2023/24

The Cabinet Member for Community Leadership and Engagement presented a report on the review of rents and other charges within the Housing Revenue Account (HRA) for 2023/24.

The Cabinet Member reminded colleagues that for the financial years 2016/17 to 2019/20, the Government had imposed a social housing rent reduction policy that had resulted in a loss of income to the Council of approximately £34m. That arrangement, together with the Government's revitalisation of the Right To Buy initiative and further intervention on the setting of social housing rents, had severely impacted the Council's plans to rejuvenate its housing stock.

Despite those measures, the Council was committed to maintaining, improving and, where possible, expanding its social housing stock and the Cabinet Member set out proposals which sought to balance the financial sustainability of the HRA and the capital needs of the stock with its desire to protect tenants from economic hardship. In that respect, it was proposed that the maximum 7% increase imposed by the Government for 2023/24 be applied to all rents, meaning that the average rate would increase from £100.97 to £108.04 per week.

With regard to other HRA-related charges, the Cabinet Member confirmed that they too had been carefully considered in the context of the current cost-of-living crisis, with a number being kept at 2022/23 levels while others were to rise in line with the Consumer Price Index (CPI). It was, however, necessary to increase communal heating and hot water charges by 109% to reflect the substantial increase in the cost of energy supplies.

Cabinet Members acknowledged the reality of rising costs and the balance that the Council had sought to achieve through the proposals. It was suggested, however, that the communal heating and hot water charges should be reviewed going forward to ensure a more equitable apportionment based on usage levels, as opposed to solely on property size.

Cabinet **resolved** to:

(i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be increased by the below-inflation rate of 7%, from the current average of £100.97 per week to £108.04 per week;

(ii) Agree the following service charges for tenants:

Service	**Proposed Weekly Charge 2023/24**	**Increase**
Grounds Maintenance	£2.93	£0.00
Caretaking	£7.65	£0.00
Cleaning	£3.68	£0.00
Estate Lighting	£4.34	£0.40
Concierge	£11.08	£1.02

CCTV (SAMS)	£6.79	£0.62
Safer Neighbourhood Charge	£0.57	£0.05
TV aerials	£0.62	£0.00

(iii) Agree that charges for communal heating and hot water increase by 109% based on estimated charges, as follows:

Property size	Weekly Charge 2022/23	Weekly Charge 2023/24	Annual Charge 2023/24
Bedsit	£14.36	£30.01	£1,564.85
1 bedroom	£15.24	£31.85	£1,660.74
2 bedroom	£18.26	£38.16	£1,989.84
3 bedroom	£18.62	£38.92	£2,029.07
4 bedroom	£19.11	£39.94	£2,082.47

(iv) Note that water and sewage charges shall be increased by the provider, currently estimated at a combined rate of 7.8%; and

(v) Agree that the above charges take effect from 1 April 2023.

70. Dedicated Schools Budget and School Funding Formula 2023/24

The Cabinet Member for Educational Attainment and School Improvement presented a report on the Dedicated Schools Budget and Schools Funding Formula for 2023/24.

The Cabinet Member explained that the primary source of funding for education-related activities came from the Department for Education (DfE) via the Dedicated Schools Grant (DSG). The DSG consisted of four funding blocks: the Schools block (the main allocation to schools), the Central block (central costs for core Local Authority education services), the High Needs block (additional costs for Special Educational Needs pupils) and the Early Years block (childcare and pre-school services). The DfE's ultimate aim was for the Schools Block funding to be passported straight to schools based on the National Funding Formula (NFF), was likely to result in a shift of funding from primaries to secondaries and result in London schools being treated less favourably over time. In the meantime, the Council was required, in consultation with local schools and the Barking and Dagenham Schools Forum, to agree its own formula in line with the prescribed framework in the DfE's national guidance.

The DSG allocation for 2023/24 totalled £340.374m, an increase of £12.881m on the allocation for 2022/23. The Cabinet Member pointed out, however, that once additional funding was factored to account for an increase of 379 pupils, the real-term uplift in the DSG allocation for 2023/24 was below 2%, although the Government had subsequently announced additional grant funding separate from the DSG.

In respect of the local funding formula for 2023/24, the Cabinet Member referred to the appendix to the report which set out the proposed allocations across the various blocks. It was noted that since that document had been published, officers had reviewed the Early Years funding and further discussions had taken place at the Schools Forum. As a consequence, the Early Years funding rate for three- and four-year-olds was proposed to increase to £5.21 per hour (from £5.15 per hour as stated in the report).

The Cabinet Member concluded that the underfunding by the DfE was pressurising schools into cutting back on much-valued additional services which would, undoubtably, impact on pupils' learning experience. Despite all of the challenges faced, however, the Cabinet Member was pleased to report that Barking and Dagenham's schools were performing extremely well and Cabinet colleagues joined in extending their appreciation to all concerned.

Cabinet **resolved** to:

(i) Note the indicative allocation of Dedicated Schools Grant for 2023/24 as set out in section 2 of the report;

(ii) Approve the strategy for the main Schools funding block as set out in section 3 of the report;

(iii) Approve the proposed principles for the design of the LBBD Local Schools Funding Formula as set out in section 4 of the report and the consequent funding factors as set out in Appendix 1 to the report;

(iv) Approve the allocated funding and strategy for the three other funding blocks (High Needs, Central Services and Early Years) as set out in sections 5, 6 and 7 of the report;

(v) Approve the increases in the Early Years hourly rates, with the funding rate for three- and four-year-olds increased to £5.21 per hour and the two-year-old rate increased to £6.09 per hour; and

(vi) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Strategic Director, Finance and Investment, the Schools Forum and the Cabinet Member for Educational Attainment and School Improvement, to approve the final 2023/24 school funding formula for submission to the Education and Schools Funding Agency.

71. Calculation and Setting of the Council Tax Base 2023/24

The Cabinet Member for Finance, Growth and Core Services introduced the annual Council Tax Base report for the 2023/24 financial year, which must be set by 31 January each year in accordance with Section 67 of the Local Government Finance Act 1992.

The Cabinet Member referred to the prescribed method of calculation of the Council Tax Base. It was noted that while the Council Tax Base had increased by 2.4% on last year, an increase of 2.99% had been predicted in the Council's Medium Term Financial Strategy which meant a shortfall of £0.45m on projected income for 2023/24.

Cabinet **resolved** to agree that, in accordance with the Local Authorities

(Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham as its Council Tax Base for the year 2023/24 shall be 53,326.90 Band 'D' properties.

72. Corporate Plan - Quarters 1 and 2 2022/23 Performance Monitoring

The Deputy Cabinet Member for Performance and Data Insight introduced a report which summarised performance during quarters one and two of 2022/23 against the numerous metrics and deliverables contained in the Council's Corporate Plan 2020-22.

The Cabinet Member commented that the performance data gave a holistic and balanced insight into the key achievements, challenges and areas of risk across all services. He highlighted some of those aspects and Cabinet colleagues also referred to areas within their individual portfolios, which included:

- the Cost-of-Living communications campaign, developed with community, faith and voluntary sector partners as part of the Cost-of-Living Alliance to provide information to residents on the range of support available in the Borough, which was launched in December 2022;
- the BD Money web platform, which provided a universal source of financial guidance and self-help tools for households struggling with the cost-of-living crisis as well as direct access to financial support and information on the local Credit Union offer, had received over 22,000 views as of November 2022;
- the negative impact that the economic downturn, increases in labour and material costs and supply issues were having on the viability and deliverability of many schemes within Be First's development portfolio, although on a positive note it was forecast that 486 new homes would be completed by the end of the financial year;
- the proportion of Year 12 and 13 pupils in Barking and Dagenham who were not in education, employment or training or whose post 16 destination was 'unknown' decreased significantly from 3.7% to 2.9% (the December-February average), which represented the Borough's best ever position;
- the poor uptake by 'priority groups' in the Borough in respect of the seasonal flu vaccination and COVID-19 seasonal booster vaccination, with the Cabinet Member for Adult Social Care and Health Integration calling on all those who qualified to take advantage of the offer;
- the range of domestic violence and personal safety support services already on offer and in the pipeline;
- the increase in waste recycling rates and other service improvements across waste collection services; and
- the rise in take-up for two- and three-year-old early education places.

Cabinet **resolved** to note the performance highlights and areas of improvement relating to quarters 1 and 2 of the 2022/23 financial year, as set out in Appendix 1 to the report.

73. Procurement of a Resilience Contract for Welfare Services

The Cabinet Member for Finance, Growth and Core Services presented a report on proposals to directly award a maximum two-year contract for the provision of staffing support to the Welfare Service, to assist the Council in meeting its statutory duties relating to the processing of benefits claims and welfare administration.

The Cabinet Member commented that it was necessary for measures to be put in place to provide the flexibility needed to match resources to service demand and he referred to the options appraisal within the report.

Cabinet **resolved** to:

(i) Agree that the Council proceeds with the procurement of a resilience contract for the Welfare Service via a Direct Award to Consultancy+ (part of the Reed Group) via the YPO Framework 940 (Managing Consultancy & Professional Services), in accordance with the strategy set out in the report; and

(ii) Authorise the Director of Support and Collections, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the contractor, in accordance with the strategy set out in the report.

74. Urgent Action - Approval of Head Lease and Loan for Shared Ownership Properties at Challingsworth House (formerly Crown House), Linton Road, Barking IG11 8TL

Cabinet **resolved** to note the action taken by the Acting Chief Executive, in accordance with the Urgent Action procedure under Part 2, Chapter 16, paragraph 4 and the Special Urgency provision under Part 2, Chapter 17, paragraph 15 of the Council Constitution, in relation to:

(i) Approving the disposal by way of long lease of Block B, Challingsworth House, comprising 56 Shared Ownership homes, to Barking and Dagenham Homes Ltd (part of the Reside structure) on the terms set out in the report;

(ii) Approving a loan of £18,582,399 to Barking and Dagenham Homes Ltd to enable the acquisition on the terms set out in the report;

(iii) Authorising the Chief Legal Officer to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements; and

(iv) Authorising the Strategic Director, Finance and Investment, in consultation with the Chief Legal Officer, to finalise the terms of the loan and any other associated financial documents.

This page is intentionally left blank

CABINET

20 February 2023

Title: Revenue Budget Monitoring 2022/23 (Period 9, December 2022)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Author: Katherine Heffernan and Philippa Farrell, Heads of Service Finance	**Contact Details:** E-mail: Katherine.heffernan@lbbd.gov.uk Philippa.farrell@lbbd.gov.uk
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance & Investment	

Summary

This report sets out the Councils revenue budget monitoring position for 2022/23 as at the end of December 2022, highlighting key risks and opportunities and the forecast position.

The Council's General Fund (GF) budget for 2022/23 is £183.060m – a net increase from the previous year's position of £9.4m.

Like all local authorities across the country, Barking and Dagenham has been impacted by the significant financial and demand pressures that are resulting from the economic climate within England, the legacy of Covid and the uncertainty of funding and the political environment which has made long term planning incredibly difficult. As is evident within Appendix A, the Council has been extremely prudent in its approach to reserve levels to ensure financial stability. It is also proactive in driving through in-year management actions to drive down costs.

Since the budget was approved in March 2022 the Council has faced significant increases in costs as a result of inflation, for example the cost of the Local Government pay award and higher energy costs, as well as increasing demand and costs for social care services. The Council has received no additional funding from Central Government to fund the increased costs and demand, placing the burden of meeting these unforeseen costs on the Council. The current forecast outturn position, including movements to and from reserves and the income position, is £195.062m which would be an overspend of £12.002m (a 6.56% overspend of budget) or £11.707m after an in-year increase in corporate funding is taken into account.

This is a significant forecast overspend for the year. Key drivers linked to inflation are outside of the control of the Council and it must respond to the market in the same way as any other organisation. This is seen in the cost of provision, energy prices, and the pay award. In addition, a review of the charges between the HRA and GF has resulted in increased costs being felt within the General Fund.

Period 9 does continue the trend of management actions driving down the overspend and significant movements can be seen within Care and Support, My Place and Law and Governance.

There remains some potential for risks and opportunities to materialise and for management action to be taken to reduce overspends in the remainder of the year. In addition, as in recent years, Central Government has made additional funding available at short notice in the final quarter of the year – some short-term support for Adult Social Care has been announced and it is possible more may follow. 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.

The report also includes proposals relating to Car Club fees and charges, which were not included in the main Fees and Charges report to Cabinet in November. In addition, approval for a budget virement from Corporate Management to individual Directorates to address the in-year pay award is also included for approval.

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;

(ii) Approve the pay award virement between Corporate Management and all other Directorates as set out in section 4 and Appendix B of the report; and

(iii) Approve the proposed Car Club fees and charges as set out in section 5 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 sixth 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 and March 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, which have all compounded the long-standing pressures that impact across the Local Government sector . These risk factors are beyond the Council's control and are being felt across all Local Authorities but they are at risk of impacting LBBD more significantly as a result of 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 detail being contained within the appendices.

1.4 The implementation of the new finance system empowers budget holders to own their financial information and to work alongside finance. This has resulted in several deep dives and data cleanses, particularly within the area of People and Resilience creating a more robust data position from which to forecast and is allowing greater analysis of trends.

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 £195.062m after planned transfers to and from reserves resulting in a net overspend of £12.002m. In addition there is a small overachievement in income from additional section 31 grants of £0.294m giving a final variance of £11.707m. There are still risks and opportunities that could be realised, as well as the possibility that this overspend can be managed down further. This level of overspend can be fully met from the budget support reserve without 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. The largest movement is in Care and Support and is the result of several factors such as additional income and a review of placements data.

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. £3.408m 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 £0.457m being uncertain or only part achieved in year.

4. Pay Award Virement

4.1 Within the 2022/23 Corporate Management Budget, a provision was created to address the in-year pay award in the sum of c£3m. The pay award was agreed and paid in the December payroll. All staff received a fixed amount increase in pay – which was on average around a 6% increase. The total cost across the Council was £6.7m. We therefore moved this amount out of Central Expenses (within Corporate Management) less an adjustment for the in-year reversal of the National Insurance increase.

4.2 The net amount of these two adjustments was £6.079m. As this was more than the budget available this has left a negative balance in Central Expenses. This gap is the main driver of the overspend within Corporate Management. However, this in-year pressure has been taken into account in budget setting for 2023/24 and is funded in that financial year.

5. Fees and Charges for Car Clubs

5.1 Cabinet approved parking fees and charges for 2023 at its meeting on 15 November 2022 (Minute 50 refers). Since then, it has been acknowledged that there is no clear permit structure agreed for car clubs operating in the borough. As we are expecting the number of car club bays to increase in the near future, due to many future developments being car-free but with planning obligations to provide car club spaces, it is important to rectify this omission. The table below sets out the proposed permit charging structure for car club bays. The Council and Be First will work together to ensure that new car club bays are located in appropriate locations, and each car club bay will have one permit.

<table>
<tr><th colspan="2">Annual permit</th><th>Fee*</th></tr>
<tr><td colspan="2">Car club operator (any location on public highway)</td><td>£470 (diesel £75 surcharge*)</td></tr>
<tr><td rowspan="7">Plus, emission fee</td><td>Band 1, 0 to 50 CO2 Emissions</td><td>£0</td></tr>
<tr><td>Band 2, 51 to 100 CO2 Emissions</td><td>£120</td></tr>
<tr><td>Band 3, 101 to 140 CO2 Emissions</td><td>£130</td></tr>
<tr><td>Band 4, 141 to 160 CO2 Emissions</td><td>£140</td></tr>
<tr><td>Band 5, 161 to 180 CO2 Emissions</td><td>£150</td></tr>
<tr><td>Band 6, 181 to 255 CO2 Emissions</td><td>£160</td></tr>
<tr><td>Band 7, Over 256 CO2 Emissions</td><td>£170</td></tr>
</table>

*Proposed fees are index linked.

**Diesel vehicles will not be permitted except in exceptional circumstances. Should an operator propose a car club 'van' it is likely that it will be a diesel vehicle - this will be assessed on a case-by-case basis and permitted if significant demand is proven, with low emission vehicles being strongly preferred.

6. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

6.1 This report is one of a series of regular updates to Cabinet on the Council's financial position.

7. Legal Implications

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

7.1 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.

7.2 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 continues to cause 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 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. There is a need to ensure sound audit trails as to management of costs and itemisation with documentary evidence to support the reasoning for procurement choices and to facilitate grounds for seeking such additional support funds as the Authority may be able from time to time, to access.

8. Other Implications

8.1 **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.

8.2 **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 9)
- **Appendix B:** Proposed Pay Award Budget Adjustment

This page is intentionally left blank

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 9

Content Links

Barking & Dagenham

Revenue Outturn - There is a forecast overspend of £12m as at P9 on Council Services

The National picture for all Local Authorities shows the financial pressure that Local Government is facing. COVID, the cost-of-living crisis, the uncertainty with funding from Central Government as a result of political instability coupled with increased demand has created a perfect storm.

Local Government is not immune to the cost pressures being experienced by their constituents and we have seen recently ma are finding themselves struggling financially with the LGC plus website identifying that ‘ two dozen Southeast Councils thought to be at risk of Section 114 notices’ early last year and even having to issue s.114 notices in the cases of Thurrock, Croydon and Nottinghamshire.

The London Borough of Barking and Dagenham is reporting an overspend at P9, a significant decrease from the previous period as mitigations come into place. What should be noted is that LBBD have been prudent and have the reserve levels needed to weather this situation this financial year. Which is demonstrated on the reserve slides.

We are working hard to ensure that we invest in the right places to drive down costs and increase the service delivered to Constituents. Early Help investment is a clear example of us working to support the most vulnerable and prevent them escalating to more costly Council intervention. We are also investing to support our constituents through this difficult period with the Welfare Reserve Fund and initiatives like Community Banking.

Revenue Outturn - There is a forecast overspend of £12m as at P9 on Council Services

This period has seen the result of in year mitigations, additional government income and a deep dive on spend resulting in a reduction in the overspend. An overall positive movement from last month of £2.99m

The 2022-23 pay award was implemented in December and is now reflected in the actuals and forecasts. The budgets have also been updated.

<u>Key Movements</u>

People & Resilience:
- **The overall position has moved by £1.1m, despite Disabilities increasing by c£0.43m, Commissioning has reduced by £0.574m, Children's has reduced by £0.42m, Adults has reduced by £0.28m, other minor movements add to the £1.1m.**

Corp Management:

- **The overall position has moved by £0.16m, due to a £100k movement in IT position = reductions across Pension, Treasury, and Finance make up the remainder.**

Community Solutions:

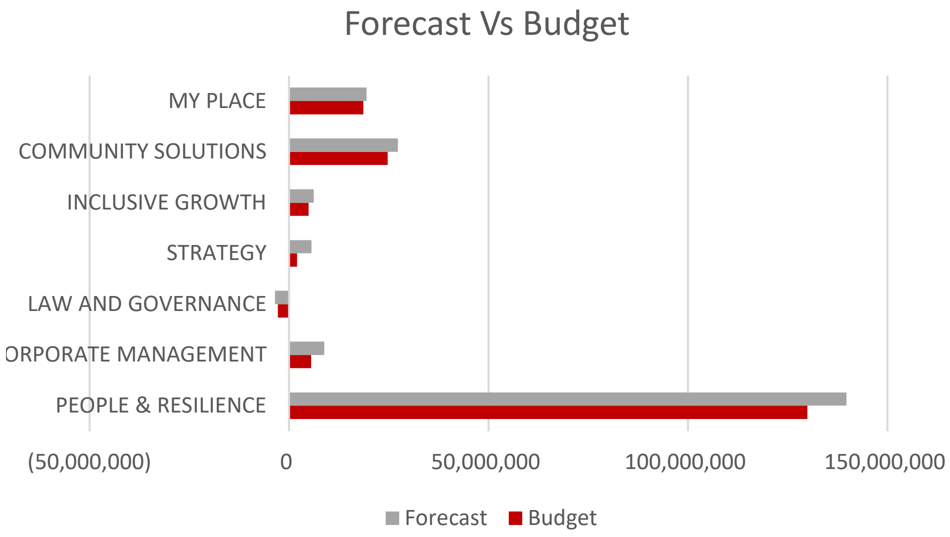
- **The overall position has move by £0.28m due to security costs across all Hostels are now back to pre-pandemic levels. This reduction has been inline with National Guidelines.**

Inclusive Growth:

- **A favourable movement of £0.12m. This is driven by a movement in Commercial Services.**

Strategy:

- **This is the only area to increase in overspend. The movement is an increase of spend of £146k . The increase is linked to activity in events and communications.**



Barking & Dagenham

London Borough of Barking and Dagenham Revenue Forecast – Period 9

	This Years Budget	Actuals/Forecast		Variances Inc Reserves			Additional Information	
	Revised	YTD Actuals	Current Forecast after reserves	Variance	Last Period Variance	Movement in Variance	Variance as % of budget	Reserves Transfers
PEOPLE & RESILIENCE	132,002,012	75,025,231	139,159,667	7,157,655	8,785,977	(1,628,322)	5.4%	(1,104,238)
CORPORATE MANAGEMENT	(254,773)	19,081,558	3,101,540	3,356,313	3,326,718	29,595	-1317.4%	0
LAW AND GOVERNANCE	(2,052,092)	1,568,036	(2,490,176)	(438,085)	102,628	(540,713)	21.3%	605,883
STRATEGY	2,120,949	4,789,003	2,765,439	644,490	690,490	(46,000)	30.4%	(2,927,305)
INCLUSIVE GROWTH	5,227,176	2,734,311	5,895,736	668,560	604,090	64,470	12.8%	(406,677)
COMMUNITY SOLUTIONS	26,090,159	17,297,008	26,467,980	377,821	702,339	(324,518)	1.4%	(1,818,245)
MY PLACE	19,926,700	38,062,053	20,161,889	235,189	788,978	(553,789)	1.2%	272,562
GENERAL FUND I&E	**183,060,131**	**158,557,199**	**195,062,075**	**12,001,944**	**15,001,220**	**(2,999,276)**	**6.6%**	**(5,378,020)**
Corporate Funding	(183,060,131)	(154,401,063)	(183,354,401)	(294,270)	0	(294,270)	0.2%	(2,100,000)
GENERAL FUND REVENUE	**0**	**4,156,136**	**11,707,674**	**11,707,674**	**15,001,220**	**(3,293,546)**	**6.4%**	**(7,478,020)**

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 <u>£7m, 5.4% of the overall budget</u>. 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. Mitigation action and deep dive work with the service is ongoing and has already resulted in a reduced overspend this period. There has been considerable work in this area to also provide a stable data position to enable better forecasting and an increased ability to identify areas of concerns and respond with mitigations.

Community Solutions is a volatile area that is demand driven and <u>has £2m of pressures driven by the HRA</u>. 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 £0.3m. A continued reduction as a result of mitigations.

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 <u>result of the forecasted 6% pay award</u>. 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 <u>make £2m in dividend payment this year</u>, which has reduced funding. The Be First contribution is currently assumed to be secure as a result of the Muller 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 9 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. More detailed is noted in the CP completion slide.

- This month is the fourth 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.

- 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 services across the board are struggling to mitigate the level of reduced income.

- The income for PRPL is forecasting a shortfall of c£0.9m and will require a drawdown from reserve. This will leave a balance of c£0.9m 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. There are several issues currently with departments being able to get position numbers when trying to appoint which is resulting in services reporting losing candidates. The market is extremely competitive across the board currently.

Opportunities

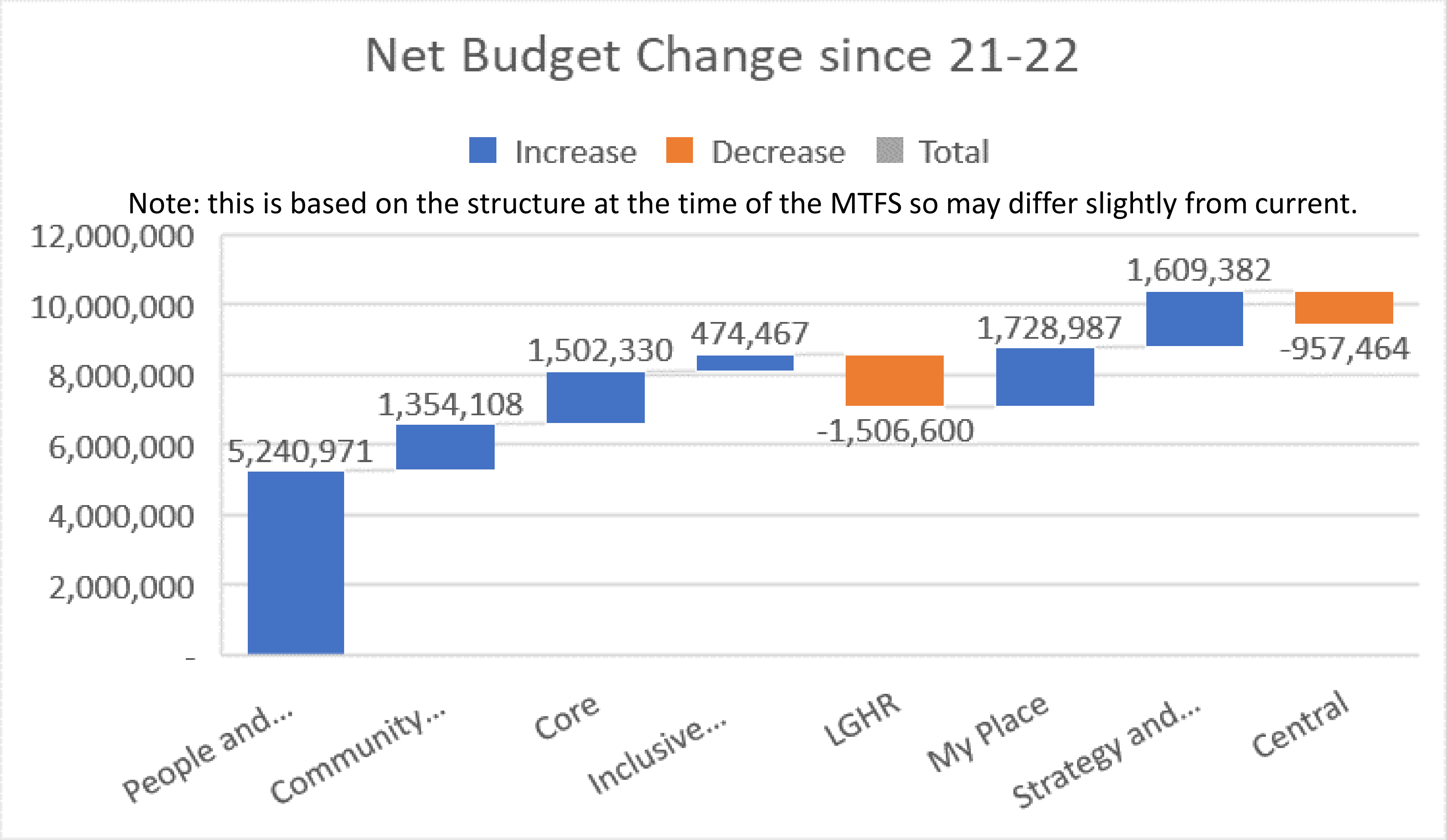
- We are continuing to implement mitigations and management actions to drive down the forecast overspend for the current year. We would therefore anticipate that this forecast will reduce as the year progresses and mitigations take effect.

- 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



Barking & Dagenham

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	

Reserve Position as at Period 9

The reserve levels mean that the Council is in a financially stable position despite reporting a significant overspend against Service Expenditure.

The below table demonstrates the reserves levels.

Reserves Summary	22-23 Opening Balance	In Year Transactions	Current Balance	Forecasted Drawdown/Addition	Year End Forecast
General Fund Balance	- 17,030,171	-	- 17,030,171		- 17,030,171
Budget Support Reserves	- 22,839,218	688,348	- 22,150,870	14,363,900	- 7,786,970
Ring-fenced Specific Reserves	- 34,520,296	- 6,188,348	- 40,708,644	1,489,668	- 39,218,976
Non-Ringfenced Specific Reserves	- 19,089,432	- 10,476,068	- 29,565,500	1,939,237	- 27,626,263
HRA Reserves	- 44,248,563	-	- 44,248,563	19,210,000	- 25,038,563
Schools Reserves	- 37,550,268	-	- 37,550,268	-	- 37,550,268
Capital and Investment Reserves	- 15,499,568	476,068	- 15,023,500	2,100,000	- 12,923,500
Collection Fund Reserve	- 31,210,527	-	- 31,210,527		- 31,210,527

Notes

1) The General Fund Balance must be maintained at £12m or above. Going below this would be an indicator of severe financial issues requiring drastic action and potentially the forerunner to a 114 notice.
2) The budget support reserve has been created to support year end overspend positions if required.
3) Ring fenced reserves include grants carried forward or monies reserved for specific purposes by legislation or contracts eg Parking reserve, Public Health reserve. In general they cannot be repurposed.
4) Non ring fenced specific reserves are monies set aside by the Council for various purposes – these are available for use but this would mean changing plans and policies eg Welfare Reform Reserve, Legal trading account

Community Solutions: Period 9

Forecast Position: £28.3m (overspend of £0.4m, 1.4% 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	**26,090,159**	**20,252,632**	**5,837,528**	**17,297,008**	**28,286,225**	**190,000**	**(2,008,245)**	**377,821**	**702,339**
SUPPORT AND COLLECTIONS	9,290,123	4,654,215	4,635,908	7,181,606	11,227,957		(889,323)	1,048,511	1,116,542
COMMUNITY SOLUTIONS	6,884,839	7,037,389	(152,550)	5,267,489	7,175,908	130,000	(215,000)	206,070	300,922
COMMUNITY PARTICIPATION & PREV	9,915,198	8,561,028	1,354,170	4,847,913	9,882,359	60,000	(903,922)	(876,760)	(715,922)

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. The forecast was reduced further in period 8 by **c£0.25m** as security returned to pre pandemic levels in Hostels. The forecast has been reduced further in this period by **c£0.32m.** The Homes for Ukraine scheme is being delivered by existing resources which has freed up general fund (one-off) and the successful recruitment drive in Customer Services has resulted in a reduction in agency staff cost.

There may be potential to reduce the outturn variance further, and this is listed in the opportunities below.

Community Solutions: Period 9 Mitigations Table

Forecast Position: £28.3m (overspend of £0.4m, 1.4% 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 LBBD 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	238,000	Release of reserve
Universal underspend	188,000	Vacancies across libraries, which have been covered using Kickstart trainees.
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 9 Risk and Opportunities

Forecast Position: £28.3m (overspend of £0.4m, 1.4% 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.

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.

Corporate Management: Period 9

Forecast Position: Overspend of £3.3m

	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	**(254,773)**	**4,414,742**	**(4,669,515)**	**19,081,558**	**3,101,540**	**0**	**0**	**3,356,313**	**3,326,718**
STRATEGIC LEADERSHIP	(328,556)	417,989	(746,545)	347,761	(387,945)	0	0	(59,389)	(49,668)
FINANCE	5,882,206	12,475,936	(6,593,730)	14,090,994	4,658,300	0	0	(1,223,906)	(1,251,863)
IAS	(4,164,180)	(4,175,900)	11,720	(4,184,187)	(4,254,730)	0	0	(90,550)	(91,678)
CENTRAL EXPENSES	(1,644,243)	(4,303,283)	2,659,040	8,826,990	3,085,915	0	0	4,730,158	4,719,926

Key Drivers of the Position:

There is a forecast overspend of £3.3m on Corporate Management which is a reduction of £163,000 on last month's forecast of £3.49m.

- **Strategic Leadership** is forecast to underspend by (£59,000)**.** This is due to a senior leadership vacancy saving of £146,000 less the HRA recharge shortfall of £71,000 (Procurement Gainshare £103,000 less Managing Director £32,000) plus a £19,000 overspend on non-pay budgets.

Finance forecast an underspend of (£1.23m), due to the following areas underspending.

IT is reflecting an underspend of (£1.09m)

(£573,000) projected underspend in IT Third Party Contracts of which 94% is attributable to savings from the Oracle to Advanced E5, Itrent and Brent Hosting contract costs of £540,000.

- (£773,000) projected underspend on IT Staff and Agency, largely attributable to staff vacancies.
- £181,000 projected overspend on IT Projects. Most of the project resource is recharged out to services for which the projects are being delivered. The Projects Team are in the process of reviewing the GTT Projects system to ensure all recharges are captured and implemented.
- £54,000 projected overspend on the IT Telephony linked to the 8x8 Telephony system with recharges to services and entities currently being reviewed; and £26,000 overspend reflecting on Azure cloud due to virtual machines.

Corporate Finance is reflecting a projected underspend of (£346,000) primarily due to staff vacancies, offset by **Assurance** overspend of £150,000 mainly on internal audit fees plus salaries and £122,000 overspend in **Service Finance** due to agency costs**.**

- **IAS - Investment Strategy -** is reflecting a surplus on the (£4.1m) budget of £91,000, largely due to projected commercial rental income exceeding budget.

- **Central Expenses -** £4.7m overspend: The budget has changed significantly as the funding for the pay award has now been distributed to services. The difference between the cost and the budget is shown here as a pressure. (£3m) There is also a pressure on the estimated bad debt provision. 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 9 Risk and Opportunities

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

- 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.
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes an overspend despite this as debt continues to rise in some areas as a result of the wider economic situation.
- 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 9

Forecast Position: £6.3m (Overspend of £668,000)

	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	**5,227,176**	**2,287,358**	**2,939,818**	**2,734,311**	**6,302,413**	**0**	**(406,677)**	**668,560**	**604,090**
COMMERCIAL	517,549	(108,411)	625,960	(328,039)	1,204,037	0	0	686,488	711,531
INCLUSIVE GROWTH	4,709,627	2,395,769	2,313,858	3,062,350	5,098,376	0	(406,677)	(17,928)	(107,441)

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to overspend by £668,000 at the end of Period 9. Approximately half of the overspend is due to a reduction in the HRA Recharge, resulting in an income shortfall of £312,000.

Commercial Services – Forecast an overspend of £686,000

- The **Core Commercial Team** is projecting a (£66,000) underspend due to non pay budgets offset by a £323,000 overspend (excl. salaries) in Procurement. **Procurement** has the greatest HRA impact where there was a historic fixed fee of £331,000 chargeable by Agilisys to the HRA. As this recharge no longer takes place, there is a budget gap of £331,000, contributing to 85% of the overspend. Likewise, there is a net £38,500 HRA income shortfall in relation to Accounts Payable.
- **The Film Office** is projecting a £198,000 overspend due to a shortfall in income generation. The service 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.
- **The CR27** Investment forecast £171,000 shortfall in the budgeted net income due to the increased rent payable by LBBD, whilst tenant is on a rent free period.
- Across **Commercial services** there is a pressure of £69,000 on salaries and agency costs, offset by an underspend of (£49,000) on Added years pension top ups.

Inclusive Growth – Forecast an underspend of (£18,000)

- **Parks Commissioning** forecast an overspend of £17,000, comprised of £50,000 projected overspend on energy and services for Eastbrookend Discovery Centre and Park Commissioning core team. Part of the £50,000 overspend relates to £41,000 in projected costs for contaminated land water sewage charges, plus other non pay costs and £9,000 shortfall on Licence & Permit, schools and events income. The overspend is offset by (£18,000) income over achievement on the Central Park Soil importation and (£15,000) underspend on staffing.
- **Culture and Heritage** is reflecting a £101,000 overspend due to £44,000 NNDR (Business Rates) budget pressure and a £24,000 increase in internal recharge expenditure compared to budget. The vast majority of the remaining overspend of £33,000 relates to projected Income underachievement, partly due to Eastbury Manor House closure for most of the financial year.
- The **Inclusive growth core team** is reflecting an underspend of (£173,000). The main contributing factor is (£104,000) projected underspend due to staff vacancies following restructure implementation. The remainder is attributable to (£58,000) HRA recharge contribution increase, (£55,000) CIL admin fee income and CEV Grant offset by £42,000 overspend on non - pay budgets.
- Development Planning reflects a projected overspend of £37,000 as a result of Added Years Compensatory payments.

The £407,000 transfer from Reserves represents a drawdown from Inclusive Growth reserves, funding the Food Sector development, Made in Dagenham Endowment programme and the Employment team net overspend.

Inclusive Growth: Period 9 Risk and Opportunities

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

Food Sector, Make it Here, Employment & Skills

- 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.
- There are inherent risks associated with expected grants for Works & Skills (Employment Team), as there is the possibility for the bids not being approved.

Heritage and Culture

- 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.

Inclusive Growth: Period 9 Risk and Opportunities

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

Commercial

- 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.

Parks Commissioning

- 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.

- Income targets – the F14450 Parks Commissioning cost centre includes historical commercialisation income targets (Large commercial events £100k and small-scale commercial activities £33k). These targets are unachievable and must either be relocated to the appropriate team or removed.

- 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.

Inclusive Growth: Period 9 Risk and Opportunities

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

Food Sector, Make it Here, Employment & Skills

- 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.
- 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.

Heritage and Culture

- 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.

Parks Commissioning:

- 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 9

Forecast Position: -£3.1m (underspend of £438k). Underspend is after transfer of c£1.8m 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	**(2,052,092)**	**460,467**	**(2,512,559)**	**1,568,036**	**(3,096,059)**	**1,779,000**	**(1,173,117)**	**(438,085)**	**102,628**
WORKFORCE CHANGE / HR	755,892	2,518,231	(1,762,339)	2,233,468	1,096,154	0	0	340,262	733,803
LEGAL	1,886,764	3,363,024	(1,476,260)	4,722,310	2,253,203	0	(234,637)	131,802	186,989
ENFORCEMENT	(4,709,269)	(5,693,759)	984,490	(5,630,584)	(6,501,611)	1,779,000	(938,480)	(951,822)	(864,316)
LEADERS OFFICE	14,521	272,971	(258,450)	242,842	56,195	0	0	41,674	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 £616k.

There has been a favourable movement of £541k across Law and Governance from the position reported in P8. The key driver for this favourable movement was due to Workforce Change/ HR identifying additional income from recalculation of the Traded Companies buy back. There has also been reduction in agency staff across Enforcement.

There are delays in the recruitment process for a number of positions within Law & Governance, predominantly within Enforcement where there have been difficulties with recruitment. There are currently 80 vacancies, and It is unlikely that these positions will be filled before April 2023. There are currently 61 agency staff covering permanent roles at a forecast cost of £3.7m. This spend is offset by a £4.1m underspend against permanent salary budgets.

Parking income is forecast to be around £1.8m 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 9 Risk and Opportunities

Forecast Position: -£3.1m (underspend of £438k). Underspend is after transfer of c£1.8m 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. The income for December was lower than forecasted due to adverse weather. If there are further weather disruptions, this will impact on the forecast income.

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 9

Forecast Position: £19.9m (£235,000 Overspend, 1.2% 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
MY PLACE	**19,926,700**	**38,574,263**	**(18,647,563)**	**38,062,053**	**19,889,327**	**287,000**	**(14,438)**	**235,189**	**788,978**
MY PLACE (HOMES & ASSETS)	9,343,149	24,525,892	(15,182,743)	26,373,974	9,877,303	0.00	0.00	534,154	704,772
PUBLIC REALM	10,583,551	14,048,371	(3,464,820)	11,688,080	10,012,023	287,000	(14,438)	(298,966)	84,206

Executive Summary

- **Property and Commercial Portfolios £1.398m** net overspend driven by inflation (maintenance and energy), under recovery of income and savings.
- **Compliance £263,000** net overspend, however, increased HRA charging for Caretaking and other areas reduce this **(£1,122m)**.
- **Public Realm** underspend of **(£299k), this is a significant improvement in the forecast on prior months across all budgets (see next slide).**
- Quantifiable **Risks** stand at **£1.6m** versus **Opportunities (£50,000).**
- **Public Realm:** intends to carry forward **£287,000** due to delayed activity on Waste and Street Cleansing Strategies.

My Place – Homes & Assets: Forecast Position: £9.9m (£534,000 overspend, 5.7% variance)

Key Drivers of the Position (Summary):

Commercial Portfolio is reflecting a **£595,000** overspend. £242,200 removal of HRA Fixed Recharge, £226,000 income under recovery. The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred due to limited capacity. £127,000 from insurance, repairs and maintenance have exacerbated the position. There is also uncertainty over repairs and maintenance charges.

Property Assets is overspending by **£803,000**. **Highways** is projecting a **£936,000** overspend made up of Energy £400,000, £235,000 on contract inflation, £245,000 range of activities such as income recovery, £150,000 non-deliverable 2022/23 savings offset by (£94,000) increase charge to HRA. This is offset in part from an underspend in staffing on **Asset Management (£159,000). Major Works £26,000**.

Compliance expenditure is rising sharply due to the various programmes currently ongoing. The majority of the cost relates to the HRA but the current estimate for General Fund is **£142,000**. There is also a redundant HRA Fixed Recharge cost **£120,720** removed as the Housing Energy Team doesn't exist.

Caretaking will break even due to the HRA Fixed Recharges review. The **My Place HRA Recharge** is reflecting a **(£517,000)** increase in charges to the HRA. The remaining budgets contain a variance of **(£5,000).**

My Place - Public Realm: Period 9

Forecast Position: £10.0m, ((£299,000) underspend, 2.8% variance)

Key Drivers of the Position (Summary):

Waste Operations is reflecting an overspend of **£703,000.** 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 £138,000 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 refuse vehicles plus £161,000 on other costs such as purchasing new bins.

Fleet is reflecting a **(£536,000)** underspend. Fleet Management (£317,000) due to improved income recovery (£226,000), reduced Transport and other expenditure budgets (£228,000). However, a HRA Fixed Recharge has been removed £137,000 following review. Frizlands Workshop also reflects a (£219,000) underspend primarily due to projected income over recovery.

Parks and Environment – on balance. Ground Maintenance now showing a break even position after positive changes in the planned HRA Fixed Recharge. Arboriculture and Cemeteries are reflecting a (£134,000) underspend which mainly relates to Cemeteries forecast income and reduced expenditure commitments. Parks is reflecting a £92,000 pressure mainly related to increased compliance costs on FRA's. This is an improved position on last month.

Compliance (£348,000) underspend on PEST Control and Compliance, Projects and Administration (CPA). CPA is underspending due to vacancies held ahead of restructure at (£275,000), PEST Control (£131,000) improved income partly offset by £71,000 on Trade and Garden Waste. The position has improved on recent months due in part to Trade Waste expenditure review identifying a double count and PEST Control income.

Street Cleansing £117,000 overspend. This mainly relates to Fleet recharges where fuel, vehicle repair costs are exceeding budget. The position has improved dramatically in recent months particularly around the staffing budget due in part to delayed recruitment.

PR Director has released its purchasing budget to reduce the impact of Operations above **(£62,000)**. **Passenger Transport** is reflecting a forecast underspend of **(£124,000)** due to staffing and **ELWA** is **£5,000**.

My Place: Period 9 Risk and Opportunities

Forecast Position: £19.6m ((£77,000) underspend)

Risks: **£1.625m** (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.
- £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.

- 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 now starting to be reflected in the Outturn. Prices increased significantly in the 2nd half of 2022/23.
  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.
- There may be other areas were it is appropriate to recharge costs to the HRA or to Reside.

People and Resilience: Period 9 – Variance Analysis

Forecast Position: £140.3m (overspend of £7.4m, 6.3% variance) before Education adjustment

	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	132,002,012	109,603,013	22,398,998	75,025,231	140,353,855	231,303	(1,219,800)	7,157,656	8,785,976
DISABILITIES CARE & SUPPORT	30,543,650	29,750,890	792,760	25,007,727	35,576,322	0	0	4,942,722	4,882,565
ADULT'S CARE & SUPPORT	22,734,298	20,043,118	2,691,180	7,470,490	23,326,620	0	(1,110,000)	(517,678)	273,595
COMMISSIONING - CARE & SUPPORT	15,375,128	14,409,653	965,475	2,912,229	13,974,672	0	0	(1,400,456)	(1,398,039)
PUBLIC HEALTH	(318,250)	(381,250)	63,000	374,818	(504,166)	231,303	0	45,387	0
CHILDREN'S CARE & SUPPORT	41,592,331	40,374,206	1,218,125	31,802,293	45,034,202	0	0	3,441,871	4,494,557
EDUCATION, YOUTH & CHILDCARE	20,668,651	4,060,921	16,607,730	7,109,518	20,894,192	0	(109,800)	0	(110,495)
EARLY HELP SERVICE	1,406,203	1,345,475	60,728	348,155	2,052,013	0	0	645,809	643,793

<u>Key Drivers of the Position (Summary):</u>

- **Disabilities Service: - £4.943m**
  - **Adults** - Short Term Care £0.155m, Direct Payments (£0.119m), Residential £0.349m, Nursing (£0.168m), Supported Living £1.467m, Day Care £0.152m, DP Refunds (£0.230m), DP Refunds (£0.244m), CHC Income £0.139m. = **Total £1.388m**
  - **Children** – Day Care £0.602m, Bed & Breakfast (£0.165m), Legal Fees £0.200m, DSG Cont' (£0.200m), Residential £2.855m, Internal Fostering (£0.389m), Internal Services (£0.973m) Life Planning Team B £0.645m,, Out of Borough Transport £1.038m **= Total £3.547m**
- **Adults Care and Support – (£0.517m)**
  - **Over 65** – Resi / Nursing £1.166m, Home Care £1.694m, Direct Payments (£1.566m)
  - **Under 65** – Home Care (£0.783m), Direct Payments (£1.855m), Supported Living £0.620m, Direct Payment Refunds £0.425m, Health Funding to support package pressures (£2.902m), MTFS Growth to be allocated (£0.600m),
  - **Mental Health**
  - **Over 65** – Resi / Nursing £0.701m, Home Care £0.478m, Direct Payment £0.112m
  - **Under 65** – Resi / Nursing £0.175m, Home Care (£0.372m), Direct Payments £0.233m, Supported Living £1.268m
  - **Reserves Drawdown** – (£1.100m)
- **Commissioning Care and Support – (£1.400m)**
  - Staffing – (£0.377m), Ofsted preparation allowed overspend £0.872m, (£1.900m) funding for Early Help is being held here – part offset by spend below. Around £1.4m will not be spent this year due to delays in starting programme.
- **Public Health -** PH is grant funded and is expected to remain within its allocation.
- **Children's Care & Support - £3.442m**
  - Agency £2.940m, Staffing (£2.495m), Running Costs (£0.689m). Placements £3.688m, which includes the following material variances Asylum (£0.935m), Leaving Care £0.676m, Secure (£0.672m), Residential £4.451m, Ext agency (£0.244m), Family Ass £0.169m, Int Fostering £1.015m, Adoption (£1.036m).
- **Education, Youth & Childcare -** Reporting breakeven (Manual adjustment to report £0.116m)
- **Early Help - £0.648m -** Agency £0.460m, Consultancy £0.230m

People and Resilience: Period 9 – Material Movements

Disabilities - £0.060m
Whilst the overall variance is not material, there are a number of movements that should be reported.

- Supported Living £0.278m – There are 2 new clients costing £0.153m and several placements receiving higher levels of support.
- NEET Funding (£0.126m) – There has been no expenditure set against this fund.
- Day Care Respite £0.193m – The are 2 new clients costing £0.131m and several placement receiving higher levels of support.
- DSG Funding (£0.200m) – A number of children's placements attracted funding for the Education element of their care.

Adults – (£0.791m)

- Residential & Nursing (£0.460m) Following a review of client contributions, £0.320m was identified and £0.140m was reduced from the cost of several packages.
- Homecare - £0.325m Following a review of the Homecare modelling it was noted that the service was under forecasting the level of spend.
- Winter Pressures – (£0.600m) We have now received grant funding which has been set against expenditure previously allocated to the general fund.

Children – (£1.053m)

- Staffing (£0.715m) – Previously a provision of £0.700m had been set aside to support the cost of statutory sick. It is now confirmed that this is no longer required.
- Running Costs (£0.253m) – Previously a provision has been set aside for the cost of DBS checks. It is now confirmed that this is no longer required.

People and Resilience: Period 9 Risk and Opportunities

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

- The impact of the pandemic and the increased level of inflation are having an adverse and significant financial impact on base costs, market rates, inflation, equipment, materials, and staffing. There are concerns that the lack of D2A and additional contributions in 22/23 from the ICB will negatively impact the local authority as these financial increases are being felt. Additionally, short term funding streams such as the Winter Funding or the Adult Social Care Discharge Fund, although welcome, make long-term planning more difficult and stifle innovation.
- Early Help service TOM has yet to be finalised and it is expected that costs will significantly rise once this is complete. The service is currently significantly understaffed.
- Market stabilisation and Fair Cost of Care is now complete. However, the government have now postponed its implementation, and this has caused market instability as providers are aware of what is deemed "Fair" in the local market.
- 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.

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 and the service is now implementing and client reviews starting to take place, where we hope to see savings/cost avoidance this year and in the future.
- 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 have now received additional funding from Health to support Winter Pressures and we are in a good place to deliver services within sum being provided.
- There is current a provision of £900k in support of costs related to possible refunds to clients who make a claim against incorrect calculations relating to the inclusion savings credits when their cases were being reviewed by the Financial Assessment Team. Following updated Legal advice, it is possible to reduce this provision to £350k.

People and Resilience: Data Analysis

Overall Position

Total forecast spend of £139.3m against a budget of £132.0m, giving an overspend of £7.3m

- An increase in spend of £22.2m from 21/22

Placements costs forecast at £95.8m, an increase of £8.1m from 21/22, against a budget of £79.7m for an overspend of £16.1m. Placement numbers remaining fairly steady between months

- Placements budget has remained static between years
- Service provision has started to increase, in particular for residential placements, after two years of impact from COVID

Children's Services

Reduction in forecast of £1m, a result of a more in depth review and detailed forecasting

830 active placements showing for December, with the number of active placements remaining relatively flat between months

Placements forecast variance of £3.3m to budget

A year on year reduction in placement costs of £0.4m, due to a reduction in the number of high cost placements

46% of all children's placements are with the Adoption service accounting for 14% of total placement costs

Residential placements account for 30% of the total placement costs and has been driven by an increase in total number of placements. High cost placements have ended through the year replaced with more over all placements at a lower weekly cost.

People and Resilience: Data Analysis

Adults Services

Reduction in forecast variance of £0.8m, draw down from reserves of £1.1m

2,019 active placements showing for December, with a small increase of £0.2m to the forecast giving a placements variance of £6.5m to budget.

A year on year increase of £4.5m in placements spend, this is in part due to the impact of COVID in 21/22, with provision picking back up this year and a number of clients with complex needs.

78% of adult's placements are within physical support accounting for 73% of the total placement costs. These are typically complex cases with a higher cost of provision

Disabilities Services

A small increase in forecast variance of £0.1m

1,078 active placements showing for December, with an increase of £0.6m to the forecast giving a placements variance of £6.2m to budget.

A year on year increase of £4m in placements spend, due to the complex needs of clients resulting in a higher cost per placement.

49% of disabilities placements are for adult learning disabilities accounting for 67% of the total placement costs.

Strategy: Period 9

Forecast Position: Overspend of £644,000 or 30%

	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	**2,120,949**	**2,927,119**	**(806,170)**	**4,789,003**	**5,692,744**	**0**	**(2,927,305)**	**644,490**	**690,490**
STRATEGY & TRANSFORMATION	1,183,619	1,495,909	(312,290)	3,290,057	4,254,041	0	(2,927,305)	143,117	135,552
COMMUNICATIONS	937,330	1,431,210	(493,880)	1,498,945	1,438,703	0	0	501,373	554,939

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £644,000 at the end of Period 9. The overspend is predominantly due to expenditure in Community Events, Civic Events, and Communications and the reduced HRA recharge, which accounts for £259,000 of the overspend of £644,000. The forecast contribution from the HRA is £107,000 – this is under review to establish if an increased contribution can be justified.

Strategy and Transformation – Forecast £143,000 overspend

- **The Insight hub** are forecast to overspend by £25,000 due to a £52,000 overspend on subscriptions (Gartner, LG Inform, borough Data Explorer), consultancy fees and IT recharges , offset by a £27,000 underspend on staffing. Advertising is anticipated to exceed the £236,000 income target by £27,000.
- **The PMO** is forecast to overspend by £95,000 due to the HRA income pressure of £116,000 offset by a £21,000 underspend on salaries.
- **Strategy** is forecast to overspend by £70,000 on the non-pay budget, mainly due to an overspend of £44,000 on subscriptions, and also a reduction in the HRA recharge of £25,000. There is an underspend of £28,000 on the Director cost centre due to a period of vacancy earlier this year.

Communications, Campaigns and Events – Forecast £501,000 overspend

- **Community Events** are forecast to overspend by £326,000 consisting of £106,000 on staffing, £581,000 on non-pay budgets less forecast income of £360,000. The forecast net expenditure for events is just over £1m, which is an increase of £347,000 on 2021/22 Financial Year.
- **Civic Events** are forecast to overspend by £16,000 which is on salaries and events costs.
- **Communications** is forecast to overspend by £159,000 which is a decrease of £22,000 on last month. The overspend consists mainly of £45,000 on pay costs plus £117,000 reduced HRA income.

- The £2.927m transfer from Reserves represents a drawdown of £2.262m to finance the ERP programme from the budget support reserve, £167,000 Transformation funding and £498k of Shielding grant.

Strategy Period 9 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.
- There is a risk of continued overspend on Community events and Civic events in 2023/4 if an affordable programme cannot be agreed. A draft programme, designed within budget, is being presented to the Leader and Deputies on 30 January.

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 of around £15k per annum. This is less than previous estimates which have been affected by the recent economic downturn. Despite this, negotiations are in progress with providers to establish the best possible position for the council. If we cannot achieve a good deal we may decide to wait a year before going to market again. This would delay the income stream. The service is currently in discussions with procurement, finance and external advisers to decide the best route.

HRA: Period 9

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

REPORT LEVEL	2022/23 FORECAST OUTTURN 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.

This page is intentionally left blank

APPENDIX B

Proposed Pay Award Budget Adjustment

SERVICE	Pay Award £	NI Adjustments £	TOTAL £
Disabilities	216,940	- 21,820	195,120
Adults Care and Support	519,030	- 39,420	479,610
Commissioning	442,120	- 44,590	397,530
Children's Care and Support	839,010	- 89,390	749,620
Education Youth and Childcare	172,700	- 26,960	145,740
Strategic Leadership	8,350	- 2,720	5,630
Finance	341,710	- 40,260	301,450
Investment Strategy	3,070	0	3,070
Workforce Change/HR	198,820	- 17,240	181,580
Legal	150,500	- 17,830	132,670
Enforcement	435,090	- 47,610	387,480
Leaders Office	15,330	- 1,230	14,100
Strategy and Transformation	43,670	- 7,420	36,250
Communications	63,960	- 5,690	58,270
Commercial	53,340	- 6,540	46,800
Inclusive Growth	239,530	- 15,140	224,390
Support and Collections	773,570	- 51,000	722,570
Community Solutions	210,110	- 20,990	189,120
Participation and Prevention	552,740	- 34,110	518,630
My Place Central	64,780	- 5,400	59,380
Homes and Assets	292,290	- 53,070	239,220
Public Realm	1,067,030	- 76,150	990,880
Central Expenses	**- 6,703,690**	**624,580**	**- 6,079,110**

This page is intentionally left blank

CABINET

20 February 2023

Title: Budget Framework 2023/24 and Medium Term Financial Strategy 2023/24 to 2026/27	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Authors: Philip Gregory, Chief Financial Officer Katherine Heffernan, Head of Services Finance Philippa Farrell, Head of Services Finance Caroline Connolly, Principal Accountant	**Contact Details:** Tel: 020 3911 7936 E-mail: philip.gregory@lbbd.gov.uk
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director of Finance and Investment	

Summary

The budget framework for 2023/24 is prepared in the context of high inflation, the cost of living crisis and continuing impacts from the Covid epidemic especially in Social Care, Health and Education and uncertainty about public sector finances. This Medium Term Financial Strategy (MTFS) shows how the delivery of a strategy for a well-run organisation goes hand in hand with organisational financial health.

In addition to the volatility and complexity of delivering council services in this economic setting there is continued uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2025/26 at the earliest, whilst considering anticipated demands and pressures.

The Government issued an Autumn Statement in November 2022 and the provisional Local Government Finance Settlement for 2023/24 was published on 19 December 2022. The Government have reaffirmed their ambition to 'level-up' funding across the country, however this has not yet been translated into the revision of funding formulae for 2023/24. Instead as an interim measure an indicative two-year funding settlement has been provided for 2023-24 and 2024-25. Whilst there is significant uncertainty surrounding funding for future years, Government have provided a policy statement setting out their direction of travel for 2024-25. Furthermore, the Government have announced their political intention to reduce public spending in the next parliamentary period after 2024/25. This has resulted in an extremely uncertain environment within which the MTFS has been prepared.

This report sets out the:

- Proposed General Fund revenue budget for 2023-24
- Proposed level of Council Tax for 2023-24
- Medium Term Financial Strategy (MTFS) 2023-24 to 2026-27
- Draft capital investment programme 2023-24 to 2026-27

- Housing Revenue Account budget 2023-24

The General Fund net budget for 2023-24 is £203.568m. The budget for 2023-24 incorporates decisions previously approved by Members in the Medium Term Financial Strategy including the savings approved by Assembly in previous years together with changes in government grants and other financial adjustments.

The Council proposes to increase Council Tax by 4.99%. This includes 2.99% for general spending and a further 2% that is specifically ringfenced as an adult social care precept. This will increase the level of Council Tax from £1,389.24 to £1,458.57 (an increase of £69.33) for a band D property.

The Mayor of London is proposing to increase the Greater London Authority (GLA) element of Council Tax by £38.55 (9.7%) for a Band D property, changing the charge from £395.59 to £434.14 of this £15 relates to the Police Precept, £3.55 for the London Fire Brigade and £20 as a contribution towards the cost of discretionary concessionary fares.

The combined amount payable for a Band D property will therefore be £1,892.71 for 2023-24, compared to £1,784.83 in 2021-22. This is a total change of £107.88. At its meeting on 17 January 2023, the Cabinet agreed an enhanced Council Tax Support Scheme in order to increase support for local residents on the lowest incomes.

The proposed draft 4-year capital programme is £1,172.973m for 2023-24 to 2026-27, including £88.505m for General Fund schemes. Details of the schemes included in the draft capital programme for 2023-24 are at Appendix F.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to:

(i) Approve a base revenue budget for 2023/24 of £203.568m, as detailed in Appendix A to the report;

(ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2023/24 to 2025/26 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the revised cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;

(iii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services, to finalise any contribution required to or from reserves in respect of the 2023/24 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2023;

(v) Approve the Statutory Budget Determination for 2023/24 as set out at Appendix D to the report, which reflects an increase of 2.99% on the amount of Council Tax levied by the Council, an Adult Social Care precept of 2.00% and the final Council Tax proposed by the Greater London Assembly (9.7% increase), as detailed in Appendix E to the report;

(vi) Note the update on the current projects, issues and risks in relation to Council services, as detailed in sections 8-10 of the report;

(vii) Approve the Council's Housing Revenue Account budget for 2023-24 as set out in Section 11 to the report;

(viii) Approve the approach to updating the stock condition survey for the Council's housing stock, as referred to in paragraphs 11.5 – 11.8 of the report, and delegate authority to the Strategic Director, My Place, as advised by the Council's Procurement Board and in consultation with the Cabinet Member for Community Leadership and Engagement, the Strategic Director, Finance and Investment and the Chief Legal Officer, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidders;

(ix) Approve the Council's draft Capital Programme for 2023/24 totalling £388.126m, of which £43.909m are General Fund schemes, as detailed in Appendix F to the report;

(x) Note the update on the Flexible Use of Capital Receipts Strategy as set out section 13 of the report;

(xi) Note the Chief Financial Officer's Statutory Finance Report as set out in section 15 of the report, which includes a recommended minimum level of reserves of £12m.

Reason(s)

The setting of a robust and balanced budget for 2023-24 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 and to seek agreement to proposals for the revenue budget for 2023-24 of £203.569m. The report also sets out the Medium Term Financial Strategy (MTFS) for 2023-24 to 2026-27 and the Council Tax level for 2023-24.

1.2. The 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.

1.3. 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 £14.8m during the MTFS period from 2023-24.

1.4. The wider context within which this Budget and MTFS has been prepared is one of unprecedented uncertainty. The financial sustainability of the Local Government sector continues to be extremely challenging. The impact of high inflation and the cost of living crisis have resulted in increasing operational costs and increasing demand for services that support the most vulnerable members of our community

1.5. There have been significant cuts over several years to the Revenue Support Grant from the Department for Levelling Up, Homes and Communities (DLUHC) which, combined with increasing demographic and demand led pressures, result in the need to identify savings and transformation proposals to deliver a sustainable MTFS. The 2023-24 Budget includes a number of savings and growth proposals.

1.6. The Government published their Autumn Statement on 17 November 2022. This set out the spending proposals for government, including DLUHC, for the next 5 years with a number of policy and funding announcements related to local government.

1.7. DLUHC published the provisional Local Government Finance Settlement on 19 December 2022 allocating funding to individual local authorities. These allocations will provide the basis on which the detailed budget for 2023/24 is prepared for approval by Assembly on 1 March 2023.

1.8. The Settlement provides a real terms funding increase for Local Government of 9.2% provided that councils increase council tax by the maximum amount allowed. However, DLUHC are anticipated to provide a further one year funding settlement for 2024-25 with indications on the direction of travel for later years although funding may be redistributed between local authorities as the Review of Relative Needs and Resources (Fair Funding) is introduced.

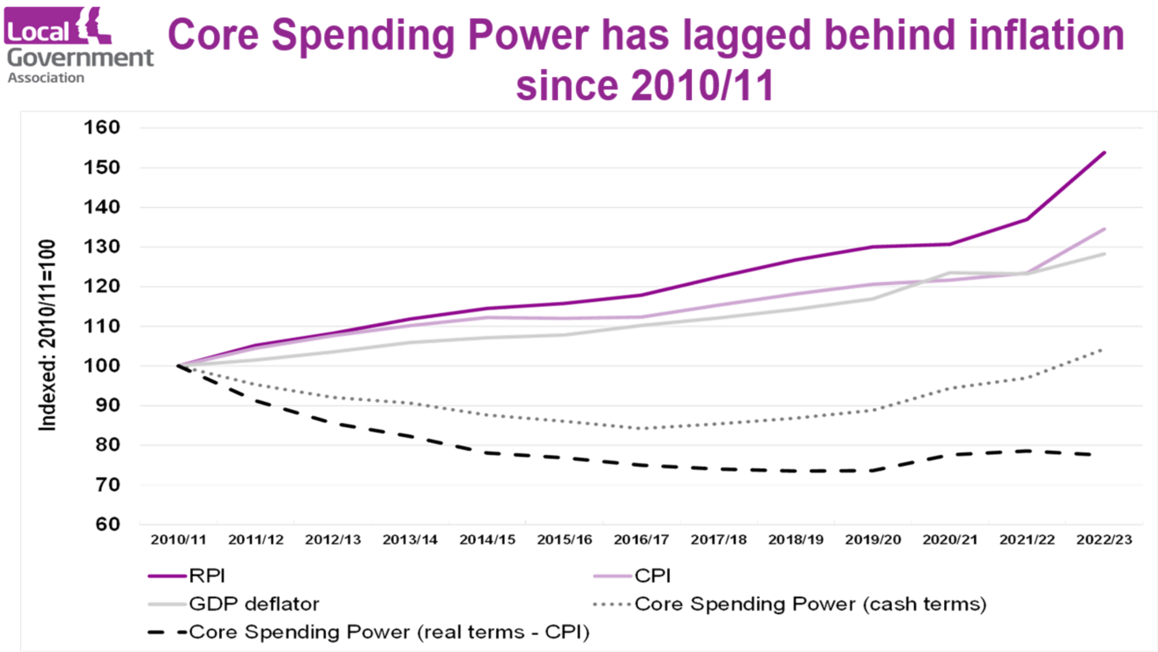
1.9. The absence of an indicative financial framework beyond 2024-25 significantly hampers the ability of the Council to assess the robustness of the MTFS beyond a two-year time frame, thereby increasing the uncertainty of financial projections from 2025-26 onwards.

1.10. When introduced, the Review of Relative Needs and Resources (Fair Funding) reforms and 75% business rates retention proposals are expected to be a benefit the council when introduced. These reforms were due to be introduced in 2020-21 following the four-year funding settlement. These reforms have now been delayed until 2025-26 at the earliest. The council has therefore lost the financial benefit from these reforms for 5 financial years resulting in a wider savings gap in these financial years.

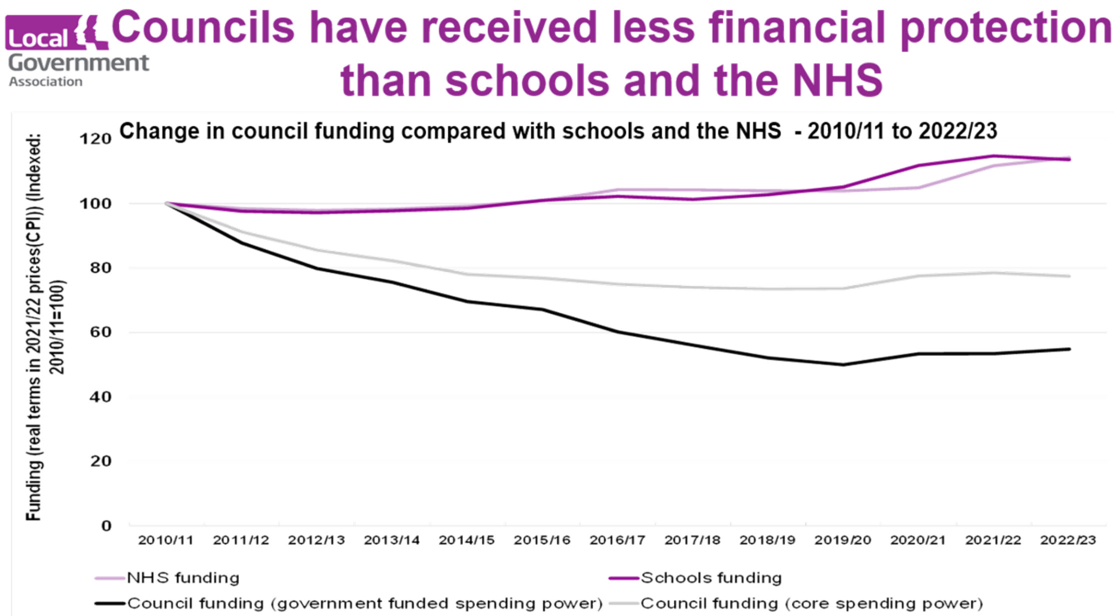
1.11. The approach of the Council continues to be to invest in the borough to generate growth and prosperity, while redesigning and transforming council services to meet the needs of the community at a lower cost.

2. Medium Term Financial Strategy

2.1. The funding the Council receives from government has consistently reduced in real terms since public sector austerity was introduced in 2010-11. Analysis from the Local Government Association (LGA) shows that Core Spending Power, the total funding from Government including from business rates and council tax, has reduced in real terms since 2010 compared to CPI.



2.2. 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.



2.3. 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 delivering almost £50m in savings and increased income. A primary focus of the programme was to maximise housing, business and economic growth within the borough.

2.4. 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.

2.5. The delivery of agreed savings is essential to deliver a balanced budget for 2023/24 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.

2.6. We have continued to invest in our services by focusing our resources to meet the needs of the community and deliver the priorities set out in the Corporate Plan. Our Borough Manifesto has 11 aspirations which form the long-term vision for the Borough:

2.7. Over the course of many years the focus of the MTFS has been to deliver a transformed Council whilst maintain our financial sustainability. Over £175m of savings have been delivered since 2010. We have carefully set aside money into reserves will use these when necessary. This careful and prudent approach to financial management has enabled the Council to be in a position to maintain financial sustainability over the period of the MTFS.

2.8. The continued aim of the Council is to prioritise investment in services for the most vulnerable in a sustainable way. The Council takes an innovative approach to the way it delivers services and the way it finances these through the development of its investment and acquisition strategy. The investments made by the Council, including the creation of a number of subsidiary companies, are central to being able to continue to invest in services. These investments deliver significant financial returns to the Council and will continue to deliver over the MTFS period.

2.9. Local authorities have managed financial uncertainty since 2010 and this uncertainty will continue throughout the period between 2023-2027. The Government have committed to their 'levelling-up' agenda and set an expectation that local government funding allocations will be revised from 2025-26 onwards. It is hoped that a key part of these reforms will reintroduce financial settlements over periods of more than one year, providing a greater degree of certainty with which to plan budgets. As one of the most deprived boroughs in the country it is not unreasonable to assume that the Council will benefit from these changes.

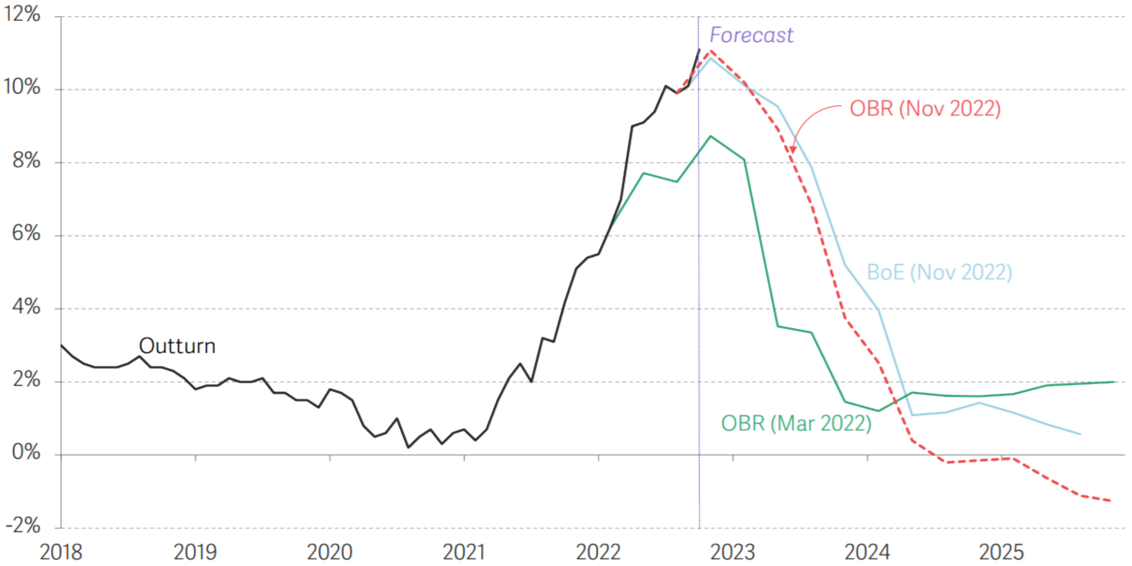
3. Cost of Living Crisis

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. As time has passed however, 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.

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.

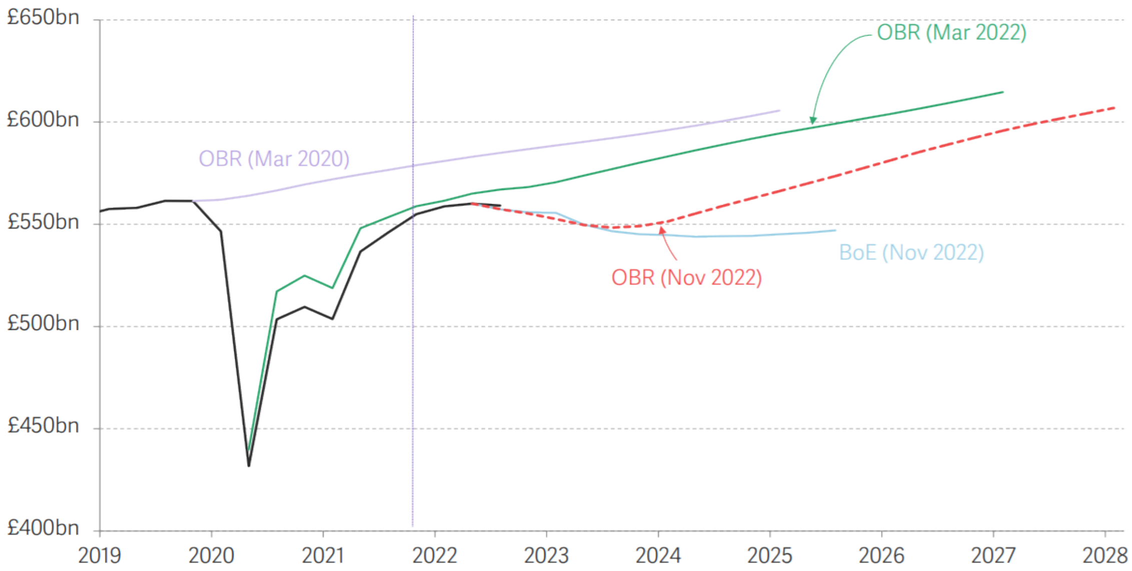
CPI inflation, outturn and forecasts from the OBR and Bank of England: UK



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

Real GDP outturns and forecasts: UK



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

4. Council priorities and Strategic Framework

4.1. 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 is 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 is 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.

4.2. These strategic priorities will 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.

5. Headline Financial Position

5.1. The Provisional Local Government Settlement was published on 19 December 2022. This is subject to the finalisation of business rates baseline and section 31 grant calculations.

5.2. The medium-term financial challenge facing the Council reflects significant risks and a great deal of uncertainty. The scale of these risks will become more certain during the next year, following the expected consultation on the implementation of the Review of Relative Needs and Resources (Fair Funding) from 2025-26.

5.3. Revenue streams are likely to be under considerable pressure as the Government intends to change current funding mechanisms to reflect an increased emphasis on need and to reset the current business rates retention system:

- **Autumn Statement 2022** – The Chancellor of the Exchequer presented the Autumn Statement on 17 November 2022. There is significant uncertainty in relation to local government funding beyond 2024-25. The Government have set out their ambition to 'level-up' funding for local government targeting local areas most in need.
- The **Review of Relative Needs and Resources (Fair Funding)** of local government is likely to shift resources away from London. The design of a new funding formula is predicated on moving to a more dynamic, realistic method of allocating funding that is able to respond to demographic changes. On this basis and considering the demographic changes within Barking and Dagenham, this approach may prove beneficial to us. The implementation of the new funding

formula to be used to allocate funding has been delayed until at least 2025-26.

- The **Business Rates Retention** scheme is also being redesigned and is expected to be introduced from 2025-26.
- The **New Homes Bonus** funding for 2023-24 is allocated for one year only and will not result in legacy payments in future years. It is expected that the New Homes Bonus funding will be wrapped up within the Review of Relative Needs and Resources (Fair Funding). It is unclear how the Government will incentivise local authorities to deliver additional housing within a new funding regime.

5.4. The Council will receive Government funding through Revenue Support Grant and Business rates baseline funding in 2023-24. The total amounts should be compared and are in line with the MTFP assumptions. The table below shows the funding changes over the past few years and the increased reliance on business rates as a source of funding.

£m	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
RSG	28.8	0.0*	0.0*	18.0	18.1	18.7	20.9
Baseline funding	53.9	78.8	74.5	57.7	57.7	57.7	59.8
TOTAL:	**82.7**	**78.8**	**74.5**	**75.7**	**75.8**	**76.4**	**80.7**

* In 2018-19 and 2019-20 Revenue Support Grant was rolled into the baseline funding allocation as part of the business rates pilot arrangements

5.5. The Council took part in the London-wide business rates pilot introduced in 2018-19. Initially, the pilot allowed London to benefit from retaining 100% of the business rate growth but this was reduced for 2019-20 to 75%.

5.6. London Councils worked with all London Authorities to set up a business rates pool based on the original business rates retention scheme in 2017-18, retaining 67% of business rates. Cabinet approved the Council's participation in the London pool in December 2019. The pool shared the benefits of business rates growth across London during 2020-21. The net benefit of the scheme during 2020-21 became marginal as a result of the impact of COVID-19 on business rates across London.

5.7. The London business rates pool will not operate in 2023-24 due to the financial exposure across London should business rates income not recover as a result of COVID-19. This is unfortunate as the pilot and subsequent pool demonstrated that London Authorities are able to work together and deliver strategic infrastructure for the benefit of London overall.

5.8. The forecast for revenue support grant and business rates over the MTFS period is shown below. This is known as the Settlement Funding Assessment (SFA).

Business Rates Forecast	2023-24	2024-25	2025-26
Baseline Business Rates Funding (incl. S31 Grant)	59.858	63.097	63.097
RSG	20.876	22.024	22.024
SFA	**80.734**	**85.121**	**85.121**

5.9. The forecast outturn for 2022-23 is an overspend of c£12m as of December 2023. This can be mitigated through use of the budget support reserve. Overspends in future years will result in exhausting the budget support reserve and may result in a draw down from the unearmarked general reserve which has a balance of £17m and a minimum balance of £12m (i.e., only £5m is available).

6. Council Tax

6.1. Barking and Dagenham maintained a council tax freeze for 6 years from 2009-10 until Assembly approved an increase for the 2015-16 budget. The impact of not increasing council tax is cumulative over many years and this freeze resulted in a tax base that is now £10m lower than it would have been had it risen by 1.99% in the years that council tax was frozen.

6.2. Since 2010 government funding has reduced in real terms every year while the Council's costs have increased. The Chief Financial Officer strongly advises council tax should as a minimum keep pace with inflation to ensure that the council can continue to meet the demands placed upon it, however the limit set by DLUHC for Council tax increases for 2023-24 is set at 4.99% which is significantly below inflation.

6.3. The provisional Local Government Financial Settlement for 2023-24 sets a maximum increase of Council Tax of 2.99% without incurring any penalties or being required to hold a referendum. It is therefore proposed that the general council tax increase should be 2.99%. In addition, an Adult Social Care precept may be levied of up to 2.0%.

6.4. The Council tax base report was approved by Cabinet in January 2023. This shows an increase in the Council tax base of 2.4% compared to an increase of 3.0% that was included in the MTFS. At the 2022-23 Council Tax charge of £1,389.24, this represents an increase in Council Tax income of £1.733m compared to the previous year. This represents a reduction in Council Tax income in 2023-24 of £0.450m compared to the amount included in the MTFS.

6.5. The Council saw an increase in the number of residents claiming Council Tax Support (CTS) during Covid-19 which reduces the number of chargeable properties in the tax base. The number of claimants has reduced during 2022-23 although this may go back up as a result of the cost of living crisis.

6.6. The Cabinet approved changes to the CTS scheme in January 2023 following consultation with residents. From 1 April the CTS scheme will be more generous and reduce the contribution from working age claimants from 25% to 15% of their council tax bill. The reduction in council tax collected is estimated to be £1.584m as more households become eligible.

6.7. In addition, the Council will increase the funding available within its hardship fund from the planned £50k to £500k in 2023-24. This funding will be available to support households which don't qualify for CTS but still find themselves in financial difficulty.

6.8. Details of all the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2023/24 are yet to be confirmed.

6.9. It is proposed that authority is delegated to the Chief Financial Officer in consultation with the Cabinet Member for Finance, Growth and Core Services to make the necessary adjustments using the funding provision or from reserves following confirmation of levy and final funding announcements.

6.10. The Council proposes to increase Council Tax by:

- 2.99% Local Authority Precept increase; and
- 2.0% increase for the Adult Social Care Precept

6.11. These increases will raise the level of Council Tax for a Band D property from £1,389.24 to £1,458.57, an increase of £69.33.

6.12. The Greater London Authority has provisionally proposed an 9.7% increase in its charge for 2023-24. This precept will increase the charge to a Band D property from £395.59 to £434.14, an increase of £38.55 (comprising an additional £15 for the Metropolitan Police, £3.55 for the London Fire Brigade and £20 as a contribution towards the cost of transport services).

6.13. The combined amount payable for a Band D property will therefore be £1,892.71 for 2023-24, compared to £1,784.83 in 2022-23. This is a total change of £107.88 in comparison to the Council Tax bill for 2022-23. As always there will be a Council Tax Support Scheme to help the most vulnerable taxpayers.

6.14. The calculation of the proposed Council Tax for 2023/24 is shown in Appendix E.

6.15. It is proposed that any surpluses on the Collection Fund should be transferred to the Budget Support reserve.

6.16. Under the Local Government Act 1992, Council Tax must be set before 11 March of the preceding financial year.

7. Medium Term Financial Strategy Forecasts

7.1. 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

7.2. Following the publication of the provisional local government finance settlement, a review of the assumptions has been undertaken and the financial forecast has been updated as shown in the table below. This takes into account the growth and savings proposals that have been submitted by Strategic Directors.

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Budget Gap (incremental)	**8.944**	**3.991**	**5.689**	**6.181**
Reserve Funding	(8.944)	0.000	0.000	0.000
Budget Gap (cumulative)	**0.000**	**3.991**	**9.680**	**15.861**

*subject to consultation and approval

7.3. The MTFS set out in Appendix B shows a balanced budget for 2023-24 once reserve funding is taken into account. This is achieved through the prudent use of reserves to fund Invest to Save proposals totalling £643k and to bridge the remaining funding gap in 2023-24 as a one-off measure. There remains a requirement for further significant savings during the MTFS period.

7.4. The strategy to address the funding gap is through the following routes:

- Savings proposals: those that have been identified and those that are proposed for approval in this report.
- Delivery of the corporate plan priorities and agreed transformation programmes to deliver sustainability in the longer term.
- Continue to identify new investment opportunities to secure financial sustainability and deliver regeneration for the borough.

7.5. A summary of the savings and growth proposals is included for approval in Appendix C.

8. Revenue Spending Proposals

8.1. The overall budget requirements have been prepared in accordance with the strategy and the requirements for 2022-23 and 2023-24 are summarised below and included in Appendix A. The Statutory Budget Determination is included in Appendix D.

Summary of Revenue Budgets:

Department	Original 22-23	Latest 22-23	Original 23-24
CARE & SUPPORT	129.989	131.900	115.640
CORPORATE MANAGEMENT	4.813	(0.255)	48.685
LAW & GOVERNANCE	(2.766)	(2.052)	(2.093)
STRATEGY	2.035	2.121	3.368
INCLUSIVE GROWTH	4.811	5.227	1.534
COMMUNITY SOLUTIONS	25.433	26.192	22.345
MY PLACE	18.745	19.927	14.089
TOTAL GENERAL FUND	**183.060**	**183.060**	**203.568**

Department	Original 22-23	Latest 22-23	Original 23-24
BUSINESS RATES + S31	(81.391)	(81.391)	(90.930)
C/F	0	0	0
NON-RINGFENCED GRANTS	(16.402)	(16.402)	(21.865)
COMPANY DIVIDENDS	(12.490)	(12.490)	(10.390)
INVESTMENT INCOME	(1.500)	(1.500)	(4.542)
NEW HOMES BONUS	1.073	1.073	1.938
COUNCIL TAX REQUIREMENT	**72.350**	**72.350**	**77.780**

8.2. The 2023-24 budget is dependent on agreed savings and additional income being delivered totalling £5.687m. These are summarised below with a full description and any future year impact shown in Appendix C.

Service Area	Savings/Income Proposal	2023-24 £k
Care and Support	Early Help Investment deferral into 2024-25	(500)
Care and Support	Early Years & Childcare	(180)
Care and Support	Finance Review Officer	(57)
Community Solutions	Fund HAM Hub 40% through collection fund surplus - reserve transfer (Non-HRA)	(390)
Community Solutions	Deletions of vacant posts	(632)
Community Solutions	Stop Play and Comm Service (4.5FTE). Transfer to Family Hubs to be funded by Grant	(160)
Community Solutions	Transfer to VCS - WILLIAM BELLAMY CHILDREN'S CENTRE	(30)
Community Solutions	Transfer to VCS - LEYS CHILDREN'S CENTRE	(15)
Community Solutions	Transfer to VCS - SUE BRAMLEY CHILDREN'S CENTRE AND LIBRARY	(15)
Community Solutions	Creation of Heritage site at VALENCE LIBRARY + 2.5FTE Sc5	(130)
My Place	NRSWA Income Stream Opportunities - Public Highway	(52)
My Place	No longer have a dedicated Graffiti team.	(75)
My Place	Security of vacant land.	(10)
My Place	Reduce the opening days and times of the Town Hall and other buildings.	(50)
My Place	Closure of Pondfield depot	(25)
My Place	Increase the commercial income	(30)
Inclusive Growth	New Town Culture	(260)
Inclusive Growth	Line by Line Budget Review	(110)
Finance & IT	Contract Savings	(257)
Finance & IT	Oracle ERP Saving	(409)
Law & Governance	Parking Services Income	(2,300)
TOTAL		**(5,687)**

8.3. It remains vitally important that all approved savings are delivered to plan. Directors must be focussed on managing expenditure within their service budgets and delivering all agreed savings or implementing alternative savings proposals. This includes implementing action plans in order to manage and mitigate expenditure pressures.

8.4. The 2023-24 budget also includes new budget growth proposals totalling £10,673m. These are summarised below with a full description and any future year impact shown in Appendix C.

Service Area	Growth Proposal	2023-24 £k
Care and Support	Care & Support Commissioning (SQA)	288
Care and Support	Adults' Care and Support and Commissioning posts following CPG approval (Legislative Change and Demography)	1,494
Care and Support	Impact of Adult Social Care Charging Reforms (Legislative Change) -Fair Cost of Care and Cap on Care - Market Cost	3,400
Care and Support	Inflationary Impact Modelling (Contracted Expenditure)	2,273
Care and Support	One off costs in Commissioning - Programme and Projects	279
Care and Support	One off costs in ASC operations	344
Care and Support	Fair Cost of Care Income 2022-23 reversal	(4,710)
Community Solutions	Temporary Accommodation Inflation	1,824
Community Solutions	Revenue Officers	42
Community Solutions	Council Tax Reduction Scheme (CTRS)	0
Community Solutions	Digitalisation	479
Community Solutions	Additional financial support for low income working age households through enhanced support within the Council Tax Reduction Scheme	163
My Place	Public Highway Reactive Maintenance and Management Inflation Risks	216
My Place	Waste services	791
My Place	Street Cleansing services	564
Inclusive Growth	Lakes & Watercourses	50
Inclusive Growth	New Town Culture	413
Inclusive Growth	Film Office income target reduction	122
Authority Wide	Procurement E-portal ongoing funding	72
Finance & IT	IT System Infrastructure & Data Management	1,064
Strategy & Performance	Membership & Subscriptions Inflation	44
Strategy & Performance	Procurement of phase 2 of our predictive analytics programme (currently delivered in the form of One View).	380
Strategy & Performance	Insight Team additional staff	80
Law & Governance	Safeguarding	290
Law & Governance	PRPL Budget Gap - Reduction in Contribution to GF	460
Invest to Save: (funded from reserve)		

Service Area	Growth Proposal	2023-24 £k
Inclusive Growth	Commercial Energy - Use better control to avoid costs	155
My Place	Highways - 2 Maintenance Posts to minimise future repairs	98
TOTAL		**10,673**

8.5. The 2023-24 budget also includes revised budget growth proposals for inflation and demographic growth totalling £14,372m. These are summarised below with a full description and any future year impact shown in Appendix C.

Service Area	Growth Proposal	2023-24 £k
Authority Wide	Staff Pay Award (4% assumption) & capacity building	8,359
Authority Wide	Energy costs and non-staff inflation	6,013
TOTAL		**14,372**

8.6. The existing MTFS includes savings and additional income totalling £1.290m. A full description and any future year impact is shown in Appendix C.

8.7. The existing MTFS includes budget growth totalling £6.655m. A full description and any future year impact shown in Appendix C.

8.8. Included within the MTFP is income from dividends and investment activity from subsidiary companies. The income targets currently in the MTFS are shown in the table below.

£million	2023-24	2024-25	2025-26	2026-27
Be First	10.390	10.707	10.707	10.707
BDTP	0.000	2.100	2.100	2.100
TOTAL INCOME TARGET	**10.390**	**12.807**	**12.807**	**12.807**

8.9. The Council is reliant on the subsidiary companies delivering the expected dividend payments in the relevant financial year. There is a significant risk to the MTFP if these dividends are not delivered. In the short term, the Investment Strategy reserve will be used to smooth out dividend income.

8.10. The MTFS also includes the expectation of a return of £4.5m from the Investment Strategy and income from further commercial activity (Hotel scheme) which increases the level of commercial risk. The MTFS is included in Appendix B.

9. Current Service Updates

9.1. **Children's Care and Support –** Within this year there has been a slight increase in the number of residential placements, children in internal fostering placement and a slight decline in adoption placements. There has been ongoing improvement work and the initiation of Early Help, resulting in the number of Children within Children in Need being stepped down. Although these are positive signs this is still a very challenging area for the Council and nationally. A number of reviews were completed within 2022 around Children's care. The CMA launched a market study into children's social care in England, Scotland and Wales which identified a lack of competition within the sector, Private sector providers realising higher than expected profits, and a failure in terms of provision matching need. This has resulted in increased competition for provision and inflated prices within the market. The independent review of Children's Social Care has also identified the need for additional funding to be injected into the system, with a focus on Family Help that supports Families earlier in the process. A key aim being Family Hubs which are to be delivered in Barking and Dagenham in 2023/24 funded from Government funding.

9.2. The economic climate will continue to impact on care providers further driving up costs as recruitment becomes increasingly challenging and running costs increase. The relatively young demographic makeup of our borough and the multiple challenges faced by some of our residents means that supporting our most vulnerable children and families remains our largest area of expenditure. These needs are expected to persist into next year and the number of children and adolescents in the borough is continuing to grow year on year.

9.3. In 2021/22 the Council spent around £42m on Care and Support for vulnerable children, C£2m over budget; the level of spend is forecasted to remain c£43m, forecasting at P9 to be c£3m over budget for this current financial year 2022/23. The Council has increased the budget by £0.614m in 2022/23. In addition, the Council invested £2m in the Targeted Early Help service. This is with a view to realising better outcomes for Children and families and to prevent Children migrating through the service requiring a higher level of support. This is in addition to substantial budget growth provided in 2020-21 and 2021-22. Within this financial year an additional £0.5m will be invested into Early Help and £1m into Children's Social Care.

9.4. **Disabilities Care and Support -** Continuing medical advancements mean an increased life expectancy of people living with severe and complex disabilities in our borough, and we are seeing a significant number of children with special educational needs and young adults living longer with much more complex needs. We are also realising increased disability because of lifestyle within the Borough. Previous reviews of the service and development of the Disabilities Improvement Programme identified the need for significant investment in assessment, support, and prevention especially for children and young people. These were in previous years recognised by allocating £6.8m of growth funding to this service. This is partly funded from the Care and Support grants from Central Government and partly from the Council's own resources including Council tax. Last financial year we provided a further £0.6m of growth. This finance year we will continue to invest to offset demographic and inflationary pressures.

9.5. **Adults' Social Care –** Adult social care has been a real area of focus for the current Government as we see the Social Care sector and NHS in crisis. Market sustainability and fairness for private funders has been high on priorities for the Government as has ensuring that bed blocking does not hinder the NHS. The Government launched the Fair Cost of Care and Cap on Care initiatives, and although in the recent Autumn statement these initiatives have been delayed by two years the remain very much in the forefront of provider and Local Authority minds. The market is an increasingly challenging place for providers with recruitment becoming increasingly difficult and running costs inflating with the current economic challenges. It is becoming harder for providers to operate and therefore having concluded a market review we are investing nearly £3m into the Care Provider market by increasing the rates which we will pay. In addition, the regulatory landscape has changed with CQC inspections of Councils to be completed. Therefore, several posts have been included as growth, amounting to £0.9m.

Adult Social care has not currently caused pressure within Barking and Dagenham but the trends on the number of Older people within the Borough is set to change within this MTFS period. We have previously invested in this area with significant budget growth for Adult services in 2020-21, allowing us to meet the needs of vulnerable Older People and the increasing numbers of residents with mental health needs. Maintaining this level of investment in 2021-22 and provided a further £0.6m of investment in 2022-23.

9.6. **Community Solutions -** Community Solutions continues to provide a range of frontline service supporting our residents in challenges such as debt, unemployment, homelessness, providing advice and support for several universal services including those commissioned by Care and Support and Library Services for all. The delivery of initiatives such as community banking, the HAM Hub continue to support residents, and there are further developments as this service provides the lynch pin in response to the cost-of-living crisis and partnership working with the voluntary sector.

There are significant investment and saving initiatives within Community Solutions. Key schemes such as the Council Tax Reduction Scheme remodel will support those most in need within the Borough, there is investment in ensuring that our digital offer for residents to contact us continues to develop. Savings initiatives are looking at delivering services more efficiently and removing vacant posts.

9.7. **My Place -** My Place delivers the Council's "place-based" services that is housing management and environmental services such as waste, recycling and parks and also asset management. It will continue to support delivery of the Council's capital programme. Over the next few years there will be a need to increase waste collection and street cleansing into the new housing developments in the borough and also investment in changing our services to meet the National Waste Strategy standards and residents' expectations while contributing to carbon reduction. In 2023-24 we are providing £1.656m more funding to support these new services and also inflation costs of fuel and maintenance. We will also be realigning the budget for income received from the HRA.

9.8. **Enforcement**- As the Council continues to prioritise safety with Safer School Streets and expand its Parking policy, Parking is forecasting an additional £2m based on current performance in the MTFS. This is income from a mixture of fines and commercial income and potential additional markets activity. This income will be focused on highways improvements, green strategies, and safety.

9.9. **Core Support Services –**There is a clear need to invest further in our IT infrastructure so that we can continue to improve efficiency, make services more accessible online and also ensure data security and protection from cyber attack. We are therefore investing £1m in IT services – offset by savings of £0.67m from changes to our main business systems and other efficiencies. We are also providing capital funding to renew laptops and other devices to help staff work as flexibly and efficiently as possible.

9.10. At the same time, we are investing in our data analysis and insight capability to help us continue to understand our residents' needs. This is especially important at a time of rapid growth and change and will help ensure that we are being effective in meeting appropriate services for our current population and can target those most in need of help.

9.11. **Leisure -** The Council has a long-term agreement with a Leisure Provider to manage its leisure facilities. This previously provided income to the Council in the form of a concessionary fee but the impact of the pandemic meant this was not received for a number of years. It is however due to increase again by £0.6m this year.

9.12. **Concessionary Fares** The borough makes a contribution to TFL for the costs of free and subsidised public transport for older and disabled people. The amounts charged depend on the cost of fares and the level of activity. This means that the cost to the Council reduced sharply over the past years but is now projected to grow steadily again. This financial profile has been built into the budget with an increase of £0.785m in 2023-24.

10. Investment Strategy

10.1 The Council continues to put our balance sheet to work. We are continuing to leverage our assets to generate financial returns to the Council and provide benefits for the community.

10.2 The Council has pursued an ambitious investment and acquisition strategy (IAS) over the past few years. The target return included in the MTFS is £6.6m in 2023-24 from residential and commercial rents, treasury outperformance and leases. This return is dependent on investments delivering the expected return on time as outlined in business plans that have been agreed already

10.3 The cumulative General Fund borrowing total is expected to reach £866m in 2022-23, growing to £1,315m in 2025-26. Work is ongoing to ensure that the cost of financing the borrowing requirement is managed carefully in order to meet the target return in each year of the MTFS

10.4 Further detail on the Investment Strategy can be found in the Treasury Management Strategy Statement also on this meeting's agenda

11. Housing Revenue Account

11.1. In January the Cabinet approved a below inflation increase in rents and service charges for tenants. This is offset by a reduction in stock numbers as a result of Right to Buy and the Estate Renewal programme. The total income increase for the HRA is therefore an increase of £6.246m.

11.2. The expenditure budgets will also increase with inflation – especially energy inflation and the pay award.

HOUSING REVENUE ACCOUNT BUDGET	2022/23		2023/24	%
	BUDGET	CHANGE	BUDGET	Change
Income	£000	£000	£000	
Dwelling Rents	(£88,255)	(£2,178)	(£90,432)	2%
Non Dwelling Rents	(£770)	£5	(£765)	-1%
Charges for Services & Facilities	(£22,186)	(£3,972)	(£26,158)	18%
Interest & Investment Income	(£299)	(£101)	(£400)	34%
Total Income	**(£111,509)**	**(£6,246)**	**(£117,755)**	6%
Expenditure				
Repairs & Maintenance	£24,215	£258	£24,473	1%
Supervision & Management	£43,523	£4,871	£48,394	11.2%
Rents, Rates, Taxes & Other	£950	£637	£1,587	67.1%
Interest Charges	£10,944	£356	£11,300	3%
Provision for Bad Debt	£3,309	£0	£3,309	0%
Leaseholder Provision for Major Works	£1,281	£419	£1,700	100%
Corporate & Democratic Core	£1,003	£99	£1,102	10%
Total Expenditure	**£85,223**	**£6,641**	**£91,864**	7.8%
NET REVENUE SURPLUS	**(£26,286)**	**£395**	**(£25,891)**	-1.5%
Used to Fund Capital Programme - as follows				
Depreciation	£17,088	£2,122	£19,210	12%
Revenue Contribution to Capital Outlay (RCCO)	£9,198	(£2,518)	£6,279	-32%
CAPITAL PROGRAMME	**£26,286**	**(£395)**	**£25,891**	-3.0%

11.3. The amount of funding available for capital is therefore £0.395m less than was budgeted for in 22-23 and less than the £27.181m planned programme. If the full programme is achieved, the difference of £1.29m will need to be funded through borrowing at a potential cost of £0.077m (assuming 6% interest rates).

11.4. The Council is continuing to work to ensure its homes are safe and suitable accommodation. Issues have recently been discovered with the insulation in two blocks that requires rectification. This will be an addition to the capital programme. Further information will be brought back in due course.

11.5. In order to further inform the HRA Stock Investment Programme and update the stock condition data held on the Council's HRA stock, My Place are proposing to initiate a rolling stock condition programme which will survey external elements (roofs, windows, doors etc), internal elements (kitchens, bathrooms, heating systems etc), communal elements (lighting, safety systems, lifts, staircases etc) and wider estate elements (reviewing security and safety environments).

11.6. These new surveys will supplement and update the information captured during the last Stock Condition Survey (last carried out 5-years ago in 2018) and will include additional elements that will assist with other corporate priorities such as carbon reduction and estate renewal.

11.7. Rather than capture this data as a one-off exercise, it is proposed that a rolling programme is adopted, comprising annual surveys to 20% of the housing stock (c3,500 dwellings) with a 10-20% proportion of these (c350-700 properties) having internal surveys.

11.8. The surveys will be funded via the Stock Investment Programme and will be subject to an appropriate procurement process, which will be confirmed by the Council's Procurement Board.

11.9. Cabinet are asked to approve this approach to updating the condition data of its housing stock, to the process outlined in this report, to seek Procurement Board approval of the most appropriate procurement route and delegate authority to the relevant Chief Officer in consultation with the Portfolio Member, Strategic Director of Finance and Director of Law and Governance to enter into the contract.

12. Capital Programme

12.1. The Council's current gross General Fund capital programme for 2023-24 is £43.909m for Services and transformation, £317.037m for the IAS strategy and £27.181m for the HRA. Included in the General Fund budget is spend on Schools/Education of £18.179m which is largely grant funded by the Department of Education

12.2. The Council's Indicative General Fund Capital Programme 2022-23 to 2025-26 is set out below. A more detailed breakdown of the 2022-23 and 2023-24 programme is set out in Appendix F. The Capital spend in the appendix is also gross, with financing noted next to each scheme. Cabinet are asked to approve the updated 2022-23 programme and the proposed 23-24 programme.

Capital Expenditure	***2022/23 Estimate £000s***	***2023/24 Estimate £000s***	***2024/25 Estimate £000s***	***2025/26 Estimate £000s***
General Fund				
Gf - Adults Care & Support	*1,617*	*3,696*	*0*	*0*
Gf - Inclusive Growth	*8,047*	*2,969*	*0*	*0*
Gf - CIL	*731*	*0*	*0*	*0*
Gf - TfL	*1,560*	*0*	*0*	*0*
Gf - IT	*1,408*	*2,100*	*0*	*0*
Gf - Parks Commissioning	*12,073*	*6,108*	*0*	*0*
Gf - Culture and Heritage	*421*	*222*	*0*	*0*
Gf - Enforcement	*418*	*1,836*	*0*	*0*
Gf - My Place	*4,898*	*8,727*	*0*	*0*
Gf - Public Realm	*1,373*	*71*	*0*	*0*
Gf - Education, Youth & Child	*9,697*	*18,179*	*0*	*0*
Transformation	*2,354*	*0*	*0*	*0*
Total GF Capital Expenditure	***44,596***	***43,909***	***0***	***0***
IAS*				
IAS Residential	*267,086*	*317,451*	*206,102*	*151,592*
IAS Commercial	*51,749*	*504*	*0*	*0*
Total IAS	***318,835***	***317,955***	***206,102***	***151,592***

HRA				
HRA Stock Investment	*17,691*	*20,000*	*20,000*	*20,000*
HRA Estate Renewal	*3,500*	*6,747*	*0*	*0*
HRA New Build Schemes	*1,611*	*434*	*0*	*0*
HRA Total	***22,802***	***27,181***	***20,000***	***20,000***
Financed by:				
HRA/MRR	*-22,802*	*-27,181*	*-20,000*	*-20,000*
CIL/S106	*-1,460*	*-726*	*0*	*0*
Revenue	*-550*	*-1,544*	*0*	*0*
Capital Receipts (Transformation)	*-2,354*	*0*	*0*	*0*
Self-Financing (excluding IAS)	*-1,501*	*-2,110*	*0*	*0*
Other Grant	*-46,157*	*-24,263*	*0*	*0*
IAS Grants (RtB, GLA) and sales	*-82,569*	*-79,128*	*-43,455*	*-45,143*
Total Financing	***-157,394***	***-134,951***	***-63,455***	***-65,143***
Financed by Borrowing	***228,839***	***254,093***	***162,647***	***106,449***
PFI Additions & Repayments	*78,991*	*-3,995*	*-4,294*	*-4,624*
Net financing need for the year	***307,830***	***250,098***	***158,353***	***101,825***

12.3. The budgets include estimates of roll-forwards budgets from 2022-23 and are indicative. Capital Receipts include the sale of the Welbeck Wharf and the potential sale of Pondfield. If Welbeck Wharf completes then a report outlining how the capital receipt can be used will be provided to Members to agree. Additional capital receipts are not included here but will be used to reduce the Council's overall Capital Financing Requirement (CFR)

12.4. The MTFS includes provision of £450k to fund a corporate capital programme of £5m of new capital schemes (actual cost dependent on asset life and interest rate). This budget is split between interest and Minimum Revenue Provision

12.5. There was no bidding round for the 2022-23 capital budget for new capital schemes as internal funding available from non-ringfenced resources is already set aside for existing commitments. Non-ringfenced resources comprise prudential borrowing, capital receipts (excluding HRA right to buy receipts) and revenue contributions from either budgets or earmarked reserves. Given the current pressures on the General Fund revenue budget and the lack of previously accumulated General Fund capital receipts, the main resource available to meet future capital demands is prudential borrowing for 2023-24, limiting any new capital schemes which are not externally funded to £5m as set out in 11.7. The commitments can be summarised as follows:

	£m
Recurring allocations (see 11.6 below)	1.34
Future year impact of 2020-21 bids (see 11.7 below)	3.70
Total already committed	**5.04**

12.6. As part of the 2023-24 budget report, there were two schemes which were put forward for approval as recurring amounts in the capital programme every year. These are:

- £1m for urgent maintenance and health and safety works
- £340k for ward budgets

12.7. There were also a number of capital bids approved as part of the 2022-23 and 2023-24 budget which included future year commitments against those schemes approved. Some schemes have had spend slip into subsequent years, as outlined below.

Project Code	Project Name	2022/23 Revised Budget	2022/23 Forecast	Forecast Slippage/ Acceleration	23/24 Budget
C02811	Ward Capital Budgets	666	127	539	879
C03065	Highways Investment Programme	3,016	3,117	- 102	3,718
C05018	Stock Condition Survey	1,596	560	1,036	2,036
C05038	82A And 82B Oval Road South	325	-	325	325
C05048	Procuring In Cab Tech	205	205	-	30
	Total	**5,808**	**4,010**	**1,798**	**6,988**

12.8. A review of the Councils MRP, Capital receipts, current schemes and reserves, as well as CIL and S106 is being carried out to try and free up additional funding to allow a capital bidding process for 2023-24

13. Flexible Use of Capital Receipts

13.1 Only two projects in 2022/23 meet the updated criteria for flexible use of capital receipts, these being the Adult Services Direct Payment Review and the Adult Services Financial Assessment Review. These projects are anticipated to cost £114,000 in 2022/23 and to generate savings of £125,000. The cost of these projects will be financed by capital receipts.

13.2 These projects are currently forecasted to conclude within 2022/23, with spending of £115k and £26k respectively. The Financial Assessment Officer has delivered on-going savings of £257k in prior years and between April and July 2022 we have generated a further £64k, this figure is set to increased when a reconciliation is complete. The Direct Payment Review has delivered £100k of ongoing income with invoices of £59k being chased for payment.

13.3 Although we will continue to assess whether any projects fall within the Transformation criteria there are currently no planned project for beyond 2022/23.

14. Budget Consultation

14.1 A report on the Budget strategy was presented to Cabinet in December 2022, updating the Committee on funding assumptions and other factors affecting the MTFS.

14.2 A consultation exercise on the budget with residents and businesses began in January 2023. The Council was interested to hear residents' views on the proposed social care precept and their views on the type of services that will need to be delivered in the future.

14.3 As a result of the provisional local government finance settlement being published later than expected in December 2022, the consultation exercises started later than in previous years.

14.4 The exercise comprised a number of events as follows:

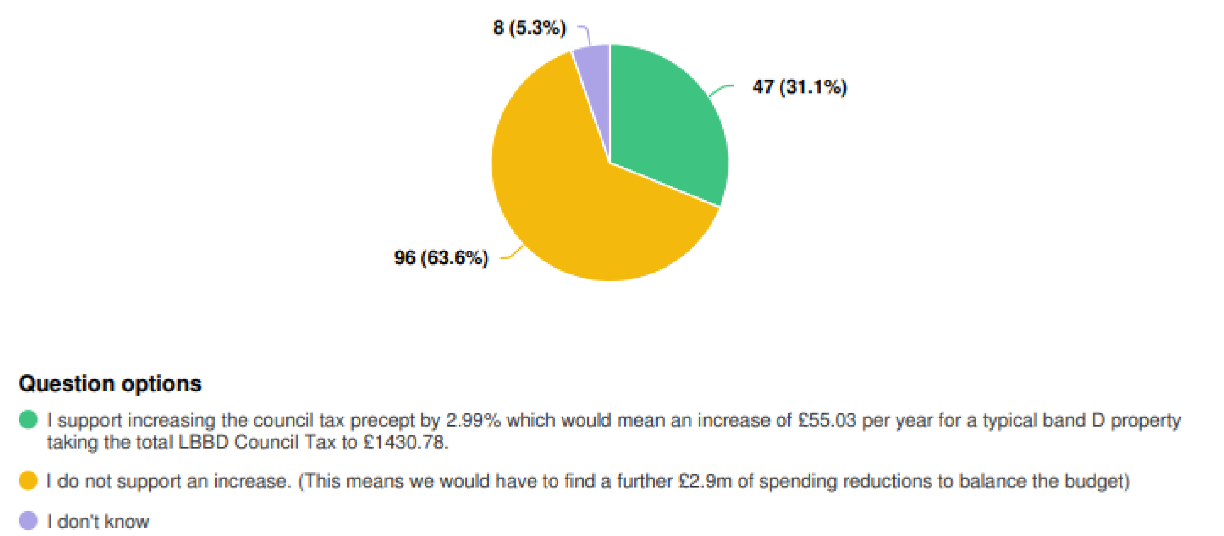
- An online budget consultation which ran throughout January
  The online survey was undertaken which had 154 responses.
- Social media posts from 7 January to 31 January
- Facebook Live Q&A, 26 January
- Resident Budget consultation, Barking Learning Centre, 30 January
- Resident Budget consultation, Dagenham Library, 31 January
- Business Budget consultation, Barking Town Hall, 1 February

14.5 The Facebook Live Q&A session had 61 views with 29 comments, 63 likes and 10shares. It is estimated that the reach of the session was 1,400 people (based on the average number of people watching the livestream).

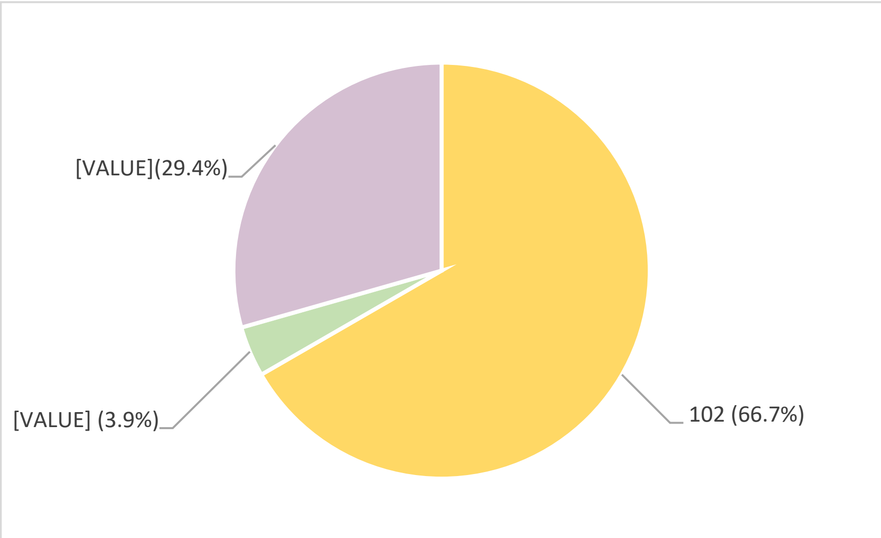
14.6 The online budget consultation was completed by 154 residents and representatives of a business that pays business rates in the Borough. The online survey asked residents to rank options utilised by other Boroughs to reduce spending and balance the budget.

14.7 When asked for their views on raising council tax and the adult social care precept the results are shown below:

Support Raising the Council Tax by 2.99%



<u>Support Raising the Adult Social Care Precept by 2.99%</u>



Question options

- I support the proposed 2% council tax increase for Adult Social Care which would mean an additional increase of £14.29 for a typical band D property.
- I do not support an increase. (This means the Council would lose an additional income of £760k from council tax to support the most vulnerable residents.)
- I don't know

14.8 The consultation provided a list of actions other Councils have considered to balance their budget. Respondents were asked to rank these options. A score of 1 represents a preferred option to save money and 10 represents areas that are less favoured to balance the budget. The ranked results are shown below:

Service Area	Rank
Reduce Museum Open Days	2.78
Fewer community events	3.33
Closure of public toilets	4.73
Dimmer Streetlighting	4.91
Reduced Park and Green spaces maintenance	5.58
Closure of libraries	5.77
Reduced transport services	5.97
Increased Parking charges	6.08
Reduced street cleansing	7.16
Fortnightly bin collections	7.28

15. Statutory Report of the Chief Financial (S151) Officer

15.1. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of financial reserves. The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget.

15.2. In this context, the reference to the Chief Finance Officer is defined in Section 151 of the Local Government Act 1972. This statutory role is fulfilled in this authority by the Strategic Director, Finance & Investment.

15.3. In summary, the Chief Finance Officer considers the budget proposals to establish a net budget requirement of £203.568m and council tax requirement of £77.780m for 2023-24 as set out in this report as robust. The level of reserves is sufficient to mitigate known risks during the forthcoming financial year taking account of the Council's financial management framework. However, the financial outlook over the medium term remains challenging with increasing cost pressures and uncertainty due to the ongoing impact of heightened inflation and further delays to planned changes to the national local government funding framework, now expected from 2025-26. The council will be required to remain proactive in delivering sustainable council transformation to ensure a balanced budget position can be maintained for 2023-24 and beyond.

15.4. The robustness of the underpinning financial planning assumptions on which the budget has been determined:

- Financial resources are appropriately aligned to the strategic priorities of the council with appropriate investment to meet priorities and respond to changes in demand.
- Savings have been identified by Strategic Directors and action plans are in place for their delivery.
- Appropriate actions are being taken to identify and collect outstanding debts owed to the council, including historic debts.
- Contingency budgets are held centrally to mitigate unforeseen cost

pressures in the event they arise during the course of the year. This could be used to meet unexpected increases in demand led services or potential continued impact following the COVID-19 pandemic, the Exit from the EU and continued inflationary pressure.

- Employee budgets are based on the appropriate scale point although the cost of annual pay rises is expected to be absorbed within service budgets and the corporate provision as set out in the report.
- Assumptions about future inflation and interest rates are realistic.
- Income estimates are based on updated forecasts against trend.
- Capital and revenue budgeting are integrated with the revenue consequences of the capital programme considered as part of the overall budget process.

15.5. Appropriate governance arrangements are in place to manage financial resource throughout 2023-24:

- Financial management is delegated appropriately, and commitments are entered into in compliance with Financial Regulations and Contract Rules as contained in the Council's Constitution.
- Effective governance arrangements are in place for budget monitoring and reporting during the financial year with corrective action taken to mitigate overspends where necessary.
- A risk assessment has been carried out on the revenue budget and this will be monitored and reported to Cabinet throughout the year.

15.6. An assessment of the funding framework for local government:

- The settlement figures provided in the budget are based on the provisional settlement. Any variations in the final settlement will be reported as part of quarter 1 budget monitoring 2023-24.
- The Cabinet's proposals do not breach the "excessiveness" principle for 2023-24, where local referendum is required. The threshold for 2023-24 for general council tax if it rises by 3% or more, alongside a 2% social care precept.
- Appropriate assessment has been made of the council tax and business rate base 2023-24 and the likely levels of collection and bad debt recovery.

15.7. In assessing the adequacy of reserves, the Chief Finance Officer has considered the level of reserves and undertaken a risk-based approach to assessing the minimum level of balances. For 2023-24 and 2024-25 the minimum level of General Reserves is recommended at £12.0m. The current level of the General Fund balance is £17.0m.

15.8. We carry reserves which are ringfenced for specific purposes these were £31.4m at 1 April 2022. These are forecast to be £32.5m by 31 March 2023. These reserves are not available for general use, either as a result of legislation, funding agreement or contractual arrangements.

15.9. We carry non-ringfenced specific reserves. These are reserves that the Council has chosen to set aside for specific purposes but for which there is no legal barrier to use. However, using these reserves outside of their intended use would require a change of policy and impact on the Council meeting its strategic objectives. The total of these is expected to be £67.3m at 31 March 2023 but there are plans for their use beyond this date.

15.10. The Budget Support Reserve, intended to provide short term support and pump prime efficiencies, stood at £22.8m at 31 March 2022. This reserve balance is forecast to be £9.2m by 31 March 2023 which is just sufficient to fund the reserves requirement in 2023-24. The underlying 2023-24 budget does not place undue reliance on reserves as general budget support provided that agreed savings are delivered and future savings are identified to meet the savings gap identified in the MTFS.

15.11. The Council continues to face financial challenges over the medium term. The delivery of a balanced budget for 2023-24 is reliant on delivering new savings of £5.687m in addition to those outstanding from previous years. Further savings will need to be identified in 2024-25, 2025-26 and 2026-27. There is significant uncertainty in relation to local government funding beyond 2023-24 and the potential impact of changes to New Homes Bonus, the Business Rates Retention Scheme and the Review of Relative Needs (Fair Funding). The Council continues to maintain its focus on delivering transformation at pace and thereby securing financial sustainability.

16. Financial Implications

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

16.1. The detailed financial implications have been covered throughout the report. Members are asked to note the CFO opinion as outlined in section 15 above.

17. Legal Implications

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

17.1. As set out in the main body of the report, local authorities are under an explicit statutory 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 is set by sound public accounting practice guidance. As part of this requirement a forward-thinking medium-term budget strategy is key to ensuring stability. This includes taking account of future income, liabilities, risks, investments, contingencies, statutory compliances, contractual obligations and of course securing best value for money.

17.2. The Local Government Act 2003 Section 25 sets a specific duty on an Authority's Chief Financial Officer (Finance Director) to make a report to the authority for it to take into account when it is considering its budget and funding for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget and the Authority must have regard to the report in making its decisions. Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that 'the provisions are a fall back against the circumstances in which an authority does not act prudently, disregards the advice of its Chief Financial Officer and is heading for serious financial difficulty'.

17.3. The proposals are founded on the information known at the time however circumstances can change such as we have seen in the current financial year (2022-23) with the potential of a new high transmissible subvariant viral strain of coronavirus (Kraken) and the War between the Russian Federation and Ukraine which has a significant impact on both incomes and additional costs. Budgetary tools such the MTFS are living documents which must adjust according to the situation the authority encounters and further anticipates. As a consequence, there is an ongoing need to prepare for contingencies including maintaining sound risk management and level of reserves which enables the authority to be prepared to deal with risks, contingencies and its future strategic vision.

17.4. By law a local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. The current budget setting takes place in the context of significant and widely known reductions in public funding to local authorities. Where there are reductions or changes in service provision as a result of changes in the financial position the local authority is free to vary its policy and consequent service provision but at the same time must have regard to public law considerations in making any decision lawfully as any decision eventually taken is may be subject to judicial review. Members would also wish in any event to ensure adherence as part of good governance. Specific legal advice may be required on the detailed implementation of any agreed savings options. Relevant legal considerations are identified below.

17.5. Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so for example if savings proposals will affect staffing then it will require consultation with unions and staff. In relation to the impact on different groups, it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant 'protected characteristic'. This means an assessment needs to be carried out of the impact and a decision taken in the light of such information. 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.

17.6. If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. The Council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;
- any legitimate expectations that persons already receiving a service (due to be cut) 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 and 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 statement of special educational needs in the education context);
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;

- to any responses from stakeholders to consultation undertaken.

18. Corporate Policy and Equality Impact

18.1. The Equality Act 2010 requires a public authority, in the exercise of its functions, to have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant protected characteristic. As well as complying with legislation, assessing the equality implications can help to design services that are customer focussed, in turn leading to improved service delivery and customer satisfaction.

18.2. The Council's Equality and Diversity strategy commits the Council to ensuring fair and open service delivery, making best use of data and insight and reflecting the needs of the service users. Equality Impact Assessments allow for a structured, evidence based and consistent approach to considering the equality implications of proposals and should be considered at the early stages of planning.

18.3. Where new savings proposals are put forward that require EIAs these will be carried out in detail to ensure the Council properly considers any impact of the proposal. The Council's work programme aims to redesign services to make them more person-centred and focussing on improving outcomes for residents. Therefore, in most cases the proposals have either a positive or neutral impact. However, where a negative impact has been identified, the Council will ensure appropriate mitigations are considered and relevant affected groups are consulted.

Public Background Papers Used in the Preparation of the Report:

- Provisional Local Government Finance Settlement https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2023-to-2024
- Calculation and Setting of Council Tax Base 2023-24 https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AIId=90137
- Council Tax Support Scheme 2023-24 https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AIId=93310
- Fees and Charges 2023 https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AIId=90124
- Housing Revenue Account: Review of Rents and Other Charges 2023-24 https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AIId=90138
- Dedicated Schools Budget and School Funding Formula 2023-24 https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AIId=90132

List of appendices:

- Appendix A – Revenue Budget
- Appendix B – MTFS
- Appendix C – Savings and Growth Proposals
- Appendix D – The Statutory Budget Determination
- Appendix E – Calculation of the Council Tax Requirement
- Appendix F – Draft Capital Programme
- Appendix G – Forecast General Fund and Usable Reserves

Appendix A

	Initial Budget	Capital	Savings	Growth	Other MTFS Adjustments	Central Items	Service Adjustments	Original Budget 23-24
People and Resilience	107,659,906		- 287,700	8,579,000		- 311,050		115,640,156
Corporate Management	36,511,217	600,000	- 663,000	16,235,900	- 4,814,000	814,210		48,684,327
Law and Governance	151,457		- 2,877,000	750,000		- 117,480		- 2,093,023
Strategy	2,927,119		-	459,000		- 18,380		3,367,739
Inclusive Growth	2,289,998		- 709,190	- 115,810		- 30,370	100,000	1,534,628
Community Solutions	20,849,054		- 1,372,000	3,116,922		- 148,540	- 100,000	22,345,436
My Place	12,671,380		- 308,000	1,914,000		- 188,390		14,088,990
Total	183,060,131	600,000	- 6,216,890	30,939,012	- 4,814,000	-	-	203,568,253

Appendix B

Barking & Dagenham

	2022/23 Budget £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
NET COST OF SERVICES	**175.653**	**175.653**	**187.190**	**207.945**	**221.474**	**228.555**
Financial Planning						
Savings - Existing Plans	(3.499)	(3.499)	(1.290)	0.074	(0.122)	-
Pre-Approved Growth	11.436	11.436	6.655	5.396	1.820	0.800
Savings - to be identified	-	-	-	(3.991)	(5.689)	(6.181)
Savings Identified 23-24	-	-	(5.687)	(2.200)	(0.150)	(0.183)
Growth Identified 23-24	-	-	10.673	2.708	2.052	3.619
Inflation and Demographic Change	3.000	3.000	14.372	10.942	8.570	8.776
Capital	0.600	0.600	0.600	0.600	0.600	0.600
Reserves						
Contributions to Earmarked Reserves	-	-	-	-	-	-
Contributions from Budget Support Reserve	(4.130)	(6.358)	(8.944)	-	-	-
Contribution from Collection Fund Smoothing Reser	-	(1.000)	(4.567)	-	-	-
Use of General Reserve	-	-	-	-	-	-
Net Expenditure after Reserves	**183.060**	**179.832**	**199.001**	**221.474**	**228.555**	**235.986**
Funding						
NDR/RSG	(81.391)	(81.391)	(90.930)	(95.931)	(100.032)	(102.032)
Other Grants	(10.735)	(10.735)	(15.547)	(20.126)	(10.384)	(10.384)
Market Sustainability & Fair Cost of Care Grant	(0.616)	(0.616)	(2.138)	(3.215)	(7.609)	(7.609)
Services Grant	(3.978)	(3.978)	(2.241)	(2.240)	(5.458)	(5.458)
COVID Grants	-	-	-	-	-	-
(Surplus)/Deficit on Collection Fund	-	-	4.567	-	-	-
Company Dividends	(12.490)	(12.490)	(10.390)	(12.807)	(12.807)	(12.807)
Investment Income	(1.500)	(1.500)	(4.542)	(3.042)	(3.042)	(3.042)
Demand on Collection Fund	**72.350**	**69.122**	**77.780**	**84.112**	**89.223**	**94.653**
Council Taxbase	52,079.16	52,079.16	53,326.90	54,926.71	56,574.51	58,271.75
Council Tax at Band D (£)	**1,389.24**	**1,389.24**	**1,458.57**	**1,531.35**	**1,577.14**	**1,624.30**
Council Tax Precept £m	72.350	72.350	77.781	84.112	89.226	94.651
Impact of CTFS						
Percentage Increase in Council Tax	2.99%	2.99%	4.99%	4.99%	2.99%	2.99%

This page is intentionally left blank

SAVINGS AND GROWTH PROPOSALS **Incremental Basis** **APPENDIX C**

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
	New Savings				
Service Area	Saving Proposal				
Care and Support	Finance Review Officer	(57)	0	0	0
Care and Support	Early Help Investment deferral into 2024-25	(500)	500	0	0
Care and Support	Early Years & Childcare	(180)	0	0	0
Community Solutions	Fund HAM Hub through collection fund surplus 40% - reserve transfer (Non-HRA)	(390)	0	0	0
Community Solutions	Delete x5 FTE vacancy from Welfare	(230)	0	0	0
Community Solutions	Service Development - Delete x2 FTE and x1 FTE recharge to Supporting Families Grant	(197)	0	0	0
Community Solutions	Customer Services - Delete X1 CSO	(34)	0	0	0
Community Solutions	Customer Experience team - Delete Internet Officer Role	(51)	0	0	0
Community Solutions	Delete x3 FTE Vacancy from Triage	(120)	0	0	0
Community Solutions	Stop Play and Comm Service (4.5FTE). Transfer to Family Hubs to be funded by Grant	(160)	0	0	0
Community Solutions	Transfer to VCS - WILLIAM BELLAMY CHILDREN'S CENTRE	(30)	0	0	0
Community Solutions	Transfer to VCS - LEYS CHILDREN'S CENTRE	(15)	0	0	0
Community Solutions	Transfer to VCS - SUE BRAMLEY CHILDREN'S CENTRE AND LIBRARY	(15)	0	0	0
Community Solutions	Creation of Heritage site at VALENCE LIBRARY + 2.5FTE Sc5	(130)	0	0	0
Community Solutions	EVERYONE EVERY DAY - Reduce contribution	0	(150)	0	0
Community Solutions	Single customer access function	0	(150)	0	0
My Place	NRSWA Income Stream Opportunities - Public Highway	(52)	0	0	0
My Place	No longer have a dedicated Graffiti team.	(75)	0	0	0
My Place	Security of vacant land.	(10)	0	0	0
My Place	Reduce the opening days and times of the Town Hall and other buildings.	(50)	0	0	0
My Place	Closure of Pondfield depot	(25)	0	0	0
My Place	Increase the commercial income	(30)	0	0	0
Inclusive Growth	New Town Culture	(260)	33	0	(33)
Inclusive Growth	Line by Line Budget Review	(110)	0	0	0
Finance & IT	WAN bill reduction £80K	(80)	0	0	0
Finance & IT	ICT Consultancy £40K	(40)	0	0	0
Finance & IT	Staff Dev & train £28K	(28)	0	0	0
Finance & IT	Staff other expenses £10K	(10)	0	0	0
Finance & IT	Entity recharges + 10% £48K (income)	(48)	0	0	0
Finance & IT	Ezitracker £24K	(24)	0	0	0
Finance & IT	One Trust £10K	(10)	0	0	0
Finance & IT	Jontek £17K	(17)	0	0	0
Finance & IT	Oracle Saving	(409)	0	0	0
Finance & IT	Movement of growth for Fair Cost of Care	0	(2,283)	0	0
Law & Governance	Parking Services Income	(2,300)	(150)	(150)	(150)
Total		**(5,687)**	**(2,200)**	**(150)**	**(183)**

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
Service Area	**New Growth (Excluding Invest to Save)** Growth Proposal				
Care and Support	Care & Support Commissioning (SQA)	288	0	0	0
Care and Support	Adults' Care and Support and Commissioning posts following CPG approval (Legislative Change and Demography)	1,494	70	0	0
Care and Support	Impact of Adult Social Care Charging Reforms (Legislative Change) -Fair Cost of Care and Cap on Care - Market Cost	3,400	100	1,500	100
Care and Support	Inflationary Impact Modelling (Contracted Expenditure)	2,273	1,205	0	0
Care and Support	One off costs in Commissioning - Programme and Projects	279	(279)	0	0
Care and Support	One off costs in ASC operations	344	(344)	0	0
Care and Support	Fair Cost of Care Income	(4,710)	0	0	0
Community Solutions	Temporary Accommodation Inflation	1,824	0	0	0
Community Solutions	Revenue Officers	42	42	42	0
Community Solutions	Council Tax Reduction Scheme (CTRS)	0	2,072	503	518
Community Solutions	Digitalisation	479	0	0	0
Community Solutions	Additional financial support for low income working age households through enhanced support within the Council Tax Reduction Scheme	163	(163)	0	0
My Place	Public Highway Reactive Maintenance and Management Inflation Risks	216	0	0	0
My Place	Waste - demography	291	0	0	0
My Place	Waste - operations	257	0	0	0
My Place	Waste - efficiency improvements	116	0	0	0
My Place	Waste - Bulky waste/Flytipping	127	0	0	0
My Place	Street Cleansing - Barking Riverside	245	0	0	0
My Place	Street Cleansing - Night time economy	224	0	0	0
My Place	Street Cleansing - inflation/demand	95	0	0	0
Inclusive Growth	Lakes & Watercourses	50	0	0	0
Inclusive Growth	New Town Culture	413	5	7	1
Inclusive Growth	Film Office income target reduction	122	0	0	0
Inclusive Growth	Procurement E-portal ongoing funding	72	0	0	0
Finance & IT	Social Media Records Management	14	0	0	0
Finance & IT	Product Management	160	0	0	0
Finance & IT	Service Excellence	300	0	0	0
Finance & IT	Cyber tooling	235	0	0	0
Finance & IT	IT 3rd party contract inflation	355	0	0	0
Finance & IT	ELWA	0	0	0	3,000
Strategy & Performance	Membership & Subscriptions Inflation	44			
Strategy & Performance	Procurement of phase 2 of our predictive analytics programme (currently delivered in the form of One View).	380	0	0	0
Strategy & Performance	Insight Team additional staff	80	0	0	0
Law & Governance	Safeguarding	290	0	0	0
Law & Governance	PRPL Budget Gap - Reduction in Contribution to GF	460	0	0	0
Total Growth excluding Invest to Save		**10,420**	**2,708**	**2,052**	**3,619**

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
	Invest to Save				
Service Area	Invest to Save Growth Proposal				
Inclusive Growth	Commercial Energy - Use better control to avoid costs	155	0	0	0
My Place	Highways - 2 Maintenance Posts to minimise future repairs	98	0	0	0
Total Invest to Save		**253**	**0**	**0**	**0**
Total Growth including Invest to Save		**10,673**	**2,708**	**2,052**	**3,619**

SAVINGS AND GROWTH PROPOSALS Incremental Basis

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
	Revised Inflation & Demographic Change				
Service Area	Saving Proposal				
Authority Wide	Staff Pay Award and Capacity Building - 4% for 2 years, then drop to 2% afterwards	8,359	5,655	2,941	2,999
Authority Wide	Non Staff Inflation	6,013	1,000	1,000	1,000
Demographic Provisions		0	4,287	4,629	4,776
Total Inflation & Demographic Change		**14,372**	**10,942**	**8,570**	**8,776**

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
	Savings Approved in previous years				
Service Area	Savings Proposal				
Community Solutions	Debt & Affordable Credit (2 years funding)	0	(420)	0	
My Place	Property Management & Capital Delivery	(66)	(65)	(72)	
Core	Digital Identity Verification (requires £100k Capital)	(25)	0	0	
Core	Mobile Telephony move to Daisy from EE	72	0	0	
Core	Streamline IT Procurement	(44)	(56)	(50)	
Core	MPLS Replacement	0	115	0	
EYCC	Staff Savings and DSG recharge	(35)			
P&P	FPN income	(15)			
P&P	Everyone Everyday	(100)			
P&P	Parks	(500)	500		
HR	Restructure	(577)			
Total		**(1,290)**	**74**	**(122)**	**0**

	Growth Approved in previous years				
Service Area	Growth Proposal				
Corporate Finance	ELWA Levy	800	800	800	800
My Place - Waste & Recycling	New year on year pressure of £2,295k by 2025/26 to implement the National Waste Strategy, including weekly food collection, free Green Garden Waste and weekly recycling.	295	1,000	1,000	0
My Place - Waste & Recycling	A one-off investment of £150k in 2022/23 will fund consultancy work to support implementation of the National Waste Strategy and public engagement to support implementation of the food waste service (reversal of £150k growth given in 2022-23)	(150)	0	0	0
My Place - Keeping the Streets Clean	There is a year-on-year pressure of £250k. This is the cost of addressing the pressure in the current budget to ensure delivery of current levels of activity is sustainable. This pressure has been considerably reduced over the last year.	250	0	0	0

*negative values (in brackets) are savings		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
My Place - Keeping the Streets Clean	There is a one-off budget requirement of £150k to support new strategies linked to resident behaviour change, waste minimisation and recycling. (Reversal of £150k growth given in 2022-23)	(150)	0	0	0
Care & Support	Giving Children the Best Chance There is a year-on-year pressure at a minimum of £3,000k. Additional funding is required to create a sustainable Early Help Service. Since the workshops, further work on the Early Help Target Operating Model (TOM) identified that an immediate investment of £1.6m is required to ensure the safety and effectiveness of the current service. The EH TOM also points to independent evidence suggesting a further estimated investment of £1.4m - subject to a business case - would curb predicted future demand on statutory services.	1,000	0	0	0
Care & Support	Market Sustainability & Fair Cost of Care Grant *This is a new grant we have assumed it will continue (Grant coming to Borough to be passported to the service.)	4,710	2,283		
Community Solutions	Community Hubs (2 years funding) There is an investment requirement in these services of £70k for 2 years (reversed in 2024-25). This is the cost of appointing a senior manager who would be responsible for getting the 17 hubs up and running, and then further developing, maintaining and managing the hubs.	1	(70)	0	0
Community Solutions	BD-Can (one year funding only) There is an investment of £112k to extend current resources to support the delivery of CAN (2 roles) for one year. (Growth reversed in 2023/24)	(112)	0	0	0
Community Solutions	Youth Zone (3 year funding agreement).	0	0	(200)	0
Community Solutions	Building Capacity in the Social Sector (1 year FTC) in addition to the £112k proposal previously. (Growth reversed in 2023/24)	(63)	0	0	0
Community Solutions	Improving Debt Collection Invest to Save 21-22 Saving, not reversed at end of 12 month pilot. Expenditure £112k, to save £500k.	0	0	0	0
Community Solutions	Adjustment in provision for concessionary fares	785	2,050	840	0
Core	Inclusive Workplace There is a continued investment in these services required to maintain the delivery of Inclusive Workplace aspirations. This extends some of the temporary HR resources enabling the delivery of Inclusive Workplace priorities.	0	(100)	0	0
Strategy & Culture	Opportunities to Participate There is an investment requirement of £45k to bring the EFG London Jazz Festival and related community workshops and family programmes to the Borough. (Growth reversed in 2023/24)	(45)	0	0	0
Leisure	Concession fee income reprofiled	(666)	(567)	(620)	0
Total		6,655	5,396	1,820	800

Appendix D

STATUTORY BUDGET DETERMINATIONS

SETTING THE AMOUNT OF COUNCIL TAX FOR THE LONDON BOROUGH OF BARKING AND DAGENHAM

1. At its meeting on 17 January 2023 the Council approved the Council Tax Base 2023/24 calculation for the whole Council area as 53,326.90 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended ("the Act")]

2. The following amounts have been calculated by the Council for the year 2023/24 in accordance with Sections 31 to 36 of the Act:-

(a)	£559,184,337	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£481,403,857	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£77,780,480	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (i.e. Item R in the formula in Section 31A(4) of the Act).
(d)	£1,458.57	being the amount at 2(c) above (i.e. "Item R), divided by Item T (shown at 1 above), calculated by the Council, in accordance with Section 31B(1) of the Act as the basic amount of its Council Tax for the year. Refer below for further detail.

Valuation Bands

A	B	C	D	E	F	G	H
£972.38	£1,134.44	£1,296.50	£1,458.57	£1,782.69	£2,106.82	£2,430.94	£2,917.13

being the amounts given by multiplying the amount at 2(d) above by the number which, in the proportion set out in Section 5(2) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band 'D' calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

3. That it be noted that for the year 2023/24 the Greater London Authority has indicated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Precepting Authority: Greater London Authority

Valuation Bands

A	B	C	D	E	F	G	H
£289.43	£337.66	£385.90	£434.14	£530.62	£627.09	£723.57	£868.28

4. That, having calculated the aggregate in each case of the amounts at 2 and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2023/24 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£1,261.81	£1,472.10	£1,682.40	£1,892.71	£2,313.31	£2,733.91	£3,154.51	£3,785.41

Appendix E

Calculation of the Proposed Council Tax for 2023/24

		£000
Revised 2023/24 Budget before Reserves Usage		**187,190**
New MTFS Items	19,957	
Approved Savings	(1,290)	
Approved Growth	6,655	
Transfer to Earmarked Reserves	(8,944)	
Total Adjustments		16,378
Base Budget Requirement for 2023/24		**203,568**
Funded By:		
Retained Business Rates Income	(90,930)	
Company Returns	(10,390)	
Specific Grants	(19,926)	
Investment Income	(4,452)	
Collection Fund Deficit		
Total Funding		(125,698)
Council Tax Requirement		**77,870**
Council Tax Base (Equivalent Band D Properties)		53,326.90
Council Tax:		
London Borough of Barking and Dagenham		1458.57
Greater London Authority		434.14
Overall Council Tax - Band D equivalent		**1892.71**

This page is intentionally left blank

Appendix F

2023-24 CAPITAL PROGRAMME

Code	Project Name	2022/23 Revised Budget	P9 Forecast	Forecast Slippage / (Acceleration)	2023/24 Initial Budget	2023/24 Total Budget	Funding Source
General Fund							
C00100	Aids & Adaptations	1,000	1,000	-	1,000	1,000	Grant
C00106	Disabled Facilities Grant-Prvt	1,456	617	839	1,857	2,696	Grant
CAP01	**Gf - Adults Care & Support**	**2,456**	**1,617**	839	**2,857**	**3,696**	
C03028	Corporate Retrofit	2,969	-	2,969	-	2,969	Grant
C03099	Abbey Green & BTC Cons HLF	1,007	1,007	0	-	0	Grant / Borrow
C05084	Decarbonisation	7,040	7,040	0	-	0	Grant
CAP02	**Gf - Inclusive Growth**	**11,016**	**8,047**	**2,969**	**-**	**2,969**	
C05028	Box Up Crime	214	214	0	-	0	CIL/S106
C05029	East End Women's Museum	175	175	0	-	0	CIL/S106
C05031	Becontree Centenary	61	61	-0	-	-0	CIL/S106
C05027	Kingsley Hall	30	30	-	-	-	CIL/S106
C05062	Litter In Parks (CIL)	96	96	-	-	-	CIL/S106
C05108	Studio 3 Arts	156	156	-	-	-	CIL/S106
CAP03	**Gf - CIL**	**731**	**731**	**0**	**0**		
C02898	Local Transport Plans (TFL)	136	136	0	-	0	TfL
C04094	Becontree Heath Low Emission	-88	-88	0	-	0	TfL
C05052	Heathway Healthy Streets	130	130	-	-	-	TfL
C05056	Valence Avenue	10	10	-	-	-	TfL
C05058	TFL Minor Works - Various Locs	99	99	-	-	-	TfL
C05079	Cycle Route Cfr10	265	265	-0	-	-0	TfL
C05080	Low Traffic Neighbourhoods	548	548	-0	-	-0	TfL
C05083	Bus Priority	459	459	-	-	-	TfL
CAP04	**Gf - TfL**	**1,560**	**1,560**	**0**	**-**	**0**	
C02877	Oracle R12 Joint Services	-	0	-0	-	-0	Borrowing
C03052	Elevate It Investments	1,209	1,209	0	-	0	Borrowing
C03059	Customer Service Channel Shift	-64	-64	0	-	0	Borrowing
C03068	ICT End User Computing	263	263	0	-	0	Borrowing
NEW	IT laptop replacement	-	-	-	2,100	2,100	Borrowing
CAP06	**Gf - IT**	**1,408**	**1,408**	**0**	**2,100**	**2,100**	

Page 94

Code	Project Name	2022/23 Revised Budget	P9 Forecast	Forecast Slippage / (Acceleration)	2023/24 Initial Budget	2023/24 Total Budget	Funding Source
C03032	Parsloes Park (CIL)	13,600	10,392	3,208	-	3,208	Grant, Borrowing
C04080	Children's Play Spcs & Fac (CIL)	214	145	69	-	69	CIL/S106
C04081	Parks & Open Spcs Strat 17 (CIL)	219	247	-28	100	72	CIL/Borrowing
C05060	Safer Parks (CIL)	84	84	-	-	-	CIL/S106
C05061	B & D Local Football Facility (CIL)	157	-	157	-	157	CIL/S106
C03090	Lakes	293	141	152	150	302	Grant, Borrowing
C04013	Park Infrastructure Enhancements	30	30	0	-	0	Borrowing
C04017	Fixed Play Facilities	96	55	41	-	41	Borrowing
C04018	Park Buildings Bldng Sur	92	92	-0	-	-0	Borrowing
C04042	Community Halls	15	-	15	-	15	Borrowing
C04084	Central Park Masterplan Imp	982	332	650	-	650	Borrowing
C04085	Play Facility At Valence Park	5	5	-	-	-	Borrowing
C05089	De-Contamination at ECP	2,094	550	1,544	-	1,544	Revenue
NEW	Central Park Pavilion				50	50	s106/borrowing
NEW	**Gf - Parks Commissioning**	**17,881**	**12,073**	**5,808**	**300**	**6,108**	
C04031	Re Imagining Eastbury	4	4	-0	-	-0	Borrowing
C04033	Redressing Valence	250	28	222	-	222	Borrowing
C04043	The Abbey: Unlocking Barking	389	389	-	-	-	Grant, Borrowing
CAP07	**Gf - Culture and Heritage**	**643**	**421**	**222**	**-**	**222**	
C02982	Controlled Parking Zones (CPZs)	2,154	345	1,809	-	1,809	Self-Finance
C04015	Enforcement Equipment	100	73	27	-	27	Borrowing
CAP08	**Gf - Enforcement**	**2,254**	**418**	**1,836**	**-**	**1,836**	
C02811	Ward Capital Budgets	666	127	539	340	879	Borrowing
C03011	Struct Repairs & Maintce-Bridges	33	33	-0	-	-0	Borrowing
C03065	Highways Investment Programme	3,016	3,117	-102	3,820	3,718	Borrowing
C04019	Replacement Of Winter Equip	3	-	3	-	3	Borrowing
C04029	Engineering Works (Rd Safety)	99	-	99	-	99	Borrowing
C04032	Habitat For Humanity	574	-	574	-	574	Grant
C04063	Flood Survey	84	-	84	-	84	Borrowing
C04064	Bridges And Structures	1,124	500	624	-	624	Borrowing
C05018	Stock Condition Survey	1,596	560	1,036	1,000	2,036	Borrowing
C05038	82A And 82B Oval Road South	325	-	325	-	325	Self-Finance
C05055	Road Safety And Access	457	160	297	-	297	Borrowing
C05077	Dispersed Working (Phase 1)	488	400	88	-	88	Borrowing
CAP09	**Gf - My Place**	**8,465**	**4,898**	**3,567**	**5,160**	**8,727**	

Code	Project Name	2022/23 Revised Budget	P9 Forecast	Forecast Slippage / (Acceleration)	2023/24 Initial Budget	2023/24 Total Budget	Funding Source
C04012	Bins Rationalisation	34	11	23	-	23	Borrowing
C04070	Vehicle Fleet Replacement	1,052	1,156	-104	80	-24	Self-Finance
C03083	Chadwell Heath Cemetery Ext	149	-	149	-	149	Borrowing
C04028	Reduce Hand Arm Vibrations	5	-	5	-	5	Borrowing
C05048	Procuring In Cab Tech	205	205	-	30	30	Borrowing
C04016	On-Vehicle Bin Weighing System	16	-	16	-	16	Borrowing
C05039	Tree Planting	-127	-	-127	-	-127	Borrowing
CAP10	**Gf - Public Realm**	**1,334**	**1,373**	**-39**	**110**	**71**	
C02959	Rober Clack Expansion Existing	-662	-	-662	-	-662	Grant
C03018	Eastbury Secondary	156	156	0	-	0	Grant
C03020	Dagenham Park	77	77	0	-	0	Grant
C03022	Greatfield Secondary Sch (New)	471	350	121	-	121	Grant
C03042	Additional Sen Provision	4	4	-0	-	-0	Grant
C03053	Gascoigne Prmry - 5Fe To 4Fe	60	60	0	-	0	Grant
C03054	Lymington Fields School 2016	236	-	236	-	236	Grant
C04052	Send 2018-21	330	330	0	-	0	Grant
C04053	SCA 2018-20	38	38	-0	-	-0	Grant
C04058	Marks Gate Infs & Jnrs 18-20	831	831	0	-	0	Grant
C04071	Roding Fire	84	34	50	-	50	Grant
C04072	School Condition Alctns 18-19	531	200	331	-	331	Grant
C04087	SCA 2019/20 (A)	37	37	0	-	0	Grant
C04097	Trinity Special Sch Expansion	-39	-	-39	-	-39	Grant
C04098	Ripple Primary Suffolk Road	6	6	0	-	0	Grant
C05033	SCA Priority Works 20/22	303	303	-0	-	-0	Grant
C05034	Schools Expansion Prog 20/22	2,207	250	1,957	-	1,957	Grant
C05040	Healthy School	122	122	-0	-	-0	Grant
C05069	SCA 20-21	939	650	289	-	289	Grant
C05078	Greatfields Primary	9,598	1,000	8,598	-	8,598	Grant
C05098	SCA 21-22	3,718	2,500	1,218	-	1,218	Grant
C05099	Send 21	1,677	650	1,027	-	1,027	Grant
C05105	Basic Needs 21/22	1,964	500	1,464	-	1,464	Grant
C05107	SCA 22-23	5,188	1,600	3,588	-	3,588	Grant
CAP20	**Gf - Education, Youth & Child**	**27,876**	**9,697**	**18,179**	**-**	**18,179**	**-**
	Gf Total	**75,624**	**42,242**	**33,382**	**10,527**	**43,909**	**-**

Code	Project Name	2022/23 Revised Budget	P9 Forecast	Forecast Slippage / (Acceleration)	2023/24 Initial Budget	2023/24 Total Budget	Funding Source
HRA							
C02933	Capital Voids	1,242	1,242	-0	1,500	1,500	HRA/MRR
C04002	Lift Replacement	453	453	-0	1,400	1,400	HRA/MRR
C04003	Domestic Heating	993	993	-0	500	500	HRA/MRR
C04004	Box-Bathrm Refurb (Apprentice)	35	35	-0	-	-0	HRA/MRR
C04006	Minor Works & Replacements	144	144	-0	300	300	HRA/MRR
C05000	DH Internal	2,481	2,481	-0	1,000	1,000	HRA/MRR
C05002	Externals 1 - Houses & Blocks	2,317	2,317	0	3,000	3,000	HRA/MRR
C05003	Externals 2 - Houses & Blocks	3,011	3,011	0	2,000	2,000	HRA/MRR
C05004	Door Entry Systems	298	298	0	700	700	HRA/MRR
C05005	Compliance	324	324	0	500	500	HRA/MRR
C05006	Fire Safety Improvement Works	54	54	0	500	500	HRA/MRR
C05007	Fire Doors	200	200	-	2,000	2,000	HRA/MRR
C05008	Comm/ Comp - De-Gassing Blocks	27	27	-0	-	-0	HRA/MRR
C05011	Communal Boilers	245	245	-	200	200	HRA/MRR
C05013	Estate Roads Resurfacing	3,000	3,000	-	1,000	1,000	HRA/MRR
C05014	Energy Efficiency Schemes	2,000	2,000	-	3,000	3,000	HRA/MRR
C05015	Fees & Contingency	641	641	0	1,200	1,200	HRA/MRR
C05009	Electrical Programme	-	-	-	500	500	HRA/MRR
NEW	Estate improvement	-	-	-	500	500	HRA/MRR
C05068	Adaptations and Extensions	225	225	0	200	200	HRA/MRR
CAP30	**HRA Stock Investment**	**17,691**	**17,691**	**0**	**20,000**	**20,000**	
C02820	Estate Renewal	10,247	3,500	6,747	-	6,747	HRA/MRR
CAP31	**HRA Estate Renewal**	**10,247**	**3,500**	**6,747**	**-**	**6,747**	
C03071	Melish And Sugden	299	-15	314	-	314	HRA/MRR
C05102	Mellish Close - Austin House	1,746	1,626	120	-	120	HRA/MRR
CAP32	**HRA New Build Schemes**	**2,045**	**1,611**	**434**	**-**	**434**	
	HRA Total	**29,983**	**22,802**	**7,181**	**20,000**	**27,181**	
IAS							
C02986	Gascoigne East	918	918	0	-	0	Self-Financing
C03072	Sacred Heart	173	175	-2	-	-2	Self-Financing
C03080	Jervis Court	1,073	8	1,065	222	1,287	Self-Financing
C03084	Sebastian Court - Redevelop	1,128	345	783	-	783	Self-Financing
C03086	House for Artists	104	116	-12	-	-12	Self-Financing

Code	Project Name	2022/23 Revised Budget	P9 Forecast	Forecast Slippage / (Acceleration)	2023/24 Initial Budget	2023/24 Total Budget	Funding Source
C03089	Becontree Heath	-233	2	-235	-	-235	Self-Financing
C04062	Gascoigne East Phase 2 Block C	1,261	1,076	185	375	559	Self-Financing
C04065	200 Becontree Ave	154	154	-0	-	-0	Self-Financing
C04066	Roxwell Rd	5,052	4,716	336	11,062	11,398	Self-Financing
C04067	12 Thames Rd	33,019	29,986	3,033	19,073	22,107	Self-Financing
C04068	Oxlow Lane	6,063	7,905	-1,842	7,756	5,915	Self-Financing
C04069	Crown House	4,005	2,199	1,806	1,563	3,369	Self-Financing
C04099	Gascoigne West P1	970	1,640	-670	-	-670	Self-Financing
C05020	Woodward Road	9,866	7,827	2,039	5,111	7,150	Self-Financing
C05025	Gascoigne West Phase 2	72,843	69,622	3,221	38,292	41,513	Self-Financing
C05026	Gascoigne East Phase 3A	28,534	23,531	5,003	11,435	16,439	Self-Financing
C05035	Padnall Lake Phase 1	9,210	3,662	5,548	528	6,075	Self-Financing
C05041	Transport House	10,167	6,587	3,580	21,512	25,092	Self-Financing
C05065	Chequers Lane	-	3	-3	317	314	Self-Financing
C05066	Beam Park	22,489	581	21,908	40,751	62,659	Self-Financing
C05081	Beam Park - Phase 7	-	-	-	-	-	Self-Financing
C05071	Brocklebank Lodge	1,129	51	1,078	-	1,078	Self-Financing
C05073	Gascoigne East 3B	13,691	8,515	5,177	48,849	54,025	Self-Financing
C05076	Gascoigne East Phase 2 (E1)	26	368	-343	1,893	1,551	Self-Financing
C05082	Trocoll House	762	687	75	644	719	Self-Financing
C05090	Gascoigne East 3A - Block I	7,543	14,440	-6,897	24,009	17,112	Self-Financing
C05091	Gascoigne East Phase 2 F	39,545	38,857	688	12,700	13,388	Self-Financing
C05092	Gascoigne East Phase 2 E2	24,203	23,675	528	1,035	1,563	Self-Financing
C05047	Gascoigne West Phase 3	-	-	-	1,098	1,098	Self-Financing
C05093	Padnall Lake Phase 2	19,363	13,909	5,454	7,778	13,233	Self-Financing
C05094	Padnall Lake Phase 3	3,469	772	2,697	47	2,744	Self-Financing
C05100	Barking Riverside Health	806	352	454	1,743	2,196	Self-Financing
C05103	Town Quay Wharf	5,379	4,827	553	3,033	3,585	Self-Financing
C05106	Gascoigne Road	1,000	500	500	-	500	CIL/S106
CAP40	**IAS Residential**	**323,712**	**268,004**	**55,708**	**260,826**	**316,533**	
C04057	TRAVELODGE DAGENHAM	1	1	-	-	-	Self-Financing
C04091	WELBECK WHARF	1,018	770	249	-	249	Self-Financing
C05024	FILM STUDIOS	117	117	-	-	-	Self-Financing
C05042	26 THAMES RD	401	401	-	-	-	Self-Financing
C05067	DAGENHAM HEATHWAY	43	42	1	-	1	Self-Financing

Code	Project Name	2022/23 Revised Budget	P9 Forecast	Forecast Slippage / (Acceleration)	2023/24 Initial Budget	2023/24 Total Budget	Funding Source
C05072	INDUSTRIA	29,930	29,676	254	-	254	Self-Financing
C05110	Purchase of Maritime House	20,513	20,513	-	-	-	Self-Financing
C05074	BARKING BUSINESS CENTRE	229	229	-	-	-	Self-Financing
CAP42	**IAS COMMERCIAL**	**52,252**	**51,749**	**504**	**-**	**504**	
	IAS TOTAL	**375,964**	**319,753**	**56,211**	**260,826**	**317,037**	
	TOTAL CAPITAL PROGRAMME	**481,571**	**384,797**	**96,774**	**291,352**	**388,126**	

APPENDIX G

FORECAST RESERVE BALANCES	Opening Balance 2022-23 (1 Apr 2022)	Transfers Between or to Reserves	Drawdown from Reserves	Forecast Closing Balance (31 Mar 2023)
General Fund Balances	(17,030,171)			(17,030,170)
General Reserves Balances	**(22,839,218)**	**(1,203,273)**	**14,836,475**	**(9,206,016)**
Budget Support Reserve	(20,814,675)	(3,227,816)	14,836,475	(9,206,016)
Reserves - Closure Adjustment	(2,024,543)	2,024,543		0
Ring-Fenced Specific Reserves	**(31,388,387)**	**(6,786,897)**	**5,656,794**	**(32,518,490)**
LEP Housing Rental Reserves	(1,799,144)		938,480	(860,664)
Public Health Reserve	(3,591,199)	(231,303)		(3,822,502)
Service Grant Carry Forwards	(6,513,898)		4,391,315	(2,122,583)
VAT Market Repayment	(223,406)	223,406		(0)
Parking Reserve (On Street)	(9,353,296)	(1,358,000)		(10,711,296)
Parking Reserve (Off Street)	(633,000)	(421,000)		(1,054,000)
Hotel Deal Reserves	(5,500,000)	(5,000,000)		(10,500,000)
Film Studio Developer Contribution Reserve	(991,502)		326,999	(664,503)
Social Housing De-Carbonisation Fund	(280,074)			(280,074)
Lifecycle Reserve	(2,139,040)			(2,139,040)
Property Reserve	(3,357)			(3,357)
BD Giving Endowment Fund	(0)			(0)
Grants - Department for Education	(38,700)			(38,700)
YOS Health & Justice (From CCG)	(115,766)			(115,766)
Leaving Care Service (NEET Funding - re CMF Grant)	(140,074)			(140,074)
ELHP	0			0
Abbey MRP	887,548			887,548
Abbey MRP 2	(953,479)			(953,479)
Non Ring-Fenced Specific Reserves	**(81,371,707)**	**(10,834,197)**	**24,950,071**	**(67,255,833)**
Other Miscellaneous	(3,474,922)	(1,093,129)	1,723,360	(2,844,691)
Corporate Restructuring - Redundancies Reserve	(735,000)	735,000		(0)
Insurance Fund - Liability Reserve	(2,231,128)			(2,231,128)
Education, Youth & Childcare Reserve	(1,202,787)		109,800	(1,092,987)
Elections Reserve	(371,755)		234,637	(137,118)
Capital Investment Reserve	(3,779,051)			(3,779,051)
IT Reserve	(1,724,384)		167,617	(1,556,767)
Butler Court	(89,323)		89,323	0
Jo Richardson and Eastury PFI	(7,698,827)			(7,698,827)
Trewern Outdoor Centre Reserve	(370,669)			(370,669)
CMS Trading Reserve	(263,280)			(263,280)
Educational Psychology Reserve	(86,695)			(86,695)
PFI Reserve	(6,563,825)			(6,563,825)
Legal Trading Reserve (LBBD Share)	(318,040)	(476,068)	234,637	(559,471)
Collection Fund Equalisation Reserve	(31,210,527)		17,567,000	(13,643,527)
Levy Funding Reserve	(4,609,759)			(4,609,759)
Skills and Learning Reserve Balance	(2,153,617)		1,237,629	(915,988)

Investment Reserve	(9,578,120)		476,068	(9,102,052)
NCIL Reserve	(410,000)		110,000	(300,000)
Welfare Reform Reserve	(4,500,000)		3,000,000	(1,500,000)
Spend to Save Reserve	0	(10,000,000)		(10,000,000)
LBBD Usable Reserves Total	**(152,629,484)**	**(18,824,367)**	**45,443,340**	**(126,010,510)**

CABINET

20 February 2023

Title: Treasury Management Strategy Statement 2023/24	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: David Dickinson, Investment Fund Manager	**Contact Details:** Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Philip Gregory, Chief Financial Officer	
Accountable Strategic Director: Fiona Taylor, Acting Chief Executive	

Summary

This report deals with the Treasury Management Annual Strategy Statement (TMSS), Treasury and Prudential Indicators, Annual Investment Strategy (AIS) and borrowing limits, in compliance with Section 15(1)(a) of the Local Government Act 2003.

The production and approval each year of a TMSS and AIS are requirements of the Council under Section 15(1) of the Local Government Act 2003. It is also a requirement of the Act to set an authorised borrowing limit for the forthcoming financial year.

The Local Government Act 2003 also requires the Council to have regard to the Prudential Code, and to set prudential indicators which consider the Council's capital investment plans for the next three years.

CIPFA published the updated Treasury Management and Prudential Codes on 20 December 2021 and stated that Local Authorities are expected to fully implement the required reporting changes within their TMSS/AIS reports from 2023/24. This report complies with these reporting requirements.

The Capital Strategy is largely driven by the Council's Investment and Acquisition Strategy, which will be revised in March 2023 and will be based on the Be First Business Plan, which is due to come to Cabinet in March 2023.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to adopt the TMSS for 2023/24 and, in doing so, to:

(i) Note the current treasury position for 2023/24 in section 4 and prospects for interest rates, as referred to in section 8 of the report;

(ii) Approve the Annual Investment Strategy 2023/24 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;

(iii) Approve the Council's Borrowing Strategy 2023/24 to 2025/26, as set out in Appendix 2 to the report;

(iv) Note that the Capital Strategy 2023/24, incorporating the Investment and Acquisitions Strategy, shall be updated and presented for approval in April 2023;

(v) Approve the Capital Prudential and Treasury Indicators 2022/23 – 2024/25, as set out in Appendix 3 to the report;

(vi) Approve the Operational Boundary Limit of £1.85bn and the Authorised Borrowing Limit of £1.95bn for 2023/24, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 3 to the report;

(vii) Approve the revised Minimum Revenue Provision Policy Statement for 2023/24; the Council's policy on repayment of debt, as set out in Appendix 4 to the report;

(viii) Note that changes made to the Prudential Code and Treasury Management code, published in December 2021, have been fully implemented for the 2023/24 TMSS;

(ix) Note the Liability benchmark data in section 11 of the report, including the impact of schemes agreed in 2022 but also the impact of pipeline schemes on the amount of borrowing required by the Council; and

(x) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services, to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to consider the increase in short-term cash held from borrowing.

Reason(s)

To enable the Council to accord with the requirements of the Local Government Act 2003.

1. Introduction and Background

1.1 The Council is required to operate a balanced budget, with cash raised during the year sufficient to meet the Council's cash expenditure. Treasury management supports the Council by seeking to ensure its cash flow is adequately planned, with cash being available when it is needed. Surplus cash is invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity while also considering the investment return.

1.2 A second function of treasury management is funding the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.

1.3 The Council is responsible for its treasury decisions, activity and risk appetite. The successful identification, monitoring and control of risk are integral elements of treasury management, including credit and counterparty risk, liquidity risk, market risk, interest risk, refinancing risk and legal and regulatory risk. The Council is statutorily required to approve the Treasury Management Strategy Statement (TMSS) prior to the new financial year.

1.4 CIPFA published the updated Treasury Management and Prudential Codes on 20 December 2021 and stated that Local Authorities are expected to fully implement the required reporting changes within their TMSS/AIS reports from 2023/24. The main objective of the Codes was to respond to the expansion of local authority investment activity over the past few years into the purchase of non-financial investments, particularly property. The Codes require an authority to ensure that it:

- defines its risk appetite and its governance processes for managing risk.
- sets out its investment policy in relation to environmental, social and governance.
- adopts a liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; with material differences between the liability benchmark and actual loans to be explained.
- does not borrow to finance capital spend to invest primarily for commercial return
- increases in the CFR and borrowing are solely for purposes directly and primarily related to the functions of the authority. Where any financial returns are related to the financial viability of the project, they should be incidental to its primary purpose.
- has an annual review conducted to evaluate if commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
- capital plans and investment plans are affordable and proportionate.
- all borrowing/other long-term liabilities are within prudent and sustainable levels.
- commercial investments risks are proportionate to overall financial capacity.
- treasury management decisions are in accordance with good professional practice.
- reporting to members is done quarterly, including updates of prudential indicators.
- should assess the risks and rewards of significant investments over the long term, to ensure the long-term financial sustainability of the authority.
- has access to the appropriate level of expertise to be able to operate safely in all areas of investment and capital expenditure, and to involve members adequately in making properly informed decisions on such investments.

1.5 This report covers the above points, outlining the key risks, borrowing requirement, assets invested in and the pipeline schemes. The Council's IAS has a long-term view of over 50 years and this report will outline the forecast income and expenditure over this time frame, although there will be a focus on the next three years as the likely performance and cashflows are more relevant and are more accurate, with longer term forecasts based on a number of assumptions.

2. Treasury Management Reporting Requirements

2.1 The Council is required to receive and approve at least three main treasury reports each year. These reports are required to be adequately scrutinised by Cabinet before being recommended to the Council. The three main treasury reports are:

i. **The TMSS** is the most important report and considers the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators (PIs) and the outlook for interest rates. In addition, the current market conditions are factored into any decision-making process.
ii. **A Mid-Year Treasury Management Report** to update Members on the progress of the capital position, amending PIs and investment strategy as necessary.
iii. **An Annual Treasury Report** which outlines the actual PIs, treasury indicators and treasury operations compared to the estimates within the strategy.

2.2 As the Council is responsible for housing, PIs relating to capital expenditure, financing costs and the Capital Financing Requirement (CFR) are split between the Housing Revenue Account (HRA) and the General Fund (GF). The impact of new capital investment decisions on housing rents will also need to be considered. This report provides an explanation of the key elements of the Council's TMSS, its Minimum Revenue Provision (MRP) Strategy, the Annual Investment Strategy (AIS) for 2023/24 and the Borrowing Strategy, which are set out in detail in the appendices attached to this report

3. Treasury Management Strategy Statement for 2023/24

3.1 The strategy for 2023/24 covers two main areas, including Treasury Management and Capital Strategy Reporting issues. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Ministry of Housing, Communities and Local Government's (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

3.2 Treasury Management Issues

- Current Portfolio Position at 31 December 2022 (section 4);
- Medium Term Capital Finance Budget (section 5);
- Treasury Position at 31 December 2022; forward projections 2024/25 (section 6);
- Economic Update (section 7) and Interest rate forecast (section 8);
- Investment and Borrowing Rates (section 9);
- The Capital Expenditure Plans 2021 to 2024/25 (section 10);
- Liability Benchmarks and Loan Repayments (section 11)
- Treasury Management Advisors (section 12);
- Minimum Revenue Provision Policy Statement (section 13);
- Appendix 1 – Annual Investment Strategy 2023/24;
- Appendix 2 - Borrowing Strategy 2023/24 to 2025/26;
- Appendix 3 – The Capital Prudential and Treasury Indicators 2023/24 – 2025/26;
- Appendix 4 – Minimum Revenue Provision Policy Statement 2023/24; and
- Appendix 5 – Scheme of Delegation and Section 151 Officer Responsibilities

3.3 Capital Strategy Reporting Requirements

3.3.1 The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare an additional report, a Capital Strategy Report (CSR), which will provide a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how the associated risk is managed; and the implications for future financial sustainability.

3.3.2 The aim of this CSR is to ensure that Members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.3.3 The Council already has an IAS, which forms the basis of the CSR. In addition to the IAS, the Capital Strategy includes a Borrowing Strategy (appendix 2) and an MRP Policy (appendix 4), that include additional details on the borrowing and debt repayment. These documents provide details of the Capital Strategy and includes:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

3.3.4 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

3.3.5 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

3.3.6 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

3.3.7 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

3.3.8 On 20 December 2021, updates to the Prudential Code and Treasury Code were published and is effective from the publish date, and includes borrowing for yield, which is now no longer allowed. The implementation of the changes can be within the 20223/24 TMSS and this is the approach that this Council will follow.

3.3.9 Overall the impact of the changes will require addition reporting but the impact on the Council will be limited as the Council does not invest for yield, with any commercial purchases part of regeneration within the borough.

4. Current Portfolio Position at 31 December 2022

4.1 The Council holds cash balances from its operational activities, which are offset by expenditure to run services. The timing of these cash flows results in surplus cash which is then invested. Cash balances are also affected by working capital.

4.2 These balances are made up of the following sources of cash:

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund, HRA and School cash balances;
- Earmarked Reserves, provisions, Capital Receipts and Working Capital;
- Borrowing (Financial Institutions and PWLB)

4.3 Table 1 shows the Council's investments, loans and borrowing at 31/12/2021 and 31/12/2022, including Average Life and Average Rate of Return. It shows an increase in medium and short-term borrowing, a decrease in treasury investments (deposits and cash) and the increase in loans. The increase in loans is after the sale of Muller and reflects the loans to Reside from new operational schemes.

Table 1: Treasury Position at 31 December 2021 and 31 December 2022

	Principal £000s	Return %	Average Life (yr)	Principal £000s	Return %	Average Life (yr)
General Fund Fixed Rate Long Term Borrowing						
PWLB	635,780	1.92	29.27	617,887	1.91	28.59
European Invest. Bank	76,820	2.21	22.26	74,220	2.21	21.26
DEXIA BANK LOBO	10,000	3.98	55.53	6,752	3.44	23.76
L1 RENEWABLES	6,782	3.44	24.76	10,000	3.98	54.53
Total GF Debt	**729,382**	**1.99**	**28.85**	**708,859**	**1.99**	**28.14**
General Fund Fixed Rate Short Term Borrowing						
GF ST Borrowing	**55,000**	**0.03**	**0.13**	**146,228**	**2.99**	**0.12**
GF MT Borrowing				**30,000**	**0.77**	**1.64**
Total GF ST/MT Borrowing	**55,000**	**0.03**	**0.13**	**176,228**	**2.61**	**0.38**
Total GF Debt	**784,382**	**1.85**	**26.83**	**885,087**	**2.11**	**22.61**
HRA Fixed Rate Borrowing						
PWLB	265,912	3.5	35.1	265,912	3.50	33.05
Market Loans	30,000	4.03	44.96	30,000	4.03	42.99
Total HRA Debt	**295,912**	**3.55**	**35.06**	**295,912**	**3.55**	**34.06**
Total Borrowing	1,080,294	2.32	29.09	**1,180,999**	**2.47**	**25.48**
MMF / Cash	74,200	0.24	28.85	21,400	2.73	0.17
Local Authority Deposit	95,250	1.64	0.76	45,250	1.63	0.33
Bank Deposit	55,500	0.81	0.8	20,000	4.94	0.73
Loans	167,289	3.57	Various	177,223	3.93	30.08
Total Investments	**392,239**	**2.08**	**Various**	**263,873**	**3.52**	**20.32**

5. Medium Term Capital Finance Budget

5.1 A key part of the Council's budget strategy is the medium-term capital finance budget shown in Table 2. It is a statutory requirement that the level of borrowing is kept under review and is affordable. Due to the Council's IAS and increased borrowing costs, the Council's cash position will significantly reduce over the next few years as a result of utilising the Council's reserves and using cash balances to fund the IAS. Table 2 also includes the MRP budget, IAS and HRA interest costs.

5.2 The GF interest budget is the net position between interest payable on borrowing and interest received from loans and treasury investments. It is forecast for this to remain stable as borrowing costs will increase but interest income will also increase from loan made on operational schemes. The interest payable is also capitalised during the development phase is due to the borrowing required to fund the Council's IAS. The medium-term capital financing budget to 2024/25 is shown in table 2. The investment strategy income is a fixed amount currently, but this potentially will change as schemes become operational. MRP excludes the IAS and PFI schemes, with MRP being replaced by debt repayment of loans to Reside or from the lease cashflows. In future reports this will be included as a separate line in the table below. Interest costs are expected to net off as borrowing increases but interest income from the IAS nets it off. The figures below do not include capitalised interest.

Table 2: Medium Term Capital and Treasury Budget

£'000s	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget
MRP net of Self Financing and Leases	12,021	10,274	10,900	11,527
GF Net Interest Budget	8,178	8,178	8,178	8,178
Investment Income	-6,587	-6,587	-6,587	-6,587
Net GF Cost	**13,612**	**11,865**	**12,491**	**13,118**
HRA Interest Payable	10,059	10,059	10,059	10,059
Total Cost	**23,671**	**21,924**	**22,550**	**23,177**

6. Treasury Position Forward Projections to 2025/26

6.1 The Council's treasury forward projections are summarised in table 3. The table shows the estimated external debt against the underlying CFR, highlighting any over or under borrowing. The CFR and gross debt includes a significant increase in borrowing to fund the IAS. To ensure borrowing is only for a capital purpose Gross Debt should, except in the short term, be below the CFR over the period.

Table 3: Treasury Position at 31 December 2022, with Forward Projections

Gross Debt Movement 2023/24 to 2024/25	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
External Debt	**£000s**	**£000s**	**£000s**
Debt at 1 April	1,180,294	1,430,294	1,630,294
Expected Change in Debt	250,000	200,000	150,000
Finance Lease and PFI	275,362	271,068	266,444
Gross Debt at 31 March	**1,705,656**	**1,901,362**	**2,046,738**
CFR	1,822,378	1,961,730	2,041,556
Under / (Over) Borrowing	**-116,722**	**-60,368**	**5,182**

7. Economic Update (from Link Asset Management)

7.1 Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

7.2 Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.00%	1.50%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
Unemployment	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

7.3 Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

7.4 The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

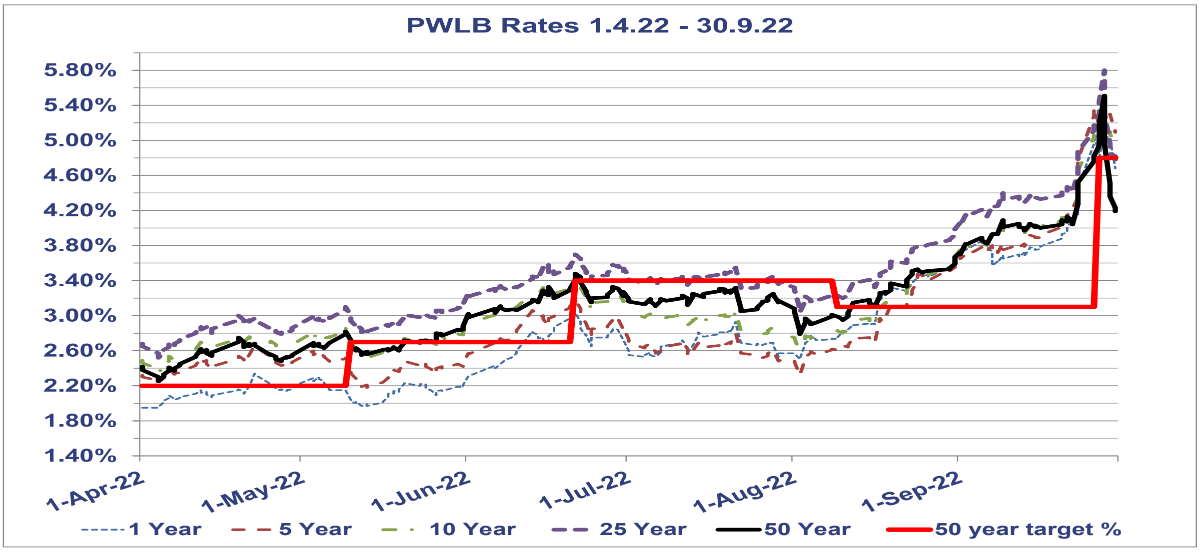
7.5 In Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and 4.0% in February 2023.

7.6 Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

7.7 Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

7.8 The pound has strengthened of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.20. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

7.9 In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



7.10 However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

7.11 After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – NOVEMBER 2022

7.12 At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

7.13 Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

7.14 Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

7.15 In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

8. Interest rate forecast

8.1 The overall balance of risks to economic growth in the UK is now to the **downside**.

8.2 Downside risks to current forecasts for UK gilt yields & PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks,** for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

8.3 Upside risks to current forecasts for UK gilt yields and PWLB rates include:

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than currently expect.
- **The Government** acts too slowly to increase taxes and/or cut expenditure to balance the public finances, in the light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly, if inflation numbers disappoint on the upside, and pull gilt yields up higher than currently forecast.

9. Investment and borrowing rates

9.1 LINKS central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.

9.2 Further down the road, LINK anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

9.3 The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.

9.4 Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.

9.5 In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact).

9.6 On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

9.7 Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).

9.8 LINK view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible. The current margins over gilt yields are as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

Borrowing

9.9 The interest rate forecast is provided in table 4. The interest rate view for LINK for the previous year has been included in table 5 to show the significant increase in short-term rate assumptions over the past year, with rates being higher by over 3% in some quarters. This sudden change in rates, especially over the short-term rates, is a key pressure for the treasury strategy, with the main drivers being a very loose monetary policy followed by high energy costs leading to very high levels of inflation, which has then required the BoE to increase its base rate.

Table 4: Interest Rate Forecast for the BOE Base Rate and PWLB (as at 8/11/2022)

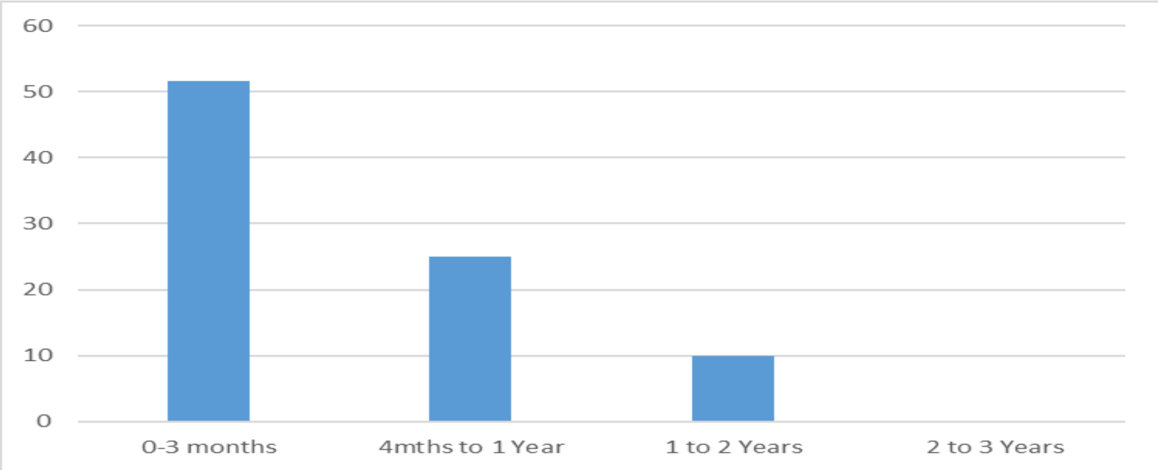
Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Table 5: Interest Rate Forecast for the BOE Base Rate and PWLB (as at 20/12/2021)

Link Group Interest Rate View	20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Treasury Investment Returns

9.10 Investment returns are expected to remain elevated in 2023/24, with an average return expected of around 4% but on a much-reduced cash balance of approximately £30m to £50m. The maturity profile of the Council's treasury investments is below:



Return Target 2020/21 to 2023/24

9.11 To achieve the interest target, the following average returns need to be achieved:

2023/24	4.0% on an average cash balance of £50m (£2.0m)
2023/24	3.0% on an average cash balance of £40m (£1.2m)
2024/25	2.5% on an average cash balance of £40m (£1.0m)

9.12 The return reflects the current investment positions but if opportunities are available to secure competitive rates then further investments will be made.

HRA Investments

9.13 Cash balances held by the HRA will be invested as part of the Council's overall treasury strategy. Cash balances will generally earn the average short-term rate of the Council's investments, which will be calculated at the financial year end.

9.14 Where there is agreement by the S151 Officer, individual investments can be ring-fenced for the HRA, with the allocations made within the Council's overall treasury strategy requirements. For further details please refer to the HRA Business Plan.

10. The Capital Expenditure Plans 2023/24 – 2025/26

10.1 The Council's HRA and GF capital expenditure plans, together with Balances and Reserves, are the key drivers of treasury management activity. The estimates for Capital expenditure, and its funding based on current proposed Revenue Budget and Capital Programmes, are reflected in prudential indicators, which are designed to assist Member's overview and confirm capital expenditure plans. The Prudential Indicators are included in Appendix 3. Table 6 below shows the proposed CFR to 2025/26. The Prudential Code requires Councils to ensure that capital expenditure remains within sustainable limits and to consider the impact on Council Tax and, for the HRA, housing rent levels.

Table 6: Proposed Capital Expenditure 2022/23 to 2024/25

Capital Expenditure	*2022/23 Estimate* £000s	*2023/24 Estimate* £000s	*2024/25 Estimate* £000s	*2025/26 Estimate* £000s
Capital Financing Requirement				
Opening CFR as at 1 April	**1,369,844**	**1,660,797**	**1,822,378**	**1,961,730**
Change in Year – General Fund	290,953	161,580	139,353	79,825
Net movement in CFR	**290,953**	**161,580**	**139,353**	**79,825**
Total CFR as at 31 March	**1,660,797**	**1,822,378**	**1,961,730**	**2,041,556**
Net financing need for the year	**308,748**	**249,180**	**158,353**	**101,825**
Less: MRP and Capital Receipts	-17,795	-87,600	-19,000	-22,000
Movement in CFR	**290,953**	**161,580**	**139,353**	**79,825**

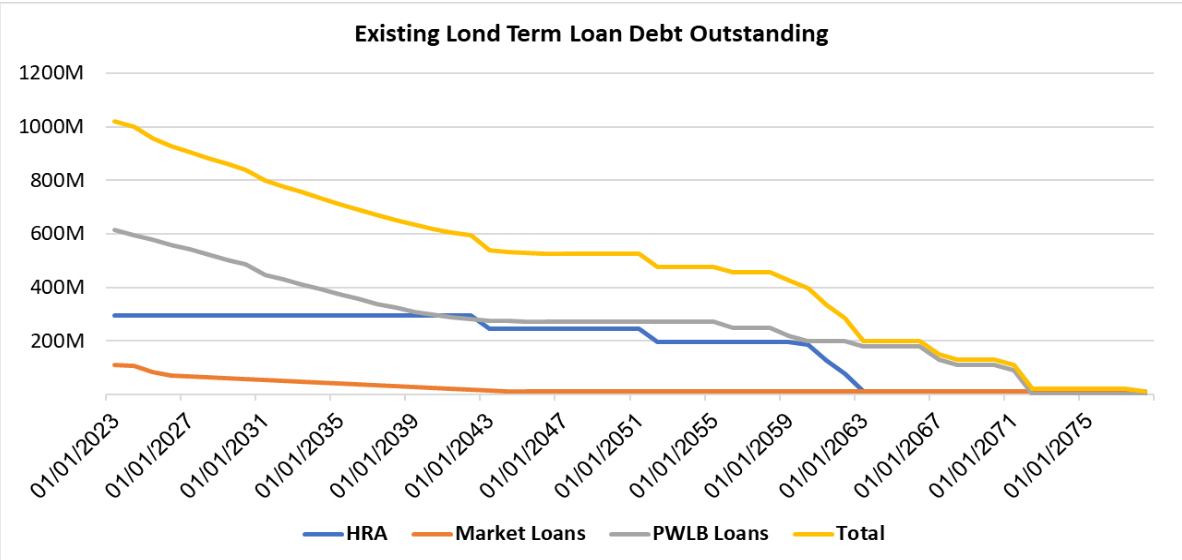
10.3 A portion of the net financing need has already been borrowed to fund properties held by Reside. The increased financing need reflects IAS borrowing requirement.

10.4 Headroom has been included within the Authorised Limit on external borrowing to ensure that any major capital investment projects resulting from the IAS are not restricted by this statutory limit. The limit also covers any short-term borrowing for cash flow purposes and long-term borrowing for capital projects, finance leases, PFI and any unforeseen incidences where expected capital receipts are not forthcoming due to unexpected economic factors.

11. Liability Benchmark Treasury Indicator

11.1 The Council should estimate and measure the liability benchmark over the full debt maturity profile and must have a strong grasp of both its existing debt maturity profile and also how MRP and other cash flows affect future debt requirement. For the Council's liability benchmark data, the full debt and MRP profile has been used, which captures the full repayment period of the Council's IAS. Key figures in each chart will be identified to highlight the impact on borrowing costs, debt repayment and MRP.

11.2 Existing Loan Debt Outstanding: the Council's existing loans are split into HRA and General Fund and into PWLB and other, with all loans being fixed rate.



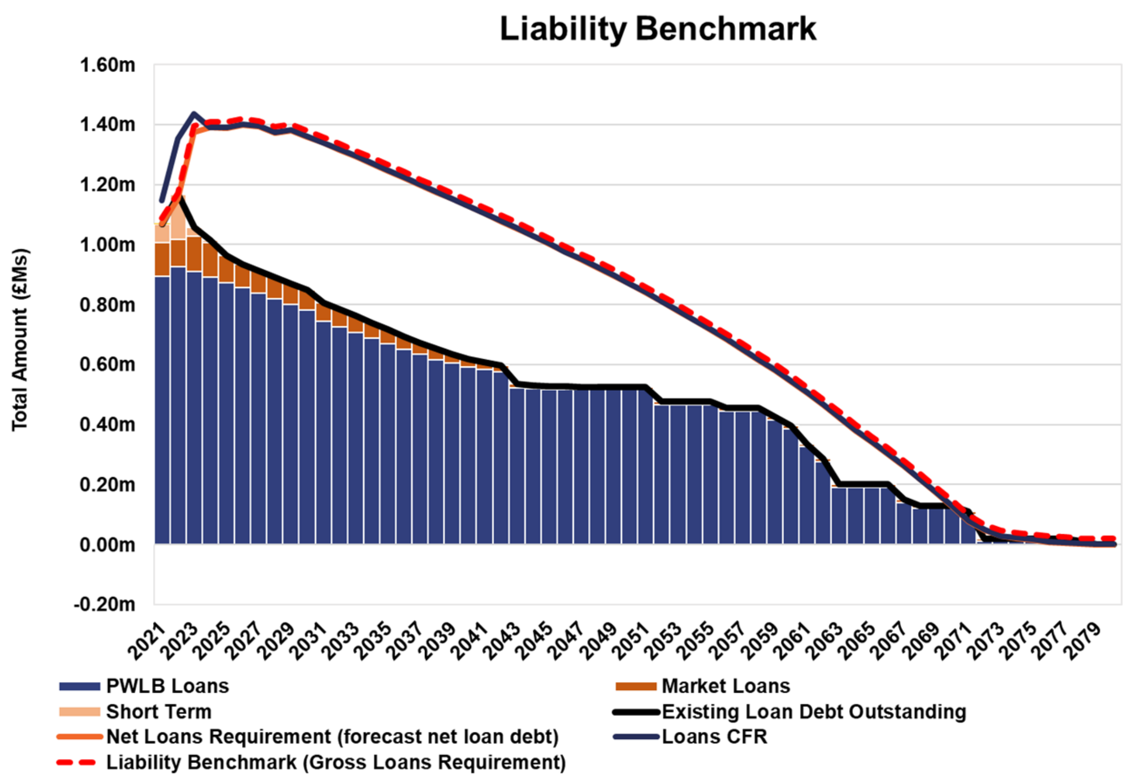
11.3 The chart below is based on no new borrowing and shows the repayment profile for the HRA and General Fund. The HRA has a more stepped repayment schedule, with GF PWLB and other borrowing having a smoother steady repayment schedule based on the debt repayment of the underlying asset it is funding. Repayment of debt is important, especially with the link to the repayment by the asset, but this does result in the Council having to borrow to cover repayments during the development period.

11.4 For the liability benchmark, three charts have been produced. The first chart is based on the schemes that were agreed as at 31 December 2021, with the subsequent charts showing the impact of schemes that were agreed in 2022 and then pipeline schemes. This will highlight the impact of the current and future schemes on the borrowing and repayment requirement.

11.5 For each chart the borrowing does not change as this is the actual borrowing, with the liability benchmark showing the gap between the borrowing requirement and loans. As most of the borrowing is for schemes that will be developed over a number of years there will always be a gap between the borrowing requirement and the actual borrowing. Generally, this gap is fairly small but this has increased over the past year due to the high costs of borrowing and also due to the number of schemes that are currently being developed. There is the potential for capital receipts from a number of sales to fund part of this shortfall and some of the commercial assets may be sold over the next few years, which will reduce the borrowing requirement.

11.6 For the charts, treasury investments have been removed as they will be used to fund the developments. Leases have also been removed to just show the borrowing requirements. If leases were added the total CFR would be nearer £1.65bn.

Liability Benchmark as at 31/12/2021

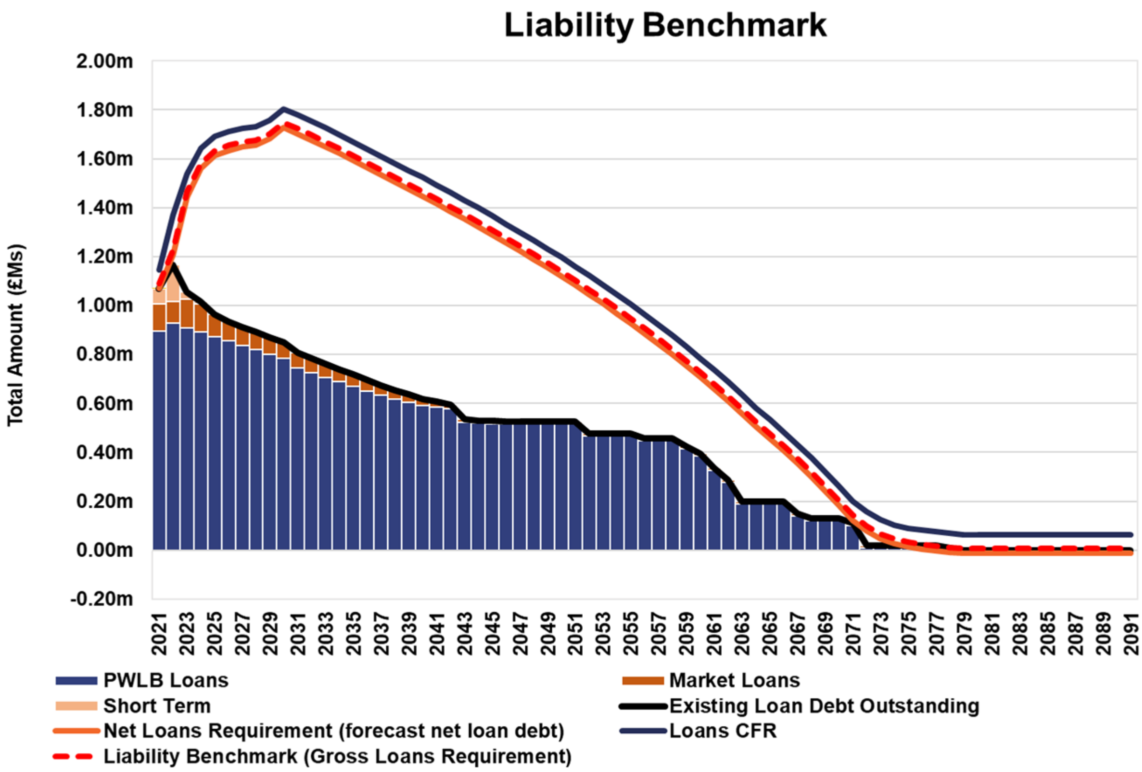


11.7 Overall the borrowing gap was approximately £200m to £250m. Short-term borrowing has been used to cover part of the funding gap. There is a risk to the Council as this gap still requires borrowing but this has been factored into model assumptions, up to an average borrowing cost of 5% for the additional borrowing. The borrowing requirement peaks at around £1.4bn in 2025. The borrowing requirement could reduce from the capital receipts from the sale of Welbeck and Pondfield, the sale of other commercial holdings, repayment of loans to subsidiaries and ending the prepayment to the pension fund. In total this could reduce the borrowing requirement to £150m by 2025.

Liability Benchmark as at 31/12/2022

11.8 In 2022 a number of large schemes were agreed and signed off, including Beam Park, Gascoigne East 3b and Roxwell. The impact of these agreements, at a time when interest rates increased significantly, was to increase the borrowing requirement from a peak of £1.4bn in 2025, to £1.8bn by 2030.

11.9 This increase means that Council needs to borrow £800m to £1bn over the next 8 years. There may be some opportunities to lock in competitive rates in the future but currently this is a risk for the Council. For the new schemes agreed, higher borrowing rates have been assumed, which should provide protection to the Council. However, one of the large schemes, Gascoigne East 3b, is forecasting significant losses and the option to use a higher interest rate is much reduced.

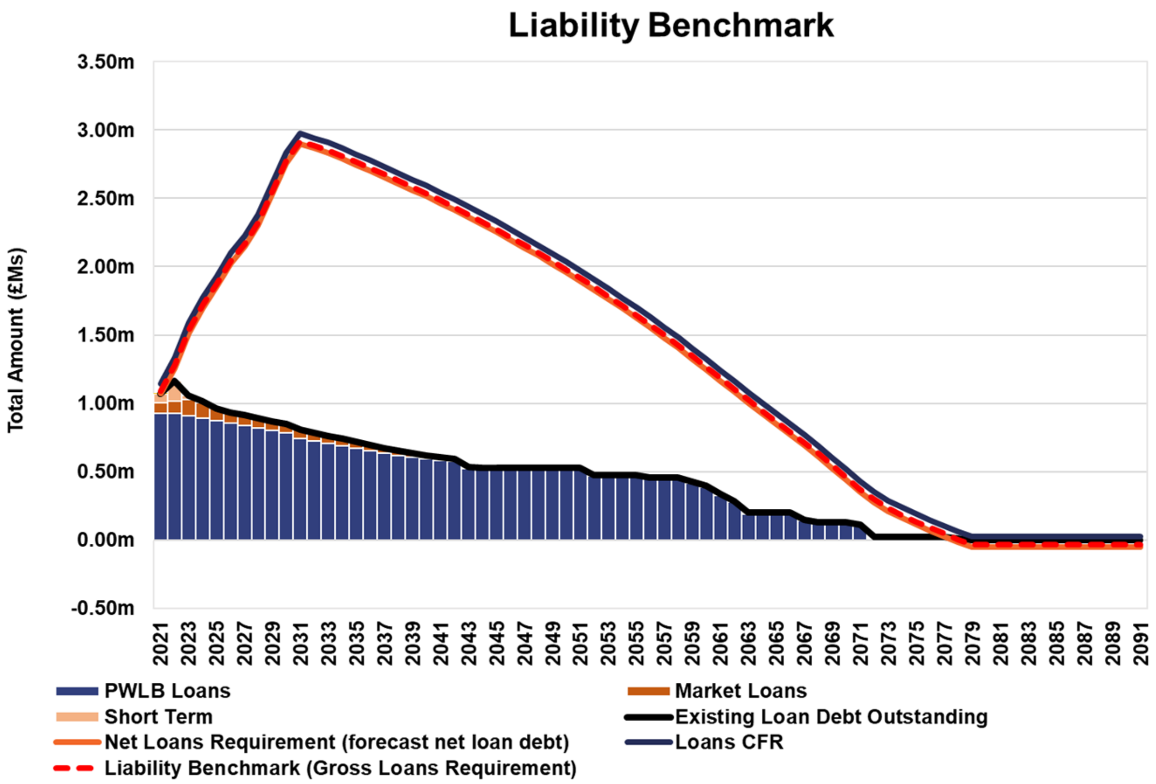


11.10 The chart above is the liability benchmark for the current capital programme, excluding leases. The impact of borrowing £1.8bn to fund schemes will require the Council and Reside to be able to absorb these large increases in asset management, financial monitoring and control as well as the large cashflows. Key statistics are that interest at 2.5% on £1.8bn is £45m per year, MRP peaks at around £40m per year, a 1% increase or decrease in return against the amount borrowed can result in £18m surpluses or deficits, with some of the drivers for these changes, such as rent increases (especially for social rents) and regulatory requirements having a large impact on returns and being out of the Council's control.

11.11 To accommodate these potential fluctuations and potential risks, the Council has built up a large reserve, driven mainly by outperformance within treasury, to be able to cover any losses or pressures from financing costs. The reserves have been set aside to provide the investment strategy with some protection and if they are used to cover shortfalls in other services then this will impact the strategy.

Liability Benchmark including pipeline schemes

11.12 There are a number of pipeline schemes that are significant in size, including Barking Riverside, Dagenham Heathway/ Millard Terrace, Gascoigne East Phase 4, Heath Park, Hepworth Gardens, Ibbscott, Padnall & Reynolds and the Rest of Gascoigne West. These schemes could potentially increase the Council's borrowing requirement to £3bn by 2033, with all schemes included in the Be First Business Plan for 2023.



11.13 The chart above shows the borrowing requirement to progress these schemes, with a further £1.2bn of borrowing required. Interest payments at 2.5% for £3bn of total borrowing would be £75m and £90m at 3.0%. MRP repayments would peak at £68m in 2070. Again the Council and Reside would need to be able to absorb the increases from both asset management, cashflows and financial controls.

11.14 The cashflows in the chart does not include any further schemes, including Thames Road, Vicarage Field, Barking Town Centre and these very large schemes, if funded by the Council, would increase the borrowing significantly.

11.15 The liability benchmark data will be provided as part of the quarterly reporting of the IAS and Treasury.

12. Treasury Management Advisors

12.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the Council's external service providers.

12.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

13. Minimum Revenue Provision Policy Statement

13.1 In accordance with Statutory Instrument 2008 number 414 and new guidance issued by the Government under section 21 (1A) of the Local Government Act 2003 a statement on the Council's policy for its annual Minimum Revenue Provision (MRP) needs to be approved before the start of the financial year.

13.2 The Council are asked to approve the Minimum Revenue Provision Statement set out in Appendix 4.

14. Environmental, Social & Governance (ESG) Considerations

14.1 ESG is becoming a more more and more imporant, with around two thirds of councils declaring a "climate emergency" to date but not translating this into the incorporation of something more formal within their treasury-related Annual Investment Strategy. Changes to the CIPFA TM Code 2021 will see ESG incorporated into Treasury Management Practice 1 (TMP), with the Code stating:

"The organisation's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level." and

"ESG issues are increasingly significant for investors and investment managers. This is better developed in equity and bond markets than for short-term cash deposits,

and there is a diversity of market approaches to ESG classification and analysis. This means that a consistent and developed approach to ESG for public service organisations is currently difficult. Organisations are therefore recommended to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies."

14.2 ESG is currently not a factor in agreeing if a deposit or loan is with a certain counterparty but this will be reviewed as part of a review of the TMP.

15. Financial Implications

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

15.1 The financial implications are discussed in detail in this report.

16. Legal Implications

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

16.1 It is a statutory requirement under the Local Government Finance Act 1992 for the Council to set out what the Council has to base its budget calculations upon. Furthermore, it is a legal requirement for the Council to set a balanced budget with regard to the advice of its Chief Finance Officer. However, what is meant by 'balanced' is not defined in law and this has means that the Council must rely upon the professional judgement of its finance team to ensure that the local authority's budget is robust and sustainable.

16.2 The Local Government Act 2003 (the "Act") requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Council must 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.

16.3 The Act requires the Council to each year set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments these to be approved before the next municipal financial year.

17. Other Implications

17.1 **Risk Management:** This report has risk management issues for the Council, primarily that a counterparty could cease trading or risk that interest rates would rise adversely. The mitigation of these is contained in this report.

17.2 **Corporate Policy and Equality Impact -** The TMSS seeks to support the Council's investment aims to unlock regeneration and economic growth opportunities within the borough. There are no equality or diversity implications arising from this report.

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

List of appendices:

- Appendix 1 – Annual Investment Strategy 2023/24
- Appendix 2 - Borrowing Strategy 2023/24 to 2025/26
- Appendix 3 – The Capital Prudential and Treasury Indicators 2023/24 to 2025/26
- Appendix 4 – Minimum Revenue Provision Policy Statement 2023/24
- Appendix 5 – Scheme of Delegation and Section 151 Officer Responsibilities

Appendix 1

Annual Investment Strategy 2023/24

1. Investment Policy

1.1 The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities are security first, liquidity second and then yield/return. CIPFA and the Department for Levelling Up, Housing & Communities (DLUHC) have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Investment and Acquisition Strategy (IAS) - a separate report.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information**: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on potential counterparties.

1.2 This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** have a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** have a less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration before being authorised for use.

1.3 Over the coming years the Council will significantly increase its investments in property as part of its IAS. Financial risks, including the loss of capital, the loss of forecast income and the revenue effect of changing interest rates will be significant. The successful identification, monitoring and control of investment risk are therefore central to the Council's Treasury strategy.

1.4 Borrowing risks also forms a key part of the TMSS, where a holistic approach to borrowing is outlined, taking into account opportunities from low interest rates, cash flow needs and a range of borrowing options available. The strategy also outlines the need to avoid more complex forms, especially where derivatives are involved or where there is significant backloading of capital repayment.

1.5 In accordance with the DLUHC Guidance, the Council will be asked to approve a revised TMSS should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large, unexpected change in interest rates or in the Council's capital programme.

1.6 <u>Accounting Changes</u>

International Financial Reporting Standard (IFRS) 9 requires authorities to hold financial instruments at fair value, with gains and losses charged to revenue as they arise. For certain categories of investments, authorities will need to recognise these gains and losses in their revenue accounts. As a result, the changes in the value of these investments will impact the authority's General Fund. Currently the Council has very limited exposure to these investments.

Similarly, the standard introduces a forward-looking 'expected loss' model for the impairment of financial assets. This approach is likely to result in an increase in the impairment allowance and will require authorities to recognise impairment losses earlier. The DLUHC enacted a statutory over-ride from 1 April 2018 for a five-year period until 31 March 2023 following the introduction of IFRS 9 over the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2023: this will enable councils to initiate an orderly withdrawal of funds if required.

IFRS 16, a new lease accounting standard has been further delayed and is being adopted for 2022/23. This will result in more lease liabilities on the balance sheet (previously classed as operating leases), and in turn an impact on some of the prudential indicators such as CFR, Authorised Limit and Operational Boundary.

1.7 This authority has engaged with its external advisors, Link Asset Management (LAS), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

2. Annual Investment Strategy

2.1 The key requirements of the Code and investment guidance are to set an annual investment strategy covering the identification and approval of the following:

i. The strategy guidelines for choosing and placing investments, particularly non-specified investments.

ii. The principles to be used to determine the maximum duration for investments.

iii. Specified investments that the Council will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.

iv. Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall number of various categories that can be held at any time.

v. An additional consideration is the variable cash position the Council will have because of Council's investment strategy. The investment strategy will mean that the Council will be making significant borrowing and investment decisions, and these may result in period where the Council has a significant allocation to a counterparty or duration. It is also likely that the Council will have a much reduced cash position over the next year and liquidity and cost of carry will be a key consideration for investment decisions.

2.2 The Council's AIS continues to consider credit rating of financial institutions it invests with, but ratings are not the sole determinant of the quality of an institution. The strategy looks to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment takes account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps".

2.3 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties. Investment instruments identified for use in the financial year are listed in this appendix under the 'specified' and 'non-specified' investments categories.

2.4 In addition to the Council's cash investments, which have historically been the main focus of the AIS, this year an additional section on property investments has been included. Although property investments will be agreed individually by Cabinet and the Investment Panel, the way these investments will be reported, how interest and profit will be recorded and how these investments will be held is outlined in section 3 of the AIS.

3. Creditworthiness policy

3.1 This Council uses an adapted version of the creditworthiness approach used by the Council's advisors. This service employs a modelling approach utilising credit rating from the three main credit rating agencies (Fitch, Moody's & Standard and Poor's). This approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. The Council uses the following colour codes to determine the suggested duration for investments:

Yellow	5 years
Dark pink	5 years for Ultra-Short Dated Bond Funds, credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds, credit score of 1.5
Purple	2 years
Orange/Red	1 year
Green	100 days
No colour	not to be used

3.2 The Council uses a one year limit for red colour ratings, which differs from the model used by LAS, which sets a limit of 6 months. This difference reflects a different risk appetite to the standard limits recommended by LAS.

3.3 Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of **F1** and a Long-Term rating of **A-.** There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

3.4 The Council is alerted to changes to ratings of all three agencies through its use of our creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

3.5 In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

3.6 Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

4. Investment Advisers and Monitoring of Investment Counterparties

4.1 The Council uses LAS for treasury advice but is ultimately responsibility for all treasury management decisions and will ensure that undue reliance is not placed on the external advisors. The Council recognises that there is value in receiving advice from external treasury advisors to acquire access to specialist skills and resources and will ensure that the terms of their appointment and the methods by which their value will be assessed are documented and regularily review.

The Council receives credit rating information from LAS as and when ratings change, and counterparties are checked promptly. Any counterparty failing to meet the criteria will be removed from the list immediately, and if required new counterparties which meet the criteria will be added to the list.

5. Use of External Cash Manager(s)

5.1 The Council does not use an external cash manager (ECM), with all investments and borrowing managed in-house. Were the Council to use an ECM in the future there would be a requirement for the ECM to comply with the AIS. Any agreement between the Council and the ECM will stipulate guidelines, durations and other limits to contain and control risk. An extensive background in cash management will be a prerequisite, alongside Financial Conduct Authority accreditation. The requirement to tender includes both for lending to a third party to invest and appointing an ECM.

6. Use of additional information other than credit ratings

6.1 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision. This additional market information (e.g. CDSs, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

7. Credit Quality Criteria and Allowable Financial Instruments

7.1 The table on the following page sets out the credit quality criteria for counterparties and allowable financial instruments for Council investments. These are split into Specified and Non-specified investments.

7.2 Specified Investments**:** Sterling investments of less than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months. These are considered minimal risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Govt. (UK Treasury Bills, Gilts with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles. (AAA Money Market Funds).
5. A body (i.e. bank of building society), of sufficiently high credit quality.

7.3 Non-Specified Investments**:** Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

Non Specified Investment Category (maturity greater than one year)	
a.	**Supranational Bonds** **(a) Multilateral development bank bonds** These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the UK Government** The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
b.	**Gilt edged securities**. Government bonds which provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
c.	**The Council's own bank** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible. The Council's current bankers are Lloyds Banking Group.
d.	**Any bank or building society** that has a minimum long-term credit rating of A or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
e.	**Share capital or loan capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments.
f.	**Pooled property or bond funds** – normally deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.

Within categories c and d, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. These criteria is set out in section 11.3 in the body of the report. In respect of categories e and f, these will only be considered after obtaining external advice and subsequent Member approval.

Specified Investments and Non-Specified Investments Limits and Criteria for 2022/23

Counterparty / Financial Instrument	Minimum Credit Rating Criteria / Colour Band	Specified Investments		Non-Specified Investments	
		Maximum Duration	Counterparty Limit £m	Maximum Duration	Counterparty Limit £m
Council's Bank (currently Lloyds Baking Group) – Deposit Account. *Cash balances held with Lloyds over £50m will be as a result of delays between taking long term borrowing and maturity of short-term borrowing positions. Limits will be agreed by the S151 officer.*	A	T+1	£50m	N/A	N/A
Lloyds Banking Group SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A	Up to 1 year	£50m	1 to 3 years	£50m
Other UK Banks & Building Societies SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond	Yellow Purple Orange/Red Green No Colour	N/A N/A Up to 1 year Up to 3 mths Not for use	£30m per counterparty	1 to 5 years 1 to 2 years N/A N/A N/A	£30m per counterparty
Bond Funds - Corporate Bonds	Short-term F2, Long Term A	Up to 1 year	£20m	1 to 2 years	£20m
Local Authorities: Term Deposits	Not credit rated	Up to 1 year	£20m per authority	1 to 4 years	£20m per authority
UK Government - Treasury Bills, Gilts DMADF	UK Sovereign Rating	Up to 1 year	£50m	1 to 5 years	£20m
Money Market Funds CNAV	**AAA**	T+1	£50m per Manager	N/A	N/A
Money Market Funds LVNAV	**AAA**	T+1	£50m per Manager	N/A	N/A
Money Market Funds VNAV	**AAA**	T+1	£50m per Manager	N/A	N/A
Property Funds	N/A	N/A		N/A	£50m

7.4 Non-Treasury Investments

Although not classed as treasury management activities and so not covered by the CIPFA Code or the Guidance, the Council may also purchase property for investment and regeneration purposes and may also make loans and investments for service purposes, for example loans to partner organisations or the Council subsidiaries.

Such loans and investments will be subject to the Council's normal approval processes and need not comply with the TMSS. However, it is important to note that there are varying degrees of risks associated with such asset classes and this need comprehensive appreciation. It is not just credit risk that needs to be understood, but liquidity and interest rate / market risk as well, although these can often be intertwined. Any option in which an investor hopes to generate an elevated rate of return will almost always introduce a greater level of risk. By carefully considering and understanding the nature of these risks, an informed decision can be taken.

8. Investing with Local Authorities

All loans made to other Local Authorities are based on the Local Government Act (LGA) 2003 s13, which outlines that the credit risk attached to English, Welsh and Scottish local authorities is an acceptable one. LGA 2003 s13 Security for money borrowed is provided below:

1) Except as provided by subsection (3), a local authority may not mortgage or charge any of its property as security for money which it has borrowed or which it otherwise owes.

2) Security given in breach of subsection (1) shall be unenforceable.

3) All money borrowed by a local authority (whether before or after the coming into force of this section), together with any interest on the money borrowed, shall be charged indifferently on all the revenues of the authority.

4) All securities created by a local authority shall rank equally without any priority.

5) The High Court may appoint a receiver on application by a person entitled to principal or interest due in respect of any borrowing by a local authority if the amount due remains unpaid for a period of two months after demand in writing.

6) The High Court may appoint a receiver under subsection (5) on such terms, and confer on him such powers, as it thinks fit.

7) The High Court may confer on a receiver appointed under subsection (5) any powers which the local authority has in relation to:

   (a) collecting, receiving or recovering the revenues of the LA,
   (b) issuing levies or precepts, or
   (c) setting, collecting or recovering council tax.

(8) No application under subsection (5) may be made unless the sum due in respect of the borrowing concerned amounts to not less than £10,000.

(9) The Secretary of State may by order substitute a different sum for the one for the time being specified in subsection (8).

9. Use of Multilateral Development Banks

S15 of the LGA Act 2003 SI 2004 no. 534 amended provides regulations to clarify that investments in multilateral development banks were not to be treated as being capital expenditure. Should the Council invest in such institutions then only such institutions with AA credit rating and government backing would be invested in consultation with the Council's treasury adviser and the S151 Officer.

10. Use of Brokers

The Council deals with most of its counterparties directly but from time to time the Council will use the services of brokers to act as agents between the Council and its counterparties when lending or borrowing. However, no one broker will be favoured by the Council. The Council will ensure that sufficient quotes are obtained before investment or borrowing decisions are made via brokers.

11. Country limits and Use of Foreign Banks

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- (excluding the United Kingdom) from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. This will ensure that the Council's investments are not concentrated in too few counterparties or countries.

Given the strength of some foreign banks the Council will invest in strong non UK foreign banks whose soverign and individual ratings meet its AA- minimum criteria.

Approved countries for investments (Credit Rating at 31 December 2020)

The list below is based on those countries which have sovereign ratings of AA or higher (below is the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above.

AAA	AAA	AA+	AA	AA-
Australia	Norway	Canada	Abu Dhabi, UAE	Belgium
Denmark	Singapore	Finland	France	Hong Kong
Germany	Sweden	United States		Qatar
Luxembourg	Switzerland			**U.K.**
Netherlands				

12. Provisions for Credit-related losses

12.1 If any of the Council's investments appeared at risk of loss due to default, (i.e. a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount. Where there is a loss of the principal amount borrowed due to the collapse of the institution, the Council will seek legal and investment advice.

12.2 Where the Council holds a non-financial investment, such as property, it will have a physical asset that can be realised to recoup the capital invested. The Council will consider whether the asset retains sufficient value to provide security of investment using the fair value model in IAS 40: Investment Property. Where the fair value of non-financial investments is sufficient to provide security against loss, a fair value assessment will be made stating that a valuation has been made within the past twelve months, and that the underlying assets provide security for capital investment.

12.3 Where the fair value of non-financial investments is no longer sufficient to provide security against loss, the AIS will provide detail of the mitigating actions that the Council is taking or proposes to take to protect the capital invested.

12.4 Where the Council must impair a non-financial asset held for investment purposes as part of the year end accounts preparation and audit process, an updated AIS should be presented to full council detailing the impact of the impairment on the security of investments and any revenue consequences arising therefrom.

12.5 This above approach is reasonable and a prudent approach to investing should help to negate this impact. However, a significant market correction, more complicated investment structures (including via equity rather than debt) and a default on any of the Council's loans would leave the Council exposed to an impairment on assets. The impact of the impairment will have a greater impact as the council increases its investment portfolio and third-party loans.

13. End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

14. Policy on Use of Derivatives

14.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

14.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

14.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

15. Investment Training

The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by LAS and other relevant providers.

16. Investment of Money Borrowed in Advance of Need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. Although there are risks involved, securing low rates (rates below forecast) for long term borrowing is a key part of reducing the risk for the Council's IAS.

This page is intentionally left blank

Appendix 2

Borrowing Strategy 2023/24 to 2025/26

1. Background

1.1 Historically the Council has either been debt free or has had a very low-level of debt. This changed significantly in 2012 when, as part of the HRA reform, £265.9m of debt was transferred to the Council's HRA.

1.2 In January 2015, £89m was borrowed for the Council's General Fund (GF) from the European Investment Bank (EIB) to fund the regeneration of Abbey Road 2 and Gascoigne East (Weavers). Both schemes are now operational, bringing in sufficient income to cover the management and maintenance, lifecycle, capital, and interest costs, as well as generating income for the Council.

1.3 In November 2016, Cabinet approved the establishment of an Investment and Acquisition Strategy (IAS). The purpose of the IAS is to support the Borough's growth opportunities and to ensure that the Council, and future generations, benefit by increasing the Council's ownership of long-term income producing assets. The IAS is reviewed annually by Cabinet, with the next review to be taken to the March 2022 Cabinet. The IAS has an income target of delivering £6.6m per year from 2020/21. The IAS will be delivered primarily by the Council's development vehicle, Be First, and through its property companies, Reside.

1.4 The Council will ensure that all its investments are covered in the IAS and will set out, where relevant, it's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management. The Council will set out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

1.5 <u>Key Borrowing Risks</u>

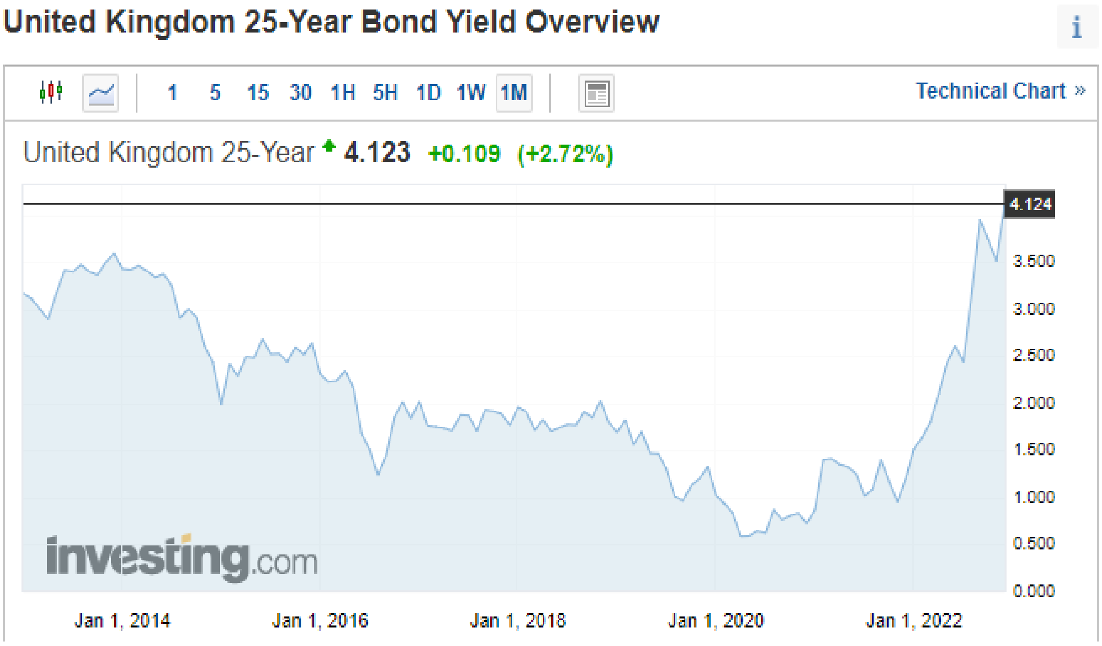
Over the past few years, with interest rates steadily decreasing, the cost of borrowing has decreased, with this decreased absorbing most of the IAS pressures caused by high build costs and low rent increases.

In 2022 this trend ended suddenly, with interest rates increasing significantly in a relatively short period of time, driven by inflation but also by a lack of confidence in the UK, which increased UK gilts, against which most of the Council's borrowing is linked to.

These pressures have generally been contained as the Council had already borrowed a lot of the IAS requirements but also the strategy had a fairly significant cash position and had a number of large property sales scheduled. In addition the Council borrowed £140m in 2021/22 at very low rates and any increases in borrowing costs during the construction phase are absorbed by relatively small increases to the build costs through the capitalisation of interest.

However there are a number of key risks, both unavoidable and avoidable risks and these are outlined below:

i) **High Interest Rates** – interest rates have increased during the year. Based on the 25 year gilts rate, rates have gone up from approximately 0.95% in November 2021 to 4.12% as at 30 December 2022. PWLB rates are based on Gilts plus 0.8%, meaning rates have increased from 1.75% to nearly 5% for borrowing over a 25-year period. This is highlighted in the table below:



This sudden change has had an impact on the agreed schemes, with the average borrowing costs likely to increase for the agreed schemes. It is important to note that the schemes that were agreed as at 31 December 2021 had required a reduced interest rate charge to ensure they remained viable. Currently there is a margin between the borrowing costs and on-lending and it is likely that this will be eroded, although there will likely still be a margin. For these schemes, as at 31 December 2022, £728m has already been spent, with a further £440m still required to complete the schemes. Approximately £75m will be funded from the sale of Welbeck and Pondfield, with the remaining £365m still to be borrowed.

ii) **Beam Park**

In 2022 a large scheme, Beam Park, was agreed by Cabinet. After issues with viability, Beam Park was agreed after rents increased sufficiently to make the schemes viable. The interest rate for Beam Park was increased to 3% to take into account the expected interest rate increases but the rate used was not as high as the current rates. There are some reasonable surpluses within the Beam Park returns and therefore an increased interest rate could be accommodated. Beam Park funding is also over a number of years, with interest capitalised during the development stage. On the basis that long term borrowing will only be taken when rates improve to below 4% funding Beam Park should still be possible, but the risk to the Council is much higher.

iii) **Gascoigne East Phase 3B (GE3b)**

GE3b was agreed by Cabinet in October 2022 despite the scheme not being viable. The main reason for the scheme not being viable was the high level of London

Affordable Rent being provided, especially provided using larger units, and a significant increase in build costs. In addition, part of the reason for the scheme not being viable was the increase in the on-lending rate, which was modelled at 4% but with scenarios of 5.5% (current rate) and 8%. The total amount of net borrowing required to fund GE3b is £138m.

A number of options to improve viability were put forward, including increased grant, reducing costs and reviewing rents, but there has been limited action on these and currently none of them are expected to be achieved. On this basis then scheme is forecast to lose an average of £2m per year for the first 20 years, before providing a small surplus for the next 30 years. To allow the scheme to be transferred to Reside to manage, it is forecast that some subsidy will be required, with a likely rate of between 2% and 2.5% charged.

Using a fairly simplistic calculation, should the Council need to use borrowing at 5.5% to fund GE3B, it will result in the average annual deficit for GE3b increasing over the first twenty years to between £6m and £7m, and increasing to £9 to £10.0m per year if borrowing was at 8%. This level of loss will need to be funded from surpluses within the IAS and will result in all profits from the IAS being lost and the potential for the IAS to provide a negative return to the Council, which will need to be funded by the IAS reserve.

Should borrowing costs reduce over the next three years to below 4%, should grant increase, the tenure changed to a more viable mix or operational costs improved then the deficit can be improved but this scheme has put a lot of pressure on the IAS and loss-making schemes should not be agreed in future as they are likely to start impacting other parts of the Council.

iv) **Pipeline and Pre-Gateway 4 schemes**

Several schemes that have not yet been agreed but some work has been completed on them. There are currently viability issues, but these are being addressed and there is the potential for these schemes to come to Cabinet in 2023. These schemes are provided below and will require many hundreds of millions of funding:

- Gascoigne East Phase 2 Block E1;
- Padnall Lake Phase 3,
- Brocklebank
- Barking Riverside Health Centre,
- Dagenham Heathway (Millard Terrace)
- Gascoigne East Phase 4 and Rest of Gascoigne West
- Heath Park Infill
- Hepworth Gardens-AR
- Ibbscott GW1
- John Burns Drive - AR & TR
- Padnall & Reynolds

While interest rates are high, to ensure agreed schemes are modelled prudently, a cost of borrowing level of between 4% to 5% will be required, which will make viability extremely difficult.

1.5 Capitalisation of Development Interest

1.5.1 The Council's IAS will increase the Council's interest payment costs. Were the Council to borrow a billion pounds at 2.15% (the current target average long-term debt rate) then the interest costs would be £21.5m per year, although this would decrease as debt is repaid. This will be funded by rental income from the various schemes but will result in a long-term obligation for future generations as some of the loans that will be taken out have maturity dates of up to 50 years.

1.5.2 During the construction stage there is a cost of carry as there is no income from the scheme. Interest incurred during the construction phase will be capitalised against developments that cost over £10m and that take in excess of two years to build. Capitalisation of interest starts from when the development has been agreed at Gateway 2. Where land has been purchased as part of land assembly the capitalisation of interest will be from the later date of the either the completion date of the purchase or the date of this accounting policy. Interest will be capitalised quarterly and is based on the weighted average borrowing costs. Cessation of capitalisation will occur when the scheme is operational.

1.5.3 As part of the Treasury outturn report, an outturn figure for the amount of interest that was capitalised for the year, will be provided to Members.

2. The Council's Borrowing Strategy

2.1 The decision to borrow is a treasury management decision and is taken by the Investment Fund Manager (IFM), after agreement by the S151 Officer under delegated powers of the Council's constitution. The key objective of the Council's borrowing strategy is to secure long term funding for capital projects and IAS at borrowing rates that are as low as possible.

2.2 Currently the Council has a hollistic approach to borrowing, taking into account cashflow, borrowing costs and investment and loan returns to drive the net cost of borrowing down, while keeping the borrowing transparent and simple.

2.3 The Council can borrow funds from the PWLB, capital markets, bond issuance and other local authorities. The Council borrows for several purposes, including:

(i) *Short term temporary* borrowing for day-to-day cash flow purposes.
(ii) *Medium term borrowing* to cover construction and development costs.
(iii) *Long-term borrowing* to finance the capital and IAS programme.

2.4 The IFM will monitor interest rates and will recommend borrowing decisions when rates are low, while taking into account the Council's debt repayment profile and cashflow requirements. The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:

- Use internal cash balances;
- Short-term borrowing from other Local Authorities;
- Using PWLB, the EIB or financial Institutions;
- Ensure new borrowings are drawn at suitable rates and periods;
- Consider the impact of grant and sales on long term borrowing; and
- Consider the issue of stocks and bonds if appropriate.

2.5 Based on current agreed schemes, 2023/24 to 2025/26 a significant amount of borrowing is still required, with the main borrowing required to fund the IAS. The borrowing requirments include schemes that have been agreed and are in various stages of devlopment and also pipeline schemes that have not been agreed but are included in the Be First Business Plan.

2.6 Currently interest rates are much higher than they have been over the past few years and this has resulted in a potential interest pressure should the high rates remain for a number of years. New borrowing is mainly short-term to keep average borrowing low, although even short-term rates are approaching 3.5%. The amount of borrowing towards the end of the financial year is higher than forecast due to delays in the sale of Welbeck and Pondfield. All new borrowing is to fund the IAS and therfore the increased borrowing costs is currently capitalised against the various projects. This has resulted in a fairly small increase in the scheme costs but will have a greater impact when schemes are completed and the captialsied interest ends and is replaced by a loan to Reside.

2.7 Officers are closely monitoring the cost of borrowing and have increased the financial models to include higher borrowing costs during the development period as well as on-lending rates. Unfortunately, along with higher build costs, lower than inflation rent increases and little movement on grant for social housing, this has resulted in most new schemes being unviable. Ongoing work is taking place to try and improve viability and prioritise schemes.

2.8 The Council recently agreed a scheme that is signficantly unviable, Gascoigne East 3b. Unless viability improves this scheme will have a significantly negative impact on the IAS but also the ability to contain borrowing costs. The impact of this couldd cause the whole IAS to become unviable and A summary of the borrowing required for IAS to for 2022/23 to 2025/26 is below:

IAS (net costs)	2022/23 £ms	2023/24 £ms	2024/25 £ms	2025/26 £ms	Total £ms
Residential	266.6	318.0	206.1	151.6	942.2
Commercial	51.7	0.5	0.0	0.0	52.3
Grants	-82.6	-79.1	-43.5	-45.1	-250.3
Capital Receipt	-3.4	-71.6	0.0	0.0	-75.0
Total IAS Borrowing	**232.4**	**167.7**	**162.6**	**106.4**	**669.2**

2.6 Excluding pipeline schemes, the borrowing required will take the Councils total borrowing to nearly £2bn by 2025/26, with pipeline schemes likely to take the borrowing to nearly £3bn over the next 7 years. Although the assets being purchased an built with this borrowing are in-borough and mainly residential, this exposure, especially considering the decline in investment returns and increase in cost of borrowing, needs to be reviewed from both a risk exposure but also capacity. Capacity issues have already been experienced with recent handovers. It is also important for Members to be aware that there are assumptions in the financial models, around costs, rent collection, maintenance etc that are challenging and need to be achieved for the schemes to provide a return and if these are not met then returns will be lower than forecast, with current forecasts already marginal.

3. Council's Current Debt

3.1 The Council currently (at 31/12/2021) has £1,181m of debt at an average rate of 2.47% and average duration of 25.48 years. The Council's General Fund (GF) debt is £885m at an average rate of 2.11% and an average duration of 22.61 years. This is broken down as follows:

	Principal £000s	Return %	Average Life (yr)	Principal £000s	Return %	Average Life (yr)
GF Fixed Rate Long Term Borrowing						
PWLB	635,780	1.92	29.27	617,887	1.91%	28.59
EIB	76,820	2.21	22.26	74,220	2.21%	21.26
DEXIA BANK LOBO	10,000	3.98	55.53	6,752	3.44%	23.76
L1 RENEWABLES	6,782	3.44	24.76	10,000	3.98%	54.53
Total GF Debt	**729,382**	**1.99**	**28.85**	**708,859**	**1.99%**	**28.14**
GF Short- and Medium-Term Fixed Rate Borrowing						
Local Authority ST	**55,000**	**0.03**	**0.13**	**146,228**	**2.99%**	**0.12**
GF MT Borrowing				**30,000**	**0.77%**	**1.64**
Total GF ST / MT	**55,000**	**0.03**	**0.13**	**176,228**	**2.61**	**0.38**
Total GF Debt	**784,382**	**1.85**	**26.83**	**885,087**	**2.11%**	**22.61**
HRA Fixed Rate Borrowing						
PWLB	265,912	3.5	35.1	265,912	3.50%	33.05
Market Loans	30,000	4.03	44.96	30,000	4.03%	42.99
Total HRA Debt	**295,912**	**3.55**	**35.06**	**295,912**	**3.55%**	**34.06**
Total Borrowing	1,080,294	2.32	29.09	**1,180,999**	**2.47%**	**25.48**

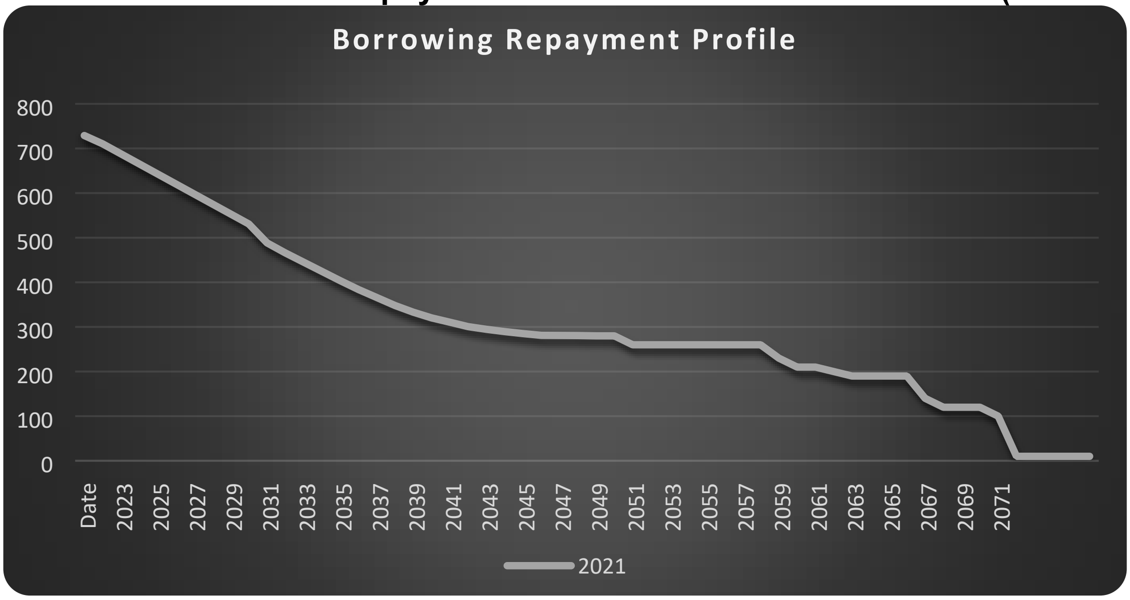
3.2 <u>General Fund Debt</u>

The GF debt can be split into short and long-term borrowing. Short-term borrowing is used to manage the Council's daily cash requirements and allows treasury to make strategic, longer term borrowing decisions while keeping the cost of carry low. Annual long-term borrowing amounts are summarised below. Repayments are from annuity and equal instalment repayments:

Year	Amount	Reason for Borrowing
Pre-2015	10	Capital Expenditure
2015	89	Abbey Road 2 & Gascoigne East Regen (Weavers)
2016	60	Film Studio Land
2017	120	Borrowing for Street Purchases and IAS
2018	150	IAS
2019	140	IAS
2020	60	IAS
2021	140	IAS
2022	176	IAS - mainly short and medium term
Various	-61	Borrowing Repaid
Total	**885**	

Although the borrowing is long-term, a part of the Council's debt is repaid each year through either an annuity repayment or equal instalment repayment. As a result, the Councils debt repayment profile is relatively smooth, as outlined in the chart below. Future borrowing will be mapped against this repayment profile and the forecast cashflows to help refinancing risk but also allow for a steady reduction in the Council's debt exposure. The chart below also shows the Council's borrowing repayment profile for long term borrowing as at 31 December 2022:

Chart 1: Council Debt Repayment Profile as at 31 December 2022 (millions)



3.3 <u>General Fund Interest Costs</u>

Currently the average long-term interest rate on GF borrowing is 1.99% for £708.9m borrowed. This rate drops steadily to 1.64% in 2070 but on a reduced balance, as borrowing is repaid. The average rate for the duration is 1.92%.

3.4 <u>Borrowing from Financial Institutions</u>

The treasury section will generally borrow from the PWLB when rates are low. However, where cheaper or more appropriate borrowing is available from other financial institutions then this is used as an additional source of financing. With the PWLB margin 0.8% above Gilts, this provides an excellent source of finance to support the Council regeneration strategy.

Currently the following loans have been borrowed from financial institutions:

i. <u>European Investment Bank (EIB) Borrowing:</u> In 2014/15 Cabinet agreed to borrow £89m from the European Investment Bank (EIB) as outlined below:

- £66m from the EIB to finance the Gascoigne Estate (East) Phase 1;
- £23m from the EIB to finance Abbey Road Phase 2.

The drawdown of the full £89m was completed on 30 January 2015 at a rate of 2.207% and currently the balance owed is £79.4m. The EIB loan does contain financial covenants that restrict to the Council's overall investment strategy. Discussions have been held with the EIB to increase the financial covenants of the EIB loan. These discussions have resulted in a significant increase in the covenant limits, as outlined below but also resulted in the interest rate from the EIB increasing by 1 basis point to 2.217% and a fee of £27,597.86 was payable:

i. the Total Debt shall not exceed 150% of Operating Revenues;
ii. Financing Costs shall not exceed 10% of Operating Revenues;
iii. Liquid Assets should be at least 1.2 times Short-term debt; and
iv. Debt Service shall not exceed 10% (ten percent) of Operating Revenue.

ii. Green Investment Bank (GIB) Borrowing (now L1 Renewables)

At its meeting on 2 December 2015 the Council agreed to borrow £7.5m from the GIB to finance the Low Energy Street Light Replacement Programme via the UK GIB Green Loan. On 15 December 2016, a loan of £7.0m was borrowed from the GIB at a rate of 3.44% for a duration of 30 years. The borrowing drawdown period will be over a two-and-a-half-year period and will match the forecast expenditure. The repayment of the loan has been structured to best match the cashflows expected to be generated from the energy savings.

3.5 HRA Self Financing

The Council uses a two loans pool approach for long-term debt. The £265.9m of PWLB is from the HRA reform in 2012, with an additional £30m of borrowing transferred to the HRA in 2016 and 2020 to finance HRA new builds. The HRA previously had a debt cap of £291.60 but this was removed in 2018. A breakdown of the HRA borrowing is provided in table 5 below:

Loan Type	Loan Amount	Maturity profile	Interest Rate
	£’000s	Yrs.	%
PWLB	50,000	24	3.51
PWLB	50,000	34	3.52
PWLB	50,000	42	3.49
PWLB	50,000	43	3.48
PWLB	65,912	44	3.48
Barclays	10,000	60	3.98
Phoenix Life	20,000	40	4.05
Total	**295,912**		

4. Repayment of Borrowing

As short term borrowing rates are usually cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, any savings will need to be based on the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhance the balance of the portfolio (amend the maturity profile).

Internal borrowing can also be reduced by generating capital receipts, which will replenish cash balances and in accounting terms be used for financing historic spend rather than for new capital projects.

5. Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

This page is intentionally left blank

APPENDIX 3

The Capital Prudential and Treasury Indicators 2022/23 – 2024/25

The Local Government Act 2003 requires a Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the Council's capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. It is also essential that, within the Council, there is an understanding of the risks involved and there is sufficient risk management undertaken for each investment undertaken.

The Prudential Code was revised in 2017 with the main changes being the inclusion of the Capital Strategy requirements and the removal of some indicators. To demonstrate the Council has met these objectives, the Prudential Code sets out a number of indicators that are monitored each year. These indicators are outlined in this report.

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the Prudential Indicators, which are designed to assist members overview and confirm capital expenditure plans. Capital expenditure is a summary of the Council's capital expenditure plans, both agreed previously and those forming part of this budget cycle. The capital expenditure forecasts are included in the first part of Table 1.

1. The Council's borrowing requirement (CFR)

1.1 The Council's CFR is the historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

1.2 The CFR does not increase indefinitely, as the MRP, a statutory annual revenue charge, reduces the borrowing need in line with each asset's life. The CFR also includes other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. Table 1 sets out the CFR until 2024/25 and are cumulative.

1.3 The IAS schemes are self-financing and are partly funded by grant and sales, with the rest of the borrowing funded by rental income expected to pay for the borrowing costs and provide an income stream to the Council. MRP for IAS properties is charged after a two-year stabilisation period and then for 50 years based on an annuity repayment schedule for residential properties and 40 years for Temporary Accommodation. The stabilisation period is to allow for schemes to be fully let and/or sold before dept repayment is made.

1.4 Members are asked to note that in-year movements to the IAS budgets will occur as development costs are confirmed, investment opportunities are identified or removed / sold. Budgets for 2022/23 onwards are best estimates and may change as financing and expenditure are confirmed. Currently the forecast spend on the IAS is reduced as some schemes have been delayed as they have not achieved the viability threshold.

Members are asked to approve the capital expenditure forecasts and the CFR projections included in table 1.

Table 1: Capital Expenditure Forecast and Council's CFR 2020/21 – 2024/25

Capital Expenditure	*2022/23 Estimate £000s*	*2023/24 Estimate £000s*	*2024/25 Estimate £000s*	*2025/26 Estimate £000s*
General Fund				
Gf - Adults Care & Support	*1,617*	*3,696*	*0*	*0*
Gf - Inclusive Growth	*8,047*	*2,969*	*0*	*0*
Gf - CIL	*731*	*0*	*0*	*0*
Gf - TfL	*1,560*	*0*	*0*	*0*
Gf - IT	*1,408*	*2,100*	*0*	*0*
Gf - Parks Commissioning	*12,073*	*6,108*	*0*	*0*
Gf - Culture and Heritage	*421*	*222*	*0*	*0*
Gf - Enforcement	*418*	*1,836*	*0*	*0*
Gf - My Place	*4,898*	*8,727*	*0*	*0*
Gf - Public Realm	*1,373*	*71*	*0*	*0*
Gf - Education, Youth & Child	*9,697*	*18,179*	*0*	*0*
Transformation	*2,354*	*0*	*0*	*0*
Total GF Capital Expenditure	***44,596***	***43,909***	***0***	***0***
IAS*				
IAS Residential	*267,086*	*317,451*	*206,102*	*151,592*
IAS Commercial	*51,749*	*504*	*0*	*0*
Total IAS	***318,835***	***317,955***	***206,102***	***151,592***
HRA				
HRA Stock Investment	*17,691*	*20,000*	*20,000*	*20,000*
HRA Estate Renewal	*3,500*	*6,747*	*0*	*0*
HRA New Build Schemes	*1,611*	*434*	*0*	*0*
HRA Total	***22,802***	***27,181***	***20,000***	***20,000***
Financed by:				
HRA/MRR	*-22,802*	*-27,181*	*-20,000*	*-20,000*
CIL/S106	*-1,460*	*-726*	*0*	*0*
Revenue	*-550*	*-1,544*	*0*	*0*
Capital Receipts (Transformation)	*-2,354*	*0*	*0*	*0*
Self-Financing (excluding IAS)	*-1,501*	*-2,110*	*0*	*0*
Other Grant	*-46,157*	*-24,263*	*0*	*0*
IAS Grants (RtB, GLA) and sales	*-82,569*	*-79,128*	*-43,455*	*-45,143*
Total Financing	***-157,394***	***-134,951***	***-63,455***	***-65,143***
Financed by Borrowing	***228,839***	***254,093***	***162,647***	***106,449***
PFI Additions & Repayments	*78,991*	*-3,995*	*-4,294*	*-4,624*
Net financing need for the year	***307,830***	***250,098***	***158,353***	***101,825***

1.5 A breakdown of the IAS forecast spend, is in table 2. These amounts are the gross spend, with grant and sales removed to produce the CFR change in table 1.

Table 2: IAS Gross Expenditure Forecast 2022/23 – 2025/26

Investment and Acquisitions Strategy		22/23	23/24	24/25	25/26
Project	Forecast	Forecast	Budget	Budget	Budget
	£000s	£000s	£000s	£000s	£000s
C04065	Becontree Avenue 200	154.0	-0.0	-	-
C03089	Becontree Heath GW5	2.0	-234.8	-	-
C05065	Chequers Lane	2.6	314.2	-	-
C04069	Crown House	2,198.6	3,369.3	-	-
C02986	Gascoigne East	918.0	0.4	-	-
C04099	Gascoigne West Phase 1	1,640.0	-669.8	-	-
C03086	House for Artists	116.1	-12.2	-	-
C03072	Sacred Heart	174.5	-1.5	-	-
	Completed & Handed Over	**5,205.8**	**2,765.7**	**-**	**-**
C04067	12 Thames Road	29,985.6	22,106.7	4,539.1	-
C05081	Beam Park - Phase 7	-	-	30,355.8	3,266.1
C05066	Beam Park Phase 6	580.7	62,658.8	53,529.5	43,678.1
C05106	Gascoigne Road	500.0	500.0	-	-
C05073	Gascoigne East 3B	8,514.6	54,025.2	64,844.1	35,234.0
C04062	Gascoigne East Phase 2 Block C	1,076.2	559.3	-	-
C05076	Gascoigne East Phase 2 Block E1	368.5	1,550.5	1,576.2	620.5
C05092	Gascoigne East Phase 2 Block E2	23,675.3	1,562.8	7.0	-
C05091	Gascoigne East Phase 2 Block F	38,857.4	13,387.8	1,235.1	-
C05090	Gascoigne East Phase 3A Plot I	14,439.9	17,112.4	3,872.7	541.6
C05026	Gascoigne East Phase 3A Plot J	23,530.6	16,438.7	790.5	-
C05025	Gascoigne West Phase 2	69,622.1	41,512.9	350.9	-
C04068	Oxlow Lane	7,904.7	5,914.6	255.8	-
C05035	Padnall Lake Phase 1	3,662.0	6,075.2	-	-
C05093	Padnall Lake Phase 2	13,908.5	13,232.5	1,885.3	-
C05094	Padnall Lake Phase 3	772.2	2,744.3	165.9	12,966.2
C04066	Roxwell Road	4,716.1	11,397.8	9,825.7	3,342.8
C03084	Sebastian Court	344.5	783.1	-	-
C05041	Transport House	6,587.4	25,091.5	13,098.6	-
C05082	Trocoll House	687.1	718.8	522.6	317.4
C05020	Woodward Road	7,827.5	7,149.6	508.4	-
	On-Site (Post-G4)	**257,560.8**	**304,522.5**	**187,363.2**	**99,966.6**
C05100	Barking Riverside Health & Leisure	351.9	2,196.5	436.6	17,585.7
C05047	Gascoigne West Phase 3	-	1,098.4	10,768.4	33,202.8
C05071	Brocklebank Lodge	51.4	1,077.8	-	-
C03080	Jervis Court	7.8	1,287.0	222.2	-
C05103	Town Quay Wharf	4,826.5	3,585.5	7,311.5	837.3
	IP Approved (Pre-G4)	**5,237.6**	**9,245.2**	**18,738.7**	**51,625.8**
C04057	TRAVELODGE DAGENHAM	0.6	-	-	-
C04091	WELBECK WHARF	769.6	248.5	-	-
C05024	FILM STUDIOS	116.7	-	-	-
C05042	26 THAMES RD	401.1	-	-	-
C05067	DAGENHAM HEATHWAY	42.3	1.2	-	-
C05072	INDUSTRIA	29,676.4	253.8	-	-
C05110	Purchase of Maritime House	20,512.8	-	-	-
C05074	BARKING BUISNESS CENTRE	229.4	-	-	-
	Total Commercial	**51,748.9**	**503.5**	**-**	**-**
	Total IAS Expenditure	**319,753.1**	**317,036.9**	**206,101.9**	**151,592.5**

2. Treasury Indicators: Limits to Borrowing Activity

2.1 The Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

2.2 The Authorised Limit for external borrowing: represents a control on the maximum level of borrowing, with a limit set, beyond which external borrowing is prohibited. This limit must be set or revised by the full Council. The limit set includes an additional margin for borrowing to fund the Council's IAS.

It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is also a statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The drop in operational boundary is partly due to the potential sale of Muller a year earlier and uncertainty and delays for pipeline scheme. There is the potential for the operational boundary to increase further for 2024/25 onward but the impact on 2023/24 will be limited.

The Council is asked to approve the following Operational Boundary and Authorised Limit:

Table 3: Capital Expenditure Forecast and Council's CFR 2022/23 – 2025/26

Capital Expenditure	*2022/23 Estimate* £000s	*2023/24 Estimate* £000s	*2024/25 Estimate* £000s	*2025/26 Estimate* £000s
Capital Financing Requirement				
Opening CFR as at 1 April	**1,369,844**	**1,660,797**	**1,822,378**	**1,961,730**
Change in Year – General Fund	290,953	161,580	139,353	79,825
Change in Year – Housing	0	0	0	0
Net movement in CFR	**290,953**	**161,580**	**139,353**	**79,825**
Total CFR as at 31 March	**1,660,797**	**1,822,378**	**1,961,730**	**2,041,556**
Net financing need for the year	**308,748**	**249,180**	**158,353**	**101,825**
Less: MRP*	-14,395	-16,000	-19,000	-22,000
Less: Capital Receipts	-3,400	-71,600	0	0
Movement in CFR	**290,953**	**161,580**	**139,353**	**79,825**
Long & Short-Term Borrowing	1,180,294	1,430,294	1,630,294	1,780,294
PFI and finance lease liabilities*	279,357	275,362	271,068	266,444
Total debt 31 March	**1,459,651**	**1,705,656**	**1,901,362**	**2,046,738**
Under / (Over) Borrowing	**-201,146**	**-116,722**	**-60,368**	**5,182**
Operational Boundary	**1,600,000**	**1,850,000**	**2,000,000**	**2,100,000**
Authorised Limit	**1,700,000**	**1,950,000**	**2,100,000**	**2,200,000**

*** MRP is estimated, based on when schemes will be operational and start repaying capital*

3. Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

3.1 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of General Fund Capital expenditure against the net revenue stream. MRP is net of self-financing, which includes the investment strategy and leases. MRP will be much higher but will be funded from the income streams generated from rent. The interest budget will also change significantly with a large increase in interest payable and receivable. The net budget as been used but there is an expectation that interest costs will be lower than the net budget. Currently the net income forecast for 2022/23 is nil, with the surplus interest to be transferred to the Investment Fund Reserve. Investment income is also as per budget but there is an expectation that this will at least be achieved in each of the forecast years, with forecast for 2022/23 being as per budget.

General Fund Cost of Capital	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
	£000s	£000s	£000s	£000s
Net Cost of Services	**187,190**	**212,512**	**219,277**	**226,198**
Cost of Capital				
MRP net of Self Financing and Leases	12,021	10,274	10,900	11,527
GF Net Interest Budget	8,178	8,178	8,178	8,178
Investment Income	-6,587	-6,587	-6,587	-6,587
Net Cost of Capital	**13,612**	**11,865**	**12,491**	**13,118**
Financing Cost to Net Revenue	**7.27%**	**5.58%**	**5.70%**	**5.80%**

4. Treasury indicator and limit for investments greater than 365 days.

The limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. They are based on the availability of funds at yearend. The maximum principal sums invested greater than 364 days is high to allow the treasury section to manage the significant cashflows expected as a result of the Council's IAS. The Council is asked to approve the treasury indicator and limit:

£'000s	2022/23	2023/24	2024/25	2025/26
Max. principal sums invested > 364 days	250,000	200,000	150,000	150,000

5. Treasury Indicators: Limits to Borrowing Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure: identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure: is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing: gross limits to reduce the Council's exposure to large fixed rate sums requiring refinancing.

The Council is asked to approve the following treasury indicators and limits:

Interest rate exposures	2023/24	2024/25	2025/26
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
Limits on fixed interest rates:			
• ***Debt only***	100%	100%	100%
• ***Investments only***	90%	90%	90%
Limits on variable interest rates			
• ***Debt only***	70%	70%	70%
• ***Investments only***	80%	80%	80%

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	60%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	80%

5.1 HRA CFR Forecast

HRA Debt	2023/24	2024/25	2025/26	2025/26
£'000s	Approved	Estimate	Estimate	Estimate
Total	**310,628**	**310,628**	**310,628**	**310,628**

6. Liability Benchmark Treasury Indicator

6.1 A local authority should estimate and measure the liability benchmark ideally over the full debt maturity profile of a local authority. Local authorities should have a strong grasp of both their existing debt maturity profile and also how minimum revenue provision (MRP) and other cash flows affect their future debt requirement.

6.2 For the Council's liability benchmark data, the full debt and MRP profile has been used, which captures the full repayment period of the Council's IAS. Key figures in each chart will be identified to highlight the impact on borrowing costs, debt repayment and MRP.

6.3 The liability benchmark data will be provided as part of the quarterly reporting of the IAS and Treasury. The key indicators are included in the main body of the TMSS as section 11.

This page is intentionally left blank

Appendix 4

Minimum Revenue Provision Policy Statement 2023/24

Background

1. Minimum Revenue Provision (MRP) is statutory requirement for a Council to make a charge to its General Fund to make provision for the repayment of the Council's past capital debt and other credit liabilities. The Council is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). MRP does not need to be set aside for the Housing Revenue Account (HRA).

2. The scheme of MRP was set out in former regulations 27, 28 and 29 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was radically revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

3. The Council is under a statutory duty "to determine for the current financial year an amount of MRP which it considers to be prudent". Local authorities are asked by the Secretary of State "to prepare an annual statement of their policy on making MRP for submission to their full Council". This forms part of the Treasury Management Strategy (TMSS) approved by full council at least annually.

4. In determining a prudent level of MRP the Council is under a statutory duty to have regard to statutory guidance on MRP issued by the Secretary of State. The Guidance provides four options which can be used by the Council when determining its MRP policy and a prudent amount of MRP. The Council however can depart from the Guidance if it has good reason to do so. This policy is consistent with the Guidance. The options do not change the total MRP the council must pay over the remaining life of the capital expenditure; however, they do vary the timing of the MRP payment. MRP adjustments and policies are subject to annual review by external audit.

5. The S151 Officer has delegated responsibility for implementing the Annual MRP Statement. The S151 Officer also has executive, managerial, operational and financial discretion to determine MRP and any practical interpretation issues.

6. A prudent level of MRP on any significant asset or expenditure may be assessed on its own merits or in relation to its financing characteristics in the interest of affordability or financial flexibility.

7. The S151 Officer may make additional revenue provisions, above those set out, and set aside capital receipts, balances or reserves to discharge financing liabilities for the proper management of the financial affairs of the HRA or the general fund. The S151 Officer may make a capital provision in place of any revenue MRP provision.

8. This MRP Policy Statement takes into consideration the Council's investment strategy, which requires the use of MRP to be outlined in more detail, as well as to agree additional MRP options that are available for long-term property investments.

9. DLUHC is also conducting a consultation on amending MRP regulations/guidance for England. The latest information we have is that any changes will take effect from 2024/25 at the earliest.

General Fund Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008

10. In relation to capital expenditure for which support forms part of the calculation of revenue grant by the government or any capital expenditure incurred before 1 April 2008, the MRP shall be calculated in accordance with the Local Authorities CFR Regulations 2003 as if it had not been revoked. In arriving at that calculation, the CFR shall be adjusted as described in the guidance.

11. In addition, the calculation method and the rate or the period of amortisation referred to in the guidance may be varied by the S151 Officer in the interest of affordability.

12. The methodology applied to pre-2008 debt remains the same and is an approximate 4% reduction in the borrowing need (CFR) each year.

General Fund Self- Financed Capital Expenditure from 1 April 2008.

13. Where capital expenditure incurred from 1 April 2008 is on an asset financed wholly or partly by self-funded borrowing, the MRP has previously been made in instalments over the life of the asset, with the calculation method and the rate or the period of amortisation determined by the S151 Officer.

14. From 1 April 2019 MRP for capital expenditure incurred from 1 April 2008 have been calculated using the annuity method. All balances as at 31 March 2019 were carried at the same value and the same remaining life of the asset but a revised MRP calculation was completed using the annuity method of MRP for 2019/20 and onwards. The annuity method is also used for the IAS assets.

15. The S151 Officer shall determine how much and which capital expenditure is funded from borrowing and which from other sources. Where expenditure is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply. Nor shall any annual MRP apply where spend is anticipated to be funded from capital receipts or grants due in the future but is in the meantime funded from borrowing, subject to a maximum of three years or the year the receipt or grant is received, if sooner.

16. The asset life method shall be applied to borrowing to meet expenditure from 1 April 2008 which is treated as capital expenditure by either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations. The S151 Officer shall determine the asset life. When borrowing to construct an asset, the asset life may be treated as commencing two years after the asset first becomes operational and postpone MRP until that year. Where capital expenditure involves repayable loans or grants to third parties no MRP is required where the loan or grant is repayable. By exception, based on a business case and risk assessment, this approach may be amended by the S151 Officer.

17. Where capital expenditure involves a variety of works and assets, the period over which the overall expenditure is judged to have benefit over shall be considered as the life for MRP purposes. Expenditure arising from or incidental to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself. An estimate of the life of capital expenditure may also be made by reference to a collection or grouping of expenditure type or types.

Loans to Special Purpose Vehicles

18. As part of its Investment and regeneration programme, the Council will use several Special Purpose Vehicles (SPV) held through Reside to manage its property regeneration schemes. This will require the Council borrowing to provide funding for the SPV and for the SPV to repay the loan based on the cashflow forecast to be generated from the properties.

19. MRP using the annuity method will be charged over a period of 50 years for each scheme. An MRP period of 40 years will be used for modular / prefabricated properties. The MRP will therefore reflect the repayment profile of the SPV to the Council and any borrowing made by the Council will made to match the cashflow requirements of the SPV.

20. For each IAS scheme a set two-year stabilisation period will be used, although this can be extended, with the agreement of the S151 Officer, to three year in cases where there are significant pressures on a scheme's cashflow. A stabilisation period for each scheme is required to:

- allow sufficient funds to cover any additional costs;
- allow the property to be fully let; and
- cover any initial letting and management costs.

21. The MRP annuity method makes provision for an annual charge to the General Fund which takes account of the time value of money (whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). This re-profiling of MRP therefore conforms to the DCLG "Meaning of Prudent Provision" which provide that "*debt [should be] repaid over a period that is reasonably commensurate with that which the capital expenditure provides benefits*".

MRP on Commercial Purchases and Land Assembly

22. As part of the Council's IAS, commercial property purchased as part of land assembly will have MRP charged based on the asset life and in the year after the property is operational. MRP will not be set aside where a Gateway 2 proposal to develop or sell the land has been agreed.

23. Where commercial property is purchased, and it is not for regeneration purposes then MRP will be charged based on the commercial properties useful asset life.

PFI, leases and lease and lease back (income strips)

24. In the case of finance leases, on balance sheet private finance initiative contracts or other credit arrangements, MRP shall be the sum that writes down the balance sheet liability. These are being written down over the PFI and lease contract terms.

APPENDIX 5

Scheme of Delegation and Section 151 Officer Responsibilities

Treasury management scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.

This page is intentionally left blank

CABINET

20 February 2023

Title: Contract for Provision of New Community Equipment Service	
Report of the Cabinet Member for Adult Social Care and Health Integration and the Cabinet Member for Children's Social Care and Disabilities	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Lewis Sheldrake, Lead Commissioner – Innovation and Personalisation	**Contact Details:** E-mail: lewis.sheldrake@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director	
Accountable Strategic Leadership Director: Elaine Allegretti, Strategic Director Children and Adults	

Summary:

Local Authorities in England have a statutory duty to plan for the provision of certain home-based services, including the provision of disability aids, minor adaptations and 'community equipment', to meet the assessed eligible needs of residents in their area. In addition to being a statutory duty for local authorities, the provision of community equipment is key to achieving local and health authority strategic objectives, efficiency and cost-effectiveness. For example, provision of the appropriate community equipment can:

i) promote independence, safety, social inclusion, quality of life and improved end of life care;
ii) reduce unscheduled hospital admissions and Accident and Emergency attendance;
iii) facilitate hospital discharges, reducing the length of stay in hospitals;
iv) reduce care costs by avoiding or delaying admissions to residential care and the need for paid carers;
v) play a key role in the delivery of early intervention and prevention strategies.

The current contract with Medequip commenced on 01 April 2017 and is due to end on 31 March 2023. Royal Borough of Kensington and Chelsea (RBKC) have led on the retender of the new service for provision from 01 April 2023 onwards, however this procurement remains subject to a legal claim which triggered an automatic suspension preventing RBKC from entering into a contract with the successful bidder.

As a consequence, LBBD has sought alternate provision to ensure continuity of service for vulnerable residents and resilience for the health and care system given the critical dependency with respect to the objectives and outcomes referenced above. Having considered the options available, and given the background context and associated time constraints, a Direct Award to Medequip via Framework Agreement Y21006 let by KCS Procurement Services is considered the most appropriate course of action. This will

ensure the council can meet its legal duties under the Care Act 2014, meet local needs, deliver value for money and ensure regulatory and legislative compliance.
Recommendation(s) The Cabinet is recommended to: (i) Agree that the Council proceeds with the direct award of a four-year contract, with the option to extend for a further two years, to Medequip via the KCS Framework Agreement Y2100 for a new Community Equipment service, in accordance with the strategy set out in the report; and (ii) Authorise the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration, the Cabinet Member for Children's Social Care and Disabilities and the Chief Legal Officer, to award and enter into the contract and all other necessary or ancillary agreements, including extension options, with the chosen supplier.
Reason(s) To accord with the Council's Contract Rules and assist the Council in achieving its priority of 'Prevention, Independence and Resilience'.

1. Introduction and Background

1.1 The London Borough of Barking and Dagenham is currently a member of the London Community Equipment Consortium which consists of 22 London Boroughs and health authorities. The Consortium is hosted by the Royal Borough of Kensington and Chelsea and the service is supplied by Medequip which encompasses the supply, delivery, installation, adjustment, servicing, collection, refurbishment, recycling and disposal of aids and equipment to eligible adults and children via call-off from the framework agreement.

1.2 Within FY21/22, over 6,000 deliveries of Community Equipment were completed within Barking and Dagenham, with referrals being made from a variety of health and social care settings including hospitals, community rehabilitation settings, occupational therapists, and the sensory team. Having accounted for the service credits attained through collected equipment, the total net spend for the service throughout FY21/22 amounted to £630k. This figure is higher than previous years due to demand, largely driven by hospital discharge referrals, and the increase in acuity of need during the Covid period – a trend which has continued into FY22/23.

1.3 Some of the associated budgetary pressures on this service have been alleviated in recent years through ad hoc NHS funding which has been built into the Better Care Fund, e.g. Hospital Discharge Fund and Winter Funding, however there is a potential for an overspend on this budget if demand and acuity continue without the mitigations from this funding in future.

1.4 The current contract with Medequip commenced on 01 April 2017 and is due to end on 31 March 2023. Royal Borough of Kensington and Chelsea have led on the retender of the new service for provision from 01 April 2023 onwards, however this procurement remains subject to a legal claim which triggered an automatic suspension preventing RBKC from entering into a contract with the successful bidder.

1.5 Having consulted with both Procurement and Legal colleagues within LBBD, it has been agreed that proceeding with the London Community Equipment Consortium is not in the Council's best interest given how the issue of liability is being apportioned amongst consortium members in addition to the associated disruption for both residents and professionals utilising the service. In view of the disproportionate level of risk, LBBD have objected to the application to lift the suspension and served notice to withdraw from the Consortium in accordance with the associated Constitution.

1.6 In view of the above, LBBD have sought alternate provision to ensure continuity of service for vulnerable residents and resilience for the health and care system given the critical dependency with respect to the objectives and outcomes referenced above.

2. Proposed Procurement Strategy

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

2.1.1 The primary aim of the service is to obtain, deliver and install the right community equipment within agreed timescales to enable people to live independent inclusive lives. Once the customer has no further use for the equipment it will be returned/collected, cleaned and, where possible, fully serviced and then re-used for which LBBD receives service 'credits'. The service will operate on a 'call-off' basis, for which the council will only pay for actual activity and equipment prescribed.

2.1.2 Specific aims include:

- To provide community equipment for people to use in a variety of community settings;
- To procure, purchase and lease equipment;
- To deliver and install equipment at the appropriate request of a range of health and social care assessors;
- To collect, clean, refurbish and maintain equipment and maintain equipment that is returned to the store;
- To provide advice, education and support to health and social care professionals regarding the ordering, safe use and maintenance of equipment.

2.1.3 Service Standards include:

- To deliver and install standard community equipment within the agreed timeframe requested by Health and Social Care Professionals;
- To maximise value for money and efficiency through re-utilisation of community equipment;
- Ensure that the equipment store's management systems meet the relevant health and safety standards;
- Ensure performance management and quality assurance systems are in place;

- Ensure that the equipment purchased and supplied is of a high standard and meets specifications as agreed;
- Ensure disabled people, including service users accessing the Community Equipment Service are consulted and engaged in the delivery and development of the Community Equipment Service;
- Provide comprehensive, up-to-date, accessible information for potential and actual community equipment customers;
- Ensure an effective system for reporting adverse incidents is in place;
- To be responsive to changing requirements for community equipment as identified by statutory regulations;
- Work with other services across health and social care and the third and independent sector;
- To engage with assessors, equipment manufacturers and suppliers;
- To provide opportunity for assessors to view equipment across the Service by appointment;
- To provide accurate information about current stock in stores, including service and maintenance history, on request.

2.1.4 Service Objectives include:

- Service users receive their equipment in a timely manner, and are given guidance and information on safe use of equipment;
- Assessors are informed when specific equipment, which requires fitting and training by the Assessor, is delivered;
- Assessors receive information about the service;
- Service user feedback and complaints are used to inform onward development and improvements to the service;
- Incidents and near misses are reported in accordance with Local Authority, NHS and national reporting requirements;
- The services are compliant with MHRA Medical Devise guidance, the Local Authority and NHS Infection control and Prevention policies to ensure that the risk of contamination and cross infection is minimised;
- The Services used different methods of decontamination to address varying levels of contamination, depending on the equipment, risk assessment classification and it's use, in accordance with infection control guidance and manufacturing guidelines.

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

2.2.1 Based on demand for the service, the estimated contract value, including any extensions, is £3,600,000. This is a 'net' figure based on activity in recent years which also accounts for the service credits received through equipment collections and recycling. Uplifts will need to be considered at least annually considering the inflationary pressures which are particularly acute in this area given the associated logistics inherent within the service supply chain, e.g. material costs, fuel and freight charges. Some of these pressures may be alleviated through ad hoc and short-term funding passported via the Better Care Fund such as the Winter Funding, as referenced in Section 1.3, however the increased demand and lack of certainty of the additional NHS funding presents a risk of budget overspend. Unfunded pressures caused by hospital discharge will be raised by Commissioners with ICB and system colleagues for discussion and mitigation.

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

2.3.1 A four-year contract with the option of a further two-year extension options at the sole discretion of the Council (4+2).

2.3.2 Any future recommendation to utilise the extension option above will be contingent on the performance of the provider throughout the contract term, in addition to a wider market appraisal to ensure the Council is getting best value.

2.4 **Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 (PCR) 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 the PCR.

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

2.5.1 Direct Award to Medequip via Framework Agreement Y21006 let by KCS Procurement Services.

2.5.2 Regulation 33(8)(a) of the Public Contracts Regulations 2015 sets out the requirements for making a Direct Award where a Framework Agreement is concluded with more than one Supplier.

2.5.3 Direct Award Orders may be placed under this Framework Agreement provided the Customer can meet any one of the following objective conditions:

i) Customer is satisfied that following their due diligence they can identify the Supplier that offers best value for their requirement;
ii) The Supplier is able to supply the required Goods/Services within the Customers timescales;
iii) The Supplier scored the highest mark for Price/Quality in the Framework Agreement evaluation;
iv) Goods/Services required are unique/exclusive to one Vendor/Supplier;
v) Continuity of existing Goods/Services from an awarded Supplier.

2.5.4 In view of the context outlined within Section 1 of this report, and the conditions described which permit Direct Award Orders, a Direct Award to Medequip is considered the most appropriate course of action based on conditions i., ii. and v. above. This recommendation will support the council to meet its legal duties under the Care Act 2014, meet local needs, deliver value for money and ensure regulatory and legislative compliance.

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

2.6.1 The Call Off Terms and Conditions as stated in Framework Agreement Y21006 let by KCS Procurement Services will form the contract documentation to be adopted for this service, via the associated Form of Direct Award.

2.6.2 The service utilises an online ordering platform which enables prescribers to order the most suitable equipment from the catalogue which can best support resident needs. Prescribers include health and social care professionals working across a variety of settings, including hospitals within North-East London. The prescriber determines the requisite speed of installation and delivery at point of order. This is determined by individual resident need in addition to system demands, particularly in relation to expedited hospital discharge.

2.6.3 The intention is to initially replicate the delivery methodology used within the existing provision as part of the London Community Equipment Consortium, before developing the service to align with the evolving health and social care integration agenda. This will mean the service needs to be sufficiently responsive to the prevailing pressures within the system and provide a vital means of alleviation through both the range of equipment available and the timeliness of provision. This will include moving to a seven-day service in addition to an enhanced out of hours offer.

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

2.7.1 The provision of the service will support the realisation of several outcomes, savings and efficiencies, characterised by both cost avoidance and cost reductions to the health and care system, including improved outcomes for residents. Examples include:

- Avoidance of higher cost care packages both in the community and in care homes
- Delayed admission to care homes
- Reducing the number of unplanned hospital admissions/readmissions
- Reducing the number of emergency ambulance call-outs and unnecessary A&E presentations

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

2.8.1 The recommended supplier has been selected in accordance with the framework rules set out in Section 2.5.3; specifically:

- Customer is satisfied that following their due diligence they can identify the Supplier that offers best value for their requirement;
- The Supplier is able to supply the required Goods/Services within the Customers timescales;
- Continuity of existing Goods/Services from an awarded Supplier.

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

2.9.1 Improving and enhancing the independence and resilience of residents is at the core of this service, with the location and operations of the service supporting both investment in local people and the local economy. Additionally, the provider will work with the council to meet Borough Manifesto goals to create a clean, green and sustainable borough, recycling more and reducing waste by:

- Reducing the amount of waste and single-use plastic and seeking opportunities to recycle wherever possible.
- Supporting LBBD's target to reduce carbon emissions by taking concrete steps to minimise energy consumption and consider the environmental performance of the wider supply chain.

2.9.2 Care and Support Commissioning will work with Council's Social Value Coordinator to develop and define appropriate metrics to evidence the provider's performance in relation to the above, in addition to wider deliverables in support of LBBD's Social Value Policy.

2.10 **Contract Management methodology to be adopted**

2.10.1 The contract will contain specific service requirements and expected outcomes. Key performance indicators will be outlined in the service specification and agreed with the provider, including delivery times and standards. Care and Support Commissioning will undertake performance management of the service. Robust governance arrangements for the service will be implemented that draw in necessary strategic input, including the development of a strategic relationship management plan and overseeing spend and benefits delivered. Monthly contract monitoring meetings will take place to review performance reports and contribute to the continuous development of the service, led by the Equipment and Adaptations Manager within the Enabling Independence Team. In addition, quarterly reviews will be required to be completed by the provider, to include feedback on contract outcomes.

3. Options Appraisal

3.1 **Option one** - Do nothing and allow the current contract to expire on 31 March 2023 having given notice to the London Community Equipment Consortium for the reasons set out in Section 1.5. This is not a recommended option as it will result in the service ceasing to exist on 31 March 2023 and creating unmet demand and leading to delayed hospital discharges and a reduction in the number of residents that are able to continue to live independently and in their own homes. Additionally, this would inhibit the Council from meeting its legal duties under the Care Act 2014

3.2 **Option two** - Run a full open market procurement process. This is not considered a viable option given the significant time and resources required to run the full procurement process. Consequently, this option would result in a break in service provision after 31 March 2023 which is unacceptable for the same reasons set out in Section 3.1 above.

3.3 **Option three (recommended)** – Direct award via an existing framework. This is the preferred option as it will provide a compliant means to ensure continuity of provision from 01 April 2023. Of the frameworks considered, Framework Agreement Y21006 let by KCS Procurement Services has been identified as the most suitable option to enable Barking and Dagenham to develop a clear statement of requirements to meet local needs and ensure that the Supplier provides the Most Economically Advantageous Solution with minimal disruption to residents and professionals to support system outcomes. A benchmarking exercising has been undertaken to ensure this option provides the best value for money in contrast to alternative options, whilst meeting the specific needs and context of Barking and Dagenham. These figures have not been included in this report due to legal and commercial sensitivities.

3.4 A direct award to Medequip through this route carries additional benefits and given that they are the contracted provider of the All-age Care Technology Service which commenced in April 2022. Given the shared objectives of both contracts to support people to live safely and independently in their own homes for longer, it is anticipated that there will be a significant overlap of residents requiring both services. Consequently, a single provider will deliver a more streamlined and efficient service for residents, and has the potential to drive cost efficiencies for the Council. Whilst a single provider for both strands presents a greater risk in terms of the impact in the event of provider failure, the likelihood of this is considered to be low as Medequip's supply chains and overall service provision proved sufficiently robust throughout the Covid-19 pandemic to the extent that neighbouring boroughs with alternate provision had to utilise Medequip as a contingency measure.

3.5 The recommended initial contract term of the Community Equipment provision, to which this report refers, will bring this contract in parallel with the All-age Care Technology Service. This presents an opportunity to subsequently amalgamate both strands of provision facilitated through service redesign, which has the potential to drive further efficiencies. Any future appraisal or associated recommendation will be subject to the needs of the health and care system and will need to take account of the technical specialisms inherent to the Care Technology service. This could preclude some of the traditional Community Equipment providers, thus limiting market competition and inhibiting the council from realising better value for money in contrast to separate strands.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 The precise requirements of the new service have been determined through the continuous feedback and improvement mechanisms inherent to existing provision including residents, their families and health and social care professionals. The Council will also continue to consult with stakeholders and service users to help develop the service, to ensure that the nuances of individual user's experiences are heard.

5.2 The proposals in this report were considered and endorsed by the Procurement Board on 16 January 2023.

6. Corporate Procurement

Implications completed by Euan Beales - Head of Procurement

6.1 The Councils Contact Rules require all spend over £50,000 to be procured in the open market, however the use of an open and accessible framework also complies with the requirements of the Contract Rules.

6.2 The KCS Framework is an established route to market and is well know within the Local Authority Sector. The framework allows for a direct award and to ensure continuity of supply, this would be the most expedient way of procuring due to the withdrawal from the Pan London service.

6.3 Based on the detail in the report and the withdrawal from the Pan London service the recommended option is best placed to deliver continuity of service and maintain a cost-effective model.

7. Financial Implications

Implications completed by Katherine Heffernan – Head of Service Finance

7.1 This report seeks approval for direct award of a contract over a maximum period of six years (four years in the first instance and two-year extension), for a new Community Equipment Service at a total value of £3.6million, via an existing Framework Agreement Y21006 with effect from 01 April 2023.

7.2 The contract is funded from a combination of revenue budget and capital programmes. Therefore, there is funding for the contract value of £600k per annum within the resources available for Equipment and Adaptation Services of Care and Support Commissioning (F11460) and contributions, when necessary, from capital programmes: FC0106 (DFG) and FC0100 (HRA) respectively.

7.3 The contract expects annual uplifts due to inflationary pressures and supply chain logistics problems. The cost of such uplifts had been mitigated in past years from ad hoc NHS funding built into the Better Care Fund such as Hospital Discharge Fund and Winter Funding.

7.4 There is potential risk of budget overspend that may arise from increase in demand and lack of certainty of the additional NHS funding. This will be put under scrutiny through the Council’s periodic budget and capital monitoring processes.

8. Legal Implications

Implications completed by Ian Chisnell - Major Projects Solicitor

8.1 s.18-20 of the Care Act 2014 deal with the duties and powers of the Council to meet the provision of care and equipment set out in this report.

8.2 The value of the service to be provided is over the threshold requiring competition set out in the Public Contracts Regulations 2015 (PCR) and so must be procured according to the PCR and the Council’s Contract Rules.

8.3 The Council must also consider the provisions of the Public Services (Social Value) Act 2012 and consider what social value can be added in the procurement of these services.

8.4 If the procurement is made from a PCR compliant framework according to its rules, then the award will comply with both the PCR and the Council’s contract Rules.

9. Other Implications

9.1 **Corporate Policy and Equality Impact -** This contract will allow us to maintain and expand the Council's current service offer enabling more people to benefit from Community Equipment. This will build resilience, choice and improved well-being in people that receive care and support services from the Council.

The Service should meet the needs of diverse user groups, for example by providing language support according to LBBD policies, or arranging visits compatible with religious preferences (e.g. avoiding certain days). Groups include (but are not limited to):

- Black and ethnic minority communities;
- Religious communities;
- Adults with visual and/or auditory impairments, including deaf blind adults;
- End of life/palliative care;
- Adults with communication difficulties;
- Non-English speakers;
- Adults with British Sign Language (BSL) as their first language;
- Adults with learning and/or physical disabilities and/or mental health issues, including dementia.

9.2 **Safeguarding Adults and Children -** - At all times when the provider is in contact with Customers under this Contract, the provider should be reviewing whether the individual is safe, as set out in the Pan-London Multi-Agency Safeguarding Policy & Procedures. Compliance with Barking and Dagenham's safeguarding policies with a clear understanding of the council's responsibilities and liabilities will be integral to the contract monitoring process.

9.3 **Health Issues -** The services provided through this Procurement will have a positive impact on the health and wellbeing or the local community, supporting residents to better self-manage their own health including long-term conditions, perform tasks they would otherwise be unable to do and/or increase the ease or safety with which tasks can be performed.

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

List of appendices:
Appendix 1: EIA Screening Tool

APPENDIX 1

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	Provision of Community Equipment
Service Area	Commissioning, Adults Care & Support
Officer completing the EIA Screening Tool	Lewis Sheldrake, Lead Commissioner – Innovation and Personalisation
Head of Service	Louise Hider-Davies, Head of Commissioning
Date	04/01/2023
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	Local Authorities in England have a statutory duty to plan for the provision of certain home-based services, including the provision of disability aids, minor adaptations and "community equipment", to meet the assessed eligible needs of residents in their area. In addition to being a statutory duty for local authorities, the provision of community equipment is key to achieving local and health authority strategic objectives, efficiency and cost-effectiveness. For example, provision of the appropriate community equipment can; i) promote independence, safety, social inclusion, quality of life and improved end of life care ii) reduce unscheduled hospital admissions and Accident and Emergency attendance

	iii) facilitate hospital discharges, reducing the length of stay in hospitals iv) reduce care costs by avoiding or delaying admissions to residential care and the need for paid carers v) play a key role in the delivery of early intervention and prevention strategies. Having considered the options available, a Direct Award to Medequip via Framework Agreement Y21006 let by KCS Procurement Services is considered the most appropriate course of action. This will ensure the council can meet its legal duties under the Care Act 2014, meet local needs, deliver value for money and ensure regulatory and legislative compliance. The Cabinet is recommended to: (i) Agree that the Council proceeds with the procurement of a contract for a new Community Equipment service in accordance with the strategy set out in this report; (ii) Authorise the Strategic Director Children and Adults in consultation with the Cabinet Member for Adult Social Care and Health Integration and the Cabinet Member for Children's Social Care & Disabilities, the Director of Law and Governance and the Chief Operating Officer, to award and enter into the contract and all other necessary or ancillary agreements with the chosen supplier, in accordance with the strategy set out in the report.	
Protected characteristic	**Impact**	**Description**
Age	Positive impact (L)	The service will support residents of all ages to live independently and delay the need for long-term care. There is no age range, and the service will apply to any resident, adult or child and eligibility will be subject to their disability. The borough has a population of 214,107 and all residents in the borough with a disability may be able to access the service.
Disability	Positive impact (L)	The service will allow the Council to support disabled residents to live more safely and independently in their own home.

		Community Equipment helps to restore independence, confidence and dignity to households with a disabled person. The processing team also record customer feedback via a 2-tier feedback process; one based on the assessment and the other based on the outcome of that assessment.
Gender re-assignment	Not applicable (N/A)	There is lack of available data around gender-reassignment in LBBD, but there are no perceived negative impacts on this protected characteristic.
Marriage and civil partnership	Not applicable (N/A)	There are no perceived negative impacts on this protected characteristic
Pregnancy and maternity	Not applicable (N/A)	There are no perceived negative impacts on this protected characteristic. A resident's pregnancy is not considered unless it is contributing to their disability.
Race	Positive impact (L)	There are no perceived negative impacts on this protected characteristic. The borough has a diverse population. The team delivering the service offers a language translation service by the language shop at the point of assessment.
Religion	Not applicable (N/A)	There are no perceived negative impacts on this protected characteristic
Sex	Not applicable (N/A)	There are no perceived negative impacts on this protected characteristic. Data is no longer recorded on sex as grants are based solely on a resident's disability and, dependent on the grant, their income and capital.
Sexual orientation	Not applicable (N/A)	There is lack of available data around sexual orientation in LBBD, but there are no perceived negative impacts on this protected characteristic.
Socio-Economic Disadvantage[1]	Positive impact (L)	The service provided is not means-tested, which means a person's income and savings are not considered when determining their eligibility.
How visible is this service/policy/project/proposal to the general public?		Low visibility to the general public (L)

[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.

What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc	Medium risk to reputation (M)

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

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

As a result of this screening tool, no negative or high risks have been identified. It has therefore been concluded that a full EIA is not relevant for this policy. There is a higher risk to the Council if service is not implemented which could exclude a population of disabled residents from receiving the support they may require. The Service will support residents of all ages. There is no age range, and the policy will apply to any resident, adult or child. Eligibility will be subject to the resident's disability and needs. The focus of the policy is on residents' disabilities and to enable residents to continue living independently at home. There are no perceived negative impacts, only positive impacts, to the protected characteristics of the Equality Act 2010 and to the socioeconomically disadvantaged. Feedback will be sought from residents to ensure continuous service improvement. This will be done via a 2-tier referral process, the first being feedback of the assessment itself and the second being comprehensive feedback of the outcome from the assessment. The policy will be reviewed to ensure it is working well. Data will be stored regarding applications and the ages, tenure and ethnicity of applicants. This data can then be used to review the success of the policy and review who are benefiting from it the most and to ensure service equity.

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.

CABINET

20 February 2023

Title: Retail, Hospitality and Leisure Business Rates Relief Scheme 2023/24	
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, Head of Collections	**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

Retail rate relief was introduced in 2019 and subsequently expanded to cover the hospitality and leisure sectors during the pandemic. The retail, hospitality and leisure sector received a 50% rate relief for 2022/23.

The Government has increased the relief to 75% for 2023/24. Local Authorities will be fully reimbursed for loss of income on the proviso that relief is applied in line with the guidance supplied by Government.

This report sets out the proposed the Retail, Hospitality and Leisure (RHL) Business Rates Relief Scheme 2023/24 for businesses paying business rates.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the Council's policy for the Retail, Hospitality and Leisure Business Rates Relief Scheme for 2023/24, as set out at Appendix 1 to the report; and

(ii) Delegate authority to the Director of Support and Collections , in consultation with the Cabinet Member for Finance, Growth and Core Services and the Strategic Director, Finance and Investment, to make any necessary variations to the scheme in line with the guidance issued by the Department for Levelling Up, Housing and Communities.

Reason

The Government has announced changes to the Retail, Hospitality and Leisure rate relief for 2023/24. This will be delivered via discretionary powers and therefore an updated policy is required.

1. Introduction and Background

1.1. Retail rate relief was introduced in 2019 and subsequently expanded to cover the hospitality and leisure sectors during the pandemic. It is applied using the Council's discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended).

1.2. Changes to the scheme were announced by the Chancellor as part of the Autumn Statement on 17 November 2022.

1.3. This is a temporary relief scheme for 2023/24 and Government is not changing legislation, therefore the relief is delivered via discretionary powers.

1.4. Local Authorities will be fully reimbursed for loss of income on the proviso that relief is applied in line with the guidance supplied by Government.

2. Retail, Hospitality and Leisure rate relief scheme (RHL)

2.1. The RHL scheme for 2022/23 grants 50% relief to qualifying businesses. Currently, 998 business benefit from the relief with a total relief granted of £4.4m.

2.2. The Government has increased this to 75% in 2023/24 and all qualifying businesses will receive the increased reduction.

2.3. The criteria used to determine eligibility remains unchanged in 2023/24 and covers all businesses in the retail, hospitality and leisure industry, e.g. shops, restaurants, gyms, sporting venues, pubs, car showrooms, petrol stations, markets etc.

2.4. Similarly, the criteria used to exclude certain businesses from the relief remains unchanged, e.g. banks, medical services (doctors, dentists etc), solicitors, estate agents etc will not qualify.

2.5. The eligibility criteria are not, as stated in the guidance, exhaustive, and so in some cases discretion to determine eligibility will be used.

2.6. Relief is applied after all other mandatory reliefs have been applied, e.g., charitable relief.

2.7. Government is currently calculating the amount of New Burdens funding that will be supplied to Local Authorities for administering the scheme.

3. Applying the relief

3.1. All business currently in receipt of the relief will be awarded the new relief in 2023/24.

3.2. New bills issued late February 2023 will show the newly calculated relief and will also contain an additional letter explaining the reason for the increase in relief.

3.3. Businesses will be required to declare if they exceed the £110k cash cap.

3.4. An option to opt out of the scheme will also be included with the bill. Businesses may opt to not receive the relief should they wish to do so.

3.5. New businesses and previously ineligible businesses will be able to apply for the relief throughout 2023/24, and will be asked to supply evidence if it is required.

4. Consultation

4.1. Changes to the scheme will be communicated to the Chamber of Commerce so they may also advise their members and the Council's website will be updated with details of the new scheme.

4.2. Businesses receiving the relief in 2023/24 will also be sent details of the change in scheme as well as cash cap declaration and opt out letter.

4.3. The proposals in this report were considered and endorsed by the Corporate Performance Group on 26 January 2023.

5. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

5.1 The Retail, Hospitality and Leisure Sector received a 50% rate relief for 2022/23.

5.2 The Government has increased the relief to 75% for 2023/24. Local Authorities will be fully reimbursed for loss of income on the proviso that relief is applied in line with the guidance supplied by Government.

5.3 New burdens funding that will be supplied to Local Authorities for administering the scheme.

5.4 There is no financial impact on the Council as the additional relief to the Retail, Hospitality and Leisure Sector will be fully reimbursed by Government and new burdens funding will be provided to cover the administration costs.

6. Legal Implications

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

6.1 As mentioned in the body of this report, the Chancellor announced on 17 November 2022 that eligible ratepayers will receive 75% relief on their business rates bills for the year 2023/24 up to a maximum cash cap of £110,000. Relief will be provided to eligible occupied retail, hospitality and leisure properties in 2023/24.

6.2 The power to apply relief was delegated to local authorities (billing authorities) for them to determine their relief policy. This will be administered through Billing Authorities discretionary relief powers under section 47 of the Local Government Finance Act 1988. Providing the billing authority's scheme is compliant with the Governments eligibility criteria then it will be compensated for any loss of income it incurs by means of grant payments under s.31 of the Local Government Act 2003.

6.3 Because there are restrictions on assistance by the Subsidy Control Act 2022, ceilings are set for organisations to ensure the total amount of relief does not fall foul of being treated as a subsidy. The maximum relief available under the policy is within the 'de minimis' threshold of a cumulative £315,000 total over any three consecutive years.

6.4 To ensure fairness the policy provides for a review against any refusal to exercise the discretion.

Public Background Papers Used in the Preparation of the Report:

- Business Rates Relief: 2023/24 retail, Hospitality and Leisure Scheme – (Department for Levelling Up, Housing & Communities – published 21 December 2022)
  https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance/business-rates-relief-202324-retail-hospitality-and-leisure-scheme

List of appendices:

Appendix 1: Policy for the Award of Retail, Hospitality and Leisure Business Rates Relief 2023/24

Barking & Dagenham

Policy for the Award of Retail, Hospitality and Leisure Business Rates Relief 2023/24

Contents

1 Introduction

1.1. At Autumn Statement 2022 the Chancellor announced a new business rates relief scheme for retail, hospitality, and leisure properties.

1.2. The 2023/24 Retail, Hospitality and Leisure (RHL) relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with 75% relief, up to a cash cap of £110,000 per business.

1.3. As this is a temporary measure for 2023/24, the government is not changing the legislation relating to the reliefs available to properties. Instead, the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.

2 Scope of policy

2.1 The Local Government Finance Act 1988 makes provision for local authorities to award certain reliefs. This policy relates to the discretionary powers of the London Borough of Barking and Dagenham to award business rates relief under, Section 47 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.

2.2 Qualifying businesses will have their business rates liability reduced by 75% of the net rates liability (after mandatory reliefs and, other discretionary reliefs) for the billing year, 1 April 2023 to 31 March 2024.

2.3 Whilst these schemes are administered under the Council's discretionary powers, the guidance and qualifying criteria have been developed by the Government and costs are fully funded by Government through Section 31 grant payments under the Local Government Act 2003.

2.4 The Council will consider each individual case in accordance with the criteria set out below.

3. Eligibility for the Retail, Hospitality and Leisure Relief Scheme

3.1 Business that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied properties which meet all of the following conditions for the chargeable day:

a) they are wholly or mainly used:
   (i) As shops, restaurants, cafes, drinking establishments, cinemas or live music venues,
   (ii) For assembly and leisure; or
   (iii) As hotels, guest boarding premises or self-catering accommodation

3.2 Shops, restaurants, cafes, drinking establishments, cinemas and live music venues are considered to be:

a) Properties that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, chemists, newsagents, hardware stores, supermarkets etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan showrooms
- Second hand car lots
- Markets
- Petrol stations
- Gardens centres
- Art galleries (where are is for sale/hire)

b) Properties that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g., for theatre
- Dry cleaners
- Launderettes
- PC/TV domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

c) Properties that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

d) Properties which are used as cinemas;

e) Properties that are being used as live music venues:

(i) Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

(ii) Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

(iii) There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

3.3 Assembly and leisure is considered to be:

a) Properties that are being used for the provision of sport, leisure, and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

b) Properties that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs and institutions

3.4 Hotels, guest & boarding premises and self-catering accommodation are considered to be:

- Hotels
- Holiday homes
- Caravan parks and sites

3.5 Properties which are occupied but are not wholly or mainly used for the qualifying purposes listed above will not qualify for the relief.

3.6 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. Properties not listed above but that are similar in nature will be given due consideration and eligibility will be considered for relief on an individual basis.

4. Business not considered as eligible for the relief

4.1 Properties that are being used for the provision for the following services to visiting members of the public

- Financial services (e.g., banks, building societies, cash points, bureaux de change, short term-loan providers, betting shops)
- Medical services (e.g., vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g., solicitors, accountants, insurance agents/financial advisors, employment agencies, estate agents, letting agents)
- Port office sorting offices

4.2 The list set out above is not intended to be exhaustive and properties not listed but that are similar in nature will not be considered as eligible for the relief.

5. Cash cap/small amounts of financial assistance subsidy

5.1 A ratepayer may only claim up to £110,00 of support under the 2023/24 Retail, Hospitality and Leisure Relief scheme for all their eligible businesses. This cash cap applies at a Group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company) and also to organisations which, although not a company, have such an interest in a company that they would, if they were a company, result in its being the holding company.

5.2 The Retail, Hospitality and Leisure Relief scheme is subject to the Minimal Financial Assistance limits under the Subsidy Control Act. This means no recipient can receive over £315,000 over a 3-year period (consisting of the current financial year and the 2 previous financial years). Extended Retail Discounts granted in 2021/22 do not count towards the limit. Covid business grants received from local government and any other subsidy claimed under the Minimal Financial Assistance or Small Amounts of Financial Assistance limit over the 3-year period should be counted.

5.3 Businesses exceeding the £110,000 cash cap for 2023/24 or the minimal financial assistance limit of £315,000 over 3 years (including 2023/24) will not be eligible for the relief.

6. Applications for relief

6.1 The Retail, Hospitality and Leisure Relief has been awarded to all businesses in receipt of the relief in 2022/23, therefore an application is not required.

7. Relief calculations

7.1 The maximum level of relief under these schemes is 75% of the net bill, after the awarding of mandatory reliefs and other discretionary reliefs for the period 1st April 2023 to 31st March 2024.

7.2 Relief will be calculated daily and granted for chargeable days for a property in the financial year 2023/24.

7.3 Ratepayers that occupy more than one property which satisfy the criteria will be entitled to relief for each of their eligible properties subject to the relevant cash cap levels.

7.4 Properties that are subject to splits, mergers or other changes during the 2022/23 billing year will be considered afresh based on their new daily liability.

7.5 No relief will be paid under these schemes to properties owned by London Borough of Barking and Dagenham, a precepting authority, or a functional body, within the meaning of the Greater London Authority Act 1999.

8. Termination of relief

8.1 Termination of relief may occur in the following circumstances:

- the organisation ceases from activities which the Council deems to meet the above eligibility criteria. The organisation is required to advise the Council of any such change as soon as possible in writing.

- The organisation ceases trading.

9. Appeals

9.1 Reliefs granted under the Local Authorities discretionary powers have no formal right of appeal process. However, applicants dissatisfied with the decision may request a review under the following circumstances:

- Additional information that is relevant to the application and that was not available at the time the decision was made becomes available; or

- There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was made.

9.2 Appeals must be made in writing including any supporting evidence.

9.3 Upon completion of the review, no further appeals will be considered.

10. Refusing or opting out of the scheme

10.1 Businesses can choose to refuse the relief award or decide to opt out of the scheme. If you have been awarded the relief but decide to opt out or refuse the award, please email us, and ask for it to be removed.

This page is intentionally left blank

CABINET

20 February 2023

Title: Leaseholder Charging Policy - Fire Door Programme at High Rise Blocks	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Authors: Anthony Wiggins – Head of Property Management & Capital Delivery, My Place Jane Shaw – Home Ownership Manager, My Place	**Contact Details:** Email: anthony.wiggins@lbbd.gov.uk Email: jane.shaw@lbbd.gov.uk
Accountable Director: Joe Joseph, Interim Director of Homes & Assets, My Place	
Accountable Strategic Leadership Director: Leona Menville, Interim Strategic Director of My Place	

Summary

The Council has an obligation to ensure that its housing stock is safe, secure and fit for purpose. Fire safety is particularly important, and the Council has an ongoing programme of replacing front entrance (fire) doors (FED's) within its flatted blocks, funded from the HRA Capital Stock Investment Programme. Works are identified through a combination of stock condition data held within My Place and the programme of ongoing Fire Risk Assessments currently being undertaken.

The programme includes replacing front fire doors, communal corridor fire doors (and side panels), doors to stairwells, riser cupboards, bin chute doors and all associated work to the housing blocks, which includes both Council tenanted properties as well as leaseholders.

Phase 1 of the works were completed in 2020/21 and resulted in the replacement of 351 front fire doors within three high-rise blocks and one medium-rise block. At that time, no leaseholders were recharged the cost of their front fire door under Section 20 of the Landlord and Tenant Act 1985 due to the timescale associated with the works. Having reviewed these arrangements for the development of Phase 2 of the programme, this report seeks Cabinet approval to continue the approach undertaken with Phase 1 with regards fire doors (front doors and all communal doors) within the high-rise blocks (i.e. those blocks 18 metres and above) as the policy of recharging leaseholders in respect of front fire doors, on all subsequent phases of the fire door (high-rise) replacement programme. This means the gifting of front entrance doors (FED's) to leasehold properties within high rise blocks and will ensure that the Council continues its proactive approach to fire safety compliance and the wellbeing of its residents and the ongoing fire compliance of the Council's stock with regards replacement FED's.

This report sets out the options considered, the preferred approach and the associated cost implications.
Recommendation(s) Cabinet is recommended to: (i) Adopt Option 2 as the policy of recharging leaseholders for front entrance doors (FEDs), communal doors and associated works, replaced as part of the Council's ongoing fire door (high-rise) replacement programme at the 21 blocks listed in Appendix 1 to the report; and (ii) Note the current projected cost of £638,000 of adopting the new policy over the lifespan of a typical FED and the funding arrangements via the HRA Capital Stock Investment Programme.
Reason(s): To assist the Council to meet its statutory responsibilities under the Fire Safety Act 2021.

1. Introduction and Background

1.1 The Council has an obligation to ensure that its housing stock is safe, secure and fit for purpose. Fire safety is particularly important, and the Council has an ongoing programme of replacing front entrance doors (FED) within its flatted blocks. Works are identified through a combination of stock condition data held within My Place and the programme of ongoing Fire Risk Assessments currently being undertaken. FRA's are particularly important for high-rise blocks (ie- those blocks 18 metres and above).

1.2 The Fire Safety Act 2021 (FSA 2021) which began as the Fire Safety Bill, introduced on 19 March 2020 by the Home Office in the wake of the Grenfell Tower fire and several other related tragedies, is a significant piece of legislation that supports the work being undertaken with regards fire safety within blocks.

1.3 The FSA gives Landlords responsibility to carry out a 'suitable and sufficient' fire risk assessment and carry out subsequent works. Staff employed to carry out this fire risk assessment must be competent to do so (as outlined in the provisions of the Fire Safety Act 2021) having appropriate qualifications, knowledge/experience, and previous installation references. The work should be recorded and supported with installation photographs taken before during and after the installation and appropriate certification issued.

1.4 The Council invests in the housing stock via the HRA Capital Stock Investment Programme to ensure it meets all building regulations and fire safety standards and the safety of residents, which is the Council's ultimate priority.

1.5 The HRA Stock Investment Programme capital funding allocated to the replacement of fire doors has already delivered several schemes within its high-rise blocks that replaced FEDs, communal corridor fire doors (and side panels), doors to stairwells, riser cupboards, bin chute doors and all associated work, which benefit all residents within the blocks, including both tenanted properties as well as leaseholders.

1.6 As with other works carried out within the Council's blocks, Section 20 of the Landlord & Tenant Act 1985, provides the basis for Landlords (the Council) to recharge leaseholders (those who have bought their flats under Right-to-Buy) a proportion of the works carried out within the block from which they benefit, via an appropriate consultation process carried out in advance of the works. The process then notifies leaseholders of the final costs at the end of the works.

1.7 It was agreed in 2019/20 that due to the nature of the of the work required for Phase 1 (which included the high-rise blocks at Laburnum House, Peverel House and Hawkwell House) leaseholder recharges for high rise blocks would be waived mainly due to the timescales and extent for the works.

1.8 Front entrance door (fire door) related works to these blocks have now been completed with Phase 2 of the programme currently in development. The ongoing proposals for the recharging of works has been reviewed and several factors considered, with regards the future recharging of front fire doors and communal related works.

2. Proposal and Issues

2.1 Under the terms of the current Council lease, leaseholders are responsible for their front fire doors, to ensure that it is replaced with a compliant fire door and installed by an accredited fire door installer. Therefore, when the Council carries out a programme of replacing fire doors within its high-rise blocks, the options for ensuring works are carried out to all doors and achieve compliance across the whole block are as follows:

Option 1 – Supply and install the front entrance doors (FED's) to leasehold properties as part of the high-rise programme and recharge leaseholders the cost (along with the fair proportion of the associated communal works). This option would be cost neutral for FED's fitted to leaseholders as all works would be recharged.

Option 2 – Supply and install FEDs to leasehold properties (within high-rise blocks) as part of the programme but do not recharge for their FED (but still recharge leaseholders a fair proportion of the works to the communal doors etc) and ensure that leaseholders are aware of their responsibilities going forward and ensure they comply. The cost of this option is outlined in para 3.3 and, over the life of the fire door programme, would cost in the region of £638,000.

Option 3 – Advise the leaseholder that FED's need replacing and let the leaseholder arrange the supply and installation (in accordance with their lease) and subsequently monitor the work to ensure a replacement door complies with the required standard and is installed by a competent and accredited installer. This would place the responsibility of providing a compliant FEDs on the leaseholder, with My Place ensuring compliance. This option would be cost neutral for front fire doors fitted to leaseholders as cost would be borne by the leaseholder themselves.

2.2 Option 1 would ensure the doors are replaced and would recharge the leaseholders the full amount of the works but does not fully comply with the terms of the Council lease, which places the responsibility of replacing fire doors with the leaseholders and therefore could present a possible challenge by leaseholders.

2.3 Option 2 allows the FED's to be replaced throughout the block at the same time through a competent manufacturer and accredited installer whilst, at the same time, not recharging the leaseholder (e.g. effectively 'gifting' the FED to leaseholders). This removes the need for leaseholders to replace their own front door and ensures fire compliance across the whole high-rise block. From a fire safety perspective, this is the preferred option.

2.4 Whilst Option 3 is in accordance with the terms of the lease agreement (e.g. the leaseholder is responsible for replacing their front entrance door (FED), this option has the potential for leaseholders within high-rise blocks, not to fulfil their obligations or fail to arrange these works via an accredited installer and for My Place to ensure any follow-up action is undertaken as a consequence. It is felt that this approach may have an adverse impact on ensuring the fire compliance of block at the earliest importunity (i.e. at the time when other fire doors are being replaced and made compliant) and could compromise the safety of the whole block.

3. Options Analysis

3.1 If Option 2 is agreed by Cabinet, its implementation would cost the Council around £2,500 per leaseholder dwelling that requires a new FED (supply and installation). There are currently (at as January 2023), 255 leaseholders across the Council's high-rise blocks as outlined in Appendix 1.

3.2 A full FED replacement programme across the high-rise estate, based on the average life expectancy of a front fire door and the data gathered through a combination of stock condition data and the ongoing Fire Risk Assessments (FRA's) is currently being developed and will form part of the annual HRA Stock Investment Programme agreed by Cabinet.

3.3 The cost over the life of the programme would be in the region of £638,000, which is likely to increase, as the number of leaseholders increase, and the cost associated with the works increase. The cost would be funded via the HRA capital stock investment programme, which allocates around £20m per annum for the replacement of major components across the entire housing stock of c17,000 dwellings (houses and flats).

3.4 The gifting of FEDs for high-rise blocks will ensure the Council's continues its proactive approach to fire safety compliance and the wellbeing of its residents and the ongoing fire compliance of the Council's stock with regards replacement fire doors. Once FEDs are replaced, stock condition data records are updated, and copies of certificates and warranties held within My Place.

3.5 It is proposed that the gifting of FEDs to high-rise leaseholders would only apply once, when doors are replaced as part of a planned replacement programme and recharging would still apply should doors subsequently be replaced by the leaseholder. Leaseholders would be issued with guidance on 'do's' and 'don'ts' upon installation and should these be compromised during the defect period, the cost to rectify would be solely the leaseholder's responsibility. Leaseholders will also be given a choice of fire door designs and colours from a predetermined list of alternatives.

3.6 The doors will come with a 12-month defect warranty period of which LBBD will honour any issues regarding manufacture or installation during this period, after which any issues arising will be the leaseholder's responsibility to rectify and fund.

3.7 Alongside the regarding proposals, a S20 leasehold compliant procurement strategy is being adopted which will ensure the fire door programme provides quality controlled and tested doors, alongside an appropriately accredited installer.

4. Equality Impact Assessment & Consultation

4.1 Section 20 of the Landlord & Tenant Act 1985 requires Consultation is carried out with leaseholder who are paying a variable service charge and failure to consult with our leaseholders will limit our ability to recharge the costs for any works carried out or for the provision of services under a qualifying long-term agreement.

4.2 Leaseholders will be written to under Schedule 4 Part 1 of the act which will allow leaseholders the ability to nominate a contractor which LBBD will have to give due consideration to. Any contractors nominated will have to produce evidence that the criteria of the contract have been fully met to be considered.

4.3 This will be a 3-stage process and included in the 1st Notice (Notice of Intention) detail of the work to be tendered for will be listed of which the doors will be shown as being gifted and noted that no costs for the front door will be passed on.

4.4 An Equality Impact Assessment screening tool was completed, which demonstrated that although a high-risk, high-profile programme, the overall impact on residents would be positive. And so, a full Equality Impact Assessment is not required.

4.5 The Fire Safety Act 2021 commenced on 16 May 2022. The Act amends the Regulatory Reform (Fire Safety) Order 2005. It applies to any building containing two or more domestic premises. The Fire Safety (England) Regulations 2022 will make it a legal requirement from 23 January 2023 for responsible persons for all multi-occupied residential buildings in England with storeys over 11 metres in height to:

- undertake quarterly checks of all fire doors (including self-closing devices) in the common parts.
- undertake – on a best endeavour basis – annual checks of all flat entrance doors (including self-closing devices) that lead onto a building's common parts.
- The regulations will also require responsible persons to provide to residents of all multi-occupied residential buildings with two or more sets of domestic premises (that have common parts) information on the importance of fire doors to a building's fire safety.

4.6 This report has been endorsed by the Capital and Assets Board.

5. Financial Implications

Implications completed by: Katherine Heffernan

5.1 The HRA capital programme is funded from surpluses generated from rental income – either as a direct revenue contribution or through borrowing funded by rents. For four of the last ten years rents were reduced by Central Government dictate and in 2023/24 are restricted to a below inflationary uplift of 7%. This has reduced the amount of funding available for capital. This means that there is a high risk that over time the funding will not be sufficient to meet Member and tenant aspirations.

5.2 In the light of the constrained position for capital funding, finance advice would be to seek to recover costs from leaseholders wherever possible. However, this does need to be balanced against the need to ensure that there are robust measures against fire in place – especially in High Rise blocks – as this increases the protection for all dwellings and occupants.

5.3 The report proposes that the fitting of good quality fire doors in high rise blocks should not be charged to leaseholders in those blocks. At the cost of around £2,500 per door this will be a cost of at least £637,500 (the final total will depend on the final cost and number of leaseholders). However, it should make the programme easier to roll out and mean that works are completed more promptly.

5.4 This cost will need to come from the annual stock investment programme of c£20m a year. As such it is affordable within budget but does reduce the funding available for other capital works and so has an adverse impact on tenants.

5.5 It should also be noted that this scheme effectively means that tenants (who will be paying for their doors through their rent) are subsidising leaseholders who on average will be wealthier/better off than them. This would be especially the case if any of the leasehold properties are not owner occupied but instead privately rented as this would be a subsidy for landlords.

5.6 If option two is pursued it is important that there is good communication with leaseholders about their continuing responsibilities with regard to the doors and it is made clear that this is a one-off exemption from charging. It should not be allowed to set a precedent and it should be clear that it is for a limited group of high-rise dwellings only not all leasehold stock.

6. Legal Implications

Implications completed by: Deirdre Collins (Advocate Lawyer Litigation) and Simon Scrowther (Litigation Lawyer).

6.1 Under the Fire Safety Act, the responsible person or organisation with fire safety duties and responsibilities has a responsibility within a building for:

- The structure and external walls of the building, including anything attached to the exterior of those walls, such as cladding, balconies and windows, and
- Entrance doors to individual flats that open into common parts.

6.2 The responsible person or organisation is under a legal duty to manage and reduce the risk of fire for these parts of the building. The fire risk assessment will need to consider these parts. When auditing buildings the Fire Service will need to see that these have been assessed in the fire risk assessment.

7. Other Implications

7.1 **Risk Management** – A risk-based approach has been considered throughout this report and reflected in the preferred option and the consultation process.

7.2 **Contractual Issues** – The delivery of the fire door programme will be the delivered through an appropriate procurement / contractual process which will include the S20 leasehold consultation process and comply with the Councils procurement processes.

7.3 **Corporate Policy and Equality Impact** – A copy of the Equalities Impact Assessment Screening Tool is included within Appendix 2.

Public Background Papers used in the preparation of the Report: None

List of appendices:

Appendix 1 - List of high-rise blocks
Appendix 2 – Equality Impact Assessment Screening Tool

This page is intentionally left blank

Appendix 1

Fire Door Programme - List of LBBD High-Rise Blocks (18 metres & above)

Bartletts House
Colne House
Eastbury Court
Enterprise House
Hawkwell House (works completed)
Hepworth Court
Highview House
Icehouse Court
John Burns Drive
Jute Court
Laburnum House (works completed)
Law House
Mersea House
Millard Terrace
Oldmead House
Parkside House
Perryman House
Peverel House (works completed)
Thaxted House
Triumph House
West House

This page is intentionally left blank

Appendix 2

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	Leasehold Charging Policy (Fire Doors)
Service Area	My Place
Officer completing the EIA Screening Tool	Jane Shaw Home Ownership Manager
Head of Service	Joe Joseph Interim Director of Homes and Assets, My Place
Date	01/12/2022
Consultation Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	The Fire Safety Act 2021 (FSA 2021) which began as the Fire Safety Bill, introduced on 19 March 2020 by the Home Office in the wake of the Grenfell Tower fire and several other related tragedies, is a significant piece of legislation that supports the work being undertaken with regards fire safety within blocks. The programme includes replacing front fire doors, communal corridor fire doors (and side panels), doors to stairwells, riser cupboards, bin chute doors and all associated work to the housing blocks, which includes both Council tenanted properties as well as leaseholders. The HRA Stock Investment Programme capital funding allocated to the replacement of fire doors has already delivered several schemes within its blocks that replaced front entrance doors (FED's), communal corridor fire doors (and side panels), doors to stairwells, riser cupboards, bin chute doors and all associated work, which benefit all residents within the blocks, including both tenanted properties as well as leaseholders. We are proposing to supply and install FED's to leasehold

<table>
<tr><td></td><td colspan="2">properties in all the high rise blocks as part of the programme but do not recharge for their FED (but still recharge leaseholders a fair proportion of the works to the communal doors etc) and ensure that leaseholders are aware of their responsibilities going forward and ensure they comply. By undertaking this work allows the FED's to be replaced throughout the high-rise blocks at the same time through a competent manufacturer and accredited installer whilst, at the same time, not recharging the leaseholder (e.g., effectively 'gifting' the FED to leaseholders). This removes the need for leaseholders to replace their own front door and ensures fire compliance across the whole block. If this proposal is agreed, its implementation would cost the Council around £2,500 per leaseholder dwelling that requires a new Front Entrance Door (supply and installation) and there are currently as at (January 2023) 255 leaseholders across the Council's high-rise blocks. Subject to survey not all doors may need renewing.</td></tr>
<tr><td>Protected characteristic</td><td>Impact</td><td>Description</td></tr>
<tr><td>Age</td><td>Positive impact (L)</td><td>No negative impact on age, the service has considered elderly vulnerable resident and have relevant Personal Evacuation Emergency Plans (PEEPS) in place</td></tr>
<tr><td>Disability</td><td>Positive impact (L)</td><td>No negative impact on age, the service has considered those residents with a disability and have relevant PEEPs in place.</td></tr>
<tr><td>Gender re-assignment</td><td>Positive impact (L)</td><td>All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.</td></tr>
<tr><td>Marriage and civil partnership</td><td>Positive impact (L)</td><td>All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.</td></tr>
<tr><td>Pregnancy and maternity</td><td>Positive impact (L)</td><td>All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.</td></tr>
<tr><td>Race</td><td>Positive impact (L)</td><td>All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.</td></tr>
</table>

Religion	Positive impact (L)	All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.
Sex	Positive impact (L)	All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.
Sexual orientation	Positive impact (L)	All residents in the high-rise blocks will be included in the door programme scheme which will have a positive impact.
Socio-Economic Disadvantage[1]	Positive impact (L)	The recommendation is to gift the front doors and will ensure that all doors are compliant with current regulations and will ensure our resident are not disadvantaged by their socio-economic status and remain safe in their homes.
How visible is this service/policy/project/proposal to the general public?		**High visibility to the general public (H)**
What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc		**High risk to reputation (H)**

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.

Completion of the EIA screening process has determined a full EIA is not required as this programme will only have a positive impact on all residents. If there are any significant changes to the programme in the future, then the EIA screening tool will be reviewed. As this has been identified as high visibility to the general public, to protect the council's reputation, the service will ensure that the policy and associated programme of work is communicated to residents in advance by the S20 Consultation requirements under Commonhold Leasehold and Reform Act 2005

[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 gifting of the Front Entrance Door’s will ensure the Council continues its proactive approach to fire safety compliance and the wellbeing of its residents and the ongoing fire compliance of the Council’s stock with regards to replacement fire doors.

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.

CABINET

20 February 2023

Title: LBBD Statement of Gambling Licensing Policy 2023-2026	
Report of the Cabinet Member for Enforcement and Community Safety	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Karen Collier, Service Manager Environmental Health & Public Protection	**Contact Details:** E-mail: karen.collier@lbbd.gov.uk
Accountable Director: Gary Jones, Interim Operational Director, Enforcement, Regulatory Services and Community Safety	
Accountable Strategic Director: Fiona Taylor, Acting Chief Executive	

Summary

The Council, as the local licensing authority for gaming and betting, is required under the Gambling Act 2005, to have in place a statement of the principles (a ‘policy’) by which it will abide in carrying out its licensing responsibilities.

Section 349 of the Gambling Act 2005 requires the Licensing Authority to prepare and publish a Statement of Gambling Licensing Policy in accordance with a statutory three-year cycle.

A period of formal consultation has been undertaken in respect of the draft Gambling Policy Statement 2023-2026 which was considered by the Licensing and Regulatory Committee on 31 January 2023.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to:

(i) Adopt the London Borough of Barking and Dagenham Statement of Gambling Licensing Policy 2023-2026, as set out in Appendix 1 of the report; and

(ii) Note that the policy statement shall take effect following the expiry of the statutory period of advertising after publication, in accordance with the provisions of the Gambling Act 2005.

Reason(s)

The approval and adoption of the Council’s Gambling Act 2005 Policy Statement for 2023 to 2026 is in accordance with the statutory responsibilities placed on the Council by the Gambling Act 2005. The policy promotes the licensing objectives stated in the Gambling Act 2005 and is linked to each of the Council’s corporate priorities.

1. Introduction and Background

1.1 Under the Gambling Act 2005, the Council is the licensing authority and is responsible for licensing and overseeing local gambling establishments. Part of this responsibility is the duty to prepare and publish a statement of the principles that the Council proposes to apply in exercising its functions under the Act.

1.2 The Council's current Gambling Act policy statement came into effect on the 24 July 2019 and was effective for three years.

1.3 The revision of the policy statement was overseen by the Council's Licensing and Regulatory Committee and considered at its committee meetings on the 3 October 2022 and 31 January 2023.

1.4 The Licensing and Regulatory Committee agreed the recommendations as set out in both the reports referred to in paragraph 1.3 above. On 3 October 2022, the committee considered the draft policy and noted the arrangements for public consultation. On 31 January 2023, the Committee considered the consultation feedback and the officer's comments in response to the consultation feedback, noted the minor clarification amendments made to the policy as a result of the consultation feedback and agreed that the report be presented to Cabinet and then the Assembly for final approval and adoption.

1.5 The policy statement must be adopted by the Assembly.

1.6 There are legally prescribed procedures that the Council must follow before the policy statement can take effect. This involves making the statement publicly available by a variety of means for at least 4 weeks and by advertising that it has been published.

2. Proposal and Issues

2.1 A copy of the draft revised London Borough of Barking & Dagenham Gambling Policy Statement 2023- 2026 is attached at Appendix 1. Details of the public consultation on the revised policy are set out in section 3 of this report.

2.2 The consultation responses focussed on two key areas of the draft policy, the statutory aim to permit and the local area profile. An overview of these key areas is provided below.

Statutory Aim to Permit

2.3 The Gambling Act 2005 places a legal duty on licensing authorities to aim to permit gambling, in so far as it is considered to be reasonably consistent with the pursuit of the licensing objectives. The effect of this duty is that licensing authorities must approach their functions in a way that seeks to regulate gambling by using their powers, for example, powers to attach conditions to licences, to moderate its impact on the licensing objectives rather than by starting out to prevent it altogether.

2.4 Consultation feedback to the online survey comments included the following:

- Why are these premises allowed to exist?

- There should be no betting shop in borough,
- I would like to see a reduction of premises in the area, they need to be minimised and limited if they cannot be eradicated.
- There are too many gambling establishments in Barking

2.5 The consultation comments have been considered and noted. As explained in paragraph 2.3, there cannot be a presumption for refusal. There is a statutory aim to permit gambling where an application is consistent with the licensing objectives being achieved.

2.6 One of the consultation responses reported that the draft policy did not appropriately identify the permissive regime envisioned by Parliament and implemented by the Gambling Act 2005.

2.7 The draft policy which was consulted on did include the requirement to 'aim to permit gambling' where to do so is reasonably consistent with e.g. the licensing objectives.

2.8 Having considered all the feedback raised, the policy has been amended to provide additional clarity to ensure that there can be no doubt that the authority will apply the correct statutory tests. Amendments have been made to the draft policy on page 20 paragraph 57 and page 29 paragraph 93.

Local Area Profile

2.9 Nationally, gambling policy and the regulatory environment overall has an increasing focus on risk. A local area profile is included in the revised draft policy statement, to inform the understanding of risk and to allow appropriate decisions to be made and steps taken to mitigate these risks. Gambling establishment operators are already required to undertake 'local area risk assessments' before submitting a premises licence application or variation and will be expected to give due consideration to the information available in the Council's 'local area profile'.

2.10 An updated Local Area Profile was included in the draft revised policy which was consulted on. The Local Area Profile was completed with significant input from the Council's Insight Hub. The update included an analysis of gambling related harm within the Borough which was conducted using spatial analysis techniques drawing on the most recent published, relevant and reliable socio-economic, public health and anti-social behaviour data sets.

2.11 In response to the consultation feedback, a link to and extracts from GambleAware's recently published interactive maps have been added to the Local Area profile in appendix D of the draft revised policy.

2.12 One consultation feedback referred to paragraph 52 of the draft policy which their extract stated '*this authority considers that it is necessary to seek to strictly control the number of facilities for gambling in areas, where it is most vulnerable residents may be placed at an increasing risk.'* The response added that the paragraph also states, '*all areas shown within the local are a profile as being at high overall risk of gambling related harm, are generally considered inappropriate for further gambling establishments*.'

2.13 The feedback suggested the Authority seeking to 'strictly control' premises was in direct conflict with the governing legislative framework.

2.14 That consultation extract was selective and misleading. As described above, a robust evidence base has been prepared. The full paragraph 57 from the draft policy which was consulted on and remains in the proposed policy is as follows:

> *Parapragh 57 "This Authority considers that it is necessary to seek to strictly control the number of facilities for gambling in areas where its most vulnerable residents may be placed at increasing risk, and in line with the duty, to aim to permit gambling insofar as it is reasonably consistent with the pursuit of the licensing objectives. All areas shown within the local area profile as being at high overall risk of gambling related harm, are generally considered inappropriate for further gambling establishments, which would tend to raise the risk of gambling related harm to vulnerable people living in those areas. Operators are asked to consider very carefully whether seeking to locate new premises or relocating existing premises within these areas would be consistent with the licensing objectives".*

3. Consultation

3.1 The Gambling Act 2005 requires the Council to consult when preparing its policy statement and this has been undertaken widely with key stakeholders. The full list of stakeholders consulted can be found in Appendix B of the draft Gambling Policy Statement.

3.2 Formal consultation, as endorsed by the Corporate Strategy Group at its meeting on 15 September 2022, was undertaken between 26 October 2022 until 30 December 2022, which provided an opportunity, in particular, for the following stakeholders to provide feedback:

- Responsible authorities
- Service providers and persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act
- Ward councillors
- Local licensed operators and relevant trades representative groups
- Publication on the authority's website

3.3 Twelve responses to the online survey were received (eleven of those were from members of the public and one was from a councillor. In addition, another three consultation responses were received directly; one from a councillor, one from GambleAware (a charity which commissions prevention and treatment services) and one from Poppleston Allen (Licensing Solicitors) representing Merkur Group.

3.4 The consultation feedback received together with officer comments, including any resulting minor changes to the policy statement to provide greater clarification, and where relevant the reasons why changes have not been made are available within the Licensing and Regulatory Committee report of 31 January 2023 referred to in paragraphs 1.3 and 1.4 above.

3.5 It can be noted form the officer comments to the consultation responses that the majority of responses referred to matters that were either adequately addressed within the draft policy statement or related to legal requirements that the Council has no power to amend. The minor amendments that were made to the policy statement provide greater clarification to assist both applicants in their applications and sub-committees determining applications.

4. Financial Implications

Implications completed by: Afzal Hussain, Senior Accountant

4.1 This report seeks approval for minor clarification amendments to the draft policy statement, with a view to agreeing a revised Gambling Policy Statement.

4.2 The Council, as the local licensing authority for gaming and betting, is required under the Gambling Act 2005, to have in place a statement of the principles (a 'policy') by which it will abide in carrying out its licensing responsibilities.

4.3 There is no financial impact of this proposal.

5. Legal Implications

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

5.1 As set out in the report, under the Gambling Act 2005, the Council is the licensing authority is required by law to have a Gambling Policy Statement which must be reviewed on a periodic basis. There is Statutory Guidance to Licensing Authorities on how the policy is developed set out in part 6 of the Guidance. As part of the process there must be consultation and due regard be given to any representation as set out in paragraphs 6.56 – 61 of said Guidance.

5.2 In determining its policy statement, the Licensing Authority must give appropriate weight to the views of those it has consulted. In deciding what weight to give, the factors to be taken into account include:

- who is making the representations, the nature of their interest and their expertise
- relevance of the factors to the licensing objectives
- how many other people have expressed the same or similar views
- how far the representations relate to matters that the licensing authority should be including in its policy statement.

5.3 The final adoption of the Gambling Policy Statement is an Assembly function.

6. Other Implications

6.1 **Risk Management -** This review of the Council's gambling licensing policy fulfils the requirement under the Gambling Act 2005 for the Council to have and regularly review and update a statement of policy. If the Council fails to prepare and publish the policy statement the Council may be challenged when exercising its functions under the Act through a number of routes, e.g. service complaints to the Local Government Ombudsman and judicial review. Conversely, by preparing and publishing the policy statement, the Council is complying with its legal obligation. In addition, the Council provides a defined framework within which to exercise its functions and makes it clear to all stakeholders how the Council intends to exercise its functions.

6.2 **Corporate Policy and Equality Impact -**The draft revised policy is intended to promote the statutory licensing objectives. It attempts to do so in a way that acknowledges and supports the broader Council vision and priorities.

6.2.1 This revision of LBBD's Gambling Policy Statement and the subsequent public consultation will support the corporate strategic priorities of "Participation and Engagement" and "Well-run organization". The Policy intends to support responsible operators and sets out to offer protections to our local community. This supports the corporate strategic priorities of "Inclusive Growth" and "Prevention, Independence and resilience".

6.2.2 Equality impacts have been considered in the revision of this policy. An Equality Impact Assessment screening tool has been completed and submitted to the Strategy and Participation Team who have confirmed that the draft revised Gambling Policy Statement does not require a full Equality Impact Assessment.

6.2.3 The equalities impact was further reviewed and considered following the consultation responses. Consultation feedback referred to the need to protect children and vulnerable adults from gambling related harm. The Equality Impact Assessment screening tool has been updated to clarify the specific consultation period.

6.2.4 The groupings for whom there will be direct impacts, and with whom there will continue to be efforts made to ensure that impacts are kept under review, are as follows:

- Age, in relation to children and young people;
- Disability, in relation to vulnerable adults; and
- Social Inclusion, in relation to the above plus those whom we may describe as vulnerable.

It continues to be the case that, across all nine national Protected Characteristic groupings and our tenth grouping in Barking & Dagenham of social inclusion, based on feedback from the formal consultation, the impact is predicted to be 'low positive'.

6.2.5 A copy of the Equality Impact Assessment screening tool can be found in Appendix 2.

6.3 **Safeguarding Adults and Children -** The third licensing objective specifically deals with the protection of children. As such, the policy includes detailed best practice management advice around child protection issues, compiled in conjunction with expert responsible authorities. This deals with issues such as age-verification and advertising. Child Protection are a statutory responsible authority under the Act and are consulted on all new and varied premises licence applications. The revised policy statement also continues to emphasise the Council's focus on protecting adults with care and support needs.

6.4 **Health Issues -** Although public health is not a licensing objective, the draft policy recognises the potential impacts of gambling related harm and is intended to provide adequate protections to vulnerable persons. The draft policy promotes socially responsible premises management.

6.5 **Crime and Disorder Issues -** The first licensing objective specifically deals with the prevention of crime and disorder. As such, the draft policy considers issues such as location and local levels of crime. The development of the revised policy is being carried out in conjunction with expert responsible authorities.

6.6 **Property / Asset Issues -** None directly, any licensable gaming or betting activity provided on Council run venues would be subject to the same controls as other commercially run venues or facilities.

Public Background Papers Used in the Preparation of the Report:

- London Borough of Barking and Dagenham Statement of Gambling Policy (effective 24 July 2019)
- Agenda Item 7 of the Licensing & Regulatory Committee Meeting of 3 October 2022 Agenda for Licensing and Regulatory Committee on Monday, 3 October 2022, 7:00 pm | LBBD
- Agenda Item 5 of the Licensing & Regulatory Committee Meeting of 31 January 2023 Agenda for Licensing and Regulatory Committee on Monday, 3 October 2022, 7:00 pm | LBBD

List of appendices:

- Appendix 1: Draft revised London Borough of Barking & Dagenham Gambling Policy Statement 2023- 2026 (Post Consultation Version)
- Appendix 2: Equalities Impact Assessment Screening Tool

This page is intentionally left blank

Gambling Act 2005

Draft Statement of Gambling Licensing Policy 2023-2026

Notes

The Gambling Act 2005 (“the Act”) came into force in 2007. It introduced a new, comprehensive system for gambling regulation in Great Britain, bringing together the vast majority of commercial gambling into a single regulatory framework.

The Act established a dedicated national regulator in the form of the Gambling Commission (the Commission). But it also recognised the potential local impact and importance of gambling. So, it created many local regulators whose job it is to manage gambling within their area, in line with local circumstance. These are the 368 licensing authorities of England, Wales and Scotland. In doing so, the Act established a strong element of local decision-making and accountability in gambling regulation.

The Act gives local regulators discretion to manage local gambling provision, including discretion as to the level of fees set to cover the cost of administering the local system of regulation within limits set by the Department of Culture, Media and Sport (DCMS) in England and Wales. It sets out some boundaries to that discretion, consistent with the recognition of gambling as a mainstream leisure activity.

The Act also provides scope for the Commission to act to set out an overall direction at national level, while leaving licensing authorities in the lead locally, with appropriate support from the Commission.

As licensing authority for the London Borough of Barking and Dagenham, this Council is required under s.349 of the Act to prepare and publish, every three years, a statement of the licensing principles it proposes to apply in exercising its functions under the Act. This is commonly known as the statement of licensing policy. The statement of policy can be reviewed and revised by the Council at any time but must be produced following consultation with those bodies and persons set out in s.349 of the Act.

The Barking and Dagenham Statement of Gambling Licensing Policy sets out how this Authority intends to exercise its functions under the Act, for the period 2023 – 2026. First published in 2007, this latest draft revision has been prepared having regard to the Act, secondary regulations, and the Commission’s Guidance to Local Licensing Authorities (April 2021 Update).

This Council’s current version of the policy for 2019-22 was adopted by the full Council Assembly on 24 July 2019.

Executive Summary

This Authority recognises that the gambling industry, across its many component parts, makes a significant contribution to the national economy and provides considerable job opportunities. It also recognises that gaming and betting provides a legitimate leisure activity, enjoyed by many people, and that the majority of people who gamble appear to do so without exhibiting any signs of problematic behaviour.

However, while a thriving gambling industry may be good for the economy, the success of the industry cannot be at the expense of families affected by problem gambling.

The Assessment of National Gambling Behaviour published by the Gambling Commission in August 2017 and prepared by NatCen Social Research stated that 1.4% of gamblers were classed as ‘problem gamblers’ (0.8% of the population), with 6.4% of gamblers were classed as at risk (3.9% of the population). At the time the Gambling Commission Executive Tim Miller was quoted as stating that “Whilst overall problem gambling rates in Britain have remained statistically stable, our research suggests that in excess of two million people are at-risk or classed as problem gamblers, with very many more impacted by the wider consequences of gambling-related harm.”

The situation is improving. The latest survey carried out by the Gambling Commission showed that the rate of problem gambling for the year to September 2021 had fallen to 0.3 per cent of the population. The study also showed that the rate of those gamblers classed as being at ‘moderate risk’ of harm fell to 0.7% in the same time frame. These are significant reductions and the fall in rates suggests that work undertaken on promoting safe gambling is having an impact.

Since the last revision of our policy, we have seen many initiatives develop including using advertising to promote safer gambling tools like deposit-limits and time-outs; investing more in research and treatment; funding an education programme provided by GamCare and YGAM; implementing the credit card ban; and introducing tough new rules on VIP schemes and changes in game design; as well as using technology to intervene with customers online.

Furthermore, this Authority was pleased to see the changes in stakes introduced to fixed odds betting terminals in 2019, which this Authority supported.

Still, gambling related harm is recognised as a ‘co-morbidity’ (i.e. one of a range of conditions existing in an individual that exacerbates pre-existing conditions and contributes toward a reduced life expectancy). It is often observed in people who suffer from poor mental health; stress or anxiety; substance misuse; and financial difficulties.

As such, it potentially extends beyond the individual through work and study, personal, financial legal and interpersonal circumstances and affects the community around the individual and local community services. The prevalence of problem gamblers based on the

Health Survey for England 2012 indicated there could be in excess of 1,400 individuals who are problem gamblers within Barking and Dagenham.

The costs to society (i.e. the excess fiscal costs caused by people who are problem gamblers beyond those that are normally incurred otherwise by members of the public) are felt through health; housing and homelessness; unemployment; and imprisonment. Using the Health Survey as a basis the total excess costs in Barking and Dagenham could be anything up to £2.2 million.

For these reasons, this Authority has set out to establish a gambling licensing policy which recognises good industry practice and intends to support responsible operators but sets out to offer adequate protections to our local community.

Integral to this has been the analysis of gambling related harm which informs Section 3 of this policy. The analysis explored local area-based vulnerability to gambling related harm and, as such, provided both context to this policy and a 'local area profile'. This enables consideration to be given to local issues that must be addressed by local operators and to the extent to which any further development of a gambling offer within the borough may be appropriate.

Section 3 of this policy sets out the considerations this Authority will go through in determining gambling premises licences. All new and current operators must have regard to this section when compiling local risk assessments and should make this section their starting point when absorbing the content of this policy.

Before this, the policy opens with a more general introduction to Barking and Dagenham (Section 1), followed by detail on the principles this Authority will rely on in fulfilling its licensing responsibilities (section 2).

Sections 4 (premises licences) and 5 (other consents) go on to set out in some detail, the steps that this and other responsible authorities would wish to see given appropriate consideration within risk assessments and operating schedules. It is intended to reflect and enhance industry good practice. This section is also intended to make clear certain aspects of the applications process for the benefit of all. This includes information on consultation, responsible authorities, interested parties and relevant objections.

Section 6 deals with enforcement matters, establishing how this Authority and partner service and external agencies intend to work collaboratively together, in a fair, transparent, open and consistent manner, to provide intelligent directed regulation.

Together, we hope to support a successful industry, which can offer enjoyable leisure activities without harm to our young and most vulnerable.

Contents **Page No**

Section One – Introduction

About Barking and Dagenham

1. The London Borough of Barking and Dagenham is located at heart of the Thames Gateway, just a 15-minute train journey from central London. The borough borders the London Boroughs of Newham, Redbridge and Havering with Greenwich and Bexley to the south of the Thames. The borough's three main towns are Barking, Chadwell Heath and Dagenham.

2. The Office for National Statistics most recent population estimates from the 2021 Census estimated Barking and Dagenham's population at 218,900 residents, an increase of 17.7% since the previous census in 2011. It has a young population with an estimated 53,700 children (persons aged between 0 and 15), the highest proportion in London and the UK. Some 145,900 people are of working age, which is 67% of the population and 19,000 people are of retirement age (65 and over) reflecting 9% of the population[1].

3. Barking and Dagenham also has a diverse, multi-cultural community. The borough's Black and Minority Ethnic (BME) population represents 67.1% of the total population. Nigeria is the most common birthplace of residents from outside of the UK followed by India and Pakistan[2].

4. Barking and Dagenham has its challenges. Both male and female healthy life expectancy (58.1 and 60.1 respectively) are below the London average. The numbers of people who have no qualifications (11.9%); who are unemployed (6.8%); and who are Universal Credit claimants (9.3%) are all above the London average[3].

5. However, with a proud history of manufacturing, industrial excellence and a strategic location linking it to major markets in the South-East (and on to Europe), Barking and Dagenham has real potential and aspires to become a destination of choice, where people stay and feel welcome.

6. Barking and Dagenham is at the heart of London's eastward growth, attracting developers and investors to the most affordable and accessible opportunities in the whole of the Southeast.

7. With 400 hectares of development land, we plan to provide 50,000 high quality new homes and 20,000 new jobs within the next 20 years.

[1,2,3] LBBD Key demographic facts 2022

8. With its excellent transport links, Barking and Dagenham is already one of London's best-connected boroughs. Connections are set to improve further with new transport links created or in the pipeline, all intended to support the capital's eastward growth. This includes:

    - Crossrail started operating from Chadwell Heath in 2022
    - In 2022, the London Overground was extended to Barking Riverside
    - A new C2C station planned at Beam Park
    - Improvements to the A13
    - A new River Thames crossing serving east London is in operation.

9. As a legacy from Barking and Dagenham's involvement as a host borough in the London Olympics in 2012, there has been significant investment in leisure, recreational and sporting facilities. The Council has agreements in place with Hackman Capital Partners to build London's largest film and TV production centre In Dagenham with additional studios on a second site in Barking.

10. The borough has an incredible 530 hectares of green belt land, plus 25 parks and open spaces and tree lined streets.

11. A map of the geographic area comprising Barking and Dagenham is shown in Figure 1 on the following page.

The Borough Manifesto and Corporate Plan

12. The Borough Manifesto sets out the long-term, 20-year vision for the future of Barking and Dagenham. It describes how the council, our partners and the whole community are working together in order to realise our shared vision of a more powerful, resilient, connected community; 'one borough; one community; no-one left behind'.

13. The council's approach to achieving this vision is set out in The Corporate Plan. This describes our approach to the work we do with residents every day and explains our four key strategic priorities:

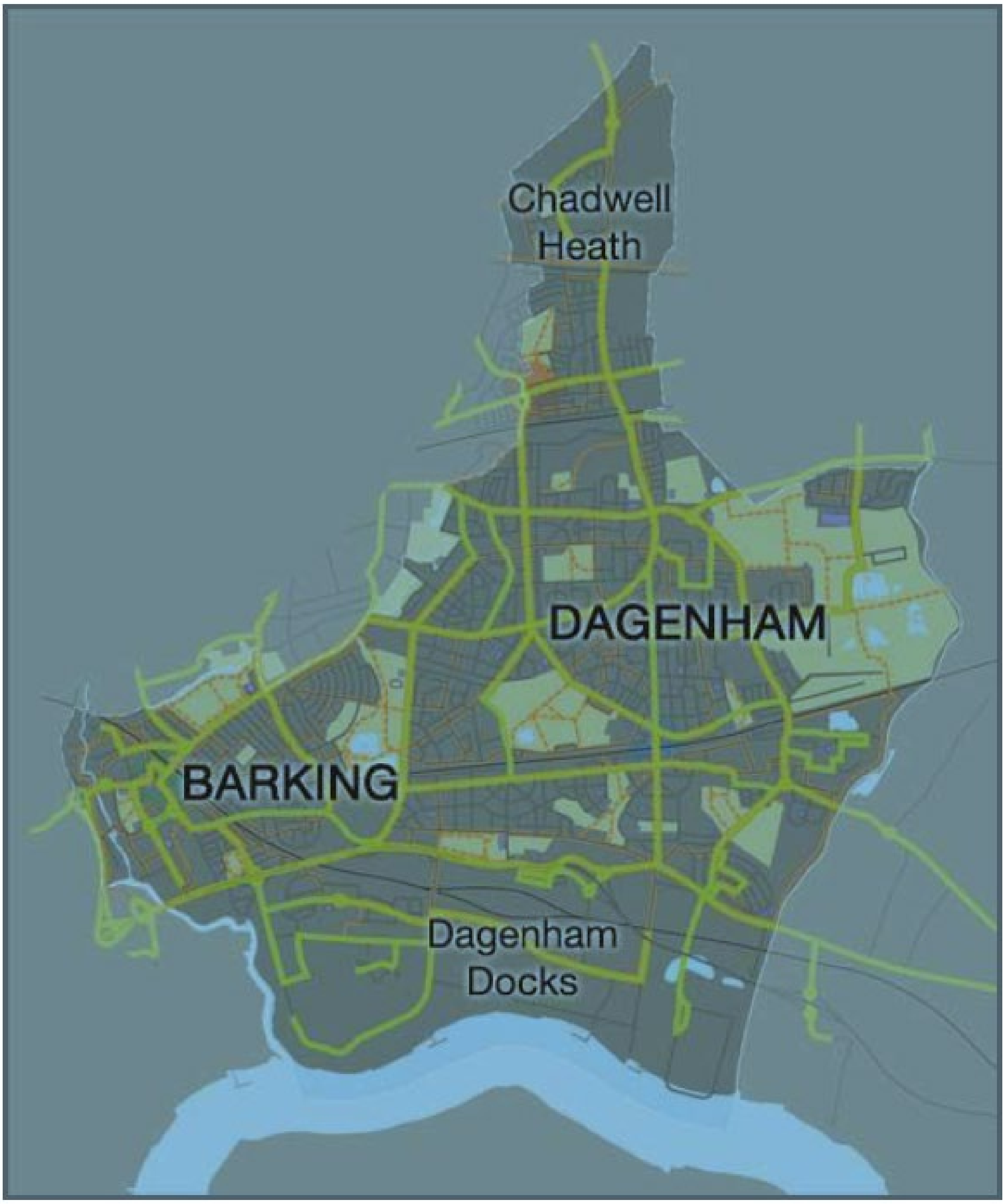
    - Inclusive growth – Harnessing the growth potential that arises from our people, our land and our location in ways that protect the environment and enhance prosperity, wellbeing and participation for all residents.

    - Participation and engagement – Empowering residents by enabling greater participation in the community and in public services.

    - Prevention, independence and resilience – Children, families and adults in Barking and Dagenham living safe, happy, healthy and independent lives.

    - Well-run organisation – Focusing on the efficient and effective operation of the Council itself.

Figure 1 – Map of Barking and Dagenham



Section Two - Purpose and Scope of this Policy

The Aim of the Policy

14. The aim of this policy is -
    - To inform licence applicants how this Authority will make licensing decisions and how licensed premises are likely to be able to operate within its area
    - To set out how the Authority intends to support responsible operators and take effective actions against irresponsible operators
    - To inform local residents, business and licensed premises users, of the protections afforded to the local community within the Act and by this Authority
    - To support licensing decisions that may be challenged in a court of law.
    - To reinforce to elected members on the Licensing and Regulatory Board, the powers available to the local authority as licensing authority
    - Setting and collecting fees

Local Authority Functions

15. Under the Gambling Act 2005, this Authority is responsible for local gambling regulation. This statement of policy deals with the range of regulatory functions that fall to this Authority. These are –

    - Licensing premises for gambling activities
    - Considering notices given for the temporary use of premises for gambling
    - Granting permits for gaming and gaming machines in clubs and miners' welfare institutes
    - Regulating gaming and gaming machines in alcohol licensed premises
    - Granting permits to family entertainment centres (FEC) for the use of certain lower stake gaming machines
    - Granting permits for prize gaming
    - Considering occasional use notices of betting at tracks
    - Registering small society lotteries that fall below certain thresholds

The Licensing Objectives

16. While carrying out its functions under the Act, particularly in relation to premises licences, temporary use notices and some permits, this Authority must have regard to the licensing objectives, as set out in section 1 of the Act. These are –

    - Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
    - Ensuring gambling is conducted in fair and open way

- Protecting children and other vulnerable people from harm or from being exploited by gambling

17. Licensing authorities have a duty to promote the licensing objectives, and we expect gambling business to deliver them.

Statutory Aim to permit gambling

18. In exercising its functions under the Act, s.153 states that licensing authorities shall aim to permit the use of premises for gambling, in so far as it thinks it:

- In accordance with any code of practice under s24
- In accordance with any relevant guidance issued by the Commission under s.25
- Reasonably consistent with the licensing objectives (subject to the above) and
- In accordance with the licensing authority's statement of licensing policy

19. The effect of this is that both the Commission and licensing authorities must approach their functions in a way that seeks to regulate gambling by using their powers, for example, to attach conditions to licences, to moderate its impact on the licensing objectives rather than by starting out to prevent it altogether.

Licensing authority discretion

20. Within this, licensing authorities have discretion to regulate the local provision of gambling and the Act gives wide-ranging powers to do so. Those include the power:

- To issue a statement of licensing policy, setting expectations about how gambling will be regulated in the local area
- To grant, refuse and attach conditions to premises licences
- To review premises licences and attach conditions or revoke them as a result

Limits on Local Authority Discretion

21. However, licensing authorities are subject to some specific constraints in exercising their functions. A licensing authority has no discretion to grant a premises licence where that would mean taking a course of action which it did not think accorded with the Guidance issued by the Commission, any relevant Commission code of practice, the licensing objectives or the licensing authority's own statement of policy.

22. In addition, the Act makes specific references to factors that must not be considered by a licensing authority in exercising its functions under s.153
    - The expected demand for facilities (s.153(2))
    - Whether the application is to be permitted in accordance with law relating to planning or building (s.210(1))

23. Additionally, licensing authorities should not turn down applications for premises licences where relevant objections can be dealt with through the use of conditions.

The statement of gambling licensing policy

24. Gambling Commission Guidance to local licensing authorities establishes that the statement of licensing policy forms a very important part of the architecture of local gambling regulation, and it is expected that licensing authorities will use it to set out the local issues, priorities and risks that inform and underpin its approach to local regulation.

25. It is the primary vehicle for setting out the licensing authority's approach to regulation having taken into account local circumstances. It ensures that operators have sufficient awareness and understanding of the licensing authority's requirements and approach, including its 'view on local risks' to help them comply with local gambling regulation.

The assessment of local area vulnerability to gambling related harm

26. Accordingly, the Council has conducted an assessment of local area vulnerability to gambling related harm, which is intended to support and inform this authority's statement of licensing policy and form the local area profile. A summary is provided as Appendix D to this document and introduced under section 3.

27. Both applicants and existing licensed operators are directed to this document when referring to this policy and when updating their own local area risk assessments.

Local risk assessments

28. To improve the exchange of information between licensing authorities and operators, the Commission introduced Social Responsibility code provisions that require operators of premises-based businesses to conduct local risk-assessments and an ordinary code provision that says licensees should share their risk assessments with licensing authorities in certain circumstances.

Engagement

29. This authority encourages early active engagement with local operators to an open and constructive partnership which, in turn, can improve confidence, reduce regulatory costs and mitigate risks to the licensing objectives. Such engagement can facilitate an open and constructive partnership which, in turn, can improve compliance and reduce costs.

30. It is noted also that the authority is entitled to request such information from operators as may be required to make effective licensing decisions.

Other considerations

31. Licensing authorities should regulate gambling in the public interest.

32. While this statement of policy sets out a general approach to the exercise of functions under the Act, it does not override the right of any person to make an application and have that application considered on its own merits. Additionally, this statement does not seek to undermine the right of any person to make representations on an application or to seek a review of a licence where provision has been made for them to do so.

33. As far as is reasonably possible, this Authority will avoid duplication with other regulatory regimes.

34. This Authority also understands that moral or ethical objections to gambling are not a valid reason to reject applications for premises licences.

Consideration of Planning Permission and Building Regulations

35. In particular, this Authority recognises that s210 of the Act prevents licensing authorities from taking into account the likelihood of the applicant for a premises licence obtaining planning permission or building regulations approval.

36. Equally, however, the grant of a gambling premises licence does not prejudice or prevent any decision or action that may be appropriate under planning or building control law.

Human Rights Act 1998

37. This Authority understands that the Secretary of State has certified that the Act is compatible with the European Convention on Human Rights. In considering applications, and taking enforcement action under the Act, this Authority will bear in mind that it is subject to the Human Rights Act 1998 and in particular:

- Article 1, Protocol 1 – peaceful enjoyment of possession. A licence is considered a possession in law and people should not be deprived of their possessions except in the public interest

- Article 6 – Right to a fair hearing

- Article 8 – Respect for private and family life. In particular, removal or restriction of a licence may affect a person's private life

- Article 10 – Right to freedom of expression

Exchange of information

38. S.29 of the Act enables the Commission to require information from licensing authorities, including the manner in which the information is compiled, collated and the form in which it is provided, providing that it:

    - Forms part of a register maintained under the Act
    - Is in the possession of the licensing authority in connection with a provision of the Act

39. S.350 of the Act allows licensing authorities to exchange information with other persons or bodies for use in the exercise of functions under the Act. Those persons or bodies are listed in Schedule 6 of the Act as:
    - A constable or police force
    - An enforcement officer
    - A licensing authority
    - HMRC
    - The First Tier Tribunal
    - The Secretary of State

40. In exchanging information, this Authority will act in accordance with the relevant legislation and comply with the requirements of UK General Data Protection Regulation (GDPR). This Authority will also have regard to any Guidance to local licensing authorities issued by the Commission. Where the law allows, this Authority will agree secure mechanisms to share information with other regulators about gambling premises to help target resources and activities and minimise duplication.

Scheme of Delegation

41. Table 1 (on the following page) sets out the scheme of delegation for this Authority.

42. The scheme of delegation is intended to support an effective and efficient licensing process, within which non-contested matters will be granted by authorised officers.

43. Where matters are subject of representations, officers will normally attempt to reach an agreed negotiated outcome through our conciliation process. This is offered to facilitate further discussion and save the time and costs associated with a public hearing. Conciliation may be attempted up to 24 hours before a hearing. If an agreed outcome, satisfactory to all concerned parties, cannot be reached then the matter will generally be determined by a sub-committee comprising three elected members of the Council's Licensing & Regulatory Committee.

Table 1 – Delegation of decisions and functions

Matter to be dealt with	Council Assembly	Licensing Sub-Committee	Officers
Final approval of three-year policy	X		
Policy not to permit casinos	X		
Fee setting (where appropriate)	X		
Application for a premises licence		Where representations have been received and not withdrawn	Where no representations have been received or representations withdrawn
Application for variation of a premises licences		Where representations have been received and not withdrawn	Where no representations have been received or representations withdrawn
Application for transfer of a premises licence		Where representations have been received from the Commission	Where no representations have been received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations have been received or representations withdrawn
Review of a premises licence		X	
Application for a club gaming / club machine permit		Where objections have been made (and not withdrawn)	Where no objections have been made / objections have not been withdrawn
Cancellation of a club gaming / club machine permit		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	

Section Three – Local Area Profile

Background

44. The Commission’s Licence Conditions and Codes of Practice (LCCP), version April 2021, formalised the need for operators to consider local risks.

45. Specifically, Social Responsibility Code 10.1.1 requires all applicants for licences and current premises licence holders to assess the risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and to have policies, procedures and control measures to mitigate those risks. When carrying out their risk assessments, licensees are required to take into account any relevant matters identified in the licensing authority’s statement of policy.

46. The risk assessment should also be updated:
    - When applying for a variation of the premises licence
    - To take account of significant changes in local circumstances, including those identified in this Authority’s statement of policy
    - When there are significant changes at the licensee’s premises that may affect how local risks are managed

The local area profile

47. As has been recognised by the Responsible Gaming Strategy Board, there is evidence that some groups in the population may be more vulnerable to gambling related harm. This not only applies to people on low incomes but also people who are less able to make reasoned decisions because of poor mental health or addiction. Children and young people may be particularly susceptible, as their youth and inexperience may make them more inclined to risk-taking behaviour and less able to manage the consequences of those decisions. Statistics indicate that some BME groups may also be vulnerable.

48. To help support applicants and licence holders to better understand their local environment, an analysis of gambling related harm has been prepared as a ‘local area profile’. A copy of the document is provided at Appendix D. By drawing on relevant and reliable published socio-economic and public health data sets together with local police data concerning anti-social behaviour, the local area profile uses spatial analysis techniques to provide a model of area-based vulnerability to gambling related harm across the borough.

49. Both current operators and potential new operators to the borough are asked to consider the detail provided carefully, and to have regard to both the overall

summary map and the individual mapping provided in respect of each relevant data set.

50. The general introduction to Barking and Dagenham provided in Section One of this policy demonstrates that this borough is an improving borough. However, as can be readily seen from the analysis provided under the local area profile, this Council's area compares poorly with its neighbours under the Index of Multiple Deprivation (IMD) 2019.

51. The assessment of the 37 separate indicators that make up the IMD indicates this borough is subject to widespread deprivation to which gambling related harm contributes.

52. This position gives rise to serious concerns of the impact of any further increase in the number of gambling premises may have for the most vulnerable and 'at risk' areas of the borough. This Authority considers that it is necessary to seek to strictly control the number of facilities for gambling in areas where its most vulnerable residents may be placed at increasing risk, and in line with the duty, to aim to permit gambling insofar as it is reasonably consistent with the pursuit of the licensing objectives. All areas shown within the local area profile as being at high overall risk of gambling related harm, are generally considered inappropriate for further gambling establishments, which would tend to raise the risk of gambling related harm to vulnerable people living in those areas. Operators are asked to consider very carefully whether seeking to locate new premises or relocating existing premises within these areas would be consistent with the licensing objectives.

53. Wherever the facilities are proposed, operators should consider, having regard to the individual mapping provided, each of the specific characteristics of their local area. Each premises' specific risk-assessment should recognise these and provide appropriate proactive mitigation or control measures.

54. This Council would also recommend that operators consider the following matters when making their risk-assessment.

- Information held by the licensee regarding self-exclusions and incidences of underage gambling
- Gaming trends that may reflect benefit payments
- Arrangement for localised exchange of information regarding self-exclusions and gaming trends
- The urban setting such as proximity to schools, commercial environment, factors affecting footfall

- The range of facilities in proximity to the licensed premises such as other gambling outlets, banks, post offices, refreshment and entertainment type facilities
- Known problems in the area such as problems arising from street drinkers, youths participating in anti-social behaviour, drug dealing activities, or other street related disorder.
- It is recommended that those preparing the local risk assessment seek the views of staff working in the premises, they may well possess knowledge based on their daily presence in the locality and may also be local residents with detailed local knowledge. Experience shows that shop staff, when asked to read the completed risk assessment often do not recognise the description of the area portrayed within the risk assessment.

55. The local area profile is intended to help facilitate constructive engagement between operators and licensees and a more co-ordinated response to local risks. The local area profile will be updated from time to time to ensure that the information contained within is current and relevant.

56. Licensees are required to share their risk assessment with the Authority when applying for a premises licence or for a variation of a licence, or otherwise at the request of the Authority, for instance during the course of a premises inspection conducted by authorised officers. This Authority asks that a copy of the relevant risk-assessment is kept available on the premises.

How applications for premises licences will be assessed

57. In exercising its functions under Part 8 of the Act in relation to premises licences the licensing authority will aim to permit the use of premises for gambling in so far as it considers it:

(a) in accordance with any relevant code of practice under section 24,

(b) in accordance with any relevant guidance issued by the Commission under section 25,

(c) reasonably consistent with the licensing objectives (subject to paragraphs (a) and (b)), and

(d) in accordance with the statement published by the authority under section 349 (subject to the preceding paragraphs (a) to (c)).

Subject to the particular statutory requirements set out in section 166 of the Act in relation to casino licences, the authority will also have regard to the statutory requirement that in determining whether to grant a premises licence it may not have regard to the expected demand for the facilities which it is proposed to provide.

While it will continue to be the case that each application will be considered upon its own merits with all relevant matters – including, as indicated, the requirement to 'aim to permit gambling' where to do so is reasonably consistent with e.g. the licensing objectives – see paragraph 16 above - taken into account, this Authority will expect that each applicant for a licence will:

- Have had regard to the content of the local area profile and to the guidance and best practice advice provided within this document.
- Have engaged in constructive discussion with the appropriate relevant responsible authorities where risks and concerns are raised
- Be able to demonstrate that the risks raised within the local area profile, this policy and through representations have been adequately addressed by submitted operating schedules
- To be reasonably consistent with the licensing objectives

58. This Authority may require additional information where appropriate.

Factors it is likely the local authority will take into account in determining applications

59. In considering applications for new licences, variations to existing licences and licence reviews, this Authority will be likely to take into account some or all of the following matters:
    - The type of premises
    - The location of the premises
    - The proposed or current hours of operation of the premises
    - The configuration and layout of the premises
    - The nature of the local area, and the implications for the risk of gambling related harm, including where appropriate the recorded levels and types of crime and/or the levels of deprivation
    - The extent to which the risk-assessment provided by the operator acknowledges and proactively deals with local concerns as raised under the local area profile contained within this policy
    - Matters relating to children and young people
    - Matters relating to vulnerable adults
    - The level of control measures proposed
    - Whether the application establishes high levels of management
    - The compliance history of the premises management, if current
    - The views of the responsible authorities

- The views of interested parties

60. This list is not exhaustive. Other relevant information will be considered, determined on a case-by-case basis.

Conditions

61. All licences granted are subject to the mandatory and default conditions provided for by law. Where there are risks associated with a specific premises or class of premises, the licensing authority may consider it necessary to attach additional conditions.

62. Conditions may be attached to premises licences in a number of ways:
    - Mandatory conditions established through the Act or secondary regulations
    - Default conditions, which may be imposed upon a licence by the licensing authority under s.168 of the Act
    - Conditions imposed upon licences by the local licensing authority under its discretion

63. Where its discretion has been engaged through the representations process, this Authority will impose conditions where it considers that it is necessary to do so to address relevant local circumstances. Conditions imposed by this Authority will be proportionate to the circumstances they are seeking to address. In particular, conditions will be:
    - Relevant to the need to make a proposed building suitable as a gambling facility
    - Directly related to the premises (including the locality and any identified local risks) and the type of licence applied for
    - Fairly and reasonably related to the scale and type of premises
    - Within the ability of the operator to comply
    - Enforceable
    - Reasonable in all other respects

Conditions that may not be attached to premises licences by licensing authorities

64. This Authority notes that the Act sets out certain matters that may not be the subject of conditions.
    - S.169(4) prohibits a licensing authority from imposing a condition on a premises licence which makes it impossible to comply with an operating licence condition
    - S.172(10) provides that conditions may not relate to gaming machine categories, numbers, or method of operation

- S.170 provides that membership of a club or body cannot be required by attaching a condition to a premises licence
- S.171 prevents any licensing authority imposing conditions in relation to stakes, fees, winnings, or prizes.

Compliance with Commission Licence Conditions and Codes of Practice

65. In considering the matter of conditioning of licences this Authority is aware of the content of the current version of the Commission's Licence Conditions and Codes of Practice (dated 31 October 2021). These may be viewed in full by visiting https://www.gamblingcommission.gov.uk/licensees-and-businesses/lccp

66. The Commission has the power to issue two types of code of practice. The first is a social responsibility (SR) code. A SR code must be followed and has the force of a licence condition. The Commission may also issue ordinary codes (OC) which are intended to set out best industry practice. They are not mandatory, but operators are expected to follow them unless they have alternative arrangements in place that they can demonstrate are equally effective.

67. The licence conditions and codes of practice apply to all new and existing licences, including any holder of a personal or operating licence issued under the Gambling Act 2005.

Section Four – Premises licences

68. This policy statement does not set out to explain the process and procedure for applying for a premises licence, variation or transfer. Advice on such can be obtained directly from the licensing service (see contact details in appendix A). However, this policy statement does set out for the benefit of applicants and all other interested parties, some important matters that this Authority will have regard to when determining applications.

Types of premises licences

69. In accordance with s.150 of the Act, premises licences can authorise the provision of facilities on:
    - Casino premises
    - Bingo premises
    - Betting premises, including tracks
    - Adult gaming centre (AGC)
    - Family entertainment centres (FEC)

Applications

70. Applications for premises licences and club premises certificates must be made on the prescribed form (available from https://www.lbbd.gov.uk/business/licenses-and-permits/gambling-licences-and-permits/gambling-premises-licence/overview/) and accompanied by:

    - The prescribed fee
    - The prescribed documents, namely a plan of the premises (ideally at 1:100 scale, unless otherwise agreed with the Authority)
    - Notwithstanding the requirements of The Gambling Act 2005 (Premises Licences and Provisional Statements) Regulation 2007, relating to the content of submitted plans, this authority believes that in order to be satisfied that the requirements of S.153 are being met, especially social responsibility codes more detail is required, with the locations of gaming machines and self-service betting terminals marked on the plan. This view is supported in the national guidance issued by the Gambling Commission (S.7.46). Accordingly, for any new premises licence application or variation application this level of detail will be required. Any plan submitted without this information will be returned to be corrected, thus potentially delaying the issue of any licence;
    - A copy of the operator's local area risk-assessment

71. Applications must be completed in full and signed and dated. If an application is submitted incomplete, it will not be processed.

72. Similarly, a licence application, and any licence subsequently issued, is not valid if the relevant 'application notices' have not been made. These include

- A notice placed outside the premises for 28 consecutive days in a place where it can be easily seen and read by passers by
- A public notice placed in a newspaper or newsletter of local relevance on at least one occasion within ten days of the application being made
- Notice provided to all of the relevant responsible authorities, including the Commission, with seven days of the application being made.

73. A licence to use a premises for gambling should only be issued in relation to premises that the licensing authority can be satisfied are going to be ready to be used for gambling in the reasonably near future, consistent with the scale of the building or alterations required before the premises are brought into use. Equally, licences should only be issued where they are expected to be used for the gambling activity named on the licence.

74. In cases where an operator wishes to apply for a licence in respect of a premises where construction is not yet completed, or needs alteration, or where the operator does not have the right to occupy them, a provisional statement should be sought.

Responsible authorities

75. Responsible authorities are public bodies that must be notified of applications and that are entitled to make representations to the licensing authority in relation to applications for, and in relation to, premises licences.

76. S.157 of the Act identifies the bodies that are to be treated as responsible authorities. They are:

- The licensing authority in whose area the premises is wholly or partly situated
- The Gambling Commission
- The Chief Officer of Police
- The fire and rescue authority
- The local planning authority
- The council's environmental health service
- A body designated in writing by the licensing authority, as competent to advise about the protection of children from harm
- HM Revenue and Customs
- Any other person prescribed by the Secretary of State

Body designated as competent to advise on the protection of children from harm

77. This Authority has determined the local Safeguarding Children Board as the body competent to advise on the protection of children from harm.

78. The principles that this Authority has applied in designating the competent body are:

- The need for the body to be responsible for the area we cover
- The need for the body to be able to provide professional expert opinion
- The need to ensure accountability, through being answerable to elected members rather than any particular interest group

Interested parties

79. S.158 of the Act defines interested parties. To accept a representation from an interested party, this Authority must take the view that the person:

- Lives sufficiently close to the premises to be likely to be affected by the authorised activities
- Has business interests that might be affected by the authorised activities
- Represents persons in either of these two groups

80. When determining whether a person 'lives sufficiently close to the premises' this Authority will take the following factors into account:

- The size of the premises
- The nature of the premises
- The distance of the premises from the location of the person making the representation
- The potential impact of the premises such as the number of customers, routes likely to be taken by those visiting the establishment
- The circumstances of the person who lives close to the premises. This is not their personal characteristics, but their interests which may be relevant to the distance from the premises

81. When determining whether a person has business interests that might be affected by the authorised activities this Authority will recognise that the 'demand test' from previous legislation does not apply and, therefore, that view that an application provides competition to an existing local business will not be considered sufficient reason for a representation. In establishing that a relevant business is likely to be affected, factors that are likely to be relevant include:

- The size of the premises
- The ‘catchment’ area of the premises, that is, how far people travel to visit the premises
- Whether the person making the representation has business interests in that catchment area that might be affected

82. Interested parties can be people who are democratically elected, such as councillors and MPs. Other representatives might include bodies such as trade associations, trade unions and residents’ and tenants’ associations. A school head or governor might act in the interests of pupils or parents and a community group might represent vulnerable people living near to the proposed premises.

83. Aside from democratically elected persons, this Authority will satisfy itself on a case-by-case basis that a person does represent interested parties and will request written evidence to support this where necessary. A letter from the interested person being represented would be sufficient.

84. This Authority will only consider ‘relevant’ representations, i.e. representations that relate to the licensing objectives or to issues that are raised within this statement of policy. Any representation that is considered ‘frivolous’ or ‘vexatious’ may be disregarded. Relevant considerations in interpreting these phrases may include:

- Who is making the representation and whether there is a history of making representations that are not relevant
- Whether or not it raises a ‘relevant’ issue
- Whether it raises issues that are specifically to do with the premises that are the subject of the application under consideration

Definition of premises & split premises

85. This Authority notes that the Act defines ‘premises’ as including ‘any place’ and that s.152 of the Act prevents more than one premises licence applying to any place.

86. It is understood that there is no reason, in principle, why a single building could not be subject to more than one premises licence, provided the licences are issued in respect of different parts of a building that can be reasonably regarded as being different premises. However, this Authority will give very close attention to any application which proposes to sub-divide a single building or plot.

87. Whether different parts of premises can properly be regarded as being separate premises will depend on the circumstances. The location of the premises will

clearly be an important consideration and the suitability of the proposed division is likely to be a matter for discussion.

88. This Authority does not consider that areas of a building that are artificially or temporarily separated, for example by ropes or moveable partitions, can properly be regarded as different premises. If the premises are located within a larger venue, this Authority will require a plan of the venue on which the premises should be identified as a separate unit.

89. Each application will be considered upon its own merits. However, in cases where this Authority considers that a proposal is intended to create separate premises with additional gaming machine entitlement and this impacts upon the licensing objectives, then this Authority will not automatically grant a licence even where the mandatory conditions relating to access between premises are observed.

Multi-activity premises

90. This Authority will also take particular care in considering applications for multiple premises for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular,

- Premises must be configured so that children are not invited to participate in, have accidental access to or closely observe gambling where they are prohibited from participating
- Entrances to and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised and people do not 'drift' into a gambling area. In this context it should normally be possible to access the premises without going through another licensed premises or premises with a permit
- Customers should be able to participate in the activity named on the premises licence

91. In determining whether two or more proposed premises are truly separate, this Authority will consider factors which could assist in making their decision, including

- Is a separate registration for business rates in place for the premises?
- Are the premises' neighbouring premises owned by the same person or someone else?
- Can each of the premises be accessed from the street or a public passageway?
- Can the premises only be accessed from any other gambling premises?

Provisional statements and applications for premises licences requiring works or right to occupy

92. A premises licence, once it comes into effect, authorises premises to be used for gambling. Accordingly, a licence to use premises for gambling will only be issued in relation to premises that the Authority can be satisfied are going to be used for gambling in the reasonably near future, consistent with the scale of building or alterations required before the premises are brought into use. S204 of the Act provides for potential operators to apply for a provisional statement that he / she
    - Expects to be constructed
    - Expects to be altered; or
    - Expects to acquire a right to occupy.

93. However, case law provides that operators may apply for a full premises licence in respect of premises which have still to be constructed or altered and licensing authorities are required to determine such applications on their merits. In such cases, this Authority will consider such applications in two stages:
    - Firstly, whether as a matter of substance after applying the principles in s153 of the Act[3], the premises ought to be permitted to be used for gambling
    - Secondly, in deciding whether or not to grant the application this Authority will need to consider if appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place. This Authority is entitled to consider that it is appropriate to grant a licence subject to conditions, but it is not obliged to grant such a licence.

Standards of management

94. This Authority expects all licensed operators to strive to achieve the highest standards of premises management across all facilities for gaming and betting within Barking and Dagenham.

---

[3] Which provides:

"153 Principles to be applied

(1) In exercising their functions under this Part a licensing authority shall aim to permit the use of premises for gambling in so far as the authority think it—

(a) in accordance with any relevant code of practice under section 24,

(b) in accordance with any relevant guidance issued by the Commission under section 25,

(c) reasonably consistent with the licensing objectives (subject to paragraphs (a) and (b)), and

(d) in accordance with the statement published by the authority under section 349 (subject to paragraphs (a) to (c)).

(2) In determining whether to grant a premises licence a licensing authority may not have regard to the expected demand for the facilities which it is proposed to provide.

(3) This section is subject to section 166."

95. To this end, premises management are expected to have an excellent and in-depth knowledge of relevant gambling law and regulations and be able to demonstrate a full understanding of the importance of social responsibility provisions and the need to provide adequate protection of children and vulnerable people.

96. All customer-facing staff in licensed premises should also have sufficient understanding and knowledge to recognise the indicators of problem gambling and take appropriate steps to deal with this; and to promote socially responsible gaming.

97. As working in gambling establishments can also carry risks for the staff involved, it is expected that adequate staffing provision is maintained at all times and that incidents of lone working especially late at night, should be minimised. All working practices should be covered by appropriate risk-assessments.

98. Additionally, a full record of all incidents, actions and interventions should be maintained and made available for inspection at the premises. This Authority would also ask that operators support the Council and partner authorities by displaying healthy lifestyle information regarding such as alcohol consumption, local smoking cessation services and local support for mental health problems and debt advice, as and when this is made available.

The first licensing objective – Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime

99. This Authority recognises that the Commission takes a lead role in preventing gambling from being a source of crime and will have investigated issues of suitability under the process for an Operators' Licence.

100. However, the location of a premises is an important factor when determining a premises licence application and so this Authority will pay particular attention to the location of gambling premises and the local level of crime. Where an area has high levels of organised crime, careful consideration will be given to whether it is appropriate for gambling premises to be located there and, if so, what conditions may be necessary to minimise the risk of crime.

101. Operators should also be aware of and take into account, issues of lower-level crime and anti-social behaviour.

102. Licensees will be expected to demonstrate that they have given careful and adequate consideration to this objective. In considering whether to grant a premises licence, this Authority will also give appropriate consideration to issues such as:

- The configuration, design, and layout of the premises, paying particular attention to steps taken to 'design out' crime
- The arrangements in place to control access
- Security arrangements within the premises, including whether CCTV is installed (or intended) and, if so, the standard of the CCTV and the positioning of cash registers
- Training provided to staff around crime prevention measures
- The level of staff intended to be provided at the premises, including whether door supervisors are employed
- The arrangements for age verification checks
- The provision of adequate sanitary accommodation
- Steps proposed to be taken to redress the recurrence of any historical crime and disorder issues
- Steps proposed to prevent anti-social behaviour associated with the premises, such as street drinking, litter, and obstruction of the highway
- The likelihood of any violence, public disorder, or policing problems if the licence is granted

103. The above list is not exhaustive. Reference will also be had to issues raised by the local area profile detailed in section three of this policy.

104. This Authority notes the distinction between disorder and nuisance in the case of gambling premises and that disorder is intended to mean activity that is more serious and disruptive than mere nuisance. Factors to consider in determining whether a disturbance was serious enough to constitute disorder would include whether police assistance was required and how threatening the behaviour was to those who could see or hear it.

The second licensing objective – Ensuring that gambling is conducted in a fair and open way

105. This Authority notes that the Commission does not expect licensing authorities to be dealing with issues of fairness and openness frequently, as these matters are likely to be subject to the provisions of the Commission-issued operator and personal licences.

106. However, any suspicion raised that gambling is not being conducted in a fair and open way will be brought to the attention of the Commission for appropriate

action. Similarly, any concerns relating to fair trading legislation will be brought to the attention of Trading Standards.

The third licensing objective – Protecting children and other vulnerable persons from being harmed or exploited by gambling

(a) Protecting children

107. The third licensing objective refers to protecting children from being harmed or exploited by gambling. This generally means preventing children from taking part in gambling and for there to be restrictions on advertising so that gambling products are not aimed at children in such a way that makes them attractive (excepting category D machines).

108. Licensees and applicants will be expected to demonstrate that they have given careful and appropriate consideration to measures intended to protect children. In considering whether to grant a premises licence, this Authority will give appropriate consideration to issues such as:

- The location and supervision of entrances
- Security measures at the premises including the installation and maintenance of CCTV
- The provision of licensed door supervisors
- Arrangements for age verification
- Arrangements for segregation between gaming and non-gaming areas in premises where children are permitted
- Arrangements for supervision of machine areas in premises where children are permitted
- The provision of signage and notices

109. With limited exceptions, however, the intention of the Act is that children and young persons should not be permitted to gamble and should be prevented from entering premises which are adult-only environments. This Authority will consider whether staff will be able to adequately supervise the gambling premises to ensure this.

110. This Authority will also consider whether the structure or layout and configuration of a premises either inhibits adequate supervision of the premises or prohibits it. In such cases, an applicant for a licence should consider what changes are or might be required to mitigate this. Such changes might include:

- The positioning or relocation of staff or CCTV to enable direct lines of sight of entrances / machines
- The use of floor walkers to monitor use of machines

111. The Commission's general licence conditions and associated codes of practice include requirements as part of Operating Licences that licensees must have and put into effect social responsibility policies and procedures designed to prevent under-age gambling and monitor the effectiveness of these.

112. In order that this Authority may make a proper informed judgement as to the effectiveness of these policies and procedures, it is requested that copies of the relevant documentation are submitted for consideration as part of any application for a new or varied premises licences. These will be considered upon their individual merits.

(b) Protecting vulnerable adults

113. The Act does not seek to prohibit groups of adults from gambling in the same way that it does children.

114. While the Commission does not seek to define 'vulnerable adults' it does, for regulatory purposes, assume that this group includes people who may gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to mental health needs, learning disability or substance misuse relating to alcohol or drugs.

115. The Commission's general licence conditions and associated codes of practice include requirements as part of Operating Licences that licensees must have and put into effect policies and procedures that promote socially responsible gambling. In particular, the codes of practice place responsibilities on licensees

- To make information readily available to customers on how to gamble responsibly and how to access information about, and in respect of, problem gambling
- For customer interaction where they have a concern that a customer's behaviour may indicate problem gambling
- To participate in the national multi-operator self-exclusion scheme
- To take all reasonable steps to refuse service or to otherwise prevent an individual who has entered a self-exclusion agreement from participating in gambling
- To take all reasonable steps to prevent any marketing material being sent to a self-excluded customer

116. In order that this Authority may make a proper informed judgement as to the effectiveness of these policies and procedures, it is requested that copies of the relevant documentation are submitted for consideration as part of any application for a new or varied premises licences. These will be considered upon their individual merits.

117. This Authority will also wish to understand the steps taken by the applicant to monitor the effectiveness of these policies and procedures.

(c) Location

118. Location of the premises has already been raised within this policy under the first licensing objective. However, location carries broader considerations that can potentially impact on each of the licensing objectives and beyond. That said this Authority recognises that betting shops have always been situated in areas of high population, where there are likely to be high numbers of children nearby, and this is not of itself a problem where appropriate steps have been taken to minimise the risk of children being attracted to gambling.

119. This Authority will give careful consideration to any application in respect of premises that located in close proximity to

- Schools
- Parks, playgrounds and open spaces
- Stations and transport hubs where large numbers of children may be expected to congregate
- Leisure facilities, youth clubs and community centres
- Hostels or other accommodation for vulnerable children, young persons and adults
- Proximity of premises which may be frequented by vulnerable people such as hospitals, residential care homes, medical facilities, doctor's surgeries, council housing offices, addiction clinics or help centres, places where alcohol or drug dependant people may congregate, etc.
- Faith premises and places of public worship (including churches, temples, mosques and other), which may tend to be frequented by children and/or vulnerable people.
- Areas that are prone to issues of youths congregating, including (but not limited to) for the purposes of participating in anti-social behaviour, activities such as graffiti / tagging, underage drinking etc.
- Recorded instances of attempted underage gambling

Access to premises by children and young persons

120. The Act restricts the circumstances under which children and young people may take participate in gambling or be upon premises where gambling takes place as follows:

- Casinos are not permitted to admit anyone under 18;
- Betting shops are not permitted to admit anyone under 18;
- Bingo clubs may admit those under 18 but must have policies to ensure that they do not play bingo, or play category B or C machines that are restricted to those over 18;
- Adult gaming centres are not permitted to admit those under 18;
- Family entertainment centres and premises with a liquor licences (for example pubs) can admit under 18s, but they must not play category C machines which are restricted to those over 18;
- Clubs with a club premises certificate can admit under 18s, but they must have policies to ensure those under 18 do not play machines other than category D machines; and
- All tracks can admit under 18s, but they may only have access to gambling areas on days where races or other sporting events are taking place, or are expected to take place.

121. This Authority will expect applicants to offer their own proposals to help fulfil the licensing objectives. However, there are a range of general controls that this Authority together with the other responsible authorities would recommend:

- The use of proof of age schemes;
- The direct supervision of entrances to the premises and the machine areas;
- The installation of CCTV systems with the 31-day library of recording maintained;
- Provision of suitable notices / signage explaining admission restrictions; and
- Setting and publicising specific opening hours.

Challenge 25

122. All premises should operate a proof of age compliance scheme. This Authority recommends that any proof of age scheme should be based on the principles of ‘Challenge 25’ and should involve:

- Persons appearing to staff to be under the age of 25 attempting to enter the premises or take part in gambling activities should be required to produce valid age identification (comprising any PASS accredited card or passport or driving licence) before being admitted or being allowed to take part;

- The reinforcement of this practice by appropriate signage displayed at the entrance to the premises and upon the premises;
- All staff to be trained in the premises proof of age compliance scheme and records of the training given to be retained on the premises and made available for inspection by authorised officers;
- The use of an incident log-book to record details of all age-related refusals. The log should be reviewed monthly by the nominated responsible member of staff and any actions taken recorded in the book and signed off by that member of staff. This log shall be retained on the premises and made available for inspection by authorised officers; and
- Where a CCTV recording system is installed inside the premises, it should be arranged so as to monitor each entrance and exit and the gaming areas. A library of recordings taken by the system shall be maintained for 31 days and made available to authorised officers upon request.

Restriction of advertising so that gambling products are not aimed at or are, particularly attractive to children

123. This Authority notes that the Commission's Licence Conditions and Codes of Practice require all advertising of gambling products to be undertaken in a socially responsible manner. Advertising of gambling products should comply with the advertising codes of practice issued by the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) which apply to the form and media in which they advertise their gambling facilities or services. Licensees should also follow any relevant industry code of practice on advertising, notably the Gambling Industry Code for Socially Responsible Advertising.

124. This authority understands that the following general principles apply to advertising:
- Must be legal and not misleading
- Must not encourage irresponsible or excessive gambling;
- Must take care not to exploit children and other vulnerable persons in relation to gambling activity; and
- Should not be specifically and intentionally be targeted towards people under the age of 18 through the selection of media, style of presentation, content or context in which they appear.

125. This Authority accepts that further conditions on this matter should not normally be necessary, but all issues of non-compliance with the code will be rigorously investigated and reported to the relevant authorities.

Casinos

126. S.166(1) of the Act states that a licensing authority may resolve not to issue casino premises licence. This Authority has not passed such a resolution, but it is aware of the power to do so. Should this Authority decide in the future to pass such a resolution, this Statement of Policy will be updated. Any such decision must be taken by the full Council Assembly.

Bingo

127. A holder of a bingo licence is able to offer bingo in all its forms. Children and young persons are permitted in bingo premises but may not participate in the bingo. As children and young persons may be present upon bingo premises, careful consideration will be given to protection of children from harm issues. Social responsibility (SR) code 3.2.5(3) states that 'licensees must ensure that their policies and practices take account of the structure and layout of their gambling premises in order to prevent under-age gambling'. Where category B or C machines are available for use, these must be separated from areas where children and young people are allowed.

128. The Authority will need to be satisfied that substantive facilities for non-remote bingo can be played in any premises for which a Premises Licence is issued for that purpose. In premises operating under a bingo licence, bingo should be a significant activity with gaming machines not the sole offer. To prevent a situation where a bingo premises licence is obtained solely to benefit from the gaming machine entitlement that it provides, this Authority will wish to satisfy itself that bingo is intended to be a significant activity and can be played in any part of the premises for which such a licence may be sought and throughout the hours of its intended operation. To this extent, where bingo is intended to be offered by way of tablets or other similar devices, consideration will be given to whether:

- All tablets or devices shall be maintained fully charged and available for use
- Whether there will be sufficient seating provided to enable all tablets or devices to be played upon the premises

129. Scrutiny will be given to any application for a new licence in respect of any excluded area of existing premises.

130. In addition, young persons, aged 16 and 17, may be employed in bingo premises provided their duties are not connected with the gaming or gaming machines. This Authority will not grant licences unless the applicant demonstrates how they intend to meet this licensing objective and identify appropriate measures they will take to protect young employees.

Betting

131. The Act establishes a single class of licence covering betting, although there are two types of premises that require licensing. These are for ‘off course’ betting and track betting. Both are licensed by the local licensing authority. This section of the policy concentrates on ‘off course’ betting that takes place other than at a track and includes an entitlement to provide up to four gaming machines of category B2, B3, B4, C or D, and any number of betting machines.

132. This Authority has had particular concerns over the use of the B2 Fixed Odds Betting Terminals (FOBTs) within betting shops. While it is appreciated that it is permissible for a betting operator to provide solely FOBTs as their allocation of gaming machines and that since April 2019 the maximum stake permitted on these machines has been reduced from £100.00 to £2.00 the higher prize, higher stake gaming provided still increases the risk of gambling related harm. An applicant will in each case be expected to demonstrate that they can offer sufficient facilities for betting alongside any gaming machine provision.

133. Where Category B2 gaming machines are provided, these gaming machines should be located within direct line sight of the supervised counter in order to prevent their use in connection with the proceeds of crime or excessive use by vulnerable persons”. Information leaflets and posters shall be provided in close proximity to the location of any FOBTs. These should be aimed at customers / families / friends and provide information on how to identify signs of problem gambling and available pathways to advice and assistance (e.g. helpline numbers and online counselling services).

134. Where the local area profile identifies any relevant local risk of gambling related harm, operators should consider additional protections for the vulnerable. These could include:

- Removing Automated Teller Machines (ATMs) from the betting office; and
- Restricting FOBTs to account based play.

135. Licensed betting premises are only permitted to offer gambling facilities between 0700 and 2200 hours, unless the local authority has agreed an extension of operating hours. This Authority is also concerned that longer operating hours may attract the more vulnerable, such as those who may be intoxicated or have gambling addictions. Consequently, this Authority is unlikely to grant any extension of operating hours unless it is satisfied that robust measures will be in place to protect the vulnerable.

136. Children and young persons are not permitted to enter licensed betting premises. Social Responsibility (SR) Code 3.2.7(3) in the Licence Conditions and

Codes of Practice (LCCP) states that 'licensees must ensure that their policies and procedures take account of the structure and layout of their gambling premises' in order to prevent under-age gambling.

137. As per the Commission's Guidance, this Authority will wish to consider restricting the number and location of betting machines in respect of applications for betting premises licences. The council when considering the number/ nature/ circumstances of betting machines an operator wants to offer will follow the Gambling Commission's Guidance and take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines.

138. This Authority will also have regard to the local area profile set out in section three of this policy and to the risk-assessment compiled in response to it.

Track betting

139. S.353 of the Act defines a track as a horse racecourse, greyhound track or other premises on any part of which a race or other sporting event takes place or is intended to take place.

140. Tracks may be subject to more than one premises licence, as long as each licence applies to a specific area of the track. Children and young people are able to enter track areas when facilities for betting are provided on days when dog racing or horse racing takes place. This exemption does not extend to other adult only areas.

141. This Authority will expect an applicant to demonstrate that they will put suitable measures in place to ensure that children do not have access to adult-only gaming facilities.

Adult gaming centres

142. Adult gaming centres (AGCs) premises licences allow the holder of the licence to make gaming machines available for use on the premises. Persons operating an AGC must hold a gaming machines general operating licence from the Commission and must seek a premises licence from the licensing authority. The holder of an adult gaming centre premises licence that was issued prior to the 13 July 2011 is entitled to make available four category B3/B4 gaming machines, or 20% of the total number of gaming machines, whichever, is the greater. An AGC premises licence granted after the 13 July 2011 may make available for use a number of category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises and any number of category C or D machines.

143. Gaming machines provide a form of gambling which is attractive to children and AGC's will contain machines of a similar format to the Category D machines on which children are allowed to play. However, no-one under the age of 18 is permitted to enter an AGC and applicants must be aware of the location of and entry to AGC's to minimise the opportunities for children to gain access.

144. Because gaming machines provides opportunities for solitary play and immediate pay-outs, they are more likely to encourage repetitive and excessive play. The council in considering premises licences which include gaming machines will have particular regard to the third licensing objective in this respect.

145. The council will expect applicants to offer their own measures to meet the licensing objectives; however appropriate measures / licence conditions may cover issues such as:

- Proof of age schemes;
- CCTV;
- Entry control system;
- Supervision of entrances/ machine areas;
- Physical separation of areas;
- Location of entry;
- Notices/ signage;
- Specific opening hours;
- Self-barring schemes for individuals to bar themselves from premises; and
- Provision of information leaflets/ helpline numbers for organisations such as GamCare, **National Gambling Helpline on 0808 8020 133** and also **www.begambleaware.org**.

Licensed family entertainment centres

146. The Act creates two classes of family entertainment centre (FEC). This part of the policy concerns licensed FECs. Unlicensed FECs are dealt with in Section 5. Persons operating a licensed FEC must hold a 'gaming machine general operating licence (Family Entertainment Centre)' from the Commission and a premises licence from the relevant licensing authority. They are able to make category C and D gaming machines available.

147. This Authority may only grant a permit if satisfied that the premises will be wholly or mainly used for making gaming machines available.

148. Children and young persons are permitted to enter an FEC and may use category D machines. They are not permitted to use category C machines and it is a requirement that there must be clear segregation between the two types of machine, so that under-18s do not have access to them. Social Responsibility

(SR) code 3.2.5(3) in the Licence Conditions and Codes of Practice (LCCP) states that 'licensees must ensure that their policies and procedures take account of the structure and layout of their gambling premises' in order to prevent underage gambling. Mandatory conditions apply to FEC premises licences regarding the way in which the area containing the category C machines should be set out, detailed in Appendix C.

149. In determining any application for a permit this Authority will have regard to the licensing objectives and will expect the applicant to show that there are policies and procedures in place to protect children from harm, relating not just from gambling but also wider child protection considerations, including the risk of child sexual exploitation. The efficiency of such policies and procedures will be considered on their merits. However, the Authority would anticipate these would include measures / training for staff on:

- Appropriate action regarding suspected truanting school children on the premises;
- Dealing with unsupervised very young children being on the premises, or children causing perceived problems on or around the premises; and
- Staff training on the maximum stakes and prizes.

150. SR 3.2.5(2) requires operators to ensure that employees prevent access and challenge children or young persons who attempt use category C machines. It is strongly recommended that licensing authorities ensure that staffing and supervision arrangements are in place to meet this requirement both at application stage and at subsequent inspections.

Premises licence reviews

151. Requests for a review of a premises licence may be made by an interested party or a responsible authority, in which circumstances it is for this Authority to decide whether to carry out a review. By virtue of s.198, an application may, but need not, be rejected if the licensing authority thinks that the grounds on which the review is sought:

- Are not relevant to the principles that must be applied by the licensing authority in accordance with s.153, namely the licensing objectives, the Commission's codes of practice and this Guidance, or the licensing authority's statement of policy;
- Are frivolous;
- Are vexatious;
- 'Will certainly not' cause the licensing authority to revoke or suspend a licence or to remove, amend or attach conditions on the premises licence;

- Are substantially the same as the grounds cited in a previous application relating to the same premises; and
- Are substantially the same as representations made at the time the application for a premises licence was considered.

152. In addition, s.200 of the Act provides that licensing authorities may initiate a review in relation to a particular premises licence or a class of premises licence.

153. In relation to a class of premises, a licensing authority may review the use made of premises and the arrangements that premises licence holders have made to comply with licence conditions

154. A licensing authority may review any matter connected with the use made of a premises if:

- It has reason to suspect that premises licence conditions are not being observed;
- The premises is operating outside of the principles set out in the licensing authority's statement of policy;
- There is evidence to suggest that compliance with the licensing objectives is at risk; and
- There is any other reason which gives cause to believe that a review may be appropriate, such as a complaint from a third party.

155. Any formal review would normally be at the end of a process of ensuring compliance by the operator(s) which might include an initial investigation by a licensing authority officer and informal mediation or dispute resolution. If the concerns are not resolved then, after a formal review, this Authority may impose additional conditions or revoke the licence.

Section 5 – Other consents

156. The Act introduces a range of permits which are granted by licensing authorities, intended to provide a 'light touch' approach to low level ancillary gambling where stakes and prizes are subject to very low limits and / or gambling is not the main function of the premises.

157. This part of the policy considers the various permits that this Authority is responsible for issuing. Licensing authorities may only grant or reject an application for a permit. There is no provision for conditions to be set.

Unlicensed family entertainment centres

158. Only premises that are wholly or mainly used for making gaming machines available may hold a uFEC gaming machine permit. This Authority may only grant a permit if satisfied that the premises will be used as an uFEC and if the chief officer of the police has been consulted on the application. As a result, it is generally not permissible for such premises to correspond to an entire shopping centre, airport, motorway service station or similar. Typically, the machines would be in a designated, enclosed area.

159. UFECs are able to offer category D machines only under a gaming machine permit. Any category D machines can be made available, although other considerations, such as fire safety and health and safety, may be taken into account.

160. In determining any application for a permit this Authority will have regard to the licensing objectives and may ask an applicant to demonstrate;

- A full understanding of the maximum stakes and prizes of the gambling that is permissible in uFECs;
- That the applicant has no relevant convictions; and
- That employees are trained to have a full understanding of the maximum stakes and prizes.

161. The Authority will also expect the applicant to show that there are policies and procedures in place to protect children from harm, relating not just from gambling but also wider child protection considerations, including the risk of child sexual exploitation. The efficiency of such policies and procedures will be considered on their merits. However, the Authority would anticipate these would include measures / training for staff on:

- Appropriate action regarding suspected truanting school children on the premises; and

- Dealing with unsupervised very young children being on the premises, or children causing perceived problems on or around the premises.

(Alcohol) Licensed premises gaming machine permits

162. Premises licensed to sell alcohol for consumption on the premises, may automatically have 2 category C or D gaming machines. Operators only need to inform the local licensing authority.

163. This Authority may remove the automatic authorisation in respect of any particular premises in its area if:

- Provision of the machine is not reasonably consistent with the pursuit of the licensing objectives:
- Gaming has taken place on the premises that breaches a condition of s282 of the Act i.e. that
  - Written notice has been provided to the Authority
  - A fee has been paid
  - Any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with;
- The premises are mainly used for gaming; or
- An offence under the Gambling Act has been committed on the premises.

164. Where an operator wishes to have more than 2 gaming machines on their premises, a permit must be obtained. This Authority will consider each application based on the licensing objectives; any Guidance issued by the Commission under s25 of the Act; and 'such matters as it thinks relevant', considered on a case-by-case basis.

165. This Authority will have particular regard to the need to protect children and vulnerable persons from harm or being exploited by gambling, or at risk of child sexual exploitation. This Authority will expect the applicant to satisfy it that there will be sufficient measures to ensure that children and young persons under 18 years do not have access to the adult only gaming machines. As a minimum this Authority will expect that machines are situated in sight of the bar, or within the sight of staff that are able to adequately monitor that the machines are not being used by those under 18. Notices and signage may also assist. With regard to the protection of vulnerable persons, applicants may wish to consider the provision of information leaflets/helpline numbers for customers who may have a gambling addiction, from organisations such as GamCare, **National Gambling Helpline on 0808 8020 133** and also **www.begambleaware.org**

166. The holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machines.

Temporary use notices

167. A Temporary Use Notice (TUN) may be used to allow premises such as hotels, conference centres or sporting venues to be used temporarily for providing facilities for gambling.

168. TUNs are controlled by s214-234 of the Act and the Gambling Act (Temporary Use Notices) Regulations 2007 and are subject to restrictions.

169. Currently, Temporary Use Notices can only be used to permit the provision of facilities for equal chance gaming, where the gaming is intended to produce a single overall winner.

170. This licensing authority, in considering applications for Temporary Use Notices, will consider whether gambling should take place, or should only take place with modifications to the TUN. In doing so, the licensing authority will consider:

- The suitability of the premises;
- The location of the premises, paying particular attention to its proximity to any schools, hostels or other sensitive premises;
- The CCTV coverage within the premises;
- The ability of the premises to provide sufficient staff and/or licensed door supervisors for the notice period; and
- Whether the premises or the holder of the operating licence have given the council any cause for concern at previous events in relation to the licensing objectives, the guidance issued by the Commission, the relevant code of practice or this statement of principles.

Social or entertainment bingo

171. We have recently seen the growth of entertainment or social bingo in alcohol licensed premises. It combines bingo games with various other forms of entertainment – themed nights, quizzes and party games. It is normally played in pubs and clubs on an intermittent basis – it is not played every day of the week. The word ‘bingo’ is used somewhere in the title of the event and booking is invariably done online in the first instance.

172. For this to fall under the category of exempt gaming in an alcohol licensed premises without an operating licence, the following must apply:

- Bingo can only be offered within an alcohol-licensed premises.

- No profit can be made from the bingo itself. This means they cannot charge a fee for participating in bingo - nor can they take a cut from either the money paid to play bingo (stakes), or from the prize amounts awarded.
- It must be possible for bingo players to gain entry to the premises without paying an admission fee. This is because admission fees to premises where bingo takes place are treated as participation fees i.e. profit.
- All stakes for bingo games must be returned as prizes. So, if they raise £500 in total from all bingo players, they must return the whole £500 in prizes.
- The maximum stake they can charge is £5 per person per game.
- The chances of winning a prize must be equally favourable to all players.
- The operator can't link up the bingo games with other bingo games taking place on a different set of premises.
- No under 18s can be allowed to play. They must have controls in place to prevent underage gambling.
- The bingo must comply with the Code of Practice for equal chance gaming in club and premises with an alcohol licence - this includes compliance with the maximum stakes of £5 per person per game.
- They must notify the Commission - and may need to apply for an operating licence - if the bingo involves more than £2,000 in stakes, or they award more than £2,000 in prizes, in any seven-day period.

Occasional use notices

173. S39 of the Act provides that where there is betting on a track for 8 days or fewer in a calendar year, betting may be permitted by an Occasional Use Notice (OUN) without the need for a premises licence. The intention is to allow licensed betting operators with appropriate permission from the Commission to use tracks for short periods for conducting betting, where the event upon which the betting is to take place is of a temporary, infrequent nature.

174. The process for OUNs is different from TUNs. This Authority has very little discretion within the OUN process, aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded.

175. This Authority will, however, consider the definition of a "track" and will require the applicant to demonstrate that they are responsible for the administration of the "track" or are an occupier, and therefore permitted to avail themselves of the notice.

Prize gaming permits

176. "Prize gaming" is where the nature and size of the prize is not determined by the number of people playing or the amount paid for or raised by the gaming. Normally the prizes are determined by the operator before play commences. Prize gaming may take place without a permit in various premises. These are casinos, bingo halls, adult gaming centres, licensed and unlicensed family entertainment centres and travelling fairs.

177. Given that prize gaming will particularly appeal to children and young persons, this licensing authority will give particular weight to child protection issues. The applicant will be expected to set out the types of gaming that they are intending to offer and will also be expected to demonstrate:

- An understanding of the limits to stakes and prizes set out in regulations;
- That the gaming offered is within the law; and
- That clear policies exist that outline the steps to be taken to protect children from harm.

178. The council will only grant a permit after consultation with the chief officer of police. This will enable the licensing authority to determine the suitability of the applicant; the suitability of the premises in relation to their location; and issues about disorder.

179. While there are conditions set out in the Act with which the permit holder must comply, the council cannot attach conditions. The Act requires that:

- The limits on participation fees, as set out in regulations, must be complied with; and
- All chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played.

Club gaming and club machine permits

180. Members clubs and Miners' welfare institutes (but not commercial clubs) may apply for a club gaming permit or a club machine permit. Commercial clubs may apply for a club machine permit. The club gaming permit will enable the premises to provide gaming machines (three machines of categories B, C or D), equal chance gaming, and games of chance as set out in regulations. A club machine permit will enable the premises to provide gaming machines (three machines of categories B4, C or D).

181. A club must meet the following criteria to be considered a members' club:

- It must have at least 25 members;
- It must be established and conducted wholly or mainly for purposes other than gaming (unless the gaming is permitted by separate regulations);
- It must be permanent in nature;
- It must not be established to make a commercial profit; and
- It must be controlled by its members equally.

182. Examples of these include working men's clubs, branches of the Royal British Legion and clubs with political affiliations.

183. This Authority may only refuse an application on the grounds that:

- The applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- The applicant's premises are used wholly or mainly by children and/ or young persons;
- An offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- A permit held by the applicant has been cancelled in the previous ten years; or
- An objection has been lodged by the Commission or the police.

184. There is also a "fast-track" procedure available under the Act for premises which hold a club premises certificate under the Licensing Act 2003 (Schedule 12 paragraph 10). Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the grounds upon which a council can refuse a permit are reduced. The grounds on which an application under this process may be refused are:

- That the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- That in addition to the prescribed gaming, the applicant provides facilities for other gaming; and
- That a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

185. There are statutory conditions on club gaming permits: that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

Section 6 – Small Society Lotteries

186. Under the Act, a lottery is unlawful unless it runs with an operating licence or is an exempt lottery. The Licensing Authority will register and administer small society lotteries (as defined). Promoting or facilitating a lottery will fall within 2 categories:

- licensed lotteries (requiring an operating licence from the Gambling Commission); and
- exempt lotteries (including small society lotteries registered by the Licensing Authority)

187. Exempt lotteries are lotteries permitted to run without a licence from the Gambling Commission and these are:

- small society lotteries;
- incidental non-commercial lotteries;
- private lotteries;
- private society lotteries;
- work lotteries;
- residents' lotteries; and
- customer lotteries.

188. Societies may organise lotteries if they are licensed by the Gambling Commission or fall within the exempt category. This Authority recommends those seeking to run lotteries take their own legal advice on which type of lottery category they fall within. Guidance notes on small society lotteries, limits placed on them and information setting out financial limits can be found on the Gambling Commission web-site at:
http://www.gamblingcommission.gov.uk/for-the-public/Fundraising-and-promotions/Fundraising-and-promotions.aspx

189. Applicants for registration of small society lotteries must apply to the Licensing Authority in the area where their principal office is located. If application is wrongly made to this Authority the applicant will be informed as soon as possible and where possible, we will inform the other Licensing Authority.

190. Lotteries will be regulated through a licensing and registration scheme, conditions imposed on licences by the Gambling Commission, codes of practice and any guidance issued by the Gambling Commission. In exercising its functions with regard to small society and exempt lotteries, this Authority will have due regard to the Gambling Commission's guidance.

191. This Authority will keep a public register of all applications and will provide information to the Gambling Commission on all registered lotteries. As soon as the entry on the register is completed, the applicant will be informed. In addition, this Authority will make available for inspection by the public the financial statements or returns submitted by societies in the preceding 18 months and will monitor the cumulative totals for each, to ensure the annual monetary limit is not breached. If there is any doubt, the Gambling Commission will be notified in writing.

192. This Authority will refuse applications for registration if in the previous five years, either an operating licence held by the applicant for registration has been revoked, or an application for an operating licence made by the applicant for registration has been refused.

193. This Authority may also refuse an application for registration if in its opinion:

- The applicant is not a non-commercial society;
- A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence; or
- Information provided in or with the application for registration is false or misleading.

194. Applicants must set out the purposes for which the Society is established and will be asked to declare that they represent a bona fide non-commercial society and have no relevant convictions. Further information may be sought from the Society.

195. Where this Authority intends to refuse registration of a Society, it will give the Society an opportunity to make representations and will inform the Society of the reasons why it is minded to refuse registration, and supply evidence on which it has reached that preliminary conclusion.

196. This Authority may revoke the registered status of a Society if it thinks that it would have had to, or would be entitled to, refuse an application for registration if it were being made at that time. However, no revocations will take place unless the Society has been given the opportunity to make representations. The Society will be informed of the reasons why it is minded to revoke the registration and will provide an outline of the evidence on which it has reached that preliminary conclusion.

197. Where a Society employs an external lottery manager, it will need to satisfy itself that the manager holds an operator’s licence issued by the Gambling Commission, and this Authority will expect this to be verified by the Society.

Section 7 – Enforcement

Good practice in regulation

198. The Legislative and Regulatory Reform Act 2006 places a legal duty on any person exercising a specified regulatory function to have regard to the statutory principles of good regulation in the exercise of the function. These provide that regulatory activities should be carried out in a way which is transparent, accountable, proportionate, and consistent and should be targeted only at cases in which action is needed.

199. This Authority will have full regard to these principles when carrying out any regulatory activity and to the requirements of the Regulators' Code. The purpose of the Code is to promote efficient and effective approaches to regulatory inspection and enforcement which improve regulatory outcomes without imposing unnecessary burdens on business.

Enforcement policy

200. These principles are reflected within the Barking and Dagenham Regulatory Services' Enforcement Policy, which was prepared in consultation with relevant stakeholders. The policy sets out the Council's approach to enforcement, through education, compliance and enforcement. These core standards cover all aspects of enforcement delivered by the Council.

201. As well as ensuring that all enforcement activity is proportionate, consistent, transparent and accountable, the policy also requires that activity is targeted primarily on those activities and premises which give rise to the most serious risks or where hazards are least well controlled. This will be informed by an intelligence led approach. Regard will also be had to the local area profile set out in this policy.

202. This risk-assessed approach will also be taken to inspections of premises, so as to ensure that high risk premises requiring greater levels of attention will be targeted while low risk premises will receive a lighter touch. Premises will be assessed on the basis of;

- The type and location of the premises;
- The past operating history of the operator;
- The confidence in management; or
- The arrangements in place to promote the licensing objectives.

203. Where appropriate, this Authority will work with other responsible authorities to promote the licensing objectives through enforcement. Compliance will

normally be sought through early engagement, mediation, education and advice. In cases where this is not possible, officers will seek to achieve compliance through the most appropriate route having regard to all relevant matters. Regard will be had to primary authority directions, where appropriate.

204. When a decision of whether or not to prosecute is required then this Authority will follow the principal criteria from the Guidance in the Code for Crown Prosecutors which requires the two main tests to be considered:

- Whether the standard of evidence is sufficient for a realistic prospect of conviction; and
- Whether a prosecution is in the public interest.

Appendix A – Contact details

The Responsible Authorities

Responsible authority	Contact details
Licensing Department, London Borough of Barking and Dagenham	Barking Town Hall, 1 Clockhouse Avenue Barking, IG11 7LU Email: licensing@lbbd.gov.uk
Police Licensing	Licensing Department Tel 01708 779162 Email EastAreaEABCUMailbox-.B&DLicensing@met.pnn.police.uk
Planning and Development Control	FAO Group Manager Planning Department, Barking Town Hall, 1 Town Square, Barking IG11 7LU Email: planning@befirst.london
Child Protection	FAO Children Safeguarding Child Protection Team, Barking Town Hall, 1 Clockhouse Avenue, Barking IG11 7LU Email: childrensServices2@lbbd.gov.uk
Environmental Health	Environmental Protection Environmental Health, Barking Town Hall, 1 Clockhouse Avenue, Barking IG11 7LU Email: environmentalprotection@lbbd.gov.uk
Gambling Commission	Victoria Square House, Victoria Square, Birmingham B2 4BP Tel: 0121 230 6666 Email: info@gamblingcommission.gov.uk
HM Revenue and Customs	Greenock Accounting Centre, Custom House, Custom House Quay, Greenock PA15 1EQ
London Fire Brigade	Team Leader for Barking and Dagenham Fire Safety Regulation – North, 169 Union Street, London, SE1 0LL Email: fsr-adminsupport@london-fire.gov.uk

Appendix B - List of persons consulted in the preparation of this policy

A public consultation was undertaken between 26 October 2022 until 30 December 2022.

Statutory Consultees

- The chief officer of police for the authority's area
- One or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act

The above incorporated

- Responsible authorities and other relevant service providers
- Ward councillors
- Local licensed operators and relevant trades representative groups
- Publication on the authority's website

	Name of organisation
Responsible Authorities and other relevant service providers	Metropolitan Police
	Gambling Commission
	HMRC
	London Borough of Barking & Dagenham: Children's Services Environmental Health Planning Planning Enforcement Trading Standards Public Health
	Immigration
	London Fire Brigade
Ward Councillors	All London Borough of Barking & Dagenham Ward Councillors
Licensed Operators and relevant trades representative groups	All Betting/Adult Gaming Centres/Bingo premises licenced with London Borough of Barking & Dagenham
	Poppleston Allen
	Bingo Association
	Association of British Bookmakers

Betting Premises Head Office	William Hill Head Office
	Ladbrokes/Coral Head Office
	Paddy Power
	Betfred
Adult Gaming Centre Head Office	Reels
	Mulbrook
Bingo Head Offices	Mecca
	Murkur
Service Providers and Voluntary Groups representing the interests of those likely to be affected by the exercise of the authority's functions under the Act	IATP - Talking Therapies
	Subwize - Substance abuse and young people specialists
	Citizens Advice Bureau, Barking
	Lifeline Network Dagenham
	Blesma Army Veterans Charity, Chadwell Heath
	GamCare
	Gamble Aware
	The following were contacted by Public Health: Addictions Psychiatrist GCL-St LuKe's Service Substance Misuse Worker Head of Commissioning Disabilities, LBBD Commissioning Manager LBBD

Appendix C – Mandatory & Default Licence Conditions

Mandatory conditions

A. All Premises

The following mandatory conditions apply to all premises licences:

- The summary of the terms and conditions of the premises licence issued by the licensing authority must be displayed in a prominent place on the premises
- The layout of the premises must be maintained in accordance with the plan that forms part of the premises licence
- Neither National Lottery products nor tickets in a private or customer lottery may be sold on the premises.

B. Bingo Premises

- A notice stating that no person under the age of 18 years is permitted to play bingo on the premises shall be displayed in a prominent place at every entrance to the premises.
- No customer shall be able to enter bingo premises directly from a casino, an adult gaming centre or betting premises (other than a track).
- Over 18 areas within bingo halls that admit under-18s must be separated by a barrier with prominently displayed notices stating that under-18s are not allowed in that area and with adequate supervision in place to ensure that children and young people are not able to access these areas or the category B or C machines. Supervision may be done either by placing the terminals within the line of sight of an official of the operator or via monitored CCTV.
- Any admission charges, the charges for playing bingo games and the rules of bingo must be displayed in a prominent position on the premises. Rules can be displayed on a sign, by making available leaflets or other written material containing the rules, or running an audio-visual guide to the rules prior to any bingo game being commenced.
- Any ATM made available for use on the premises shall be located in a place that requires any customer who wishes to use it to cease gambling in order to do so.

C. Betting Premises

- A notice shall be displayed at all entrances to the betting premises stating that no person under the age of 18 will be admitted. The notice should be clearly visible to people entering the premises.

- There must be no access to betting premises from other premises that undertake a commercial activity (except from other premises with a betting premises licence including tracks). Except where it is from other licensed betting premises, the entrance to a betting shop should be from a street (defined as including any bridge, road, lane, footway, subway, square, court, alley or passage – including passages through enclosed premises such as shopping centres – whether a thoroughfare or not).
- Any ATM made available for use on the premises shall be located in a place that requires any customer who wishes to use it to leave any gaming machine or self-service betting terminal (SSBT) in order to do so.
- No apparatus for making information or any other material available in the form of sounds or visual images may be used on the licensed premises, except where used to communicate:
  - Information about or coverage of sporting events, including information relating to betting on such events (and incidental information including advertisements)
  - Information relating to betting (including results) on any event in connection with which bets may have been affected on the premises.
  - Betting operator-owned TV channels are permitted.
- No music, dancing or other entertainment is permitted on betting premises. This includes any form of entertainment such as apparatus producing sound or visual images which do not fall within paragraph 19.15 or machines which do not come within the categories of machine explicitly allowed in betting premises under s.172(8) of the Act.
- The consumption of alcohol on the premises is prohibited during any time which facilities for gambling are being provided on the premises.
- The only publications that may be sold or made available on the premises are racing periodicals or specialist betting publications.
- A notice setting out the terms on which a bet may be placed must be displayed in a prominent position on the premises.

D. Adult gaming centres

- A notice must be displayed at all entrances to AGCs stating that no person under the age of 18 years will be admitted to the premises.
- There can be no direct access between an AGC and any other premises licensed under the Act or premises with a family entertainment centre (FEC), club gaming, club machine or alcohol licensed premises gaming machine permit. There is no definition of ‘direct access’ in the Act or regulations, although licensing authorities may consider that there should be an area separating the premises concerned, such as a street or cafe, which the public go to for purposes other than gambling, for there to be no direct access.

- Any ATM made available for use on the premises shall be located in a place that requires any customer who wishes to use it to cease gambling at any gaming machine in order to do so.
- The consumption of alcohol in AGCs is prohibited at any time during which facilities for gambling are being provided on the premises. A notice stating this should be displayed in a prominent place at every entrance to the premises.

E. Licensed family entertainment centres

- The summary of the terms and conditions of the premises licence issued by the licensing authority under s.164(1)(c) of the Act must be displayed in a prominent place within the premises.
- The layout of the premises must be maintained in accordance with the plan.
- The premises must not be used for the sale of tickets in a private lottery or customer lottery, or the National Lottery.
- No customer shall be able to enter the premises directly from a casino, an adult gaming centre or betting premises (other than a track). There is no definition of 'direct access' in the Act or regulations, but licensing authorities may consider that there should be an area separating the premises concerned, such as a street or cafe, which the public go to for purposes other than gambling, for there to be no direct access.
- Any ATM made available for use on the premises must be located in a place that requires any customer who wishes to use it to cease gambling at any gaming machine in order to do so.
- Over-18 areas within FECs that admit under-18s, must be separated by a barrier with prominently displayed notices at the entrance stating that under-18s are not allowed in that area and with adequate supervision in place to ensure that children and young persons are not able to access these areas or the category C machines. Supervision may be done either by placing the terminals within the line of sight of an official of the operator or via monitored CCTV.
- The consumption of alcohol in licensed FECs is prohibited at any time during which facilities for gambling are being provided. A notice stating this should be displayed in a prominent position on the premises.

Default Licence Conditions

A. **Bingo Premises**

- Bingo facilities in bingo premises may not be offered between the hours of midnight and 9am. However, there are no restrictions on access to gaming machines in bingo premises.

B. **Betting Premises**

- Gambling facilities may not be offered in betting premises between the hours of 10pm on one day and 7am on the next day, on any day.

Appendix D – Local Area Profile

Introduction

This local area profile aims to summarise existing national research regarding gambling related harm, as well as providing a local evidence base regarding vulnerable groups and geographical areas of potential risk. We need to understand local areas in terms of vulnerable groups and geographical locations potentially linked to gambling related harm.
Data from various sources will be utilised to provide an understanding of current and emerging issues to support the statement of licensing policy, as well as identifying issues that will need to be considered by operators during the application process.

The local area profile will inform and support the Statement of Licensing Policy. The local area profile will also serve to support the decision-making process in relation to future licence applications to minimise the risks associated with gambling premises. Ultimately the findings will assist the Licensing Authority in terms of meeting the objectives and ensuring the specific needs of local communities are considered and vulnerable groups are protected.

Focus on Risk

A risk-based approach to regulation has been a key part of the Gambling Commission's principles for licensing and regulation since 2009, meaning that resources are concentrated where they are needed most and can be most effective[4].

Greater pursuit and clearer demonstration of this risk-based approach was a key recommendation of the Department of Culture, Media and Sport Select Committee inquiry into the impact of the Gambling Act [5]. This renewed emphasis on risk-based regulation can be seen in the Gambling Commission's revised Licensing Conditions and Codes of Practice (LCCP) which encourages industry to consider the risk that their venues pose to the licensing objectives and to take appropriate action.

This focus on risk is underpinned by the Gambling Commission's encouragement that stakeholders, including industry and local government, better consider risk, look at future risks and think about risk in a probabilistic way: Risk is not necessarily related to an event that has happened. Risk is related to the probability of an event happening and the likely impact of that event – in this case on licensing objectives. Here the onus is not to prove that action one way or another will have a certain effect or outcome but rather to think about the likely impacts that could happen, given what is known about a local area, and to think about the likelihood of these outcomes

---

[4] Gambling Commission (2009) Statement of principles for licensing and regulation. Birmingham: Gambling Commission

[5] Department for Culture, Media and Sport (2001). Gambling Review Report. London: DCMS

occurring. This changes the burden of proof away from demonstrating that certain actions will have a stated outcome towards thinking that they may have certain outcomes because of a variety of influences.

Vulnerable Groups

The Gambling Act 2005 identifies children and vulnerable people as a priority for regulatory focus. A 2016 study 'Exploring area-based vulnerability to gambling-related harm: Developing the gambling-related harm risk index' [6] aimed to consider the types of people who may be at greater risk of harm from gambling and where they might be located.

There is evidence to support those from certain ethnic groups, such as Asian/Asian British, Black/Black British and Chinese/other ethnicity as being potentially more vulnerable to gambling-related harm. Recent studies have also identified that new migrants may be disproportionately affected by gambling[7]

Via a process of consultation with key stakeholders, evidence assessment, and the availability of sufficient local data, the following criteria were utilised in the 2016 study to develop indices of risk to gambling-related harm:

- Problem gamblers who are seeking treatment
- Poor mental health
- Ethnic groups
- Financial difficulties/debt
- Substance abuse/misuse
- Unemployment
- Youth
- Homelessness.

Betting Premises in Barking and Dagenham

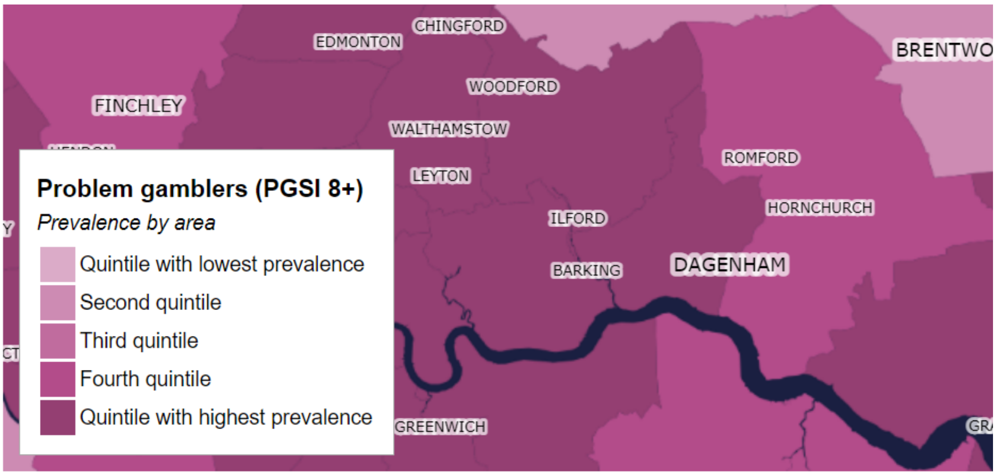
The place where a person gambles is an important factor in the management of risk to the licensing objectives, and local policies and plans should reflect the need for limits on gambling establishments in hotspot locations and areas of risk identified via the following profile. London Borough of Barking and Dagenham currently regulates 88 gambling premises, see below for a breakdown of the licence type.

LICENCE TYPE (August 2022 data)	TOTAL
Betting Premises other than track	37
Club Permits	13
Alcohol Licensed Premises – Notification	17
Alcohol Licensed Premises - Permit	11
Small Society Lottery Registration	4
Adult Gaming Centre	3
Bingo Premises	3
Total	**88**

[6] Exploring area-based vulnerability to gambling-related harm: Developing the gambling-related harm risk index (2016) Westminster City Council [7] Gambling-related harm among recent migrant communities in the UK: Responses to a 21st century urban phenomenon (kcl.ac.uk) (2018) Kings College London

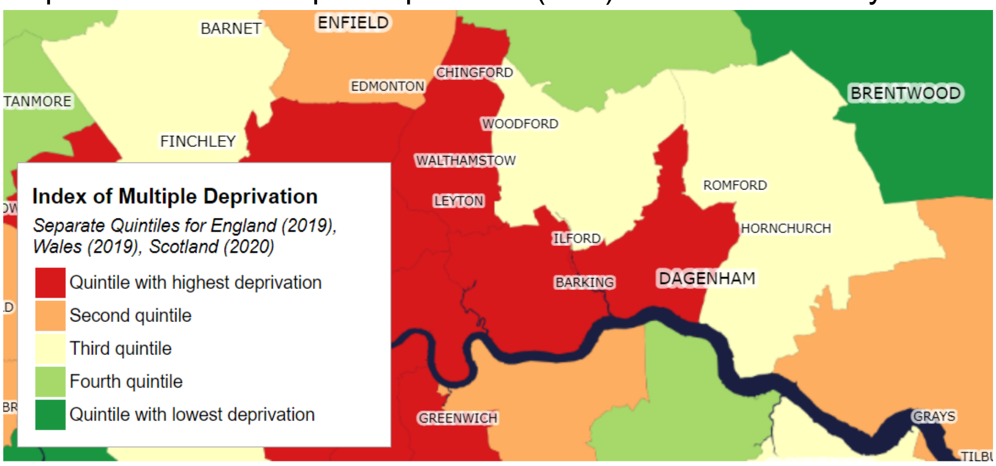
GambleAware Interactive Maps showing Gambling Harms Prevalence
Using data collected as part of the Annual Great Britain Treatment and Support Survey, GambleAware has worked with Oliver O'Brien at University College London to produce interactive maps of Great Britain which show gambling harms prevalence in each local authority and parliamentary constituency area, as well as usage of and reported demand for treatment and support for gambling harms. In addition, a map showing Index of Multiple deprivation (IMD) across GB has been created to compare against gambling prevalence, as well as a map showing where National Gambling Treatment Service providers operate and their contact information. These interactive maps are a valuable tool to help understand the levels of need in an area. The maps can be found at https://www.begambleaware.org/gambleaware-gb-maps

Map A: Gambling Prevalence Based on Problem Gambling Severity Index (PGSI) at a local authority level



This map shows that London Borough of Barking & Dagenham is a quintile which has the highest prevalence of problem gamblers.

Map B - Index of Multiple Deprivation (IMD) at a local authority level



This map shows that the London Borough of Barking & Dagenham is in the quintile with the highest deprivation.

Barking & Dagenham

Vulnerabilities to gambling related harm

Tony Doherty
Insight Hub

Updated
12th October 2022

one borough; one community; no one left behind

This pack has 2 sections:

1. Location of betting premises within Barking & Dagenham versus areas of the borough with:
   - lowest income/most poverty
   - most crime/ASB/Domestic Abuse offences

   and high overall risk of gambling related harm
2. Profiles of 4 distinct areas within the borough identified as those with the biggest concentration of betting premises

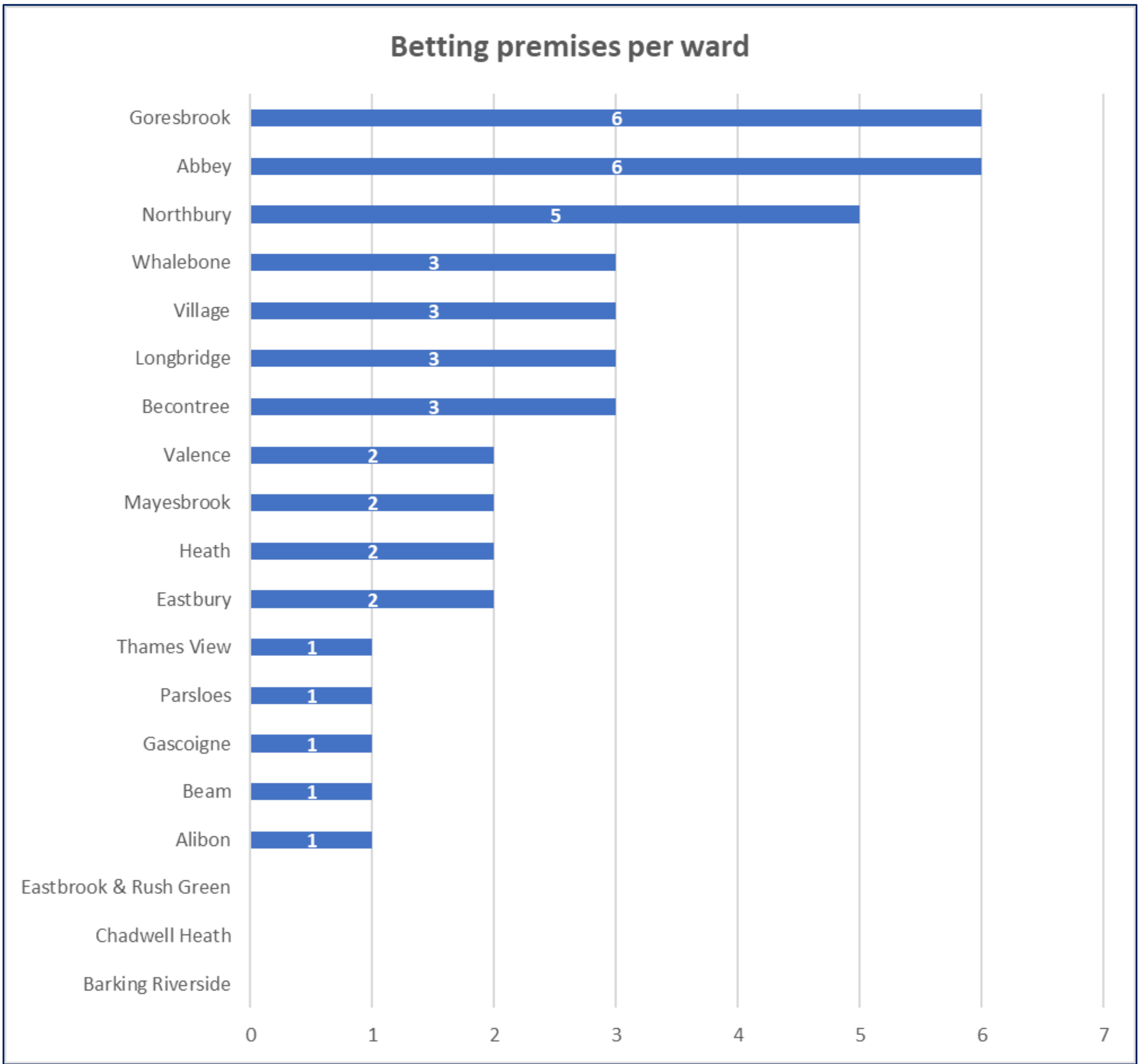
Indicators Mapped

The following indicators have been used for this mapping analysis:

1. Unemployment related benefit claimants (ONS) – December 2021
2. Incapacity benefit claimants (DWP) - August 2021
3. Carers Allowance claimants (DWP) - August 2021
4. Universal Credit claimants in employment (DWP) - December 2021
5. Pension Credit claimants (DWP) - August 2021
6. Income Support claimants (DWP) - August 2021
7. Housing Benefit households (DWP) - November 2021
8. Fuel poverty households (DIBS) - 2020
9. Children living in relative low-income families (DWP) - March 2021
10. Crime rate (MET) – April 2021 to March 2022
11. Police recorded anti-social behaviour - April 2021 to March 2022
12. Median household income - 2021

Betting premises within Barking & Dagenham

Betting Premises Per Ward



42 betting premises within Barking & Dagenham:

- 36 betting shops
- 3 adult gaming centres
- 3 bingo halls

Summary of the two biggest clusters of betting premises

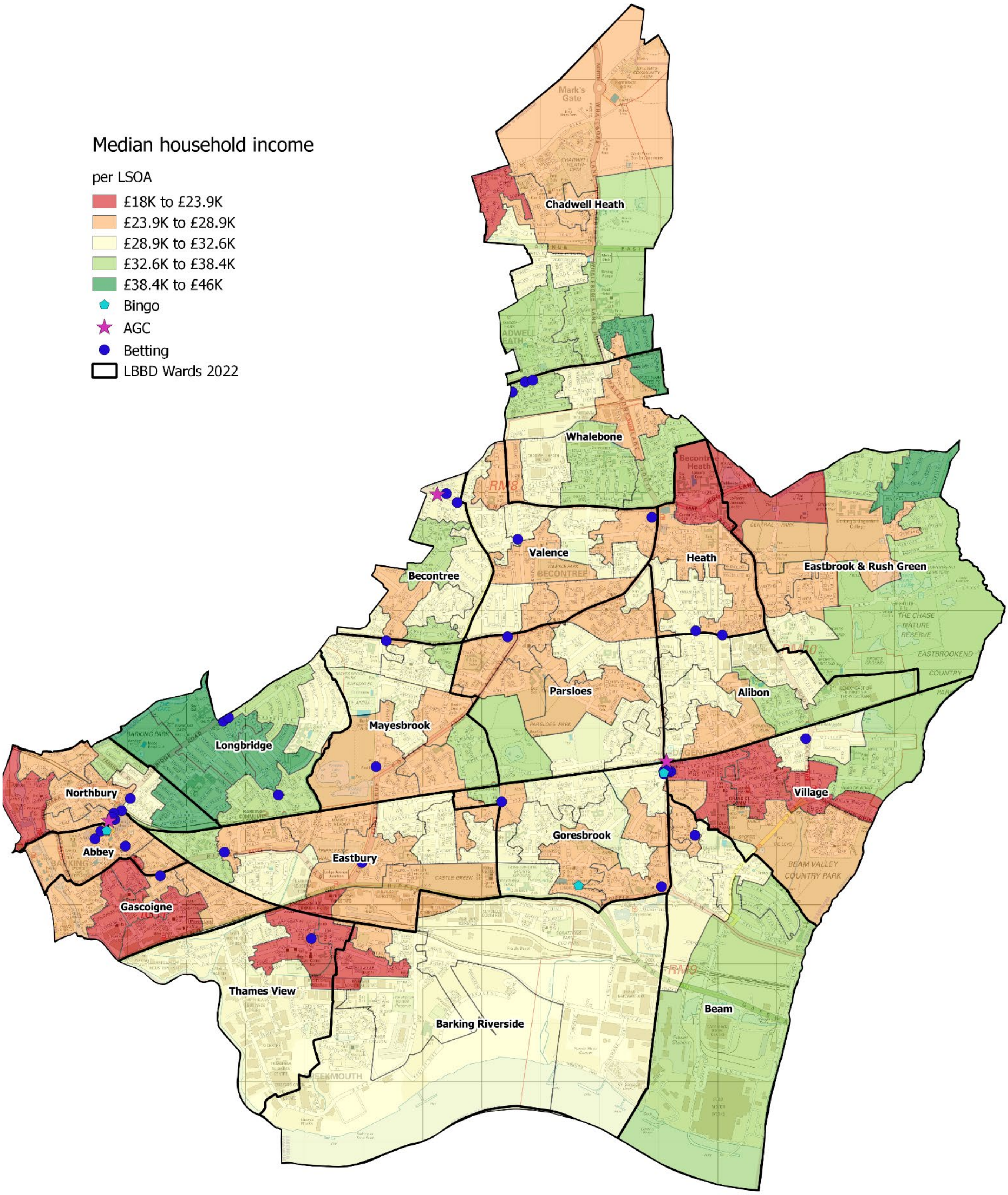
The 6 betting premises clustered together in the Heathway are in:

- one of our most impoverished (deprived) areas
- one of our higher-than-average areas for both overall crime and incidents of anti-social behaviour recorded by the Police
- an area where the median annual household income is below £24,000

The 11 betting premises clustered together in Barking Town Centre are in:

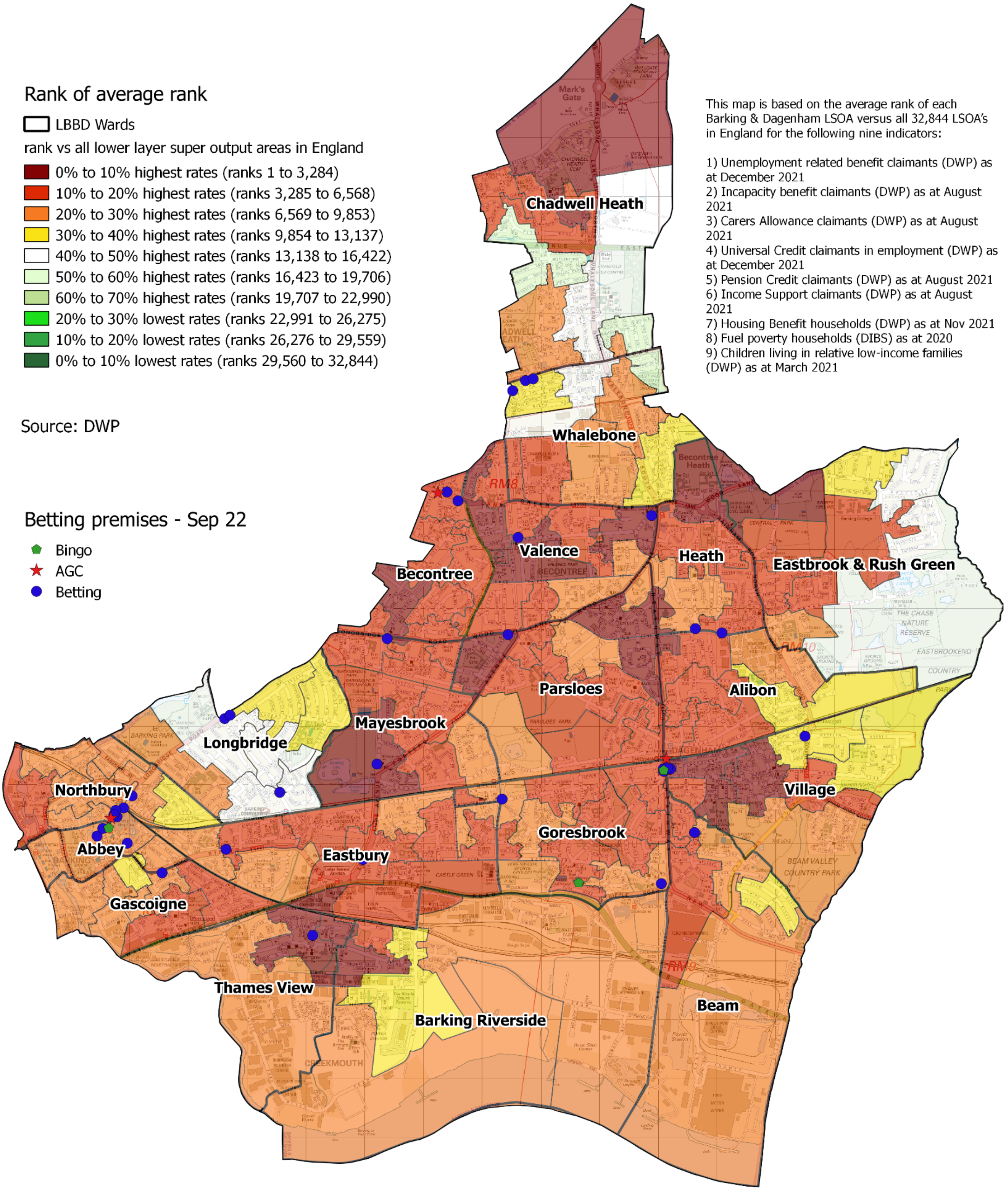
- an area with high levels of poverty
- the area of the borough with the highest crime rate
- the area of the borough with the highest rate of ASB recorded by the Police
- the area of the borough with the highest rate of domestic abuse offences recorded by the Police
- an area where the median annual household income ranges between £24,000 to £29,000

Household Income (2021)



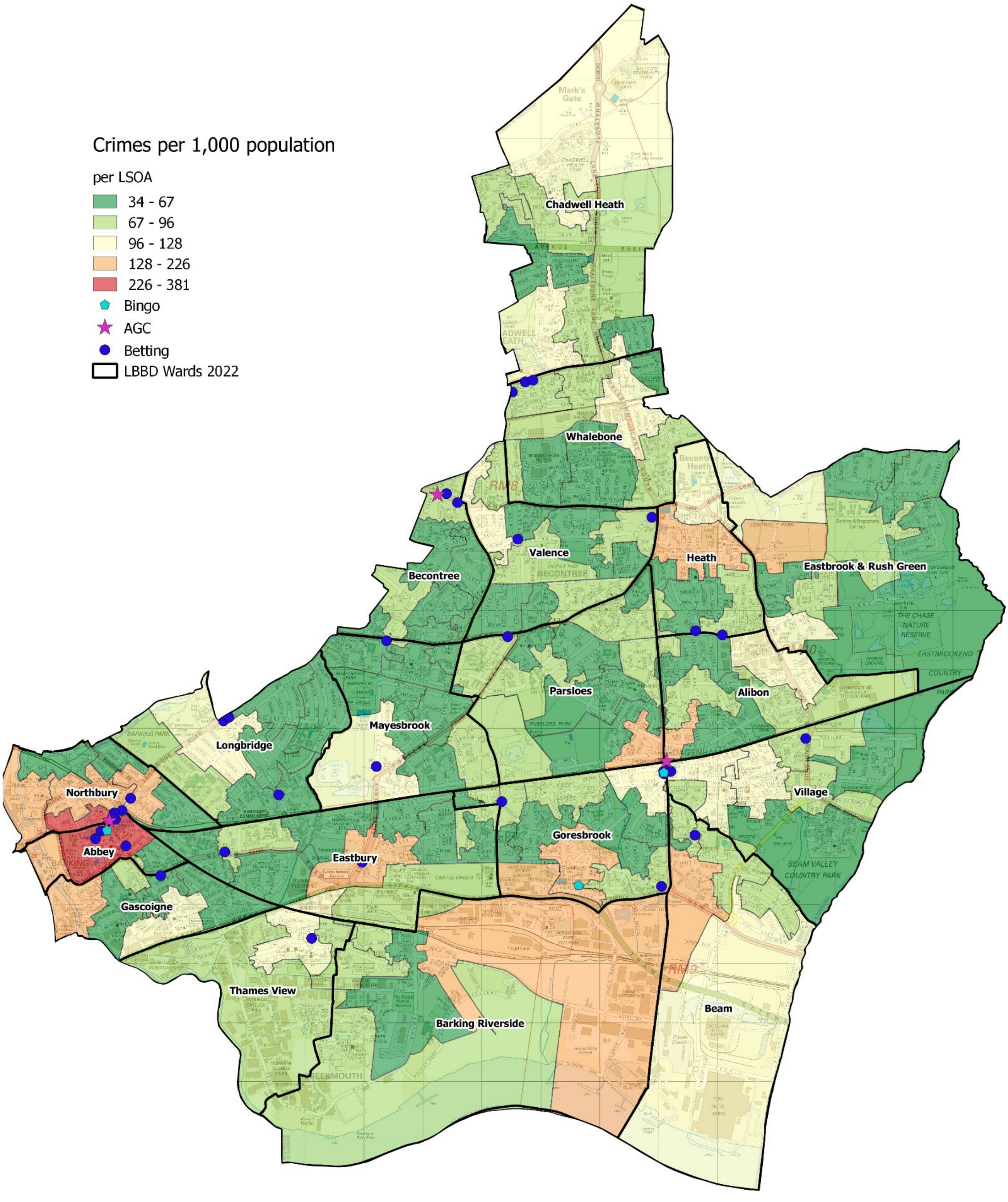
Produced by Barking & Dagenham's Insight Hub

Poverty Tracker



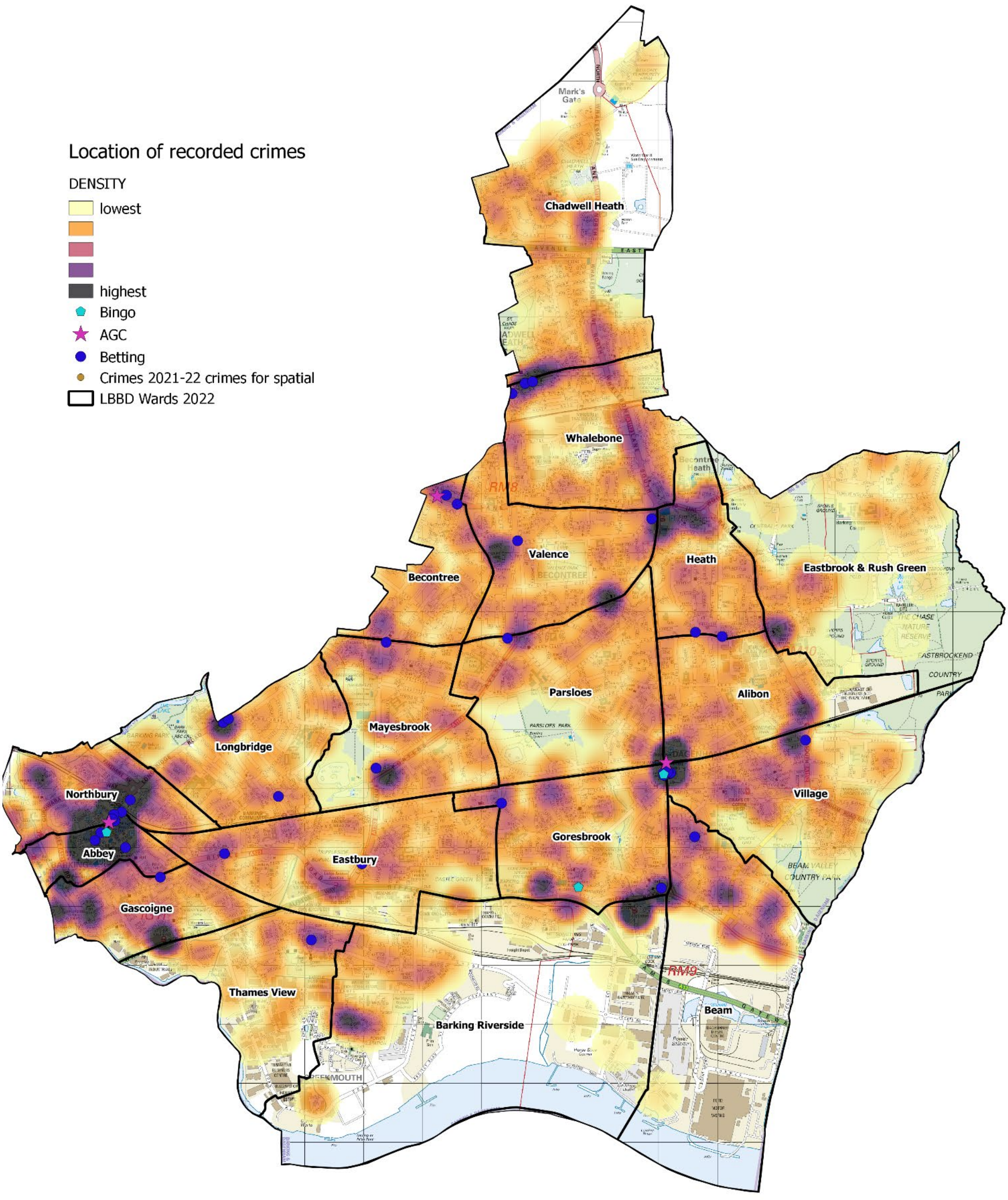
Produced by Barking & Dagenham's Insight Hub

Crime rate (2021/22)



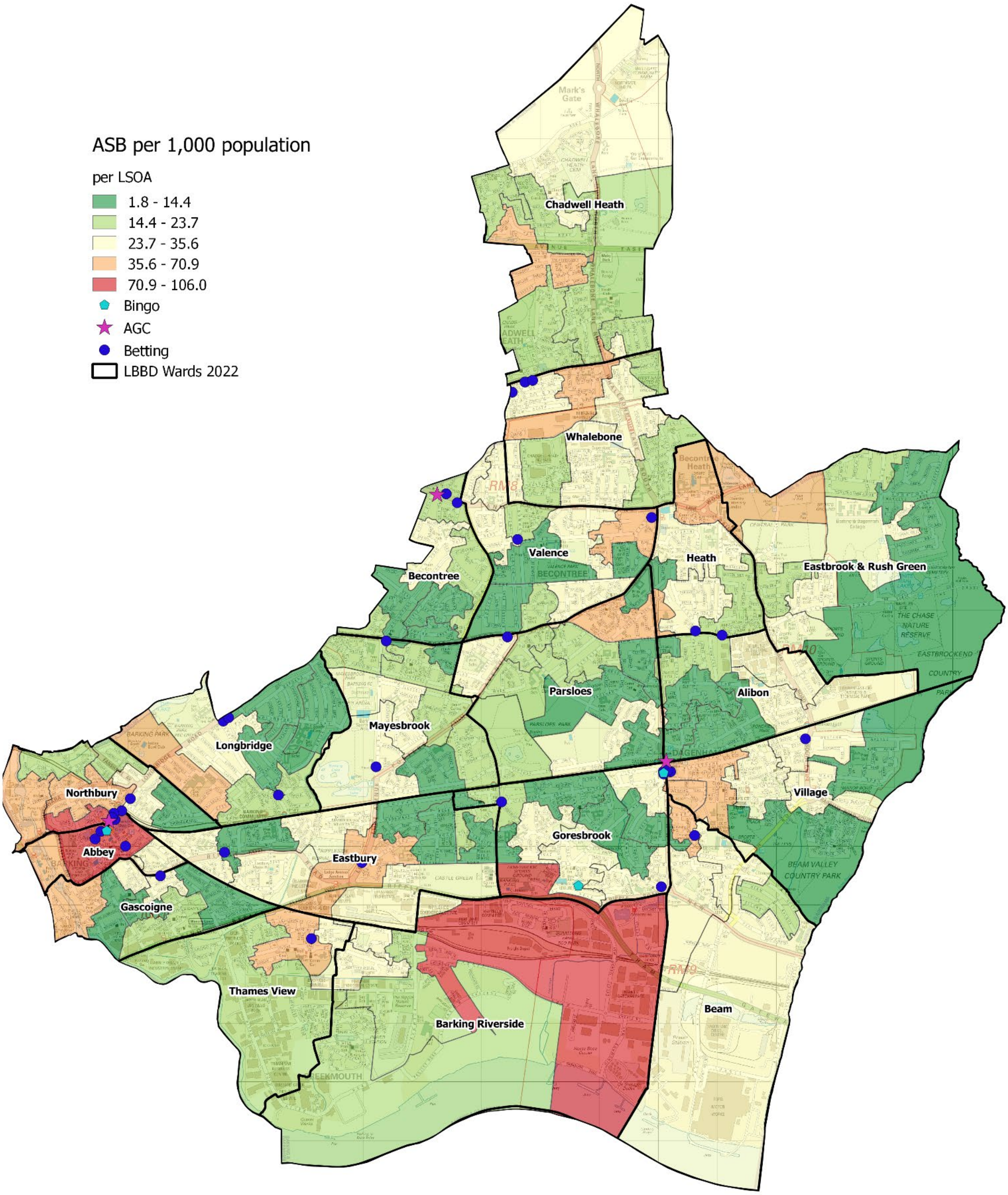
Produced by Barking & Dagenham's Insight Hub

Crimes (2021/22)



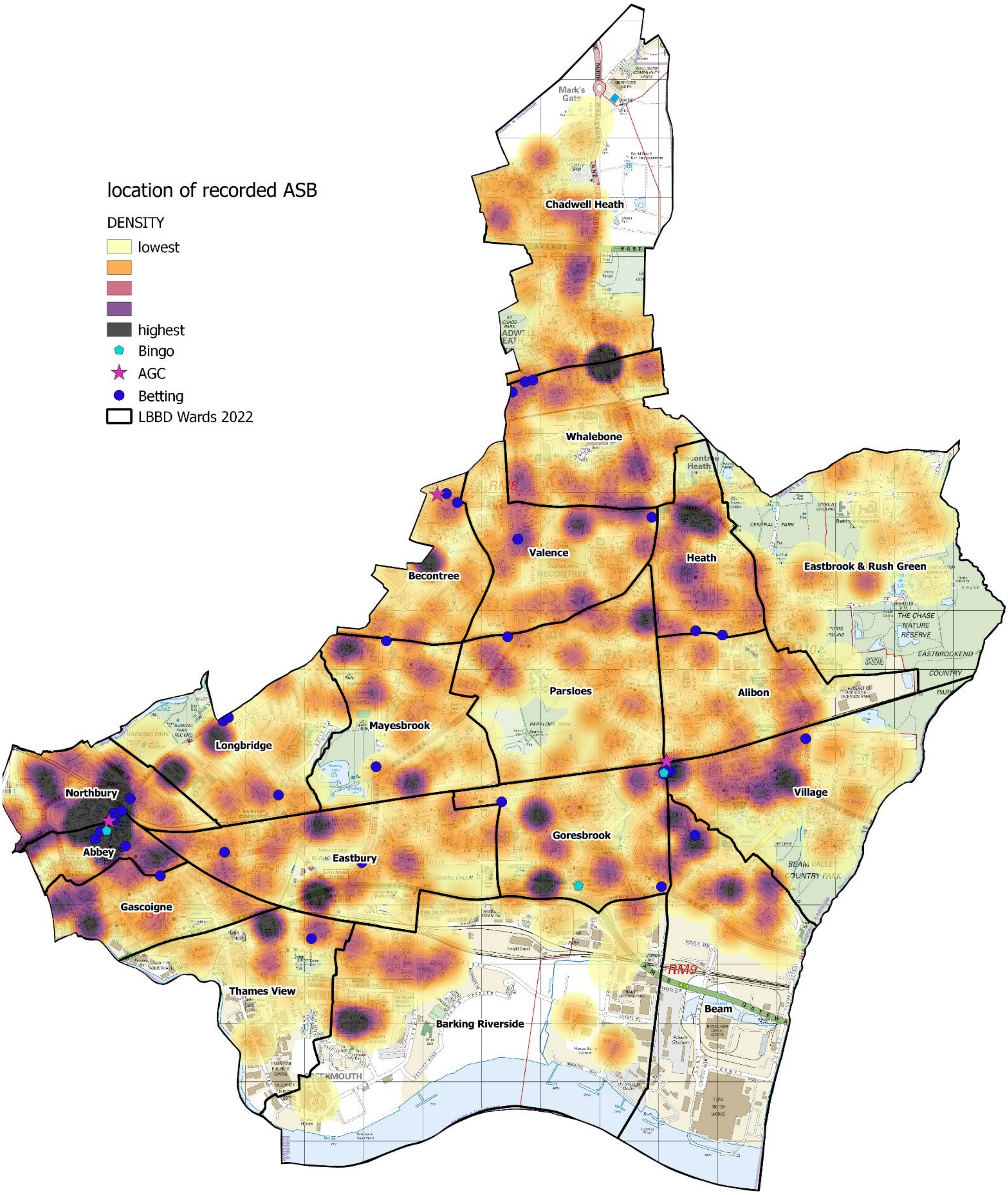
Produced by Barking & Dagenham's Insight Hub

Anti Social Behaviour - Police recorded (2021/22)



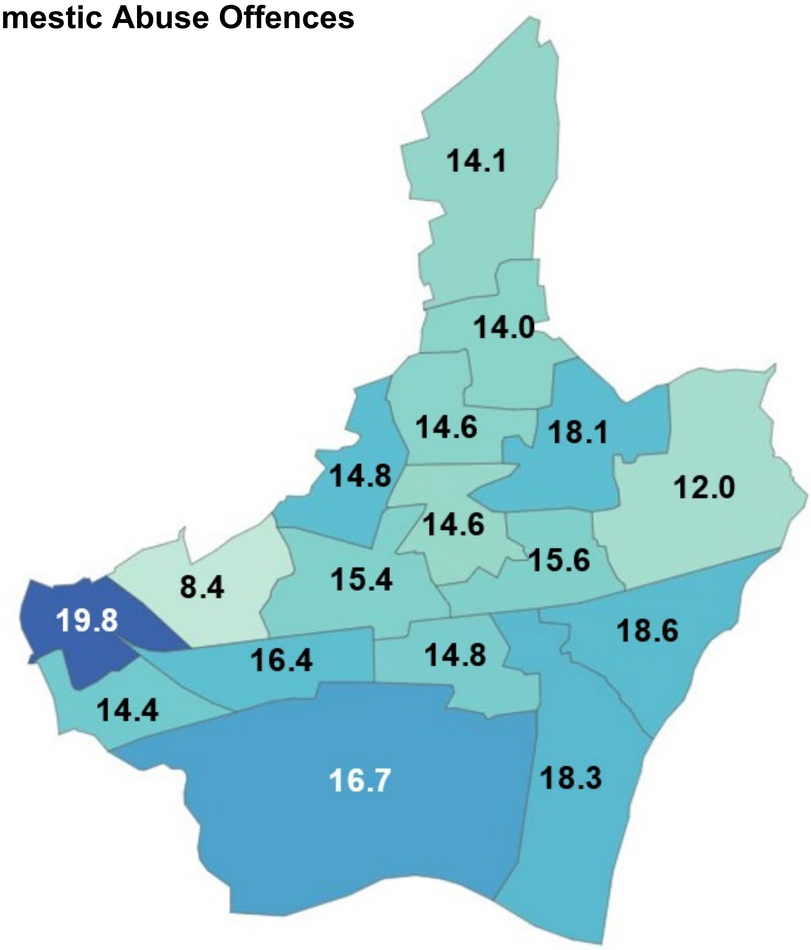
Produced by Barking & Dagenham's Insight Hub

Anti Social Behaviour - Police recorded (2021/22)



Produced by Barking & Dagenham's Insight Hub

Domestic Abuse Offences



Abbey ward has the highest rate of domestic abuse offences per 1,000 population. It is also the ward with the biggest concentration of betting premises
Data not yet available for our new wards

Source: Metropolitan Police (October 2021 to September 2022)

Some insights about the four areas with a cluster of betting premises

We can break our 2021 Residents Matrix down to smaller geographies (including output areas) to provide insights re:

- Age structure
- Ethnicity
- Tenure
- Household Structure
- Households in receipt of social care services
-

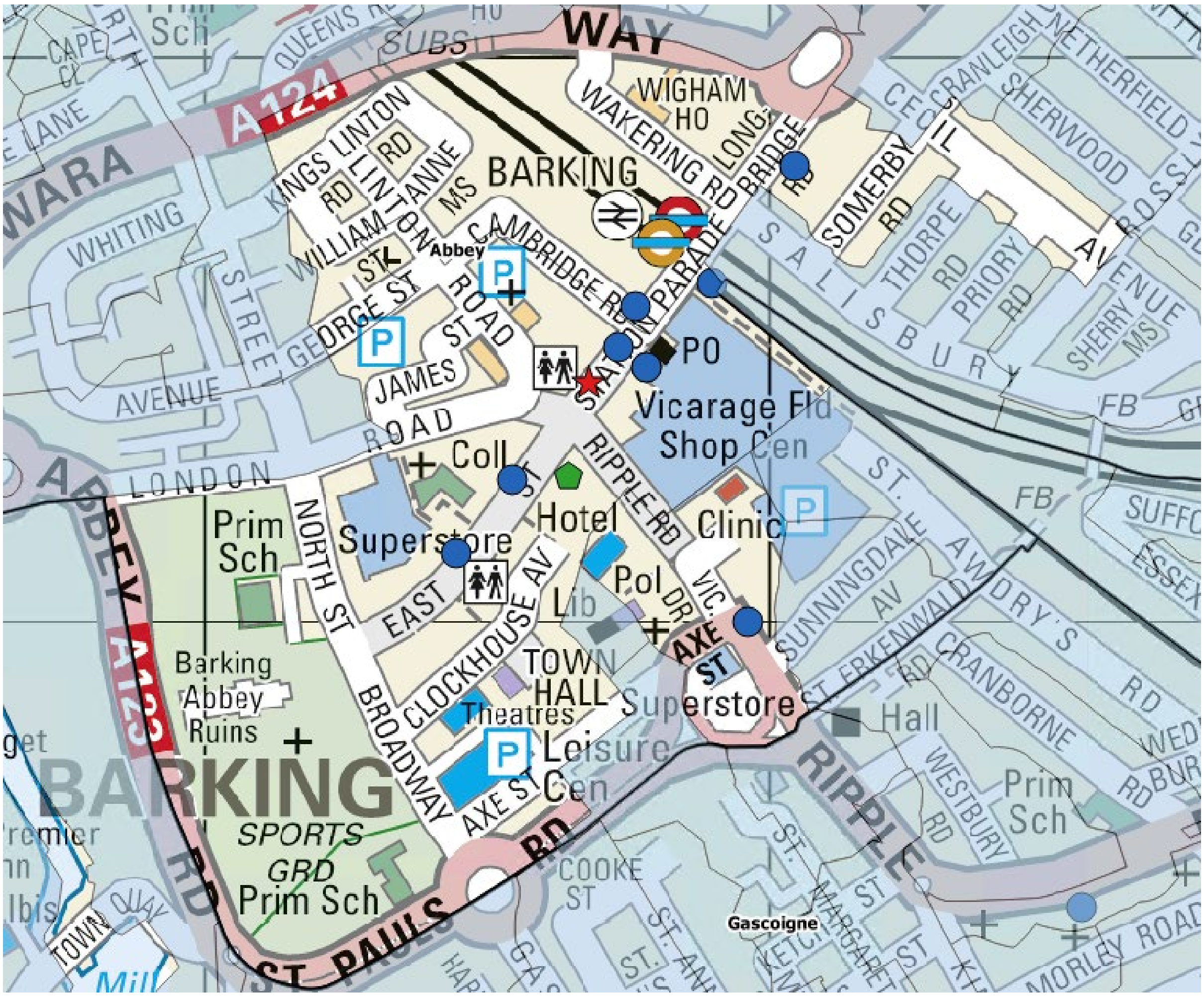
Poverty related data is also available at output area from the Department for Work and Pensions

Output areas (OA) were created by ONS specifically for the output of census estimates

An average OA will have about 300 residents living in circa 130 households (2011 Census)

Barking & Dagenham consists of 553 output areas

Barking Cluster

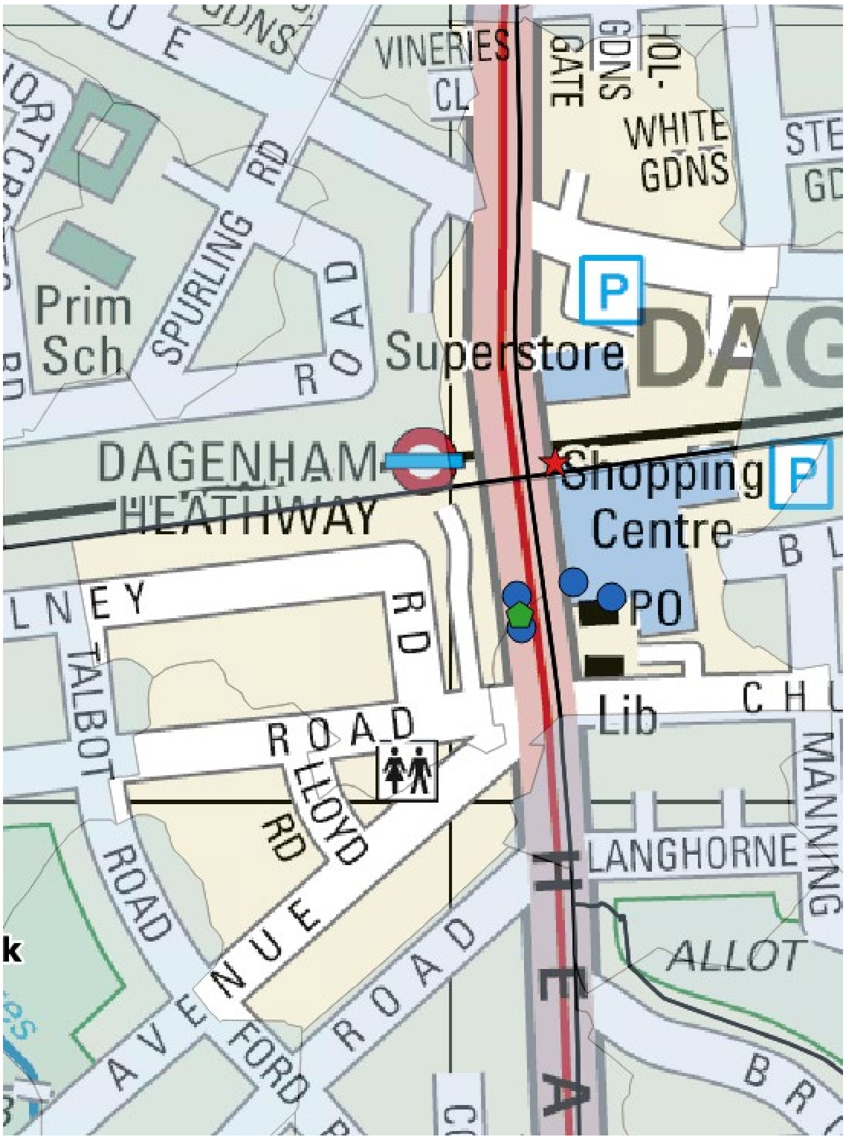


The 11 betting premises clustered together in the Barking Town Centre area are within 4 output areas:

1. E00000051
2. E00000062
3. E00175106
4. E00175103
5.

These 4 output areas are defined as the ‘Barking cluster’ in the following information.

Heathway Cluster

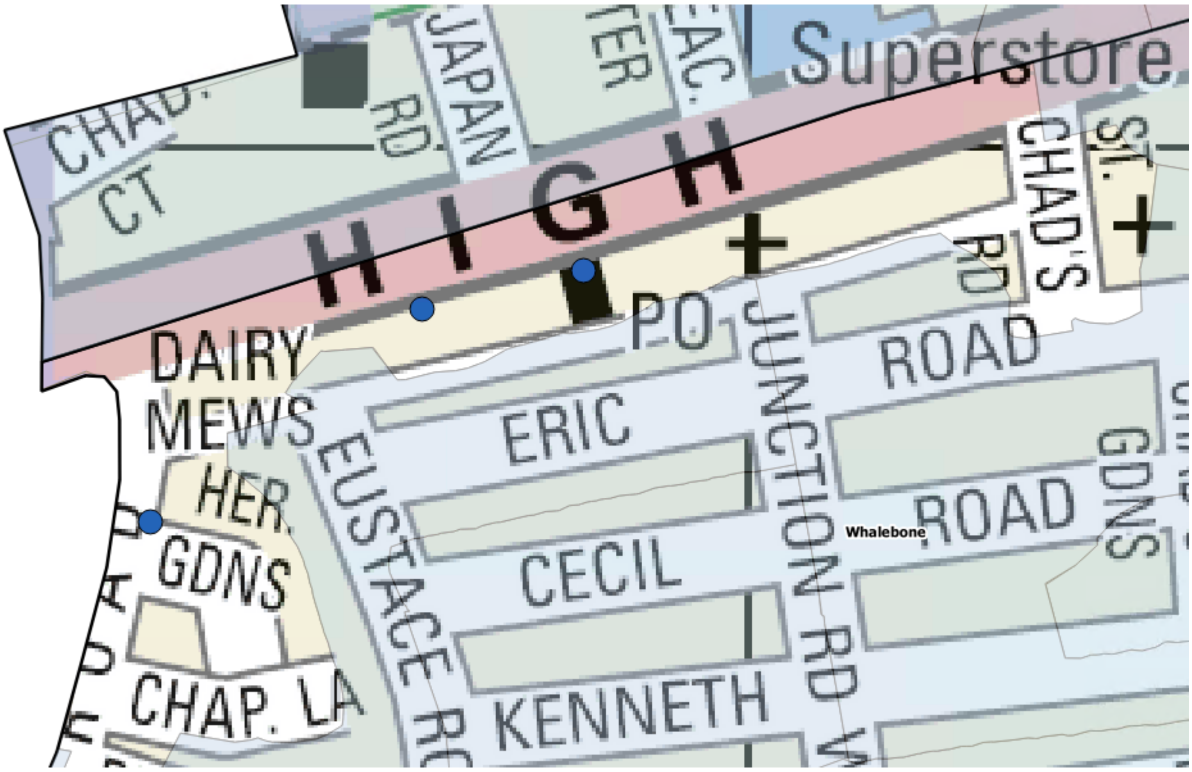


The 6 betting premises clustered together in the Dagenham Heathway area are within 4 output areas:

1. E00000093
2. E00000440
3. E00000441
4. E00000511

These 4 output areas are defined as the ‘Heathway cluster’ in the following information.

Chadwell Heath High Road Cluster



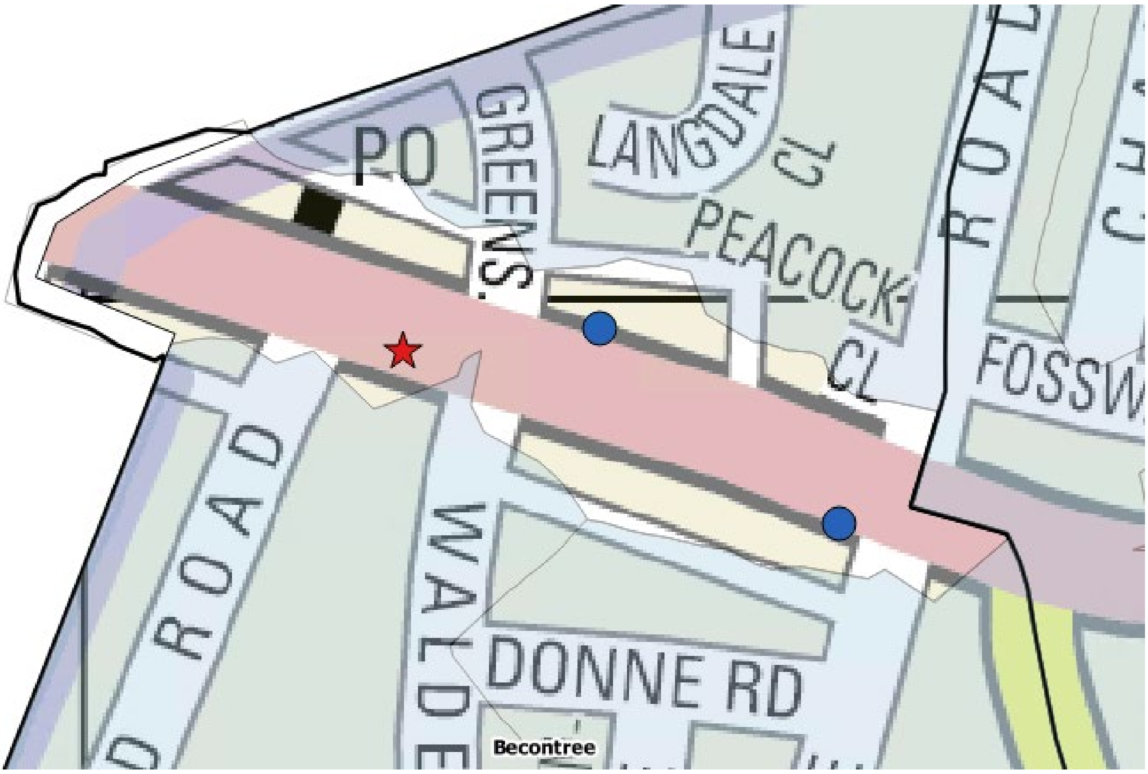
The 3 betting premises clustered together in the Chadwell Heath High Road area are within 1 single output area:

1. E00000568

This output area is defined as the ‘Chadwell cluster’ in the following information

CAUTION: VERY SMALL GEOGRAPHICAL AREA

Green Lane Cluster



The 3 betting premises clustered together in the Green Lane area are within 1 single output area:

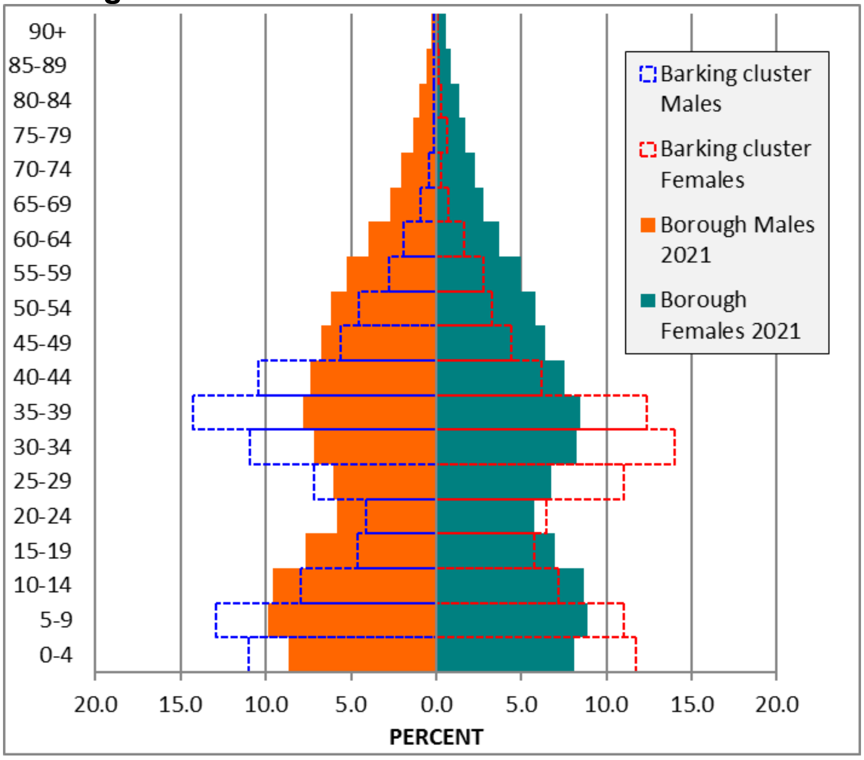
1. E00165805

This output area is defined as the 'Green Lane cluster' in the following slides

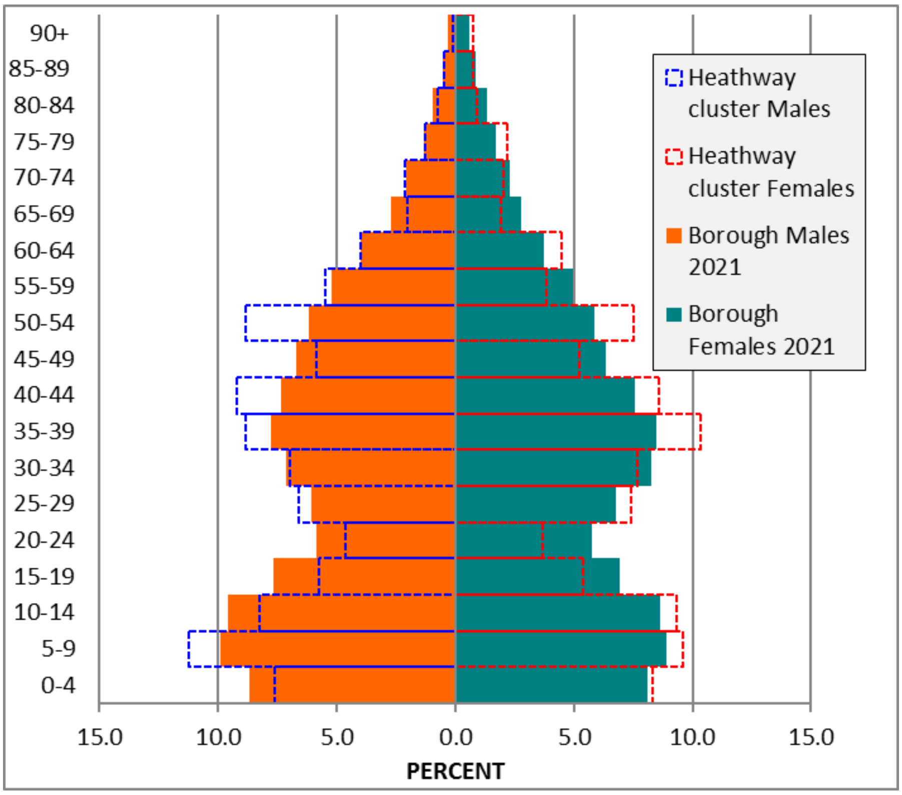
CAUTION: VERY SMALL GEOGRAPHICAL AREA

Both biggest cluster areas have a higher proportion of residents aged between 25 and 45 and a higher proportion of children – especially in the Barking cluster area

Barking Cluster

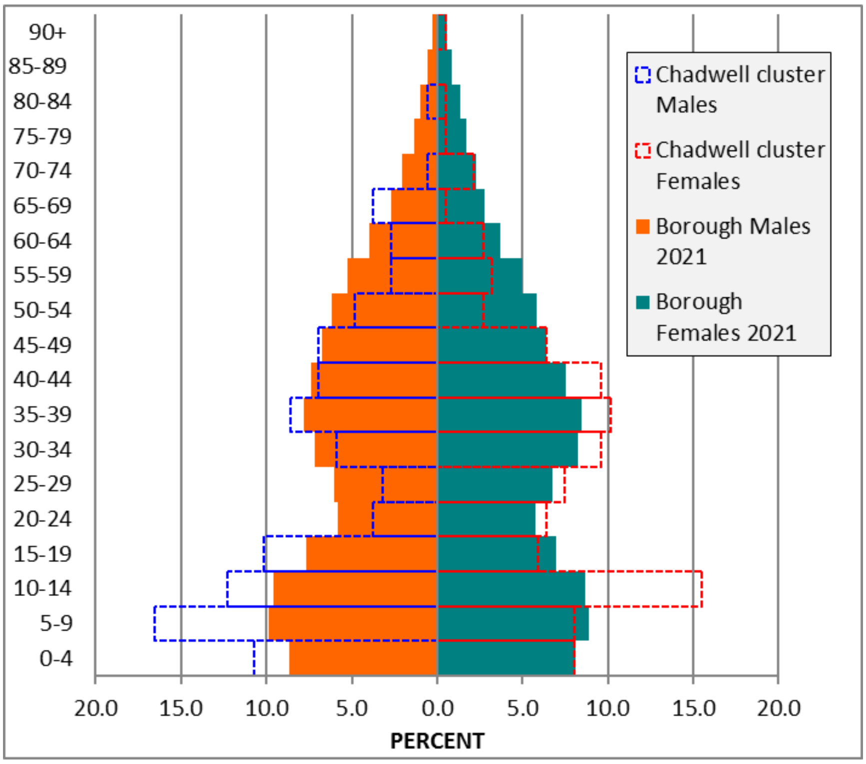


Heathway Cluster

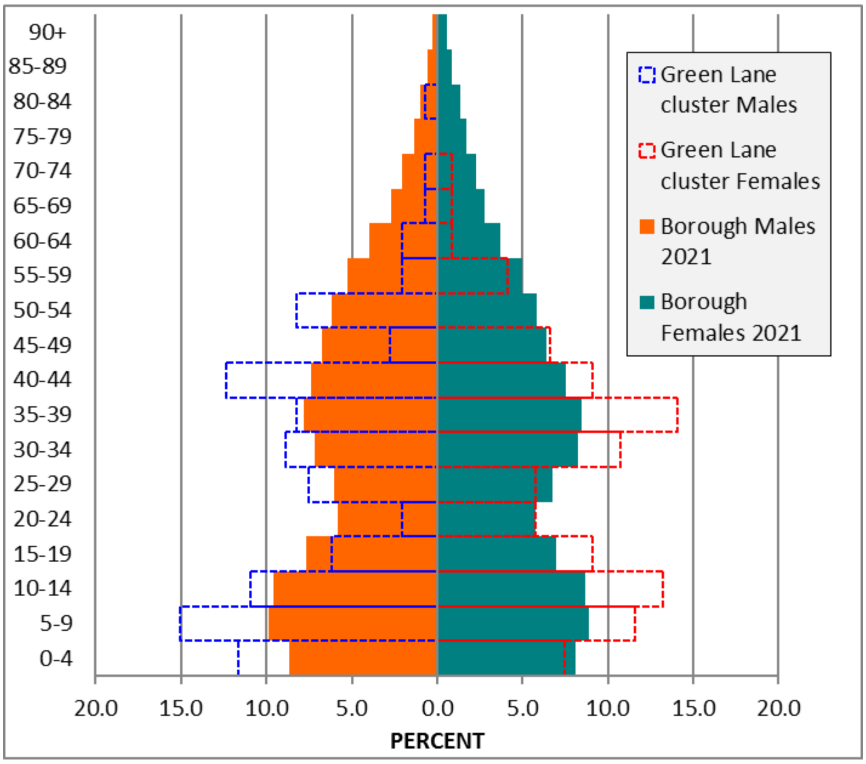


Both very small areas have very different age profile to the borough

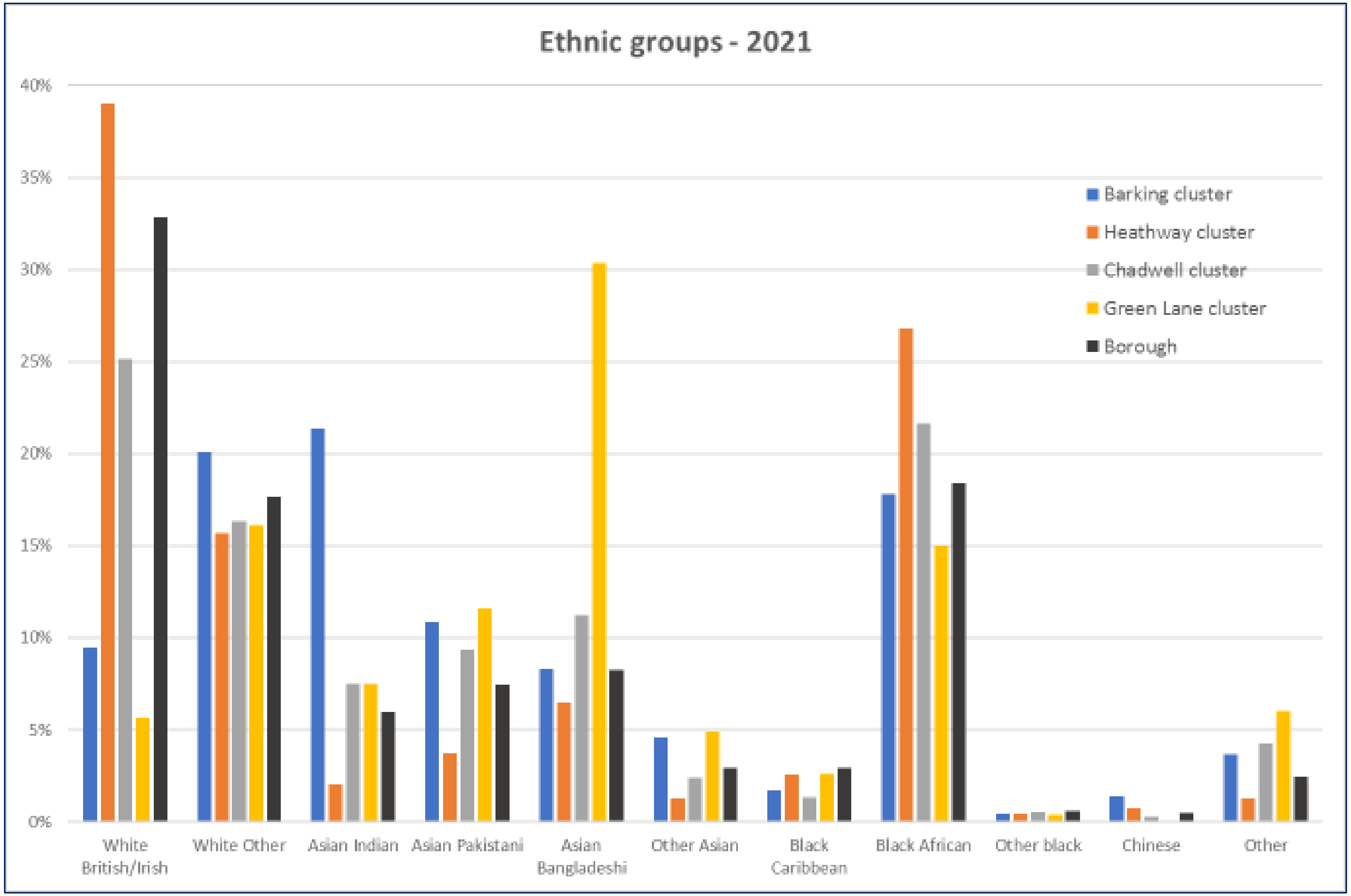
Chadwell Cluster



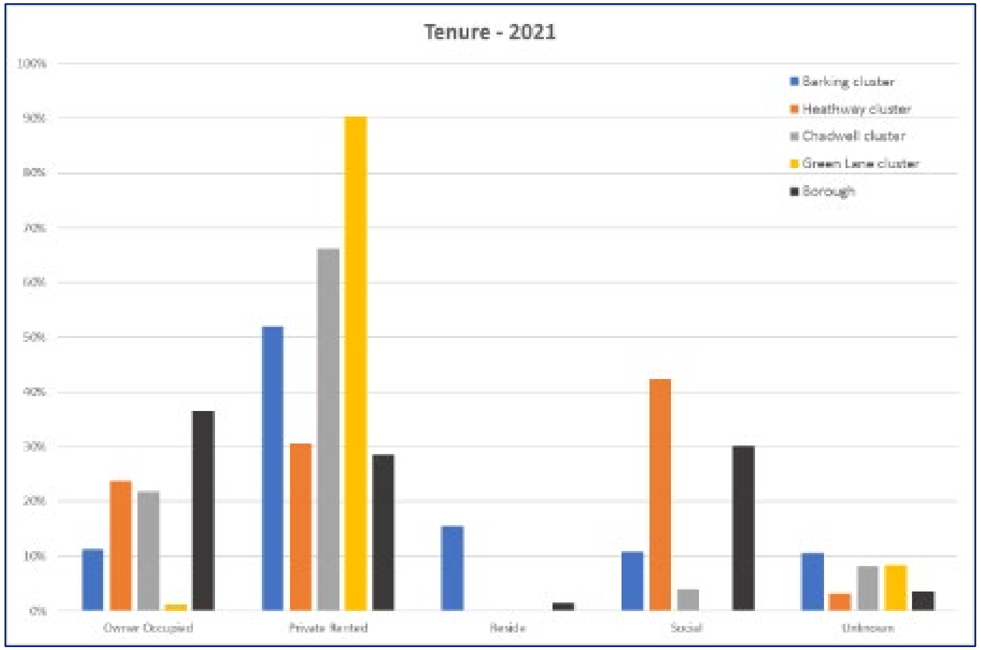
Green Lane Cluster

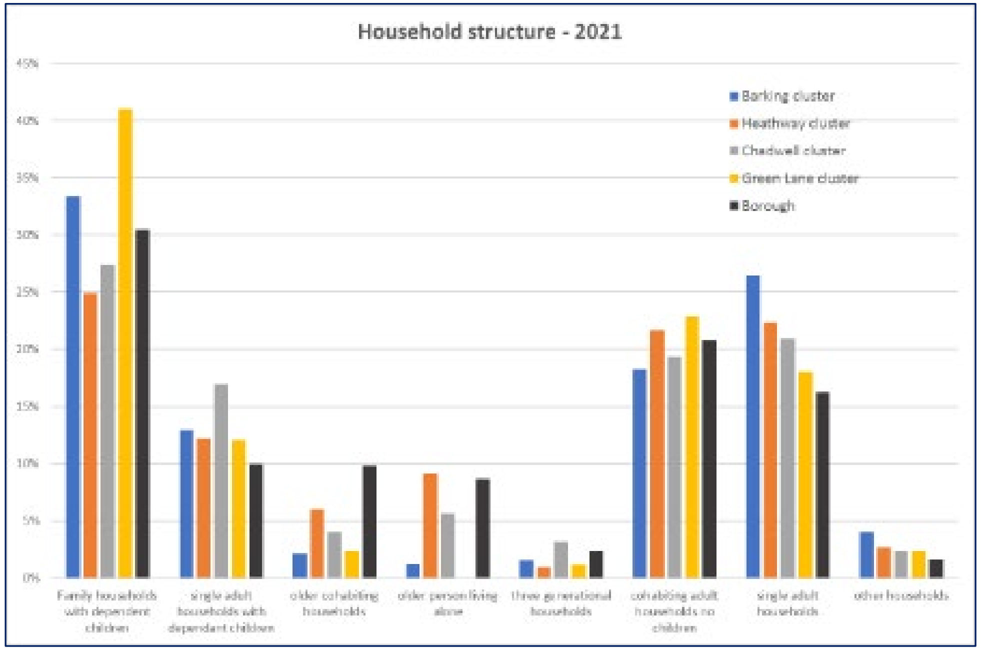


Ethnicity profile of the areas

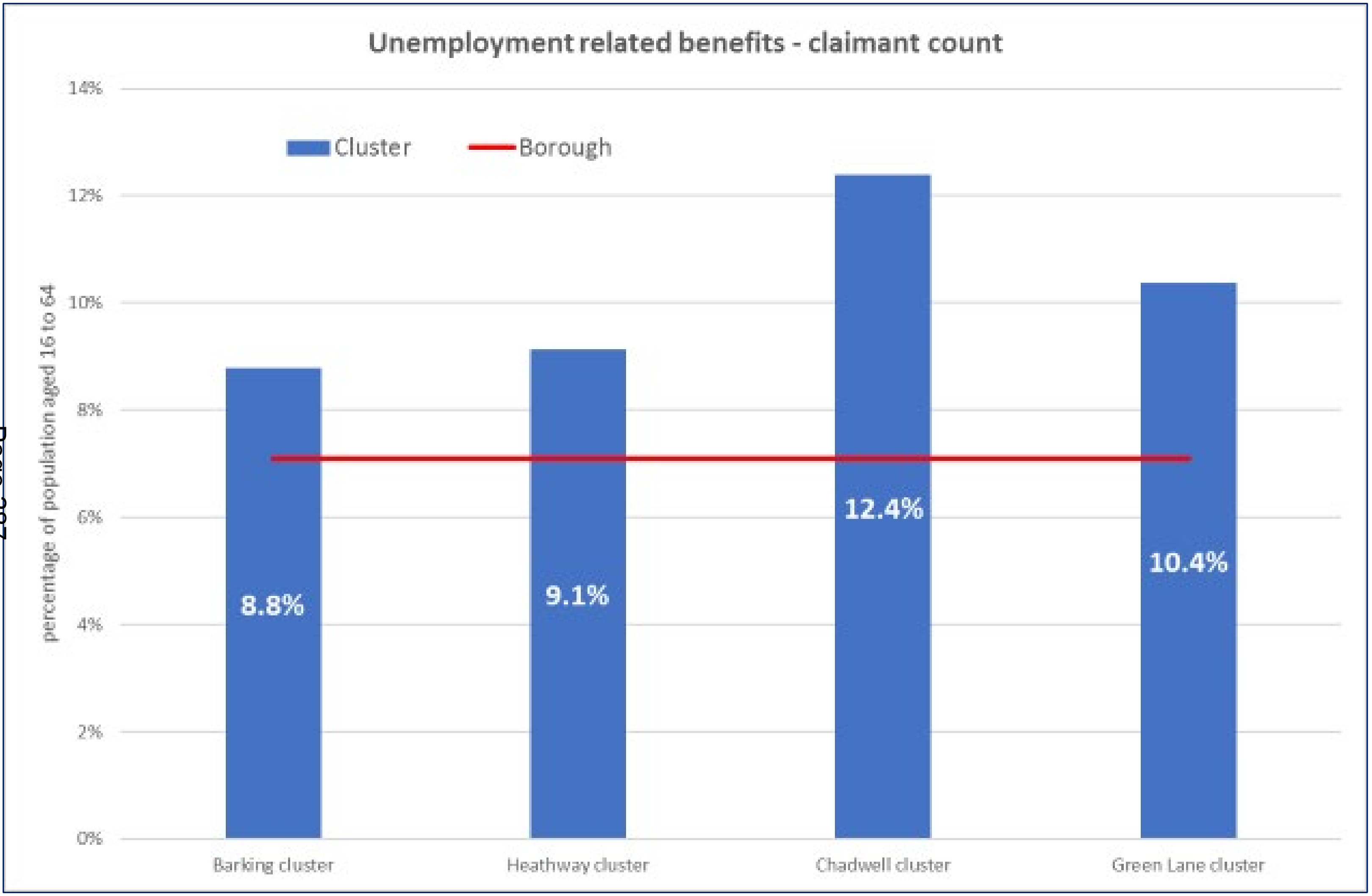


Tenure and household structure within the areas





Page 286



7.1% is the claimant count for Barking & Dagenham at March 2022

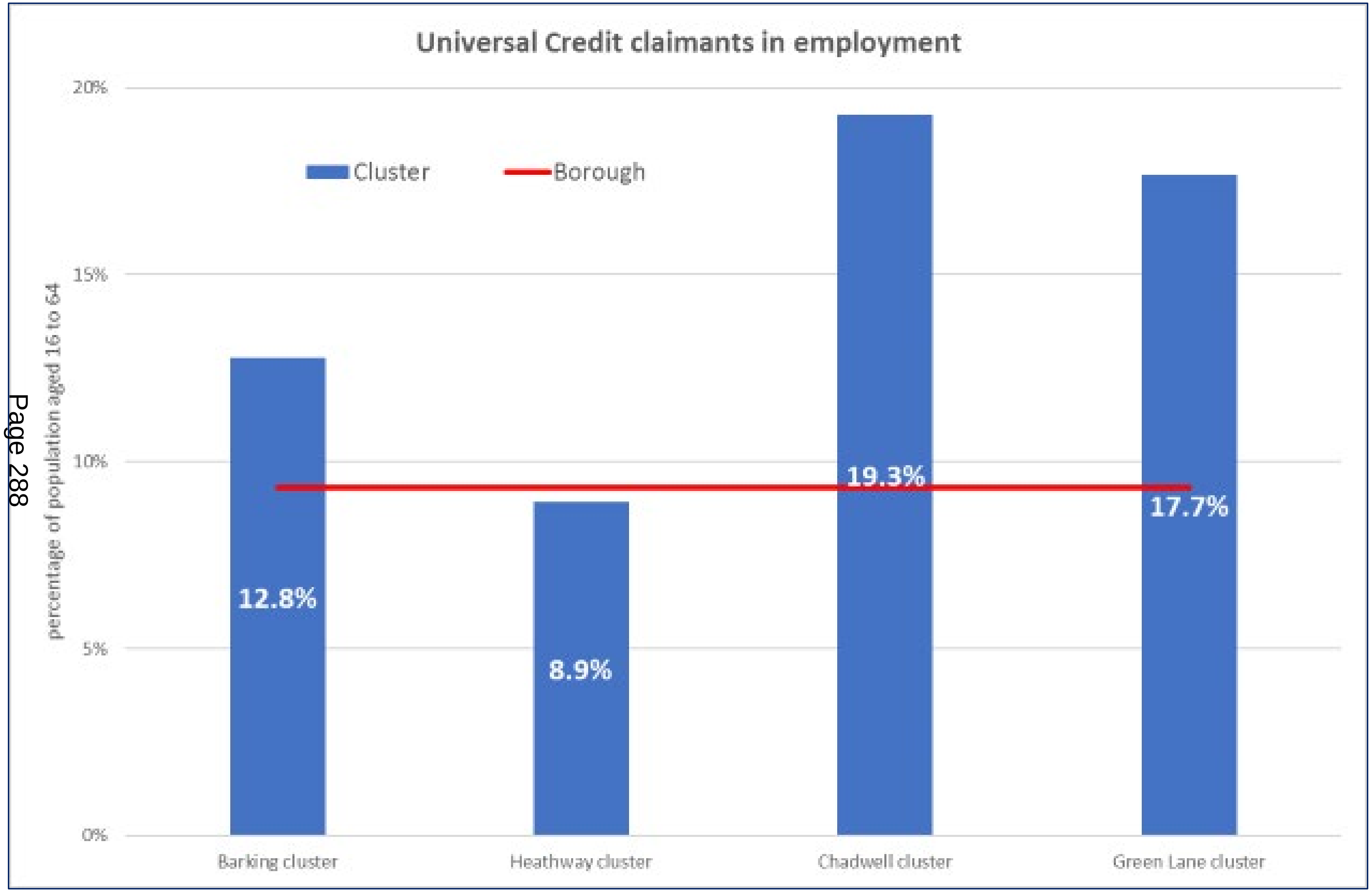
9th highest rate in the country

3rd highest rate in London

Each cluster has a higher claimant count than the borough

Barking & Dagenham

one borough; one community; no one left behind



9.3% of working age adults in Barking & Dagenham are in employment and claiming universal credit (March 2022)

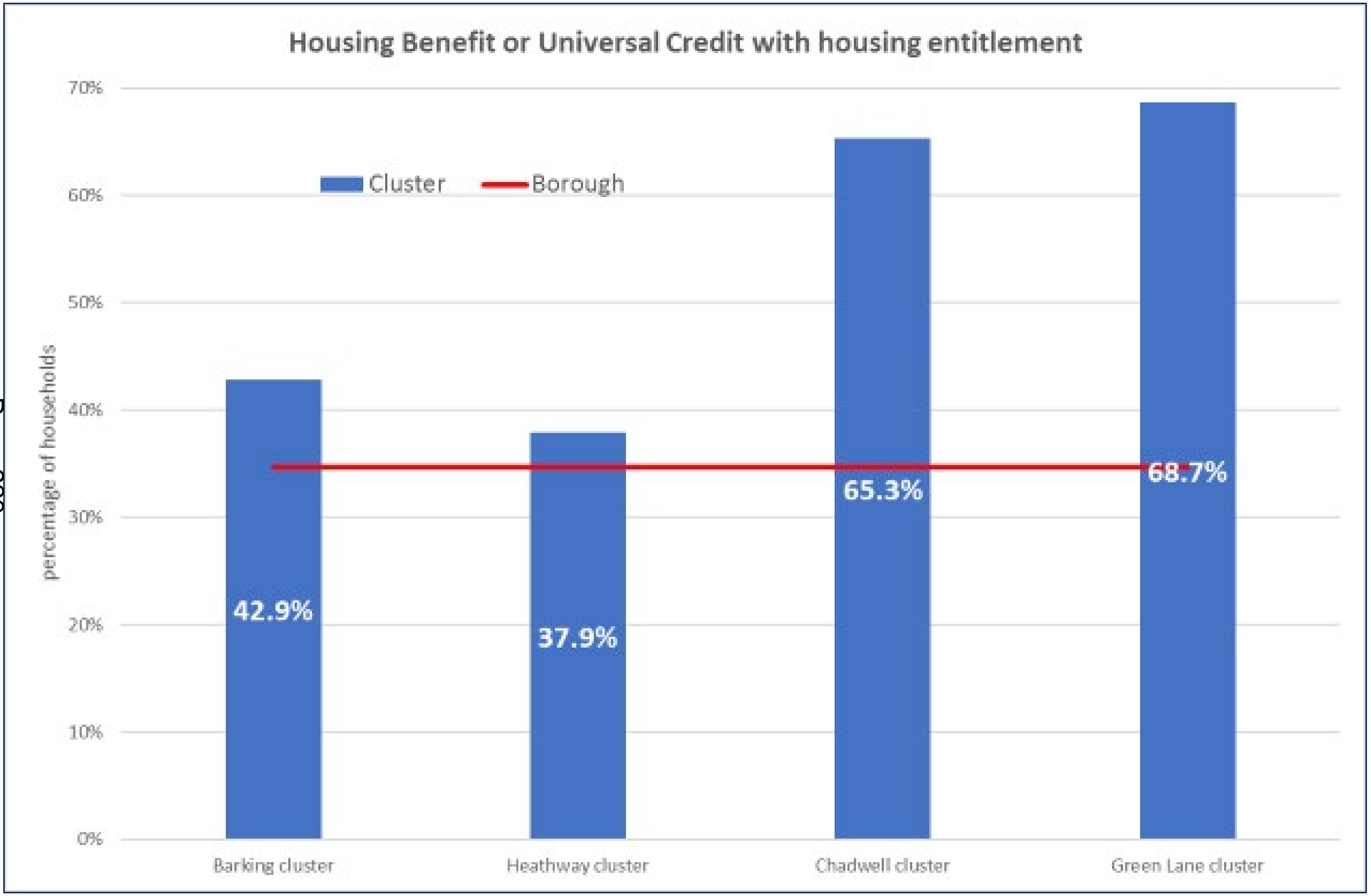
5th highest rate in the country

Highest rate in London

3 clusters have a higher rate than the borough

one borough; one community; no one left behind

Barking & Dagenham



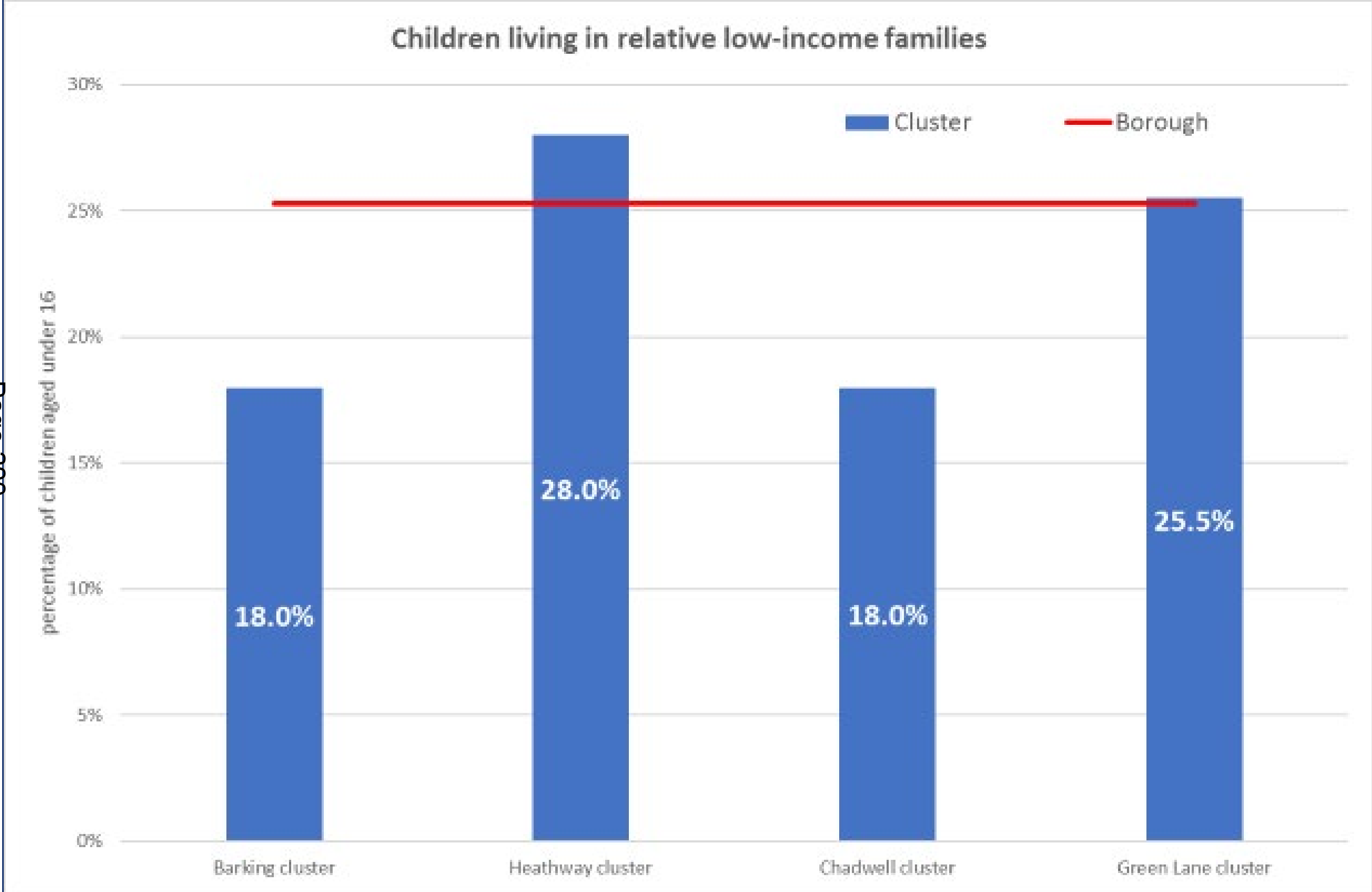
34.7% households within Barking & Dagenham are claiming Housing Benefits or Universal Credit with housing entitlement (March 2022)

5th highest rate in London and the country

Each cluster has a higher rate than the borough

one borough; one community; no one left behind

Barking & Dagenham



25.3% of children aged under 16 in Barking & Dagenham are living in relative low income families (March 2021)

Highest rate in London

34th highest rate in the country

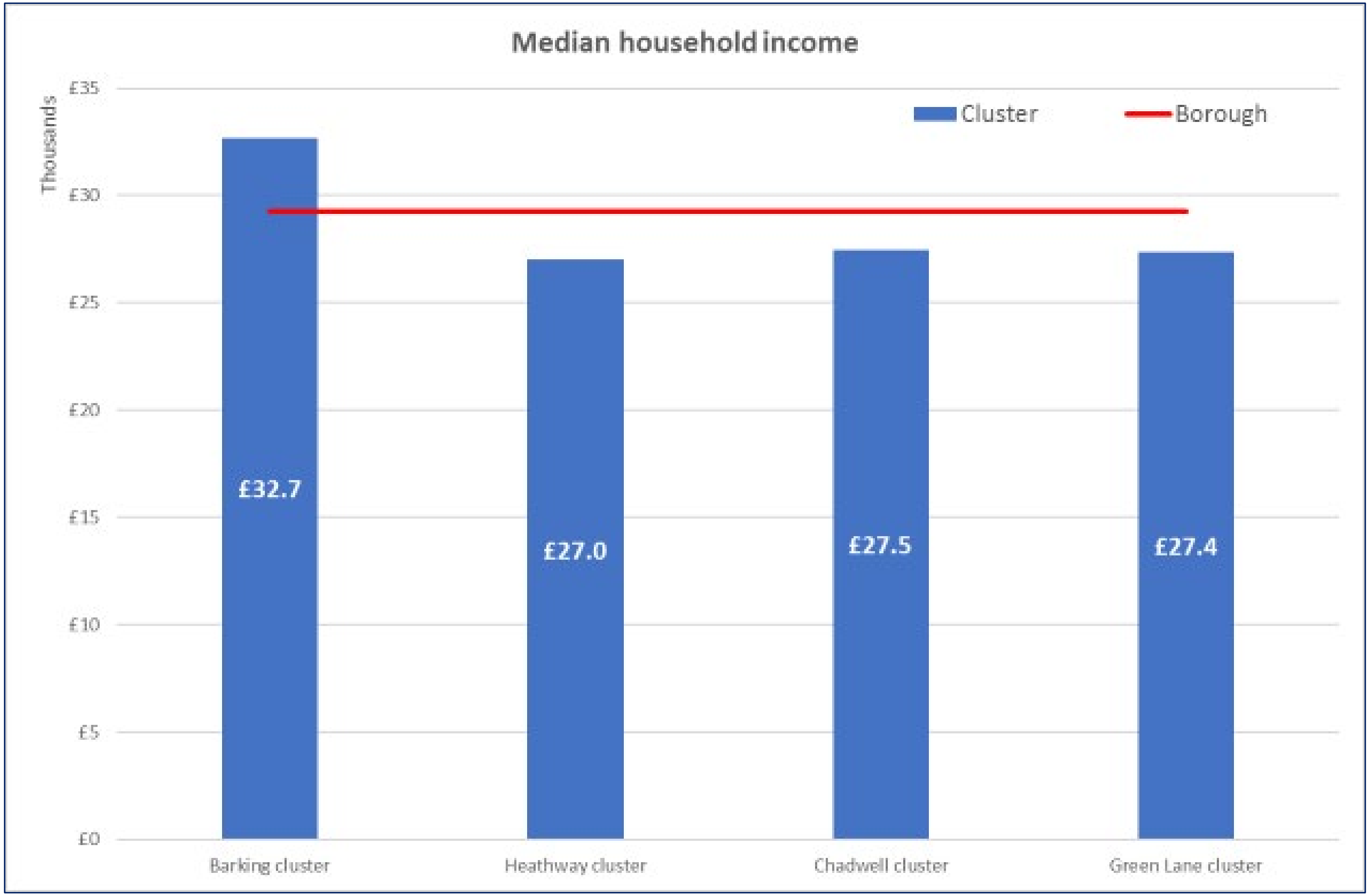
2 clusters have a higher rate than the borough

Relative low income is defined as a family whose equivalised income before housing costs (BHC) is below 60 per cent of median income in the reference Year

A family must have claimed Child Benefit and at least one other household benefit (Universal Credit, tax credits or Housing Benefit) at any point in the year to be classed as low income in these statistics

Barking & Dagenham

one borough; one community; no one left behind



£29,259 is the median household income within Barking & Dagenham (March 2022)

Lowest figure in London

- Average London borough = £38,492

United Kingdom = £32,549

3 clusters have lower household income than the borough

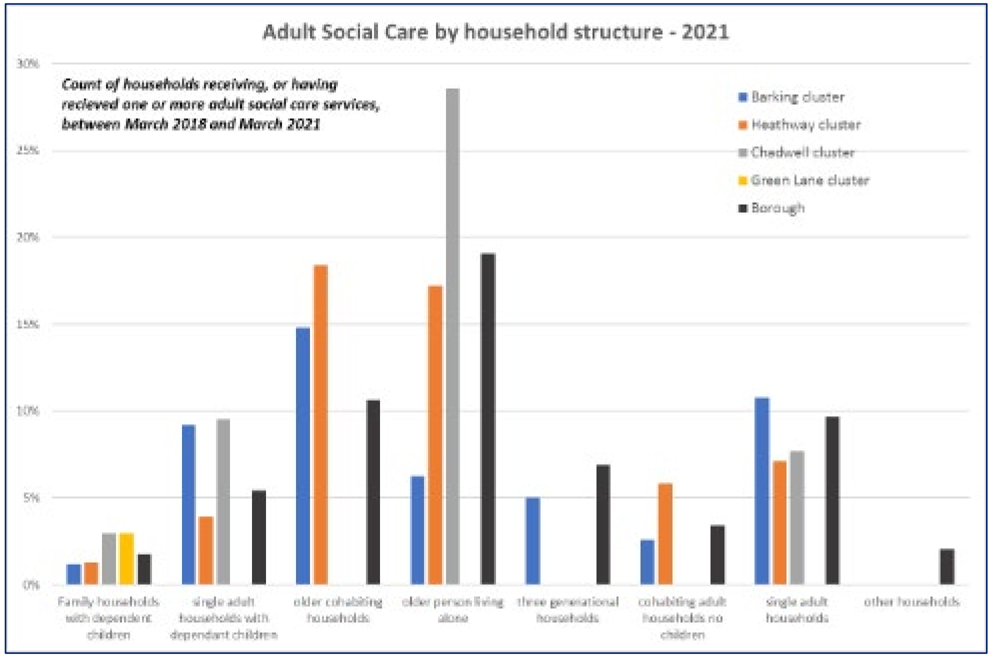
one borough; one community; no one left behind

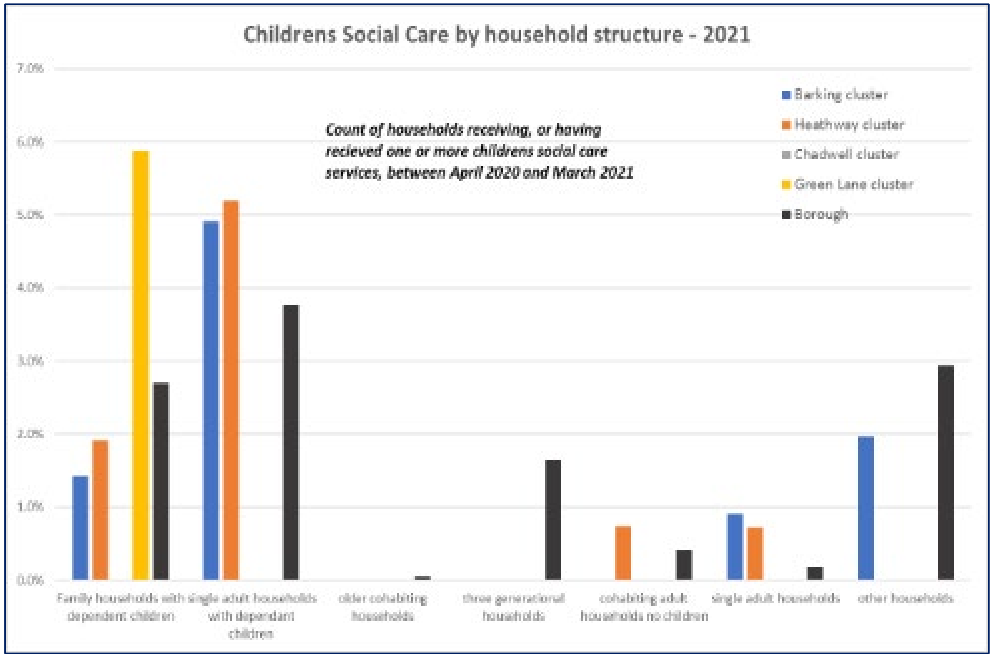
Barking & Dagenham

Households within the areas in receipt of social care services

- 6.3% households within the borough are receiving an Adult Social care service – same as Heathway but lower in other 3 areas (Barking = 5.4%, Chadwell = 5.6% and Green Lane = 1.2%)

- 1.4% households within the borough are receiving a Children's Social care service – same as both Barking and Heathway, lower in Chadwell (zero) and higher in Green Lane (2.4%)





Appendix E – References

The Gambling Act 2005 -
http://www.legislation.gov.uk/ukpga/2005/19/pdfs/ukpga_20050019_en.pdf

The Gambling Commission's Guidance to Local Licensing Authorities (Latest edition April 2021) –
https://www.gamblingcommission.gov.uk/guidance/guidance-to-licensing-authorities

Gambling Commission Licence Conditions and Codes of Practice (October 2020) -
https://www.gamblingcommission.gov.uk/licensees-and-businesses/lccp

National Strategy to Reduce Gambling Related Harm (February 2021 Update) -
https://www.gamblingcommission.gov.uk/manual/national-strategy-to-reduce-gambling-harms/prevention-and-education-overview

Health Survey for England 2015 – Published by NHS Digital (formerly the NHS Information Centre). Chapter on Gambling commissioned by the Gambling Commission. Due for publication Spring 2017. http://www.gamblingcommission.gov.uk/news-action-and-statistics/Statistics-and-research/Levels-of-participation-and-problem-gambling/Levels-of-problem-gambling-in-England.aspx

Barking and Dagenham Key Population and Demographic Facts (provisional mid 2020 population estimates) - https://www.lbbd.gov.uk/council/statistics-and-data/census-information/key-population-demographic-facts/

Human Rights Act 1998 - http://www.legislation.gov.uk/ukpga/1998/42/contents

Data Protection Act - https://www.gov.uk/data-protection

The Legislative and Regulatory Reform Act 2006 -
http://www.legislation.gov.uk/ukpga/2006/51/contents

Regulators' Code - https://www.gov.uk/government/publications/regulators-code

Barking and Dagenham Enforcement Policy 2019 -
https://www.lbbd.gov.uk/council/priorities-and-strategies/council-policies/regulatory-services-policies/regulatory-services-enforcement-policy/

Exploring area-based vulnerability to gambling-related harm: Developing the gambling-related harm risk index' (2016) Westminster City Council

Gambling-related harm among recent migrant communities in the UK: Responses to a 21st century urban phenomenon (kcl.ac.uk) (2018) Kings College London

Appendix 2: 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	Statement of Gambling Licensing Policy 2023-2026	
Service Area	Environmental Health and Public Protection	
Officer completing the EIA Screening Tool	Karen Collier, Service Manager Environmental Health and Public Protection	
Head of Service	Gary Jones, Head of Regulatory Services	
Date	10/01/2023	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	The Council, as local licensing authority for gaming and betting, is required under the Gambling Act 2005, to have in place a policy statement of the principles by which it will abide in carrying out its licensing responsibilities. A draft policy for 2022-2025 has been prepared for public consultation. There have not been any significant changes to the previous policy for 2019-2022.	
Protected characteristic	**Impact**	**Description**
Age	Positive impact (L)	The protection of children is one of the licensing objectives and as such, the policy includes detailed best practice management advice around child protection issues. This deals with issues such as age-verification and advertising. Child Protection are a

Appendix 2: Equality Impact Assessment Screening Tool

		statutory responsible authority under the Act and are consulted on all new and varied premises licence applications and will be directly consulted regarding the revised policy.
Disability	Not applicable (N/A)	Describe the impact.
Gender re-assignment	Not applicable (N/A)	Describe the impact.
Marriage and civil partnership	Not applicable (N/A)	Describe the impact.
Pregnancy and maternity	Not applicable (N/A)	Describe the impact.
Race	Positive impact (L)	In formulating the policy, a local area profile has been prepared with the support of the Insight Team. The local area profile includes an assessment of vulnerabilities to gambling related harm, which includes ethnicity. Premises based businesses are required to carry out their own risk assessment and to refer to the local area profile when they set out what actions they are going to take to mitigate risks.
Religion	Not applicable (N/A)	Describe the impact.
Sex	Not applicable (N/A)	Describe the impact.
Sexual orientation	Not applicable (N/A)	Describe the impact.
Socio-Economic Disadvantage[1]	Positive impact (L)	In formulating the policy, a local area profile has been prepared with the support of the Insight Team. The local area profile includes an assessment of vulnerabilities to gambling related harm, which includes socio-economic disadvantage. Premises based businesses are required to carry out their own risk assessment and to refer to the local area profile when they set

[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.

		out what actions they are going to take to mitigate risks.
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 to repuation (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.

The proposed policy has been prepared in line with the requirements of both national legislation and national guidance both of which will have been subject to equalities impact assessments in their own right by the Government and the Gambling Commission.

The proposed policy statement is a revision of a previously adopted council policy. There have not been any significant changes to the policy, which demonstrates that the fundamental principles that were established previously are sound and remain relevant.

In formulating the policy, a local area profile has been prepared with the support of the Insight Team. The local area profile includes an assessment of vulnerabilities to gambling related harm, which includes age, ethnicity and socio-economic disadvantage.

The protection of children is one of the licensing objectives and as such, the policy includes detailed best practice management advice around child protection issues. This deals with issues such as age-verification and advertising. Child Protection are a statutory responsible authority under the Act and are consulted on all new and varied premises licence applications and will be directly consulted regarding the revised policy.

Across all nine national Protected Characteristics groupings and our tenth grouping in London Borough of Barking and Dagenham of socio-economic disadvantage, the impact is predicted to be 'low positive', with no anticipated need to take specific actions to mitigate or enhance the impact.

A public consultation will be carried out in line with the Gambling Commission guidance to Licensing Authorities. This requires the following to be consulted:

- The Chief Officer of Police for the area
- One or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses area; and
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act.

Appendix 2: Equality Impact Assessment Screening Tool

Additionally, the following will also be consulted:

- All ward Councillors,
- All responsible authorities under the Act
- The Gambling Commission.
- Public Health

The policy sets out processes and procedures that aim to protect human rights, in particular those rights relating to a right to a fair trial, no punishment without law and right to respect for private and family life. If the policy was not followed, there is a risk that human rights may be breached.

Full consideration will be given to any consultation feedback regarding impacts to protected characteristics.

Formal consultation, as endorsed by the Corporate Strategy Group at its meeting on 15 September 2022, was undertaken between 26 October 2022 until 30 December 2022, which provided an opportunity, in particular for the following stakeholders to provide feedback.

- Responsible authorities
- Service providers and persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act
- Ward councillors
- Local licensed operators and relevant trades representative groups
- Publication on the authority's website

The equalities impact was further reviewed and considered following the consultation responses. Consultation feedback referred to the need to protect children and vulnerable adults from gambling related harm reflecting the data in the local area profile of the draft policy statement.

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.

CABINET

20 February 2023

Title: Maintenance and Support Contract for the Capita Academy System	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Authors: Ben Davis, IT Project Manager Donna Radley, Head of Welfare	**Contact Details:** E-mail: ben.davis@lbbd.gov.uk; donna.radley@lbbd.gov.uk
Accountable Director: Stephen McGinnes, Director of Support and Collections	
Accountable Strategic Leadership Director: Philip Gregory, Strategic Director, Finance & Investment	

Summary:

The Council and specifically the Revenues and Benefits department have historically used Capita and its product Academy to complete their many business-critical functions. These functions include distributing benefits/universal credit and the collection of Council Tax and Business Rates, the latter two functions serving as a major revenue stream for the Council.

The Academy product has been used by the Council since 2007. Through the use of the product there has been one major contract with numerous addendums added onto it, which formulated extensions allowing the product to be used up until now, 2023. As it currently stands the one-year addendum will come to an end in March 2023, although to facilitate the Council's internal governance processes there are discussion ongoing for a one-month extension.

For a variety of reasons, including best practice, there is now a need to put in place a more formal contract for Capita and its product Academy, bringing into line a number of different modules which are already in use by the team, as well as adding in some new functionality to further improve the capabilities of the Revenues and Benefits team.

This contract will continue the current Support and Maintenance agreement in place, whilst also adding three additional products:

- CTax Modelling Module
- CTax Banding Module
- Forms

Due to the resources required to move away from Capita Academy at this point in time, it is seen as economically advantageous for the Council to stay with the current provider. As such, it is recommended that there is a direct award to Capita for this product via the Kent Commercial Services (KCS) Software Products and Associated Services Framework.

This framework has specific criterion which allow for the Direct Award of products based on their existence on the estate already. This is a fully compliant framework and has been previously used within IT for the procurement of the Darktrace product recently approved by the Cabinet.

Revenues and Benefit would look to obtain the new contract for a maximum length of seven years, with an initial term of five years and the provision to extend by a further1+1 years at the Council's discretion. This contract length would secure the service for the foreseeable future and also provide the necessary timespan to run a full procurement and transition to a new product, should Capita be deemed at any time no longer fit for purpose.

The overall cost of a seven-year contract is £940,000.00, which includes the support and maintenance as well as the inclusion of the additional modules requested by the business.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree that the Council proceeds with the procurement of maintenance and support services for the Capita Academy product via the Kent Commercial Services Software Products and Associated Services Framework, in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Chief Legal Officer, to award and enter into the contract and all other necessary or ancillary agreements, including contract extensions, with Capita.

Reason(s)

The primary driver for this decision is to ensure that Capita Academy is on a compliant, secure long-term contract. This will protect the Councils best interests whilst also securing the product for use by the service and their continued business operations, including the collection of Council Tax and Business rates, some of the Councils largest revenue streams.

1. Introduction and Background

1.1 Capita Academy is a product used by the Revenues and Benefits team to run a number of business-critical functions, not limited to the collection of Council Tax and Business rates. It serves as the core component of the service with many other applications used to supplement it. Over the years, many bespoke amendments have been made to the Academy product to ensure the Revenues and Benefits service has the capabilities necessary.

1.2 In 2007, the Council entered into a contract with Capita for their Academy product for use within the Revenues and Benefits team, which historically has been known under a number of different monikers. Originally managed by the Council, this contract was then managed by Elevate East London, from 2010 to 2020, before returning as a Council responsibility. Throughout this period, the original contract was amended numerous times with addendums which acted as extensions. This had been happening routinely until 2022 when the decision was made to acquire a new contract with Capita via a compliant framework.

1.3 With how crucial the Academy product is to the service, there is a need to secure the product for the long-term future. IT Services will be looking to obtain this contract over a seven-year period (5+1+1) on the KCS – Software Products and Associated Services Framework, via Direct Award as allowed for on the Framework. The contract length both ensures the long-term future of the product within the service as well as allowing enough time for a large procurement project to be conducted should Academy be considered in the future to no longer be fit for purpose.

2. Proposed Procurement Strategy

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

2.1.1 This procurement will be for Support and Maintenance as well as additional modules for Capita Academy. This product is a business-critical application for the Revenues and Benefits team and serves as their main application for the collection of Council Tax and Business Rates.

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

2.2.1 The estimated contract value over the 7-years with Capita for the Academy product is £940,000.00, with a per annum cost of £134,286.00.

2.2.2 These values include the support and maintenance of the current product set and the new products being procured, as well as their one-off cost.

2.3 Duration of the contract, including any options for extension

2.3.1 The overall contract length would be seven years, with a format of 5-years plus two optional 12-month extensions. The contract would commence on 31 March 2023 to 30 March 2030 (if all extension options are utilised).

2.4 Is the contract subject to the Public Contracts Regulations 2015? If Yes and the Contract is for services, is it subject to the light touch regime?

2.4.1 Yes, this is subject to the thresholds for goods and services which are currently £213,477 (inc VAT) in contract value.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 IT Services would like to proceed with a Direct Award to Capita for the aforementioned Academy product and additional modules, who are a recognised supplier via the KCS – Software Products and Associated Services Framework. This Framework allows for Direct Award based on fulfilling one of a set number of criteria, the criteria are:

1. Customer is satisfied that, following their own due diligence, they can identify the supplier that offers best value for their requirement;
2. The supplier is able to supply the required goods/services within the customers timescales;
3. The supplier scored the highest mark for price/quality in the framework agreement evaluation;
4. Goods/services required are unique/exclusive to one vendor/supplier;
5. Continuity of existing goods/services from an awarded supplier.

2.5.2 IT Services believe there are grounds to Direct Award based on point 5. This would ensure continuity of the Capita Academy product and modules for the Revenues and Benefits service.

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 This contract will be managed on a day-to-day basis by IT Services.

2.6.2 The management of the contract will be as per the T&Cs of the KCS – Software Products and Associated Services framework and their call off terms.

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

2.7.1 Securing the Capita Academy product for a further seven years will allow Revenues and Benefits to continue their current service, as well as their business-critical functions of collection of Council Tax and Business rates, as well as numerous other functions.

2.7.2 This also moves the Capita Academy contract away from the yearly extensions and archaic T&Cs which date back to 2007, ensuring that the council have a modern and compliant contract for one of its key lines of business applications.

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

2.8.1 As this would be a Direct Award to Capita via the KCS Framework an evaluation criteria is not relevant.

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

2.9.1 As part of the Council's strategy to ensure Social Value is delivered by all major suppliers, Capita have been contacted and the Council's Social Value policies sent to them. IT Services and Revenues and Benefits will work with Account Managers at Capita to compile a Social Value offering that suits the updated themes of the Council policy.

3. Options Considered

3.1 **Option 1 – Do nothing (Rejected)**

3.1.1 This option has not been considered due to the importance of Capita Academy to the Revenues and Benefits team. Failure to renew and have a contract in place would be of huge risk and impact to the Service and the Council.

3.2 **Option 2 – Alternative Frameworks (G-Cloud 13; DAS Framework; VAS Framework)**

3.2.1 G-Cloud 13 is a Framework designed for Direct Award but often for products which are deemed off the shelf, meaning many prices are fixed and do not reflect the years of customisation and changes that have been made to our Capita Academy product. This route to market is seen as less beneficial than the KCS Framework.

3.2.2 Although used previously with IT Services, and suitable for this kind of Direct Award, the DAS framework is coming to the end of its life cycle with the VAS Framework being the new edition. However due to the timing of this (early to late January) and the needed to have an established Framework and route to market, it was deemed these would not provide the assurances needed.

3.3 **Option 3 – Open Market (Rejected)**

3.3.1 Capita are the only provider of the Academy product, there would be no need to go through open market, this would also result in long-form negotiations due to being contracted on their T&Cs.

4. Waiver

4.1 Not applicable.

5. Equalities and other Customer Impact/GDPR

5.1 While a full Equality Impact Assessment is not required in this instance, the Equality Impact Assessment Screening Tool is attached at Appendix 1.

6. Other Considerations and Implications

6.1 Risk and Risk Management

Risk Description	Mitigating Actions	RAG Status
Not acquiring a new contract for Capita by the end of March 2023.	Result in the need for another addendum, this is not best practice. This would also result in the Council being on older T&Cs for another 12-months. Acquiring a new contract not only ensures the product for the long-term but also covers the Council via the Frameworks T&Cs.	A

6.2 **TUPE, other staffing, and trade union implications**

6.2.1 Not Applicable.

6.3 **Safeguarding Children and Vulnerable Adults**

6.3.1 Not Applicable.

7. Consultation

7.1 The proposals in this report were considered and endorsed by the Procurement Board on 16 January 2023.

8. Corporate Procurement

Implications completed by: Sam Woolvett, Category Manager, Commercial Services

8.1 A direct award to Capita via the KCS Framework is the best procurement option to ensure the Capita Housing system continues to meet the Council's business needs.

8.2 This approach complies with LBBD's Contract Rules as the KCS Framework was let in accordance with the Public Contract Regulations 2015 (the Regulations).

8.3 Corporate Procurement shall be advising IT Services throughout the award process.

9. Financial Implications

Implications completed by: Nurul Alom, Group Finance Manager, & Shaheen Khan, Finance Business Partner

9.1 The report seeks approval for Direct Award to Capita for the Academy product and additional modules as this would ensure continuity of existing service for the Revenues and Benefits service.

9.2 The term of contract would be five years plus the option to extend on a 1+1 basis at a Total Contract Value of £940,000.00.

9.3 The cost of the contract will be fully met within the existing budget.

10. Legal Implications

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

10.1 This report is seeking approval to use the KCS – Software Products and Associated Services Framework (Framework number Y20011) owned by Kent County Council to procure the Academy product from Capita to assist with the Council's Revenue and Benefits business critical functions.

10.2 This report states that the total value of the contract over the potential 7-year duration will be £940k, which is above the threshold for goods contracts meaning that there is a legal requirement to carry out a tender exercise in accordance with the Public Contracts Regulations 2015 (PCR). Using an already established framework is a compliant route to market under the PCR. This will also satisfy the Council's Contract Rules. Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the call-off is made in line with the Framework terms and conditions.

10.3 The use of the KCS framework will satisfy the above requirements as the Council is permitted to call off from the framework, which has been set up following a compliant process for all local authorities in the country and is valid until 31 March 2024. It is noted that the framework also permits direct awards.

10.4 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.

10.5 The legal team will be able to assist the client department to finalise the call-off contract with Capita.

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

List of Appendices:

Appendix 1 - Equality Impact Assessment Screening Tool

This page is intentionally left blank

APPENDIX 1

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	Strategy Report for the procurement of a maintenance and support contract for the Capita Academy system via the Kent Commercial Services (KCS) Framework
Service Area	Community Solutions – Support & Collections
Officer completing the EIA Screening Tool	Donna Radley – Head of Welfare
Head of Service	Donna Radley – Head of Welfare
Date	16/01/2023
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	The Council and specifically the Revenues and Benefits department have historically used Capita and its product Academy to complete their many business-critical functions. These functions include distributing benefits/universal credit and the collection of Council Tax and Business rate. The latter two functions serving as a major revenue stream for the Council. The Academy product has been used by the Council since 2007, originally being managed by the Council and then managed by Elevate East London upon its inception in 2010. Through the use of the product there has been one major contract with numerous addendums added onto it, which formulated extensions allowing the product to be used up until now, 2023. As it currently stands the 1-year addendum will come to an end in March 2023, to facilitate the Councils internal governance processes, there are discussion ongoing for a one-month extension. For a variety of reasons, including best practice, there is now a need to put in place a more formal contract for Capita and its product Academy, bringing into line a number of different modules which are already in use by the team, as well as

	adding in some new functionality to further improve the capabilities of the Revenues and Benefits team	
Protected characteristic	**Impact**	**Description**
Age	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Disability	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Gender re-assignment	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Marriage and civil partnership	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Pregnancy and maternity	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Race	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Religion	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived

		negative impact on this protected characteristic.
Sex	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Sexual orientation	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic.
Socio-Economic Disadvantage[1]	Positive impact (L)	This contract aids the provision of welfare services which includes claims for financial aid and Council Statutory Services. There will be no perceived negative impact on this protected characteristic. There are provisions in place within the service to escalate urgent cases that would negatively impact residents. Such cases include those who are risk of eviction or repossession, cases where delays in processing would have severe detrimental effects on mental health, the health and wellbeing of a child or whose condition would be worsened by delays.
How visible is this service/policy/project/proposal to the general public?		**Low visibility to the general public (L)**
What is the potential risk to the Council's reputation? Consider the following impacts – legal, financial, political, media, public perception etc		**Low risk to repuation (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.

There are no perceived negative impacts on these protected characteristics. There are provisions in place within the service to escalate urgent cases that would negatively impact residents, those with protected characteristic or those with socio-economic disadvantage. Such cases include those who are risk of eviction or repossession, cases where delays in processing would have severe detrimental effects on mental health, the health and wellbeing of a child or whose condition would be worsened by delays.

There is no requirement to compete a full Equalities Impact assessment.

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.

CABINET

20 February 2023

Title: Pay Policy Statement 2023/24	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Author: Gail Clark, Director of Workforce Change	**Contact Details:** E-mail: gail.clark@lbbd.gov.uk
Accountable Strategic Leadership Director: Fiona Taylor, Acting Chief Executive	
Summary Under the terms of the Localism Act 2011 the Council must agree, before the start of the new financial year, a pay policy statement relating to the remuneration of its chief officers and the remuneration of its other employees. The Act also sets out the matters which must be covered in the statement. The Council's draft Pay Policy Statement for 2023/24, attached at Appendix A, sets out the expected position at 1 April 2023.	
Recommendation(s) The Cabinet is asked to recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2023/24 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2023.	
Reason(s) Under the terms of the Localism Act 2011 the Council must agree a pay policy statement in advance of the start of each financial year	

1. Introduction and Background

1.1 Section 38(1) of The Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior officers (Chief Officers) to be agreed by all councillors at an Assembly meeting before the beginning of each financial year. This policy is timetabled to go to the Assembly on 1 March 2023.

1.2 The Council produced its first Pay Policy Statement for the 2012/13 financial year in accordance with the Localism Act 2011. The definition of Chief Officer covers the Chief Executive, Strategic Leadership Directors, Commissioning and Operational Directors. The matters that must be included in the pay policy statement are as follows:

- The level and elements of remuneration for each Chief Officer.
- The remuneration of its lowest paid employees (together with its definition of ‘lowest paid employee’ and the reasons for adopting that definition).
- The relationship between the remuneration of its Chief Officers and other officers.
- Other specific aspects of chief officer’s remuneration: remuneration on recruitment, increase and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.
- The Localism Act defines remuneration widely to include not just pay but also charges, fees, allowances, benefits in kind.
- Enhancements of pension entitlement and termination payments.

1.3 The Pay Policy statement:

- Must be approved by the full council (Assembly).
- Must be approved by the end of March each year.
- Can be amended in-year.
- Must be published on the Council’s website (and in any other way the Council chooses).
- Must be complied with when the Council sets the terms and conditions for a chief officer

2. Proposal and Issues

2.1 Attached at Appendix A is the draft Pay Policy Statement which reflects the expected position at 1 April 2023.

3. Options Appraisal

3.1 The Council is required to publish its pay policy and there is no alternative option to be appraised.

4. Consultation

4.1 The proposals in this report were considered by the Workforce Board at its meeting on 11 January 2023.

5. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

5.1 There are no financial implication arising from this report which simply sets out the Council’s pay policy. Staffing costs are a significant part of the Council’s budget and ensuring that there are sufficient resources to meet them is dealt with through our Medium Term Financial Plan and budget strategy.

6. Legal Implications

Implications completed by Mehzabeen Patel, Employment Lawyer

6.1 The Pay Policy Statement sets out clearly and concisely the Authority’s approach to Pay. There are no legal implications in publishing the same, as this is a statutory requirement as detailed in 1.1 of this report. In the interest of openness and accountability, the approach taken in the statement is both clear and transparent.

7. Other Implications

7.1 **Contractual Issues –** This makes no changes to employee's contractual position.

7.2 **Staffing Issues -** The staffing issues are fully explored within the main body of the report. There is no requirement to consult with the trade unions on this policy.

7.3 **Corporate Policy and Equality Impact –** The Council's approach to pay is based on the use of established job evaluation processes to determine the salary for individual roles, eliminating the potential for bias in the process.

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

List of appendices:

- **Appendix A** – Pay Policy Statement 2023/24

This page is intentionally left blank

APPENDIX A

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2023/24

1. Introduction – Requirement for Council Pay Policy Statement

1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by Members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2023.

1.2 The provisions of the "Act" require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand, releasing data in open formats available for re-use, and releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Organisational Context

2.1 The Council continues to recognise that if it is to serve its communities well and deliver the agreed vision and objectives, it needs to attract and retain talented people at all levels of the organisation.

2.2 The Council continues to ensure that its Leadership Team is structured in a manner that enables it to deliver the Borough manifesto and Corporate Plan.

3. Pay and Reward Principles

3.1 The approach to pay and reward continues to be based on the following principles:

- The Council can demonstrate fairness and equity in what it pays people at different levels and in different parts of the Council;
- Pay is set at levels which enable the Council to recruit and retain the quality of staff needed to help achieve its objectives at a time of financial hardship; and
- Pay levels are competitive and affordable for the Council.

3.2 Pay levels are determined through "job evaluation". For staff at PO6 and below, the Council uses the Greater London Provincial Council job evaluation system. For posts at PO7 and above, the HAY job evaluation system is used. Each system assesses the relative "size" of the role against a range of criteria, relating to its complexity, the number of resources managed, and the knowledge required to undertake the role.

3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBD pay scale. The Council has committed to pay no less than the "London Living Wage" to its own staff or agency workers working with the Council and became a Living Wage Foundation accredited employer in 2022. The Council implemented the London Living Wage (LLW) increase from £11.05 to £11.95 in November 2022, backdated to 22 September 2022. The Council continues to ensure that it pays its employees and apprentices at or above the London Living Wage.

4. Defining "Chief Officers"

4.1 At the start of the 2023/24 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (Head of Paid Service & Health Place Lead)
- Strategic Director, Finance and Investment (S 151 Officer)
- Strategic Director, Law and Governance (Monitoring Officer)
- Strategic Director, Children and Adults
- Strategic Director, My Place
- Strategic Director, Inclusive Growth
- Strategic Director, Community Solutions
- Director of Strategy
- Director of Workforce Change
- Director of Public Realm
- Director of Public Health
- Commercial Director
- Operational Director, Enforcement and Community Safety
- Operational Director, Children's Care and Support
- Operational Director, Adults Care and Support
- Commissioning Director, Education
- Commissioning Director, Care and Support
- Director of Care, Community and Health Integration – (New Post, Fixed Term)
- Director of Community, Participation & Prevention
- Director of Support & Collections
- Director of Homes & Assets

4.2 Interim arrangements were approved in February 2022 following the resignation of the previous Acting Chief Executive. Those arrangements included the postholder: Strategic Director, Law and Governance and Deputy Chief Executive, acting up into the role of Interim Chief Executive and Head of Paid Service and remunerated as such with effect from May 2022. Due to the recent changes under the Health and Social Care Act 2022, the Acting Chief Executive has also been designated as the Place Lead for Health in Barking & Dagenham.

4.3 The number of JNC officers remains unchanged from the previous year.

5. Accountability for Chief Officers Pay

5.1 The pay arrangements for chief officers are overseen by the JNC appointments, salaries and structures panel, appointed by the Council's Assembly.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

6.1.1 Chief Officer roles are currently evaluated using the HAY job evaluation system. There is a commitment to review salary levels on average every three years, this had not been undertaken since the changes to the senior management structure in 2017. In undertaking benchmarked reviews, account is taken of the market, particularly London, to ensure the Council can compete successfully for the talent it needs to lead and manage in the current environment. Recruitment is challenging across the public sector with disruption post the pandemic and further challenges such as the cost-of-living crisis.

6.1.2 The current salary benchmarking information comes from the London Councils' Chief Officers Salary Survey. The latest information held is from 2021. There were 29 responses to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

	Median
Head of Paid Service / Chief Executive	£195,072
Tier 1 Managers	£148,989
Tier 2 Managers	£105,813

(Note: This benchmark data is based upon basic pay plus additional payments such as performance related pay or bonus payments.) Further benchmark data will be used and available upon conclusion of the senior pay review as outlined at 6.1.4 below.

6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

6.1.4 An external review of senior pay including Chief Officers pay was commissioned from PWC in 2022 and this is expected to be completed in 2023. Any changes to the pay and grading structure resulting from this review will be reflected in a revision to the 2023/24 Pay Policy should this be necessary.

6.2 Chief Executive

6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, was £165,000. This has increased each year only in line with nationally negotiated pay awards to £184,557.

6.3 Chief Officer Pay Range

6.3.1 The Chief Officer pay structure was last reviewed in 2013. The pay levels have increased in line with nationally negotiated pay awards in April each year. The pay range from April 2023 is as follows:

CO1	£90,825		CO5	£134,750
CO2	£103,269		CO6	£147,764
CO3	£113,937		CO7	£160,832
CO4	£122,200			

6.3.2 It is appropriate for there to be differentiation in pay levels at Chief Officer level because of the differing risk and responsibility being carried out.

6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

Position	Grade of Post	Salary cost to LBBD
Chief Executive (and Head of Paid Service)	Individual spot salary	£184,557
All other Directors & Operational and Commissioning Directors	CO2 – CO6	£103,269 - £147,764

7. Contingent Pay

7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay, nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements or private health benefits.

7.2 The Strategic Director, Children and Adults receives a market supplement of £34,161 per annum. This will be reviewed as part of the Senior Pay Review outlined at 6.1.4.

7.3 No other additional payments are made.

8. Pensions

8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

"Your terms and conditions of employment are as set out in the Joint Negotiating Committee for Chief Officers of Local Authorities handbook, as adopted by the Authority, unless otherwise indicated in this statement.

From time to time, variations in terms and conditions of employment will be negotiated and agreed at national or local level with the union or unions recognised by the Authority as representing that employment group. Where these are adopted by the Authority, they will, within a period of 28 days from the date of the change, be separately notified to you or otherwise incorporated in the documents to which you have reference."

9.2 The Council's employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of tax.

10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

12. Retirement

12.1 Employees who contribute to the Local Government Pension Scheme who elect to retire or who are retired on redundancy or efficiency grounds over age of 55 are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement on the grounds of permanent ill health with immediate payment of pension benefits may be considered by the Council at any age.

12.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

13. Redundancy

13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme has redundancy multipliers which provide for a maximum of 30 week's pay for staff whose continuous service date is after 1 January 2007 and a maximum of 45 weeks' pay for staff with a continuous service date of prior to 1 January 2007. Both multipliers are based upon length of service.

14. Settlement Agreements

14.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, or where an existing employee has an employment dispute with the Council which may give rise to litigation, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so within the context of the best value duty. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases.

14.2 As of May 2022, new arrangements have been put in place relating to "Special Severance Payments" following the Governments published "Statutory guidance on the making and disclosure of Special Payments by local authorities in England" issued under section 26 of the Local Government Act 1999. This has had an impact on Settlement Agreements as they relate to payments outside of statutory, contractual or other requirements when people leave employment in public services. They should only be made in circumstances where there is a clear, evidenced justification for doing so.

14.3 Under this statutory guidance there is now a three-tier system of approval for termination payments which is set out as follows:

(i) Payments of £100,000 and above must be approved by a vote of Full Council.
(ii) Payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment; and
(iii) Payments below £20,000 must be approved according to the local authority's scheme of delegation.

15. Fairness and Equality - Pay Ratios

15.1 It was agreed as of 1 January 2013 that no permanent employee should be paid less than the London Living Wage. This supports the Council's ambition to raise average local household incomes and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments.

15.2 Based on this figure, the Council's pay multiple - the ratio between the highest and lowest paid employee - is 1:8:4. This means that the acting chief executive is paid 8.4 times more than the lowest salary. This is lower than the previous year.

15.3 The median annual salary for all employees on 1 April 2022 was £34,341 per annum, with the average salary being £37,959. Both median and average salaries referenced are full time equivalent and are adjusted according to individual contractual arrangements.

15.4 The ratio between the acting Chief Executive's salary level as of the 1st of April 2022 and the median salary figure as at the same date including the increase in the LLW as detailed in Section 3.3, is currently 1 to 5. Across London, the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £194,969 (taken from London Councils' 2020 Senior Staff Pay Data).

15.5 The Council has recently been accredited as a Mayor of London's "Good Work Standard" Employer and at "Excellence", the highest level. The "Good Work Standard" provides employers with a set of best employment practices, organised into four key areas “pillars” that are relevant to any organisation and employer as follows:

- Fair pay and conditions
- Workplace wellbeing
- Skills and progression
- Diversity and recruitment

15.6 To meet this standard, the Council was assessed by an external panel. The panel was impressed with the support that we provide for staff on:

- financial wellbeing during the cost-of-living crisis,
- the range of inclusive staff networks and their involvement with shaping policies, procedures and changes to the organisation and
- flexible working policies and the support available to staff.

16. Any Additional Reward Arrangements

16.1 No additional reward arrangements are in place.

This page is intentionally left blank

CABINET

20 February 2023

Title: Sale of Land Adjacent to 1044 Green Lane, Dagenham	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report with Exempt Appendix 2 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	**For Decision**
Ward Affected: Valence	**Key Decision:** No
Report Authors: Joe Joseph, Director Homes & Assets Victor Fariyike, Chartered Surveyor, My Place	Contact Details: joe.joseph@lbbd.gov.uk victor.fariyike@lbbd.gov.uk
Accountable Strategic Leadership Director: Leona Menville, Interim Strategic Director, My Place	

Summary

This report sets out a proposal for the sale of Council-owned land incorporated into the garden of 1044 Green Lane, Dagenham, which is deemed surplus to Council's requirements.

The area is a piece of land-locked land belonging to the Council but incorporated into the rear garden of the property known and addressed as 1044 Green Lane, Dagenham, RM8 1BT. The area in question is approximately 112.75 square metres. A site plan and aerial photograph are at Appendix 1 to the report.

The land has been independently valued and exceeds the £5,000 threshold for land disposals that require Cabinet approval in accordance with the Council's Financial Rules and Regulations and Land Acquisition and Disposal Rules within the Constitution.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the sale of the Council-owned land to the rear of and currently incorporated into the rear garden of 1044 Green Lane, as shown edged red in site plan 1 at Appendix 1 to the report, on the terms set out in Appendix 2 to the report.

(ii) Delegate authority to the Strategic Director, My Place, in consultation with the Chief Legal Officer and the Cabinet Member for Finance, Growth and Core Services, to agree the final terms and contract documentation to fully implement the sale of the site; and

(iii) Authorise the Chief Legal Officer, or an authorised delegate on her behalf, to execute all the legal agreements, contracts, and other documents on behalf of the Council.

Reason(s)
To accord with the Council's Financial Rules and Regulations and generate a capital receipt for the Council from the sale of land that is surplus to requirements.

1. Introduction and Background

1.1 1044 Green Lane, Dagenham is a privately-owned property. An area of land belonging to the Council is incorporated into the rear garden of the property. The area in question is approximately 112.75 square metres.

1.2 In 2000, negotiations took place with the late owner/occupier of 1044 Green Lane, Mr Chitty, regarding the land in question as part of a borough-wide registration project in conjunction with Land Registry at the time. Mr Chitty was given the option of either purchasing the land or a licence to occupy it and he chose the latter. A Licence is "personal to the Licensee" and is not transferable,

1.4 The Estate of the late Mr Chitty is planning to market the property and approached the Council regarding the purchase of the land, as it forms an integral part of the overall property.

1.5 The land has been assessed at the current market value and the proposed sale is in line with other sales of garden land in the area.

1.6 The sale of that part of the rear garden will place responsibility for the future maintenance costs of that area on the property owners.

1.7 Council's Financial Rules and Regulations within the Constitution (Part 4 Chapter 2, para 5.14.4) require that where the residual value exceeds £5,000, a report shall be submitted to the Cabinet stating the reason for disposal and the recommended method of disposal.

2. Proposals

2.1 The proposed sale should have no discernible negative impact upon the surrounding area and neighbouring properties, especially when it can only be used as part of an existing rear garden.

2.2 The Council-owned land has been valued in line with the RICS (Royal Institution of Chartered Surveyors) guidelines and a purchase sum agreed. The purchasers have also agreed to contribute towards the Council's legal and surveyor's fee.

2.3 Draft Heads of Terms were agreed between the Council and the purchaser, subject to contract and formal Council approval.

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

3. Options appraisal

3.1 **Reject the sale** – this option was rejected due to the circumstances of the case. Not of benefit to the Council. The maintenance of a stand-alone piece of garden land already incorporated into a homeowner's garden will be onerous and costly to the Council. The sale will relieve the Council of the onerous responsibility and generate a small capital receipt.

4. Consultation

4.1 The proposals in this report were considered and endorsed by the Council's Assets and Capital Board on 19 December 2022.

5. Financial Implications

Implications completed by: Binoy Pillai, Interim Capital Accountant

5.1 1044 Green Lane, Dagenham is a privately-owned property. An area of land belonging to the Council is incorporated into the rear garden of the property. The sale will generate a small capital receipt that is not currently budgeted for and would be used to fund either further capital investment or be invested in accordance with the Treasury Management Strategy.

5.2 This asset is held within the General Fund and as such, the capital receipt will be available to invest in the capital programme after the deduction of any costs of sale, which are capped at 4% as set out in the Local Authorities Capital Finance and Accounting Regulations 2003.

5.3 The Council is under an obligation under s123 of the Local Government Act 1972 when disposing of an interest in land to obtain best consideration. It is for the authority to demonstrate that it has achieved best consideration or Secretary of State Approval is required for the disposal.

6. Legal Implications

Implications completed by: Sayida Hafeez, Principal Property Solicitor

6.1 The Council owns the freehold of the property in question, that being the landlocked land to the rear of 1044 Green Lane, Dagenham and is required to obtain best consideration in the disposal of its assets. The Council has the power to enter into contracts for the disposal of property but must do so in compliance with law and the Council's acquisition and land disposal rules.

6.2 The Council's Constitution, Part 4, Chapter 4 sets out the Land Acquisition and Disposal Rules. In accordance with paragraphs 2.1 to 2.2, all strategic decisions about the use, acquisition and disposal of land and property assets is within the remit of the Cabinet and must be approved by it.

6.3 The Council's disposal powers are contained in section 123 of the Local Government Act 1972 (LGA 1972) and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence.

6.4 Under Section 123 LGA 1972, the Council has the power to dispose of land in any manner that it wishes to, which includes the sale of freehold land. One constraint is that the disposal must be for the best consideration reasonably obtainable unless there is ministerial consent, or the transfer is to further local well-being. The property has been valued in line with RICS guidelines and a sale price agreed on negotiation. This reflects best consideration. Therefore, this condition is fulfilled, and the Council is at liberty to proceed with the proposed disposal.

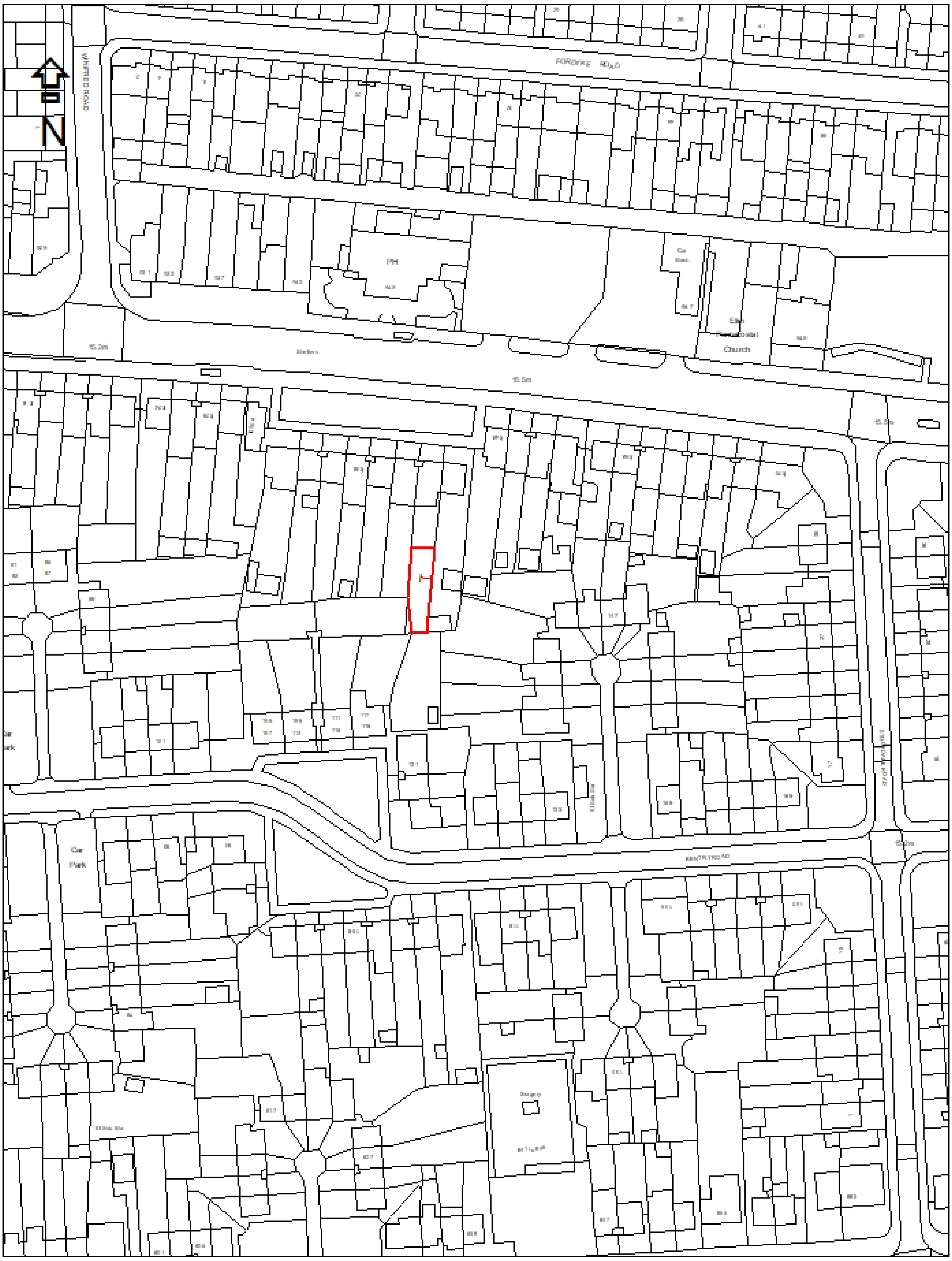
Public Background Papers Used in the Preparation of the Report: None

List of Appendices:

Appendix 1 - Site Plans and Photographs
Appendix 2 - Valuation Information (exempt document)

APPENDIX 1

Site Plan 1

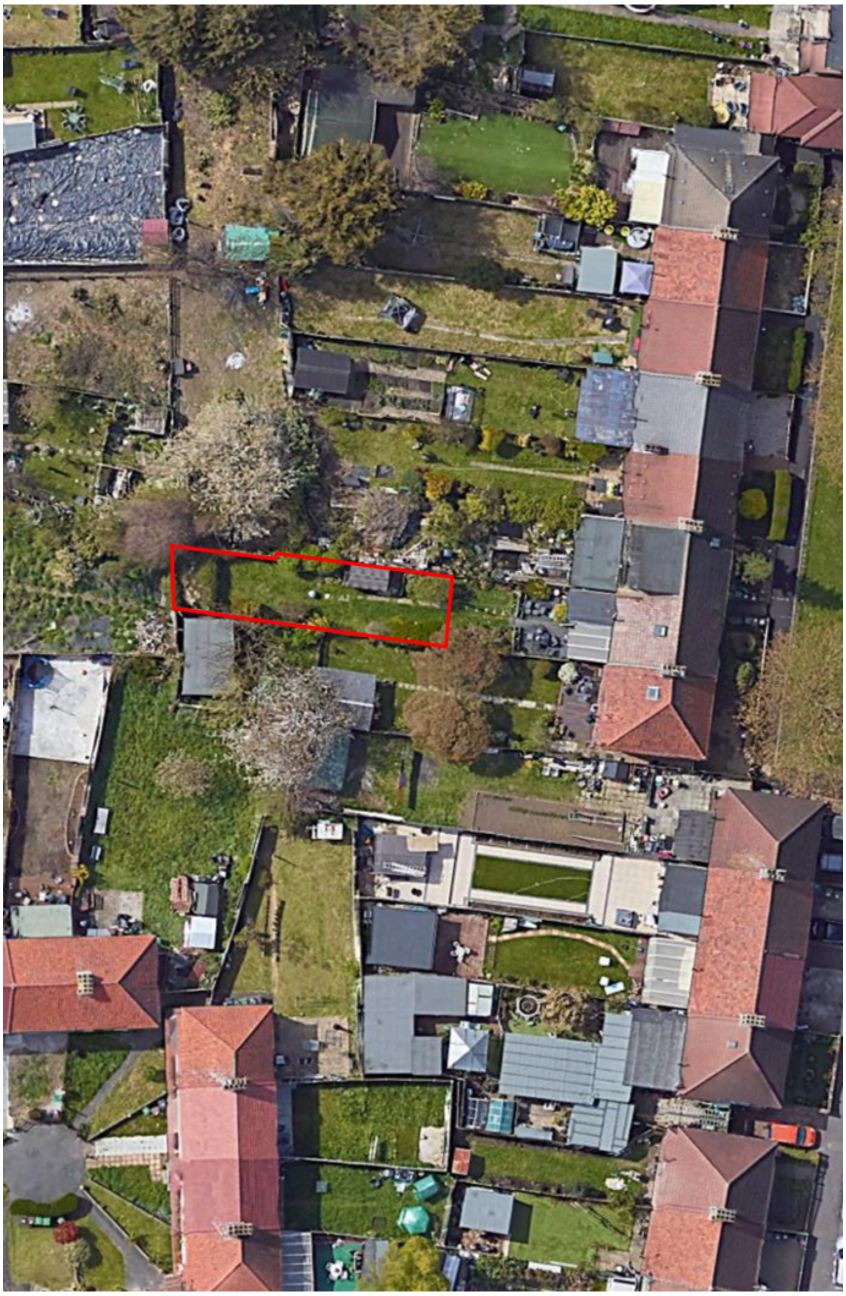


Land at the rear of 1044 Green Lane
Dagenham

Barking & Dagenham

Town Hall, Barking Scale:- 1:1,250
Barking, Essex produced By:- JRoach
Tel: - 020 8215 3000 Date - 23.06.2022

Aerial Photo of land rear of 1044 Green Lane, Dagenham



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

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank