Barking & Dagenham

Notice of Meeting

CABINET

Tuesday, 19 March 2024 - 7:00 pm
Council Chamber, Town Hall, Barking

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

Invited: Cllr John Dulwich (non-voting)

Date of publication: 11th March 2024

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Chief Executive

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, click here and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

1. **Apologies for Absence**

2. **Declaration of Members' Interests**

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

3. **Minutes - To confirm as correct the minutes of the meeting held on 19 February 2024 (Pages 3 - 12)**

4. **Revenue Budget Monitoring 2023/24 (Period 10, January 2024) and Q3 Capital Programme Update (Pages 13 - 60)**

5. **Allocation of Strategic CIL for Uber Boat Thames Clipper Services (Pages 61 - 85)**

6. Procurement of 0-19 Integrated Healthy Child Programme Contract (Pages 87 - 102)

7. Procurement of Specialist Intervention Service (SIS) Family Contact Services (Pages 103 - 127)

8. Woodward Road and 12 Thames Road - Approval of Disposals, Head Lease and Loan Facility Agreement (Pages 129 - 138)

9. Debt Management Performance 2023/24 (Quarter 3) (Pages 139 - 148)

10. Direct Award of Social Care Case Management System Contract (Pages 149 - 161)

Appendix B 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)).

11. Any other public items which the Chair decides are urgent

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

Private Business

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

13. 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

- Residents are supported during the current Cost-of-Living Crisis;
- Residents are safe, protected, and supported at their most vulnerable;
- Residents live healthier, happier, independent lives for longer;
- Residents prosper from good education, skills development, and secure employment;
- Residents benefit from inclusive growth and regeneration;
- Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods;
- Residents live in good housing and avoid becoming homeless.

To support the delivery of these priorities, the Council will:

- Work in partnership;
- Engage and facilitate co-production;
- Be evidence-led and data driven;
- Focus on prevention and early intervention;
- Provide value for money;
- Be strengths-based;
- Strengthen risk management and compliance;
- Adopt a “Health in all policies” approach.

The Council has also established the following three objectives that will underpin its approach to equality, diversity, equity and inclusion:

- Addressing structural inequality: activity aimed at addressing inequalities related to the wider determinants of health and wellbeing, including unemployment, debt, and safety;
- Providing leadership in the community: activity related to community leadership, including faith, cohesion and integration; building awareness within the community throughout programme of equalities events;
- Fair and transparent services: activity aimed at addressing workforce issues related to leadership, recruitment, retention, and staff experience; organisational policies and processes including use of Equality Impact Assessments, commissioning practices and approach to social value.

MINUTES OF
CABINET

Monday, 19 February 2024
(7:00 - 8:15 pm)

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

Apologies: Cllr Dominic Twomey, Cllr Sade Bright, Cllr Kashif Haroon, Cllr Jane Jones and Cllr John Dulwich

84. Declaration of Members' Interests

There were no declarations of interest.

85. Minutes (23 January 2024)

The minutes of the meeting held on 23 January 2024 were confirmed as correct.

86. Revenue Budget Monitoring 2023/24 (Period 9, December 2023)

The Cabinet Member for Community Leadership and Engagement introduced the Council's revenue budget monitoring report for the 2023/24 financial year as of 31 December 2023 (period 9).

The Council's General Fund revenue budget for 2023/24 was previously set at £199.002m, although the Cabinet Member advised that since period 8 the budget had been updated to £194.46m to reflect the movement of the Capitalised Interest budget of £4.542m to the Central Expenses budget in order to improve transparency of the performance of the Investment and Acquisition Strategy (IAS) budget.

The forecast outturn position at the end of December projected a net overspend of £9.336m after transfers to and from reserves, which represented an improvement of £1.203m on the position at period 8, and the Cabinet Member commented on the main reasons behind the movement. The Housing Revenue Account (HRA) continued to show a projected overspend of circa £5.0m for 2023/24.

Cabinet **resolved** to:

(i) Note the projected £9.336m revenue overspend forecast at Period 9 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report and note the net projected year end drawdown of £4.73m reserves to support the in-year position;

(ii) Note the projected £5.005m revenue overspend forecast for the Housing Revenue Account, as set out in section 6 and Appendix A of the report;

(iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 4 and Appendix A of the report;

(iv) Note the movement in Reserve drawdown as indicated in section 5 of the report and that the Cabinet shall be asked to approve the drawdown of reserves to support any overspends at final outturn (post March 2024), subject to finalisation of the actual spend against budget; and

(v) Note the transfer of the Capitalised Interest budget of £4.542m from General Fund revenue funding to the Central Expenses budget.

87. Budget Framework 2024/25 and Medium Term Financial Strategy 2024/25 to 2026/27

The Cabinet Member for Adult Social Care and Health Integration introduced the Council's proposed budget framework for 2024/25 which incorporated the following:

- Proposed General Fund revenue budget for 2024/25;
- Proposed level of Council Tax for 2024/25;
- Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27;
- Draft Capital Budget for 2024/25 and revised Capital Programme 2024/25 to 2026/27;
- Strategy for the Flexible Use of Capital Receipts 2024/25;
- Chief Financial Officer's Statutory Finance Report (Section 25 Statement)

The proposed General Fund net budget for 2024/25 was £221.745m, which incorporated a drawdown from reserves of £8.809m to balance the 2024/25 budget after the inclusion of £15.595m of savings and £54.129m of growth from the 2023/24 revised budget. In order to achieve that budget, it would be necessary for the Council to increase its element of the Council Tax by 4.99%, made up of 2.99% for general spending and 2% that would be ringfenced as an adult social care precept. The Greater London Authority element of the Council Tax would increase by 8.6%.

The Cabinet Member referred to the steps taken by the Council to achieve a balanced budget for 2024/25 in the context of high inflation, the cost-of-living crisis, increasing pressures and demand for social care services and the continued uncertainty around local government finances. The Government's delay in introducing Fair Funding reforms meant that Barking and Dagenham continued to be significantly disadvantaged due to its population increase and high levels of deprivation which were not being properly funded by the Government.

The Cabinet Member commented specifically on the Council's debt levels which had been highlighted in the press, primarily as a consequence of the problems being experienced at a number of other local authorities, several of whom had issued Section 114 notices in view of their inability to achieve and/or set a balanced budget. Those local authorities had arrived at that position for various reasons, some due to poor investment decisions, yet the position at Barking and Dagenham was substantially different as its debt had arisen from sound investment decisions to achieve growth in the Borough. Since 2016, the Council and its subsidiary, Be First, had delivered 1,465 new homes with a further 2,336 under construction and the borrowing that had been secured to deliver that investment was at low interest rates, typically below 2%, and based on a return to the Investment and Acquisition Strategy (IAS) of at least 5% in the longer term.

The Cabinet Member also highlighted a number of other important aspects within the report, which included:

- The key principles that underpinned the Council's Medium Term Financial Strategy, as set out under paragraph 4.14 of the report;
- The key financial risks for both the local government sector as a whole and those specific to Barking and Dagenham, as detailed in section 18 of the report;
- The key implications of the Local Government Finance Settlement for 2024/25, as set out under paragraph 7.7 of the report, and the continued failure of the Government to provide local authorities with any confidence to plan for the future;
- The service budgets for 2024/25, which included details of the growth, inflation and savings to be achieved in each area, as set out under paragraph 12.1 of the report;
- The Council's reserves position for 2024/25, which meant that the main budget reserve would remain above the £12m minimum level previously set even after the drawdown to achieve a balanced budget for 2023/24; and
- The outcome of the budget consultation exercise recently undertaken which reflected the local community's acknowledgement of the need for the Council to increase Council Tax by the maximum amount allowed in order to deliver its aspirations and the priorities that were most important to residents.

The Cabinet Member stressed that the savings for 2024/25 which had been identified through the Star Chamber process and other means must be achieved in order to help avoid overspends in the years ahead, a view which was reinforced by the Strategic Director, Resources, during the meeting and in her Section 25 Statement.

Cabinet colleagues raised several questions and observations which the Cabinet Member for Adult Social Care and Health Integration responded to. Further clarification was also sought on Barking and Dagenham's position regarding the possibility of having to issue a Section 114 notice. The Cabinet Member for Adult Social Care and Health Integration offered her view that the Council was as far away as possible to having to issue such a notice for the reasons discussed. The Strategic Director, Resources, as the statutory Chief Financial Officer, also commented that the Council was in a relatively strong position given all of the issues it faced, although she was very robust in the view that the risks highlighted in the report, the delivery of the proposed savings and the implementation of new service delivery models were fundamental aspects for the Council to avoid being brought into Section 114 territory.

In concluding the discussions, the Leader placed on record the Cabinet's appreciation to senior management and other officers for their efforts in helping to present a balanced budget.

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

(i) Agree that the basic amount of Council Tax (Band D equivalent) shall increase by 2.99%, and by a further 2% for the Adult Social Care precept, bringing the total increase to 4.99%;

(ii) Agree that the Council Tax to be set for 2024/25 shall be £1,531.35 for a Band D property, comprising £1,310.70 for core Council Tax and £220.65 for the Adult Social Care precept, an increase of £43.61 and £29.17 per year respectively;

(iii) Note that the Council shall levy an additional £471.40 on the Band D amount above on behalf of the Greater London Authority which represented an increase of 8.6%;

(iv) Note the amount of 54,916.54 as the Council Tax Base for Barking and Dagenham for 2024/25, an increase of 1,589.69 on the previous year, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under the Local Government Finance Act 1992 (as amended);

(v) Agree, in setting the Council's General Fund revenue budget, to set the Council Tax requirement at £84.096m for 2024/25;

(vi) Consider and have due regard to budget consultation feedback with residents and businesses as set out in Section 20 to the report and note that no changes were recommended as a result;

(vii) Agree the Statutory Budget Determination for 2024/25 as set out at Appendix D to the report;

(viii) Approve the proposed General Fund Revenue Budget for 2024/25 as set out in Appendix A to the report, subject to any changes required from the final Local Government Finance Settlement;

(ix) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to make further changes to the 2024/25 budget proposals prior to the Assembly meeting up to a maximum amount of £1.0m or as determined by the final Local Government Finance Settlement;

(x) Agree the new savings and growth proposals as set out in Appendix B to the report;

(xi) Agree that the current budget gap of £8.809m shall be funded from use of reserves for 2024/25 and to note that additional permanent savings proposals shall need to be identified;

(xii) Approve the latest General Fund Medium Term Financial Strategy 2024/25 to 2026/27 as set out in section 4 and Appendix A to the report;

(xiii) Note that the proposals maintain a General Fund balance of £12m in line with the Council's approved Reserves Policy (July 2023);

(xiv) Note the projected reserve balances at 31 March 2025 following the planned use of £8.809m to achieve a balanced budget, as set out in Section

19 of the report;

(xv) Approve the Council's provisional Capital Programme, including Investment and Acquisition Strategy (IAS) schemes, for 2024/25 to 2026/27 as detailed in section 8 and Appendix G to the report;

(xvi) Agree to set a Capital Budget for 2024/25 at £209.462m, as detailed in Appendix G to the report;

(xvii) Approve the Strategy for the Flexible Use of Capital Receipts 2024/25 at Appendix I to the report, in line with the regulatory requirements to facilitate the delivery of efficiency savings including capitalisation of redundancy costs; and

(xviii) Note the Chief Financial Officer's Statutory Finance Report (Section 25 Statement) as set out in Appendix H to the report and, in particular, their determination of "the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves".

88. Treasury Management Strategy Statement 2024/25 and Capital Strategy 2024/25 to 2026/27

The Cabinet Member for Adult Social Care and Health Integration introduced the Treasury Management Strategy Statement (TMSS) 2024/25 report which set out the Council's borrowing, investment and funding plans for the year ahead.

The Cabinet Member highlighted the main points within the report, several of which had been considered as part of the Budget Framework 2024/25 discussions, and confirmed that the TMSS 2024/25 would be presented for approval, alongside the Budget Framework 2024/25 report, to the Assembly meeting on 28 February 2024.

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

(i) Note the current treasury position for 2024/25 and prospects for interest rates, as referred to in sections 4 and 8 of the report;

(ii) Approve the Annual Investment Strategy 2024/25 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 2024/25 to 2026/27, as set out in Appendix 2 to the report;

(iv) Approve the Capital Prudential and Treasury Indicators 2024/25 to 2026/27, as set out in Appendix 3 to the report;

(v) Approve the Operational Boundary Limit of £1.9bn and the Authorised Borrowing Limit of £2.0bn for 2024/25, 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;

(vi) Approve the Capital Strategy, including the Capital Programme for 2024/25 to 2026/27, as set out in Appendix 4 to the report;

(vii) Approve the revised Minimum Revenue Provision Policy Statement for 2024/25, the Council's policy on repayment of debt, as set out in Appendix 5 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 2024/25 TMSS;

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

(x) Delegate authority to the Strategic Director, Resources, 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;

(xi) Note the economic, development and operational risks for the IAS schemes as outlined in section 8 and within the IAS and Borrowing reports;

(xii) Note the Council's total borrowing is £1.260bn, split into £296m for the HRA, £689m of long-term borrowing and £275m of short-term borrowing;

(xiii) Approve the CFR projections of £2.022bn for 2024/25, £2.11bn for 2025/26 and £2.02bn for 2026/27; and

(xiv) Note that the Investment and Acquisitions Strategy shall be updated and presented for approval in April 2024.

89. Innovative Sites Programme

Further to Minute 10 (16 June 2020), the Cabinet Member for Regeneration and Economic Development presented a report which gave an update on the Council's Innovative Sites Programme (ISP) and proposed amendments to the original assessment criteria and disposal arrangements.

The Cabinet Member advised on the main objectives of the ISP, which focused on the development of small sites (up to 0.3 hectares) outside of Be First's main direct delivery programme. Key principles of the ISP were to provide new innovative and specialist housing which met the needs of vulnerable groups, encouraged community-led / small builder developments and applied innovative housing design / delivery methods.

In light of new legislation that was expected to ban leasehold sales, a new approach to the ISP was required and it was now proposed that properties developed under the ISP be for freehold disposal. Furthermore, the assessment criteria for disposal bids had been updated to reflect the significant change in the housebuilding industry since 2020 and sites were no longer going to be marketed with planning permission.

The new ISP identified a total of 29 sites for development, split into three workstreams as shown below, with the potential of creating circa 155 new units:

- Workstream 1 - total allocation of thirteen sites to be systematically disposed of in three phases through the GLA's portal;
- Workstream 2 - a total allocation of four sites to be disposed in a phased approach across two tranches via the GLA's small sites portal;
- Workstream 3 - a total allocation of twelve sites suitable to deliver homes for various vulnerable groups.

Cabinet **resolved** to:

(i) Approve the freehold disposal of sites within Workstream 1 of the Innovative Sites Programme, as listed under paragraph 1.14 of the report;

(ii) Delegate authority to the Strategic Director of Inclusive Growth to approve the inclusion (or exclusion) of sites to the ISP and allocations to the three ISP workstreams, acting on the advice of the Council's Assets and Capital Board;

(iii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Economic Development, to approve the assessment criteria for schemes put forward by external organisations / groups;

(iv) Delegate authority to the Strategic Director, Resources, acting on the advice of the Assets and Capital Board, to approve final land values and disposals; and

(v) Delegate authority to the Head of Legal, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the proposals.

90. Padnall Lake Phase 2, Gascoigne East Phase 3A Block I and Gascoigne West Phase 2 - Approval of Disposals, Head Leases and Loan Facility Agreements

Further to Minute 80 (23 January 2024), the Cabinet Member for Regeneration and Economic Development introduced a report on proposals to progress the disposal of a further 558 new homes built at the Padnall Lake Phase 2, Gascoigne East Phase 3A Block I and Gascoigne West Phase 2 redevelopment projects.

The Cabinet Member advised that, as with previous reports, the properties would be disposed of by way of long leases and associated loans to the Barking and Dagenham Reside Regeneration Ltd (Reside) structure of companies following practical completion over the coming months.

Cabinet **resolved** to:

(i) Approve, in principle, the disposal of the New Build schemes below by the granting of long leases to the to the appropriate Reside entity identified in the report;

Padnall Lake Phase 2
- 1-26 Feldwick Road, Chadwell Heath, Romford, RM6 5BF
- Flat 1-44 Newcombe House, Feldwick Road, Chadwell Heath, Romford, RM6 5BG

Gascoigne East Phase 3A Block I
- Trilene House, Bowline Street, Barking

Gascoigne West Phase 2
- Chand House, St Pauls Road, Barking, IG11 7AU
- Plaice House, St Pauls Road, Barking, IG11 7AN
- Trawler House, St Pauls Road, Barking, IG11 7QH
- 9, 11, 13, 15, 17, 19, 21, 23, 25 and 27 St Pauls Road, Barking, IG11 7DT
- Fishmonger House, Healey Street, Barking, IG11 7HJ
- Gilderson House, Healey Street, Barking, IG11 7EW
- 1-12 Healey Street, Barking, IG11 7ET
- 1-4 Sole Walk, Barking, IG11 7HE
- 32, 34, 36, 38 and 40 Gascoigne Road, Barking, IG11 7LG

(ii) Approve, in principle, the indicative draft Heads of Terms for leases and loans for Padnall Lake Phase 2, Gascoigne East Phase 3A Block I and Gascoigne West Phase 2 to the appropriate Reside entity, as set out in section 2 of the report;

(iii) Delegate authority to the Strategic Director, Resources, in consultation with the Strategic Director, Inclusive Growth, to agree and finalise the terms of the loans, leases and any other associated documents, and to take any steps necessary to ensure compliance with s123 of the Local Government Act 1972 and the Subsidy Control Act 2022 provided that such action does not materially affect the approvals granted by Cabinet; and

(iv) Delegate authority to the Head of Legal, in consultation with the Strategic Director, Inclusive Growth, to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

91. Valence House Museum and Borough Archive Conservation Project

The Cabinet Member for Community Leadership and Engagement presented a report on a successful application for grant funding to support a major conservation project at Valence House Museum and Archives.

The funding would facilitate key improvements to buildings and grounds at Valence House, incorporating the Museum and adjacent Archives, the Visitor Centre and surrounding green spaces. In addition to securing a total of £881,250 from the Arts Council of England, the Culture and Heritage service had also secured a further £150,000 in grant and identified a further £175,000 from the Council’s current Capital Programme to fund the approved project. The Cabinet

Member explained, however, that additional fundraising and new income opportunities would need to be generated over the next five years to fully achieve the Council's longer-term aspirations for community-focused arts and heritage services.

Cabinet colleagues spoke in support of the project and expressed their thanks to officers within the Culture and Heritage service for their continued commitment to enhancing the cultural and local history offer for local residents and others to celebrate and enjoy.

Cabinet **resolved** to:

(i) Approve the inclusion of the Valence House Museum and Borough Archive Conservation project in the Capital Programme in the sum of £1,206,250, made up of Arts Council of England grant totalling £881,250, UK Shared Prosperity capital grant of £150,000 and £175,000 from the Council's Parks Commissioning capital budget for lakes and watercourses;

(ii) Note the planned trajectory for the delivery of the project, as set out in the report; and delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Head of Legal, to enter into all necessary agreements with the Arts Council to fully implement and effect the proposals; and

(iii) Note that further significant fundraising will be required in the next 2-5 years to meet the Council's statutory responsibilities for its listed heritage sites and the accredited Borough Archives.

92. Social Infrastructure Contract 2024-2028

The Cabinet Member for Community Leadership and Engagement introduced a report on proposals for the procurement of a new, maximum four-year Social Infrastructure contract to support the on-going, effective engagement between the Council and the voluntary and community sector (VCSE), the various partner organisation within the VCSE and local residents, with the combined aim of working together to tackle the most pressing local issues.

The Cabinet Member advised that despite the significant financial pressure faced by the Council, it was fully recognised that continued funding should be allocated to the Social Infrastructure contract to support the vital role that the VCSE played in the Borough and the strength of the relationship between the Council and the VCSE. The BD_Collective were commissioned to provide the original social infrastructure support service and had been responsible for introducing a range of new initiatives and networks that had proved invaluable in supporting the local community throughout, especially during the Covid-19 pandemic and the continuing cost-of-living crisis. The successful tenderer would be expected to build on those foundations and continue to attract external funding to support local projects and programmes.

Cabinet **resolved** to:

(i) Agree that the Council proceeds with the procurement of a contract for a Social Infrastructure support service, in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Chief Executive, in consultation with the Cabinet Member for Community Leadership and Engagement, the Strategic Director, Resources and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.

93. Procurement of an Internet Proxy and VPN Services Contract

The Leader introduced a report on proposals to procure a new, maximum four-year contract for Internet Proxy and Virtual Private Network (VPN) services commencing 1 August 2024.

Cabinet **resolved** to:

(i) Agree that the Council proceeds with the procurement of a contract for an Internet Proxy and VPN Supplier via the CCS RM6100 – Technology 3 Framework Lot 3a – End User Services Framework, in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Strategic Director, Resources, in consultation with Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.

94. Pay Policy Statement 2024/25

The Leader introduced a report on the Council's Pay Policy Statement for 2024/25, which the Council was required to agree annually in accordance with the Localism Act 2011.

The Leader referred to the various elements that made up the Pay Policy Statement and the prudent approach taken by the Council in respect of the remuneration of its senior management in view of the significant financial pressures that it faced.

Cabinet **resolved to recommend the Assembly** to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2024/25 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2024.

CABINET

19 March 2024

Title: Revenue Budget Monitoring 2023/24 (Period 10, January 2024)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Nurul Alom, Finance Manager David Dickinson, Investment Fund Manager	**Contact Details:** E-mails: nurul.alom@lbbd.gov.uk david.dickinson@lbbd.gov.uk
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources	

Summary

This report sets out the Council's revenue budget monitoring position for 2023/24 as at the end of January 2024 (Period 10), highlighting key risks and opportunities and the forecast position.

At the end of January, forecast expenditure after transfers to and from reserves of £2.366m is now £200.476m resulting in a forecast overspend of £6.016m. This represents a positive movement of £3.320m from Period 9. This is a significant positive movement and a result of management actions and spending control measures that have now been in place since the Summer, and which has overall resulted in the forecast overspend of £15m at Q1 reducing by almost £9m. However, it is important that spending restraints continue to minimise any drawdown on the Council's reserves to balance the 2023/24 outturn.

The Council continues to be impacted by needs and increasing care costs related to social care. Continued mitigations and cost reductions will be pursued to ensure the Council limits the overspend by year end. In addition to the reserve drawdown of £2.366m, the base budget has £15.01m of budgeted drawdown and it is also expected that £10.3m Be First dividend will be funded from reserves. This will take the total reserve drawdown to £27.68m before covering any overspends.

There is also the inherent risk that demand costs increase and other unforeseen costs materialise which result in additional expenditure or shortfalls of income not currently include within the P10 forecast.

At the end of January, there is also a projected overspend of £5.396m on the HRA. This level of overspend is not sustainable and work is currently underway to reduce this level of overspend going forward.

Currently corporate funding is expected to be in line with the budget but this year's dividend from Be First (estimated at c£10.3m) is planned to be drawn down from reserves. Last year an exceptional return was made from the Muller deal, and this year Be First will not be able to meet their dividend target and therefore the Muller Reserve will be used to cover the dividend budget. This drawdown is in addition to the £2.366m indicated above.

If the forecast level of overspend continues, this will result in the use of earmarked reserves to balance the budget for 2023/24 and/or potentially drawing of funds down from the General Fund balance which is currently c£17m. This will reduce the financial resilience of the Council and curtail future ability to meet cost pressures. It is important to maintain a strong level of the general balance to meet any unknown future risks and all efforts must be made to reduce in year overspends to nil and deliver services within existing budgets. The position will continue to be closely monitored.

Recommendation(s)

Cabinet is recommended to:

(i) Note the projected £6.016m revenue overspend forecast at Period 10 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report and note the net projected year end drawdown of £2.366m reserves to support the in-year position;

(ii) Note the projected £5.396m revenue overspend forecast for the Housing Revenue Account, as set out in section 6 and Appendix A of the report;

(iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 4 and Appendix A of the report;

(iv) Note the movement in Reserve drawdown as indicated in section 5 of the report and that the Cabinet shall be asked to approve the drawdown of reserves to support any overspends at final outturn (post March 2024), subject to finalisation of the actual spend against budget; and

(v) Note the Q3 Capital Monitoring update as set out in section 7 and Appendix B of the report

Reason(s)

As a matter of good financial practice, the Cabinet should be regularly informed about the Council's in-year financial position including 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.

Chapter 2 of Part 4 of the Council's Constitution requires regular reporting to Cabinet on the overall financial position of each service and the current projected year-end outturn together with corrective actions as necessary.

1. Introduction and Background

1.1 This budget monitoring report to Cabinet reflects the forecast position for the end of the 2023/24 financial year as at end of January 2024 (Period 10).

1.2 This financial year continues to see the high level of financial risk realised in 2022/23 outturn feeding into 2023/24 together with new financial pressures. Rising inflation and interest rates not only drives increases in demand for Council services and support as the cost living increases but also directly impacts the costs paid by the Council to staff and suppliers. The financial performance of the Council's companies has also been impacted which. in turn. impacts on their ability to pay dividends to the Council.

1.3 The overspend identified in this report is significant will contain both one-off and permanent budget pressures and has been factored into the Council's Budget and MTFS Planning process in terms of long-term financial implications on the Council. It is important that the Council begins to significantly reduce the forecast overspend in order to ensure the Council remains financially sustainable over the coming years.

1.4 Using reserves is only a temporary form of funding and permanent solutions will need to be found for ongoing budget pressures. Significant earmarked reserves were utilised in closing off the 2022/23 and the continued drawdown of reserves to support budget pressures is unsustainable. As using reserves is only a temporary funding source, viable solutions will still need to be identified to deliver permanent budget savings and in a relatively short space of time.

2. Overall Financial Position - General Fund

2.1 The 2023/24 budget was approved by the Assembly in March 2023 and was £199.002m – a net increase of £16m from the previous 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 £7.049m of savings included in the budget. On 19th February 2024 Cabinet approved the transfer of Capitalised Interest budget of £4.542m from funding to Central Expenses, resulting in a revised net budget of £194.460m.

2.2 As **Appendix A** shows, the expenditure forecast is £200.476m, after planned transfers to and from reserves, resulting in a net overspend of £6.016m. Approved transfers to and from reserves are not normally considered to be overspends since they are planned and agreed spending for which funding sources has been identified – often grant income brought forward from previous years. The table below summarises the overall financial forecast for the Council followed by an explanation highlighting the key drivers behind the forecasts. More detail is given in Appendix A.

Table 1: Overall Financial Forecasted Position by Directorate

		This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves			
	Outturn 2022/23	Revised Budget	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance	Movement from Last Period	
PEOPLE & RESILIENCE	117,190,113	119,643,783	97,067,294	135,983,115	(3,087,285)	13,252,047	13,624,371	(372,324)	
LAW AND GOVERNANCE	(5,174,523)	3,841,849	4,322,541	3,722,520	(30,000)	(149,329)	(68,573)	(80,756)	
STRATEGY	3,546,790	10,174,884	8,608,509	9,339,295	(497,510)	(1,333,099)	(492,849)	(840,250)	
INCLUSIVE GROWTH	2,229,661	1,269,247	874,890	2,767,905	(1,625,860)	(127,203)	(46,468)	(80,734)	
COMMUNITY SOLUTIONS	25,021,966	15,645,248	15,181,546	17,641,649	(4,721,772)	(2,725,371)	(2,462,006)	(263,365)	
MY PLACE	15,247,563	9,290,250	41,876,993	3,493,529	3,109,000	(2,687,721)	(1,719,443)	(968,278)	
CORPORATE MANAGEMENT	52,696,852	16,986,077	18,571,274	17,389,548	(178,294)	225,177	953,596	(728,419)	
SUB-TOTAL DIRECTORATES	**210,758,420**	**176,851,338**	**186,503,047**	**190,337,561**	**(7,031,721)**	**6,454,502**	**9,788,628**	**(3,334,126)**	
CENTRAL EXPENSES		6,074,015	(2,668,297)	6,182,613		108,597	280,104	(171,506)	
INTEREST PAYABLE		14,681,085	5,041,414	3,625,040		(11,056,045)	(11,057,085)	1,040	
INTEREST PAYABLE ON ST BORROWG			(490,661)	3,714,385		3,714,385	3,688,901	25,484	
CAPITALISED INTEREST		(4,542,000)				4,542,000	4,542,000		
INTEREST RECEIVED		(6,502,960)	(1,559,701)	(4,040,977)		2,461,983	2,462,208	(225)	
MRP		10,034,004		10,034,004				()	
LEVIES PAID		15,445,900	16,385,177	15,445,900					
SUB-TOTAL CORPORATE EXPENSES		***35,190,044***	***16,707,932***	***34,960,965***		***(229,079)***	***(83,872)***	***(145,207)***	
GENERAL FUND I&E (EXC. IAS)	**210,758,420**	**212,041,382**	**203,210,980**	**225,298,526**	**(7,031,721)**	**6,225,423**	**9,704,756**	**(3,479,333)**	
IAS COMMERCIAL (NET OPERATING RETURN)		(2,442,654)	(4,287,378)	(2,635,095)		(192,441)	(750,664)	558,223	
IAS RESIDENTIAL (RESIDE SCHEME SURPLUS)		(2,810,000)		(3,765,000)		(955,000)	545,000	(1,500,000)	
IAS OTHER				(4,666,000)	4,666,000		(1,127,000)	1,127,000	
IAS INTEREST PAYABLE				14,073,000		14,073,000	14,294,000	(221,000)	
INTEREST PAYABLE ON ST BORROWG				6,193,000		6,193,000	4,865,000	1,328,000	
CAPITALISED INTEREST				(12,000,000)		(12,000,000)	(11,291,000)	(709,000)	
IAS INTEREST RECEIVED				(7,328,000)		(7,328,000)	(6,904,000)	(424,000)	
IAS MRP		1,182,000		1,182,000					
SUB-TOTAL IAS		***(4,070,654)***	***(4,287,378)***	***(8,946,095)***	***4,666,000***	***(209,441)***	***(368,664)***	***159,223***	
NET COST OF SERVICES	**210,758,420**	**207,970,728**	**198,923,602**	**216,352,431**	**(2,365,721)**	**6,015,982**	**9,336,092**	**(3,320,110)**	
TECHNICAL - Movement in Reserves		***(13,510,475)***	***(13,510,475)***	***(13,510,475)***					
GENERAL FUND I&E	**210,758,420**	**194,460,253**	**185,413,127**	**202,841,956**	**(2,365,721)**	**6,015,982**	**9,336,092**	**(3,320,110)**	

Directorate key movements

2.21 **My Place: (£0.968m) decrease in forecast expenditure**:
The P10 My Place forecast movement includes £309k from Enforcement which transferred to My Place in January 2024. The Enforcement positive movement is largely due to unfilled vacant posts. Homes and Assets moved positively by £195k due also to vacant posts, and improved income forecasts on rent from depot and recharges to schools. Public Realm also moved positively by £489k, again due to vacancies and revised expenditure estimates for vehicle fleet costs and higher trading income based on trend to date.

2.22 **Strategy: (£0.840m) decrease in forecast expenditure.**
The two main factors contributing to the positive change in the position is an anticipated transfer of £400,000 of Public Health grant to Insight and the impact of pay award funding of £416,000 on vacant posts.

2.23 **Corporate Management: (£0.728m) decrease in forecast expenditure.**
The budget has increased by £838k from P9 of which £800k is for the 23/24 pay award. The forecast has increased by £126k largely due to the impact of the 23/24 pay award. Transfers from reserves has increased by £17k to reflect additional funding from the Invest to Save reserve for consultancy work for social care.

2.24 **People and Resilience: (£0.372m) decrease in forecast expenditure.**
The positive movement is due to services holding expenditure wherever possible to reduce the in-year overspend. This has come from delayed recruitment and projects, enabling a one-off release of underspends to improve the in-year position. The service continues to review the level of the bad debt provision and the revenue impact of potential write offs has also been updated this period.

2.25 **Community Solutions: (£0.263m) decrease in forecast expenditure.**
The positive movement is due to release of TA Buffer £150k and additional Court Cost Income of £72k.

2.26 **Central Expenses: (£0.145m) decrease in forecast expenditure.**
The positive movement is a result of the final calculation and distribution of the 2023/24 pay award funding.

2.27 **IAS: £0.159m increase in forecast expenditure.**
The negative movement is due to rise in interest rates and the impact of lower rents from commercial holdings due to business going into administration.

2.3 **Key Organisational Risks contained within the forecast are outline below**

2.3.1 Temporary Accommodation rental properties being available. We are currently at capacity within our own hostels and have received several hand-back requests for Private Sector Landlord’s which may lead to the Council being forced to move tenants into more expensive accommodation such as into B&B’s and Hotels. Modelling is being carried out against various assumptions which will enable a more robust forecast. This is a national issue. This will also impact support for Social Care clients with the immigration status of No Recourse to Public Funds (NRPF)

2.3.2 Social Care budgets are highly dependent on demand for services and effects of price rises on provision of care packages. As costs of care are very high even small changes in numbers of people needing support can cause large swings in the overall forecast. The Adult's service was holding some health funding in reserve to offset against potential winter pressures, but this has now been released to offset budget pressures much earlier than anticipated, which carries significant risk.

2.3.3 My Place is the managing agent for Reside properties. It therefore attracts expenditure which in turn must be passed to the relevant reside company. There is currently an issue with the breakdown of the expenditure between HRA and Reside properties and this may impact on My Place being able to secure payment for invoices from the relevant company, leaving the service with an overspend.

2.3.4 Commercial Services – Leisure Income: Sports and Leisure Management has given notice that they will be terminating the Leisure contract from September 2024. It is assumed that SLM will continue to pay the concession fee up to the termination date. The assumed income is £665k in 2023/24. For the MTFS there is a risk that the new leisure provider will be able to provide the same level of management fee income to the Council as factored into the MTFS.

2.3.5 Contaminated Land by Eastbrookend Park. Although a provision was made for this issue at the end of 21/22 there remains a risk. Considerable progress has been made in implementing the decontamination Action Plan, and the immediate threat of prosecution by Thames Water has been withdrawn. However long-term arrangements for the future of the effluent treatment plant and alternative measures to prevent the discharge of landfill leachate to the Thames Water drainage asset are yet to be identified and investigated. If the plant and equipment fail the Council could potentially breach its consent to discharge which may result in fresh prosecution action.

2.3.6 HB subsidy and overpayments recovery, the forecasts are based on the current returns and are subject to change throughout the year. There are new players in the market that are claiming the Supported Exempt Status, this means they are exempt from Universal Credit and can claim HB. DWP will only pay the amount in rent to the LA that is advised by the rent officer. Where there are new entrants to the market there is no comparator for rent and therefore there are risks that the LA will be picking up the cost of the gap between the rent officer rate and the provider rate.

2.3.7 The Council continues to face increased risk of interest rate changes which are directly impacting on the UK gilt markets and subsequently impacts on Council's own borrowing costs. The Council has a significant amount of borrowing that will need to be refinanced over the next 12 months and this is likely to be at higher interest rates. The Treasury Strategy will manage these risks within the prudential indicators but will result in additional costs. The Council will need to consider wider operational matters to manage this risk.

2.3.8 The Council's IAS programme has invested heavily on asset acquisition and wider regeneration particularly on residential schemes. This has required significant amount of borrowing to support the investment. Over 2023/24 the performance of the IAS has reduced, and returns have dropped significantly both as a result of longer durations to let new properties and higher interest rates. As the IAS section 4 shows at the moment this is projected to generate a very small surplus but should interest rate increase or further delays in generating lease return are experienced this could result in a cost to the General Fund.

2.4 **Key assumptions made within the Organisational Forecast are outlined below**

2.4.1 Forecasts are provided by budget holders and service managers with Finance advice and support. based on existing data and information.

2.4.2 There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.7m has been distributed to services and a further £0.7m is shown as an underspend against declared service pressures leaving c£2m contingency to support bad debt provision.

2.4.3 Care and Support figures are based on known clients and care packages held on CONTROC and does not factor in clients going through the onboarding process. Any increases in clients or shifts in types of placements above this assumption will create variances. Since individual clients can require very expensive packages these budgets can be very volatile. Further work is now being picked up to better forecast for placement spend with a clear model being developed.

2.4.4 Quarter three debt monitoring does show a need to increase bad debt provision by £0.6m. However, there is £4m of unallocated cash which is being investigated and should reduce the bad debt provision movement. A forecast has not been included for bad debt provision movement and a final position will be provided at year end.

2.4.5 As highlighted above, it is assumed that the company dividends of £10.3m will be drawn down from reserves and this position is factored within Corporate Funding.

Be First £10.3m will be covered from the IAS reserve using the Muller Profit. If these reserves were not drawn down the overspend would increase by £10.3m.

2.4.6 Parking Income has been forecast to include the current trend. Currently forecasting additional income of £0.6m income, which is included in the outturn position.

3. Service Variances

3.1 People & Resilience – forecast overspend £13.2m

People and Resilience									
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves		
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement
Adult's Disabilities	20,056,478	20,137,523	20,946,971	23,834,807	0	0	3,697,285	3,094,172	603,112
Adult's Care and Support	22,025,777	24,016,018	13,402,412	28,129,992	0	(537,000)	3,576,974	3,180,092	396,883
Commissioning Care and Support	9,849,999	15,066,481	4,473,698	14,200,329	0	(196,000)	(1,062,152)	(470,288)	(591,864)
Public Health	(339,189)	(318,250)	1,378,260	1,929,820	0	(2,248,519)	(449)	1	(450)
Children's Care and Support	45,863,019	42,577,946	38,435,000	48,037,556	0	(105,766)	5,353,844	6,049,683	(695,838)
Education, Youth and Childcare	4,102,925	4,188,113	7,799,990	4,203,288	0	0	15,175	177,477	(162,302)
Early Help Service	2,876,729	3,387,906	963,724	2,865,545	0	0	(522,361)	(686,099)	163,738
Children's and Young People Disabilities	13,913,317	10,588,047	9,620,519	12,781,777	0	0	2,193,730	2,279,333	(85,602)
Grand Total	**118,349,054**	**119,643,783**	**97,020,574**	**135,983,115**	**0**	**(3,087,285)**	**13,252,047**	**13,624,371**	**(372,324)**

3.1.1 Overall, there is an overspend of £13.252m across the whole of People and Resilience. This is a positive movement of £0.372m since last month.

3.1.2 The positive movement is due to services holding expenditure wherever possible to reduce the in-year overspend. This has come from delayed recruitment and projects, enabling a one-off release of underspends to improve the in-year position. The service continues to review the level of the bad debt provision and the revenue impact of potential write offs has also been updated this period.

3.1.3 The underlying pressure is largely to the cost of implementing supplier uplifts and paying the London Living Wage to all providers, which had led to a pressure of £5.6m. The service is experiencing a significant rise in the number of Education, Health and Care plans, which has resulted in an increasing overspend on the Children with Disabilities budget. The impact of Young B&D is also significant. There are around 300 18-25s receiving care, who are causing a significant financial pressure as they transfer to Adults. The clients transferring are entering Adult care at far greater cost than those clients leaving. Given the numbers, this will have long-term financial implications for the authority.

3.1.4 Placement forecasts within Children's and Adults Services are based on actual client's full year costs as shown in the social care placements database (ContrOcc). The service has moved towards a position where the forecast incorporates estimated future activity, which has led to less volatility in the monthly forecast. There are further improvements being explored which will improve forecasting further in the coming months.

3.1.5 A review of Adult Social Care debt identified 210 clients for whom a financial assessment had not been undertaken due to non-engagement but bills were rightly issued as required under statute. £3.8m income has been forecast to be written off this financial year due to lack of oversight of those clients that were non-engaging. It has been assumed that £1.6m of this amount can be met from the existing bad debt provision, so the revenue impact is expected to be £2.2m.

3.2 Corporate Management – forecast overspend £0.225m

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnContro	YTD Actuals	Current	Transfers	Transfers	Variance	Last Period
CORPORATE MANAGEMENT	**16,986,077**	**16,986,077**		**18,571,274**	**17,389,548**		**(178,294)**	**225,177**	**953,596**
STRATEGIC LEADERSHIP	440,437	440,437		423,136	492,695		(116,080)	(63,822)	(14,998)
FINANCE	14,088,104	14,088,104		14,183,348	13,818,993		(62,214)	(331,325)	36,104
WORKFORCE CHANGE / HR	2,186,285	2,186,285		3,678,521	2,735,487			549,202	883,991
LEADERS OFFICE	271,251	271,251		286,269	342,373			71,122	48,499

3.2.1 There is a forecast overspend of £0.225k in Corporate Management which is a favourable movement of £728k from Period 9. The budget has increased by £838k from Period 9 of which £800k is for the 23/24 pay award. The forecast has increased by £126k largely due to the impact of the 23/24 pay award. Transfers from reserves has increased by £17k to reflect additional funding from the Invest to Save reserve for consultancy work for social care.

3.2.2 The drawdown from reserves represents Invest to Save funding of £116k to finance consultancy work and a £62k drawdown of Cyber Security grant funding.

3.3 Central Expenses – forecast underspend (£0.229m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnContro	YTD Actuals	Current	Transfers	Transfers	Variance	Last Period
CENTRAL EXPENSES	**35,190,044**	**36,435,044**	**(63,000)**	**16,707,932**	**34,960,965**			**(229,079)**	**(83,872)**
CORPORATE MANAGEMENT	(641,000)	(641,000)		(6,285)	(860,323)			(219,323)	(219,323)
GENERAL FINANCE	35,688,934	36,933,934	(63,000)	11,529,063	35,579,528			(109,406)	214,447
HOUSING BENEFIT SUBSIDY	142,110	142,110		5,185,153	241,760			99,650	(78,995)

3.3.1 There is a forecast underspend of £229k in Corporate Management which is a favourable movement of £145k from Period 9. The positive movement is a result of the final calculation and distribution of the 2023/24 pay award funding.

3.4 Law & Governance – forecast underspend (£0.149m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControll	YTD	Current	Transfers	Transfers	Variance	Last
LAW AND GOVERNANCE	**3,841,849**	**3,841,849**		**4,322,541**	**3,722,520**		**(30,000)**	**(149,329)**	**(68,573)**
LEGAL	3,841,849	3,841,849		4,322,541	3,722,520		(30,000)	(149,329)	(68,573)
DEMOCRATIC SERVICES	1,988,367	1,988,367		1,647,528	2,015,139			26,772	(141,756)
LEGAL SERVICES	1,853,482	1,853,482		2,675,013	1,707,381		(30,000)	(176,101)	73,183

3.4.1 Legal and Democratic service are reporting an underspend of c£149k, a favourable movement of £81k from Period 9.

3.4.2 Democratic services salary budget has increased by c£147k from P9 due to the application of the 23/24 pay award. The budget is projecting a slight overspend of c£27k, a negative movement of £169k from P9 mainly due to an increase in the salary forecast.

3.4.3 Legal services budget has also increased by c£185k from Period 9 as a result of the 23/24 pay award. The service is reporting an underspend of c£176k, this is a positive movement of £249k due to the conversion of agency staff, staff resignations and some posts being client funded within the department.

3.5 Strategy – forecast underspend (£1.3m)

	This Years Budget	Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves		Change
	Revised	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance	
STRATEGY	10,174,884	8,608,509	9,339,295	0	(497,510)	(1,333,099)	(492,849)	(840,250)
INSIGHT AND INNOVATION	790,947	414,634	219,043	0	(50,000)	(621,904)	(175,731)	(446,173)
PMO	271,686	237,883	290,034	0	0	18,348	32,231	(13,883)
STRATEGY	1,043,321	784,431	971,210	0	(152,848)	(224,959)	(146,862)	(78,097)
CUSTOMER CONTACT	6,642,560	5,955,539	6,339,699	0	(282,662)	(585,524)	(311,830)	(273,694)
MARKETING & COMMUNICATION	1,426,370	1,216,023	1,519,309	0	(12,000)	80,939	109,343	(28,404)

3.5.1 The Strategy Directorate is forecast to underspend by (£1.333m), which is an increase in the underspend of (£840,000) since period 9. The main reasons for the movement is a £400,000 contribution of public health grant funding, and a £274,000 reduction in client mobility costs within Customer Services.

3.5.2 There are underspends across the following services: Insight (£622,000), Customer Contact (£585,000) and Strategy (£225,000). The underspend on Insight is mainly due to the transfer of £400,000 Public Health grant. The balance of the underspends within Insight and Strategy is due to vacancy savings.

3.5.3 There are overspends within Communications and Events £81,000 and the PMO £18,000. These overspends are in the main driven by a shortfall in HRA income: £112,000 in Comms and £116,000 in the PMO. These overspends are mitigated by holding vacant posts.

3.5.4 The following sums are being drawn down from reserves: £133k Shielding grant, £283k for Mobility Client Transport, £50k to Insight for One View, £19k for salaries carry forwards within Strategy and £12k Womens' Empowerment funding to Events.

3.6 Inclusive Growth – forecast underspend (£127,000)

	This Years Budget	Actuals/Forecast	Transfers to/from Reserves		Variances Inc Reserves		Change
	Revised	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance	
INCLUSIVE GROWTH	1,269,247	2,767,905	140,000	(1,765,860)	(127,203)	(46,468)	(80,734)
COMMERCIAL	(1,322,228)	(1,748,095)	140,000	0	(285,867)	(260,663)	(25,204)
COMMERCIAL	(670,995)	(950,964)	0	0	(279,969)	(260,663)	(19,306)
LEISURE	(651,233)	(797,131)	140,000	0	(5,898)	0	(5,898)
INCLUSIVE GROWTH	2,591,475	4,516,000	0	(1,765,860)	158,665	214,195	(55,530)

3.6.1 Inclusive Growth is forecast to underspend by (£127,000). The £500,000 soil importation income target and the £133,000 commercial income target within Parks Commissioning are unachievable. The Directorate has succeeded in mitigating these overspends through holding vacancies and other management action. The overspend has reduced by (£80,000) from period 9.

3.6.2 The main reason behind the movement is due to pay award funding for vacant posts which amounts to £54,000.

3.6.4 There is a planned £1.8m drawdown from reserves consisting of £895,000 of grant income, £603,000 from the Welfare reserve, £156,000 from the Made in Dagenham film reserve, and £111,000 in departmental reserves. The £140,000 transfer to reserves is the balance from the Leisure contract termination fee.

3.7 Community Solutions – forecast underspend of (£2.7m)

	This Years Budget		Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	YTD Actuals	Current	Transfers to	Transfers	Variance	Last Period
COMMUNITY SOLUTIONS	**15,645,248**	**15,645,248**	**15,181,546**	**17,641,649**	**400,000**	**(5,121,772)**	**(2,725,371)**	**(2,462,006)**
SUPPORT AND COLLECTIONS	7,717,349	7,717,349	9,297,707	7,729,362	0	(1,761,164)	(1,749,151)	(1,535,114)
COMMUNITY SOLUTIONS	1,128,733	1,128,733	853,052	939,997	0	(136,000)	(324,736)	(316,880)
COMMUNITY PARTICIPATION & PREV	8,104,166	8,104,166	6,335,787	10,277,290	400,000	(3,224,608)	(651,484)	(610,011)
TECHNICAL - COMSOLS	(1,305,000)	(1,305,000)	(1,305,000)	(1,305,000)	0	0	0	0

3.7.1 Within this forecast there is a financial pressure of £3.4m – mostly relating to services no longer being charged to the HRA. This is being managed in-year with a mitigation plan including holding vacancies and drawing heavily on reserves. The service has also been successful in increasing its income including grant income from the GLA, Health income and HRA recharges.

3.7.2 The key risks are Becontree Collection Service achieving the forecast income of £690k in 2023/24 and limiting the use of B&B's and Hostels for Temporary Accommodation.

3.7.3 The service has moved positively by £263k this period. This is predominantly due to the release of the buffer held for Temporary Accommodation of £150k and additional Court Cost income of £72k.

3.8 My Place – forecast underspend of (£2.688m)

	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	**9,290,250**	**9,290,250**	**0**	**41,876,993**	**3,493,529**	**3,109,000**	**0**	**(2,687,721)**	**(1,719,443)**
ENFORCEMENT	3,331,791	3,331,791		(355,429)	(369,871)	3,109,000	0	(592,662)	(308,584)
HOMES AND ASSETS	(945,460)	(945,460)		23,926,952	(679,848)	0	0	265,612	460,522
PUBLIC REALM	6,903,918	6,903,918		18,305,470	4,543,248	0	0	(2,360,670)	(1,871,381)

3.8.1 The Directorate underspend of (£2.688m) comprises an underspend in Public Realm of (£2.361m) offset by a £0.266m overspend in Homes and Assets. The Homes and Assets pressure results from a reduced ability to charge to the HRA and a shortfall on Commercial Property income while the Public Realm underspend relates to an increased recharge to HRA of appropriate costs following reviews, staffing vacancies being held ahead of a restructure and due to recruitment pause and finally the Parking surplus (£0.567m).

3.8.2 The Enforcement P10 outturn position is projecting an underspend of c£0.593m following the transfer of an additional c£1.703m PRPL income to reserves. This takes the total transferred to reserves at P10 to c£3.109m. A review of the PRPL income is currently underway to facilitate the effective allocation of income between reserves and the funding of scheme running costs. The favourable outturn position within the service is due to the ongoing freeze in recruitment to vacant positions. Currently, there are 59 vacant positions within Enforcement, with 29 of them being temporarily filled by agency staff.

3.8.4 Homes and Assets is currently forecasting a £0.266m overspend within the Commercial Portfolio, this is seen as an underlying pressure within the outturn. The Strategic Director has tasked the Commercial Lead with completing a full asset list and rent roll to determine the recoverability of the pressure.

3.8.3 One of the primary risks for Homes and Assets is its ability to recover costs in the role of the managing agent for the Reside group of entities. This raises several risks from identifying all Reside related expenditure, aggregating it between the different blocks and companies, raising service charge invoices and managing the debt position of this all within the General Fund. The risk is that the service is left holding the expenditure.

3.9 **Savings**

Service Area	RED	AMBER	GREEN
Care and Support		(237)	(500)
Community Solutions	(130)	(220)	(1,122)
EYCC		(35)	
Finance & IT			(735)
HR	(577)		
Inclusive Growth	(500)		(370)
Law & Governance			(2,300)
My Place	(155)		(153)
P&P	(15)		
Grand Total	**(1,377)**	**(492)**	**(5,180)**

3.9.1 The MTFS savings target for 2023/24 is £7.049m and at P10:

- £1.377m (20%) are rated **red**, not being achieved; (HR £0.577m, Parks income £0.5m, My Place £0.15m, Valence library £0.13m)
- £0.492m (16%) are rated **amber/green**, forecast as uncertain and may only be part achieved
- £5.18m (64%) are rated **green**, fully achieved (either now or by year end) or expected to be achieved in year.

3.9.2 Red savings are reflected in the service forecasts and contribute towards the overspends. Unachieved savings in the current financial year increases the risk to the medium-term financial strategy moving forward and will increase the budget gap unless viable alternative savings can be found.

3.9.3 The table below is a list of the unachieved savings in 2023/24:

Service Area	Savings Proposal	2023/24 Target £'000
P&P	FPN income	(15)
Inclusive Growth	Parks Commissioning - Soil Importation	(500)
HR	Restructure	(577)
Community Solutions	Creation of Heritage site at Valence Library	(130)
My Place	No longer have a dedicated Graffiti team	(75)
My Place	Reduce the opening days and times of the Town Hall and other buildings	(50)
My Place	Increase the commercial income	(30)
		(1,377)

4. Investment and Acquisition Strategy and Treasury Management

4.1 The Council has an Investment and Acquisition Strategy (IAS) with the primary purpose of supporting the regeneration of the borough. The IAS was approved to be self-financing and potentially generate a 5% target return.

4.2 At the time the IAS was set up it was acknowledged that an investment strategy will have periods of out performance as well as periods of underperformance. To protect the IAS, and the Council, prudent assumptions were used for financial modelling and, in addition, surpluses from when the strategy outperformed were also set aside in the IAS reserve. The IAS reserves, including the reserve for the two lease and lease back hotels, and is held primarily to cover interest pressures, asset underperformance but also to cover lifecycle costs that are required to maintain the assets. The IAS is approaching £1bn in size and the reserves are an essential part of managing its risk. The return that is held in the reserves is in addition to target return of approximately £7m per year, including the hotel lease and lease back. The IAS reserve does not include surpluses from Muller, which have been used as part of the Be First dividend return.

4.3 In previous year, the IAS Strategy has provided a significant return to the Council, both through IAS net returns but also dividends from Be First. The net return generated by the IAS is after costs of borrowing have been considered, which includes repayment of the debt. The IAS now has a significant amount of borrowing, forecast to be over £900m by the end of 2023/24 (currently at £879m as at P10). This is reported on in detail at regular intervals, but a summary of the current in-year forecast is provided in Appendix A (Pages 11 onwards). Further details have been provided as part of the Mid-Year Treasury Management Strategy update to Cabinet in November 2023 and the Treasury Management Strategy Statement taken to Cabinet in February 2024.

4.4 In addition to the current IAS borrowing of £879m the Council's general Treasury Management and Capital Borrowing has c £124.9m of borrowing. Overall, the Council has a significant amount of debt, and this will create further risk particularly as some of the debt needs to be refinanced which will be at higher interest rates. Slides 11 and 12 of Appendix A details the total borrowing which is split across various funds and details loan assets against housing companies such as Be First and Reside.

4.5 Although the IAS was set up to be self-funding, as schemes become operational, active asset management is required to ensure that rental returns and operational costs are well managed to allow the borrowing costs to be covered and surpluses generated. Although now reported separately from the General Fund, the IAS is a key part of the Council and detailed reporting, performance indicators and a clear management strategy is essential to ensure that it continues to contribute to the Councils overall funding. Currently there are weaknesses in a number of areas, including:

i. Losses on Private Rental schemes due to delays in letting properties. Private rental schemes are still not fully let, and income is significantly below hold costs.
ii. Delays in selling Shared Ownership schemes, leaving several properties vacant and not earning income, with borrowing costs on the full build cost for each unit.

iii. General delays in letting properties resulting in a loss of income but also additional security and hold costs.
iv. Increased management costs for commercial holdings and reduced income from several schemes, including Maritime House and Thames Road.
v. Increased interest costs, although these are contained through capitalising the interest against developments and through secured longer-term borrowing.
vi. Lack of detailed, timely reporting of scheme returns against agreed metrics.

4.6 The IAS includes returns from commercial and residential assets but also requires a treasury management strategy to underpin the borrowing to fund the assets. In addition to the IAS, the Council has other borrowing requirements to fund capital expenditure on assets and these are reported as part of a General Fund treasury return.

4.7 The above pressures largely remain and there are still a number of Private rental schemes (PRS) units that remain void and a number of Shared Ownership schemes that are not sold. For PRS, which contain a significant amount of borrowing, lettings have been outsourced to estate agents and, after a slow start, letting have improved. If this improvement occurs for new PRS schemes in Gascoigne West 2, this will result in improved returns to the Council for 2024/25.

4.8 79 Shared Ownership units for Ewars Marsh remain unsold and the building remains vacant, incurring significant costs. Costs per month are c£100k. Challingsworth units have now all be sold (56 units) after a delayed start to sales.

4.9 Security costs for both Residential and Commercial units remain high as unlet schemes need to be secured. These costs were not original budgeted for and remain a pressure and have reduced returns, both from loss of rent and then the costs to secure the properties.

4.10 Net returns for each element are summarised below:

- £338k Surplus for General Fund Treasury Strategy
- £317k Surplus for IAS (£4.07m budget)
- Breakeven for hotels and Abbey Road return (£1.78m)
- £4.67m dividend Muller

4.11 Overall the IAS and Treasury strategy is forecast to provide a £5.32m surplus. This is below the £7m+ surplus generated by the IAS over the past three years.

5 Reserves

5.1 The Council has £147.29m in brought forward Reserves from 2022/23. The current projection is that the Council will drawdown £2.366m of reserves to support in year activity before taking into account the overspend of £6.016m. The current budget has a provision of £15.01m to be drawdown to cover costs of collection fund deficits and this was approved by Cabinet and Assembly as part of the 2023/24 Budget Setting. In addition, the budget expected that Be First will pay for the £10.3m of annual dividend budget, however, Be First have indicated that they are unable to declare dividend this year and so this budget will require a further call of £10.3m from an existing Be First Muller Reserve.

5.2 The overspend of £6.016m should that remain at year end, will also need to be funded from a further call on the reserves. At P10 the overspend is a projection and a final overspend figure will be confirmed at year end,

5.3 Therefore, the total reserve drawdown for 23/24 could become £33.692m once all reserves identified in paragraphs 5.1 and 5.2 are accounted for. This is a significant drawdown and indicates that the Council's is overspending considerably more than its annual budget allocation and thus resource availability. Every, effort is being made to reduce the call on reserves and options to reduce the overspend are being looked as part of the monthly monitor.

6 Housing Revenue Account (HRA)

6.1 The HRA is forecasting to overspend by £5.4m. The overspend will be covered by drawing on the HRA reserve balance of £18.4m, reducing the balance to an estimated £13m by end of current financial year. The final estimated balance of £13m is above the internal target of 10% of total income for 2023/24 of £11.8m. It should be noted that the 2022/23 Provisional Outturn has some remaining adjustments and so the Reserve Balance is likely to benefit from this.

6.2 The underlying overspend falls under the Repairs and Maintenance budget line (£7.2m) and relates to the significant increase in the BDMS contract for housing repairs, maintenance and its supervision which was increased from £15.7m to £26.5m in 2023/24. The increase did not cover like for like service provision and so when factoring in adjustments to the contract, the net increase is now valued at £11m. The BDMS contract value was agreed after the HRA budget for 2023/24 had been set. The financial value for 2024/25 will reduce and is currently being negotiated.

6.3 Other significant overspends include additional disrepair provision of £2.2m to cover the more than anticipated current year disrepair payments and provide for estimated disrepair claims for 2024/25 and beyond; rent and rates £1.5m overspend from mainly higher insurance costs (£1m) and Council tax paid on void properties. Finally, a £1.4m under recovery of income from charges for services and facilities mainly from transferring Reside costs out of the HRA to the General Fund with a corresponding reduction in costs under the Supervision and Management budget of the HRA.

6.4 These costs are partly mitigated by slowing down the capital programme and reversing the budget plan to transfer (£5.126m) from revenue budgets to the Major Repairs Reserve Fund to finance capital expenditure in 2023/24. Additional underspends are reported under bad debt provision based on rent collection trends so far in the financial year (£1.309m) and (£670,000) better than expected improvement in dwelling rent income due to lower HRA property disposal from the Right-to-Buy scheme. It should be noted that reducing capital spending may result in a further increase in reactive costs in future years vs planned.

6.5 The HRA overspend projection has increased from prior month by **£392,000**. The movement is largely driven by Repairs & Maintenance **£1.936m** due mostly from BDMS Fleet costs £1.3m, previously reported as a risk, and a reversal of the Compliance forecast improvement of last month. This is offset by **(£1.227m)**

Supervision & Management due to reduced energy forecasts and **(£290,000)** improvement on Dwelling Rents.

6.6 The Council currently has 335 open claims with approximately two thirds of these being submitted before 1st April 2023. The opening balance of the provision on that date was (£1.7m) and it is estimated that payments for accepted legal fees and damages will reach £2.0m in 2023/24 with the majority of this expenditure relating to prior year claims. Given the number of open claims, it is deemed prudent to replenish the provision so that its opening balance on 1st April 2024 is (£2.0m). This means the total required from the HRA in 2023/24 is £2.226m. To put this in perspective, the total replenishment of the Bad Debt Provision in 2023/24 for unpaid rents and service charges from tenants is estimated to be £2.0m.

6.7 There is one minor quantifiable risk confronting the HRA totalling £150,000 together with at least 6 further areas that are non-quantified. In terms of opportunities, there is upwards of (£1.3m) from compliance work included in revenue budgets but now might be deferred to 2024/25 or completed through the capital programme as well as further energy reductions subject to project review.

7. 2023/24 Capital Programme – Q3 (to Period 9) Update

7.1 The revised capital programme was agreed by June Cabinet as part of the 2022/23 Outturn report. The revised capital programme including carry forwards from 2022/23 was agreed at £496.684m for 2023/24.Budget changes in the year to the end of P09 have been reported to Assets and Capital Board. Further proposed budget changes for P09 are set out in the table and detailed below. The revised budgets are £339.042m for 2023/24. Changes to date are summarised in the table below.

Change per Period	2023/24 £'000
Agreed at June Cabinet	496,684
P2 changes	655
P3 changes	(144,083)
P4 changes	(17,490)
P5 changes	943
P6 changes	0
P7 changes:	755
P8 changes	536
P9 changes	1,043
Total borrowing	339,042

P09 budget changes are as follows:

- ERP Phase 2 £130k Approved by Executive Board, £200k included in P08.
- Bus Priority £913k Additional TFL Funding

7.2 Forecast Outturn 2023/24 (P9)

Forecast outturn expenditure for 2023/24 is £361.832m which results in an in-year variance of £22.790m more than budget. The IAS is reporting a variance against current year budget of £31.881m. The budgets will be updated for P11 as the changes reflect schemes that were agreed in 2023/24, including Gascoigne West 2, and Gascoigne East 3b. This has been reflected in the Capital Programme and Capital Strategy 2023/24 to 2026/27 that will go to Cabinet in February 2024.

The General Fund programme is reporting a forecast of £9.357m below in-year budget. The main changes in variance are due to the following:

- Inclusive Growth: Corporate Retrofit project now forecasting £2.772m slippage into 24-25. Works for £2m were due to commence on the leisure centres and CUL/Civic Centre in November-March but are now stalled to await outcome of PSDS3 and SPF bids for the work. £400k of works on the school portfolio have now also been rescheduled for 2024/25.

- Education: Increased costs due to general building cost inflation and accelerated spend compared to original budget profiling. All Education spend is funded from grants which have already been received but are profiled into future year budgets. Total expenditure will be contained within the available grant balances.

- My Place: Stock condition survey forecast revised down by to reflect delays in procuring the Frizlands fuel tanks and CCTV works.

Appendix B provides a detailed update on each strategic function’s capital programme, including the IAS Residential and Commercial.

Table 1: Capital Programme 2023/24 Budgets as at P09 (December 2023)

Strategic Function		Budget £000s	Actuals to P09 £000s	Forecast £000s	Forecast Variance £000s	Change in Variance £000s	Budget 2024/25 £000s	Budget 2025/26 £000s	Budget 2026/27 £000s	Borrowing	Other Sources
										£000s	£000s
GF - CARE & SUPPORT	CAP01	3,719	1,386	2,696	(1,023)	(861)	2,918	0	0	0	3,719
GF - INCLUSIVE GROWTH	CAP02	6,373	1,083	2,865	(3,509)	(3,033)	611	0	0	3,078	3,296
GF - CIL	CAP03	761	35	726	(35)	0	0	0	0	300	461
GF - TFL	CAP04	4,226	1,552	3,916	(310)	(217)	2,200	2,200	0	0	4,226
GF - ICT	CAP06	3,615	2,575	3,128	(487)	(563)	1,200	2,005	200	2,745	870
GF - COMMUNITY SOLUTIONS	CAP05	6	(4)	6	0	0	0	0	0	6	0
GF - CULTURE & HERITAGE	CAP07	1,121	51	527	(594)	(0)	294	294	0	427	694
GF - PARKS COMMISSIONING	CAP11	12,925	5,913	10,912	(2,013)	(9)	153	83	0	7,629	5,296
GF - ENFORCEMENT	CAP08	173	2	173	0	0	330	330	0	173	0
GF - MY PLACE	CAP09	3,937	1,348	2,421	(1,516)	(13)	1,434	1,000	0	3,596	341
GF - PUBLIC REALM	CAP10	8,510	4,653	5,707	(2,803)	28	5,487	5,287	0	7,774	735
GF - EDUCATION, YOUTH & CHI	CAP20	15,254	11,540	18,186	2,932	1,619	8,559	11,466	0	0	15,254
GF - SALIX	CAP55	130	40	130	0	0	0	0	0	0	130
General Fund		**60,751**	**30,173**	**51,394**	**(9,357)**	**(3,051)**	**23,186**	**22,664**	**200**	**25,728**	**35,023**
HRA STOCK INVESTMENT	CAP30	14,000	6,390	13,989	(11)	(11)	20,289	27,933	37,760	0	14,000
HRA ESTATE RENEWAL	CAP31	4,000	1,551	4,000	0	0	4,400	0	0	0	4,000
HRA NEW BUILD SCHEMES	CAP32	544	156	820	276	0	0	0	0	0	544
HRA Total		**18,544**	**8,097**	**18,810**	**266**	**(11)**	**24,689**	**27,933**	**37,760**	**0**	**18,544**
IAS RESIDENTIAL	CAP40	242,297	180,619	275,182	32,884	17,124	190,378	111,699	18,708	122,154	120,144
IAS COMMERCIAL	CAP42	17,450	14,303	16,446	(1,004)	26	3,092	2,000	1,000	17,450	0
Investments Total		**259,747**	**194,921**	**291,628**	**31,881**	**17,150**	**193,469**	**113,699**	**19,708**	**139,603**	**120,144**
Total		**339,042**	**233,191**	**361,832**	**22,790**	**14,088**	**241,344**	**164,296**	**57,668**	**165,331**	**173,711**
Financed By:											
Borrowing		165,331	91,232	224,196	(10,530)	31,083	134,438	92,903	7,012		
Other Sources		173,711	141,959	137,635	33,320	(16,995)	106,907	71,394	50,656		
		339,042	**233,191**	**361,832**	**22,790**	**14,088**	**241,344**	**164,296**	**57,668**		

8. **Financial Implications**

Implications completed by: Jo Moore, Section 151 Officer

8.1 This report is one of a series of regular updates to Cabinet about the Council's financial position and the main body of the report provides key financial implications.

9 **Legal Implications**

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

9.1 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.

9.2 In spite of inflationary pressures such as the war in Ukraine, the post 'brexit' uncertainty and a technical recession, the fiduciary duty to Council taxpayers and the Government for proper stewardship of funds entrusted to the Council together with ensuring value for money plus the legal duties to achieve best value still apply. Furthermore, there remains an obligation to ensure statutory services and care standards for the vulnerable are maintained.

9.3 We must continue careful tracking of all costs and itemise and document the reasoning for procurement choices to ensure expenditure is in line with the Local Government Act 1999 duty to secure continuous improvement in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. If there should be need to make changes in services provision, then there is a duty to carry out proper consultation and have due regard to any impact on human rights and the Council's Public Sector Equality Duty under the Equality Act 2010 before finalising any decision.

10. **Other Implications**

10.1 **Risk Management –** Regular monitoring and reporting of the Council's budget position is a key management control to reduce the financial risks to the organisation and features on the Council's strategic risk register.

10.2 **Corporate Policy and Equality Impact –** Regular budget monitoring is key to the Council being a well-run organisation, which provides value for money for residents. It also ensures that the Council will be able to focus resources on delivering the priorities set out in the Corporate Plan 2023-26. Where any new savings proposals are put forward, or if there is need to make changes in services provision, the Council has a duty to carry out proper consultation and have due regard to any impact on people with protected characteristics, as part of the Council's Public Sector Equality Duty under the Equality Act 2010. The equality implications should be considered at the early stages of planning, through the use of an equality impact assessment. The annual budget report also reviews the cumulative impact of multiple savings proposals on people with protected characteristics to ensure that no group is disproportionally affected, and that where negative impacts are identified, mitigating or minimising actions can be put into place.

Public Background Papers used in preparation of this report:

- The Council's MTFS and budget setting report, Assembly 1 March 2023

Budget Framework 2023-24 Report (lbbd.gov.uk)

List of appendices:

- Appendix A: Revenue Budget Monitoring Pack 2023/24 (Period 10)
- Appendix B: Capital Quarter 3 Monitoring Update

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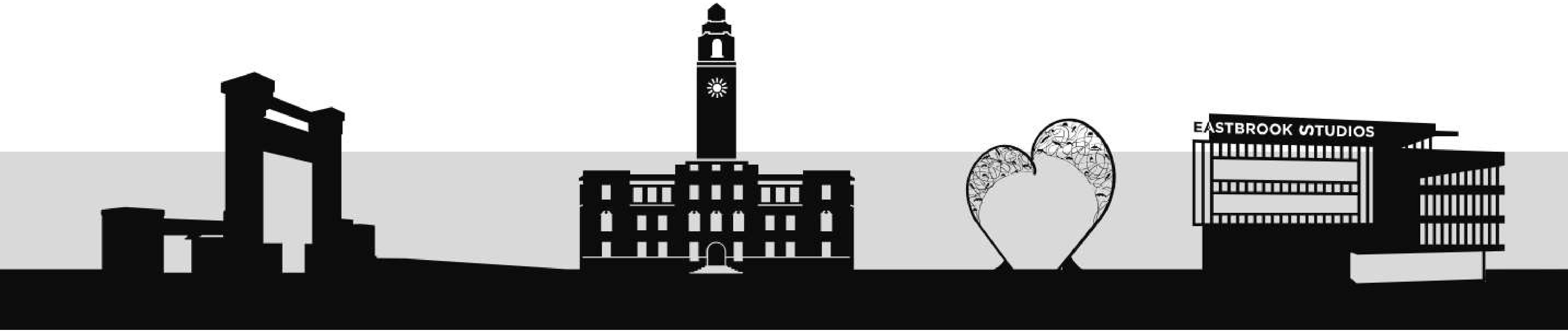
Finance Budget Monitoring – General Fund

APPENDIX A

2023/24

P10 (January 2024)



Period 10: Overspend of £6m, a positive movement of £3.3m from previous period

		This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves			
	Outturn 2022/23	Revised Budget	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance	Movement from Last Period	
PEOPLE & RESILIENCE	117,190,113	119,643,783	97,067,294	135,983,115	(3,087,285)	13,252,047	13,624,371	(372,324)	
LAW AND GOVERNANCE	(5,174,523)	3,841,849	4,322,541	3,722,520	(30,000)	(149,329)	(68,573)	(80,756)	
STRATEGY	3,546,790	10,174,884	8,608,509	9,339,295	(497,510)	(1,333,099)	(492,849)	(840,250)	
INCLUSIVE GROWTH	2,229,661	1,269,247	874,890	2,767,905	(1,625,860)	(127,203)	(46,468)	(80,734)	
COMMUNITY SOLUTIONS	25,021,966	15,645,248	15,181,546	17,641,649	(4,721,772)	(2,725,371)	(2,462,006)	(263,365)	
MY PLACE	15,247,563	9,290,250	41,876,993	3,493,529	3,109,000	(2,687,721)	(1,719,443)	(968,278)	
CORPORATE MANAGEMENT	52,696,852	16,986,077	18,571,274	17,389,548	(178,294)	225,177	953,596	(728,419)	
SUB-TOTAL DIRECTORATES	**210,758,420**	**176,851,338**	**186,503,047**	**190,337,561**	**(7,031,721)**	**6,454,502**	**9,788,628**	**(3,334,126)**	
CENTRAL EXPENSES		6,074,015	(2,668,297)	6,182,613		108,597	280,104	(171,506)	
INTEREST PAYABLE		14,681,085	5,041,414	3,625,040		(11,056,045)	(11,057,085)	1,040	
INTEREST PAYABLE ON ST BORROWG			(490,661)	3,714,385		3,714,385	3,688,901	25,484	
CAPITALISED INTEREST		(4,542,000)				4,542,000	4,542,000		
INTEREST RECEIVED		(6,502,960)	(1,559,701)	(4,040,977)		2,461,983	2,462,208	(225)	
MRP		10,034,004		10,034,004				()	
LEVIES PAID		15,445,900	16,385,177	15,445,900					
SUB-TOTAL CORPORATE EXPENSES		***35,190,044***	***16,707,932***	***34,960,965***		***(229,079)***	***(83,872)***	***(145,207)***	
GENERAL FUND I&E (EXC. IAS)	**210,758,420**	**212,041,382**	**203,210,980**	**225,298,526**	**(7,031,721)**	**6,225,423**	**9,704,756**	**(3,479,333)**	
IAS COMMERCIAL (NET OPERATING RETURN)		(2,442,654)	(4,287,378)	(2,635,095)		(192,441)	(750,664)	558,223	
IAS RESIDENTIAL (RESIDE SCHEME SURPLUS)		(2,810,000)		(3,765,000)		(955,000)	545,000	(1,500,000)	
IAS OTHER				(4,666,000)	4,666,000		(1,127,000)	1,127,000	
IAS INTEREST PAYABLE				14,073,000		14,073,000	14,294,000	(221,000)	
INTEREST PAYABLE ON ST BORROWG				6,193,000		6,193,000	4,865,000	1,328,000	
CAPITALISED INTEREST				(12,000,000)		(12,000,000)	(11,291,000)	(709,000)	
IAS INTEREST RECEIVED				(7,328,000)		(7,328,000)	(6,904,000)	(424,000)	
IAS MRP		1,182,000		1,182,000					
SUB-TOTAL IAS		***(4,070,654)***	***(4,287,378)***	***(8,946,095)***	***4,666,000***	***(209,441)***	***(368,664)***	***159,223***	
NET COST OF SERVICES	**210,758,420**	**207,970,728**	**198,923,602**	**216,352,431**	**(2,365,721)**	**6,015,982**	**9,336,092**	**(3,320,110)**	
TECHNICAL - Movement in Reserves		***(13,510,475)***	***(13,510,475)***	***(13,510,475)***					
GENERAL FUND I&E	**210,758,420**	**194,460,253**	**185,413,127**	**202,841,956**	**(2,365,721)**	**6,015,982**	**9,336,092**	**(3,320,110)**	

Period 10: <u>Overspend</u> of £6m, a positive movement of £3.3m from previous period

Key Drivers:

A positive movement across the board. Summary of the movement detailed below.

My Place: (£0.968m) decrease in forecast expenditure:
The P10 My Place forecast movement includes £309k from Enforcement which transferred to My Place in January 2024. The Enforcement positive movement is largely due to unfilled vacant posts. Homes and Assets moved positively by £195k due also to vacant posts, and improved income forecasts on rent from depot and recharges to schools. Public Realm also moved positively by £489k, again due to vacancies and revised expenditure estimates for vehicle fleet costs and higher trading income based on trend to date.

Strategy: (£0.840m) decrease in forecast expenditure.
The two main factors contributing to the positive change in the position is an anticipated transfer of £400,000 of Public Health grant to Insight and the impact of pay award funding of £416,000 on vacant posts.

Corporate Management: (£0.728m) decrease in forecast expenditure.
The budget has increased by £838k from P9 of which £800k is for the 23/24 pay award. The forecast has increased by £126k largely due to the impact of the 23/24 pay award. Transfers from reserves has increased by £17k to reflect additional funding from the Invest to Save reserve for consultancy work for social care.

People and Resilience: (£0.372m) decrease in forecast expenditure.
The positive movement is due to services holding expenditure wherever possible to reduce the in-year overspend. This has come from delayed recruitment and projects, enabling a one-off release of underspends to improve the in-year position. The service continues to review the level of the bad debt provision and the revenue impact of potential write offs has also been updated this period.

Community Solutions: (£0.263m) decrease in forecast expenditure.
The positive movement is due to release of TA Buffer £150k and additional Court Cost Income of £72k.

Central Expenses: (£0.145m) decrease in forecast expenditure.
The positive movement is a result of the final calculation and distribution of the 2023/24 pay award funding.

IAS: £0.159m increase in forecast expenditure.
The negative movement is due to rise in interest rates and the impact of lower rents from commercial holdings due to business going into administration.

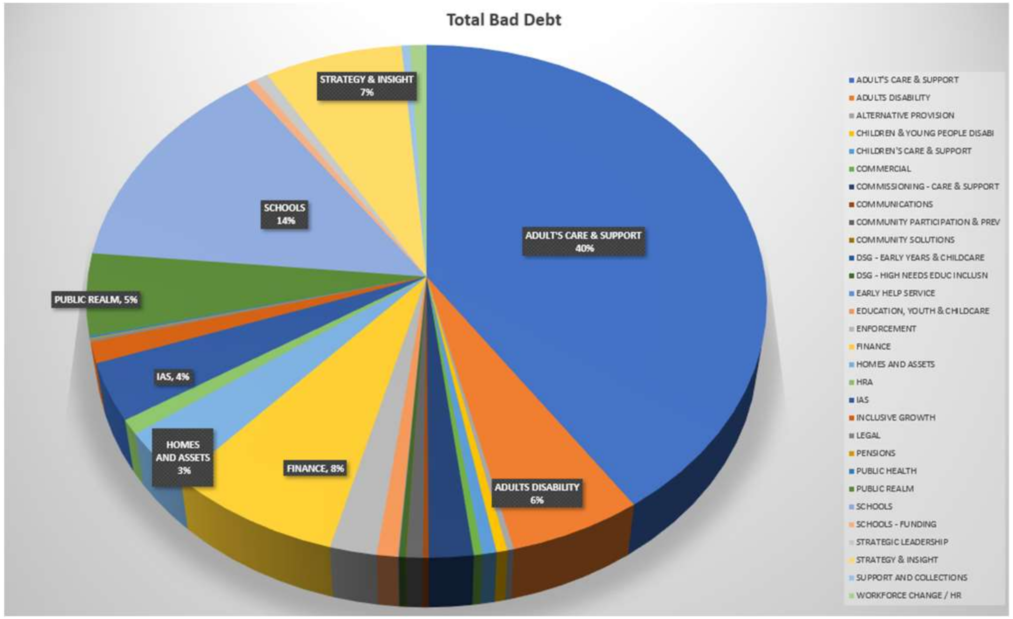
Period 10: Movement in Reserves

	Opening Balance	Budgeted Drawdown 23-24	In Year Inter Reserve Transactions 23-24	Pending In Year Inter Reserve Transactions 23-24	Planned Drawdowns (P10) 23-24	Transfer to Reserve (P10) 23-24	BeFirst Dividen Reserve Drawdown	Drawdowns not in P10 - require approval	Release to BSR - Pending Approval	Closing Balance (before overspend)
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
General Reserves	(17.03)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(17.03)
Budget Support Reserve	(16.84)	13.51	0.53	(3.68)	0.00	0.00	0.00	0.00	(6.92)	(13.40)
Sub total	**(33.87)**	**13.51**	**0.53**	**(3.68)**	**0.00**	**0.00**	**0.00**	**0.00**	**(6.92)**	**(30.43)**
Ring-fenced Reserves	(28.91)	0.00	(0.53)	1.53	7.24	(3.51)	0.00	0.39		(23.79)
PFI Reserves	(14.28)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(14.28)
Levy Funding Reserve	(6.11)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(6.11)
Sub total	**(49.30)**	**0.00**	**(0.53)**	**1.53**	**7.24**	**(3.51)**	**0.00**	**0.39**		**(44.18)**
Non Ring-Fenced Reserves										
Corporate Reserves	(5.91)	0.00	0.00	0.00	0.18	0.00	0.00	0.00		(5.73)
People & Resilience	(0.54)	0.20	0.01	0.00	0.20	0.00	0.00	0.00		(0.13)
Legal, Governance & HR	(0.41)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(0.41)
Strategy	(0.05)	0.00	0.00	0.00	0.03	0.00	0.00	0.02		(0.00)
Inclusive Growth	(1.34)	0.00	0.00	0.00	0.11	(0.14)	0.00	0.00		(1.37)
Community Solutions	(12.64)	1.31	(0.01)	1.66	2.92	0.00	0.00	1.82	3.92	(1.02)
My Place	(0.29)	0.00	0.00	0.29	0.00	0.00	0.00	0.00		0.00
Collection Fund Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Sub total Non-ringfenced	**(21.18)**	**1.50**	**0.00**	**1.95**	**3.44**	**(0.14)**	**0.00**	**1.84**	**3.92**	**(8.66)**
IAS & Capital Reserves										
Investment Reserves	(16.17)	0.00	1.13	0.00	0.00	0.00	0.00	0.00		(15.03)
Mueller Reserve	(12.00)	0.00	0.00	0.00	0.00	0.00	10.39	0.00		(1.61)
CR27 Hotel Deal reserve	(5.50)	0.00	(0.57)	0.00	0.00	0.00	0.00	0.00		(6.07)
Isle of Dogs Travelodge Reser	(5.50)	0.00	(0.57)	0.00	0.00	0.00	0.00	0.00		(6.07)
IAS Reserve	(3.78)	0.00	0.00	0.00	0.00	(4.67)	0.00	0.00	3.00	(5.45)
Sub total IAS Reserves	**(42.95)**	**0.00**	**0.00**	**0.00**	**0.00**	**(4.67)**	**10.39**	**0.00**	**3.00**	**(34.22)**
Total	**(147.29)**	**15.01**	**0.00**	**(0.20)**	**10.68**	**(8.32)**	**10.39**	**2.23**	**0.00**	**(117.49)**

A number of financial risks have materialised in 2023/24 resulting in the need to use reserves to cover the forecast overspend of c£6m. The Budget Support Reserve has a balance of c£13m. However, c£9m has already been earmarked to balance 2024/25 budget. There is insufficient ‘free’ reserves and management action is required to bring spend in-line with budgets.

Bad Debt – This is Updated Quarterly. Current Position P9

Row Labels	Sum of Overdue 0-12 months	Sum of Overdue 12-24 months	Sum of Overdue 24-36 months	Sum of Overdue 36 months +	Sum of TOTAL SUM
ADULT'S CARE & SUPPORT	5,772,982.31	3,559,728.90	2,619,167.88	3,937,928.12	15,889,807.21
ADULTS DISABILITY	908,895.44	502,509.18	355,226.55	499,467.18	2,266,098.35
ALTERNATIVE PROVISION	22,313.18	64,907.66	2,068.60	23,919.60	113,209.04
CHILDREN & YOUNG PEOPLE DISABI	50,470.66	59,661.98	36,210.00	35,352.30	181,694.94
CHILDREN'S CARE & SUPPORT	96,585.56	121,402.55	5,110.00	20,627.51	243,725.62
COMMERCIAL	146,238.44				146,238.44
COMMISSIONING - CARE & SUPPORT	482,920.00	103,028.00	154,830.52	14,411.94	755,190.46
COMMUNICATIONS	22,658.82	3,870.00	36,000.00	30,593.31	93,122.13
COMMUNITY PARTICIPATION & PREV	134,671.92	35,431.36	30,834.50	79,432.91	280,370.69
COMMUNITY SOLUTIONS	4,080.00		1,793.85		5,873.85
DSG - EARLY YEARS & CHILDCARE			100.00		100.00
DSG - HIGH NEEDS EDUC INCLUSN	21,631.00	89,892.58	5,570.51	1,106.00	118,200.09
EARLY HELP SERVICE	13,039.00				13,039.00
EDUCATION, YOUTH & CHILDCARE	152,225.42	66,829.10	113,204.79	28,123.96	360,383.27
ENFORCEMENT	268,022.92	175,693.86	311,014.60	46,126.89	800,858.27
FINANCE	1,297,575.57	783,521.56	612,304.83	287,682.28	2,981,084.24
HOMES AND ASSETS	833,134.78	205,144.68	165,674.45	97,071.83	1,301,025.74
HRA	155,073.77	206,076.59	1,062.33	881.00	363,093.69
IAS	1,182,802.87	133,712.01	48,600.00	64,800.00	1,429,914.88
INCLUSIVE GROWTH	125,225.18	328,437.24	9,943.90	52,404.84	516,011.16
LEGAL	12,245.20	25,809.02	12,108.60	19,251.82	69,414.64
PENSIONS	2,382.00	3,010.84		15,507.21	20,900.05
PUBLIC HEALTH			49,200.00		49,200.00
PUBLIC REALM	706,610.49	898,993.54	319,182.89	106,185.92	2,030,972.84
SCHOOLS	4,529,541.55	543,319.92	36,666.79	293,124.59	5,402,652.85
SCHOOLS - FUNDING		150,000.00	2,603.95	57,521.31	210,125.26
STRATEGIC LEADERSHIP				281,213.48	281,213.48
STRATEGY & INSIGHT	959,665.64	1,217,674.48	646,209.20	3,645.60	2,827,194.92
SUPPORT AND COLLECTIONS	40,687.39	103,356.60		26,000.00	170,043.99
WORKFORCE CHANGE / HR	81,475.43	117,434.16	132,266.71	9,041.99	340,218.29
Grand Total	**18,023,154.54**	**9,499,445.81**	**5,706,955.45**	**6,031,421.59**	**39,260,977.39**



The above data comes from the 'All Invoices' report run from E5 and has been split out by Directorate based on the cost centre linked to the invoice.

The data shows total invoices outstanding as at 31st December 2023 and has been sorted into aging buckets.

Total Bad Debt above includes LBBD schools and companies which would normally be excluded when calculating the bad debt provision.

At end of quarter three the total level of debt had increased since quarter 2.

At Q3 the BDP calculation shows a negative movement of £0.6m. However, there is £4m of unallocated cash which is being investigated and should reduce the BDP movement. A forecast has not been included for BDP movement.

2023-24 Savings Progress Overview

There were several savings targets identified as part of the MTFS process. The table opposite shows the performance in relation to those savings by area.

It is crucial that savings proposals are met, or alternatives found.

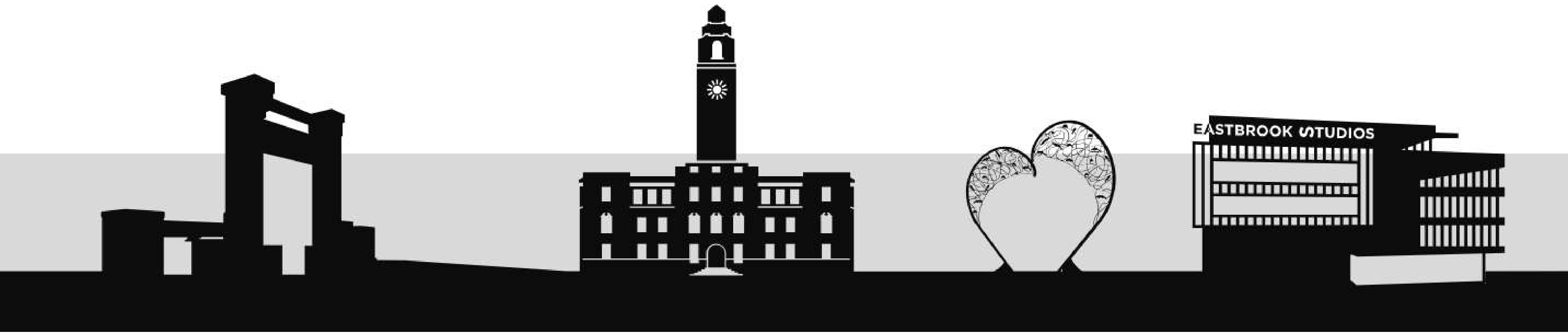
More detail on the specific savings can be found in the appendices.

Service Area	RED	AMBER	GREEN
Care and Support		(237)	(500)
Community Solutions	(130)	(220)	(1,122)
EYCC		(35)	
Finance & IT			(735)
HR	(577)		
Inclusive Growth	(500)		(370)
Law & Governance			(2,300)
My Place	(155)		(153)
P&P	(15)		
Grand Total	**(1,377)**	**(492)**	**(5,180)**

Finance Budget Monitoring – HRA,DSG and Investment Strategy

2023/24

P10 (January 2024)



General Fund and IAS Treasury Strategy (P10)

2025/26 IAS and Treasury Forecast	Core Treasury	Loans to Companies				Reside		IAS - Commercial	IAS Surplus	Total	2023/24 Budget	Change
Borrowing (£000s)	**374,073**	**5,046**	**7,259**	**5,000**	**26,476**	**419,431**	**217,197**	**250,696**		**1,305,179**		
Cost Type	**Other Loans / Treasury**	**BeFirst**	**BDE**	**BDTP**	**LEUK**	**Afforable Rent**	**SO / PRS**	**IAS - Commercial**	**IAS Surplus**	**Total**	**2023/24 Budget**	**Change**
Interest Payable	4,081.4	253.8	311.3	245.7	1,327.4	8,355.7	4,094.4	7,816.4		26,485.9	14,681.1	11,804.8
Interest Rate Provison				307.1	812.4					1,119.5		1,119.5
Capitalised Interest			0.0			-7,519.9	-3,328.1	-1,151.8		-11,999.7	-4,542.0	-7,457.7
MRP	10,061.9					0.0	0.0	1,154.1		11,216.0	11,216.0	0.0
Total Financing Costs	**14,143.3**	**253.8**	**311.3**	**552.8**	**2,139.8**	**835.8**	**766.3**	**7,818.6**	**0.0**	**26,821.7**	**21,355.1**	**5,466.6**
Interest Receivable	-2,184.2	-431.4	-435.8	-552.8	-2,139.8	-5,625.0				-11,369.0	-6,503.0	-4,866.0
MRP Income						0.0	0.0	-1,154.1		-1,154.1	-1,154.1	0.0
Commercial Income								-1,564.0		-1,564.0	-2,446.0	882.0
Muller									-4,665.7	-4,665.7		-4,665.7
Residential Rents									-4,365.1	-4,365.1	-3,410.0	-955.1
Hotels									-1,175.7	-1,175.7	-1,175.7	0.0
Total Financing Returns	**-2,184.2**	**-431.4**	**-435.8**	**-552.8**	**-2,139.8**	**-5,625.0**	**0.0**	**-2,718.1**	**-10,206.4**	**-24,293.5**	**-14,688.7**	**-9,604.8**
Net Return	**11,959.1**	**-177.6**	**-124.5**	**-0.0**	**0.0**	**-4,789.2**	**766.3**	**5,100.6**	**-10,206.4**	**2,528.2**	**6,666.4**	**-4,138.2**

Key issues:

Forecast under pressure from interest rate increases with short-term borrowing rates remaining high. ST borrowing allocated to variable rate loans and commercial which are both under pressure.
Provisions for loans to companies remains as there is a lack of clear strategy around dealing with subsidiary loans.
Interest margin on IAS loans provides an additional return to the strategy, although this has been reduced by the poor lettings of PRS and sales of Shared Ownership.
Returns from Reside are currently estimates based on P7, with P9 number due towards the end of February.
Further work is required with Reside to confirm the returns are net of all costs. This is an urgent action as there is currently limited visibility over returns for 2023/24.
Debt repayment (MRP) is allocated to the commercial portfolio and is a cost of £1.154m but this will reduce the cost of the commercial assets.
Commercial income is forecast before interest costs.
IAS has several additional income streams, including two hotels, an additional £600k contribution from Abbey Road and the remaining Muller profits.
CR27 and Travelodge hotels have reserves that have been inflated each year but will not be inflated for 2023/24 as there is sufficient current reserves of £12.1m for both hotels.
Muller liquidation is now competed, with equity and dividends returned to the Council. Additional profit was obtained through LBBD treasury managing its cash holdings and from a higher than forecast tax return.

Investment and Acquisition Reserves forecast 2023/24 – P10

Reserves	2022/23	Inter Reserve Transfer	Drawdown	Planned Transfer to Reserves	2023/24
CAPITAL INVESTMENT RESERVE	3,779	0			3,779
Muller Reserve	12,000	0	-10,390	4,666	6,276
INVESTMENT RESERVE	16,170	-1,140		654	15,684
CR27 Reserve	5,500	570			6,070
Travelodge Reserve	5,500	570			6,070
Total Reserves	42,949	0	-10,390	5,320	37,879

Key issues:

- The value of the reserves is forecast to decrease from £42.95m (Including Muller) to £37.77m as £10.39m is used to fund Be First dividend shortfalls.
- A £654k surplus from the IAS and £4.67m from Muller is available to be transferred to reserves or used to fund Council deficits.
- The IAS reserve is used to protect the IAS from significant market fluctuations, including interest rates and losses.
- Each individual scheme within the IAS has several assumptions that include some contingency and it is only as a last resort that this reserve will be required.
- However, there are pressure from losses incurred at handover, with significant delays from Private Rental lets.
- Pressures on the strategy is also from interest rate increases, with short-term borrowing increasing from near zero in 2021 to 5.25% currently. This has reduced the surplus return from commercial, but rates potentially could decrease into 2024.
- Interest rate increases and build costs have put pressure on the pipeline of schemes, with many schemes now unviable based on the current assumptions used to calculate the viability of schemes.
- The reserve is significant but is against a strategy of a billion and includes some protection against any accounting issues that may need adjustments for the four years of accounts still to be audited, but also from interest pressures, commercial losses and other investment pressures.

Minimum Revenue Provision 2023/24 – P10

Type of Income / Expense	31/12/2023 Holdings	2023/24 Forecast	2023/24 Budget	Variance
MRP	**£'000**	**£'000**	**£'000**	**£'000**
Core Council Borrowing	**213,964**	10,034	10,048	14
IAS Commercial	**170,007**	1,168	1,168	0
Completed Reside Schemes - Community/Public Realm	**5,507**	0	0	0
PRS	**82,897**	0	0	0
Reside schemes (AUC)	**435,605**	14	0	-14
Loans/Equity on completed schemes	**179,799**	0	0	0
IAS Writeoff	**244**	0	0	0
HRA	**343,858**	0	0	0
MRP excluding PFI and Finance Leases	**1,431,880**	11,216	11,216	0
Finance Leases and PFI	**275,360**	4,492	4,492	0
Grand Total	**1,707,241**	15,754	15,708	0

Key issues:

- Minimum Revenue Provision (MRP) is a revenue cost to repay capital spend within the General Fund (it is not charged for the HRA).
- MRP is split into General Fund schemes, IAS Commercial, IAS Residential (PRS, loans and Assets under construction).
- The total spend, including leases such as the Hotel income strips, Reside Limited and PFI schemes contribute to the Council's Capital Financing Requirement (CFR), which is currently £1.7 billion. This will increase to over £2 billion as additional spend the IAS is accounted.
- MRP will increase significantly over the next few years as the IAS properties become operational and MRP is charged on the loans to Reside.
- MRP between the IAS and General Fund will be reported separately.

Investment and Acquisition Assets Under Construction

Scheme Name	No. of homes	Tenure Type	Company	Practical Completion Date	Loan Value	Fixed Rate
Gascoigne East Block F1	79	Shared Ownership	BDHL	01/09/2023	£34,029,641	2.75%
Gascoigne East Block F1/F2	48	Affordable Rent	B&D Reside Weavers LLP	01/09/2023	£13,715,272	2.75%
Gascoigne East Block F2	4	London Affordable Rent	BDHL	30/10/2023	£1,932,181	2.20%
Gascoigne East Block J	*66*	London Affordable Rent	*BDHL*	11/01/2024	*£14,608,712*	*2.25%*
Gascoigne East Block J	*58*	Affordable Rent	*B&D Reside Weavers LLP*	11/01/2024	*12915764*	*2.75%*
Oxlow Lane	*22*	London Affordable Rent	*BDHL*	01/03/2024	*£9,352,184*	2.75%
Oxlow Lane	*41*	Affordable Rent	*B&D Reside Weavers LLP*	01/03/2024	*£4,534,382*	2.25%
Gascoigne West Phase 2	*122*	Affordable Rent	*B&D Reside Weavers LLP*	11/03/2024	*£36,225,408*	2.75%
Gascoigne West Phase 2	*46*	London Affordable Rent	*BDHL*	11/03/2024	*£12,295,941*	2.25%
Gascoigne West Phase 2	*60*	Target Rent	*BDHL*	11/03/2024	*£15,964,858*	2.25%
Gascoigne East Phase 3A	*102*	Affordable Rent	*B&D Reside Weavers LLP*	01/05/2024	*£29,014,154*	2.75%
Woodward Road	*1*	London Affordable Rent	*BDHL*	07/06/2024	*£455,681*	2.25%
Woodward Road	*55*	Affordable Rent	*B&D Reside Weavers LLP*	07/06/2024	*£15,006,756*	2.75%
12 Thames Road	*77*	London Affordable Rent	*BDHL*	28/06/2024	*£20,043,020*	2.25%
12 Thames Road	*79*	Affordable Rent	*B&D Reside Weavers LLP*	28/06/2024	*£18,133,463*	2.75%
Padnall Lake Phase 2	*13*	London Affordable Rent	*BDHL*	01/05/2024	*£6,037,036*	2.25%
Padnall Lake Phase 2	*57*	Affordable Rent	*B&D Reside Weavers LLP*	01/05/2024	*£13,175,955*	2.75%
Town Quay Wharf	*29*	Target Rent	*BDHL*	01/05/2025	*£4,619,827*	2.50%
Town Quay Wharf	*33*	Shared Ownership	*BDHL*	01/05/2025	*£3,644,885*	3.00%
Roxwell Road	*25*	London Affordable Rent	*BDHL*	01/07/2025	*£4,755,542*	2.25%
Roxwell Road	*62*	Affordable Rent	*B&D Reside Weavers LLP*	01/07/2025	*£13,303,341*	2.75%
Transport House	*31*	London Affordable Rent	*BDHL*	01/12/2025	*£4,872,865*	2.25%
Transport House	*47*	Affordable Rent	*B&D Reside Weavers LLP*	01/12/2025	*£8,180,634*	2.75%
Beam Park Phase 6	*62*	London Affordable Rent	*BDHL*	01/05/2026	*£16,603,970*	4.50%
Beam Park Phase 6	*265*	Affordable Rent	*B&D Reside Weavers LLP*	01/05/2026	*£53,612,591*	5.00%
Beam Park Phase 6	*134*	Shared Ownership	*BDHL*	01/05/2026	*£28,677,663*	5.00%
Beam Park Phase 6	*59*	London Living Rent	*BDHL*	01/05/2026	*£13,654,378*	5.00%
Gascoigne East Phase 3B	*90*	London Affordable Rent	*BDHL*	01/05/2026	*£20,913,031*	3.00%
Gascoigne East Phase 3B	*244*	Affordable Rent	*B&D Reside Weavers LLP*	01/06/2026	*£75,170,844*	3.50%
Homes Total	**2,011**		**Estimated Loan Total**		**£505,449,979**	

Key issues:

- The table shows schemes agreed schemes that still need to complete and are under construction.
- Loan rate is fixed but the loan value may vary based on the final outturn position for each build.
- Loans and leases will be agreed with Reside and B&D Homes.
- A total of 2,011 homes are still to be completed (excluding Trocoll House) over the next three years.
- Interest rate pressure is impacting on the IAS but mainly in commercial with most of the borrowing required already secured for schemes up to Beam Park.
- Interest rate pressure will impact returns for Shared Ownership as sales are currently slow.
- Practical completion dates do change and these reflect the current position for the completion of the first phase on any scheme.
- Gascoigne East 3b and Beam Park 6 have higher interest rates to reflect the future borrowing requirement.

Commercial Subsidiaries

Be First

- In FY23/24 budget, we have the annual target return of £10.3m which is made up of the following components:
  - **New Homes Bonus** - £1.9m forecast for the year
  - **Commercial Income** – Expected to be at least the same level as FY23/24 - £300k
  - **Dividend** – the remaining balance to be made up from dividend
    - Be First did not declare a dividend in FY22/23 which means no dividend will be received in FY23/24
    - The gap will be filled by the Muller earmarked reserve

- **BD Group**
  - No dividend expected this year
  - Significant work underway to return to breakeven position

HRA: Period 10

The HRA is projecting **£5.4m** **overspend** at Period 10, with an adverse movement of **£392,000**. The movement is largely driven by Repairs & Maintenance **£1.936m** due mostly from BDMS Fleet costs £1.3m, previously reported as a risk, and a reversal of the Compliance forecast. This is offset by **(£1.227m)** Supervision & Management due to reduced energy forecasts and **(£290,000)** improvement on Dwelling Rents.

The primary cause of the overspend is the significant increase of the BDMS R&M Contract which has gone from a budget of £15.670m to £26.472m. **The contract was agreed after the budget was set.** Adjusting for DLO expenditure and Fleet, the net impact is **£11m.** The voluntary MRR allocation has been released as part mitigation.

P9	2023/24 FORECAST OUTTURN				
VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£'000	£'000	£'000	£'000
£1,797	SUPERVISION & MANAGEMENT	48,394	48,964	£570	(£1,227)
£5,284	REPAIRS & MAINTENANCE	24,473	31,692	£7,220	£1,936
£1,442	RENTS, RATES ETC	1,587	3,031	£1,444	£2
(£290)	INTEREST PAYABLE	11,300	11,010	(£290)	£0
£2,226	DISREPAIR PROVISION	0	2,226	£2,226	£0
(£1,309)	BAD DEBT PROVISION (BDP)	3,309	2,000	(£1,309)	£0
(£252)	CDC RECHARGE	1,102	849	(£252)	£0
£8,897	**TOTAL EXPENDITURE**	**90,164**	**99,772**	**£9,608**	**£711**
(£380)	DWELLING RENTS	(£90,432)	(91,102)	(£670)	(£290)
£14	NON-DWELLING RENTS	(£765)	(751)	£14	£0
£1,468	CHARGES FOR SERVICES & FACILITIES	(£26,158)	(24,719)	£1,439	(£29)
(£183)	INTEREST & INVESTMENT INCOME	(£400)	(583)	(£183)	£0
£919	**TOTAL INCOME**	**(£117,755)**	**(£117,155)**	**£600**	**(£319)**
£9,816	**NET TOTAL BEFORE CAPITAL**	**(£27,591)**	**(£17,383)**	**£10,208**	**£392**
£1,555	DEPRECIATION	19,210	20,765	£1,555	£0
(£6,680)	TRANSFER TO MAJOR REPAIR RESERVE (MRR)	6,680	0	(£6,680)	£0
(£5,126)	**CAPITAL PROGRAMME FUNDING**	**£25,891**	**£20,765**	**(£5,126)**	**£0**
£4,691	**NET TOTAL AFTER CAPITAL**	**(£1,700)**	**£3,382**	**£5,082**	**£392**
£314	TRANSFER TO HRA LEASEHOLDER RESERVE	£1,700	2,014	£314	£0
£5,005	**TRANSFER FROM/(TO) HRA RESERVE**	**(£0)**	**£5,396**	**£5,396**	**£392**

Key Drivers of the Position (Summary):

- **Supervision & Management: £570,000** **overspend**
  BDMS Contract £3.565m relating to Management of We Fix and agency mostly offset by the removal of reside related costs from the HRA position, energy cost reduction and recharges into the HRA from the GF. The positive movement is mainly due to energy expenditure being reduced following new costing information, but work continues.

- **Repairs and Maintenance: £7.220m** **overspend**
  We Fix activity is the driving cause, **BDMS Contract £8.558m** relating to service costs (materials, Fleet, subcontractors, contact centre etc) and direct Fleet costs **£500,000** are slightly offset by **Direct Labour Organisation (DLO)** **(£1.105m)** and **Compliance** **(£734,000)** underspend**.** Adverse movement as per summary paragraph.

- **Provisions: £917,000** **overspend**
  Bad Debt Provision is estimated to require £2.0m of the £3.309m budget following review at Quarter 3. However, a revised outlook of **Disrepair** Claim cases and current year outlays has meant that the year-end **provision** adjustment is estimated at £2.226m.

- **Other Expenditure Lines: £901,000** **overspend**
  Insurance £1.062m reflects higher 2023/24 premiums on Building Insurance together with a recognition that the HRA will likely have to pay **Council Tax** for its void properties **£385,000**. This is offset in part by a reduction in the projected **CDC recharge** **(£252,000)** which was also reviewed alongside other recharges. **Interest Payable** **(£290,000)** has largely reduced due to HRA debt balances reducing slightly.

- **Income: £600,000** **under recovery**
  Services & Facilities £1.439m is reflecting the removal of Reside income from the HRA position in 2023/24. **Dwelling Rents** is partially mitigating this **(£670,000)** due to reduced RTB sales and likely slippage in Estate Regeneration timetable. Improved **Interest Rates** means a positive outlook for cash balances **(£183,000).** Positive movement mainly down to improved outlook on Dwelling Rents (£290,000).

- **Capital Programme & Financing:** **(£5,126m)** **underspend**
  This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). **Depreciation** is expected to increase by **£1.555m** compared to budget and is mandatory. The **MRR** budget allocation has been released **(£6.680m)** to offer partial mitigation to the in-year overspend but capital borrowing costs could rise in future years for the HRA.

  As the HRA in year position must balance at Outturn, should mitigation not be identified, then this would require funding from the HRA Reserve (£18.4m).

  Risks: £150,000 + 6 unquantified risks. Opportunities: (£1.3m).

HRA: Period 10 Risks and Opportunities

ID	Service Area	Risk Description	Likelihood	Impact	Overall	Value '000	RAG	Mitigating Action	Portfolio
QUANTIFIABLE									
R1	Council Tax - voids	Council Tax is due from the HRA when properties are void. £385k is within the forecast position, but this could rise up to £150k.	2	2	4	£ 150		Mitigation can only be by reducing void times and informing Council Tax Team expediently. BDMS are key to this.	Community, Leadership and Engagement
						£ 150			
NON-QUANTIFIABLE									
RA	BDMS Repairs & Maintenance	Insufficient backing information from BDMS leaves Leasehold Services unable to apply the true cost of R&M to Leaseholders, reducing cost recovery to the HRA.	3	3	9			Service Charge Manager, BDMS and My Place Consultant have been working on this.	Community, Leadership and Engagement
RB	Historic Water Re-selling	Contracts between the water company and Council predating 2016 have been challenged through various legal routes (e.g. Southwark). It wasn't specific that the rate difference between what the Council was charged and the tenant charged covered administration duties by the Council. Could impact over 15,000 tenants.	1	4	4			Monitor. Business is considering options to refund tenants impacted although statute of limitations now applies.	Community, Leadership and Engagement
RC	Landlord Services Legal	Aside from Disrepair activity, there are other legal issues which are backlogging, causing lost rental income but will also likely cost above the budget legal costs to rectify.	4	2	8			Monitor, Landlord Services and Legal to manage	Community, Leadership and Engagement
RD	Capital Works - Blocks - Leasehold	When capital works are carried out on blocks, Leaseholder's within the block should be charged appropriate apportionment for elligible works. The actual cost should be charged within a certain timeframe. Delays from Be First providing final accounts of works causes loss of income to HRA.	3	4	12			Monitor, project group to be setup by Tony.	Community, Leadership and Engagement
RE	Long Term Debt - **HRA**	The HRA carries long term debt from the 2012 change in Policy which it will be expected to pay back. It has not begun paying back this debt despite being 11 years on. There is still time to do this but the longer this takes, the more material the funding requirement will be in future budgets.	2	2	4			My Place and Finance to monitor.	Community, Leadership and Engagement
RF	Borrowing Costs - **Interest**	If the Council agrees to a Capital Programme 2023/24 which is still higher than bare essentials, then the cost of this will likely be funded by borrowing. This will incur interest charges in future years.	1	1	1			Monitor and consider revised Capital Programme once completed in the Summer.	Community, Leadership and Engagement

ID	Service Area	Opportunity Description	Likelihood	Impact	Overall	Value '000	RAG	Action	Portfolio
QUANTIFIABLE									
O1	BDP	The Bad Debt Provision Budget is set at £3.309m and has historically **not** been fully required at year end. The opportunity value allows for some growth in the overall BDP but should be seen as an **maximum** figure.	3	4	12	(£100)		Following Qtr 3 review, forecast has been updated.	Community, Leadership and Engagement
O2	Compliance	There is a significant commitment in 2023/24 for Compliance expenditure. Some of which maybe capital in nature. Opportunity to transfer costs to Capital Programme.	3	3	9	(£400)		Service continues to review contractor spend.	Community, Leadership and Engagement
O3	Energy	Energy prices have fallen since budget setting was agreed. Plus Reside stock requires stripping from the HRA as part of project. Therefore it is likely a further reduction on Energy will follow in 2023/24.	4	2	8	(£800)		Energy Project is underway. Gas completed, now larger Electricity review has started.	Community, Leadership and Engagement
O4					0	£0			
						(£1,300)			

Dedicated Schools Grant (DSG)

Estimated DSG forecast for 23/24 is an overspend of **£3.5m,** this is mainly due to pressures within High Needs Block. The main drivers are combination of the following factors:

- Out of borough non-maintained **fees & top-up payments**
- **Revised HN funding allocation** announced in July by DfE reduced our HN funding by **£1.1m** from £50.9m to £49.8m due to import & export adjustments and recoupment for academies.
- **One-off exceptional payment**s to schools to help alleviate the financial pressures schools are facing due to the ongoing demand and complex cases of children with SEND
- **The overspend will be funded from DSG reserves.**
- **There's no impact on the councils General Fund.**

Page 47

Dedicated Schools Grant {DSG} Forecast	2023-24 Budget	2023-24 Projected Outturn	Surplus / (Deficit) Outturn March 2024
	£'000	**£'000**	**£'000**
Schools Block – ISB	188,955	188,955	0
Central Block	2,162	2,162	0
High Needs Block	49,837	53,337	(3,500)
Early Years Block	23,174	23,174	0
Total	**264,128**	**267,628**	**(3,500)**
DSG Surplus B/F			10,073
Revised DSG Reserve			**6,573**
add EY refund			264
23/24 DSG Reserve			**6,837**
Of which:			
SFFD retained		963	
Growth & Falling Fund B/F		309	
Net DSG Reserve			**5,565**

Capital Programme to P9

Strategic Function		Budget £000s	Actuals to P09 £000s	Forecast £000s	Forecast Variance £000s	Change in Variance £000s	Budget 2024/25 £000s	Budget 2025/26 £000s	Budget 2026/27 £000s	Borrowing	Other Sources
										£000s	£000s
GF - CARE & SUPPORT	CAP01	3,719	1,386	2,696	(1,023)	(861)	2,918	0	0	0	3,719
GF - INCLUSIVE GROWTH	CAP02	6,373	1,083	2,865	(3,509)	(3,033)	611	0	0	3,078	3,296
GF - CIL	CAP03	761	35	726	(35)	0	0	0	0	300	461
GF - TFL	CAP04	4,226	1,552	3,916	(310)	(217)	2,200	2,200	0	0	4,226
GF - ICT	CAP06	3,615	2,575	3,128	(487)	(563)	1,200	2,005	200	2,745	870
GF - COMMUNITY SOLUTIONS	CAP05	6	(4)	6	0	0	0	0	0	6	0
GF - CULTURE & HERITAGE	CAP07	1,121	51	527	(594)	(0)	294	294	0	427	694
GF - PARKS COMMISSIONING	CAP11	12,925	5,913	10,912	(2,013)	(9)	153	83	0	7,629	5,296
GF - ENFORCEMENT	CAP08	173	2	173	0	0	330	330	0	173	0
GF - MY PLACE	CAP09	3,937	1,348	2,421	(1,516)	(13)	1,434	1,000	0	3,596	341
GF - PUBLIC REALM	CAP10	8,510	4,653	5,707	(2,803)	28	5,487	5,287	0	7,774	735
GF - EDUCATION, YOUTH & CHI	CAP20	15,254	11,540	18,186	2,932	1,619	8,559	11,466	0	0	15,254
GF - SALIX	CAP55	130	40	130	0	0	0	0	0	0	130
General Fund		**60,751**	**30,173**	**51,394**	**(9,357)**	**(3,051)**	**23,186**	**22,664**	**200**	**25,728**	**35,023**
HRA STOCK INVESTMENT	CAP30	14,000	6,390	13,989	(11)	(11)	20,289	27,933	37,760	0	14,000
HRA ESTATE RENEWAL	CAP31	4,000	1,551	4,000	0	0	4,400	0	0	0	4,000
HRA NEW BUILD SCHEMES	CAP32	544	156	820	276	0	0	0	0	0	544
HRA Total		**18,544**	**8,097**	**18,810**	**266**	**(11)**	**24,689**	**27,933**	**37,760**	**0**	**18,544**
IAS RESIDENTIAL	CAP40	242,297	180,619	275,182	32,884	17,124	190,378	111,699	18,708	122,154	120,144
IAS COMMERCIAL	CAP42	17,450	14,303	16,446	(1,004)	26	3,092	2,000	1,000	17,450	0
Investments Total		**259,747**	**194,921**	**291,628**	**31,881**	**17,150**	**193,469**	**113,699**	**19,708**	**139,603**	**120,144**
Total		**339,042**	**233,191**	**361,832**	**22,790**	**14,088**	**241,344**	**164,296**	**57,668**	**165,331**	**173,711**
Financed By:											
Borrowing		165,331	91,232	224,196	(10,530)	31,083	134,438	92,903	7,012		
Other Sources		173,711	141,959	137,635	33,320	(16,995)	106,907	71,394	50,656		
		339,042	**233,191**	**361,832**	**22,790**	**14,088**	**241,344**	**164,296**	**57,668**		

Capital programme 2023/24 (P9)

The capital programme is funded from various sources including, grants, s106, CIL (Community Infrastructure Levy), revenue resources, HRA resources and borrowing. The value of schemes in the 2023/24 programme which are funded from borrowing is £284.192m . This is a reduction of £153m in the amount of borrowing that was approved in the Budget Report to February Cabinet.

<u>Capital Programme Monitoring P9</u>

Forecast outturn expenditure for 2023/24 is £361.832m which results in an in-year variance of £22.790m more than budget. This is an increase in the forecast position from P08 of £14.088m (P08 showed forecast of £8.692m above of in-year budget).

The IAS is reporting a variance against current year budget of £31.881m which is a significant increase in forecast compared to P08. The budgets will now not be updated but will be reported as an acceleration against budget. The accelerated spend is for Gascoigne West 2, and then the inclusion of Gascoigne East 3b and to reflect a revised cashflow for Transport House. This has been reflected in the Capital Programme and Capital Strategy 2023/24 to 2026/27 that will go to Cabinet in February.

The General Fund programme is reporting a forecast of £9.357m below in-year budget which is an increase in the forecast spend variance with the P08 forecast variance of £6.325m below budget, though with a few differences between service areas. The main changes in variance are due to the following:

- Inclusive Growth: Corporate Retrofit project now forecasting £2.772m slippage into 24-25. Works for £2m were due to commence on the leisure centres and CUL/Civic Centre in November-March but are now stalled to await outcome of PSDS3 and SPF bids for the work. £400k of works on the school portfolio have now also been rescheduled for 2024/25.
- Education: Increased costs due to general building cost inflation and accelerated spend compared to original budget profiling. All Education spend is funded from grants which have already been received but are profiled into future year budgets. Total expenditure will be contained within the available grant balances.
- My Place: Stock condition survey forecast revised down by to reflect delays in procuring the Frizlands fuel tanks and CCTV works.

It should be noted that in P8 highways projects were moved from My Place to Public Realm and CPZ works from Enforcement to Public Realm to reflect a recent restructure.

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Appendix B: Capital Quarter 3 2023/24 Monitoring Update

1. General Fund

1.1 Care and Support

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C00100	AIDS & ADAPTATIONS	1,079	519	1,079	-0	-0	1,000	0
C00106	DISABLED FACILITIES GRANT-PRVT	2,023	646	1,000	-1,023	-861	1,857	0
C05125	FAMILY HUBS	117	55	117	0	0	61	0
C05127	Care Tech	500	166	500	0	0	0	0
CAP01	**GF - CARE & SUPPORT**	**3,719**	**1,386**	**2,696**	**-1,023**	**-861**	**2,918**	**0**

Except for the Disabled Facilities Grant (DFG) the Care and Support programme is forecast to come in on budget. The (DFG) budget has been increased to reflect additional grant awarded from the central government.

1.2 Inclusive Growth (IG)

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C03028	CORPORATE RETROFIT	2,881	6	109	-2,772	-2,442	0	0
C03099	ABBEY GREEN & BTC CONS HLF	277	55	80	-197	0	0	0
C05084	DECARBONISATION	0	0	0	0	0	0	0
C05114	UK SHARED PROSPERITY FUND	236	148	-243	-479	-590	611	0
C05136	Local Authority Delivery Ph 3	2,461	873	2,461	0	0	0	0
C05137	Home Upgrade Grant Ph 1	519	0	458	-61	0	0	0
CAP02	**GF - INCLUSIVE GROWTH**	**6,373**	**1,083**	**2,865**	**-3,509**	**-3,033**	**611**	**0**

IG is forecasting an underspend variance of £3.509m due to a reduction in Corporate Retrofit, which is forecasting £2.772m slippage into 24-25. £400k of works on the school portfolio have now also been rescheduled for 2024/25. Abbey Green and Barking Town Centre HLF project trying to get one more building improved before the project finishes.

1.3 CIL

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C04031	RE IMAGINING EASTBURY	4	0	4	0	0	0	0
C04033	REDRESSING VALENCE	211	41	70	-141	0	0	0
C04043	THE ABBEY: UNLOCKING BARKING	347	0	26	-321	-0	0	0
C05115	WOODWARD ARTS & CULTURE CENTRE	266	10	266	0	0	0	0
C05138	MEND Valence House	294	0	162	-132	0	294	294
CAP07	**GF - CULTURE & HERITAGE**	**1,121**	**51**	**527**	**-594**	**-0**	**294**	**294**

The CIL programme is anticipated to come in £35k under budget. Additional funding was allocated in 22/23 to the Box Up Crime scheme. 'The Leys Pavilion is no longer going to be extended to the Box Up Crime specification, as there is not enough budget. My Place are going to refurbish the pavilion with the available budget and will then assign a lease to a local community group'.
Additional funding of £97k was approved at A&CB in July 2023 for the Women's Museum. Part of this (£62k) is a salary cost which has been allocated to revenue so is

not included in the capital budget, however it is still funded from CIL and meets the definition under the planning legislation for allowable expenditure from CIL. The project is behind schedule and has recently brought back in house to ensure that the museum can be delivered in 2023. Other schemes using CIL funding are shown under the relevant service. A new governance process is underway to allocate SCIL balances.

1.4 IT

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C03052	KEEP THE LIGHTS ON	575	155	341	-234	-234	0	0
C03068	ICT END USER COMPUTING	12	0	0	-12	0	0	0
C05132	Laptop Replacement Programme	2,698	2,420	2,488	-210	-199	200	200
24-25-GF-008	Hardware - laptops					0	150	210
24-25-GF-009	Oracle R12					0	0	225
24-25-GF-010	KTLO					0	700	700
24-25-GF-011	ERP Upgrade					0	0	520
24-25-GF-013	Single Property View (My Place)					0	150	150
C05088	ERP Phase 2	330	0	300	-30	-130	0	0
CAP06	**GF - IT**	**3,615**	**2,575**	**3,128**	**-487**	**-563**	**1,200**	**2,005**

The IT programme is expecting to underspend by £487k. Additional funds for the Keep the Lights On project from the ICT reserve was added to the capital budget in P07. Project ERP phase 2, a further £130k has been added to the capital budget in P09.

1.5 TfL

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C02898	LOCAL TRANSPORT PLANS	310	1	144	-166	-80	0	0
C05052	HEATHWAY HEALTHY STREETS	330	-1	330	0	0	0	0
C05055	ROAD SAFETY AND ACCESS	422	268	401	-21	-21	0	0
C05058	TFL MINOR WORKS - VARIOUS LOCS	155	34	155	0	0	0	0
C05079	CYCLE ROUTE CFR10	507	100	500	-7	0	0	0
C05080	LOW TRAFFIC NEIGHBOURHOODS	241	100	190	-51	-51	0	0
C05083	BUS PRIORITY	1,765	916	1,764	-1	-1	0	0
C05056	VALANCE AVENUE HEALTHY STREETS	43	4	43	0	0	0	0
C05128	Porters Avenue Healthy Streets	105	31	105	0	0	0	0
C05129	Dagenham Road Healthy Streets	172	39	172	0	0	0	0
C05130	High Road Healthy Streets	100	50	100	0	0	0	0
24-25-GF-003	TFL LIP					0	2,200	2,200
C05131	Gascoigne Healthy Streets	77	9	12	-65	-65	0	0
CAP04	**GF - TFL**	**4,226**	**1,552**	**3,916**	**-310**	**-217**	**2,200**	**2,200**

The TfL programme is forecasting a relatively light underspend of £310k.

1.6 Culture and Heritage

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C04031	RE IMAGINING EASTBURY	4	0	4	0	0	0	0
C04033	REDRESSING VALENCE	211	41	70	-141	0	0	0
C04043	THE ABBEY: UNLOCKING BARKING	347	0	26	-321	-0	0	0
C05115	WOODWARD ARTS & CULTURE CENTRE	266	10	266	0	0	0	0
C05138	MEND Valence House	294	0	162	-132	0	294	294
CAP07	**GF - CULTURE & HERITAGE**	**1,121**	**51**	**527**	**-594**	**-0**	**294**	**294**

The Culture and Heritage programme is forecasting an underspend variance of £594k. The forecast expenditure on Unlocking Barking Abbey will see the completion of the archaeological investigations integral to this project. There is s106 money allocated to work on additional archaeological finds uncovered during recent redevelopments in Abbey Rd, this work has not yet begun, and it is not expected any of this will be spent this financial year.

1.7 Parks Commissioning

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C03032	PARSLOES PARK (CIL)	8,501	5,021	8,501	0	0	0	0
C04080	CHILDRENS PLAY SPCS & FAC (CIL)	94	0	94	0	0	0	0
C04081	PARKS & OPEN SPCS STRAT 17 (CIL)	169	31	149	-20	-20	0	0
C05060	SAFER PARKS (CIL)	52	0	52	0	0	0	0
C05061	B & D LOCAL FOOTBALL FACILITY (CIL)	157	0	0	-157	0	0	0
C03090	LAKES	437	0	162	-275	12	0	0
C04013	PARK INFRASTRUCTURE ENHNCMTS	2	0	2	-0	0	0	0
C04017	FIXED PLAY FACILITIES	73	0	73	0	0	0	0
C04018	PARK BUILDINGS BLDNG SUR	62	1	62	0	0	0	0
C04084	CENTRAL PARK MASTERPLAN IMP	716	404	716	-0	0	0	0
C05089	DE-CONTAMINATION AT ECP	1,897	164	500	-1,397	0	0	0
C05113	OLD DAGENHAM PARK LEVELLING UP	48	16	48	0	0	0	0
C05122	CENTRAL PARK PAVILION	175	6	11	-164	0	0	0
C05123	TENNIS COURT DEVELOPMENT	403	270	403	0	0	0	0
C05126	GREATFIELDS PARK PLAY	90	0	90	0	0	0	0
24-25-GF--006	Bridges In Parks					0	83	58
24-25-GF--007	Dagenham Tree H&S					0	70	25
C05142	OLD DAGENHAM PARK PLAY EQUIPT	50	0	50	0	0	0	0
CAP11	**GF - PARKS COMMISSIONING**	**12,925**	**5,913**	**10,912**	**-2,013**	**-9**	**153**	**83**

Parks Commissioning is forecasting an underspend variance of £2,013k which is in line with P08. The Decontamination project accounts for £1,397k of the underspend. The forecast is an estimate as a comprehensive review of the Contaminated Land Project is required, including the split of capital and revenue project related costs. A report was presented to November ACB on this project.

1.8 My Place

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C02811	WARD CAPITAL BUDGETS	787	80	787	0	0	0	0
C05018	STOCK CONDITION SURVEY	1,693	396	600	-1,093	-100	0	0
C05038	82A AND 82B OVAL ROAD SOUTH	271	0	0	-271	0	0	0
C05077	DISPERSED WORKING	471	231	270	-201	0	0	0
C04032	HABITAT FOR HUMANITY	356	371	405	49	105	0	0
C05140	MULTI-FAITH CHAD HEATH CEM.CIL	341	270	341	0	0	9	0
24-25-GF-004	Stock Investment Corp Portfolio					0	1,000	1,000
24-25-GF-005	Capita Open Housing					0	425	0
C03027	EST ENERGY SUPPLY CO (ESCO)	18	0	18	0	-18	0	0
CAP09	**GF - MY PLACE**	**3,937**	**1,348**	**2,421**	**-1,516**	**-13**	**1,434**	**1,000**

The My Place programme is forecasting an underspend variance of £1,516k, which is a small increase in forecast spend compared to P08. Highways schemes previously reported under My Place are reported under Public Realm from P07 to reflect a corporate restructure.

Most of the forecast slippage relates to the stock condition survey budget due to delays in procuring the Frizlands fuel tanks and CCTV works. This budget is fully committed, the reported variance relates to timing difference of spend only between 23/24 and 24/25.

Ward Budgets are currently forecast to spend to budget. The Ward Capital group has been reconstituted to ensure projects are delivered and the allocation maximised.

1.9 Enforcement:

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C04015	ENFORCEMENT EQUIPMENT	173	2	173	0	0	0	0
24-25-GF-012	ENFORCEMENT System					0	330	330
CAP08	**GF - ENFORCEMENT**	**173**	**2**	**173**	**0**	**0**	**330**	**330**

The CPZ programme is now reported under Public Realm from P07 to reflect corporate restructures. The remaining project in this area is forecasting to spend to budget.

1.10 Public Realm

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C04012	PARKS BINS RATIONALISATION	27	0	27	0	0	0	0
C04070	VEHICLE FLEET REPLACEMENT	1,023	75	110	-913	0	0	0
C03083	CHADWELL HEATH CEMETERY EXT	83	8	83	0	0	0	0
C05048	PROCURING IN CAB TECH	171	21	171	0	0	0	0
C04016	ON-VEHICLE BIN WEIGHING SYS	0	0	0	0	0	0	0
C02982	CONTROLLED PARKING ZONES	1,979	324	325	-1,654	0	0	0
C03011	STRUCT REP'S & MAINTCE-BRIDGES	27	3	3	-25	3	0	0
C03065	HIGHWAYS INV PROG	3,860	4,001	4,050	190	-50	0	0
C04019	REPLACEMENT OF WINTER EQUIP	3	0	3	0	0	0	0
C04029	ENGINEERING WORKS (RD SAFETY)	0	39	0	0	0	0	0
C04063	FLOOD SURVEY	141	2	141	0	0	0	0
C04064	BRIDGES AND STRUCTURES	826	127	350	-476	0	0	0
24-25-GF-001	Highways Imp Programme					0	4,900	4,900
24-25-GF-002	Bridges & Structures					0	387	387
C05117	HEALTHY STREETS	369	54	444	75	75	200	0
CAP10	**GF - PUBLIC REALM**	**8,510**	**4,653**	**5,707**	**-2,803**	**28**	**5,487**	**5,287**

Highways schemes and CPZ parking schemes are reported under Public Realm from P07 to reflect corporate restructures. The CPZ programme is forecast to underspend by £1,654k in 2023/24 which is in line with the P08 forecast. The implementation of CPZs is continuing to be rolled out across the borough, and it is anticipated that the budget will be spent in future years. This scheme is self-financing from increased income from CPZ permits.
The fleet replacement programme is forecasting a £913k. In-Cab devices are being installed in refuse vehicles. Data quality and cleansing has taken longer that initially anticipated but expected to be within budget.

1.11 Education Programme

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C03020	DAGENHAM PARK	77	0	77	0	0	0	0
C03022	GREATFIELD SECONDARY SCH (NEW)	500	-396	104	-396	-396	0	0
C03053	GASCOIGNE PRMRY - 5FE TO 4FE	34	0	34	-0	-0	0	0
C03054	LYMINGTON FIELDS SCHOOL 2016	6	6	6	0	0	0	0
C04052	SEND 2018-21	0	0	53	53	53	0	0
C04058	MARKS GATE INFS & JNRS 18-20	55	28	55	-0	-0	0	0
C04059	CHADWELL HEATH ADDI CAPACITY	0	0	0	0	0	0	7,000
C04072	SCHOOL CONDITION ALCTNS 18-19	0	0	33	33	33	0	0
C04087	SCA 2019/20 (A)	0	0	0	0	0	0	0
C04098	RIPPLE PRIMARY SUFFOLK ROAD	5	5	5	0	0	0	0
C05033	SCA PRIORITY WORKS 20/22	0	0	392	392	392	0	0
C05034	SCHOOLS EXPANSION PROG 20/22	750	525	750	-0	-0	600	493
C05040	HEALTHY SCHOOL	121	0	0	-121	0	0	0
C05069	SCA 20-21	400	411	450	50	50	413	0
C05078	GREATFIELDS PRIMARY	7,500	5,735	8,500	1,000	1,000	2,746	0
C05098	SCA 21-22	600	309	600	-0	-0	381	0
C05099	SEND 21	728	884	728	-0	-0	0	0
C05105	BASIC NEEDS 21/22	600	51	100	-500	0	722	0
C05107	SCA 22-23	1,500	2,486	3,500	2,000	0	800	322
C05118	MAYESBROOK ADDITIONAL CLASSROOM	400	0	25	-375	0	0	0
C05119	SPECIAL SCHOOL FEASIBILITY STUDIES	50	0	10	-40	0	50	0
C05120	MONTEAGLE DINING HALL EXTENSION	500	29	250	-250	0	700	0
C05141	SCA 23-24	600	1,293	1,800	1,200	600	1,000	3,650
C05139	Padnall Hall (Youth Inv Fund)	827	176	715	-112	-113	1,148	0
CAP20	**GF - EDUCATION, YOUTH & CHILD**	**15,254**	**11,540**	**18,186**	**2,932**	**1,619**	**8,559**	**11,466**

The Education programme is forecast to spend £2,932k more than the budget, primarily on the school condition projects, due to both increased costs because of general building cost inflation and acceleration of projects ahead of the initial spend profile.

The Education programme is funded through external grant funding and costs will be contained within this. A Cabinet report has been drafted to add new annual grant allocations to the capital budget. Will be updated in future iterations of this report to ACB.

1.12 Community Halls

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C04042	COMMUNITY HALLS	6	-4	6	0	0	0	0
CAP05	**GF - COMMUNITY SOLUTIONS**	**6**	**-4**	**6**	**0**	**0**	**0**	**0**

2. HRA Programme

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C02933	CAPITAL VOIDS	1,500	1,740	2,522	1,022	1,022	0	0
C04002	LIFT REPLACEMENT	504	52	129	-375	-375	0	0
C04003	DOMESTIC HEATING	260	159	250	-10	-10	0	0
C04006	MINOR WORKS & REPLACEMENTS	200	49	243	43	43	0	0
C05000	DH INTERNAL	900	293	900	0	0	0	0
C05002	EXTERNALS 1 - HOUSES & BLOCKS	2,062	92	346	-1,716	-1,716	0	0
C05003	EXTERNALS 2 - HOUSES & BLOCKS	2,112	1,731	2,070	-42	-42	0	0
C05004	DOOR ENTRY SYSTEMS	550	494	526	-24	-24	0	0
C05005	COMPLIANCE	210	121	237	27	27	0	0
C05006	FIRE SAFETY WORKS	200	-3	94	-106	-106	0	0
C05007	FIRE DOORS	961	86	470	-491	-491	0	0
C05009	ELECTRICAL PROGRAMMES	200	0	795	595	595	0	0
C05011	COMMUNAL BOILERS	2	4	22	20	20	0	0
C05013	ESTATE ROADS RESURFACING	0	0	0	0	0	0	0
C05014	ENERGY EFFICIENCY	1,930	837	1,685	-245	-245	0	0
C05015	FEES and CONTINGENCY	1,178	446	2,398	1,220	593	0	0
C05068	ADAPTATIONS AND EXTENSIONS	92	46	92	0	0	0	0
C05116	ESTATE IMPROVEMENT	113	0	96	-18	-18	0	0
C05121	COLNE & MERSEA	1,026	243	1,116	90	716	0	0
24-25-HRA-001	Internal Works					0	4,058	5,587
24-25-HRA-002	External Works					0	5,072	6,983
24-25-HRA-003	Compliance / Communal					0	4,666	6,425
24-25-HRA-004	Estate Environs					0	2,029	2,793
24-25-HRA-005	Landlord Works					0	2,029	2,793
24-25-HRA-006	Other					0	2,435	3,352
CAP30	**HRA STOCK INVESTMENT**	**14,000**	**6,390**	**13,989**	**-11**	**-11**	**20,289**	**27,933**
C02820	ESTATE RENEWAL	4,000	1,551	4,000	0	0	4,400	0
CAP31	**HRA ESTATE RENEWAL**	**4,000**	**1,551**	**4,000**	**0**	**0**	**4,400**	**0**
C03071	MELISH AND SUGDEN	0	0	0	0	0	0	0
C05102	MELLISH CLOSE - AUSTIN HOUSE	544	156	820	276	0	0	0
C05049	INNOVATIVE SITES PROGRAMME	0	0	0	0	0	0	0
CAP32	**HRA NEW BUILD SCHEMES**	**544**	**156**	**820**	**276**	**0**	**0**	**0**
	HRA TOTAL	**18,544**	**8,097**	**18,810**	**266**	**-11**	**24,689**	**27,933**

Whilst the overall forecast spend on the HRA Stock Investment Programme remains largely the same in terms of overall spend (c£14m). There are several project variations between the original forecast and the predicted actual spend which reflects revised priorities and associated slippage regarding project procurements.

The revised forecast includes increases within the Capital Voids budget, mainly due to clearing the backlog void properties and works required following surveys on the Electrical Testing Programme. Addition spend has also been required following the requirement to deliver Building Safety Cases as part of the Building Safey Regulations, the full cost of which, emerged during P8. These additions have been offset by reduced delivery on the external houses programme (roofs and windows), with delivery having slowed to allow for the increased delivery elsewhere in the programme.

An increase in the Stock Investment programme for 2024/25 agreed by Cabinet in January, will see further investment in compliance related projects as well as the reinstatement of a reduced internals programme which under the original budget proposals would have seen no internals programmes for 2024/25.

3. Investment Strategy

3.1 New Build (Direct Delivery)

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C03072	PURCHASE OF SACRED HEART CONT	125	116	116	-9	0	-9	0
C03080	ACQSTN OF ROYAL BRITISH LEGION	36	64	28	-8	-0	-7	0
C03084	SEBASTIAN COURT - REDEVELOP	350	8	353	3	0	3	0
C03086	LAND AT BEC - LIVE WORK SCHEME	131	131	131	0	0	0	0
C03089	BECONTREE HEATH NEW BUILD	328	0	328	0	0	0	0
C04062	GASCOIGNE EAST PH2	-11,300	-11,300	-11,300	0	0	-0	0
C04065	200 BECONTREE AVE	75	48	66	-9	0	-9	0
C04066	ROXWELL RD	11,565	7,927	12,919	1,353	215	11,747	1,085
C04067	12 THAMES RD	17,166	12,870	20,549	3,383	1,183	8,510	994
C04068	OXLOW LNE	8,907	7,056	9,417	510	291	804	0
C04069	CROWN HOUSE	2,355	1,405	1,796	-559	0	-559	0
C04077	WEIGHBRIDGE	143	143	0	-143	-143	-143	0
C04078	WIVENHOE CONTAINER	0	0	0	0	0	0	0
C04090	SITE LONDON RD/NORTH STREET	0	29	0	0	0	0	0
C04099	GASCOIGNE WEST P1	1,109	454	1,109	0	0	-0	0
C05020	WOODWARD ROAD	5,518	3,185	3,803	-1,715	421	539	742
C05025	GASCOIGNE WEST PHASE 2	32,829	27,598	40,227	7,398	2,758	9,038	0
C05026	GASCOIGNE EAST PHASE 3A	16,933	11,095	15,212	-1,722	524	-1,104	0
C05035	PADNALL LAKE PHASE 1	5,452	5,254	5,970	518	237	712	218
C05041	TRANSPORT HOUSE	18,719	12,047	20,929	2,210	288	15,605	505
C05047	GASCOIGNE WEST PHASE 3	1,994	1,023	1,567	-427	0	-427	0
C05065	CHEQUERS LANE	317	317	317	0	0	0	0
C05066	BEAM PARK Phase 6	40,005	23,437	44,593	4,588	469	53,811	54,571
C05071	BROCKLEBANK LODGE	20	21	0	-20	-34	-20	0
C05073	GASCOIGNE EAST 3B	8,041	13,884	33,937	25,896	8,035	88,467	51,913
C05076	GASCOIGNE EAST PHASE 2 (E1)	2,386	2,517	2,416	30	-45	30	0
C05081	Beam Park - Phase 7	0	-210	0	0	0	0	0
C05082	TROCOLL HOUSE	584	316	582	-2	13	198	120
C05090	GASCOIGNE EAST 3A - BLOCK I	27,339	24,710	28,155	816	687	2,949	597
C05091	GASCOIGNE EAST PHASE 2 F	28,981	19,967	20,898	-8,083	1,107	-4,675	0
C05092	GASCOIGNE EAST PHASE 2 E2	8,432	3,058	4,938	-3,493	-0	-3,949	10
C05093	PADNALL LAKE PHASE 2	4,561	4,148	5,597	1,037	1,275	1,848	384
C05094	PADNALL LAKE PHASE 3	259	65	29	-230	0	-230	0
C05100	BARKING RIVERSIDE HEALTH	7	32	7	0	0	-0	0
C05103	TOWN QUAY WHARF	8,904	9,189	10,497	1,594	13	7,281	560
C05106	GASCOIGNE ROAD	30	17	0	-30	-170	-30	0
CAP40	**IAS RESIDENTIAL**	**242,297**	**180,619**	**275,182**	**32,884**	**17,124**	**190,378**	**111,699**

Beam 6 and Gascoigne East 3B were agreed at September Cabinet. Net cost for each scheme has decreased significantly due to the use of Right to Buy receipts and additional grant and capital receipts.

The pipeline schemes have stalled with viability a major issue for all schemes. Several schemes are completing in March 2024 and there remain handover issues around letting for Private Rents and rents used for Social Rents.

The New Build Portfolio comprises a total of 31 Post Gateway 2 (Council committed) schemes: -

- 10 under construction
- 5 Pre-Gateway 4 (Design Development)
- 16 Complete and handed over.

Of the 10 under construction 6 are recording at least one red against the KPI's, with 5 are formally escalated:

- Gascoigne West Phase 2 has a change control pending to re-set target dates in line with the agreed contract.
- Gascoigne East 3a – Block I, Oxlow Lane, Roxwell Road and Woodward Road have been escalated, with escalation sheets contained in the reports.
- Mellish Close – completed and handed over in November remains escalated due to a pending Change Control requesting additional funding.

Gascoigne East Phase 3a – Block J remains as not being escalated; however, the scheme has experienced a minor delay to completion slipping from 15th January 2024 to 16th February 2024 due to finalising incoming services and external landscaping works. The scheme is still forecasting on budget with only minor risks remaining.

Escalations: Five projects have been escalated this month:

- **Woodward Road -** The scheme remains significantly delayed, original completion was due in December 2022, latest contractors forecast remains September 2024.

- **Roxwell Road** – Extension of Time costs related to delays caused by Party Wall Agreement with an adjoining owner have now been confirmed. There is an anticipated second Extension of Time claim associated with the delay in signing these agreements, currently forecast to be at least 21 weeks and will take the scheme significantly over budget with 18 months remaining on the contract.

- **Gascoigne East 3a Block I –** Costs of an Extension of Time claim related to the impact on Block I by demolition methodology adopted on the Gascoigne East Phase 3b site have now been submitted. A scope change for additional funding will be submitted. The scheme's completion date remains within approvals.

- **Oxlow Lane -** Contingency sum remaining is low but has increased in the month. An Extension of Time claim has been submitted by the Contractor.

- **Mellish Close** – Scheme now complete with PC awarded on 21st November and handover achieved on 23rd November, with units being occupied. The scheme is recording a projected overspend of £196k, formed of costs associated with an Extension of Time award and costs associated with procuring Latent Defects Insurance which will be formalised by a Change Control targeting February IP.

Turnkey Schemes: The below is a summary of key activities in the coming period to note.

- **Beam Park Phase 6** has achieved planning permission with the Judicial Review period ending the first week of January 2024. The underlease completed on 29th December 2023 prior to the terms of the Development Agreement through a Side Letter Agreement whereby the underlease price was fixed with the Dec-23 BCIS General Build Cost Index and £114,000 provided to LBBD to cover the interest and brokerage costs of the early payment. CPUK provided judicial review insurance. The application for the first works payment made at the same time (due by 26th January). The detail of the CSA, programme and therefore cashflow is being reviewed by Calfordseaden on behalf of LBBD.

- **Town Quay** discussions over a Deed of variation are continuing to bring forward the occupation of commercial units for use as a marketing suite.

- **Trocoll House** replacement contractor is appointed confirmed as HG. Rail Pen have requested an increase to the rent payable by LBBD under the Agreement for Lease given viability challenges.

3.2 Commercial

Project Code	Project Name	P09 Budget	Expenditure to end P09	Forecast P09	Forecast Variance P9	Change in Variance	2024-25 Budget	2025-26 Budget
C03088	14-16 Thames Road	0	2	1	1	1	1	0
C04057	TRAVELODGE DAGENHAM	0	11	0	0	0	0	0
C04086	TRAVELODGE ISLE OF DOGS	0	0	0	0	0	0	0
C04091	PURCHASE OF WELBECK WHARF	0	11	11	11	22	11	0
C04103	BARKING RESTORE PLC	0	20	0	0	0	0	0
C04104	1-4 Riverside Industrial	223	0	133	-90	0	-90	0
C05023	3 GALLIONS CLOSE	30	4	34	4	0	4	0
C05024	FILM STUDIOS	46	27	54	8	0	8	0
C05042	26 THAMES RD	1,020	-33	1,021	1	1	1	0
C05043	47 THAMES RD	70	0	70	0	0	0	0
C05044	9 THAMES RD	0	2	0	0	0	0	0
C05046	11-12 RIVERSIDE INDUSTRIAL	1	0	1	0	0	-0	0
C05067	DAGENHAM HEATHWAY	426	132	523	97	0	97	0
C05070	23 THAMES ROAD	0	2	1	1	1	1	0
C05072	INDUSTRIA	4,019	3,963	2,924	-1,095	0	0	0
C05074	BARKING BUSINESS CENTRE	200	34	203	3	0	3	0
C05104	7 CROMWELL CENTRE	0	0	0	0	0	0	0
C05110	Purchase of Maritime House	1,069	89	1,153	84	0	84	0
C05112	Purchase of Edwards Waste Site	8,844	8,845	8,845	1	0	1	0
24-25- IAS-001	Unallocated			0		0	3,000	2,000
C05133	Dagenham Trades Hall	1,502	1,194	1,472	-30	0	-30	0
CAP42	**IAS COMMERCIAL**	**17,450**	**14,303**	**16,446**	**-1,004**	**26**	**3,092**	**2,000**
x	**IAS TOTAL**	**259,747**	**194,921**	**291,628**	**31,881**	**17,150**	**193,469**	**113,699**

Key risks and issues remain broadly as per previous month and are detailed below.

Maritime House - Key risks and issues remain broadly as per previous month: 6th, 9th and 10th Floors remain vacant with minimal viewings. Potential letting to Queen Mary University Dental College. Be First are exploring options for sub-diving the floors to attract smaller businesses.

External windows and cladding have been identified as a health & safety risk. Crash deck has been installed and further surveys are being carried out. Full replacement of windows will be required. Money was agreed in the purchase price to account for external repairs and £200,000 has been included in the service charge to recover the cost of the works.

47 Thames Road - Concessionary letting to Participatory City ended in January 2024. The unit has been on the market and security provisions are in place while marketing continues.

Industria – 5% is now let with a further 2% of floorspace under offer and in heads of terms. Letting agents are still generating interest.

Travelodge – Potential re-gear with Travelodge being explored which will increase rent and capital value. Option to sell in a package with Travelodge. This will be taken to Cabinet in March 2024.

Heathway – Tenders have been received from the development consultants to oversee the LUF project. Wilkos lease has been surrendered which significantly impacts the income generated at the centre. Interest has already been received from Primark and Iceland for the store.

26 Thames Road – New letting agreed and due to complete.

3 Gallions Close – Tenant has served their break for July 2024. Letting agents have been instructed.

7 Cromwell Centre – The lease has been forfeited for non-payment of rent. Letting agents have been instructed and LBBD legal have been instructed to pursue the personal guarantor.

General - Increase in LBBD's interest MRP requirements will impact the portfolio performance. New strategy required to consider sales, purchases and bringing forward developments.

CABINET

19 March 2024

Title: Allocation of Strategic CIL to BRL for Uber Board Thames Clipper services	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report	**For Decision**
Wards Affected: Barking Riverside	**Key Decision:** Yes
Report Authors: Bronte Smith, Principal Policy Manager, Be First Marilyn Smith, Head of Planning and Assurance	**Contact Details:** E-mail: bronte.smith@befirst.london Email: marilyn.smith@lbbd.gov.uk
Accountable Director: Rebecca Ellsmore, Strategic Head of Place and Development	
Accountable Executive Team Director: James Coulstock, Interim Strategic Director of Inclusive Growth	

Summary:

This report sets out the proposal from BRL which seeks Strategic Community Infrastructure Levy (SCIL) funding to part fund increased Uber Boat by Thames Clipper services from Barking Riverside. Services currently operate a peak weekday service, and an all-day weekend service.

Provision of SCIL funding from LBBD would enable BRL to enter into negotiations with other potential funding partners and would contribute to providing increased UBTC services to Barking Riverside.

Recommendation(s)

The Cabinet is recommended to:

(i) Support the proposal for £450,000 to be allocated over 3 years to part fund extended services for Uber Boat by Thames Clipper (UBTC) services at Barking Riverside;

(ii) Note the proposed draft letter of support to BRL setting out the in principle allocation of the funding, conditional on remaining funding being found by BRL;

(iii) Delegate authority to the Strategic Director, Inclusive Growth to take any steps necessary to ensure compliance with the Subsidy Control Act 2022; and

(iv) Delegate authority to the Strategic Director, Inclusive Growth, to execute all the agreements, contracts, and other documents on behalf of the Council in order to implement the allocation of SCIL funding.

Reason(s)

The in principle allocation of funding to BRL will support increased UBTC services, providing improved transport accessibility and supporting growth in Barking Riverside and surrounding areas.

1. Introduction and Background

1.1. Following the approval by Cabinet of the governance procedure to allocate SCIL on 17 October 2023, Planning and Assurance and Be First have commenced the cycle of meetings with internal Council service providers, and external infrastructure providers, including the NHS, to discuss current and future infrastructure needs, and how SCIL will be allocated to projects moving forward.

2. Proposal

2.1. Barking Riverside Limited (BRL) have put forward a proposal for the allocation of SCIL to support increase UBTC services on weekdays[1], starting from Summer 2024. BRL have submitted a draft proposal (**Appendix 1**), setting out detail around the costs, anticipated benefits, and deliverability of the project.

2.1.1. BRL have put forward a proposal for the in-principle allocation of £450,000 spread over three years to match fund all-day UBTC services. An all-day service is not commercially viable without a subsidy for at least the next 3 years.

2.1.2. At this time, BRL are seeking in principle support for the project, which would enable them to engage in negotiations with UBTC and other potential funding partners and facilitate the commencement of services in Summer 2024. A letter of support has been drafted (**Appendix 2**).

2.1.3. BRL will also seek funding from other parties, including private sector partners and local authorities that will also benefit from the increased services.

2.1.4. BRL understand that if the funding allocation is approved by Cabinet, that the receipt of this funding would be conditional on them securing the remaining portion of funding from other partners.

2.2. UBTC are in the process of procuring three new boats in early 2024 and have advised that they would be able to change timetabling when the boats are acquired to provide hourly services to Barking Riverside during the off-peak if a financial contribution can be made. The new boats were originally planned to service parts of West London, however UBTC are amenable to providing the new boats in East London if BRL will contribute financially.

2.3. In 2022, LBBD contributed £600,000 in SCIL towards the pier and pontoon project at Barking Riverside, enabling the commencement of the UBTC services.

[1] Services have operated a peak weekday (half hourly services between 06:30am-11:00am and 5:15pm–11:45pm) and all-day weekend service (half hourly services between 08:10am – midnight) at Barking Riverside since April 2022.

2.4. There have been previous issues regarding the frequent cancellation of services and resulting impacts on patronage. BRL have provided recent cancellation data which shows that overall, in 2023, 2.4% of services were cancelled. BRL also noted that most cancellations are as a result of the closure of the Thames Barrier. BRL has requested that UBTC improve their communication with regards to the cancellation of services.

2.5. Eligibility and evaluation criteria have developed by LBBD and Be First and endorsed by the Assets and Capital Board. The project is considered to be eligible against the eligibility criteria and has been assessed against the evaluation criteria.

2.6. The assessment of the project against the criteria outlines that there are significant anticipated benefits of the project. The provision of all day UBTC services would have significant benefits to the growing community in Barking Riverside, through providing improved transport connectivity and more reliable services. The project would further contribute to regeneration in the borough through providing better transport connections and improved access to opportunities for residents and businesses. Benefits of the proposal include:

- Residents and businesses of the borough will benefit from a better connected centre, and improved access to opportunity.
- An improved experience for visitors and opportunity for day-trippers to reach Barking.
- Incentives to home buyers, including plot developers offering season tickets on UBTC services.
- Local businesses such as street food traders around the pier will benefit from increased footfall.
- Supporting local schools by providing better service for trips to Woolwich and Greenwich in particular.
- Improved accessibility to jobs and opportunities outside of the borough.

2.7. This assessment is included at **Appendix 3**.

3. Options Appraisal

3.1. There are two options to be considered:

3.1.1. **Option 1: Approve the conditional funding** – Approval of conditional funding and the issuing of a letter of conditional support would enable BRL to secure funding through other funding sources and would ultimately contribute to increased UBTC services to Barking Riverside, improving transport connectivity to the borough.

3.1.2. **Option 2: Do not approve conditional funding at this time** - UBTC have indicated that if BRL cannot confirm funding, the three new boats will be deployed in West London, and the opportunity to expand services in East London may be missed. BRL are working to short timeframes set by UBTC, and there is a perception that if the opportunity is missed in early 2024, it will be more difficult to change timetabling in the future to improve frequency of services to Barking Riverside.

4. Consultation

4.1.1. The proposal has been discussed and agreed with relevant service areas and Be First.

4.1.2. The proposal received support from Assets and Capital Board on 14 February 2024.

5. Financial Implications

Implications completed by: Alison Gebbett, Capital Accountant

5.1 The proposed allocation of £450k of SCIL funding towards an all-day UBTC service to Barking Riverside has been assessed against the eligibility criteria as set out in Appendix 3.

5.2 This SCIL allocation is part of a total amount required by UBTC of £1.026m, of which £500k is to be funded by BRL and the remainder to be sought from other external funding sources by BRL or further negotiated with UBTC. The letter at Appendix 2 requires confirmation of the other funding sources from BRL and a funding plan before the SCIL payment will be advanced. The project will also be monitored to ensure that the desired outcomes are delivered within the budgets and timescales set out.

5.3 There are sufficient available balances of SCIL to allocate £450k. This will be drawn down as £150k each year over a 3 year period following approval.

6. Legal Implications

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

6.1. This report seeks as its preferred option the making of a grant of £450,000 to be allocated to part fund extended services for Uber Boat by Thames Clipper (UBTC) services at Barking Riverside. This will be subject to the grant conditions satisfying the qualifying criteria for use of the Strategic Community Infrastructure Levy fund which will include a match funding requirement.

6.2. As the proposal is to support a scheme which would not be independently commercially viable being paid by a state body ie local government, it shall need to be compliant with the Subsidy Control Act 2022. A subsidy is where a public authority – for example central, devolved, or local government – provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. The sum contemplated brings it within the Act. It is likely to fall within an exception as being of Public Economic Interest as supporting a strategic transport initiative. The guidance on the new regime states such a scheme may be a PEI if the service is provided for the benefit of the public; and the service would not be provided, or would not be provided on the terms required, by an enterprise under normal market conditions. It is recommended that consultation is carried out with the Government’s Subsidy Control Advice Unit.

7. Other Implications

7.1. Risk Management

7.1.1. Be First and LBBD have undertaken a risk assessment of this project.

7.1.2. There is a risk that BRL are not able to secure funding from other funding partners, or that Uber Boats are unable to change timetabling as originally advised. To mitigate the risk of this, the receipt of funding is conditional on evidence of other funding sources being secured, and the funding can only be used for this project.

7.1.3. There is a further risk that BRL will seek further allocation of funding to support ongoing services, if patronage does not increase to the required amount to run the services without subsidy. To mitigate this risk, BRL will be advised through the letter of support that they are not be eligible to apply for additional CIL funding for the same project.

7.1.4. Legal review of the project identified the potential risk of subsidy control issues. An initial assessment has been undertaken, and it is considered that this doesn't present a risk, as it is understood that Uber Boats has exclusive access to one of the two berths at Barking Riverside Pier and has exclusivity on a scheduled service into London with a Right of First Refusal. However, consultation with the Subsidy Control Advice Unit will occur to confirm this, and a condition will be included within the letter of support that UBTC should satisfy themselves that this level of SCIL support is subsidy control compliant.

7.2. Contractual Issues

7.2.1. All legal documentation will be reviewed and agreed with LBBD Legal.

7.3. Corporate Policy, Customer and Equality Impact

7.3.1. This proposal aligns with and supports the overall vision and priorities for the Council set out in the Corporate Plan. CIL is an important source of funding to provide the infrastructure necessary to support the growth identified in the Council's Local Plan. The allocation of SCIL to this proposal will assist in managing the impacts of growth, through providing improved transport connectivity to Barking Riverside. An Equalities Impact Assessment Screening (**Appendix 4**) has been completed and the project was found to have a low risk, not requiring a full Equality Impact Assessment.

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

List of appendices:

Appendix 1 – UBTC proposal
Appendix 2 – Draft letter of in-principle support for SCIL funding for UBTC
Appendix 3 – Assessment against SCIL evaluation criteria
Appendix 4 – Equality Impact Assessment Screening

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BARKING RIVERSIDE

Uber Boat by Thames Clipper All Day Service

CIL Funding Request Proposal to LBBD – November 2023

November 2023

Revision No.	Date Issued	Description	Prepared by	Reviewed by	Approved by
V1.0	07/11/23	Consultation Version	Paul Roberts	Paul Miller	Paul Miller
V2.2	22/11/23	Presented to LBBD	Paul Roberts	Paul Miller	Received comments
V3.0	27/11/23	Submission to LBBD	Paul Roberts	Paul Miller	

Table of Contents

1. Executive Summary

1.1. The Uber Boat by Thames Clipper (UBTC) services have now operated a peak weekday (06:30am-11:00am and 5:15pm–11:45pm) and all-day weekend service (08:10am – midnight) at Barking Riverside since April 2022; successfully carrying over 100,000 passengers in the first year of service. Despite this, following the pandemic and lockdowns, work patterns have fundamentally changed and therefore the peak only service in the week is less able to meet the demands of residents, workers and visitors.

1.2. BRL have therefore approached UBTC to see if they are willing to also start operating an all-day service in the week, providing an improved service for residents of the borough, boost visitor numbers and improve local business trading conditions. Unfortunately, it is too early in the development of Barking Riverside for an all-day service to be commercially viable over the next 2-3 years without a subsidy.

1.3. UBTC are in the process of procuring three new boats by February 2024 (next generation Hybrid versions). They would be willing to change their current plans (to only enhance their West London routes) and start servicing Barking Riverside hourly during the off-peak in the week if BRL made a financial contribution.

1.4. BRL is not able to fully fund this option at the current time and is seeking funding partners to secure the all-day weekday service, including London Borough of Barking & Dagenham (LBBD), GLA and other riverside developers. BRL hope that securing these additional boats will contribute to achieving many of the council's manifesto pledges for the borough's residents and businesses, as well as the delivery of BRL's Thames Futures objectives for Thames Ward residents.

1.5. The cost of the contribution being asked for by UBTC is £1.026m. Of that, BRL would like to apply for up to £450,000 (44%) CIL contributions from LBBD, payable in two or three instalments. This commitment from the council would allow detailed negations to be entered into with UBTC and other potential funders, giving a genuine chance of an all-day service operating to and from Barking Riverside by Spring 2024.

2. Background / Current Position

2.1. In 2022 LBBD contributed £600,000 (CIL contribution) towards BRL’s £7m investment in the pier and pontoon project at Barking Riverside, enabling the commencement of the UBTC services.

2.2. This resulted in a 15-year operational agreement between BRL and UBTC for UBTC to operate their services from the Barking Riverside Pier. Services run half hourly to and from Barking between 0625 and 1100 in the morning on a Monday to Friday; and then again from 1715 in the evening until 2350. At weekends they operate all day at half hourly intervals from 0800 to midnight. This frequency is in line with the service that has been in place at Woolwich for many years.

2.3. The introduction of the Riverbus has been a success with over 100,000 passengers boarding or alighting at Barking Riverside in the first year. BRL continues to subsidise this service for a five-year period, helping residents and visitors to enjoy the service on a peak basis during the week and all-day at weekends.

2.4. There has always been a vision from both parties to extend this service to an ‘all day, every day’ service, but only once the demand can support such a service.

2.5. This amenity also helps the visibility and promotion of the Barking Riverside development and access to the borough for potential new residents, complimenting the London Overground station, bus and cycling facilities to create a genuine transport hub; ahead of the maturity of the development. Plot developers are also offering season tickets on UBTC services to potential home purchasers.

2.6. Despite this success, there are very clear signs that only offering a peak service during the week results in:

- A lack of demand for weekday services (nearly half - 47% - of 2023 embarkations from Barking happen at weekends, where there is an all-day service);
- A lack of confidence in the reliability of the service (e.g. “if the last boat doesn’t show up in the morning I’ll be stuck / first in the evening I’ll be late”);
- Families regularly walking around the Barking Riverside development, who have arrived from within the borough to take the boat, to discover it does not operate off-peak, and;
- Local businesses (e.g. street food traders) around the pier / station struggling to get any business outside of peak time.

2.7. BRL approached UBTC to in early 2023 to see if the future intended off-peak service extension in the week could be accelerated. UBTC has considered this, but are adamant that, while they are happy with the way that the service is progressing, it is too early to extend the service without some additional financial support.

2.8. UBTC have requested an amount equivalent to 57,000 extra boarding passengers a year for three years, equating to a contribution of £1.026m.

2.9. This amount of investment is not possible for BRL to fully cover (on top of the £7m project to open the service and an ongoing operational subsidy, along with, presently, the circa £1m refurbishment works programme to the jetty, replacing worn out concrete beams). Therefore, through a combination of further negotiation with UBTC and exploring part-funding partners, we are seeing if a solution can be found.

3. The Positive Impacts of Delivering an All-day Service

3.1. From a strategic perspective, investing in an off-peak weekday timetable positively contributes to LBBD’s manifesto (2017-2037), illustrated in Figure 1 below, by providing better connected, healthier and more sustainable access and opportunity for the Borough’s residents and businesses. It also provides an improved experience for visitors and better promotion of the borough to potential visitors.

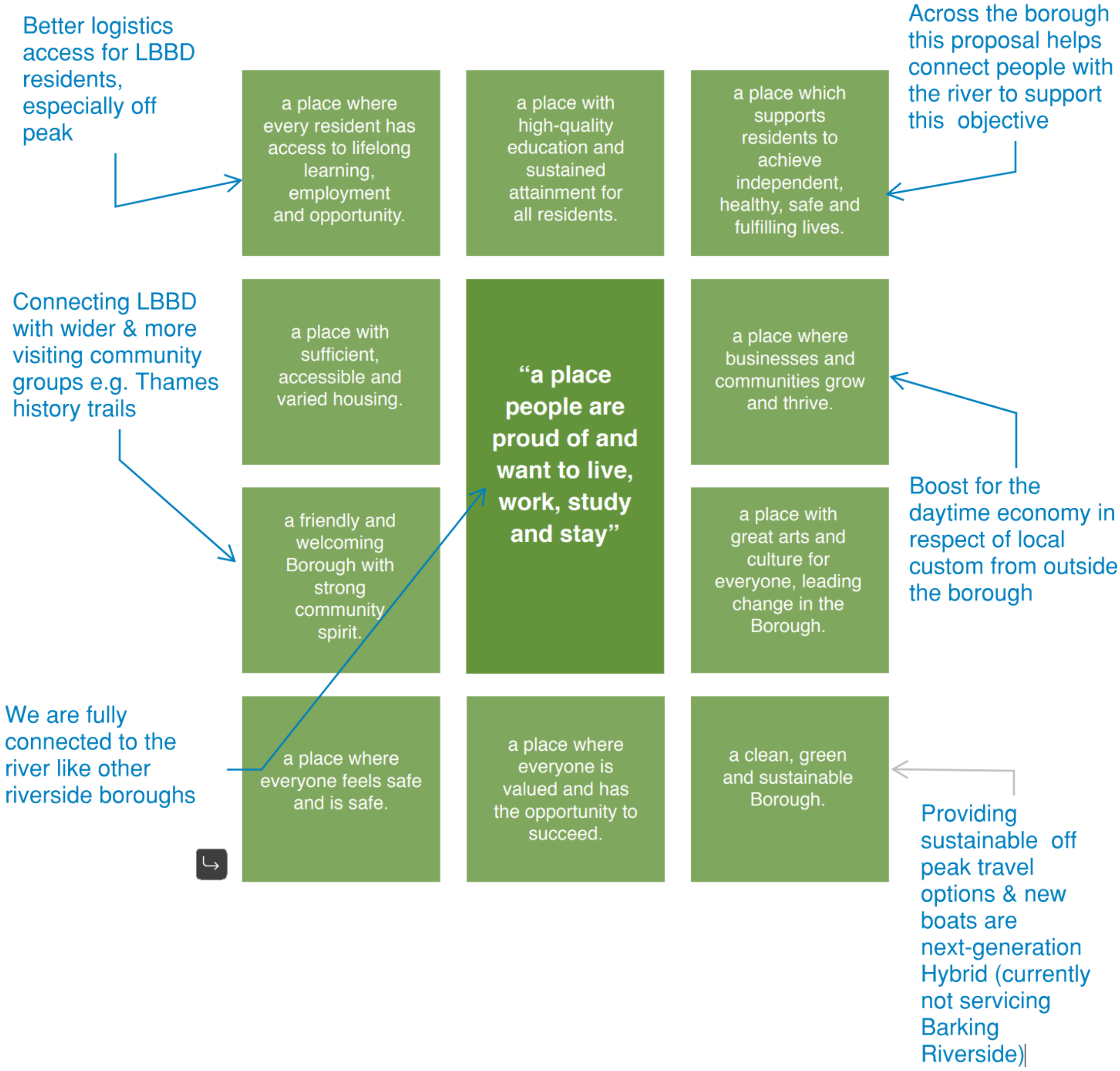

Fig. 1 – LBBD Manifesto; "by 2037 Barking and Dagenham will be….."

3.2. The positive outcomes generated by an all-day service also link directly to BRL's Thames Futures project, designed to understand what residents really want for the future of Thames Ward.

3.3. The following extracts (shown in Figure 2) from the Thames Futures 2022 Report clearly link to a positive contribution - across nine Priority Areas that are important to local residents - that could be made via further investment in UBTC. Linked to this, these themes also support priority areas for Barking Riverside's Health Strategy (2018 and Draft 2023 versions):

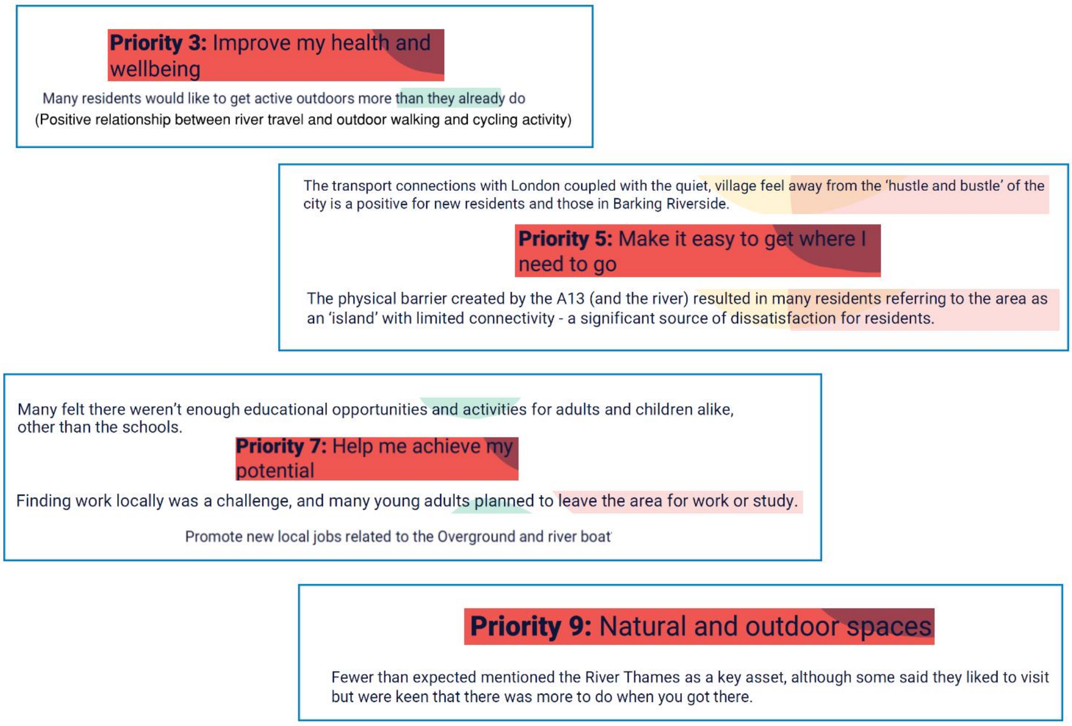

Fig. 2 – Thames Futures (2022) Report

3.4. From a practical perspective, the commencement of an all-day weekday service would have the following near-term effects:

Schools – The clipper service has supported local schools (in only a term and a half since April 2023 we have given away 250 UBTC tickets) and we want to continue and grow this. One key barrier is the timing of the weekday service with Schools utilising the boat unable to get a return service and be back by home time (first boat back does not arrive until 1715) An all-day serviced would significantly increase the ability for schools to use the service especially for trips to Woolwich and Greenwich that are easier to get to by boat than other transport links.

Borough Resident Explorers – particularly during the school holiday periods (there are families and potential leisure trip users from around the borough who arrive at the Pier (usually early afternoon), in the expectation of going on the boat to visit other parts of London. Instead they are told that there is no boat until 1715 and, invariably, they leave disappointed.

<u>Day-trippers to Barking</u> – will be able to arrive by boat in the morning, visit, explore, and use and support local businesses, with the certainty that there will be a return service (boats cease in the morning at the moment before 11am).

<u>Part-time work and education opportunities to / from Woolwich and Greenwich –</u> an all-day service will encourage more residents (of LBBD and LB Greenwich) to seek opportunities that are currently prohibitive from a travel perspective, only being able to travel one way by boat.

<u>Professional Visits to Site -</u>
There are a number of opportunities to bring professional groups and investors to Barking Riverside and the boat is a key mode of transport that should be used. However these trips are inevitably in the week and only last a few hours, making travel by boat often unviable.

4. The Request for Joint Funding

4.1. In 2021, LBBD committed to £600k of CIL funding to help make the £7m UBTC service operational at the pier at Barking Riverside in 2022. Since then, nearly 170,000 customers have boarded or alighted services using the pier.

4.2. UBTC are in the process of procuring three new hybrid boats (by February 2024 – see Figure 4) to increase the frequency of service in West London (current growth are for river traffic). However, they have said they are willing to revisit these plans and use the deployment of the new boats to create a timetable change in April 2024, positively affecting Barking Riverside. A extended service, offering an hourly service to/from central London would be introduced between 11am and 5pm Monday -Friday (currently not served).

Fig. 4 The Earth Clipper is the first of three new vessels being built and launched by February 2024.

These are the first hybrid high speed passenger ferries in Europe!

4.3. To consider delivering the timetable changes to Barking Riverside earlier than forecast, they have requested a contribution of £1.026m. Figure 3 shows how it is proposed that this level of contribution could be met.

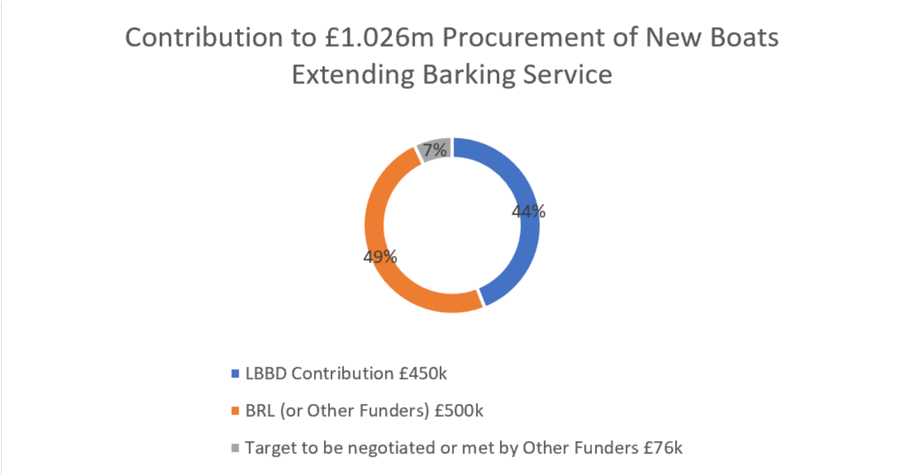

Fig. 3 – Proposed Breakdown of Funding

4.4. This CIL request from BRL to LBBD is £450,000, ideally payable as one lump sum in 2024 (but could be in two or three annual instalments if this is not possible), towards this contribution. BRL are in the process of engaging with other third-party funders to help contribute towards its payment for the remainder.

4.5. BRL will continue to try negotiating the full contribution amount with UBTC, or a slightly different deal that reduces contributions if demand picks up more than expected. However, UBTC have also made it clear that an eastern extension is not part of their existing short-term plans at all; their motivation to negotiate will be limited.

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SUPPORTED BY MAYOR OF LONDON

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London Borough of Barking & Dagenham
Barking Town Hall
Town Hall Square
Barking, IG11 7LU
Website: www.lbbd.gov.uk

Paul Roberts
Barking Riverside Ltd
paulroberts@barkingriverside.london

Date:

In principle award of Strategic CIL

Dear Paul

The London Borough of Barking and Dagenham is pleased to provide BRL with a conditional award of Strategic CIL of a total of £450,000, with £150,000 to be provided each year over three years. This money is being provided on the provision that is will be used exclusively for the completion of the Uber Boat Thames Clipper increased services.

It is important to note that the allocation of CIL funding is conditional upon the fulfilment of the requirements outlined below:

1. **Confirmation of all funding sources**

Before the funding award and grant can be finalised, BRL must provide confirmation that funding sources have been secured from other funding partners, and a funding plan must be provided.

2. **Receipt of a detailed project plan**

Before the funding award can be finalised, a comprehensive project plan must be provided, outlining the detailed objectives, timelines and milestones of the project.

Once conditions have been met, we will proceed with the grant funding agreement. For all projects, we will require, monthly progress reports, outlining the development of the project, to assist us in tracking the success of the project. Upon completion, a monitoring report including images/photographs of completed projects and a detailed account of all funds spent (including copies of all receipts and invoices) must be provided. Monthly progress reports and the final monitoring report should be sent to Marilyn Smith, Head of Planning and Assurance (marilyn.smith@lbbd.gov.uk). Please ensure that written permission for image use is given to the Borough if there are any identifiable persons in the images provided.

Please note that once conditions of funding have been met, your organisation will have three years from the date of project initiation to draw down allocated funds, after which remaining monies will be reallocated if prior arrangements with the Council have not been made. Please also note that this is a once off funding allocation, and BRL will not be eligible to apply for additional CIL funding for the same project in future.

Please also note that where funding is awarded by a local government to support a scheme which would not be independently commercially viable, it shall need to be compliant with the Subsidy Control Act 2022. UBTC should satisfy themselves that this level of SCIL support is subsidy control compliant.

We are excited to be providing BRL with a funding grant and are eagerly anticipating the positive contribution your project will make to our community.

Kind Regards,

James Coulstock
Interim Strategic Director of Inclusive Growth

Appendix 3 – Assessment against SCIL evaluation criteria

Evaluation Criteria	Score	Assessment
1) There must be a demonstrated need and public benefit of the proposed project, and the project must be a local or strategic priority. a. The project will provide new infrastructure or increase the capacity of existing strategic infrastructure to support growth in the borough.	8/10	The aim of the project is to increase the provision of services operating to and from Barking Riverside by Spring 2024 (currently peak only services are offered in the week, all-day is only offered at weekends). An increase to provide all-day services would have significant benefits to the borough. BRL have demonstrated that the increase in services would support the growing community in Barking Riverside, through providing improved transport connectivity and more reliable services. Benefits of the proposal include: • Residents/businesses of the borough will benefit from a better connected, healthier and more sustainable access and opportunity. • An improved experience for visitors and opportunity for day-trippers to reach Barking. • Incentives to home buyers, including plot developers offering season tickets on UBTC services. • Local businesses e.g. street food traders around the pier will benefit from increased footfall. • Support local schools by providing better service for trips to Woolwich and Greenwich in particular (like the clipper service). • Improved accessibility to jobs and opportunities outside of the borough.
2) The proposed project will support inclusive social and economic outcomes or accelerate the delivery of regeneration in the borough.	8/10	BRL have demonstrated through the proposal that the project will benefit the community and contribute to the regeneration in the borough through providing better connections and more sustainable access and opportunity for its residents and businesses. This includes through: • Better promotion of the borough to potential visitors. • Helping the visibility and promotion of the Barking Riverside development and access to the borough for potential new residents. • Benefitting from more day-trippers and increased trade. • Creating more opportunities to bring professional groups and investors to Barking Riverside. The proposal also further sets out how it will contribute to the achievement of the LBBD Manifesto.

3) The project proposal must demonstrate cost effectiveness and value for money. a. The project should demonstrate anticipated total costs, and provide an assessment of benefits, including the social value that can be generated. b. As part of demonstrating value for money, the project should show how ongoing costs and maintenance will be funded.	7/10	The proposal sets out the full anticipated cost of providing increased services to Barking Riverside. The project proposal demonstrates value for money, through providing significant potential benefit through the increase in access to transport, and related economic and social benefit to the borough. Additionally, BRL are negotiating with UBTC and third parties to part fund the project, leveraging all available funding sources.
4) Deliverability of the project must be demonstrated, including certainty around other funding sources, and timing for delivery is clear. a. The application for funding must show evidence of ability to commence work within 1 year of allocation and be completed within 5 years. If funding is awarded and work does not commence on the project within 1 year, Council may seek to reallocate SCIL funds if evidence if not provided to demonstrate reasons for the delay. b. The project should have clearly defined outcomes and deliverables that can be used to measure success of the project.	6/10	Through the proposal, BRL have set out clear timeframes for the spending of funding and for the delivery of increased services. BRL are working to short timeframes set by UBTC, and there is a perception that if the opportunity is missed in early 2024, it will be more difficult to secure increased services to Barking Riverside in the future. Noting this, the award of funding would be conditional on BRL securing additional funding and submitting a full project plan.
5) The project proposal must demonstrate that other funding sources are not able to fund the proposed infrastructure entirely. The proposal	6/10	UBTC have advised that from their perspective, it is too early to extend the service without some additional financial support.

should also show evidence that other funding sources have been leveraged where possible, such as match or gap funding.		BRL are in the process of engaging with other third-party funders to help contribute towards its payment for the remainder. Any award of SCIL funding will be conditional on them demonstrating how the services will be funded from different sources. BRL will continue to try negotiating the full contribution amount with UBTC, or a slightly different deal that reduces contributions if demand picks up more than expected.
Overall assessment	**35/50**	The assessment has found that the project has the potential to deliver significant social and economic benefits to the borough, through providing increased transport accessibility to Barking Riverside, and supporting the new community in this location. This has the flow on benefits of improving access for residents to jobs and opportunities outside of the borough and promoting Barking Riverside as a destination. Some risks were identified through the assessment, including how BRL will secure additional funding sources. Consequently, the allocation of funding will be conditional on BRL's demonstration of a full funding plan and project plan.

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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	Allocation of Strategic CIL to BRL for Uber Board Thames Clipper services	
Service Area	Transport, Infrastructure and Policy Planning	
Officer completing the EIA Screening Tool	Bronte Smith, Principal Policy Manager, Be First	
Head of Service	Marilyn Smith, Head of Planning and Assurance	
Date	07/02/2024	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	This project is seeking to increase UBTC services from Barking Riverside. Services currently operate a peak weekday service, and an all-day weekend service. there are significant anticipated benefits of the project. Barking Riverside Limited (BRL) are seeking £450,000 of Community Infrastructure Levy funding to part fund the increase in services. The provision of all day UBTC services would have significant benefits to the growing community in Barking Riverside, through providing improved transport connectivity and more reliable services. The project would further contribute to regeneration in the borough through providing better transport connections and improved access to opportunities for residents and businesses.	
Protected characteristic	**Impact**	**Description**
Age	Positive impact (L)	The project is considered to have a positive impact on people of all age groups. The project will provide improved transport accessibility to and from Barking Riverside, allowing

		people to access areas outside of the borough via public transport. The project will increase accessibility to jobs and opportunities in different parts of the borough, that without the service would be harder to access, and provides opportunities for people to access Barking Riverside as a destination.
Disability	Positive impact (L)	The project is considered to have a positive impact on people with a disability. The project will provide improved transport access to different parts of London and is accessible for disabled people, allowing people to access jobs and opportunities in other areas of London.
Gender re-assignment	Not applicable (N/A)	Not applicable, increased services would be accessible to everyone, including gender diverse people.
Marriage and civil partnership	Not applicable (N/A)	Not applicable, increased services would be accessible to everyone, regardless of marriage status.
Pregnancy and maternity	Positive impact (L)	The project is considered to have a positive people on people during pregnancy and maternity. The project would provide increased services, enabling improved access to opportunities and infrastructure, and would be accessible for prams.
Race	Not applicable (N/A)	Not applicable, increased services would be accessible to everyone, regardless of race.
Religion	Not applicable (N/A)	Not applicable, increased services would be accessible to everyone, regardless of religion.
Sex	Not applicable (N/A)	Not applicable, increased services would be accessible to everyone, regardless of sex.
Sexual orientation	Not applicable (N/A)	Not applicable, increased services would be accessible to everyone, regardless of sexual orientation.

Equality Impact Assessment Screening Tool

Socio-Economic Disadvantage[1]	Positive impact (L)	The project is considered to have a significant positive benefit for people experiencing socio-economic disadvantage. The project would provide increased transport services, making it easier to access jobs and opportunities outside of the borough, supporting broader regeneration activities in the borough.
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		**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.

Through this screening, it is considered that a full Equality Impact Assessment is not required. This is because there is considered to overall a positive benefit of the project, noting the benefits that will be generated for all community groups. The project was considered to have a medium risk to Council's reputation, noting that it involved the allocation of £450,000 to the project from CIL. Noting this, a risk management exercise will be undertaken and the funding will be conditional to mitigate the risks involved.

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.

[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.

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CABINET

19 March 2024

Title: Procurement of 0-19 Healthy Child Programme Contract	
Report of the Cabinet Member for Adult Social Care and Health Integration	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Sue Ford, Strategic Commissioner HCP	**Contact Details:** sue.ford@lbbd.gov.uk.
Accountable Director: Chris Bush, Commissioning Director for Care and Support	
Accountable Executive Team Director: Elaine Allegretti, Strategic Director for Children and Adults	
Summary: The Health and Social Care Act 2012 sets out a local authority's statutory responsibility for commissioning public health services for children and young people aged 0 to 19 years. The Healthy Child Programme (HCP) aims to bring together health, education and other main partners to deliver an effective programme for prevention and support. Most of the programme is commissioned by local authorities. Updated guidance to support local authorities in designing their specifications was released by the Office for Health Improvement and Disparities (OHID) on 27 June 2023. The current 0 to 19 service delivers a schedule of health and development reviews, some of which are mandatory, screening tests and health promotion, as well as tailored support for children and families through the following elements: 1 – Health Visiting – for 0 to 5 years 2 – School Nursing – for 5-19 years and 25 years for SEND 3 – National Child Measurement Programme, a mandatory public health programme The 0 to 19 service is currently provided by North East London NHS Foundation Trust (NELFT). The current contract is an extension of the 2018-2023 contract and will expire 31 December 2024. The current commissioning plan offers an opportunity to work closely with strategic partners and programmes in the local authority and across the ICS and VCSE to improve partnership working, consistency in approach and better outcomes for children, young people and families. There will be alignment with Family Hubs and Start for Life to provide integrated services for families in co located community hubs. The focus will be on universal preventative services to improve public health, development and outcomes for children, young people and families.	

Recommendation(s) Cabinet is recommended to: (i) Agree that the Council proceeds with the procurement of a contract for Contract-Procurement of Healthy Child Programme 0-19 (Health Visiting, School Nursing and National Child Weight Measurement Programme) in accordance with the strategy set out in the report; and (ii) Delegate authority to the Strategic Director for Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements, including periods of extension, to fully implement and effect the proposals.
Reason(s) The procurement exercise will ensure compliance with the Council's Contract Rules and Public Contract Regulations and ensure continued provision of early intervention and prevention universal programme for improving the health and well-being of children in the borough beyond the contract end date of 31st December 2024. The 0 to 19 contract supports the Council Priority of "Residents are safe, protected, and supported at their most vulnerable" and supports the BEST CHANCE IN LIFE Strategy system priorities: 1. Giving every child the best start in life (the first 1001 days) 2. Reducing prevalence of harm caused by domestic abuse 3. Acting together against child poverty 4. Improving quality, access and support for those with SEND 5. Reducing obesity and improving best start health outcomes 6. A better offer for those with social, emotional and mental health needs

1. Introduction and Background

1.1 The 0-19 Healthy Child Programme service is a statutory service funded under the Council's Public Health Grant, providing public health input for every child in the borough in the form of the Health Visiting and School Nursing services and National Child Measurement Programme (NCMP).

1.2 The 0 to 5 element of the integrated HCP is led by the health visiting services through the 5 mandated health assessment visits with the 5 to 19 elements led by school based public health nursing services, which includes the mandated National Child Measurement Programme (NCMP). The service extends to 25 for those with Special Educational Needs and Disabilities (SEND).

1.3 The commissioning of HCP 0-5 (Health Visiting and Family Nurse Partnership Programmes) service transferred from NHS England and became the responsibility of the Council in October 2015.Specialist Public Health Nurses (Health Visitors) lead the implementation of the service in partnership with other health and social care colleagues.

1.4 Responsibility for the commissioning of HCP 5-19 (School Nursing and NCMP) service was transferred to the Council on 1 April 2013. The service is delivered by Specialist Public Health Nurses (School Nurses). It offers school aged children a schedule of health and development reviews, screening tests, immunisations and health promotion, as well as tailored support for children and families.

1.5 The services are currently provided by NELFT under the 0 to 19 integrated contract. This commenced on 01/09/2018 for 5 years to 31/08/2023.

1.6 There is currently a Contract variation for 16 months from 01/09/23 to 31/12/2024, agreed 12th September 2023 at the Health and Wellbeing Board.

1.7 The 0 to 19 contract variation was put in place as per the procurement strategy 120923 where the Director of Public Health agreed that the commissioning process should wait for new guidance to be issued from The Department for Health.

1.8 The Department of Health (DoH) released guidance in June 2023, which aligned outcomes with the Family Hubs and Start for Life programmes.

1.9 The 0 to 19 HCP is funded through the Public Health Grant with a 23/24 grant allocation of £6,487,700. The allocation of £7,037,700 has been agreed for the provision of Healthy Child Programme 0-19 from the Public Health Grant in 2024/25, after which decision on continued allocation will be subject to a process based on local need and priority.

2. Proposed Procurement Strategy

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

2.1.1 The core public health offer for all children which includes:

- child health surveillance (including infant physical examination) and development reviews
- child health protection and screening
- information, advice and support for children, young people and families or carers
- early intervention and targeted support for families with additional needs
- health promotion and prevention by the multidisciplinary team
- defined support in early years and education settings for children with additional and complex health needs
- additional or targeted public health nursing support as identified in the joint strategic needs assessment, for example, support for children in care, young carers, or children of military families

2.1.2 The service model is based on 4 levels of service depending on individual and family need:

Health visiting services

- leading and delivering the 5 mandated health reviews
- delivering against the 6 high impact areas for early years
- continuity of family public healthcare from maternity to health visiting services

- contributing to safeguarding
- identifying and supporting vulnerable children and families
- addressing inequalities and contributing to the Supporting Families Programme or local equivalent

School nursing services

- delivering against the 6 high impact areas for school-aged years
- supporting transition for school-aged children, for example transition between health visiting and school nursing, and into adult services
- supporting vulnerable children and those not in school, for example, children in care, young carers or young offenders
- supporting children who are home educated
- providing the support offered as part of the Supporting Families Programme refreshed health offer or local equivalent
- contributing to safeguarding

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

2.2.1 5-year (3+1+1) Integrated 0-19 HCP 1st January 2025- 31st December 2030 - Estimated £ 36,188,500 (this represents the proposed funding of the core Health Visiting, School Nursing, NCMP (£7,037,700) plus £200,000 annually for delivering health function within MASH)

2.2.2 The funding for this contract was agreed during the review of the Public Health Grant September-October 2023 as per the Public Health Grant Position briefing paper 4th December 2023

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

2.3.1 5 years (3 years initially with the provision to extend for a further 2-year period on an annual basis at the sole discretion of the Council) from 1st January 2025 to 31st December 2030

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

2.4.1 The service falls under the Health Care Services Provider Selection Regime

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

2.5.1 Competitive procedure in accordance with The Health Care Services Provider Selection Regime (PSR).

2.5.2 The procurement exercise will ensure compliance with the Council's Contract Rules and Provider Selection Regime and ensure continued provision of early intervention and prevention universal programme for improving the health and well-being of children in the borough beyond the contract end date of 31st December 2024.

2.5.3 The procurement timetable is as follows:

Activities/ Tasks	Date
Issue PIN for Expression of Interests	January 2024
Market Engagement Event	1st March 2024
Prepare Tender Documents (Conditions, Specification, ITT, TUPE etc)	By 31st March 2024
Issue contract notice /ITT	2nd April 2024
Deadline for clarifications	10th May 2024
Return Tenders	28th May 2024
Tender Evaluation and Clarifications	Completed by 28th June 2024
Prepare contract award report and get approval	Completed by 12th July 2024
Intention to award notice	15th July 2024
Provisional Award (notify successful/ unsuccessful Tenderer's)	15th July 2024
Standstill Period	16th - 26th July 2024
Final Award	29th July 2024
Service Mobilisation including potential TUPE transfers	August to December 2024
Contract commencement	1st January 2025

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

2.6.1 The Council's Standard Terms and Conditions for services is the form of contract to be used. The contract will have 3-month no-fault notice allowing notice to be given by the Council for early termination. This allows increased flexibility should a significant change in service provision be required.

2.6.2 A range of services will be delivered by a specialist workforce of healthcare professionals working with children, young people and their families in local schools and community settings on both a group and individual basis to support children and young people to remain healthy and to ensure that their health needs are met.

2.6.3 Services are to be provided to Barking and Dagenham residents only; the service specification will highlight respective service eligibility criteria

2.6.4 Service performance will be monitored through a series of Key Performance Indicators (KPIs) as detailed in the service specification that includes quantitative and qualitative data, service user feedback and activity on outstanding action plans reviewed at quarterly meetings. A number of KPIs are set nationally and others are set locally to reflect local priorities as determined by the needs assessment.

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

2.7.1 The healthy child programme provides a framework to support collaborative work and more integrated delivery. It contributes to the following outcomes:

- help parents, carers or guardians develop and sustain a strong bond with children
- support parents, carers or guardians in keeping children healthy and safe and reaching their full potential
- protect children from serious disease, through screening and immunisation
- reduce childhood obesity by promoting healthy eating and physical activity
- promote oral health
- support resilience and positive maternal and family mental health
- support the development of healthy relationships and good sexual and reproductive health
- identify health and wellbeing issues early, so support and early interventions can be provided in a timely manner
- make sure children are prepared for and supported in all childcare, early years and education settings and are especially supported to be ‘ready to learn at 2 and ready for school by 5’

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

2.8.1 For this tender, the five key criteria set out under PSR will be used.

- ➢ **Quality and innovation (20%)–** the need to ensure good quality services and support processes that will improve the delivery of healthcare or health outcomes;
- ➢ **Value (30%)–** the need to strive for good value in terms of the balance of costs, benefits and the financial implications of an arrangement;
- ➢ **Integration, collaboration and service sustainability (20%)–** the extent to which services can be provided in an integrated and collaborative way and in a sustainable way (e.g. stable delivery or service continuity);
- ➢ **Improving access, reducing health inequalities and facilitating choice (20%)–** ensuring all eligible patients have access to services, respecting patient choice and improving health inequalities;
- ➢ **Social value (10%)–** improvement to economic, social and environmental well-being for a local geographic area.

2.9 How the procurement will address and implement the Council’s Social Value policy

2.9.1 10% of the potential marks awarded in the proposed evaluation criteria will review the social value benefits being offered by the bidder for the borough its residents.

We will give potential bidders access to the Council's Social Value Toolkit where more information is provided regarding the Social Value themes, ideas of outputs and the borough's priorities.

2.9.2 All Social Value commitments that are agreed with the successful supplier will be contractually binding and these will be managed and reported on as a part to the Contract Management process.

2.9.3 The evaluation process will take note of the Council's legal obligation to consider Social Value under the Public Services (Social Value) Act 2012.

2.10 **London Living Wage (LLW)**

2.10.1 The provider is statutorily required to pay The UK Government's 'National Living Wage' to those over 23. It is recommended that The London Living Wage which covers all boroughs in Greater London.is met .

2.11 **How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**

2.11.1 Providers will be subject to Net Zero Carbon Audits and will be required to demonstrate their Carbon Reduction Plans. These will be factored into the new terms and conditions of the Contract.

3. Options Appraisal

3.1 **Option 1: Do Nothing -** This option is not viable because the Council is required to deliver statutory duties for children, young people and families through the Healthy Child Programme 0-19 service. In addition, NCMP which is an element of the programme is a mandated public health programme for the Local Authority. If the service ceases, access to health and social services for children, young people and families in the borough would be lost, and this would have a detrimental impact on their health, social and educational outcomes. There is also a reputational and financial risk to the authority by the potential failure to perform its statutory duty to deliver public health services for children 5-19 years.

3.2 **Option 2: Undertake a competitive process and the award contracts for separate 0-5 and 5-19 HCP -** This option does not achieve the intended aim of providing these services more effectively and efficiently through reducing the structural boundaries that could impede the seamless delivery of support and hamper good communication and skill sharing.

3.3 **Option 3: Undertake a competitive process and then award the contract for an integrated 0-19 HCP (preferred option) -** This is the option that will best deliver all the key elements of a fully integrated service tailored to the needs of the borough (as outlined in section 2.).

4. Consultation

4.1 Consultation commenced in January 2024 and included the following groups:

1- Community Groups for Families and Children

2- Staffing groups internal and external
3- Voluntary and Community Sector staff groups
4- Integrated Care Board partners
5- Public Health Director
6- Portfolio Lead
7- Legal, financial and procurement services

4.2 An online survey was launched on One Borough Voice (https://oneboroughvoice.lbbd.gov.uk/health-visiting-programme) and communication regarding the commissioning activity was placed on the Council's website (https://www.lbbd.gov.uk/healthychild). Summary headlines from the consultation will also be made available on this page.

4.3 A focussed workshop was held with young people on 30 January 2024 and a follow-up session will take place on 19 March 2024.

4.4 A focussed workshop was also held with parents and carers on 27 February 2024. Consultation with parents and carers with CYP with SEND is ongoing via Just Say Forum.

4.5 Commissioning plans are informed by ongoing consultation through the commissioning project group. This group includes key members from Social Care, Education, Domestic Abuse and Integrated Care Board.

4.6 The proposals in this report were considered and endorsed by the Procurement Board sub group on 5th March, approved as chair's action on 6th March and will be minuted in the procurement board meeting on 18th March 2024

5. Corporate Procurement

Implications completed by: Adebimpe Winjobi, Procurement Lead

5.1 This report is seeking approval for the Council to proceed with the procurement of a contract for Healthy Child Programme 0-19 (Health Visiting, School Nursing and National Child Weight Measurement Programme) commencing 1st January 2025 for a period of 3years initially with the option to extend for a further 2-year period on an annual basis in accordance with the Council's Contract Rules.

5.2 The service being procured falls within the description of services covered by The Health Care Services Provider Selection Regime (PSR). The procurement exercise will ensure compliance with the Council's Contract Rules and Provider Selection Regime.

5.3 In line with procurement principles, it is imperative that the contract is tendered in a competitive way and that the process undertaken is transparent, non-discriminatory and ensures the equal treatment of bidders.

5.4 The procurement team will provide the required support to commissioners throughout the entire process.

6. Financial Implications

Implications completed by Amar Barot – Head of Service Finance (14IM22022024)

6.1 This report seeks cabinet agreement that the Council proceeds with the procurement of a contract for the procurement of integrated 0-19 Healthy Child Programme for a total period of 5 years (3+1+1), inclusive of extension periods, with effect from 1st January 2025.

6.2 The total cost of the proposed contract will be £36,188,500 for the entire contract period or annual sum of £7,237,700. This includes funding for delivering health function within MASH. The annual contract cost is 12.4% higher than the average cost of the existing contract (circa £6,437,000). The increase in contract cost stems from recent review of Public Health Grant allocations, which provided uplift for the delivery of the Healthy Child programme to reflect the changing demographic profile of the borough, including the growth in the 0-19 population.

6.3 The cost of the service will be fully met from the ringfenced Public Health grant with no demand on other Council budgets. There is sufficient funding available within the grant.

7. Legal Implications

Implications completed by: Yinka Akinyemi – Contracts and Procurement Solicitor

7.1 This report is seeking approval for the Council to proceed with the procurement of a contract for the Healthy Child Programme 0-19 (Health Visiting, School Nursing and National Child Weight Measurement Programme) in accordance with the strategy set out in the report commencing 1st January 2025 for a period of 3years with the option to extend for a further 2-year period at an estimated value of £36,188,500.

7.2 The Report states that the Council will carry out a competitive tendering process via the Find A Tender Service (FTS) in accordance with the Health Care Services (Provider Selection Regime) Regulations 2023 (PSR) . The requirements for competitive tendering, as contained in the PSR and rule 10.2 of the Council's Contract Rules, should therefore be met, provided that the procedure is conducted in accordance with the PSR.

7.3 Clause 6.5 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. Cabinet can indicate whether it is content for the Strategic Director for Children and Adults, in consultation with the Director of Public Health and Cabinet Member for Social Care & Health Integration to award the contract following the procurement process as set out in this Report.

7.4 It is noted that the Transfer of Undertakings (Protection of Employment) Regulations 2014 will apply in respect of this Contract. The Legal Team will be on hand to provide advice in this regard and in relation to contract and procurement aspects as and when required.

8. Other Implications

8.1 Risk and Risk Management

Risk	Likelihood	Impact	Risk Categor y	Mitigation
Delay to/ failed procurement process	Medium	Medium	Medium	Set and follow a realistic timetable. Council to negotiate and vary contract with current provider in case of a delayed or failed procurement
Financial risk- bidders' prices higher than available budget	Low	High	High	Service specification to be realistic and have flexibility on requirements from providers. Negotiation with bidders to achieve a cost-effective service for the Council
Contract award decision challenged by unsuccessful provider(s)	Low	Low	Low	Procure contract in line with Council's contract rules and PSR. Liaise with legal and corporate procurement departments at all stages and ensure documentation is kept.
Provider fail to meet contractual obligations	Low	High	Medium	Clear set of KPIS and outcomes set out in service specification and agreed with provider. Robust and regular performance monitoring procedures, performance indicators and consequences of failure to meet them set out in service contract.

8.2 **TUPE, other staffing and trade union implications –** In the event of change in service provider, eligible staff currently employed in the service will transfer their employment to the new provider under the Transfer of Undertakings (Protection of Employment) Regulations 2014

8.3 **Corporate Policy and Equality Impact –** To support this procurement strategy an Equality Impact Assessment was completed and is attached at Appendix 1.

8.4 **Safeguarding Adults and Children -** The provision of this service would improve the wellbeing of children in the borough and reduce inequalities. The Council would ensure that the provider has in place the necessary safeguarding protocols, in line with Council Policy and applies the Frazier Guidelines and Gillick Competency where a young person is under 16.

All health visitor and school nursing services must be registered with the Care Quality Commission (CQC). This is a legal requirement as defined by the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

Health visitors, school nurses and their teams must meet the legal requirement for professional registration and revalidation. This must be in line with statutory requirements for practice issued by the Nursing and Midwifery Council (NMC) on revalidation requirements.

As per statutory guidance in Working together to safeguard children 2023: Health practitioners are in a strong position to identify welfare needs or safeguarding concerns regarding individual children and, where appropriate, provide support. This includes understanding risk factors, communicating and sharing information effectively with children and families, liaising with other organisations and agencies, assessing needs and capacity, responding to those needs, and contributing to multiagency assessments and reviews.

8.5 **Health Issues -** The proposal is in line with the outcomes and priorities of the joint Health and Wellbeing Strategy. The award of the contract should further enhance the quality and access of services, as well as user and patient experiences. The proposal will have a positive effect on our local community.

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

List of appendices:

- **Appendix 1** – Equality Impact Assessment

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COMMUNITY AND EQUALITY IMPACT ASSESSMENT

About the service or policy development

Name of service or policy	0 to 19 Healthy Child Programme
Lead Officer	Sue Ford

Why is this service or policy development/review needed?
This review is being conducted as the 0 to 19 Healthy Child Programme is being recommissioned. Research indicates continuing Inequalities in perinatal outcomes. Research published in the Lancet found significantly worse survival and health impacts were found for babies born to women from Black and minority ethnic groups across high and upper-middle-income countries, including the UK. Research consistently shows the drivers of health inequalities are the social, economic and environmental factors in which individuals live that have an impact on their health outcomes. The COVID pandemic exacerbated existing inequalities, with the cost of living and poor housing challenges in Barking and Dagenham further compromising outcomes for children. The mental health of young people is a profound concern across the UK. One in six children aged five to 16 were identified as having a probable mental health problem in July 2021, a huge increase from one in nine in 2017. That's five children in every classroom. The number of A&E attendances by young people aged 18 or under with a recorded diagnosis of a psychiatric condition more than tripled between 2010 and 2018-19 . 83% of young people with mental health needs agreed that the coronavirus pandemic had made their mental health worse.

Community impact (this can be used to assess impact on staff although a cumulative impact should be considered).

What impacts will this service or policy development have on communities? *Look at what you know. What does your research tell you?* *Please state which data sources you have used for your research in your answer below* *Consider:* *National & local data sets* *Complaints* *Consultation and service monitoring information* *Voluntary and Community Organisations* *The Equality Act places a specific duty on people with 'protected characteristics'. The table below details these groups and helps you to consider the impact on these groups.* *It is Council policy to consider the impact services and policy developments could have on residents who are socio-economically disadvantaged. There is space to consider the impact below.*
In 2021, 44.9% of people in Barking and Dagenham identified their ethnic group within the "White" category while 21.4% identified their ethnic group within the "Black, Black British, Black Welsh, Caribbean or African" category. 25.9% of Barking and Dagenham residents identified their ethnic group within the "Asian, Asian British or Asian Welsh" category,

Barking and Dagenham in 2019 had the highest IMD score in London. Gascoigne, Heath, Thames and Village wards all have neighbourhoods amongst the 10% most deprived in the country. Barking and Dagenham has the highest proportion of children (0–17) in the UK with 29.9% under 18. It has the highest proportion of under 5s in the UK at 8.8%. Across Barking and Dagenham there has been rising complexity and acuity in the children and young people population. Some indicative statistics from the year 22-23 are: * 83% rise in EHCP requests for under 5s. * 14.5% rise over 2 years in number of CYP under 18 accessing support by NHS funded community services (at least one contact) * 51.4% rise over 2 years in Number of admissions of CYP under 18 in Child and Adolescent Mental Health Services tier 4 wards * 48.4% over 2 years in Number of women and birthing people accessing specialist community perinatal mental health services (including MMHS) * ONS Figures for 0 to 19 population are 69,458 in 2023. Latest Active numbers on the 0 to 19 caseload are 77,722 Barking and Dagenham has: • the highest birth rate in England and Wales • highest rate of premature mortality in London • almost half of children living in households on the poverty line - 46% • the highest levels of Year 6 overweight and obesity in England and second highest in London for reception aged children • the highest police-reported rates of domestic abuse in London. • the lowest percentage of flats in London that have access to a garden at 54.2%. • higher than national average of young carers -1 in 12 secondary school aged children • Between 2017-2021 number of CIN from 1,187 to 1,802 • Significantly higher numbers of young people entering the criminal justice system for first time.
Data Sources ONS NHS Mental health Dashboard Barking and Dagenham Insights Team Barking and Dagenham Public health – JSNA OHID Fingertips NHS NCMP Data

Potential impacts	**Positive**	**Neutral**	**Negative**	**What are the positive and negative impacts?**	**How will benefits be enhanced and negative impacts minimised or eliminated?**
Local communities in general	P			Sustain universal public health support for all children and young people and their families aged 0-19. Increase health support and education related to child development, immunisation, infant feeding, perinatal mental health, emotional health and wellbeing ,	Contract management and outcomes framework. 1 year contract development period with commissioner and provider focussed work on key challenges.

				readiness for school and transition to adult services. Contribute to early Help and safeguarding.	New monthly data and contract meetings to increase commissioner oversight.
Age	P			The service will ensure universal and targeted public health services to all children, young people and their families. Services are offered to all and by referral from GPs, schools or self-referral.	Service will be offered across community locations and in the home alongside a digital service offer.
Disability	P			The service is universal and is delivered either in the home or in accessible community locations. Staff are specialist nurses and will act as liaison between paediatric and other specialist services, families and other professionals.	Support for children and families is assessed on individual need and adapted accordingly. Staff are specialist Public Health nurses. Service is inspected by CQC.
Marriage and Civil Partnership	P			The service is universal to all families with a child aged between 0-19 regardless of family make up or circumstance.	
Pregnancy and Maternity	P			The service delivers 5 mandated child development checks alongside the mandatory national child measurement programme. The Healthy Child Programme is informed by evidence and national guidance focussed on maternity and early years high impact areas.	Contract monitoring of reach and quality across mandated and non mandated developmental checks and maternal wellbeing.
Race (including Gypsies, Roma and Travellers)	P			Cultural competence is a core principle of delivery of a 0 to 19 service. It is an essential component in working to reduce health disparities. Cultural identity or heritage can cover a range of things. For example, it might be based on ethnicity, nationality or religion.	Evidence of CPD in cultural competence across workforce. Evidence of culturally sensitive practice relating to identity of service users.
Religion or Belief	P			Cultural competence as outlined above.	Cultural competence as outlined above.
Sex	P			Services for fathers are underrepresented currently and will be a focus for outreach and community services in this contract.	Ensure voice of fathers is heard and used to support service development through ongoing consultation and participation.
Sexual Orientation	P			The service is universal to all families with a child aged between 0-19 regardless of family make up or circumstance. Cultural competence as above.	Request case studies from LGBTQ+ families to ensure quality of service

Socio-economic Disadvantage	P			**Child poverty** is amongst the highest in London boroughs and the country: 46% of children live in households on the poverty line. **Poor quality of housing:** Waiting list for housing are some of the largest in the country.	Enable close working with community groups and collaboration with welfare and employment agencies to share resources and skills. Provide specialist homeless nursing services through a nursing lead to address specific concerns related to housing quality, particularly around safe sleeping for babies, emotional health and wellbeing, and communicable diseases.
Any community issues identified for this location?	P			The Best Chance Strategy clearly defines the challenge for our borough in relation to children and young people: **Second highest under 18 years conception rate** in London. **Highest rate of premature mortality** in London, with 449 deaths per 100,000 people aged below 75, compared to 316 for London overall. **Highest proportion of children (0–17) in the U**K: almost three in ten residents (29.9%) are under 18. **Highest proportion of under 5s in the UK:** 8.8%. **Higher than national average of young carers in B&D**: approx. 1,800 young carers in B&D; 1 in 12 secondary school aged children are young carers. **Highest levels of Year 6 overweight and obesity in England**.	Ensure our 0 to 19 reporting from contract monitoring and case studies advocates for our population as well as sharing what works. Enable an external evaluation process to understand what works, for who and under what circumstances to inform future strategic development and business cases as needed. Recruitment and retention for SCPHN is nationally challenging – LBBD has further challenge of Outer London Borough weighting. Workforce development will form key aspect of the contract.

CABINET

19 March 2024

Title: Specialist Intervention Service (SIS) Family Contact Framework	
Report of the Cabinet Member for Childrens, Social Care and Disabilities	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Mazeda Bellevue – Commissioning Manager	**Contact Details:** Tel: 020 8227 5466 E-mail: mazeda.bellevue@lbbd.gov.uk
Accountable Director: Ellaine Allegretti, Strategic Director Children's Care and Support	
Accountable Executive Team Director: April Bald, Operational Director Childrens Care and Support	

Summary:

London Borough of Barking and Dagenham has a duty to promote reasonable contact under section 34 of the Children Act 1989. Section 34 places a duty on Local Authorities to allow the child in its care, reasonable contact with their parents and 'other persons' prescribed within s34 (1) of the act.

The Specialist Intervention Service (SIS) Family Time Family Contact Team is responsible for the implementation and delivery of supervised contact for children and their parents, in line with court ordered supervised contact arrangements while care proceedings are ongoing, or when they are subject to a Care Order under Section 31 of the Children Act 1989. The team also delivers contact for children accommodated under Section 20 of the Children Act 1989

The Family Time Family Contact Team uses a mixed model to deliver Family Contact services for the London Borough of Barking and Dagenham. This comprises of an inhouse Family Contact Team and the use of externally commissioned accredited Family Contact providers through a Framework Agreement. The quality of services being delivered through external providers is generally of a good standard and the SIS Family Time Family Contact Team have developed and maintained effective relationships with all providers being used.

Over the last three years, there has been an increase in the demand in the numbers and frequency of court ordered supervised contact. As a result of this, the Family Time Family Contact Team have had to increase the use of externally commissioned providers as the in-house Team alone, does not have capacity to fulfil demand.

The current Family Contact Framework Agreement is due to expire on the 31st May 2024 in line with the 'call off contracts' in place with providers, which also expire on the 31st May 2024. It is being proposed that the current 'call off contracts' in place with providers,

be extended until the 31st August 2024 to allow sufficient time to undertake a new procurement exercise. The new Framework will be for a period of four 4 years.

Approval is required to commence a further procurement exercise to be compliant with the Councils Contract Rules and the Public Contract Regulations 2015.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree for the Council to proceed with the establishment of a of a four (4) year framework contract for the provision of SIS Family Contact Services and invite providers to apply to be on the Framework, in accordance with the strategy set out in this report.

(ii) Agree for the Council to enter into two (2) new 'call off contracts' under the current framework for a period of two years (2) years.

(iii) Approve a new waiver on grounds 35.5 (g) of the Council contract rules (for below threshold contracts), to extend contracts for three providers (on preferred providers list) for a period of three (3) months commencing 1st June 2024 until the 31st of August 2024.

(iv) Delegate authority to the Strategic Director of People and Resilience, in consultation with the Cabinet Member for Children's Services and Disabilities, the Chief Operating Officer, and the Director of Law and Governance, to award and enter into the access agreement and all other ancillary call-off agreements upon conclusion of the procurement process when required.

Reason(s)

- To enable the Council to fulfil its statutory duties as prescribed in accordance with the Council's Contract Rules for 'light touch regime' contracts;
- To support the Councils priorities in ensuring residents are safe, protected, and supported at their most vulnerable (Priority 2: LBBD Corporate Plan 2023 - 2026);
- To support the Council to deliver a robust Early Help and edge of care offer for Children and young people as outlined in LBBD's Looked After Children and Care Leavers Sufficiency Plan 2021 – 2025; and
- To provide an appropriate, best-value service that delivers excellent outcomes for children and young people in care.

1. Introduction and Background

1.1. The London Borough of Barking and Dagenham has a duty to promote contact under section 34 of the Children Act 1989. Section 34 places a duty on Local Authorities to allow the child in its care, reasonable contact with their parents and 'other persons' prescribed within s34 (1) of the act.

1.2. Supervised contact takes place for children separated from a parent because they have suffered or are at risk of suffering harm. Maintaining contact with a parent/guardian helps to promote a child's physical safety and emotional well-being.

1.3. Where a child or young person has been separated from their parent's, supervised contact is facilitated through the Specialist Intervention Service's Family Time Contact Team who provide supervised contact in a safe and neutral place for children looked after by the local authority to meet their parents or extended family in line with court ordered supervised contact arrangements, or arrangements where children are accommodated under Section 20 of the Children Act 1989.

1.4. Family contact is organised to ensure the safety of the child/children through a risk assessment that then structures each contact.

1.5. The Family Time Contact Team is responsible for sourcing supervised contact in a safe and welcoming place for children to spend time with their parents or extended family in line with court ordered supervised contact arrangements while care proceedings are ongoing, or when they are subject to a Care Order under Section 31 of the Children Act 1989 or accommodated under section 20 of the same Act.

1.6. The aim is to provide a safe space for children and their families to spend time with each other, helping children form, develop and maintain positive links with their families and other significant people in their lives. Family Time Contact workers observe, record, participate and intervene in this process as appropriate, to help this family time to be as positive as possible. family Time Contact workers also support parents who may need help to develop their parenting skills in line with the child's welfare.

1.7. The majority of these sessions take place in Barking and Dagenham venues such as Mayesbrook House, community hubs, children centres and other local venues, including in the community. Some sessions also take place outside of the borough due to children being placed further away.

1.8. The level of contact for these families is directed by the courts and can range from between 1 to 4 hours per session, between 1 to 7 times a week and once/twice a month or sometimes once or twice annually. The level and frequency of contact can also increase and decrease dependent on court direction and or the plan of the child. The current frequency of sessions per family is averaging at around 2 to 3 per week/per family.

1.9. The SIS Family Time Contact Team delivers family time contact via a mixed model which comprises of both an inhouse Family Contact service and the use of externally commissioned accredited Family Contact providers.

1.10. In February 2021, the Council approved a request to commission several accredited family contact providers via a Framework Agreement for a period of three (3) years, as the inhouse service did not have the capacity to meet the level of demand for Family Time Contact across Childrens Social Care. A procurement exercise was undertaken, and three (3) providers joined the framework which commenced in June 2021.

Referrals and Capacity

1.11. Since June 2021, there has been around a 100% increase in contact referrals coming through to the SIS. To meet the increased referral demands, additional accredited providers were sourced to be used 'off framework' on a spot purchase basis. Reduced fees and rates were negotiated by the Commissioner and a waiver was approved by the SIS HOS, to award three (3) further contracts to local Family Contact providers on a spot purchase basis to run alongside the Framework Agreement on a preferred providers list. These providers have been used when Framework Providers have been unable to offer services to meet the demand.

1.12. The Family Time Family Contact Team has also seen an increase in referrals for the number of children and young people who are placed **outside of the borough**. The current Framework does not have any Providers that can cater to the needs of children who are placed outside of the borough, therefore further work has been completed by Commissioners to source out of borough Providers, undertaking due diligence and negotiating reduced costs where possible to ensure the council is getting value for money.

Referrals Data

1.13. Table 1 below, shows the current number of families that have accessed Supervised Contact through the SIS Family Contact Service since the Framework commenced.

1.14. The figures include families that have been supported through both commissioned providers and the SIS in-house team. The table does not count the number of sibling groups each family may have, which can be multiple children where supervised contact is required to be delivered on different days, times etc.

Table 1

Total No. of Families Supervised contact has been provided to:	
June 21 - May 22	119
June 22 - May 23	127
June 23 – Oct 23	105

1.15. Table 2 shows the current number of supervised contact hours that have been allocated and delivered during the Framework being in place. A breakdown is provided illustrating the number of hours allocated both in-house and to external providers.

Table 2

Allocation of Supervised Contact hours:			
Financial Year	**In-house**	**External**	**Totals**
Apr 2021 - Mar 2022 (12m)	7,450	1,900	9,350
Apr 2022 - Mar 2023 (12m)	7,054	5,739	12,793
Apr 2023 - Nov 2023 (8m)	6,004	5,503	11,507

1.16 Table 2.1 shows the percentage breakdown of allocation between in-house and external providers.

Table 2.1.

Percentage (%) Breakdown of Contact hours:		
Financial Year	**In-house**	**External**
Apr 2021 - Mar 2022 (12m)	79.6%	20.4%
Apr 2022 - Mar 2023 (12m)	55.1%	44.9%
Apr 2023 - Nov 2023 (8m)	52.2%	47.8%

Current Spend

1.17. The current spend to date on the Framework Agreement has exceeded the current Framework value, which stands at £180,000 over 3 years. This has been largely due to the increasing number of referrals coming through the SIS for supervised Family Time Contact which is influenced by decisions made at court. This limits the way in which we can forecast the number of referrals that will come through to predict spend. Furthermore, each contact differs in terms of cost, frequency and duration which also impacts on the final spend. Further details can be found in Table 3 at 2.2 of this report.

1.18. Other factors such as availability to allocate in-house can also be challenging, particularly during periods where there are staff absences as these referrals will then be allocated externally. Additionally, there is a need for continuity, therefore once a family have been allocated to an external provider, the family will remain with that provider until the duration of the contact comes to an end.

1.19. It is worth noting that when the Framework was initially set up, allocations to providers were only made if the in-house service were unable to meet the needs, using providers to cover 'one off' instances on an 'as and when required' basis. Contact sessions with Providers were also cancelled by the SIS, (within 2 hours agreed timescales) if an in-house staff member became available. This approach caused some challenges with Providers who started rejecting allocations/referrals as they felt they were not being given substantial levels of work to continue to be financially viable. To address this issue, families where the needs could not be met in-house were allocated to Providers to deliver continued consistent sessions for the duration of the contact.

New Procurement Exercise

1.20. The current Framework Agreement is due to expire on the 31st of May 2024; approval is therefore required to commence a further procurement exercise to be compliant with the Councils Contract Rules.

1.21. The current 'call off contracts' with providers have expired with providers working on an implied contract. Commissioners have sought advice from colleagues in Legal and it has been advised that new contracts are entered into and called off of the framework. These will be awarded in accordance with the terms of the framework and to those providers who have been delivering services. Call offs with the suppliers must be entered into before the framework expires on 31 May 2024. The contracts have a term of around two (2) years. The new call off contracts will commence from January 2024 and expire in December 2025. This will allow the SIS

Family Time Contact Team to continue to use these providers beyond the framework expiry date and allow sufficient time to undertake a full procurement exercise without service delivery being impacted.

1.22. A new waiver will also be completed to seek an extension to the current contracts of three providers, who are delivering services on a spot purchase basis. The current three contracts shall be extended until the 31st August 2024 (waiver permitted), as those contracts are due to expire on the 31st of May 2024. This will enable the SIS Family Time Contact Team to continue to use these providers also.

1.23. The new Framework will be for a period of 4 years and would be expected to be in place with delivery commencing on the 01st of Sept 2024.

1.24. The contracts will have no minimum value as service will only be sought when required. The final value of the contract will depend on the number of referrals made (if any) to the provider.

2. Proposed Procurement Strategy

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

2.1.1 The service being procured is for the Provision of Family Contact Services and will be aimed at Providers who are registered and accredited by the National Association of Child Contact Centres (NACCC).

2.1.2 London Borough of Barking and Dagenham will invite expressions of interest from suitably qualified Family Contact providers interested in joining a Framework Agreement to provide services.

2.1.3 The Council will select suppliers to provide services via a “direct call-off”. If a direct ‘’call off’’ is not feasible then a mini competition will be held with the providers within the specific category to ensure that the most suitable provider is selected, the selection will be based on price, quality, and the needs of service users.

2.1.4 The service will provide supervised family time contact as directed by the child’s plan, for looked after children living in Barking and Dagenham and for children placed outside of the borough. The service will provide supervised family time contact across Barking and Dagenham and outside of the borough in a variety of settings such as Contact Centres/Community Hubs, in community settings and in the Providers own venue (if required).

2.1.5 The service will provide family time contact supervisors children referred to them, including at short notice. Providers will have sufficient staffing capacity to deal with the number of referrals made to them to ensure continuity of service with limited disruption.

2.1.6 The service will operate between 09:30am – 18:00pm Monday to Friday and 09:30am – 18:30pm on the weekends.

2.1.7 The service will be expected to complete observations and write reports (in the style of a letter to the child) for each session.

2.1.8 The service will meet Family Time Contact Practice Standards and promote and sustain the child's relationship with their family, in an environment that allows them to spend quality time to connect and interact.

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

2.2.1 The contract will be a Framework Contract that will have no minimum value. No commitment to expenditure by the Council will be stipulated within the contract itself. Expenditure will only be incurred when referrals are made. Table 3 illustrates current spend for using external providers to deliver supervised contact.

2.2.2 Spend in year 1 (2021 – 2022) appears to be significantly lower than year 2 and 3. This is a result of invoices being submitted late by providers.

2.2.3 This includes spend for providers 'on and off' framework, such as providers on our 'preferred providers list' that are spot purchased (with contracts in place) and spend incurred for 'out of borough' supervised family time contact sessions which are also spot purchased.'

2.2.4 **Table 3**

Current Spend on external FC providers	
Financial Year	**Spend**
2021 - 2022	£57,189.75
2022 - 2023	£195,009.38
Projected spend for 2023/2024	£206,510.34
Total spend	**£458,709.47**

2.2.5 Based on the projected spend for financial year 23/24 (£206,510.34), it is estimated that the total framework contract over four (4) years would be in the region of £826,041.36 (£206,510.34 per annum). During the Christmas break period, the frequency and volume of contacts are known to increase, which may also affect projected costs.

2.2.6 This figure may be subject to increase as uplift requests made by providers will be considered in year four (4) of the contract. It is worth noting that no uplift request has been made to date, under the current contracts in place.

2.3 Duration of the contract, including any options for extension

2.3.1 The Framework Agreement will be for a period of four (4) years commencing 01st September 2024 until 31st August 2028. With no option to extend beyond the fourth year.

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

2.4.1 Yes, The Contract is subject to the Public Contracts Regulation and the contract is considered a 'light touch regime contract' under current procurement legislation. As the procurement will be undertaken under the Light Touch Regime, it will be subject to the full rigor of the Public Contracts Regulations 2015, and we will ensure that the procurement is open, transparent, and fair

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The tender procedure will be conducted in compliance with the Council's Contract Rules. Framework Agreements/Contracts - Procurements from Frameworks are exempt from the full application of the Contract Rules (March 2023), provided the framework has been properly procured under the Regulations and the procurement is made in accordance with the Framework's terms and conditions. Contract Rule 10.2 will be adhered to.

2.5.2 This will be a single stage tender using the Open Procedure and making the process less onerous, to encourage interest from SME's and Social Enterprises to submit a tender for this Framework contract. The tendering of this service will be advertised on Find a Tender, the Council's e-tendering portal (Bravo), Contracts Finder and the council's website. This route has previously worked well: providers engaged with, and had no issues with, the way in which the procurement procedure was administered.

2.5.3 There are a number of advantages to a contractual framework over spot-purchasing:

- Quality assurance can take place both with regard to statistical returns, as well as regular meetings with providers.
- Good practice and training opportunities can be shared amongst providers and forums held with local partners.
- Good quality services should lead to more consistent, needs-focused service provision for families.
- A pre-agreed pricing structure that commits the providers to maintain their base prices across the term of the contract.
- Guaranteed pricing structure.

2.5.4 A Framework Agreement, would have additional advantages. It would not oblige the local authority to purchase any particular volume from a provider. The Council will select suppliers to provide services via a "direct call-off". If a direct ''call off'' is not feasible then a mini competition will be held with the providers within the specific category to ensure that the most suitable provider is selected, the selection will be based on price, quality, and the needs of service users. The 'call off' contract would be for a term that can range for a couple of weeks, months or years based on the needs of service users.

2.5.5 The Framework Agreement will be advertised (as above) and London Borough of Barking and Dagenham will invite expressions of interest from suitably qualified Family Contact providers interested in joining a Framework Agreement to provide services. Interested parties will be invited to tender on the basis of a compliant tender.

2.5.6 Providers will be required to submit Tender Submission Documents via the Council's e-tendering portal (Bravo) link and will be asked to meet minimum standards, as well as completing method statements responding to set questions under the following headings as to how they will deliver services outlined in the specification.

- Service, Delivery and Design
- Recruitment, Expertise and Credentials
- Health, Safety and Safeguarding
- Quality Assurance
- Equalities

2.5.7 A pricing schedule will also be completed by providers. Corporate Procurement will work with the Service in order to ensure the correct balance is found between ensuring the tender documents are ‘light’ enough to not be perceived as a barrier to local and/or SME providers, whilst also being robust enough to ensure that the correct quality/price is achieved.

2.5.8 Providers will also complete a Social Value assessment which will identify a commitment to a minimum of two themes set out in LBBD’s Social Value Policy in line with the goals of the borough manifesto.

2.5.9 An evaluation of all full and compliant tenders received will take place once the deadline has passed for submission. To ensure that the quality of the service is satisfactory, there will be a pass threshold and a minimum quality and price score that provider(s) must meet to be admitted on to the Framework. This approach will ensure that only providers that are of good-quality and are price-competitive are placed on the framework.

2.5.10 The evaluation will involve participation of key stakeholders within children’s social care (corporate parenting), children’s commissioning, placements team including colleagues from housing and a young people’s panel who will be supported to form part of an independent evaluation panel.

2.5.11 Following the evaluation of the tenders, providers will be advised if they have been successfully placed on the Framework. This will result in a shortlist of preferred providers.

2.5.12 The Family Contact Managers (who are responsible for coordinating the delivery of externally used providers), will select suppliers to provide services via a “direct call-off”. If a direct ‘’call off’’ is not feasible then a mini competition will be held with the providers within the specific category to ensure that the most suitable provider is selected, the selection will be based on price, quality, and the needs of service users.

2.5.13 It is anticipated that this re-tender will be advertised on 01st March 2024 with the tender exercise and contracts awarded by Sept 2024

Proposed Procurement Timetable

Activity	Completion Date
Report submitted to pre procurement group	28th Dec 2023
Report Considered at pre procurement group	08th Jan 2024
People and Resilience Management Group (PRMG)	11th Jan 2024
Report submitted to Procurement Board	09th Jan 2024
Report considered at Procurement Board	15th Jan 2024
Report submitted to Cabinet	29th Feb 2024
Portfolio – Cllr Jones	05th Mar 2024
Report considered at Cabinet	19th Mar 2024
Prior Information Notice	25th Mar 2024
Advertise Tender on Bravo	08th Apr 2024
Deadline for provider Queries	31st May 2024
Tender closes	07th Jun 2024
Download Tenders from Bravo	10th Jun 2024
Evaluation of Tenders	11th Jun - 05th Jul 2024
Provisional notification of successful providers	12th Jul 2024
Alcatel (10-day standstill period)	12th Jul - 22nd Jul 2024
Award Report – sign off	31st Jul 2024
Send Contracts to successful providers for signing	2nd Aug 2024
Contracts Sealed	16th Aug 2024
Contract Start Date	1st Sept 2024

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

2.6.1 The contract will be delivered by external providers. The type of contract that will be used will be both a Framework Contract and a ‘call off contract’. The Framework Agreement will have a 6-month break clause and the ‘call off contracts will have a 3-month break clause. All contracts will be discussed with colleagues in both procurement and Legal services. Local providers on our ‘preferred providers list’, including regularly used ‘out of borough’ providers will be encouraged to apply to be on the Framework.

2.6.2 Local Providers will deliver services from Council premises including venues which have been identified as suitable for contact to take place in. This may also include the Providers premises if required. Out of borough Providers will be required to deliver contact from their premises or attend premises/venues sources by London Borough of Barking and Dagenham to deliver contact sessions.

2.6.3 The day-to-day delivery will be managed by the operational team (SIS Family Time Contact Managers), with oversight from the SIS Head of Service. Providers will complete quarterly monitoring reports (where services have been delivered), demonstrating outcomes that have been achieved. The Commissioning Manager will undertake quarterly monitoring meetings with Providers jointly with the SIS Family Time Contact Managers to ensure the quality and effectiveness of the service is kept under review.

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

2.7.1 There will be no direct savings relating to service provision however, the service will play a significant role in assisting the Council to fulfil its commitment to providing Family Time Contact.

2.7.2 The framework contracts will allow the council to deliver Family Time Contact Services to:

- provide a safe and neutral place for children to meet their parents or extended family in line with supervised contact arrangements.
- to ensure the safety of the child/children through a risk assessment that then structures each contact.
- provide a safe space for children and their families through Contact Supervisors who observe, record and participate, as appropriate.

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

2.8.1 The price/quality ratio upon which contracts will be awarded will be 45% Quality, 45% Price, 10% Social Value. Providers will be ranked based on their tender submission and presentation scores.

2.8.2 This price/quality split has been arrived at to ensure a framework of providers of sufficient quality will equal weighting on the Price to allow for Contracts to be awarded on the basis of the most economically advantageous tender. The Tender documentation will make it clear that no direct award will be made to those organisations that are too expensive and we will be able to award based on price at the call-off stage if this is more tangible.

2.8.3 The evaluation of the Tenders will include key operational colleagues to take part in the evaluation of the Tender Submission Documents (method statement) to ensure that the quality, price and social value delivery is satisfactory.

2.8.4 Discussion with Legal and Procurement colleagues will take place to ensure the scoring for each method statement heading (Service Delivery and Design, Recruitment Expertise and Credentials, Health Safety and Safeguarding and Quality Assurance and Equality) is compliant. There will be a pass threshold and a minimum quality score will be set that provider(s) must meet to be considered for the Framework.

2.8.5 Once a decision has been made to notify bidders of contracts to be awarded, a 10-day Alcatel standstill period will commence (in compliance with the Public Contracts Regulations 2015), to give suppliers an opportunity to challenge the decision.

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

2.9.1 Social Value will contribute to 10% of the overall scoring during the evaluation.

2.9.2 LBBD's social value toolkit will be shared as part of the Tender Documents. Providers will be given two social value themes to focus as part of the Social Value Toolkit 'Investment in Local People' and 'Investment in Local Economy' as it is felt that these themes will have greater impact and be more achievable for both local and out of borough providers who may apply.

2.9.3 Providers will be expected to complete method statements and delivery plans on how they will contribute to social value within LBBD. Information will be clear in explaining that social value commitments will be in addition to expectations outlined in the contract. Templates for both the Method Statement and Delivery plan will be provided, outlining clear and measurable outputs, timescales and information on who will be responsible for overseeing the delivery.

2.9.4 Successful providers will be subject to contract monitoring which will oversee how the provider is meeting their Social Value commitments outlined in their social value delivery template and method statement.

2.10 **How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**

2.10.1 Providers will be subject to Net Zero Carbon Audits and will be required to demonstrate their Carbon Reduction Plans. These will be factored into the new terms and conditions of the Contract.

3. Options Appraisal

3.1 **Option 1: Spot Purchase**

3.3.1 The Council could spot purchase these services from their current suppliers. There would be a high degree of financial risk associated with this option, as spot purchasing will often be the most expensive method of purchasing. This could expose the Council to potential price increases and deficit budgetary positions. This method of purchasing does not require a long-term contract; therefore, suppliers could change their terms with little or no warning which could essentially impact on the quality, continuity, and consistency of the service being delivered to our families.

3.3.2 Without contracts in place, we cannot enforce DBS (Disclosure and Barring Service) checks being mandatory, or that service providers have the correct policies and procedures in place. This option is not recommended.

3.2 **Option 2: Join an existing Framework Agreement**

3.2.1 There are no suitable existing frameworks in place that the LBBD can call-off.

3.3 Option 3: In-House Model of Delivery

3.3.1 The current staffing establishment of in-house Team comprises of a Team Manager, eight full time family time contact supervisors, one part time supervisor, and two-family time contact managers who coordinate contact for both inhouse and external delivery of Family Time Contact.

3.3.2 Currently there are two full time family time contact supervisors on long term sick and one part time family time contact supervisor post which has been vacant for over four months impacting on overall capacity to deliver services internally. Recruitment is under way.

3.3.3 The in-house family time contact supervisors deliver 35 hours of contact each per week, Monday to Friday, and work between the core hours of 9am to 5pm or 10am to 6pm. Any weekend hours undertaken are subject to overtime and take place on a Saturday only.

3.3.4 Only two in-house family time contact supervisors are allocated to work at the weekend with low-risk families out in the community (not in a venue setting) which means a maximum of two families can be supported at any one time.

3.3.5 Over the past year, the SIS have seen an increase in 'after school contacts', which average around 10 contacts/families per day (although on some days this can increase to 15 or more), which already exceeds the number of available in-house family time contact supervisors available. Taking into consideration staff sickness, leave, bank holidays, training, flexible working hours etc. and consideration of staff ratios per contact (some higher risk or new families may require more than one supervisor) this further reduces the availability of in-house staff in relation to the volume of referrals/contacts that is required to be delivered.

3.3.6 With current frequency of contacts averaging around 2 to 3 sessions per week per family, allocating exclusively in-house would not be possible with the current staffing establishment.

3.3.7 As shown earlier in Table 2 and 2.1 (also below); the number of allocations being made to external providers has been increasing year on year. As explained within the report, the predominant factor in this is largely due to capacity issues within the in-house.

Allocation of Supervised Contact hours:			
Financial Year	**In-house**	**External**	**Totals**
Apr 2021 - Mar 2022 (12m)	7,450	1,900	9,350
Apr 2022 - Mar 2023 (12m)	7,054	5,739	12,793
Apr 2023 - Nov 2023 (8m)	6,004	5,503	11,507

Percentage (%) Breakdown of Contact hours:		
Financial Year	**In-house**	**External**
Apr 2021 - Mar 2022 (12m)	79.6%	20.4%
Apr 2022 - Mar 2023 (12m)	55.1%	44.9%
Apr 2023 - Nov 2023 (8m)	52.2%	47.8%

3.3.8 Current in-house staffing costs are outlined below in Table 4. The unit cost includes oncosts.

3.3.9 **Table 4**

Job Title	Hours per week	Unit Cost	Total Cost
Team Manager (x1)	35	£75,321	£75,321
Family Time Contact Manager (x2)	35	£58,533	£117,067
Family Time Family Contact Worker (x8)	35	£41,914	£335,312
Family Time Family Contact Worker (x1)	17.5	£20,957	£20,957
Totals	**367.5**	**£196,725**	**£548,657**

3.3.10 To meet the demand exclusively through an in-house Family Time Contact offer, the Council would need to increase the current staffing establishment (Family Time Contact Worker/supervisors) by a minimum of 50% with the current volume and frequency that is required to be delivered. That would equate to another 4.5 supervisors, increasing staffing costs to another **£178K** per annum, taking the total cost of the in-house service to around **£716,657** per annum. This does not include Family Time Contact Managers' time who would need to be available in the event of any issues or safeguarding concerns arising.

3.3.11 In addition to this, further considerations would need to be made to changes that would need to take place to existing staff contracts as changes would need to be made to factor in both bank holiday, weekend and after school hours. This would need to be done in consultation with trade union representatives and Human Resources.

3.3.12 The Council would also need to factor in additional costs such as venue hire during weekends and after school. Although some of these could be delivered from Council owned buildings, the cost of keeping the building open e.g. caretaking costs, heating, lighting etc. would need to be considered.

3.3.13 The total combined cost for the SIS Family Time Contact Service (using both in-house and external providers) is currently in the region of £755,167.34 per annum, whilst this cost is marginally more expensive than an in-house service, it is worth noting that the costs for an all-inclusive in-house service, do not reflect additional costs that may need to be factored in such as management costs, training, staff benefits, pensions, expenses, venue/premises etc.

3.3.14 By using external providers to deliver services, the Council would be able to relinquish a portion of this responsibility to an external provider via a Contract. It would be easier to end a contract if performance is not satisfactory with an external provider rather than having to go through an internal restructure and redundancies if the whole service was bought in-house.

3.4 **Option 4: Dynamic Purchasing System (DPS)**

3.4.1 A DPS is an electronic system established to purchase goods and services. It is similar to a framework however is open to new suppliers throughout the lifespan of the DPS. DPS can be open to new providers for up to a specified period of time so there is no cut off period for new entrants.

3.4.3 The benefit of the DPS is that suppliers can enrol throughout the life of the DPS. This would be particularly advantageous for children who are placed outside of the borough as it means a provider can join at any time, unlike a framework agreement where new providers cannot join.

3.4.4 Providers would be required to meet a minimum quality standard and therefore value for money could be delivered with lower unit costs. As like a Framework agreement there is no obligation to spend on a DPS.

3.4.5 This option was considered as a potential route to market, however, there have been discussions with procurement colleagues that the process can be quite labour intensive.

3.4.6 As a DPS is a relatively new tool, there is a need for further understanding of how this could benefit the Council. This option could be considered in the future, once further investigations have taken place.

3.5 **Option 5: Framework Agreement**

3.5.1 It is felt the best viable option for the service to continue delivering an effective Family Time Contact service is to continue to adopt the previous procurement method of using a Framework Agreement.

3.5.2 This appears to have worked well to date, as multiple providers can be commissioned for larger numbers of families as and when required with no long-term commitment. This increases availability and allows more choice in deciding which provider is best suited to deal with the need of families. As many of the local providers also have their own venue, this offers further options to hire local venues at a reduced cost when a suitable venue cannot be found or is not available.

3.5.3 Having multiple providers on a framework also helps to drive costs down as providers are competing against each other.

3.5.6 It is anticipated that current providers who have been awarded contracts under a spot purchase agreement will also join the Framework. These providers have indicated a preference to be part of any new Framework Agreement. The Framework will also include Providers who deliver supervised contact outside of the borough.

3.5.7 There are a number of advantages to a contractual framework over spot-purchasing:

- Quality assurance can take place both with regard to statistical returns, as well as regular meetings with providers.

- Good practice and training opportunities can be shared amongst providers and forums held with local partners.
- Good quality services should lead to more consistent, needs-focused service provision for families.
- A pre-agreed pricing structure that commits the providers to maintain their base prices across the term of the contract.
- Guaranteed pricing structure.

3.5.8 A Framework Agreement, would have additional advantages. It would not oblige the local authority to purchase any particular volume from a provider. The Council will select suppliers to provide services via a “direct call-off”. If a direct ‘’call off’’ is not feasible then a mini competition will be held with the providers within the specific category to ensure that the most suitable provider is selected, the selection will be based on price, quality, and the needs of service users. The ‘call off’ contract would be for a term that can range for a couple of weeks, months or years based on the needs of service users.

3.6 **Option 6: Cease to provide.**

3.6.1 This is not an option as the Council has a legal duty to provide Family Contact for children and young people who are subject to an Interim Care order, section 20 or Full Care Order.

4. Waiver

4.1 A new waiver is required as outlined in 1.22 to extend the spot purchasing contracts for the three (3) providers on the ‘preferred providers list’ that are currently being used (off framework) to deliver Family Contact services as these contracts are due to expire on the 31st of May 2024. The average spend across all three providers over from the period of April 2023 to Dec 2023 totals £10,619.36 per month.

4.2 The waiver will seek approval for the contracts to be extended for a period of three months with a total contract value of £31,858.09 from the 1st June 2024 until the 31st August 2024, to align with the commencement of the new framework. As the value of the waiver/contracts will be below the Councils threshold, the grounds for which the waiver will be sought will be under the Councils Contract Rules 35.5 (g) *‘the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is such that a departure from the requirements of the Contract Rules is justifiable’.*

5. Consultation

5.1 Consultation has taken place between Commissioning, the SIS Head of Service, Finance business partner, Procurement and Legal colleagues.

5.2 The report is scheduled to be presented at PRMG and Procurement as outlined in the procurement timeline (2.5.12)

5.3 The report has been presented and discussed at both Procurement subgroup (08/01/2024) and Procurement Board (15/01/2024).

5.4 A Data Protection Impact Assessment will also be completed in consultation with Kim Starbuck.

"The proposals in this report were considered and endorsed by the [Procurement Board] at its meeting on 15th January 2024.

6. Corporate Procurement

Implications completed by: Francis Parker – Senior Procurement Manager

6.1 The requested call-off is possible under the current framework and officers are satisfied that this offers the best value for money to the Council. The call-off is also necessary to allow enough time to reprocure the new framework contract.

6.2 The current framework has been successful, and officers are satisfied that establishing a new framework will offer the best value for money to the Council.

7. Financial Implications

Implications completed by: Antony Envoldsen-Harris, Finance Business Partner

7.1 The preferred option as outlined above is option 4 for a new framework agreement. Whilst on the surface this appears more expensive than expanding the in-house provision, there are several costs not factored in for this. The framework agreement is all inclusive, offering stability of costs and delivery of service.

7.2 Whilst overall option 4 sees an increase in cost of £161k per annum over the current provision, this is required to meet the expanding demand and offer the service required. The increase will be met from existing funding within Children's Services, making use of general contingency funds held by the Operational Director Childrens Care and Support.

8. Legal Implications

Implications completed by: Lauren van Arendonk, Principal Contracts & Procurement Lawyer (Foreign Qualified) (Acting), Law & Governance

8.1 This report is seeking to approve the establishment of a new framework contract for the provision of SIS Family Contact Services. Further, the report seeks to call off three contracts under the current framework, which does not expire until 31 May 2024.

8.2 The client department is intending to use a framework which will satisfy the Council's Contract Rules. Rule 32 permits the setting up of a Framework Agreement provided that 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 and does not exceed a term of 4 years. As the current framework has not yet expired, it contracts can still be entered into past the term of the framework expiry, provided that there is a legitimate business need to call off further contracts to meet service requirements.

8.3 The use of a framework will satisfy the requirements of a valid procurement route to market. The default for creating a call-off mechanism when creating a Framework Agreement should be a mini-competition. It appears that the framework agreement is a viable route to market and can be approved.

9. Other Implications

9.1 **Risk and Risk Management -** A risk assessment has been undertaken highlighting keys areas of risk associated with tender and procurement process. See table below:

Risk	Likelihood	Impact	Risk Category	Mitigation
Delay to/ failed procurement process	Low	High	Medium	Set and monitor realistic implementation timetable, ensure legal and procurement compliance, clear escalation pathways of any potential delay
No appropriate bids received	Low	High	Low	PIN to give advance notice to the market and provide a contact for soft touch discussion and additional support. Longer open tender timeframe considered to allow enough time for providers to submit high quality bids. Notification to be sent out to all NACCC accredited providers in the London and South East. Current suppliers have demonstrated appetite to submit bids. Standard Selection Questionnaire – Eligibility Questions will be posed, to avoid bids that do not meet criteria required. Currently have suppliers we can spot purchase from, however will need to negotiate costs if these are increased.
Smaller providers who do not have experience in applying for tenders may be deterred from applying	Medium	Low	Low	As above, PIN will be posted on Bravo, encouraging discussion from smaller providers. Queries will be taken as part of tender process.
Challenge of contract award decision by unsuccessful provider(s)	Low	High	Medium	Alcatel 10-day standstill period to be implemented. Procure contract in line with Council's contract rules and EU Public Contracts Regulations. Ensure documentation is kept. ITT to detail procurement approach and transparent process. Stick to the timeframes given. Ensure that communication is consistent.
Provider(s) fails to meet their obligations	Medium	Medium	Medium	Phased approach to contract monitoring with more frequent meetings initially, outlined in a clear project plan, clear KPIs and outcomes.
Data Protection considerations	Medium	High	Medium	Data impact assessment to be completed, ensure discussion with Information

				Governance manager – Kim Starbuck to ensure only necessary data is shared/requested.
Young people panel fail to participate in evaluation	High	Low	Low	Lead worker in place to support the development and delivery of YP panel. Incentives are being considered. YP panel scheduled for half term to ensure wider availability of YP. In the event YP cannot attend panel, representatives from commissioning team will step in using questions submitted by YP panel.

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

9.3 **Safeguarding Adults and Children -** The local authority has a duty to promote contact, under Section 34 of the Children Act 1989. Section 34 places a duty on local authorities to allow the child in its care, reasonable contact with his parents and 'other persons' prescribed within s34 (1) of the act.

Meaningful contact can promote the wellbeing of the child and also supports parents to become more reflective about their parenting and understand the importance of consistency in parenting. It also aims to give parents strategies to respond appropriately to their child's behaviour.

9.4 **Health Issues –** The NACCC, report that children who experience family breakdown are more likely to experience behavioural problems, perform less well in school, need more medical treatment, leave school and home earlier, become sexually active, pregnant, or a parent at an early age, and report more depressive symptoms and higher levels of smoking, drinking and other drug use during adolescence and adulthood.

Promoting contact between parents and children ensures the physical safety and emotional wellbeing of a child. It also assists in building and sustaining positive relationships between a child and member of their non-resident family.

9.4 **Business Continuity / Disaster Recovery –** As this is a Framework Agreement, we will have the option to 'call off' with other providers on the Framework.

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

List of appendices:

- Appendix 1: EIA Screening Tool

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Equality Impact Assessment Screening Tool **Appendix 1**

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	Family Time Family Contact Service – Framework
Service Area	Commissioning and Children's Care and Support
Officer completing the EIA Screening Tool	Mazeda Bellevue
Head of Service	Heather Storey
Date	15/01/2024
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	The Specialist Intervention Service (SIS) Family Time Family Contact service is responsible for the implementation and delivery of supervised contact for children and their parents, in line with court ordered supervised contact arrangements while care proceedings are ongoing, or when they are subject to a Care Order under Section 31 of the Children Act 1989. The Family Time Family Contact service use a mixed model to deliver Family Contact services for the London Borough of Barking and Dagenham. This comprises of an inhouse Family Contact service and the use of externally commissioned accredited Family Contact providers through a Framework Agreement. Over the last three years, there has been an increase in the demand in the numbers and frequency of court ordered supervised Contact. As a result of this, the Family Time Family Contact service have had to increase the use of externally commissioned providers as the in-house service alone, does not have capacity to fulfil the demand. The current Family Contact framework agreement is due to expire on the 31st May 2024, however 'call off contracts' with

	providers will be extended prior to the framework expiring to enable us to continue to use the providers whilst a new procurement exercise is undertaken. The new Framework will be for a period of 4 years (2 + 1+ 1). Cabinet Approval is required to commence a further procurement exercise to be compliant with the Councils Contract Rules.	
Protected characteristic	**Impact**	**Description**
Age	Positive impact (L)	There will be a positive impact on this protected characteristic as the service being delivered will work with members of the public of all ages pertaining to the support of children and young people aged 0- 18. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Disability	Positive impact (L)	There will be a positive impact on this protected characteristic as the service being delivered will work with families around the needs of any identified disability. Providers are given detailed risk assessments outlining the needs of all parties attending the contact sessions. The provider would be expected to accommodate, facilitate and support those needs. For example, if a child or parent/carer had mobility needs (wheelchair user), the venue/space being used would need to be accessible, including bathrooms, washrooms etc. Similarly, where a child or parent/carer was hearing impaired, the provider would need to collaborate with the translator or interpreter to ensure they understand what is being communicated. This would be the same for nonverbal children. Staff will be allocated based on their experience and ability to work with individuals.

		The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Gender re-assignment	Positive impact (L)	There will be a positive impact on this characteristic. The service will ensure it provides staff with relevant Equality and Diversity training to ensure staff have an understanding on non-discriminatory and non-judgemental practices when working with the public. For example, showing consideration in using correct pronouns, making sure a broad range of toys and resources are available that do not confirm to gender stereotypes. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Marriage and civil partnership	Low negative impact (L)	No perceived impact The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Pregnancy and maternity	Positive impact (L)	There will be a positive impact on this characteristic due to the service promoting contact between parent and child. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Race	Positive impact (L)	The service will cater to the needs of our ethnically diverse community. The specification of the provision outlines the clear expectations to ensure that the support provided is culturally sensitive and inclusive.. For example, The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.

Religion	Low negative impact (L)	No perceived negative impact on this protected characteristic. The service will provide support to cater to the needs of our ethnically diverse community. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the beliefs and faith of all service users
Sex	Low negative impact (L)	No perceived negative impact on this protected characteristic. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Sexual orientation	Low negative impact (L)	No perceived negative impact on this protected characteristic. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users.
Socio-Economic Disadvantage[1]	Low negative impact (L)	No perceived negative impact on this protected characteristic. The service will have EDI policies in place and will ensure all support given is inclusive and sensitive to the needs of service users
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**

[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.

Equality Impact Assessment Screening Tool **Appendix 1**

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.

It is felt that a full EIA is not required for this service. The services to be delivered/commissioned is likely to have a positive impact with limited impact on the protected characteristics outlined above. There is an expectation of the provider to reflect the Council's approach to equalities, diversity and inclusion. This will highlight the importance of culturally sensitive support when working with young people, particularly those who are classed as vulnerable. The provider will be contact monitored to ensure that the contractor adheres to The Equality Act 2010 and council policies and procedures in accordance with the service specification with clear escalations routes to highlight any concerns around equality of practice. The Contract aligns to the Council's approach to equalities, diversity and inclusion and will refer to and stipulate the requirement of adherence.

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

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CABINET

19 March 2024

Title: Woodward Road and 12 Thames Road Developments - Approval of Disposals, Head Leases and Loan Facility Agreements	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report	**For Decision**
Wards Affected: Mayesbrook and Thames	**Key Decision:** Yes
Report Author: Uju Eneh, Programme Manager – Place and Development, Inclusive Growth	**Contact Details:** Uju.eneh@lbbd.gov.uk
Commissioning lead: Rebecca Ellsmore, Strategic Head of Place and Development	
Accountable Executive Team Director: James Coulstock, Interim Strategic Director Inclusive Growth	

Summary

This report follows multiple reports of this nature presented to Cabinet between June 2023 and February 2024. In total, these reports have secured approvals for loans and leases to allow 1705 new homes to transfer into the Reside and Barking and Dagenham Homes Ltd (BDHL) portfolios. 1253 homes have been transferred into Reside and 452 homes into BDHL. This report lists a further 212 new homes relating to the following developments: Woodward Road and 12 Thames Road.

These properties have been delivered within the Council's Investment and Acquisitions Strategy (IAS) which was most recently presented to Cabinet in November 2023.

The report also seeks delegated approval to complete the documents required to dispose of the new build schemes mentioned above by way of a lease to the appropriate Reside or Barking and Dagenham Homes Ltd entity, alongside loans to enable the acquisition of the said properties.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve, in principle, the disposal of the New Build schemes below by the granting of long leases to the to the appropriate Reside or Barking and Dagenham Homes Ltd (BDHL) entity identified in the report;

Woodward Road

- Flat 1 – Flat 4, 1 Centenary Road, Dagenham, RM9 4DA
- Flat 1 – Flat 4, 2 Centenary Road, Dagenham, RM9 4DA
- 1, 3 – 14, 16, 18, 20, 22, 24, 26 and 28 Centenary Road, Dagenham, RM9 4DA
- Flat 1 - Flat 19, 22 Centenary Road, Dagenham, RM9 4DA
- Flat 1 – Flat 11, 28 Centenary Road, Dagenham, RM9 4DA

12 Thames Road
- Flat 1 – 87 Woolmore Court, Thames Road
- Flat 1 - 35 Blackaby Court, Crossness Road
- Flat 1 – 24, Fewell Court, Crossness Road

(ii) Approve, in principle, the indicative draft Heads of Terms for leases and loans for the Woodward Road and 12 Thames Road developments to the appropriate Reside or Barking and Dagenham Homes Ltd entity, as set out in section 2 of the report;

(iii) Delegate authority to the Strategic Director, Resources (S151 Officer), to agree and finalise the terms of the loans, leases and any other associated documents, and to take any steps necessary to ensure compliance with s123 of the Local Government Act 1972 and the Subsidy Control Act 2022 provided that such action does not materially affect the approvals granted by Cabinet; and

(iv) Delegate authority to the Head of Legal, in consultation with the Strategic Director, Resources (S151 Officer), to execute all the legal agreements, contracts, and other documents on behalf of the Council in order to implement the arrangements.

(v) Approve the application of a service charge to all new London Affordable Rent (LAR) properties and to existing Reside LAR properties as they come up for renewal.

Reason(s)

The decisions are required to ensure that state aid and subsidy control legislation is complied with and to enable the disposal of the new build schemes mentioned in this report to the relevant Reside and Barking and Dagenham Homes Ltd companies, helping to meet the Council's aim to increase the supply of affordable housing options for residents and to ensure efficient property management.

1. Introduction and Background

1.1. Since June 2023, Cabinet has approved arrangements for 1253 homes to be transferred into Reside and 452 homes into BDHL. Reports presented to Cabinet between June 2023 and February 2024 gave similar delegated authorities to those contained in this report to allow leases and loans to be entered into for other new build properties.

1.2 Previous reports have noted that before these leases and loans can be executed, best consideration and subsidy control matters need to be satisfied and in January 2024 (Minute 12), Cabinet noted that the Strategic Director, Resources, would be declaring various schemes on the national subsidy database and making referrals to the Subsidy Advice Unit. As noted in January the two schemes included in this report will also be included in the referral to the Subsidy Advice Unit.

1.3 Similar reports presented to Cabinet have advised that reports of this nature would follow for new build schemes that are to be transferred to Reside entities. This report now seeks approval for the Woodward Road and 12 Thames Road developments with a total of 212 new homes that are being built by Be First, the regeneration arm of the Council, to also transfer into the Reside and BD Homes portfolios.

1.4 The Woodward Road redevelopment obtained approval for the redevelopment of land at the former Woodward library and surrounding area to deliver 56 affordable homes and a new community space. Woodward Road is part of a programme approved by Cabinet through a series of reports between August 2019 and October 2019. The affordable homes on this redevelopment are estimated to achieve practical completion in July 2024.

1.5 The 12 Thames Road development will include 156 affordable built-to-rent homes across four multi-level residential buildings ranging between seven to sixteen storeys. The 156 homes will consist of one, two and three bedroom units, with 50% at affordable rent and 50% at London affordable rent. Planning consent was achieved in December 2020 and the development is estimated to achieve practical completion in June 2024.

1.6 In order to ensure the efficient management of the new properties, the Council set up several companies and limited liability partnerships (LLPs) under the 'Reside' banner, together with Barking and Dagenham Homes Ltd, which is a company limited by guarantee and owned by the Council. It is intended that properties delivered by the Investment and Acquisition Strategy will be transferred into Reside companies and LLPs, or to Barking and Dagenham Homes Ltd by way of leases, with the specific vehicle being identified for each site depending on the type of units and tenures included in the scheme. Details on the legal status and ownership of each of the entities is contained in section 3 below.

1.7 This report updates Members on the estimated practical completion and handover to the Council of the three developments mentioned in this report. It then seeks approval for the disposal of these properties by granting long leases to companies within the group of Reside entities. The length of the leases and loan amounts are set out in paragraphs 2.10 and 2.13.

2. Proposal and Issues

2.1. The Investment and Acquisition Strategy funds development and recovers borrowing costs from the income generated. The combination of grants, lease premiums and the repayment of the loans set out below will cover the Council's borrowing on the schemes. As the schemes have not yet completed and the lease premium and loan amount is directly related to the final cost of the scheme, the figures included in this report are based on the forecasted final account.

2.2. Members should note that there may be some minor changes to the premium and loan amounts when practical completion is achieved, and final account is agreed. To ensure that the units can be let as soon as possible after completion the recommendation seeks delegated authority to the Strategic Director, Resource (151 Officer) to finalise the loan terms, including the final lease premium and loan amount, to reflect this (rather than waiting for final account to be confirmed before commencing the governance process).

Best Consideration

2.3. To comply with section 123 of the Local Government Act 1972, the schemes in this report must be disposed of at best consideration reasonably obtainable evidenced by professional valuation. To ensure that we comply with this legislation, we will obtain a Red Book valuation and the proposed leases and loan will only be executed should the S151 Officer be satisfied that Best Consideration has been achieved. The Red Book valuation will be undertaken as close to disposal of the units as is reasonably possible to ensure that it is based on an up-to-date market valuation.

Subsidy Control

2.4. In order to ensure that the schemes offering affordable tenures can be held within the Reside structure in a viable way, the interest rate charged on the loan is below a commercial market rate. Under the terms of the Subsidy Control Act 2022 this represents a subsidy to the Reside entities. Legal and commercial advice has been obtained and we believe the subsidy is in line with the principles that Local Authorities are required to consider when giving a subsidy. Nevertheless, as noted in the January 2024 Cabinet report, subsidies for these schemes will need to be declared to the Subsidy Advice Unit (SAU) who will provide a report giving an assessment of the scheme's compliance with the legislation. Members should note that the loan cannot lawfully be entered into until the Council has considered the information within this report and satisfied itself that the loan is compliant with the Act.

2.5. Work is ongoing to quantify the level of subsidy that is being transferred to Reside and to collate the required evidence on market failure, viability, proportionality and necessity that will support this referral. It is essential that this information is comprehensive and accurate to ensure that the SAU understand the proposals.

Applying Service Charge to London Affordable Rent (LAR) homes

2.6. By Minute 34 and 35 (19 September 2023), Cabinet approved proposals to apply a service charge to LAR homes on the Beam Park and Gascoigne East Phase 3B developments. Furthermore (having reviewed the new build portfolio), it is recommended that a service charge is added to all new LAR rents and existing Reside LAR rents as they come up for renewal. For residents in receipt of benefits, it is estimated that the rent and service charge cost combined are likely to be covered by the Local Housing Allowance. Applying service charge to LAR homes will improve the cashflow and viability of new build schemes. Also, it is the standard across most other Boroughs and Housing Associations. Reside's rent policy is a matter reserved for the Council and any proposals are for Cabinet to approve. However, as Reside LAR homes are generally held in BDHL, rent policy for these homes can be considered by the Board of BDHL.

2.7. Current Reside LAR rents per week as at 1st April 2024 are shown in the table below. Service charges will vary from scheme to scheme but are likely to cost anywhere from £20 - £30+ per week.

Year	Bedsit and 1B	2B	3B	4B
2024-25	£201.43	£213.26	£225.11	£236.95

Scheme and proposed lease

2.8. The Investment and Acquisition Strategy funds development and recovers borrowing costs from the income generated. The combination of grants, lease premiums and the repayment of the loans set out below will cover the Council's borrowing on this scheme.

2.9. The lease premium and loan amount is directly related to the final cost of the scheme. As these new build schemes are not yet completed the figures included in this report are based on the forecasted final account. Members should therefore note that there may be some minor changes to the premium and loan amounts when practical completion is achieved, and final account is agreed. To ensure that the units can be let as soon as possible after completion the recommendation seeks delegated authority to the Strategic Director, Resources to finalise the loan terms, including the final lease premium and loan amount, to reflect this (rather than waiting for final account to be confirmed before commencing the governance process).

2.10. The disposal of Woodward Road and 12 Thames Road will happen by the way of granting long leases and linked loans. The following sections set out the proposals for the loans, headlease and loan facility agreement:

2.11. Woodward Road (Affordable Rent homes)

Units and tenures	55 Affordable Rent homes
Estimated PC date	3rd July 2024
Reside entity	B&D Reside Weavers LLP (Company No.: OC416198)
Draft Heads of Terms	
Lease Start date:	TBC
Lease Length:	130 Years
Lease Premium:	£25,011,260
Grant Funding:	Right to Buy
Grant Amount:	£10,004,504
Loan:	£15,006,756

2.12. Woodward Road (London Affordable Rent home)

Units and tenures	1 London Affordable Rent home
Estimated PC date	3rd July 2024
Reside entity	Barking & Dagenham Homes Ltd (Company No.: 12090374)
Draft Heads of Terms	
Lease Start date:	TBC
Lease Length:	130 Years
Lease Premium:	£555,681

Grant Funding:	GLA
Grant Amount:	£100,000
Loan:	£455,681

2.13. 12 Thames Road (London Affordable Rent homes)

Units and tenures	77 London Affordable Rent homes
Estimated PC date	28th June 2024
Reside entity	Barking & Dagenham Homes Ltd (Company No.: 12090374)
Draft Heads of Terms	
Lease Start date:	TBC
Lease Length:	130 Years
Lease Premium:	£32,498,845
Grant Funding:	GLA Grant
Grant Amount:	£11,550000
Loan:	£20,948,845

2.14. 12 Thames Road (Affordable Rent homes)

Units and tenures	79 Affordable Rent homes
Estimated PC date	28th June 2024
Reside entity	B&D Reside Weavers LLP (Company No.: OC416198)
Draft Heads of Terms	
Lease Start date:	TBC
Lease Length:	130 Years
Lease Premium:	£29,638,984
Grant Funding:	GLA Housing Zone
Grant Amount:	£3,450,000
Grant Funding:	Right to Buy
Grant Amount:	£8,837,518
Loan:	£17,351,466

3. Company

3.1. The Reside collection of companies and Limited Liability Partnerships (LLPs) exist to support local people to access high quality, affordable housing. It was established by the council to create an independent but complementary service to the council's own housing services and currently consists of six limited liability partnerships and limited companies with differing financial arrangements. The Reside entities mentioned above are part of a larger scheme of Reside companies and Limited Liability Partnerships (LLPs). The relevant information regarding each entity is detailed below:

3.2. **Barking and Dagenham Homes Ltd (BDHL) (Co No:12090374)** is a company Limited by guarantee with one member, the Council, which wholly owns it. It is in the process of becoming a Registered Provider with the Regulator of Social Housing.

BDHL is wholly owned by the Council and is the proposed Registered Provider. In order to comply with regulatory requirements, it has an independent board that consists of two Reside Directors, one Council Officer and two totally independent directors.

BDHL takes on the ownership of affordable rented homes that are developed by the Council and supported by GLA grant, including London Affordable Rent and target rent. This entity has Cabinet approval to receive 56 shared ownership homes, this has not yet been implemented and is being reviewed at present.

GLA grant conditions stipulate that the affordable rented homes must be managed by a Registered Provider, which for the Council means Barking and Dagenham Homes Ltd or the Council's Housing Revenue Account. The GLA is aware that BDHL is not yet a registered provider but is comfortable that progress is being made to resolve this.

3.3. **B&D Reside Weavers LLP (OC416198)** is a limited liability partnership owned by (1) Barking and Dagenham Giving, which is a company limited by guarantee and a registered charity (Co No: 09922379, charity:1166335) and (2) B&D Reside Regeneration LLP (OC400585).

B&D Reside Weavers LLP is owned 90% by Barking and Dagenham Giving and 10% by B&D Reside Regeneration LLP. The Council does not wholly own or control B&D Reside Weavers LLP; it is controlled by the charity Barking and Dagenham Giving. The Council cannot therefore make any decisions as member or partner to give direction to it in the way that it can direct its wholly owned vehicles, but it can provide funding from Right to Buy receipts into this vehicle.

B&D Reside Weavers LLP holds affordable rented homes (currently a mix of 50%, 65% and 80% of market rent, London Living Rent and London Affordable Rent) on a long lease from the Council. Weavers LLP pay a premium under the lease to the Council. This premium is partly financed by a documented loan (with security) from the Council and partly financed using right to buy receipts given to Weavers LLP by the Council.

3.4. **B&D Reside Regeneration LLP** is jointly owned by (1) Barking and Dagenham Reside Regeneration Ltd (Co No: 09512728) and (2) London Borough of Barking and Dagenham and directed by the Reside Board under the terms of the shareholder agreement.

Shared Ownership homes built using GLA grant currently go into this LLP. The Council additionally plans to use this LLP for any future affordable / sub-market rented homes that do not receive any form of grant / Right to Buy 141 funding.

3.5. **Barking and Dagenham Reside Regeneration Ltd (Co No: 09512728)** acts as the employing company for Reside staff and incurs Reside specific running costs which are then passed onto the individual Reside entities.

4. Options Appraisal

4.1. **Do nothing:** The Council's IAS highlights the importance of collaborating with Be First and Barking & Dagenham Reside to ensure the correct mix of tenure is agreed and built. If the Council does not now dispose of these completed homes to the stated entities the Council will need to manage and let the properties directly

4.2. **Dispose to a third party:** If the Council decides to dispose of these new homes to a third party there is a risk the Council could lose control of new housing stock which has been built to benefit local residents and address the borough's housing needs.

4.3. **Dispose to the entities stated in the report as per the recommendations:** By disposing of these new homes by the way of a lease to the proposed entities, the Council will see the benefit of rental income as the turnover will come back to the Council from the homes held in B&D Weavers LLP. In addition to this, this option will enable transparency and the ability of the Council to influence how homes are let and managed in B&D Homes Ltd and B&D Weavers. Finally, B&D Homes Ltd have charitable objectives in place post registration which ensure that the surplus that they generate are used to benefit the residents of the London Borough of Barking and Dagenham.

5. Consultation

5.1. These proposals are in line with the Council's Investment and Acquisitions Strategy. The decision to approve the IAS was taken in public by Cabinet in November 2022. All relevant stakeholders are in agreement with the terms set out in this report.

5.2. The proposals in this report were considered and approved by the Executive Management Team at its meeting on 22nd February 2024.

6. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

6.1. This report seeks Cabinet approval for the disposals of completed developments by granting long leases to Barking and Dagenham Homes Ltd, Company Number: 12090374 and B&D Reside Weavers LLP, Registered number: OC416198 as set out in the body of the report.

6.2. The total development cost has been used to produce the lease premiums, with the loan amount then reduced by any grant to produce the loan amount. Each loan will be for 52 years, with the first two years being interest only followed by a 50-year debt repayment schedule. At the end of the 52 years the net costs to build each property will be fully paid off. The repayment schedule matches the Minimum Revenue Provision that the Council needs to be allocate from its revenue budget to cover the net development costs for each scheme.

6.3. A fixed interest rate for the 52-year loan period has been set for each loan based on tenure type. The loan rates were agreed by Cabinet in April 2022 as part of the Investment and Acquisition Strategy report. A lower rate has been agreed for social housing, which reflects the viability pressure of this much lower rent tenure. Interest rates are fixed at the time of construction and confirmed at handover to allow certainty over the schemes costs and ensure they remain viable when they are transferred to Reside. When rates are agreed then borrowing is allocated to the scheme and is linked to long term borrowing, predominantly from the Public Works Loan Board (PLWB).

6.4. Interest rates have increased significantly over the past year and the interest rate for pre-gateway 4 schemes and schemes agreed in 2022, are at a higher rate than these schemes and reflect the increased borrowing cost to the Council.

6.5. As part of finalising the loan agreements, advice on the valuation and Subsidy will be sought. In addition, the figures in this report are subject to minor amendments as final costs for some of the schemes are still being confirmed but it is expected that changes will be minimal.

6.6. 12 Thames Road contains is a mix of social housing, affordable housing and light industrial. While most schemes contain an element of commercial, realm or parking that is retained by the Council, 12 Thames Road has roughly a third of the net borrowing costs allocated to the commercial costs of the scheme (£21.3m). The industrial units in 12 Thames Road will not be transferred to Reside or B&D Homes but will be managed and retained within the General Fund. Financing costs for the industrial units will be covered by rents paid directly by the Council and reported as part of the Investment and Acquisition Strategy.

7. Legal Implications

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

7.1. This report seeks Cabinet approval to agree to delegate authority to take action to transfer 55 Affordable Rent Homes at the Site at Woodward Road to B&D Reside Weavers LLP and 1 London Affordable Rent Homes at the same Site at Woodward Road to Barking & Dagenham Homes Ltd plus 79 Affordable Rent Homes at the site at 12 Thames Road Barking to B&D Reside Weavers plus 77 London Affordable Rent homes at the said site at 12 Thames Road Barking to Barking & Dagenham Homes Ltd. This will be achieved by granting long leases to the entities and they will finance the acquisition through loans made to them by the Council.

7.2. As observed in the body of this report the construction of the new homes is as part of the Councils Investment and Acquisition Strategy developments of new homes have been sponsored by the Council. The intention being on practical completion an interest by means of a long lease be granted to the companies which will in turn grant underleases to tenants. The corporate entities which will hold the housing blocks not having financial resources in themselves will need to take out borrowing to acquire the leasehold interest by means of a loan agreement with the Council. The duration of the leases proposed are being of such length that they must be disposed of by the Council for the best consideration as required by section 123 Local Government Act 1972. It is understood a valuation has been carried out to the surveying standard 'Red Book valuation' which will set the value of the loan(s). It is the intention the leases will be at market value and not discounted. This approach will mean there is not the question of unfair competition in terms of the lease and will be in accordance with the fiduciary duty to the ratepayer in the sense not being disposed of at an undervalue. As explained in this report the loans are at differing rates of interest depending upon the development. Where the loans are discounted, at a lower rate than current market rate, they will need to be compliance with the recent legislation which governs competition being the Subsidy Control Act 2022.

7.3. Because the timeline of practical completion of the various new home developments has been over a period of time, the legal landscape post Brexit has changed including different regimes of law relating to competition treatment. As this is a new regime the understanding on what arrangements are compliant with the new competition regime is not yet an exact science. For this reason, the earlier recommendation to Cabinet in Reports in June 2023, July 2023, October 2023 and January 2024 recommended that the final decision to grant the loan terms be delegated to the Director of Finance and Investments after advice is obtained from property experts and legal advisors.

7.4. As the loan and lease will be completed post 4 January 2023 the arrangements are within the curtilage of the Subsidy Control Act 2022 and any loan which is not a market rate prevailing from that time will need to comply with the said 2022 Act including a referral to the Subsidy Advice Unit.

7.5. As the leases and loans are to third party entities notwithstanding the Councils interest in being shareholders, it is beholden on the recipient companies as future property holders that they satisfy themselves as to the legality and regulatory compliance of the arrangements they enter into.

8. Other Implications

Corporate Policy and Equality Impact

8.1. The Equality Impact Assessment Screening Tool has been completed; a full assessment will not be required.

Public Background Papers Used in the Preparation of the Report:

- Treasury Management and Investment and Acquisition Strategy 2023/24 Mid-Year Review, 14 November 2023 Cabinet report (https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12958&Ver=4, Minute 60)

List of appendices:
None

CABINET

19 March 2024

Title: Debt Management Performance 2023/24 (Quarter 3)	
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: James Coulstock, Strategic Director Inclusive Growth	
Summary This report sets out the performance of the Collections service in the collection of revenue and debt management for the third quarter of the financial year 2023/24.	
Recommendation(s) The Cabinet is recommended to note the performance of the debt management function carried out by the Council's Collection service, including the improvements in collection in some areas and the challenges in others.	
Reason Assisting in the Council's Policy aim of ensuring an efficient organisation delivering its statutory duties in the most practical and cost-effective way. This ensures good financial practice and adherence to the Council's Financial Rules on the reporting of debt management performance and the total amounts of debt written-off each financial quarter.	

1. Introduction and Background

1.1. This report sets out performance for the third quarter of the 2023/2024 financial year and covers the overall progress of each service element since April 2023.

1.2. The Collection service is responsible for the collection of Council Tax, Business Rates, Housing Benefit Overpayments, General Income, Rents and for the monitoring of cases sent to Enforcement Agents.

2. Council Tax

Current Year

2.1. Council tax collection is 0.1% below the same time last year. The target for this year is to increase the percentage of collection by 1% to 94.6%

2.2. The table below shows the position in relation to that target

2023/24					
Month	**Target**	**Collected**	**Variation**	**Projected YE**	**Cash variation from target**
December	79.6%	79.4%	-0.25%	94.3%	-£260,037

2.3. Given the variations in percentages since September due the Government scheme to award £150 to council taxpayers in 2022 and this year's review of single person discounts and exemptions, predictions regarding the year end position are subject to a degree of variation. However, collection remains consistent, and an optimistic outcome is expected.

2.4. As a result of the dedicated campaign undertaken this year, the number of residents paying by Direct debit continues to improve with 45,947 (57.4%) of the 80,032 Council Tax paying properties paying by this method. This is the equivalent of another 1,284 payers compared with the same time in 2022/23.

2.5. Arrears collection has improved considerably and is now £381k above the same time last year. This already exceeds the end of year position last year (£1.8m) by £64k.

2.6. This indicates that the current approach to assist residents to pay their arrears in order that they may begin to pay their current year charge is working. Residents had fallen further into arrears due to the pandemic and the cost-of-living crisis but are beginning to recover because of the approach being taken to repayment.

2.7. The arrears position has improved since the start of the year with a reduction of £6m from the start of the year, from £26.3m to 20.2m. The table below shows the amount collected and written off, other refers to backdated council tax support, discounts or exemptions.

	01/04/2023	**PAID**	**WRITTEN OFF**	**OTHER**	**31/12/2023**
ARREARS	£26,362,521	£1,908,306	£3,435,041	£716,852	£20,287,253

2.8. The table below shows an age profile of Council Tax debt and the percentage reduction so far this year.

ARREARS	01-Apr-23	Quarter 3	VARIATION	PERCENTAGE REDUCTION
1999/2000	£8,678	£7,446	-£1,233	-14%
2000/01	£14,775	£13,049	-£1,727	-12%
2001/02	£20,079	£13,412	-£6,668	-33%
2002/03	£30,667	£21,750	-£8,917	-29%
2003/04	£57,331	£36,007	-£21,324	-37%
2004/05	£95,370	£68,260	-£27,109	-28%
2005/06	£126,905	£83,210	-£43,696	-34%
2006/07	£192,951	£127,622	-£65,330	-34%
2007/08	£295,834	£194,238	-£101,596	-34%
2008/09	£354,660	£256,721	-£97,939	-28%
2009/10	£421,137	£308,811	-£112,326	-27%
2010/11	£466,684	£308,902	-£157,782	-34%
2011/12	£492,096	£318,931	-£173,166	-35%
2012/13	£556,227	£344,418	-£211,809	-38%
2013/14	£669,029	£437,932	-£231,096	-35%
2014/15	£691,337	£484,092	-£207,245	-30%
2015/16	£825,919	£594,814	-£231,105	-28%
2016/17	£1,022,200	£747,657	-£274,544	-27%
2017/18	£1,276,557	£951,978	-£324,579	-25%
2018/19	£1,691,604	£1,306,590	-£385,014	-23%
2019/20	£2,475,080	£1,950,269	-£524,811	-21%
2020/21	£3,393,282	£2,728,125	-£665,158	-20%
2021/22	£4,576,427	£3,903,136	-£673,292	-15%
2022/23	£6,607,689	£5,079,884	-£1,527,805	-23%
TOTALS	**£26,362,521**	**£20,287,253**	**-£6,075,268**	-23%

3. Business Rates

3.1. Business rates collection is 0.7% above last year at 87.9% The target to increase collection rates by 1% to 97.5% is expected to be achieved.

3.2. The table below shows arrears movement.

Year	01-Apr-23	Quarter 3	Variation	Percentage reduction
2002/03	£990	£990	£0	0%
2003/04	£0	£0	£0	0%
2004/05	£8,821	£8,821	£0	0%
2005/06	£14,232	£14,232	£0	0%
2006/07	£21,800	£21,800	£0	0%
2007/08	£15,009	£15,009	£0	0%
2008/09	£115,445	£115,445	£0	0%
2009/10	£148,478	£147,428	-£1,050	-1%
2010/11	£193,414	£193,414	£0	0%
2011/12	£316,864	£316,739	-£125	0%
2012/13	£658,304	£658,204	-£100	0%

2013/14	£650,292	£650,292	£0	0%
2014/15	£596,642	£596,219	-£423	0%
2015/16	£531,884	£531,244	-£640	0%
2016/17	£582,704	£577,676	-£5,029	-1%
2017/18	£633,849	£574,496	-£59,353	-9%
2018/19	£926,290	£831,088	-£95,203	-10%
2019/20	£1,230,811	£1,080,752	-£150,060	-12%
2020/21	£1,828,544	£1,615,691	-£212,853	-12%
2021/22	£1,132,506	£1,128,386	-£4,120	0%
2022/23	£2,173,526	£1,449,305	-£724,221	-33%
TOTALS	**£11,780,406**	**£10,527,230**	**-£1,253,175**	-11%

3.3. Total arrears have decreased by 11% since the start of the year. However, the revaluing of business this year has added additional charges of £1.2m.

3.4. Work to review older arrears is nearing completion and a further £3.5m of uncollectable debt will be written off for businesses that are no longer trading.

4. Rents

4.1. Rent collection for quarter 3 ended 1.5% above last year at 99.68%

4.2. Rent arrears have gradually decreased throughout the year. The table below shows the quarterly collection rates and the value of arrears.

	Collection %	**Arrears**
Quarter 1	97.20%	£9,321,826
Quarter 2	98.73%	£9,333,450
Quarter 3	99.68%	£9,247,472

4.3. To make the best use of resources in the targeting of action for arrears, the service commenced a trial of new software (Rentsense) from December 2023. This allows for the profiling of tenant payment history and early intervention on cases moving into arrears, at risk of moving into arrears or failing to make the required progress to reduce existing arrears. The new software provides this information in a live environment and broken down by geographical ‘patch’ to prioritise tasks for individual officers, with enhanced reporting on the progress and impact of those interventions.

4.4. Whilst this change has only recently been adopted the collection performance for January has demonstrated further improvement with a collection rate of 100.35% and arrears reduced to £9,194,889.

4.5. Improvement have been achieved through an increase in customer contact. This includes an increase in formal recovery letters sent (103% increase on same period 22/23) and targeted activity including door knocking campaigns with residents who had not engaged and had significant arrears. The door knocking campaign in November completed 55 home visits which prompted contact with 24 households which resulted in either arrangement or payment of rent (44%) with the remaining cases being progressed for Court action.

5. Reside

5.1. Reside collection for quarter 3 is 92.93%, below the target for 2023/24 of 99%.

5.2. Collection has been impacted by key legacy issues outside of the control of the Rents Team which are now being addressed.

5.3. Following the case of Croydon v. Kalonga which started in 2017 and related to the possession process for Fixed Term Tenancies, the service received an instruction from Legal Services in 2020 not to take recovery action pending a Supreme Court decision, which was made in 2022, and subsequent legal advice. That advice was received, and recovery proceedings recommenced from July 2023. The advice created separate recovery processes for Fixed Term and Assured Shorthold Tenancies. While this has enabled recovery to recommence this means any opportunities for automation of process are limited.

5.4 Since July 2023 (recommencement of recovery action) to end of November 2023, 301 recovery letters have been issued to residents in arrears, 33 of these effectively a final warning before legal action commences. There are currently 23 cases where possession is being sought with Legal Services, including 3 cases where possession orders have already been obtained. Legal Services are applying for warrants in these cases.

5.5 An exercise is being undertaken using credit referencing data to trace and recover arrears from former tenants, with 90 former tenants owing £330k. Where tenants are traced and payment cannot be secured, legal action will be commenced.

5.6 Whilst recovery is now being actively pursued, progress continues to be delayed due to the number of manual checks required before notices can be issued. As well as the twin-track processes for Fixed Term and ASTs, there are also 9 cases at legal action stage where the tenancy agreement was signed-up in the wrong Reside company name. Legal Services have advised that Counsel advice is required before these cases can be progressed.

5.7 As a result of decisions taken early on, not all Reside companies were set up to be recognised within the housing, banking and financial systems. This prevented the offer of standard payment options such as automated telephone payments, online payments and Direct Debit. Many tenants were left with the only option to call the office each month/week during working hours and speak to a member of staff to make a manual payment. This also required payments to be manually transferred by an officer to the correct company to enable individual accounts to be administered. The service was allocated 1.4FTE for Reside collection (discussed further at 5.9) with at least 1 FTE being required to service the phone line during working hours.

5.8 A project is now nearing completion to fully remedy this situation with all but one of the companies capable of offering the full range of payment methods, with no need for manual intervention to allocate payments correctly. The technical solution for the final company is currently being tested through the banking process and is expected to go live in March.

5.9 The team were initially allocated 1.4FTE to manage the rent collection process for 1700 reside tenants. Due to the level of manual processes, including receipt of payments by phone, this provided limited capacity for proactive recovery action. A bid for additional resources (2 FTE) was agreed in October 2023 but due to delays in the recruitment process, the first additional member of staff will not be joining the team until March 2024. The second vacancy is in the process of being readvertised.

5.10 Whilst the above issues have added considerable work and complexity to the recovery process, the actions taken to date and additional staff resource committed put the service in a strong position to reduce arrears and improve the collection rate during 2024/25.

6. General Income

6.1. General income (sundry debt) collection is 80.6%, 23% above the same time last year. Although in 22/23 the introduction of E5 meant some delays in issuing invoices at the beginning of the year and so direct comparisons may not be accurate.

6.2. Considerable work has gone into examining arrears in this area, with a more robust calculation of outstanding debts. The table below shows debts outstanding on the 1 April 2023 and debts at the end of December 23.

6.3. It should be noted that invoices raised in March 2023 may not be due for payment until April 2023. Whilst this increases the amount shown as outstanding at year end it gives a clearer position at year end.

Year	2022/23	Quarter 3
2006/2007	892	0
2007/2008	4	0
2008/2009	145	0
2010/2011	0	0
2011/2012	4,824	2,297
2012/2013	0	0
2013/2014	4,477	2,048
2014/2015	13,823	6,980
2015/2016	10,673	7,595
2016/2017	76,325	41,101
2017/2018	266,511	168,615
2018/2019	350,224	259,852
2019/2020	508,841	311,768
2020/2021	913,504	425,255
2021/2022	4,023,662	1,822,341
2022/2023	22,022,847	2,539,411

Grand Total	28,196,752	5,587,263

7. Adult social care

7.1. The overall collection rate for homecare and residential debts is 50.9% of invoices raised as at the end of quarter 3. Homecare collection is 45.3% and residential 51%.

7.2. Whilst direct comparisons with last year are problematic due to the introduction of E5, the estimated collection rate at the end of quarter 3 in 22/23 was 39%.

7.3. Charges this year have increased from £9.5m in 2022/23 to £10m in 2023/24. The increase in collection equates to an additional £1.2m collected.

7.4. This improvement is as a result of the collection function being moved to the Financial Assessments Team which has ensured that queries or disputes are dealt with more swiftly.

7.5. In addition, an automated debt recovery process was introduced in E5 which notified customers of non-payment swiftly and prevents delays in payment.

7.6. The two tables below show all arrears for communities and residential care and other care charges. Other care charges include invoices to NHS etc.

CARE RESIDENTIAL AND COMMUNITIES		
YEAR	**2022/23**	**Quarter 3**
2011/2012	10,156	9,676
2012/2013	5,487	5,487
2013/2014	13,455	13,455
2014/2015	61,903	61,903
2015/2016	172,303	176,843
2016/2017	197,733	190,198
2017/2018	388,096	374,118
2018/2019	400,672	386,134
2019/2020	1,046,837	988,545
2020/2021	2,611,747	2,376,159
2021/2022	3,486,294	2,971,580
2022/2023	7,091,229	4,299,446
Grand Total	**15,485,911**	**11,853,542**

CARE - OTHER		
YEAR	**2022/23**	**Quarter 3**
2008/2009	3,735	0
2013/2014	0	0
2014/2015	0	0
2015/2016	41,297	35,970

2016/2017	40,194	40,144
2017/2018	82,113	51,727
2018/2019	196,919	151,569
2019/2020	616,801	380,421
2020/2021	275,535	199,086
2021/2022	583,356	467,131
2022/2023	3,386,848	917,120
Grand Total	**5,226,799**	**2,243,170**

8. Collection rates

8.1. The table below shows collection rates for quarter 3:

Collection area	2023/24	2022/23	Variation
Council tax current year	79.4%	79.5%	-0.1%
Council tax arrears	£1,908,306	£1,741,856	+£41,287
Rent	99.68%	98.14%	+1.54%
Business rates	80.6%	79.9	+0.7%
General Income	80.6%%	57.6%	23%
Leasehold	63.4%	74%	-10.6%
Commercial rent*	93.87%	88.83%	+5.05%
Care	44.4%	38.8%	+12%
Housing Benefit Overpayments	12.71%	10.91%	+1.8%
Reside	94.28%	96.20%	-1.92%

*January figures, Place apart delay in payment in December, paid in January.

8.2. The tables below show the charges raised so far this year and the collected amounts.

8.3. Overall collection rates have increased by 7% which equates to an additional £21.6m.

CHARGED	2022/23	2023/24	VARIATION
COUNCIL TAX	£97,495,681	£103,956,682	£6,461,001
BUSINESS RATES	£59,564,787	£66,243,932	£6,679,145
SUNDRY DEBT	£90,501,930	£102,313,290	£11,811,360
CARE	£8,146,388	£8,798,495	£652,107
HB OVERPAYMENTS	£22,339,411	£18,148,556	-£4,190,855
RENT	£65,756,706	£70,402,008	£4,645,302
COMMERCIAL RENT	£6,421,741	£8,243,240	£1,821,499
RESIDE	£9,297,418	£13,019,164	£3,721,746
LEASEHOLD	£8,146,964	£8,798,495	£651,531
TOTALS	**£367,671,026**	**£399,923,862**	**£32,252,836**

COLLECTED	2022/23	2023/24	VARIATION
COUNCIL TAX	£77,489,567	£82,531,210	£5,041,643
BUSINESS RATES	£47,580,352	£53,405,858	£5,825,506
SUNDRY DEBT	£52,083,861	£82,474,743	£30,390,882
CARE	£3,163,242	£4,474,915	£1,311,672
HB OVERPAYMENTS	£2,437,230	£2,306,681	-£130,548
RENT	£64,533,631	£70,176,722	£5,643,090
COMMERCIAL RENT	£6,042,216	£5,856,822	-£185,394
RESIDE	£8,944,116	£12,098,709	£3,154,593
LEASEHOLD	£6,027,124	£5,572,087	-£455,037
TOTALS	**£268,301,339**	**£318,897,747**	**£50,596,407**
COLLECTION %	**73%**	**80%**	**7%**

9. Arrears

9.1 The table below shows arrears at the end of quarter 3. Except for rent, Reside and former tenants, arrears all debts are defined as debts raised prior to 2023/24.

9.2 Rent, Reside and former tenant debt cannot be defined by year, and these are debts that have been outstanding for more than 1 week.

9.3 Arrears have significantly reduced since the start of 2022/23; however, it should be noted that the amounts shown below include arrears for 2023/24 and will continue to reduce throughout the year.

ARREARS				
	Year start	**Quarter 3**	**Variation £**	**Variation %**
Council tax	£26,362,521	£20,287,253	-£6,075,268	-23%
Business rates	£11,780,406	£10,527,230	-£1,253,176	-11%
Sundry debt	£28,196,752	£5,587,263	-£22,609,489	-80%
Adults & children	£20,607,837	£16,339,881	-£4,267,956	-21%
HB Overpayments	£19,926,437	£17,858,214	-£2,068,223	-10%
Rent	£8,591,121	£9,247,472	£656,351	8%
Reside	£982,741	£1,968,224	£985,483	100%
Former tenants	£2,491,923	£2,921,773	£429,850	17%
Total	£118,939,738	£84,737,310	-£34,202,428	-29%

10. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

10.1. Compared to the same period last year, collection rates have improved across most categories of debt. However, they have not recovered to pre-pandemic levels, this is due to the impact of the Cost-of-living crisis and transition of residents from Housing Benefit to Universal Credit. To try and alleviate some of this additional pressure, adjustments have been made to the process of debt recovery allowing residents a longer period of time to pay, given their reduced financial circumstances.

10.2. Collecting all debts due is critical to funding the Council and maintaining cashflow. A Debt Steering Group has been established to monitor performance and focus on where the targets are not being achieved to improve prompt collection of Council revenues.

10.3. The Council maintains a bad debt provision which is periodically reviewed. A full review of the bad debt provision is currently underway, and an update will be provided to the Debt Steering Group in March 2024. Increases to the provision are met from the Council's revenue budget and reduce the funds available for other Council expenditure.

10.4. The arears project will review historic debt and where these are recoverable the necessary action will be taken. Where debt is no longer recoverable, they will be written off. Vast majority of these debts are more than three years old, and a 100% provision has been allowed for these debts.

11. Legal Implications

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

12.1 Monies owned to the Council in the form of debts are a form of asset that is the prospect of a payment sometime in the future. The decision not to pursue a debt carries a cost and so a decision not to pursue a debt is not taken lightly. The courts held at common law the Council holds a fiduciary duty to its residents to act as a trustee and to the government to make sure money is spent wisely and to recover debts owed to it.

12.2 The Accounts and Audit Regulations 2015 require the Councils statement of accounts to be prepared in accordance with proper accounting practice. The CIPFA Code of Practice on Local Authority Accounting, requires the council's statement of accounts to include sufficient provision for bad debts to be determined by the S.151 Local Government Act (the Chief Finance Officer).

12.3 If requests for payment are not complied with then the Council will seek to recover money owed to it by way of court action once all other options are exhausted. The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.

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

List of appendices: None

CABINET

19 March 2024

Direct Award of Social Care Case Management System	
Report of the Councillor Maureen Worby, Cabinet Member for Adult Social Care and Health Integration	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: Ben Davis, IT Procurement Lead	**Contact Details:** Tel: 07740561301 E-mail: Ben.Davis@lbbd.gov.uk
Accountable Director: Paul Ingram, Chief Information Officer	
Accountable Executive Team Director: Joanne Moore - Strategic Director, Resources (S151 Officer)	

Summary:

Liquid Logic is a social care case management system provided by System C, which was purchased and implemented by the Council after a market review in 2016. The original contract took the Liquid Logic product up until 2022 with the option to extend for a further 2-years until March 2024.

Liquid Logic can be described Key Line of Business Application for Childrens and Adults Social Care, this is due to its all-encompassing list of features that enable Childrens and Adults to effectively provide social care and safeguarding to residents, it also has additional integrations with products like Controcc which export payments to the Council's financial system E5. The following paragraphs will outline several of its key functions, and highlight its importance to Childrens and Adults Social Care;

Liquid Logic is key in storing comprehensive information on children and adults in social care, this information can range from any unique safeguarding issues to information on the child's homelife or an adult's care arrangements. Furthermore, various other organisations such as Schools and Hospitals pull data from Liquid Logic via integrations, this keeps vulnerable people's information up to date across multiple facets.

Liquid Logic also providers information on adoption and fostering, family mapping and relationship tools as well as integrations with various public bodies like the Police, Hospitals or certain NHS Trusts.

Behind its core information, Liquid Logic is a configurable system that has been built on not only government legislation and protocol but also the key processes that govern the way the Council administers social care to its residents. It has been designed to map Social Care processes to allow agents to follow procedure accurately, whilst also being dynamic enough to pull information from various documents and prefill sections for

officers, making their job less focused on admin and more focused on providing care and safeguarding.

As outlined, Liquid Logic is a key line of business application for both Adults and Childrens Social Care with a reach extending into other service areas, it is approaching the end of its the optional 2-year extension which formed part of the original contract and ran between March 2022 and March 2024, and both IT Services and Childrens and Adults Social Care believe that a new 7 (5+2) year contract should be implemented via Direct Award on the CCS RM6259 – Vertical Application Solutions Framework on lot 2. This is a compliant CCS Framework which is operational between 07/03/2023 until 06/09/2025 and has compliant direct award criteria.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree that the Council proceeds with the direct award of a contract for an initial term of 5 years with an option to extend by a further 2 years for the Liquid Logic System from System C in accordance with the strategy set out in the report;

(ii) Authorise the Strategic Director Childrens and Adults, in consultation with the Cabinet Member for Adults Social Care and Health Integration, the Strategic Director, Finance & 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 to fully implement and effect the proposals including the period of extension.

Reason(s)

There were also several logistical reasons behind maintaining a relationship with the current system and provider. To begin with, the surrounding boroughs of Redbridge and Havering also use Liquidlogic, resulting in smoother data transfer across boroughs for vulnerable people.

Through the relationship of having the same system, several functions and integrations in the current Liquidlogic system have been funded in partnership with other boroughs and sometimes NHS trusts. Moving away from the product would require new integrations and potentially new ways of working should this information transfer not be possible, resulting in training not only for Council staff but also staff from other organisations.

1. Introduction and Background

1.1 In 2015/2016 the Council made the decision to review the market for Adult and Children’s social care systems. Upon the conclusion of this review and a market exercise, Liquidlogic was selected and implemented for both Social Care services.

1.2 The contract was awarded to Liquidlogic, now known as System C, in 2017 for 5-years with the option to extend for a further 2-years from March 2022 until March 2024. In 2021 the systems used by Adults and Children’s social care were reviewed and the view of the services was that Liquidlogic provided the necessary capabilities the service required.

1.3 There had been considerable change to implement the system, which was now starting to 'bed-in' and that there was further opportunity to include additional modules to improve business processes. This included the use of access to the system for non LBBD using the 'portal' solutions for professional and service users, and further opportunities for data integration.

1.4 Furthermore, it was recommended that the 2-year extension should be invoked and that the situation for the end of the contract should be reviewed. A review of the systems available for children's and adult's social care in 2023 identified that there was very little change in the market. For Adult Social Care Liquidlogic holds about 50% of the market share for adult and children's social care systems, with Mosaic holding the next 30%; in Children's social care Liquidlogic holds an even higher market share of 57%.

2. Proposed Procurement Strategy

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

2.1.1 IT Services and Adults and Children's Social Care will be Direct Awarding via the VAS Framework for Liquidlogic provided by System C, which is a Social Care Case Management System. Below is an extensive list of functions and outputs expecting from the Liquidlogic system:

- Social Care Case Management System – Allowing Social Care Workers to record and update records of vulnerable peoples in the borough, including health assessments, family tree mapping, care assessments etc.
- Controcc – Financial calculating system with integrations to E5 to export files from Liquidlogic to E5.

System C and their product Liquidlogic are Social Care Case Management systems, as such the way the product operates, and functions is dictated by Government Social Care legislation. Any significant changes to the system imposed by changes to Social Care Legislation will be absorbed by System C, otherwise they risk being non-compliant, so no additional costs are forecasted.

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

2.2.1 The the exact per year cost of the contract can be found in Appendix C, the price of the contract will be subject to a 3% increase per annum throughout its duration. The prices in Appendix C are excluding VAT.

2.3 Duration of the contract, including any options for extension

2.3.1 The initial term will be for a period of 5 years.

2.3.2 A further period of extension of 2 years may be exercised at the Council's discretion.

2.4 Is the contract subject to (a) the Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for

services, are the services for social, health, education or other services subject to the Light Touch Regime?

2.4.1 Yes – Public Contract Regulations 2015

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

2.5.1 This contract will be award on the CCS RM6259 – Vertical Applications Solutions Framework Lot 2 via Direct Award. This process is conducted by System C uploading a custom order, which relates to the service they currently provide us, to the CCS e-procurement portal. The Council via a designated officer will then add this order to our basket and complete the procurement process.

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

2.6.1 This contract will be delivered under the Vertical Application Solutions frameworks T&Cs, which both the Council and System C will be required to sign up to as part of the Direct Award process. Internally this contract will primarily be managed by the relevant Social Care Services, with the Council having dedicated officers who manage the system for these servicers, this will be with support from IT where necessary.

2.6.2 As part of this contract award, regular monthly/quarterly meetings will be held with System C to ensure they are continuing to deliver the service the Council requires.

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

2.7.1 The core outcome from Direct Awarding to System C is to avoid any unnecessary cost of change spend to the Council and ensure that the core services of Social Care run with little to no interruption.

One efficiency centres around a reduction in response time to critical help desk calls to system c, this allows social workers are able to complete work more quickly, improving social care worker buy-in to the system.

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

2.8.1 This contract will be awarded via Direct Award and thus no criteria will be used, the listing provided by System C will be like-for-like with our current package and will hold no changes.

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

2.9.1 Given the limited time to implement this contract and its nature as a Direct Award, there will be no guarantee of Social Value being acquired, however IT Services will work with Adults and Children's Social Care and the Council's Social Value Co-ordinator to discuss options with System C and try to acquire some commitment to the Council's Social Values.

2.10 **How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**

2.10.1 System C have made significant pledges to the Net Zero Carbon Target, it is a signatory member of the Network Net Zero Community, with a pledge made to the Race to Zero via the Network Net Zero Community in 2022.

More information on their pledges to Net Zero Carbon Targets can be found on their website, link in the appendix.

3. Options Appraisal

3.1 Do Nothing (Rejected) -

3.1.1 Liquidlogic is a key line of business application for both Adult and Children's Services. The inability to put a contract in place for this application and the loss of its service and functions could result in a significant risk to vulnerable peoples across the borough, and in some extreme circumstances, a risk to life. Not acting is not an option from the provision of statutory services where records must be maintained for looked after children, child protection orders, adults receiving services etc. Mandatory reporting to DFE and DoH would not be possible.

3.1.2 This action would not conform with both PCR2015 or the Council's Contract Rules.

3.2 Conduct a Market Exercise via a compliant route to market (Rejected) -

3.2.1 Please refer to the 'Reasons' section of the report to find the full rationale, in summary IT Services and Adults and Children's Social Care believe conducting any market exercise to replace or recontract with System C for Liquidlogic would incur huge costs to the organisation for little to no change benefit. This option has been rejected based on the Council already having a market leading Social Care system implemented.

3.2.2 Alternative frameworks to CCS VAS were considered, namely G-Cloud 13, however these frameworks do not have the flexibility in contract length that the Council require, with G-Cloud opting for a 4-year maximum term, which is deemed to short for a system of this magnitude. Further frameworks such as KCS and YPO were also considered, but the Council's familiarity with the CCS VAS Framework and the little to no difference in supplier count, meant that they were rejected.

3.2.3 An Open Tender/Negotiation was considered for this award; however these processes generally take much longer and require long negotiations on contract terms and conditions. On CCS VAS both the Council and System C are held accountable against agreed terms and conditions, allowing for a smoother and more succinct contract award.

4. Consultation

4.1 The following consultation has been held when discussing this decision:

Name and Title	Data Consulted	Manner of Consultation
Chris Bush – Commissioning Director for Care and Support	April 2023 until present	SME for service and senior responsible for contract
Paul Ingram – Chief Information Officer	November 2023 until present	IT expert
Jeevan Sharma – Head of IT Projects	April 2023 until present	IT expert, managed Liquidlogic implementation
Katherine Lyon – Business Architect	April 2023 until present	Business architect for IT and key in understanding current market trends
Daniel Monahan – Principal Manager	April 2023 until present	Lead officer on Liquidlogic within Social Care
Ben Davis – IT Procurement Lead	April 2023 until present	Leading on new contract implementation
Euan Beales – Head of Corporate Procurement and Accounts Payable	December 2023 until present	Guidance on direct award to Liquidlogic
Lauren Van Arendonk – Principal Lawyer Contracts	December 2023 until present	Guidance on direct award to Liquidlogic

5. Corporate Procurement

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

5.1 The report recommends a direct award through the CCS VAS Lot 2 framework.

5.2 The spend level falls under the Gold threshold in terms of the Council's Contract Rules, which outlines the requirements to procure in the open market, however this can also be satisfied by the use of a pre procured and accessible framework.

5.3 The paper defines the justification to seek a direct award, which is permissible under the terms of use, with the benefit to cost of change being highlighted in addition to the market assessment.

5.4 Based on the information contained in the report I cannot see any reason not to approve the recommendations as made

6. Financial Implications

Implications completed by: Amar Barot - Head of Finance for People Services

6.1 Any shortfall will be managed by the IT service within existing resources in 2024/25.

6.2 For Year 2 and subsequent years the shortfall will be considered as part of the MTFS budget setting process.

7. Legal Implications

Implications completed by: **Lauren van Arendonk, Acting Principal Contracts and Procurement Lawyer (Foreign Qualified)**

7.1 This report seeks to award a call off contract to Liquid Logic under the CCS VAS Framework, using the direct award function. Under r 31.1 of the Contract Rules, Officers must consider what procurement method and procedure is most likely to best achieve the Council's objectives including frameworks. CCS VAS Framework is an established framework. Under regulation 33 of the Public Contract Regulations 2015, contracting authorities may conclude framework agreements, provided that they apply the procedures provided for with the PCR 2015.

7.2 Under r 29.2 of the Contract Rules, any framework terms and conditions must be reviewed by Corporate Procurement and Legal Services prior to acceptance. Legal and procurement have been instructed and advised on the process; legal will be onside to review the terms of the framework together with the call off or order form to confirm its suitability and compliance.

7.3 Provided that the direct award is conducted in accordance with the CCS VAS Framework guidelines and in accordance with the Public Contract Regulations 2015, this procurement strategy and subsequent award can be approved.

7.4 Lastly, in accordance with r 59.2 of the Contract Rules, where a Contract has a value of £250,000 (including VAT) or more, it must be sealed. Legal services will be onside to assist with drafting and sealing.

8. Other Implications

8.1 **Corporate Policy and Equality Impact –** Full EIA is not required as part of this award.

8.2 **Safeguarding Adults and Children –** System C's Liquidlogic system for Adults & Childrens (LAS, EHM & LCS) ensures that Social Workers are following the statutory processes that are imbedded in each of the systems which promotes best practice by delivering outcomes and meeting the needs of our Vulnerable Adults and support in Safeguarding Children. Robust reports can be exported which can provide data for modelling work and support tracking progress and capacity in Social Care.

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

List of appendices:

- Appendix A – Equalities Impact Assessment
- Appendix B – Liquidlogic Pricing Sheet

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Equality Impact Assessment Screening Tool **Appendix 1**

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	Direct Award to Liquid Logic for a new 7-year (5+2) contract via the CCS RM6259 – Vertical Application Solutions Framework Lot 2	
Service Area	Childrens and Adults Social Care	
Officer completing the EIA Screening Tool	Ben Davis, IT Procurement Lead & Daniel Monahan, Principal Manager	
Head of Service	Elaine Allegretti, Strategic Director Childrens and Adults	
Date	29/01/2024	
Brief Summary of the Proposal/Project/Policy Include main aims, proposed outcomes, recommendations/ decisions sought.	This procurement will Direct Award a 7 (5+2) year contract to System C for their Liquidlogic Social Care Case Management System, this will be completed on the CCS RM6259 – Vertical Application Solutions Framework	
Protected characteristic	**Impact**	**Description**
Age	Not applicable (N/A)	Describe the impact.
Disability	Positive impact (L)	Liquidlogic systems enable Social Workers to capture residents Disabilities and ensure the correct support is put in place. This product is also fully integrated with all

		accessibility software used on the estate.
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	Not applicable (N/A)	Describe the impact.
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)	Liquidlogic systems enable us to capture these issues to ensure the correct support is put in place to assist our Vulnerable Adults and Children at risk of neglect.
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		**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.

Liquidlogic's systems/applications (EHM, LCS & LAS) do not require a full EIA, as this information is captured in these systems, but has no bearing on the delivery of service to our residents no matter what their protected characteristic may be. Social Care works on the presenting need of the Vulnerable Adult or Child who is at risk, and works on

[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.

supporting the resident or family to promote their wellbeing and does not take into account their protected characteristic but only in a positive manner, such as a Disability, the resident may require additional support in place such as Care Technology of package of need to support them to live an independent life where possible.

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

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

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