

Notice of Meeting



THE CABINET

Tuesday, 2 November 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: 22 October 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 meeting held on 28 September 2010 (Pages 1 - 12)**
4. **2010/11 Budget Monitoring - April to August 2010 (Pages 13 - 25)**
5. **Borough-wide Estate Renewal Programme - Phasing and Decant Options (Pages 27 - 56)**
6. **Proposed Provision of a Shared Civil Contingencies Service for Barking and Dagenham and Waltham Forest (Pages 57 - 64)**
7. **Tendering of Sue Bramley Children's Centre Day-Care Nursery Services (Pages 65 - 71)**
8. **Essex & Suffolk Water Agreement (Pages 73 - 75)**
9. **Tender for Corporate Contract for the Supply of Security Industry Authority (SIA) Licensed Security Personnel (Pages 77 - 86)**

- 10. Dagenham and Redbridge Football Club Lease (Pages 87 - 89)**
- 11. Implications of the Health White Paper "Equity & Excellence: Liberating the NHS" for Barking and Dagenham (Pages 91 - 120)**
- 12. Future Operation of the Plant Nursery at Central Park (Pages 121 - 127)**
- 13. Update on Remodelling and Tendering Residential Care Services for People with Learning Disabilities (Pages 129 - 136)**
- 14. Any other public items which the Chair decides are urgent**
- 15. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

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

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

THE CABINET

Tuesday, 28 September 2010
(5:00 - 6:45 pm)

Present: 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

Also Present: Councillor R Douglas, Councillor I S Jamu, Councillor J E McDermott and Councillor A Salam

27. Declaration of Members' Interests

Councillor Smith declared a personal interest in respect of the Building Schools for the Future report (item 20 on the agenda) as he is a Governor of Dagenham Park Church of England School.

28. Minutes (6 July 2010)

Agreed.

29. Barking and Dagenham Safeguarding Adults Board Annual Report April 2009 - March 2010

The Cabinet Member for Health and Adult Services presented the annual report of the Barking and Dagenham Safeguarding Adults Board for 2009/10 and outlined the key achievements during the year against the seven priority areas identified by the Board. The Cabinet Member also referred to the future actions which will help build on the extensive progress made over the last year in raising the level of reporting with regard to adult safeguarding.

Noted the report and placed on record our recognition of the work undertaken by the Board and the Council's Adult Safeguarding team.

30. Barking and Dagenham Response to the H1N1 Pandemic Flu 2009/10 Final Report

The Cabinet Member for Health and Adult Services presented the Barking and Dagenham Response to the H1N1 Pandemic Flu 2009/10 Final Report which highlighted the robustness of the multi-agency plans that were in place and which enabled the borough to successfully respond to last year's outbreak.

A number of additional arrangements are to be put in place in response to the findings of the review and the Corporate Director of Adult and Community Services also outlined the preparations for this year's winter flu vaccinations.

31. 2010/11 Budget Monitoring - April to July 2010

The Cabinet Member for Finance, Revenues and Benefits presented a report on the Council's revenue and capital position for 2010/11 as at the end of July 2010.

The projected service overspends (not taking account of any in-year savings required) have increased from £2.1m to £3.9m since June 2010, the main reasons being additional projected overspends in the Children's and Customer Services departments. In respect of the Customer Services department it has also been necessary to undertake a review of the original 2010/11 savings target of £3.15m to reflect a more deliverable programme of savings.

The Housing Revenue Account (HRA) is projected to incur a year-end deficit of £102,000. The Acting Corporate Director of Customer Services confirmed that HRA income is currently above forecast levels but that increased staffing costs are responsible for the current projected overspend. The Capital Programme is projected to be on budget, although a number of changes in the form of transfers, re-profiles and budget adjustments are proposed to better reflect the current position.

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

- (i) Note the current projected outturn position for 2010/11 of the Council's revenue and capital budget as detailed in Appendices A and C to the report;
- (ii) Note the position for the HRA as detailed in Appendix B to the report;
- (iii) Note the actions already in place to control spend and tackle the in-year reduced funding;
- (iv) Approve the budget changes proposed to the Customer Services' original savings programme as set out in paragraph 3.1.3 of the report;
- (v) Approve the capital transfers, re-profiles and budget adjustments as detailed in Appendices D (i), (ii) and (iii) to the report;
- (vi) Approve the proposed in-year savings detailed in Appendix E to the report;
- (vii) Authorise the Corporate Directors of Finance and Resources and Customer Services, in consultation with relevant Cabinet Members, to implement any future Customer Services budget transfers to assist in achieving the in-year savings target shortfall of £554,000; and
- (viii) Authorise the Corporate Director of Finance and Resources, in consultation with relevant Cabinet Members, to allocate and implement the £3m targeted savings within Finance and Resources as they become identified.

32. Review of the Strategic Grants Programme

The Cabinet Member for Crime, Justice and Communities presented a report on the outcome of a strategic review of the corporate grants programme which was conducted between November 2009 and July this year.

The focus of the review has been to ensure that the limited future funds are targeted to where they will be most effective, while at the same time continuing to develop the environment for a thriving third sector in the borough. The new model proposes the division of available funding under three main streams of Strategic Commissions, an Innovation fund and small grants, with specific funding for the Open Farm and Victims of Crime initiatives being transferred from the grants budget to the relevant service departments. In respect of the Strategic Commissions, there are two themes of 'infrastructure' and 'strengthening communities' and within the former is a proposal for the procurement of a Local Infrastructure Organisation. It was also noted that the outcome of the London Councils grants programme review, to which Barking and Dagenham currently contributes £584,000, is expected to be known by the end of 2010.

The Head of Community Cohesion and Equalities also reported on the views expressed by the Safer and Stronger Select Committee following its consideration of the report last week, which were noted.

Agreed, in order to assist the Council to achieve the Community Priority "Fair and Respectful", to:

- (i) The adjusted model for the corporate grants programme as set out in the report;
- (ii) That a further report be presented in March 2011 which will make proposals for the allocation of funding under this programme prepared in response to latest information about funding available at that time;
- (iii) The procurement strategy for a three year contract for the provision of Local Infrastructure Organisation support, as detailed in the report; and
- (iv) The virement of the following funds from the Community Cohesion divisional budget:
 - a) £25,000 in respect of an Open Farm, to the Leisure and Arts division
 - b) £31,500 in respect of support to victims of crime, to the Community Safety and Neighbourhood Services division.

33. Future Operation of Wood Lane Sports Centre

The Cabinet Member for Culture and Sport presented a report on the future of Wood Lane Sports Centre together with proposals to acquire small pieces of land adjacent to the new Becontree Heath Leisure Centre in order to enhance the public realm in the area.

The new Becontree Heath Leisure Centre is due to open in 2011 and an in principle decision was made at the Cabinet meeting on 17 November 2009 (Minute 94) to demolish and decommission Wood Lane Sports Centre following the new Centre's opening, subject to a further report on alternative options and associated planning issues. The Cabinet Member confirmed that the options appraisal has not identified any future operational use for the building by the Council and it is therefore proposed that the site be sold on the open market. It was noted that as the site is within designated green belt land, which restricts future use, it is now

intended that the building be secured following its vacation and sold as part of the site, and not demolished as originally proposed.

The Head of Leisure and Arts confirmed that the vast majority of sports and other services currently provided at Wood Lane Sports Centre will continue to be available at the new Centre. The exceptions are five-a-side football which have been relocated nearby and the shooting club, which officers are continuing to seek to identify an alternative location within the borough.

Agreed, in order to assist the Council to achieve the Community Priority "Healthy", to:

- (i) The sale of the Wood Lane Sports Centre and associated facilities on the open market in line with the Council's disposals procedure following the opening of the new Becontree Heath Leisure Centre and once voluntary organisations have had the opportunity to freely acquire surplus equipment;
- (ii) A report being presented to Cabinet at the appropriate time seeking approval to the terms of any land disposal;
- (iii) The provisional sum identified in the Becontree Heath Leisure Centre capital budget for the demolition of the Wood Lane Sports Centre instead being utilised to protect the building from damage once it has been vacated and prior to its sale;
- (iv) The acquisition and future maintenance of two small parcels of land adjacent to the Becontree Heath Leisure Centre, shown hatched in red in the plan at Appendix A to the report, in order to bring the public realm to a suitable standard in this area; and
- (v) The Council undertaking the future maintenance of the small parcel of land shown hatched in black in the plan at Appendix A which will remain in private ownership.

34. "Helping You Live the Life You Want" - Older People's Strategy 2010 -2013

The Cabinet Member for Health and Adult Services presented the Older People's Strategy for 2010 - 2013 entitled "Helping You Live the Life You Want".

The Strategy outlines the key priorities that the older people of the Borough have identified as most important to them, highlights the achievements so far and sets out in a series of action plans as to how the Council intends to deliver further improvements. The Strategy also recognises the leadership role the Council has in ensuring older people can live independently and actively, with a good quality of life for as long as possible.

Agreed, in order to assist the Council to achieve all of its Community Priorities, to:

- (i) Adopt the Older People's Strategy for 2010 - 2013; and
- (ii) Endorse the improvement action plans which will be the subject of quarterly monitoring and an annual progress report.

35. Single Equality Scheme

The Cabinet Member for Crime, Justice and Communities presented a report on the development of the Council's first Single Equality Scheme (SES) which builds on the three previous equality schemes of race, gender and disability and covers additionally a range of other equality issues identified in the new Equality Act 2010.

Implementation of the SES will enable the Council to continue to meet its legal duties and deliver further real improvements in equality for people living and working in the borough. The SES draws on best practice and has been developed through a process of consultation with the local community. It is also proposed that the work will form the basis of the development over the next year of a SES that encompasses the work of all the partners within the Borough Local Strategic Partnership.

Agreed, in order to assist the Council to meet its legislative duties and achieve the Community Priorities "Fair and Respectful", to:

- (i) Adopt the Single Equality Scheme as set out in Appendix A to the report; and
- (ii) Authorise officers to work with statutory partners to develop a Single Equality Scheme for the Local Strategic Partnership

36. Procurement of Drug Treatment Services

The Cabinet Member for Health and Adult Services presented a report on proposals for the re-tendering of two contracts that provide drug treatment and support services to substance misusers and their families.

In response to issues raised, officers clarified the following:

- That clear protocols are in place to ensure that the children of parents who are referred through the service are identified and all necessary steps taken to protect their wellbeing.
- The projected number of substance misusers in the borough that are not currently registered, based on national comparators.
- That appropriate break clauses will be included within the contracts to protect the Council's interests in the event that external funding for these services is withdrawn.

Agreed, in order to assist the Council in achieving its Community Priorities of "Healthy", "Fair and Respectful", "Prosperous" and "Inspired and Successful", to:

- (i) The procurement of contracts on the terms detailed in the report in respect of the following:
 - a) Structured Day Programme and Structured Counselling for Drug Users and Family and Carer Services
 - b) A Specialist Prescribing Service, which includes Dual Diagnosis and Blood Borne Virus Services
- (ii) Authorise the Corporate Director of Adult and Community Services, in

consultation with the Legal Partner, to award the contracts to the successful tenderers.

37. Health and Wellbeing Strategy

The Cabinet Member for Health and Adult Services presented the Barking and Dagenham Partnership Health and Wellbeing Strategy which is being presented for adoption to all constituent organisations within the Partnership.

The Health and Wellbeing Strategy establishes ten health and wellbeing priorities for the next three years which are aimed at addressing the health inequalities of borough residents. The Cabinet Member explained that while there have been improvements over the past decade, for example in relation to the life expectancy of borough residents, there continues to be a disparity with the UK average in a number of areas.

Issues raised during the discussions included:-

- The need for the Council's licensing and planning policies to support the aims of the Strategy. In respect of licensing, reference was made to the increase in the number of licensed premises in the borough and their hours of opening. It was noted that a review of the Council's Licensing Policy was currently being undertaken and would be the subject of a future report to Cabinet.
- The need for more effective advertising, with the example given of men's health adverts being sited in toilets across Council and commercial premises. The Corporate Director of Adult and Community Services undertook to take this matter forward.
- The importance of physical activity. The Leader referred to the popularity of the Council's 'Summer Sorted' project for children and the range of other community activities available.
- The reduction in the level of repeat domestic violence incidents as a result of new initiatives such as the Domestic Violence Advocacy Service.
- The importance of retaining local control over local health spending which the Corporate Director confirmed would be the subject of further reports.
- The need to learn lessons from previously unsuccessful initiatives and strategies.
- The need to promote healthy workplaces and the issuing and monitoring of sick notes issued by GPs.
- The steps being taken to promote a consistent food labelling regime on a national level.
- The importance of ensuring that the relevant agencies are promoting breast feeding.

Agreed, in order to assist the Council and its partners in achieving the Community Priority "Healthy", to:

- (i) Adopt the Health and Wellbeing Strategy appended to the report; and
- (ii) Note that the Health and Wellbeing Board will monitor progress against action plans and key performance indicators.

38. Local Implementation Plan (Borough Transport Strategy) Funding Submission 2011/12

The Cabinet Member for Regeneration presented a report on the Council's 2011/12 Local Implementation Plan (LIP) funding bid to Transport for London and the indicative delivery programme for 2012/13 and 2013/14.

The LIP represents the borough transport strategy and the Council has been provisionally earmarked £2.3m for each of the next three years, with the funding split into the three categories of maintenance, corridors / neighbourhoods and smarter travel. The proposed projects and initiatives include a mix of road safety, traffic management, highways maintenance, cycling and walking and travel awareness schemes and are spread over the whole borough.

The Cabinet Member also referred to the major schemes of the Barking Station Forecourt and Merry Fiddlers junction improvements and it was noted that a report on the formal three-year LIP will be presented to cabinet later this year.

Agreed, in order to support the implementation of a range of transport improvement schemes in the borough, to:

- (i) The Council's 2011/12 LIP submission to Transport for London as detailed in Appendix 1 to the report; and
- (ii) The indicative delivery programme for 2012/13 – 2013/14 as set out in the report.

39. Revised Planning Advice Note on Religious Meeting Places

Further to Minute 11 (12 June 2007), the Cabinet Member for Regeneration presented a report on proposed revisions to the Council's existing Planning Advice Note Guidance on Religious Meeting Places which aims to identify suitable sites to accommodate the increase in demand for such venues while at the same time minimise issues around increased noise, disturbance, parking problems and loss of amenities for the local community as a whole.

The Cabinet Member explained that the revisions to the Guidance introduce more clarity on what are considered to be the preferred locations for religious meeting places and the following four locations have been identified where applications for religious meeting places will be dealt with favourably:

- Thames Road within the River Road Employment Area
- South Dagenham West (Site Specific Allocation SSA SM2)
- South Dagenham East (Site Specific Allocation SSA SM4)
- Ripple Road within the Rippleside Employment Area

Agreed, in order to assist the Council to achieve its Community Priorities of "Fair and Respectful" and "Prosperous", to approve the revised Planning Advice Note on Religious Meeting Places as set out at Appendix 1 to the report.

40. Local Development Framework - Adoption of Site Specific Allocations Development Plan Document

The Cabinet Member for Regeneration presented a report on the Site Specific Allocations Development Plan Document (DPD) which focuses on the delivery of the Local Development Framework Core Strategy adopted by the Assembly on 21 July 2010 (Minute 14).

The Cabinet Member advised that the purpose of the Site Specific Allocations DPD is to resolve the land use implications of the Core Strategy and to consider the future of sites across the borough, not only those sites that may have some development potential but also sites which may need protecting.

The Site Specific Allocations DPD has been subject to extensive consultation and has been approved by the Planning Inspectorate as sound and legally compliant following a number of minor amendments and clarifications as well as some more significant changes which were noted.

Agreed, in order to assist the Council to deliver all of its Community Priorities, to **recommend** the Assembly to approve the Barking and Dagenham Local Development Framework Site Specific Allocations Development Plan Document.

41. Private Business

Agreed to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

42. London Road / North Street Regeneration

Further to Minute 34 (14 July 2009), the Cabinet Member for Regeneration presented a progress report on the development proposals for the London Road / North Street area of Barking Town Centre.

Following a successful procurement process for a development partner, Bouygues Development has been identified as the Preferred Bidder for the project. The Cabinet Member advised on the key aspects of the development proposals which include a major foodstore with residential units above and car parking below and a market square, to be accompanied by improvements to public access and the public realm. The Cabinet Member also outlined the financial implications for the Council of the various aspects of the project, which will include acquiring non-Council owned land in the area, and confirmed that the overall project will represent over £100m of investment in Barking Town Centre.

In relation to the residential units, the Cabinet Member explained why these have been earmarked for private sale and confirmed that the other residential development proposals in the Barking Town Centre area will reflect the Council's overall vision for a mix of private and social housing. The Head of Regeneration and Economic Development also advised that as this site is included in the Borough Investment Plan it may be possible to attract future funding from the Mayor of London, in which case there may be scope to include social housing within this particular project. Other issues raised included the need to ensure that

the developer meets its obligations regarding local employment and the impact on the Housing Revenue Account of the loss of revenue from commercial properties in the area and officers agreed to respond accordingly on these issues.

Agreed, in order to assist the Council in achieving all of its Community Priorities, to:

- (i) Appoint Bouygues Development as the preferred Development Partner for phase 2 of the London Road / North Street site subject to the agreement of a minimum capital receipt.
- (ii) Authorise the Corporate Director of Finance and Resources, in consultation with the Legal Partner, to enter into the following with Bouygues Development subject to the agreement of the minimum capital receipt:
 - a Development Agreement ;
 - a 153 year Lease and Building Lease;
 - Compulsory Purchase Order (CPO) Indemnity Agreement;
 - Car Park Management Agreement and
 - Overage Deed
- (iii) The components and development parameters associated with the proposed Scheme submitted by Bouygues Development whilst noting that the detailed Scheme will be subject to a formal planning application and the decision of the Development Control Board and LTGDC Planning Committee at a future date;
- (iv) Authorise the provision of £2,238,000 within the Council's capital budgets in order to front fund the acquisition of residual properties necessary to deliver the Scheme during the financial year 2011/12, noting that the upfront costs will be reimbursed when the Development Agreement becomes unconditional on or before 31 March 2012;
- (v) Authorise the use by the Council of its Compulsory Purchase Order (CPO) making powers pursuant to Section 226(1)(a) of the Town and Country Planning Act 1990 for the acquisition of the land and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 for the acquisition of new rights over land (shown shaded on Appendix 1) for the purposes of securing, retail, residential, and leisure uses as part of the London Road / North Street Scheme;
- (vi) Authorise the Corporate Director of Finance and Resources, in consultation with the Legal Partner, to:
 - a) take all necessary steps to secure the making, confirmation and implementation of a Compulsory Purchase Order including the publication and service of all Notices and the presentation of the Council's case at any public inquiry following the making of the Compulsory Purchase Order for the land shown shaded on the plan attached as Appendix 1;
 - b) approve agreements with landowners setting out the terms for

withdrawal of objections to the Compulsory Purchase Order, including, where appropriate, seeking exclusion of land or new rights from the Compulsory Purchase Order and/or making arrangements for the relocation of occupiers;

- (vii) Authorise the appropriation of the land owned by the Council (the area within the red line shown on the Plan at Appendix 1 to the report) for the purpose of bringing forward the London Road / North Street Scheme in accordance with Section 122 of the Local Government Act 1972.

43. Internal Audit and Anti-Fraud Service Contract

The Cabinet Member for Finance, Revenues and Benefits presented a report in respect of the contract for the provision of internal audit and anti-fraud service support.

The service is currently provided under the London Audit and Anti-Fraud Partnership (LAAP) framework contract, for which Croydon Council is the lead authority, and the current arrangement is due to expire shortly. A detailed options review has identified the LAAP as the preferred route for the Council on the basis that it:

- Provides best value for money for the Council
- Offers maximum flexibility, having a “call down contract”
- Supports the delivery of the Council’s Audit and Anti-Fraud Strategies and Audit Plan
- Ensures the Councils Assurance Function is delivered by a tailored mixed economy approach

Agreed, in order to assist the Council in providing robust, value for money services, to:

- (i) The entering into of a contract, under the provisions of paragraph 4.1.3 of the Council’s Contract Rules (Exceptions to Tendering Requirements), with Croydon Council under the London Audit and Anti-Fraud Partnership (LAAP) framework agreement for the provision of internal audit and anti-fraud service support for the period 1 October 2010 to 31 March 2015 as detailed in the report;
- (ii) Authorise the Corporate Director of Finance and Resources, in consultation with Legal Partners, to extend the term of the contract in the event that Croydon’s contract with the service provider is extended beyond its existing contract term; and
- (iii) The contract with Croydon Council containing a no-fault break clause in our favour which would allow the Council an opportunity (in September of each year) to terminate the agreement should it wish to do so.

44. Building Schools for the Future - Sample Schools Final Business Case Approval

Further to Minutes 15 and 17 (8 and 14 June 2010), the Cabinet Member for

Children and Education presented a report on the current position with regards to the Local Education Partnership (LEP) and Information and Communications Technology (ICT) strands of the Council's Building Schools for the Future (BSF) programme.

On 24 July 2010, the Secretary of State for Education cancelled the national BSF programme. Following successful lobbying by the Council and its MPs, approval was given for the Borough's two sample schemes (Dagenham Park Church of England School and Sydney Russell Comprehensive School) to progress under the LEP procurement. Funding was also allocated for the ICT project but as it fell short of the amount required by the ICT financial model it has been necessary to undertake further work and negotiations, which it was noted will be the subject of a future report to Cabinet.

The Cabinet Member introduced the Final Business Case, which requires the approval of Partnerships for Schools and the Department for Education in order for the necessary funding to be released, and outlined the formal steps to be taken to secure the necessary agreements with the various parties. The Cabinet Member also advised that planning approval for the Dagenham Park project had been granted at last evening's Development Control Board.

Agreed, in order to assist the Council in achieving its Community Priority "Inspired and Successful", to:

- (i) Approve the Final Business Case attached at Appendix 1 to the report for submission to Partnerships for Schools and the Department for Education ;
- (ii) The formation of the Local Education Partnership and entering into of the following Project Documents and other associated legal documentation:
 - a) the Shareholders' Agreement to form the LEP;
 - b) the Strategic Partnering Agreement with the LEP;
 - c) the Private Finance Initiative (PFI) contract Project Agreement and the Funders Direct Agreement for Dagenham Park Church of England School;
 - d) the Design & Build contract for Sydney Russell Comprehensive School subject to the Agreement of the Governing Body;
 - e) the Facilities Management Agreement for Sydney Russell Comprehensive School subject to the Agreement of the Governing Body.
- (iii) The financial commitments entailed in the LEP and Special Purpose Vehicle formation.

45. Business Case and Appointment of Preferred Bidder for Joint Venture Strategic Partnership

Further to Minutes 21 (7 July 2009) and 3 (8 June 2010), the Cabinet Member for Customer Services and Human Resources presented a report on the final business case which supports the recommendation to enter into a joint venture and Partnership Agreement and the outcome of the tender evaluation to select the Preferred Bidder.

The Cabinet Member outlined the key benefits of the joint venture proposals and advised that savings of up to £10m per year were anticipated over the course of the seven year agreement which will enable the Council to continue to deliver essential front-line services to the local community. The Chief Executive also referred to the innovative nature of the joint venture and reassured Members as to the merits of the proposals.

Agreed, in order to assist the Council to achieve all of its Community Priorities and the delivery of the Medium Term Financial Strategy, to:

- (i) The appointment of the Preferred Bidder, as recommended by the Main Evaluation Panel and named in the private and confidential section of the report, as the Joint Venture Strategic Partner to deliver the following services under Phase 1:
 - ICT
 - Procurement & Accounts Payable
 - Revenues and Benefits services
 - B&D Direct
- (ii) The Council entering into a legally binding Joint Venture and Partnering Agreement with the Preferred Bidder;
- (iii) The Council entering into a legally binding Services Contract with the Preferred Bidder and associated legal documentation; and
- (iv) The Corporate Director of Finance and Resources putting in place appropriate internal arrangements for the proper monitoring and management of the Joint Venture and Partnering Agreement and the Services Contract through a new Commercial Services Unit.

(The Chair agreed that this report 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

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS

| | |
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| Title: 2010/11 Budget Monitoring - April to August 2010 | For Decision |
| <p>Summary:</p> <p>This report updates Cabinet with the Council's revenue and capital position for 2010/11 based on data to end August 2010.</p> <p>The Council started the 2010/11 financial year in a better financial position than twelve months ago with General Fund (GF) balances estimated at £8.1m, and a robust budget process to set meaningful 2010/11 budgets.</p> <p>Central Government has already required that nationally local government needs to contribute £1.165bn toward the £6.2bn of in-year savings. The specific impact on the Council is a reduction in funding of up to £5.5m. In order to protect the Council's position the Corporate Director of Finance and Resources has instructed officers to continue with the measures put in place during 2009/10 to contain spend. Last month Cabinet approved in-year savings of up to £8.4m to address this shortfall in resources.</p> <p>The projected service overspends (not taking account of the in-year savings) have reduced from £3.9m to £3.2m since July 2010. The main reason for this drop is a reduction in projected overspends in the Customer Services Department. The 2010/11 budget includes a £3m contribution to GF balances. If the projected service pressures materialise then GF balances would not increase to the targeted £10m but decrease by £0.2m to £7.9m.</p> <p>Further proposed calls on the contingency will reduce the balance to £1.2m</p> <p>The Housing Revenue Account (HRA) is projected to incur a deficit of £417k. Its balance declining from £3.4m to £3m. The HRA is a ring fenced account and cannot make contributions to the General Fund.</p> <p>In regard to the Capital Programme, the current projection is that spend will be over the revised and appraised budget but following further appraisals expected to be within budget. Capital budgets cannot contribute to the General Fund although officers are working to ensure that all appropriate capitalisations occur.</p> <p>Wards Affected: All</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the current projected outturn position for 2010/11 of the Council's revenue and capital budget as detailed in paragraphs 3 and 5 of the report, and Appendices A and C; (ii) Note the position for the HRA as detailed in paragraph 4 of the report and Appendix B; | |

- (iii) Approve from contingency the sum of
- a). £220k to enable specific back log maintenance projects to be undertaken
 - b). £750k to fund the one-off expert financial, legal and procurement costs for the set up of the Joint Venture
 - c). £684k to regularise the General Finance budgets which contains budgeted corporate savings which the service departments are achieving
 - d). £100k to meet the anticipated shortfall in income arising from not implementing the proposal to charge staff for parking in council owned sites

Reason(s)

As a matter of good financial practice, the Cabinet should be regularly updated with the position on the Council's budget. In particular, this paper alerts Members to particular efforts to reduce in year expenditure in order to manage the financial position effectively.

Comments of the Chief Financial Officer

This report indicates the assessment that the council continues to face significant pressures in remaining within its original 2010/11 budget. This is before reduced resources arising from the Governments in-year actions to reduce the national deficit. The Corporate Director of Finance and Resources has already implemented actions to control spend and departments resources have been reduced to contribute towards the reduced corporate resources.

Comments of the Legal Partner

Previous reports have advised Members of the obligation upon a billing authority to set a balanced budget each year by virtue of section 32 Local Government Finance Act 1992 taking account of required expenditure, contingencies and reserves among other things. Section 43 makes corresponding provision for major precepting authorities. Those sections require the relevant authorities to set an 'appropriate' level of reserves for the year in question. The reserves may be drawn upon during the year even if as a result they fall below the minimum. Members will note the reported position and comments made in relation to reserves and the budget position for this year going forward.

Similarly Members are reminded of the Council's ongoing duty under section 28 Local Government Act 2003 to keep its financial position under review and if it appears that there has been a deterioration in its position it must take such action as it considers necessary to deal with the situation. Members will note the progress highlighted in this report and wish to satisfy themselves that sufficiently robust actions are being taken to manage service delivery within a shrinking budget base.

Members will wish to be satisfied that appropriate actions are being taken to deal with any projected overspends and deliver services in the tougher economic climate the council finds itself in.

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| <p>Head of Service: Jonathan Bunt</p> | <p>Title: Corporate Financial Controller</p> | <p>Contact Details: Tel: 020 8724 8427 E-mail: jonathan.bunt@lbbd.gov.uk</p> |
| <p>Cabinet Member: Councillor Geddes</p> | <p>Portfolio: Finance, Revenues and Benefits</p> | <p>Contact Details: Tel: 020 8227 2116 E-mail: cameron.geddes2@lbbd.gov.uk</p> |

1. Background

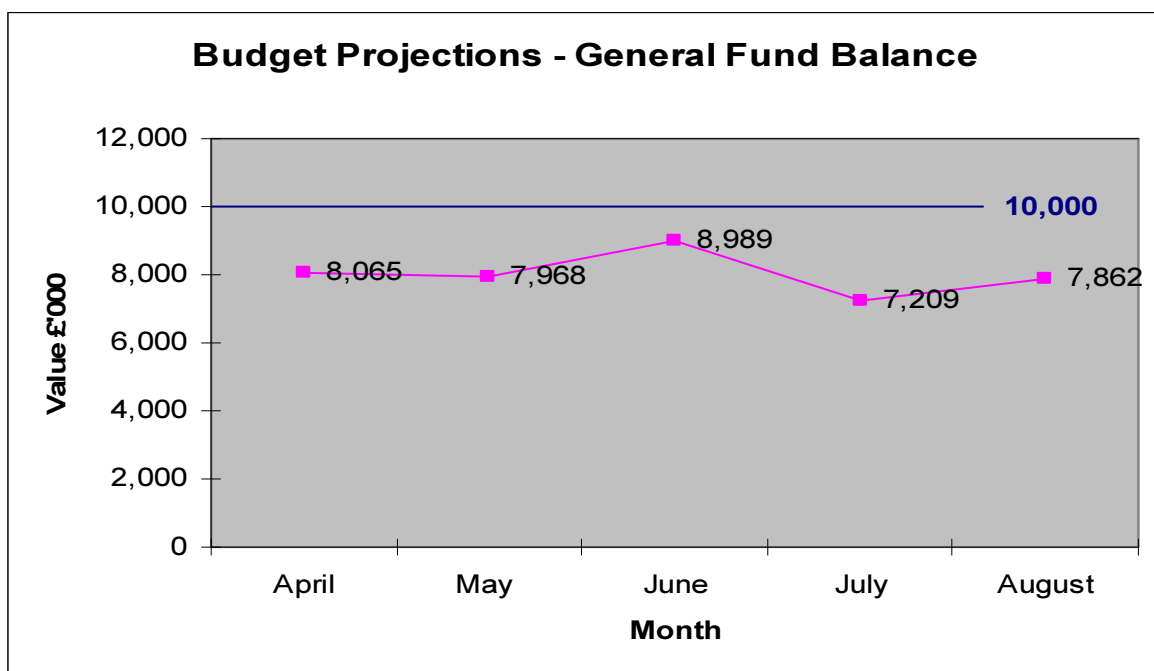
- 1.1 The Outturn report to Cabinet on 8 June 2010 reported that, as at 31 March 2010, general fund balances stood at £8.1m, an increase of £4.4m on the position twelve months earlier. This position is subject to review by external audit and therefore may change prior to the finalisation of the accounts.
- 1.2 This report provides a summary of the Council's General Fund (GF) revenue, HRA and Capital positions and consequent balances based on recurring pressures from last year, risks to anticipated 2010/11 savings, any new pressures and the effect of the reduced in-year resources.
- 1.3 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. It is now practise within the Council for this monitoring to occur on a regular monthly basis through both monthly briefing to the Cabinet Member for Finance, Revenues and Benefits, and this report to Cabinet. This helps Members to be regularly updated on the Council's overall financial position and to enable the Cabinet to make relevant decisions as necessary on the direction of both the revenue and capital budgets.
- 1.4 The report is based upon the core information contained in the Oracle general ledger system supplemented by examination of budgets between the budget holders and the relevant Finance teams. In addition, for capital monitoring there is the work carried out by the Capital Programme Management Office (CPMO).

2 Current Overall Position

- 2.1 The impact of the current revenue projections to the end of the financial year is that the Council's General Fund balance will not increase by the anticipated £3m but reduce by £0.2m to £7.9m. The Chief Finance Officer has a responsibility under statute to ensure that the Council maintains appropriate balances. Actions have already been put in place to reduce the Council's cash out-goings.
- 2.2 In the report to Members regarding the setting of the 2010/11 annual budget and Council Tax, the Corporate Director of Finance and Resources, after consideration of the factors outlined in the CIPFA guidance on Local Authority Reserves and Balances 2003, set a target GF reserves level of £10m. The current projected balance for the end of the financial year is below this level. Whilst the external auditor has not offered an opinion on a minimum acceptable level of general balances the Local Government Act 2003 requires the Authority to set an appropriate level of reserves.

When setting the HRA budget for 2010/11 the surplus anticipated for 2009/10 was £3.392m leading to estimated balances as at 31 March 2011 of £4.369m. The final 2009/10 outturn surplus was £2.423m giving the current opening balance of £3.4m.

| | Balance at 1 April 2010 | Projected Balance at 31 March 2011 | Target Balance at 31 March 2011 |
|---|------------------------------------|---|--|
| | £000 | £000 | £000 |
| General Fund | 8,065 | 7,862 | 10,000 |
| Housing Revenue Account (including Rent Reserve) | 3,400 | 2,983 | 4,369 |



2.3 The current projected variance at the end of the year across the Council for the General Fund is shown in the table below.

| | August Projected Variance | July Projected Variance | June Projected Variance | May Projected Variance |
|--|--|--|--|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| <u>Service Expenditure</u> | | | | |
| Adult and Community Services | 0 | 0 | 0 | 0 |
| Children's Services | 2,732 | 2,764 | 1,488 | 2,030 |
| Customer Services | 471 | 1,092 | 546 | 967 |
| Finance & Resources | 0 | 0 | 42 | 100 |
| General Finance | 0 | 0 | 0 | 0 |
| Total Service In-Year Pressures | 3,203 | 3,856 | 2,076 | 3,097 |
| <u>Corporate Issues</u> | | | | |
| Budgeted contribution to balances | 3,000 | 3,000 | 3,000 | 3,000 |
| Total In-Year Pressures | 203 | 856 | (924) | 97 |

2.4 Additional to the risks identified in the tables above are other pressures where the financial consequence is not yet known and where Directors and Head of Services

are attempting to manage the issues. If, however, these pressures come to fruition either wholly or in part, then the financial position will worsen.

3 General Revenue Services

3.1 The departmental positions are shown in Appendix A. The key areas of potential overspend and risks are outlined in the paragraphs below.

3.1.1 Adult and Community Services

The Department continues to project a broadly break-even budget position for year end with the caution that this is based on activity for the first 5 months. The department set it self some challenging savings targets this year which it is managing. In general no significant budget pressures are being experienced in the department.

The Department and its Management Team have a track record of dealing with issues and pressures throughout the year to deliver a balanced budget.

3.1.2 Children's Services

The department is projecting an overspend of £2.7m, consistent with the position reported last month. This overspend directly relates to the increased demand on the Safeguarding and Rights placement budget and the overspend on the legal budget due to increased costs associated with child protection cases as reported last month. Children's Services DMT are making a combined effort to identify compensating savings, review commitments that can be held back or not renewed or stopped in year to help tackle the potential overspend.

The pressures reported last month related to the government's intended cuts in specific grant funding (including £108k from the Training and Development Agency grant; £60k from Buddy Programme and the cessation of Contact Point grant from Quarter 2). These remain significant pressures that the service has to find additional savings towards or consider cuts to the existing service. A pressure (£400k) related to buses for SEN children is being managed through the implementation of a Transport Strategy.

Dedicated School Grant (DSG)

There is no overspend reported in this area but there are pressures of circa £614k (£688k reported last month) on non maintained fees for SEN children. This will be taken to the Schools Forum for discussion/resolution. The need to provide additional school places from September 2010 without additional funds is the other main in-year pressure.

3.1.3 Customer Services

The department is still projecting an overspend but at the reduced level of £471k, down by £620K from the previous figure of £1.09m reported at the end of July 2010. This decrease is mainly as a result of positive movements in E&E Division and the Housing General Fund.

Whilst there are projected underspends in premises, transport and supplies & services costs in E&E, the overall overspend projected reflects additional spend on staffing costs and a projected underachievement of income on trade waste and passenger transport.

The Housing service has turned a forecast overspend of £102k in the previous period to an underspend of £216k. This positive movement mainly relates to confirmation of external grants to be used to fund spend associated with empty properties.

Customer Services DMT is actively reviewing action plans to ensure they are robust enough to continue to drive costs down through efficiency savings.

3.1.4 Finance and Resources

The department is projecting a break even position as per last month. Significant work has been undertaken by both the departmental and divisional management teams to ensure the in-year budget pressures being experienced by some services are contained and spend is focused on achieving both its cash limited budget and the £3m savings target it has been allocated. A number of posts are being held vacant in order to achieve these targets.

There remains a concern about the expected income from marketing & communication activities which require close monitoring. The pressures in Legal Services in relation to the cost of recruitment and use of locum lawyers is still an issue which the service's management is making a concerted effort to address.

3.1.5 General Finance and Contingency

The General Finance budget currently contains an allowance for £1m of corporate savings relating to reducing the use of consultants, reviews of PPP teams and PA's, and reducing mobile/blackberry spend. The actions to achieve these have been implemented and service departments are including the reduced costs in their projected outturn. It is now proposed to call on the contingency for £684,000 in order to regularise the budget position in General Finance.

As part of setting a robust 2010/11 budget the council agreed a contingency budget of £6m. £3.48m was allocated from contingency by Cabinet on 8 June (NB Customer Services has returned £600k in relation to Revenues and Benefits not currently required) and £120k at the 6 July Cabinet. Previously agreed by the Executive on 14 July 2009, £68k has been transferred from contingency to Children's Services in relation to the Youth Access Card.

The contingency contains a sum of £220k for allocation to back log maintenance works. Members are asked to approve the release of this sum to enable specific maintenance projects to be undertaken.

Cabinet (16 March 2010) approved a sum of £300k from the Invest to Save fund to meet the expected initial one-off costs of expert financial, legal and procurement advice to create the Joint Venture. With dialogue taking longer than expected Cabinet are now asked to fund additional estimated one-off cost of £750,000. Approval is sought to fund this from contingency.

A corporate saving which proposed charging staff for parking in council sites has not been implemented. The anticipated additional income of £100k has not therefore been realised, and approval is sought to fund this from contingency.

If all the above is approved the contingency balance will be £1.2m.

4 Housing Revenue Account

4.1 The HRA is currently forecast to overspend by £417k compared to £102k projected overspend in July 2010. The key reasons for this is a projected overspend in supervision and management costs reflecting savings unlikely to be achieved in the security budget and the inclusion of pension costs previously not budgeted for, and an increase in bad debts provision due to an increased level of rent arrears, associated with the implementation of the Capita Housing Rents system. An action plan is in place to try and address the growing arrears.

4.2 The detailed HRA position is shown in Appendix B.

5 Capital Programme

5.1 At this stage in the year, it is projected that there will be an overspend of £2.3m of the revised and appraised budget for 2010/11, but following further appraisals the spend is expected to be within budget. The departmental analysis is at Appendix C.

6 Legal Issues

6.1 See summary section for Legal Partner comments

7 Other Implications

- **Risk Management**

The final financial position for 2009/10 is still subject to review by the external auditor and is therefore at risk of change. The risk to the Council is that if the currently projected overspends are not eliminated the level of balances will fall to a level which is below the level recommended by the Corporate Director of Finance and Resources in order to meet potential future financial risks.

- **Staffing Issues**

As part of the measures to reduce in-year pressures a freeze on recruitment has been implemented. Recruitment will be limited to essential appointments only and overtime payments will be minimised. A Voluntary Severance Scheme has been run and over 100 staff will be leaving over the course of the next three months as a consequence. This will make a significant contribution to managing in-year pressures.

- **Customer Impact**

As far as possible all restraints have been placed on non-essential services spend. Some cuts may directly or indirectly affect customers but every effort will be made to mitigate any impact on front line services. All departments are required to consider the equalities impacts of their savings plans, and to put in place mitigating actions where necessary.

- **Safeguarding Children**

All actions taken to mitigate the overspend of the placements budget in Safeguarding and Rights will need to be undertaken within a risk management framework to ensure that the safeguarding needs of individual children are not compromised.

- **Property / Asset Issues**

Some non-essential maintenance to properties may be re-phased

8 Background Papers Used in the Preparation of the Report:

- Councils Provisional Revenue and Capital Outturn 2009/10 – Cabinet 8 June 2010, Minute 8
- 2010/11 Budget Monitoring Report, Cabinet July 2010 Minute 26
- Youth Access Card, Executive 14 July 2009 Minute 29

9 List of appendices:

Appendix A – General Fund Revenue Budget Monitoring Statement – August 2010

Appendix B – Housing Revenue Account (HRA) Budget Monitoring Statement – August 2010

Appendix C – Capital Programme Budget Statement – August 2010

REVENUE MONITORING STATEMENT - AUGUST 2010/11

| 2010/11 | | | | | |
|---|--------------------------------|--------------------|-------------------|----------------------|-----------------------|
| SERVICES | Provisional Outturn 2009/10 | Original Budget | Working Budget | Projected Outturn | Projected Variance |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Adult & Community Services</u> | | | | | |
| Adult Care Services | 5,451 | 5,340 | 5,620 | 5,620 | - |
| Adult Commissioning Services | 44,371 | 45,722 | 46,722 | 46,722 | - |
| Community Safety & Neighbour | 3,303 | 4,119 | 4,119 | 4,119 | - |
| Community Cohesion & Equalitie | 7,461 | 8,130 | 8,129 | 8,129 | - |
| Leisure & Arts | 6,443 | 6,053 | 6,053 | 6,053 | - |
| SSR/ Other Services | 512 | 616 | 715 | 715 | - |
| | 67,541 | 69,980 | 71,358 | 71,358 | - |
| <u>Children's Services</u> | | | | | |
| Quality & Schools Improvement | 6,711 | 9,197 | 9,192 | 9,065 | - 127 |
| Integrated Family Services | 593 | 1,694 | 1,692 | 1,573 | - 119 |
| Safeguarding & Rights Services | 36,248 | 31,545 | 31,845 | 34,905 | 3,060 |
| Children's Policy & Trust Commi | 1,408 | 6,597 | 6,814 | 6,814 | - |
| Skills, Learning and Enterprise | 1,712 | 4,366 | 4,972 | 4,890 | - 82 |
| Other Services | 7,623 | 6,885 | 6,893 | 6,893 | - |
| | 54,295 | 60,284 | 61,408 | 64,140 | 2,732 |
| <u>Children's Services - DSG</u> | | | | | |
| Schools | - 2,948 | - 14,320 | - 13,680 | - 13,680 | - |
| Quality & Schools Improvement | 7,944 | 10,920 | 8,715 | 8,715 | - |
| Integrated Family Services | 2,899 | 1,560 | 2,941 | 2,941 | - |
| Safeguarding & Rights Services | 140 | - | 131 | 131 | - |
| Children's Policy & Trust Commi | 1,562 | 1,070 | 1,123 | 1,123 | - |
| Skills and Learning | 423 | 770 | 770 | 770 | - |
| Other Services | 54 | - | - | - | - |
| | 10,074 | - | - | - | - |
| <u>Customer Services</u> | | | | | |
| Environment & Enforcement | 21,410 | 19,520 | 19,271 | 19,924 | 653 |
| Housing Services | 939 | 4,616 | 4,615 | 4,399 | - 216 |
| Revenues & Benefits | 3,723 | 1,214 | 2,188 | 2,203 | 15 |
| Barking & Dagenham Direct | - 15 | - 500 | - 499 | - 480 | 19 |
| | 26,057 | 24,850 | 25,575 | 26,046 | 471 |
| <u>Finance & Resources</u> | | | | | |
| Chief Executive | 458 | 60 | 60 | 60 | - |
| Marketing & Communication and Other Directorate Costs* | - 506 | 647 | 587 | 587 | - |
| Legal & Democratic Services | 949 | 827 | 847 | 847 | - |
| ICT & eGovernment | - 153 | - 414 | - 414 | - 414 | - |
| Human Resources | - 342 | - 181 | 49 | 49 | - |
| Strategic Asset Management/Ca | 3,747 | 1,982 | 2,283 | 2,283 | - |
| Corporate Management | 5,205 | 5,411 | 5,321 | 5,321 | - |
| Finance & Commercial Services | 951 | 144 | 251 | 251 | - |
| Strategy and Performance | - 210 | - 164 | - 164 | - 164 | - |
| Regeneration & Economic Deve | 4,379 | 5,477 | 5,927 | 5,927 | - |
| | 14,478 | 13,501 | 14,748 | 14,748 | 0 |
| <u>Other</u> | | | | | |
| General Finance | - 33,296 | - 27,850 | - 28,806 | - 28,806 | - |
| Contingency | - | 6,023 | 2,505 | 2,505 | - |
| Levies | 7,642 | 7,983 | 7,983 | 7,983 | - |
| TOTAL | 146,791 | 154,771 | 154,771 | 157,974 | 3,203 |

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| Housing Revenue Account 31 August 2010 | Revised Budget 2010/11 | Forecast 2010/11 | Variance 2010/11 |
|---|---------------------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 |
| Total Income | -90,080 | -90,383 | -303 |
| Repairs and Maintenance | 23,831 | 23,790 | -41 |
| Supervision & Management | 29,435 | 29,843 | 408 |
| Rent Rates and Other | 577 | 577 | 0 |
| HRA Subsidy Payable | 18,385 | 18,385 | 0 |
| Depreciation | 14,170 | 14,170 | 0 |
| Increase in Bad Debt Provision | 800 | 1153 | 353 |
| Corporate and Democratic core Revenue Contributions to Capital Outlay | 811 | 811 | 0 |
| Total Expenditure | 90,080 | 90,800 | 720 |
| In Year overspend | 0 | 417 | 417 |

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APPENDIX C

SUMMARY OF CAPITAL EXPENDITURE - AUGUST 2010

| | <u>Original Budget</u> | <u>Appraised Revised Budget</u> | <u>Actual to date</u> | <u>Percentage Spend to Date</u> | <u>Projected Outturn</u> | <u>Projected Outturn against Revised Budget</u> |
|------------------------------|----------------------------|---|---------------------------|---|------------------------------|---|
| | <u>(1)</u> | <u>(2)</u> | <u>(3)</u> | | <u>(4)</u> | |
| <u>Department</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>%</u> | <u>£'000</u> | <u>£'000</u> |
| Adult & Community Services | 17,603 | 11,080 | 5,402 | 49% | 13,048 | 1,968 |
| Children's Services | 80,499 | 42,393 | 11,786 | 28% | 44,181 | 1,788 |
| Customer Services | 40,573 | 38,848 | 5,587 | 14% | 37,818 | (1,030) |
| Resources | 21,357 | 18,390 | 4,631 | 25% | 17,944 | (446) |
| Total for all Schemes | 160,032 | 110,711 | 27,406 | 25% | 112,991 | 2,280 |

- 1) Original Budget - all schemes - appraised and unappraised as per Executive 16 February 2010
- 2) Revised budget takes account of roll forwards/backwards and relates to approved and appraised schemes only.
- 3) This includes spend on all approved projects irrespective of their appraisal status.

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CABINET

2 NOVEMBER 2010

JOINT REPORT OF THE CABINET MEMBER FOR REGENERATION AND CABINET MEMBER FOR HOUSING

| | |
|--|---------------------|
| Title: Borough-wide Estate Renewal Programme - Phasing and Decant Options | For Decision |
| <p>Summary:</p> <p>Cabinet considered a report on 6 July 2010 (Minute 21 refers) regarding proposals for the implementation of a programme of estate renewal across the Gascoigne (East), Goresbrook Village and Leys Estates as part of the Council's Housing Asset Management Strategy. It was agreed that initially £7.1m would be set aside for progressing the programme.</p> <p>This report outlines proposals for the application of the £7.1m involving decanting, buying back leasehold properties and master planning on these three estates. In addition it identifies the areas for the serving of Initial and Final Demolition notices on secure tenants.</p> <p>This initial tranche of funding could meet the costs of decanting the three high-rise blocks at Goresbrook Village, one high-rise and one low-rise block at Gascoigne and an initial phase at Birdbrook Close. This work will take over two years to complete due to the time needed to decant and re-house the 383 households who are Council tenants and to secure the acquisition of the 18 leasehold properties.</p> <p>The overall programme of estate renewal for the three estates involves the 13 high-rise and associated low-rise blocks on the Gascoigne Estate (East), the three high-rise blocks at Goresbrook Village and the low-rise flatted developments at Birdbrook Close and Wellington Drive (the Leys). This is estimated to cost £45.4m. However, this level of funding is unlikely to be available over the next four years and, in addition, would mean decanting over 1,537 households in a very short time frame</p> <p>This report suggests that the Council aims to deliver a programme over the next four years to a value of approximately £23 million. Subject to funding approvals, this would allow all three blocks at Goresbrook Village to be cleared and demolished, four high-rises and three low-rises at Gascoigne as well as all the flatted accommodation at Birdbrook Close and Wellington Drive (The Leys). It would involve decanting and re-housing some 765 households and buying back 96 leasehold properties. Subject to securing the full £23m funding requirement, this is considered to be achievable within the timeframe and would make significant inroads into the £45.4m estate renewal programme.</p> <p>Additional funding to deliver the full £23m four year programme would need to be approved at a future date. There are a number of potential sources for this gap funding including:</p> <ul style="list-style-type: none"> • External grant funds, as they become available • Surpluses that may arise from any "free" council properties achieved through the planning process • Value generated from any land / property deals associated with the development | |

of the estate renewal sites or other housing sites

- Right-to-Buy sales
- HRA reform proposals
- Council borrowing serviced by adjustments within the HRA

A follow-up report based on the Treasury Five Case Model covering strategic, economic, commercial, financial and management issues for the whole estate renewal programme for Gascoigne, Goresbrook Village and the Leys will be undertaken.

The Treasury Five Case Model is the Office of Government Commerce's (OGC) recommended standard for the preparation of business cases and is used extensively within Central Government departments and their agencies. This appraisal will look at the strategic model for delivery in relation to the market and include a range of options together with options for the packaging of sites in order to maximise value, developer interest, mix and tenure of housing and design parameters, draft planning and development briefs, and be subject to an independent review. It will be presented to the Cabinet later this year following consideration by the Member Estate Renewal Group.

This report also seeks authority for the exercise by the Council of its Compulsory Purchase Order (CPO) making powers to secure outstanding interests in the land to allow the redevelopment of Gascoigne estate, Goresbrook Village and the Leys to proceed in a timely manner and to facilitate their future redevelopment.

Effective community engagement will be a critical success factor for the initiative. The report seeks authority to undertake a programme of community consultation and engagement with residents of the affected areas of the Gascoigne, the Leys and Goresbrook Village estates and to commence decanting and the acquisition of leasehold interests, ideally by negotiation but using CPO powers if necessary. A range of leaseholder options will be presented to the Cabinet later this year prior to any buybacks commencing. In particular the report will look at five main options that could be offered to leaseholders:

- Lease swaps (Comparative Value Transaction)
- Equity transfer/shared ownership
- Offers of discounted sale
- Gap funding
- Provision of tenancies

Wards Affected: Gascoigne, Thames, Village

Recommendations

The Cabinet is recommended to agree:

- (i) That the £7.1 m will be apportioned as set out in **Table 4** in the report. This will enable decant and buyback works to progress on the three blocks at Goresbrook Village, one high-rise and one low-rise at Gascoigne and a first phase of flatted accommodation at Birdbrook Close on the Leys Estate
- (ii) That a comprehensive Options Appraisal based on the Treasury Five Case Model is undertaken for the whole renewal programme covering the Gascoigne, Goresbrook

Village and the Leys that takes into account potential delivery models, developer interest, value for money considerations, tenure mix and type, and design parameters, the results of which will be reported to the Cabinet alongside the results of an Independent Review of the Options Appraisal following consideration by the Member Estate Renewal Steering Group.

- (iii) Authority to undertake a programme of community consultation and engagement with residents of the affected areas of the Gascoigne, Goresbrook Village and the Leys estates and commence decant and the purchase of leasehold interests.
- (iv) The serving of Initial Demolition Notices on all secure tenants, within the wider £23 million programme (**Table D Appendix 1**), in order to suspend the requirement for the Council to complete Right-to-Buy applications for as long as the Notices remain in force.
- (v) Authorise the use by the Council of its Compulsory Purchase Order (CPO) making powers pursuant to Section 17 of the Housing Act 1985 for the acquisition of the outstanding leasehold interests in the properties outlined in the report, for the purposes of securing land needed to allow the redevelopment of the Gascoigne, Goresbrook Village and Leys estates.
- (vi) Authorise the Corporate Director of Finance and Resources, in consultation with Legal Partners, to take all necessary steps to secure the making, confirmation and implementation of a CPO including the publication and service of all Notices and the presentation of the Council's case at any Public Inquiry following the making of the CPO for the properties outlined in the report.

Reason(s)

To assist the Council in achieving the Community Priorities "Safe", "Clean", "Fair and Respectful" and "Healthy" and the improvement priorities for housing set out in the Council's Local Area Agreement.

Comments of the Chief Finance Officer

HRA Impact

The net cost to the HRA through loss of income and subsidy for the £7.1m programme is approximately £1.076m per year. However, due to the uncertainty of timings around the order and progress of works there will be part-year impacts in 2011/12 and 2012/13.

Assuming that the project progresses on a constant straight line basis, it is estimated that there will be a part-year effect of around £70k in 2010/11, £913k for 2011/12, and £1.59m for 2012/13. The impact should be approximately £1.076m full-year effect thereafter.

By way of comparison, the original proposal submitted for the £7.1m had a different demolition profile (one high rise and one low rise at Gascoigne, one high rise at Goresbrook, and 50% of Leys – total 267 dwellings). The impact on the HRA of this proposal would have been as follows: £30k in 2010/11; £622k in 2011/12; £1,080k in 2012/13 and £722k per annum thereafter.

The mechanics of the current subsidy system mean that there is a time delay between the Authority losing the rental income streams from the decanted properties but paying a corresponding reduced negative subsidy to the Department for Communities and Local

Government (DCLG). This is because the number of dwellings used in the subsidy determination is based on the size of the stock at 1 April of the previous financial year (unless the reduction in stock is greater than 10%).

The above estimates are based on an assumption that properties are lost periodically from January 2011 up to December 2011 and also assume that the level of new supply of properties and void levels (currently around 1.3%) will be sufficient to contain the number of people being moved out of the decanted dwellings. As such it has been confirmed that this proposal will not result in any additional cost to the General Fund in using temporary accommodation.

The use of the existing void properties in this proposal means that existing temporary accommodation tenants may have to wait longer for a secure tenancy. However, providing that the conversion of the Private Sector Leasing contracts to new lower cost contracts is achieved according to the scheduled programme, then this proposal should not result in additional costs to the General Fund. However, if the conversion target is not achieved then there will be an ongoing subsidy gap to be funded.

It is unlikely the HRA will be able to withstand the additional budget pressures without making efficiency savings or reducing some services. Whilst this may be achievable in the long term it is likely that there will be a call on HRA balances to offset some of this pressure in the short term. Customer Services management team need to ensure that they have a detailed cash flow forecast in place which supports the achievement of these savings.

Overall target savings will have to be dealt with when subsidy determination figures are confirmed as part of the budget setting process. The potential subsidy reform which may come into effect by 2012/13 will further determine what resources are available.

HRA reform

If the proposed reform of the HRA goes ahead in line with recent consultation the Council will be in the position of inheriting a substantial level of debt. The debt calculation is based on income streams on current stock levels. If we lose a substantial amount of stock under the Estate Renewals programme we would need to ensure that this stock is removed from the initial debt calculations (agreed with DCLG) otherwise we would inherit debts without the appropriate revenue to support.

Assets

This proposal to demolish 382 properties represents approximately 2% of the Council's dwelling stock of 19,200. The notional value of those properties is just under £12m, compared to the notional total stock value of £1bn.

This proposal does not address the plans for the disposal of the land following demolition and therefore any nominations for local authority dwellings resulting from any development are unknown. Therefore, the financial implications of these cannot be considered.

Comments of the Legal Partner

The recommendations in this report raise both housing and procurement issues

Housing

The decanting of tenants and leaseholders should be done through negotiation rather than

by the use of relevant powers. The principal legislation is contained in the Housing Act 1985 as amended by the Housing Act 2004 and the Housing and Regeneration Act 2008. Compulsory purchase should only be used as a last resort.

Residents and future potential owner occupiers will be served with demolition notices.

Procurement

Under the Public Contracts Regulations 2006, the procurement of the contractor(s) under the construction work related to this project would need to be advertised in the Official Journal of European Union as the value of the contract would be over the EU threshold unless the contracts can be let under one of the Council's Framework Agreements which have already been procured in accordance with EU procurement rules. Letting of the contract should also observe the relevant provisions of the Council's Contract Rules

| | | |
|---|---|---|
| Head of Service: Jeremy Grint | Title: Divisional Director of Regeneration and Economic Development | Contact Details: Tel: 020 8227 2443 E-mail: Jeremy.Grint@lbbd.gov.uk |
| Cabinet Member(s) Councillor Mick McCarthy Councillor Philip Waker | Portfolio: Regeneration Housing | Contact Details: Tel: 020 8724 8013 Email: mick.mccarthy@lbbd.gov.uk Tel: 020 8227 2116 E-mail: philip.waker@lbbd.gov.uk |

1. Background

1.1 Comprehensive estate renewal has been prioritised by Cabinet (Cabinet 6 July 2010) initially for three estates across the Borough: Gascoigne East, Goresbrook Village and Birdbrook Close and Wellington Drive at the Leys. 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.

1.2 In detail the estates are:

- Eastern side of the Gascoigne Estate - 13 high rise blocks and some adjacent low rise blocks between Gascoigne Road and King Edward's Road
- Goresbrook Village - 3 high-rise blocks
- The Leys Estate - flatted developments in Wellington Drive and Birdbrook Close

2. Four Year Programme and Application of Initial £7.1m Budget

2.1 Comprehensive estate renewal projects require considerable funding in order to meet the up-front costs of buying back of leaseholds, decanting and re-housing residents, demolition and master planning. All these tasks are pre-requisites to providing unencumbered sites for new development to take place.

- 2.2 Cabinet on 6 July 2010 agreed £7.1m of funding to commence the Estate Renewal programme. This would be realised by establishing an Estate Renewal Account to fund planning, decant and site preparation costs of each site on a rolling programme basis with the costs being repaid to the account as project costs from each redevelopment
- 2.3 An estimate for the funding required to complete all estate renewal across the three identified and prioritised estates (Gascoigne, Goresbrook and the Leys) is set out in **Table 1**. This approach to estate renewal will take over 10 years to complete, the largest project being the eastern side of the Gascoigne estate.

| Table 1 Funding required to complete Estate Renewal Boroughwide | | | | |
|---|--------------------------|-----------------------------------|-----------------------|--------------------|
| Project All phases | Gascoigne 13 blocks * | Goresbrook Village 3 blocks | The Leys 19 blocks | Total |
| Total | £30,400,000 | £5,349,000 | £9,621,000 | £45,370,000 |
| * assumes some adjacent low rise demolition to create developable sites and is at current costs | | | | |

- 2.4 It is highly unlikely that the Council will be able to put together a funding package to meet all these costs over the next 4 years. Furthermore, it would mean decanting some 1,537 households in a very short space of time and would place significant burdens on the amount of vacant homes/general needs lettings available.
- 2.5 It is therefore suggested that the Council aims to identify £23m which would allow all 3 blocks at Goresbrook Village to be cleared and demolished, 4 high rises and 3 low rises at Gascoigne and the whole of Birdbrook and Wellington Drive. Subject to funding, a programme of this order is considered to be achievable within a four year timescale and, given forecasts of new affordable units from various development sites across the Borough, would not place an undue or distorting burden on general lettings. A programme of this size would also represent a significant step towards securing the full Estate Renewal Programme (est. £45.4m) for all phases of all three estates.
- 2.6 **Appendix 1** contains details regarding individual estates, numbers of tenanted and leasehold properties together with the rationale for identifying specific areas and properties within the estates for inclusion in the £23m Programme. Selection for these first areas of activity is based on a number of factors including;
- 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 for development
 - site access issues during construction

- number of leaseholders in each block
- inconvenience to residents living in adjacent areas
- regeneration impact
- maximising the value from these cleared estate renewal sites by packaging them with other development sites across the borough in order to make them marketable and development viable.
- Member and resident concerns about housing conditions

2.8. **Table D in Appendix 1** sets out in full the broad costs of the £23m Programme. For ease, key information is summarised in **Table 2** below:

| Table 2 Estate Renewal Programme (£23m - subject to full funding) | | | | |
|--|--|-------------------------------------|---|--------------------|
| Project | GASCOIGNE ESTATE | LEYS ESTATE | GORESBROOK ESTATE | TOTAL |
| All phases | Grange House, Cobham House Lexham House Basing House + Nos 4-15, 17-22, 23-26 St Margarets | Birdbrook Close Wellington Drive | Bassett House, Dunmow House Ingrave House | |
| Dwellings | 364 | 215 | 282 | 861 |
| Tenants | 340 | 150 | 275 | 765 |
| Leaseholders | 24 | 65 | 7 | 96 |
| Decant Costs | £1,598,000 | £705,000 | £1,292,500 | £3,595,500 |
| L/H Buy backs and Disturbance Allowance | £3,418,800 | £8,121,000 | £1,307,500 | £12,847,300 |
| Planning, Procurement and Staff Costs | £455,000 | £370,000 | £520,000 | £1,345,000 |
| Demolition & Estate management | £3,140,000 | £425,000 | £2,400,000 | £5,965,000 |
| Total | £8,611,800 | £9,621,000 | £5,350,000 | £23,582,800 |

Proposed Initial Phases

2.9. It must be stressed that, at this stage, the £23m programme outlined above and detailed in **Appendix 1** is recommended as a broad ambition for the Council over the next four years. However, the Council does not currently have the resources to fully fund the programme and even if it did an investment of this size would be the subject of a thorough economic appraisal.

- 2.10. The Council has, however, identified £7.1m to make a cautious start on initial phases. At just under a third of the total full Programme total, the key issue is how best to apply this first tranche of funding.
- 2.11. A number of key considerations should guide this decision:
- **Value for Money:** the level of investment needed to decant and buy back properties compared with the alternative cost of bringing properties up to Decent Homes Standards;
 - **Value of Sites:** the relationship between the amount of investment needed to decant and undertake buy backs to sites and the end value of the site on the open market. The higher the development value – the greater the likelihood a viable redevelopment scheme can be delivered that meets the Council’s requirements in terms of density and quality of design and affordable housing content;
 - **Development Potential:** This is more than just value. It is equally the location and size of the potential development sites that would increase the likelihood of an early redevelopment scheme that would meet the Council’s requirements – including the re-provision of new affordable units;
 - **Regeneration Impact:** How best can the initial tranche of funding be applied to demonstrate the Council’s commitment to delivering the larger, more ambitious Programme and maximising the potential for securing essential external public funding and developer interest to accelerate the delivery of the wider programme? In addition what are the potential economic and market benefits from tackling each site?
- 2.12. **Value for Money.** The Leys Estate would cost £9.2m to decant, buy back leaseholds and demolish properties prior to redevelopment. This compares with an estimated £7.1m to bring them up to Decent Homes Standards. The site preparation cost is therefore 135% of the cost of bringing them up to Decent Homes standards. The reason for this differential is due to the very high proportion of leasehold properties (65 out of 215) on the estate. 84% of the initial investment (£9.6m) would need to be spent on buying back leasehold properties. This is not the case on Gascoigne where there are fewer leaseholders (24) and the initial site facilitation costs (£8.6m) are just under half of the estimated cost to bring them up to Decent Homes Standard (£17.4m). The differential is even more favourable at Goresbrook Village where there are only 7 leaseholders in all three high-rise blocks and facilitation costs are around a third (£5.3m) of what it would take to bring the properties up to Decent Homes Standards (£14.4m).
- 2.13. **Value of Sites:** Goresbrook Village, with its proximity to Castle Green and to both existing and planned community facilities, probably has the highest land value closely followed by Gascoigne given its access to Barking Town Centre and Barking Station and the Leys.
- 2.14. **Development Potential:** Goresbrook Village (2.82 ha) provides the largest and most coherent potential development site. This would increase its attractiveness to the market for early redevelopment. The Gascoigne site would also provide an optimal size site (1.9 ha) to attract development interest and deliver a meaningful

initial development phase. Although the combined potential redevelopment area at the Leys amounts to 2.30 ha – this is divided into two distinct sites: the Wellington Drive neighbourhood area (1.39 ha) and the Birdbrook Close neighbourhood (0.91 ha). The separated nature of the two development sites would be slightly less attractive as development propositions than a combined site.

2.15 **Regeneration Impact.** Given their prominence from a wide area, securing the early redevelopment of the three high-rise blocks at Goresbrook Village would provide the biggest impact and send out the most powerful signal of the Council’s ambitions to tackle head-on the challenge of delivering its full Estate Renewal programme. In addition, because any new development would be of mixed tenure, it would potentially help to boost the surrounding area. The impact of the initial Gascoigne phase would be much lower given the existence of what would be the nine remaining high-rise blocks that would need to be redeveloped as part of the much larger, ten year (or more) programme. The wider renewal of the Gascoigne would have significant economic benefits for Barking Town Centre. A smaller development would naturally have less impact. Although the redevelopment of the properties in Wellington Drive and Birdbrook Close would undoubtedly be welcomed by residents and immediate neighbours, its overall regeneration impact would be relatively low .

2.16 The above assessment is summarised in the table below:

| | Value For Money | Value | Development Potential | Regeneration Impact |
|---|------------------------|--------------|------------------------------|----------------------------|
| Gascoigne | High/Med | Med | Med | Low |
| Wellington Drive & Birdbrook Close | Low | Med | Med | Low |
| Goresbrook Village | High | High | High | High |

Proposed Initial Areas for Estate Renewal Activity.

2.17. A key decision needs to be made on the best apportionment of the existing £7.1m of approved funding. This is a difficult decision and would not be so challenging if the full £23m needed was available to the Council. It is important also to note that the apportionment is not related to the individual concerns of residents on each of the three estates. The Council recognises that residents, tenants and leaseholders alike, are equally unhappy on all three estates about the condition of their properties and the state of their neighbourhoods.

2.18. Based on the assessment above and the stated desire of Members to ensure that some activity takes place on all three estates, it is recommended that decanting and buy backs takes place in an initial programme of £7.1m on the following areas:

- **Gascoigne Estate** - Grange House + Nos 17-22 St. Margaret's
- **Goresbrook Estate** – Three Blocks (Bassett, Ingrave and Dunmow)
- **Leys Estate** - Birdbrook Close Nos 5-13, 1-4 & 21-27, 14-20 & 28-34, 42-50

2.19 The estimated costs of the initial programme are set out in **Table 4**, below:

| Table 4 Projected Costs for the Initial Phase of Estate Renewal (£7.1m Approved Funding) | | | | |
|---|--|----------------------------------|-------------------------|-------------------|
| Estate | GASCOIGNE ESTATE | LEYS ESTATE | GOESBROOK ESTATE | |
| | Grange House + Nos 17-22 St Margarets | Area 1 (Birdbrook Close*) | Three Blocks | |
| Dwellings | 70+6 | 43 | 283 | 401 |
| Tenants | 67+5 | 36 | 275 | 383 |
| Leaseholders (L/H) | 3+1 | 7 | 7 | 18 |
| Decant Costs | £338,400 | £169,200 | £1,292,500 | £1,800,100 |
| L/H Buy backs | £546,000 | £710,000 | £1,015,000 | £2,271,000 |
| L/H Disturbance (+10% Market Value) | £66,600 | £92,000 | £122,500 | £281,100 |
| Masterplan & Consultation | £150,000 | £80,000 | £135,000 | £365,000 |
| Staff resources | £105,000 | £50,000 | £275,000 | £430,000 |
| Partner procurement | £65,000 | £40,000 | £110,000 | £215,000 |
| Subtotal | £1,271,000 | £1,141,200 | £2,950,000 | £5,362,200 |
| Estate Management & Demolition Contingency | | | | £1,737,800 |
| Initial Phase Budget Total | | | | £7,100,000 |
| * Area 1 Birdbrook Close Nos 5-13, 1-4 & 21-27, 14-20 & 28-34, 42-50 | | | | |

2.20 It should be noted that demolition of the vacated properties is not included in the budget at this stage. £1.73m is, however, included to cover estate management costs and selected demolitions as identified and prioritised at a future date. Experience on other estate renewal projects has shown that, as properties are vacated, security costs rise prior to demolition taking place.

Next Steps - Full Programme Options Appraisal

2.21. The initial £7.1m programme would still be short of some £16m in order for the Council to deliver the full £23m programme. Various options to meet the funding gap will need to be fully assessed and agreed at a future date. Such options include:

- External funding grants, as they become available
- Surpluses that may arise from any “free” council properties achieved through the planning process
- Value generated from any land / property deals associated with the development of the estate renewal sites or other housing sites
- Right-to-Buy sales
- HRA reform proposals
- Council borrowing serviced by adjustments within the HRA

2.22. As will be noted, some of these funding options will arise from the precise structure and content of development agreements with future development partners. These, in turn, will largely be determined by the broad terms that the Council will be prepared to seek development partners and the inherent value in the sites. The development strategy for the sites will be the subject of a future report to Cabinet. This report will necessarily need to appraise all options for the full programme of sites (i.e. the £23m package) together with an assessment of options for affordable housing content of the new developments, mix and tenure type, broad design parameters and gross and net values to the Council in, effectively, transferring its assets. It is recommended that the Options Appraisal is independently reviewed by a third party organisation to form the basis of a draft report to both the Member Steering Group and the final report to Cabinet for approval.

2.23 This appraisal will include draft Planning and development briefs for the sites .

Decant Risks for All Estate Renewal Projects

2.24. The main risk with undertaking the initial phases of the three estate renewal projects simultaneously is that due to the different numbers of leaseholders on each estate, programmes may move ahead at different speeds leading to bottlenecks that could have a detrimental impact on the lifetime project costs. The risk of the programme being slowed is the greatest on the Leys Estate due to the largest number of leaseholders.

2.25. Experience gained from the previous estate renewal projects such as the Lintons, has shown that a certain percentage of tenants/leaseholders invariably agree to move straight away but there would be a number who are harder to move. This could be for a number of reasons from being unable to secure adequate size property for a larger family or some residents simply not being willing to move. There are also certain groups of tenants likely to need extra support and

reassurance including older residents, single parents, BME households and tenants with mental health problems who may take longer to move.

- 2.26. This risk could be mitigated by ensuring that in the case of a project developing a decant bottleneck, there is flexibility to redirect money to a project moving at a faster rate as this would maximize the spend and enable moving the borough-wide estate renewal programme forward. Any decision regarding reprofiling would be subject to the agreement of the Estates Renewal Members' Group and Cabinet.
- 2.27. The report to Cabinet on 6 July covered the issue of supply to mitigate impact on the housing waiting list/register. However, the issue of local lettings policies and the use of both more Choice-In Lettings and Direct Lets will be presented to the Cabinet in February 2011 as part of the overall review of allocations policy

Community Consultation

- 2.28. The Council previously indicated its intention to commence a programme of consultation with the residents of the three identified estates in June 2010. This consultation programme was rightly delayed until the Council was clear about and had confirmed the funding and delivery programme for the Estate Renewal priorities contained in this report. If the recommendations of this report are approved, residents will be contacted this month to start the consultation on the identified areas and proposed timetables for decanting etc.
- 2.29. Consultation and engagement strategies that will continue throughout the lifetime of the projects will be developed following the initial contact with residents. The consultation will be divided into three stages, with different levels of engagement reflecting different stages of the development process as outlined below. A close working relationship with existing Tenants' and Residents' Groups will be developed and maintained throughout the decant and demolition process.
- 2.30. Stage 1 – Community Consultation on the initial programme and identified areas within the estates – informing both tenants and leaseholders of the Council's plans for the redevelopment with a particular focus on the timetable for decanting arrangements and key activities prior to the masterplanning process commencing.
- 2.31. Stage 2 – Community consultation and residents involvement in the Masterplanning process - focused on residents directly involved in each phase of redevelopment. The appointed Masterplanning team will work closely with residents and engage with key stakeholders active on the estates and surrounding area. The Council will also work closely with leaseholders to ensure that their needs and requirements are met as well as setting up specific stakeholder groups to work alongside Officers in delivering the Estate Renewal programme.
- 2.32. Stage 3 – Capacity Building and working towards greater community integration and cohesion. Alongside the Stages 1 and 2, project officers will scope the need to provide extra community development / capacity building resource in order to facilitate resident engagement in the estate renewal programme areas throughout the project's lifespan. This would include a range of projects with different user groups (i.e. young people and older people) to be facilitated by external and internal resources as necessary.

- 2.33. A Member Working Group chaired by the Lead Member for Housing has also been established. The Member Steering Group will meet regularly throughout the life of the Estate Renewal Programme to steer and guide its delivery.

Demolition Notices and Suspension of the Right-to-Buy

- 2.34 Under the provisions of the Housing Act 2004 the Council is empowered to serve demolition notices where areas have been identified for regeneration and redevelopment. These notices are in two stages: firstly the Initial Demolition Notice which is valid for up to five years which can be extended to a maximum of seven years, followed by the Final demolition Notice which is valid for up to two years (with possible extension subject to Government permission). Declaration of an Initial Demolition Notice will prevent named properties from being acquired from the Council through Right-to-Buy.
- 2.35. The Notice will include all Council-owned properties identified as being included in the Estate Renewal programme as these areas are to be affected within the first five years of the programme.

Use of Compulsory Purchase Powers

- 2.36. The Council has an agreed range of options for leaseholders who are affected by redevelopment; these include options for anyone who finds they are not able to find suitable accommodation for their needs within the compensation offered. These options have now been in place for some years and will be subject to review and presentation to the Cabinet for re-approval prior to the programme of acquisitions commencing. In particular the report will look at five main options that could be offered to leaseholders:
- Lease swaps (Comparative Value Transaction)
 - Equity transfer/shared ownership
 - Offers of discounted sale
 - Gap funding
 - Provision of tenancies
- 2.36. The acquisition of leasehold owned properties (in the first phase) will be required to bring forward the recommended Estate Renewal programme. The acquisition programme would run concurrently with the re-housing of tenants. The Council always seeks to acquire by negotiation and offers a fair package of compensation based on the current Compulsory Purchase legislation, including a 10% premium on top of the agreed market value for leaseholders in occupation.
- 2.37. In order to expedite matters should we not be able to acquire by negotiation the necessary leasehold interests, this report seeks authority for the use of the Council's Compulsory Purchase Order making powers pursuant to Section 17 of the Housing Act 1985 for the acquisition of any outstanding leasehold interests in the *properties outlined in the report (specify)*, for the purposes of securing land needed to allow the redevelopment of Gascoigne, The Leys and Goresbrook Village Estates.

3. Financial Issues

Impact of the Initial Renewal Programme on the Housing Revenue Account

- 3.1 **Table 5** below shows the impact of the full programme of works across the three estates (as set out in para 2.5) on the HRA including the net loss of income and the necessary pro rata savings for the repairs and management budgets that will have to be met to mitigate this net loss. The necessary savings may require a further review of structures and available resources to deliver housing management services.

| Table 5 Impact on HRA – Initial Estate Renewal Programme (£7.1m) | | | | |
|---|------------------------------|---|--|------------------|
| | Goresbrook all blocks | Leys Estate Area 1 Birdbrook Close | Grange House + Nos 17-22 St Margarets | Total |
| Tenanted | 275 | 36 | 72 | 383 |
| Leasehold | 7 | 7 | 4 | 18 |
| Annual Rent Loss | 868,893 | 122,693 | 226,171 | 1,217,757 |
| Annual SC Loss | 428,185 | 32,181 | 68,821 | 529,187 |
| Leasehold Charge loss | 4,938 | 4,983 | 2,136 | 12,012 |
| Subtotal | 1,302,061 | 159,857 | 297,129 | 1,759,047 |
| | | | | |
| Subsidy | | | | |
| Guideline Rent | (1,057,752) | (139,484) | (282,842) | (1,480,078) |
| M & M Allowance | 569,361 | 44,500 | 152,247 | 766,108 |
| | (488,392) | (64,403) | (130,596) | (683,391) |
| | | | | |
| Net Loss of Income | 813,669 | 95,454 | 166,533 | 1,397,361 |
| | | | | |
| Required Operational cost reductions | | | | |
| Repairs Budget | 23,831,000 | 23,831,000 | 23,831,000 | |
| Pro rata for the properties affected | 337,459 | 44,500 | 90,236 | 472,195 |
| | | | | |
| S & M Budget | 29,435,000 | 29,435,000 | 29,435,000 | |
| Pro rata for the properties affected | 476,211 | 50,954 | 76,297 | 603,462 |
| | | | | |
| Total | 813,669 | 95,454 | 166,533 | 1,075,656 |

Funding the up front costs

- 3.2. Cabinet on the 6th July agreed 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 basis with the costs being repaid to the account as project costs from each redevelopment. 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 Mayor's Double Devolution proposals linked to the Council's Borough Investment Plan are being and will continue to be explored. In addition, higher value sites owned by the Council could be used to generate value to be re-invested into the programme to fund further phases.
- 3.3. 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 any value generated from both the estate renewal sites and other sites. This would, however, be subject to a favourable HRA Review outcome in relation to HRA borrowing capacity to support new council house building (subject to CSR, PSBR and grant issues being resolved). 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.

4. Legal Issues

Demolition Notices

- 4.1 **Demolition Notices** - this report seeks Members' approval of the service of Demolition Notices on the Right to Buy leaseholders and applicants on the Estate. Under the Housing Act 2004, Local Authorities are empowered to serve Demolition Notices where an area has been identified for regeneration or redevelopment. 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.
- 4.2 Demolition Notices are two stage, firstly, the Initial Notice which has the effect of removing the obligation on the Council to grant a transfer or lease under the right-to-buy legislation. However any right to buy claims submitted whilst the Notice is in force can still be processed, though not completed. If the demolition does not go ahead the application can be completed. The Notices must clearly identify the properties affected by it, explain the reasons why those properties have been earmarked for demolition and give a broad indication of when the properties will be demolished. The period of effectiveness is seven years.
- 4.3 In that period the intention must be confirmed by a Final Demolition Notice. If the demolition does not take place in that period, then consent will be required from the Secretary of State to either issue a new Initial Demolition Notice or extend the Final Demolition notice. As a result it is vital that demolition notices are not issued without a clear intention to meet the timescales. If the Secretary of State's consent is not forthcoming a period of five years must elapse before a fresh notice can be issued.

- 4.4 Approval is sought for the services of Notices on RTB applicants within the initially identified phases.
- 4.5 Service of any Notice should follow the publicity provisions in the 2004 Act which includes advertisement of the Notices in the local press and Council website. Appendix 1 of the report sets out more details on the Notices, their operation and effect.
- 4.6 **Site Assembly** - 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 compulsory purchase powers to acquire these properties. The CPO process can sometimes be lengthy. The redevelopment timetable should include an allowance for this.
- 4.7 **Decant Plan** - it is important that there is a robust decanting plan in place. The service of Demolition Notices does not give the council the right of automatic possession. If the tenant is unwilling to give up possession, the council would have to apply to the court and justify possession on one of the grounds in the Housing Act 1985 which includes demolition for the purposes of regeneration and redevelopment. The court will only grant possession if it is satisfied that suitable alternative accommodation is available.
- 4.8 The decant policy for each Phase of the redevelopment should be presented to Members for approval before commencement of consultation with residents.

5. Other Implications

5.1 Risk Management

- 5.2 The risks related to this project are primarily around finance, programming and property acquisition and serving of the initial demolition notices.
- 5.3 There is the risk that the council will not get the £23 million within the 7-year life of the initial demolition notices. If this is the case the Council would need to seek approval to serve new notices from the Secretary of State.
- 5.4 There is the risk that the Council will not be able to acquire, by agreement, all the interests in the area that are required for the implementation of the estate renewal. In this circumstance the Council would need to exercise its Compulsory Purchase Powers. If this were to happen, the main risk to the Council would be that, due to a valid objection or other reason, the CPO is not confirmed. It is likely that any objections will be on compensation grounds which do not normally give rise to an inquiry. If any valid objections are received, they will be examined at a Public Inquiry. To minimise this risk a CPO would not be sought until extensive negotiations have taken place with all parties and a relevant masterplan and robust delivery strategy has been agreed. Legal advice will have been sought to ensure the strongest possible case for a CPO is developed. The proposed decant/acquisitions/CPO process will incorporate lessons learnt from the Lintons and eastern end Thames View.

5.5 Contractual Issues

5.6 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 would be consulted in entering into terms and conditions with suppliers in relation to such procurement.

5.7 Staffing Issues

5.8 There will be a significant impact on staffing arising from this report. This level of simultaneous estate renewal has not been undertaken in the past and will require an identification of sufficient 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.

5.8 Equalities Impact Assessment

5.9 In order to gain a better understanding of the socio-economic profile and potential impact on the equalities groups across the borough, in September 2008 the Regeneration and Economic Development Division commissioned a Neighborhood Knowledge Management database that enables socio-economic profiling at a household level. An initial study of the three estates when taken in the round shows them to be representative of the Ward/Borough population. As we move forward into the implementation stage of the programme, the completed EIA and action plan will inform the delivery to ensure any impacts are mitigated and the Estate Renewal programme enhances community cohesion.

5.10 A full Equalities Impact Assessment for this programme is ongoing.

6. Customer Impact

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

- Housing allocations/lettings
- Housing management
- Community and neighbourhood services
- Legal services
- Property services
- Finance
- Regeneration and economic development.
- Corporate Programme and Strategic Asset Management

6.2 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

6.3 Safeguarding Children

6.4 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 local community at large including

children. In particular, the masterplanning process will explore opportunities to introduce new or improve existing play facilities on the estates.

6.5 Health Issues

6.6 The estate renewal proposals are expected to have beneficial impact on health of local residents at Goresbrook Village, Gascoigne and the Leys estates by providing a high quality residential accommodation. In particular, it would have a positive impact on ill health attributed to poor housing conditions. The redevelopment of the sites will provide a safer and more secure environment where opportunities for crime are reduced and a host of public realm improvements make the area safer and more legible. General health and well being will be improved as a result of improved visual appearance of the site thereby increasing civic pride. Overall, the proposal would be expected to result in a benefit upon local well being and an improvement of quality of life.

6.7 Crime and Disorder Issues

6.8 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.

6.9 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 worst 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. 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.

6.10 Property / Asset Issues

6.11 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.

6.12 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

7. Options Appraisal

7.1 Options for the application of the initial £7.1m are considered in Sections 2.11-2.16 in the main body of the report.

7.2 Members should note that a comprehensive economic appraisal (Green Book / OGC Five Stage Business Case compatible) of the full programme is recommended as a pre-requisite to any expenditure above the current £7.1m approved budget.

8. Background Papers Used in the Preparation of the Report:

Cabinet Report – Boroughwide Estate Renewal programme 2010 – 14 (6 July 2010, Minute 21)

9. List of appendices:

Appendix 1 - Estate Profiles and Phase 1 Identification (£23m Programme)

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1. Estate Profiles and Phase 1 Identification (£23m Programme)

- 1.1. The purpose of this Appendix is to summarise salient details of the three Estates details, the rationale behind identifying those areas to be addressed in the first phase of a £23m Programme.
- 1.2. The rationale for the selection of the first areas of activity takes into consideration a number of contributing factors including:
 - 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 for development
 - site access issues during construction
 - number of leaseholders in each block
 - inconvenience to residents living in adjacent areas
 - regeneration impact
 - maximising the value from these cleared estate renewal sites by packaging them with other development sites across the borough in order to make them marketable and development viable.
 - Member and resident concerns about housing conditions

2. Goresbrook Village Renewal

2.1 Background

- 2.2. Goresbrook Village occupies a 2.82 hectare site, a 15 minute walk from Becontree Underground Station. It is bounded by Goresbrook Road to the north and the A13 to the south. To the north and west lie 2 storey semi-detached suburban houses, with open space of Castle Green to the east. The area to the south of the A1306 is in predominantly industrial use.
- 2.3. The existing estate consists of three council owned high-rise blocks – Dunmow House, Ingrave House and Bassett House - with a total of 283 units. The estate has a self-contained, introverted layout with the site segregated from the low rise council housing surrounding it. The buildings are arranged around a dispersed poorly overlooked public space including a car park. The high-rise blocks are in a poor state of repair both internally and externally. There are no shopping facilities within the estate, with a local shop adjacent to the site.
- 2.4. Having suffered from a long-term lack of maintenance and investment, Goresbrook Village has been earmarked for a much needed improvement package. Due to the adverse economic climate there are insufficient resources to fund the housing capital programme. Consequently, the Decent Homes Investment Programme across the whole borough had been reviewed in line with available resources and this has affected programming of the proposed refurbishment works for Goresbrook Village. Not proceeding with the planned refurbishment works has left the high-rise blocks to deteriorate further.

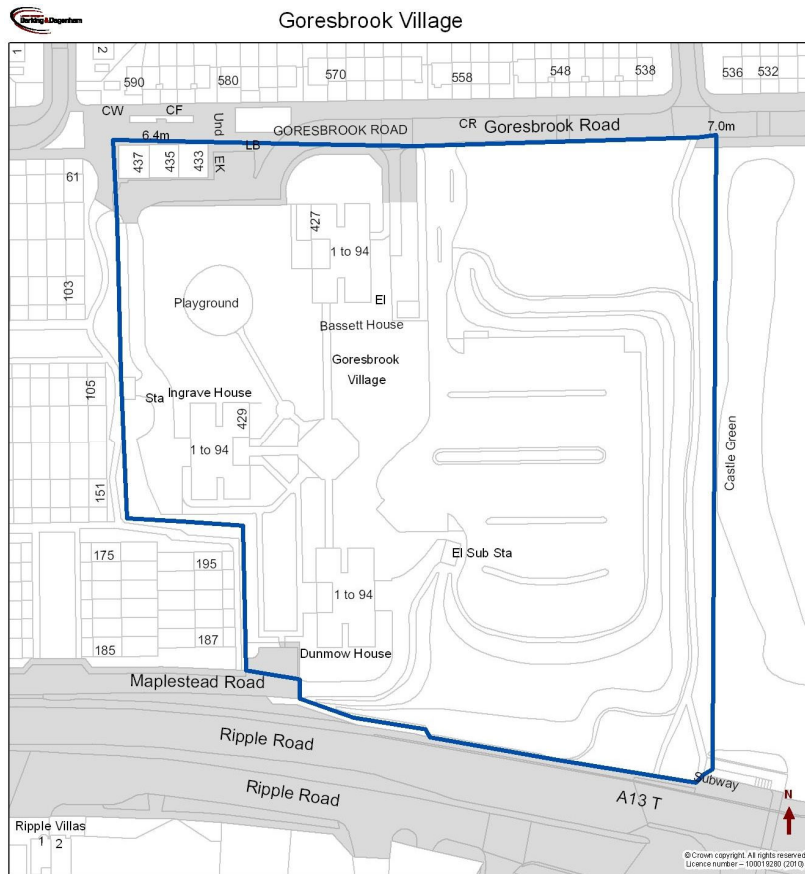
2.5. Goresbrook Village Renewal – Proposed Phase 1 Rationale

2.6. The cost of clearing and demolishing all three tower blocks would be £5.3m. Demolition of all three blocks at Goresbrook Village would create a development site of the optimum size, configuration and maximise regeneration impact for the wider area. It would also help to deal with the poor housing conditions for Goresbrook Village residents.

| Table A Goresbrook Village – Estate Renewal Costs Estimate | | | | |
|---|----------------------|----------------------|---------------------|-------------------|
| Blocks | Bassett House | Ingrave House | Dunmow House | All blocks |
| Dwellings | 94 | 94 | 94 | 282 |
| Tenants | 94 | 91 | 90 | 275 |
| Leaseholders (L/H) | 0 | 3 | 4 | 7 |
| Decant Costs | £441,800 | £427,700 | £423,000 | £1,292,500 |
| L/H Buy backs | 0 | £450,000 | £565,000 | £1,015,000 |
| L/H Disturbance (+10% Market Value) | 0 | £54,000 | £68,500 | £122,500 |
| Masterplan & Consultation * | 135,000 | | | £135,000 |
| Staff resources | 125,000 | 75,000 | £75,000 | £275,000 |
| Demolition and Estate Management | £800,000 | £800,000 | £800,000 | £2,400,000 |
| Partner procurement * | 110,000 | | | £110,000 |
| Total | £1,611,800 | £1,806,700 | £1,931,500 | £5,350,000 |
| Notes: (*) one off cost for the whole estate | | | | |

2.7. Located in adjacent to the A13, Goresbrook Village is a prominent, gateway site with a high development profile. The site’s proximity to a large open space and its green outlook makes it suitable for a high-quality family housing scheme. Due to the high visibility of the three existing tower blocks, their redevelopment would enable a shift in the current perception of the estate as undesirable place to live.

2.8. The impact on the HRA is covered in **Table 5, Section 3.1.**



Map 1 Goresbrook Village Estate Site Boundary

2.10. Decent Homes Position - Goresbrook

2.11. The three blocks on Goresbrook Village were previously excluded from the decent homes programme to date. As a result of this, the level of investment required to bring the blocks to decent homes standard including structural repairs and relevant current planning and legislation requirements is £14.4m.

3. Leys Estate Renewal

3.1 Background

3.2. Having suffered from a long-term lack of maintenance, the Wellington Drive and Birdbrook Close flatted developments have been earmarked for a much needed improvement package.

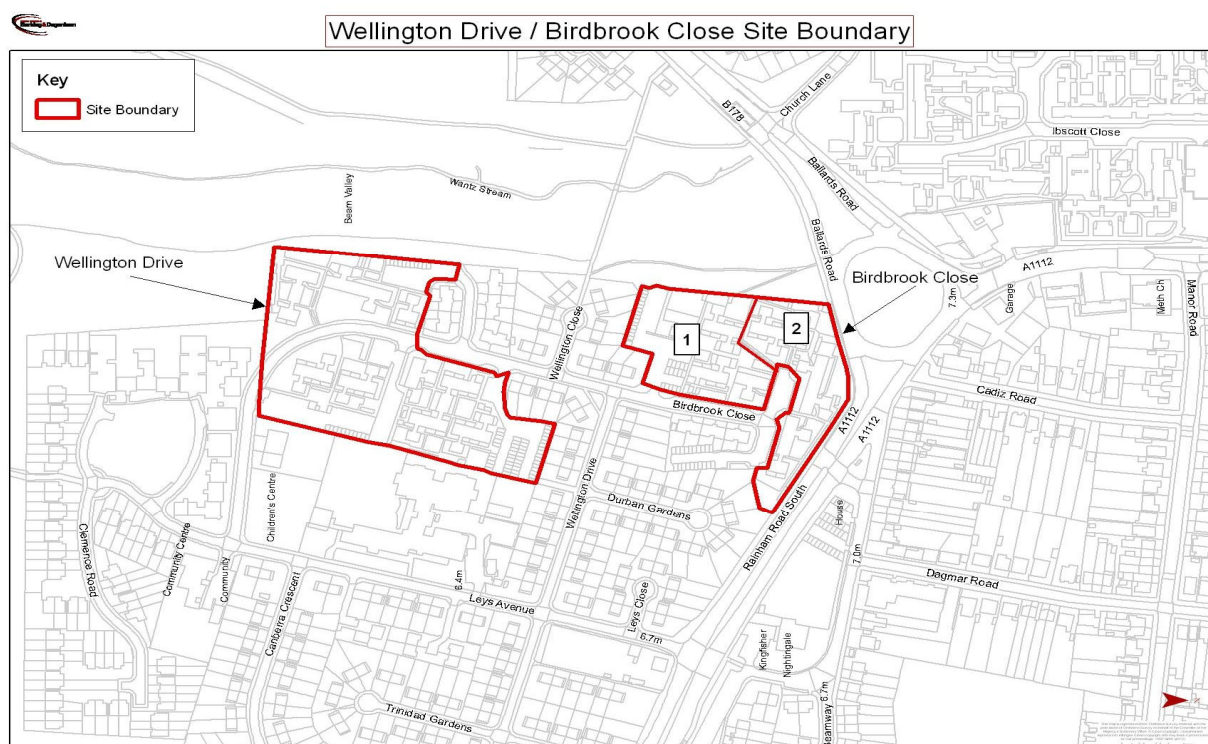
3.3. The estate consists mainly of two storey semi-detached and terraced family houses with gardens arranged in a mixture of cul-de-sacs and streets constructed in the late 1960s. The only flatted developments on the Estate are 3-4 storey blocks located in Wellington Drive and Birdbrook Close incorporating 215 residential units arranged in 15 low rise blocks.

3.4. Leys Estate Renewal – Proposed Phase 1 Rationale

3.5. The internal and member consultation undertaken during 2009 resulted in a proposed high-level phased implementation strategy for Wellington Drive and Birdbrook Close as a whole. Five phases have been developed taking into consideration buyback and decant costs as well as the site access. The proposed phases could be further

subdivided into smaller development areas that have flexibility to respond to speed of decants, buybacks and resource availability.

- 3.6. While all blocks in Wellington Drive and Birdbrook Close are in a poor state of repair, the conditions of the block Nos 42-50 Birdbrook Close have deteriorated to such an extent that it was necessary to rehouse the most affected residents. As 42-50 Birdbrook has been partly vacated, this would assist with the speed of decants making this area of the estate suitable for inclusion in the initial phase. Birdbrook Close redevelopment could be split into two phases .
- 3.8. The order of subsequent phases is flexible but it is likely that it would depend on available funding and resources with the phases containing higher numbers of leaseholders redeveloped at later stages. Buyback costs for all proposed phases are shown in **Table D**. These costs are high level estimates that will be continuously refined as the project progresses and more detailed cost information become available.
- 3.9. The redevelopment of Birdbrook Close and Wellington Drive would bring a marked and much needed improvement in the housing conditions for the residents of the low-rise flatted developments. However, as the site is surrounded by green open space of Beam Parklands and busy main roads, any regeneration benefits would remain limited to the Leys Estate. Furthermore, the Leys Estate has a large number of leaseholders and this, combined with low land and market values, makes it particularly challenging to redevelop.



Map 2 Leys Estate – Wellington Drive/ Birdbrook Close Site Boundary

- 3.10 The combination of a high redevelopment cost coupled with localised regeneration benefits makes this programme less viable in comparison with the other two estates where a ratio of regeneration benefits versus cost is more favourable. However, given the highlighted issues with property condition and no ability to fund the entire improvement works, it is vital that some regeneration activity commences on the Leys estate.

| Table B Leys Estate – Overall Estate Renewal Programme Costs Estimate | | | | | | | | |
|--|--|------------------|------------------|---|------------------|------------------|------------------|------------------|
| | Initial Phase - Birdbrook Close | | | Subsequent phases - Wellington Drive | | | | |
| Area | 1 | 2 | Sub | 1 | 2 | 3 | Sub | Total |
| Dwellings | 43 | 55 | 98 | 48 | 28 | 41 | 117 | 215 |
| Tenants | 36 | 39 | 75 | 27 | 20 | 28 | 75 | 150 |
| Leaseholders (L/H) | 7 | 16 | 23 | 21 | 8 | 13 | 42 | 65 |
| Decant Costs (tenant home loss) (£) | 169,200 | 183,300 | 352,500 | 126,900 | 94,000 | 131,600 | 352,500 | 705,000 |
| L/H Buy backs (£) | 710,000 | 1,660,000 | 2,370,000 | 2,470,000 | 920,000 | 1,430,000 | 4,820,000 | 7,190,000 |
| L/H Disturb. (+10% Market Value) (£) | 92,000 | 214,000 | 306,000 | 322,000 | 116,000 | 187,000 | 625,000 | 931,000 |
| Masterplan & Consultation (£) * | 80,000 | | 80,000 | | | | 0 | 80,000 |
| Staff resources (£) | 50,000 | 50,000 | 100,000 | 40,000 | 40,000 | 40,000 | 120,000 | 220,000 |
| Demolition and estate management (£) | 85,000 | 85,000 | 170,000 | 85,000 | 85,000 | 85,000 | 255,000 | 425,000 |
| Partner procurement | 40,000 | | 40,000 | 30,000 | | | 30,000 | 70,000 |
| Total (£) | 1,226,200 | 2,192,300 | 3,418,500 | 3,073,900 | 1,255,000 | 1,873,600 | 6,202,500 | 9,621,000 |

Notes:

(*) one off cost for the entire estate
Area 1 Birdbrook Close Nos 5-13, 1-4 & 21-27, 14-20 & 28-34, 42-50
Area 2 Birdbrook Close Nos 35-41 & 51-64, 65-82, 83-98
Area 3 Wellington Drive Nos 111-127 (Odd), 89-109 (Odd), 129-155 (Odd), 61-87 (Odd)
Area 4 Wellington Drive Nos 185-211 (Odd), 157-183 (Odd)
Area 5 Wellington Drive Nos 120-153 (Even), 98-110 (Even), 62-96 (Even)

3.11. Decent Homes Position – Leys Estate

3.12. In May 2008 Capital Works Group sought tenders for Decent Homes Works to 215 flats and 5 houses in Wellington Drive and Birdbrook Close from six contractors on the basis of design and build package, with options to either carry out Decent Homes works of Decent Homes Plus.

3.13. The tender returns for Decent Homes averaged £5.5 million and £7.1 million for Decent Homes Plus. However, due to the adverse economic climate there are insufficient resources to fund the housing capital programme. Consequently, the borough's decent homes investment programme across the whole borough has had to be reviewed in line with available resources and this has affected to programming of the proposed refurbishment works for Leys estate.

4. Gascoigne Estate Renewal

4.1 Background

4.2 The Gascoigne estate has 2,436 dwellings, predominantly Council owned flats, comprising a mix of high rise and three story blocks. Approximately 400 units have been purchased under right to buy. The Estate is divided by Gascoigne Road which runs on a north south axis between St Paul's Road and the A13. Gascoigne Rd effectively makes a physical division between the two halves of the Estate which have distinct characteristics in terms of housing, occupancy and layout.

4.3 The area to the east of Gascoigne Road is approximately 24 hectares. The area contains most of the Estate's high rise blocks. It consists of 1,775 low, medium and high rise properties. Approximately 200 units have been purchased leasehold, under right to buy.

4.4 The Gascoigne Development Framework, completed in December 2008, recommended a high level three phase implementation strategy for the Estate as a whole. The estimated duration of the whole programme was 15 years with each phase being approximately five years. The strategy envisaged a start of Phase 1 at the northern end of the Estate with Phases 2 and 3 progressing south towards A13 as the programme develops. The phasing plan for the estate was approved by the Executive in March 2009. However, viability work undertaken on the proposed comprehensive redevelopment scheme showed the requirement for public sector funding to achieve this was unlikely to be realised in the current economic climate and the incremental approach to redevelopment focusing on the 13 high-rise blocks and some adjacent low-rise was approved in the report presented to the Cabinet on 6th July 2010.

4.5 Along with the physical regeneration of the estate, the Council wishes to build a mixed community, with a variety of tenures living in high quality homes of different sizes and types, supporting high quality local services and providing long term social and economic change. Key to the Council's vision is that the perception of Gascoigne as an Estate should disappear, with the area becoming simply integrated, as a largely residential area, within the overall regeneration of the Town Centre

4.6 Gascoigne Estate Renewal – Proposed Phase 1 Rationale

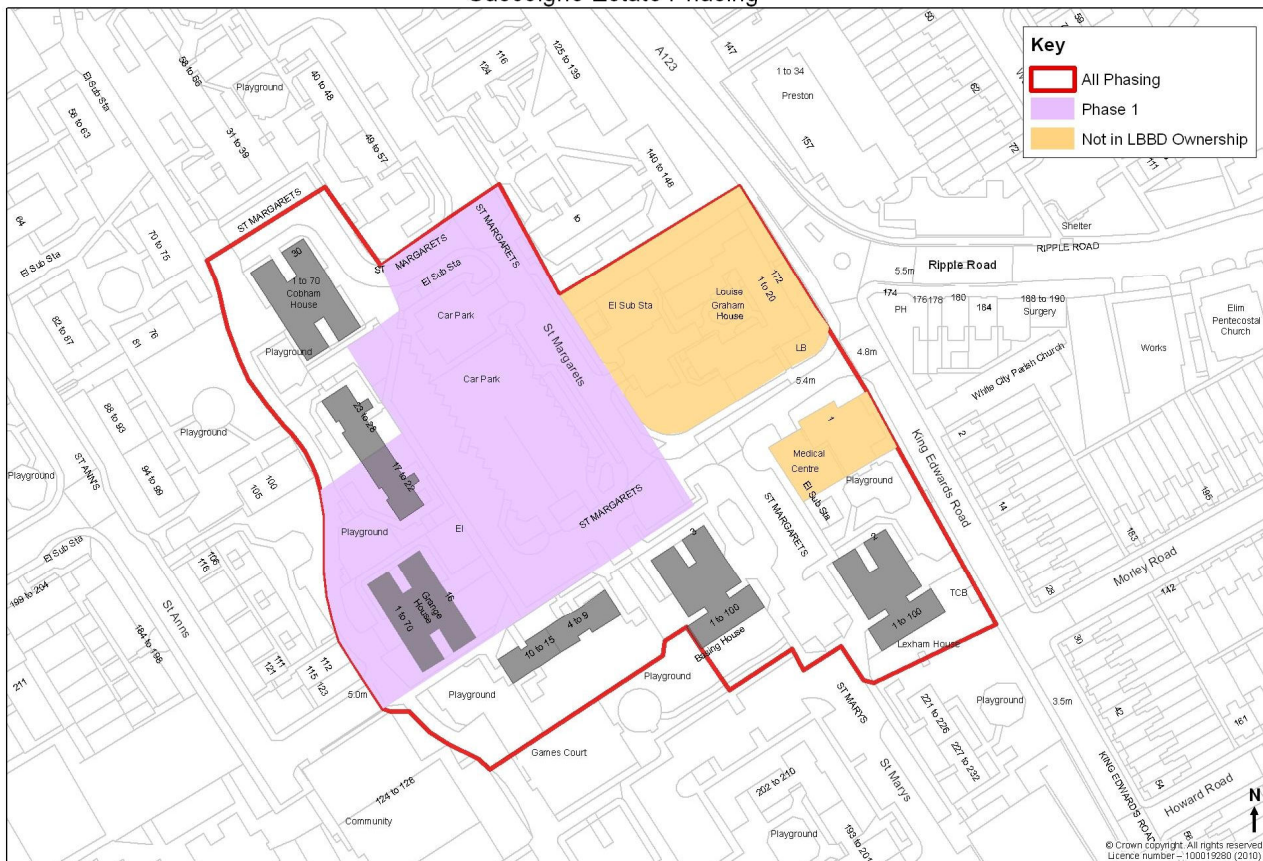
4.7 There is no significant physical difference in the condition of the high-rise blocks on the estate. All are in need of significant investment to achieve Decent Homes standard. However, redevelopment of the high-rise blocks alone would not provide developable sites of any sufficient size to deliver economically viable development sites and is unlikely to work financially. The issue becomes what would make a viable proposal.

4.8 The location of Grange House next to a parking area, a low-rise blocks of flats and the London and Quadrant Housing (L&Q) owned Louise Graham House (built as accommodation for adults with learning disabilities) enables the start of the creation of an accessible and developable site (see **Map 3**). Louise Graham House is coming to

the end of its useful life and the care contract will be withdrawn by the end of the financial year. L&Q have expressed interest in a site swap for the vacant Kingsbridge site in the south of the Estate. Grange House facilitates a connection to be created through the estate linking Gascoigne Road and King Edward Road and this would enable the start of creating a separation from the remainder of the Estate, changing people's perception of the area, creating a substantial new frontage on King Edward's Rd and improving pedestrian permeability in line with the Gascoigne Development Framework. However, officers have recently carried out some soft market testing with developers and the developers suggested that a larger site would be a more viable option and go further towards meeting the Council's aspirations for the area.

- 4.9. In order to create a more viable site, it is recommended that we aim to remove 4 high rise blocks. This is estimated to cost £8.6 million (shown in **Table C**) and would form part of the wider four year borough wide estate renewal programme estimated at £23 million.
- 4.10. It would create a development site of the optimum size, configuration and maximise the regeneration impact at the estate. However, in the current economic climate, it is difficult to see where additional funding would come from without utilising other Council land resources as a lever to create value to assist in the regeneration process. A way forward could be packaging the Gascoigne Estate and King William Street Quarter sites in order to increase the sites' marketability and incentivise developers thereby enabling more decanting at Gascoigne Estate. The site packaging options, together with the proposed delivery methods, will be presented to the Cabinet in more detail later this year.
- 4.11 The proposed Phase 1 of Gascoigne Estate redevelopment is shown on **Map 3**.

Gascoigne Estate Phasing



Map 3. Gascoigne Estate – Estate Renewal Site Boundary

| Table C Gascoigne Estate – Estate Renewal Costs Estimate | | | | | |
|---|--|--|---------------------|---|-------------------|
| High-Rise Block and Adjacent Low-Rise | INITIAL PHASE - Grange House + Nos 17-22 St Margarets | Cobham House + Nos 23-26 St Margarets | Lexham House | Basing House + Nos 4-15 St Margarets | Total |
| Dwellings | 70+6 | 70+6 | 100 | 100+12 | 340 + 24 |
| Tenants | 67+5 | 66+2 | 97 | 96+7 | 340 |
| Leaseholders (L/H) | 3+1 | 4+4 | 3 | 4+5 | 24 |
| Decant Costs | £338,400 | £319,600 | £455,900 | £484,100 | £1,598,000 |
| L/H Buybacks | £546,000 | £828,000 | £396,000 | £1,278,000 | £3,048,000 |
| L/H Disturbance(+10% Market Value) | £66,600 | £100,800 | £48,600 | £154,800 | £370,800 |
| Masterplan & Consultation * | £150,000 | | | | £150,000 |
| Staff resources | £105,000 | £45,000 | £45,000 | £45,000 | £240,000 |
| Demolition And Estate Management | £800,000 | £800,000 | £740,000 | £800,000 | £3,140,000 |
| Partner procurement * | £65,000 | | | | £65,000 |
| Total | £2,071,000 | £2,093,400 | £1,685,500 | £2,761,900 | £8,611,800 |
| Note: (*) one off project cost for the whole estate renewal | | | | | |

4.12. Decent Homes Position – Gascoigne

4.13. The blocks identified within Gascoigne Estate have not been included in the decent homes programme to date. It has been identified that a total of £17.4m will be required to bring the blocks up to decent homes standard, including structural repairs to the blocks and other works to meet legislative and planning requirements.

5. Summary Costs of £23m Programme

5.1. The estimated costs of a programme amounting to £23m are summarised in **Table D** below.

Table D Projected Costs for the £23 million Estate Renewal Programme

| | GASCOIGNE ESTATE | LEYS ESTATE | GORESBROOK ESTATE | TOTAL |
|--|---|---|--|--------------------|
| | Grange House, Cobham House Lexham House Basing House + Nos 4-15, 17-22, 23-26 St Margarets | Birdbrook Close Wellington Drive | Bassett House, Dunmow House Ingrave House | |
| Dwellings | 340 + 24 | 215 | 282 | 861 |
| Tenants | 326 + 14 | 150 | 275 | 765 |
| Leaseholders (L/H) | 14 + 10 | 65 | 7 | 96 |
| Decant Costs | £1,598,000 | £705,000 | £1,292,500 | £3,595,500 |
| L/H Buy backs | £3,048,000 | £7,190,000 | £1,015,000 | £11,253,000 |
| L/H Disturbance (+10% Market Value) | £370,800 | £931,000 | £122,500 | £1,424,300 |
| Masterplan & Consultation | £150,000 | £80,000 | £135,000 | £365,000 |
| Staff resources | £240,000 | £220,000 | £275,000 | £735,000 |
| Demolition and Estate Management | £3,140,000 | £425,000 | £2,400,000 | £5,965,000 |
| Partner procurement | £65,000 | £70,000 | £110,000 | £245,000 |
| Total | £8,611,800 | £9,621,000 | £5,350,000 | £23,582,800 |

6. Financial Issues

Impact of the Estate Renewal Programme on the Housing Revenue Account

6.1. **Table E** below shows the impact of the full programme of works across the three estates (as set out in point 2.5) on the HRA including the net loss of income and the necessary pro rata savings for the repairs and management budgets that will have to be met to mitigate this net loss. The necessary savings may require a further review of structures and available resources to deliver housing management services.

Table E Impact on HRA – Full Estate Renewal Programme (£23 million)

| | Goresbrook all blocks | Leys (whole estate) | Gascoigne (4 blocks + low rise) | Total |
|---|----------------------------------|--------------------------------|--|--------------------|
| Tenanted | 275 | 150 | 340 | 765 |
| Leasehold | 7 | 71 | 24 | 102 |
| Annual Rent Loss | 868,893 | 509,446 | 1,0741,603 | 2,452,942 |
| Annual SC Loss | 428,185 | 133,307 | 365,485 | 926,977 |
| Leasehold Charge loss | 4,938 | 50,543 | 14,238 | 69,764 |
| Subtotal | 1,302,061 | 693,296 | 1,454,326 | 3,449,683 |
| | | | | |
| Subsidy | | | | |
| Guideline Rent | (1,057,752) | (581,183) | (1,332,845) | (2,971,780) |
| M & M Allowance | 569,361 | 312,836 | 717,436 | 1,599,632 |
| | (488,392) | (268,347) | (615,409) | (1,372,148) |
| | | | | |
| Net Loss of Income | 813,670 | 424,949 | 838,916 | 2,077,535 |
| | | | | |
| Required Operational cost reductions | | | | |
| Repairs Budget | 23,831,000 | 23,831,000 | 23,831,000 | 23,831,000 |
| Pro rata for the properties affected | 337,459 | 185,417 | 425,222 | 948,098 |
| | | | | |
| S & M Budget | 29,435,000 | 29,435,000 | 29,435,000 | 29,435,000 |
| Pro rata for the properties affected | 476,211 | 239,532 | 413,694 | 1,129,437 |
| | | | | |
| Total | 813,670 | 424,949 | 838,916 | 2,077,535 |

CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR ENVIRONMENT

| | |
|--|---------------------|
| Title: Proposed Provision of a Shared Civil Contingencies Service for Barking and Dagenham and Waltham Forest | For Decision |
| <p>Summary:</p> <p>This report proposes the formalisation of the joint Barking and Dagenham and Waltham Forest Civil Contingencies service which has been operating on a pilot basis since 1 April 2009. This will provide the framework for the delivery of further efficiencies whilst allowing the resilience and flexibility of the service to be maintained. It also proposes that the potential of the joint service model continue to be explored with other Boroughs, particularly those in North East London.</p> <p>Wards Affected: All</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is asked to recommend the Assembly:</p> <ul style="list-style-type: none"> (i) That the Council and the London Borough of Waltham Forest form a single Civil Contingencies Unit to meet the needs of their joint populations and the requirements of the Civil Contingencies Act; (ii) That the Council enter into a formal agreement with the London Borough of Waltham Forest in a form to be agreed by the Legal Partner, under which the Council accepts a delegation of function from the London Borough of Waltham Forest in respect of their duties and obligations under the Civil Contingencies Act 2004, in return for funding and other contributions to be made by the London Borough of Waltham Forest; and (iii) That the Cabinet be authorised to agree the extension of the joint service arrangement to include other Local Authorities in the event that it is considered to be in the Council's interests to do so. | |
| <p>Reason(s)</p> <p>In order to meet the statutory requirements of the Civil Contingencies Act (2004) in a more resilient and cost effective way.</p> | |
| <p>Comments of the Chief Financial Officer</p> <p>The creation of the joint service between the Council and Waltham Forest is estimated to produce a combined initial saving of £34,000 as a result of staffing efficiencies, of which Barking & Dagenham's share will be £14,000. Once sufficient operational experience has been gained, there will be a further review of the service to examine both its operation and its costs which may lead to additional benefits and savings arising. However should any subsequent review result in changes to the level of funding contributions from each Authority, the Council will need to ensure that any proposed changes in cost allocation do not adversely effect the Council unless it achieves significant additional benefits that it is prepared to fund.</p> | |

Comments of the Legal Partner

This report proposes that the Council enter into a formal arrangement with the London Borough of Waltham Forest under which the Council accepts a delegation of function of the Waltham Forest's duties and responsibilities under the Civil Contingencies Act 2004. The Council will in effect be operating a shared service on behalf of itself and Waltham Forest by accepting this delegation of function from Waltham Forest, and the arrangement will be governed by the formal agreement to be entered into by both Councils. Both Councils have the power to enter into such an arrangement, firstly under the general delegation of functions powers of the Local Government Act 1972, and more specifically in relation to civil contingencies under the Civil Contingencies Act 2004.

The Council's Constitution requires that the delegation of functions to or from another local authority are reserved to the Assembly (paragraph 3.7, section A (The Assembly, Part C (Scheme of Delegation) of the Council's Constitution).

| | | |
|--|---|---|
| Head of Service: Sue Lees | Title: Divisional Director of Asset Strategy and Capital Delivery | Contact Details: Tel: 020 8227 3300 E-mail: sue.lees@lbbd.gov.uk |
| Cabinet Member: Councillor Gerald Vincent | Portfolio: Cabinet Member for Environment | Contact Details: Tel: 0208 594 3892 E-mail: gerald.vincent@lbbd.gov.uk |

1. Background

- 1.1 The Civil Contingencies Act 2004 has several major implications for Local Government. Chief among these is the essential element of cooperation in all stages of risk identification, planning, training, exercising and response.
- 1.2 Under the Act Local Authorities are designated as Category One responders, alongside services such as the Police, NHS, etc. However all other Category One Responders in London have a Pan-London command and control process. In essence this means that all of their duties under the Act are carried out on a much wider base than any single London Local Authority is able to provide.
- 1.3 On 1 April 2009 the London Boroughs of Barking and Dagenham and Waltham Forest commenced a pilot project to deliver a Civil Contingencies Joint Service. Staff from the London Borough of Waltham Forest were seconded to Barking and Dagenham to form a single team delivering a service to both Boroughs. The objectives included improving the resilience and flexibility of the service, reducing the duplication involved in the formulation of single Borough strategies and plans and making the best use of allocated resources to deliver a service that would follow the approach adopted by the other Category One Responders. It is considered that these objectives have been achieved and it is therefore proposed to formalise the joint arrangement and to seek to extend it.

2. Proposal

- 2.1 The proposal is that the London Boroughs of Waltham Forest and Barking and Dagenham form a single Civil Contingencies Unit to meet the needs of their joint populations and the requirements of the Civil Contingencies Act in a more resilient manner and more cost effectively. This will enable further financial savings to be made and shared across each authority. It is also proposed that the joint service continue to explore the potential to expand the model to other London Boroughs, particularly those in North East London.
- 2.2 Listed below are some of the main advantages of joint working identified since that date:
- (i) Reduction of duplicated work in key activities that each authority previously had to deliver:
 - A single Multi Agency Flood Plan was prepared and forwarded to the Environment Agency. It was one of only 8 across London to receive approval- by the due deadline.
 - The gaps in both Boroughs' plans identified under the requirements of the Minimum Standards for London Tranche 2 (MSL2) have been identified and all 26 Plans are now completed. Again the joint service is among only a few Boroughs to have done this work
 - Although not identified under MSL 2 the more corporate level Business Continuity Plans are now also a single document with minor adjustments in terminology. The longer term aim is for a single approach to Business Continuity.
 - Work has started on a single Community Risk Register following the requirements of the National Risk Register produced by the Cabinet Office. This will have both a professional version and a public facing document to increase awareness of emergencies among the population of both Boroughs
 - Joint presentations to pupils during the Local Democracy Days 2009 and 2010
 - (ii) Increased resilience of response to emergencies through common shared practices. As all plans, training and exercising are brought together the whole unit will be available for response to either Authority helping to meet the needs of the Minimum Standards for London Tranche 1.
 - (iii) A greater number of trained Civil Contingencies staff is already showing benefits in delivering advice and support across both Authorities even if the lead person is not at their desk
 - (iv) An established back up Borough Emergency Control Centre (BECC) from which to carry out the command and control elements of a Major Incident response thus allowing either BECC to support either Authority.
 - (v) A unified approach to training and developing shared skills across both authorities.
 - Development and delivery of a joint programme of Training for Rest Centre Managers and Staff.
 - Two joint Business Continuity Exercises have taken place for Sheltered Housing and Care Homes one in each Authority

- Exercises at Gold (Strategic) and Silver (Tactical) level have been conducted within each Borough and facilitated by the other.
 - A Business Continuity Exercise was provided to the Waltham Forest Senior Management Team.
 - A joint training and exercise programme for 2010/2011 is being developed.
 - The larger number of people in the team has given an increased knowledge base, allowed lead officers for specific areas but at the same time a reduced meeting burden.
- (vi) An improved and consistent level of delivery to all Service Heads across both authorities.
- Business Continuity Strategy meetings at Waltham Forest previously chaired by the Director People, Policy and Performance have been chaired by the Joint Service lead
 - Regular joint briefings have been provided to both Lead Councillors, both Chief Executives and both Corporate Directors in their role as Line Managers.
 - A joint service plan for 2010/11 has been written.
 - Joint support documents for both Chief Executives and their London Local Authority Gold Teams and as above with one single support officer leading.
 - A Pan London Multi-Agency Gold exercise in which the Chief Executive of Waltham Forest participated supported by officers from both authorities.
- (vii) A collective voice for views to be presented to partner agencies and other London Emergency Planning units.
- (viii) A chance to be a flagship authority in London for Civil Contingencies with a new and improved ways of working.
- We are now leading the work on Civil Contingencies being carried out by East London Solutions.
 - We achieved Customer Service Excellence in July 2010. We are the only Joint Service to do so and the only service delivering both Emergency Planning and Business Continuity.
 - The Warning and Informing approach developed by Waltham Forest has been adapted for use within Barking and Dagenham and has been taken up by a number of other Boroughs
 - We now have a greater pool of Civil Contingencies trained responders than any other single organisation in London.

3. Financial Issues

- 3.1 The current staffing level is that Barking and Dagenham has the Group Manager, Emergency Planning, and two members of staff, Waltham Forest had a Deputy Manager and three members of staff. The Deputy has recently moved on to a more strategic role for a pan-London response with the other staff remaining. In the light of this it is proposed to delete the post of Deputy and share the savings across both Councils, with Waltham Forest saving approximately £20,000 on its current staffing budget of circa £202,000 and Barking and Dagenham saving approximately £14,000 on its current staffing budget of circa £152,000.

- 3.2 Once staff have been consolidated into a single unit there will be an opportunity to examine the true service cost and agree any necessary changes in the level of funding contributions from each Authority.
- 3.3 A review of the current staffing levels will be carried out. Account will be taken of the needs of both Authorities to reduce expenditure as well as investigating any new work resulting from, for example, Government Legislation such as the Flood and Water Management Act 2010, the Civil Contingencies requirements of the Olympic Games and any developments from the East London Solutions project about partnership working with other North East London Boroughs.
- 3.4 The structure of the team will be investigated to ensure that supervision is available even in the absence of the Group Manager.
- 3.5 The expenditure on Contracts from these budgets such as the current use of two different Mass Messaging systems will be reviewed in order to address any duplication in expenditure which can then be removed and the savings shared by both Councils.
- 3.6 Having achieved a saving in year 1, it is proposed that the two Authorities will continue to fund their services to the existing levels (less the saving) for the current financial year, with any further savings on staffing and Contracts coming in subsequent years.
- 3.7 Officers of the two Authorities have met to discuss the practicalities of the merger and there is a general consensus that, as far as finance is concerned, there are no major obstacles. There will be a need for Barking & Dagenham to invoice Waltham Forest in respect of the costs of the employees that transfer over and agreement needs to be reached on the exact arrangement for this process. In addition, there needs to be an agreed process for invoicing supplies and services costs as and when necessary between the two Authorities.
- 3.8 In summary, there are no financial issues at this stage that would prevent the proposed partnership from proceeding in line with the scheduled timetable.

4. Legal Issues

- 4.1 As has been described earlier in this report, the Council has various duties and obligations to discharge under the Civil Contingencies Act 2004. Each local authority in England and Wales also shares these same duties and obligations, along with other types of authorities such as the police authorities and the fire and rescue authorities.
- 4.2 Although each local authority has these duties, local authorities do have powers from two sources under which one authority can perform the duties of another authority in relation to civil contingencies. The first such power comes from the general delegation of functions provisions contained in section 101 of the Local Government Act 1972, which allows a local authority to arrange for the discharge of any of their functions by another local authority.
- 4.3 Secondly, the Civil Contingencies Act 2004 (Contingency Planning) Regulations 2005, which are regulations made under the 2004 Act, also contain such powers in relation to civil contingencies duties. Under Regulation 8, local authorities may

- (i) perform duties jointly with another authority; or
- (ii) make arrangements with another authority for that authority to perform their duties

4.4 The arrangements that are proposed between Barking and Dagenham and Waltham Forest will come within the powers of both the 1972 Act as well as the 2005 Regulations described above. The proposed arrangements therefore have a clear legal basis.

4.5 Provided that the Cabinet agrees to the recommendations within this report, the approval of the Assembly will also be required, in order for the establishment of the Shared Service to proceed. This is due to the fact that delegating functions and accepting delegations of functions from other local authorities are matters reserved to the Assembly under paragraph 3.6 of the Assembly's Scheme of Delegation which forms part of the Constitution.

4.6 If the Assembly subsequently approve the proposed arrangements, Barking and Dagenham would then formalise the shared service arrangements by entering into a contract that would cover the duties and obligations of each council to the other.

5. Other Implications

5.1 **Risk Management:** The Joint Service has been operating as a pilot since 1 April 2009 and no risks associated with the Joint Service have been identified.

5.2 **Staffing Issues:** Staff currently employed by Waltham Forest will be transferred to Barking and Dagenham under TUPE arrangements. Both sets of staff will still work predominantly from their current locations but will increasingly be more mobile as the development of the IT structure allows this to happen.

The service will have a Management Board, with each Council represented by the relevant Corporate Director (or their nominee) and an officer from Finance.

A review of the current staffing levels will be carried out by the Management Board. Account will be taken of the needs of both Authorities to reduce expenditure as well as investigating any new work resulting from, for example, Government Legislation such as the Flood and Water Management Act 2010, the Civil Contingencies requirements of the Olympic Games and any developments from the East London Solutions project about partnership working with other North East London Boroughs.

The structure of the team will be investigated to ensure that supervision is available even in the absence of the Group Manager.

In the event of the Councils agreeing to terminate this Agreement or not renewing this Agreement;

- it will be the responsibility of the Management Board for the exit management of any employee including the allocation of funding of any redundancy costs.
- Each Council shall use their best endeavours to redeploy all the employees having regard so far as is practical to the following considerations:

- the continuing requirement for the performance of the Functions by the individual Councils;
- the special needs to the Councils in terms of service skills in the performance of the Functions; and
- the residence and travel to work arrangements of the Employees concerned.
- Each Council will have the responsibility to review the Job Descriptions to cover the reduced responsibilities

5.3 **Customer Impact:** The customer base for Civil Contingencies is wide ranging and covers 'Before', 'During' and 'After' a Major Incident. Customers therefore include internal Council Services, Multi-Agency Category 1 Responders under the Civil Contingencies Act, internal response staff and volunteers, Councillors and other politically elected representatives, Residents and Community groups, Businesses in the Boroughs of all sizes as well as London-wide bodies involved in Civil Contingencies and also Government departments. The stabilisation of the team into one cohesive whole will provide greater resilience to ensure that Customer needs can be met in a more cohesive and structured manner.

5.4 **Property / Asset Issues:** Under the Civil Contingencies Act there is a requirement for each Local Authority to develop a Control Centre from which an incident can be managed. The Act also requires that Boroughs can continue to supply their services despite any Major Incident. This includes the Command and Control functions for the incident. This proposal means that instead of each Borough providing and funding their own back-up control centre they will have available to them the Control Centre of the other Borough.

6. Options appraisal

6.1 The alternative to providing a joint service is to revert to being two separate teams. However there are risks with this approach and these are:

- Failure to deliver all of the required elements of the Civil Contingencies Act
With the increasing responsibility for planning, exercising and training both internally in areas such as the new Reservoirs and Flood Planning requirement and the pan-London requirements of the London 2012 Olympics there is a risk that two single services will be unable to deliver the totality of the new agenda
- Insufficient available trained staff both within the two single Units and at a wider level within each authority. The joint team improves overall resilience and capacity.

6.2 There is also an option of continuing the pilot arrangement and not formalising the joint arrangement but it is considered important to provide certainty to staff in the joint team and to harmonise the terms and conditions under which they are employed. It is also considered that the prospect of extending the arrangement to other authorities, and thereby improving the resilience and value for money of the service, is strengthened by putting in place a more formal agreement.

7. Background Papers Used in the Preparation of the Report:

The Civil Contingencies Act (2004)

8. List of appendices: None

CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR CHILDREN AND EDUCATION

| | |
|--|---------------------|
| Title: Tendering of Sue Bramley Children's Centre Day-Care Nursery Services | For Decision |
| <p>Summary:</p> <p>This report seeks authority from Cabinet to commence a tender exercise to appoint a provider of day-care nursery services at Sue Bramley Children's Centre.</p> <p>The contract and lease to be awarded will be for four years with a further one year extension depending on performance. The contract value will be approximately £503,880 per annum (based on 52 places at £190 per week for 51 weeks of the year). These costs will be met by parents' fees, not by the Council.</p> <p>Officers are undertaking a feasibility study in relation to the future provision of nursery services at the two other remaining Council-run nurseries at the Abbey and John Perry Children's Centres, which will be the subject of further reports in the near future.</p> <p>Wards Affected: Thames</p> | |
| <p>Recommendations</p> <p>The Cabinet is recommended to :</p> <ul style="list-style-type: none"> (i) approve a competitive tender exercise for the appointment of a provider of day-care nursery services for Sue Bramley Children's Centre Day Nursery, in accordance with the Council's Contract Rules, on the terms detailed in this report; (ii) advise, in accordance with the Constitution (Contract Rules 3.6) if Councillors wish to be further informed or consulted on the progress of the procurement and award of contract; (iii) authorise the Corporate Director of Children's Services, in consultation with the Corporate Director of Finance and Resources and Legal Partners, to award the contract and coterminous lease for Sue Bramley Children's Centre Day Nursery Services to the preferred bidder directly upon successful completion of the tender process; and (iv) note that a further report will be presented to Cabinet in relation to the provision of Council-run nursery services at the Abbey and John Perry Children's Centres. | |
| <p>Reason</p> <p>To assist the Council in achieving its Community Priority of "Inspired and Successful" by ensuring the future sustainability of the nursery.</p> | |

Comments of the Chief Financial Officer

The current level of subsidy for the Sue Bramley Children's Centre is estimated to be £120,000 following a review of staffing ratios and take up. Existing staff will be transferred into vacant roles within the two remaining Council run children's centres or redeployed into other roles within the Integrated Family Services division.

The premises will be leased to the successful contractor at an appropriate rent and service charge which will cover the cost of the repair, maintenance and capital charges of the building.

The current subsidy to the nursery is funded by the ring-fenced General Sure Start Grant and is not supported by the Council's General Fund. The funds used to subsidise the nurseries will be re-directed to support other essential early intervention and preventive family support services.

Comments of the Legal Partner

This report is seeking Cabinet's approval to tender a proposed service concession contract for the provision of day nursery services at the Sue Bramley Children's Centre.

The Council has the power under section 111 of the Local Government Act 1972 and section 2 of the Local Government Act 2000 to enter into service concession contracts for the provision of day nursery services on the basis that such services are properly required for the discharge of the Council's duties. The value of the contract exceeds £400,000 therefore there is a requirement under Council Contract Rule 3.6 for the strategy for the procurement of the contract to be submitted to Cabinet for approval. The Corporate Director of Children's Services has accordingly set out the proposed strategy for the procurement of the contract in Paragraph 5.2 of this report, for approval by Cabinet.

Service concession contracts fall outside the scope of the application of the Public Contracts Regulations, 2006 (the EU public procurement regulations), therefore the full rigour of the EU public procurement regulations do not apply to the procurement of this contract. However, as the value of the contract exceeds the European Union (EU) threshold for services (currently £156,442), the Council still has a legal obligation to comply with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency in procuring the contracts. This includes a requirement to publicise the contract opportunity in a manner that would allow any providers likely to be interested in the contract the opportunity to bid for the contract should they wish to do so.

The procurement strategy outlined in the report complies with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency. The report is furthermore seeking a decision pursuant to Council Contract Rule 3.6.4, as to whether or not Cabinet should be kept informed on the progress of the procurement or would wish to be involved in the award of the contract.

In the event that Cabinet will not be involved in award of the contract, the report is seeking delegation of Cabinet's authority to award the contract to the Corporate Director of Children's Services, in consultation with the Corporate Director of Finance and Commercial Services, following the conclusion of the procurement process.

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. The Legal Partner (Procurement, Property and Planning) confirms that there is no legal reason preventing Cabinet from approving the recommendations of this report. The Legal Practice should however be consulted in respect of the contractual arrangements (including the lease) with the successful concessionaire.

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| Head of Service: Christine Pryor | Title: Head of Integrated Family Services | Contact Details: Tel: 020 8227 5552 E-mail: Christine.pryor@lbbd.gov.uk |
| Cabinet Member: Councillor R. Gill | Portfolio: Deputy Leader of the Council and Cabinet Member for Children and Education | Contact Details: Tel: 020 8227 2116 E-mail: rocky.gill@lbbd.gov.uk |

1. Background

- 1.1 The Council currently manages three children's centre nurseries (Sue Bramley, Abbey and John Perry). The nurseries were built as part of the Neighbourhood Nurseries Initiative which sought to provide childcare in disadvantaged areas in order to support parents to access training and employment.
- 1.2 Revenue funding to support the sustainability of the nurseries ended in 2006. Since then the nurseries have continued to be subsidised by the General Sure Start Early Years and Childcare Grant. There is uncertainty about future levels of this grant following the Comprehensive Spending Review. However, a significant cut is expected which will mean that the Council will not be in a position to continue to subsidise the nurseries.
- 1.3 It is estimated that fees would need to be raised from the current £190 to approximately £250 per week in order for the Council run nurseries to be self-sufficient. This is because the staffing costs of Council employees are higher than all other voluntary or private sector day care providers in the borough of Barking and Dagenham.
- 1.4 Fees of £250 per week would be £82 per week more than the average cost of a full day care place in the borough (£168). The average cost of a full day-care place in London according to the 2010 Childcare Survey is £206. This survey makes no distinction between inner and outer London.
- 1.5 In view of the likely reduction in Government grant funding, officers looked at the ways to ensure the sustainability of the three Council-run nurseries. The service provided at the Sue Bramley Centre is considered at this stage to be the most attractive to an external provider as it has a long waiting list and the developments at Thames View and Barking Riverside would generate a need for more childcare in the area.

1.6 The proposed approach is to:

- proceed with outsourcing the nursery at the Sue Bramley Children's centre;
- market test a sustainable price by raising the fees at the remaining two nurseries;
- consider lifting the fee cap on the other providers operating nurseries from children's centres;
- explore the potential for schools to run the childcare;
- report back on progress and savings.

2. Proposal

2.1 The proposal is to outsource the running of the Sue Bramley Children's Centre Nursery to a provider in the Private, Voluntary or Independent Sector. This would enable the nursery to be financially viable and sustainable without having to increase fees to a level which local people on low incomes could not afford.

2.2 There will be a competitive tender exercise for the appointment of a provider of nursery services in accordance with the Council's Contract Rules. The contract and coterminous lease will be awarded to the preferred bidder upon successful completion of the tender process. The contract will specify clearly the need for the childcare to be of the highest quality and will be closely monitored by Children's Services' officers.

3. Financial Issues

3.1 Sue Bramley nursery is not financially viable without a subsidy from the General Sure Start Grant. It is anticipated that this Grant will be reduced from 2011-12 as part of the Comprehensive Spending Review. Without a subsidy fees would need to be raised to approximately £250 a week to ensure the sustainability of the nursery. To increase fees to this level would render the childcare unaffordable for local residents on low incomes. The projected subsidy to be funded by the General Sure Start Grant for 2010-11 is £120,000. In 2009-10 it was £140,900 and in 2008-09 it was £68,600.

3.2 Sue Bramley Children's Centre Day Nursery has 52 day places and fees are currently set at a maximum of £190 per place for 51 weeks a year paid by the parents. Income for the provider from parent's fees is therefore approximately £503,880 per annum.

3.3 The successful provider will receive full use of the nursery and equipment, which is owned by the Council, in return for an appropriate rent and service charge. This will cover the cost of repairs and maintenance of the building which is estimated to be approximately £10,000 per annum. The provider will also be recharged by the Council for utilities, telephone, cleaning and rates amounting to approximately £20,000 per annum.

4. Legal Issues

4.1 The relevant legal issues are covered within comments of the Legal Partner above.

5. Other Implications

5.1. Risk Management

- 5.1.1 The tender exercise will assist in assessing the financial stability of any prospective provider. Providers will be requested to submit a copy of their accounts for the last two years and credit checks will be requested for those providers put through to the second stage of the tender. Once financial stability has been established the main risk involved will be delivery of the service. Technical ability will be assessed during the tender stages; providers will be expected to be able to demonstrate five years relevant experience, a commitment to quality and continuous improvement and providers would also have to be running an Office for Standards in Education (OFSTED) registered nursery rated “Good” or “Outstanding”.
- 5.1.2 Once a provider has been chosen, written contractual arrangements will contribute to ensuring a quality service. The contract will have a dedicated contract manager. Quarterly monitoring reviews will be conducted and the chosen provider will be requested to complete a monitoring form on a quarterly basis before these reviews. The monitoring form will collect information about the service and will be based around the contract terms and conditions and service specification. Council Officers will conduct unannounced monitoring visits to the nursery (these visits will focus on general or specific matters). Quality surveys will be conducted by the provider and the Council and will be aimed at parents / carers and children attending the nursery. The provider will have to report any complaints made to the Council. The nursery will also be subject to external inspection from OFSTED.

5.2. Contractual Issues

- 5.2.1 The tender process will be conducted in compliance with European Union rules and principles and Council Rules. The tendering of the nursery would be advertised on the Council’s website and on any other relevant websites and/or in appropriate trade journals. Interested parties would be invited to tender on the basis of a two stage process.
- 5.2.2 In the first stage expressions of interest would be invited from providers who are able to demonstrate five years relevant experience, a commitment to quality and continuous improvement and have financial stability. Providers would also have to be running an Ofsted registered nursery rated good or outstanding. At expression of interest stage providers will be required to complete a Pre-Qualification Questionnaire which will be assessed against the responses given. This process will result in a shortlist of up to six preferred providers being invited to tender. The contract/s and lease will be awarded to the successful provider/s for a period of four years with an option to extend for a further year dependent on performance.
- 5.2.3 The evaluation of the tender submissions will be based on quality and business planning. Quality will be assessed against:
- service delivery;
 - management and staffing;
 - evaluation, monitoring and performance;
 - communication and partnership working;
 - a visit to a nursery run by the provider;

- a presentation and interview session.

5.2.4 All tenderers will be advised of the detailed quality weightings in the tender documentation. The weightings will be as follows:

- 20% on service delivery;
- 15% on management and staffing;
- 20% on evaluation, monitoring and performance;
- 15% on communication and partnership working;
- 10% based on an unannounced visit to a nursery operated by the provider;
- 20% on a presentation and interview session.

5.2.5 Expected Tender Outline

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|---|---------------------------|
| Cabinet approval / advertise | November 2010 |
| Expressions of Interest returned and evaluated | Mid December 2010 |
| Invitation to tender sent out and returned | End of January 2011 |
| Tender evaluations, nursery visits and interviews | Early / Mid February 2011 |
| Approval and award of Contract | Early March 2011 |
| Start of contract delivery | Beginning of June 2011 |

5.3 Staffing Issues

5.3.1 It is proposed that the Council workforce at Sue Bramley Children's Centre Day Nursery will be absorbed into the two remaining Council run nurseries or other roles within Integrated Family Services. This will mean that the nursery can be outsourced to an external provider without any TUPE implications. Consultations with staff and Trade Unions around this issue are ongoing.

5.4 Customer Impact

5.4.1 Parents and carers will be kept fully informed of the proposed changes to the service provider. Once a provider has been awarded the contract for the provision of Sue Bramley Children's Centre Day Nursery all parents / carers of children attending the nursery will be informed of the proposed change in the service provider by writing. They will also be invited to raise any concerns with a dedicated Council Officer at an open meeting at the nursery.

5.5 Safeguarding Children

5.5.1 The outsourcing of the nursery to an alternative provider will ensure that the childcare needs of working parents continue to be met and the local authority meets its childcare sufficiency duty under the Children Act 2006. The chosen provider will be required to conform to all our local safeguarding procedures.

5.6 Property / Asset Issues

5.6.1 Children's Services will work closely with the Council's Legal and Property Services Departments to ensure that a lease for Sue Bramley Children's Centre Nursery is put in place and runs concurrently with the contract and is capable of being terminated, for whatever reason and justification, in accordance with the service contract awarded.

6. Options appraisal

6.1 Option 1 - Outsource all three nurseries immediately

- 6.1.1 To outsource all three remaining nurseries could achieve a potential saving of at least £250,000 (to the General Sure Start Grant) which is the projected loss for 2010-11. However, this would be extremely difficult to effect because of the TUPE regulations. Available evidence strongly suggests that potential providers will not consider taking over a nursery if there are staff eligible for TUPE, given the relatively high levels of pay and benefits in the public sector.
- 6.1.2 A new provider would need to employ the LBBB nursery staff and absorb all their associated salary costs, pension contributions, sick pay and leave entitlement. As the Council cannot run the nurseries profitably with staffing costs at their current level, it is highly unlikely that another provider would want to take on the staff and be able to operate a profitable business. The only way to avoid this would be to absorb all the current nursery staff into other roles within Children's Services. Legally we would be unable to make the LBBB nursery staff redundant and then outsource the nursery to another provider to employ their own staff.
- 6.1.3 The recession is having an effect on the viability of many childcare settings. Many of our local childcare providers and indeed some of the larger nursery chains operating in Barking and Dagenham are struggling with occupancy levels. In the current financial climate, outsourcing all three nurseries is not the preferred option.

6.2 Option 2 - Stage the outsourcing of the nurseries

- 6.2.1 Outsourcing one nursery at a time will be more achievable than attempting to outsource all three simultaneously. Existing staff from one nursery could be absorbed into the remaining two nurseries. This would mean that the selected nursery could be outsourced without staff eligible for TUPE. This would make it a more attractive proposition to a childcare provider. This option would also allow officers to consider the impact of the other measures referred to in paragraph 1.6 of this report.

7. Background Papers Used in the Preparation of the Report

None

8. List of appendices

None

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CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR HOUSING

| | |
|---|---------------------|
| Title: Essex & Suffolk Water Agreement | For Decision |
| <p>Summary:</p> <p>The Council collects water and sewerage charges from its social housing tenants on behalf of Essex and Suffolk Water (ESW) who trade as Northumbrian Water. In return for providing this service the Council receives an administration recoupment payment from ESW which is paid into the Housing Revenue Account (HRA).</p> <p>Throughout 2008-09 and 2009-10 a comprehensive review of the service was completed by Housing and Finance officers and negotiations with ESW have resulted in an increase in the administration recoupment rate from 6.5% to 13% of the charges from ESW. Officers have also negotiated over £1 million in back payment of administration recoupment and claw backs for overpayments to the benefit of the Housing Revenue Account.</p> <p>The report presents the proposal to enter into a formal three-year contract with ESW on the revised terms, which will be backdated to 1st April 2009. The value of the contract of over the three-year term is estimated at £15m.</p> <p>In accordance with the Councils Procurement policy any contract in excess of £400,000 requires Cabinet approval.</p> <p>Wards Affected: None</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is recommended to agree that the Council enters in to the revised three-year agreement with Essex and Suffolk Water effective from 1st April 2009 on the terms set out in this report.</p> | |
| <p>Reason(s)</p> <p>To achieve better value for money.</p> | |
| <p>Comments of the Chief Financial Officer</p> <p>The continuation of the ESW contract will contribute approximately £650,000 annually towards the overall administration costs of LBBDD's services.</p> | |
| <p>Comments of the Legal Partner</p> <p>The Council's Contract Rules require that all contracts with a value in excess of £400,000 must be reported to the Cabinet before any procurement begins. The Council will not be procuring anything in this instance. Rather it is the Council's services that are being</p> | |

procured by ESW and the Council stands to gain significant increase in income as a result. In the circumstances the Legal Partner is satisfied that there are no specific legal issues that arise from entering into the contract.

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| Head of Service: Stephen Clarke | Title: Divisional Director of Housing | Contact Details: Tel: 020 8227 3738 E-mail: Stephen.Clarke@lbbd.gov.uk |
| Cabinet Member: Cllr Waker | Portfolio: Housing | Contact Details: Tel: 07976905474 E-mail: Philip.Waker@lbbd.gov.uk |

1. Background

- 1.1 The Council collects water and sewerage charges from its social housing tenants on behalf of Essex and Suffolk Water (ESW) who trade as Northumbrian Water. In return for providing this service the Council receives an administration recoupment payment from ESW which is paid into the Housing Revenue Account (HRA).
- 1.2 Throughout 2008-09 and 2009-10 a comprehensive review of the service was completed by Housing and Finance officers and negotiations with ESW have resulted in an increase in the administration recoupment rate from 6.5% to 13% of the charges from ESW. Officers have also negotiated over £1 million in back payment of administration recoupment and claw backs for overpayments to the benefit of the Housing Revenue Account.

2. Proposal

- 2.1 The report presents the proposal to enter into a formal three-year contract with ESW on the revised terms, which will be backdated to 1st April 2009.
- 2.2 The Council's commission for collection of water charges currently stand at 6.5%. This is much lower than most London authorities and does not represent value for money. Under the terms of the proposed agreement, the Council will receive 13% commission. Benchmarking exercises have shown that the new administration recoupment rate is in line with other outer London Boroughs.
- 2.3 In addition the contract will contain a new clause which sees a more favourable definition of "Technical Demolitions" which will have a significant savings for the HRA on properties intended to be disposed of which are no longer let. This will become significant as the council implements its estate renewal plans.
- 2.4 The revised agreement, therefore, offer significant improvement in terms of value and efficiency in administration.

3. Financial Issues

- 3.1 The Council will be able to achieve an additional £650k towards administration of HRA.

4. Legal Issues

4.1 There are no specific legal issues apart from that relating to the drawing up of the contract.

5. Other implications

5.1 Risk management

5.1.1 The Council will retain the risk of non-collection. Whilst 2% void allowance has been built into negotiations, any additional losses will have to be absorbed within the remaining 11%

5.2 Contractual Issues

5.2.1 The contract is proposed to be effective from 1st April 2009 for a period of three years.

5.2.2 Either party can cancel the agreement after 3 years by serving notice on the other party of no less than 12 months prior to the commencement of a financial year (1st April).

5.3 Customer Impact

5.3.1 There will be no direct impact on council tenants as the agreement is a continuation of existing arrangements, albeit on better terms which will benefit the HRA.

6. Options Appraisal

6.1 The structure of the water supply industry in the UK is such that the council has no choice in who provides the service. Hence, use of the negotiated process as opposed to the usual competitive tendering process

6.2 Throughout 2008-09 and 2009-10 a comprehensive review of the service was completed by Housing and Finance staff. As a result Officers have negotiated an increase in the administration recoupment rate from 6.5% to 13% of the charges from ESW. Officers also negotiated over £1 million in back payment of Administration Recoupment and claw backs for overpayments for the benefit of the HRA.

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CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR CRIME, JUSTICE AND COMMUNITIES

| | |
|---|---------------------|
| Title: Tender for Corporate Contract for the Supply of Security Industry Authority (SIA) Licensed Security Personnel | For Decision |
| <p>Summary:</p> <p>The Council currently has a contract for the supply of Security Industry Authority (SIA) Licensed security personnel which expires on 28 February 2011. The contract supplies security personnel for concierge offices, vacant buildings, libraries, hostels and corporate buildings. The value of the current contract is variable dependent on the needs of the Council, however, the Council spend on the contract was nearly £2.4 million in 2008-09 and £2.2 million in 2009-10. It is estimated that the spend in 2010-11 will be £1.8 million and ongoing discussions with Council departments project that this sum may reduce further.</p> <p>This report asks for authority to seek tenders using the two part Restricted Procedure in accordance with the European Procurement Directives, for a three year term contract with the possibility of a one year extension, subject to satisfactory performance of the nominated contractor.</p> <p>The current contract works on a 'Call Off' basis from a priced schedule of rates, therefore, the Council's spend is directly associated to the services provided. The Council is not committed to a stand-by or retention fee. It is proposed that the new contract will also work on a 'Call Off' basis from a priced schedule of rates for the duration of the contract. This will ensure that the Council benefits from economies of scale.</p> <p>The current contract allows for both a 'No Fault' and a 'Fault' termination period. The No Fault Termination notice period is six months and can be given by either party. In accordance with the conditions set out in the contract a Fault Termination notice period can be with immediate effect. An example of the type of circumstances in which a 'fault' termination can be implemented include a substantial or persistent breach of contractual obligations, the company becoming bankrupt or committing fraud or failing to carry out and / or update checks of its employees. It is proposed these conditions remain in the new contract. The proposed contract allows for cessation of a particular service at seven days notice, subject to that service not being replaced by a 'like for like' service and for cessation of a service at six months' notice should a 'like for like' replacement service be put in place.</p> <p>The current security contract is managed and monitored by Adult and Community Services, Community Safety and Neighbourhood Services. The processes in place to monitor and manage the current contract include monthly requests for service user feedback, random site checks, daily checks of officer's paperwork, complaint tracking, monthly operational meetings to which service users are invited to discuss issues directly with the contractor and monthly contract monitoring meetings. Furthermore the service monitors the contractors' compliance with Security Industry Authority licensing requirements, staff training and development, equalities and diversity, insurances and health and safety. It is proposed that although the contract may vary the way in which</p> | |

security is delivered that these monitoring processing will remain in place for the new contract.

Officers are continuing to investigate alternative solutions to address security issues and reduce the need for dedicated security personnel. These include better use of technical and physical risk reduction solutions, better use of existing council resources and improved partnership working with agencies such as the Metropolitan Police and the Strategic Partner.

However, it is expected that there will continue to be a requirement for some dedicated security personnel, for example to provide a mobile intruder and panic alarm response service to schools and corporate buildings.

Wards Affected: None

Recommendation(s)

The Cabinet is recommended to:

- i) Authorise the seeking of tenders for a new term contract for the supply of Security Industry Authority (SIA) Licensed security personnel over a three year term with the possibility to extend for a further 1 year subject to satisfactory performance.
- ii) Decide, in accordance with paragraph 3.6.4 of the Council's Contract Rules (part D of the Constitution) if it wishes to be further informed or consulted on the progress of the procurement and the award of the contract.
- iii) Authorise the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources and Legal Partners, to award the new term contract following the conclusion of the procurement process.

Reason(s)

To reduce the opportunities for theft and damage to Council buildings and assets, to provide reassurance to residents and to assist the Council in achieving its Community Priority of reducing crime and improving safety in the borough.

Comments of the Chief Financial Officer

Current costs associated with the Security Contract amounted to £2.2m in the last financial year. This overall amount has been reducing over recent years and is expected to continue to do so. The Adults and Community Services Department administer the contract for the Council. All costs are charged to and met from existing departmental budgets as services are required.

Current hourly rates charged for the service compare very favourably to the rate at which the Council could provide a service on a 24/7 basis due to Council pay rates (including enhanced hourly rates for evenings and week-end) and council on-costs (pension contributions, holiday and sick pay).

The costs of security services, as a result of the new contract, will continue to be met from existing departmental budgets.

Comments of the Legal Partner

1. This report is seeking Cabinet's approval to re-tender the current contract for the provision of a Security Industry Authority (SIA) - Licensed security personnel to the Council, for a period of three years with an option to extend for a further one-year period.
2. The reports states that the annual value of the Council's current security contract is over £2m per annum which means that the estimated total value of the proposed contract exceeds the European Union (EU) threshold for services / supplies contracts (currently £156,442), and there is therefore a legal requirement to tender the contract in the EU.
3. Contract Rule 3.6 of the Council's Contract Rules furthermore requires the strategy for the procurement of contracts of above £400,000 in value to be submitted to Cabinet for approval prior to procurement of such contracts.
4. The Cabinet Member for Crime, Justices and Communities, in compliance with the Contract Rules, has accordingly set out the proposed strategy for the procurement of the contract in Section 2 of this report, for approval by Cabinet.
5. It is proposed that the security contract will be re-tendered in the EU, using the Restricted Procedure - a two-stage tendering procedure which allows a procuring authority to shortlist the service providers to be invited to tender from a list of those who have expressed an interest in the contract, by undertaking a Pre-qualification exercise.
6. The contract will be tendered as a "call-off contract" which is a binding contract for the provision of agreed services, subject to requirement, over a period of time and in accordance with pre-agreed specifications, prices, terms and conditions.
7. The procurement strategy outlined in the report complies with the EU public procurement rules as contained in the Public Contracts Regulations, 2006.
8. The report is furthermore seeking a decision pursuant to Council Contract Rule 3.6.4, as to whether or not Cabinet should be kept informed on the progress of the procurement or would wish to be involved in the award of the contract.
9. 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. Accordingly, the report is seeking delegation of Cabinet's authority to award the contract to the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Commercial Services, following the conclusion of the procurement process
10. The Legal Partner (Procurement, Property and Planning) confirms that there is no legal reason preventing Cabinet from approving the recommendations of this report.
11. It is expected that the Legal Practice will be consulted in the planning and preparation of this contract.

| | | |
|--|---|---|
| Head of Service: Glynis Rogers | Title: Divisional Director for Community Safety and Neighbourhood Services | Contact Details: Tel: 020 8227 2827 E-mail: Glynis.rogers@lbbd.gov.uk |
| Cabinet Member: Cllr Jeannette Alexander | Portfolio: Crime, Justice and Communities | Contact Details: Tel: 020 8924 8239 E-mail: jeannette.alexander@lbbd.gov.uk |

1. Background

- 1.1 On 9 November 2004 a report was tabled before the Executive (Executive Minutes 184 refers) that included proposals on concierge charges and associated security requirements of Council departments. The Executive authorised officers to jointly contract with other departments and, if practical, with other London boroughs, for the externalisation of the concierge provision, static security guards, night-time mobile patrol security provision and responsive security dog patrols for the whole Council.
- 1.2 Following a competitive tender process a contract for the provision of close protection, mobile patrol, CCTV monitoring, cash in transit, door supervisor, concierge, static and mobile security staff, dog handling staff and dogs services was awarded to the current provider.
- 1.3 The current provider supplies Security Industry Authority Licensed security personnel to twenty three regular sites, including five concierge offices, Barking Learning Centre, Barking Registry Office and two Housing Advice Centres and provides a 24 hour a day, 365 day a year mobile security response service.
- 1.4 The mobile security response service provides a varied service as dictated by the needs of the council. The service includes:
- response to intruder, panic and fire alarms at over two hundred council sites around the borough, including schools, libraries, Children’s Centres, pavilions;
 - park and cemetery locking and unlocking;
 - health and safety checks on vacant buildings and land;
 - out of hours emergency lift and plant room access for engineers;
 - incident response support for security personnel at regular sites.
- 1.5 The current security contract is managed and monitored by the Adult and Community Services Community Safety and Neighbourhood Services CCTV and Security Contract Team. The processes in place to monitor and manage the current contract include monthly requests for service user feedback, random site checks, daily checks of officer’s paperwork, complaint tracking, monthly operational meetings to which services users are invited to discuss issues directly with the contractor and monthly contract monitoring meetings, monitoring of the contractor’s compliance with Security Industry Authority licensing requirements, staff training and development, equalities and diversity, insurances and health and safety. It is

proposed that although they may vary in the way they are undertaken these monitoring processing will remain in place for the new contract.

1.6 The current contract expires on 28 February 2011.

2. Proposal

2.1 It is proposed to seek tenders using the two part Restricted Procedure in accordance with the European Procurement Directives, for a three year term contract with the possibility of a one year extension subject to satisfactory performance of the nominated contractor.

2.2 It is proposed that the new contract will work on a 'Call Off' basis from a priced schedule of rates for the duration of the contract. This will ensure that the Council benefits from economies of scale. The 'Call Off' arrangement does not commit the Council to a guaranteed payment to the contractor by way of a retention fee or stand-by arrangement. However, it will allow for the supply of security personnel as risks are identified.

2.3 It is proposed that the contract will meet all the Council's needs for Security Industry Authority licensed security personnel.

2.4 It is proposed that the contract will give fixed costs for the duration of the contract. This will enable the Council to budget its resources effectively. Costs may reduce further if the need for dedicated Security Personnel is reduced through other solutions or assets are disposed of.

2.5 A full review of the Council's requirement for dedicated security personnel has been undertaken and considered the following:

- opportunities to incorporate some security duties into the job descriptions of existing staff;
- reducing opening hours of some non-essential sites;
- amalgamating the security provision from multiple sites to provide better value for money and use of resources;
- new access control technology to reduce the opportunities for unauthorised access;
- opportunities to work with the successful strategic partner, other local authorities and agencies such as the Metropolitan Police to address identified risks and needs.

2.6 The tender will be advertised in the Official Journal of the European Union (OJEU) as a restricted procedure, under the Directive 2004/18/EC for Services Contracts and The News. A posting will also be made on the Council web site. Applicants shall complete a Pre Qualification Questionnaire (PQQ). The applicants will also be asked to submit a wide variety of information, including environmental, equalities, references and financial accounts, together with the PQQ.

2.7 The applicants will be assessed on their economic and financial standing, health and safety standards, relevant British Standard (BS) and International Organisation for Standardisation (ISO) (or equivalent) standard achievements and corporate human resource policies, particularly in relation to recruitment and selection procedures. Applicants whose PQQs and references are assessed as most

economically advantageous will be offered the opportunity to tender for this work via a 'Schedule of Rates' based on a minimum person requirement for staff undertaking designated positions, such as Concierge Officer, Event Security Officer and Security Dog Handler.

2.8 Applicants will be assessed on a range of criteria relevant to the contract tender process based on a 70% price 30% quality basis. The quality assessment will include:

- Contract management and control
- Contract implementation
- Equipment, uniforms, recording and reporting systems
- Risk management
- Complaints managements
- Response times for provision of each of the specified staff / carrying out the specified activities.

The above list is not exhaustive and may be added to during finalisation of the tender documentation.

2.9 Following tender evaluation and in line with the Council's constitution, unless otherwise instructed by the Cabinet, a recommendation report in the form a Delegated Decision will be submitted to the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources, to award the new term contract following the conclusion of the procurement process

2.10 Suggested timetable for tender process (all dates are provisional and subject to change)

| Action | Date |
|---|------------------|
| Cabinet Approval | 26 October 2010 |
| Advertise | 11 November 2010 |
| Expressions of interest to be returned | 2 December 2010 |
| Evaluate returns | 9 December 2010 |
| Invitation to tender to be sent out | 13 December 2010 |
| Tenders to be returned | 21 January 2010 |
| Interviews to be conducted | 28 January 2011 |
| Approval from chief officers and 10 day standstill period | 4 February 2011 |
| Contract Award | March 2011 |

3. Financial Issues

3.1 The current contract works on a 'Call Off' basis from a priced schedule of rates, therefore, the Council's spend is directly associated to the services provided. The Council is not committed to a stand-by or retention fee.

3.2 The Council spend on security and concierge personnel has reduced over recent years:

| 2008/09 | 2009/10 | Projected 2010/11 |
|------------|------------|-------------------|
| £2,387,215 | £2,159,861 | £1,800,000 |

- 3.3 All costs are met directly by the department requiring the service. In 2009/10 £1,766,316 of the total year spend was attributed to regular security personnel provision at sites. The 24 hour, 365 day a year mobile security response service cost £265,385 and £128,160 was spent on miscellaneous short term requirements such as events, including the Town Show and Countdown event and projects such as free swimming.
- 3.4 The spend on security is variable depending on identified risks. However, based on current service requirements and the work taking place to reduce the need for dedicated security personnel, it is estimated that the total contract value will be approximately £4.6million for three years.
- 3.5 There is currently a levy of £1.50 per hour for every security officer hour provided, which is estimated to generate circa £225,000 per annum, which is levied by the Council's CCTV and Contract Security Monitoring team. This levy covers the management costs of the security contract, the cost of providing the Council's mobile security response service (which is not site specific and provides security to all sites across the borough) and the levy also contributes towards the costs of the Council's CCTV function.
- 3.6 The Corporate Director of Finance has been asked to undertake a review of this internal recharge system to enable simpler and less administratively burdensome management of the security contract, and to also ensure we maintain the level of recharge required to provide the support to the above mentioned services (ie: mobile security response, contract administration and CCTV function).

4. Legal Issues

- 4.1 The Council's Contract Rules and EU Procurement requirements will be complied with. The detailed comments of the Legal Partner appear above.

5. Other Implications

5.1 Risk Management

Any delay in the re-tender of this contract will result in the Council being unable to provide security personnel under contract as the current contract has no provision for an extension. However, there is a requirement for a continuous service, particularly in relation to a mobile security response service. Accordingly, the Council will have to seek alternative methods of providing these services which may result in increased charges and may present regulatory difficulties.

5.2 Staffing Issues

The current provider supplies regular security personnel to 23 sites. These sites may be considered their primary place of work. Therefore, contractor to contractor TUPE may apply.

5.3 Customer Impact

The Council Security Contract Management team request monthly satisfaction feedback from regular service users. Regular security service users have also been consulted on the development of the specification for the new contract.

5.4 The service specification, once detailed, will be subject to a full Equalities Impact Assessment (EIA). It is believed that no specific equalities group will be adversely affected by the delivery of the security contract, though as public spending is cut any reduction in provision should be considered in terms of equality to ensure that those no longer receiving a service are not adversely affected in terms of their ability to feel safe and to the right of peaceful enjoyment of their home and the public domain. The service currently delivers security to a range of Council-run and public buildings and open spaces. Older people often feel more vulnerable and value the services of a security officer. Low level crime and disorder, which are often issues a contractor would deal with, are often perceived to be perpetrated by young people and it may be that, in delivering such a service, targeted enforcement action is directed at that group. However, as part of the EIA we will consider mechanisms for collection of data with the contractor to ensure that no group suffers a negative impact. For example we will be requesting that the contractor collects information on the profile of those people that are challenged by the security staff, which will be monitored through the contract monitoring process.

5.5 **Safeguarding Children**

In 2010 -11 all schools, with one exception, subscribed to receive the mobile security response service provided by the security contractor to respond to their alarms and undertake patrols. The effective provision of this service reduces the opportunities for significant damage or theft from schools, ensuring the uninterrupted learning of children in the borough. In addition all staff are Security Industry Authority (SIA) trained and certified and are therefore subject to Criminal Records Bureau (CRB) checks. Training around Safeguarding will be delivered to new contracted staff as part of the new contract.

5.6 Security personnel deliver a range of services which impact favourably on vulnerable adults. All staff are CRB checked under their SIA training and certification. Training will be undertaken with staff within the new contract to ensure that they are aware of the issue of vulnerable adults and know how to refer.

5.7 **Health issues**

Feeling safe brings a sense of wellbeing and ensures that residents, particularly older residents, use public space and enjoy their homes. Provision of security ensures that vandalism and the lack of physical guardianship does not adversely impact on that sense of wellbeing.

5.8 **Crime and Disorder Issues**

Section 17 of the Crime and Disorder Act requires the Council to have regard to crime reduction and prevention in its service delivery and design. The primary purpose of this contract is to assist the Council to reduce the opportunities for crime and disorder. The Security Contract assists the Council to;

- reduce the risks of damage, theft and unauthorised use of Council properties, particularly vacant properties;
- improve the safety of Council staff working in customer facing services such as the Housing Advice Centres and Hostel;
- contribute to crime reduction in parks;
- improve the management and response to crime and disorder incidents within Council Housing sites.

5.9 **Property / Asset Issues**

The Council is keen to improve the efficiencies of building use and the turn around of vacant properties. However, as above a key function of this contract is to reduce the risk of damage, theft and unauthorised use of Council buildings, this includes vacant properties.

6. **Options appraisal**

6.1 To let the current contract expire and not re-tender.

The current contract expires on 28 February 2011 and there is no allowance for an extension under EU Procurement legislation. It is known that the Council still requires a level of security personnel provision as referred to in this report. It will therefore be necessary to procure these services in compliance with the requirements of the EU Procurement legislation.

6.2 To use a Framework Agreement

This option was considered and it was assessed that this would not be economically advantageous to the Council due to the increased costs associated with the management and administration. It was also assessed that there would be significant logistical difficulties with using multiple contractors, for example establishing physical work boundaries and areas of responsibility when dealing with incidents.

The re-tender process will allow for consortia to submit bids, however, they will be treated as a single supplier.

6.3 To procure separate contracts for specific services as required.

This option was not considered viable as it is the Council's policy to consolidate contracts. Also EU Procurement aggregation rules require the Council to aggregate the value of all its service requirements of a similar nature. This means that the Council cannot avoid the application of the EU regime by letting a series of low value contracts for similar services. If it does this, all of the contracts will have to be let as above threshold contracts and will each therefore be subject to the full requirements of the EU regime.

This option was considered and it was assessed that this would not be economically advantageous to the Council due to the increased costs associated with the procurement management and administration of the several contracts. It was also assessed that there would be significant logistical difficulties with using multiple contractors, for example establishing physical work boundaries and areas of responsibility when dealing with incidents.

6.4 To access existing framework agreements.

This option was investigated. However, no suitable existing agreements were available.

Islington Council is currently undertaking a tender for security services. However, on reviewing their specification it was apparent that the primary focus of the tender is facility management staff with some security requirement. The current service users of the security contract have been very clear of their requirements of a

security contractor and its personnel and this does not appear to be achieved by Islington's approach.

The Official Contract Notice will be worded in such a way as to allow other east London boroughs to utilise this contract at a future date should they wish to do so.

6.5 To consider an in-house service.

This option was assessed and it was not considered a viable option. The main reason for this is due to the costs and the continuously changing requirements for personnel with different security skills. The need for security personnel is often identified following an incident and needs to be established quickly, often within 24 hours. Security is also often cancelled at short notice, usually following the introduction of physical or technical risk reduction equipment, re-use or disposal of sites.

The costs associated to using directly employed staff were also assessed and it was established that providing the service in-house would substantially increase the costs to the Council. For example current security provision at Barking Learning Centre if provided by directly employed staff would amount to at least 20% to 25% more than current costs, due to more favourable Council terms and conditions and council on-costs / overheads.

Such on-costs would include the management and administration associated with the provision of security personnel, particularly in relation to the day to day management of staff, for example training, annual leave, sickness, appraisals, scheduling duties and monitoring working hours. All these costs currently are incurred by the Security provider.

6.6 To tender for one service provider to deliver all security personnel services

The current contract works with one service provider. This adheres to the Council's contract rules and is consistent with the provision of EU legislation. This option has been assessed and is considered viable. It allows for cost efficiency in terms of management costs and also allows for clarity of reporting lines and processes for ensuring contract compliance.

Bids will be invited from consortia. However, in the event that such a bid was to be successful, the contract would be with a nominated single provider in terms of contract management.

7. Background Papers Used in the Preparation of the Report:

Executive - 9 November 2004 - Executive Minute 184

8. List of appendices:

None

CABINET**2 NOVEMBER 2010****REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS**

| | |
|---|---------------------|
| Title: Dagenham and Redbridge Football Club Lease | For Decision |
| <p>Summary:</p> <p>Dagenham and Redbridge Football Club (DRFC) were required to build a new stand at their ground to enable them to comply with Football League rules. In order to justify the substantial capital expenditure involved, DRFC have applied to the Council to surrender their existing lease (which has 16 years left to run) and take a new 30 year lease. It is proposed that the new lease will include the same general full repairing and insuring and other requirements as the existing lease.</p> <p>The rent will be subject to five yearly reviews to a market rate for this type of property.</p> <p>Wards Affected: Eastbrook and Alibon</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the surrender of Dagenham and Redbridge Football Club's existing lease and to grant a new 30 year full repairing and insuring lease on the same terms and conditions as the existing agreement, subject to bringing the rent up to date with current open market value and drafting the necessary legal documentation to modern standards. (ii) Authorise the Corporate Director of Finance and Resources, in consultation with the Council's Legal Partners, to agree the final terms of the lease. | |
| <p>Reason(s)</p> <p>To assist in achieving the Community Priorities of "Healthy" and "Fair and Respectful".</p> | |
| <p>Comments of the Chief Financial Officer</p> <p>The new lease will help secure DRFC's future and avoid the possibility of them being automatically relegated by the Football League on the grounds of non-compliance with League rules for sports stadia.</p> | |
| <p>Comments of the Legal Partner</p> <p>The proposal involves surrender and re-grant of the lease to DRFC as detailed elsewhere in this report. The Council's Constitution's at part D sets out the Council's Land Acquisitions and Disposals Rules. The Rules require the approval of the Council's Cabinet where a lease for more than 20 years is granted.</p> | |

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1. Background

- 1.1 DRFC hold a lease from the Council of their ground at Victoria Road, Dagenham (50 years from February 1976) meaning that they have 16 years left unexpired under the lease.
- 1.2 At the 17 February 2009 meeting (Minute 133), the Cabinet approved grant and loan funding totalling £450,000 to DRFC as part of a wider set of finance packages to enable the club to develop a new stand at the ground. The stand was essential for the club to meet Football League standards and avoid the possibility of the Football League automatically relegating DRFC due to failure of the ground to meet the requirements for League grounds. The Cabinet will recall that the finance package from the Council was granted in order to secure the various community benefits outlined in the body of the 17 February report.
- 1.3 DRFC have applied to the Council to renegotiate their lease for a longer term arrangement so that they can meet their backers' requirements for securing the grant and loan arrangements they put in place for the developments.
- 1.4 By enabling DRFC to meet the Football League requirements to continue playing as a Football League Club, the proposal will positively promote the Borough's name nationally by virtue of DRFC's status as a Football League Club and thereby improve pride in the Borough. The Club also provides a significant local community and leisure resource.

2. Proposal

- 2.1 Subject to the Cabinet's approval, terms have been agreed with DRFC to surrender the 1976 lease and to grant a new 30 year lease incorporating the same general terms and conditions as the existing lease. Where necessary some of the terms and conditions may have to be changed to reflect modern requirements. The new lease will be granted on a full repairing and insuring basis and the rent is to be reviewed to current market value subject to a five yearly rent review pattern.
- 2.2 The current rent payable under the 1976 lease is £22,000 p.a. and was set for the period May 2006 – May 2011. However, the Council's external managing agents have advised that the current rental value is £24,250 – £27,000 p.a., with a suggested settlement figure of c.a. £26,000 p.a.

- 2.3 The new lease will therefore meet the necessary requirements for DRFC's grant and other finance arrangements for building the new stand and will help to secure their future status as a Football League Club. This will also have the benefit of helping to secure the Council's commercial income from the property.

3. Financial Issues

- 3.1 The new lease will be granted at the current open market rent.
- 3.2 By supporting the security of the club's future, the proposal will help secure the Council's long-term income from the property into the future, as possible alternative revenue, or capital generating users for the site are very limited.

4. Legal Issues

- 4.1 The proposal involves the surrender of the current lease to DRFC and re grant of a new long lease of 30 years on the same terms and conditions as the current lease, but subject to bringing the rent up to current market levels and to the lease being in line with modern drafting standards.

5. Other Implications

- 5.1 **Customer Impact:** The new stand was considered essential to preserving DRFC's future status as a Football League club. The site is also a local sporting venue and is used by the local community and provides local employment opportunities and community activities.
- 5.2 **Property / Asset Issues:** In "Planning" terms, there are few other commercial uses for the property.

6. Options appraisal

- 6.1 There are few other possible commercial users for the building as restrictions under "Planning" limit the options available to the Council to use the premises for other purposes should the club fail. It is therefore in the Council's long term financial interest as the landlord of the property to do what it reasonably can to accommodate and support the tenant's request for a longer lease.

7. Background Papers Used in the Preparation of the Report:

- "Dagenham and Redbridge Football Club" Report and Minute, 17 February 2009

8. **List of appendices:**
None.

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CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR HEALTH AND ADULT SERVICES

| | |
|---|---------------------|
| Title: Implications of the Health White Paper “Equity & Excellence: Liberating the NHS” for Barking and Dagenham | For Decision |
| <p>Summary:</p> <p>The Health White Paper “Equity & Excellence: Liberating the NHS” sets out radical reforms to the NHS which will have significant implications for the providers, commissioners and users (patients) of health services.</p> <p>This report summarises the key implications arising from the Health White Paper and sets out the high level plans, developed with NHS Barking and Dagenham (formerly the Barking and Dagenham Primary Care Trust) to manage these. The Health White Paper proposes important new powers and responsibilities to local authorities along with other significant changes to the way health services are commissioned and held to account. These will require changes in the way the Council operates and raises a considerable range of tasks that need to be undertaken to ensure a smooth transition whilst maximising the resources available locally to support and improve health and wellbeing in Barking and Dagenham. This report:</p> <ul style="list-style-type: none"> • identifies the proposals that change the role of local authorities and that impact on their organisation and services, and • outlines the transition plans that are being developed with NHS Barking and Dagenham <p>The strengthening of local democracy by giving local authorities a much greater role in local health improvement and further enhancing the patient’s voice is to be welcomed, though we will need to lobby hard to ensure that sufficient resources accompany the increased roles and responsibilities.</p> <p>The already close working between the Council and the PCT has provided a strong platform and a head start in ensuring that we are well placed to take advantage of these emerging new powers to further improve the health and wellbeing of Barking and Dagenham residents and to maximise the resources available locally to achieve this.</p> <p>Wards Affected: None</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ol style="list-style-type: none"> (i) Note the scale of health responsibilities that it will gain under the proposals for NHS reform; and (ii) Agree the outline transition plan summarised in paragraph 2.10 below. | |
| <p>Reasons:</p> <p>To assist the Council to achieve its Community Priority of “Healthy”.</p> | |

Comments of the Chief Financial Officer

The new NHS White Paper sets out, (subject to consultation), proposals for enhanced roles for local authorities in health, specifically with regard to public health and health improvement. Although this is to be welcomed from a service perspective caution is advised as it is proposed that funding of these services will in future become the responsibility of local authorities.

Although it is proposed that budgets will be transferred with new responsibilities from the Department of Health, councils must ensure a full and transparent transfer occurs alongside new service responsibilities, particularly in these times of financial austerity within the public sector.

In accord with how the Council subsume these new functions into its departmental, divisional and management staffing structures, this may lead to additional financing being required, which will be subject to normal approval processes.

Comments of the Legal Partner

The Legal Partner has noted the contents of the report.

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| Cabinet Member: Councillor Linda Reason | Portfolio: Cabinet Member for Health and Adult Services | Contact Details: Tel: 020 8227 2116 Fax: 020 8227 2162 E-mail: linda.reason2@lbbd.gov.uk |

1. Background

- 1.1 The publication in July 2010 of the Department of Health's White Paper, *Equity and excellence: Liberating the NHS*, is the most radical plan for reform of the NHS in a generation. It will continue to be a national service, but fundamental changes in structure are proposed. Importantly for councils, in future they will provide the local democratic accountability and legitimacy in the NHS. Elected councillors and councils will have a new role in ensuring the NHS responds to the needs and views of local communities. The plans to transfer responsibility for NHS commissioning to general practice consortia, to significantly strengthen the role of local authorities in oversight of the system, and to close down primary care trusts represent a bold initiative to change the NHS, root and branch.
- 1.2 The White Paper and supporting documents are subject to consultation which ended in early October. A copy of the joint Council and PCT response is attached at **Appendix 1**. Notwithstanding the outcome of this consultation, organisations across the country, including NHS London and London Councils, are already working on transition plans. The Council has also developed a transition plan with NHS Barking and Dagenham and this report summarises the key streams of work contained within that plan.

2. Proposal

2.1 The proposals for the new role of local authorities in health fall within the following areas:

- Establishment of a statutory **Health and Wellbeing Board** with a remit to join up the commissioning of local NHS services, social care and public health
- Responsibility to ensure the NHS **responds to the needs and views of local communities**
- Lead the **joint strategic needs assessment** to ensure coherent and co-ordinated commissioning strategies
- Lead local **health improvement and prevention** activity
- **Structural changes** to organisations

A more detailed summary of the proposals is attached at **Appendix 2**. The following sets out the key points.

2.2 Health and Wellbeing Board

The primary aim of the health and wellbeing boards would be to promote integration and joint working between the NHS, social care, public health and other local services and to improve democratic accountability.

The proposals are intended to allow local authorities to take a strategic approach and promote integration across health and adult social care, children's services including safeguarding, and the wider local authority agenda such as housing, leisure and so on.

It is also proposed that the new health and wellbeing boards take on the current statutory functions of health overview and scrutiny committees

In summary, the Board's functions would be:

- To assess the health needs of the population and lead the statutory joint strategic needs assessment
- To promote integration and partnership across areas, including through joined up commissioning plans across the NHS, social care and public health
- To support joint commissioning and pooled budget arrangements
- To undertake a scrutiny role in relation to major service redesign

2.3 In operation the Board would:

- Need arrangements to ensure the needs of diverse areas and neighbourhoods are at the core of their work
- Have a lead role in determining the strategy and allocation of any place-based budgets for health

- Have an important role relating to other partnerships, including those relating to vulnerable adults and children’s safeguarding
- Replace current health partnerships and work with the local strategic partnership to promote links and connections between the wider needs and aspirations of local neighbourhoods and health and wellbeing
- Need to ensure appropriate arrangements between borough boards and the Mayor

2.4 Board Membership Proposed by the White Paper

- Local elected representatives including the Leader, social care, NHS commissioners, local government and patient champions, Director of Public Health. May invite local representatives of voluntary sector , other relevant public service officials, patient representatives (Healthwatch)
- Elected members would decide on chair of the board
- Would include both representatives from GP consortia and from the NHS Commissioning Board
- As well as strategic role, could agree joint commissioning of specific services eg mental health, or agree allocation and strategy for place-based budgets
- May invite providers into discussions

2.5 Scrutiny Function Proposals

- Statutory functions of Overview and Scrutiny would transfer to Health and Wellbeing Board
- HealthWatch (representing patients) would have a strong formal role in commissioning decisions through a seat on the board
- The Board would have a role in enabling the new national NHS Commissioning Board to assure itself that GP consortia are fulfilling their duties in ways that are responsive to patients and the public
- If disputes cannot be resolved locally, the Health and Wellbeing Board would have the power to refer a commissioning decision to the NHS Commissioning Board and to the Secretary of State for Health.

2.6 **Needs and Views of local communities**

The key to this proposal is that patients are at the heart of the NHS with “*nothing about me, without me*” becoming the new mantra. To achieve this the following key actions are proposed:

- Increasing patient access to information to enable them to make choices about their care, and control over their own health records
- Establishing the right for patients to register with any GP with an open list without restrictions on location (from 2012)
- Offering patients the choice of any willing provider for secondary care
- Carrying out further pilots of personal health budgets

- Creating HealthWatch England and local HealthWatch organisations to be hosted by local authorities (from April 2012). These will replace and strengthen the current Local Improvement Network (LINks) which are independent local groups commissioned by local authorities to give people a stronger voice in how their health and social care services are delivered

2.7 Leadership of Joint Strategic Needs Assessment

The undertaking of joint strategic needs assessments (JSNA) has been a statutory duty on primary care trusts and local authorities since 2007. The guidance assigns the practical responsibility to carry out JSNA to the Directors of Public Health, Adult Social Services and Children's Services.

With the move of the Director of Public Health to the local authority, and the closure of the primary care trust, the JSNA will become the sole responsibility of the local authority, working in partnership through the Health and Wellbeing Board.

2.8 Leadership of Health Improvement and Prevention

It is proposed to transfer the responsibility and funding for local health improvement activity to local authorities. This will give councils the lead in tackling local public health issues such as alcohol misuse, smoking, lack of physical activity and poor diets.

Local authority leadership will be complemented by the creation of national Public Health Service (PHS) reporting to the Secretary of State. This will hold local authorities to account for meeting public health outcomes.

Councils will also have a role in public health service campaigns such as screening and in national health improvement campaigns

Local Directors of Public Health will be jointly appointed by local authorities and the PHS, and will have a ring-fenced budget to deliver national and local priorities.

2.9 Structural changes

The proposed timetable for changes to the NHS structure are:

- April 2011
 - Shadow GP consortia in place
- April 2012
 - Health improvement function transferred to local authorities
 - Public Health Service operational
 - HealthWatch formed
 - NHS Commissioning Board Established
- April 2013
 - GP consortia hold contracts with providers
 - Strategic Health Authorities and Primary Care Trusts abolished

2.10 Outline Transition Plan

Members will recall that the Council and the PCT were already working towards integration of the two organisations, with the formation of a joint Member and Non-

Executive Director Board chaired by the Chair of the PCT and a supporting joint officer group led by the Corporate Director of Adult and Community Services.

With the proposals set out in the White Paper, particularly the abolition of PCTs, the focus of these groups has now switched to managing the transition, with particular emphasis on tasks that will strengthen our ability to lead health improvement locally and ensure that Barking and Dagenham resources remain in the borough.

These key tasks are as follows:

1. **Early transition to Statutory Health and Wellbeing Board** – the existing Health and Wellbeing Board agreed at its meeting on 28 September to go into shadow form from its next meeting (November 23rd) with new membership and Terms of Reference that reflect the White Paper proposals. Once more details are known through the publication of the Health Bill (expected by December) a further report will be brought to Members, which will include any changes that would be required to legislation and the Council's Constitution if it were to transfer scrutiny powers to the new Board.
2. **Early transfer of the health improvement function to the Council** – arrangements are already well advanced to transfer the Director of Public Health, his team and other relevant 'health improvement' PCT officers into a newly created Health and Wellbeing division within the Adult and Community Services Directorate. This transfer is expected to happen by April 2011 at the latest, but may well be agreed earlier than this.
3. **Developing a commissioning support offer to GP consortia** – GPs will be able to choose who supports them to commission health services. The Council is working with the PCT to explore a number of options to ensure that local GPs can have the best support and therefore the most influence over the quality, patient experience and safety of health services for Barking and Dagenham residents.
4. **Developing HealthWatch** – the contract (and funding) for the current Local Improvement Network (LINKs) – commissioned by the Council - runs out in March 2011. The Council, along with London Councils and the Local Government Association is lobbying to ensure that funding is provided to allow the LINKs contract to be extended until the new HealthWatch is in place, and that sufficient funding is provided to enable HealthWatch to fulfill the role set out in the White Paper.
5. **Exploring opportunities to align, share and/or jointly commission services** – this work, begun as part of the previous integration work, will continue to look for opportunities to make the most of both organizations' resources (people, money and buildings) to direct the maximum resource to front line services in these difficult financial times. However, NHS London is requiring significant management cost savings from all London PCTs. This may therefore reduce the opportunities for local integration if realignment or mergers within the NHS take place.
6. **External relationships** – during these critical changes to our health services it is vital that we maintain effective relationships and communications with the key players including: MPs, Members, NEDs, GPs and other clinicians, NHS London, Outer North East London (ONEL) Sector, North East London Foundation Trust and

other NHS bodies, neighbouring Councils and PCTs, the Mayor and the Greater London Authority

7. **Existing services** – with all this change going on we must not lose focus on delivering current services, improving their quality and ensuring their safety and continuing to explore and develop joint arrangements that will improve health and wellbeing outcomes for our residents.

3. **Financial Issues**

The NHS White Paper *Equity and excellence: Liberating the NHS* and the consultation document *Local democratic legitimacy in health* set out proposals for an enhanced role for local authorities in health. Subject to consultation, the Government intends that local authorities will have greater responsibility, including for leading the local Joint Strategic Needs Assessment and for promoting joined-up commissioning of local NHS services, social care and health improvement. This will inevitably mean that Local Authorities will have to put additional resource into creating a Health and Well Being function.

In respect of public health responsibilities, the Department of Health will create a ring-fenced public health budget and, within this, local Directors of Public Health will be responsible for health improvement funds. The allocation formula for those funds will include a new “health premium” designed to promote action to improve population-wide health and reduce health inequalities.

As stated in the NHS White Paper, the target date is to have the new public health service operational by April 2012. However, the Department of Health will not be in a position to make shadow public health allocations until late 2011 for 2012-13, actual allocations will be made late 2012 for 2013-14.

The PCT currently allocates in the region of 5% of its annual budget to public health and health improvement.

4. **Legal Issues**

The Department of Health is currently developing the legal framework for the functions and duties entailed in the creation of the new Public Health Service and new Local authority responsibilities. The Health Bill which will, if enacted, give legal effect to the Government’s reform agenda is due to be introduced later this year.

5. **Other Implications**

The Department for Education has announced its intention to remove much of the bureaucracy around Children’s Trusts in order to free local partnerships to address local issues with innovative solutions. It plans to keep the basic duty to co-operate on local authorities and other local strategic partners, which currently include PCTs and Strategic Health Authorities (following the NHS reforms these duties will be transferred to appropriate bodies) bodies), but to:

- remove the duty to co-operate on schools and colleges via the forthcoming Education Bill;
- remove the requirement for local authorities to set up Children’s Trust Boards and the requirement for those boards to prepare and publish a joint Children and Young People’s Plan, at the first available legislative opportunity; and
- revoke the regulations underpinning the Children and Young People’s Plan and withdraw the statutory guidance on Children’s Trusts, in the autumn.

The Government do not intend to set out centrally how local Children's Trusts and Health and Wellbeing Boards would work together or to be prescriptive about the total membership of the proposed Health and Wellbeing Boards. This will be up to local partners to decide.

5.1 **Risk Management**

There is significant risk in the system with this far reaching change and it is important for the council and their representatives have input into the following immediate priorities:

- (i) Devising options for the new ring-fenced public health budget, including what is held locally and what is retained at the centre
- (ii) Working with colleagues on the key inter-relationships, such as between the PHS and local government, the NHS Commissioning Board and GP commissioning consortia
- (iii) Developing a public health outcomes framework
- (iv) Developing the Public Health White Paper which will set out a new approach to public health.

5.2 **Contractual Issues**

A new NHS Outcomes Framework will provide a clear direction for the NHS. It will include a focused set of national outcome goals determined by the Secretary of State, against which the NHS Commissioning Board would be held to account, alongside overall improvements in the NHS. In turn, the NHS Outcomes Framework would be translated into a commissioning outcomes framework for GP consortia, to create powerful incentives for effective commissioning.

The Secretary of State, through the Public Health Service, will agree with local authorities the local application of national health improvement outcomes. It will be for local authorities to determine how best to secure the outcomes.

5.3 **Staffing Issues**

At this point in time it is unclear the impact on staffing and which staff would transfer from the PCT. Only the Director of Public Health is identified at this time.

5.4 **Customer Impact**

The Government has produced an initial equality impact assessment (EqIA) of the White Paper. It is based on current available evidence and is informed by listening events with a range of health and public health professionals, representative and advocacy groups, as well as staff groups. Further involvement with stakeholders and partners, including patients, service users, carers, the workforce and the general public will take place over the coming months on the detailed policies in the White Paper. Feedback from this involvement will provide further evidence and will inform a full EqIA, which will be produced in the autumn, alongside the response to the consultation on the White Paper.

5.5 **Safeguarding Children**

It is especially important that local organisations work together to safeguard children and young people, adults and protect them from harm. Every organisation must

also be clear about its own responsibilities in this field. PCTs and SHAs have responsibilities for safeguarding set out in statute. The Health Bill proposes that these should pass to GP consortia and the NHS Commissioning Board, adapted as necessary to reflect the wider roles of those bodies. They are also considering the links which would be necessary between Local Safeguarding Children Boards (LSCBs) and the proposed Health and Wellbeing Boards.

5.6 **Health Issues**

The vision in *Equity and excellence: Liberating the NHS* is of shared decision making, a fundamental cultural change putting patients and the public at the heart of the NHS. Choice is fundamentally about the circumstances of treatment and care.

The Government is also committed to ensuring that relevant outcomes for children and young people and adults are reflected appropriately in the Public Health Service Outcomes Framework and the public health White Paper later this year.

6. **Options appraisal**

The current Health & Well-Being Board is dissolved and the membership and terms of reference are reviewed in the context of creating a Shadow Health and Well-being Board in line with the Government's white paper *Equity and excellence: liberating the NHS* published on 12th July 2010

The Council's Cabinet agrees the membership and terms of reference of the Shadow Health and Well-Being Board in line with proposals outlined in the Government's white paper *Equity and excellence: liberating the NHS* published on 12th July 2010 and subsequent consultation documents

The Shadow Health and Well-Being Board will commence from December 2010

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

Department of Health Liberating the NHS: Commissioning for patients – consultation on proposals Department of Health (2010)

Department of Health Liberating the NHS: Local democratic legitimacy in health – a consultation on proposals Department of health (2010)

Department of Health Equity and excellence: liberating the NHS Initial Equalities Impact Assessment (EqIA). Department of Health (2010).

Department of Health Achieving equity and excellence for children. How liberating the NHS will help us meet the needs of children and young people. Department of Health (2010).

8. **List of appendices:**

Appendix 1 Joint consultation response

Appendix 2 Summary of The Health White Paper

Appendix 3 Arm's Length Body Review

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Barking and Dagenham



11 October 2010

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Dear Madam/Sir

**Barking & Dagenham Council and NHS Barking & Dagenham:
Joint Response to the Consultation on *Liberating the NHS: Equity & Excellence***

Thank you for the opportunity to provide feedback on the proposals published by the Government for reform of the NHS. Partnership arrangements for health and wellbeing are strong in Barking & Dagenham; accordingly, we are pleased to provide a joint response. In common with many other areas, we are already planning the implementation of the broad thrust of the proposals in *Liberating the NHS*, and this consultation response has provided us with a helpful focus for our discussions.

Our response should be read in the context of the Partnership environment that already exists in the borough. The Barking & Dagenham Partnership places a high priority on health and wellbeing, and one of the most active parts of its structure is the Health & Wellbeing Board, which provides a framework for the governance of the Health & Wellbeing Strategy. The Council is active in its scrutiny of the local health economy, and has been a powerful voice – alongside NHS Barking Dagenham – in lobbying for an effective outcome for Barking & Dagenham in the Health4NEL consultation. The Health & Adult Services Select Committee has recently co-opted a member of the Local Improvement Network (LINK) to its membership, and local elected members are active in the Outer North East London Joint Health Overview & Scrutiny Committee, which brings together councillors from Barking & Dagenham, Havering, Redbridge and Waltham Forest. NHS Barking & Dagenham has a strong track record in pooling funding with the local authority for the development of innovative public health interventions, such as our Access & Connect Card for young people or Free Swimming, that take advantage of the potential of Council-run services for enabling health improvement.

Our response

We set out here our overall response to the proposals, and the principal areas of comment. Attached to this letter as an appendix, we provide some specific answers to the questions posed in the consultation.

To start with the paper **Strengthening Democratic Legitimacy**, we welcome the strengthening of patient advocacy and local quality oversight that is described through the establishment of **Healthwatch**. For this to be effective there are a number of areas that will need clarification:

- The extent of the powers Healthwatch will have to influence the commissioning of services by local GP consortia;
- The respective roles of Healthwatch, CQC and the National Commissioning body in respect of service quality;
- How best to manage the complexity where Healthwatch is scrutinizing the body that is commissioning it;
- Where in the future local NHS complaints services sit in relation to Healthwatch patient advocacy;
- How the funding of local Healthwatch will work, and the scale of the service.

In particular, our Health & Adult Services Select Committee are keen to stress that the key to success of the new health and wellbeing board will be its ability to scrutinise and hold to account effectively. In the proposed arrangements non-executive members will need to be given a prominent role in performing this task. Moreover, members should scrutinise in an independent forum that has democratic credibility. Transparency and local accountability will be vital to the success of the Health and Wellbeing Board. This will entail more (and better) scrutiny by elected members, requiring those elected members to be at the centre of any new scrutiny arrangements to safeguard against poor performance and failure.

In considering **improved integrated working**, we refer to the existing – and well-functioning – Health and Wellbeing Board, which is a sub-group of the Local Strategic Partnership. We welcome the opportunity to further strengthen the joint work across agencies and disciplines, but would have the following points to make:

- The HWBs do need to have statutory powers, and in particular clarity over the extent to which the GP consortia are expected to commission in a way that is supported by the HWB and public health;
- The loss of a separate forum for elected member scrutiny of decisions relating to health services could reduce, rather than improve, the public scrutiny of health and social care services;
- Further, with the GP consortia, the Local Authority and Healthwatch all as proposed members of the Health & Wellbeing Board, it is unclear how independent scrutiny can be brought about through this Board.

Turning to the paper **Commissioning for Patients**, we observe that GP commissioning is a very fundamental change, and certainly brings the benefits of a clinical perspective to designing effective and efficient care. However for this to be realised we believe there are a number of issues that need clarification.

With respect to **responsibilities**, it is unclear what the relative roles are of GP Consortia, CQC, the NHS Commissioning Board and Healthwatch in ensuring high quality community and secondary services;

We believe that there will be a need for a localised approach to managing primary care performance, and clarity over whether GP consortia will have any role.

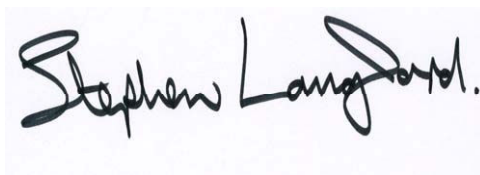
In giving consideration to **freedoms, controls & accountabilities**, clinicians have already identified that they will need considerable support and development to be able to take over the full range of commissioning responsibilities. This will take time and resources, and many are asking if this is a good use of clinical skills. We believe that GP consortia should be encouraged to explore the benefits of joint commissioning arrangements with local authorities particularly for vulnerable groups.

This in turn brings us to a consideration of **partnership**, and in particular our observation that the consortia need to have the infrastructure to be able to effectively respond to the JSNA and other public health advice.

In summary

We are pleased to provide our views on the emerging legislation and trust that they will be of assistance in refining it further and ensuring that it forms the basis for an accountable, effective and responsive NHS for the long term.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Langford." The signature is written in a cursive style with a clear, legible font.

Stephen Langford
Chief Executive
NHS Barking & Dagenham

A handwritten signature in black ink that reads "Anne Bristow." The signature is written in a cursive style with a clear, legible font.

Anne Bristow
Corporate Director, Adult & Community Services
London Borough of Barking & Dagenham

Appendix to the Barking & Dagenham Response: Responses to Specific Questions in the Consultation

Local Democratic Legitimacy in Health

Strengthening Public & Patient Involvement

| Consultation question | Barking & Dagenham response |
|---|---|
| Should local Healthwatch have a formal role in seeking patients' views on whether local providers and commissioners of NHS services are taking account of the NHS constitution? | <p>We are very supportive of any proposals that would strengthen the advocacy available to local residents in their dealings with health and social care. That said, we find the proposals for Healthwatch need some careful consideration, especially with regard to the lines of accountability and specification of its role. We would be concerned if the creation of a new body at a local level was to the detriment of existing local arrangements (LINKs, PALS, etc.), without delivering significant added value.</p> |
| Should local Healthwatch take on the wider role outlined in paragraph 17 with responsibility for complaints advocacy and supporting individuals to exercise choice and control? | <p>Whilst there is a tension between Healthwatch's status as a commissioned service and its role in holding those same commissioners to account for their decisions, local authorities are not unfamiliar with the commissioning of service user advocacy services and consequently treading that careful line. It will in any event require careful management to maintain public confidence in the Healthwatch service.</p> <p>This is further complicated by Healthwatch's proposed dual reporting line: to its commissioner (the local authority) and to national Healthwatch England (part of the Care Quality Commission). The terms under which concerns can be raised should be made clear, so that the scope of complaints that can be escalated to Healthwatch England is transparent. It should further be clarified as to what action can reasonably be imposed, and this should be set out with due reference to the implications of devolution to local areas to determine appropriate services for their local population under democratic legitimacy.</p> <p>We would also cast this discussion in the light of the Government's policy debate on 'Big Society', which would suggest a more local, ground-up approach to patient advocacy and public engagement, rather than the prescriptive national structures proposed.</p> |
| What needs to be done to enable local authorities to be the most effective commissioners of Healthwatch? | <p>As outlined above, we would welcome a clear delineation of the relationship between Healthwatch and its commissioner, on the one hand, and between local Healthwatch and Healthwatch England, on the other.</p> <p>Further, we would suggest that the current complaints system within the NHS is unduly bureaucratic and complex and that a simpler and more responsive system would allow any patient advocacy and support function to pursue a more focused role.</p> <p>We would also welcome early clarity about the funding arrangements for Healthwatch so that we can consider the implications, and adopt a lead-in time to the new arrangements that allows us to have clear discussions with the existing affected organisations and individuals.</p> |

Improving Integrated Working

Consultation question

Barking & Dagenham response

What more, if anything, could and should the Department do to free up the use of flexibilities to support integrated working?

The Partnership supports London Council's observations on this matter, that a key area is the delineation between social care and health care, particularly how this relates to the ringfencing of funding. Releasing these restrictions would enable better decision-making about interventions in social care that can prevent the accrual of additional healthcare costs. This also relates to the differing treatment of social care and health care with respect to charging.

We are looking forward to the proposed outcomes framework being an opportunity to realign measures so that broadly similar outcomes across the health sector and local government are tracked with common measures.

We would also wish to see fewer instances of conflicting advice being issued by Government departments on matters relating to health and social care.

Should the responsibility for local authorities to support joint working on health and wellbeing be underpinned by statutory powers?

Yes. It is essential that there is absolute clarity about the basis of any joint governance arrangements. With a background policy emphasis on local devolution, the shift to GP Consortium commissioning will need to be in the context of a clear statutory framework for accountability. There is concern that GPs will be effective commissioners of core services, but will place less emphasis on some areas of more complex need, such as mental health, learning disability or drug/alcohol services, and there needs to be a mechanism by which the framework set by the Joint Strategic Needs Assessment is a required consideration.

Is there a need for further support to the proposed health and wellbeing boards in carrying out aspects of these functions, for example information on best practice in undertaking joint strategic needs assessments?

Good practice is useful, but this is probably best collated, reviewed and promoted by the health and local government sectors themselves through established mechanisms. It is more important that central Government ensure that other areas of Government (local and national) understand the importance of co-operation with, and contribution to, the new arrangements, such as in planning the healthcare of offenders (in prisons or community settings) through Community Safety Partnerships, or providing integrated support to get those with long-term health conditions back into appropriate work through JobCentre Plus and related partnerships.

If a health and wellbeing board was created, how do you see the proposals fitting with the current duty to co-operate children's trusts?

We already have well-established mechanisms for cross-cutting issues between Boards of the Local Strategic Partnership, such as where board members with a lead responsibility are shared between forums or where a single subgroup reports to more than one LSP Board. We do not, therefore, see this as a problem.

Do you agree with the proposals for membership of Health & Wellbeing Boards?

We agree with London Councils' response on this matter, that the membership is broadly right but needs in any event to be a locally determined matter. We would also agree with them as to the addition of local authority members and chief officer for Children's Services.

Consultation question

Do you agree that the scrutiny and referral function of the current Overview and Scrutiny Committee function should be subsumed within the Health & Wellbeing Board?

Barking & Dagenham response

We do not agree that this would necessarily improve local accountability. Whilst the arrangements for the Health & Wellbeing Board are still under development, the loss of the forum for elected member scrutiny of decisions relating to health services could reduce, rather than improve, the public scrutiny of health and social care services. Further, with the GP consortia, the Local Authority and Healthwatch all as proposed members of the Health & Wellbeing Board, it is unclear how independent scrutiny can be brought about through this Board alongside decisions about future strategic intentions and joint commissioning. Whilst local authorities have considerable experience in operating scrutiny mechanisms as part of their formal governance structure, we do agree with London Councils that, in this case, the Board would appear to be required, on occasion, to “scrutinise their own decisions”. This will need careful and transparent management in order to maintain public confidence.

We suggest that it is important that sufficient flexibility is devolved to a local level such that elected members are able to determine the arrangements for the scrutiny of health and wellbeing that are most relevant to local democratic circumstances.

Commissioning for Patients

Responsibilities

Consultation question

How can GP consortia most effectively take responsibility for improving the quality of the primary care provided by their constituent practices?

Barking & Dagenham response

We would welcome greater clarity about the quality assurance role around primary care and commissioning decisions, including the role of the Care Quality Commission and the approach that they will take. Local consortia should be holding practices to account for the resources that they are deploying, and should have the requisite powers to take over poorly-performing practices and put in place such interventions as are necessary to raise their performance to the minimum standards.

How can the NHS Commissioning Board develop effective relationships with GP Consortia so that the national framework of quality standards, model contracts, tariffs, and commissioning networks best supports local commissioning?

We would support the creation of regional or sub-regional units of the National Commissioning Board in order to facilitate engagement between the NCB and local areas. Barking & Dagenham already enters into joint arrangements with neighbouring boroughs, and with the establishment of Health & Wellbeing Boards, we would anticipate that boroughs will wish to establish patterns of local collaboration where it makes sense to do so. We would anticipate that NCB would wish to support such moves where it improves the efficiency of commissioning and service delivery.

Freedoms, Controls & Accountabilities

Consultation question

How can GP consortia best be supported in developing their own capacity and capability in commissioning?

Barking & Dagenham response

We feel that consortia will need structured, focused support to understand the broader commissioning agenda of local partnerships and to be helped to understand the longer-term health improvement priorities alongside immediate healthcare demands that are more traditionally the business of primary care. This will be crucial to the success of these structures in tackling some of the most deep-rooted causes of health inequality in local areas.

GP consortia should be making use of existing local authority commissioning experience in adults' and children's services, which will be strengthened by the integration with public health.

Partnership

Consultation question

How can GP practices begin to make stronger links with local authorities and identify how best to contribute to joint needs assessment, integrated care delivery and population health improvement?

Barking & Dagenham response

Critical to their ability to engage with Joint Strategic Needs Assessment, integrated care delivery and health improvement will be the infrastructure that supports the functioning of the consortia and the advice that they can draw upon. Much of this will be in the new local authority Public Health functions, but we are concerned that, in order to engage effectively, there will need to be an adequate level of advisory support within the consortium structure. This means that consortia have to be of a size so as not to create a disproportionate management overhead associated with supporting their engagement in local arrangements.

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SUMMARY OF THE HEALTH WHITE PAPER

Overall aims

The NHS White Paper, *Equity and excellence: Liberating the NHS* sets out the Government's long-term vision for the future of the NHS. The vision builds on the core values and principles of the NHS - a comprehensive service, available to all, free at the point of use, based on need, not ability to pay. It sets out how the NHS will:

- put patients at the heart of everything the NHS does;
- focus on continuously improving those things that really matter to patients - the outcome of their healthcare; and
- empower and liberate clinicians to innovate, with the freedom to focus on improving healthcare services.

An expanded role for the Council

Local authorities will have a much enhanced role in health. Their greater responsibilities will encompass four areas:

- Leading joint strategic needs assessments (JSNA) to ensure coherent and co-ordinated commissioning strategies;
- Supporting local voice, and the exercise of patient choice;
- Promoting joined up commissioning of local NHS services, social care and health improvement; and
- Leading on local health improvement and prevention activity.

It is intended that the local authority convening role will provide the opportunity for local areas to further integrate health with adult social care, children's services (including education) and wider services, including disability services, housing, and tackling crime and disorder. The potential for place-based budgets to be applied to cross-cutting areas of health spending that require effective partnerships, for example older people's services and substance misuse, is to be discussed with the Local Government Association.

PCTs responsibilities for local health improvement will transfer to local authorities, who will employ the Director of Public Health jointly with the proposed new national Public Health Service. The Department of Health will create a ring-fenced public health budget, within which the local DPH will be responsible for health improvement funds allocated according to relative population health need. The allocation formula for those funds will include a new 'health premium' designed to promote action to improve population-wide health and reduce health inequalities.

Local Democratic Legitimacy – Health and Wellbeing Boards

The Government plans to strengthen the local democratic legitimacy of the NHS through the establishment of new statutory arrangements. The proposal for consultation is for the establishment of 'health and wellbeing boards' within each upper tier local authority, with a remit to join up the commissioning of local NHS services, social care and health improvement. These boards will allow local authorities to take a strategic approach and promote integration across health and adult social care, children's services including safeguarding, and the wider local authority agenda. The powers that enable joint working between the NHS and local authorities will be simplified, and it will become easier for commissioners and providers to adopt partnership arrangements, and adapt them to local circumstances. Local authorities, however, will not be involved in day-to-day interventions in NHS services, nor have any responsibility for NHS commissioning which will be the responsibility of GP commissioning consortia, apart from health improvement services.

Local Directors of Public Health will be jointly appointed by local authorities and the Public Health Service. DsPH will also have statutory duties in respect of the Public Health Service. They will lead for local authorities on the health improvement functions formerly the responsibility of PCTs.

Through the proposed health and wellbeing board, local authorities will be expected to lead the joining up of commissioning of local NHS services, social care and health improvement. This responsibility covers:

- Promoting integration and partnership working between the NHS, social care, public health and other local services and strategies;
- Leading joint strategic needs assessments, and promoting collaboration on local commissioning plans, including by supporting joint commissioning arrangements where each party so wishes; and
- Building partnership for service change and priorities. There will be an escalation process to the NHS Commissioning Board and the Secretary of State, which retain accountability for NHS commissioning decisions.

These functions would replace the current statutory functions of Health Overview and Scrutiny Committees, and it is suggested that they may also replace the function of other health partnerships. The future role of the Children's Trust has been called into question, with health and wellbeing boards also identified as having a role in safeguarding of children and vulnerable adults.

As well as elected members of the local authority, all relevant NHS commissioners will be involved in carrying out these functions, as will the Directors of Public Health, adult social services and children's services. Local authorities' new functions are expected to unlock efficiencies across the NHS, social care and public health through stronger joint working. The health and

wellbeing board membership is expected to include local elected representatives including the Leader of the Council, social care, NHS commissioners, local government and patient champions, with the Director of Public Health playing a critical role.

Much emphasis and expectation is put on local authorities. As well as providing greater local democratic legitimacy in health they are expected to use their skills, experience and existing relationships to bring together the players in the health system and support effective partnership working across health, social care and public health. The proposal for a health and wellbeing board to be a statutory partnership board within the local authority, and to be the focal point for joint working, goes far beyond the remit of the Health and Wellbeing Board currently functioning within LBBD. The opportunities for joined up commissioning plans, joint commissioning and pooled budgets that secure and fund services that are joined up around the needs of, for example, older people or children and families, potentially building on a place-based approach to budgets, provides both a requirement and a real opportunity for the Council to influence NHS commissioning and to engage effectively with GP consortia.

Local authority leadership for health improvement

The transfer of responsibility and funding for local health improvement activity to local authorities will give them a stronger influence over health outcomes, coupled with accountability for improvement in population health. The transfer is intended to build on the success of the joint Director of Public Health appointments and to unlock the synergies with the wider role of local authorities in tackling the determinants of health and health inequalities. It provides an unparalleled opportunity for the Director of Public Health to draw to the attention of the Council the interplay between the wider determinants of health and the interventions that promote health improvement and reduce health inequalities.

Local leadership for health improvement will be with the Director of Public Health, who will be jointly appointed by local authorities and the new national Public Health Service (PHS). They will have a ring-fenced health improvement budget allocated by the PHS, with direct accountability for deployment and delivery both to the local authority and, through the PHS, to the Secretary of State. Funding is expected to cover that spent on the prevention of ill-health by addressing lifestyle factors such as smoking, alcohol, diet and physical exercise. Local authorities will be required to meet health improvement outcomes, set by the Secretary of State through the PHS, and arrangements will be aligned to future arrangements for other outcomes in local government.

Putting patients and the public first

The Government intends that patients should be fully involved in their own care, with decisions made in partnership with clinicians, under the principle of 'nothing about me without me'. It envisages an 'information revolution' which will ensure that comprehensive information about outcomes, patient

experience and commissioning of healthcare will be available to patients and carers and support a substantial expansion of patient choice.

The collective voice of patients will be provided by a newly created HealthWatch England, with local HealthWatch evolving from Local Involvement Networks (LINKs). Local HealthWatch will be funded by and accountable to local authorities, and local authorities will also be able to commission local HealthWatch or HealthWatch England to provide advocacy and support for individual patients. Local authorities will be responsible for ensuring that local HealthWatch is operating effectively, while local HealthWatch will be able to report concerns about the quality of providers to HealthWatch England, independently of the local authority.

Improving healthcare outcomes

The current performance regime will be replaced with separate frameworks for outcomes that set the direction for the NHS, for public health and for social care, which provide for clear accountability and enable joint working. The Secretary of State, through the Public Health Service, will set local authorities national objectives for improving population health outcomes.

The White Paper notes that it is essential for patient outcomes that health and social care services are better integrated at all levels of the system. Quality standards are to be developed that cover areas that span health and social care, and the role of NICE will be expanded to develop quality standards for social care. Payment systems will be structured to support outcomes, incentivising improvements in adult mental health services, child and adolescent services, commissioning of talking therapies and supporting end-of-life care.

The NHS Outcomes Framework will focus on outcomes attributable to NHS care, but will also recognise the importance of reducing inequalities and promoting equality. It is intended that they recognise the extent to which the NHS should be held accountable, as distinct from the contribution of public health interventions and social care services.

The proposed NHS Outcomes Framework is structured around five high level outcome goals or domains which are designed to cover all treatment activity for which the NHS is responsible

- Preventing people from dying prematurely
- Enhancing the quality of life for people with long term conditions
- Helping people to recover from episodes of ill health or following injury
- Ensuring people have a positive experience of care
- Treating and caring for people in a safe environment and protecting them from avoidable harm

Although the thinking on outcomes currently focuses on NHS outcomes, it provides a timely reminder of the importance of measuring the progress and performance of the Barking and Dagenham Partnership Health and Wellbeing

Strategy from process targets to those that assess of outcomes. The future development of public health and social care outcomes will need to be brought together with outcome indicators for the totality of the Council's role, to enable a comprehensive approach to health and wellbeing outcomes that encompass the totality of people's lives.

GP Commissioning Consortia

NHS commissioning is described as – understanding the health needs of a local population or a group of patients and of individual patients; working with patients and the full range of health and care professionals involved to decide what services will best meet those needs and to design these services; creating a clinical service specification that forms the basis of contracts with providers; establishing and holding a range of contracts that offer choice for patients wherever practicable; and monitoring to ensure that services are delivered to the right standards of quality.

GP commissioning consortia, in commissioning NHS services for their patients, will be required to work in partnership with local communities and local authorities. They will be able to commission services jointly with local authorities, and will have the freedom to decide what commissioning support they need to buy in, with local authorities being one of the options for this support. GP consortia will have a duty to promote equalities and to work in partnership with local authorities, for instance in relation to health and adult social care, early years services, public health, safeguarding, and the wellbeing of local populations. They will have a duty of public and patient involvement, and will be provided by evidence about local communities needs and aspirations by local HealthWatch.

The proposed new health and wellbeing boards are expected to enable consortia, alongside other partners, to contribute to joint action to promote the health and wellbeing of local communities, including combined action on health improvement, more integrated delivery of adult health and social care, early years' services and safeguarding of children and vulnerable adults.

Specific responsibilities for GP consortia likely to be enshrined in legislation include 'determining healthcare needs, including contributing to the wider joint strategic needs assessment led by local authorities'. They will be expected to 'establish and nurture new relationships' with local HealthWatch, and with local authorities, who will have an enhanced role in promoting public involvement in decisions about service priorities and changes to local services and in responding to any public concerns about inadequate involvement. This means Councils have a key role in ensuring the public is supportive of any service changes proposed by the GP consortia through commissioning.

Local government will provide the framework through which GP consortia, alongside other partners, will:

- Contribute to a joint assessment of the health and care needs of local people and neighbourhoods

- Ensure that their commissioning plans, and relevant joint commissioning plans, reflect the health needs identified in these assessments
- Draw on the advice and support of the proposed health and wellbeing boards in relation to population health
- Identify ways of achieving more integrated delivery of health and adult social care, for instance through pooled budgets or lead commissioning arrangements
- Support improvements in children's health and wellbeing
- Play a systematic and effective part in arrangements for safeguarding of children and protection of vulnerable adults
- Cooperate with the criminal justice system, for instance in relation to tackling misuse of drugs and alcohol, offender health services and assessment of violent offenders.

Based on the current expectation that there will be some 500-600 GP consortia across England, each will be responsible for a budget of around £100m. Arrangements for accountability and risk sharing will be put in place, with the consortium holding its members to account, and being held to account itself by the new NHS Commissioning Board. General Practices in Barking and Dagenham are currently discussing whether to form one consortium, which would be of great benefit to the Council in terms of maintaining co-terminosity with the Council and other partners, better supporting integrated health and wellbeing commissioning and delivery in tackling health inequalities. Key influences on consortia size will be the anticipated restrictions on management costs and the need for risk-pooling to manage variations in spend.

The NHS Commissioning Board

A statutory board will be set up to support GP consortia in their commissioning decisions, and to provide leadership for quality improvement through commissioning. It will also promote and extend public and patient involvement and choice, commission certain services including maternity services, specialized services and primary care services (GP, dentistry, community pharmacy and primary ophthalmic services) and allocate and account for NHS resources.

Regulating Healthcare Providers

Proposals are set out for all NHS trusts to become foundation trusts by 2013, with the expectation that freedom from central control will enable them to concentrate on being more responsive to the people that use their services. Proposals include removing the private income cap from foundation trusts to

give trusts opportunities to expand the services they offer to patients, with all profits reinvested in patient care.

Locally Barking, Havering and Redbridge University Hospitals Trust in its current financial situation would not meet the financial aspects of the criteria for becoming a foundation trust. The community health services are hosted by North East London Foundation Trust, which will be reviewed next year, but provides a suitable basis for their future.

Monitor will be developed into an economic regulator and will be given new powers – to regulate prices, promote competition, and ensure that services for patients are maintained when providers fail. It will sit alongside the Care Quality Commission, which will continue to regulate quality to deliver an integrated and streamlined registration and licensing regime.

The position of the Care Quality Commission is reinforced, with overall responsibility for ensuring the quality of services. As the number, range and diversity of providers increases this is a task that will only get harder and carry ever greater risks. Healthwatch will be part of the Care Quality Commission.

NICE is to be strengthened and put on an appropriate statutory footing. Not only will it continue with its current role but its reach will be extended through the development of quality standards to be used as the basis for commissioning by GP consortia – 150 standards over the next 5 years.

Review of Arm's Length Bodies to Cut Bureaucracy

A review of arm's length bodies (ALBs) has also been published by the Department of Health, setting out proposals for ALBs in the health and social care sector.

The report sets out proposals for the future of the ALBs in light of both the current financial challenges and the strategy for the NHS set out in the White Paper. In future, functions will only be carried out at a national level where it makes sense to do so and the number of ALBs will be kept to a necessary minimum. Subject to Parliamentary approval, organisations that are no longer considered to be needed will be removed from the sector, with essential work moved to other bodies.

Detailed proposals for each of the ALBs are attached in **Appendix 3**.

Timetable for action

The Health Bill will be introduced into Parliament in Autumn 2010, and arrangements to support shadow health and wellbeing partnerships will begin to be put in place from April 2011. A further publication on a vision for adult social care, as well as a Public Health White Paper is expected by the end of 2010.

The Health Bill is likely to include proposals for the transfer of local health improvement functions to local authorities with ring-fenced funding and

accountability to the Secretary of State for Health, the new functions to increase local democratic legitimacy in relation to the local strategies for NHS commissioning, and support integration and partnership working across social care, the NHS and public health, and the turning of Local Involvement Networks into local HealthWatch.

From April 2012 the new local authority Health and Wellbeing Boards are expected to be in place, together with the new national Public Health Service, and the ring-fenced health improvement budget and local health improvement led by Directors of Public Health in local authorities. PCTs will be abolished from April 2013, by which time the contracts with providers will be held by GP consortia.

Sources:

Department of Health Equity and excellence: Liberating the NHS Department of Health (2010)

Department of Health Liberating the NHS: Commissioning for patients – consultation on proposals Department of Health (2010)

Department of Health Liberating the NHS: Local democratic legitimacy in health – a consultation on proposals Department of health (2010)

Department of Health Liberating the NHS: Transparency in outcomes – a framework for the NHS – a consultation on proposals Department of health (2010)

Department of Health Liberating the NHS: Regulating healthcare providers – a consultation on proposals Department of health (2010)

'Liberating the NHS' - The next turn in the cork screw? An analysis of the Coalition Government's proposals for health. Tribal (2010)

ARM'S LENGTH BODY REVIEW

An Arm's Length Body is an organisation working at national level, but at 'arm's length' from the Department. As stand-alone national organisations sponsored by the Department of Health, arm's length bodies (ALBs) work closely with the local NHS, social care services and other ALBs to carry out specific functions. In Department of Health, they regulate the system, improve standards, protect public welfare and support local services. ALBs vary in size but normally have boards, employ staff and publish accounts. They are accountable to the Department of Health and sometimes directly to Parliament. Most ALBs also receive substantial funding from the Department of Health.

This review covered the Department's eighteen Arms Length Bodies at present. The White Paper, *Equity and Excellence: Liberating the NHS*, proposed the establishment of the NHS Commissioning Board. Ministers are also considering the establishment of a single research regulator. Subject to this the Human Fertilisation and Embryology Authority and the Human Tissue Authority will be abolished. The maximum number of ALBs will therefore be ten. However, following the further identification of opportunities for commercial involvement, the NHS Business Services Authority and the NHS Litigation Authority functions within the ALB sector may be reduced or removed.

The conclusions of the review and outcomes for each organisation are set out below.

Arm's Length Body: Alcohol Education and Research Council

ALB Type: Executive Non Departmental Public Body (ENDPB) and registered charity

Role: Administers the Alcohol Education and Research Fund

Proposal: Abolish as an ALB and remove from the sector, while seeking to maximise the opportunities for effective cross-government policy to reduce the harm from alcohol misuse.

Arm's Length Body: Appointments Commission

ALB Type: ENDPB

Role: Makes public appointments

Proposal: Abolish as an ALB during 2012 in view of the very substantial reduction in the number of appointments required. Move remaining appointments to the Department of Health.

Arm's Length Body: Care Quality Commission

ALB Type: ENDPB

Role: Regulates health and adult social care provision

Proposal: Retain as quality inspectorate across health and social care, operating a joint licensing regime with Monitor. Host organisation for HealthWatch England. Current responsibility of assessing NHS

commissioning moves to the NHS Commissioning Board. May gain functions from other organisations, e.g. HTA and HFEA.

Arm's Length Body: Council for Healthcare Regulatory Excellence

ALB Type: ENDPB

Role: Oversees professional regulators

Proposal: Remove from the sector. Make a self-funding body by charging a levy on regulators. Extend role to set standards for and quality assure voluntary registers.

Arm's Length Body: General Social Care Council

ALB Type: ENDPB

Role: Regulates social workers

Proposal: Transfer the regulation of social workers to the Health Professions Council, which will be renamed to reflect its new remit.

Arm's Length Body: Health and Social Care Information Centre

ALB Type: Special Health Authority (SpHA)

Role: Collects and provides health and social care information

Proposal: Retain, and put on a firmer statutory footing by establishing it in primary legislation. National repository for data collection across health care, public health and adult social care. Clearer focus on data collection, with a close working relationship with the NHS Commissioning Board.

Arm's Length Body: Health Protection Agency

ALB Type: ENDPB

Role: Protects the health and wellbeing of the population

Proposal: Abolish as a statutory organisation and transfer functions to the Secretary of State as part of the new Public Health Service.

Arm's Length Body: Human Fertilisation and Embryology Authority

ALB Type: ENDPB

Role: Regulates human embryo storage, research and assisted reproduction treatment

Proposal: Retain as a separate ALB for the time being, with the aim of transferring its functions by the end of the current Parliament. In the meantime, we will examine the practicalities (and legal implications) of how to divide the HFEA's functions between a new research regulator, the Care Quality Commission and the Health and Social Care Information Centre.

Arm's Length Body: Human Tissue Authority

ALB Type: ENDPB

Role: Regulates the removal, storage and use of human tissue and organs

Proposal: Retain as a separate ALB for the time being, with the aim of transferring its functions by the end of the current Parliament. In the meantime, we will examine the practicalities (and legal implications) of how to divide the HTA's functions between a new research regulator, the Care Quality Commission and the Health and Social Care Information Centre.

Arm's Length Body: Medicines and Healthcare products Regulatory Agency

ALB Type: Executive agency

Role: Regulates medical devices and medicines

Proposal: Retain, but with the expectation that it will undertake its regulatory duties in the most cost effective way.

Arm's Length Body: Monitor

ALB Type: ENDPB

Role: Assesses, licences and monitors NHS Foundation Trusts

Proposal: Retain and make an economic regulator, operating a joint licensing regime with CQC.

Arm's Length Body: National Institute for Health and Clinical Excellence

ALB Type: SpHA

Role: Provides national guidance on the promotion of good health and the prevention and treatment of ill-health

Proposal: Retain, and put on a firmer statutory footing by establishing it in primary legislation. Expand scope to include social care standards.

Arm's Length Body: National Patient Safety Agency

ALB Type: SpHA

Role: Promotes patient safety and manages the National Clinical Assessment Service, the National Research Ethics Service and confidential enquiries.

Proposal: Abolish as an ALB. Safety functions retained and transferred to the National Commissioning Board. Explore transfer of National Research and Ethics Service functions to single research regulator. National Clinical Assessment Service to become self-funding over the next two to three years.

Arm's Length Body: National Treatment Agency for Substance Misuse

ALB Type: SpHA

Role: Works to increase the availability, capacity and effectiveness of drug treatment in England

Proposal: Abolish as an ALB, and transfer functions to the Secretary of State as part of the new Public Health Service.

Arm's Length Body: NHS Blood and Transplant

ALB Type: SpHA

Role: Provides blood, organs and associated services to the NHS

Proposal: Retain, and commission an in-depth review of opportunities to make more commercially effective. Transfer Bio-Products Laboratory out of NHSBT into a Department of Health owned company.

Arm's Length Body: NHS Business Services Authority

ALB Type: SpHA

Role: Provides central services to the NHS

Proposal: Retain in short term, and commission commercial review to identify potential for increased commercial opportunities, including potential to remove functions from the ALB sector.

Arm's Length Body: NHS Institute for Innovation and Improvement

ALB Type: SpHA

Role: Supports the NHS by spreading new ways of working, new technology and leadership

Proposal: Remove from ALB sector. Move functions which will support the NHS Commissioning Board in leading for quality improvement to the Board. Review the potential for its remaining functions to be delivered through alternative commercial delivery models.

Arm's Length Body: NHS Litigation Authority

ALB Type: SpHA

Role: Handles negligence claims and works to improve risk management practices in the NHS

Proposal: Retain, and commission an industry review to identify potential opportunities for greater commercial involvement.

CABINET

2 NOVEMBER 2010

REPORT OF THE CABINET MEMBER FOR CULTURE AND SPORT

| Title: Future Operation of the Plant Nursery at Central Park | For Decision |
|---|--------------|
| <p>Summary:</p> <p>The financial performance of the Council's plant nursery at Central Park has been in decline for a number of years and has now reached the stage where it is considered to be unsustainable.</p> <p>This decline is primarily due to a significant reduction in orders for plants in parks, on roundabouts, cemeteries, schools and in civic buildings over a number of years.</p> <p>This report recommends the closure of plant nursery at the end of March 2011.</p> <p>In its place, it is proposed to make use of the nursery site as a development opportunity for a social enterprise to establish a community led organic food growing 'peri-urban starter farm' under a 10-year leasing arrangement. This will support the achievement of a number of community priorities as well as the Mayor of London's plan to create new community food growing spaces across the capital.</p> <p>Wards Affected: Heath Ward.</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ol style="list-style-type: none"> (i) Agree the closure of the existing loss making plant nursery at Central Park; and (ii) Authorise the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources and on the advice of Property Services and Legal Partners, to agree the terms of the lease for the nursery site to a suitably qualified organisation under a 10 year commercial lease which allows the tenant to use the site as a community led peri urban starter farm. | |
| <p>Reason(s)</p> <p>To support the achievement of the following community priorities:</p> <ul style="list-style-type: none"> • A clean, green and sustainable borough with far greater awareness of the actions needed to tackle climate change, with less pollution, waste, fly tipping and graffiti. • A healthy borough, where health inequalities are reduced with greater knowledge of lifestyle impacts on health; and • A prosperous borough that supports business, jobs and skills, helps tackle unemployment and creates more jobs. | |

| | | |
|---|---|---|
| Comments of the Chief Financial Officer | | |
| <p>The closure of the current loss making plant nursery at Central Park will save the Adults and Community Services budget £50,000 per annum and if approved will go towards overall savings for the Department.</p> <p>The preferred option of replacing it with a 'peri-urban' starter farm will be based on a nil Council subsidy or other financial commitment.</p> | | |
| Comments of the Legal Partner | | |
| <p>The Legal Partner has been consulted in the preparation of this report.</p> <p>The Council's interest will be secured by letting the property under a ten year lease to the new tenant. Instructions as to the terms of the new lease will be taken from Property Services. The lease will be prepared by the Legal Practice.</p> | | |
| Head of Service: Paul Hogan | Title: Head of Leisure, Arts and Olympics | Contact Details: Tel: 020 8227 3576 E-mail: paul.hogan@lbbd.gov.uk |
| Cabinet Member: Councillor Herbert Collins | Portfolio: Culture and Sport | Contact Details: Tel: 020 8724 2892 E-mail: herbert.collins@lbbd.gov.uk |

1. Background

- 1.1 The Council's nursery, at Central Park on Rainham Road North, is one of only three in-house plant nurseries remaining in London. This decline in directly operated plant nurseries is mirrored nationally. On the whole, councils now tend to procure bedding plants and other horticultural supplies from large scale private operators.
- 1.2 The nursery's main source of income is via internal recharges to other Council services for the provision of plants for parks and green spaces, cemeteries, roundabouts and schools as well as floral decorations for council and school buildings.
- 1.3 Over recent years, the volume and value of orders placed with the nursery has steadily reduced. The financial impact of this has been partially offset by a reduction in expenditure resulting from not having to buy in as many bedding plants and other items. Also opportunities to sell plants have been exploited where possible at council events in parks and direct to council employees visiting the nursery.
- 1.4 Even so the 2009/10 outturn for the service shows a net cost of £49,827 compared to the original budget estimate of a surplus of £32,600, a deficit of £82,427. It should be noted that this shortfall was contained within the Leisure and Arts

revenue budget and that the planned and in year savings targets for the division were achieved.

- 1.5 Financial performance was equally poor in 2008/09 and there is nothing to suggest that the position will improve in the current year. Indeed it is likely to be much worse with orders in the current year at their lowest ever level.
- 1.6 Also a number of civic buildings and schools have not renewed their window boxes or floral decorations. Similarly a number of council departments are procuring their plants and related items from other sources.
- 1.7 On this basis the operation of the nursery as it currently stands is untenable in financial terms.

Community food growing initiative

- 1.8 In 2009, the Mayor of London announced an initiative to encourage new community food growing spaces throughout London as part of the Productive Landscapes update to the East London Green Grid.
- 1.9 Officers considered that this initiative could potentially provide an innovative and sustainable change of direction for the nursery operation. They secured a grant from the East London Green Grid to support the production of a business plan for a community food growing business at the nursery site that would be operated by a social enterprise.
- 1.10 The business plan, which was prepared by Thames Chase, was informed by discussions with relevant agencies such as Capital Growth and Sustain. Also the performance of two established and locally based community food growing organisations has been reviewed: Growing Communities in Hackney and Organiclea in Chingford. As part of this process both organisations have expressed interest in the nursery site.
- 1.11 Market research by officers, in the form of site visits and meetings with the above and other appropriate organisations, has also been undertaken including a review of leases, business plans and the processes each of the above organisations went through in terms of setting up, taking on leases and lessons learned. These processes were co-ordinated in conjunction with Council Legal Services.
- 1.12 The findings of the business plan and the independent research undertaken by officers strongly indicate that the nursery site has great potential to be developed into a community food growing enterprise that will contribute to the achievement of council objectives and which can be delivered at no worse than neutral cost to the Council.

2. Proposal

- 2.1 The proposal is to lease the nursery site and facilities to a social enterprise under a 10 year lease, in which the permitted use will be as a community led organic peri urban starter farm. The lease will commence from April 2011. The existing nursery operation will cease on 31 March 2011. Under the terms of the lease the social

enterprise tenant will pay the Council a commercial rent for the site, in addition to the use of site being restricted as described above.

- 2.2 The Government defines a social enterprise as a business with primarily social objectives whose surpluses are principally re-invested for that purpose in the business of the community, rather than being driven by the need to maximise profit for shareholders and owners.
- 2.3 Although the day to day business operations of the tenant will be at the lessee's discretion, it is envisaged that the new tenant will grow organic vegetables and sell them through existing box schemes and other initiatives such as farmers' markets and direct to local people. These business opportunities should allow the Council to find a social enterprise tenant willing to lease the site in accordance with the Council's proposals for future use, which proposals will be translated to conditions within the lease.
- 2.4 If approved, officers would begin the process of advertising the lease of the site immediately, with a view to a tenant being in place from 1 April 2011.

3. Financial Issues

- 3.1 The Council nursery is not financially sustainable. There has been a significant shortfall in income generation against target in recent years. This is due to a steady reduction in orders by council services and this trend is worsening.
- 3.2 If members support this proposal, it is expected that the new service will be delivered at no worse than neutral cost to the Council. The tenant will be paying the Council a commercial rent under the lease and accordingly there should be a net financial benefit for the Council under the arrangements.
- 3.3 A grant of £30,000 secured by officers will be released and will be utilised to carry out works to the nursery site in preparation for the land transfer to a leaseholder. These works will be undertaken by the Council prior to the commencement of the new lease. The works will include creation of toilets and washing facilities, breaking out areas of concrete and hard standing and other minor site improvements works to better facilitate community food growing.
- 3.4 Predictions based on business plans and market research carried out by officers indicate that a social enterprise could generate income from food growing and training of up to £285,000 over the first five years, plus income from fundraising of a further £275,000, over the same period.

4. Legal Issues

- 4.1 The Council's Constitution provides for the letting of Council property and ensures that the Council complies with the requirements of the Local Government Act 1972 in relation to obtaining the best consideration reasonably obtainable for the letting of the site to the new tenant.
- 4.2 The Legal Practice and Property Services will be consulted in the negotiation, preparation and drafting of the terms and conditions of the lease.

5. Other Implications

• Risk Management

- 5.1 Legionella and fire risk management responsibilities would transfer to the leaseholder under the terms of the lease. Existing CCTV monitoring would continue to protect the site.

• Contractual Issues

- 5.2 It is proposed that a ten year lease will be offered for the operation of a community food growing business on the nursery site. As part of the lease negotiation process, the Council will establish clear targets for the operation of the service that will support the delivery of Council and wider community objectives.

• Staffing Issues

- 5.3 There are three full time staff based at the nursery but with a Borough wide remit. Due to the marked decline in normal nursery business, the staff have increasingly been used to support the implementation and ongoing operation of other parks and open spaces initiatives, such as the volunteering programme to establish the heritage garden at Valence House.
- 5.4 The Nursery Manager has left the Council as part of the recent voluntary severance programme and his post has been deleted from the establishment. Until the operation of the site is transferred to the community food growing business, the service will be managed by the Barking Park manager.
- 5.5 It is proposed that the remaining two staff will devote their whole time to supporting the delivery of volunteering projects and maintenance programmes at Eastbrookend Country Park and Dagenham Washlands. The cost of this can be contained within existing staffing and other revenue budgets.

• Customer Impact

- 5.6 To date the nursery has only provided a support service to other Council departments and a secondary service to employees. The interim Director of Customer Services has indicated that the cessation of the existing nursery service can be accommodated by his team without much difficulty. As a result it is not considered that the proposed change of use will have any meaningful impact on existing customers.
- 5.7 It is envisaged that the proposed future use of the site could have a positive impact on the wider community, and especially those on low incomes, through the provision of cheap but high quality, organically grown fruit and vegetables. It is also hoped that the operation may provide work experience and training opportunities for adults with learning disabilities. Discussions with Community Enterprise East London and the Youth Offending Service will commence to ensure a joined up approach.

• Safeguarding Children

5.7 There are no children's safeguarding issues associated with this proposal. However, because it is intended that the new service will provide opportunities for adults with learning disabilities, there will be safeguarding issues for vulnerable adults that will be addressed.

5.8 The arrangements in this respect will be set out in the lease with the tenant of the new site and formally monitored by the Council's parks' development team.

- **Health Issues**

5.9 This potential value of this proposal has been recognised by the Barking and Dagenham Partnership, through the Health and Well Being Board, which has committed funding of £30,000 to help make improvements to the nursery site

5.10 The project directly supports the achievement of the Health and Well Being strategy for the borough and in particular the priority theme around healthy eating.

- **Crime and Disorder Issues**

5.11 It is anticipated that the proposed enterprise would bring communities together and create opportunities for inter-generational work. This social enterprise will also have positive economic wellbeing benefits for participants, reducing the propensity for crime. The Youth Offending Service, through its reparation work already has a successful allotment site where young offenders grow vegetables for older people in the community; the Service could actively contribute to these developments.

- **Property / Asset Issues**

5.12 The funding secured from the Barking and Dagenham Partnership will be used to bring the existing nursery site up to the standard required to enable it to be transferred without further investment by the Council as part of a lease agreement. On this basis, it is not expected that any further capital or revenue investment in the site will be required. Any ongoing maintenance or capital investment to the site will be the responsibility of the new leaseholder.

5.13 Advice is being sought from Property Services on the most appropriate Heads of Terms to be agreed as part of the leasing arrangement as well as on other related issues such as ground rent.

5.14 Planning permission will only be required to enable this proposal to be realised if new toilets cannot be accommodated within existing buildings.

5.15 A small part of the Nursery site will be retained for Council use and excluded from the lease. This will be used as a small depot with secure parking for the Ranger service.

6. Options appraisal

6.1 There are considered to be four options available to the Council:

- 6.2 Close the nursery and lease the site to a social enterprise organisation to allow them to establish a community food growing business on the site. This would not be a financial burden on the Council and would support the achievement of Council and community priorities relating to health and well being, as well as job creation, skills and learning. This is the preferred option.
- 6.3 Maintain the current operation but increase income generation to make the service financially viable. It is unlikely that there will be any change to the decline in orders from the nursery by other council services. To reverse this trend would require the establishment of a 'trading arm' so that the nursery could sell to the public. Research suggests that the time, cost and difficulty in doing this make it an unrealistic option. The current terms and conditions of employment of council staff relating to enhanced payments for weekend working would also impact on the viability of this option.
- 6.4 Continue to run the nursery as a loss-making service. The nursery's main client, Customer Services, has confirmed that there will be no change to current purchasing arrangements and that further cuts are planned in future years. In the current financial climate this option is not considered tenable.
- 6.5 Close the nursery and dispose of the site on the open market. This is probably the lowest risk option for the Council. However, the likely value of the site for housing, retail or other commercial use needs to be considered in the context of the adjacent council area services depot and poor access and egress to the nursery site. Choosing this option would also mean that the opportunity to create a community food growing business on the nursery site would be lost.

7. Background Papers Used in the Preparation of the Report:

'Growing Communities' Business Plan
Capital Growth criteria
Organiclea / London Borough of Waltham Forest lease

8. List of appendices:

None

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CABINET**2 NOVEMBER 2010****REPORT OF THE CABINET MEMBER FOR HEALTH AND ADULT SERVICES**

| | |
|---|---------------------|
| Title: Update on Remodelling and Tendering Residential Care Services for People with Learning Disabilities | For Decision |
| <p>Summary:</p> <p>In September 2009 the Cabinet approved a report setting out the process for the remodelling and tendering of residential care services for people with learning disabilities. It was agreed that the existing contracts with Outlook Care and Avenues would be extended for a period up to the end of August 2010 to facilitate this process.</p> <p>This report provides an update on the progress of remodelling and requests approval for a further extension to the Avenues contract until March 2011 to enable the completion of the tender process.</p> <p>The process to date has achieved the closure of the residential home at Burdetts Road, with service users transferred to voids at Gardeners Close and the deregistration of Raydons Road residential home into a supported living model. This has achieved savings of:</p> <p style="padding-left: 40px;">£126,067 in 2009-2010 £ 286,067 full year saving 2010-11</p> <p>Following the remodelled scheme at Raydons Road work was progressed on reviewing services users at the other schemes to determine the potential for remodelling the remaining residential homes. This work has informed the procurement strategy for these services and negotiations were entered into with Outlook Care to establish a cost model that would deliver a remodelled service at the residential homes within their contract.</p> <p>Wards Affected: All</p> | |
| <p>Recommendation(s)</p> <p>The Cabinet is recommended to approve an extension of the Avenues Residential Services for people with learning disabilities for a period up to 31 March 2011 to enable completion of the tender process and award of contract.</p> | |
| <p>Reason(s)</p> <p>In order to accord with the Council's Contract Rules and statutory obligations and to ensure that the Council has a cost effective and value for money contract awarded for the purchase of the aforementioned services for people with learning disabilities.</p> | |
| <p>Comments of the Chief Financial Officer</p> <p>Significant savings will be generated by the remodelling and re-tendering of the Outlook Care and Avenues Trust Learning Disability Contracts, as detailed. Savings based on full year costs (detailed at paragraph 3) are estimated at a net £930,000 for a full year. These</p> | |

savings will go towards the Adults and Community Services Directorate savings target for 2011-12 financial year.

Comments of the Legal Partner

1. This report is seeking Cabinet's approval of a proposed extension of the Council's current contract for the provision of residential services to people with learning disabilities (with Avenues Residential Services) for a further seven-month period until 31 March 2011, to cover the interim period between expiry of the current contract and completion of the process of retendering the contract.
2. The report states that an extension of this contract had already previously been approved by the Cabinet, in September 2009. That extension expired on 31 August 2010.
3. The Council's Contract Rule 4.3 empowers Cabinet to approve contract extensions where to do so would not be in breach of EU procurement rules as set out in the Public Contracts Regulations 2006 ("the EU Regulations").
4. Although the services under the contract to which the report relates are classified as "Part B" services under the EU Regulations, which means that the full rigour of the Regulations would not apply to the contract, the Treaty Principles of transparency, non-discrimination and equal treatment would still apply.
5. It is therefore imperative that the procurement time-table set out in Paragraph 1.4 of this report is adhered to, in order to ensure that the process of retendering the contract is completed prior to expiry of this further contract extension period, and to avoid any further extension of the current contract.
6. Completion of the retendering process and the award of a new contract prior to the expiry of the further extension period of the current contract would also ensure that the Council has satisfied itself that the new arrangement for the provision of the service is cost effective and continues to represent value for money.

| | | |
|---|--|---|
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1. Background

- 1.1 In order to offer our learning disability service user group greater choice in how they live their lives and to be able to have a personal budget allocation, we remodelled our service at Raydons Road. Our new approach meant that the service delivery to residents moved from a traditional residential home concept to a supported living

scheme where each service user would have their own tenancy and a personal budget. With the success of this work we reviewed our other schemes to determine the potential for remodelling our remaining residential homes. This has work informed our procurement strategy and negotiations were then entered into with Outlook Care to establish a cost model that would deliver a remodelled service at one or all of the residential homes within their contract.

- 1.2 As a consequence of the above, agreement was reached on 5 July 2010 not to tender the Outlook Care services and instead to remodel all five residential homes: Ford Road, 144 & 148 Longbridge Road, Vicarage Road and Gardiners Close on a similar basis as Raydons Road. This approach will realise savings of 35% and deliver a supported living model, with services users in control of their own service, through a personal budget. Savings will be achieved in two phases, with 18% initially by January 2011 as each home is deregistered and 17% by the end of July 2011 following an organisational restructuring of the services by Outlook Care. The key milestones for this project are set out below:

| Milestones | Date due | Comments |
|--|----------------|--|
| Council to confirm which schemes to be remodelled | 7 July 2010 | All five schemes to be remodelled (144 and 148 Longbridge, Vicarage, Gardiners and Ford) completed. |
| Commencement of de-registering schemes | 8 July 2010 | Gardiners will be the last scheme to be de-registered due to the high need of service users and recent merging with Burdett Road. |
| Contract expired | 31 August 2010 | To operate on a spot purchase basis within the same or reduced cost framework. |
| Registered Social Landlord notice period to be notified | 31 August 2010 | Completed |
| Core support and individual support for each service user identified | August 2010 | Completed |
| Framework Agreement for each scheme agreed | December 2010 | Note: This will be developed with Legal Partners and will deliver a framework approach that can be adopted for many other contracts when they expire to reflect the choice agenda. |
| All residents reviewed | October 2010 | Completed |
| Resource allocation system complete for all residents | November 2010 | Reliant on Council capacity |
| 18% saving delivered | January 2011 | Housing Costs (handing back housing management). |

| | | |
|--|---------------|--|
| Outlook Care staff on new terms and conditions | February 2011 | Note: This is subject to HR consultation for Outlook Care staff being completed by Outlook Care and is outside the direct control of the council. |
| Remaining 17% delivered | July 2011 | Based on remodelled service, revised management structure, assistive technology, new terms and conditions. Remodelled service, revised management structure, assistive technology, new terms and conditions. Some of this saving should be delivered earlier. |

1.3 In respect of the schemes at Bromhall and Vicarage Roads, a decision was reached to continue to tender this contract. This decision was based on the high cost already incurred for this service and the contractual arrangements that existed with the landlord who has a contract with the Council until 2024. This contract will develop 16 beds to provide a mix of supported living and respite and emergency beds to meet the needs of our Learning Disability service user group in Barking and Dagenham.

1.4 The indicative timetable for tendering this contract is as indicated below:

| Action | Date w c |
|--|-------------------|
| Advertise | 19 July 2010 |
| Expressions of interest to be returned | 13 August 2010 |
| Evaluate returns / references | 13 September 2010 |
| Invitation to tender to be sent out | 11 October 2010 |
| Tenders to be returned | 8 November 2010 |
| Evaluate & interview | 28 November 2010 |
| Contract award | 6 December 2010 |
| Contract delivery | 1 March 2010 |

1.5 An advert was placed on supply2.gov.uk and the Council's web site in July 2010 inviting expressions of interest for the Provision of Accommodation, Support and Care Services (People with a Learning Disability). Seventeen expressions of interest were received, with completed prequalification questionnaires (PQQs), two of which were part of a consortium arrangement. Prequalification questionnaires and references were evaluated by a panel to provide a short list of organisations to invite to tender. The panel included a carer representative and there will be additional service user involvement in the interviewing of the prospective providers.

2. Proposal

2.1 Cabinet agreed to extend both Outlook Care and Avenues contracts until the 31 August 2010 to enable the remodelling of all of the services and to complete a procurement process as necessary. The remodelling process has experienced a number of delays due to protracted discussions with providers in negotiating a

suitable model in line with the personalisation model agenda and future approaches to procurement and costs for services.

- 2.2 The Outlook Care contract expired on the 31 August and each service user was placed on a spot contract for the remaining duration of the period whilst deregistration and remodelled service is implemented. As each home transfers to a model of supported living, the spot contract would end with the services user moving to a personal budget under a framework agreement with Outlook Care.
- 2.3 In respect of the Avenues contract, an extension is sought from Cabinet to extend this contract up to the end of March 2011 in order to complete the current tender and award and implementation of the new contract.

3. Financial Issues

- 3.1 The contract value for these services is currently £3,005,922 per annum. Funding is provided from Adult and Community Services core funding. Savings are anticipated on the current total spend through the remodelling and retendering of these services with improvements in value for money being achieved.
- 3.2 The process to date has achieved the closure of Burdetts Road, with service users transferred to vacant rooms at Gardeners Close and the deregistration of Raydons Road into a supported living model. This has achieved savings of:

£126,067 in 2009-2010
£286,067 full year saving 2010-11

3.3 Outlook Care: deregistration and remodelling

Indicative savings based on current costs are:

| | | Savings at 35% |
|---|----------|-----------------|
| Ford Road | £360,853 | £126,298 |
| 144 Longbridge Road | £306,339 | £107,219 |
| 148 Longbridge Road | £325,344 | £113,870 |
| Vicarage Road | £342,251 | £119,788 |
| Gardeners Close | £322,904 | £113,016 |
| Total potential savings (full year effect) | | £580,191 |

The savings identified will be achieved in two phases:

- i) 18% by January 2011 with the deregistration of the above care homes and introduction of the supported living model.
- ii) 17% by July 2011 following an organisational restructure and renegotiation of staff pay and conditions by Outlook Care

3.4 Avenues: retendering of Residential services at Bromhall and Vicarage Roads:

Projected indicative savings from the tendering of services are anticipated to deliver savings of £400,000 in 2011-12, based on similar prices in the market.

Further savings are anticipated following the remodelling of services based on similar assumptions from the projections for Outlook Care which would be achieved in 2012-13.

3.5 A reinvestment of £50,000 is required to enable further remodelling for residential out of borough placements. These would release further savings in future years should the proposed model for supported living be extended.

3.6 Total potential savings (full year effect) as identified in paragraphs 3.2, 3.3 and 3.4 amounts to £930,191 for 2011-12.

4. Legal Issues

4.1 Comments of the Legal Partner are above.

5. Other Implications

Risk Management

5.1 The project plan has identified key risks to the project, which are:

- Service quality dips during the process
- The tendering fails to secure improved services
- Remodelling fails to improve outcomes for users

5.2 All of these have risk management plans in place to mitigate the threats to the project. The overall risk rating to the project is low.

5.3 Risks that would arise if the services were entirely decommissioned are:

- The Council would fail to meet its statutory duty to support people who are eligible for care and support under Fair Access to Care criteria
- Alternative accommodation and support solutions are likely to be more expensive and cost the Council more than the existing block contract arrangement

Contractual Issues

5.4 The Cabinet agreed to extend both Outlook and Avenues contracts until the 31 August 2010 to enable the remodelling of all of the services and to complete a procurement process as necessary. The remodelling process has experienced a number of delays, due in part to finalising the Adult Commissioning Strategy in May, as this changed the approach of Adult and Community Services in terms of Personalisation and future approaches to procurement, resourcing issues necessary to fundamentally change service specifications, delays in reviewing services users to establish service need and protracted discussions with providers in negotiating a suitable model and costs for services.

5.5 The Outlook Care contract expired on the 31 August, and each service user was placed on a spot contract for the remaining duration of the period whilst the deregistration and remodelled service is implemented. As each home transfers to a model of supported living the spot contract would end with the services user moving to an individual budget under a framework agreement with Outlook.

- 5.6 In respect of the Avenues contract an extension is sought from Cabinet to extend this contract up to the end of March 2011 to enable time to complete the current tender and award and implementation of the new contract.

Staffing Issues

- 5.7 There are no direct implications for the Council as these services are provided by third party organisations.

Customer Impact

- 5.8 The remodelling of services at Raydon Road has delivered positive impacts for service users. All service users accessing supported living services have a learning disability and some also have additional mobility and health needs. Some of the properties have a lack of wheelchair access with no lifts to upper floors or no level access into the property. Of the existing places available sixteen places at Bromhall and Vicarage Roads have full access for wheel chair users. These places form part of the current tender in progress. Future services in these properties will be delivered in ways that will ensure disability is not an obstacle to service provision. This will be evidenced by the current and continued standards, expectations and monitoring through the Supporting People Quality Assurance Framework and Adult Commissioning contract monitoring policy.
- 5.9 It is expected that the remodelling of services will result in positive impacts for service users. They will enjoy greater security of tenure and increased life chances such as opportunities to work. With personal budgets, they will enjoy choice and control over their own support, including having the opportunity to move on or remain in situ.

Safeguarding Children

- 5.10 Although there are no specific implications for the safeguarding of children, the changes envisaged will provide our adult learning disability service user group with increased self-esteem and increased awareness and influence over their own environment. This will give them the opportunity for greater control over their own lives supported by both their care manager and quality assurance monitoring.

Health Issues

- 5.11 The remodelling of these services will make a positive contribution to the health and wellbeing of people with a learning disability. Through the supported living model our learning disability service user group will be enabled to make greater choices in how they live and manage their lives in the community. This will be supported through individual advocacy and continued care management review to assess their changing needs.

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

Executive Report - minute agenda reference 65 September 2009

Putting People First (2007) Department of Health. www.dh.gov.uk

Valuing People Now (2007) Department of Health www.dh.gov.uk

Valuing People Now: Transfer Of The Responsibility For The Commissioning Of Social Care For Adults With A Learning Disability From The NHS To Local Government And Transfer Of The Appropriate Funding Gateway Reference: 9906 www.dh.gov.uk

Person centred commissioning now - a pathway approach to commissioning learning disability support (2008) www.idea.gov.uk/idk/aio/8981043

7. List of appendices:

None