

# Notice of Meeting



## THE CABINET

**Tuesday, 6 July 2010 - 5:00 pm**  
**Council Chamber, Civic Centre, Dagenham**

**Members:** Councillor L A Smith (Chair); Councillor R Gill (Deputy Chair); Councillor J L Alexander, Councillor H J Collins, Councillor C Geddes, Councillor M A McCarthy, Councillor L A Reason, Councillor G M Vincent, Councillor P T Waker and Councillor J R White

Date of publication: 25 June 2010

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### AGENDA

1. **Apologies for Absence**
2. **Declaration of Members' Interests**

In accordance with the Council's Constitution, Members are asked to declare any personal or prejudicial 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 meetings held on 8 and 14 June 2010 (Pages 1 - 10)**
4. **Construction of New Council Housing within Housing Revenue Account - Phase 3 Council Housing & Thames View Sites (Pages 11 - 20)**
5. **Borough-wide Estate Renewal Programme (Pages 21 - 31)**
6. **Moving Towards Integration with NHS Barking and Dagenham (Pages 33 - 43)**
7. **Proposed Expansion of Beam Primary School (Pages 45 - 49)**
8. **Framework Agreement for the Supply of Office Stationery, Educational Supplies, Bulk and Office Paper, Electronic Office Supplies and Office Equipment (Pages 51 - 61)**
9. **Any other public items which the Chair decides are urgent**

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

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Executive, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended).

- 11. Any other confidential or exempt items which the Chair decides are urgent**

## THE CABINET

Tuesday, 8 June 2010  
(5:00 - 6:37 pm)

**Present:** Councillor L A Smith (Chair), Councillor R Gill (Deputy Chair), Councillor J L Alexander, Councillor C Geddes, Councillor M A McCarthy, Councillor L A Reason, Councillor G M Vincent, Councillor P T Waker and Councillor J R White

**Also Present:** Councillor E Carpenter, Councillor E Keller, Councillor J E McDermott, Councillor J Ogungbose and Councillor T Saeed

**Apologies:** Councillor H J Collins

### 1. Declaration of Members' Interests

There were no declarations of interest.

### 2. Minutes (16 March 2010)

**Agreed.**

### 3. \* Strategic Partner Programme Phase 1 - Scope of Services

Received a report from the Corporate Director of Finance and Commercial Services in respect of possible additional Council services which would be included within the scope of Phase 1 services of the Strategic Partner programme.

At our meeting on 7 July 2009 (Minute 21) it was agreed that the Information and Communications Technology (ICT) service would be the focus of the Phase 1 programme and that the inclusion of other services would be subject to further reports. Two potential partners, Agilisys and Capita, have been shortlisted to submit detailed bids and this report proposed the inclusion of Procurement, Accounts Payable, Revenues and Benefits and the B&D Direct services alongside ICT within Phase 1.

The Strategic Finance Controller confirmed that the decision being sought at this stage was merely to include these services within the bid portfolio. Other issues raised during the discussions included:-

- The links to the Customer Access Strategy;
- The financial arrangements, with particular reference to the additional £1m in 2010/11 to fund staffing in the Revenues and Benefits division;
- The need for the final proposals on the services to be included within the Phase 1 programme to set out the benefits to these being provided by the partnership as opposed to the Council, and the risks associated with each;
- The implications of the proposed break / termination clauses within the proposed seven-year agreement;

**Agreed,** in order to assist the Council in accelerating benefits realisation and

achieving more savings earlier to address budget pressures, to the scope for Phase 1 of the Strategic Partner programme being expanded to include the Council's Procurement, Accounts Payable, Revenues and Benefits and B&D Direct services as detailed in the report.

#### **4. Local Development Framework - Adoption of Core Strategy Development Plan Document**

Further to Minute 5 (20 May 2008), received a report from the Corporate Director of Finance and Commercial Services on the proposed adoption of the Local Development Framework (LDF) Core Strategy which sets the vision for the future planning of the borough up to 2025.

The document has been subject to examination in public and the independent Inspector has confirmed that the Core Strategy is legally compliant and has endorsed the key proposals within the document, with the exception of the proposed affordable housing policy target of 50%. Officers confirmed that this does not necessarily undermine the Council's aspirations for affordable housing and essentially may give greater flexibility over the next 15 years. Other issues that arose during the discussions included:-

- The importance of achieving the 40% target for family housing in new developments;
- The implications for the Council's regeneration and development proposals in view of the current uncertainty surrounding the Docklands Light Railway (DLR) extension to the Borough;
- The need to reflect the closer relationship between community and religious facilities. In this respect, Members were reminded of the Select Committee report that was adopted by the Assembly on 10 December 2008 and the Planning Advice Notice published in June 2007.

Agreed, to assist in the delivery of all the Council's Community Priorities, to **recommend the Assembly** to adopt the Barking and Dagenham Local Development Framework Core Strategy Development Plan Document.

#### **5. Local Development Framework: Supplementary Planning Document "Saturation Point: Addressing the Health Impacts of Hot Food Takeaways"**

Further to Minute 40 (20 July 2009), received a report from the Corporate Director of Finance and Commercial Services on the outcome of the public consultation on the proposed planning policy in relation to hot food takeaway premises. The Supplementary Planning Document (SPD) received strong support from academic institutions and health organisations but also strong objection from a number of fast food operators, with a threat of a legal challenge by one major franchise.

The SPD aims to reduce the risk of obesity amongst the Borough's population and, in particular, children through a range of measures. Issues that arose during our discussions included:-

- The need to enforce street litter control notices and premises licence conditions in relation to noise and anti-social behaviour. The Interim Corporate Director of Customer Services confirmed that McDonalds already

- provide their own litter patrols and others would be encouraged to follow suit, with enforcement action being taken where appropriate;
- The welcoming of the £1,000 one-off fixed approval fee for any new hot food takeaway premises;
  - Officers to review the powers available to the Council with a view to preventing 'Use Class A5' premises being left vacant for many years solely because of the higher rental income that hot food takeaways attract over other types of retail outlet;
  - Officers to look into expanding on initiatives such as the Healthy Eating Awards and the "Scores on the Door" premises hygiene and food preparation rating system, and to make this information available to the public via the Council's website and other communication channels;
  - The need for the Development Control Board to be fully informed of this new policy to ensure that it is reflected in the consideration of any new applications for A5 Use premises, as a key aim is to cap the number of hot food takeaway premises to current levels.

Agreed, to assist in achieving the Community Priority of "A Healthy Borough", to **recommend the Assembly** to adopt the "Saturation Point – Addressing the Health Impacts of Hot Food Takeaways" Supplementary Planning Document.

## 6. Customer Access Strategy

Received a report from the Interim Corporate Director of Customer Services on the development of a Customer Access Strategy, which builds on the Customer Strategy approved at our last meeting (Minute 141, 16 March 2010).

The Customer Access Strategy sets out the plan for the way the Council will deliver services and interact with customers and provides further context and information on how the Council should organise itself to best deliver services to customers and maximise use of limited resources. The Access Strategy also addresses how the Council will ensure services are available through the right channel for the individual and the service, avoiding a 'one size fits all' approach.

Issues that arose during our discussions included:-

- Councillors being kept informed of progress and achievement against targets;
- The need for services to be responsive and reflective of trends, with an increase in noise nuisance complaints during the summer months as people enjoy the longer, warmer evenings used as an example;
- That the Council's new Customer Relationship Management (CRM) system to be launched later this year will mean that customer information is gathered in a central database and therefore enable closer monitoring, follow up and feedback to take place;
- That self-service and other measures to improve the speed of customer contact will be developed further within the Strategy;
- The introduction to the Borough of four "elephant" kiosks with touch screens which are intended to offer the public easy access to information (initially on adult social services). Whilst these will be particularly helpful for people with a learning disability it is anticipated many other people will find this an attractive way to obtain information. It was noted that a publicity campaign

will shortly be undertaken in support of the official launch of this new service.

**Agreed**, in order to assist in achieving the Council's strategic priorities of delivering excellent customer services, to:-

- (i) Adopt the Customer Access Strategy included as Appendix 1 to the report;
- (ii) The Customer Access Strategy being used by services as a guide to determining how to deliver the customer access aspects of their service and to inform service planning;
- (iii) The development of the detailed business case for savings and investment to validate the business plan for B&D Direct; and
- (iv) The development of the detailed One B&D design principles for Adult Social Care and Children's Services (i.e. Phase 2 of customer services transformation).

#### **7. Return of Planning Powers from London Thames Gateway Development Corporation (LTGDC) to LBB**

Received a report from the Corporate Director of Finance and Commercial Services on the possible return of planning powers that were transferred from the Council to the London Thames Gateway Development Corporation (LTGDC) on 31 October 2005.

The Council responded positively to an invitation last year from the Department for Communities and Local Government to express an interest in reacquiring its planning powers. Officers' view was that it would remove the duplication and delays that characterise the current system and also to increase local accountability. However, the Council also supported the option of the LTGDC maintaining its regeneration delivery role provided it was working to an agreed set of priorities with its partners. It is possible that the planning powers could be returned by 1 October 2010 or, if that date is not achieved, by 1 April 2011.

The issue of the additional risks for the Council in taking back these responsibilities was raised, with particular reference to the costs associated with possible legal challenges by applicants who have been refused permission for schemes that would currently fall under the remit of the LTGDC. Officers clarified a number of points and referred to the proposal that Members of the Development Control Board receive specific training by the Planning Advisory Service on aspects of the new responsibilities, which the Cabinet endorsed.

Agreed, in order to help deliver the Community Priority "Fair and Respectful", to **recommend the Assembly** to support the return of planning powers from LTGDC to the Council.

#### **8. \* Council's Revenue and Capital Outturn 2009/10**

Received a report from the Corporate Director of Finance and Commercial Services on the Council's provisional revenue outturn for 2009/10, which is subject to final accounting entries.

The provisional General Fund position shows a net underspend of £4.4m against a net revenue budget of £151.2m (2.9%), improving the balance position from £3.7m at the start of the year to £8.1m. This represents a significantly improved position to that anticipated over the course of the year and has primarily been achieved as a result of the impact of expenditure controls introduced in October 2009, the focussed use of earmarked and other specific reserves and the receipt of a one-off VAT refund of approximately £1m. Also noted that capital expenditure for 2009/10 was £97.1m against the revised capital budget of £96.7m (100.4%) and the Housing Revenue Account (HRA) generated a surplus of £2.6m, bringing the ring-fenced HRA balance from £0.762m at the start of the year to £3.38m.

The Strategic Finance Controller also advised on the proposed allocation of funding from the contingency budget for 2010/11 and agreed to provide Members with a briefing paper on the reduction in the non-HRA Private Sector Households budget for 2010/11 which reflects the spending brought forward to 2009/10.

**Agreed**, as a matter of good financial practice, to:-

- (i) Note the outturn and balances position of the Councils General Fund revenue budgets for 2009/10;
- (ii) Approve the transfer of earmarked and specific reserves to and from the General Fund balances as detailed in paragraph 2.3 of the report;
- (iii) Approve the final in-year budget adjustments as set out in paragraph 3.4 of the report;
- (iv) Note the outturn and balances position of the Housing Revenue Account as set out in paragraph 5 of the report;
- (v) Note the outturn position for the 2009/10 Financial Health Indicators as set out in paragraph 6 and Appendix B of the report;
- (vi) Note the outturn position of the Council's Capital Programme as set out in paragraph 7 of the report;
- (vii) Approve the capital budget adjustments as set out in paragraph 7.8 of the report;
- (viii) Approve the carry forward items from the 2009/10 Capital Programme to be incorporated into the 2010/11 and future years capital programme subject to a final review by the Corporate Director of Finance and Commercial Services as detailed in Appendix D of the report;
- (ix) Approve the roll back of 2010/11 funding to meet 2009/10 Capital Programme costs incurred ahead of schedule as detailed in Appendix E of the report;
- (x) Approve the appropriate rephasing of 2010/11 to 2012/13 capital budgets where expenditure is out of line with actuals;
- (xi) Note the outturn position for the 2009/10 Prudential Indicators as set out in

paragraph 8 and Appendix F of the report; and

- (xii) Approve the 2010/11 budget virements from contingency as detailed in paragraph 4.1 of the report as follows:

Adult & Community Services department

- a) the increased costs of concessionary fares (£1m).
- b) Free access to leisure for pensioners (£130,000)

Children's Services

- c) Youth access card (£150,000)
- d) Legal costs of safeguarding children (£300,000)

Customer Services

- e) Increased cost of Revenues and Benefits service (£1m)

Finance & Commercial Services

- f) Unachievable income expected from LHC (£250,000)

Resources/ Finance & Commercial Services

- g) Regeneration and Asset Management income targets not achievable due to market conditions (£500,000)

Resources

- h) The war memorial (£150,000).

## 9. \* Treasury Management Annual Report 2009/10

Received a report from the Corporate Director of Finance and Commercial Services presenting the Council's outturn position in respect of its treasury management activities for 2009/10. The report also set out proposed amendments to the Council's Treasury Management Strategy in relation to the Minimum Revenue Provision (MRP) Policy and lending to commercial and external organisations, which may be of benefit to the Council under the Strategic Partnering arrangements.

Agreed, in line with the Council's Financial Rules and CIPFA Guidance, to:-

- (i) Note the Treasury Management Annual Report for 2009/10; and
- (ii) **Recommend the Assembly** to approve revisions to the Council's Treasury Management Strategy to incorporate:
  - a. The new MRP Policy as set out in paragraph 7.1 of the report; and
  - b. Provisions for the Council to make loans to external organisations in order to deliver continued value for money, in line with the powers vested in local authorities under Section 2 of the Local Government Act 2000, as referred to in paragraph 10 of the report.

## 10. Proposed Expansion of Roding Primary School

Received a report from the Corporate Director of Children's Services on the



proposed expansion of Roding Primary School by providing a new three-form entry school building on a separate site in Cannington Road, Dagenham, with effect from 1 September 2010.

Noted that interim arrangements were made with effect from September 2008 to increase the intake for Reception, Year 1 and Year 2 utilising this site and this proposal would, in effect, formalise that arrangement as well as introducing additional forms for Year 2 to Year 6 pupils, bringing the standard admission number to 144 pupils.

The Corporate Director confirmed that the proposed increase is considered to be appropriate in the current circumstances but agreed to look into whether further expansion on the site would be feasible in the future, given the land available at the site and the ever-increasing demand for school places particularly in the primary age range.

**Agreed**, in order to assist the Council in achieving its Community Priority of “Inspired and Successful” and in fulfilling its duty to provide every child in the borough with a school place, to agree the formal expansion of Roding Primary School from a two-form to a five-form entry Primary School with effect from 1 September 2010 through the utilisation of the Cannington Road site.

#### **11. Council Debt Write Offs**

Received and noted a report from the Corporate Director of Customer Services on the value and type of debts written off from the Income, Collection, Rents and Benefits Service areas as uncollectible for the fourth quarter of 2009/10 (January to March 2010), together with comparative information for previous periods. Further noted that a number of these debts will be publicised in accordance with agreed policy.

#### **12. Urgent Action - Capital Programme 2009/10 Variation**

Received a report advising on the action taken by the Chief Executive on 4 March 2010 under the urgency procedures contained within paragraph 17.1 of Article 1, Part B of the Council’s Constitution, in agreeing to the variation of the 2009/10 Capital Programme as detailed in Appendix A to the report.

#### **13. Urgent Action - Term Contract for Maintenance of Fire Protection, Detection and Emergency Lighting Systems within Public Buildings and Schools 2010/2014**

Received a report advising on the action taken by the Chief Executive on 30 April 2010 under the urgency procedures contained within paragraph 17.1 of Article 1, Part B of the Council’s Constitution, in agreeing to contractual arrangements in relation to the maintenance of fire protection, detection and emergency lighting systems within public buildings and schools as detailed in Appendix A to the report.

#### **14. Urgent Action - Local Government Pensions Scheme (Administration) Regulations 2008 - Admission Agreement**

Received a report advising on the action taken by the Chief Executive on 30 April

2010 under the urgency procedures contained within paragraph 17.1 of Article 1, Part B of the Council's Constitution, in agreeing to the entering into of an Admission Agreement in respect of the Council's Pension Scheme with Translinc Limited as detailed in Appendix A to the report.

**15. Building Schools for the Future Progress Report and Appointment of Information and Communications Technology Selected Bidder**

Received a report from the Interim Corporate Director of Resources providing an update on the progress with the Council's Building Schools for the Future (BSF) programme and seeking approval for the appointment of the selected bidder for the ICT Managed Service element of the programme.

Noted that the Outline Business Case was approved by Partnerships for Schools in July 2009, and since that date the Council has been in procurement for both a Local Education Partnership (LEP) to build schools and provide facilities, and an ICT Managed Service Provider partner to provide a managed ICT service for schools.

The normal procurement period is 18 months but all bidders for both the ICT and the LEP elements have agreed with an accelerated programme of approximately 12 months to help minimise costs to the Council. It was noted however that this is subject to Government approval and funding, the position on which is still relatively unclear in view of the recent change in government and uncertainty regarding public sector funding.

**Agreed**, in order to assist the Council in achieving its Community Priorities "Inspired and Successful" and "Prosperous", to:-

- (i) Note the results of the BSF ICT Managed Service Provider evaluation as detailed in the private and confidential part of the agenda (Appendix 2 to the report);
- (ii) Approve the appointment of the highest scoring bidder named in Appendix 2 as the Selected Bidder, subject to the terms of the Selected Bidder letter and the provision of an updated model reflecting a change of expiry date to 1 September 2019 (this updated model to only reflect the changes agreed during dialogue); and,
- (iii) Note that a special meeting of the Cabinet has been arranged for Monday 14 June 2010 at 2.00pm at the Civic Centre, Dagenham to consider a report regarding the appointment of the Selected Bidder for the LEP element of the programme.

(\* The Chair agreed that these items could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)

## THE CABINET

Monday, 14 June 2010  
(2:00 - 2:06 pm)

**Present:** Councillor L A Smith (Chair), Councillor R Gill (Deputy Chair), Councillor H J Collins, Councillor C Geddes, Councillor L A Reason, Councillor G M Vincent, Councillor P T Waker and Councillor J R White

**Also Present:** Councillor R Baldwin, Councillor E Keller and Councillor J E McDermott

**Apologies:** Councillor J L Alexander and Councillor M A McCarthy

### 16. Declaration of Members' Interests

Councillors Smith and Reason each declared a personal, non-prejudicial interest in respect of the Building Schools for the Future report (agenda item 3) as members of the Governing Bodies of Dagenham Park Church of England School and Trinity Special School respectively.

### 17. Building Schools for the Future (BSF) Appointment of Local Education Partnership (LEP) Selected Bidder

Further to Minute 15 of our last meeting, we have received a report from the Interim Corporate Director of Resources on the outcome of the evaluation of bids submitted by the two short-listed tenderers for the Local Education Partnership (LEP) element of the Council's Building Schools for the Future (BSF) programme.

The BSF programme is planned to result in the modernisation of all the Borough's secondary schools and also Trinity Special School through a mix of refurbishment and new build, funded via the Private Finance Initiative (PFI). Dagenham Park Church of England School (new build) and Sydney Russell Comprehensive School (refurbishment) were selected as the sample schools for the purposes of tendering and the two tenderers were asked to submit a standard bid and a mandatory variant bid, the latter to facilitate the request by the Governing Body of Dagenham Park Church of England School for an option to exclude "soft" facilities management services such as catering.

The Divisional Director of Strategic Asset Management and Capital Delivery confirmed that the tenders were submitted by the deadline of 9 June 2010 and the evaluation carried out in accordance with the pre-determined tender evaluation criteria. The Divisional Director also confirmed that both tenderers were scored separately for both their standard and mandatory variant bids. For each bidder the outcome was that the score for their standard bid was the same as their score for their mandatory variant bid, meaning that the inclusion, or not, of the soft services component does not influence the choice of Selected Bidder.

The evaluation results were presented to a meeting of the BSF Project Board held earlier today and the Board has recommended the appointment as Selected Bidder of the highest scoring bidder as detailed in Appendix 2 to the report. The

Divisional Director advised that further reports will be presented to the Cabinet in relation to the full financial details of both the LEP and ICT elements of the BSF programme prior to the entering into of any formal contractual arrangements.

**Agreed**, in order to assist the Council in achieving its Community Priorities “Inspired and Successful” and “Prosperous”, to:-

- (i) Note the results of the BSF LEP evaluation as detailed in Appendix 2 to the report (contained within the private and confidential section of the report);
- (ii) Endorse the recommendation of the BSF Project Board and approve the appointment of the highest scoring bidder named in Appendix 2 as the Selected Bidder; and
- (iii) Note that further reports will be presented to the Cabinet in respect of the draft Final Business Case for the LEP programme, which will include the result of discussions between the Council and the respective governing bodies of the two sample schools, before its submission to Partnerships for Schools and Infrastructure UK.

(The Chair agreed that this item could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)

## CABINET

6 JULY 2010

## REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

<b>Title:</b> Construction of New Council Housing within Housing Revenue Account – Phase 3 Council Housing and Thames View Sites and Prudential Borrowing Requirements	<b>For Decision</b>
<p><b>Summary:</b></p> <p>This Report sets out progress of delivery and the funding implications for delivering the Council's new build housing programme.</p> <p>The Council has been successful in bidding for additional NAHP grant from the Homes and Communities Agency. This allows a larger new build programme to be delivered than that previously reported to Executive which helps deliver the Council's estate regeneration strategy. There will be a commensurate need for additional capital resources which is set out in this report.</p> <p>Specifically the report sets out the delivery and funding arrangements for the programme as a whole and seeks specific approval for the procurement of construction services for the new housing at Maplestead Road, Alfred Gardens, Thornhill Gardens, Goresbrook Compound, Roycraft Avenue and Alderman Avenue, being Phase 3 Council Housing sites.</p> <p><b>Wards Affected:</b> Eastbury; Gascoigne; Longbridge; Thames.</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none"> <li>(i) The procurement of construction services, in accordance with national and EU procurement legislation and the Council's Contract Rules, for the construction of the Phase 3 Council Housing allocated grant at Roycraft and Alderman Avenues, Thames View, Barking, Thornhill and Alfred Gardens, Barking, Goresbrook Compound and Maplestead Road, Dagenham, in manner described in this report.</li> <li>(ii) To delegate to the Corporate Director of Resources authority to appoint the successful contractor for the construction phase of these sites.</li> <li>(iii) That £26.623m of capital resources are allocated to the HRA to fund the construction costs of the new build programme, following receipt of £14.886m NAHP grant; with the expectation that these resources will be funded through prudential borrowing with the costs of the borrowing met from the rental income from the new properties constructed and that £12.439m of the capital resources is allocated to fund the remaining new build programme (phase 3).</li> <li>(iv) That the previously reallocated capital resources of £7.073m are reallocated to support the estate regeneration strategy set out in the accompanying report</li> </ul>	

**Reason(s)**

To assist the Council in achieving the Community Priority “Prosperous” through increasing the supply and range of family sized social rented housing in Barking and Dagenham by utilising existing Housing Revenue Account (HRA) land and development sites.

**Implications****Financial**

New build funding requirements

The table below provides a summary of the council’s new build programme

<b>Phase</b>	<b>Units</b>	<b>Total construction costs</b>	<b>NAHP grant</b>	<b>HRA prudential borrowing requirement</b>
King William Street Quarter	31	£6,419,936	£4,044,043	£ 2,345,343
Council Housing Phase 1	18	£3,138,186	£1,806,057	£1,332,129
Council Housing Phase 2	22	£4,351,341	£2,179,593	£2,171,748
Council Housing Phase 3	71	£12,713,379	£6,856,708	£5,856,671
<b>Total</b>	<b>142</b>	<b>£26,622,842</b>	<b>£14,886,401</b>	<b>£11,736,441</b>

The prudential borrowing shown above needs to be profiled and made available to help fund the construction costs over the construction period which runs until March 2013.

**Financial Appraisal summary**

A HRA new build appraisal tool has been developed to assess the financial viability of new build schemes. All the schemes in the current programme have been appraised and the project is viable and able to repay the capital funding required from the Council over the appraisal period. The programme has been appraised over a period of 50 years which is considered to represent the economic life of the asset. Appendix 1 sets out a summary of the appraisal, assumptions and key sensitivities.

The allocation of capital resources to the new build programme will lead to an increase in the HRA Capital Financing Requirement (CFR). There is currently no statutory need to make any Minimum Revenue Provision (MRP) against the HRA CFR. On this basis the programme returns positive net cash flows (after meeting all construction related costs and management and maintenance expenditure over the life of the project) and will not have an adverse impact on the requirement of the Council to set a balanced HRA budget; but the Council is not making any provision for the repayment of any borrowing taken out to fund the capital resources used.

The Council will still have to consider the overall affordability of the borrowing in the long term and should consider how the borrowing is linked to the new build assets in the future, including whether surpluses generated should be set aside to repay borrowing. This will be considered in the context of the Council’s overall capital investment, borrowing and Treasury Management approach for the HRA, in the light of the outcomes of the current Housing Finance consultation. There is a risk that the new HRA regime will require the council to make

MRP and this could increase the cost of borrowing for the new build programme; if this were the case then the HRA would need to cover c£213k for the first 30 years of the project after which time there would be positive cash flows. However, this risk is considered low because the HRA subsidy consultation indicates that the HRA would still have the ability to use interest only prudential borrowing for housing investment.

The funding position set out in this report represents the base position for funding the construction costs of the new units under the current HRA Subsidy system without adversely affecting the requirement to set a balanced HRA budget. The Government is consulting local authorities about dismantling the subsidy system and, depending on the terms of the settlement, the Council may be able to adopt a treasury management policy for HRA debt that more closely matches resources to the investment needs of the stock; this would allow greater flexibility in making investment decisions, involving deficit budgets for certain projects in early years balanced with repaying debt principal where this is deemed prudent to create borrowing headroom in future years.

#### Prudential Borrowing implications

To support the new build programme Executive previously agreed to reallocate resources from the council's capital programme. This amounted to £7.073m of general fund prudential borrowing granted to the HRA. However, if the new build programme is financed through HRA borrowing for which there is currently no statutory need to charge MRP then the programme does not need this support and it could be reallocated to support the estate renewal programme. The accompanying report sets this out in detail.

#### **Legal**

This report is seeking the Cabinet's approval of the procurement of the construction services required to implement the Council's plans to construct new housing at Maplestead Road, Alfred Gardens, Thornhill Gardens, Goresbrook compound, Roycraft Avenue and Alderman Avenue (Phase 3 Council Housing sites).

Section 80B of the Local Government and Housing Act 1989 enables local authorities to exclude specified properties from the HRA Subsidy System by agreement with the Secretary of State. This includes new build properties developed by the Council. Such properties remain within the HRA, with the Council being able to retain the full rental income from such properties.

The Council has power to enter into contractual agreements for the construction of new homes under section 1 of the Local Government (Contracts) Act 1997 on the basis that such services are properly required for the discharge of the Council's duties.

The estimated value of the proposed contract is £10.5m which exceeds the EU threshold for Works contracts (currently £3,927,260) in respect of which compliance with the Public Contracts Regulations 2006 ("the EU Regulations") is required.

The report recommends procurement of the required construction services via the Council's Housing Contractor Framework Agreement.

The EU Regulations empower local authorities to select contractors to undertake specific projects from amongst those contractors with which it has concluded a framework agreement, provided the framework agreement itself was established in compliance with the provisions of the EU Regulations.

The report confirms that the Council's Housing Contractor Framework Agreement was established in accordance with the Council's Constitution and the EU Public Contracts Regulations. Under the EU Regulations, selection of a contractor from a framework agreement may be undertaken either by way of "call off" or by mini-competition. In this case, a mini-competition involving the invitation of tenders from contractors on the Council's Housing Contractor Framework Agreement is being undertaken.

The report is furthermore requesting that the Cabinet delegate its authority to award the proposed construction contract to the contractor that achieves the highest scores in the mini-competition to the Corporate Director of Resources, upon conclusion of the competition.

The Cabinet has the power under Section 15 (6) of the Local Government Act 2000, and under Part C of the Council's Constitution, to delegate its powers to officers.

If the request for delegated authority to the Corporate Director of Resources is granted, the Corporate Director in deciding whether to award or not to award the framework agreement, to the recommended contractor must be satisfied that the provisions of the EU Regulations, including EU Treaty principles of equal treatment of tenderers, non-discrimination and transparency have been complied with in the selection of the contractor.

The Legal Partner (Procurement, Property & Planning) confirms that there are no legal reasons preventing the Cabinet from approving the recommendations of this report. The Legal Partner (Procurement, Property & Planning) should however be consulted in relation to the contractual aspects of the proposed construction services contract.

### **Contractual**

For Phase 3 Council Housing sites identified, it is anticipated that the estimated total value of the works contracts will be up to £10.5m. The contract is being procured through the Council's existing Housing Contractor Framework, which has been procured in accordance with the Council's Constitution, the Public Contracts Regulations 2006 and European Procurement Directives. The Council (as a contracting authority) will also procure in line with the general EC Treaty principles of i.e. non-discrimination, equal treatment, transparency, proportionality and mutual recognition.

The report confirms that the procuring department will seek tenders from the council's contracting framework, and that tenders will be sought using the JCT Design and Build 2005 standard contract terms and Construction Design and Management (CDM) Regulations 2007 will apply for this project.

It is also noted that tenders will be evaluated by internal officers and external cost consultants using the evaluation criteria and associated weightings as set out in the invitation to tender documentation and detailed below in paragraph 2.3 to ensure compliance with legislation and Council's Constitution.

### **Risk Management**

Each of the new build projects is subject to the Council's Capital Programme Management Office (CPMO) process which includes a full risk management process from inception through to design, construction and completion.

The new build programme will be managed by a dedicated project manager within the Strategic Asset Management and Capital Delivery Division.

The programme will be monitored by the Housing Strategy Board whose membership includes Acting Corporate Director of Customer Services, Divisional Directors of Strategic Asset Management and Capital Delivery, Regeneration and Economic Development and Housing, Legal Partner, Procurement, Property and Planning, Finance and Land Services.



<p><b>Staffing</b> No specific implications</p>		
<p><b>Customer Impact</b> The number of larger homes available for Social Rent will increase because of this programme. The Borough currently has over 140 families awaiting homes with four bedroom and 2,446 families awaiting homes with three bedrooms. Increasing the supply of larger family sized socially rented accommodation will improve the housing overcrowding problem in the Borough; this phase of the programme aims to provide 11 four (4) bedroom and 58 three (3) bedroom homes for local families on the register. All of the new homes built under this programme will be built to Lifetime Homes and generous space standards.</p>		
<p><b>Safeguarding Children</b> The provision of more, larger family sized accommodation will alleviate the pressures placed on families who are forced to live in overcrowded accommodation.</p>		
<p><b>Crime and Disorder</b> Section 17 of the Crime and Disorder Act 1998 places a responsibility on local authorities to consider the crime and disorder implications of any proposals. In any development the Council will seek to achieve 'secured by design' status to ensure that the opportunities for crime are minimised at the design stage of development. During construction the security arrangements for each site will be the responsibility of the appointed Contractor, for each site adjacent neighbours will be given contact details for the site management in case of any problems and out of hours' emergencies.</p>		
<p><b>Property / Assets</b> Sites identified for redevelopment in the HRA new build programme will not be available for disposal as part of the borough's Disposal Programme. Retention will create a long-term capital asset within the HRA for households requiring social rented housing.</p>		
<p><b>Options appraisal</b> Each HRA new build site has been subject to a full option appraisal process to ensure that the development optimises its contribution to meeting housing supply and impact on the local environment and that the proposed development is in line with Planning Policy. In addition each site will be required to meet minimum sustainability thresholds to minimise impact on the environment in both construction and occupation.</p>		
<p><b>Head of Service:</b> Sue Lees</p>	<p><b>Title:</b> Divisional Director of Asset Management and Capital Delivery</p>	<p><b>Contact Details:</b> Tel: 020 8227 3300 E-mail: <a href="mailto:sue.lees@lbbd.gov.uk">sue.lees@lbbd.gov.uk</a></p>
<p><b>Head of Service:</b> Stephen Clarke</p>	<p><b>Title:</b> Divisional Director of Housing Services</p>	<p><b>Contact Details:</b> Tel: 020 8227 3738 E-mail: <a href="mailto:stephen.clarke@lbbd.gov.uk">stephen.clarke@lbbd.gov.uk</a></p>

## 1. Background

- 1.1 The HCA confirmed in March 2010 that the Council was successful with its grant application for National Affordable Housing Programme (NAHP). A total sum of £7.234m was allocated to the sites at Maplestead Road, Goresbrook Compound, Alfred Gardens, Thornhill Gardens, Alderman Avenue and Roycraft Avenue.
- 1.2 The sites at Maplestead Road, Goresbrook Compound, Alfred Gardens and Thornhill Gardens are being progressed, with planning application being sought for the development of new houses on the sites. The sites at Roycraft Avenue and Alderman Avenue have planning consent for the development of new houses.
- 1.3 The sites identified for HRA new build together with the allocated grant are shown below:

<b>New Build Phases</b>	<b>Sites</b>	<b>Total Cost (Construction, fees, &amp; on - costs)</b>	<b>Funding from NAHP Grant</b>	<b>New Build Houses</b>
King William Street Quarter (Phase 1)	King William Street Quarter	£6,419,935	£4,044,043	17x 3bed 5person house 14 x 4bed 6person house
Council Housing Phase 1	Essex Road, Rogers Road, Bromhall Road & Highland Avenue	£3,138,186	£1,806,057	9x 3bed 5person house 9x 4bed 6person house
Council Housing Phase 2	Charlton Crescent 1	£814,320	£419,794	4x 4bed 6person house
	Charlton Crescent 2	£814,380	£488,736	2x 2bed 4person house 4x 4bed 6person house
	Curzon Crescent	£1,189,944	£820,995	7x 4bed 6person house
	Beamway	£625,100	£466,521	5x 3bed 5person house
Council Housing Phase 3	Alfred Gardens	£375,060	£279,912	3 x 3bed 5person house
	Thornhill Gardens	£542,640	£383,332	2 x 3bed 5person house 2 x 4bed 6person house
	Maplestead Road	£1,545,734	£914,950	8 x 3bed 6person house 2 x 4bed 7person house
	Alderman Avenue	£994,316	£802,000	2 x 2bed 4person house 3 x 3bed 5person house 3 x 4bed 6person house
	Roycraft Avenue	£1,409,201	£596,515	2 x 3bed 5person house 4 x 4bed 6person house
	Goresbrook Compound	£6,768,000	£3,880,000	40 x 3bed 5person house

## 2. Appointment of Contractors

- 2.1 Following the confirmation of the NAHP funding and in order to meet prescribed funding timescales for delivery, a list of contractors was drawn up from the Council's Housing Contracting Framework and tenders were issued to the contractors in June 2010.
- 2.2 The form of Contract to be used for the project is the JCT Design and Build 2005 (revision 2) with Contractors design post stage D+.

- 2.3 Although all the sites listed above have secured grant, the sites at Thornhill Gardens, Alfred Gardens and Maplestead Road are currently under consultation with residents and members. If the results of the consultation process impact upon the schemes to be taken forward in any material way, members will be advised accordingly.
- 2.4 Two of the sites Alderman and Roycraft Avenue, have planning consent for the new build; planning applications are being submitted for the other four sites.
- 2.5 Following a tender exercise, Tweeds (operating as White Young Green Management Ltd) have been appointed to support the internal project management team in the delivery of this project.
- 26 The weighting for the evaluation of the tender will be on the basis of 60:40 ratio quality / price. The assessment of the quality criteria will be based on the answers provided to questions as outlined below:
- Contractors Proposals, compliance with Employer's Requirements.
  - What recent examples (in the last 3yrs) does the Contractor have of successfully, delivering similar schemes including new build project experience to sustainable code level 4?
  - In the process of delivering new homes, what risks does the contractor foresee and how would these be dealt with?
  - How will the contractor work with the council to successfully deal with challenges faced in building the first new Council homes in over 25yrs?
  - The Client and its funders expect delivery by July 2011; the contractor is expected to demonstrate with an indicative programme how the deadline can be achieved
  - Contractor's proposals for community liaison during the construction period, giving examples of how this has been done on previous new build projects.
- 2.7 It is intended that successful contractors will be appointed (all sites except Goresbrook Compound site) in August, with an anticipated start on site during September 2010 and be completed on site by July 2011; the project for Goresbrook compound is expected to start in November 2010 and complete on site in November 2011. This is a specific requirement of the grant funding.
- 2.8 The successful contractor's performance will be monitored and managed by the use of Key Performance Indicators, which will be reported to the client on a monthly basis. This will include indicators on the use of local labour, apprentices and local supply.
- 3. Links to Corporate and other Plans and Strategies**
- 3.1 The supply of New Build Council Housing will increase the supply of family sized socially rented accommodation and contribute to reducing the level of overcrowding and housing shortage within the borough.
- 3.2 Through this project, we are looking to push apprenticeships and local labour initiatives, as well as school visits through the National Skills Academy for Construction (NSAfc) programme. The successful contractor will be expected to provide an agreed number of apprentices through the delivery of the project and engage positively with local labour and Small and Medium Enterprise (SMEs).

#### **4. Consultees**

4.1 The following were consulted in the preparation of this report:

Councillor P Waker - Cabinet Member for Housing  
Councillor M McCarthy - Cabinet Member for Regeneration  
Lee Russell - Group Manager, Corporate Finance  
Yinka Owa - Legal Partner (Procurement, Property & Planning)  
Eldred Taylor-Camara - Deputy Head of Law (Procurement, Property and Planning)  
Stephen Clarke - Divisional Director for Housing Services  
Sue Lees - Divisional Director of Strategic Asset Management and Capital Delivery  
Jeremy Grint - Divisional Director of Regeneration & Economic Development  
Glynis Rogers – Divisional Director, Community Safety & Neighbourhood Services  
Heather Wills - Head of Community Cohesion & Equalities  
Paul Ansell – Strategic Procurement Manager

#### **5. Background Papers Used in the Preparation of the Report:**

Executive Report and Minute 89 - Construction of New Council Housing within the Housing Revenue Account 17 November 2009.

#### **6. Appendices**

Appendix 1

**APPENDIX 1 – COUNCIL HOUSING NEW BUILD MODEL ASSUMPTIONS**

**JUNE 2010**

<b>Name</b>	<b>Development Management Fees/Unit</b>	<b>Prof. Fees</b>	<b>Operational Management Costs/Unit</b>	<b>Repairs and Maintenance</b>	<b>Major repairs (5 year cycle)</b>
KWS Round 2	500	19.00%	1,200	800	5500
Goresbrook Compound 1	500	20.00%	1,200	800	5500
Curzon Crescent 1	500	20.00%	1,200	800	5500
Roycraft Avenue 1	500	20.00%	1,200	800	5500
Alderman Avenue 1	500	20.00%	1,200	800	5500
Maplestead 1	500	20.00%	1,200	800	5500
Alfred Gardens 1	500	20.00%	1,200	800	5500
Thornhill Gardens 1	500	20.00%	1,200	800	5500
Block D	500	20.00%	1,200	800	5500
Wivenhoe Road 1	500	20.00%	1,200	800	5500
KWS Phase 1	500	20.00%	1,200	800	5500
Essex Road	500	20.00%	1,200	800	5500
Rogers Road	500	20.00%	1,200	800	5500
Bromhall Road	500	20.00%	1,200	800	5500
Highland Avenue	500	20.00%	1,200	800	5500
Charlton Cres 1	500	20.00%	1,200	800	5500
Charlton Cres 2	500	20.00%	1,200	800	5500
Beamway	500	20.00%	1,200	800	5500
Rogers Road et al	500	20.00%	1,200	800	5500

Prudential Borrowing interest rate: 4.5%

<b>Index</b>	<b>Rate</b>
Costs	2.50%
Rents	3.00%

**APPENDIX 1 – COUNCIL HOUSING NEW BUILD MODEL ASSUMPTIONS**

**JUNE 2010**

<b>Development</b>	<b>Unit type</b>	<b>Number of units</b>	<b>Occupants</b>	<b>GIA</b>	<b>Annual rent</b>	<b>Grant per unit</b>	<b>Construction costs</b>
Goresbrook Compound 1	3 Bed House	40	5	94	5,854	97,000	5,640,000
Curzon Crescent 1	4 Bed House	7	6	108	5,612	117,285	1,189,944
Roycraft Avenue 1	3 Bed House	2	5	94	5,378	99,419	295,912
Roycraft Avenue 1	4 Bed House	4	6	108	5,612	99,419	679,968
Alderman Avenue 1	2 Bed House	2	4	78	4,940	100,250	245,544
Alderman Avenue 1	3 Bed House	3	5	94	5,393	100,250	443,868
Alderman Avenue 1	4 Bed House	3	6	108	6,062	100,250	509,976
Maplestead 1	3 Bed House	8	5	94	5,834	91,495	1,007,680
Maplestead 1	4 Bed House	2	6	111	6,367	91,495	297,480
Alfred Gardens 1	3 Bed House	3	5	94	5,834	93,304	377,880
Thornhill Gardens 1	3 Bed House	2	5	94	5,834	95,833	251,920
Thornhill Gardens 1	4 Bed House	2	6	111	6,367	95,833	297,480
KWS Phase 1	3 Bed House	17	5	96	6,060	130,453	2,547,552
KWS Phase 1	4 Bed House	14	7	116	6,566	130,453	2,535,064
Rogers Road et al	3 Bed House	9	5	94	5,782	91,215	1,138,716
Rogers Road et al	4 Bed House	9	6	111	6,124	109,458	1,344,654
Charlton Cres 1	4 Bed House	4	6	108	6,062	104,948	814,320
Charlton Cres 2	2 Bed House	2	4	78	4,889	61,092	216,060
Charlton Cres 2	4 Bed House	4	6	108	6,062	91,638	598,320
Beamway	3 Bed House	5	5	94	5,834	90,014	625,100

	<b>Net present value (£m)</b>
Base case (assumptions above)	£6.2m
Base case with rental income at inflation	£3.5m
Base case with interest rates 5.5%	£4.4m

## CABINET

6 July 2010

**REPORT OF THE CORPORATE DIRECTOR OF CUSTOMER SERVICES AND  
CORPORATE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES**

<b>Title:</b> Borough-wide Estate Renewal Priorities 2010-14	<b>For Decision</b>
<p><b>Summary:</b></p> <p>This report outlines options for delivery of a phased programme for estate renewal across the Borough in line with the Council's housing strategy objectives and Housing Asset Management Strategy.</p> <p>The strategic objectives of the Housing Asset Management Strategy are to:</p> <ol style="list-style-type: none"> <li>1. Support the establishment of a long-term viable Housing Revenue Account (HRA)</li> <li>2. Establish a funded and deliverable Decent Homes Programme</li> <li>3. Establish a funded and deliverable estate renewals programme in support of the Council's core Decent Homes Programme</li> </ol> <p>The Cabinet is asked to agree in principle to the implementation of a programme of initial estate renewal across three Estates; Gascoigne Estate (East), Goresbrook Village and the Leys. This report sets out proposals for how the Council would fund the up front costs to decant, buyback leaseholders, demolish, master plan, and appoint delivery partners.</p> <p>Detailed business cases and option appraisals will be completed for each of the estates to identify first phases for activity and recommendations will be presented August Cabinet for decision. A Member and Officer steering group will be established to develop the detailed proposals and guide future estate renewal activity.</p> <p>The funding to complete the chosen programme would be realised by establishing an Estate Renewal Account to fund planning, decant and site preparation costs of each site on a rolling programme with any capital receipts realised from site disposal re-invested into the programme to fund further phases. The Estate Renewal Account will be funded from a range of sources including:</p> <ul style="list-style-type: none"> <li>• External grant funds, as they become available</li> <li>• The re-allocation of £7.1m corporate borrowing support, previously identified to support the Council's new build programme (now funded fully within the HRA)</li> <li>• Capital receipts from targeted land disposals including the disposal of remaining land at King William Street Quarter, Barking.</li> <li>• Right-to-Buy sales.</li> </ul> <p>Funding of the Estate Renewal Account and use of funds held by the account will be subject to annual approval by Cabinet as part of an HRA business plan and Housing Asset Management Strategy refresh.</p> <p>The Estate Renewal programme will necessitate a large number of tenant decants, these decants could have an adverse impact on the housing and transfer register waiting times.</p>	

In order to mitigate this impact, an exercise to map the likely levels of decants in relation to various scenarios against new supply of socially rented homes available between now and 2013/14 has been undertaken. In order to mitigate the impact described above it will be necessary to limit the amount of decanting in this period. Beyond this time it is harder to predict new supply and a review of the impact from this point will be required when we have more certainty about supply in future years. The Estate Renewal programme would require a number of leaseholds being bought back in order to expedite the clearance of the selected schemes.

**Wards Affected:** Gascoigne, Thames, Village

### **Recommendations**

The Cabinet is recommended to agree:

- (i) The development of a programme of estate renewal initially across three estates: Gascoigne Estate (East), Goresbrook Village and the Leys with detailed business cases and option appraisals being developed to identify first phases for activity that will be presented to Cabinet for decision at a future meeting.
- (ii) The establishment of an Estate Renewal Account within the Housing Revenue Account (HRA) to help fund the redevelopment of identified estates to be funded from,
  - The re-allocation of £7.1m corporate borrowing support, previously identified to support the Council's new build programme (now funded fully within the HRA)
  - land sales capital receipts
  - Right-to-Buy receipts
  - external regeneration monies
  - Units in-kind from any arrangements with individual developers which enable the Council to utilise part of the rents to support further borrowing
- (iii) The Estate Renewal Account to be administered and held within the HRA and used as directed by the Corporate Director for Finance and Commercial Services, Divisional Director of Regeneration and Divisional Director of Housing.
- (iv) Note that a fundamental review of housing revenue and capital procurement is being undertaken ensure the most cost effective delivery of the Housing Asset Management Strategy
- (v) The establishment of a Member working group to be convened by the Cabinet Member for Housing to explore and formulate with officers the detailed business case and option appraisals for the estate renewal programme. This will be preceded by meetings with the affected Ward Members.

### **Reason(s)**

The proposals for the Estate Renewal programme addresses the following Corporate Priorities:



- **Safe** - a safer borough where the problems of antisocial behaviour have been tackled and all young people have a positive role to play in the community
- **Clean** - a clean, green and sustainable borough, with less pollution, waste, fly-tipping and graffiti., and with much greater use of our parks, green spaces and river frontage
- **Fair and respectful** - a stronger and more cohesive borough, where all people get along and help and look out for each other, and of which residents feel proud.
- **Healthy** - a healthy borough, where health inequalities are reduced with greater knowledge of lifestyle impacts on health.

It is also linked to the Council's Local Area Agreement (LAA) adopted on 25 June 2008, which describes the following improvement priorities for 'Housing':

- Provide more homes, especially affordable homes,
- Create better places to live.

The following improvement priorities for 'Feel safe, be safe':

- Ensure people feel safer in their neighbourhoods,
- Divert people from a life of crime and reduce re-offending,
- Reduce anti-social behaviour,
- Reduce Domestic Violence.

And the following improvement priorities for a 'Strong community':

- Listen to people so they feel better able to influence decisions and services,
- Ensure fair access to services,
- Provide opportunities for people to get on well together.

### **Regeneration Strategy 2008- 2013**

The project addressed the following three strategy objectives:

- Place - Creating an attractive and sustainable place that promotes pride and a sense of belonging.
- Prosperity - Increasing the prosperity of our residents and business community
- People - Improving the quality of life for all people in our community.

### **Implications**

#### **Financial**

Comprehensive estate renewal projects require considerable funding in order to meet the up front costs of buying back of leaseholds, decanting, demolition works and masterplanning (with resident engagement). Historical sources of funding for upfront estate renewals costs are no longer available and, with the current public funding position, are unlikely to be for many years to come. However, opportunities for external funding, including the HCA Single Conversation process are and will continue to be explored. There may be some limited funding from April 2011 as a result of the Borough Investment Plan. In addition higher value sites could be disposed of with capital receipts from the disposals being re-invested into the programme to fund further phases.

The Council could increase the pace of the estate renewal programme if headroom can

be created in the HRA, after funding the core decent homes investment programme, to finance borrowing to augment the capital receipts from land disposals. This would, however, be subject to a favourable HRA Review outcome in relation to borrowing caps, and negotiations are ongoing with Department for Communities and Local Government. This headroom could only be found if no further support to the General Fund is sought from the HRA and would only be possible post 2012/13.

To fund the up front costs, as part of the Council's Housing Asset Management Strategy it is proposed that an Estate Renewal Account be set up within the Housing Revenue Account.

It should be noted that the Council previously resolved to reallocate £7.1m from the capital programme to support HRA new build programme. However, as set out in the accompanying HRA new build report, this support is no longer required and the £7.1m can be reallocated to support the Estate Renewal Programme

## **Legal**

The completion of the Estate Renewal Programme has many legal implications which will be covered in detail in the subsequent report to ensure that they are reported in the context of the areas selected for the commencement of the programme. The key issues area likely to be:

1. **Demolition Notices** - Under the Housing Act 2004, Councils are empowered to serve Demolition Notices where an area has been identified for regeneration or redevelopment. The principal legislation is contained in the Housing Act 2004 and the Housing and Regeneration Act 2008. These Notices are designed to stop the RTB process and enable possession to demolish the property. This is a two stage process. Service of the Initial Demolition Notice (IDN) will suspend completion of RTB applications during the period of the Notice. Service of the Final Demolition Notice (FDN) renders ineffective any RTB application and prevents the submission of new applications.
2. **Site Assembly /Compulsory Purchase Orders (CPO)**- site assembly will consist of buy backs and decants. If the Council is unable to negotiate buy backs with residents, it may have to use its CPO powers to acquire these properties

Demolition Notices do not give an automatic right to possession; a court order is still required. An important consideration will be the need to plan the projects action steps to ensure that there is sufficient time to account for consultation and notice periods set out in the legislation. As an example Demolition Notices have a maximum specified life-span before they expire but if they should expire cannot be renewed without the agreement of the Secretary of State. It is therefore crucial that the correct timing of service of the Notices is identified within the programme to allow for legal proceedings if required but not so prematurely as to carry the risk of expiring.

## **Contractual**

Procurement relating to this project will be undertaken in accordance with the provisions of the Council's contract rules and procurement rules including EU procurement rules where applicable. The Legal Partner should be consulted in entering into terms and conditions with suppliers in relation to such procurement.

## **Risk Management**

The risks related to the implementation of the estate renewal programme will be fully identified in the business case work and reported in the next report. These risks will relate to finance, programming and property acquisition.

## **Staffing**

There is a significant impact on staffing arising from the Estate Renewal programmes. This level of simultaneous estate renewal has not been undertaken in the past and will require an increase in staff resources to ensure that the programme for delivery is met. In addition to this, a dedicated cross-departmental project team will need to be established to ensure an integrated approach.

## **Customer Impact**

A cross-departmental project team will be established, involving;

- Housing allocations/lettings
- Housing management
- Adult and Community services
- Legal Practice
- Property services
- Finance
- Regeneration and economic development.
- Capital Delivery

This will enable an integrated approach to the delivery of the programme ensuring that the needs of the residents and wider stakeholders are fully met and all legal finance and property issues are considered through the lifespan of the programme

## **Safeguarding Children**

Any masterplanning undertaken as part of the estate renewal will take into consideration needs of local communities with a focus on creation of accessible spaces that allow for freedom of movement and will benefit to local community at large including children. In particular, masterplanning process will explore opportunities to introduce new or improve the existing play facilities on the estates.

## **Crime and Disorder**

Section 17 of the Crime and Disorder Act 1998 places a responsibility on Councils to consider the crime and disorder implications of any proposals.

Levels of crime and disorder vary between the sites and will be taken into consideration. Figures published by the Department for Communities and Local Government show some areas have crime levels amongst the top 10% in the country. Violent crime is particularly high. This can be partly addressed in the design of the built environment and a change in the fabric will be a catalyst to a better, more balanced community. Contractors will be required to demonstrate the ability to incorporate crime prevention into the design and implementation of any new build. Improved facilities for young people will also provide new opportunities for education, recreation and employment directing them away from crime. Specific types of violence such as domestic violence can be helped by social aspects of the regeneration programme such as better access to services based in local community centres, as well as better quality housing.

## **Property / Assets**

As part of the estate renewal, there would be a need to undertake negotiations of buying back leases from Council leaseholders of flats purchased under the Right To Buy to ensure that the Compulsory Purchase Order procedures are used as a last resort. Four main options currently offered to Leaseholders include lease swaps, equity transfer/shared ownership, offers of discounted sale or gap funding. The options will be reviewed prior the commencement of any buy backs and the range of options available for Leaseholders will be presented to the Cabinet for approval. Any assistance package available to leaseholders would only be for those who use the property as their only or principal home and who are not financially able to purchase a property of similar size in the local area with the compensation package offered.

### **Options appraisal**

An initial appraisal of the higher level options is set out below;

#### **Option 1. Do nothing.**

The need to address decent homes, socio-economic and environmental issues and opportunities on the estates has been identified by Council, tenants, residents and key public sector partners and was set out in the 2005 Housing Futures Investment Strategy. The reputation of the Council would be at risk if it does nothing to help local communities in these areas. A failure to progress regeneration to secure an improvement would only exacerbate existing concerns and negative feelings and perceptions about the Council's ability to deliver positive change.

#### **Option 2. Focus available resources on maintenance and improvement rather than a redevelopment option.**

The cost of maintaining and improving properties is being evaluated against the redevelopment options. It is likely to be concluded that the maintenance/improvement option would be less cost effective in the medium to long-term. This is because the buildings are approaching the end of their useful life expectancy and the types of improvements that are needed are improvements to the infrastructure and fabric of the buildings. Essential maintenance and repairs will continue throughout the projects lifetime. While the maintenance and improvement option would resolve some of the immediate housing conditions concerns, it would fail to address overall environmental issues on the estate. It is important that redevelopment of the identified estate happens in the next ten years to ensure that resources to deliver the core decent homes programme and are not diverted into maintaining assets that are uneconomic in which to invest and unpopular with residents.

#### **Option 3 Comprehensive redevelopment of the whole estates**

In order to implement comprehensive redevelopment of the identified estates, the Council would need to meet upfront costs in the region of £46 million which is unachievable in the current economic climate and would be beyond the capacity of the new supply of socially rented homes and negatively impact upon the Council's Housing Register and Transfer List. Therefore this option is discarded due to resource, budgetary and supply constraints.

#### **Option 4 An incremental Estate Renewal Programme across the Gascoigne (east), Goresbrook Village and the Leys.**

This is the chosen option as it creates the maximum regeneration Impact across the identified estates and enables issues such as estate layout and environment to be addressed that would not be addressed by Decent Homes alone. The development sites created under this scenario will be of sufficient size for redevelopment. A number of

different options for first phases will be considered based on previously completed masterplanning and studies. Detailed business cases and option analysis will be completed and presented back to Cabinet with recommendations for first phases of activity.

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<b>Head of Service:</b> Stephen Clarke	<b>Title:</b> Head of Housing	<b>Contact Details:</b> Tel: 020 8227 3738 E-mail: Stephen.clarke@lbbd.gov.uk

## 1. Background

- 1.1 The need for comprehensive estate renewal has been identified in four estates across the borough, the selection of these estates above others has been based upon the housing investment required to bring these flatted estates to the Decent Homes standard alongside the concentration of social and economic deprivation. This is a long standing commitment in relation to three of these estates, Gascoigne Estate (where master planning and phasing has been undertaken for the eastern side of the Estate) and Goresbrook Village (also where master planning has been undertaken in the past).
- 1.2 These three areas were included in the former Local Housing Company programme and were identified for regeneration in the 2005 Housing Futures option appraisal. The Leys Estate area became a higher priority last year following a petition by local residents concerned with the housing conditions across the flatted blocks on the estate. In detail the estates are:
- Gascoigne Eastern side of the - 13 high rise blocks and some adjacent low rise blocks
  - Goresbrook Village - 3 high rise blocks
  - The Leys Estate(Birdbrook and Wellington Drive) - 19 low rise blocks

The table below sets out the total numbers of tenants and leaseholders in these areas.

Estate	Blocks	Tnts	Leaseholders	Total
Gascoigne Estate (east)	13	1035	127	1162
Goresbrook Village	3	282	6	288
The Leys Estate (flats)	19	215	65	280

- 1.2 A comprehensive new housing options appraisal is being carried out in the context of the recently announced HRA Subsidy reform proposal. To inform the options analysis a new stock condition survey has been commissioned. The new housing options appraisal will be completed by January 2011.

## 2. Report detail

## **Estate Renewal programme**

### **Meeting the up front costs for estate renewal**

- 2.1 Comprehensive estate renewal projects require considerable funding in order to meet the up front costs of buying back of leaseholds, decanting, and demolition works and master planning (with resident engagement). To give an indication of the scale of this, the preparatory costs for The Linton's (256 flats) were met by a grant of £7m from the Estate/Area Renewal Fund via the GLA. This and other funding streams to meet the up front costs of estate renewal projects are no longer available and, with the current public funding position are unlikely to be for many years to come. However, opportunities for external funding, including the Homes and Communities Agency (HCA) Single Conversation process are and will continue to be explored. There may be some limited funding from April 2011 as a result of the Borough Investment Plan.
- 2.2 In the short-term the suggested approach would be for the Council to fund essential maintenance works costs on the basis of an incremental longer term programme of redevelopment starting with small areas of perhaps one high rise block with, in the case of Gascoigne, and some adjacent low rise blocks to create sites of sufficient size and shape for redevelopment.
- 2.3 It is proposed that funding to commence the Estate Renewal programme would be realised by establishing an Estate Renewal Account to fund planning, decant and site preparation costs of each site on a rolling programme. The Estate Renewal Account will be funded from a range of sources including:
- The re-allocation of £7.1m corporate borrowing support, previously identified to support the Council new build programme (now funded fully within the HRA)
  - land sales capital receipts
  - Right-to-Buy receipts
  - external regeneration monies
  - Units in-kind from any arrangements with individual developers which enable the Council to utilise part of the rents to support further borrowing

It should be noted that the Council previously resolved to reallocate £7.1m from the capital programme to support HRA new build programme. However, as set out in the accompanying HRA new build report, this support is no longer required and the £7.1m can be reallocated to support the Estate Renewal Programme

- 2.4 The sale of some sites on the open market to realise the land receipts could lead to less affordable units being created. This may only be viable in value terms for the Barking Town Centre sites, including the Gascoigne, as they potentially will be of a higher value compared with Goresbrook Village and The Leys.
- 2.5 The delivery of other sites by a developer procured through the Homes and Communities Agency (HCA) development panel could allow for an arrangement which would, by the Council putting in the land value, result in homes coming back to the Council at a discounted rate through us forgoing our land value. Alternatively, if a Registered Provider (Housing Association) is part of the

Development Consortium a higher number of socially rented homes may be achieved.

- 2.6 The Council could increase the pace of the Estate Renewal programme if headroom can be created in the HRA, after funding the core Decent Homes investment programme, to finance borrowing to augment the capital receipts from land disposals. This would, however, be subject to a favourable HRA Review outcome in relation to borrowing caps, and negotiations are ongoing with Department for Communities and Local Government. This headroom could only be found if no further support to the General Fund is sought from the HRA and would only be possible post 2012/13.

### **Proposed first phases**

- 2.7 First phases for estate renewal identified on the three estates will be subject to a detailed business case and options appraisal process taking into account the following factors;
- resident and Member concerns about housing conditions
  - impact on the HRA
  - cost of achieving Decent Homes Standard
  - issues with the general estate layout and environment that cannot be addressed by Decent Homes alone
  - ability to create sites of sufficient size and value for development
  - site access issues during construction
  - number of leaseholders in each block
  - inconvenience to residents living in adjacent areas
  - regeneration impact

The business case and options appraisal work will be considered by the Member and Officer Estate Renewal Steering group prior to the recommendation to Cabinet of the first phases.

### **Decanting and new supply**

- 2.8 Previous decanting programmes have created an adverse impact on the level of lettings available to the housing waiting and transfer registers which given size of the current volume of people registered could not be sustained. For this reason it is suggested that the amount of decants should be matched by the amount of new supply of socially rented properties coming online and available to people on the register. The programme will therefore be dictated by the level of new socially rented supply coming on line over the next 2 -3 years. Projects due to complete within this timeframe include;
- Council house building phase 1 (34 homes)
  - King William Street Quarter phase 1 (31 homes)
  - Council House building phase 2 (42 homes)
  - Goresbrook Compound (40 homes)
  - Barking Riverside (174 homes)
  - Lymington Fields (50 homes)
  - Frizlands Allotment site (35 homes)

- UEL (68 homes)

### **Member involvement**

- 2.9 The Housing portfolio lead Member will establish a Member working group to consider and formulate with appropriate officers the detailed business case and option appraisal for the estate renewal programme to be brought back to Cabinet for decision. Prior to this the lead Member will meet with the Members from Gascoigne, Thames and Village to discuss the proposals for the estate renewal programme.

### **Other issues for decision following the selection of the first phases**

- 2.10 In addition to the recommendation of the first phases the subsequent report to Cabinet will cover;

- Community Consultation and Engagement
- The service of Interim Demolition Orders
- The Programme and options for Developer procurement
- A review of our Leaseholder buy back options and policy
- Authority to seek any necessary Compulsory Purchase Orders

### **3. Links to Corporate and other Plans and Strategies**

- Local Development Framework: Planning for the future of Barking and Dagenham – Site specific allocations issues and options report, LBBD, 2008
- Spatial Regeneration Service Scorecard 2007/10
- The Area Action Plan for Barking Town Centre (AAP BTC) Policy Statement 11 and the AAP Site Specific Allocation BTCSSA3 Barking Station

### **4. Consultees**

- 4.1 The following were consulted in the preparation of this report:

Cllr McCarthy, Cabinet Member for Regeneration  
 Cllr P Waker, Cabinet Member for Housing and Village Ward Councillor  
 Cllr Ashraf, Gascoigne Ward Councillor  
 Cllr Gafoor Aziz, Gascoigne Ward Councillor  
 Cllr Twomey, Gascoigne Ward Councillor  
 Cllr Channer, Thames Ward Councillor  
 Cllr Geddes, Thames Ward Councillor  
 Cllr Poulton, Thames Ward Councillor  
 Cllr Mullane, Village Ward Councillor  
 Cllr L Waker, Village Ward Councillor  
 Tracie Evans, Divisional Director of Corporate Finance  
 Lee Russell, Group Manager Corporate Finance  
 John Hooton, Financial Controller, Corporate Finance,  
 Sharon Roots, Group Manager Risk  
 Vivienne Cooling – Group Manager Marketing and Communications  
 Paul Ansell, Procurement Officer  
 Yinka Owa, Legal Partners - Procurement and Contracts  
 Heather Wills, Head of Community Cohesion and Equalities



Glynis Rogers, Head of Community Safety and Neighbourhood Services  
Valerie Jones - Group Manager - Community Safety  
Sue Lees, Divisional Director of Asset Management & Capital Delivery  
Andrew Sivess, Group Manager Innovation and Funding  
Stephen Clarke, Housing Services, Divisional Director of Housing Services  
Andrew Butler, Group Manager, Area Planning  
Daniel Pope, Group Manager Development Planning  
Darren Henaghan – Interim Director of Customer Services

**5. Background Papers Used in the Preparation of the Report:**  
None

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## THE CABINET

6 JULY 2010

## REPORT OF THE CORPORATE DIRECTOR OF ADULT AND COMMUNITY SERVICES

<b>Title:</b> Moving Toward Integration with NHS Barking & Dagenham	<b>For Decision</b>
<p><b>Summary:</b></p> <p>This paper sets out the case for closer working with NHS Barking and Dagenham in order to deliver the best possible outcomes for residents of the borough.</p> <p>It recommends that more immediate steps are taken to ensure that we:</p> <ul style="list-style-type: none"> <li>* achieve better community outcomes.</li> <li>* create opportunities for savings</li> <li>* avoid loss of investment in Barking &amp; Dagenham</li> <li>* strengthen our ability to take joint decisions</li> </ul> <p>This will protect the positive impact of existing integrated locality working on health &amp; well being outcomes, will protect funds for Barking &amp; Dagenham, bring reduced expenditure and support Total Place initiatives.</p> <p><b>Wards Affected:</b> All</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to formally endorse the intention to move to an integrated leadership model (Option 3) with NHS Barking and Dagenham.</p>	
<p><b>Reason(s)</b></p> <p>To support delivery of the Community Plan, the Local Area Agreement and all the Council's six priorities, particularly to be a 'healthy' borough and to maximise opportunities to ensure that resources are used for the benefit of Barking and Dagenham residents.</p>	
<p><b>Implications</b></p> <p><b>Financial</b> No specific implications at this stage.</p> <p><b>Legal</b> No specific implications at this stage. Detailed legal advice will be required for developing appropriate governance arrangements and s.75 agreements.</p> <p><b>Contractual</b> No specific implications at this stage.</p> <p><b>Risk Management</b> No specific implications at this stage.</p>	

**Staffing**

No specific implications at this stage.

**Customer Impact**

No specific implications at this stage.

**Safeguarding Children**

No specific implications at this stage.

**Crime and Disorder**

No specific implications.

**Property/Assets**

No specific implications at this stage.

**Options appraisal**

Not applicable.

<b>Head of Service:</b> Guy Swindle	<b>Title:</b> Programme Director, Total Commissioning	<b>Contact Details:</b> Tel: 020 8227 2094 Fax: 020 8227 E-mail: <a href="mailto:guy.swindle@lbbd.gov.uk">guy.swindle@lbbd.gov.uk</a>
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**1. Background**

- 1.1 Local authorities and PCTs have been able to make progress in recent years on integrated commissioning (joint purchasing of services), making use of existing Government frameworks for planning and resource allocation. The last Government's efforts to align and simplify its systems for public service delivery did not go as far as local government wished, and some current elements are notably more joined-up than others.
- 1.2 Overall aims for **more integrated commissioning between health and social care** were set out by the Department of Health in 2007. This followed on from the White Papers *Our Health Our Care Our Say* and *Every Child Matters*. The relevant current frameworks and processes through which PCTs and boroughs conduct their needs analysis, planning and resource allocation are:
- **Joint Strategic Needs Assessments**
  - **Children and Young People's Plan**
  - **World Class Commissioning**
  - **Sustainable Community Strategies**
  - **Local Area Agreements**
- 1.3 While only recently proposed by the last Government for rollout as a national framework, the **Total Place** programme has also acted as vehicle for joint working, in the two formal pilot areas in London (Lewisham and Croydon) and in other areas pursuing the same principles of a place-based approach to rethinking outcomes and use of resources.

- 1.4 Work has been taking place across London to look at ways to strengthen integrated working between PCTs and local government. This work is happening within the context of substantial prospective cuts in NHS funding (the 2008/09 NHS Annual Report states that it needs to identify £15-20 billion of efficiency savings by the end of 2013/14), continuing large deficits in some NHS Trusts (including Barking, Havering & Redbridge University Hospitals Trust - BHRUT) and the dependence on commissioning as the mechanism to control the acute hospital sector. There is also a possibility that now the general election is over the number of PCTs in London will be reduced, partly in a drive to secure world class commissioning as it is felt that the talent pool within PCTs is spread too thinly, but also to make savings within the NHS.
- 1.5 London Councils has been leading calls for closer integration between councils and the NHS. In January 2010, London Councils launched the 'Manifesto for Londoners'. This proposed:
- That non-acute budgets of PCTs should become accountable to the London borough in which they operate. National government would set the framework to meet national standards. London boroughs would join up care budgets to provide integrated commissioning of all these services in support of choices made by patients and their GPs.
  - To improve public accountability, governance would be integrated with overlapping membership of PCT boards and London boroughs.
  - In the longer term legislation would be required to integrate non acute PCT responsibilities within London local government, offering direct democratic accountability and unified governance. There is no evidence, yet, from the new Government that such legislation is imminent.
- 1.6 NHS London and London Councils have discussed the need to strengthen joint working between PCTs and local government. Ruth Carnell, Chief Executive of NHS London has attended two London Council's Leaders' Committee meetings to discuss ideas with Leaders, most recently on the 9<sup>th</sup> March.
- 1.7 Locally, we have over the last few years developed a model of joint working based on a locality structure that bases service around people rather than people fitting into separate services. This has proved both successful and popular with residents. We would therefore intend to develop this approach further.
- 1.8 A White Paper on NHS reforms is expected on 6<sup>th</sup> July. This is expected to propose a number of significant changes to the way NHS services are commissioned, in particular that GPs play the lead role in commissioning local health services. Clearly, any changes that emerge to NHS structures, management and/or funding arrangements over the coming months will have particular relevance to this work.

## **2. The Options for Integration**

- 2.1 At the Leaders' Committee meeting on the 9<sup>th</sup> March, Leaders were presented with possible options for closer integration. Three broad options were presented to the Leaders Committee within which individual Boroughs and PCTs are being encouraged to develop their governance arrangements.

- Option 1 Strategic partnership
- Option 2 Integrated management
- Option 3 Integrated leadership

The main features of these are set out in the diagram and text below

## Future integration arrangements

**Strategic partnership**

**Integrated management**

**Integrated leadership**

### Common to each arrangement

- joint working on consultation and engagement, leading to high quality JSNA
  - longer-term wellbeing and health outcomes agreed in sustainable community strategy, via LSP and Council
  - single joined-up commissioning strategy (if possible – WCC requirements may need review?)
  - commissioning managers working closely together and overseen by accountable governance arrangements
  - resources aligned wherever possible
  - increased aligned/pooled resourcing through S75 and Area Based Grant (including Supporting People)
- |                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Remains a 'dual accountability' model, with managers and commissioners reporting to respective PCT and Borough Chief Executives and onwards to PCT Board and council cabinet.</li> <li>• LSP and relevant thematic partnerships provide the main 'governance' bodies that bring together local politicians and key stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>• Remains a 'dual accountability' model but with more integrated arrangements for management of commissioning and pooled resources.</li> <li>• This might be in the form of a Health and Social Care Board, established as part of the council's decision-making structures and with some delegated authority over S 75 and other funding pools.</li> <li>• Elected members have more scope to take a more active leadership role though such integrated governance bodies.</li> </ul> | <ul style="list-style-type: none"> <li>• Gets as close as is possible (under current statutory frameworks) to fully integrated leadership and decision-making</li> <li>• Maximises delegation from PCT and LA to a single governance body. Leader or Mayor brings full executive authority to this table.</li> <li>• Joint posts at top level to allow for integrated leadership.</li> <li>• Staffing protocols allow for flexible and integrated workforces, across NHS and LA employees</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Option 1 - Strategic partnership

- 2.2 This model builds on the development in recent years of Local Strategic Partnerships, and the consultation, needs analysis and planning processes around sustainable community strategies, JSNAs, World Class Commissioning, and local area agreements (LAAs).
- 2.3 Under these arrangements, local authorities and PCTs have been working together with other public bodies and the business and third sectors, in a more systematic and co-ordinated way. The picture varies from borough to borough.
- 2.4 For some, including Barking & Dagenham, the LSP has become a significant forum for developing and delivering an agreed approach, with the PCT playing a significant role. In other boroughs, PCT involvement has been less evident. In some cases, joint board arrangements, built around substantial S75 agreements or in order to develop joined-up provider bodies for health and social care, have been more important than the LSP. In Barking & Dagenham we have very few such agreements although others are under discussion.
- 2.5 Since the advent of LAAs in 2004, and the 2006 local government White Paper *Strong and Prosperous Communities*, Local Strategic Partnerships have taken on a

more influential role. The LSP itself remains a non-statutory body, with no powers or legal capacity of their own, but their responsibilities for drawing together a sustainable community strategy and LAA for the area are now underpinned by statutory duties that fall on local boroughs and other partner bodies including PCTs. The 'duty to co-operate' applies to boroughs and to PCTs.

- 2.6 It should be remembered that the Children's Trust is on a statutory footing and this would need to be taken account of in developing future arrangements.
- 2.7 Many LSPs have a 'thematic' sub-partnership which deals with health, social care, and wellbeing issues and which sits alongside the Children's Trust, Crime and Disorder Partnerships and any other sub-partnerships. In Barking and Dagenham this role is led by the Health and Wellbeing Board with the Children's Trust and Local Children Safeguarding Board taking particular responsibility for services commissioned for children and young people. This body is well placed to form the nucleus for stronger leadership and governance of integrated commissioning in the 'strategic partnership' option set out in the proposals agreed by NHS and local government leaders.
- 2.8 The Health & Well Being Board includes a range of LSP partners, beyond the borough and the PCT, and includes the third sector. To meet the attributes for successful integrated working (as defined by NHS London/London Councils) it will be important that this thematic sub-partnership is not too large and unwieldy, and has clear leadership and direction.
- 2.9 Active involvement of councillors will also be needed to ensure a link back to the Cabinet and the priority-setting and resource allocation processes of the local authority. CLG guidance (*Strong Safe and Prosperous Communities*) encourages the direct involvement of leading members and portfolio holders in the LSP and its thematic sub-partnerships, as a route to strengthened democratic accountability.

This model most closely resembles the current position in Barking & Dagenham.

## **Option 2 - Integrated management**

2.10 The distinguishing features between this and option 1 are:

- the existence of some form of joint board, made up of councillors and PCT board members, covering health and social care responsibilities;
- a more focused commissioning group, working in support of the joint board and overseeing S75 agreements and polysystem delivery; and
- one or more joint appointments at senior management level.

There are several examples of such joint boards in London boroughs. This model allows for joint posts and shared decision making but with separate accountability to each organisation.

## **Option 3 - Integrated leadership**

2.11 This model seeks to maximise the scope for integration by combining very senior level posts across the local authority and PCT (including at chief executive level). It

involves a governance board to which both the PCT and the local authority delegate as much decision-making power as is legally possible.

2.12 Coupled with this integrated leadership, workforces of the two organisations (including finance, HR and IT) are also integrated where appropriate. Commissioning is undertaken on a joint basis, through S75 agreements and aligned budgets. The borough and PCT are presented to the public as a single organisation.

2.13 **Hammersmith and Fulham** is the main London example of this approach. Other examples exist outside London.

### 3 Local Context

3.1 Over the last year a number of NHS functions have been moved to a sector level – Outer North East London (ONEL) - comprising the populations of Barking and Dagenham, Redbridge, Havering and Waltham Forest. This position was reinforced from 1<sup>st</sup> April 2010 by the appointment of a full time Sector Chief Executive who is also a Director of NHS London. It is unclear at this stage whether ONEL will continue to exist as a sector or, as seems more likely given the public spending cuts, be merged with Inner NEL to form a North East London Sector (comprising 7 boroughs).

3.2 The most significant of the functions being discharged at sector level is acute commissioning (primarily hospital services at Queens and King Georges for B&D residents) though discussions are underway to try and subsume other functions at a sector level (for example Public Health and mental health commissioning). The arguments are complex in relation to functions such as public health where some sector leadership could be beneficial provided that at a borough level integrated public health teams are available to deliver borough based functions. Further detailed consideration of appropriate solutions is required.

3.3 It is argued within NHS London that by bringing activity together at a sector level management costs can be reduced and greater effectiveness and efficiency achieved. However, the evidence does not support this approach in respect of Barking and Dagenham where we face such significant challenges in relation to health inequalities and where many of the solutions can only be delivered by engagement of all partners at a borough level. It would be officers' view that efficiencies are just as likely to be achieved through local integration as by sector integration.

### 4 Integration in practice

4.1 In formulating our approach to future integration it is important that we consider what will work best for the population of Barking and Dagenham and will secure the highest possible level of resources to meet the challenges we face. That said, our approach should of course be values driven and focussed on better outcomes for local people. This means we should initially focus on function rather than form even though in due course we will probably require some structural change. Whatever approach we decide to adopt we will need to move quickly to resist pre-emptive decisions by others that would ultimately remove the decision making on key issues from the council and the PCT.

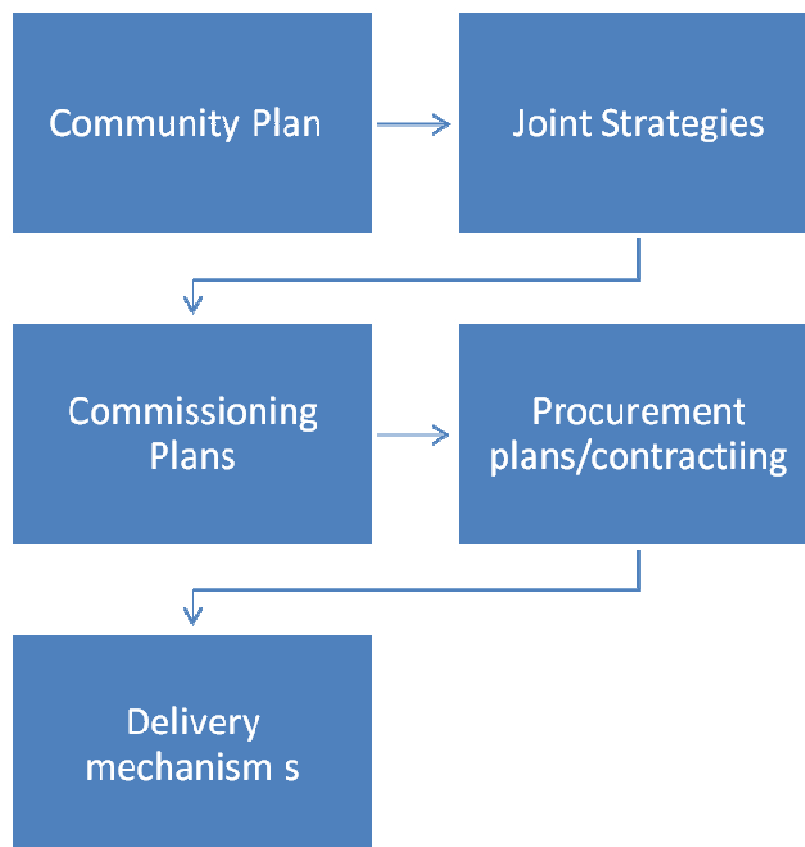
4.2 The attributes needed for successful integration can be summarised as:



- **Leadership** by Local Government and PCTs with demonstrable trust and commitment to working together to deliver shared values and outcomes through substantial and difficult change to achieve rapid improvement in services and costs.
- **Commissioning** arrangements that have the support, capability and scope to drive real change across Local Government and NHS services – joint strategic planning and commissioning as a core business of the Borough and local partners.
- **Robust accountability and governance** with Local Government and PCTs working openly in shared systems.
- **Extensive use of financial arrangements** to pool resources and align budgets so as to remove ring fences and promote efficiency and flexibility.

There needs to be a shared mission, strong management capability, clear governance and aligned/pooled resources.

4.3 The diagram below summarises the way in which we currently work together. All partners have agreed our sustainable Community Plan that sets out our aspiration to achieve a more prosperous borough and improve the health and well being of our residents.



4.4 We already have a number of Joint strategies that describe what we are trying to achieve in terms of the people or activities that are covered and is clear about the outcomes. Examples of such plans include the Children and Young People’s Plan

and the Health and Well Being Strategy. The range of such plans should be extended.

- 4.5 Work is currently underway to develop an overarching Joint Commissioning Strategy as part of our Total Commissioning Programme. This strategy aims to:
- bring together the JSNA, Experian and other demographic data and needs analyses.
  - align the CSP and Council commissioning plans.
  - agree and set out a common commissioning framework and processes designed to deliver the best value provider, reduce the cost of commissioning to both our organisations and reduce barriers to entry to third sector and local businesses where this is appropriate.
  - set out shared commissioning principles, intentions and plans going forward.
- 4.6 Commissioning Plans will then describe what it is we want to see delivered and bring together the information on outputs, quality indicators, timescales, money and outcomes. These can be whole organisation Plans such as the PCTs Commissioning Strategy Plan or be service specific. These plans will then be translated into detailed procurement /contracting plans. Where possible and practicable we should produce joint plans.
- 4.7 Finally, at a delivery level we would as far as possible wish to have integrated models of care such as Community Mental Health Teams (CMHT) or the children's multi agency locality teams (MALTS). This will be important as the new polysystems are rolled out to ensure local people are not left struggling to navigate their way through two different systems.
- 4.8 In any such system it is of course important that performance management systems are in place that let us know quickly what is working well and of course highlights any emerging problems. Activity will also need to be reviewed and evaluated in terms of health equity audits, Every Child Matters and Putting People First.
- 4.9 In service terms, there are many examples of how the integration might benefit local residents. One example of this in relation to people with a learning disability is set out in Appendix 1.

Other examples include:

- the joint health & well being strategy and the integrated programme office for its delivery
- joint director of public health and the joint consultant in public health medicine for children. It has been agreed that further integration of the public health team into the council to support the corporate functions ie. planning, housing, adults and children would be better enhance the tackling of health inequalities.
- The newly created Clinical Transformation Executive Committee (formerly the Professional Executive Committee). The new committee has Council officer membership and one of its primary responsibilities is the delivery of the transforming communities agenda.

- The Children's Trust which is viewed as a strong integrated body. We are currently discussing the appointment of the Director of Children's Services as a non-voting board member of the PCT. Also a non-executive director of the PCT Board is now a member of the Children's Trust Executive.
- The joint Health Intelligence Group that is responsible for the delivery of the partnerships joint strategic needs assessment and Experian customer segmentation programme.

4.10 In relation to back office functions we should now seek to align functions such as finance, HR, marketing and communications and facilities management whilst more detailed discussions take place on the scope for integration and the opportunities presented by Strategic Partnering.

4.11 In order to move to greater integration, it would be important to learn from our shared history and ensure that we have effective and agreed governance arrangements in place from the start which are robust enough to solve any problems encountered and have sufficient Member and Non Executive Director oversight.

## **5 Next Steps**

5.1 All London authorities and PCTs were asked to respond by 1 June 2010 setting out their preferences for the future and proposals for moving the agenda forward. In view of this timetable the Cabinet's and NHS B&D's Board's steer was sought informally on which option to pursue.

5.2 The steer was to move towards Option3, Integrated Leadership, and we indicated to London Councils and NHS London that this is our joint intention. We have also indicated that we will set out a plan which enables us to put new governance arrangements in place to oversee our joint endeavours whilst making progress simultaneously on a number of other fronts.

5.3 This will build on the joint working that is already in place and enable us to put in place increasing numbers of S75 Agreements that will in effect shelter local financial resources. We would therefore propose that we seek to integrate strategic planning, commissioning plans and where appropriate our delivery mechanisms. It should however be recognised that some functions (such as primary care commissioning) are unlikely to be integrated in the early years, if at all.

5.4 The kind of joint governance arrangements that we would need to have in place to take this agenda forward are set out in the diagram below.

Joint Committee of Cabinet and PCT Trust Board  
Meeting 4- 6 times per year

Borough Management Team  
( CMT + Police+ PCT meeting monthly)

Joint Management teams  
Membership and frequency to be agreed

Joint Commissioning teams established on issue by issue basis

5.6 The details of how this would work and its links to existing partnership structures would need to be defined. It would also be necessary to consider how the engagement of health professionals can be ensured as unlike local government there is a separation of professional and managerial leadership in the NHS.

## 6 Next Steps

6.1 This paper has been drafted with regard to London wide resource tools and in informal discussion with Stephen Langford Chief Executive, NHS Barking and Dagenham. If the direction of travel is acceptable to elected Members then we need to formally agree this with the PCT and start to develop the detailed proposals.

6.2 As ever much of the devil will be in the detail and it is therefore very important that Members are involved in the discussion and development of our integration programme. It is therefore proposed that a Member/Non Executive Director Steering Group supported by senior officers and PCT Executive Directors is formed to oversee progress with regular reports back to Cabinet and the PCT Board.

6.3 In the meantime S75 agreements and joint strategies should continue to be developed.

## 7. Links to Corporate and other Plans and Strategies

- Community Plan - <http://www.barkingdagenhampartnership.org.uk/communityplan>
- Local Area Agreement - <http://www.barkingdagenhampartnership.org.uk/laa>
- Health & Wellbeing Strategy - <http://www.barkingdagenhampartnership.org.uk/library#H>

## 8. Consultees

8.1 The following were consulted in the preparation of this report:

- All Cabinet Members
- Councillor Maureen Worby, Chair of NHS B&D

- CMT
- Melanie Field, Legal Partner: Partnerships
- Stephen Langford. Chief Executive, NHS B&D

**9. Background Papers Used in the Preparation of the Report:**

None.

**10. List of appendices:**

**Appendix 1 - Scenario: Seamless Service Provision for Special Educational Needs and Learning Difficulties & Disability**

An illustrative example of what an integrated service might look like

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**THE CABINET**

**6 July 2010**

**REPORT OF THE CORPORATE DIRECTOR OF CHILDREN'S SERVICES**

<b>Title:</b> Proposed Expansion of Beam Primary School	<b>For Decision</b>
<p><b>Summary:</b>  This report presents a proposal for the expansion of Beam Primary School with effect from 1 September 2010, thereby increasing the standard admission number to 81 pupils and also increasing the number of places for nursery children from 52 to 78. Interim arrangements were made with effect from September 2008 to increase the intake for Reception and Year 1 to three forms of entry thereby allowing the school to grow year on year to a 3 form entry school. Therefore this proposal, in effect, formalises that arrangement as well as introducing an additional form for Year 2 pupils for September 2010.</p> <p>The benefits of this proposal will be to increase school places in the primary age range in order to meet the increasing demand for school places. This increase in demand for school places is being caused by the changes experienced in the age profile of the Borough, most notably the rise in birth rates.</p> <p><b>Wards Affected:</b> River Ward</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to agree the formal expansion of Beam Primary School from a two form to a three form entry Primary School with effect from 1 September 2010.</p>	
<p><b>Reason(s)</b></p> <p>To assist the Council in achieving its Community Priority of "Inspired and Successful" and in fulfilling its duty to provide every child in the borough with a school place.</p>	
<p><b>Implications</b></p> <p><b>Financial</b>  There are additional revenue costs associated with the increased intake of pupils and these will be met from the Dedicated Schools Grant (DSG) budget allocated for this purpose from Central Government. Schools receive funding based primarily on pupil numbers and the increase in pupil numbers will generate sufficient funding to meet revenue costs.</p> <p>The additional funding on a part year basis from September 2010 will be in the region of £110,000 for the additional classes for Reception to Year 2 pupils based on an estimated 24 children per class. For the additional 13 (FTE) nursery pupils, the additional funding will be in the region of £25,000.</p> <p>The part year funding required to support the additional in year pupils starting in September 2010 will be allocated from the sum approved by the Schools Forum for additional in year pupils. This provision is required for part of the financial year as</p>	

funding for children registered after the January pupil number count is retrospective and not included in the Dedicated Schools Grant until financial year 2011/12. The full year funding in 2011/12 for Reception to Year 2 will be £190,000 based on 72 additional children. This will increase if the year group intake increases to the maximum 30 places providing further funding of £48,000 on a full year basis. For nursery pupils, full year funding in 2011/12 will be £44,000 based on the additional 13 (FTE) pupils.

### **Legal**

The expansion proposals have been published in accordance with the Education and Inspections Act 2006 and the required procedural and implementation arrangements are being followed, in accordance with the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended), and the related statutory guidance.

The statutory four week consultation period commenced on the 1 May 2010 and concluded on 29 May 2010. The Local Education Authority (Cabinet) is required to make their decision as to the expansion proposal within two months of the end of the statutory consultation period, i.e. 29 July 2010, otherwise the matter has to be passed to the Schools Adjudicator to be determined.

### **Contractual**

No specific implications.

### **Risk Management**

The Council has a statutory obligation to make provision for additional pupil places in the Borough and these proposals mitigate the risk of failing to provide suitable numbers of places for pupils' learning.

### **Staffing**

The school will need to increase the numbers of teaching and non-teaching staff to support the increase in pupil numbers. This will be funded through the school's DSG budget and the increased share which the school will receive.

### **Customer Impact**

The increase in pupil places at the school will improve the available places for parents expressing a preference for their children to attend Beam Primary. It will also ensure that pupils have better access to education provision in the primary sector and are more likely to be able to attend schools in their local area.

### **Safeguarding Children**

No specific implications.

### **Crime and Disorder**

No specific implications.

### **Property / Assets**

No specific implications.

### **Options appraisal**

- Do Nothing - This is not practical due to the legal and statutory obligation placed on the Council to provide sufficient school places and the pressures currently faced across the Borough.



- Expansion of School to Three Form Entry – This preferred option has the support of the School Governing Body and the local community and forms part of the wider development of the School for which funding has been made available within the Capital Programme.

<b>Head of Service:</b> Jane Hargreaves	<b>Title:</b> Head of Quality and School Improvement	<b>Contact Details:</b> Tel: 020 8270 4148 Fax: 020 8270 4799 E-mail: <a href="mailto:jane.hargreaves@lbbd.gov.uk">jane.hargreaves@lbbd.gov.uk</a>
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## 1. Background

- 1.1 The Council has planned for steady expansion of school places in the primary sector over the past few years. The requirement to make the right number of places available and being able to satisfy demand involves analysis of demographic data for which there are established methods for planning pupil places which we have followed.
- 1.2 However, the borough has seen an unprecedented rise in births since 2003/04 and the impact of this was first seen in the Reception Cohort in 2008/09. It followed, demand being such, that an additional seven Reception classes were made available in 2008/09 in addition to the two planned Reception classes.
- 1.3 Similarly, for 2009/10, ten additional Reception classes were made available together with the two planned classes.

Table 1

**Number of births in Barking & Dagenham (adjusted to Academic Year)**

<b>Year of Birth</b>	<b>Number of Births</b>
2000/2001	2,380
2001/2002	2,416
2002/2003	2,535
2003/2004	2,698
2004/2005	2,907
2005/2006	3,134
2006/2007	3,325
2007/2008	3,541

Source: Office for National Statistics

- 1.4 In addition to the increased births, Admissions are also receiving high numbers of late applications for Reception age children and this has compounded the difficulty in planning for the right number of school places. As an example, the closing date for applications into Reception for 2010/11 was 29 January 2010. As at 5 March, Admissions had received 123 late applications. Last year, approximately 500 late applications were received.

- 1.5 A further issue is the change in the retention rate regarding the number of children born in the borough requiring a Reception place. This had been averaging 96 per cent but over the past few years has been over 100 per cent as new residents move to the Borough with larger families.
- 1.6 This increase in pupil numbers is being reflected in many London boroughs including our neighbouring boroughs Redbridge and Newham.
- 1.7 In response to this need for additional places, Beam Primary School admitted an additional 27 pupils in the school year 2008/09 and a further 27 pupils in 2009/10. This has meant Reception Year and Year 1 have moved up from two forms of entry to three forms of entry whilst Year 2 to Year 6 has remained at two forms of entry.
- 1.8 The Cabinet at its meeting on 20 January 2009, approved the range of necessary actions taken by the Corporate Director of Children's Services over the Summer and Autumn of 2008 to respond to the demand for additional school places in the primary phase. This included the additional reception class for Beam Primary School which was on an interim basis, pending any longer term expansion of the school. The discussions that have followed with the School Governing Body, parents and local community have placed the school in a position to permanently expand its intake to three forms of entry and therefore formalise these interim arrangements to meet current and future demand.

## **2 Proposal and Consultation Process**

- 2.1 Meetings with the Chair and Board of Governors of the school were held in 2008 and 2009 to discuss the wider proposals and support was received to expand the school permanently from two to three forms of entry from 1 September 2010 subject to accommodation provision being made available which met the School's requirements. The school will therefore continue to grow year on year with Reception to Year 2 operating at three forms of entry from September 2010. The nursery will also accommodate an additional class in the morning and afternoon moving from 52 part time equivalent places to 78 places.
- 2.2 Council officers and representatives of the School have worked together to move forward the necessary building improvements in order to enhance provision and support the objectives of the school. Capital budget provision has been agreed for this scheme as part of the Capital Programme, using grant income allocated from the DCSF.
- 2.3 A series of meetings have been held including meetings with teaching staff, personnel committee meetings, other various school committee meetings and Governing Body Meetings where plans for the new build were presented.
- 2.4 Letters were sent to Parents, Carers and Guardians of Pupils, Staff and Governors of Beam Primary School informing them of the proposal to expand the school and the reasons for this on 21 January 2010.
- 2.5 The Council has published a formal statutory notice to expand the school by one form of entry with effect from the start of the Autumn Term, 1 September 2010 with a new standard admission number of 81 pupils in each year group. The notice was published in the local press on 1 May 2010 and copies of the notice were displayed

in Beam Primary School and Barking Library and sent to other neighbouring local authorities. The notice period expired on 29 May 2010.

- 2.6 No responses have been received, at the time of writing this report, regarding the published notice or from the letter sent to parents, carers and guardians of pupils, staff and governors of the school. Any subsequent responses will be reported at the meeting.

### **3. Links to Corporate and other Plans and Strategies**

- 3.1 The proposals in this report are in line with:

- The Children and Young People's Plan
- The Council Plan

### **4. Consultees**

The following have been consulted in the preparation of this report:

Cllr R Gill	Lead Member for Education and Children's Well-Being
Cllr L Smith	Ward Member
Cllr IS Jamu	Ward Member
Cllr E Keller	Ward Member
Corporate Management Team	
Jane Hargreaves	Head of Quality and School Improvement
Bal Gill	Strategic Manager, Admissions
John Hooton	Finance & Commercial Services Department
Fiona Taylor	Deputy Head of Law, Safeguarding & Partnerships
Sue Lees	Divisional Director of Asset Management and Capital Delivery
Steve Cowley	Assistant Head of Finance
Marketing Team	
Leann Kenny	Communications Manager
Simone Mills	Internal Communications

### **5. Background Papers Used in the Preparation of the Report:**

- Legislation which allows this – Education and Inspections Act 2006
- Consultation letter dated 21 January 2010
- Notice Published 1 May 2010
- Cabinet report and Minute 118, 20 January 2009
- DCSF Guidance: Expanding a maintained mainstream school by enlargement or adding a sixth form

### **6. List of appendices:**

None

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## CABINET

6 July 2010

## REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

<b>Title:</b> Framework Agreement for the Supply of Office Stationery, Educational Supplies, Bulk and Office Paper, Electronic Office Supplies and Office Equipment	<b>For Decision</b>
<p><b>Summary:</b></p> <p>This report asks the Cabinet to approve the procurement of the Council's office stationery requirements over the next four years via a Framework Agreement that commenced on 1 April 2010 for the supply of office stationery and educational supplies, bulk and office paper, electronic office supplies and office equipment established by the London Borough of Havering on behalf of the London Contracts and Supplies Group (LCSG), a body comprising of all London Boroughs and public bodies.</p> <p>The aim of the LCSG is to work in partnership to place joint consortia contracts to obtain the best value for the supply of various goods and services</p> <p><b>Wards Affected:</b> None</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is asked to approve the use of the London Contracts and Supplies Group (LCSG) framework agreement for the procurement of the Council's office stationery and educational supplies, bulk and office paper, electronic office supplies and office equipment for a period of four years.</p>	
<p><b>Reason(s)</b></p> <p>In order to accord with statutory obligations and to ensure the Council has a cost effective and value for money contract awarded for the purchase of the aforementioned office products.</p>	
<p><b>Implications</b></p> <p><b>Financial</b></p> <p>The value of expenditure on office products by the Council with the incumbent supplier Office Depot for the period of June - December 2009 was approximately £250,000.</p> <p>The cost of office products purchased under this contract is met through standard operational revenue budgets of the user areas in accordance with their own budgetary controls.</p> <p>Following the use of an e-auction, it is anticipated that the use of this framework agreement may realise potential revenue savings for each of the lots under the framework as detailed in <b>Appendix A</b> (in the private and confidential part of this agenda). Each of the different lots covers the various product types as detailed in item 2.5</p>	

## **Legal**

The Council has power to enter into contracts for the supply of office stationery and educational supplies, bulk and office paper, electronic office supplies and office equipment under section 1 of the Local Government (Contracts) Act 1997 on the basis that such supplies are properly required for the discharge of the Council's duties.

It is anticipated that the value of the Council's expenditure on office stationery and educational supplies, bulk and office paper, electronic office supplies and office equipment over the four-year period proposed in this report will exceed the EU threshold for supplies contracts (currently £156,442), therefore there is a legal requirement for procurement of these items to be undertaken in compliance with the Public Contracts Regulations 2006 ("the "EU Regulations").

Under EU Regulations, local councils are allowed to establish Framework Agreements with contractors and to award contracts to contractors on the Framework Agreements by way of "call-off", or following a mini-competition held with the Framework contractors.

This report is seeking the Cabinet's approval of a proposal to "call-off" the Council's office supplies requirements over the next four years using a consortium Framework Agreement established by the London Borough of Havering on behalf of the London Contracts and Supplies Group (LCSG), of which the LBBB is a member.

In compliance with the EU Regulations and the London Borough of Havering's Contract Rules, the consortium Framework Agreement was tendered in the EU, using the Restricted Procedure – a two stage procedure whereby all interested parties are invited to express an interest in tendering a contract, but only those meeting the contracting Council's selection criteria are selected to tender.

The successful tenderers were selected on the basis of the most economically advantageous tenders submitted, in accordance with Regulation 30 of the EU Regulations.

The consortium Framework Agreement, with a commencement date of 1 April 2010, was established with two suppliers – Office Depot and Talk Paper. The Agreement is open to use by the Council, as an LCSG member, for the procurement of its stationery supplies and office equipment.

The report states that economies of scale and purchasing leverage will be achieved by procuring via the Framework Agreement.

In deciding whether or not to approve procurement by the Council via the consortium Framework Agreement, the Cabinet, having regard to the Council's fiduciary duty and its duty to deliver Best Value, must satisfy itself that procuring via the Framework Agreement will represent value for money for the Council.

The Legal Partner confirms that there are no legal reasons preventing Councillors from approving the recommendations of this report, provided the Cabinet is satisfied that procuring via the Framework Agreement will represent value for money for the Council.

The Legal Partner should however be consulted in relation to the contractual aspects of the procurement.

**Risk Management**

Should one of the suppliers to go out of business, in order to comply with regulations the Council would utilise an alternative consortium agreement in the interim period of re-tendering for the appropriate supplies.

**Staffing**

No specific implications, the existing suppliers have all confirmed that there are no TUPE issues.

**Customer Impact**

No specific implications.

**Safeguarding Children**

No specific implications.

**Crime and Disorder**

No specific implications.

**Property / Assets**

No specific implications.

**Options appraisal**

1. Do nothing. In line with the Councils Constitution, national and European law, a formal tender process is required for the aggregated level of expenditure expected for the various products that would be procured and therefore this option is not appropriate.
2. That Barking and Dagenham formally tendered its own contract for the supply of office products. This option would be subject to the time and cost implications of full EU procurement processes and would almost certainly not deliver better value given the economies of scale and purchasing leverage the consortium agreement valued at approximately £14 million per annum is likely to achieve. Furthermore, the use of consortium contracts is encouraged by Central Government and Capital Ambition as a means of reducing purchasing costs whilst achieving better value for money.
3. That departments source their own office products in the wider marketplace. This could create a situation where there would be no guarantee of the continuity of supply, nor a guarantee of quality. Nor would there be any evidence that environmental, sustainable, health and safety, equalities and diversity or COSHH implications had been taken into consideration. This procurement route is unlikely to be cost effective and would also not be compliant with EU public procurement regulations regarding aggregation of spend within the Council.
4. Utilise a formally tendered consortium framework agreement awarded to supplier(s) that will be able to meet all of the requirements of the contract. The framework agreement would establish terms with regard to delivery, pricing and payment methods in order that goods can be ordered and called-off as and when required to an agreed contract price.

5. There is no option to extend existing contracts		
<b>Head of Service:</b> John Hooton	<b>Title:</b> Strategic Financial Controller	<b>Contact Details:</b> Tel: 020 8227 2801 E-mail: john.hooton@lbbd.gov.uk

## 1. Background

- 1.1 The Council utilised the previous LCSG framework agreement for the purchase of office products. This agreement expired on 1 April 2010 and is used by 30 other London boroughs and Surrey County Council.
- 1.2 The framework agreement is used to establish the terms of a contract for price, specification and quality. Products and supplies would then be called off by the Council as required and delivered and invoiced by the supplier in accordance with the terms of the agreement. There is no obligation to purchase any product or quantity under this arrangement.
- 1.3 In accordance with EU Procurement Regulations the proposed framework agreement will be for a maximum period of four years.

## 2. Report detail

### Tender Process

- 2.1 The framework agreement was tendered in accordance with European Procurement Directive 2004/18/EC. A formal contract notice was published in the Official Journal of the European Union (OJEU) in May 2009 requesting expressions of interest from prospective suppliers.
- 2.2 Following receipt of expressions of interest from 18 companies, all were sent a pre-qualifying questionnaire (PQQ). At this stage no suppliers declined the opportunity to be further involved in the tender by failing to return the PQQ, as a result 18 PQQ's were received.
- 2.3 The PQQ's were scored against pre agreed weighted criteria and included a credit check being carried out using Experian. Those that failed either the PQQ or credit check were not invited to the tender stage. Officers from the London Boroughs of Newham, Southwark, Hillingdon, Richmond, Ealing, Hackney, Wandsworth and Waltham Forest supported Havering in evaluating the PQQ's.
- 2.4 As a result of the PQQ stage, the following six companies were invited to tender for the provision of Office Stationery to the LCSG.
  - Lyreco
  - Office Depot
  - Oyezstraker
  - Talkpaper
  - QC Supplies
  - Dixon and Roe



2.5 The tender was broken in to the following lots:-

Lot 1 – Office Stationery and Educational Supplies

Lot 2 – Office Equipment

Lot 3 – Print Room and Bulk Paper

Lot 4 – Electronic Office Supplies

The reason for breaking the tender into lots was to allow both specialist suppliers of specific commodities and the large stationery suppliers the opportunity to tender, it was also recognised that this approach would create a competitive platform and therefore help to achieve the best value available.

2.6 The tender documentation was agreed by other members of the LCSG. The tender required prospective suppliers to provide responses to six method statements which addressed a variety of quality issues and pricing schedules for each lot. The pricing schedules were based on the most popular (core) items purchased by the LCSG based on the previous contracts.

2.7 Tenders were received from all six companies invited.

2.9 The tenders were evaluated by officers from the London Boroughs of Havering, Newham, Southwark, Hillingdon, Richmond, Ealing, Hackney, Wandsworth and Waltham Forest.

2.9 The pre-determined scoring criteria used for the tender evaluation as set out in the invitation to tender (ITT) was a 70% price / 30% quality split.

3.0 The 'Quality Score' table as detailed in Appendix A shows the quality scores achieved by each supplier from the quality evaluation of the tenders. This score was then weighted into the e-auction process to give a live "true" position of a suppliers ranking during the e-auction process.

3.1 The e-auction was held on the 27 of November 2009 at Mercury House, L B Havering, lasted over two hours and was managed by Trading Partners on behalf of L B Havering and the LCSG. An e-auction is a live on-line auction where Participants bid against each other whilst able to see their position/ranking throughout the process. E-auctions are time restricted but allow extensions until the final bid is placed; this creates a platform that allows suppliers to bid against each other with purpose of achieving the lowest overall price for the contract. During the e-auction for each of the lots, the quality score achieved by each participant was weighted into the bidding process so that suppliers were able to see throughout the process their true position from an overall cost and quality perspective each time a bid was placed. The e-auction attracted over 100 individual supplier bids and was attended by representatives from nine other boroughs.

3.2 Appendix A summarises the outcome of the e-auction. The Appendix also shows the potential savings that may be achieved by the use of the e-auction.

3.3 Based on the outcome of the tender (as detailed in Appendix A) the contract awards and preferred suppliers are as follows:

Lot 1 Office Stationery and Educational Supplies - Office Depot

Lot 2 Office Equipment - Office Depot  
Lot 3 Print Room and Bulk Paper – Talk Paper  
Lot 4 Electronic Office Supplies - Office Depot

### **Savings**

3. 4 As outlined in the 'Summary' table (in Appendix A), the outcome of the e-auction realised potential projected savings of between 7.2% and 17.71% for each of the lots, although this would vary in line with quantities and products purchased
3. 5 Revenue savings achieved under this contract would be distributed across the many service users and revenue budgets that use the contract.
3. 6 If directed, a careful product management programme undertaken by the Corporate Procurement team would also have the potential to make greater savings by restricting the products available to purchase by staff and officers. For example the use of "own brand" products over more expensive recognised brands and limiting purchases to core items over catalogue items. This initiative would also have the potential to increase the level of environmentally friendly office products purchased by the Council for instance by restricting the purchase of photocopier paper to environmentally friendly paper only. The Corporate Procurement team also work closely with the contractor to limit delivery days into the borough.
3. 7 The terms of the contract have a set rebate agreement within the conditions of the agreement that is not negotiable and applies to annual expenditure. This rebate is in addition and independent to any savings made on the cost of supplies. The rebate generated from purchasing under the LCSG agreement is used for the management of the contract by the Corporate Procurement team. Rebates may be claimed for the following criteria:
  - The rebate for annual turnover offered to each Participating Body is fixed at 4%. The rebate shall be paid annually based on total invoiced spend over the previous twelve months. The first payment shall be calculated using the invoiced spend from 1 April 2010 to 31 March 2011 and shall be payable by the Contractor within 30 days.
  - A rebate of 1% of annual turnover shall apply for those Participating Bodies that request consolidated invoicing from the Contractor. This will either be one monthly consolidated invoice per department or cost centre, or one monthly consolidated invoice for the whole body.
  - A rebate of 1% of turnover shall apply for those Participating Bodies which place orders using a recognised purchasing card.
  - A rebate of 1% of annual turnover shall apply for those Participating Bodies which place orders either online through the contractor's website or using an agreed e-procurement method.
  - A rebate of 1% of annual turnover shall apply where the Participating Body provides evidence that the Contractor is receiving over 90% of the total expenditure in a specific Lot (i.e. sole supplier).

- A rebate of 0.5% of annual turnover shall apply when the average order value increase by a target of 20%.
- The additional rebates as detailed in items 25.8 through 25.12 in the Instructions to Tenderers shall not exceed 3.5% on any single transaction.

Applying the Council's previous trading circumstances with Office Depot it is anticipated that the % level of claimable rebate would be 7% (of a maximum 7.5%). Based on the previously quoted expenditure levels of approximately £250,000 for the period of Jun-Dec 2009, a 7% rebate would have been claimable to an approximate value of £17,500 for the six months or £35,000 annually. However, rebate is based solely on annual expenditure figures and these may rise or fall in line with expenditure increases or decreases or financial constraints

### Contract Management

- 3.8 The management of this contract falls under the responsibility of the Corporate Procurement Team and officers within that Team are responsible for the various contract management tasks. This will include monitoring supplier performance and user satisfaction, gathering environmental information for reporting to London Remade; management information reporting; monitoring pricing; uploading price information to Marketplace for use with on-line ordering;
- 3.9 Commencement prices for items listed in the Pricing Schedule shall be fixed at the prices specified by the Contractor in the completed Pricing Schedule following the reverse e-auction. The Fixed Price Periods and associated Review Dates for the review of prices under this Contract shall be as per the below timetable

Lot	Description of Lot	Appropriate Index	Price Review / Fixed Price Period / Review Date
1	Stationery (excluding paper)	All Items Retail Price Index, as published in the Office for National Statistics "Monthly Digest of Statistics	Yearly / 12 months / April 2011 Six Months / Six Months / September 2010
1	Stationery (paper products only)	Paper Market Digest	
2	Office Machines	All Items Retail Price Index, as published in the Office for National Statistics "Monthly Digest of Statistics	Yearly / 12 months / April 2011
3	Print Room Paper (and any associated paper items as agreed by the Lead Council)	Paper Market Digest	Six Months / Six Months / September 2010
4	Electronic Office Supplies	All Items Retail Price Index, as published in the Office for National Statistics "Monthly Digest of Statistics	Six Months / Six Months / September 2010

#### **4. Links to Corporate and other Plans and Strategies**

4. 1 The use of consortium framework arrangements for the supply of goods and services such as stationery is currently encouraged as best practice by Central Government, OGC Buying Solutions and Capital Ambition. This leads to hidden efficiency savings in the both time and costs in not having to go through a full EU tender procedure that would be required for this level of expenditure. There are no exact figures to calculate a value of the efficiency savings, but it is generally accepted that the costs of a full EU tender will run into tens of thousands of pounds and can take up to a year to procure
4. 2 The use of a formally tendered contract for the supply of office products will ensure that the suppliers environmental policy and supply chain is evaluated as part of the tender process and that the suppliers are able to supply environmentally friendly products. This is in line with the Councils Green Office Guide and supports the Council's Clean Community Priority by purchasing environmentally friendly products and by limiting delivery days into the borough
4. 3 In line with the One Barking and Dagenham principle of Improving Value for Money, the use of a competitively tendered consortium framework agreement will help to realise both revenue and efficiency savings. The use of a consortium framework agreement also meets several criteria as laid out in the One Barking & Dagenham Blueprint:
- Working in partnership with others
  - Joined up service delivery through in house or other service delivery options
  - Maximising the use of our assets and delivering VfM

#### **5. Consultees**

5. 1 The following were consulted in the preparation of this report:

Tracie Evans, Corporate Director of Financial and Commercial Services  
Paul Ansell, Interim Strategic Procurement Manager Corporate Procurement  
Yinka Owa, Legal Partner, Legal and Democratic Services  
John Hooton, Strategic Financial Controller  
David Robins, Group Manager Corporate Procurement  
Lee Russell, Group Manager Corporate Finance  
Tracy Gibson-Matthews, Procurement Officer, Corporate Procurement

London Borough of Havering

#### **6. Background Papers Used in the Preparation of the Report:**

- 2004/18/EC European Procurement Directive
- London Borough of Havering Cabinet Report 10 February 2010
- Appendix A – Price / Quality Assessment

#### **7. List of appendices:**

**Appendix A – Price / Quality Assessment Scores (in the Private and Confidential part of the agenda)**

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

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