

Notice of Meeting



CABINET

Tuesday, 26 June 2012 - 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 P T Waker, Councillor J R White and Councillor M M Worby

Date of publication: 15 June 2012

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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 22 May 2012 (Pages 1 - 5)**
4. **Final Revenue And Capital Outturn 2011/12 (Pages 7 - 36)**
5. **Healthwatch: New Ways of Involving the Public in Health and Social Care Services (Pages 37 - 70)**
6. **Re-tender of the Young Person's Specialist Substance Misuse Service, SubWize (Pages 71 - 81)**
7. **Debt Management Performance and Write-Offs 2011/12 (Quarter 4) (Pages 83 - 101)**
8. **Any other public items which the Chair decides are urgent**

- 9. 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 items below are in the private part of the agenda as they contain details of the financial and business affairs of third parties which are exempt from publication in accordance with paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended.

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

CABINET

Tuesday, 22 May 2012
(5:00 - 5:18 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 P T Waker, Councillor J R White and Councillor M M Worby

Also Present: Councillor S Tarry

Apologies: Councillor L A Reason

1. Declaration of Members' Interests

There were no declarations of interest.

2. Minutes (24 April 2012)

The minutes of the meeting on 24 April 2012 were confirmed as correct.

3. Provisional Revenue And Capital Outturn 2011/12

The Cabinet Member for Finance and Education introduced a report on the Council's provisional revenue and capital outturn position for the 2011/12 financial year.

The provisional outturn position for General Fund budgets showed a net underspend of £2m against the net revenue budget of £183.4m. This resulted in an improved year-end projected balance position of £14.3m and represented a significant improvement on the forecast position reported throughout the year.

The Housing Revenue Account (HRA) generated a surplus of £3.8m for the year and the Capital Programme showed an outturn of £127.679m compared to the revised budget of £167.566m. The Cabinet Member also referred to the variances on capital projects, the proposed roll forward of capital underspends to enable projects to be completed and the implementation of a savings proposal for 2013/14 associated with the review of the Library Service.

The Cabinet Member confirmed that the final outturn position would be reported to the next Cabinet meeting, following the finalisation of accounting entries for the year.

Cabinet agreed:

- (i) To note the provisional outturn position for 2011/12 of the Council's revenue budget, as detailed in paragraphs 2.3 to 2.10 and Appendix A of the report;
- (ii) To note the provisional outturn against the 2011/12 savings targets, as detailed in paragraph 2.11 and Appendix B of the report;

- (iii) To note the provisional outturn position for the HRA, as detailed in paragraph 2.12 and Appendix C of the report;
- (iv) To note the provisional outturn position for 2011/12 of the Council's capital budget, as detailed in paragraph 2.13 and Appendix E of the report;
- (v) The following savings proposals for 2013/14 in the sum of £226,000, as detailed in paragraph 2.14 of the report;
 - Closure of Castle Green library
 - Re-shaping of the Mark's Gate library service
- (vi) The requests to roll forward General Fund revenue budgets into 2012/13 and the resulting budget amendments, as set out in Appendix D to the report; and
- (vii) The requests to roll forward capital budget underspends into 2012/13, as set out in Appendix E to the report.

4. Housing Garage Sites

The Cabinet Member for Housing presented a report on a proposed strategy to improve garage management and enhance the parking facilities available to residents of, and visitors to, the Borough.

The Cabinet Member explained that the strategy would target dilapidated garage sites which would be either refurbished, fully converted into a car park or part converted to create a car parking and garage site. The approach for each garage site would differ on a site-by-site basis and would be confirmed in consultation with Ward Councillors and local residents.

The Cabinet Member advised that the key aims were to provide a safer parking environment, reduce anti-social behaviour and enhance the appearance of the areas, while at the same time generating additional income for the Housing Revenue Account via a pricing structure that encouraged local use of the sites.

Cabinet agreed:

- (i) The proposed strategy for improving garage management and enhancing the parking facilities available to Borough residents and visitors, as outlined in the report, and authorised the Corporate Director of Housing and Environment, in consultation with the Cabinet Member for Housing, to agree the detailed arrangements;
- (ii) That the £500,000 provision made within the Housing Capital Programme 2012/13 be used to implement the first phase of works at the nine garage sites listed in paragraph 2.4 of the report;
- (iii) The implementation of a garage and car park pricing structure for Borough residents in the immediate vicinity of the site, other Borough residents and non-Borough residents, as set out in paragraphs 2.15 to 2.18 of the report; and

- (iv) To note that the day-to-day management of the service would be undertaken within the Housing Area offices.

5. Proposed Expansion of Primary Schools

Further to Minute 109 (14 February 2012), the Cabinet Member for Finance and Education presented a report on the proposed expansion of a number of primary schools to help meet the projected growth in demand for school places in the Borough.

Cabinet **agreed** the formal expansion of schools as detailed below, with effect from 1 September 2012:

- Parsloes Primary - from two to three forms of entry.
- Southwood Primary - from two to three forms of entry.
- Monteagle Primary - from three to four forms of entry.
- St Joseph's Catholic Primary (Barking) - from one to two forms of entry.
- St Joseph's Catholic Primary (Dagenham) - from one and a half to two forms of entry.
- Eastbury Primary - from three to four forms of entry.
- Gascoigne Primary - all year groups to five forms of entry.

6. Retender of the Young Person's Specialist Substance Misuse Service

The report was withdrawn pending further discussion on the proposals.

7. Term Contract for Building Maintenance in Public and School Buildings

The report was withdrawn pending further discussion on the proposals.

8. Urgent Action - Shared Procurement of Oracle R12 Upgrade (Lot 3)

The Cabinet noted the action taken by the Chief Executive on 18 May 2012 under the urgency procedures contained within paragraph 17 of Article 1, Part B of the Council's Constitution in respect of the following:

- (i) That the Council enter into a contract directly with Oracle Corporation UK Ltd for the provision of software licences and support and maintenance (Lot 3) services; and
- (ii) To waive the requirement, under paragraph 5.2 of the Council's Contract Rules (Part D of the Constitution), for the Lot 3 contract documentation to be sealed and instead for the Chief Executive to sign the same and any other necessary and associated agreement or documentation.

9. 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).

10. Mark's Gate 'Open Gateway' Regeneration Initiative

The Cabinet Member for Regeneration presented a report on a proposal by the Diocese of Chelmsford, in partnership with a private developer, to demolish the existing St Mark's Church and Vicarage in Mark's Gate and to redevelop the site to provide a major, multi-functional community facility with a dedicated space for worship, together with 56 housing units for sale.

The Cabinet Member outlined the other main aspects of the project, referred to as the "Mark's Gate Open Gateway Regeneration Initiative", which included the transfer of three vacant / underused Council-owned pieces of land for the sum of £400,000 in kind which would be ring-fenced, along with £1.45m from the Council's Housing Revenue Account (HRA), to support the Council acquiring 1 bed flats and 3 bed houses. An additional £1.1m of the 2011/12 HRA budget surplus would be used to augment the acquisition of new Council homes on the development. Furthermore, the scheme would deliver a wide range of significant benefits for the whole Mark's Gate community, such as pre-school and out-of-school activities for children, a comprehensive community exercise programme including a micro-gym, and new training and business opportunities.

The Cabinet Member commented that although the Council would not receive market value for the land to be transferred, he believed that the overall project represented, on balance, the best way forward. Councillor Tarry of Chadwell Heath ward also spoke in favour of the project, referring to the expected reduction in anti-social behaviour in the area when the vacant / underused sites were regenerated and new community facilities available for use, as well as the opportunities to access new external funding to support further enhancements for the whole community. Following on from that point, the Leader asked officers to take forward Padnall Hall as part of any future proposals. The Cabinet Member for Environment also stressed the importance of properly assessing the impact of new regeneration initiatives to ensure that value for money had been achieved and opportunities for improvement had been maximised and the Leader put forward the project at Althorne Way / Becontree Heath as a positive example in that respect.

Cabinet **agreed**:

- (i) The disposal and transfer of the three sites, as specified in paragraph 2.6 of the report and shown as plots 1, 2 and 3 in the map at Appendix 1 to the report, to the Diocese of Chelmsford at £400,000 in kind to facilitate the delivery of the St Mark's Open Gateway proposal, subject to (a) the Diocese obtaining planning consent and any third party consents required of the Council for disposal of the sites, and (b) terms and conditions that protect the Council's investment and ensure the delivery of the proposal;
- (ii) The use of up to £2,550,000 of HRA funding to acquire 3 bed houses and 1 bed flats at the site;
- (iii) To delegated authority to the Corporate Director of Finance and Resources, in consultation with the Divisional Director of Legal and Democratic Services, to negotiate and conclude the terms of the land transfer to the Diocese of Chelmsford subject to the pre-conditions specified in (i) above being met, and to negotiate the acquisition of a number of housing units;

and

- (iv) To require the scheme's promoters to actively engage with the Management Committee of the Mark's Gate Community Association to explore opportunities for representation on the Governing Body, which the Council would insist on prior to the start of development, and to explore opportunities for the co-ordination of lettings and facilities management functions to deliver efficiency savings for both the new facility on the church site and the existing Mark's Gate Community Complex.

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CABINET

26 June 2012

Title: Final Revenue And Capital Outturn 2011/12	
Report of the Cabinet Member for Finance and Education	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Kathy Freeman, Group Manager. Corporate Finance	Contact Details: Tel: 020 8227 3497 E-mail: kathy.freeman@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance	
Accountable Director: Tracie Evans, Corporate Director of Finance and Resources	
<p>Summary:</p> <p>The Council's revenue outturn (subject to final accounting entries) is a net under spend of £2.0m against a net revenue budget of £183.4m (1.1%). The final position, however, is subject to the full closure of the Council's accounts as the Statement of Accounts are drafted and then subject to external audit.</p> <p>The 2011/12 budget included a planned contribution of £1.5m to further improve General Fund (GF) balances. The 2011/12 under spend of £2.0m, and the planned contribution to balances of £1.5m, has resulted in the GF balance increasing by £3.5m from £10.8m to £14.3m. The position includes roll forwards approved in the Provisional Outturn Report.</p> <p>This provides a significant improvement in the Council's financial position and exceeds the target to achieve a £10.0m GF balance set by the Corporate Director of Finance and Resources.</p> <p>The revenue outturn figures have been calculated after taking into account roll forward requests agreed by Cabinet in May.</p> <p>The Housing Revenue Account (HRA) also generated a surplus of £3.8m which has been transferred to HRA balances (which are ring-fenced). The in year surplus increases the reserve position from £4.4m to £8.2m at 31 March 2012.</p> <p>Capital spend of £127.7m was incurred in 2011/12 against the revised capital budget of £167.6. In year under spends on capital projects were requested to be rolled forward in the Provision Outturn report.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to:</p> <p>(i) Note the final outturn position for 2011/12 of the Council's revenue budget as detailed in paragraphs 2.3 to 2.10 of the report;</p>	

- (ii) Note the final outturn against the 2011/12 savings targets in paragraph 2.11 of the report;
- (iii) Note the final outturn position for the HRA as detailed in paragraph 2.12 of the report;
- (iv) Note the final outturn position for 2011/12 of the Council's capital budget as detailed in paragraph 2.13 of the report;
- (v) Note the reduction of £58k in the agreed Central Expenses roll forward as detailed in paragraph 2.10 of the report.

Reason(s)

As a matter of good financial practice, the Cabinet should be informed of the final outturn and performance of the Council's Revenue and Capital resources. Knowledge of the variances from planned budgets will assist members in making sound future decisions.

1 Introduction and Background

- 1.1 This report provides a summary of the Council's General Fund, HRA revenue and capital final outturn positions for 2011/12. Good financial management has meant that the General Fund balance has increased by £3.5m to £14.3m. This position includes the achievement of £19.2m of in year savings targets that represented a significant challenge for the Council.
- 1.2 The Outturn report to Cabinet on 14 June 2011 reported that, as at 31 March 2011, General Fund balances stood at £10.8m. This position was an increase of £2.8m on the position twelve months earlier.
- 1.3 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. This is achieved by monitoring the Council's financial results on a monthly basis through briefings to the Cabinet Member for Finance, Revenues and Benefits and monthly monitoring reports to Cabinet. This ensures Members are regularly updated on the Council's overall financial position and enables the Cabinet to make relevant financial and operational decisions to meet its budgets.
- 1.4 The last Budget Monitoring Report for 2011/12 was presented to Cabinet on 20 March 2012 covering the period April 2011 to January 2012. It projected a contribution to the General Fund balance of £2.8m resulting in a final balance of £13.6 as at 31 March 2012. The Provisional Outturn Report to Cabinet on 22nd May 2012 reported a General Fund balance of £14.3m.
- 1.5 The position in this report may be subject to change as the Council finalises the entries required to produce the statutory Statement of Accounts and those statements will be subject to review by external audit over the summer.

2 Overall Outturn Position

- 2.1 The Directorate revenue outturn (before the planned contribution to balances of £1.5m) is an under spend of £2.0m for the end of the financial year.

The overall effective £3.5m under spend (£2.0m plus £1.5m contribution) has resulted in the Council's General Fund balance remaining above the budgeted target of £10.0m. The Chief Finance Officer has a responsibility under statute to ensure that the Council maintains appropriate balances.

- 2.2 In the report to Members regarding the setting of the 2011/12 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 £10.0m. The General Fund balance at 31 March 2011 was £10.8m and the current balance for the end of the financial year (including the planned contribution to balances of £1.5m) is £14.3m.

The HRA budget for 2011/12 includes a contribution to the HRA reserve of £1.5m. At the 31 March 2012, the HRA has an under spend of £2.3m resulting in a contribution to the HRA reserve of £3.8m (£2.3m plus £1.5m).

	Balance at 1 April 2011	Balance at 31 March 2012	Target Balance at 31 March 2012
	£'000	£'000	£'000
General Fund	10,841	14,345	10,000
Housing Revenue Account (including Rent Reserve)	4,448	8,267	5,917

The outturn position for 2011/12 across the Council for the General Fund is shown in the table below.

Council Summary	Net Budget	Outturn 2011/12	Over/(under) Budget
	£'000	£'000	£'000
<u>Directorate Expenditure</u>			
Adult and Community Services	64,459	64,366	(93)
Children's Services	69,729	69,729	0
Housing and Environment	23,479	23,579	100
Finance and Resources	26,031	25,523	(508)
Chief Executive	725	122	(603)
Central Expenses	(1,041)	(1,941)	(900)
Total Service Expenditure	183,382	181,378	(2,004)
Planned Contribution to Balances			(1,500)
Total Outturn for 2011/12			(3,504)

The reported outturn is shown after taking into account roll forwards approved in the Provisional Outturn report.

2.3 Directorate Performance Summaries

The Directorate's outturn performance is outlined in the paragraphs below.

2.4 Adult and Community Services

Directorate Summary	2010/11 Outturn	2011/12 Budget	2011/12 Outturn
	£'000	£'000	£'000
Net Expenditure	69,951	64,459	64,366
Projected over/(under)spend			(93)

The Adult and Community Service outturn position at month 12 of the 2011/12 financial year is under spent by £93k. The service has requested to carry forward £121k which is included in the under spend figure.

The Directorate is experiencing severe pressures at the interface with local hospitals and the PCT at this time, which may have led to budget over spends if the Directorate had not been successful in securing through negotiation the funding 'to support social care where it benefits health' of £2.4m. This means we are able to report a 0.14% under spend. Discussions continue with the ONEL PCT cluster about the impact of their budgetary policy on jointly commissioned services and on Council services. A national access grant of £554k was given by the Department of Health in January 2012 to cope with the increased demand of needs due to the cold weather. Monies were also given to GPs, Acute Hospitals and PCTs to which enabled them to manage their seasonal demand.

The 2011/12 budgets reflect savings decisions made as part of the Council Tax setting process, which amounted to reductions of £4.6m from the Adults and Community Services Budget. This represented a challenge to deliver without service detriment. The savings decisions for 2012/13 are also very challenging with budget reductions of £3.5m.

All the savings for Adult and Community Services were achieved for 2011/12. Community Equipment and Mental Health showed pressures all year however, these savings were achieved by off-setting the £2.4m NHS monies used 'to support social care where it benefits health'.

2.5 Children's Services

Directorate Summary	2010/11 Outturn	2011/12 Budget	2011/12 Projection
	£'000	£'000	£'000
Net Expenditure	61,913	69,729	69,729
Projected over/(under)spend			0

The Children's Service has achieved a balanced budget position including the full delivery of £4.5m of savings built into the budget. The outturn position of each division is summarised below:

Education

The Education division is under spent by £275k at outturn, after allowing for carry forward requests. The transport budget for Special Educational Needs (SEN) has over spent by £400k. £150k of this over spend is due to the in year loss of external grant income. The remainder is largely attributable to increasing places at Trinity (24 places) and the Additionally Resourced Placements (36 places) and the children filling these additional places being eligible for transport. The cost of in-house provision and transport assistance remains more cost effective than sending children out of borough. Savings of £670k were achieved through additional income generation from training courses, the deployment of grant income and the holding back of all non essential spend to support pressures elsewhere within the service and to ensure the full delivery of savings for 2012/13.

Targeted Support

The Targeted Support division is under spent by £1.3m at outturn, after allowing for carry forward requests. This significant under spend has been managed by reducing and ceasing expenditure to manage pressures elsewhere within the service and to ensure approved savings of £1.1m are achieved in full from this budget in 2012/13.

Complex Needs and Social Care

The Complex Needs and Social Care division is over spent by £1.6m at outturn. The borough continues to experience an increase in its young person population, Looked After Children (LAC) numbers continue to increase and the number of children eligible for free school meals (a key indicator of need) has increased by 20% from January 2011 to January 2012.

Commissioning and Safeguarding

The Commissioning and Safeguarding division is under spent by £815k at outturn, after allowing for carry forward requests. Additional income from the Schools' Service Level Agreements and delays to the Heathway's respite facility coming into service have realised savings of £350k. The remainder of the under spend is across the service and has been used to fund pressures in other parts of the Directorate.

Other Management Costs

This centrally held budget is over spent by £730k at outturn, after allowing for carry forward requests. The majority of this is attributable to a revenue contribution to capital to cover the over spend on the final phase of children centre capital schemes. However, overall the Directorate achieved a breakeven position.

2.6 Dedicated School Grant (DSG)

The DSG is a ring fenced grant to support the education of school aged pupils within the borough. The grant is allocated between the Schools and Centrally Retained budget in agreement with the Schools Forum. In 2011/12 DSG of £187.9m was received with £19.4m being retained centrally.

2.7 Housing and Environment

Directorate Summary	2010/11 Outturn	2011/12 Budget	2011/12 Outturn
	£'000	£'000	£'000
Net Expenditure	23,961	23,479	23,579
Projected over/(under)spend			100

The Directorate has faced a difficult year with significant pressures within the core budgets, including the delivery of £4.3m of savings.

The Housing General Fund has experienced increased demand for bed and breakfast accommodation. This is an expensive form of providing temporary accommodation that has an impact on the amount of Housing Benefit recoverable under the subsidy scheme.

The Environment and Enforcement division has significant core budgetary pressures - a fact which has been substantiated by a zero-based budgeting exercise undertaken during the course of the year. These are mainly in respect of the use of agency staff, overtime and transport to deliver core services.

The most significant new pressure for this service has been in respect of the £1.0m savings in relation to increased income for the parking service. Due to a number of system and other exceptional issues, £486k of these savings has not been achieved.

The parking service has taken a prudent view in respect of its year end debtor and this had led to an additional in year pressure of approximately £500k for Environment & Enforcement to contain. This will however, avoid the service entering the new financial year with an additional pressure.

The services have mitigated these pressures by identifying and delivering action plans together with bringing forward approved 2012/13 financial savings and tight control over non-essential expenditure.

2.8 Finance and Resources

Directorate Summary	2010/11 Outturn	2011/12 Budget	2011/12 Projection
	£'000	£'000	£'000
Net Expenditure	14,662	26,031	25,523
Projected over/(under)spend			(508)

The Finance & Resources Directorate outturn for 2011/12 is a £508k under spend.

The under spends across the different services have mainly been achieved through vacant posts (partly due to premature delivery of 12/13 savings) and tight control over non-essential expenditure.

Savings have also been achieved through an improved rebate received from the Matrix Contract due to a procurement led negotiation and road adoption and planning fees exceeding the target set.

A £720k pressure against court costs income was experienced within the Revenues and Benefits budgets. This pressure is mainly due to improved Council Tax collection that has resulted in less court action and hence reduced court cost income.

The Directorate has achieved its 2011/12 saving targets.

2.9 Chief Executive

Directorate Summary	2010/11 Outturn	2011/12 Budget	2011/12 Projection
	£'000	£'000	£'000
Net Expenditure	991	725	122
Projected over/(under)spend			(603)

The Chief Executive Directorate outturn is a £603k under spend, mainly due to services making transitional arrangements to deliver agreed 2012/13 savings prematurely i.e. keeping posts vacant which are due to be deleted and also over achievement of income targets.

The Directorate has achieved its 2011/12 saving targets.

2.10 Central Expenses

Directorate Summary	2010/11 Outturn	2011/12 Budget	2011/12 Projection
	£'000	£'000	£'000
Net Expenditure	(19,482)	(1,041)	(1,941)
Projected over/(under)spend			(900)

As part of the Central Expenses savings target for this year, £1.0m was planned to be generated through implementing revised Terms and Conditions of employment across the Council. Due to the delayed implementation, only part of the savings was achieved resulting in a £630k shortfall. This shortfall has been managed within the Central Expenses budget and the Directorate as a whole was £900k under spent.

Following a change to the Value Added Tax (VAT) liability of various Council services the Council successfully submitted a one off VAT claim for £420k. The claim related to VAT payments made over a number of years on sports tuition, parking charges and cultural admission.

Due to the management of our cash balances a net under spend of £476k was achieved against the budgets for interest payable and interest receivable.

Following finalisation of the Council's Statement of Accounts the previously requested Central Expenses roll forward has been reduced by £58,125.

2.11 In Year Savings Targets

The delivery of the 2011/12 budget was dependent on meeting a savings target of £20.3m. Directorate outturns are summarised in the table below. The savings shortfalls have been included in the Directorate outturns set out in section 2.5 to 2.11 above. A detailed breakdown of savings is provided in appendix B.

Directorate Summary of Savings Targets	Target £'000	Outturn £'000	Shortfall £'000
Adult and Community Services	4,620	4,620	-
Children's Services	4,500	4,500	-
Housing and Environment	4,264	3,729	535
Finance & Resources	1,046	1,046	-
Chief Executive	1,914	1,914	-
Central Expenses	4,000	3,370	630
Total	20,344	19,179	1,165

2.12 Housing Revenue Account (HRA)

The Housing Revenue Account delivered a significant surplus of £3.8m. This enables the Council to maintain a healthy balance of £8.2m (approximately 8% of gross income).

The primary reason for the increased surplus is through the negotiation and reduction of overall repairs & maintenance costs which has resulted in a saving of around £1.1m.

The slippage in the Estate Renewal programme has also meant that the incremental loss of income from the decanting of properties has not materialised.

A detailed HRA is provided in appendix C.

2.13 Capital Programme

The Capital Programme budget has been updated to reflect the capital roll forwards approved by Cabinet on 14 June 2011 and all subsequent approvals.

Directorate Summary of Capital Expenditure	Original Budget £'000	Revised Budget £'000	Outturn 2011/12 £'000	Variance £'000
Adult & Community Services	10,322	13,531	12,757	(774)
Children's Services	56,993	77,381	61,376	(16,005)
Housing & Environment	37,472	52,786	35,206	(17,580)
Finance & Resources	16,868	23,868	18,340	(5,528)
Total	121,655	167,566	127,679	(39,887)

In addition to the above capital expenditure, the Council has also entered into a Private Finance Initiative (PFI) with Thames Partnership for Learning for the construction of a new building for Dagenham Park School.

However, as part of the PFI contract the construction costs and associated risks are met by Thames Partnership for Learning and in return the Council pays an agreed annual charge. The PFI was completed in March 2012.

A detailed capital outturn and capital roll forward requests are included in appendix E.

Variances by area are summarised below:

Adult & Community Services

- Community Services, Heritage & Libraries - (£324k) under spend
- Leisure & Olympics (£450k) - under spend

Children's Services

- Schools - (£15,793k) under spend
- Other schemes - (£212k) under spend

Housing & Environment

- Housing Revenue Account - (£16,498k) under spend
- General Fund Housing - (£673k) under spend
- Environment & Enforcement - (£305k) under spend
- Parks and Open Spaces - (£104k) under spend

Finance & Resources

- Asset Strategy - £47k over spend
- ICT - (£213k) under spend
- Regeneration - (£4,872k) under spend

Central Expenses

- Redundancy Costs – (£490k) under spend

Explanations for project variances over £100k are provided in appendix F.

2.14 Financial Control

At the end of 2011/12 all key reconciliations have been prepared and reviewed and no major reconciling items unexplained.

3 Prudential Indicators

3.1 Regulations issued under the Local Government Act 2003 require local authorities to have regard to the CIPFA Prudential Code for Capital Finance. This code considers the prudence, affordability and sustainability of capital investment decisions made by the Council.

3.2 The Council set a series of “prudential indicators” to measure capital investment decisions against the key principles of the code. They include the level of capital expenditure, the associated financing costs and impact on Council Tax and Housing Rents. They also include treasury management indicators which set out limits for investment and borrowing decisions throughout the year.

3.3 Appendix F sets out the outturn position for 2011/12 against the indicators. The Capital Financing Requirement was higher than anticipated due to the Dagenham Park School Private Finance Initiative (PFI) being completed in March 2012 rather than 2012/13 as originally expected.

4 Options Appraisal

4.1 The report provides a summary of the financial position at the relevant year end and as such no other option is applicable for appraisal or review.

5 Consultation

5.1 The report has been circulated to appropriate Divisional Directors for review and comment. Specific implications are noted in section 7.

5.2 Individual Directorate elements have been subject to scrutiny and discussion at their respective Directorate Management Team meetings.

6 Financial Implications

6.1 This report details the financial position of the Council.

7 Legal Issues

7.1 There are no legal implications for an outturn report.

Background Papers Used in the Preparation of the Report

- Provisional Revenue and Capital Outturn 2010/11; Cabinet 14 June 2011;
- Budget and Medium Term Plan 2011/14; Cabinet 26 February 2011.

Appendices

- A – General Fund Outturn
- B – Savings Targets Outturn
- C – Housing Revenue Account Outturn
- D – Capital Outturn
- E – Explanations for Variances on Capital Projects
- F – Prudential Indicators

GENERAL FUND REVENUE MONITORING STATEMENT OUTTURN 2011/12

Directorate	Outturn 2010/11	Original Budget	Working Budget	Outturn 2011/12	Variance
	£'000	£'000	£'000	£'000	£'000
<u>Adult & Community Services</u>					
Adult Care & Commissioning	48,705	45,896	46,070	46,070	-
Mental Health	4,172	3,837	3,844	3,770	(74)
Community Safety & Neighbourhood Services	3,736	4,360	4,632	4,463	(169)
Culture & Sport	12,671	10,449	9,605	9,796	191
Management	667	247	308	267	(41)
	69,951	64,789	64,459	64,366	(93)
<u>Children's Services</u>					
Education	12,455	6,111	7,578	7,303	(275)
Targeted Support	1,359	14,406	13,405	12,146	(1,259)
Complex Needs and Social Care	34,773	31,646	31,783	33,402	1,619
Commissioning and Safeguarding	6,031	4,877	5,107	4,292	(815)
Other Management Costs	7,295	8,104	11,856	12,586	730
	61,913	65,144	69,729	69,729	-
<u>Children's Services - DSG</u>					
Schools	(15,175)	(21,148)	(21,154)	(21,154)	-
Quality & Schools Improvement	9,040	5,343	5,349	5,349	-
Integrated Family Services	2,544	3,510	3,592	3,592	-
Safeguarding & Rights Services	214	4,763	4,763	4,763	-
Children's Policy & Trust Commissioning	1,163	1,442	1,360	1,360	-
Skills and Learning	770	-	-	-	-
Other Services	1,444	6,090	6,090	6,090	-
	-	-	-	-	-
<u>Housing & Environment</u>					
Environment & Enforcement	20,601	16,948	20,265	20,355	90
Housing General Fund	3,360	3,378	3,214	3,224	10
	23,961	20,326	23,479	23,579	100
<u>Finance & Resources</u>					
Directorate of F&R	(109)	414	161	(200)	(361)
Commercial Services (including JV contract)	4,482	2,598	5,299	5,319	20
Financial Services	(5)	-	173	(73)	(246)
Audit & Risk	(20)	-	-	(130)	(130)
Regeneration	4,571	5,229	5,649	5,571	(78)
Corporate Management	4,694	4,681	4,673	4,548	(125)
Barking & Dagenham Direct	4,242	6,532	10,076	10,488	412
ICT (now within JV contract)	(3,193)	-	-	-	-
	14,662	19,454	26,031	25,523	(508)

Appendix A

Directorate	Outturn 2010/11	Original Budget	Working Budget	Outturn 2011/12	Variance
	£'000	£'000	£'000	£'000	£'000
<u>Chief Executive Services</u>					
Chief Executive Unit	1,185	-	(90)	(228)	(138)
Legal & Democratic Services	795	441	257	60	(197)
Corporate Policy & Public Affairs	(957)	300	381	217	(164)
Human Resources	(32)	250	177	73	(104)
	991	991	725	122	(603)
<u>Other</u>					
Central Expenses	(27,608)	1,257	(9,989)	(10,528)	(539)
Contingency	-	2,834	361	-	(361)
Levies	8,126	8,587	8,587	8,587	-
	(19,482)	12,678	(1,041)	(1,941)	(900)
TOTAL	151,996	183,382	183,382	181,378	(2,004)

GENERAL FUND SAVINGS MONITORING STATEMENT OUTTURN 2011/12

Directorate	Detail	Target	Outturn 2011/12	Shortfall
		£'000	£'000	£'000
<u>Adult & Community Services</u>				
ACS/SAV/8	Adult care restructure	250	250	-
ACS/SAV/9	Cross directorate staffing reductions	320	320	-
ACS/SAV/12	YOS/DAAT family focused skills	75	75	-
ACS/SAV/13	Crime prevention	250	250	-
ACS/SAV/14	Youth Offending & Substance Misuse	50	50	-
ACS/SAV/15	Parks police	100	100	-
ACS/SAV/16	Adult care commissioning	1,177	1,177	-
ACS/SAV/17	Charging policy review	125	125	-
ACS/SAV/18	Community Grants	250	250	-
ACS/SAV/19	Joint working/closer integration	300	300	-
ACS/SAV/20	Meals on wheels income	125	125	-
ACS/SAV/21	Broadway theatre	100	100	-
ACS/SAV/22	Parks & Events	150	150	-
ACS/SAV/25	Community halls	125	125	-
ACS/SAV/26	Community equipment	100	100	-
ACS/SAV/27	Mental health budget reduction	100	100	-
ACS/SAV/28	PPP review	300	300	-
ACS/SAV/29	Support services	300	300	-
ACS/SAV/30	Security costs	200	200	-
ACS/SAV/32	Reduce Family Learning	23	23	-
ACS/SAV/33	Reduce Security provision in Buildings	150	150	-
ACS/SAV/34	Increase Volunteers in Libraries	50	50	-
		4,620	4,620	-
<u>Children's Services</u>				
CHS/SAV/1	Directorate re-organisational efficiencies	1,599	1,599	-
CHS/SAV/2	Children's Policy and Trust Commissioning Management	(15)	(15)	-
CHS/SAV/3	Youth Provision Reconfiguration	300	300	-
CHS/SAV/4	Childminding	35	35	-
CHS/SAV/5	Management Children's Centres	114	114	-
CHS/SAV/6	Teenage Pregnancy	127	127	-
CHS/SAV/7	Supplies & Services Budget	12	12	-
CHS/SAV/8	Advisory Teachers/National Strategy	(70)	(70)	-
CHS/SAV/9	Attendance Service Reduction	150	150	-
CHS/SAV/10	City Learning Centre	150	150	-
CHS/SAV/11	Community Music Service	140	140	-
CHS/SAV/12	Director's representatives at Governors Meetings	5	5	-
CHS/SAV/13	Inspection Service	150	150	-
CHS/SAV/14	Language Support Service Grant	(38)	(38)	-
CHS/SAV/15	Modern Foreign Language Support	(10)	(10)	-
CHS/SAV/16	Transport Savings From Adjustments for Affordability	500	500	-
CHS/SAV/17	Transport to DSG	200	200	-
CHS/SAV/18	Trewern	66	66	-

Directorate	Detail	Target	Outturn 2011/12	Shortfall
		£'000	£'000	£'000
CHS/SAV/19	Westbury Centre	41	41	-
CHS/SAV/21	Court Assessment Team	35	35	-
CHS/SAV/24	Service Development Support Officer	50	50	-
CHS/SAV/25	14-19 ABG Funded Staff	53	53	-
CHS/SAV/26	Aim Higher	(35)	(35)	-
CHS/SAV/27	Apprenticeships Savings	502	502	-
CHS/SAV/28	Job Brokerage Services	125	125	-
CHS/SAV/30	School Gates	(25)	(25)	-
CHS/SAV/31	Children's IT service	60	60	-
CHS/SAV/32	Woodlands Premises Cost	39	39	-
CHS/SAV/34	Crisis Intervention	32	32	-
CHS/SAV/35	Family Group Conference	53	53	-
CHS/SAV/36	Safeguarding & Quality Assurance	55	55	-
CHS/SAV/37	Charging for CiC	100	100	-
		4,500	4,500	-
<u>Housing & Environment</u>				
CUS/SAV/1	Customer services management re-structure	424	424	-
CUS/SAV/2	Redesigning street cleansing operations	200	200	-
CUS/SAV/3	Passenger Transport - remodelling of services	1,119	1,119	-
CUS/SAV/4	Environmental & Trading Standards	150	150	-
CUS/SAV/5	Parks & open spaces	370	370	-
CUS/SAV/6	Street Scene - Parking CPZ	686	200	486
-	Street Scene - Parking Staff Permit	354	354	-
CUS/SAV/7	Street Scene - Call Outs	75	75	-
CUS/SAV/8	Street Scene - Depot	48	48	-
CUS/SAV/9	Street Scene - Road Safety	54	5	49
CUS/SAV/10	Housing Advice Proforma Restructure	75	75	-
CUS/SAV/11	Housing Advice Re-align Recharges to HRA	150	150	-
CUS/SAV/13	Environment reduction in staff post	30	30	-
CUS/SAV/14	Revenues and Benefits Head of Service post	85	85	-
CUS/SAV/15	Housing Advice Reduce subsidy gap	200	200	-
CUS/SAV/21	Supplies & services	(81)	(81)	-
CUS/SAV/22	B&D Direct - Service Efficiency in new One Stop Shop	(50)	(50)	-
CUS/SAV/23	B&D Direct - Staff Saving in new One Stop Shop	(25)	(25)	-
CUS/SAV/28	Temporary Accommodation Re-design	400	400	-
		4,264	3,729	535

Appendix B

Directorate	Detail	Target	Outturn 2011/12	Shortfall
		£'000	£'000	£'000
<u>Finance & Resources</u>				
FIN&RES/SAV/2	Asset & Capital Delivery Staffing Reductions inc Capital staff	825	825	-
FIN&RES/SAV/4	Rationalisation of complaints & FOI's	71	71	-
FIN&RES/SAV/8	Regeneration & Economic development re-structure	300	300	-
FIN&RES/SAV/9	Corporate Finance review	497	497	-
FIN&RES/SAV/10	Audit & Risk	23	23	-
FIN&RES/SAV/11	Corporate Director of Resources Post	80	80	-
FIN&RES/SAV/12	Reduction in corporate projects	150	150	-
FIN&RES/SAV/13	Deletion of total commissioning service	200	200	-
FIN&RES/SAV/14	Reduction in Building Schools for Future budgets	650	650	-
FIN&RES/SAV/15	Misc MWOW & One B&D Savings	186	186	-
FIN&RES/SAV/16	Misc Support Services non-recurring savings	(1,936)	(1,936)	-
		1,046	1,046	-
<u>Chief Executive</u>				
FIN&RES/SAV/1	Human Resources - Staffing Review	306	306	-
FIN&RES/SAV/3	Marketing and comms review	554	554	-
FIN&RES/SAV/5	Rationalisation of Legal practice	470	470	-
FIN&RES/SAV/6	Rationalisation of Democratic Services	197	197	-
FIN&RES/SAV/7	PPP review	387	387	-
		1,914	1,914	-
<u>Corporate Savings</u>				
JV/SAV/1	Initial Savings from the Joint Venture	3,000	3,000	-
CORP/SAV/01	Terms & Conditions Review	1,000	370	630
		4,000	3,370	630
TOTAL		20,344	19,179	1,165

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HOUSING REVENUE ACCOUNT MONITORING STATEMENT OUTTURN 2011/12

HOUSING REVENUE ACCOUNT	Outturn 2010/11	Original Budget	Working Budget	Outturn 2011/12	Variance
	£'000	£'000	£'000	£'000	£'000
Rents	(73,118)	(76,625)	(76,625)	(77,953)	(1,328)
Non Dwelling Rent	(2,367)	(2,565)	(2,565)	(2,484)	81
Other Income	(12,128)	(11,603)	(12,080)	(15,103)	(3,023)
Capitalisation of Repairs	(2,518)	(2,500)	(1,000)	(1,625)	(625)
Repairs and Maintenance	22,874	23,153	21,492	20,999	(493)
Supervision and Management	31,533	28,926	29,109	(233,356)	(262,465)
Rent Rates and Other	990	920	1,376	1,341	(35)
Subsidy	18,048	18,931	18,931	21,057	2,126
Depreciation	13,481	14,697	14,697	14,697	-
Bad Debt Provision	658	953	953	1,002	49
Interest Charges	1,173	3,431	3,431	1,296	(2,135)
Corporate & Democratic Core	811	811	811	811	-
Pensions	-	80	80	113	33
Interest	(484)	(78)	(78)	(526)	(448)
HRA Borrowing	-	-	-	265,912	265,912
Contribution to HRA Reserve	(1,047)	(1,469)	(1,468)	(3,819)	(2,351)

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CAPITAL OUTTURN

Oracle Code	Scheme	Budget	Final Outturn	Variance
Adult & Community Services				
1654	Ripple Hall (St Georges/Vol Group Relocation)	375,268	129,863	(245,405)
2233	Valence Site Redevelopment	434,580	423,505	(11,075)
191	Eastbury House	18,000	7,181	(10,819)
2872	Fews Lodge Extra Care Scheme	84,000	27,784	(56,216)
1652	Contingency	17,528	65,206	47,678
2421	Staff Costs	43,000	0	(43,000)
2266	Barking Park Restoration & Improvement	4,046,948	4,032,762	(14,186)
2768	Abbey Sports Centre (Wet Side Changing Areas)	8,816	0	(8,816)
2603	Becontree Heath Leisure Centre	5,119,593	5,122,703	3,110
2815	Goresbrook Leisure Centre - Olympic Training Venue	47,000	27,287	(19,713)
2817	Mayesbrook Park Improvements (Phase 1)	1,004,480	936,111	(68,369)
2855	Mayesbrook Park Athletics Arena	2,027,000	1,596,207	(430,793)
2870	Barking Leisure Centre 12-14	250,000	386,488	136,488
2879	Barking Park Light Railway & Rowing Boat Equipment	55,000	2,257	(52,743)
Total For Adult & Community Services		13,531,213	12,757,353	(773,860)
Children's Services				
2555.01	Eastbury	577,678	484,460	(93,218)
2735	Cambell Infant & Juniors George Carey CE Primary School (formerly Barking Riverside Primary)	237,476	212,113	(25,363)
2745	Primary)	8,362,310	7,542,042	(820,268)
2736	Roding Primary School - Cannington Road Annex	323,232	12,332	(310,900)
2759	Beam Primary Expansion	404,267	306,593	(97,674)
2799	St Joseph's Primary - expansion	1,967,297	1,671,275	(296,022)
2800	St Peter's Primary - expansion	106,529	102,661	(3,869)
2776	Thames View Infants - London TG Agreement	507,236	550,230	42,994
2787	Cambell Junior - Expansion & Refurb	166,760	135,393	(31,367)
2786	Thames View Juniors - Expansion & Refurb	2,075,223	1,642,269	(432,954)
2784	Manor Longbridge (Former UEL Site)	10,134,749	9,808,916	(325,833)
2789	Westbury - New Primary School	2,573,781	2,600,296	26,515
2790	St Georges - New Primary School	3,140,353	3,113,931	(26,422)
2601	Renewal School Kitchens 2009/10	32,306	32,129	(177)
2793	SMF - School Modernisation Fund	3,245,146	3,036,797	(208,349)
2742	Youth Access Card	284,723	241,555	(43,168)
2722	Extended Schools Phase 4	377	377	0
2751	School's Kitchen Extension/Refurbishment 10/11	534,490	518,080	(16,410)
2753	Cross-Government Co-Location Fund Basic Needs Projects (formerly Additional School Places)2011/12	44,012	44,008	(4)
2724	Schools Legionella Works	1,534,915	1,592,809	57,894
2581	Schools L8 Water Quality Remedial Works 2010/11	168,464	141,747	(26,717)
2808	Schools Reboiler & Repipe Fund	142,524	133,960	(8,564)
2809	Schools Asbestos Management & Removals 2010-11	328,985	281,469	(47,516)
2807	William Bellamy Childrens Centre	8,417	6,591	(1,826)
2310	John Perry Childrens	3,458	(3,000)	(6,458)
2217	Furze Children'S Centre	9,619	0	(9,619)
2586	Alibon Childrens Centre	0	(133,770)	(133,770)
2651	Gascoigne Community Centre	18,000	26,812	8,812
2739	Youth Bus	(176)	7,875	8,051
2791	Gascoigne Primary	(10,594)	168	10,762
2365	512a Heathway - Conversion to a Family Resource	(169)	0	169
2826	512a Heathway (phase 2)- Conversion to a Family Resource with additional teaching space	146,910	62,428	(84,482)
2878	Devolved Capital Formula	265,000	163,464	(101,536)
9999	Sydney Russell - Schools For The Future	2,671,388	1,057,789	(1,613,599)
2818	Robert Clack Expansion	13,077,944	13,101,404	23,460
2859	Provision of New School Places (Basic Needs)	3,058,000	3,047,110	(10,890)
	Provision of New School Places (Basic Needs) Contingency	9,550,000		(9,550,000)
2860	Monteagle Primary (Quadrangle Infill)	796,941		(796,941)
2861	Eastbury Primary (Expansion)	300,000	43,415	(256,585)
2862	Gascoigne Primary (Expansion)	300,000	299,993	(7)
2863	Parsloes Primary (Expansion)	50,000	0	(50,000)
2864	Godwin Primary (Expansion)	300,000	190,011	(109,989)
2865	William Bellamy Infants/Juniors (Expansion)	300,000	0	(300,000)
2866	Dagenham Village Rectory Road Library (Expansion)	300,000	119,298	(180,702)
2867	Southwood Primary (Expansion)	200,000	0	(200,000)
2723	Advanced Skills Centre	300,000	198,793	(101,207)
		8,843,502	8,981,831	138,329
Total For Children's Services		77,381,073	61,375,652	(16,005,421)

CAPITAL OUTTURN

Oracle Code	Scheme	Budget	Final Outturn	Variance
Housing and Environment				
2632	Millard Terrace	38,329	35,184	(3,145)
2729	Lifts replacement	1,040,010	1,205,354	165,344
2734	SAMS formerly remote concierge	64,753	(23,343)	(88,096)
2637	DH works Framework contracts	626,010	5,736	(620,274)
2640	Major maintenance renewals	1,000,000	1,000,000	0
2641	Heating works (Thaxted, Maxey & Humphries Houses)	289,491	105,771	(183,720)
2645	Planning and Contingencies	190,000	189,970	(30)
2727	CHP Programme	63,343	38,919	(24,424)
2728	Electrical Switchgear Project	766,136	519,454	(246,682)
2725	Extensions and deconve	19,580	(32,131)	(51,711)
2822	Communal Lighting and Electrical Switchgear	1,085,700	708,028	(377,672)
2726	External Enveloping Work	372,640	299,299	(73,341)
2730	Sheltered Alarms Upgrade	37,787	9,223	(28,564)
2731	Colne & Mersea Blocks	5,509,393	4,494,785	(1,014,608)
2811	Capitalised Improvement Works	224,000	132,959	(91,041)
2813	Estate Improvement Project	800,000	565,078	(234,922)
2824	Oldmead & Bartlett Remedial Works	104,320	1,249	(103,071)
2844	Door Entry Project 11/12	683,550	47,750	(635,800)
2845	External Enveloping & Fire proofing project	1,278,023	74,295	(1,203,728)
2846	Defective Overflow Works	45,000	30,106	(14,894)
2847	Central Heating Installation	1,914,000	342,827	(1,571,173)
2848	Kitchen & Bathroom Replacement Project	2,183,800	2,717,609	533,809
2849	High Rise Surveys	550,000	3,290	(546,710)
2850	Capitalised Improvement works (Estates)	500,000	0	(500,000)
2853	Estate Improvements	350,000	195,794	(154,206)
2852	Adaptations - Housing	203,000	124,336	(78,665)
2880	Central Heating Installation Phase 2	2,067,068	2,066,709	(359)
2881	Kitchen, Bathroom, Central Heating and Rewire	5,589,874	1,901,135	(3,688,739)
2882	Electrical Rewiring	1,554,024	703,473	(850,551)
2883	Voids	1,000,000	625,151	(374,849)
2772	King William St Qtr	428,566	425,519	(3,048)
2773	Council Housing & Thames	11,987,905	11,886,693	(101,212)
2757	Council Housing - New Builds	596,319	59,707	(536,612)
2823	New Council Housing Phase 3	3,801,025	0	(3,801,025)
100	Disabled Adaptations (HRA)	501,894	507,899	6,005
106	Private Sector Households	1,117,756	706,644	(411,112)
105	Private Sector Households (105)	687,144	457,051	(230,093)
2570	Housing Modernisation Programme	56,594	24,495	(32,099)
2128	Highways Maintenance(TFL)	0	42,063	42,063
2288	Land Quality Inspection Programme	130,261	80,635	(49,626)
2764	Street Light Replacing	1,215,817	1,030,303	(185,514)
2842	Flats recycling banks scheme	306,775	310,780	4,005
2832	Principal Rd Resurfacing - Longbridge Rd (TFL)	340,800	346,997	6,197
2836	Road Safety Improvement Schemes (TFL)	96,000	96,000	0
2777	SNAPS	173,615	126,970	(46,645)
2803	Becontree Neighbourhood Improvements	63,464	63,000	(464)
2769	Parking Software Replacement	(334)	0	334
2621	Highways Structural Repairs	0	133,624	133,624
2732	Local Safety Schemes (TFL)	0	55,000	55,000
2873	Environmental Improvements and Enhancements	353,000	272,330	(80,670)
2869	Christmas Lighting	45,000	45,000	0
2886	Parking Strategy Imp	300,000	291,417	(8,583)
2887	Frizlands Wkshp Major Wks	190,000	14,989	(175,011)
2423	Pondfield Park	59,648	51,327	(8,321)
2614	Green Flag & Small Scale Works	244	244	0
2567	Abbey Green Park Development	35,800	26,036	(9,764)
2604	Valence Park Improvements	43,434	28,058	(15,376)
2612	Mayesbrook Watercourse & Park Study	27	28	1
2326	BTC Public Art Project	11,458	6,000	(5,458)
2546	Barking Park Artwork	84,000	20,692	(63,308)
2721	Play Builder	10,000	9,031	(969)
Total For Customer Services		52,786,043	35,206,542	(17,579,501)

CAPITAL OUTTURN

Oracle Code	Scheme	Budget	Final Outturn	Variance
Resources				
2741	L8 Control of Legionella Remedial Works	276,850	228,952	(47,898)
2578	Asbestos (Public Buildings)	81,000	88,502	7,502
2771	Automatic Meter Reading Equipment	11,320	15,899	4,579
2542	Backlog Capital Improvements	213,671	177,955	(35,716)
2342	CMRP DDA for Buildings	27,394	19,660	(7,734)
2565	Implement Corporate Accommodation Strategy	1,607,115	1,795,698	188,583
2458	New Dagenham Library & One Stop Shop	60,000	20,343	(39,657)
2587	Energy Efficiency Programme	187,000	163,952	(23,048)
2623	Microsoft Enterprise Agreement	126,280	37,486	(88,794)
2738	Modernisation & Improvement Capital Fund	1,494,122	1,370,071	(124,051)
806	IT for Members	121	0	(121)
2877	Oracle R12 Joint Services	106,230	106,230	0
2585	London Road Market Square	0	18,800	18,800
2615	Creekmouth	0	3,157	3,157
2596	Legi Business Centres	4,851,982	4,511,049	(340,933)
2754	Industrial Area Improvement	79,033	81,123	2,090
2579	Barking Town Square (Phase 2)	536,201	266,406	(269,795)
2717	Retail Premise Improvement Grant	153,202	138,240	(14,962)
2774	Barking Town Centre - Low Carbon Emission (TFL & GLA)	132,765	137,766	5,001
2775	BTC Public Realm - Tsq & Abbey	72,772	42,586	(30,186)
2755	Area Based Schemes (Shopping Parades)	183,079	196,959	13,880
2821	Robin Hood Shopping Parade Enhancement (TFL & S106)	324,000	174,096	(149,904)
2625	East End Thames View Demolition	53,794	29,516	(24,278)
2746	Axe Street Housing	27,689	44,715	17,026
2804	Demolition of Kingsbridge Site	6,925	6,925	(0)
2805	Rainham Road Corridor (TFL)	95,982	157,364	61,382
2806	Green Lane Corridor (TFL)	119,479	63,067	(56,412)
2819	London Road/North Street Site Acquisitions	1,002,734	655,703	(347,031)
2820	Boroughwide Estate Renewal - Gascoigne Decants	392,700	309,661	(83,039)
2828	Boroughwide Estate Renewal - Leys Decants	225,225	298,265	73,040
2829	Boroughwide Estate Renewal - Goresbrook Village Decants	762,344	576,933	(185,411)
2856	Boroughwide Est Renewal - Leaseholders Buybacks (all)	4,766,417	1,601,842	(3,164,575)
2857	Boroughwide Est Renewal - Resources/Masterplanning (all)	170,000	181,047	11,047
2858	Boroughwide Est Renewal - Demolition (all)	100,000	215	(99,785)
2831	Barking Station Forecourt - Phase 2 Implementation (TFL & S106)	1,028,042	1,099,121	71,079
2833	Mayesbrook Park Access Improvements (TFL)	365,760	335,784	(29,976)
2834	Merry Fiddlers Junction Improvements (TFL)	144,000	134,299	(9,701)
2835	Cycling on Greenways and Local Cycle Links (TFL)	144,000	146,257	2,257
2837	Station Access Improvements (TFL)	48,000	45,504	(2,496)
2838	Minor Works - Various Locations - Local Transport Fund (TFL)	67,200	50,802	(16,398)
2839	Future Scheme Development - various locations - Local Transport Fund - (TFL)	28,800	18,624	(10,176)
2840	Car Club Expansion (TFL)	14,400	6,000	(8,400)
2841	Biking Borough Initiative (TFL)	122,880	102,659	(20,221)
2137	Cycling on Greenways (TFL)	0	1,560	1,560
2179	LIP Cycling/Walking Schemes (TFL)	0	(16,414)	(16,414)
2814	Bus Priority 2010-11 (TFL)	0	4,140	4,140
2854	Improvements to the rear of The Mall, Dagenham Heathway	223,002	0	(223,002)
2871	New Market Square (Barking)	136,347	47,850	(88,497)
2605	Dagenham Job Shop	11,439	6,287	(5,152)
2884	Demolition Westbury Pub	45,000	65,650	20,650
2885	Resurface Sky Ride Event	242,000	261,873	19,873
Total For Finance & Resources		20,868,296	15,830,181	(5,038,115)
Capitalisation of Redundancies		3,000,000	2,510,008	(489,992)
GRAND TOTAL		167,566,625	127,679,736	(39,886,889)

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Explanations for Variances on Capital Projects

Adults & Community Services

- Ripple Hall (£245k under spend) – The project was anticipated to come £200k under; this was to be achieved through robust project management;
- Abbey Leisure Centre (£136k over spend) – The forecast spend came in higher than budgeted; primarily due to the project proceeding faster than expected - funding earmarked for 2012/13 will be used to fund the over spend.

Children's Services

- Eastbury (£93k under spend) and George Carey CofE (£820k under spend) – Projects are complete but retention payments to the contractor are being held back until 2012/13, which is standard practice;
- Beam Primary (£98k under spend) – project complete however release of retention is outstanding;
- Thames View Juniors (£434k under spend) – Main project complete – under spend is in relation to works to the staffroom which have been delayed and will be carried out in 2012/13;
- Manor Longbridge (£326k under spend) – remaining budget to be utilised for release of retention in 2012/13;
- SMF 2009-12 (£208k under spend) – some works delayed in 2011/12 now rolled forward to 2012/13;
- Conversion of Heathway (£85k under spend) – installation of equipment and ICT delayed until Phase II was completed – these will be completed & invoiced in Q1 of 2012/13;
- 512a Heathway Phase II (£102k under spend) – delayed works now complete, now awaiting invoices and final account;
- Devolved Capital Formula (£1,613k under spend) – remaining allocations to be made in 2012/13;
- Monteagle & Parsloes & Southwood Primary (£258k & £110k & £101k under spend) – design & feasibility invoices to be received from the LEP now rolled forward to 2012/13;
- Godwin & William Bellamy Infants & Dagenham Village (£300k & £181k & 200k under spend) – schemes being reworked to ensure that appropriate budgets are available;
- Skills Centre (£138k overspend) – invoices anticipated for May received in April at the outturn, funding earmarked for 2012/13 will be used to fund the over spend, project anticipated to deliver within budget.

Housing & Environment

- Lift Replacement (£165k over spend) – Professional fees such as design were higher than anticipated. Budgets from other projects will be used to cover the over spend;
- DH works Framework (£620k under spend) – some retention payments are to be made in 2012/13;
- Heating works Thaxted, Maxey (£184k under spend) – final account agreed now retentions can be paid;
- Electrical Switch Gear (£247k under spend) – awaiting final account costs;
- Communal Lighting & Switch Gear (£378k under spend) – invoices delayed, payments will now be made in 2012/13;
- External Enveloping Work (£73k under spend) – retention payments being made slower than anticipated;
- Sheltered Alarms upgrade (£29k under spend) – retention payments overlapping end & start of financial year;
- Colne & Mersea (£1,015k under spend) – programme completed behind schedule with final account now agreed – payment & retentions to be made in 2012/13;
- Capitalised & Estate improvement (£100k & £198k under spend) – works being reconciled and anticipated to be completed in 2012/13;
- Oldmead & Bartlett (£103k under spend) – works delayed and anticipated to be completed in Q1 of 2012/13 with payments to be made subsequently;
- Door Entry Project (£636k under spend) – works delayed and anticipated to be completed in 2012/13 where remaining budget will be utilised;
- External Enveloping & Fire Proofing (£1,204k under spend) – works delayed hence budget will be utilised in 2012/13;
- Central Heating Installation (£1,571k under spend) – some works are anticipated to complete in early 2012/13, budget will be utilised accordingly;
- Kitchen & Bathroom Replacement (£534k over spend) – additional works added to scope, relevant budget will be reprofiled from sister project (code 2881) to cover overspend;
- High Rise Surveys (£548k under spend) – budget incorrectly reprofiled during 2011/12;
- Kitchen, Bathroom Phase II (£3,063k under spend) – delay in obtaining delegated authority resulted in works completing at financial year end, awaiting invoices for payment in 2012/13;
- Council Housing New Builds (£101k under spend) – A retention payment to the contractor is being held back until 2012/13, which is standard practice;
- Council House Building (£537k under spend) – genuine under spend of £500k with a small sundry credit payment anticipated;
- Private Sector Household Dfg's (£433k under spend) – some works overlap financial years, payments to be made in Q1 & Q2 of 2012/13;
- Private sector assistance rendered (£249k under spend) – works were invoiced at financial year end and are being processed;

- Land Quality Inspection (£49k under spend) – works commenced late which will result in completion and invoices being received at end of Q1 2012/13;
- Street Light Replacement (£166k under spend) – some works completing at financial year end and will be invoiced in 2012/13;
- SNAPS (£47k under spend) – The project has completed and the remaining budget will be utilised on highways projects;
- Environmental Improvements (£81k under spend) – works continuing well however some invoices delayed from contractors;
- Frizlands workshop (£175k under spend) – budget incorrectly reprofiled during 2011/12;
- Barking Park Artwork (£63k under spend) – budget to be reprofiled to code 2266 to cover any overspend.

Finance & Resources

- L8 control of Legionella (£65k under spend) – awaiting cross-charge of fees from Children Services, small under spend will be rolled-forward for works programmed in 2012/13;
- Backlog Capital Improvements (£69k under spend) – some works delayed & re-programmed for 2012/13, remaining budget to be rolled-forward;
- Implement Corporate Accommodation Strategy (£135k overspend) – some works completed and invoiced ahead of schedule resulting in budget from 2012/13 being utilised to cover overspend;
- Microsoft Enterprise Agreement (£89k under spend) – an exercise to ascertain which licenses are required has been carried out, genuine under spend to be reprofiled to code 2738;
- LEGI business centres (£381k under spend) – public realm works delayed with payment to be made upon completion in 2012/13, all the under spend will be utilised;
- Barking Town Square Phase 2 Acquisition (£270k under spend) – business compensation claim agreed and paid below assumed budget, remaining funds to be allocated to New Market Square (£150k) and Barking Leisure Centre (£120k);
- Robin Hood Shopping Parade (£150k under spend) – due to delay in civil engineering works completing, budget to be rolled-forward for installation of street lighting and implementation of a parking strategy will complete in Q1 of 2012/13;
- East End Thames View Demolition (£24k under spend) – budget being utilised for continued onsite management and security costs, reprofile of remaining budget to 2012/13 for continued costs;
- All Borough Wide Estate Renewal Projects (£3,417k under spend) – Spend profile has differed from expectation and a request to roll forward the under spend has been approved;
- Barking Station Forecourt (£124k over spend) – The project was delayed due to adverse weather conditions and signing BAPA agreement with network rail. The budget is wrongly forecasting an overspend as the budget has is incorrect and needs to be increased – departmental finance is in process of initiating this;
- Improvements to the Mall (£223k under spend) – The project has been delayed due to agreeing aspects of the design. A request to roll forward the under spend has been approved;
- New Market Square (£112k under spend) – Expenditure has not occurred as quickly as anticipated. A request to roll forward the under spend has been approved.

The Prudential Code for Capital Investment in Local Authorities

Outturn Report 2011/12

1. The Prudential Framework for Local Authority Capital Investment

- 1.1. The Prudential Code for Capital Investment commenced on the 1st April 2004. This system replaced the previous complex system of central Government control over council borrowing, although the Government has retained reserve powers of control which it may use in exceptional circumstances.
- 1.2. The regime offers significantly greater freedom to authorities to make their own capital investment plans, whereas the previous system restricted authorities to credit approvals controlled by central government.
- 1.3. Within this regime, authorities must have regard to the *Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities*. The principles behind this code are that capital investment plans made by the Council are prudent, affordable and sustainable. The code identifies a range of indicators which must be considered by the Council when it makes its decisions about future capital programme and sets its budget.

2. The Prudential Indicators

- 2.1. The Prudential Code sets out the information that each Council must consider when making its decisions about future borrowing and investment. This takes the form of a series of "Prudential Indicators".
- 2.2. The Code is a formal statement of good practice that has been developed to apply to all authorities regardless of their local circumstances.
- 2.3. This appendix will set out the original estimated 2011/12 prudential indicators as approved by the Council in February 2011, and the actual outturn position, now that the final spend on the capital programme for 2011/12 is known.

3. Capital Expenditure

- 3.1 The first prudential indicator sets out **capital expenditure** both for the General Fund, and Housing Revenue Account Expenditure. These figures are shown in table 1:

Table 1: Capital Expenditure (Prudential Indicator)

	2011/12 Original Estimate	2011/12 Revised Estimate	2011/12 Actual
	£'000	£'000	£'000
HRA	33,895	47,465	30,968
General Fund	87,757	120,101	97,178
Total	121,652	167,566	128,146

- 3.2 Table 1 shows that actual capital expenditure was £128.1m against a revised budget of £167.6m, largely due to slippage in project delivery.
- 3.3 The knock on effect of the reduction in spend on the capital programme is a reduction in the costs associated with financing the capital programme, and these are considered in the next section.

4. Financing Costs

- 4.1 The prudential code also requires Councils to have regard to the financing costs associated with its capital programme.
- 4.2 For an authority that has debt, the prudential indicator for its financing costs is calculated based on the interest and repayment of principle on borrowing.
- 4.3 Since the authority entered into borrowing there is now a Minimum Revenue Provision ("repayment of principal") in the General Fund financing costs. For the HRA there is, however, a charge for depreciation based on the Major Repairs Allowance. This is included in the financing costs of the authority although in practice it is matched by an equivalent amount in HRA Subsidy.
- 4.4 Table 2 shows outturn figures for 2011/12 in respect of the Council's Net Revenue Streams for both the General Fund and the Housing Revenue Account, Financing Costs for these two funds and the ratio of Net Revenue Streams to Financing Costs, based on capital expenditure shown in Table 1.

Table 2: Financing Costs (Prudential Indicator)

	2011/12 Original Estimate	2011/12 Actual
	£'000	£'000
Net Revenue Stream		
HRA	93,294	95,653
General Fund	183,381	183,382
Financing Costs		
HRA	3,431	1,113
General Fund	14,610	11,100
Ratio		
HRA	3.70%	1.16%
General Fund	8.00%	6.05%

- 4.5 The outturn position for the HRA and General Fund shows a lower figure for financing costs because the lower actual capital expenditure than estimate has reduced financing costs.
- 4.6 Financing costs can also be shown with reference to their impact on Council Tax and Housing Rents and this is set out in Table 3.

Table 3: The Impact of Capital Programme on the Council Tax and Housing Rents (Prudential Indicator)

	2011/12 Revised Estimate	2011/12 Actual
	£	£
For Band D Council Tax	0.02	0.01
For average Housing Rents	0.01	-0.11

- 4.8 The table shows the incremental cost of financing the capital programme in respect of the General Fund has increased negligibly. The additional financing costs in 2011/12 have been contained within the overall council budget, and therefore also within the Council Tax set.
- 4.9 The impact on Housing Rents is a saving on financing costs because of slippage in the HRA capital programme resulting in lower borrowing.

5. Capital Financing Requirement

- 5.1 The Prudential Code requires the Council to measure its underlying need to borrow for capital investment by calculating its **Capital Financing Requirement**.
- 5.2 The outturn position for this is shown in table 4 below. The capital financing requirement identifies the level of capital assets on an authority's balance sheet, and compares this to the capital reserves to see how much of these assets have been "funded". The difference is the level of debt that the authority has to repay in the future, or the "capital financing requirement".

Table 4: Capital Financing Requirement (Prudential Indicator)

	2011/12 Original Estimate	2011/12 Revised Estimate	2011/12 Actual
Housing Revenue Account (HRA)	-3,952	10,657	-5,795
HRA Self Financing Debt Settlement			265,912
General Fund	210,175	169,983	224,453
Capital Financing Requirement	206,223	180,640	484,570

- 5.3 The capital financing requirement is higher than the revised estimate because of the impact of the new Dagenham Park PFI scheme which became operational in March.

CABINET

26 June 2012

Title: Healthwatch: New Ways of Involving the Public in Health and Social Care Services	
Report of the Cabinet Member for Health	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Ben Campbell , Market Intelligence, Adult Commissioning	Contact Details: Tel: 020 8724 2476 E-mail: Ben.Campbell@lbbd.gov.uk
Accountable Divisional Director: Karen Ahmed, Divisional Director, Adult Commissioning	
Accountable Director: Anne Bristow, Corporate Director, Adult and Community Services	
<p>Summary:</p> <p>Healthwatch will be the new local health and social care watchdog and will represent the views of local residents of all ages, advocating and influencing the delivery and commissioning of health and social care services on their behalf.</p> <p>Under the Health and Social Care Act 2012, the Council has a duty to commission a fully operational Healthwatch by April 2013. National guidance specifies the key functions that Healthwatch must deliver, but leaves the local specification up to local authorities to determine the best model to meet the needs of their local residents. This is an exciting opportunity to create something which is innovative, builds on local expertise and effectively represents local residents' views and needs.</p> <p>The report summarises local consultation and views to date which have informed the recommended model for delivering local Healthwatch of a 'hub and spoke'. A central organisation will be the 'hub' and networks with existing local organisations and individuals will make up the 'spokes'.</p> <p>Permission is requested to both agree the model and to go out to tender later this year.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none"> (i) To the proposed "Hub and Spoke" model for delivering local Healthwatch as set out in the report; (ii) In principle, to the procurement of Healthwatch along the lines of the outline strategy set out in this report, whether as a sole initiative or as a joint initiative with the London Borough of Havering, and (should ongoing negotiations be successful), also the London Boroughs of Redbridge and Waltham Forest; 	

- (iii) To delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Health and the Divisional Director of Legal and Democratic Services, to determine the procurement method and strategy for delivering the local Healthwatch and undertake the appropriate procurement of a service provider; and
- (iv) To authorise the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources and the Cabinet Member for Health, to (a) award the contract upon conclusion of the procurement process; (b) form, establish or participate in such corporate body as may be necessary to create the Healthwatch; and (c) execute or approve the execution of such contracts and any other ancillary legal agreements or documents to facilitate the establishment of the Healthwatch.

Reason(s)

The proposal to tender for local Healthwatch is a legal requirement. It fits with the Council priority to work together with the NHS to support local people to live healthier lives and also to provide social care services to meet people's needs. Healthwatch will give local people greater influence over their local health and social care services, and support individuals to access information about the increased choices available to them.

1. Introduction and Background

- 1.1. The Health and Social Care Act 2012 requires local authorities to commission local Healthwatch.
- 1.2. Healthwatch will replace LINK (Local Involvement Network), which is the current organisation established to lead resident engagement and influence in health and social care at a local level. It will also bring in the NHS advocacy service, currently provided across London by Pohwer.
- 1.3. Healthwatch will be an independently constituted body able to carry out statutory functions, represent the views of both adults and children and it will benefit from a guaranteed seat on the Health and Wellbeing Board. (More detail of the functions are included in Appendix A).
- 1.4. Healthwatch will have a broad remit including providing information and signposting people to health and social care services and promoting choice. Additional funding will be made available for these functions. However, this is unlikely to be substantial and will not be ringfenced.
- 1.5. Local Healthwatch will receive support and guidance from Healthwatch England, the new national champion. Barking and Dagenham Healthwatch will be able to feed up concerns and issues at a national level through Healthwatch England.

2. Local consultation and emerging principles

- 2.1. A number of areas have been piloting Healthwatch through a Department of Health 'pathfinder' programme. The lessons learned from these pathfinders are included at Appendix C (the full version can be found at

http://www.local.gov.uk/c/document_library/get_file?uuid=c96a438b-dbb5-4cfa-8669-8c42a999cbdd&groupId=10171). They have identified that the development of a successful local Healthwatch is dependent upon having a clear local vision and values, as well as understanding the local picture through engagement and mapping.

- 2.2. Healthwatch has been discussed at the Shadow Health and Well Being Board, as well as at its subgroup, the Community and Service User Reference Group. A Healthwatch Steering Group, including key local stakeholders, has been formed to undertake the detailed work on establishing the service. From these discussions, a local vision and a set of principles outlining our local values have been developed.
- 2.3. Our local vision for local Healthwatch is that of a visible, well-known and accessible organisation which actively seeks out and represents the interests of every local resident and ensures that real changes are made which meet our local priorities.
- 2.4. The underpinning values are:
 - Innovation: this is an opportunity to be creative, and the local Healthwatch should not be constrained by what currently exists, nor should it replicate it;
 - Easy to access: Healthwatch needs to be visible and have a single point of access;
 - Added value: Partnership is of the utmost value – Healthwatch will not be able to deliver effectively by working alone, and must develop robust partnerships and networks with other patient, service user and community advocacy groups;
 - Enhanced and effective representation: The new Healthwatch must effectively represent the views of local residents, not just those involved as part of local organisations, and must seek to obtain the view of those people who have not always been heard;
 - Value for money: Consideration should be given to sharing some functions across boroughs so that Healthwatch has a stronger voice but still retains the local connection.
- 2.5. Following on from agreeing the key values and principles, the Healthwatch Steering Group has also discussed what would be the best local model. The favoured option was that of a ‘hub and spoke’. A central organisation would be the ‘hub’, networking with other existing local organisations and individuals, the ‘spokes’.
- 2.6. Further engagement, consultation and mapping is underway to give a clear local context to the functions in conjunction with LINKs and other voluntary sector organisations.

3. Health and Adult Services Select Committee

- 3.1. Health and Adult Services Select Committee (HASSC) discussed Healthwatch and the different models that have emerged from the pathfinders at the meeting on the 23 May 2012.
- 3.2. HASSC agreed with the broad principles established through the Health and Wellbeing Board and further recommended a model which enabled Healthwatch to have a presence across North East London as well as a strong local presence as

many health services are delivered across borough boundaries. HASSC also felt sharing back office functions would also deliver efficiencies.

4. Local Model – “Hub and Spoke”

- 4.1. “Building Successful Healthwatch Organisations” (summary attached at Appendix C: the full version can be found at http://www.local.gov.uk/c/document_library/get_file?uuid=c96a438b-dbb5-4cfa-8669-8c42a999cbdd&groupId=1017) examines the learning from setting up pathfinder Healthwatches in 15 different areas – not all have developed a local model as many have chosen to focus on getting the local values and vision and delivery methods right.
- 4.2. “Building Successful Healthwatch Organisations” identified six different models which would meet the core functions identified by the Department of Health. These are the:
 - Distributed model
 - Consortia model
 - Hub and spoke model
 - Core and associates model
 - Grow a new organisation or corporate body
 - Open tender

The majority of these models rely on Healthwatch providing a central, often co-ordinating role, and working in close partnership with the existing infrastructure.

- 4.3. An options appraisal of these models (Appendix B) has identified that the most suitable for Barking and Dagenham would be the hub and spoke model as it offers the best opportunities for meeting local need and ensuring effective representation. The main benefits to the ‘hub and spoke’ model are that residents have the option of either speaking to a central organisation or alternatively liaising with a trusted local organisation or patient group. Local knowledge and expertise would not be lost. For other models identified, the disadvantages outweighed the benefits, such as not building on existing local knowledge and expertise, no single point of access or complex management structures.
- 4.4. The central organisation, to be known as Barking and Dagenham Healthwatch, would be commissioned. The central organisation would meet locally specified objectives, with issues and concerns being fed up and down through its network of local organisations and through establishing connections with local residents not connected to the groups.
- 4.5. Following discussions with Havering (discussed in section 6) in which Havering have agreed to develop a shared approach, the hub and spoke model has the flexibility to both offer shared services across both boroughs and meet local needs and priorities.

5. What will be commissioned?

- 5.1. Local Healthwatch will take on the functions and services previously carried out by LINK but will have a broader remit (please see detailed description of the functions

at Appendix A). The Health and Social Care Act 2012 also states Healthwatch must be an independently constituted corporate body able to carry out corporate functions, employ people and sub-contract where it chooses.

- 5.2. The intention would be to commission a new organisation as the central Barking and Dagenham Healthwatch, with the remit to manage and deliver the required functions.
- 5.3. The current value of the LINK contract is £98,000 per annum and the new Healthwatch service will not exceed this value unless ringfenced monies are allocated for this purpose. Due to Healthwatch having a larger remit and additional function, the service will have to find more efficient ways of working to support local residents. No savings will be made from delivering this service. The contract duration will be for two years with the option to extend for up to a further two years. This will give the new organisation time to develop and implement a strong local Healthwatch.
- 5.4. For this procurement exercise, once the final model is developed with the participating boroughs, it is proposed to go out to competitive tender. It is vital to procuring the best service that tenderers are able to discuss all aspects of the contract with the Council in order to ensure that local innovative solutions are developed to meet our local requirements. The timetable allows time for this process. The Contract Award Criteria will be finalised as part of the ongoing consultations and negotiations.
- 5.5. The quality element will assess:
 - Value for Money
 - Demonstrating performance management competencies
 - Technical ability
 - Knowledge of customers
 - Demonstrating outcomes

6. Joint service with neighbouring borough

- 6.1. Through discussions with neighbouring London boroughs, Havering have agreed to develop local Healthwatch jointly. Barking and Dagenham would lead on the commissioning process on Havering's behalf. The core functions (Appendix A) of Healthwatch will be commissioned across both boroughs, with added specialisms in each borough to meet local requirements. This would be within a joint annual budget of up to £158,000. Barking and Dagenham contribution would be up to £98,000 (the current level of funding for LINKs) and a further amount of up to £60,000 would be contributed by Havering.
- 6.2. Discussions with the London boroughs of Waltham Forest and Redbridge are still ongoing.

7. Consultation

- 7.1. Healthwatch has been discussed at the Community and Service User Reference Group, the Healthwatch Steering Group, the Health and Wellbeing Board and HASSC.

- 7.2. As discussed in section 2, wider stakeholder consultation will continue to be undertaken to develop the local model.

8. Financial Implications

Implications completed by: Ruth Hodson, Finance Group Manager

- 8.1. Funding for Healthwatch in 2012/13 has been rolled into the Learning Disabilities Health Reform Grant. This funding is a specific grant and with agreement from cabinet all additional growth has been taken as a contingency to mitigate any future risks as per the Cabinet report on 14 February 2012.
- 8.2. LINKs is currently funded from the core budget and this funding will be transferred to fund Healthwatch. Any dual running costs and set up costs will have to be funded within current resources. If the cost of Healthwatch exceeds current budget provision for LINKs, this will also have to be funded within current resources.
- 8.3. The indirect costs of the tender process and the managing of the contract through the commissioning team will be met through existing resources within Adult Commissioning.
- 8.4. The tender exercise will assist in assessing the financial appropriateness of any perspective provider.

9. Legal Implications

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 9.1. This report sets out recent provisions under the Health and Social Care Act 2012 which require local authorities to commission an effective and efficient local organisation (to be called Healthwatch) to act as local consumer representative for patients, service users and the public.
- 9.2. This report explores a number of models and methods for delivering the Healthwatch organisation and recommends that Cabinet give in-principle agreement for the procurement of Healthwatch along the principles set out in this report.
- 9.3. The Council is in discussion with other London Boroughs with a view to jointly procuring Healthwatch and as such the detail of the procurement has not yet been fully finalised. Cabinet is therefore also being asked to delegate authority to the Corporate Director for Adult and Community Services, in consultation with the Cabinet Member for Health and the Divisional Director of Legal and Democratic Services, to determine and finalise the procurement method and strategy for the procurement following these discussions and negotiations. Such delegation will ensure Member involvement with the procurement and ensure that all legal requirements are complied with.
- 9.4. Contract Rule 13.3 provides delegated authority to the commissioning Corporate Director, in consultation with the Corporate Director for Finance and Resources, to approve the award of a contract upon conclusion of a duly conducted procurement exercise, in the absence of direction to the contrary from Cabinet.

- 9.5. The Public Contracts Regulations allow local authorities to enter into contracts with service providers, following a competitive tendering process. The particular services to be procured for Healthwatch are classified as Part B services under the Public Contracts Regulations and thus the procurement is not subject to the full tendering regime in the Regulations. In conducting the procurement however, the Council still has a legal obligation to comply with the relevant provisions of the Council's Contract Rules and with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency in procuring the contracts.
- 9.6. The EU Treaty principles require the advertisement of contracts in a manner that would allow any provider likely to be interested in bidding for the contract to identify the opportunity and bid, should they wish to do so. The procurement strategy will set out how and where the contract will be advertised. This will include the Council's website.
- 9.7. The Government Guidelines envisage that Healthwatch will be established as a separate corporate body. The Corporate Director for Adult and Community Services will consult with the Legal Practice to determine what corporate model will best suit the needs of Healthwatch.
- 9.8. In deciding whether or not to give permission to undertake a competitive tendering exercise to procure the provision of a local Healthwatch, Cabinet must satisfy itself that the procurement will represent value for money for the Council.

10. Other Implications

- 10.1 **Risk Management** - Risks in ensuring that local Healthwatch meets the needs of residents will be minimised by keeping abreast of national guidance, best practice. As discussed it is important to continue consulting widely with key stakeholders and residents to determine the most appropriate design which reflects and meets local needs and issues.

The method by which the new service is procured will ensure that the best organisation(s) is identified to deliver the service. Advice will be sought on the method.

The tender exercise will assist in assessing the financial stability of any prospective provider and their ability to meet the identified outcomes within the financial envelope.

Once financial stability has been established the main risk involved will be the quality of the service delivered. Technical ability will be assessed during the tender stages. Providers will be expected to demonstrate ability to:

- Promote and support the involvement of people in the monitoring of local care services.
- Make reports and recommendations about how those services could or should be improved.
- Provide quality service and make continuous improvements.
- Improve outcomes for local people.

Once a provider has been chosen, written contractual arrangements will contribute to ensuring a quality service. The contracts will be monitored and managed by a dedicated officer from the Commissioning Team. They will liaise with relevant organisations as and when required in order to resolve any issues which arise.

Council officers will conduct unannounced visits to monitor the quality of the provision. Quality surveys will be conducted by the provider and the Council. The provider will have to report any complaints made to the Council.

10.2 **Contractual Issues** - There is no requirement for this tender to be advertised in the OJEU as this is a Part B service and this tender is, therefore, not subject to full EU regulations.

If required once contract value is established, the tender process will be conducted in compliance with relevant European Union rules and principles and Council Rules. The tender will be advertised on the Council's website and on the Contracts Finder website.

Indicative tender timescale outline:

Action	Start Date	Target Completion Date
Cabinet approval	26 June 2012	26 June 2012
Advertising for the Tender, requesting Expressions of Interest	30 August 2012	14 September 2012
Workshops	15 September 2012	11 October 2012
Send out Invitations to Tender	12 October 2012	18 October 2012
Receipt of tenders	19 October 2012	20 November 2012
Tender Evaluation	21 November 2012	26 November 2012
Tender Interviews	27 November 2012	07 December 2012
Award Tender	14 December 2012	14 December 2012
Contract commences and Healthwatch commissioned	01 April 2013	01 April 2013

10.3 **Staffing Issues** - There are no staffing issues in respect of the Council's workforce. However there could be possible Transfer of Undertakings (Protection of Employment) TUPE implications for staff currently employed at the LINK. Because there are possible TUPE implications the process that will be followed as part of this procurement exercise is as described below:

- a) the incumbent provider will be advised that they will need to supply TUPE information to the Council before the re - tender exercise commences;
- b) it will be made clear in the advert and Expression of Interest documents that TUPE may apply so that prospective tenderers are aware of this matter before they apply to be on the select tenderers list;

- c) six weeks before the tender documents are due to be sent to selected tenderers, a TUPE template document will be sent to the current provider to complete. The incumbent provider will also be asked to send any supporting documents (policies/procedures/pension information etc) to the Council and to advise the Council of any changes once the template has been completed and returned;
- d) the returned completed templates and any supporting documentation will be included in the Invitation to Tender packs so that all tenderers have this information available to them when completing their tender return;
- e) tender returns will be carefully reviewed to ensure that TUPE has been considered and returns reflect TUPE considerations: where necessary clarification will be sort by the Council:
- f) at interview stage TUPE will be discussed with providers. The Council will make it clear to providers that the Council will be available to facilitate meetings between providers in the case of TUPE. The Council's role will, however, be minimal as TUPE will be an issue that will need to be dealt with between the incumbent provider and any new provider;
- g) on award of contract/takeover of service delivery, the Council will monitor the situation to ensure that all TUPE matters are dealt with properly and efficiently.

10.4 **Customer Impact** - A strong local Healthwatch will enable local residents, especially those who voices who have not been heard, to influence the development of strategy and improve local services for local residents. By ensuring effective representation, Healthwatch should enable the development of joined up health and social care services which take account of local residents' views priorities and better meet needs. The information and advocacy provision will support residents to develop an informed and considered view and to be effectively represented at all levels from an individual to a strategic perspective.

10.5 **Safeguarding Children** - The role of Healthwatch will support the development and delivery of safe, good quality health and social care services for both adults and children, archived through such activities as enter and view visits, representing the patient and public voice and ensuring that the views of local people, including comments and complaints are supported and responded to.

10.6 **Health Issues** - An effective Healthwatch will ensure the design of health services through ensuring that the local residents' views are heard.

Healthwatch will ensure that people are signposted to the right services and have access to the information they need.

Healthwatch will ensure effective representation through the provision of NHS complaints advocacy.

Healthwatch will become a member of the Health and Wellbeing Board which ensures residents' views will become part of the decision making process in the

most strategic and influential local decision making body about health and social care.

Background Papers Used in the Preparation of the Report:

- “Supporting Healthwatch Pathfinders - Building Successful Healthwatch Organisations” Local Government Association, April 2012
- http://www.local.gov.uk/c/document_library/get_file?uuid=c96a438b-dbb5-4cfa-8669-8c42a999cbdd&groupId=10171
- “Local Healthwatch: a strong voice for local people – the policy explained” DH March 2012
- <http://healthandcare.dh.gov.uk/files/2012/03/Local-Healthwatch-policy.pdf>
- “How will local Healthwatch work?” DH webpage March 2012
<http://healthandcare.dh.gov.uk/how-will-local-healthwatch-work/>

List of appendices:

Appendix A – Functions of Healthwatch

Appendix B – Summary of key emerging models and analysis

Appendix C – “Supporting Healthwatch Pathfinders - Building Successful Healthwatch Organisations”

Functions of Healthwatch

Function One: Gathering views and understanding the experiences of people who use services, carers and the wider community

Local Healthwatch will achieve this function in a number of ways:

- by gathering the information that is already available and working with other local voluntary and community groups to understand local views and experiences of health and care services
- by actively seeking the views of those who don't generally come forward
- by publicising information using good information governance, including confidentially, through a range of channels
- by working in collaboration with the Care Quality Commission (CQC)
- by working in collaboration with other local Healthwatch organisations
- by developing the skills to understand and interpret different kinds of data and information
- by collating information as evidence to support recommendations to HealthwatchEnglandand/or the CQC

Function Two: Making people's views known

In order to do this effectively, Local Healthwatch will:

- identify and use existing arrangements to avoid duplication
- develop systematic methods of gathering views from local and national sources, where there are currently gaps
- be responsive to what it finds out and report back on developments
- publish findings and make them fully accessible
- identify causes for concern and celebration amongst the local community and feedback on these findings to the CQC and to local commissioners as part of an ongoing, regular dialogue
- use people's views to influence the relevant decision-making bodies including local commissioning groups, health and wellbeing boards and, through HealthwatchEnglandand the CQC, the national regulators (including Ofsted) and the Secretary of State

Function Three: Promoting and supporting the involvement of people in the commissioning and provision of local care services and how they are scrutinized

If it is to promote the involvement of local people in decisions about health and care provision, Local Healthwatch will need to be completely independent and able to demonstrate its credibility, knowledge and successes. To this end, it will be a highly visible organisation that ensures it:

- is easy to reach – for example, by having a local contact number
- is inclusive of all groups within its local community
- respects, involves and collaborates with existing networks

- provides adequate reimbursement and suitable indemnity for its members
- offers support and training to its staff and volunteers on, for example, equality and diversity legislation, safeguarding and interviewing
- practices and promotes “enter and view” through support and training
- prioritises the need for continuous dialogue with its members and local community
- develops a strong relationship with the local health and wellbeing board, making full use of its representative on the health and wellbeing board to act as a constructive “critical friend”
- is an essential contributor to the local Joint Strategic Needs Assessment

Function Four: Recommending investigation or special review of services via Healthwatch England or directly to the Care Quality Commission (CQC)

Local Healthwatch and Healthwatch England will work together to create a single system to champion the voice of people who use health and care services, locally and nationally. To ensure the relationship works, they need to:

- agree, establish and ensure timely two-way information flows between Healthwatch England and Local Healthwatch organisations
- use protocols for good information governance
- ensure that urgent concerns are escalated
- enshrine the NHS Constitution as the benchmark of NHS service-users’ rights
- understand CQC’s essential standards of quality and safety
- be aware of the good practice outlined in Think Local Act Personal

Function Five: Providing advice and information about access to services and support for making informed choices

Local Healthwatch will have to meet specific criteria that will be set out in their contracts. To carry out this function effectively, Local Healthwatch will:

- identify what information already exists and how to access it
- identify unmet needs so gaps in information can be plugged
- have its finger on the pulse of the latest information and news and know where to direct people
- fully understand and champion the NHS Constitution and the concept of personalisation
- build people’s knowledge of Local Healthwatch as an information and advice resource, ensuring visibility and ease of access
- develop relationships with commissioners and providers
- make sure people can get information in different formats e.g. electronic, hard copy, Braille, preferred language translations
- make full use of social networking tools to reach communities that are otherwise under-represented
- have the capacity and systems to direct people to services they require
- ensure that it provides feedback to individual members of the public and other partners

Function Six: Making the views and experiences of people known to Healthwatch England and providing a steer to help it carry out its role as national champion

A timely two-way information flow will be established between Healthwatch England (HWE) and Local Healthwatch organisations. The role of local Healthwatch will be to:

- have robust protocols for keeping HWE up to date with issues and concerns
- ensure that contacts are more than 'a conversation'.
- exercise its influence in steering and directing the emphasis of HWE's work
- ensure that accountability is a central principle in all exchange with and from HWE
- inform HWE of local matters relevant to wider public health agendas, Overview and Scrutiny Commissions, National Commissioning Board, Monitor, Foundation Trusts, Association of Directors of Adult Social Services, Ministers and the Secretary of State.
- ensure that HWE audits the evidence of Local Healthwatch's contributions to improving health and care outcomes nationally
- foster its own independence by enshrining clear rules of engagement, self-assessment tools etc.

Function 7: NHS Complaints Advocacy

- Local authorities will continue to have responsibility for managing complaints relating to adult social care and to commission advocacy services to support service users including those who may wish to complain. They will take a decision on how best to commission a local NHS Complaints Advocacy service and whether this will be provided directly by local Healthwatch or from a third party. Local Healthwatch will support any complaints function by signposting people to NHS Complaints Advocacy services, in a timely and appropriate manner, if not provided in-house. Local Healthwatch will maintain a relationship with the NHS complaints advocacy service, to share information where appropriate (with suitable safeguards for data protection, to ensure confidentiality).

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Summary of key emerging models and analysis

Key learning that has emerged describes a number of potential models. These are listed below with a brief appraisal.

A) A distributed model

Existing organisations provide the Healthwatch functions – these are co-ordinated through a core body. There is an emphasis on the ‘core body’ actively co-ordinating information from others and distributing work out for them to advocate, investigate and respond to.

Pros	Cons
This could utilise local knowledge and expertise	Local gaps in knowledge and expertise exist – new functions/organisations may need to be commissioned
Core body could provide a single point of access	Where organisations currently provide a similar service , e.g. information and advice, potential double funding could occur
Core body could be shared across more than one borough	Complex management arrangements, unless the functions are commissioned by the core body

B) A consortia model

A group of specialist organisations come together offering different specialisms. This model lacks a defined, central ‘leadership’ body.

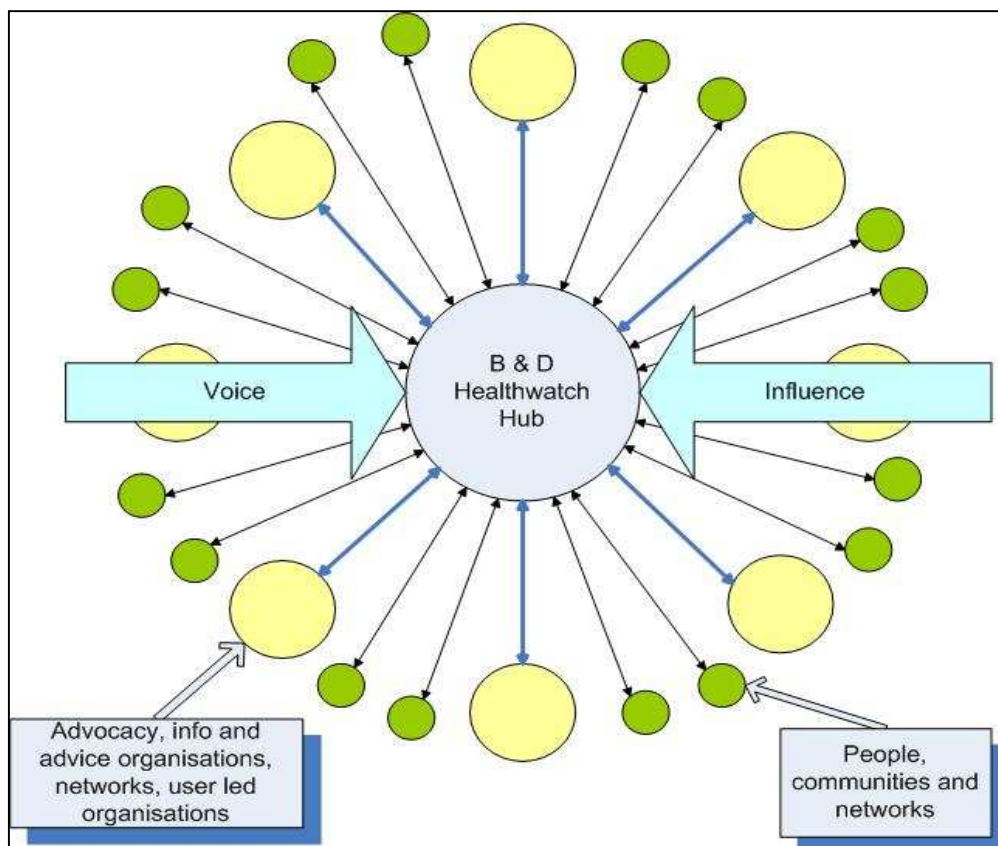
Pros	Cons
This could utilise local knowledge and expertise	Access routes may not be clear to public – no one point of access
Provides resilience across a network of providers for staff absence or unexpected rises in demand	Does not address need for generic support or gaps
	Would require complex management arrangement
	Difficult to establish visibility
	No opportunity for shared back office costs

C) A hub and spoke model

A central organisation is identified to network with other local organisations and individuals (please see diagram at the end of this document). The emphasis of this model is in Healthwatch being a more equal partner with other agencies, and therefore taking on more of its own work, rather than distributing it and managing it through others.

Pros	Cons
Central organisation could be shared across one or more borough	Large remit
Would build on local expertise and knowledge	
Would be far reaching	
Central organisation could provide a single point of access	
Central organisation could commission functions where gaps exist	

Diagram of Hub and Spoke model – Barking and Dagenham’s proposed model



D) A core and associates model

Individual representatives of local voluntary sector organisations are elected to form a core body which will develop into a social enterprise and form the basis of a local Healthwatch organisation. Initially, therefore, there is not a defined organisation 'Healthwatch' distinct from the partnership of local voluntary sector. The intention appears to be to grow Healthwatch more distinctly from a partnership of organisations, rather than focusing on the current LINK.

Pros	Cons
Builds on local knowledge and expertise	Difficult to operate across more than one borough
	Possible confusion with CVS
	There is already substantial cross- and inter-organisational support within the borough

E) Grow a new organisation or corporate body

For example, this might be a social enterprise which grows directly from the existing LINKs, PALs and contractual arrangements. May or may not include NHS advocacy.

Pros	Cons
Builds on local knowledge and expertise	Replicates services which are already provided in the borough
	Growing an organisation might not fit with timescale for local Healthwatch to commence from April 2013

F) Open tender for all or part of service and let the market decide

Against the seven functions of Healthwatch, tenders are invited to deliver one or all within all or part of the funding available.

Pros	Cons
Could bring new skills and expertise into the borough	The market may not be fully developed
Could offer something more creative than we had considered.	Tender may be won by a national organisations without local knowledge
	Funding may not be substantial enough to commission something entirely new

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Supporting Healthwatch Pathfinders

Building successful Healthwatch organisations

15 case studies





Foreword

Sir Merrick Cockell – Chairman, Local Government Association

The Health and Social Care Act 2012 places local government at the centre of ensuring our communities receive the care they deserve. Together with new responsibilities for Public Health and Health and Wellbeing Boards, Healthwatch represents an important opportunity for local people to influence the decisions being made about their services, across the NHS and social care. This report demonstrates how some local authorities are already rising to the challenge of implementing the Government's plans Healthwatch.

Over the next few months, English upper tier local authorities will be stepping up their own plans to implement the Act and I hope that this report and helpful recommendations set out in section one, will provide practical support and some inspiration to those who are developing their plans. The Local Government Association (LGA) welcomes the support that has been provided by the Department of Health (DH) to the local Healthwatch pathfinder areas.

These have not been easy times for public services – local government especially – but the progress demonstrated by the local authorities participating in this programme of case studies, is testament to the resilience, passion and commitment to citizen engagement and community involvement for which this sector is renowned.

This report looks at different approaches from the length and breadth of England. What is striking is the wide variety of approaches being taken. The five county councils taking part in this review have all adopted highly innovative and transformational solutions to meeting the challenges in their own particular areas. Similarly we see novel approaches being pioneered in some of the inner London boroughs and larger metropolitan districts. Many of the smaller unitary authorities have also made some excellent progress through the adoption of an evolutionary approach based on existing good relationships with their current LINK organisations and local community and voluntary sector.

Critical to success has been good political leadership with a clear sense of direction and vision. Excellent project management has been another critical ingredient in ensuring a successful transition to Healthwatch. Finally, the role of the local authority commissioning officer – many with extensive local knowledge and experience – has proved to be invaluable. Their role has often been overlooked yet their dedication and enthusiasm has been truly inspirational.

We hope that the good practice and 'top tips' cited here will help ensure widespread dissemination of good practice and help to build a powerful and influential consumer voice across health and social care at both a local and national level.

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Introduction

The Health and Social Care Act is part of the Government's vision to modernise the NHS so that it is built around patients, led by health professionals and focused on delivering world-class healthcare outcomes.

The vision is for the NHS to be genuinely centred on patients and carers giving citizens a greater say in how the NHS is run. One of the main ways the Government intends to do this is by creating a new consumer champion – Healthwatch.

Healthwatch will strengthen the collective voice of local people across both health and social care, influencing Joint Strategic Needs Assessments (JSNA) and joint health and wellbeing strategies – on which local commissioning decisions will be based – through its seat on every statutory health and wellbeing board. Establishing successful Healthwatch organisations, rooted in communities and responsive to their needs, will mean working differently in many cases.

It will also mean working much more collaboratively so that local Healthwatch organisations can operate as part of existing local community networks, ensuring they can reach across diverse communities of interest and draw on information, advice and local knowledge that already exist.

LGA – supporting local authorities to rise to the challenge

Local authorities are responsible for commissioning Healthwatch and are embracing this challenge with increasing energy and enthusiasm. The case studies in this report are intended to provide a flavour of some of the good work and innovative practice taking place.

This report is intended to highlight some of the common threads and critical success factors we have drawn out of 15 case study areas. Wherever possible we have focused on the vision, approach, good practice and innovation so we can disseminate the learning and experiences.

The report seeks to assist local authority commissioners and their supporting stakeholders, to help them plan and implement robust and fit-for-purpose Healthwatch bodies by April 2013.

This report has been researched and written by the LGA and the recommendations and advice on key success ingredients are aimed primarily at local authorities.

It is based on informed observations from emerging practice in 15 local Healthwatch case study areas across England.

The report builds on some preliminary work pioneered jointly between Kent County Council, Centre for Public Scrutiny (CfPS) and the DH in 2011 (Developing Healthwatch in Kent, CfPS, 15 July 2011) and then followed up with a strategic roundtable discussion and exchange with Essex County Council.

Case studies were chosen using the criteria below and where they could demonstrate a particular aspect of local Healthwatch development that might be of interest to other local authority areas. Not all local authorities will have had a positive experience and indeed, some of the case studies here have encountered local challenges. However the overall aim of the report is to share what works well to enable the wider adoption of good practice.

These 15 case studies were chosen based on meeting all or most of the following criteria:

- local political sign-up
- a commitment to sharing and cascading learning within regional networks
- a balance in terms of geographical region, local authority type (ie single and two tier authorities), demographic profile (eg urban/rural) and local political complexion.

Healthwatch pathfinder support programme

Alongside the analysis of the 15 Healthwatch case studies, this report also considers additional quantitative survey research, conducted jointly by the LGA, Regional Voices and the NHS Institute for Innovation and Improvement as part of the combined Healthwatch Pathfinder support programme (see Appendix).

As part of the Healthwatch Pathfinder Support Programme, Regional Voices has also undertaken additional research into pathfinder areas, including interviews with some external (VCS and LINK) stakeholders to ensure that their insight informs the programme's final recommendations.

Although not directly part of this report, Regional Voices chose to interview external stakeholders in similar areas to those used here to provide a detailed comparison and a balance. A separate report will be published shortly which details some of the findings from this research, which may be helpful to others in planning for success.

Local solutions to local challenges

The LGA case studies show that local styles and approaches to commissioning Healthwatch and transition differ. Included in this report are many and varied ways local authorities have forged ahead with Healthwatch planning.

Despite the differences they all demonstrate a number of common features. The following 10 recommendations for successful delivery of Healthwatch are based on collating those common features and could be described as critical success factors or top tips for commissioning.

For further information please visit www.local.gov.uk/healthwatch
email healthwatch@local.gov.uk

Section one

10 recommendations for the successful establishment of local Healthwatch

These 10 recommendations were collated from responses given during interviews with local authority leads for commissioning Healthwatch and largely corroborated by the analysis of snap survey responses conducted in partnership with Regional Voices. These top 10 tips are intended to help guide commissioners and their stakeholders as they develop Healthwatch.

Most of the case studies demonstrated most, if not all of the critical success factors however, for clarity and simplicity the authors chose to highlight just a few as examples.

To read more detail on the case study examples, turn to section three of this report.

1. Clear vision and values

It was apparent from the outset that all the case studies had one thing in common – they all demonstrated clear vision and values around what they wanted to achieve when developing new local Healthwatch organisations.

Some had reached this vision after extensive early engagement, for example Kent County Council (who held whole-system engagement events from the outset), and others who saw the legislation as an opportunity to commission a more effective and representative model of citizen-led engagement and influence.

Once that vision was agreed, many of those mentioned in this report chose to circulate and publicise it widely. Clear shared understanding of vision and values has been shown to help shape Healthwatch planning and development.

Lambeth's vision for Healthwatch was rooted in a wider local vision for involving citizens in the development of their own solutions, in order to empower communities, deliver sustainable interventions and improve health and wellbeing.

Sheffield, whose vision is based on a Healthwatch as a 'network of networks', drew up a written 'Vision' statement which was distributed to their stakeholders and interested parties.

East Sussex's vision is for a Healthwatch that is sustainable into the future, has a trained network of 'champions', and is physically accessible through existing voluntary and community organisations.

Staffordshire has a very clear vision for Healthwatch - within its Engaging Communities Staffordshire concept – as an independent, accountable, open and transparent organisation clearly removed from the council, committed to a timetabled and published action plan which will develop and enhance community engagement. The Engaging Communities Staffordshire concept was commissioned after the report into the failings at Mid Staffordshire NHS Foundation Trust.

2. Good project management

Many, if not all case studies in this report, stated they had a Healthwatch transition steering group and sub groups each with detailed work plans.

It is evident that one of the key success factors is good project management, with co-ordinated sub groups and clear communication methods across project work strands.

Doncaster's pathfinder has a Healthwatch steering group with three sub groups:

- a. Community Engagement and Involvement, concentrating on clarifying the role of Healthwatch amongst stakeholders, communicating the vision and giving citizens the opportunity to be involved in Healthwatch development
- b. Advice and Complaints Advocacy, looking at identifying and mapping demand, testing models of delivery and resources for delivery
- c. Commissioning and Contract Tender, looking at the formal tender process.

Kent has moved quickly in 2012 to appoint a senior manager who has responsibility for leading the development of Healthwatch, ensuring that appropriate linkages are made with the council's shadow Health and Wellbeing Board and outwards to the LINK and third sector.

3. Extensive engagement and mapping from the outset

a) Citizen engagement

Many pathfinders chose to begin their Healthwatch planning and development stages with extensive and early engagement. Focus groups and facilitated discussion allowed for themes to be developed which could be tested and shared with wider stakeholders. These themes went on to inform the work strands (see good project management).



Staffordshire's Engaging Communities project – upon which Healthwatch will be based - has been instrumental in developing an effective mechanism for local people to provide feedback, receive help and support with complaints and concerns, and using this information to influence decision makers. The project receives seedbed funding from 10 stakeholder organisations including most NHS trusts, the DH Social Enterprise Investment Fund as well as the county council. A major public consultation was undertaken, involving questionnaires, face to face group visits, telephone interviews and public events, on the principles underpinning Engaging Communities Staffordshire.

Sheffield and Doncaster were fortunate to already have established robust networks which proved invaluable for engagement and communication of the Healthwatch vision.

In **Sheffield**, there was extensive engagement with LINK, voluntary, community and faith sector from the outset. These robust networks have proved invaluable to engagement and communication on the early vision for Healthwatch, particularly as Sheffield's plan is for a 'network of networks' approach.

Doncaster, meanwhile, was one of seven DH Early Adopter Projects in 2007/8 in the previous change from PPI Forums to LINK. The LINK has an inclusive approach which has led to a wide and dedicated membership of more than 500 people, with representation from across the whole of Doncaster. This has resulted in measurable outcomes that have influenced change in health and social care services. Doncaster Council and the LINK have developed a

wide range of engagement pathways to consult and to enable local people to voice their opinions about the proposed changes to health and social care provision.

South Tyneside has a multi-agency CISG established in 2008 which has been active in developing greater joint working in community involvement activities and promoting greater co-ordination.

Lambeth is an ethnically diverse London borough where 150 languages are spoken and has a high index of multiple deprivation. Lambeth Council has devised a Pathway of Citizen Involvement, which involves four levels of community participation. Lambeth Council has been working with citizens, local organisations and a range of experts to develop a new approach to delivering public services. This approach, called 'the Co-operative Council', aims to transform public service provision by handing power from the provider to the user. This means the council working in partnership with citizens to design and deliver public services which meet their specific local needs, incentivising citizens to play a more active role in their local community and more co-operation with a wide range of service providers.

Kent started from the belief that developing Healthwatch would be done most effectively through co-production and thus involved wide-ranging stakeholders from the outset. An independently produced 'statement of readiness assessment' captured the views and insights of those stakeholders and made recommendations for progressing the local model.

b) Local System stakeholder 'buy in'

One of the ways local Healthwatch will be judged, will be on its ability to influence key players and be a clear part of strategic commissioning decisions.

Early buy-in from NHS and social care commissioners and providers on the Healthwatch vision will help ensure Healthwatch is seen as an equal player around the Health and Wellbeing Board. It is essential that all board members value and recognise the role Healthwatch can play so it is not perceived as the 'junior partner'.

This connection has been recognised as being critical to the accountability of Healthwatch and its ability to influence effectively.¹

Many pathfinders have understood the need to ensure that their engagement strategy involves getting senior stakeholders from, amongst others:

- PCT clusters (director leads, engagement leads)
- NHS provider organisations
- Clinical Commissioning Groups (CCGs)
- local authority elected members and senior officers in all areas of the council
- Health and Wellbeing Board.

Local Healthwatch, through its membership of the statutory health and wellbeing board, will be an integral part of the preparation of statutory JSNAs and joint health and wellbeing strategies on which local commissioning decisions will be based. This gives local Healthwatch much more influence at the decision-making table and helps to hardwire public engagement into the strategic planning of health and care services from the start.

Bradford has worked hard to secure political and strategic stakeholder buy-in. The host organisation has briefed all relevant scrutiny committees on the current state of the LINK and progress towards Healthwatch. Setting up a pathfinder for Healthwatch was signed off by the Health and Wellbeing Partnership Board. The shadow health and wellbeing board (which includes the leader of the council, the chief executive and the directors of adult and children's services) have also been briefed. LINK host staff and the chair regularly these meetings. The chief executive of Keighley and Ilkley Voluntary and Community Action (KIVCA) also attends these as the representative of Bradford's Voluntary Sector Forum.

Kent had elected member buy-in from the outset, with support from the county council's cabinet portfolio lead, who also chairs on the shadow health and wellbeing board.

¹ Supporting Healthwatch pathfinders: summary of snap survey findings 2012

Mapping and gaps analysis

Many of the case study examples have started mapping and scoping work. The purpose of this mapping was twofold

1. to identify communities, voluntary, third sector and other organisations to ensure extensive citizen engagement and involvement in the development of Healthwatch
2. to identify statutory and voluntary organisations which are already providing services that will become statutory functions of Healthwatch – such as signposting, information, advice and advocacy.

Systematic mapping can help with the following:

- understanding of communities and options – mapping what's already being delivered can avoid duplication and guide the form and organisational model for Healthwatch
- the development of a detailed database of service providers, helping to understand current and future demand
- help ensure Healthwatch is linked into effective local networks where these exist, to improve levels of awareness, engagement and representation across diverse audiences
- seeing the 'gaps' and understanding what is missing.

Hertfordshire is looking to develop its Healthwatch as a 'hub', building on the existing advice and information network 'HertsHelp', a network of more than 200 community organisations. HertsHelp already offers signposting, advice information and some advocacy services.

Doncaster is engaging in systematic research to identify what changes are needed to ensure future demand for complaints advocacy, and information and signposting services.

Derby City knows one of its major challenges is the need to take into account the establishment of Healthwatch as a key component of the 'whole system' engagement strategy.

4. Exploiting good networks and designing in sustainability

Many of the case study examples highlight the need to concentrate on co-ordination of what already exists, rather than re-invention. In some of the bigger city and metropolitan areas, good community networks already exist and are being exploited.

Most, if not all, of the case studies recognise the need for closer partnership working with their Health and Wellbeing Boards and other organisations and professionals within the wider local health and social care system, such as CCGs, NHS providers and health and social care commissioners.

Some are already thinking about sustainability – ‘future proofing’ a Healthwatch model so that it can be more easily adapted to meet further policy changes around the citizen voice in the NHS and social care.

East Sussex is already discussing the sustainability of Healthwatch and is looking at a contract where organisations work together to deliver Healthwatch functions. Part of East Sussex’s vision is that Healthwatch should be built with the ability to expand, if appropriate, beyond core Healthwatch functions and sustainable into the future and easy for people to become involved.

Lambeth’s Healthwatch functions will be informed by the engagement work stream priority of the Health and Wellbeing Board where partner organisations plan, self-assess and audit their engagement with Lambeth’s communities through the use of a simple set of tools and by providing a panel of expert advisers already supporting engagement work in the borough.

Sheffield is building on existing expertise and support for choice, information and advocacy as part of a ‘network of networks’ model. It recognises the need to draw on help from established voluntary and third sector organisations that already perform advice and information signposting functions well.

5. Relationship and trust

Relationships and trust underpin many of the success criteria in this report and shouldn't be underestimated.

The way local authorities relate to all stakeholders, both internally and externally, is crucial. It goes further than exploiting good networks or robust engagement: relationship is about trust, good communication and loyalty.

This has been a challenge for those local authorities who haven't had a good relationship with their LINK in the past, but many of the areas highlighted in these case studies have found ways of continuing dialogue and finding a route forward without alienating important key LINK stakeholders, especially those that volunteer (see LINK Legacy).

Similarly, strong relationships with statutory partners, other departments within the local authority, elected members, the shadow Health and Wellbeing Board, CCGs, the third sector and voluntary organisations, are equally important if Healthwatch is to be connected and speak as a collective voice.

Relationship-building takes time and effort but comes through solid involvement, continuing dialogue and open, honest and timely communication. The rewards are clearly demonstrated in the progress made within the case study areas.

The fieldwork indicated that most people working on Healthwatch welcomed external support and advice from their peers (both regionally and across the country), from local regional transition leads for Healthwatch and from the LGA.

Blackburn with Darwen has a strong local LINK with high levels of local community buy-in. The council has delegated much of the transition work to the LINK whilst maintaining an overview of progress through good communication channels.

Both **Lambeth** and the **Royal Borough of Kensington and Chelsea** have highly functioning, evidence-based and outcome-focused LINKs and both have close relationships with their relevant scrutiny committees.

The Royal Borough of Kensington and Chelsea is building on its external relationships with neighbouring boroughs and has a joint Healthwatch pathfinder with Hammersmith and Fulham. Their joint pathfinder will test boundaries and governance issues.

Bradford's approach is based on a close collaborative working relationship with the local PCT, the LINK, host organisation and wider network of voluntary sector infrastructure organisations. The host has been trusted to brief all the relevant scrutiny committees on the current state of the LINK and progress towards Healthwatch.

Doncaster, with its highly functioning LINK, is building on its strong and positive relationships with providers and commissioners. The LINK and its host have an already established wide network in terms of geographical area, and they have built strong relationships with health and social care providers and commissioners across a wider area.

6. Dedicated local authority officer resource and clear leadership from elected members

Having a dedicated Healthwatch local authority officer lead, has been shown to be a common success factor across the case study areas. In areas where the LINK or host is taking the lead, there are clear lines of communication back into a lead officer at the council. It does not appear to matter where the lead officer is based as long as there are clear accountabilities and strong communication channels.

For example:

- in Essex, their lead officer works in the research and intelligence function of the council
- in Derby, Healthwatch development is led by their strategic director of adults, health and housing
- Sheffield has Healthwatch project leads from quality and involvement, partnership and engagement and procurement
- Kent advertised and appointed a senior Healthwatch manager to lead the work within the public health team but across the whole council
- Bradford's commissioning lead for Healthwatch is based in corporate procurement, to avoid conflicts of interest with the adult social care directorate.

What is also apparent is that early support and involvement from elected members and scrutiny committees means options and issues have been discussed at the earliest opportunity. This has been seen to help Healthwatch plans through the local democratic political system.

7. Ability to be creative

Other than the regulations, the DH is unlikely to be issuing any further 'guidance' on Healthwatch during transition, and in line with the Localism Act 2011, Healthwatch commissioners and their partners are being challenged to think more innovatively about local determination and solutions for Healthwatch.

Establishing robust Healthwatch organisations against the current financial climate, coupled with exacting reviews of service provision, remains a concern for all involved. Some local authorities have used this as an opportunity to take more radical approaches.

A review of the case studies presented here has revealed that the ability to be creative in exceptional financial circumstances – and with solid elected member support – can be an effective way forward to solving problems early. Areas which have sound leadership have demonstrated:

Boldness – the ability to create a solution that works locally. Senior people have been involved – sometimes up to chief executive level in the council – and internal stakeholder and political buy-in was sought from the start. For example, those that have demonstrated clear vision, solid leadership and buy-in, and a committed commissioning approach – whether it's for grant-aiding, an evolutionary LINK approach, a more radical model or a full-scale tendering exercise – have travelled furthest and fastest in developing Healthwatch.

Clarity on form – areas that have demonstrated the furthest development to date on Healthwatch are those that systematically dealt with understanding Healthwatch functions, mapping what is already out there and extensive engagement before discussing form. Whether Healthwatch should be 'established' or 'created', whether elements of Healthwatch should be procured, or whether procurement should be waived are all issues that need early political and senior management buy-in.

8. Clear governance, robust commissioning framework

Local authorities are choosing different routes for establishing Healthwatch, with some favouring the formal tender route (eg Sheffield), others looking at an evolution from LINKs (eg Doncaster) and one local authority recruiting straight to a shadow Healthwatch Executive via community, voluntary and LINK engagement (Essex).

Despite the differences in approach, what is apparent amongst the case study examples is the need for:

- complete clarity of purpose
- clear governance arrangements, and
- a skills and competency framework.

A national simulation event convened in March 2012 by the DH, demonstrated that it is essential that all key players understand the role of Healthwatch and its independence. The need to ensure robust governance arrangements are put into place early to allow Healthwatch to participate effectively with authority and credibility was highlighted as a key deliverable for local authorities responsible for setting up Healthwatch. A clear skills and competency framework for Healthwatch was identified as one method for demonstrating a credible organisation fit-for-purpose

This should form the basis of the service specification (and service level agreement or commissioning framework for Healthwatch). At the very least, a service specification should cover: purpose, membership, job roles and responsibilities (including skills and competencies), functions, governance structures, methods of accountability, outcomes, milestones and outputs.

There is understanding that to design a successful, reputable and credible Healthwatch, clear governance and an unambiguous framework is essential.

9. Building on the LINK legacy

The need to learn from past experiences is recognised as important to the successful development of Healthwatch. The case studies show that whether the experiences have been generally positive or less so, the success to date has been dependent on timely, honest conversations about what has worked well and what has worked less well. Local authorities who have highly functioning LINKs have recognised their potential and have initiated planning around a LINK legacy.

Some local authorities, with whom LINK relationships have been challenging, or where the LINK may not have performed as expected, have found successful strategies to continue dialogue. Often these councils have found key individuals within the LINK with whom to work and engage.

Either way, what has emerged from the case studies, is the importance of recognising the potential role for LINK volunteers in the future. Successful strategies have involved LINK volunteers playing a key part in future arrangements by building on what has been achieved in the past and focusing on what needs to be delivered in the future.

Retaining active volunteers and learning from the LINK are high on the list of local authorities' priorities.² All local authorities should be putting plans in place to ensure that the work of LINK is not lost during transition. Information and intelligence gathered, processes and systems should be documented as part of a LINK to Healthwatch transition plan and legacy documents.

10. Testing the system

Real testing of the system before the formal start date for Healthwatch in April 2013 will help highlight gaps, where further work may be needed or where interdependencies need closer attention.

Many pathfinders have chosen to establish a shadow Healthwatch model to test the system. Derby has opted for a project-style approach to testing Healthwatch capabilities.



² Supporting Healthwatch pathfinders: summary of snap survey findings 2012

CABINET

26 June 2012

Title: Re-tender of the Young Person's Specialist Substance Misuse Service, SubWize	
Report of the Cabinet Member for Crime, Justice and Communities	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Jaye Foster, Strategic Commissioning Manager, Substance Misuse & Complex Needs.	Contact Details: Tel: 020 8227 5658 E-mail: jaye.foster@lbbd.gov.uk
Accountable Divisional Director: Karen Ahmed, Divisional Director Adult Commissioning	
Accountable Director: Anne Bristow, Corporate Director of Adult and Community Services.	
<p>Summary:</p> <p>The Young Person's specialist substance misuse service 'SubWize' provides prevention and education services, family services, substance misuse treatment and diversion programmes to young people up to the age of 19. 'SubWize' aims to prevent and divert young people away from substance misusing and criminal careers.</p> <p>In 2010/11, 349 young people accessed 'SubWize' for support regarding their substance misuse. The current contract for the service will expire on the 31 March 2013. This report asks Cabinet to give permission for the re-tendering of the 'SubWize Young Person's Specialist Substance Misuse Service' in line with public procurement law and local authority regulations.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the procurement of 'SubWize Young Person's Specialist Substance Misuse Service' to include a Single Point of Contact (SPoC) service, on the terms detailed in the report; and (ii) Indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement and the award of the contract, or whether it is content for the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources, to award the contract to the successful contractor. 	

Reason(s)

To assist the Council to deliver the following Policy House themes:

- Better together: through reducing criminal and anti-social behaviour and safeguarding children.
- Better health and well-being: through treatment and abstinence from substance misuse.
- Better future: through accessing prevention, education, training and employment opportunities as a holistic approach to substance misuse treatment.

1. Introduction and Background

- 1.1 Substance misuse is defined by the National Institute for Health and Clinical Excellence (NICE), as intoxication by, or regular excessive consumption of and/or dependence on psychoactive substances, leading to social, psychological, physical or legal problems. This definition relates to both legal and illegal substances.
- 1.2 According to both national and local treatment records, in Barking and Dagenham the number of young people that are accessing treatment services has increased from 204 in 2009/10 to 349 in 2010/11. The numbers in structured treatment has also increased from 159 in 2009/10 to 242 in 2010/11. From the 2010/11 Needs Assessment the Drug and Alcohol Action Team (DAAT) has calculated that there is a treatment naïve population for young people of 129 individuals (41%) which is slightly higher than the regional percentage of (37%). The treatment naïve population are those who are known to other services, such as youth services and the police, in relation to substance misuse but who have not been engaged with substance misuse treatment services.
- 1.3 In 2010/11 alcohol and cannabis were the drugs of choice for young people in Barking and Dagenham which is reflective of national trends (National Drug Treatment Monitoring Service, NDTMS).
- 1.4 The SubWize Young Person's specialist substance misuse service contract is currently funded through a range of funding streams, with a total contract value of £329,000. These funding streams include:
 - Department of Health via the National Treatment Agency, (NTA);
 - London Borough of Barking & Dagenham, (LBBD);
 - Outer North East London NHS Trust (ONEL), and;
 - Youth Justice Board, (YJB).
- 1.5 LBBD currently have a contract which provides a specialist open access substance misuse service to young people; this includes advice, information, prevention and education services, guidance on reducing harm, family services and diversion programmes.
- 1.6 In addition to this service structured substance misuse treatment is accessed through a referral. Structured substance misuse treatment involves a care planned medical, psychosocial or specialist harm reduction intervention aimed at alleviating the current harm caused by substance misuse.

- 1.7 The current provider of the SubWize Service is Crime Reduction Initiatives (CRI). CRI was awarded a two year contract which has been extended for 1 year. CRI work closely with the Youth Offending Service (YOS) to provide effective treatment for young offenders. The service also works with “hidden harm” clients, that is, young people that are affected by parental or sibling substance misuse.
- 1.8 SubWize also provide outreach work in partnership with Integrated Youth Support Services (IYSS) on the Youth Bus and increase awareness on the effects of substance misuse in Schools and Children’s Centres and at Community events.
- 1.9 The current contractor was awarded the contract in 2010 and performance has improved since they took over the service. In line with the terms of the contract a subsequent extension has therefore been granted for 1 year. This expires in March 2013.
- 1.10 Outcomes
Of the 242 young people that were in structured treatment in 2010/11, 122 individuals left treatment services. Of the 122, 80 individuals completed their treatment as a planned exit and on completion of their treatment 50 of these individuals were occasional users, (had a drink or smoked cannabis once in the past 28 days) with 30 individuals recorded as drug and or alcohol free. Although it is the goal for treatment services to have young people leave treatment services drug and alcohol free, this is not always possible. Of the 122 individuals, the remaining 42 left as an unplanned exit and dropped out of treatment. The challenge of attrition amongst service users is always a possibility in treatment services, and as such engagement with service users and maintaining them in treatment is continuously reviewed.
- 1.11 The young people (YP) Treatment Data Summary report for Q3 2011/12 shows that for the cohort of 248 individuals 71% of young people in structured treatment have left in an agreed and planned way which is in-line with comparative partnerships at 75% and nationally at 77%. Of the young people that have left in an agreed and planned way 88% have met goals agreed in their care plan at exit which is also in line with comparative partnerships at 83% and nationally at 88%. This shows that the partnership has positively decreased the attrition rate for young people and is working effectively to meet the goals set on individual care plans.

2. Proposal and Issues

- 2.1 The Young Person’s specialist substance misuse service contract will expire on the 31 March 2013. It is proposed that a new contract will be tendered and procured which will continue to provide structured specialist substance misuse recovery services, to commence on the 1 April 2013.
- 2.2 In 2010/11 Barking and Dagenham had the highest number of young people in treatment in London. This is reflective of the disproportionately high younger population in the borough, (JSNA 2011) and the effectiveness of the service in engaging with young people in the borough. In 2010/11 349 young people were referred to treatment services of which 242 were in specialist structured substance misuse treatment.

- 2.3 The future need of the service is expected to increase reflecting the projected population increase amongst young people. Data from the GLA suggests a 19% increase in the 10-14 years old age group between 2012 and 2017 and a 2% increase in the 15-19 years old age group. It is estimated that in 2012 there are 24,000 young people aged between 10-19 years old. On a ward level it is predicted that the largest growth in the young people's population will be Thames (78% increase), Gascoigne (34%) and Abbey (13%).
- 2.4 The demographic make-up of the borough has also changed over recent years and the emerging needs of the young people's population will be factored into service provision. The most significant changes have been the increase in the Black African community from 4.4% in 2001 to 15.3% in 2011 and amongst the White Other cohort with an increase from 2.6% to 12.3% over the same period. Data collected from the School Census shows that 60% of the pupils currently enrolled in Barking and Dagenham come from a non White British background. Future service provision will look to increase the number of young people engaged in treatment services from non White British backgrounds from the current figure of 31%; making the service more reflective of future population need. This fact has also been highlighted in the Equality Impact Assessment for this service.
- 2.5 The procurement of this service will achieve improved outcomes for young people focusing on early intervention and prevention of substance misuse in line with the National Drug Strategy 2010 "Reducing Demand, Restricting Supply, Building Recovery: supporting people to live a drug free life". These outcomes are also reflected in the Barking and Dagenham Substance Misuse Recovery Strategy and Treatment Plan 2011-2014, and the Children and Young People's Plan 2010-13. In addition, strong links will be established to the Troubled Families project, supporting greater parental awareness of substance misuse.

Finance

- 2.6 The SubWize young person's substance misuse service finances are made up of an amalgamation of several funding streams. These include the Department of Health Young People Pooled Treatment Budget, London Borough Barking and Dagenham, Youth Justice Board, and ONEL NHS funding. The NHS and Department of Health money is paid to the Local Authority by ONEL NHS Trust on a yearly basis. The indicative funding for the contract is detailed below. However, the exact funding will be confirmed following a discussion at the Joint Commissioning Board.

Funding Source 2011/12	Value (£)
Department of Health Young People Pooled Treatment Budget	124,500
LB Barking and Dagenham	110,500
Youth Justice Board	22,700
NHS Barking and Dagenham	71,300
Total Value	329,000

- 2.7 The formula for allocating the budget is only just being developed, and it is expected to take into account the current investment in treatment services. Over time, however, it is expected to move to an allocation based on an assessment of need. These changes in resources may have a consequential effect on services and there are few certainties to future funding in the current economic climate. To

alleviate the financial risk to the Council in future years the contract will have a break clause with a three month notice period.

- 2.8 ONEL NHS Trust has agreed that they will continue to work in partnership with the Council to deliver substance misuse treatment services. There is continued pressure on ONEL NHS budgets during the coming two years, as identified in their draft Commissioning Strategy Plans, and should they propose a reduction in the level of funding for the service currently being tendered, then contracts will have to be amended accordingly. To protect the Council's interests, therefore, the contract for the new service will contain a break clause, stating a three month notice period, to be served at any time should existing funding streams cease or be reduced.
- 2.9 From 1 April 2013, health improvement work will be led by local authorities using funds from ring-fenced public health budgets to improve health and tackle inequalities in their local area. The Council will have a new statutory duty to take steps to improve the health of their population in addition to other related statutory functions. The new responsibilities of local authorities will include commissioning local activity on alcohol and drug misuse treatment and recovery services. The current ONEL NHS 2011/12 allocated spend of circa 2.6 million will form part of the shadow public health grant for 2012/13. For 2013/14 the Government will set public health ring fenced grants using a process that includes estimating the long term aim for the most efficient use of resources based on a formula set by an independent group of NHS managers, GPs and academics - currently the Advisory Committee on Resource Allocation (ACRA). From April 1st 2013, this grant will be passed directly to the Council via Public Health England.
- 2.10 Officers are currently drafting the tender specification based on best practice models provided by The National Treatment Agency for Substance Misuse and incorporating the findings of the draft Equality Impact Assessment on the Young People's Recovery Strategy and Treatment Plan and the Joint Strategic Needs Assessment recommendations. The new service will also include the posts from YOS and a Family and Transition worker which is currently being piloted.
- 2.11 Procurement process
This contract falls under the OJEU category of health and social care and will be procured under Part B of the OJEU process and in line with local procurement rules. This contract is also outside of the Elevate procurement arrangements.
- 2.12 Tender Evaluation
The evaluation of tender submissions will be based on a quality cost matrix of 70:30 with weightings to be as follows:

Staffing & Personnel related issues	(10)
Partnership Working and Information	
Sharing to Achieve Effective Outcomes	(10)
Safeguarding	(5)
Service Delivery	(25)
Presentation	(5)
Interview	(15)
Cost / Pricing Schedule	(30)

2.13 Prospective tender candidates will be advised of these weightings beforehand. This will enable a fair and even handed approach to be taken. Prior to award of the contract an evaluation of the price will be carried out to ensure that provider organisations tendering for the contract provide value for money and fair and competitive prices that are consistent with the service specification and the services required to be delivered.

2.14 In addition tenders will be designed to ensure compliance with grant funding conditions from all agencies. Statutory requirements mandate that a range of drug treatment service and interventions are available within Barking and Dagenham for its residents. The provision of the tendered services will deliver against statutory requirements under the Drugs Act 2005.

2.15 Tender Timetable

Outline tender timetable for the SubWize young person’s specialist substance misuse service (all dates are provisional and subject to change).

Action	Date
Cabinet approval	26 June 2012
Advertise	16 July 2012
Expressions of interest to be returned	10 August 2012
Evaluate returns	31 August 2012
Invitation to Tender to be sent out	21 September 2012
Tenders to be returned	26 October 2012
Interviews to be conducted	16 November 2012
Approval from Chief Officer and 10 day standstill period	7 December 2012
Contract Award	17 December 2012

2.16 Contracts will be awarded to the successful provider for a period of two years and eight months with an option to extend for a further period of up to two years dependent upon satisfactory performance and availability of funding. The total contract value for the SubWize young people’s specialist substance misuse service over a four years and eight months period is estimated up to a value of £1,535,333. If the contract is not extended beyond the initial two years and eight months period, then the total contract value over the two years and eight months period is estimated up to a value of £877,333.

3. Options Appraisal

3.1 **Option 1** - Tender for a two years and eight months term contract; with the option of up to a two year extension subject to satisfactory performance. This is the preferred option to provide prevention and education services, family services, substance misuse treatment and diversion programmes to young people up to the age of 19.

3.2 **Option 2** - To undertake tenders separately for open access, prevention & education services, diversion programmes, family services and structured substance misuse services. This would mean losing the holistic approach to substance misuse treatment service provision and a potential decrease in the number of young people accessing treatment services. This also goes against guidance from the NTA to provide an integrated substance misuse service for young people.

- 3.3 **Option 3** - Do nothing/disinvest in drug treatment services – if the contract is not re-tendered these services will cease and customer needs will not be met. This is vitally important as Barking and Dagenham had the highest number of young people in treatment in London for 2010/11. Not having these services will accordingly impact beyond individual substance misusers themselves and onto the local community, increasing multiple disadvantages amongst young people with substance misuse problems, for example in relation to poor health, offending behaviour and opportunity losses in employment and education.

4. Consultation

- 4.1 The provision of young people's treatment services has been consulted on as part of the DAAT Recovery Strategy and Treatment Plan 2011-14 by the Joint Commissioning Board and the Community Safety Partnership Board. Formal consultation of the tender will be carried out as part of the procurement process. This will include consultation with the BAD Youth Forum, Parents Forums and schools.

5. Financial Implications

Implications completed by: Ruth Hodson, Finance Group Manager

- 5.1 Due to financial constraints it is necessary to tender within the budgets and funding the Council receives, as there is no additional capacity available. Members should be aware that agencies may choose to reduce or stop these funding streams.
- 5.2 In 2013/14 the funding for drug misuse will be transferred from the PCT to Councils by the Public Health Grant. However, these allocations have not been agreed and are still in negotiation nationally. These funds will not be ring fenced within the Public Health Grant and therefore, can be used for other health outcomes.

6. Legal Implications

Implications completed by: Antonia Asielue, Senior Lawyer, Procurement & Contracts

- 6.1 This report is seeking Cabinet's permission to tender the contract for a specialist substance misuse service which provides open access, prevention & education services, diversion programmes, family services and structured substance misuse services to youths up to nineteen (19) years of age. It is proposed that the contract will be for a two years and eight months period, but with an option to extend for a further period of up to two years.
- 6.2 The Public Contracts Regulations allows local authorities to enter into a contract with a service provider, following a competitive tendering process.
- 6.3 The particular service to be procured in this report is classified as a Part B service and therefore not subject to the strict tendering rules in the Public Contract Regulations. However due to the value of the contract which is stated to be approximately £877,333 over the initial two years and eight months contract term,

the Council, in conducting the procurement, still has a legal obligation to comply with the relevant provisions of Rule 3 of the Council's Contract Rules and with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency in procuring the contracts.

- 6.4 The report sets out in paragraph 2.15 the tender timetable for the procurement of this service. The contract is to be advertised in July 2012 with the expectation that expressions of interest will be returned by potential bidders in August 2012. Following the evaluation of these, relevant bidders will be invited to tender for the contract, with a view to appointing a preferred bidder and awarding the contract in December 2012. The EU Treaty principles noted above generally encourage the advertisement of contracts in a manner that would allow any providers likely to be interested in bidding for the contracts identify the opportunity and bid for the contracts, should they wish to do so.
- 6.5 In deciding whether or not to approve the proposed procurement of the contract, Cabinet must satisfy itself that the procurement will represent value for money for the Council.
- 6.6 In accordance with Rule 3.6.4, the report additionally requests that Cabinet indicate whether it wishes to be further informed or consulted on the progress of the procurement and award of the contract, or whether it is content for the Corporate Director of Adult and Community Services, in consultation with the Section 151 Officer (the Corporate Director of Finance and Resources) to monitor the progress of the procurement and award the contract upon conclusion of the procurement exercise.
- 6.7 Contract Rule 13.3 provides delegated authority to the commissioning Corporate Director, in consultation with the Section 151 Officer, to approve the award of a contract upon conclusion of a duly conducted procurement exercise, in the absence of direction to the contrary from Cabinet.
- 6.8 The Legal Practice confirms that there are no legal reasons preventing Cabinet from approving the recommendations of this report.

7. Other Implications

- 7.1 **Risk Management** - The commissioning of the young people's treatment services is based on a sound needs assessment thereby reducing the risks associated with commissioning.

Risks associated with the procurement process will be mitigated by ensuring European Union, (EU), rules and Council procedures are followed in commissioning this service.

All potential providers will be assessed for financial viability before progressing to the tender stage. The procurement process and the 70:30 balance between quality and price in the evaluation of tenders are designed to ensure that only competent providers progress to the final stage.

Formal quarterly performance and contract monitoring meetings of the service will take place once it is in place. This includes audits, service user and professional's

consultation and informal reviews by Adult and Community Services, Children's Services and the Community Safety Partnership.

Not commissioning the service carries significant risk in terms of outcomes for young people as outlined above at Option 3 and below in 7.4.

- 7.2 **Contractual Issues** - The existing contract is due to finish on the 31 March 2013 with the new contract in place on the 1 April 2013. EU and Council procurement procedures will be followed to enable to a fair competitive tendering process.
- 7.3 **Staffing Issues** - There are no TUPE implications for LBBD staff; however, there are potential contractor to contractor TUPE implications.
- 7.4 **Customer Impact** - An Equality Impact Assessment (EIA) has been carried out on the young people's Recovery Strategy and Treatment Plan that will feed into the procurement of the young people's specialist treatment service. The EIA has shown an overall positive impact of service provision with an action plan for areas of improvement that will be fed into the service specification. Through the work done for the EIA it is known that there has been good work done in engaging with the white male population. There is also positive work around engaging young women. Areas that need improvement are engaging with the black and minority ethnic groups and groups that have disabilities.
- 7.5 **Safeguarding Children** - Robust safeguarding policies and procedures will be evidenced as part of the procurement process including compliance with local safeguarding procedures. The specialist substance misuse service is an integral element of the local suite of services available to young people and connects strongly with the priorities within the Children & Young People's Plan, the priorities within the local Children's Trust and the work of the Barking & Dagenham Children's Safeguarding Board, as well as the corporate priorities of the council as listed within the policy house. There are robust referral pathways between adult and young person's substance misuse services. All staff in adult treatment services are qualified to recognise child protection issues and it is explained to service users when confidentiality has to be broken.

The Youth Offending service works jointly to coordinating the care of presenting young people with substance misuse needs. They also consider transitional issues that older young people may be facing, such as housing, education and training, to ensure that their needs are met by the appropriate service and that they are able to reintegrate back into the community with a clearer vision.

All commissioned voluntary and statutory sector organisations must have their own safeguarding and child protection policies in place. Evidence of these is gathered at tender stage and then through contract monitoring and auditing processes. Case files are audited by commissioners to ensure best practice is routinely undertaken.

All agencies commissioned to work with adults and young people are aware of LBBD safeguarding procedures and must adhere to incident reporting as part of their contractual obligations.

The service also provides an essential element of the directorates 'early help' offer to young people, seeking to prevent their experimental drug use escalating into far

more problematic drug use, thus assisting in the safeguarding of young people and reducing harm they may experience through more prolonged drug use and the possible consequences, e.g. criminal activity and physical ill health. The service will also work with Hidden Harm clients whose parents or siblings are involved in substance misuse as part of the 'Think Family approach' which provides holistic support to families with complex and inter-generational disadvantage. The service will link closely to the Troubled Families project currently being developed.

7.6 **Health Issues** - Evidence suggests tackling the use of cannabis is important as this can be a gateway drug for individuals and can result in problematic drug use in the future. Addressing alcohol consumption amongst young people may also be a way of reducing chronic health problems in the future for example liver disease amongst young people. The Joint Strategic Needs assessment highlighted that there were particular local issues relating to alcohol misuse and the DAAT Young People's Needs assessment also highlighted that cannabis was the most commonly abused substance. There is a body of evidence which demonstrates the connection between alcohol and increased likelihood of chronic liver disease, coronary heart disease as well as the increased accidental injuries and increased frequency of domestic violence. The evidence base for cannabis is less well established but there is evidence of a connection with lung cancer due to the smoking of cannabis and increased accidental injuries.

7.7 **Crime and Disorder Issues** - Section 17 of the Crime and Disorder Act 1998 requires local authorities to take account of the crime and disorder impact of all their functions, decisions and policies. The Act was revised in 2006 and a new provision was made under Section 17. This directly relates to the harm caused by drug and alcohol misuse.

Substance misuse has a high correlation to anti-social and criminal behaviour. The highest cohort of people arrested for drug related acquisitive crime is 18-24 year olds. Criminal records acquired as young people act as a barrier for future employment thereby contributing to cycles of offending behaviour. Therefore the provision of a young person's specialist substance misuse service will make a positive contribution to community safety within the borough. It will achieve this through providing treatment and support that will reduce offending and enable young people to make a positive contribution to society.

7.8 **Property / Asset Issues** - The current provider currently operates from the Streetbase Advice Plus Suite in the Foyer and does not make a financial contribution to the accommodation. This has been facilitated through a partnership arrangement; however, there has been an indication by the sub-lessee, 14-19 Employment, Education and Training team, that this partnership arrangement will be revisited. There is potential for a negotiated settlement for the current accommodation and this will be detailed in the service specification.

Background Papers Used in the Preparation of the Report:

- Barking & Dagenham Recovery Strategy and Treatment Plan 2011-14
- Barking & Dagenham Drug Treatment Needs Assessment 2010/11
- Drug Strategy 2010: Reducing Demand, Restricting Supply, Building
- Recovery: Supporting People to Live a Drug Free Life: HM Government

- Drug and Alcohol Action Team Young People's Recovery Strategy and Treatment Plan Equality Impact Assessment (2011) – draft
- Young people's substance misuse treatment services – essential elements, NTA
- Children and Young People Plan 2010-13
- Joint Strategic Needs Assessment 2011

List of appendices: None

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CABINET**26 June 2012**

Title: Debt Management Performance and Write-Offs 2011/12 (Quarter 4)	
Report of the Cabinet Member for Finance and Education	
Open	For Information
Wards Affected: None	Key Decision: No
Report Author: Peter Cosgrove, Service Delivery Director, Elevate	Contact Details: Tel: 020 8227 3850 E-mail: Peter.Cosgrove@ElevateEastLondon.co.uk
Accountable Divisional Director: n/a	
Accountable Director: Tracie Evans, Corporate Director of Finance and Resources	
<p>Summary:</p> <p>This report sets out the performance of the Council's partner, Elevate East London, in carrying out the debt management function on behalf of the Council and as this report covers the fourth quarter of the year it provides the outturn performance for the year and details the debts that have been written off. The report for the first quarter was considered by Cabinet on 20 September 2011, for the second quarter on 14 December 2011 and the third on 21 April 2012. Debt is written off in accordance with the policy approved by Cabinet on 18 October 2011.</p>	
<p>Recommendation(s)</p> <p>Cabinet is asked to:</p> <ul style="list-style-type: none"> (i) note the contents of this report as it relates to the performance of the debt management function carried out by the Revenues and Benefits Service operated by Elevate East London including the performance of bailiffs; and (ii) note the debt write-offs for the fourth quarter of 2011/12 and that a number of these debts will be publicised in accordance with the policy agreed by Minute 69 (6 November 2007) (the debts to be published are those with the highest value for which publication is not prevented by the criteria set out in paragraph 2.53). 	
<p>Reason</p> <p>Assisting in the Council's Policy House aim of ensuring a well run organisation delivering its statutory duties in the most practical and cost-effective way. It will ensure good financial practice and adherence to the Council's Financial Rules to report on debt management performance and total debt write-off each quarter.</p>	

1. Introduction and Background

- 1.1 The Council's Revenues, Benefits, General Income and Rents Service is operated by Elevate East London LLP (Elevate). The Service is responsible for the management of the Council's debt falling due by way of statutory levies and chargeable services.
- 1.2 This report sets out the performance for 2011/12 and covers the overall progress of each element of the service for the year that ended on 31 March 2012. In addition it summarises the debts that have been agreed for write off in accordance with the Council's Financial Rules. Write offs in the fourth quarter have been actioned in accordance with the Council's debt management policy agreed on 18 October 2011.

2. Proposal and Issues

- 2.1 Set out below is the performance for 2011-12 and highlights of the improvements made by Elevate for each of the functions of the Revenues Service during the year.

Table 1: Collection Rate Performance - 2011/12

Revenue	KPI Profiled Target	Actual	Variance	Amount Collected	Yearly Amount Due
Council Tax	92.9%	94.1%	+1.2%	£48.5m	£51.5m
NDR	96.0%	96.4%	+0.4%	£51.4m	£53.4m
Rents	96.75%	97.72%	+0.97%	£92.8m	£95.0m
Leaseholder	71.65%	84.84%	+13.19%	£3.3m	£3.9m

Council Tax performance and service improvements

- 2.2 Council Tax collection at the end of the year finished 1.2% above the previous year's performance. The percentage collection was 94.1%, equating to £48.5m collected of the £51.5m Council Tax due. In Elevate's first year this represents the highest collection rate achieved in the last 10 years despite the continuing tough times being experienced by residents.
- 2.3 A breakdown of the outstanding council tax debt as at 31 March 2012 for Council Tax, year by year is set out below:

Year	Arrears
1999/00	£39,946
2000/01	£43,043
2001/02	£72,251
2002/03	£150,994
2003/04	£271,575
2004/05	£496,355
2005/06	£745,215
2006/07	£1,257,027
2007/08	£1,837,434

2008/09	£2,155,604
2009/10	£2,547,256
2010/11	£3,424,516

2.4 The main improvements implemented by Elevate in 2011-12 were:

- Elevate's new payment arrangement procedure has resulted in an increase in direct debit payers by 5.4% from 25,067 at the beginning of the year to 26,422. This new procedure allows for payment agreements to be made with the customer where a summons has been issued for non payment. For an agreement to be confirmed the customer must agree to pay by direct debit, pay a percentage of the debt immediately and supply their employment details.
- Summons surgeries established by Elevate at the beginning of the year continue to be successful with customers seen at both Barking Learning Centre (BLC) and Dagenham Library resolving issues before their hearings as well as getting payments.
- An additional 9 customer service staff and 3 team leaders were given council tax training in December and are now being utilised by B&D Direct to reduce the need for back office cover.
- Resolution of queries at first point of contact was significantly improved as a result of training given to contact centre and One Stop Shop staff. This dramatically improved the customer experience as well as reducing memos being sent to the back office.
- Attachments of earnings have increased significantly since the beginning of the year with 897 attachments of earnings now in place compared to 242 in April. Attachments to benefits have gone up from 751 to 1,414.
- The number of staff engaged in council tax is low compared to the number of properties in the borough. To help boost performance an additional 5 staff were recruited in the autumn and they started work during November and December. The addition of these staff saw collection improve at a faster rate during the last quarter as the service was better able to keep up to date with incoming work. In addition the team cleared a backlog of bailiff returns, improved the selection of cases for enforcement by bankruptcy and committal action and property inspections were commenced which are vital for keeping the database up to date.
- In November our recovery schedule was amended so that late payers were reminded in the month that payment was due rather than in the following month.

2.5 Paragraph 2.3 above sets out the volume of council tax outstanding year by year from 1999. The decision to write-off is dependent on the steps already taken and potentially exhausted to recover the debt.

2.6 During the fourth quarter of 2011/12 approximately £450k was approved for write-off but is not showing on appendix A as it was not removed before the end of the financial year, the amount will be reported in the next report alongside the council tax that will have been written off in the first quarter of 2012-13. The delay was because of the work required to ensure the system reconciles with the write-offs made.

NNDR performance quarter 4 and service improvements

2.7 NNDR collection for the year was 96.4%, equating to £51.46m of the £53.4m debt due. This is 0.4% above the target.

- 2.8 Plans are in place to improve case selection for enforcement action as well as automating key processes such as refunds to improve capacity within the team. New updated procedures will be completed in the first quarter of 12-13 and will detail the specific points where bailiff, bankruptcy or committal action should take place. It will also highlight the parts of the process where contact should be attempted with the debtor either by phone or visit to the business. This will reduce the number of cases moving into enforcement and improve relations between the service and businesses within the 2 boroughs.

Rents collection performance and service improvements

- 2.9 At the end of year rent collection achieved was 97.72%, which is 0.97% above the profile performance of 96.75%. At the end of March the collection for the financial year is £92.8m of the £95.0m collectable in year. In addition the arrears for current tenants reduced from £3.856m at the start of the year to £3.274m by the end of March.
- 2.10 Elevate have stabilised the Capita IT system. The improved stability of the system has enabled the despatch of quarterly rent statements and statements on demand for all tenants. System reports on cases that need arrears action have been working reliably which has meant that tenants have received arrears letters on time and at an earlier stage than last year. We are taking action on debt at lower levels when there is still a realistic prospect of tenants making arrangements to clear the debt in the current financial year. Additional resources have been made available to ensure that we take tenants to Court to obtain possession orders where debt is high. Court action is effective in producing large payments of arrears and Court orders for eviction regularly produce full clearance of the debt.

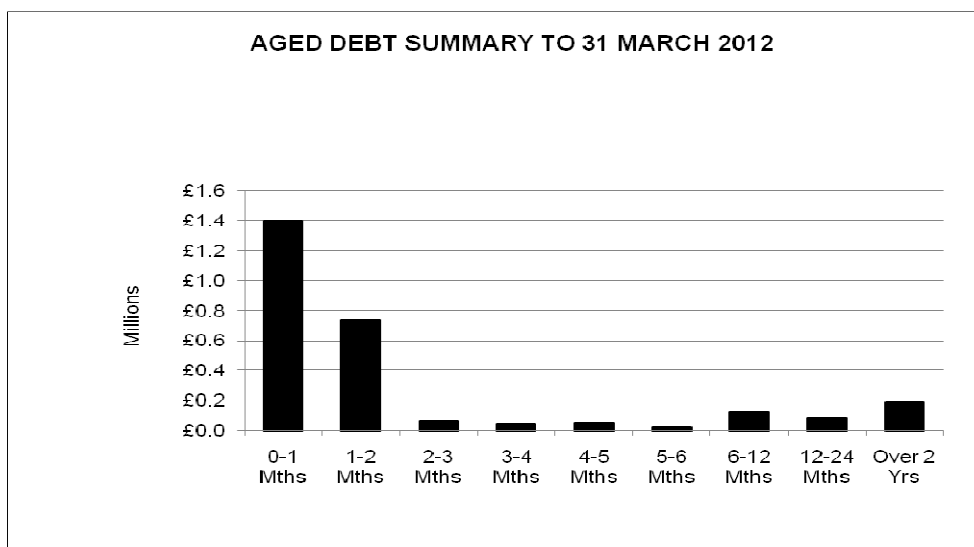
Rents 2011-12 and service improvements

- 2.11 One Stop Shop staff at Barking Learning Centre and Dagenham Library have received extensive training on Rents since April and the number of tenants attending for advice is around 100 each week across both sites. The telephone team within the Rents service will be moving to join staff in the contact centre in June this year which should bring about more synergy between rents and Housing Benefit knowledge.
- 2.12 Elevate encourage payment by Direct Debit (DD). The Council have launched a quarterly prize draw to promote DD that offers one prize of £250 and two of £100. To qualify tenants pay by DD and must not be in arrears. The prize draw is promoted in the regular communications to tenants and in the sign-up process for new tenants.
- 2.13 The team continue to look at options to ensure smarter working; foremost being more joined up working with the Housing service. The review of the end to end process will continue and look to include all parties involved in order to provide a better service to tenants that will help prevent arrears, identify potential abandoned tenancies and prevent evictions. Monthly meetings have been established to track progress on arrears and will be a feature of joint working between Housing and Elevate this year.

- 2.14 To ensure HB take up is maximised at tenancy sign up, Dagenham Library have recently joined the Barking Learning Centre in dealing with HB assessments when customers sign up for new tenancies.
- 2.15 On line access to rent account balances and to order a Rent payment card is due to be available from June 2012. SMS texting was introduced in Quarter 3 so that lower level arrears cases receive a text message in addition to a standard arrears letters and tenants can text for a balance. Tenants will soon be able to pay their rent by text.

General Income

- 2.16 General Income is used to describe the ancillary sources of income available to the Council, and which support the cost of local service provision. Examples of income streams from which the Council derives income include; charges for social care; rechargeable works for housing; nursery fees, trade refuse, truancy penalty notices, hire of halls and football pitches. A single computer system is used for the billing of these debts and collection performance across all these debts is reported together.
- 2.17 The current aged profile of the debt¹ is as follows:



- 2.18 In 2011/12 £63.1m of general income collectable debt was raised of which £62.89m (99.62%) was collected by Elevate's General Income team. This compares to 2010/11 when 99.04% was collected.
- 2.19 Elevate make sure that the debt is pursued while a reasonable prospect remains of collecting the debt. For example the above chart shows a tranche of debt that is over two years old. With these (around 300 cases) most commonly Elevate are in discussion with the issuing department to decide on the next steps or the debt has legal action pending. All debts are monitored on a regular basis to ensure that appropriate action is being taken. We make arrangements to pay by instalments, have a personal contact within the PCT and make regular phone calls to try to receive payment to reduce any court action, which is used as a last resort.

¹ Aged debt reflects invoices that remain unpaid after the 21 days. 21 days being the Council's payment terms. It excludes charges for home and residential care and penalty charge notices that are reported separately.

- 2.20 The collection of Leasehold Service Charges and Penalty Charge Notices are monitored through separate computer systems and the performance of these is reported separately.

General Income: Leaseholders

- 2.21 For the in-year charges for 2011-12² performance for the collection at the end of 2011-12 stood at a total of £2,656,449 from a debit of £2,992,425 which gives a collection rate of 88.77%, and for previous year's debt Elevate collected £656,168 of £911,954 which gives a collection rate of 71.95% for arrears. The overall collection rate for all years, i.e. in-year debt and arrears at 31 March 2012 stood at 84.84% which is 13.19% above the percentage collected in 2010-11.

General Income: Leaseholders - improvements

- 2.22 The focus during 2011-12 has been on ensuring leaseholders receive their statements on time and that leaseholders can get through easily on the telephone as and when they need to. For leaseholders in arrears a large amount of work has been done to ensure relevant cases were processed for court action. This has resulted in the improved collection highlighted above. Changes to further improve collection will continue into next year and will be focusing on increasing and improving the communication with those behind in their payments with a greater variety of letters and increased telephone contact.

Penalty Charge Notices

- 2.23 The Council refer unpaid Penalty Charge Notices (PCNs) for parking, bus lane and box junction infringements to Elevate for enforcement once a warrant has been obtained from the Traffic Enforcement Court. The vast majority of these relate to parking infringements. Elevate's revenues and benefits service is restricted to dealing with the PCNs once a warrant has been granted by the Traffic Enforcement Court. Therefore this report only reports on Elevate's work in enforcing warrants through the bailiffs. Overall collection rates on PCNs will be reported by Environmental and Enforcement Services (Parking Services).
- 2.24 In May 2010 the Council introduced a new computer system for dealing with PCNs. However because of problems with this system the Council was not able to get warrants on this debt until early December 2011. From December 2011 until the end of March 2012 7 batches of warrants were sent to bailiffs by Elevate for a total value of £1,369,980. The total collected by the end of March was £71,607.
- 2.25 For the PCNs prior to May 2010 Elevate have been asked to focus on outstanding PCNs from the previous computer system. To this end Elevate is worked closely with the Council to maximise recovery and clear remaining cases so that the old computer system can be shut down. This involved examining each case and recommending how to take the case forward. In the majority of cases this involves a recommendation to cancel the debt. As the debt is old, successful recovery is unlikely in most circumstances. The collection rate achieved by bailiffs on this old debt is only around 6%.

² These figures are subject to final validation.

2.26 The first batch of warrants related to PCNs from May 2011 were sent to bailiffs on 7 December 2011. Until 31 March a further 7 batches of warrants were passed to bailiffs. Warrants for this debt expire after 12 months so the collection rate can only properly be measured upon the expiry of the warrants after 12 months. Bailiff performance so far is set out in paragraph 2.40.5 below. The collection rate at this stage is low, however it needs to be borne in mind that the warrants are collected over a 12 month period and collection rates are low for this type of debt. Top quartile for the Council's family of comparators is 18% and Elevate expect to achieve this level of collection for batches of warrants once they have expired after 12 months.

Fairer Contribution Charging

2.27 From October 2011, billing commenced in accordance with the Council's new Fairer Contribution Policy.

2.28 Bills are issued every four weeks in arrears. A bill is classed as due for immediate payment after 28 days. Elevate's performance is recorded on debts that are 90 days old. As at 31 March performance was 89.41%. Elevate will work closely with Adult Services to get the billing data as accurate as possible and in this way further improve collection over the next 12 months. All payers will be asked to set up Direct Debits and home visits to assist in this will be made if required.

2.29 As part of the new Fairer Contributions Policy project, the database used to manage and charge for care provided in residential homes changed from Abacus to Swift. Elevate completed the migration of all outstanding debt on Abacus to the Oracle financial management system by the end of March.

2.30 Similarly, the database used to manage home care charging has changed from POC to Swift. As with Abacus debt, Elevate migrated all outstanding debt on POC to Oracle by the end of March 2012.

Bailiff Performance

2.31 Currently Elevate use three bailiff companies, Newlyn, Equita and JBW. Bailiffs are used to collect for the following debts:

- Council Tax
- National Non Domestic Rates
- Benefit Overpayments
- Sundry Debts
- Commercial Rents
- Benefit overpayments.
- Car Parking

2.32 For Council Tax bailiff firms Newlyn and Equita are used to enforce non payment and Newlyn are used for the non payment of NNDR. A bailiff cannot be instructed to carry out this work until the Council has obtained a liability order at court. The bailiff will visit the property with the intention of collecting the debt or removing goods to the value of the debt.

- 2.33 Day to day working arrangements are in place so that the Council Tax team have access to the bailiff's computer system and update individual cases in real time. Changes include amendments to debts, the recall of cases where appropriate and the making and updating notes on the system. Bailiffs will not remove goods without direct authorisation from the Council Tax manager and removal is extremely rare as the debtor's goods are highly unlikely to cover the unpaid debt. Bailiffs have direct access to council tax staff to check information and where swift action is required the council tax team can contact the bailiff companies by phone. The same arrangements exist for Business Rates.
- 2.34 Throughout the course of the year regular meetings are held with the bailiff companies to discuss performance and resource. Bailiffs are always challenged to improve their performance and they are provided with information on how the other bailiffs are performing. Where necessary Elevate will reduce the amount of work going to bailiff where performance is deemed to be too low. Bailiffs only collect their fees when they successfully recover debt for the Council.
- 2.35 Bailiff companies have by request ensured that where new cases are sent they increase the number of bailiffs working in the area to ensure that there is a minimal delay between the cases referral and first contact.
- 2.36 Below a certain level sundry debt cases are deemed to have too low a balance to make court action economically viable. Such debts are referred to the bailiff for collection who seek to recover the debt using letters and phone calls to make contact in order to collect the debt. Where internal methods of collection have failed, benefit overpayments are referred to the bailiff for collection. They will write to and phone the debtor and where this proves unsuccessful they will visit the property with the intention of collecting the debt.
- 2.37 In most cases once a debt has been referred to the bailiff and the bailiff has been unable to collect the debt and where other available avenues are not possible the only route left is to write the debt off. Details of the write offs in quarter four of 2011/12 are in paragraphs 2.48 to 2.50 and in appendices A, B and C.
- 2.38 Bailiff action is a key tool in Elevate's work to recover overdue debts but is only one area of collection work.
- 2.39 Detail of bailiff performance by type of debt for 2011/12 by debt is set out below:

Council Tax

Year	Value of cases less returns	Total remitted	Collection rate %
2011-12	4,609,374.96	713,214.10	15.5%

NNDR

Year	Value of cases less returns	Total remitted	Collection rate %
2011-12	£1,921,783.50	£418,208.00	21.8%

General Income

2011/12	Value of cases	Total remitted	Collection Rate (%)
TOTAL	143,510.26	25,582.71	17.83

Commercial Rent

Bailiff Work (commercial rent)	Number referred to bailiff April to March	Value Referred to bailiff April to March	Amount Collected by bailiffs April to December	% Collected by bailiffs April to December
2011-12	31	77,614.46	60,228.45	77.60 ³

2.40 Road Traffic Debt

The first batch of warrants related to PCNs from May 2011 was sent to bailiffs on 7 December 2011. Up to 31 March a further six batches of warrants were passed to bailiffs. Warrants for this debt expire after 12 months so the collection rate can only properly be measured upon the expiry of the warrants after 12 months. However, the performance as at 31 March is set out below:

Year	Value of cases less returns	Total remitted	Collection rate %
2011-12	£1,369,980	£71,607	5.23%

- 2.41 The relatively low percentage collected by bailiffs as shown above needs to be seen in context. Elevate's revenues teams will attempt to collect their respective debts by means other than bailiffs where possible. However, where these methods have been exhausted bailiffs will be utilised.
- 2.42 In relation to council tax and business rates this can result in a large number of cases being sent at the same time to the bailiff and so can make performance in terms of cash collected as a percentage low. Although the teams will have attempted to cleanse the data related to the debts sent, in some cases there will be information about the property or debt that has not been supplied by the resident or landlord. In such cases the visit from the bailiff can often generate not only payment to the bailiff but direct payment to the council as well as hastening the supply of information that may change the account and/or details of a new occupant.
- 2.43 Although the bailiffs intention is always to collect unpaid debts, their actions also act as a deterrent and often prompt the supply of information that has a direct impact on whether they should continue to pursue the debt. Furthermore, bailiffs will often make payment arrangements over a number of months and due to the number of cases issued will take a number of weeks to visit all properties. It is expected that the bailiffs will collect approximately 20% of debts that are referred to them.

³ Performance is much higher as failure to pay will lead to loss of tenancy by the business.

Write off process

- 2.44 Where a debt is written off it is the case that measures have been taken to collect all debts and levies due; it is the case that some debts will remain unpaid, even after concerted efforts have been made to collect them.
- 2.45 Debts are categorised and recommendations made to write-off amounts deemed to be irrecoverable. The write-off of debt allows the service to focus on debts that are more likely to be recovered. At the same time the Council makes provision within its accounts for debts that are likely to be written-off.
- 2.46 The write-offs presented in this report fall into two broad categories. Firstly, debts Elevate is unable to collect on the Council's behalf because for example the customer is deceased and there is no estate, the customer has gone away and cannot be traced, or the age of the debt precludes recovery. Secondly, there are cases where it is uneconomic to collect.
- 2.47 Of the debts written off the three main reasons were that for 38.18% the debtor had absconded and could not be traced, for 45.66% it was deemed uneconomical to pursue the debt and for 7.88% the debtor was insolvent.

Debt Write-off: Quarter 4 2011/12

- 2.48 The value of debts written off for the first quarter, second and third quarters of 11/12, i.e. April to December 2011 total: £ 785,910.08 (see Appendix B). Write-offs for debts managed by Elevate for the fourth quarter total £1,208,847.44 and are set out in Appendix A.
- 2.49 In 2010/11 almost £2.4m was written off (Appendix C) compared to £2,374,433 in 2012-13.
- 2.50 The volume of write-offs that were actioned in the fourth quarter is lower than expected as no Council Tax write offs were written off the computer system although around £450,000 was approved for write-off. The delay was because of the work required to ensure the system reconciles with the write-offs made. These will appear in the next report for the first quarter of 2012-13. This delay in reconciliation will not be repeated.

Publication of individual details of debts written off (Appendix D)

- 2.51 A number of Authorities publicise the details (names, addresses etc.), of residents who have had debts written off. In the majority of cases, these debts have been written off where the debtor has absconded.
- 2.52 The Council agreed in November 2007 (Minute 69, 6 November 2007) that a list showing the details of debtors, who have had debts written off, would be attached to this report. A list has been attached at Appendix D. The list has been limited to the top ten debts only.
- 2.53 As was previously outlined within the 6th November 2007 Cabinet report, it was recommended that the following types of debt write offs are excluded from this publicised list:

- a) Debts that have been written off following a corporate complaint being upheld;
- b) Debts that have been written off due to the debtor falling within one of the vulnerable groups (e.g. elderly, disabled, infirm etc.);
- c) Where the original debt was raised in error;
- d) Where debts have been written off, but no legal action has been taken to prove that the debt was legally and properly due;
- e) Where the debt has been written off following bankruptcy or insolvency action (the majority of these cases will be individually publicised).

2.54 The exclusion of the category of debts listed above will eliminate the possibility of any unnecessary and potentially costly legal challenges from debtors, who take issue with their details being publicised. It is intended that where the details or whereabouts of debtors become known following publication, those debtors will be pursued as far as is possible, to secure full payment of the debt.

2.56 The list provided at Appendix D does not include debts or debtors that fall within categories a-e above, so the list as it stands can be publicised.

3. Options Appraisal

3.1 This is not relevant for an information report.

4. Consultation

4.1 This is not relevant for this information report.

5. Financial Implications

5.1 As part of the closure of the Council's accounts each year, a review of outstanding debts is made and an estimate of bad and doubtful debts is provided for. All write offs in year are made against that provision. The level of bad debts proposed and agreed for write off is monitored quarterly against the provision made at year end.

5.2 Improvements in the pursuit and collection of debt enables the Council to make a lower provision and improves the level of balances and reserves though debts are only pursued to the point that it is economically sensible to do so.

6. Legal Implications

6.1 The pursuit of debts owed to the Council is a fiduciary duty. The Council seeks to recover money owed to it by the courts once all options are exhausted. Not all debt will be recovered and a pragmatic approach has to be taken with debts as being on occasions, uneconomical to recover in terms of the cost of process and the means of the debtor to pay. As observed in the body of this report, in the case of rent arrears, a possession and subsequent eviction orders are a discretionary remedy and the courts will on many occasions suspend the possession order on condition the tenant makes a contribution to their arrears. The Councils decision to utilise Introductory Tenancies will over time begin to have an impact as only those tenants with a satisfactory rent payment history can expect to be offered a secure tenancy.

6.2 The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.

7. Other Implications

7.1 **Risk Management** - No specific implications save that of this report acting as an early warning system to any problems in the area of write off's.

Background Papers Used in the Preparation of the Report:

- Operational Improvement Plans for Revenues Service areas.

List of appendices

- Appendix A – Debt Write Off Table for Quarter 4 2011/12
- Appendix B – Tables summarising the debt written off for Quarter 1,Quarter 2, Quarter 3 and Quarter 4
- Appendix C – Debt write offs for 2010/11
- Appendix D – Top Debts Written Off

Appendix A

Table 1: Debts Written Off during Quarter 4 2011-12

	Write-offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Home Care	Residential Care	Council Tax	NDR	TOTAL
Jan-12	Under 2k	£23.33	£6,664.38	£28,277.41	£0	£0	£0	£6,165.86	£11,019.90	£52,150.88
	Over 2k	£0	£2,629.81	£0	£0	£0	£0	£0	£0.00	£2,629.81
	Over 10k	£0	£0	£0	£0	£0	£0	£0	£0	£0
	Total	£23.33	£9,294.19	£28,277.41	£0.00	£0.00	£0.00	£6,165.86	£11,019.90	£54,780.69
Feb-12	Under 2k	£22,809.85	£1,844.75	£0.00	£0.00	£0	£0	£77,617.17	£21,642.37	£123,914
	Over 2k	£17,960.88	£2,003.62	£147,453.34	£0	£0	£0	£0	£0	£167,418
	Over 10k	£14,717.50	£0	£0	£0	£0	£0	£0	£434,888.52	£449,606
	Total	£55,488.23	£3,848.37	£147,453.34	£0.00	£0.00	£0.00	£77,617.17	£456,530.89	£740,938.00
Mar-12	Under 2k	£18,756.37	£41,795.62	£38,025.91	£0.00	£0	£0.00	£0	£9,319	£107,897
	Over 2k	£40,113.06	£1,876.54	£101,056.38	£0	£0	£0.00	£0	£162,186	£305,232
	Over 10k	£0	£0	£0	£0	£0	£0.00	£0	£0	£0
	Total	£58,869.43	£43,672.16	£139,082.29	£0.00	£0.00	£0.00	£0.00	£171,504.87	£413,128.75
Quarter 4 Totals		£114,380.99	£56,814.72	£314,813.04	£0.00	£0.00	£0.00	£83,783.03	£639,055.66	£1,208,847.44

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Table 2: Debts written off during 2011/12 Quarter 1

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2011-12 Totals	£43,022	£25,883	£34,848	£844	£N/A	£0	£0	£0	£0	£104,596

Table 3: Debts written off during 2011/12 Quarter 2

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2011-12 Totals	£32,012	£41,018	£40,764	£0	£N/A	£0	£0	£122,006	£39,280	£275,080

Table 4: Debts written off during 2011/12 Quarter 3

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2011-12 Totals	£71,072	£21,569	£596,958	£1,964	£N/A	£0	£0	£0	£94,348	£785,910

Table 5: Debts written off during 2011/12 Quarter 4

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2011-12 Totals	£114,381	£56,815	£314,813	£0	£N/A	£0	£0	£83,783	£639,056	£1,208,847

Table 6: Total debts written off for 2011/12 Quarter 1 2 3 & 4

2011-12 YTD	£260,487	£145,284	£987,383	£2,808	£N/A	£0	£0	£205,789	£772,683	£2,374,433

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Appendix C

Table 1: Debts written off during 2010/11

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NDR	TOTAL
2010-11 YTD	£117,197	£370,313	£694,217	£126,498	£46,260	£0	£0	£328,858	£698,506	£2,381,842

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APPENDIX D

200249360	Mr David Stair	£41,596.35	Ratepayer was made liable as per lease supplied. However the away address provided was incorrect. Experian and Locta searches were completed but no trace of ratepayer as no date of birth or national insurance number was obtained. Therefore these searches proved inconclusive. Various recovery action taken along with bailiff action, all of which have proved ineffective. Lease has now expired so account closed and balance written off.	NNDR
000024842	MR F NOBLE	£7,798.12	Eviction actioned on February 2011. No forwarding address has been found and the case was referred to bailiff for tracing. The tracing was not successful and the case passed further checks done by Elevate via Experian and Locta but no trace.	FTA
000069941	MR M MCMAHON	£7,786.02	Property abandoned and no forwarding address has been established following Experian and Locta checks. Council Tax arrears were returned from the bailiff as gone away no trace.	FTA
000009101	MISS C SIMPSON	£7,419.47	Evicted on 11.03.10. On 18.01.11 case referred to bailiff as there had been no response to letters. 2.12.11 account returned from bailiffs as unable to recover. 24 February 2012 the case was passed for write-off although a forwarding address existed but the recovery action was unsuccessful the debtor did not respond to bailiff enquiries.	FTA
000009036	MRS PJ MULLEN & MR AR MULLEN	£6,402.19	Forwarding address was provided but bailiff action was unsuccessful and no access was possible at the new property.	FTA
000058207	MISS BA POWER	£6,252.52	Evicted on 7.09.10 – but no forwarding address has been found for the debtor either by Elevate or its bailiffs. Attempts to trace the debtor have taken place every 6 months without success.	FTA
000010655	MR & MRS J ROGERS	£6,211.13	3.6.06 eviction took place. On 10.04.08 Redbridge LBC was contacted asking if the tenant was known there but without success and other traces also failed to identify a forwarding address.	FTA
000012609	MRS J BROWN	£5,939.72	Tenant was evicted on 26.08.08 and an arrangement made for £100 per month was made in July 2009 as at that time the debtor was living with her daughter. At a later visit it was reported that the debtor had moved away. Traces were carried out but no forwarding address was found.	FTA
200223920	MR OMAR FARUKE T/A EBS ESTATES	£5,763.36	Ratepayer made liable as per inspection when details were confirmed. All recovery action has been taken including bailiffs and all have proved to be ineffective. Locta and Experian searches done but no results found. Google search done which identified that they had ceased trading.	NNDR
000025499	MRS T PUGH	£5,215.99	15.02.11 was the eviction date for this debtor. Traces carried out by the Council and its bailiffs have proved unsuccessful. Repeat traces have been carried out every 6 months.	FTA

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