Notice of Meeting

CABINET

Monday, 19 February 2018 - 7:00 pm
Council Chamber, Town Hall, Barking

Members: Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and Cllr Dominic Twomey (Deputy Chair); Cllr Sade Bright, Cllr Laila M. Butt, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

Date of publication: 9 February 2018

Chris Naylor
Chief Executive

Contact Officer: Alan Dawson
Tel. 020 8227 2348
E-mail: alan.dawson@lbbd.gov.uk

Please note that this meeting will be webcast, which is a transmission of audio and video over the internet. Members of the public who attend the meeting and who do not wish to appear in the webcast will be able to sit in the public gallery on the second floor of the Town Hall, which is not in camera range.

Webcast meetings can be viewed at https://www.lbbd.gov.uk/council/councillors-and-committees/meetings-agendas-and-minutes/overview/.

AGENDA

1. **Apologies for Absence**

2. **Declaration of Members' Interests**

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

3. **Minutes - To confirm as correct the minutes of the meeting held on 23 January 2018 (Pages 3 - 10)**

4. **Budget Monitoring 2017/18 - April to December (Month 9) (Pages 11 - 32)**

5. **Budget Framework 2018/19 and Medium Term Financial Strategy 2018/19 - 2020/21 (Pages 33 - 76)**

6. **Housing Revenue Account: Estimates and Review of Rents and Other Charges 2018/19 and 30 Year Business Plan (Pages 77 - 127)**

7. **Treasury Management Strategy Statement 2018/19 (Pages 129 - 167)**

8. **Regional Adoption Agency: Adopt London East Business Case (Pages 169 - 177)**

9. **Corporate Plan 2017/18 - Quarter 3 Performance Reporting (Pages 179 - 257)**

10. **Local Implementation Plan 2018/19 Programme Amendments (Pages 259 - 267)**

11. **Procurement of Water Services for Corporate and Non-Domestic Council Buildings (Pages 269 - 276)**

12. **Pay Policy Statement 2018/19 (Pages 277 - 286)**

13. **Be First Business Plan 2018 - 2023 (Pages 287 - 308)**

    Appendix 1 to the report is in the private section of the agenda at Item 16.

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

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

Private Business

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. The item below is in the private part of the agenda as it contains commercially confidential information which is exempt from publication under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

16. **Appendix 1: Be First Business Plan 2018 - 2023 (Pages 309 - 388)**

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

Our Vision for Barking and Dagenham

One borough; one community; London's growth opportunity

Our Priorities

Encouraging civic pride

- Build pride, respect and cohesion across our borough
- Promote a welcoming, safe, and resilient community
- Build civic responsibility and help residents shape their quality of life
- Promote and protect our green and public open spaces
- Narrow the gap in attainment and realise high aspirations for every child

Enabling social responsibility

- Support residents to take responsibility for themselves, their homes and their community
- Protect the most vulnerable, keeping adults and children healthy and safe
- Ensure everyone can access good quality healthcare when they need it
- Ensure children and young people are well-educated and realise their potential
- Fully integrate services for vulnerable children, young people and families

Growing the borough

- Build high quality homes and a sustainable community
- Develop a local, skilled workforce and improve employment opportunities
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Work with London partners to deliver homes and jobs across our growth hubs
- Enhance the borough's image to attract investment and business growth

Well run organisation

- A digital Council, with appropriate services delivered online
- Promote equalities in the workforce and community
- Implement a smarter working programme, making best use of accommodation and IT
- Allow Members and staff to work flexibly to support the community
- Continue to manage finances efficiently, looking for ways to make savings and generate income
- Be innovative in service delivery

This page is intentionally left blank

MINUTES OF CABINET

Tuesday, 23 January 2018
(7:00 - 8:14 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Laila M. Butt, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

76. Declaration of Members' Interests

There were no declarations of interest.

77. Minutes (12 December 2017)

The minutes of the meeting held on 12 December 2017 were confirmed as correct.

78. Budget Monitoring 2017/18 - April to November (Month 8)

The Cabinet Member for Finance, Growth and Investment presented a report on the Council's revenue budget monitoring position for the 2017/18 financial year as at 30 November 2017.

The General Fund showed a projected year-end overspend of £6.878m against the budget of £145.13m, which represented an increase of £0.995m on the position reported for 31 October 2017. The Cabinet Member alluded to the new pressures and risks detailed in the report and confirmed that it was unlikely that the position would improve to any significant degree by the end of the financial year. The Housing Revenue Account (HRA) showed an unchanged projection from the previous month's £0.769m deficit position against the budgeted contribution of £39.642m to the HRA Capital Programme.

The Cabinet Member for Social Care and Health Integration referred to the increased pressures within the Adults' Care and Support service and drew particular attention to the excellent work of the Mental Health Crisis Intervention team which had overseen just one delayed discharge from hospital in the last reporting period, compared to another London local authority which had experienced over 4,000 in the same period.

In respect of the increased overspend within the Disabilities Care and Support service stemming from the high cost of two out-of-borough care packages which the Council had funding responsibilities for, the Cabinet Member confirmed that an urgent review had been undertaken and no other 'potentially unknown' cases had been identified.

The Cabinet **resolved** to:

(i) Note the forecast outturn position for 2017/18 of the Council's General Fund revenue budget as at 30 November 2017, as detailed in section 2 and Appendix A of the report;

(ii) Note the new financial risks and the suggested mechanisms for resolving them, as detailed in section 3 of the report;

(iii) Note the overview of the Housing Revenue Account for 2017/18 , as detailed in section 4 and Appendix B of the report; and

(iv) Note the update on the Capital Programme as detailed in section 5 of the report.

79. Barking and Dagenham Reside - A Reinvigorated Approach

The Cabinet Member for Finance, Growth and Investment presented a report on plans for a reinvigorated approach for Barking and Dagenham Reside (B&D Reside), the special purpose vehicle (SPV) established by the Council to hold and manage affordable housing developments with the Borough.

By Minute 50 (13 November 2012), the Cabinet had agreed the structural and governance arrangements for the creation of B&D Reside. Since that time, the company had been successfully managing approximately 600 properties via various commissioning arrangements with the Council as it had no directly employed staff. The Cabinet Member explained that the Council's major programme of housing development over the next five years was expected to increase the B&D Reside property portfolio by at least another 3,000 properties and it was necessary, therefore, to review the structural arrangements for the company to ensure that it was fit-for-purpose going forward. Following a review, a series of key actions were proposed which included the formation of B&D Reside as a single management entity with a new Board of Directors, directly-appointed staff and refined governance arrangements with the Council as sole shareholder.

Cabinet Members spoke in support of the innovative approach as a means of maintaining the Council's drive to provide high-quality, affordable homes to social tenants. The Cabinet Member for Economic and Social Development also made the point that the construction of 3,000 new homes over the next five years would mean that, despite the ongoing loss of Council housing due to Right to Buy sales, a greater number of homes would be available to those on the Council's housing waiting list.

The Cabinet **resolved** to:

(i) Approve the creation of a Reside Management Company on the terms set out in paragraph 2 of the report;

(ii) Agree that the shareholder role of the Council be exercised through the Cabinet advised by the Shareholder Panel;

(iii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to commence the recruitment and selection of a Chair of the Board of Directors; and

(iv) Delegate authority to the Director of Law and Governance to prepare and execute articles of association or partnership agreements and any relevant legal agreements or documents on behalf of the Council to implement the creation of the new Reside company.

80. B&D Energy - 'White Label' Energy Supplier

The Cabinet Member for Finance, Growth and Investment presented a report on an initiative aimed at providing local residents with the opportunity to subscribe to competitive, cheaper fuel tariffs through a ‘white label’ partnership with a reputable energy supplier.

The Cabinet Member advised that although recent Government estimates suggested that 10% of Barking and Dagenham households suffered from fuel poverty, the Council’s own assessments found that in some areas of the Borough that percentage was as high as 38%. The initiative would, therefore, enable local residents to take advantage of bespoke, locally branded energy tariffs that were expected to consistently be amongst the top 15% best offers in the energy market. It was noted that an options appraisal had included the potential for the Council to establish itself as a fully licensed, independent energy company but that option was not considered appropriate at the present time.

The Cabinet Member referred to the planned communications strategy that would support the launch of the initiative and help achieve the goal of attracting at least 3,000 customers in the first year of the service.

Cabinet Members welcomed the proposal and spoke on the need to break the hold that the largest energy suppliers continued to have in the market which penalised loyal customers, the obscenity of key meter charges which penalised those on the lowest incomes and the focus on helping those currently in arrears with their high tariff deals to move over to the more affordable ‘white label’ tariff.

The Cabinet **resolved** to:

(i) Approve the proposed ‘white label’ approach to deliver a branded energy supply to the residents of Barking and Dagenham, as detailed in Option 2 in the report; and

(ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Economic and Social Development and the Director of Law and Governance, to develop and register the intellectual property rights in the trademarks and branding for the energy products to be delivered through the white label option and enter into the contracts and all other necessary or ancillary agreements with the successful bidder in accordance with the strategy set out in the report.

81. Pooling of Business Rates

Further to Minute 62(iv) (14 November 2017), the Cabinet Member for Finance, Growth and Investment introduced a report on the Council’s proposed participation in a London-wide Business Rates pooling arrangement in place of the current joint arrangement with Basildon, Havering and Thurrock Councils.

The Cabinet Member confirmed that the new London-wide arrangement was expected to deliver a financial benefit to the Council of £2.8m in 2018/19, helping to protect services provided to local residents. The scheme had received the support of each of the 33 London local authorities and City of London had agreed to be the 'lead authority', assuming responsibility as the accountable body and administrator of the pooled fund.

The Cabinet **resolved** to:

(i) Approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34(7)(1) of Schedule 7B Local Government Finance Act 1988;

(ii) Delegate the Council's administrative functions as a billing authority to the appropriate lead authority / joint committee;

(iii) Delegate authority to the Leader and the Chief Operating Officer to agree the operational details of the pooling arrangements with the participating authorities;

(iv) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance, to enter into such agreement(s) as may be necessary to implement the Pool and to negotiate, finalise and execute the same on behalf of the Council; and

(v) Appoint the Leader as the Council's representative at meetings to consider the allocation of the Strategic Investment Pot and to authorise the Leader, in consultation with the Cabinet Member for Finance, Growth and Investment, the Chief Executive and the Chief Operating Officer, to take decisions on behalf of the Council in respect of Strategic Investment Pot allocations.

82. Council Tax Support Scheme 2018/19

The Cabinet Member for Finance, Growth and Investment presented a report on the proposal to retain the existing Council Tax Support Scheme and £50,000 discretionary hardship fund, in order to continue to support local residents that found themselves in exceptional financial hardship.

The Cabinet **resolved to recommend the Assembly** to agree that the Council Tax Support Scheme implemented for 2017/18 be retained for 2018/19.

83. Calculation and Setting of the Council Tax Base for 2018/19

The Cabinet Member for Finance, Growth and Investment introduced the annual Council Tax Base setting report for the 2018/19 financial year.

The Cabinet Member advised that the number of Band D equivalent properties had increased by over 1,500 compared to 2017/18, which would generate an additional £1.7m of income based on the current rate of Council Tax. Arising from a question, the Chief Operating Officer agreed to respond to Cabinet Members on the rationale for the number of A* equivalent properties.

The Cabinet **resolved** to agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham Council as its Tax Base for the year 2018/19 shall be 48,782.31 Band ‘D’ properties.

(Councillor Turner left the meeting at the conclusion of this item.)

84. Essex and Suffolk Water Agreement

Further to Minute 112 (8 April 2014), the Cabinet Member for Finance, Growth and Investment presented a report on the outcome of negotiations with Essex and Suffolk Water (ESW) regarding the collection of water and sewerage charges from social housing tenants by the Council on behalf of ESW.

The Cabinet member advised that the commission payable to the Council would increase from the 15% level under the current agreement with ESW to 17%, backdated to 1 April 2017.

The Cabinet **resolved** to agree that the Council enters into a revised three-year agreement with Essex and Suffolk Water for the collection of water and sewerage charges from social housing tenants, effective from 1 April 2017, on the terms set out in the report.

85. 'Made in Dagenham' Film Studios

Further to Minute 74 (15 November 2016), the Cabinet Member for Economic and Social Development presented proposals to progress the Council’s ambitions for television and film studios at the former Sanofi site, Rainham Road North, Dagenham, as part of a mixed-use development.

The Cabinet Member advised that a feasibility study, jointly funded with the Mayor of London, had concluded that “Dagenham East represents a rare chance to build a world-class film studio within the boundaries of Greater London”. Discussions had taken place with the other landowners at the site regarding the best way to deliver the studio proposal and the wider regeneration aims, which would include housing, retail and London’s largest data centre and create a significant number of new job opportunities for local people. The Cabinet Member also referred to the perceived advantages to the Council of becoming the majority landowner at the site, in line with the Council’s Investment and Acquisition Strategy objectives, and the borrowing costs associated with the acquisitions.

Cabinet Members spoke in support of the proposals and particular regard was made to the new and exciting job opportunities that would be created on the site and the important links to other recent initiatives in the Borough, such as the creation of the Coventry University London campus. The Cabinet Member for Economic and Social Development confirmed that the Council’s expectations for high-quality architectural developments had been impressed on potential development partners and it was also acknowledged that a comprehensive Sustainable Neighbourhood Strategy for the area should be commissioned in order to maximise the benefits for the local community.

The Cabinet **resolved** to:

(i) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to enter into all necessary agreements to complete the freehold purchase of the Baytree land, as identified in Appendix 1 to the report, on the terms set out in paragraphs 2.1 to 2.3 and Appendix 2 of the report;

(ii) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Member for Finance, Growth and Investment, to enter into all necessary agreements to complete the freehold purchase of the Londoneast-uk surplus land site and the lease of The Cube site, as identified in Appendix 1 to the report, on the terms set out in paragraphs 2.4 to 2.5 and Appendix 2 of the report;

(iii) Note that a further report shall be presented to Cabinet on the possible purchase of The Cube site at the expiry of the lease arrangement in December 2022; and

(iv) Agree the Council's objectives for the film studio site as set out in paragraphs 2.6 to 2.8 of the report and that Be First commence a process to select the partner(s) who best delivers the objectives.

86. Purchase of Transport House, 46 - 48 New Road, Dagenham

The Cabinet Member for Economic and Social Development introduced a report on the proposed acquisition of Transport House, 46 – 48 New Road, Dagenham, due to its strategic importance to the Council's regeneration plans for the south Dagenham area.

The building was currently occupied by Unite the Union who wished to sell its freehold interest and relocate elsewhere in the Borough. The site was adjacent to the former Ford Stamping Plant, itself in the final stages of demolition, and acquisition by the Council would increase its stake in the regeneration of the area. The report also set out the proposed terms of the acquisition, the borrowing costs and the intended leaseback arrangements with Unite pending relocation.

The Cabinet **resolved** to:

(i) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to enter into all necessary agreements to complete the freehold purchase of the Transport House site, as identified in Appendix 1 to the report, on the terms set out in the report and Appendix 3 to the report; and

(ii) Delegate authority to the Investment Panel, following consultation with the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to approve the future disposal of the site in line with the Council's Investment Strategy objectives.

87. Private Business

The Cabinet **resolved** 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).

88. Vicarage Field Financing Proposal

The Cabinet Member for Economic and Social Development introduced a report on the proposed terms of a loan facility to Lagmar (Barking) Limited, a wholly owned subsidiary of Benson Elliot Real Estate Partners IV LP, to facilitate the redevelopment of the Vicarage Field site in Barking Town Centre.

The regeneration plans for the site included 855 residential units, a 150-room hotel and 350,000 sq.ft. of retail, leisure and public service space. Discussions, led by Be First on behalf of the Council, had identified the potential for the Council, as freeholder of the site, to provide funding to Benson Elliot, who held a 99-year renewable head lease for the site, to take the project forward, in line with the Council's Investment and Acquisition Strategy objectives.

The report set out the proposed commercial terms of the loan facility, which would generate additional annual revenue to the Council of circa £1.2m in the first three years in the form of a contribution to Be First's income target, and the steps needed to take the project forward.

The Cabinet **resolved** to:

(i) Agree borrowing of up to £35m from the Public Works Loan Board within the General Fund to facilitate the redevelopment of the Vicarage Field site in Barking Town Centre, as set out in the report;

(ii) Agree to lend £35m to Lagmar (Barking) Limited, a wholly owned subsidiary of Benson Elliot Real Estate Partners IV LP, substantially on the terms set out in paragraphs 2.15 to 2.21 of the report;

(iii) Agree that Be First, as agent for the Council, lead the negotiations in respect of the loan facility, including appointment and management of commercial, financial and legal due diligence advisors, with Benson Elliot Real Estate Partners IV LP;

(iv) Note that detailed negotiations shall be supported by a team of financial, commercial and legal advisors appointed to advise Be First and the Council on the proposals, the Council's costs in connection with the loan to be reimbursed by Benson Elliot Real Estate Partners IV LP;

(v) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to scrutinise the due diligence reports, negotiate terms and agree the contract documents to fully implement and effect the proposals set out in the report; and

(vi) Authorise the Director of Law and Governance, in consultation with the Chief Operating Officer, to execute all the legal agreements, contracts and other documents on behalf of the Council.

CABINET

19 February 2018

Title: Budget Monitoring 2017/18 – April to December (Month 9)	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Katherine Heffernan, Group Manager – Service Finance	**Contact Details:** Tel: 020 8227 3262 E-mail: katherine.heffernan@lbbd.gov.uk
Accountable Director: Kathy Freeman, Finance Director	
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary

This report provides an update on the revenue budget monitoring position as at the end of December 2017.

The budgetary position has worsened throughout the Autumn mostly as a result of continued demand pressures in Care and Support, reaching a forecast outturn overspend position of £6.8m in November. The forecast has remained at this level this month. By this time of the year it is normally possible to assess the full scale of the pressures being experienced and how far it is realistically possible to mitigate and reduce them in year. However, managers are still likely to be forecasting on a prudent basis and the underspending areas are only now beginning to be identified.

The total service expenditure for the year is expected to be £151.940m against a revenue budget of £145.130m. This results in a forecast overspend position for the full year of £6.81m. Within the overall position there are forecast overspends on Care and Support, Homelessness, Public Realm, Leisure, Enforcement, Customer Services and Growth and Homes Commissioning.

This is based on known factors at this stage of the year and could still change as the result of successful management action or the appearance of new risks and pressures. Early identification of pressures is key to being able to plan and implement successful mitigation and the position will continue to be monitored and reported to Cabinet throughout the year.

This report also seeks Cabinet consent for some planned year end transfers to reserves and carry forward. These and the reasons for them are set out in section

The forecast on the Housing Revenue Account (HRA) has improved by £0.259m and is now forecasting a revenue surplus of £39.132m which will be used as a contribution to the capital programme. This forecast surplus is however £0.51m less than the originally planned contribution as a result of shortfalls in rent income.

This report also includes the quarterly monitoring report on the capital programme. The programme was restated at the end of quarter two and forecasts are shown against this reprofiled programme. The General fund capital programme is now £160.9m and forecast expenditure is £164.5m. The variance of £73.567m is largely accelerated spending rather than a true cost overrun and funding will be brought forward from future years.

The HRA capital programme is £74.642m and there are two areas of variance. There are forecast overspends on the Estate Renewal programme and slippage on Decent Homes. More details are given in section of the report.

The revised capital programme is now £160.9m for the General Fund and £73.567m for the HRA. The latest monitoring position against this programme is detailed in Appendix C to this report. The forecast year end expenditure is £164.5m for the General Fund and £74.642m for the HRA.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the forecast outturn position for 2017/18 of the Council's General Fund revenue budget as detailed in section 2 and Appendix A of the report;

(ii) Note the new financial risks and the suggested mechanisms for resolving them, as detailed in section 3 of the report;

(iii) Approve the following year-end adjustments and carry forwards detailed in section 4 of the report:

a) up to £120,000 of unallocated match-funding monies for supporting the local crowdfunding platform;
b) up to £100,000 set-up costs in respect of the School Improvement Partnership.

(iv) Note the overview of the HRA for 2017/18, as detailed in section 5 and Appendix B of the report; and

(v) Note the forecast outturn of the Capital Programme as set out in section 6 and Appendix C of the report.

Reason(s)

As a matter of good financial practice, the Members' should be informed about the Council's spending performance and its financial position. This will assist in holding managers to account and in making future financial decisions.

1 Introduction and Background

1.1 This report provides a summary of the forecast outturn for the Council's General Fund and HRA. It also contains the quarterly monitoring report on the Council's General Fund and HRA capital programme. In addition there are some carry forward requests outline in section four that Cabinet are recommended to approve.

2 Overall Position

2.1 As at the end of October there is a projected overspend of £6.810m. Full details are shown as an appendix to this report. This is based on current service expenditure.

2.2 If this forecast is still the final position by the end of the financial year it will require a drawdown on the Council's reserves. Although we do have sufficient funds to cover this amount at this time, a reduction in the reserves will mean less capacity for strategic investment and the management of future risks. For this reason, it is important that action is taken swiftly to mitigate these pressures and any others that arise in the year.

2.3 As previously reported there are overspends predicted for Care and Support, the Homelessness budgets within Community Solutions, Leisure Services, Public Realm, Enforcement, the Customer Access Strategy and Growth and Homes Commissioning

3. Financial Pressures and Risks

3.1 The forecast in **Adults Care and Support** has been rising steadily throughout the financial year – largely related to pressures on the placement budgets and in year slippage on the savings programmes. This month there has been another increase in the home care hours but this has been offset by a decrease in the Mental Health forecast.

3.2 To date, this year the service has witnessed an increase in home care hours and the movement in this period is an increase in overspend of £0.083m since November 2017. The average number of hours in 2016-17 was approximately 18,000 hours while current trends suggest that this will be in the region of 20,000 hours in 2017-18 – an increase of over 10%. There have been an increased number of hospital discharges as well as an increase in unit cost which has added to the pressure. Activity in residential and nursing care has been fairly stable but the costs of placements has been rising slowly.

3.3 New investment has been made in Mental Health services this year from the new grant funding but there is a net pressure of around £0.19m remaining. During this year the Mental Health team has been brought back under direct council management and a number of improvements made to the service. It is expected that the new arrangements will support more robust budget management in future.

3.4 These pressures can be offset in year by use of the ASC grant and management action including a review of Direct Payment accounts to clawback unused funds. The forecast assumes around £1.3m clawback of which £1.1m has been achieved to date. It should also be noted that the funding allocated from the grant for new investment and further fee increases has already largely been released to support the existing pressures on the service. Overall the forecast outturn for **Adults Care and Support is therefore £0.206m overspent.**

3.5 There are pressures across the Disabilities Care and Support service. It has been possible to mitigate the Adults position through application of IBCF and other funding. The final position assumes the final remaining grant funding can be given up and that the Direct Payment clawback targets will be achieved. There are no such mitigations available for expenditure on children and there are pressures in this area too.

3.6 The Adults pressure for Learning Disability support increased in November because of the recognition of back dated costs for two clients placed out of borough for whom we have to accept the funding responsibility.

3.7 There is a variance against the budget for Children with Disabilities of £0.555m. This is an increase of £0.122m from the position last month. The pressures include an increase in direct payments clients - £0.171m, high legal & court costs - £0.168m and the cost of providing respite support for the families of the children-£0.096m as well as a shortfall in income targets.

3.8 There are overspends in both Life Planning team from the use of agency staff (including one to release an officer to work on the Liquid Logic project.) The forecast on the EHC team includes the cost of extra staff recruited to meet the EHC plan deadline. Overall the net pressure across **Disabilities Care and Support is £0.827m overspent.**

3.9 The **Children's Care and Support** forecast began to rise in early summer and now stands at **£2.0m overspent**. Both the costs of staffing and the placements forecast have risen slightly this month. There are demand pressures across the system with an in-year increase in referrals and assessments, Children in Need and also Looked After Children. This increase in demand is contributing to overspends in staffing, legal costs and placement costs. However, there is £700k central provision against growth in demand that can be applied to offset this overspend.

3.10 The staffing overspend is now forecast to be £1.27m. This is a long-standing pressure which is the result of a Londonwide (or maybe even countrywide) shortage of qualified staff willing to take permanent social worker roles. As the service cannot operate safely with high levels of vacancies, it is forced to employ more expensive agency workers resulting in overspends. The situation is exacerbated by continuing high levels of demand especially in assessment which means staffing levels must be maintained.

3.11 The placements figure has risen again this month as a result of increased demand and the forecast is now £0.6m overspend (after application of the growth funding.) There has been a net increase of 20 LAC placements. At this stage of the year new entrants to care have a smaller impact on the in-year forecast but continuing pressures on this budget will result in future year risks which are a concern as the MTFS depends on reductions in LAC numbers and costs. The assumptions underpinning this require further testing and it is important that there is a clear action plan for managing demand in this service.

3.12 The forecast also assumes approximately £125k further management action will be delivered this year largely from recruitment and retention. This has been reduced from last month as there is less time for this to be realised. Moreover, it must be acknowledged that agency and staffing costs appear to have risen not fallen over the last month.

3.13 There have been pressures in the **Public Realm** services reported throughout this year. These are mainly attributable to staffing costs where the budget is not sufficient to cover the costs of the current delivery model for Waste and Street Cleansing but there is also a pressure of £0.35m in Passenger Transport. The overspend has risen by £0.198m this month to **£2.315m overspent**. There are two main elements to this increase: £0.13m for additional staffing costs at Christmas and £0.066m is due to a revised operating costs' forecast for Passenger Transport.

3.14 Previously reported forecast overspends in **Growth and Homes Commissioning** (£0.3m), **Customer Services** (£0.544) and **Enforcement** (£0.6m) remain at similar levels. Additional funding has been made available in the MTFS for the first two and there is an action plan in place for Enforcement that should bring spend back in to line next year. In addition, there is a risk concerning the court income for **Council tax recovery** activity. In recent years the amount achievable has been below the budgeted figure and there is a risk that this may be the case this year leading to an **overspend of £0.461m -** a slight increase from last month. This is a recurrent pressure that will be addressed in the MTFS.

3.15 These pressures are offset by some identified underspends. There is a net underspend in **Care and Support Commissioning** as a result of staffing underspends across the service and income from the Council's traded services is expected to be higher than budgeted. There is a net underspend in Core Services with additional Film Unit Income and staffing vacancies.

4. Carry Forward Requests.

4.1 The Council has created a specific pot of £0.12m for match-funding to support projects generated and crowdfunded by our local residents and community groups. As with any new scheme it has taken time for projects to become ready and so much of the pot is currently unallocated. Additional training has been offered to groups and interest has been expressed in bringing forward new projects. Therefore, it is proposed to roll forward any unallocated monies up to £0.12m at year end for allocation in the following months.

4.2 Education Youth and Childcare have a reserve of £0.2m which has been allocated to meet the set-up costs of the School Improvement Partnership. Around half of this is forecast to be spent this year with some further costs falling in the early months of next year. It is requested that any remaining funding up to £0.1m may be carried forward for this purpose.

5. Housing Revenue Account

5.1 The forecast on the .Housing Revenue Account (HRA) has improved by £0.259m and is now forecasting a revenue surplus of £39.132m which will be used as a contribution to the capital programme. This forecast surplus is however £0.51m less than the originally planned contribution as a result of shortfalls in rent income.

5.2 The Supervision and Management underspend is £0.208m and has arisen largely as a result of vacancies in My Place following a restructure. The Repairs and Maintenance position is now forecast to underspend against the current budget provision by an additional £51k following a review of all expenditure with budget holders alongside management efficiencies and the appropriate recharging of costs for works

6. Capital Programme

6.1 On 13 February 2017 the cabinet approved a 5-year capital programme for the period 2017/18 – 2021/22. This programme was reviewed last month and additions were approved for Land Acquisitions, Street Purchasing and a new build programme at Becontree Heath. This was reprofiled following the end of quarter two. The revised capital programme is now £160.9m for General Fund and £73.567m for the HRA.

6.2 The latest monitoring position against this programme is shown as an appendix to this report. The forecast year end expenditure is £164.5m for the General Fund and £74.642m for the HRA.

6.3 There is slippage on the works at Barking Learning centre which will now be carried out next year. There are variances on some schools programmes that will be funded from within the Basic Needs Allocation. The Street Lighting replacement programme has also fallen slightly behind schedule resulting in approximately £1m of slippage. This is now expected to be paid in the first few months of next year.

6.4 The Smarter Working Corporate Accommodation project has incurred £1.6m of additional expenditure. This includes works on the third and fourth floors of the Town Hall and also the Lower Ground Floor. These floors were not originally in scope but have enabled more workspaces to be created and greater capacity. There are also additional costs relating to works to enable the lease of the Civic to CUL and some refurbishments in Roycroft House.

6.5 A recent review of IT has identified the requirement for £0.126m of Capital expenditure this year to support our Business system Oracle and archive old data that must be retained and for a conference bridge system. Cabinet are asked to approve these additions to the programme.

6.5 There is accelerated expenditure within the Regeneration Housing programme. The Kingsbridge scheme is also progressing well now despite some initial delays that were experienced with Thames Water in relation to drainage works and the finalisation of designs. Works have now commenced on site without the previously anticipated delays and this has led to a projected £1.897m accelerated spend. Completion is forecast to be at the end of Q3 2018/19.

6.6 The HRA has a reprofiled 2017/18 investment programme totalling £73.567m and is currently forecast to spend £74.642m, this is £1.075m higher than the revised budget allocation. Within this the New Build programme is currently forecast to spend to budget but there are variances on Estate Renewal and Decent Homes.

6.7 The Estate Renewal budget of £7.123m is currently expected to spend 11.865m. The change of £2.546m from last period represents is due to far higher number of offer acceptances, further CPO determination and advance payments required. The increase in the assessed costs of Compulsory Purchase Orders is creating additional costs for this programme that will need to be carefully monitored and any impact on the viability of schemes assessed.

6.8 The investment in own stock has a reprofiled 2017/18 investment programme totalling £34.284m and is currently forecast to spend £30.617m, this is (£3.667m) lower than the revised budget. The change of (£4.347m) from last period is mainly due to slippage of 3 programmes now expecting to complete in 2018/19 and a small overspend. The programmes affected are Energy Efficiency (slippage of £0.825m), Communal Repairs (£0.329m) and Decent Homes (£3.22m slippage.) Some of the Decent Homes slippage is due to many homes in the current programme being found to require fewer works than expected. There are further dwellings on the schedule that will be surveyed in the next month and it may be possible to recover some of the slippage before year end.

7. Financial Implications

Implications completed by: Kathy Freeman, Finance Director

7.1 This report details the financial position of the Council.

8. Legal Implications

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

8.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

Public Background Papers Used in the Preparation of the Report:

- Oracle monitoring reports

List of Appendices

- **Appendix A** – General Fund Revenue budgets and forecasts.
- **Appendix B -** HRA budgets and Forecasts
- **Appendix C –** Capital Programme 2017/18
-

APPENDIX A

GENERAL FUND REVENUE BUDGETS AND EXPENDITURE

SERVICE	BUDGET 2017/18	ACTUALS – P9 December	FORECAST	VARIANCE
BE FIRST	**-130**	**1,719**	**-130**	
CARE & SUPPORT				
ADULT'S CARE & SUPPORT	24,138	11,012	24,344	206
CHILDREN'S CARE & SUPPORT	32,778	28,066	35,827	2,049
DISABILITIES	16,339	14,746	17,166	827
CARE & SUPPORT Total	**73,255**	**53,824**	**76,337**	**3,082**
CENTRAL	**-1,647**	**18,043**	**-2,147**	**-500**
COMMUNITY SOLUTIONS	**11,801**	**7,438**	**12,326**	**525**
CONTRACTED SERVICES Total	**7,633**	**18,597**	**8,638**	**1,005**
CORE				
ELEVATE CLIENT TEAM	5,708	4,229	5,894	186
FINANCE	4,229	1,682	3,943	-286
LAW & GOVERNANCE	-142	-414	-244	-102
STRATEGIC LEADERSHIP	838	862	928	90
STRATEGY & PROGRAMMES	914	-117	714	-200
TRANSFORMATION	192	6,742	192	
CORE Total	**11,740**	**12,984**	**11,428**	**-312**
EDUCATION, YOUTH & CHILDCARE & Schools	**12,982**	**10,786**	**12,982**	
ENFORCEMENT	**9,462**	**2,898**	**10,067**	**605**
GROWTH & HOMES				
ASSETS & INVESTMENT	-685	-5,222	-1,015	-330
CULTURE & RECREATION	2,506	2,401	2,506	
GROWTH & HOMES	-885	-1,164	-479	407
GROWTH & HOMES Total	**935**	**-3,986**	**1,012**	**77**
MY PLACE	**-29**	**5,061**	**-90**	**-88**
PUBLIC REALM	**6,963**	**5,619**	**9,278**	**2,315**
SDI COMMISSIONING				
ADULTS COMMISSIONING	5,890	4,654	5,820	-70
CHILDREN'S COMMISSIONING	4,283	2,524	4,174	-160
HEALTHY LIFESTYLES & LEISURE	406	1,552	986	566
PUBLIC HEALTH	1,034	1	1,034	
SDI COMMISSIONING Total	**11,613**	**8,731**	**12,014**	**336**
TRADED SERVICES	**555**	**3,175**	**255**	**-300**
Grand Total	**145,130**	**105,664**	**151,940**	**6,810**

This page is intentionally left blank

APPENDIX B

HOUSING REVENUE ACCOUNT AS AT DECEMBER 2017

	Budget £m	Forecast £m	Variance £m	Change £m
Dwelling Rents	(89.270)	(88.622)	0.648	(0.000)
Non-Dwelling Rents	(0.807)	(0.706)	0.101	0.000
Other Income	(19.624)	(19.436)	0.188	(0.000)
Repairs and Maintenance	16.481	16.258	(0.223)	(0.051)
Supervision and Management	41.838	41.634	(0.204)	(0.208)
Rent, Rates and Other	0.350	0.350	0.000	0.000
Bad Debt Provision	1.046	1.046	0.000	0.000
Corporate & Democratic Core	0.685	0.685	0.000	0.000
Interest Charges	10.059	10.059	0.000	0.000
Interest Receivable	(0.400)	(0.400)	0.000	0.000
Revenue Contribution to Capital	39.642	39.132	(0.510)	0.259

Appendix C

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	SPEND Oracle Committed in 17/18	FORECAST 2017/18 Forecast	FORECAST Variance
Care & Support						
FC00106	Disabled Facilities Grant	**1,390,570**	614,729	283,970	1,390,570	0
FC02888	Direct Payment Adaptations	**400,000**	126,302	0	200,000	-200,000
FC03049	Adult Social Care Grant	**79,000**	27,538	67,343	122,000	43,000
	Total for Care & Support	**1,869,570**	**768,569**	**351,313**	**1,712,570**	**-157,000**
Community Solutions						
FC03060	Barking Learning Centre Works	**447,000**	176,461	79,321	257,000	-190,000
FC03092	Dagenham Library Foyer	**0**	0	0	0	0
FC03095	BLC Void Areas	**0**	0	0	0	0
FC04021	Libraries Management System Tender	**10,000**	0	0	0	-10,000
FC04036	Upgrade & Enhancement Security Threat Management at BLC	**75,000**	0	0	45,000	-30,000
FC04049	Community Solutions	**3,154,400**	0	0	3,154,400	0
	Total for Community Solutions	**3,686,400**	**176,461**	**79,321**	**3,456,400**	**-230,000**
Core						
FC02738	Modernisation & Imp Cap Fund	**0**	-201,566	297,414	0	0
FC03068	ICT End User Computing	**0**	-119,669	82,872	0	0
FC03052	Elevate ICT investment	**443,126**	336,090	22,067	443,126	0
FC02877	Oracle R12 Joint Services	**147,866**	57,593	6,669	147,866	0
FC03059	Customer Services Channel Shift	**336,991**	230,107	0	336,991	0
FC02565	Implement Corporate Accommodation Strategy	**6,780,486**	6,019,867	1,929,225	8,420,486	1,640,000
FC04009	New ways of Working (formerly Smarter Working) Programme	**1,494,000**	101,454	121,906	1,494,000	0
	Total for Core	**9,202,469**	**6,423,876**	**2,460,153**	**10,842,469**	**1,640,000**
Community Access & Technology						
FC04007	Cross Cutting Technology	**1,280,482**	0	0	1,280,482	0
FC04008	Customer Access Strategy (CAS)	**2,711,500**	0	0	2,711,500	0
	Total for Community Access & Technology	**3,991,982**	**0**	**0**	**3,991,982**	**0**

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	SPEND Oracle Committed in 17/18	FORECAST 2017/18 Forecast	FORECAST Variance
EDUCATION, YOUTH AND CHILDCARE						
	PRIMARY SCHOOLS					
FC02736	Roding Primary School (Cannington Road Annex)	**129,789**	0	287,544	129,789	0
FC02745	George Carey CofE (formerly Barking Riverside) Primary School	**22,926**	0	25,000	22,926	0
FC02784	Manor Longbridge (former UEL Site) Primary School	**150,000**	348,889	0	348,889	198,889
FC02861	Eastbury Primary (Expansion)	**0**	1,747	0	0	0
FC02865	William Bellamy Primary (Expansion)	**442,676**	332,469	6,338	442,676	0
FC02919	Richard Alibon Expansion	**0**	-1,138	0	0	0
FC02920	Warren/Furze Expansion	**374,111**	14,232	57,112	374,111	0
FC02923	Rush Green Expansion	**0**	0	7,235	0	0
FC02924	St Joseph's Primary(Barking) Extn 13-14	**15,072**	0	0	15,072	0
FC02956	Marsh Green Primary 13-15	**277,709**	29,919	36,149	277,709	0
FC02957	John Perry School Expansion 13-15	**12,110**	0	0	12,110	0
FC02960	Sydney Russell (Fanshawe) Primary Expansion	**68,895**	45,182	10,947	68,895	0
FC02979	Gascoigne Primary (Shaftesburys)	**400,000**	480,461	9,535	490,000	90,000
FC02998	Marks Gate Junior Sch 2014-15	**0**	0	14,551	0	0
FC03041	Village Infants - additional pupil places	**211,511**	51,841	16,641	211,511	0
FC03053	Gascoigne Primary - 5fe to 4fe	**600,000**	203,067	266,112	600,000	0
	OTHER SCHEMES					
FC02906	School Expansion SEN projects	**130,315**	37,637	2,717	130,315	0
FC02909	School Expansion Minor projects	**500,000**	285,110	161,280	500,000	0
FC03042	Additional SEN provision	**615,840**	636,897	21,371	615,840	0
FC03043	Pupil Intervention Project (pip)	**714,133**	362,540	14,550	714,133	0
FC02972	Implementation of early education for 2 year olds	**300,000**	57,621	71,344	300,000	0
FC02975	Barking Abbey Artificial Football Pitch	**0**	0	10,612	0	0
FC02929/FC02978/FC03010/FC03051/FC03085	Consolidated Schools Condition Allocations 2012-19	**3,347,731**	1,883,446	417,081	3,347,731	0
9999	Devolved Capital Formula	**1,085,498**	99,221	17,480	1,085,498	0

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	Oracle Committed in 17/18	FORECAST 2017/18 Forecast	Variance
	CHILDREN CENTRES					
FC03063	Extension of Abbey CC Nursery	**125,842**	0	0	125,842	0
FC03033	Upgrade of Children Centres	**7,970**	8,199	0	7,970	0
	SECONDARY SCHOOLS					
FC02953	All Saints Expansion 13-15	**112,233**	112,233	0	112,233	0
FC02954	Jo Richardson expansion	**168,626**	168,744	4,688	175,000	6,374
FC02959	Robert Clack Expansion 13-15	**1,200,000**	1,046,774	1,657,209	1,200,000	0
FC02977	Barking Riverside Secondary Free School	**1,861,078**	1,957,839	1,378	1,958,000	96,922
FC03018	Eastbury Secondary	**648,254**	45,286	83,960	648,254	0
FC03019	Eastbrook School	**582,230**	186,601	0	582,230	0
FC03020	Dagenham Park	**168,573**	2,890	64,768	168,573	0
FC03022	New Gascoigne Secondary School (Greatfields)	**5,600,000**	5,015,249	5,816,632	5,600,000	0
FC03054	Lymington Fields All through School	**450,000**	189,748	21,130	450,000	0
FC03078	Barking Abbey Expansion 2016-18	**5,000,000**	1,166,762	620,179	5,000,000	0
		25,323,122	**14,769,466**	**9,723,543**	**25,715,307**	**392,185**

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	SPEND Oracle Committed in 17/18	FORECAST 2017/18 Forecast	FORECAST Variance
Enforcement						
FC02873	Environmental Improvements	**0**	0	1,250	0	0
FC02982	Consolidation & Expansion of CPZ	**316,377**	176,101	182,266	316,377	0
FC03030	Frizlands Phase 2 Asbestos Replacement	**15,614**	12,542	1,547	15,614	0
FC03065	HIP 2016-17 Footways & Carriageways	**3,273,481**	2,641,497	284,557	3,273,481	0
FC03064	Street Lighting 2016-2019 : Expired Lighting Column Replacement	**3,665,802**	1,040,616	947,279	2,665,802	-1,000,000
FC03066	Parking ICT System	**3,537**	0	0	3,537	0
FC03011	Structural Repairs & Bridge Maintenance	**200,791**	31,557	28,315	200,791	0
FC03012	Environmental Asset Database	**0**	16,000	6,861	0	0
FC03090	Lakes	**80,000**	0	8,375	80,000	0
FC03067	Abbey Green Restoration/Works	**3,541**	0	0	3,541	0
FC02542	Capital Improvements	**259,106**	264,359	12,995	350,000	90,894
FC02964	Road Safety Improvements Programme (Various Locations)	**220,000**	32,413	156,200	220,000	0
FC04015	Enforcement Equipment	**158,423**	118,273	0	158,423	0
FC04019	Replacement of Winter Maintenance Equipment / Gully Motors	**640,000**	46,489	589,433	640,000	0
FC04027	Car Park Improvements	**130,000**	0	2,865	30,000	-100,000
FC04029	Engineering Works (Road Safety)	**200,000**	2,475	47,000	200,000	0
	Total for Enforcement	**9,166,672**	**4,382,322**	**2,268,943**	**8,157,566**	**-1,009,106**

Oracle Project No.	Project Name and Description	BUDGET	SPEND		FORECAST	
		Revised 17-18 Budget As Approved By Cabinet	Actual Oracle Exp @ 02/01/18	Oracle Committed in 17/18	2017/18 Forecast	Variance
Growth & Homes						
Culture, Heritage & Recreation						
FC03029	Broadway Theatre	**100,000**	0	0	100,000	0
FC03032	3G football pitches in Parsloes Park	**150,000**	3,241	140,000	150,000	0
FC03057	Youth Zone	**334,000**	0	1,750	334,000	0
FC03093	Eastbury Manor House - Access and egress improvements	**121,000**	0	5,093	121,000	0
FC04042	Community Halls	**60,000**	27,276	8,734	60,000	0
FC04043	The Abbey: Unlocking Barking’s past, securing its future	**25,000**	0	0	25,000	0
FC04044	East London Industrial Heritage Museum	**50,000**	0	0	50,000	0
	Total for Culture, Heritage & Recreation	**840,000**	**30,517**	**155,577**	**840,000**	**0**
Investment Strategy						
FC02587	Energy Efficiency Programme	**128,753**	0	0	128,753	0
FC03027	Establishment of Council Owned Energy Services Company	**89,901**	112,444	14,164	89,901	0
FC03081	Land Acquisitions 2017-18	**10,000,000**	9,292,572	186,438	10,000,000	0
	Total for Investment Strategy	**10,218,654**	**9,405,016**	**200,602**	**10,218,654**	**0**

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	SPEND Oracle Committed in 17/18	FORECAST 2017/18 Forecast	FORECAST Variance
Regeneration						
FC02898	Local Transport Plans	**60,000**	38,470	48,760	60,000	0
FC02969	Creative Industry (formerly Barking Bathhouse)	**10,586**	0	0	10,586	0
FC02985	Gascoigne West (Housing Zone)	**6,500,000**	5,247,551	200,481	7,500,000	1,000,000
FC02986	Gascoigne Estate 1	**35,559,864**	32,256,477	16,265,187	35,559,864	0
FC02990	Abbey Phase II	**0**	322	11,821,224	0	0
FC02994	Renwick Road/ Choats Road 2014/15 (TfL)	**367,000**	114,752	204,248	367,000	0
FC02996	Barking Town Centre 2014/15 (TfL)	**322,000**	184,360	70,971	322,000	0
FC03055	Barking Riverside Trans link	**5,350,710**	4,977,364	178,778	5,350,710	0
FC03058	Kingsbridge Development	**3,000,000**	2,011,383	5,262,851	4,897,437	1,897,437
FC03070	Boundary Road Hostel: Critical Needs Homelessness Assessment and Support Centre	**858,337**	578,428	95,872	858,337	0
FC03072	Conversion & Redevelopment of Former Sacred Heart Convent, 191 Goresbrook Road, Dagenham - to convert to homeless provision	**75,000**	56,041	78,584	75,000	0
FC03082	Gurdwara Way - Land Remediation	**825,405**	594,400	92,877	825,405	0
FC03084	Sebastian Court - Redevelop	**200,000**	21,000	126,000	200,000	0
FC03089	Becontree Heath New Build	**5,734,819**	4,829,317	18,745,350	5,734,819	0
FC03099	Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project	**278,000**	0	0	278,000	0
FC02962	Principal Road Maintenance	**438,000**	257,050	169,281	438,000	0
FC03086	Land at BEC - live work scheme	**250,000**	140,570	44,030	250,000	0
FC03096	Thames Road/River Road/Renwick Road Corridor Improvements	**0**	0	0	0	0
FC04051	Street Purchases Acquisitions	**30,000,000**	8,781,566	195,057	30,000,000	0
FC03097	Thames View Cycle/Walking Link Improvements	**156,000**	46,630	0	156,000	0
FC03098	Cycle Schemes - Quietway CS3X	**390,000**	73,335	45,000	390,000	0
FC03028	Chadwell Heath CCM (TfL)	**0**	0	13,872	0	0
FC02963	Mayesbrook Neighbourhood Improvement 2013-14	**0**	0	21,738	0	0
FC03000	MAQF - Green Wall Project	**0**	0	250	0	0
	Total for Regeneration	**90,375,721**	**60,209,017**	**53,680,411**	**93,273,158**	**2,897,437**

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	Oracle Committed in 17/18	FORECAST 2017/18 Forecast	Variance
My Place						
FC04011	My Place	**1,208,724**	0	0	1,208,724	0
	Total for My Place	**1,208,724**	**0**	**0**	**1,208,724**	**0**
Public Realm						
FC03034	Strategic Parks - Park Infrastructure	**90,559**	17,600	0	90,559	0
FC03026	Old Dagenham Park BMX Track	**222,836**	1,300	0	222,836	0
FC03083	Chadwell Heath Cemetery Ext	**316,979**	18,725	0	316,979	0
FC04012	Bins Rationalisation	**50,000**	0	0	50,000	0
FC04013	Park Infrastructure Enhancements	**20,000**	0	0	20,000	0
FC04014	Refuse Fleet	**84,000**	0	50,000	84,000	0
FC04016	On-vehicle Bin Weighing System for Commercial Waste	**45,000**	0	0	45,000	0
FC04017	Fixed play facilities	**50,000**	0	30,600	50,000	0
FC04018	Park Buildings – Response to 2014 Building Surveys	**75,000**	0	0	75,000	0
FC04028	Equipment to reduce Hand Arm Vibration	**45,000**	0	0	45,000	0
	Total for Public Realm	**999,374**	**37,625**	**80,600**	**999,374**	**0**
SDI Commissioning						
FC02826	Conversion of Heathway to Family Resource Centre	**2,661**	0	0	2,661	0
FC03061	Social Care IT Replacement System	**1,517,712**	1,564,589	629,515	1,517,712	0
FC02870	Barking Leisure Centre 2012-14	**100,661**	169,128	46,708	100,661	0
FC03062	50m Demountable Swimming Pool	**2,464,075**	0	0	2,464,075	0
	Total for SDI Commissioning	**4,085,109**	**1,733,717**	**676,223**	**4,085,109**	**0**
	TOTAL GENERAL FUND CAPITAL PROGRAMME	**160,967,797**	**97,936,586**	**69,676,686**	**164,501,313**	**3,533,516**

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	SPEND Oracle Committed in 17/18	FORECAST 2017/18 Forecast	FORECAST Variance
HRA						
CC&D	**Investment In Stock**					
FC02939	Conversions	**585,000**	28,808	13,125	250,000	-335,000
FC03039	Estate Roads Resurfacing	**850,000**	307,914	567,000	850,000	0
FC03045	External Fabric inc EWI- Blocks	**2,465,000**	2,028,340	612,591	3,280,000	815,000
FC03046	Decent Homes North 2017-19	**5,850,000**	625,551	14,539,192	5,850,000	0
FC03047	Decent Homes South 2017-19	**5,750,000**	529,083	14,311,623	5,750,000	0
FC03048	Fire Safety Improvement Works	**1,000,000**	35,211	8,309	1,000,000	0
FC02983	Decent Homes Central 2017-19	**7,250,000**	3,503,992	7,922,965	7,250,000	0
Asset Management	**Investment In Stock**					
FC02934	Communal Roof Replacements	**100,000**	1,800	4,200	100,000	0
FC02950	Communal Heating Replacement	**600,000**	0	226,936	600,000	0
FC04003	Domestic Heating Replacement	**900,000**	0	0	900,000	0
FC04004	Box-Bathroom Refurbs (Apprenticeships)	**50,000**	0	0	50,000	0
FC04002	Lift Replacement Programme	**50,000**	0	0	50,000	0
						0
Housing Strategy	**Investment In Stock**					0
FC03037	Energy Efficiency inc Green Street	**1,000,000**	110,458	63,986	175,000	-825,000
						0
Disability Service	**Investment In Stock**					0
FC00100	Aids And Adaptations	**950,000**	471,592	408,622	**950,000**	0
						0
Property Management	**Investment In Stock**					
FC02943	Compliance (Asbestos, Tanks, Rewires)	**900,000**	0	6,855	900,000	0
FC03038	Garages	**450,000**	112,220	115,751	450,000	0
FC04000	Estate Environment Improvement	**125,100**	0	0	125,100	0
FC04005	Public Realm Improvements	**500,000**	173,589	36,277	400,000	-100,000

Oracle Project No.	Project Name and Description	BUDGET Revised 17-18 Budget As Approved By Cabinet	SPEND Actual Oracle Exp @ 02/01/18	 Oracle Committed in 17/18	FORECAST 2017/18 Forecast	 Variance
R&M	**Investment In Stock**					
FC02933	Voids	**4,000,000**	2,500,797	25,817	4,300,000	300,000
FC03074	Estate Public Realm Imp	**0**	845	0	0	0
FC03075	Door Entry Systems	**250,000**	0	0	250,000	0
FC04006	Minor Works & Replacements	**150,000**	0	0	97,333	-52,667
FC03007	Windows & Door Replacements	**80,000**	-3,734	0	160,000	80,000
	Investment In Stock					
FC03040	Communal Repairs & Upgrades	**429,000**	66,890	87,460	100,000	-329,000
FC02984	Block & Estate Modernisation	**0**	16,210	45,180	0	0
FC03003	Decent Homes (Blocks)	**0**	3,734	43,450	0	0
FC03004	Decent Homes (Sheltered)	**0**	-31,766	0	0	0
FC03001	Decent Homes (North)	**0**	-239,540	14,186	0	0
FC03002	Decent Homes (South)	**0**	-171,438	0	0	0
FC03005	Decent Homes Small Contactors	**0**	-3,471	306	0	0
FC02938	Fire Safety Improvement Works	**0**	0	1,718	0	0
	To be allocated					
	Total for Investment In Stock	**34,284,100**	**10,067,085**	**39,055,549**	**33,837,433**	**-446,667**
	Estate Renewal					
FC02820	Estate Renewal	**7,123,363**	11,864,850	880,465	11,864,850	4,741,487
	Total for Estate Renewal	**7,123,363**	**11,864,850**	**880,465**	**11,864,850**	**4,741,487**

Oracle Project No.	Project Name and Description	BUDGET	SPEND		FORECAST	
		Revised 17-18 Budget As Approved By Cabinet	Actual Oracle Exp @ 02/01/18	Oracle Committed in 17/18	2017/18 Forecast	Variance
	New Build Schemes					
FC02823	Council Housing Phase III	**0**	0	49,723	0	0
FC02931	Leys Phase 1	**1,400,000**	585,884	390,949	1,400,000	0
FC03009	Leys Phase 2	**13,222,744**	5,896,255	10,665,748	13,222,744	0
FC03071	Modular Programme	**500,000**	975	5,804,500	500,000	0
FC02970	Marks Gate	**0**	-127,781	1,580,251	0	0
FC02973	Infill Sites	**500,000**	31,522	148,497	500,000	0
FC02988	Bungalows (Stansgate,Mrgt Bon)	**0**	4,560	332,013	0	0
FC02989	Ilchester Rd / North St New Build	**5,021,452**	2,522,353	3,831,109	5,021,452	0
FC03056	Burford Close	**1,500,000**	384,568	758,980	1,500,000	0
	To be allocated	**8,715,864**	0	0	8,715,864	0
	Total for New Build Schemes	**30,860,060**	**9,298,336**	**23,561,770**	**30,860,060**	**0**
	Home Services					
	Housing Transformation					
FC03073	Housing Transformation	**1,300,000**	0	0	1,300,000	0
	Total for Housing Transformation	**1,300,000**	**0**	**0**	**1,300,000**	**0**
	GRAND TOTAL for HRA	**73,567,523**	**31,230,271**	**63,497,784**	**77,862,343**	**4,294,820**
	TOTAL CAPITAL PROGRAMME 2017/18	**234,535,320**	**129,166,857**	**133,174,470**	**242,363,656**	**7,828,336**

CABINET

19 February 2018

Title: Budget Framework 2018/19 and Medium Term Financial Strategy 2018/19-2020/21	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Claire Symonds, Chief Operating Officer	**Contact Details:** Tel: 020 227 5513 E-mail: claire.symonds@lbbd.gov.uk
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary:

This report sets out the:

- Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21;
- Proposed General Fund budget for 2018/19;
- Proposed level of Council Tax for 2018/19;
- Funding reductions to 2020/21
- Financial outlook for 2019/20 onwards;
- Draft capital investment programme 2018/19 to 2021/22.
- Update on the Strategy for the Flexible use of Capital Receipts

The General Fund net budget for 2018/19 is £145.368m and the proposed net budget for 2019/20 is £139.012m. The budget for 2018/19 incorporates changes in government grants, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by the Cabinet in July and November 2017 and other financial adjustments.

The Council proposes to increase Council Tax by 2.99% (£33.85) Local Authority Precept Increase and 3% (£33.95) Increase for the Adult Social Care Precept. This 3% precept will be ring-fenced for this purpose. These increases which in total equate to £67.80 raise the level of Council Tax from £1,131.83 to £1,199.63 for a band D property.

The Greater London Authority is proposing to increase their Council Tax by 5.1% (£14.20) for a Band D property, changing the charge from £280.02 in 2017/18 to £294.22 in 2018/19. The combined amount payable will therefore be £1,493.85 for 2018/19, compared to £1,411.85 in 2017/18. This is a total change of £82.00 for the Council Tax bill for 2018/19.

The proposed draft 4-year capital programme is £360.362m for 2018/19 to 2021/22, including £196.690m for HRA schemes. Details of the schemes included in the draft capital programme are at Appendix E.

Recommendation(s)
The Cabinet is asked to recommend the Assembly to: (i) Approve a base revenue budget for 2018/19 of £145.368m, as detailed in Appendix A to the report, including the new savings proposals and other adjustments as detailed in this report. (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2018/19 to 2020/21 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the additional cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS; (iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to finalise any contribution required to or from reserves in respect of the 2018/19 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2018; (iv) Approve the Statutory Budget Determination for 2018/19 as set out at Appendix C to the report, which reflects an increase of 2.99% on the amount of Council Tax levied by the Council, a further 3% increase in relation to the Social Care Precept and the final Council Tax proposed by the Greater London Assembly (5.1% increase), as detailed in Appendix D to the report; (v) Note the update on the Council's transformation programme; (vi) Approve the provision of a loan of £2.147m from the General Fund to the Barking and Dagenham Trading Partnership to cover the cost of new vehicles; (vii) Approve the Council's draft Capital Programme for 2018/19 to 2021/22 totalling £360.362m, of which £163,672m related to General Fund schemes, as detailed in Appendix E to the report; (viii) Approve the updated Strategy for the Flexible Use of Capital Receipts at Appendix H to the report and, in doing so, note that the some of the associated savings targets shall be subject to final business cases and confirmation at future meetings; and (ix) Approve the updated Dedicated Schools Budget for 2018/19, including the hourly rate payable to Early Years providers (3 and 4-year olds), as detailed in section 14 of the report.
Reasons The setting of a robust and balanced budget for 2018/19 will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's vision of One borough; one community; London's growth opportunity and delivery of the priorities within available resources.

1. Introduction and Background

1.1 The purpose of this report is to provide Cabinet with an update on our financial position and to seek agreement to proposals for the revenue budget for 2018/19 of £145.368m.

1.2 The report also sets out the Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21 and the Council Tax level for 2018/19 together with an update on our proposals to balance the books through to the end of the decade.

1.3 Local Government as a whole faces unprecedented financial challenges with year on year cuts to the funding from central government while the demand for services is rising. Councils can respond to this level of challenge in a variety of ways that reflect the scale of their ambition for their residents. This Council has chosen to take a bold, new and ambitious approach based on investing in services, maximising economic growth and the consequent opportunities and transforming the way the council runs.

1.4 This ambition has informed our approach to corporate strategic and financial planning since the summer of 2015 when the Council launched two key pieces of work:

- A panel of independent experts – the Growth Commission - to review the Council's ambition to be London's growth opportunity, and to recommend how to maximise the contribution of the Borough and our people to the London economy. Their report was published in February 2016.

- A new 'Ambition 2020' programme was initiated within the Council to re-examine every aspect of what the council does and how we are organised. The outcomes of this programme were reported to Cabinet in April 2016

1.5 Following extensive public consultation in the spring of 2016, Cabinet agreed the outputs and recommendations of both reports at its meeting in July of that year. Those recommendations were taken forward and embedded in the Council's MTFS approved in February 2017.

1.6 In 2017 the Borough Manifesto: Barking and Dagenham Together was published. This sets out a twenty-year vision for the Borough based on harnessing the energy, creativity and enthusiasm of its residents to make it "a place people are proud of and want to live, work, study and stay in"

1.7 As the above paragraphs indicate budget setting is no longer a simple financial matter. This report builds on the sound policy and strategic foundations put in place over the last three years and the regular financial updates on the MTFS presented to Cabinet in July and November. In addition, it provides an update on the implementation of the investment plans set out previously.

1.8 However, the MTFS is also a living document that is not set in stone but which needs to flex and adapt in the light of changes. This report therefore also brings forwards some new proposals to meet our current circumstances.

2. Our Medium Term Financial Strategy

People, money and politics

2.1 As a result of the deep cuts to our government funding, local authority budgets are under severe pressure. In our case this pressure is deepened by the real needs of our growing population. We have one of the fastest growing populations – for example Barking and Dagenham's population increased by more than one-quarter (26%) between 2001 and 2016 from 163,900 to 206,500 residents: an increase of 42,500 people. This is a greater percentage change than England (12%) or London (23%).

2.2 Barking and Dagenham has a young population, with the highest proportion of 0–19s in the UK (32%). More than one in four (26%) residents is aged 0–14, compared with 18% across England and 25% in London, and this proportion has increased from 22% in 2001. In addition, the population is also more diverse and mobile than many areas of the country and indeed than traditionally was the case here. The ethnic make-up of the borough has also changed since the 2001 Census. The proportion of the population who are White British has decreased from 81% in 2001 to 49% in 2011. This is projected to continue to decrease to 38%. These characteristics can bring benefits and add to the vibrancy and creativity of the borough, but they also can make it more challenging for the Council to meet the needs of the changing community.

2.3 In addition it must be acknowledged that many of our residents live in more challenging circumstances than we would want for them. People in our borough die earlier, have poorer health, and lower levels of education and skills than in most other London boroughs. Barking and Dagenham remains among the most deprived areas in the country. In 2015, the relative deprivation of the borough (Index of Multiple Deprivation) increased from a rank of 20th to 11th in the country and from 7th to 3rd in London compared with 2010 index. In 2016, 67.3% of working-age residents (ages 16–64) were in employment, compared with 74.2% in England and 73.7% across London. These are the statistics that reveal the underlying reality for some of our residents: too many people are insufficiently skilled, too many are in low paid work and too many struggle to find suitable accommodation to live in. These and similar factors both drive the level of demand for services and also make it all the more important that the Council is ambitious to improve the lives of its residents.

2.4 There are particular challenges in Care and Support. Although the proportion of pension age residents is still relatively low, this is forecast to start to increase from 2020 onwards. However, the number of disabled people is increasing even now. This includes both people who become disabled in adulthood as a result of poor health or accidents and young people with severe disabilities from birth or infancy. The age profile of Personal Independence Payments (PIP) claimants suggests that Barking and Dagenham women suffer an earlier burden of chronic disease than women nationally. Our Care and Support services will work to support them to live full and active lives in the community, but this is resulting in increased demand for services.

2.5 In addition the child population is increasing which is leading to more demand for services including social care services to safeguard and support the most vulnerable children. Nationally Children's Social Care services are under pressure and where sufficient investment is not made this can result in poor performance. This results in greater costs in the longer term as shown by the experience of authorities who are judged as failing by Ofsted who have faced additional costs in the millions to put right previous under investment. For these reasons we have been anxious to ensure that growth funding is provided for Care and Support.

2.6 Last year we began our growth focused transformation programme which means investing to meet local needs and deliver our ambitions. This is funded by making efficiency improvements and savings. However, to afford our ambitious plans we also need to make raise Council tax.

2.7 Since the beginning of the Government's austerity programme in 2010, Local Government has borne the heaviest share of cuts. Since 2010 Barking and Dagenham has already made over £131m of savings to date. This was largely driven by reductions in funding. The total funding (finance settlement) for LBBD has reduced from £115m in 2010 to £65.2m (2017/18), a reduction of £49.8m. It will further reduce by £8.5m to £56.7m by the end of the decade, a total funding reduction of £58.3m.

2.8 Along with these required savings as a result of funding cuts; the Council has faced and will continue to face severe demand pressures because of rapid population growth, demographic changes and high levels of deprivation which has resulted in a total savings requirement since 2010 to date of over £131m.

2.9 In February 2017, the Assembly agreed to set a balanced budget of £145.129m for 2017/18, which incorporated a number of one-off items and a transfer from General Fund balances of £2.8m. At that point, the Council's overall budget gap was £15m for 2018/19 and £22m overall to 2020/21.

2.10 Subsequent reports were reported to Cabinet in July and November 2017. The first of these reports amended the gap to £15.8m; this was largely achieved by removing a number of budget provisions such as the provision for demand pressures, inflation and legislative change.

2.11 The November report factored in a range of further adjustments for investment in key services and additional grant funding. It also set out new savings and efficiency proposals. The net effect of these proposals was to reduce the budget gap to £2.791m which it is proposed can be met by a planned drawdown from reserves.

2.12 Since then a number of further investments and adjustments have been identified. These together have a net nil overall effect and the final planned drawdown from reserves remains £2.791m.

3. Changes to Government Funding and Business Rates

3.1 The Government has begun a full-scale reform of the mechanisms for funding Local Government that changes the balance of locally and nationally raised funding. Under the existing arrangements Local Authorities receive a mixture of grant funding, business rates and Council tax funding to meet the main elements of their funding requirements.

3.2 Over the period of austerity, the main element of grant funding "Revenue Support Grant" has been reduced and will ultimately be phased out to be replaced by a system that relies more heavily on local taxes. These funding arrangements assume that authorities will raise council tax year on year in order to provide them with sufficient spending power to deliver services. As a result of the high levels of inflation, the expectation now is that authorities will raise council tax by up to 3%. This is in line with the December CPI figure of 3%.

3.3 In addition a number of other important grants received by councils have been reduced. This includes the Educational Services grant which has reduced from £3.4m to £0.6m over three years. The Housing Benefit Administration grant is also expected to be reduced following the introduction of Universal Credit. The additional funding provided by the New Homes Bonus to support increases in population and encourage house building has also been reduced in line with changes announced by the Government last year. Overall the reduction in non-ringfenced Government grant funding including RSG is expected to be £6.2m. This is still a provisional figure and will be confirmed by the Government in the final settlement published in February.

3.4 Additional funding for Adult Social Care has been provided in the form of the Improved Better Care Fund and the Adult Social Care support grant. However, the ringfenced Public Health grant has been reduced by £0.4m. The Adult Social Care allocation has allowed the Council to mitigate the substantial reduction in funding that would otherwise have to be borne by the adults' care and support services and to make a series of investments in crisis response and hospital discharges, Mental Health services and our local market for the provision of social care services. As a result of the grant funding, the investment in adult social care services is able to increase, even as the resources that the Council has available to spend on it reduces. This will support us to continue our current high performance in supporting hospital discharge in which we were the fourth best performing council in the country according to the latest published figures.

3.5 The longer-term intention of the Government is to largely replace grant funding with business rates and other local taxation funding. As a step towards this longer-term reform a business rates pooling pilot across London has been established. Under this pilot the London authorities will retain 100% of their non-domestic rating income. London will not retain 100% of total rates collected, as it will continue to pay an aggregate tariff to Government. The London pool will retain 100% of any growth in business rate income above baselines and will pay no levy on that growth.

3.6 Cabinet has approved (in November 2017 and January 2018) joining this pool. Under this arrangement the Council expects to receive a share of the benefits of economic growth across London. The actual amount received will depend upon the level of growth and so cannot be guaranteed. An estimate of £1.1m was included in the MTFS in November. This has now been increased to £1.4m following confirmation of the methodology for sharing additional funding – **an increase of £0.3m since the November report**.

Investing in the Borough

4.1 In November 2016, the Cabinet agreed the Borough's first Investment and Acquisition Strategy. The strategy set out proposals to leverage the Borough's growth potential over the coming 15 years to deliver both financial and community benefits. Over time the strategy will aim to be self-financing, with a pool of working capital to support acquisition costs funded from the disposal or refinancing of high value longer term assets. However, this medium term financial plan continues to support the initial implementation of the strategy by allocating funding in the Council's revenue budget for the borrowing costs of land acquisitions made during 2016/17 and 2017/18.

4.2 The Council will also continue to invest in the basic infrastructure of the Borough to ensure that it is a place where people want to live and work and feel pride in their environment. To this end, we have an annual capital programme of £10m and have allocated revenue funding to cover the associated borrowing and repayment costs. (For further information on our capital programme see section 12.)

4.3 As set out in November, altogether we have allocated £5.17m revenue funding to support our capital and investment programmes.

4.4 We have set aside £3.027m to invest in meeting increased demand for Care and Support within our growing population. This investment will be partly funded from the Adult Social Care precept. We have also set aside £0.750m to invest in services to prevent and reduce Homelessness and to meet our new obligations under the Homelessness Reduction Act. In doing this we have been aware of the needs of the most vulnerable of our community.

4.5 In November, we also outlined our plans to invest £7.077m to meet known budgetary pressures and to ensure services continue to meet our residents' expectations. This included increased funding for our Public Realm services. Since November these services have continued to examine how their performance and ways of working meet the needs of the borough. This has led to the development of a new service model that is more flexible and responsive and uses modern equipment and technology to get the best results. However, this work has also revealed that further investment is needed. We therefore propose to increase this budget by a **further £0.536m**.

4.6 In the July report, we removed the previous budgetary provision for the pay award and set out the expectation that this would be managed by services finding internal efficiencies. Since that time, the expected pay award has risen to a 2% increase with more for lower paid staff. However, this can still be managed by services in most instances. For those services where this is not a realistic expectation we have set **aside £0.472m** as a pay contingency budget.

4.7 The Council also recognises that staff are its biggest assets. Our approach has ensured that we can continue to invest in them and the organisation to improve services and their ability to do a great job. Examples of this are maintaining terms and conditions of employment including paying at, or above, the London Living Wage and continuing to offer a career average pension scheme and paid sick leave, season ticket loans, employee benefit package and flexible working arrangements. The London Living Wage will increase to £10.20 per hour from £9.75 per hour from October 2017. The impact to the Council is £0.012m which will also be managed from this pay contingency.

4.8 In its financial planning the Council has always prioritised expenditure in front line services. However, having effective technology and systems is an integral part of modern service delivery. An in-depth review of spending on Core services has therefore been undertaken and this has identified the need to create a Core Infrastructure fund with an annual budgetary contribution of £0.8m to ensure that back office services continue to support our front line as effectively as possible. This will fund revenue costs of our IT services and also be a source of capital investment. Among other things this will be used to enable public access to computers in our libraries and other community venues.

4.9 These new proposals will add £1.808m to the £16.569m investments already set out in the existing MTFS presented to Cabinet in November

5 Transforming our Council

5.1 In April 2016 the Cabinet approved a set of ambitious proposals that taken together will result in the total transformation of the Council's operations and a total saving of £48m. This has now become an ambitious and challenging programme that is live within the Council. Implementation of these plans is proceeding well with many savings already safely delivered or well on track. The table below shows the expected savings by programme.

Area	2017/18 Saving	2018/19 Saving	4-year ongoing Saving
Care and Support	4,352	3,539	11,228
Community Solutions	243	2,481	4,571
My Place/Parks	1,298	807	5,584
Growth and Commercial	1,550	3,726	19,002
Cross Cutting	1,833	792	7,556
TOTAL	**9,276**	**11,345**	**47,941**

5.2 As we approach the end of 2017/18 we have already made significant progress on this programme. We have restructured the Council in April and November this year into new Service Delivery blocks shaped around the needs of our people, the place and our ambitions.

5.3 The Council's wholly owned development company, Be First, came into existence in October 2017. The next structural changes will take place in April when it is planned for a number of new trading entities to begin.

5.4 In addition to these structural changes we have begun to work in different ways. Care and Support services have adopted new Target Operating Models based on locality teams. These services will work with individuals in an enabling and strength-based way to support them to live full lives. Meanwhile Community Solutions has brought together a number of existing teams to provide an integrated prevention and early help service.

5.5 Given the importance of this programme and the substantial risks underpinning delivery the progress of these savings is monitored and reported monthly to the Council's senior management. All saving initiatives are categorised as either low, medium or high risk. Savings are categorised as high risk by the PMO and Finance if they are not specified in adequate detail; if there is no agreed delivery plan; or if the timing or value of the agreed saving is unclear. This approach enables management attention to be focussed on these high-risk items to ensure timely mitigating actions are agreed and implemented.

5.6 Overall, the programmes are progressing well to deliver the savings / income target. The current risk profile is to be expected for a programme of this scale and sponsors remain confident this can be delivered, although a risk contingency has been incorporated in the 2018/19 MTFS to address potential shortfalls against this target as set out in paragraph 5.9 below. The current main risk factors and potential shortfalls are explained below

5.7 Update on the Current Risks and Issues for the Transformation programme

5.7.1 Customer Experience & Digital

Good progress is being made to design the new website, automate digital processes, improve telephone access and migrate customers to more effective channels whilst improving the customer experience. The value of realisable savings is to be confirmed as some savings are potentially double counted with other programmes and there could be contractual issues negotiating efficiency related headcount reductions with Elevate. Work is ongoing to confirm the actual value of savings that the programme will deliver.

5.7.2 Core Support Services

The Core Support Services Programme savings are not due until 2020/21. These savings will be achieved through the renewal of current Support and Customer services contract and right-sizing core services to support the new organisational structure. Work is progressing to understand the future core service requirements and to evaluate options for delivering these.

5.7.3 Parks Commercialisation

There are income opportunities in Parks from commercial activities. The feasibility study will be complete in March 2018 and further work will then be required to determine the investment required and realisable net income. This income is high risk as the scheme will be subject to consultation, planning and DCLG approval.

5.7.4 Be First

The Business Plan for Be First is the subject of another report to this Cabinet meeting. This sets out how Be First will provide an Be First will achieve a total cash return of £12.299m by 2020/21. In addition, there will be a Council saving of around £0.5m from deleting the current in-house service budgets. This currently leaves an annual shortfall of around £3.7m against the 2020/21 MTFS. As to be expected from a business of this nature, the savings and income profile is likely to be uneven with income being generated above target in some years and under target in others. It is therefore proposed that a smoothing reserve is established so that excess income generated in one year can be carried forward to support shortfalls in later years. However currently there is a cumulative shortfall of £2.8m for the Council after taking into account the Be First figures. Further information on how this will be resolved will be included in subsequent MTFS reports.

5.7.5 Investment Strategy

Overall, the Investment Strategy is scored medium risk and the overall Investment Strategy financial model is being reviewed. However, the Sponsor is confident that target income can be delivered.
The return from the purchase of Street Properties is currently scored high risk whilst the financial model for this initiative is being refined to reflect actual property purchase prices and target rents.

5.7.6 Public Realm

Work has progressed to determine the future service model, delivery costs and agree the additional funding required to enable Public Realm to be delivered within its base budget. The service is experiencing a £0.5m shortfall in savings which is contributing to an in year overspend. The growth funding provided above provides funding to write off these savings. The current service delivery model and budgets have been thoroughly reviewed this year and a number of savings have been identified as incompatible with future plans for the service and so in addition it is proposed to write-off of £1.8m future savings in this service.

5.7.7 Community Solutions

The service is established and the programme is progressing well and on track to exceed the 2017/18 saving target, but savings in future years from Employment and Skills, reducing temporary accommodation costs and streamlining services remain high risk.

5.7.8 Redesign Children's Social Care

This programme is also forecasting that 2017/18 and 2018/19 agreed savings targets will be exceeded, although there are also significant inherent base budget pressures. Work is in progress to deliver the future year savings, but some of these initiatives are high risk including: The PAUSE Programme, The Edge of Care Social Impact Bond; and EU Social Worker recruitment.

5.7.9 Redesign Adults Social Care

This programme is forecasting a £1.5m savings shortfall in 2017/18 that will be funded by grant. Other savings initiatives scored as high risk include: Assessment Reviews, which will commence in March 2018; Older People's Housing Pathway which is dependent on the Older People's Strategy being developed which should be complete in June; and Digital preventative measures which are being progressed, but savings are difficult to evidence.

5.7.10 Disability Service

The Disability Service has been established, but further work is required to determine the detail of how some savings targets will be realised. Work is progressing to develop this detail and these savings may be achieved by introducing additional mechanisms to scrutinise costs. This is rated as high risk until the detailed plans are agreed.

5.8 Following the detailed monitoring and review described above it is therefore proposed to write off the following savings:

	2017/18	2018/19	2019/20	2020/21	TOTAL
Customer Services	380				380
Public Realm	540	300	929	579	2,348
Total	**920**	**300**	**929**	**579**	**2,728**

5.9 In addition a £2m provision has been made for further write-off of savings if this is shown to be required. If this provision was fully used, 10% of the transformation savings would have been written off and 90% achieved which is a realistic but stretching target given the scale and scope of our ambitions.

5.10 The Barking and Dagenham Trading Partnership will be established on 1 April 2018. The Council has previously agreed a working capital credit facility to ensure the successful implementation of the new company. In addition, it is proposed that the Council will provide a loan of £2.147m from the General Fund. This will enable the company to purchase a new fleet of suitable vehicles to support its operations. Previously the Council has hired its fleet but an analysis of the financing arrangements for the new company has shown that it is more cost efficient to purchase the vehicles outright. The loan will incur an interest charge at 3% and repayment over five years payable by the company to the council. This equates to an annual charge of £0.59m a year. Cabinet is asked to approve this arrangement.

6. Further Savings

6.1 As set out in November the scale of government cuts and the high level of investment that we propose to make in the borough will require further savings. £9.6m of savings were identified and consulted upon. These are set out again as an appendix to this report.

6.2 However following the changes to business rates and council tax described elsewhere in this report it has become possible to reduce the level of savings required to £9.4m. As the residents' survey shows that the Summer festivals are highly valued it has been decided to allocate the additional funding to this programme. This programme is of great importance to our borough, supporting our aims of improving access to live music and culture, promoting community cohesion and creating civic pride and ownership. Retaining this programme is a symbol of our commitment to investing in the people of this borough and our determination to create services and opportunities for all our residents.

7. Council Tax

7.1 Barking and Dagenham maintained a Council Tax freeze from 2008/9 until Assembly approved an increase for the 2015/16 budget. The impact of not increasing Council Tax is cumulative over many years and this freeze has resulted in a tax base that is now £15m lower than it would have been had it risen by 1.99% every year.

7.2 Given that government funding is reducing in real terms every year while the Council's costs are increasing the Chief Financial Officer strongly advises that council tax should as a minimum keep pace with inflation to ensure that the council can continue to meet the demands placed upon it.

7.3 The Chancellor has recognised the importance of this principle by allowing Councils to raise council tax by 2.99% without incurring any penalties or being required to hold a referendum. It is therefore proposed that the general Council tax increase should be 2.99%. This is expected to provide £1.651m of additional funding that will be used for the investments in services outlined above.

7.4 Government has also recognised that nationally there is significant pressure to fund the care need by the country's older population but has not chosen to fund this directly but rather has allowed councils nationally to introduce a 3% precept on their Council Tax to offset against the cost of Adult Social Care. In Barking and Dagenham, the budget reductions of recent years together with demand pressures arising from the impact of a population that suffers significantly poorer health as described above and rising provider costs mean that the budget does not meet demand. The Adult Social Care budget in recent years has been very narrowly balanced and overspends have only been prevented by the addition of extra monies from grants and previous council tax increases or by drawing on reserves. These reserves will be fully drawn down next year. The service has put in place a number of schemes and service improvements to reduce demand but it will not be able to stay within budget without additional funding.

7.5 It is therefore proposed that the Council increases Council Tax by a further 3% which will be ring-fenced to mitigate the pressures experienced by Adult Social Care.

7.6 These increases, which in total equate to £67.80, raise the level of Council Tax from £1,131.83 to £1,199.63 for a Band D property. This raises an additional £3.307m.

7.7 In addition as set out in a report to Cabinet in January the number of dwellings liable for Council tax has increased. This will result in £1.7m additional income to the borough.

8. The 2018/19 Budget

8.1 The net impact of the adjustments outlined is shown below.

	2018/19
Income/Funding Changes	
Minor Changes to Grant funding/growth pressures	-88
Increase in Council Tax Base	-1,119
Business Rates Pooling	-300
New costs/pressures	
Funding for Public Realm	536
Core Infrastructure funding	800
Pay Award	472
Remove Summer Festivals Savings	269
NET IMPACT	**570**
Additional Council tax increase	**-570**
NET IMPACT	**0**

8.2 The resulting MTFS is shown in the table below with further detail in the Appendices. The indicative service block budgets are provided in Appendix A and the Statutory Budget Determination for 2018/19 is set out in Appendix C of this report.

	2018/19 £000 Nov' 17	2018/19 £000 Feb' 18	2019/20 £000 Revised	2020/21 £000 Revised
Prior Year (Surplus) / Deficit			**0**	**13,716**
Budget Increases				
Roll Forward of 2017-18 budget gap	8,129	8,129	-	-
Capital Investment	1,400	1,400	900	900
Financing	3,770	3,770	600	420
Inflation - Staff	-	472	1,000	1,000
Inflation - Non Staff	-	-	2,100	2,100
Levies	440	440	350	350
Demography/Demand	3,088	3,027	3,033	3,660
Legislation	795	795	2,377	2,000
Corporate/Other Service Pressures	7,717	9,053	260	260
Total Additional Costs	**25,339**	**27,086**	**10,620**	**10,690**
Changes in Income & Funding				
Government Grants	841	841	8,083	9,175
Council Tax	(3,299)	(5,015)	(1,727)	(1,786)
Business Rates	(1,100)	(1,400)	-	-
Total Changes in Income	**(3,558)**	**(5,574)**	**6,356**	**7,389**
In year Budget Gap	**21,781**	**21,512**	**16,976**	**18,079**
Savings				
Savings approved by Cabinet	(11,344)	(11,344)	(12,784)	(14,538)
Non-Delivery of Savings	2,000	2,000	929	579
Additional Savings	(9,646)	(9,377)	5,804	(2,221)
Total Savings	**(18,990)**	**(18,721)**	**(6,051)**	**(16,180)**
In Year Budget Gap Including Savings	**2,791**	**2,791**	**10,925**	**1,899**
Other Adjustments				
Revised Budget Gap after other adjustments	**2,791**	**2,791**	**10,925**	**1,899**
Use of Reserves in 2018-19	(2,791)	(2,791)	2,791	
Cumlatative Budget Gap including Savings	**0**	**0**	**13,716**	**15,616**

8.3 Details of the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2017/18 are yet to be confirmed. The budget includes an increased provision for the cost of levies of £0.440m in respect of the ELWA levy.

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

9. Council Tax Requirement

9.1 As outlined in section 8 above, it is proposed to increase Council Tax by:

- 2.99% Local Authority Precept Increase; and

- 3% Increase for the Adult Social Care Precept.

9.2 These increases (£67.80) raise the level of Council Tax from £1,131.83 to £1,199.63 for a Band D property.

9.3 The Greater London Authority has provisionally proposed a 5.1% increase in its charge for 2018/19. The Council Tax charge would be increased from the 2017/18 amount of £280.02 to £294.22 in 2018/19

9.4 The calculation of the proposed Council Tax for 2018/19 is shown in Appendix D.

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

10. Consultation

10.1 A public consultation was carried out in the spring of 2016 with regards to the A2020 programme and the council's future operating model. 89% of those who completed the consultation were supportive of the proposals.

10.2 The statutory budget consultation with the public and business on the proposals for 2018/19 ended on 24 January 2018.

10.3 Accompanying these surveys have been four roadshows in which members of the public and business can discuss the council budget proposals with Councillor Twomey. This year for the first time there was also two live webchats with the Cabinet Member facilitated by the Dagenham Post during which he took questions and comments from the public.

10.4 The face to face roadshows were attended by 15 people including representatives of the Community and Voluntary sector and Tenants and Residents' Associations. 82 responses were submitted to the consultation web portal and the webchat received around 4,600 views, 226 comments and 29 shares. One email was received by the Finance team.

10.5 The wide range of comments and questions received showed a high level of interest and engagement with the Council – some comments were quite critical of the Council, but many were supportive and sympathetic to our financial situation. In answer to the specific questions on the website consultation:

- 55% agreed or strongly agreed to an increase in Council tax to fund services
- 57% agreed or strongly agreed to the 3% Adult Social Care precept.

11. Update on implementation costs and flexible use of capital receipts

11.1 Given the scale and ambitious nature of the Transformation programme it was agreed to provide additional funding for its implementation and delivery. An implementation budget of £23.6m was approved in February 2017. The total forecast spend is currently £21.5m with an unspent £2.1m programme contingency comprising of the original contingency (£1.75m) plus retained programme underspends (£0.35m). Appendix I shows the breakdown of spend by programme together with the associated savings and income generated.

11.2 Underspends within the programme have also been used to fund additional activities that were not originally in scope of the programme, but support the Council's transformation agenda, including implementation of New Ways of Working and programme management support within Inclusive Growth.

11.3 In recognition of the level of risk involved in delivering a programme of this scale, it is considered prudent to retain this level of contingency within the programme for the time being. However, the next calls on this contingency will be resourcing to support delivery of the Core Support Services Programme, for which no original budget was sought, and any further resourcing that may be required to deliver additional savings.

11.4 This implementation budget is funded by a combination of capital receipts, capital borrowing, loans (for funding wholly owned B&D companies) and HRA. Last year the Secretary of State was empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations. This dispensation has been extended for three years until 2020/21.

11.5 The Council welcomed the Government's Flexible Use of Capital Receipts dispensation and set out in last year's MTFS how it would help the authority deliver savings while protecting revenue budgets. The Council approved a Flexible Use of Capital Receipts Strategy last year and has been working within that framework. The updated strategy is included as an appendix to this report.

12 Capital Programme

12.1 The Council's current capital budget for 2017/18, inclusive of the Gascoigne Estate scheme (£35.560m), is £227.968m.

12.2 The budgets for the following five years are draft and may change because of budget roll-forwards from the 2017/18 financial year, for example if there has been programme slippage. A summary of these budgets is shown in the tables that follow. The HRA capital programme is the subject of another report at this meeting. The capital programme presented to Assembly will be updated for decisions taken in relation to that report.

12.3 The two most significant areas of the capital programme are the provision of school places and housing. This reflects the needs of the borough in terms of dealing with a high birth rate and high level of migration into the borough. School expansion schemes are funded by Central Government (via the Education and Skills Funding Agency), and the HRA programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore, they do not pose a pressure on the General Fund, in terms of needing to borrow and servicing the cost of borrowing. The 2019/20 onwards Schools Programme is still under discussion and negotiation and is likely to expand from the low figures shown below.

12.4 Another significant area of the programme is the Corporate Accommodation Strategy. This will rationalise the corporate office portfolio, which will enable future capital receipts and revenue savings to be realised.

12.5 The budget framework makes available £10m for capital schemes each year. The £10m made available in 2017/18 has been fully allocated to schemes, but for subsequent years the funding has only been partially allocated. The table below summarises the position on the currently approved capital programme updated for any changes to profiling or estimates. A full breakdown is also given as an appendix to this report. Cabinet are asked to approve this restatement of the programme.

Table 1: Five Year Capital Programme (2017/18 – 2021/22)

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Care & Support	1,870	400	400	400	400	3,470
Community Solutions	3,686	1,720	400	350	-	6,157
Core	9,202	100	438	172	-	9,912
Customer Access & Technology	3,992	-	-	-	-	3,992
Education, Youth & Childcare	25,323	52,937	10,912	946	-tbc	90,118
Enforcement	9,167	5,432	4,484	40	-	19,123
Culture, Heritage & Recreation	840	3,836	550	600	-	5,826
Investment Strategy	77,219		-	-	-	77,219
Growth & Homes & Regeneration	90,376	65,277	3,916	-	-	159,569
My Place	1,209	-	-	-	-	1,209
Public Realm	999	706	205	195	195	2,300
SDI Commissioning	4,085	1,112	480	-	-	5,677
NEW SCHEMES		1,695	2,524	2,550	300	7,069
General Fund Total	**227,968**	**133,215**	**24,309**	**5,253**	**895**	**391,640**
HRA Total	**74,271**	**82,730**	**57,960**	**56,000**	**tbc**	**270,960**
Total Capital Programme	**302,238**	**215,945**	**82,269**	**61,253**	**895**	**662,600**

Financed by:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Capital Grants and S106	42,700	54,903	10,912	946		109,461
HRA/MRR	63,723	82,812	57,960	56,000	-	260,495
Borrowing	180,793	76,609	12,597	3,557	495	274,051
Revenue	400	400	400	400	400	2,000
Reserves	590	-	-	-	-	590
Capital Receipts	14,032	1,221	400	350	-	16,003
Total	**302,238**	**215,945**	**82,269**	**61,253**	**895**	**662,600**

12.6 Five bids were received during the latest round of bidding to access the Capital Funding programme amounting to £9.469m over the next five years, and £2.195m relating directly to 2018/19. After undertaking an assessment of all bids, the amount recommended to the board for approval was £7.369m over the next five years, with £1.695m relating directly to 2018/19. These bids are shown in the appendix. The Cabinet is asked to approve their inclusion in the programme.

12.7 If no further bids are received during 2018/19 the unused budget allocation will be rolled forward to the next financial year or may be used to fund emergency in-year capital submissions.

12.8 In January 2018 Cabinet approved three new schemes to be undertaken to support regeneration of the borough. The precise cost will be subject to negotiation but an overall budget of £67m has been added to the programme to fund these strategic acquisitions. These will initially be funded from borrowing.

12.9 On the same agenda as this report is the Be First business case. The report seeks approval for the creation of a credit facility for development activity. Subject to Cabinet approval this will be added to the Capital programme before final approval by Assembly.

12.10 The full list of schemes is included at Appendix E.

13 Impact on reserves

13.1 The Council's current reserves position is shown in the table below. Currently GF balances as at 31st March 2017 stands at £19m and £28m for earmarked reserves.

		31 March 2017	31 March 2018	31 March 2019
General Fund balances		**19,330**	**17,030**	**15,115**
Total Earmarked Reserves		**28,439**	**11,879**	**11,014**
Departmental Reserves	ACS Reserve	1,601	1,601	
	PSL Reserve	1,097	759	759
	Care Reserve	-	688	
Public Health		161	161	161
Corporate restructuring		2,006	-	-
Insurance		1,689	1,389	1,389

Budget Support Reserve	11,199	0	-
VAT Market Repayment	201	111	51
Capital Investment Reserves	3,575	1,000	500
Legal Reserve	563	563	563
Collection Fund Reserve	1,581	1,581	1,581
Elections Reserve	223	223	-
LEP Housing Rentals Reserves	1,394	1,394	1,394
Other Miscellaneous	905	-	-
Core Reserves	800	552	494
Council Entities	1,444	1,444	1,444
Be First			2,678

13.2 It is proposed that a Care Reserve is created using the former Butler Court reserve, transfer from Insurance reserves £250k, transfer from PSL reserve £100k and VAT reserve £50k. This will be used to contribute to the 2018/19 savings.

13.3 It is also proposed in this report to create two new reserves: a Core Infrastructure reserve and a Be First reserve. These are included in the table above.

13.4 The impact of drawing down the £2.8m of reserves to balance the 2018/19 budget together with the requirement to fund in the current years overspend will make it more difficult to meet the requirement of keeping the balances above £15m, as recommended by the Chief Operating Officer, in future years putting severe pressure on the Council to manage its finances and replenish balances.

13.5 Appendix F shows the medium term three-year position. If no further proposals were identified or any other mitigations identified, the potential cumulative draw on reserves over the next three years would aggregate to £32.1m. It is, however, recognised and expected that a business of the size of the Council will annually be able to identify new modernisation and efficiency proposals which will go some way to closing this gap. Further reviews of the 2019/20 position are planned as part of the Council's annual budget cycle.

14 Update on Dedicated Schools Budget

14.1 A report was presented to Cabinet in December setting out the principles for the Dedicated Schools Budget for 2018/19. Subsequently the DfE has published the expected DSG amounts. Following the publication of this information and further modelling of the expected impact, a number of changes to the DSB and the funding formula are proposed.

14.2 The December report proposed a transfer of £1.1m from the Schools block to the High Needs block in order to meet pressures in this area. However, the High Needs working group has now been tasked with identifying further savings in order to reduce the funding requirement. It is now proposed to transfer only £0.75m.

14.3 It is also proposed to reduce the growth fund to £2.9m (from £3.5m). This is sufficient to fund the planned growth. The impact of these two changes is to allow more money to be allocated to schools.

14.4 As set out in the December report a funding ratio of 1:1.34 has been maintained between primary and secondary schools. In order to maintain this ratio, the Age Weighted Pupil Unit (AWPU) of funding for KS4 has been increased by £110 to £4,925, and there are no other changes to the AWPUs compared to the rates previously approved by the Council.

14.5 The allocation of the Early Years block has also been announced. Following this the Finance team have modelled the impact for Barking and Dagenham and it is proposed that the base funding rate for 3 and 4 year olds is increased to £4.70 per hour. It is proposed that the deprivation rates remain at the same levels of between £0.22 and £0.30 per hour based on IDACI bandings. It is also proposed that the formula remains at £0.21 per hour for a flexibility factor for Private, Voluntary and Independent sector providers. There has been no increase in funding for 2 Year Olds, therefore no change is proposed to the funding rate of £5.35 per hour to settings with eligible two-year olds.

14.6 With the implementation of the Early Years National Funding Formula in 2017-18, there was a requirement for local authorities to establish a special education needs (SEN) inclusion fund where the local authority did not have one set up previously. Barking and Dagenham continued to hold £284k in 2017-18. It is proposed that this should be increased to £400k and support for two-year olds should also be managed from this fund.

15. Financial Implications

Implications completed by: Kathy Freeman, Finance Director

15.1 The detailed financial implications have been covered throughout the report. However, the key financial implications to note are:

a) To balance the 2018/19 budget, it is planned that £2.791 of funding will be taken from reserves to ensure we meet our statutory responsibility.
b) The budget gap for 2019/20 is £13.7m, rising to £15.6m in 2020/21.

16. Legal Implications

Implications completed by Dr Paul Feild, Corporate Governance Lawyer

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

16.2 Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so for example if savings proposals will affect staffing then it will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.

- If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. The Council must have regard to:
- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;

- any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;

- any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);

- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;

- to any responses from stakeholders to consultation undertaken.

16.3 In relation to the impact on different groups, it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant ‘protected characteristic’. This means an assessment needs to be carried out of the impact and a decision taken in the light of such information.

17. Corporate Policy and Equality Impact

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

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

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

Public Background Papers Used in the Preparation of the Report:

- Local Government Finance Settlement 2018/19
- Autumn Statement 2017

List of appendices

Appendix A – Revenue Budget 2018/19
Appendix B – MTFS 2018/19 to 2020/21
Appendix C –Statutory Budget Determination 2018/19
Appendix D – Calculation of the Council Tax Requirement 2018/19
Appendix E – Draft Capital Programme 2018/19 – 2020/21 including new bids
Appendix F – Transformation Savings summary
Appendix G – November Savings summary
Appendix H – Flexible use of capital receipts strategy
Appendix I – Transformation costs summary

This page is intentionally left blank

APPENDIX A - REVENUE BUDGETS BY SERVICE BLOCKS

REVENUE BUDGETS 2018-19	Initial Base	Capital Charges	Growth-Pressure	Savings	Budget Realignments 2	Budget Realignments 2	Be First	Funding	Reserves	Net Budget 18-19
CARE & SUPPORT	**66,168,388**	**758,380**	**3,989,000**	**(6,358,070)**	**(693,710)**	**0**	**0**	**(5,337,000)**		**58,526,988**
ADULT'S CARE & SUPPORT	20,999,110	685,440	989,000	(2,703,520)	187,000	104,400	0	(5,337,000)		14,924,430
CHILDREN'S CARE & SUPPORT	31,462,810	0	2,300,000	(2,873,050)	(763,710)	0	0			29,526,050
DISABILITIES	13,706,468	72,940	700,000	(781,500)	(117,000)	(104,400)	0			13,476,508
CENTRAL	**23,497,790**	**(25,945,840)**	**18,447,580**	**(927,250)**	**0**	**0**	**0**	**8,000**	**(2,791,000)**	**12,289,280**
CENTRAL EXPENSES	23,497,790	(25,945,840)	18,447,580	(927,250)	0	0	0	8,000	(2,791,000)	12,289,280
COMMUNITY SOLUTIONS	**6,185,680**	**2,870,500**	**500,000**	**(2,995,110)**	**763,710**	**0**	**0**			**7,324,780**
COMMUNITY SOLUTIONS	93,990	0	0	(2,412,000)	93,460	0	0			(2,224,550)
INTERVENTION SERVICES	2,078,230	132,620	0	(69,000)	1,246,830	0	0			3,388,680
SUPPORT SERVICES	1,347,410	1,911,780	0	(3,190)	(1,834,490)	0	0			1,421,510
TRIAGE SERVICES	158,190	0	0	0	1,257,910	0	0			1,416,100
UNIVERSAL SERVICES	2,507,860	826,100	500,000	(510,920)	0	0	0			3,323,040
CONTRACTED SERVICES	**9,572,330**	**593,550**	**680,000**	**0**	**0**	**0**	**0**			**10,845,880**
ELEVATE CONTRACT	9,572,330	593,550	680,000	0	0	0	0			10,845,880
CORE	**18,832,400**	**63,440**	**(120,000)**	**(1,407,100)**	**1,751,200**	**0**	**(151,520)**			**18,968,420**
ELEVATE CLIENT TEAM	7,277,830	6,160	0	(93,470)	0	0	0			7,190,520
FINANCE	3,201,900	50,710	0	(321,460)	0	0	0			2,931,150
LAW & GOVERNANCE	4,170,710	6,570	0	(459,620)	1,751,200	0	0			5,468,860
STRATEGIC LEADERSHIP	1,101,080	0	0	(96,000)	0	0	(151,520)			853,560
STRATEGY & PROGRAMMES	2,893,880	0	(120,000)	(436,550)	0	0	0			2,337,330
TRANSFORMATION	187,000	0	0	0	0	0	0			187,000
EDUCATION, YOUTH & CHILDCARE	**2,255,760**	**10,419,590**	**0**	**(79,270)**	**0**	**0**	**0**			**12,596,080**
EDUCATION, YOUTH & CHILDCARE	2,255,760	10,419,590	0	(79,270)	0	0	0			12,596,080
ENFORCEMENT	**(920,489)**	**8,948,490**	**0**	**(318,510)**	**0**	**0**	**0**			**7,709,491**
ENFORCEMENT	(920,489)	8,948,490	0	(318,510)	0	0	0			7,709,491
GROWTH & HOMES	**370,280**	**500,070**	**400,000**	**(2,020,180)**	**(1,735,700)**	**0**	**(139,080)**			**(2,624,610)**
ASSETS & INVESTMENT	(882,680)	176,540	0	(607,680)	(1,751,200)	0	0			(3,065,020)
COMMISSIONING - REGEN, HOUSING AND INVESTMENT	(783,470)	38,610	400,000	(1,347,500)	0	0	(139,080)			(1,831,440)
CULTURE & RECREATION	2,036,430	284,920	0	(65,000)	15,500	0	0			2,271,850
HRA	**0**	**0**	**0**	**(942,000)**	**0**	**0**	**0**			**(942,000)**
HOUSING AND NEIGHBOURHOODS	0	0	0	(942,000)	0	0	0			(942,000)
MY PLACE	**1,183,560**	**0**	**0**	**(152,000)**	**0**	**0**	**0**			**1,031,560**
MY PLACE	1,183,560	0	0	(152,000)	0	0	0			1,031,560
PUBLIC REALM	**7,126,121**	**985,730**	**2,336,000**	**(946,410)**	**(15,500)**	**0**	**0**			**9,485,941**
PUBLIC REALM	7,126,121	985,730	2,336,000	(946,410)	(15,500)	0	0			9,485,941
SDI COMMISSIONING	**9,794,510**	**800,230**	**411,060**	**(1,988,050)**	**(70,000)**	**0**	**0**			**8,947,750**
ADULTS COMMISSIONING	5,393,360	0	0	(435,000)	(70,000)	(67,720)	0			4,820,640
CHILDREN'S COMMISSIONING	4,155,990	0	0	(549,050)	0	67,720	0			3,674,660
HEALTHY LIFESTYLES & LEISURE	(562,820)	800,230	411,060	(304,000)	0	0	0			344,470
PUBLIC HEALTH	807,980	0	0	(700,000)	0	0	0			107,980
TRADED SERVICES	**1,353,940**	**5,860**	**0**	**(151,000)**	**0**	**0**	**0**			**1,208,800**
TRADED SERVICES	1,353,940	5,860	0	(151,000)	0	0	0			1,208,800
BE FIRST	**(290,600)**	**0**	**0**	**0**	**0**	**0**	**290,600**			**0**
BELOW THE LINE CENTRAL ADJUSTMENT	**0**	**0**	**442,360**	**(437,000)**	**0**	**0**	**0**	**(5,360)**	**0**	**0**
BELOW THE LINE CENTRAL ADJUSTMENT			442,360	(437,000)	0	0	0	(5,360)		0
Net Budgets 2018-19	**145,129,670**	**0**	**27,086,000**	**(18,721,950)**	**0**	**0**	**0**	**(5,334,360)**	**(2,791,000)**	**145,368,360**

This page is intentionally left blank

Appendix B
Medium Term Financial Strategy: 2018/19- 2020/21

	2018/19 £000 Nov' 17	2018/19 £000 Feb' 18	2019/20 £000 Revised	2020/21 £000 Revised
Prior Year (Surplus) / Deficit			**0**	**13,716**
Budget Increases				
Roll Forward of 2017-18 budget gap	8,129	8,129	-	-
Capital Investment	1,400	1,400	900	900
Financing	3,770	3,770	600	420
Inflation - Staff	-	472	1,000	1,000
Inflation - Non Staff	-	-	2,100	2,100
Levies	440	440	350	350
Demography/Demand	3,088	3,027	3,033	3,660
Legislation	795	795	2,377	2,000
Corporate/Other Service Pressures	7,717	9,053	260	260
Total Additional Costs	**25,339**	**27,086**	**10,620**	**10,690**
Changes in Income & Funding				
Government Grants	841	841	8,083	9,175
Council Tax	(3,299)	(5,015)	(1,727)	(1,786)
Business Rates	(1,100)	(1,400)	-	-
Total Changes in Income	**(3,558)**	**(5,574)**	**6,356**	**7,389**
In year Budget Gap	**21,781**	**21,512**	**16,976**	**18,079**
Savings				
Savings approved by Cabinet	(11,344)	(11,344)	(12,784)	(14,538)
Non-Delivery of Savings	2,000	2,000	929	579
Additional Savings	(9,646)	(9,377)	5,804	(2,221)
Total Savings	**(18,990)**	**(18,721)**	**(6,051)**	**(16,180)**
In Year Budget Gap Including Savings	**2,791**	**2,791**	**10,925**	**1,899**
Other Adjustments				
Revised Budget Gap after other adjustments	**2,791**	**2,791**	**10,925**	**1,899**
Use of Reserves in 2018-19	(2,791)	(2,791)	2,791	
Cumlatative Budget Gap including Savings	**0**	**0**	**13,716**	**15,616**

This page is intentionally left blank

STATUTORY BUDGET DETERMINATION 2018/19

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

1. At its meeting on 23 January 2018 the Council approved the Council Tax Base 2018/19 calculation for the whole Council area as 48,782.31 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended ("the Act")]

2. The following amounts have been calculated by the Council for the year 2018/19 in accordance with Sections 31 to 36 of the Act:-

(a)	£692,764,196	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£634,243,473	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£58,520,723	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (i.e. Item R in the formula in Section 31A(4) of the Act).
(d)	£1,199.63	being the amount at 2(c) above (i.e. "Item R), divided by Item T (shown at 1 above), calculated by the Council, in accordance with Section 31B(1) of the Act as the basic amount of its Council Tax for the year. Refer below for further detail.

Valuation Bands

A	B	C	D	E	F	G	H
£799.75	£933.04	£1,066.34	£1,199.63	1,466.22	£1,732.80	£1,999.38	£2399.26

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

3. That it be noted that for the year 2018/19 the Greater London Authority has indicated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Precepting Authority: Greater London Authority

Valuation Bands

A	B	C	D	E	F	G	H
£196.15	£228.84	£261.53	£294.22	£359.60	£424.98	£490.37	£588.44

4. That, having calculated the aggregate in each case of the amounts at 2 and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992,

hereby sets the following amounts as the amounts of Council Tax for the year 2018/19 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£995.90	£1,161.88	£1,327.87	£1,493.85	£1,825.82	£2,157.78	£2,489.75	£2,987.70

Appendix D

Calculation of the Council Tax for 2018/19

		£000
Revised 2017/18 Budget		**145,130**
Roll forward of last year's surplus	0	
New MTFS Items	27,087	
Approved A2020 Savings	(18,721)	
Adults Social Care Grant	(5,337)	
Use of one-off reserves	(2,791)	
Total Adjustments		238
Base Budget Requirement for 2018/19		**145,368**
Funded By:		
Formula & Specific Grant	(80,927)	
Better Care Grant	(400)	
New Homes Bonus Grant	(3,273)	
CTS and Benefits Administration Grant	(847)	
London Pooling Gain	(1,400)	
Total Funding		(86,847)
Council Tax Requirement		**58,521**
Council Tax Base (Equivalent Band D properties)		48,782.31
Council Tax:		
London Borough of Barking & Dagenham		£1,199.63
Greater London Authority		£294.22
Overall Council Tax - Band D equivalent		**£1,493.85**

This page is intentionally left blank

APPENDIX E

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Care & Support	1,870	400	400	400	400	3,470
Community Solutions	3,686	1,720	400	350	-	6,157
Core	9,202	100	438	172	-	9,912
Customer Access & Technology	3,992	-	-	-	-	3,992
Education, Youth & Childcare	25,323	52,937	10,912	946	-tbc	90,118
Enforcement	9,167	5,432	4,484	40	-	19,123
Culture, Heritage & Recreation	840	3,836	550	600	-	5,826
Investment Strategy	77,219		-	-	-	77,219
Growth & Homes & Regeneration	90,376	65,277	3,916	-	-	159,569
My Place	1,209	-	-	-	-	1,209
Public Realm	999	706	205	195	195	2,300
SDI Commissioning	4,085	1,112	480	-	-	5,677
NEW SCHEMES		1,695	2,524	2,550	300	7,069
General Fund Total	**227,968**	**131,520**	**21,785**	**2,703**	**595**	**391,640**
HRA Total	**74,271**	**82,730**	**57,960**	**56,000**	**tbc**	**270,960**
Total Capital Programme	**302,238**	**214,250**	**79,745**	**58,703**	**595**	**662,600**

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Capital Grants and S106	42,700	54,903	10,912	946		109,461
HRA/MRR	63,723	82,812	57,960	56,000	-	260,495
Borrowing	180,793	74,914	10,073	1,007	195	266,982
Revenue	400	400	400	400	400	2,000
Reserves	590	-	-	-	-	590
Capital Receipts	14,032	1,221	400	350	-	16,003
Total	**302,238**	**214,250**	**79,745**	**58,703**	**595**	**655,531**

This page is intentionally left blank

Transformation Savings Summary

APPENDIX F

Portfolio & Programme	Savings £'000 2016/17	2017/18	2018/19	2019/20	2020/21	Total
Transformation	No savings					0.000
My Place	141.218	122.883	151.597	21.657	0.000	437.355
Community Solutions	0.000	243.033	2,481.373	876.224	970.330	4,570.960
Disabilities	0.000	412.000	488.000	500.000	250.000	1,650.000
Adults	0.000	3,451.000	1,959.000	0.000	0.000	5,410.000
Children's	0.000	489.286	1,092.171	1,126.286	1,460.616	4,168.359
	141.218	**4,718.202**	**6,172.141**	**2,524.167**	**2,680.946**	**16,236.674**
Growth & Commercial	No savings					0.000
Be First	0.000	259.000	906.000	5,033.000	4,139.000	10,337.000
Legal	105.000 *	0.000	0.000	0.000	0.000	105.000
Leisure	0.000	257.000	590.000	226.000	91.000	1,164.000
Traded Services	0.000	171.623	151.104	131.679	135.690	590.096
Home Services	0.000	0.000	470.680	470.680	739.640	1,681.000
	0.000	757.000	1,608.000	1,368.000	1,392.000	5,125.000
Parks Commercialisation	0.000	33.000	0.000	100.000	0.000	133.000
	105.000	**1,477.623**	**3,725.784**	**7,329.359**	**6,497.330**	**19,135.096**
Service Improvement	No savings					0.000
Heritage	5.000	5.000	15.000	26.000	25.000	76.000
Enforcement	165.000 *	252.000	200.000	1,458.500	0.000	2,075.500
Refuse	95.000	557.000	300.000	170.000	579.000	1,701.000
St Cleansing	14.000	10.000	0.000	419.000	0.000	443.000
Pks, Open, Cems	8.000	152.850	139.953	516.022	164.245	981.070
	287.000	**976.850**	**654.953**	**2,589.522**	**768.245**	**5,276.570**
Cross Cutting	No savings					0.000
Customer Access	0.000	842.000	520.000	341.000	310.000	2,013.000
Irreducible Core	0.000	719.000	0.000	0.000	4,281.000	5,000.000
Workforce & OD	0.000	271.500	271.500	0.000	0.000	543.000
Technology - Applications	No savings					0.000
Technology - Infrastructure	No savings					0.000
	0.000	**1,832.500**	**791.500**	**341.000**	**4,591.000**	**7,556.000**
A2020 Overarching	No savings					0.000
Total	**533.218**	**9,005.175**	**11,344.378**	**12,784.048**	**14,537.521**	**47,941.122**
Sustainable 16/17 savings		270.000	* Savings delivered in 16/17 that create a 17/18 sustainable base budg			
Total		**9,275.175**				

This page is intentionally left blank

APPENDIX G

November 2017 Savings Summary

Proposal	Description	2018/19 Saving £000's
Street Lighting	This proposal is to replace the borough's existing street lights with low energy Light Emitting Diodes (LEDs) and installation of centralised street lighting energy management system.	80
Abbey Road	Abbey Road, one of the Council's investment properties, has increased significantly, with recent valuations of £26m against a cost of £24m. Rental payments from Abbey Road are being used to repay both the interest owed and a portion of the loan. The proposal is to not set aside a provision for the loan repayment.	600
Pension Fund	To prepay 2 years of employers' pension fund contributions in advance – to generate a return of 4.1%, which is the Pension Fund's discount factor.	1,200
Street Properties	To purchase a portfolio of street properties these will be let at a combination of LHA, Affordable Rent and market rents levels.	192
Employment and Skills	Explore, evaluate and implement an alternative delivery model for employment and skills services to absorb loss of grant funding. The European funding in this area will end in 2018/19	500
Street Cleansing	Review street cleansing in low footfall residential streets following an initial deep clean. Focus resource into high traffic areas, using more mechanical means. Tie into enforcement activity to regarding littering.	439
Summer Festivals	Review of the Summer Festival Programme.	269
Broadway Theatre	It has been previously agreed that an annual grant of £50,000 from the Council to the College will be paid for a period of three years. The final guaranteed grant payment will be made in 2017/18.	50
B&D Trading Partnership	As a new wholly owned Council company, will make a profit which will be paid back to the Council in dividends to the General Fund.	471

Proposal	Description	2018/19 Saving £000's
Review of Core Services	A review of core services such as finance, democratic services, legal and HR together with Strategic Services is expected to deliver ongoing efficiencies.	1,169
Children's Services	A review and extension of the current transformational proposals will deliver savings. In addition, the service is proposing to phase the implementation of improvement activities for young people.	1,300
Realignment of Public Health services	Realignment of a range of Public Health Services ensuring spend meets available budget. The Leisure Contract has released Public Health funding by providing some activities previously PH grant funded.	700
Efficiency Savings	A review of a number of services to reduce costs and/or drive up income. The initial review will include Pest Control, Music Services, Strategy & Performance, Trewern and Fees & Charges across the Council.	275
Adult Services	A series of investments and proposals are already in place to improve preventative activity and reducing longer-term care costs including: Community Solutions, the better use of assistive technologies, and work to drive up the quality of domiciliary care, extra care housing, and PAs.	800
Adult Care and Support Reserve	The Adult Care and Support earmarked reserve will be fully utilised in 2018/19 to enable the service to deliver its efficiency requirements and at the same time manage service demand.	1,601
TOTAL		**9,646**

Appendix H

Strategy for the Flexible Use of Capital Receipts

Background

Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.
However, the Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

For a number of years, the local government sector has been lobbying central government to provide councils with greater freedoms and flexibilities in relation to the use of Capital Receipts to support the delivery of savings and efficiencies. In 2013, the Local Government Association argued that freedoms should be given to Councils to "release value currently residing on council's balance sheets without the need for further funding from taxation; the sale of assets generates economic activity, as does transformational revenue expenditure"[1].

In response, the Secretary of State for Communities and Local Government issued guidance in March 2016[2], giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital:

"expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners."

The Local Government Association responded, stating: "We welcome the flexibility to use new capital receipts and the discretion given to councils in identifying qualifying projects"[3]

This flexibility was updated as part of the Local Government Finance Settlement for 2018/19 and extended until 31st March 2019.

To benefit from this dispensation and comply with the Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a 'Flexible Use of Capital Receipts Strategy'. The guidance also requires that each authority should disclose the individual projects that will be funded or part funded through capital receipts

---

[1] LGA Consultation Response "Proposals for the use of capital receipts from asset sales: 24th September 2013.
[2] Statutory Guidance on the Flexible Use of Capital Receipts (Updated) DCLG March 2016
[3] Local Government Association (LGA) briefing: Provisional Local Government Finance Settlement 2016/2017 and an offer to councils for future years: 17th December 2015

flexibility to full Council or the equivalent. It goes on to say that this requirement can be satisfied as part of the annual budget setting process, through the Medium-Term Financial Plan or equivalent, or for those authorities that sign up to a four-year settlement deal, as part of the required Efficiency Plan. Accordingly this strategy sets out how the flexible use of Capital Receipts will be utilised for the remainder of the medium term strategy that falls within the qualifying period. Updates will be included in the Budget and MTFS reports to Assembly in future years or earlier if required.

There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects.

The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project where it is intended capital receipts will be used, together with the expected savings that the project will deliver. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

Flexible Use of Capital Receipts Strategy

The Council welcomes the Government's Flexible Use of Capital Receipts dispensation and believes that if it is used judiciously and prudently, it can help the authority deliver savings while protecting revenue budgets. Working in this way will help to protect jobs and shield the tax payer. It aligns with the more commercial approach the Council is adopting to the use of its balance sheet to get the best value from its assets, in terms of both acquisitions and disposals; and also boosting our income generating asset portfolio.

The Cabinet has already agreed to dispose of £11.9m worth of general fund capital assets during qualifying period. It is anticipated that these disposals will fall:

- £4.5m during 2016/17
- £5.3m during 2017/18
- £2.0m during 2018/19

None of these agreed asset disposals were previously included in the Council's capital programme and are therefore available to be deployed flexibly.

Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

"Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."

The Council's intends to use the capital receipts set out in the paragraph above to fund the projects set out in the table below. The figures shown in the table below are in, some cases yet to be finalized and are accordingly estimates of the maximum funding required. In these instances due diligence on final costs are on-going with the intention that final costs are lower than currently predicted. Where this is the case, the figures stated should be considered an upper limit.

The savings generated by these projects both incremental and cumulative are also set out in the table. Delivery of these savings is integral to the Budget set out in the main body of the report and in appendix B, the delivery of which are contingent upon the funding being in place for their delivery.

Project:		16/17	17/18	18/19
Implementation of Community Solutions	**Proposed use of Flexible Receipts**			
	Design	£0.19m		
	Implementation	£0.38m	£0.58m	£0.07m
	Total	£0.57m	£0.58m	£0.07m
	Savings per year		£0.24m	£2.48m
	Cumulative savings 2020/21			£11.14m

Project:		16/17	17/18	18/19
Implementation of the care and support service block	**Proposed use of Flexible Receipts**			
	Design	£0.53m		
	Implementation	£0.41m	£0.80m	
	Total	£0.94m	£0.80m	
	Savings per year		£4.35m	£3.54m
	Cumulative savings 2020/21			£32.99m

Project:		16/17	17/18	18/19
Start-up cost for Be First & Investment Strategy	**Proposed use of Flexible Receipts**			
	Design	£0.49m		
	Implementation	£0.66m	£2.17m	£0.32m
	Total	£1.15m	£2.17m	£0.32m
	Savings per year		£1.02m	£2.51m
	Cumulative savings 2020/21			£29.94m

Project:		16/17	17/18	18/19
Educational Attainment	**Proposed use of Flexible Receipts**			
	Design	£0.02m		
	Implementation			
	Total	£0.02m		
	Savings per year			
	Cumulative savings 2020/21			

Project:		16/17	17/18	18/19
Start-up cost for Traded Services	**Proposed use of Flexible Receipts**			
	Design	£0.18m		
	Implementation		£0.42m	
	Total	£0.18m	£0.42m	
	Savings per year		£0.17m	£0.15m
	Cumulative savings 2020/21			£1.54m

Project:		16/17	17/18	18/19
Leisure	**Proposed use of Flexible Receipts**			
	Design	£0.03m		
	Implementation	£0.01m	£0.05m	
	Total	£0.04m	£0.05m	
	Savings per year		£0.26m	£0.59m
	Cumulative savings 2020/21			£3.34m

Project:		16/17	17/18	18/19
Legal	**Proposed use of Flexible Receipts**			
	Design	£0.03m		
	Implementation		£0.07m	
	Total	£0.03m	£0.07m	
	Savings per year	£0.11m		
	Cumulative savings 2020/21			£0.53m

Project:		16/17	17/18	18/19
Parks & Open Spaces	**Proposed use of Flexible Receipts**			
	Design	£0.23m		
	Implementation	£0.01m	£0.04m	
	Total	£0.24m	£0.04m	
	Savings per year		£0.03m	
	Cumulative savings 2020/21			£0.33m

Project:		16/17	17/18	18/19
Service Improvement	**Proposed use of Flexible Receipts**			
	Design	£0.11m		
	Implementation	£0.44m	£0.31m	
	Total	£0.54m	£0.31m	
	Savings per year	£0.17m	£0.98m	£0.65m
	Cumulative savings 2020/21			£12.64m

Project:		16/17	17/18	18/19
Customer Access & Technology	**Proposed use of Flexible Receipts**			
	Design	£0.69m		
	Implementation			
	Total	£0.69m		
	Savings per year		£0.84m	£0.52m
	Cumulative savings 2020/21			£5.92m

Project:		16/17	17/18	18/19
Core Design & Workforce Development	**Proposed use of Flexible Receipts**			
	Design	£0.31m		
	Implementation	£0.07m	£0.13m	
	Total	£0.38m	£0.13m	
	Savings per year		£0.99m	£0.27m
	Cumulative savings 2020/21			£9.06m

Further additional receipts are also anticipated in the qualifying period and decisions about whether to earmark the receipts to be used flexibly will be made at the time.

The Cabinet adopted this strategy in February 2017 and agreed disposals with the intention that they can be used Flexibly to support qualifying expenditure during 2016/17 and future years.

Of the £5.3m receipts from assets disposed of in 2017/18, only £2.2m are expected to be achieved in the financial year as the date of two disposals has been delayed. However as an alternative it is proposed to substitute unrestricted Housing receipts that are available in year. (This is effectively a swap – when the disposals are completed the receipts will now be made available for Housing so neither scheme is disadvantaged.

Impact on Prudential Indicators

The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy.

There will be no impact on the Council's prudential indicators as a result of the implementation of this strategy because none of the assets in question have currently been allocated to the for use in the Council's capital programme

This page is intentionally left blank

APPENDIX I

Transformation Programme - Forecast Costs and Savings as at 18 January 2018

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Community Solutions	**Delivery Costs**						
	Design	384					**384**
	Implementation	631	2,788	1,139	350	40	**4,948**
	Total	**1,015**	**2,788**	**1,139**	**350**	**40**	**5,332**
	Savings / Income		243	3,224	4,101	5,071	**12,639**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Care & Support	**Delivery Costs**						
	Design	557					**557**
	Implementation	424	709				**1,133**
	Total	**981**	**709**				**1,690**
	Savings / Income		4,352	9,627	10,384	12,094	**36,458**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
My Place	**Delivery Costs**						
	Design	439					**439**
	Implementation	365	949				**1,314**
	Total	**804**	**949**				**1,753**
	Savings / Income		123	274	296	296	**990**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Be First & Investment Strategy	**Delivery Costs**						
	Design	504					**504**
	Implementation	684	3,823	1,487			**5,993**
	Total	**1,188**	**3,823**	**1,487**			**6,498**
	Savings / Income		1,016	3,802	10,716	16,768	**32,302**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Traded & Home Services	**Delivery Costs**						
	Design	200					**200**
	Implementation		939	24			**964**
	Total	**200**	**939**	**24**			**1,163**
	Savings / Income		172	1,264	1,396	2,271	**5,103**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Leisure	**Delivery Costs**						
	Design	49					**49**
	Implementation		60				**60**
	Total	**49**	**60**				**109**
	Savings / Income		114	561	787	878	**2,340**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Heritage & Culture	**Delivery Costs**						
	Design						
	Implementation						
	Total						
	Savings / Income		5	339	365	390	**1,099**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Parks Commercialisation	**Delivery Costs**						
	Design	165					**165**
	Implementation		39				**39**
	Total	**165**	**39**				**203**
	Savings / Income		33	33	433	733	**1,232**

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Enforcement	**Delivery Costs**						
	Design	28					**28**
	Implementation	135	316				**450**
	Total	**163**	**316**				**479**
	Savings / Income	165	417	617	2,076	2,076	**5,350**

Public Realm	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	81					**81**
Implementation	264	263				**527**
Total	**344**	**263**				**608**
Savings / Income		720	1,319	1,495	1,659	**5,193**

Customer Experience & Digital (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	709					**709**
Implementation	10	2,085	14			**2,109**
Total	**720**	**2,085**	**14**			**2,819**
Savings / Income		842	1,362	1,703	2,013	**5,920**

Core Design, New Ways of Working & Workforce Development (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	305					**305**
Implementation	20	428	682			**1,130**
Total	**325**	**428**	**682**			**1,435**
Savings / Income		1,134	2,937	2,799	7,080	**13,950**

Technology & Integration (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	265					**265**
Implementation	67	1,972	618		200	**2,856**
Total	**332**	**1,972**	**618**		**200**	**3,122**
Savings / Income						

Legal (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	8					**8**
Implementation						
Total	**8**					**8**
Savings / Income	105	105	105	105	105	**525**

Improving Educational Attainment (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	18					**18**
Implementation						
Total	**18**					**18**
Savings / Income						

Public Health (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design						
Implementation						
Total						
Savings / Income			700	700	700	**2,100**

Financial Adjustments (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design						
Implementation						
Total						
Savings / Income			3,800	2,600	2,600	**9,000**

Total (£'000)	16/17	17/18	18/19	19/20	20/21	Total
Delivery Costs						
Design	3,713					**3,713**
Implementation	2,599	14,370	3,964	350	240	**21,524**
Total	**6,312**	**14,370**	**3,964**	**350**	**240**	**25,237**
Savings / Income	270	9,275	29,966	39,955	54,734	**134,199**

CABINET

19 February 2018

Title: Housing Revenue Account: Estimates and Review of Rents and Other Charges 2018/19 and 30 Year Business Plan	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Sue Witherspoon HRA Business Plan Manager	**Contact Details:** Tel: 0208 227 3428 E-mail: sue.witherspoon@lbbd.gov.uk
Accountable Director: Claire Symonds Chief Operating Officer	

Summary

The Annual Budget
The Council as a stock owning local authority, has an obligation to maintain a Housing Revenue Account. This is the income and expenditure relating to the management of the Council's housing stock and the Council is obliged to set a balanced budget.

This is the third year in which the Government has imposed a rent reduction of 1% on all the Council's housing stock, both general needs secure tenancies, as well as affordable rented homes. The Council manages three types of housing within the HRA. These are:

- the majority of the stock built before 2012, where the rents are set in accordance with the old rent restructuring formula, and where average rents are low, currently around 32% of market rents.
- Affordable rented homes, which have been built since 2012 where rents are set as a proportion of market rents – between 50% and 80% of market rents;
- Temporary accommodation rents – where the rents are set in accordable with the Housing Benefit subsidy rules for temporary accommodation. The formula is that rents will be set at 90% of the Local Housing Allowance. Local Housing Allowances were initially themselves set at the lower third of market rents but are currently frozen at the 2015 level.

Tenants of general needs and sheltered housing stock, as well as tenants in Affordable rented homes, will therefore benefit from a decrease in their rents of an average of £0.95 per week. There is no requirement to reduce the rents on temporary accommodation which are set in accordable with a different formula.

This has led to a reduction in the Council's anticipated resources. The Council is seeking to address this difficulty through improvements in efficiency, as well as maximising income from other sources.

The report considers the available resources, how to maintain the commitments to investing in the housing stock in the most effective way, how to maintain a programme of renewing the worst estates and building new homes for Barking & Dagenham residents.

The 30 Year Business Plan
Cabinet approved the first HRA Business Plan in March 2012 in preparation for the new financial regime, Self-Financing in April 2012. This report updates the Plan since then. The Housing Revenue Account (HRA) Business Plan is a statement of the Council's income and expenditure over 30 years, in respect of its owned housing stock. It enables the Council to take a long-term view of its assets and plan for housing projects which are funded in part or in whole by the HRA. It considers all the financial indicators that may influence the plan and enables the Council to anticipate and meet all known liabilities.

The current HRA Business Plan ensures that the Council fulfils all its known expenditure plans on stock investment, estate regeneration and new build over the next 30 years adequately. There are some serious challenges over the short term – the next three years. First, there are known difficulties presented by Universal Credit, which makes collecting rental income more difficult. Second, we need to assess the cost of improving the fire protection in our tall buildings. In addition, there are a number of other strategic projects which have a significant impact on the Plan, such as the programme of new build and stock investment. In the long term, resources will be needed to improve both the housing stock, and the housing service which are not yet at the standard that the Council aspires to.

Because of the changes in Government Policy, regulation, the housing market, and local housing conditions, it is important to keep the HRA Business Plan under regular review as it is possible that the current position may change significantly because of developments in the legal, regulatory, market or economic situation.

The current Business Plan is a springboard from which the new emerging housing policies, will be introduced. This includes the proposed new rights: The Right to Rent, the Right to Move, and the Right to Invest.

The report sets out ambitious plans to maintain and improve the housing service and stock; and to build new homes. This report enables the Council to assess the level of resources available, and to plan for major expenditure in the three key areas of investment: its housing stock; its plans for regeneration and for new build. The organisation of Council services has changed – property-based services are now commissioned from the new "My Place" service, which will itself commission some services, such as the Repairs and Maintenance Service, and provide other services directly, such as tenancy management. The Council will deliver new homes and estate regeneration through its arms-length regeneration company, Be First. This will have a profound impact on the organisation of the Council budgets, including the Housing Revenue Account.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree that rents for all general needs secure, affordable and sheltered housing accommodation be reduced by 1% in line with the national rent reduction arrangements, from the current average of £95.09 per week to £94.14 per week;

(ii) Agree the following service charges for tenants:

Service	Weekly Charge 2018/19 £	Increase
Grounds Maintenance	2.93	-
Caretaking	7.65	-
Cleaning	3.68	-
Estate Lighting	2.31	0.44
Concierge (12 hours)	10.06	-
Concierge (24 hours)	20.13	-
CCTV (SAMS)	6.17	-
Safer Neighbourhood Charge	0.50	-
TV aerials	0.68	0.68

(iii) Agree that charges for heating and hot water increase by inflation (2.6%) in 2018/19 as follows;

Property size	Weekly Charge 2018/19
Bedsit	12.84
1 Bedroom	13.62
2 Bedroom	16.35
3 Bedroom	16.64
4 Bedroom	17.08

(iv) Agree that rents for stock used as temporary accommodation continue to be set at 90% of the appropriate Local Housing Allowance (LHA);

(v) Agree the following rent and services charges for hostel accommodation held in the General Fund, as detailed in paragraphs 2.15 – 2.18 of the report;

	Charge 2018/19
Rent – single room	£45.00 per night
Rent – family room	£50.00 per night
Service Charge – single room	£2.00 per night
Service Charge – family room	£2.50 per night

(vi) Note that a Supported Housing Framework shall be developed which would categorise the Council's four hostel accommodation units as 'supported accommodation', thereby minimising the impact of the increases on tenants as a consequence of the Welfare Benefit Cap from April 2018;

(vii) Agree that the above charges take effect from Monday 2 April 2018;

(viii) Agree the proposed HRA Capital Programme for 2018/19 as set out at Appendix 7 to the report;

(ix) Approve the HRA Business Plan for 2018/19 as set out at Appendix 8 and the financial assessment set out at Appendix 9 to the report;

(x) Note the assumptions underpinning the HRA Business Plan which shall be reviewed annually;

(xi) Approve the proposed commissioning intentions for 2018/19 set out in Annex 1 to the HRA Business Plan.

Reason(s)

To assist the Council in achieving its priorities of “Encouraging civic pride”, Enabling social responsibility”, “Growing the Borough” and “Well run organisation” through the provision of an efficient and effective housing service to local residents.

The Council annually reviews housing rents and other and must give prior notification to tenants of the charges for be applied from the new financial year.

1. Introduction and Background

1.1 The Local Government and Housing Act 1989 requires the Council to manage its housing stock, and to balance its accounts for the housing stock as a ring-fenced account. This means that the Housing Revenue Account (HRA) does not receive any subsidy from the Government, or from Council Tax, and nor is it allowed to subsidise the General Fund. The legislation sets out those items that can be charged to the HRA.

1.2 The Localism Act 2011 introduced a new method of managing the HRA – called self-financing whereby in return for taking on a share of the national housing debt, local authorities could retain any rental surpluses, and manage their HRAs over a 30- year period.

1.3 The level of debt taken on was calculated in accordance with assumptions about rent, inflation, sales, and stock investment requirements. The Government has made changes in areas of policy, such as the Right to Buy, and rent. These changes adversely affect those assumptions and have an impact on the Council’s ability to meet its obligations to maintain the stock, and to repay debt. There are additional threats, which have not yet materialised, which may put the Council’s assumptions in greater jeopardy in the future. For this reason, and as a matter of good practice, the Council reviews its Business Plan annually to ensure that the resources needed continue to be available to meet its obligations. This also enables the Council to take timely decisions to ensure that it can fund its plans.

1.4 The Housing and Planning Act 2016 also introduced measures that had an impact on the Housing Revenue Account. Whilst the Government have announced their intention of abandoning the policy of introducing higher rents for higher income households, they appear to have made no decision about the proposal to require the introduction of Fixed Term Tenancies. The option to adopt Fixed Term Tenancies is available to local authorities, but they are not required at this stage to do so. There is no news about the other major piece of legislation contained within that Act, the requirement for local authorities to pay a levy to Central Government, based on the higher value voids which become available during the year. This therefore has not been factored into the Business Plan for this year, either.

2. Rents and Service Charges

2.1 Rents for secure affordable and sheltered housing tenancies are now directly in Government control. In July 2015, the Government introduced a requirement (Welfare Reform and Work Act 2016) for social housing landlords to reduce their rents by 1% a year, for four years.

2.2 In the past, the Government have influenced rents through its financial regimes such as rent restructuring, but this is the first time that the Government have decided to take complete control of social housing rents. This has caused a significant financial loss to Barking and Dagenham, and compared to what it expected to receive under the previous rent policy; this is a loss of £33.6m over the four years of the rent reduction programme, when compared to the anticipated income. This change of rent policy hit Barking and Dagenham particularly hard, as the rents were already low; and were set below the “target” rent for each property, which is the rent calculated under the previous policy which reflected local incomes, and local capital values.

2.3 Currently, average local actual rents for the Council’s 17,555 tenancies (including secure, affordable and temporary) are only 32% of local market rents. The actual loss from the reduction in the income between 2017/18 to 2018/19 is £0.877m. The Council also suffers from a reduction in income as a result of the loss of stock through the Right to Buy; and rent anticipated from new build properties is not now expected to benefit the HRA. The total reduction in the rental income budget between 2017/18 and 2018/19 therefore is £3.084m.

2.4 The rules of the rent policy allow Councils to re-set rents at target rents, when a property becomes empty. The Council adopted this approach from last year.

2.5 The level of income collected from rents is also affected by the number of homes that the Council has. When the initial self-financing settlement was made, the Council had 18,894 homes, which meant that the Council carried an average of £14,074 of debt for each property. However, shortly after the Self-Financing settlement was made, the Government increased the discount on Right to Buy properties, which caused the numbers of sales to rise above expectations. In the year before the change, 97 homes were sold under the RTB in 2012/13 and then after the change, this rose to 226 sales in 2013/14, and sales have continued at this level since that date. There were 192 sales in 2016/17. As a result of increased borrowing and the reduction in the stock, the average debt per property is now £16,992.

2.6 There are an average of 300 properties throughout the year which are in Regeneration Schemes, which are being used as temporary accommodation after the property has been decanted but before it is demolished. Rents for these properties, used as temporary accommodation have rents which are set at the maximum recoverable under the current Temporary Accommodation Subsidy Limit rules – 90% of the Local Housing Allowance.

2.7 Tenant Service Charges are specific charges for services that some tenants receive and others do not. The list of charges which are identified separately are set out below. Landlords may not charge more than the actual cost of the service, plus a reasonable management fee. Barking and Dagenham charges the full cost of services provided in most services, but there are currently four services where the Council does not recover the full cost of the service from those who receive it. These are Grounds Maintenance, Estate Lighting Caretaking, TV aerials and Estate Cleaning. Although the Council does not recover the full cost, the Council has decided to freeze the charges for caretaking and estate cleaning in 2018/19, but to move towards cost recovery for the charges of estate lighting, and for TV aerials. The intention is that all service charges will gradually move towards full cost recovery, as the quality of the services improves.

Service	Charge 2017/18	Proposed charges for 2018/19	Shortfall
Grounds Maintenance	£2.93	£2.93	£1.12
Caretaking	£7.65	£7.65	£0.39
Cleaning	£3.68	£3.68	£2.01
Estate Lighting	£1.87	£2.31	0
Concierge (12 hours)	£10.06	£10.06	0
Concierge (24 hours)	£20.13	£20.13	0
CCTV (SAMS)	£6.17	£6.17	0
Safer Neighbourhood Charge	£0.50	£0.50	0
TV aerials	£0	£0.68	0

2.8 The charges for heating and hot water are already based on full cost recovery, and these will rise by inflation.

Heating and Hot water charge

Property size	**2017/18 Charges**	**2018/19 Charges**
Bedsit	£12.52	12.84
1 BR	£13.27	13.62
2 BR	£15.93	16.35
3 BR	£16.22	16.64
4 BR	£16.65	17.08

2.9 Garage income will continue to increase, as more garages are refurbished. The current policy is to charge £11.00 pw for garages that are not yet refurbished, and £15.00 for refurbished ones. This policy will continue in 2018/19. However, the rate of garage improvements is slow, and no additional income has been built into the budget for 2018/19 to reflect this. This is because it is still proving difficult to let garages, even when refurbished. Only approximately 50% of all garages are currently let.

2.10 Other income increases include Leaseholder Service Charges, where the bills are calculated based on the previous year's costs. The final service charge accounts are calculated later in the year, and the additional income will be fed into next year's budget.

2.11 The costs of water and energy have increased. These will be raised by inflation in 2018/19.

2.12 The Housing Revenue Account receives interest on its balances, and although the interest rate is low. The level of balances is such that the income anticipated in 2018/19 from interest on balances will fall from the current income of £400,000 to £300,000.

2.13 The collection of rent in 2016/17 has worsened and ended the year at 96.73%. There was also a low level of write offs during the year and therefore as a result the Bad Debt has risen to £2.3m against a provision last year of £1.046m. This is in part due to the problem with the Water Commission contract. One of the difficulties collecting the rent due is confusion over whether the water commission is a legitimate cost to tenants. Where there is uncertainty whether the money is due, this may be contested in court possession proceedings. Elevate (the Council's external provider with responsibility for collecting the rent) are currently pursuing the full rent including service charges but excluding the water charge when the case is presented at court. This difficulty will be resolved when a new contract between Thames Water and the Council is agreed. In March Universal Credit will be rolled out in Barking and Dagenham. In view of these difficulties there will need to be an increase in the Bad Debt provision and this has been set at £5.3m for 2018/19.

2.14 Other income relates to anticipated expenditure on Council Tax where properties remain empty. It is not anticipated that this item will change.

2.15 The Council also has a stock of hostel accommodation, which is held in the General Fund. Authorities are expected to set a reasonable charge for the provision of additional services which reflects the cost of providing the service. A recent review of utility costs incurred in hostels revealed that the charge currently being applied to hostel tenants is no longer sufficient to cover the costs attributable to the hostels. As such, a more realistic service charge of £14 a week (or £2.00 a night) and £17.50 a week (or £2.50 a night) is being proposed for single and family rooms respectively.

2.16 It is proposed that the hostels nightly rent charges should be increased to £45.00 a night and £50.00 a night for single and family rooms respectively. The purpose of this increase is also to meet the rising running costs of the hostels including higher costs of staff, security provision, cleaning & grounds maintenance costs. Though these costs have continued to increase over time, this has not yet been reflected in the charge to the tenant. This proposed increase in charges will generate additional rent and service charge income of approximately £350K which will serve to meet the rising cost of the hostel service provision. The table below illustrates the charges that will be required.

2.17 There was a concern that by increasing the rental charges in Hostels, this would unduly penalise households who would otherwise be affected by the Welfare Benefit Cap. To minimise the risk of this occurring, a Supported Housing Framework is being drafted and will be finalised by April 2018, to ensure all four Hostel Units will be categorised as supported accommodation, and therefore those who would be affected by the “Cap”, will be exempt while accommodated in Council Hostels.

2.18 It should further be noted, that while there were concerns about the impact that Universal Credit would have on hostel residents (and the wider temporary accommodation portfolio) in his 2017 Autumn Statement, the Secretary of State announced changes to the payment of housing costs for those in temporary accommodation. Therefore, if someone is claiming UC while living in temporary accommodation, then the housing costs claim will be transferred to Housing Benefit, thus enabling the Local Authority greater support to recover rental payments through Housing Benefit subsidy.

Hostels Rent & Service Charges						
Site	**Daily Rent 17/18**	**Daily Rent 18/19**	**Change in Rent**	**Daily Service Charge 17/18**	**Daily Service Charge 18/19**	**Change in Service Charge**
	£	£	£	£	£	£
Riverside	38.00	50.00	12.00	2.00	2.50	0.50
Butler	38.00	50.00	12.00	2.00	2.50	0.50
Brocklebank	33.00	45.00	12.00	1.43	2.00	0.57
Boundary	33.00	45.00	12.00	1.43	2.00	0.57

3. Expenditure - Management and Maintenance costs

3.1 In October 2017, the Council was re-organised into service blocks. The service block managing the Council’s assets is called My Place, and therefore most of the housing budgets are now included within My Place, alongside the budgets to maintain other assets funded from the General Fund, such as Highways, Parks, Adult Social Care Buildings, offices and commercial properties. Services provided to people are now within the “Community Solutions” delivery unit. Some HRA funding is now included within Community Solutions for services such as antisocial behaviour, tenancy support and resident consultation. Some services provided to tenants are sub-contracted to Traded Services. The most significant of these, for the HRA will be the Repairs and Maintenance Service, which will be commissioned from a new Council company, Home Services. Grounds maintenance and caretaking are sub-contracted to “Clean and Green” and appear as a recharge within the HRA accounts.

3.2 In the budget report for the financial year 2016/17, annual savings were identified over a period of five years, funded by a transformation programme of £6.06m made up of a combination of capital (£1.750m) and revenue (£4.319m).

3.3 The savings for 2017/18 are on track to be delivered. There are further savings anticipated in 2018/19 – in particular £1.1m to be saved from a re-negotiation of the terms and conditions of the Home Services staff, to remove the bonus scheme which is considered excessive in the current labour market. These savings are made up of a combination of revenue savings from Repairs and Maintenance, and savings within the capital programme through improvements in procurement.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
A2020 HRA Savings	(achieved)	(planned)	(planned)	(planned)	(planned)	(planned)	(£m)
Budget Savings	£0.612	£2.884	£2.254	£2.528	£1.781	£1.8	£11.859

3.4 There are a few items identified in the HRA Budget for 2017/18 that should be noted. Last year it was agreed that the Council would undertake a new Stock Condition Survey. The last stock condition survey was carried out in 2011, and there is a need to refresh stock condition information on a regular basis, to ensure that the Council understands the condition of the stock and can plan for expenditure to maintain its assets at its desired standard. £500,000 was set aside for this item, but following a procurement exercise, the best available tender was for a sum of £750,000 and this has therefore cost £250,000 more than budgeted. This has not been fully spent but will be carried forward into 2018/19.

3.5 Initial work to develop a project to improve and diversify the empty homes that become vacant in future years has been undertaken in 2017/18; officers will be consulting with the public on the proposals during 2018. The legal and financial support costs have been added to the programme; this additional item will cost £350,000.

3.6 Since the initial concerns raised following the fire at Grenfell Tower, officers have been assessing the adequacy of the fire prevention measures available at comparable blocks of flats within Barking and Dagenham. The full requirements are not yet known, as the right solution will be developed with the advice of the Fire Brigade and following consultation with tenants. However, it is prudent at this stage to set aside a financial provision (£15m over three years) to meet the needs of the recommendations that emerge.

3.7 The experience of boroughs where Universal Credit has been rolled out either in pilot form, or in full is that tenants struggle to pay their rent, particularly in the early weeks. They also find it difficult to recover once their arrears have risen. Rent collection ended the year well down in Barking and Dagenham already, when Universal Credit has not yet been introduced. However, it will be rolled out for all tenants in Barking & Dagenham in March 2018. It is therefore prudent to raise the level of Bad Debt provision, up to £5.3m to prepare for the dangers of poor rent collection in 2018/19.

3.8 The Borough will start a programme of work to refresh the Housing Strategy in 2018. This will mean that a fresh and up to date evidence base will be required. A Housing Needs Assessment and a Strategic Housing Market Assessment will be required, and this will be tendered in early 2018. This will enable the Borough to have a full survey of available data to identify both the need for new homes, investment in all homes in all sectors, and an assessment of the affordability of homes within Barking and Dagenham for residents in housing need. A sum of £100,000 has been set aside for this purpose.

3.9 The Council is beginning a significant programme of investment in energy efficiency measures through an Energy Company. A sum of £1m a year has been included within the capital programme for three years, to support this work.

3.10 A sum of £800,000 has been included within the budget for the further modernisation of terms of conditions of service. This will lead to long terms savings and improved efficiency in services to tenants.

3.11 These financial requirements will therefore make a difference to the resources within the HRA over the next three years, and balances are likely to fall from £18.6m in 2018/19 to £5.91m in 2021/22. This is at the recommended safe level of £5m. However, once this period of difficulty has been negotiated, balances will begin to rise from that point.

4. Housing Revenue Account Summary

4.1 In the light of these changes, the proposed HRA Budget for 2018/19 and 2017/18 base are set out below:

HOUSING REVENUE ACCOUNT

	2017-18 £000	2018-19 £000	Change £000	% Increase
INCOME				
Rents of dwelling	(89,270)	(86,186)	3,084	-3.45%
Non Dwelling rents	(807)	(712)	95	-11.77%
Charges for services and facilities	(19,624)	(20,015)	(391)	1.99%
Interest and investment income	(400)	(300)	100	-25.00%
	(110,101)	**(107,213)**	**2,888**	-2.62%
EXPENDITURE				
Repairs and maintenance	16,481	15,178	(1,303)	-7.91%
Supervision and management	42,523	44,648	2,125	5.00%
Rent, rates, taxes and other charges	350	350	0	0.00%
Provision for bad debts	1,046	5,309	4,263	407.55%
Interest charges payable	10,059	10,059	0	0.00%
TOTAL EXPENDITURE	**70,459**	**75,544**	**5,085**	7.22%
Revenue Investment in capital	**(39,642)**	**(31,669)**	**7,973**	**-20.11%**

5 Capital Programme

5.1 There are three main programmes of work funded through resources in the HRA. These are the stock investment programme, the Estate Regeneration Programme, and the New Build Programme.

5.2 The Stock investment programme remains focussed on the target of achieving Decent Homes for all the housing stock by 1st April 2019. The Decent Homes work planned include kitchens, bathrooms, rewiring and heating improvements. The Programme has been divided into three areas, with the Central Area Decent Homes Programme being delivered by Small and Medium Sized local contractors, (SME) to encourage and enable local contractors to expand and deliver more of the Council's capital programme. Other significant elements of the Stock Investment Programme will include compliance programmes including water tanks and rewiring.

5.3 The revised capital budget proposed a stock investment programme of £40.7m for 2017/18. The estimated outturn for 2016/17 will be £35.399m. It is proposed to carry forward the underspend of to 2018/19. An additional sum of £15m over three years has been included in the programme for any fire protection work that has been identified following on from the initial findings after the fire at Grenfell Tower. This will mean a total stock investment programme for 2018/19 should be set at £50,716m. This will be targeted at Decent Homes work, and compliance programmes as set out in Appendix 7.

6. Estate Regeneration and New Build programme

6.1 The Estate Regeneration programme started in July 2010. The aims of the programme were to improve the quality of the environment, the economic prosperity of the area, and the quality of life for the residents. Since that date, the Council has demolished 861 homes on the Gascoigne Estate East, Goresbrook Village Althorne Way and The Leys and a further 240 are currently empty awaiting demolition. These homes have either been replaced or are in the process of being replaced by mixed tenure developments of 815 homes. There is a mixture of rented accommodation at a range of different rents, as well as shared ownership homes. In recent years the new homes built on these sites have either been rebuilt retained within the Housing Revenue Account, at a range of rents, or have passed into the ownership of the Council's wholly owned housing company, Reside. In addition, the new build programme overall is delivering 90 homes within the Housing Revenue Account, and 1021 affordable rent homes including a number of Estate Renewal re-provision at Target rents, to be owned and managed by Reside by 2021.

6.2 This highly successful programme is continuing, and with the redevelopment of Gascoigne West, Sebastian Court and Marks Gate will have addressed the major poor-quality estates in the borough. In 2017/18 a budget of £6.123m was established for estate renewal and £41.39m for the new build programme. The estate renewal programme has been accelerated during the year, and the outturn in 2017/18 will be £11.3m. The revised new build programme was set in 2017 at £41.39m but delays in the programme mean that the outturn for 2016/17 will be £28.9m.

6.3 The programme for 2018/19 will continue to deliver major Estate Renewal at the identified sites and will seek Cabinet approval for the addition of two more projects which are adjacent to current sites to bring forward more comprehensive redevelopment. This report will identify the additional expenditure required and propose an increase to the Estate Renewal Budget to cover the costs of Leasehold Buybacks and tenant decants and demolition. The demolition of the 240- properties which are currently empty and mentioned above will facilitate the new Greatfields School development but during the coming year demolition of Sebastian Court, Phase 2b Gascoigne Estate and Phase 1 Gascoigne West are also programmed including 181 properties.

6.4 The Estate Renewal Budget for 2018/19 has therefore been set at £13.250m and the New Build budget at £22.3m

6.5 The Housing Investment Programme will be funded through a combination of capital receipts, Revenue Contributions to Capital Outlay (RCCO), the Leasehold Reserve and borrowing. Not all of these funding sources can be used for all these expenditure items, and the funding will be appropriately profiled to the projects.

7. The 30-year Business Plan

7.1 The Government introduced the new financial regime of Self Financing in 2012, and on 20th March 2012 Cabinet considered the first full HRA Business Plan. This set out the anticipated income and expenditure on the Council's housing stock over the forthcoming thirty years, and this information has been regularly used in the light of changes in Government policy on rents, Right to Buy and other financial metrics as part of the budget setting process. A Stock condition survey commissioned in 2011 supported the development of the stock investment programme which is one of the key items within the overall Business Plan.

7.2 Since 2012, there have been significant developments affecting the Business Plan: changes to Government policy, changes to local market conditions, and local performance on key financial measures such as rent collection and empty homes which have had an impact on the Business Plan. Expenditure plans have also developed and changed: an increased new build and estate regeneration programme has been built into the Business Plan to make the best use of the resources available. This Business Plan is therefore a narrative and financial description of the current position of the Council's housing stock.

7.3 The current HRA Business Plan demonstrates that over the forecast 30 years of the Plan, the HRA can fund its current planned expenditure requirements. This is based upon £107.2m of rent and other income at 2018/19, falling next year and rising after 2019/20 if the Government delivers on its promised rent policy of rent increases of CPI + 1% after the current period of rent reduction. Inflation has been built into management and maintenance for next year, but these rises are not built into the budget for the following three years. After this, the pay and inflation costs are set to rise by 3% thereafter. This generates a net revenue surplus, which after meeting interest costs of £10.06m a year for the life of the Plan can fund the current stock investment, estate renewal and new build requirements. However, it is anticipated that as the stock is not in good condition, future spending plans on the housing stock will absorb the available resources.

7.4 The Business Plan assumes that there is no additional borrowing (as the current level of borrowing is at the Government defined cap) but also assumes that there is no provision for reduction of debt. It is assumed that no external grant is received, either for stock investment or for new build. Provision for stock investment is set at £50.716m for 2018/19, and then falls to £30m a year in 2022, after the completion of the Decent Homes Programme. A programme of new build is funded from the HRA for the life of the plan; it fluctuates in the first year in line with anticipated pipeline schemes, and then is estimated at £20m a year from 2020 onwards. As this new build programme is funded almost entirely from restricted capital receipts, there is no point in reducing this programme. Restricted capital receipts not spent have to be returned to Government with interest. Estate Regeneration is also funded in the HRA Business Plan at an indicative level of £13.25m in 2018/19 and £6m a year thereafter. With this level of expenditure, cash balances remain adequate during the early period of stock investment activity, and when the Decent Homes Programme is complete, start to rise from 2021/22 onwards. There are therefore investment opportunities after 2023. It is anticipated that these resources will be required for future stock investment needs. Some of the resources within the HRA Business Plan are restricted in their use – the RTB receipts that have been generated in line with the Government's agreement on one for one replacement of homes. In addition, consideration should be given to the level of debt which is sustainable, given the regular loss of properties, which are not being replaced within the HRA.

7.5 One of the key purposes of the HRA Business Plan is to enable the authority to plan for its housing expenditure over the medium and long term. The plans for stock investment will be refreshed once the analysis of the new Stock Condition Survey has been obtained; and it is likely that this will be available in March 2018. In the meantime, the level of stock investment provided for within the HRA Business Plan has been set with the previous Stock Condition Survey data in mind, until the completion of the Decent Homes Programme, at which point the stock investment provision falls to a level which is considered sufficient at present to maintain the stock at a reasonable standard, although better information on this point is needed to ensure that the stock is at a good standard.

7.6 The Estate Regeneration programme has been funded from a variety of sources, depending upon the specific estate needs, and the proposed replacement proposals. In the current programme, the HRA has largely funded the compensation packages required for tenants and leaseholders who are displaced because of estate renewal, and also the cost of buying out leasehold interests on those properties which are due to be demolished. The overall package of demolition, and replacement has been funded through a mix of market sales and borrowing within the General Fund. The current HRA Business Plan provides for £13.25m in 2018/19 and for £6.0m a year from 2012/20 onwards.

7.7 The New Build Programme is related to the Estate Regeneration Programme, where there are sites available within estates that can be utilised more effectively. However, there is also a separate new build programme using opportunities that arise outside of the Estate Regeneration Programme. The current Business Plan provides for £22.3m in 2018/19 and £20m a year thereafter supported by the use of Right to Buy receipts in the capital programme. However, whether the HRA will continue to fund the New Build Programme, after 2019/20 needs to be reviewed, since the new homes built will be built and managed on behalf of the arm's length company, Reside and not the HRA. There is currently provision of £20m a year from 2020/21 onwards through the life of the Plan, for this purpose.

7.8 The emerging housing policy framework in Barking and Dagenham, is in the development of three rights: The Right to Rent, the Right to Move, and the Right to Invest. Barking and Dagenham currently has a geographical spread of housing that forms concentrations of different kinds of housing, in different areas. Some areas are virtually all social housing, whilst others are mainly market housing. The Council wants to see more geographically balanced and mixed communities and will be developing homes appropriate to the different areas through its new housing policies.

7.9 The Council further proposes to develop a Right to Move: an incentive scheme for tenants who qualify financially, to enable them to move out of Council housing with the assistance of a substantial deposit and free up much needed social housing. Finally, there is a Right to Invest, which enables tenants should they wish to do so, to part purchase their homes and take on ownership of a share of their home and pay a percentage of the rent on the remainder. This is designed to give low income working households the opportunity of stepping up into home ownership gradually.

8. Consultation

8.1 Consultation with tenants and residents will take place at the next round of Housing Forum Meetings after the Cabinet meeting. This will include presentations on both the budget, and the HRA Business Plan, inviting tenants to participate in discussions about overall priorities for expenditure within the HRA.

9. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager, Finance and Investment, Service Finance Team

9.1 The Housing Revenue Account as included in 4.1 above provides a summary of the revenue income and expenditure budgets for 2017/18, the proposed budget for 2018/19 and the resulting movement between the two years.

9.2 The body of this report and appendices both contain the detailed financial data and implications of the decisions recommended for approval in this report

9.3 There are four HRA revenue budgets classifications significantly impacted in 2018/19 from the decisions recommended in this report:

- Rent Income loss £3.1m due to current Government rent reduction policy, Right to Buy sales and other stock loss as detailed in 2.1 above;

- Increased in year revenue contribution towards potential Bad Debt £4.3m due to current and expected increases in rent arrears and to provide coverage for future any welfare reform implications as outlined in 2.12 above;

- Supervision and Management increased by £2.1m due to inflation, pay and other cost pressures, of which only Heating and Hot Water charges are expected to be recoverable from Tenants and Leaseholder via increases charges in 2018/19;

- Repairs and Maintenance reduced £1.3m from the planned renegotiation of the terms and conditions of staff and other service delivery efficiencies, both of which also form part of the new repairs service business plan.

9.4 The HRA capital programme as shown in Appendix 7 includes additional investment in stock budget provision from 2018/19 for fire protection work and the 2017/18 carried forward Decent Homes programme plus additional Estate Renewal/Decant budget provision, as detailed in section 6 above.

9.5 The HRA business plan extract in Appendix 9 shows a significant reduction in available balances from the pressures faced over the next 3 years and due to all the factors outlined in this report, but ongoing management action and decisions alongside further delivery of savings and efficiencies can all improve the financial position beyond this period.

10. Legal Implications

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

10.1 The basis for setting rent is Section 24 of the Housing Act 1985 which provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses, however as set out in paragraph 2.1 above by the utilising the Welfare and Work Reform Act 2016 the Government has required that a rent deduction of 1% by social landlords is to take place.

10.2 Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities to: (i) to produce and make available for public inspection, an annual budget for their HRA, which avoids a deficit; (ii) to review and if necessary, revise that budget from time to time and (iii) to take all reasonably practical steps to avoid an end of year deficit.

10.3 Finally as observed in the body of this report the Housing and Planning Act 2016 may bring around further legislative changes and so the HRA Business Plan will need to be kept under review for further Government direction which may emerge in due course.

11. Other Implications

11.1 **Risk Management –** The Council maintains a separate Risk Register detailing those risks posed to the Council's Housing Revenue Account Business Plan and Budget. These risks include:

- <u>Changes to Government Policy</u> This risk is assessed this year as high impact, but unlikely. The Government is fully occupied with legislation and regulation connected with the country's imminent departure from the European Union, and therefore it is considered unlikely that new housing legislation will be brought forward this year.

- <u>Stock condition data:</u> A significant item of expenditure within the budget and Business Plan is the maintenance of the stock in a reasonable condition. There are provisions within the budget to refresh and update the stock condition information to ensure that the financial planning to meet the stock maintenance requirements are realistic.

- <u>Financial savings:</u> A key risk in the budget is that transformation savings are not realised. This would have the impact of meaning that the service would remain high cost, and not competitive. Close monitoring of the savings programmes will be maintained to ensure that anticipated savings are realised.

11.2 **Staffing Issues –** There are no direct staffing implications because of this report. The HRA continues to strive for improved value for money and appropriate HR policies and procedures around implementing change will be followed. The Council remains committed to minimising redundancies where possible.

11.3 **Corporate Policy and Customer Impact –** The Corporate Plan sets out a vision of a well-run Council, including the aspiration to manage our finances effectively, looking for ways to make savings, generate income and be innovative in service delivery. The HRA is an important budget, collecting the rent and service charges of tenants, and re-distributing them in the form of services, and housing investment. It is the aim of the annual budget to ensure that costs are examined, and reduced where possible, and that savings generated are re-investment in cost effective projects that deliver the Council's priorities for housing growth and quality services.

11.4 **Health Issues –** Housing has an important part of play in assisting to provide a healthy environment in which residents can live. The stock investment programme funds the improvement of the housing stock in terms of affordable warmth, through its energy efficiency programme. The Aids and Adaptions Budget enables older and disabled residents to live in greater comfort within their own homes and enables them to retain independence for longer.

11.5 **Crime and Disorder Issues –** The HRA Budget does provide funding for initiatives that support the reduction of crime and antisocial behaviour within areas of Council housing stock. One of these is the Safer Neighbourhood Charge, which provides funding for additional policing staff across the Borough's housing estates. In addition, service charges are levied to pay for the cost of CCTV cameras which contribute to surveillance of areas of potential concern. Physical programmes to reduce poor environmental layout on estates through regeneration programmes also contribute to an overall reduction in crime and antisocial behaviour.

11.6 **Property / Asset Issues -** The HRA Budget is key to ensuring that the Council's assets held within the HRA are managed and maintained well, to ensure that they are available and fit for Barking & Dagenham's current and future residents. The HRA budget also supports the regeneration of council housing, and communities through a programme of estate renewal, and new building.

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

List of appendices:

1 HRA Working Balances
2 Rent Income Analysis
3 Average rent analysis
4 Rental Income Debtor Account
5 Budget assumptions
6 HRA Estimate 2017/18
7 HRA Capital Programme
8 Housing Revenue Account 30 Year Business Plan narrative
9 Housing Revenue Account 10-year financial extract

Appendix 1

HRA WORKING BALANCE 2017-18	
	£'000
Working Balance 1st April 2017	10,656
Projected Surplus /(Deficit) 2017/18	0
Working Balance 1st April 2018	10,656
Projected Surplus /(Deficit) 2018/19	0
Working Balance 31st March 2019	10,656

APPENDIX 2 – RENTAL INCOME ANALYSIS

RENTAL INCOME ANALYSIS				
	2017-18 £000	**2018-19 £000**	**Change £000**	**% Change**
Rents of Dwelling	(89,270)	(86,186)	3,084	(0)
Tenants Service Charges (excl. Communal heating and water)	(6,175)	(6,410)	(235)	0
Total Income	**(95,445)**	**(92,596)**	**2,849**	**(0)**

APPENDIX 3 – AVERAGE RENT ANALYSIS

AVERAGE RENT ANALYSIS			
	2017-18 per week £.pp	2018-19 per week £.pp	Change per week £.pp
Average Rent	95.09	94.14	(0.95)
Tenants Service Charges * (excl. heating and water)	32.86	33.98	0.00

The Tenant Service charge average is not reflective of the charge to all tenants as each receives a varying range of services.

Current Charge	2017-18 per week £.pp	2018-19 per week £.pp	Change per week £.pp
Grounds	2.93	2.93	-
Estate Lighting	1.87	2.31	0.44
Caretaking	7.65	7.65	-
Cleaning	3.68	3.68	-
Safer Neigh	0.50	0.50	-
CCTV	6.17	6.17	-
Concierge	10.06	10.06	-
TV Aerials	-	0.68	0.68
	32.86	33.98	1.12

APPENDIX 4 – RENT DEBTOR ANALYSIS

RENTAL INCOME DEBTOR ACCOUNT			
	Current Tenant Debtors £000	**Former Tenant Debtors £000**	**Total Rent Debtors £000**
Debtor Balance - 1st April 2017	4,155	2,342	6,497
Projected Change in 2017/18	241	211	452
Debtor Balance - 31st March 2018 estimate	4,396	2,553	6,949
Projected Increase in 2018/19	255	230	484
Debtor Balance - 31st March 2019 estimate	4,651	2,783	7,433
Annual Increase in Arrears	5.79%	9.00%	6.97%
Proportion of Annual HRA Income	4.35%	2.61%	6.96%
Bad debt top up provision			5,309

APPENDIX 5 – BUDGET ASSUMPTIONS

BUDGET ASSUMPTIONS				
Rent				
Average Rent Decrease	-1.00%			
Average Rent Decrease Houses	-1.00%			
Average Rent Decrease Flats	-1.00%			
Voids (Percentage of Gross Rent)	1.50%			
Rent Policy				
In Accordance with Government policy	-1.00%			
Stock Assumptions				
Right to Buy Sales in year	220			
Tenants Service Charges	**2017-18**	**2018-19**	**change**	
	£ p.w	**£ p.w**	**£ p.w**	
Grounds Maintenance	2.93	2.93	-	
Estate Lighting	1.87	2.31	0.44	
Caretaking	7.65	7.65	-	
Cleaning	3.68	3.68	-	
Safer Neighbourhood	0.50	0.50	-	
CCTV	6.17	6.17	-	
Concierge	10.06	10.06	-	
TV Aerials	-	0.68	0.68	
	32.86	**33.98**	**1.12**	
Energy				
CPI Sept 2015				2.6%
Interest				
Debt Interest				3.52%

APPENDIX 6 – HRA BUDGET SUMMARY

	2017-18 £000	2018-19 £000	Change £000	% Increase
INCOME				
Rents of dwelling	(89,270)	(86,186)	3,084	-3.45%
Non Dwelling rents	(807)	(712)	95	-11.77%
Charges for services and facilities	(19,624)	(20,015)	(391)	1.99%
Interest and investment income	(400)	(300)	100	-25.00%
	(110,101)	**(107,213)**	**2,888**	-2.62%
EXPENDITURE				
Repairs and maintenance	16,481	15,178	(1,303)	-7.91%
Supervision and management	42,523	44,648	2,125	5.00%
Rent, rates, taxes and other charges	350	350	0	0.00%
Provision for bad debts	1,046	5,309	4,263	407.55%
Interest charges payable	10,059	10,059	0	0.00%
TOTAL EXPENDITURE	**70,459**	**75,544**	**5,085**	7.22%
Revenue Investment in capital	**(39,642)**	**(31,669)**	**7,973**	**-20.11%**

APPENDIX 7 – CAPITAL PROGRAMME

Scheme Name	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Environment Improvement	1,000	6,950	8,250	8,250	0	24,450
External Fabric inc EWI - Blocks	4,818	9,000	9,000	9,000	0	31,818
Communal Roof Replacements	900	1,500	1,500	1,500	0	5,400
Conversions	815	700	700	700	0	2,915
Window and Door Replacements	470	500	500	500	0	1,970
Energy Efficiency (inc Green St)	500	500	500	500	0	2,000
Estate Roads - Re-surfacing	400	0	0	0	0	400
Electrical Lateral Replacement	1,571	1,430	1,180	1,180	0	5,361
Decent Homes (North) 2016/19 Prog.	9,450	0	0	0	0	9,450
Decent Homes (South) 2016/19 Prog.	9,550	0	0	0	0	9,550
Decent Homes (Central) 2017/19 Prog.	6,250	0	0	0	0	6,250
Fire Safety Improvement Works	3,142	1,500	0	0	0	4,642
Lift Replacement Programme	750	1,000	1,000	1,000	0	3,750
Disabled Adaptations - HRA	1,100	1,100	1,100	1,100	0	4,400
Voids	1,000	1,500	1,180	1,180	0	4,860
Fire Safety	2,500	5,000	5,000	0	0	12,500
Decent Homes 2016/22 Programme	0	2,000	2,000	2,000	0	6,000
Compliance (Asbestos, Tanks, Re-wires)	900	900	900	900	0	3,600
Communal Heating Replacement	1,300	700	700	700	0	3,400
Domestic Heating Replacement	900	900	900	900	0	3,600
Box-Bathroom Refurbs (Apprenticeships)	1,200	1,300	0	0	0	2,500
Door Entry Systems	50	50	50	50	0	200
Minor works and replacements	150	150	150	150	0	600
ESCO	1,000	1,000	1,000	0		3,000

Green Street	1,000	0	0	0	0	1,000
TBA					30,000	30,000
Investment In Stock	**50,716**	**37,680**	**35,610**	**29,610**	**30,000**	**183,616**
Estate Renewal	13,250	6,000	6,000	6,000	6,000	37,250
Estate Renewal	**13,250**	**6,000**	**6,000**	**6,000**	**6,000**	**37,250**
		0	0	0	0	
		0	0	0	0	
Leys New Build Dev (HRA)	226	0	0	0	0	226
Leys Phase II	3,879	0	0	0	0	3,879
Modular Programme	4,499	0	0	0	0	4,499
Infill Sites	13,700	0	0	0	0	13,700
TBC		20,000	20,000	20,000	20,000	80,000
New Build	**22,304**	**20,000**	**20,000**	**20,000**	**20,000**	**102,304**
Housing IT system	450	0	0	0	0	450
Hsg Trans	**450**	**0**	**0**	**0**	**0**	**450**
HRA Total	**86,720**	**63,680**	**61,610**	**55,610**	**56,000**	**323,620**

Appendix 8

HRA Business Plan Executive Summary

The HRA Business Plan shows how the HRA assets are managed and maintained over the longer term (30 years), and what action is required in the short and medium term to ensure that the position is improved. The Business Plan enables the Council to plan for future housing policies, and to understand their financial implications.

There are challenges to the HRA Business Plan in the first three years. This is due to a number of factors: the introduction of Universal Credit has demonstrated in the pilot Boroughs where it has already been implemented, that rent collection is more difficult, and has led to an increase in arrears of rent. In addition, every borough needs to assess the cost of addition fire protection work, in the light of the fire at Grenfell Tower.

After the early years, the current HRA Business Plan demonstrates that over the forecast 30 years of the Plan, the HRA can fund its current planned expenditure requirements. This is based upon £107.2m of rent and other income at 2018/19, falling next year and rising after 2019/20 if the Government delivers on its promised rent policy of rent increases of CPI + 1% after the current period of rent reduction. Management and maintenance costs will rise by inflation in 2018/19 but are set to require services absorb inflation for the next three years thereafter. The Business Plan then assumes that pay and inflation rise by 3% after that. This generates a net revenue surplus, which after meeting interest costs of £10.06m a year for the life of the Plan can fund the current stock investment, estate renewal and new build requirements.

There are other potential challenges in that a new Stock Condition Survey is being carried out with new information about the stock available in March 2018. This may show a greater need for stock investment requirement than is currently provided.

The Business Plan assumes that there is no additional borrowing undertaken (as the current level of borrowing is at the Government defined cap) but also assumes that there is no provision for reduction of debt. It is assumed that no external grant is received, either for stock investment or for new build. Provision for stock investment is set in the region of £50.72m for 2018/19, and then falls to £30m a year in 2022, after the completion of the Decent Homes Programme. A programme of new build is funded from the HRA for the life of the plan; it fluctuates in the first year in line with anticipated pipeline schemes, and then is estimated at £20m a year from 2020 onwards. As this new build programme is funded almost entirely from restricted capital receipts, there is no point in reducing this programme. Restricted capital receipts not spent have to be returned to Government with interest.

Estate Regeneration is also funded in the HRA Business Plan at an indicative level of £13.25m in 2018/19 and £6m a year thereafter. With this level of expenditure, cash balances remain adequate during the early period of stock investment activity, and when the Decent Homes Programme is complete, start to rise from 2021/22 onwards. There are therefore investment opportunities after 2023 but it is anticipated that the condition of the stock will require at least this level of resources. Some of the resources within the HRA Business Plan are restricted in their use – the RTB receipts that have been generated in line with the Government's agreement on one for one replacement of homes. In addition, consideration should be given to the level of debt which is sustainable, given the regular loss of properties, which are not being replaced within the HRA.

Barking and Dagenham Housing Revenue Account Business Plan

2018 - 2048

1. Introduction

The Council adopted its first Housing Revenue Acount Business Plan in March 2012, in preparation for the introduction of the new financial regime, Self Financing, in April 2012, and has updated the Plan in the light of changes in legislation and local strategies since that date. This version of the Business Plan updates the Plan once more, and sets out the current position of the Council's housing stock. There are a number of new initiatives in the structure and plans of the Council which will have an impact on the Business Plan; the new Plan takes these into account.

Context

2.1 Barking & Dagenham Corporate Plan

The Barking & Dagenham Corporate Plan sets out an expectation that the Borough will grow. From a population of 164,000 in 2001 the population has grown to an estimated 201,979 in 2015, and is expected to grow further to an estimated 220,000 by 2020. This population is young, rapidly growing and increasingly diverse. But in many areas, the Council is at the bottom of the London league – in unemployment, in qualitications and in earnings. The Council expects, and intends to change this. One of the Council's principles, set out in the Plan is that the housing offer in the borough will reflect London's diversity, with widening housing choice to include social housing for rent, affordable sub market rent, seeking to maintain a well regulated private rented sector, and increased opportunities for households to access home ownership. The Council seeks to shape the Borough into a place that people choose to live in.

The Council's housing stock comprises 23.3% of the homes in Barking & Dagenham, and the HRA has a role to play in supporting the development of first steps home ownership products, intermediate rented housing and delivering new homes at a range of different price points.

The Corporate Plan also sets out the Council's ambition to provide excellent cost-effective services. The Council wants to maximise income, and use it well. These aspirations are an important part of the HRA Business Plan, to ensure that resources are spent wisely, and that the financial performance of the Council's assets supports this aim.

The Council wants to see more geographically balanced and mixed communities, and will be developing homes appropriate to the different areas of the borough through its new housing policies. In areas where concentrations of Council housing currently exist, the Council will be introducing a range of mixed tenure options where housing of different rent levels and ownership types will provide a more mixed community and vice versa.

2.2 Barking & Dagenham Housing Strategy

Barking and Dagenham's current Housing Strategy was written in 2012, and expires in 2017. The overall context remains relevant, but many of the plans set out in the Housing Strategy are well underway, and some have been completed. The four major priorities in the Housing Strategy 2012 are:

Objective 1: Delivering social and economic regeneration through building high quality homes and thriving communities

Objective 2: Investing in new council homes and establishing new ways to deliver affordable housing

Objective 3: Good quality services

Objective 4: Sustainable communities

These objectives remain relevant to the refreshed HRA Business Plan as overall objectives, but new plans to deliver these objectives are required. A new Housing Strategy will be developed in 2018, using a new evidence base.

The structure of the Council has completely changed since the last Business Plan was approved in February 2017. The Council now has unified service blocks delivering the functions of Asset Management for all the Council's buildings in one place – My Place; and one service block delivering key services to people – Community Solutions. The Council's regeneration and growth will be delivered by an arm's length company, Be First. The maintenance of the HRA assets will therefore be undertaken by My Place, and the fees for this service recharged to the HRA. Community Solutions will deliver services relating to tenancy support, debt advice and antisocial behaviour in Council homes, recharged to the HRA in the same way. These services will be monitored by a Commissioning Unit, within the Inclusive Growth Department.

<u>History of Self Financing and what has changed since</u>

A new financial regime for Council housing was introduced in April 2012. Instead of a national housing subsidy system, each local authority took on a portion of the national housing debt, and in return received new financial freedoms to retain rental surpluses and plan their spending on a 30-year basis.

The London Borough of Barking and Dagenham settlement in April 2012 was that it had to take on additional debt of £265.912m with an opening stock level of 18,894 properties. This represented an average debt per property of £14,074. Following the reduction in stock because of the Right to Buy, and the additional borrowing the average debt per property is now £16,992.

Factors which have changed since the introduction of Self Financing, which have had a significant impact on the Plan are (a) changes to the Right to Buy discount and (b) Rent Policy

3.1 Right to Buy Discount

On 2nd April 2012, The Government raised the Right to Buy discount, which was limited to £36,000 in London to a maximum of first, £75,000 and subsequently on 25th March 2013 to £100,000. Sales under the Right to Buy which had fallen began to increase rapidly, and this caused significant changes to the level of sales that each local authority had been predicting. In Barking and Dagenham, the sales rose from 97 sales in the year before the change to an estimated 220 sales a year going forward. The Government recognised that this would have a detrimental impact on Local Authority's Business Plans, and offered local authorities a "deal" which consisted of a complex formula for sharing the receipts on the increased Right to Buy sales, over above those that had originally been forecast at the start of the Self-Financing regime. This formula allowed Local authorities to take a fixed administration fee on sales, and then share the receipts between a portion attributable to the debt of the property sold, which was retained by the local authority, and then the remainder shared between the local authority and the Government, on condition that the local authority used the receipts towards to the cost of building new homes. Local authorities were given the freedom to use the portion of the RTB receipt which related to debt. The Council is not required to repay the debt. The portion that had to be used for new homes was allowed only to contribute towards 30% of the cost of each new home, and to be spent within 3 years of receipt. Barking and Dagenham have received £16.897m in RTB receipts under this agreement up to September 2017, and have spent £5.189m to date. By the end of 2017/18 it is anticipated that there will be £28.186m RTB receipts remaining to be used. The deadline for using these capital receipts is staggered, depending upon the quarter in which each sale was completed.

3.2 Rent Policy

Government policy on rents has changed twice since the introduction of Self Financing with serious consequences to the finances of the HRA Business Plan. Barking and Dagenham have ended up with low rents, which cannot now be raised, as the Government has now taken direct control of rent policy.

On 8 July 2015, the Government announced that they would require social landlords to reduce their rent by 1% a year for four years, thus cutting the Housing benefit bill. The change represents a transfer of funds from social landlords to the Exchequer, without a significant benefit to most social housing tenants. In Barking and Dagenham 64.4% of tenants are on Housing benefit, and those tenants not on benefit will of course benefit from the rent reduction, but this does not outweigh the serious consequences of the loss of income to the Council. We have calculated the loss of income to Barking and Dagenham, from this proposal. The impact on the original business plan was a loss of income of £33.6m over 4 years, with a £3m loss in 2016/17. This would have equated to a loss of income in the region of £450m over the 30-year business plan

It should be noted that the average rent for our secure tenancies in 2017/18 in Barking and Dagenham is £96.89 which is already below the target rent by £1.85pw. This will get worse next year. All new lettings are set at the target rent, but this has a low impact, because of it affects only properties which become empty and remain in the HRA during the course of the year.

2. Demography and Local Housing Market

The London Borough of Barking and Dagenham is at the heart of the Thames Gateway area. It is a relatively small (3,611 hectares) outer London Borough and has a population of 164,572 which is estimated to rise to 220,000 by 2020. It is predominately residential in character but also has significant areas of employment land, a major town centre at Barking, district centres at Dagenham Heathway and Chadwell Heath and a network of smaller neighbourhood centres. There are significant areas of undeveloped land in two areas. These are the marshes bordering the Thames and the agricultural land to the north east at Marks Gate. The River Roding, River Beam and River Thames form the Borough's westerly, easterly, and southern boundaries respectively. Currently there are growing proportions of under 16-year olds and over 85 year olds and a rapid increase in the proportion of ethnic minority residents. The Borough is one of the four most deprived boroughs in London, as set out in the New Policy Institute analysis of London's poverty profile. Barking and Dagenham scores particularly badly across the four indicators of health. 14% of adults in Barking & Dagenham are living with a long-term illness or disability compared to 11% across London. 6.9 underage women become pregnant per 1,000 population, compared to a rate of 4.8 in London overall; Male life expectancy in Barking and Dagenham is on average 77.7 years, compared to 80 across London. There is a childhood obesity rate of 26% compared with 22% across the whole of London.

East London and the Thames Gateway are described as "the priority area" for development in the London Plan and Barking and Dagenham lies at the heart of this region. The Borough has substantial opportunities for regeneration, including having the potential for up to 25,000 additional homes which will be located mainly in the south of the Borough.

Local Housing Market

At the last Census, the stock of housing was 69,000 in 2001. Net additional homes built in the Borough amount to 3,053 from 2011/12 to 2015/16, which falls short of the annual targets for new homes set both by the Borough and by the Mayor's Housing Plan for London. The stock of housing in the census of 2011 shows the following composition:

1 Figures from the Annual Monitoring Report 2015/16

<table>
<tr><th>Tenure</th><th>Numbers</th><th>Percentage</th><th>England %</th></tr>
<tr><td>Social Rented</td><td>23,459</td><td rowspan="3">33.7</td><td rowspan="3">17.7</td></tr>
<tr><td>Local authority rented</td><td>19,782</td></tr>
<tr><td>RSL rented</td><td>3,677</td></tr>
<tr><td>Private Rented Sector</td><td>12,328</td><td>17.7</td><td>16.8</td></tr>
<tr><td>Owner Occupied</td><td>33,324</td><td>46</td><td>63.4</td></tr>
<tr><td>Shared Ownership</td><td>906</td><td>1.3</td><td>0.8</td></tr>
</table>

Other, including rent free	663	1	1.3
Total	70,680	99.7	

These net additional homes bring the Borough's housing stock up to 73,733 homes. Since the 2011 Census, the private rented sector has increased by 7% up to 17.7% and the ownership occupation sector has fallen. The Council rented stock has fallen to 17,555 dwellings, and 23.8% of the housing stock in the Borough.

3. Local Authority role

The Council has an important role as the largest provider of housing within the borough. The Council now manages 24% of the Borough's housing stock, at low rents and to a reasonable standard of management and maintenance. There is an overwhelming demand for social housing, at rents affordable to those on the lowest wages in the Borough. This demand greatly exceeds the supply of homes; and therefore, the Council has a significant role in assessing the needs of households for housing, and providing advice and assistance to households about other forms of housing that they may be able to access. The Council also wishes to shape the borough geographically in a more balanced way, by introducing within the supply side, more properties at different rent levels. In addition to the role of being a good landlord, the housing services within the HRA provides alternative housing at different price points for a range of households in work; through its affordable housing programme, and by the establishment and management of its wholly owned housing company, Reside. The HRA Business Plan supports all these activities.

4. Objectives

The HRA Business Plan has the following objectives:

- To provide housing services of good quality to the tenants and leaseholders of the London Borough of Barking & Dagenham, and Reside
- To maintain and improve the housing stock to modern standards of comfort
- To retain the stock, and to replace housing units within the Borough, either within the Housing Revenue Account at a range of rent levels to meet the needs of residents in the borough or within the Council's wholly owned company, Reside
- To improve standards of thermal comfort within the housing stock, and to reduce fuel poverty affecting tenants and leaseholders
- To understand and maximise the efficient financial performance of the housing stock
- To support the regeneration of the Council's housing and communities
- To assist in meeting the housing needs of current and future housing customers.

5. Governance

The HRA Business Plan is reported to Cabinet on an annual basis.

The cycle of the Business Plan is iterative; tenants have been consulted on the Budget annually in the past; and on the Business Plan when this was introduced. It is anticipated that the Business Plan and Budget will continue to be considered by Tenant and Leaseholder Forums annually and their comments reflected as part of the review process. A Residents' Survey is also conducted biennially, to review the level of satisfaction with residents' services, and to plan for areas of concern in the forthcoming year.

An HRA Officer Group reviews the Business Plan quarterly, and brings all the assumptions up to date with actual performance data; identifies issues of policy for the annual consideration of the Business Plan by the Corporate Management Team, and Cabinet. The officer group comprises a team of officers from Strategy, Policy, Finance, and My Place.

6. Resident Satisfaction

In 2014, the Housing Quality Network (HQN) conducted a Landlord Health check and this found that performance across the core business processes within Housing that drove service delivery was generally below the average for London Boroughs and identified the improvements needed to address this. My Place have now taken over responsibility for managing the Council's housing stock, and have put in place a Service Improvement Plan with the aim of improving the service to tenants to the upper quartile of performance.

In the last Satisfaction Survey carried out in 2014, the headline results were:

- 75% of general needs tenants were satisfied overall with their services, which was a slight improvement on 2013, although not a statistically significant one. However, this change means that when compared with the benchmark group, Barking & Dagenham have now moved to the median score on this measure.
- 71% of tenants were satisfied with the Value for money of their rent; and 63% were satisfied with their service charge
- 68% of tenants were happy with the quality of their home, which is 6 percentage points below the median for this measure. This measure varied by ward, with tenants in Gascoigne ward being only 50% satisfied with the quality of their home, in contrast to 75% of tenants in Abbey, Village, Maybrook and Becontree Wards being satisfied with the quality of their homes.
- 65% of tenants were happy with their Repairs and Maintenance Service which although it is an improvement on the last survey, is still below the median benchmark for this service (73%)
- 52% of tenants were satisfied with their resident involvement, which was an improvement on the performance in 2013, and means that on this measure, Barking & Dagenham have moved from the fourth to the third quartile
- 70% of tenants were satisfied with their neighbourhood, which was 6 percentage points below the median for this measure

Tenants were asked about whether they felt safe in their area, during the day and after dark.

- 81% of tenants felt safe in their area during the day, only 13% felt unsafe
- 47% of tenants felt safe in their area after dark, and 42% felt unsafe.

Levels of satisfaction have improved since the last survey in 2013, although not by statistically significant amounts. The levels of satisfaction also remain below the benchmark median in quality of home, neighbourhood, resident involvement and repairs and maintenance. A new Satisfaction Survey is being commissioned, and the results will be available in February 2018.

7 Service Delivery

The Barking and Dagenham performance data available in the Housemark Benchmarking Club is mainly from 2016/17.

a. Rent collection

Rent collection in 2016/17 ended the year at 96.73% which is lower than the collection rate in 2015/16 which was 99.02% of income collected. The median performance in the Benchmark Group of London local authorities and Housing Associations was 99.83% in 2016/17. 42% of tenants in April 2017 had some arrears; 22% of tenants had arrears over 13 weeks. 106 tenants were evicted during the year (2016/17) compared with 64 in the year before.

Only 4.72% of Former tenant arrears were collected in 2016/17; this compared with 8.04% in the year 2015/16. Only £31K of FTAs were written off. This compared with £0.7m last year. There remains £2.3m of outstanding Former Tenant Arrears to be collected. This represents a rise of £654K in the FTA debt.

The Spare Room Subsidy ("the Bedroom Tax") continues to affect a significant number of tenants. 789 working age tenants were under occupying their homes by one bedroom and 313 (39.7%) of these were in arrears in September 2017. This has fallen 986 at the same time last year. 200 tenants were under occupying their homes by two bedrooms, and 72 (36%) of these were in arrears of rent. This has fallen from 258 tenants in the same position last year. However, this remains a significant problem for the Council, and the tenants affected.

b. Voids

Average days to relet homes by Barking & Dagenham in 2016/1 was 31.2 days against a median performance of 28.17 days. The annual rent loss in 2016/17 amounted to 1.2% of debit.

c. Service Charge collection

The Annual Service charges due to the Council in 2016/7 were £3.686m, together with arrears of £342K made a total debt of £4.208m; of which 98.6% (£4.1m) was collected. When compared with the benchmark performance of the peer group, the collection rate in 2014/15 was 99.55% against a median performance of 102%. The major works debit raised in this year was £1.032m. Collection of the major works contributions was 9.4% (£82,670) of the amount due from leaseholders in that year; this will reflect the agreement to allow leaseholders to stagger payments of major works bills.

d Repairs Performance

Satisfaction with the performance on repairs is collected in a monthly survey of 200 clients who have had repairs carried out during the previous month. This data shows that 92.1% of respondents said that the job had been completed to their satisfaction; 83.4% said that it had been completed at the first time; and 94.7% said that they were satisfied overall with the service. This performance data relates to the average for the year to July 2017.

8. Understanding the assets

8.1 General needs

The Council owns 17,161 units of general needs stock and 3,724 leasehold properties. Within the General Needs stock 16,612 are let at rents which are "social" rents. They were previously subject to the rent restructuring regime, and were therefore moving towards target rents, but before they could reach target rents, the Government imposed the 1% rent reduction. The rents on these properties are on average 32% of market rents. 627 properties are let at Affordable rents – rents between 50% and 80% of market rents. These properties are also subject to the 1% rent reduction until 2019/20; after this date, it is assumed that both these and the social rented properties will move back up in line with CPI + 1%. All the social housing rents, and those at 50% MR are let via the Council's Housing Register. Those properties whose rents are 65% or 80% MR, are let in accordable with the Allocations Policy for Affordable rental properties – which are set out in Paragraph 32 of the Allocations Policy.

The largest proportion of the general needs stock, nearly half (8,717 homes) were built between the wars – between 1918 and 1940. Of the remainder, 20% of the stock was built between 1965 and 1980; 21% between 1945 and 1964, only 2% is pre-WW1, and 7% built since 1991.

Only 1.3% of the stock has four bedrooms; 0.1% has five bedrooms and the Council only own one six-bed property.

Size	Stock Numbers	Percentage
0	516	3
1	4113	23
2	7456	42
3	5340	30
4	225	1.3
5	10	0.1
6	1	0
Grand Total	**17,661**	

Households on the Housing Register need the following bedroom sizes:

Size	Households on Register	Percentage
1	2590	30.9
2	2904	34.7
3	2357	28.2
4	471	5.6
5 BR +	47	0.6
Grand Total	8369	

This shows that there is a reasonable match between the housing stock analysed by size, and the housing need as expressed by the Housing Register. There is a greater need for more one bed homes than the Borough currently holds; and a slightly greater need for larger homes (4BR+) that the Borough current holds; but for other sizes there is a reasonable match of stock to need.

This does not address the overall level of need for all sizes of homes. It demonstrates that shortages are evenly distributed across all bedroom size requirements.

11.1 Community halls

Some Tenant Groups have the use of facilities on estates, to encourage and support community and tenant activities. The following Tenants Groups have the use of the following facilities:

Tenants Group	Facilities
Tenant Federation	Former Warden's office, Whyhill Walk
Scrattons Tenants & Residents Association	Farr Avenue, Shop – shared with the community.
Millard Terrace	Community Centre – limited use with agreement
Reede Road Tenants and Residents Association	Land for storage and community events
Thames Tenants and Residents Association	Community Garden at Bastable Avenue

No rent or charges are made for the use of these facilities. In addition, most groups have access to councils meeting rooms for free.

11.2 Sheltered

The Council has 607 units of Sheltered Housing, with a variety of house types and support levels. These have been recently subject to a comprehensive review and during 2017 the recommendations of the review will be considered and those which are accepted will be implemented. The current stock is set out in the table below:

Scheme	Numbers of units	Build date	Type
Bennets Castle Lane	12	1974	Sheltered 1 BR
Berryman close	12	1974	Sheltered 1BR
Birch Gardens	5	1951	Sheltered bungalows
Burford Close	16	1974	Sheltered 1BR
Catherine Godfrey House	34	1990	Sheltered 1BR
Dewey Court	48	1971	Sheltered 1BR
Dunchurch House	38	1976	Sheltered 1BR
Earls Walk	20	1970	Sheltered 1BR
Ely Gardens	5	1948	1BR Bungalows
Forsters Close	54	1971	Sheltered 1BR
Hook Hall Drive	8	1949	Sheltered 1 & 2BR Bungalows
Humphries Close	31	1979	Sheltered 1BR
Inskip Road	35	1973	Sheltered 1BR
Kidd House	19	1988	Sheltered 1BR
Kilsby Walk	42	1972	Sheltered 1BR
Maxby Road	30	1979	Sheltered 1BR
Padnell Road	17	1955	1 BR Sheltered Bungalows
Park Drive	8	1948	1BR Sheltered Bungalows
Pembroke Gardens	29	1937	1BR Sheltered Bungalows
Rainham Road	8	1977	1BR Sheltered
Rosehatch Avenue	15	1955	1BR Sheltered Bungalows
Seabrook Road	10	1966	Sheltered 1BR
Shipton Close	25	1971	Sheltered 1BR
Stone Close	20	1976	Sheltered 1BR
Vicars Walk	24	1970	Sheltered 1BR
Wyhill Walk	22	1975	Sheltered 1BR
Turner Court	20	1988	Sheltered 1 BR
Total	607		

11.3 Stock condition

The Council has a Housing Asset Management Strategy that was adopted in 2015 and runs to 2020. It sets out the aspiration of the Council to achieve Decent Homes compliance by 1st April 2019. When the Council was awarded £42m in 2011/12 62% of Barking and Dagenham homes were non-Decent. The funding profile is set out below.

2011/12	2012/13	2013/14	2014/15	Total
£2.0m	£9.5m	£15.0m	£15.5m	£42m

The Council also matched this backlog funding with its own resources and has invested in delivering the Decent Homes Programme. The Council has invested £0.750m in a refreshed stock condition survey in 2017 and this will enable the Council both to verify the level of non-Decency and develop a new programme of works to complete the programme by 1st April 2019. The new Stock Condition Survey will provide a full report on condition by March 2019; but this will not be in time to use the data to refresh this year's HRA Business Plan.

Current position

The initial HRA business plan was compiled based on analysis following the existing stock condition survey from Savills. A ten-year capital forecast was devised, identifying the profile of spend for different streams of work. It was anticipated that the backlog of non-decent homes would be eliminated in year eight of the ten-year forecast (2018/19) and that properties that fall below the standard set by Decent Homes from 2012/13 onwards, would have their component replacement needs addressed by a rolling stock investment programme (separate to the Decent Homes budget). There was also budgetary provision for other categories of work such as those to maintain the building envelope and those to fulfil statutory landlord obligations.

The diminution of the specific group of properties that formed the decent homes backlog has not been specifically tracked. Instead, there is a measure of the gross number of homes that data suggests will fall short of the decent homes standard both currently and per year for future years. As the initial analysis done in 2012/13 suggests, the number of homes forecast to fall short of this standard, decreases substantially after 2018/19.

In light of this analysis, the stock investment approach for the next five years, from 2018/19 to 2023/24, which moves beyond the initial ten-year capital profile completing in 2022/23, concludes the aspirations of the initial forecast and sets the scene for future aspirations.

2018/19 will be the year in which all the original decent homes backlog will be addressed. Data shows that by the beginning of 2018/19, there will be 4,930 homes that fall below this standard. These will all be brought up to the decent homes standard in 2018/19. From 2019/20 onwards, a relatively small number of properties is forecast to fall below the identified standard each year.

From 2019/20, it is recommended that the Council considers a change to the standards it wishes to maintain its properties at. The use of the terms Decent Homes can be misleading, as it often refers to a specific backlog of properties but is applied more liberally as if an accepted term to describe a sub set of refurbishment works. Instead the Council is suggesting a standard defined by measuring the lifespan and conditions of four components: kitchens, bathrooms, heating and electrical wiring. This is being termed the Comfort Standard and equates to what residents have come to expect from their decent homes package. The table below illustrates the number of properties that are anticipated to fall below this standard every year from 2019/20 and the number of properties that can receive works every year. The aim is to pull forward a number of properties from future years, in order to create a volume of properties, smoothed to approximately 600 properties a year, which at an average cost of £7,000 per unit (from Capital Delivery Unit data) works out to approximately £4m per year.

Average cost	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
failures	467	1,036	1,026	312	469	681	405	259
output	582	582	582	582	582	582	582	582
7,000	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m

The appropriate standard that homes should be maintained at, will be dealt with in more detail in the Housing Asset Management Strategy, which is due to be refreshed.

General stock investment work

The stock investment requirements in workstreams such as the building envelope (roofs, windows, doors, concrete repairs), compliance (lateral mains, remedial fire works, gas safety work, asbestos) and landlord obligations (lifts, door entry) are currently being quantified, but are not thought to be in excess of the parameters currently set within the HRA business plan. It is anticipated that additional work such as communal painting and estate improvements, will also met within existing budget forecasts. Additional funding, which has not yet been quantified in detail, may be required for any additional fire safety work brought about by a possible change in regulations following the investigation into Grenfell Tower. This has the potential to be very expensive and a provision sum of £5m a year has been included within the Business Plan for the next three years.

The Borough also has 716 homes of non-traditional construction which will require refurbishment to bring them up to mortgageable standard; this is a very expensive programme. The Borough has the following types of non-traditional construction:

Belfy	9
Bison	76
Fidler	606
Orlitt	20
Wates	5

The Business Plan makes provision for £50.7m to be invested in the Housing stock in 2018/19, when the Decent Homes Programme will be complete. The investment then falls to £30m annually, from 2022, and a total of £333.62m over the ten-year period from 2018/19 to 2028/29.

Stock Investment

The Business Plan also considers what the council's investment strategy is to be following the completion of the decent homes programme. The key proposals are to develop plans for improving the external environment of estates and the external fabric of blocks. The opportunities to improve thermal efficiency and to review the way in which residents and visitors circulate within the estate, its security and how parking and refuse is managed and to soften the hard landscapes prevalent on a significant number of estates are to be addressed in consultation and feasibility work during 2017/18.

In addition, new programmes for the replacement of lifts, windows and doors, roofs, electrical laterals, and communal heating will be developed in 2017/18 as well as capital replacement programmes for compliance related matters such as water tanks and rewiring homes.

The Housing Asset Management Strategy recognises that Barking & Dagenham tenants pay higher than average costs towards their fuel costs, and that the Borough is therefore committed to improving energy efficiency and reducing fuel poverty. £1m per year is set aside in the next three years to add energy efficiency measures.

12 Estate Renewal Programme

The Estate Renewal Programme started in 2010 and was approved at the Cabinet meeting on 6th July 2010. At that meeting, three estates were identified which needed renewal: Gascoigne East, Goresbrook Village, and The Leys. These estates were considered to need attention to create an attractive and sustainable place to live, to improve the prosperity of the residents, and to address the quality of life issues affected by the poor environment. The three estates consisted of:

Estate	Blocks	Tenants	Leaseholders	Total residents
Gascoigne East	13	1035	127	1162
Goresbrook Village	3	282	6	288
The Leys	19	215	65	280
Total		1532	198	1730

The Estate Renewal Programme started because of the poor housing condition of the estates; and concern that a straightforward improvement and refurbishment programme would not be a cost-effective solution as there were issues of layout, environment, and reputation. These Estates included most of the Councils system built high rise and non-traditional build flatted blocks that had suffered from a variety of issues including dampness and condensation due the poor levels of insulation and original construction method and materials.

A programme of decanting tenants, and buying out the leaseholders began, and the plans, funding and resources have been developed as the project has progressed. The impact of the regeneration programme on the needs of households on the Housing Register was analysed, and the concerns raised by this analysis were addressed by the development of the new build programme, and limiting the total number of lettings allocated to decants during the development programme. During the period of decanting, a new build programme of 474 units was already underway.

The replacement schemes will provide 421 new units in Phase 1 of the Gascoigne East development, 149 units at Goresbrook Village and 89 units at The Leys (Phase 1). Later phases of the Gascoigne Project will provide an additional 1100 units over the next 5 years.

Estate Renewal site	Rented @ 50%	Rented @ 53 – 80%	Shared Ownership	Private Sale	Total
Gascoigne Phase 1	100	100	221	Nil	421
The Leys Phase 1	35	35		19	89
The Leys Phase 2	17	17	34	Nil	69
Goresbrook	98	Nil	10	41	149
Total	250	152	265	60	728

Although the principle of regeneration was approved earlier, the plan for the Althorne Way tower block was not considered until 22nd October 2013 when demolition was approved, the identification of site proposals, and the proposals for private and affordable homes on the site agreed. This scheme was approved by Cabinet in June 2017 and gained consent in June for 170 new homes on 5 sites at Becontree Heath – the 41 affordable rent and 46 Shared Ownership units are being developed for Reside.

The Estate Renewal Programme was reviewed and refreshed by Cabinet on 27th January 2015. The focus for new estate renewal schemes remains with the completion and delivery of the initial approved estates, but attention is now also moving to consideration of other areas which may benefit from a similar approach. The following estates were approved for inclusion in the programme: Sebastian Court, Marks Gate, Roxwell Road, Oxlow Lane and Rainham Road North. Each scheme will be considered in turn, appraisals undertaken, and funding put in place. The notable change between the first programme sites and the additional sites is that only one of these blocks, Sebastian Court is non-traditional construction. The others are sites that can deliver higher density development through unused land within their boundary or through their location in Growth areas

The first of these new schemes to be considered was Sebastian Court. Proposals for Sebastian Court were approved on by Cabinet on 18th October 2016. There are 57 rented units on this site, 54 tenanted and 3 void properties, as well as 8 leaseholders. The replacement scheme will provide 57 affordable rented units and 33 shared ownership units. The rented units will all be owned and managed by Reside; 50% of these will be at 50% market rents and therefore let to households on the Housing Register whilst a further 50% will be let at 80% market rents and let through the Affordable Rented Lettings Policy. RTB receipts (£2.9m) and General Fund borrowing (5.8m) will fund this scheme.

Over the six years since this programme started, the Borough has carried out a review and is embedding the lessons of the early part of the programme into future projects. The Borough is seeking to consult residents at the earliest opportunity, and prior to planning applications are submitted. The ways in which consultation is undertaken needs to be updated, and greater use made of social media, websites and drop in surgeries, rather than large evening meetings. Decision making needs to be based on sound evidence and analysis, rather than subjective opinion. There are also important lessons to be learnt about the technical aspects of leaseholder buy-backs; which have the power to hold up estate regeneration if the needs of the leaseholders to maintain their financial and housing circumstances are not recognised.

The future of the Estate Renewal Programme beyond 2021 links to the Councils long term Investment Strategy and the Stock Condition Survey. This plan sets out the Councils intention to reach the Decent Homes Standard by 2020. However, Decent Homes work is expensive and all encompassing; it would not be a good use of resources where stock has been identified within a programme of estate renewal. Careful consideration will be given to the stock that whilst able to brought up to the Decent Homes Standard still suffers from issues relating to poor layout of communal areas, no private amenity space and sites that can deliver much higher density schemes.

The future of the Estate Renewal Programme is currently under review. A review of the current methodology of appraising estates is underway, and in the next 12 months, the metrics and evaluation system by which the Council decides which properties to include in the programme will be reported to Cabinet, with a view to updating the methodology, including a broader set of criteria to evaluate an estate. The current funding provision is set out using the current known commitments, but once plans are firmed up, more precise figures can be tested against the overall resource position.

13 New Build

An integral part of the estate renewal programme, is the new build programme. Whilst some of the Council new build programme is in part on individual standalone sites, others are part of the overall Regeneration Programme, making better use of sites and maximising development opportunities.

The new build programme has delivered 197 additional units of housing within the HRA, and 807 new homes to be managed by the Council's wholly owned housing company, Reside.

14 Reside

In 2011, Barking and Dagenham took the decision to establish a wholly owned company to let manage and maintain housing stock outside the Housing Revenue Account. The reason for establishing the company, was because the Council felt the need to diversify the housing stock within the borough, and to build mixed communities of housing and tenure at a range of different price points. Funded by private finance, it took on the letting and management of the first 477 properties in 2012. These were let at different prices: 20% at 50% of market rents, to households from the Housing Register, 6% of the homes at 65% of market rents, and 74% of the housing, at 80% market rents.

The company has since added a further 144 new homes, and is due to take on additional properties in the next few years. There are significant expansion plans.

The management and maintenance services provided by My Place, are paid for by Reside, paying a management fee. This is treated as income to the HRA, as the HRA bears the costs of the management. The income under the Management Agreement is currently £608,000 pa. Part of this is variable. This should be reviewed as the number of properties managed by the Housing Service expands. Reside will have a choice of continuing to use the housing management service provided by the Council (through My Place) or deciding to tender the housing management service to ensure that the company obtains the best possible.

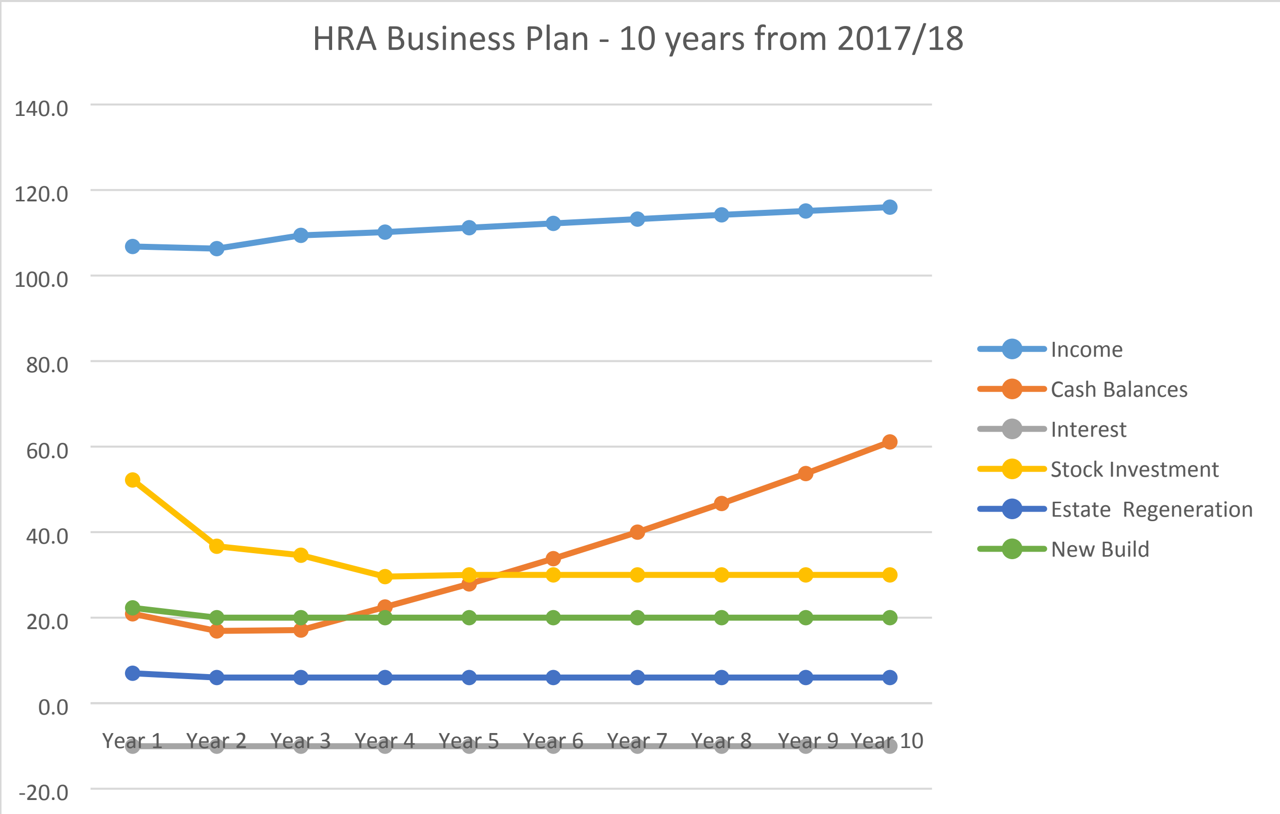
Reside has its own independent Business Plan.

Business Plan- baseline forecast

The current HRA Business Plan demonstrates that over the forecast 30 years of the Plan, the HRA can fund its current planned expenditure requirements. This is based upon £107.2m of rent and other income at 2018/19, falling for one more year and rising after 2019/20 if the Government delivers on its promised rent policy of CPI + 1% after the current period of rent reduction. Management and maintenance costs rise by 3% pa. This generates a net revenue surplus, which after meeting interest costs of £10.06m a year for the life of the Plan can fund the stock investment, estate renewal and new build requirements. This assumes that there is no additional borrowing (as the current level of borrowing is at the Government defined cap) but also assumes that there is no provision for reduction of debt. It is assumed that no external grant is received, either for stock investment or for new build. Provision for stock investment is set in the region of £50.72m for 2018/19, and then falls to £30m a year, after 2022. A programme of new build is funded from the HRA for the life of the plan; it fluctuates in the first four years in line with pipeline schemes, and then is estimated at £20m a year from 2020 onwards. This is funded wholly from restricted capital receipts. Estate Regeneration is also funded in the HRA Business Plan at an indicative level of £13.25m a in 2018/19 and £6m a year thereafter.

With this level of expenditure, cash balances remain adequate during the early period of stock investment activity, and when the Decent Homes Programme is complete, start to rise from 2023/24 onwards. These resources may be needed to carry out essential improvements to the housing stock. The full picture of stock investment requirements will not be clear until the Stock Condition Survey reports in summer 2018. In addition, there should be some consideration given to the repayment of debt.

The table below illustrates the next ten years. If the investment programmes remain constant as set out in the Plan, there will be an increase in balances from Year 5 (2022/23). It is likely that the Stock condition survey may demonstrate the need for additional investment. There is also a requirement to consider the repayment of debt.



15 Assumptions

These are the key assumptions on which this Business Plan is based. These assumptions need to be reviewed annually, to ensure that they are adjusted in line with any new information on actual performance, or changing markets. These assumptions are:

17.1 Stock numbers:

The Business Plan is based on *opening* stock numbers:

17,481 properties, of which

300 are held as Temporary accommodation, and rents charged in 2017/18 at 90% of LHA. Average TA rents in 2017/18 are therefore: £207.04pw
627 properties are let at Affordable rents, with average rents of £144.26pw
16,554 properties are let at average rents of £94.41 from 2018/19 onwards

17.2 Sales

Moving forward, RTB sales are assumed at 220 units per annum. There is a new build programme of properties within the HRA of 267 properties confirmed over the next three years. No properties have been added back to the HRA pending decisions on where there properties will be held and used. There is an expectation that no additional new build homes will be owned within the HRA after 2020.

17.3 New Build additions

There are currently 152 new homes under construction, or in the pipeline which will be delivered, owned, and managed within the HRA over the next two years. 62 of these are Modular Build properties, to be constructed on HRA garage sites, and will be used as temporary accommodation. The rents will therefore be set in line with the TA rent policy, and let at 90% of LHA rates. It is assumed that these will be delivered equally over the next three years, but after that date, no further new build properties will be owned and managed within the HRA; new build after this date will be owned and managed within the Council's wholly owned management company, Reside.

17.5 Rent Policy

Rents have been reduced by 1% a year since 2016/17. 2018/19 is the third year of the rent reduction policy, and this has been implemented appropriately, and it is assumed that 2019/20 will follow the same policy, and rents will be reduced by 1% in this year. This applies both to secure rented properties, and affordable rented properties within the HRA.

It is assumed that 300 properties a year will continued to be used as Temporary accommodation, and that the rents on these properties will be set at 90% of the Local Housing Allowance (LHA) in 2018/19. Temporary accommodation rents do not need to be reduced under the rent reduction policy, and therefore have been assumed to remain constant at 90% LHA throughout the life of the Plan. LHA rates are frozen until 2020, but it is assumed that they will uprated by inflation after that date.

17.6 Service Charge Policy

Currently, all service costs are fully recovered through service charges to tenants and leaseholders apart from five services. These are Grounds Maintenance, Estate lighting, TV aerials and Caretaking and Cleaning where the charges do not recover the full cost. This Plan assumes that the Council continues to freeze three of these service charges for the next year (Caretaking, Cleaning and Grounds Maintenance, until there is an improvement in the quality of the service when it is proposed to move towards cost recovery. Two other services (TV aerials and estate lighting will move to cost recovery in 2018/19. The Plan assumes that they will all move towards full cost recovery by Year 3 (2019/20) and thereafter that these costs are fully recovered. There are two other services not yet de-pooled. These are the services of lift maintenance and door entry maintenance. These costs are met through the general rental income, and these will continue to be met through the rent for the time being.

17.7 Void rate

It is assumed that the void rate throughout the life of the Plan remains at 1%. Current performance is at 1.2% of rental income, and therefore this assumption requires an improvement in performance to ensure that performance remains in line with assumptions.

17.8 Bad debt

Provision for Bad Debt in the Business Plan has been set at 6% of the rent due; a budgetary provision of £5.3m. Write offs of Former Tenant Arrears (FTAs) in the last three years have been less than this although bad debt has risen. This should be adequate for the current rent collection performance. The service charge collection rate in 2016/7 was 98.6%. No write offs of service charge debt have been made in 2015/16, and it is not policy to write off service charge debts, as they can be recovered through a recharge on the property concerned.

17.9 Inflation

Although inflation on pay and costs has been included in the Business Plan for 2018/19, no inflation has been built into the Business Plan either for staffing or other costs in the following three years of the Plan. It is assumed that the service will absorb all inflation pressures both pay and inflation for that period, and then increases are built into management and maintenance costs at 3% annually.

16 Revenue

16.1 Management costs

Barking and Dagenham participates in a benchmarking club with Housemark. The management costs are benchmarked against a club of London local authorities. This shows that the Management cost per property in 2016/7 was £326.39 against a median cost for the benchmark group of £292.36. Management costs are therefore higher than the median.

16.2 Maintenance costs

The maintenance costs in the same benchmarking arrangements are £692.37 per property for repairs and £326.39 for major works and cyclical maintenance. The median for the group for the same items are £705.22 per property for repairs and maintenance, and £292.36 for major works and cyclical maintenance. The R&M figure is therefore at the median for the group, and the major works and cyclical maintenance is above the median by £382 per property.

16.3 Conclusions on Management and Maintenance costs

The conclusion of the Benchmarking data therefore shows that the current performance is high cost, but low performance. The task of the new 12 months is to move the performance and cost of the service out of this quadrant.

17 Debt and Interest costs

As at 1st April 2017, the HRA will hold debt of £291.6m which is the maximum permitted debt ("the cap") which the Council is permitted to hold. This is formed of the original debt settlement (£277.6m) and two further borrowing approvals to enable the development of additional homes within the HRA. The original debt level amounted to £14,074 per property, but with the loss of stock since the settlement, and the increased level of borrowing, the average debt per property is now £16,992 per property.

The interest paid on this level of debt is £10.06m and this remains constant throughout the life of the 30-year plan, as there is no permitted additional borrowing.

The current Business Plan does not assume that the level of debt is reduced, but is maintained at the cap throughout the life of the Plan. This would be an acceptable financial plan, if the numbers of stock were to remain at roughly the same level, and that therefore the interest costs could be fully met from income. The assumed loss of 220 sales per year (around 1.2% of the stock) can be managed within this for a period with prudent financial control of the annual budget, but if there are significant losses of stock, either over a longer period or through forced sales, it may be necessary to consider whether the level of debt to be maintained is required. The effect of maintaining this level of borrowing whilst stock is reducing will increase the debt per unit.

Whilst the Council needs to maintain investment in its key housing projects, including stock investment and regeneration no provision for repayment of debt is proposed. However, at a future review of the Business Plan it will be necessary to consider the right point at which this issue should be addressed.

18 Resources

Resources are sufficient to support current plans. These are made up of a variety of sources which support different items of expenditure.

18.1 Surplus/balances

The minimum balance on the HRA is currently set at 5% of income which provides a sum of £5.3m. Balances brought forward into 2017/18 were £44.8m. There is likely to be an in-year deficit, due to the increased stock investment programme which means that at the end of 2018/9 balances of £17.7m will be held within the HRA.

Capital Receipts

Some Capital Receipts are restricted in their use. They will have derived from sales after the Government raised the discount on RTB sales to £100,000 and after retention of the transaction costs, and the debt portion, they may only be used for replacement affordable rented homes. They were subject to a specific signed agreement between each local authority and the GLA, to fund new build programmes. The use is further restricted by a rule which requires the receipt to fund no more than 30% of the costs of each unit. It is therefore essential that the so-called 1-4-1 receipts are applied first to the new build affordable rent programme, so that they are fully used. If not used, RTB receipts from the 1-4-1 fund must be repaid to Government, with 6% interest over the Base Rate.

However, there are some capital receipts which are unrestricted. These relate to the “debt portion” which is a notional debt per property sum, which the Council can deduct for each property sold. These unrestricted capital receipts can fund any part of the housing investment programme and can be used as match funding to 1-4-1 receipts. The debt portion can of course also be used to repay debt. The level of unrestricted capital receipts (allowable debt) in 2017/18 is estimated to be £4.84m and this is used as part of the overall resources within the Housing Revenue Account.

20.3 Leasehold reserve fund

Leaseholders are required to pay for the cost of improvements to their homes, in the form of major works charges. The Council can only recover this cost, if it has appropriately consulted the leaseholders, and given the required notice to leaseholders. As many improvement schemes are expensive, and leaseholders do not always have the resources to pay for these works when the work is carried out, the Council has payment options for leaseholders which enables them to spread the payments. The Council therefore can calculate the sums due from leaseholders in respect of works carried out to their homes, but does not expect to receive those sums in the year in which they are incurred. Payments are made into the Leasehold Reserve Fund, and contributions from the Leasehold Reserve Fund can be added to the sums that fund future capital programmes. As at the end of 2017/18, it is forecast that the Leasehold Reserve Fund will stand at £8.97m. A review of the current Leasehold Reserve Fund is currently underway and the level of contribution to the capital programme will be established in the next 12 months.

21 Programmes of work going forward

There are programmes of work underway which will impact on the Business Plan. These include programmes of physical work – like the stock investment, the new build, and the Regeneration Programme. But there are also programmes of which are identified through the Business Planning process, which seek to establish effective working relationships that can deliver effective and efficient services to tenants and leaseholders.

21.1 Governance

The working relationships between the Business Plan, My Place, Community Solutions, and Home Services are critical to the effective delivery of good services. The strategic core will be commissioning services to manage and maintain the housing stock from My Place and Community Solutions and the structure of these relationships is important to making sure that the roles are clear and the accountability of each area of work is transparent. The role of tenants and leaseholders, and members will also need to be established within the new working arrangements. During the next 12 months, the development of these relationships will be a key piece of work.

21.2 Performance and Satisfaction

As part of the commissioning strategy over the next 12 months, performance in key areas (Rent collection, service charge collection, voids, repairs and tenant and leaseholder satisfaction) will need to be improved. The Commissioning Strategy will establish current performance, targets for improvement and ways of monitoring the service on a regular basis.

21.3 Stock Investment

There is a five-year stock investment programme included within the annual budget which sets out the elements that need to be addressed in the short term. However, there is a need to refresh the data that supports the stock investment programme and this is one of the key priorities in the forthcoming twelve months. From the refreshed stock condition survey, a long-term plan for active asset management will be developed. The new stock condition survey will commission individual, block based, and estate based financial performance information to enable the Council to prioritise the active asset management programme.

21.4 New Build

The new build programme is clear in the short term, (next three years) where either certain, or potential schemes and funding have been developed (See Para 17.3). The current Plan identifies where the replacement homes will be brought into the HRA, and where they may be identified for intermediate housing of difference kinds, for a range of household incomes. However, there is a dilemma to be resolved which is what will the impact be of building most new general needs homes outside the HRA, and therefore not replacing the homes lost through the RTB. Once this decision is taken, further financial modelling for both Reside, and for the HRA will need to be undertaken which will show these consequences and enable the Council to resolve the way forward for its new build programme.

21.5 Estate Regeneration

The first phases of the Estate Regeneration programme are underway and progressing with great success. The financial model for new estate regeneration programmes has been established. Over the next twelve months a new matrix to assess estates which may require a more comprehensive approach will be developed and applied to other estates where physical layout, poor environment and building type require attention. Early consultation is the prime lesson from the first phases of regeneration, and this will be applied to all forthcoming proposals.

22 Conclusions

The Barking & Dagenham HRA Business Plan is sound overall in 2018/19 but there are concerns which need to be addressed during the next 12 months. This Business Plan is a statement of where we are now. There are serious challenges in the next three years; and the Plan improves thereafter. However, the major risk is the condition of the housing stock; and improvements to the stock, and to housing services are likely to absorb all resources in the medium term.

The performance indicators in all areas of housing management, as well as tenant satisfaction need to be further improved through the Transformation Programme. Service charges for both tenants and leaseholders should be reviewed to ensure that there is confidence in the costs and service; and that the service charges can withstand scrutiny and challenge.

Stock condition data information needs to be regularly refreshed to ensure that the resources currently in place for the stock investment programme are sufficient to meet current and future needs.

Consideration needs to be given to the new financial model to support both estate regeneration and new build. Where new build properties are not being returned to replace housing stock loss, the Business Plan will need to be updated. Currently, in recent schemes, Right to Buy Receipts have been used, and the 70% match funding provided either by unrestricted capital receipts, private sales, or General Fund borrowing; this financial model has proved successful, and is therefore not dependent on limited and reducing HRA revenue resources. Currently there is continuing provision with the Business Plan to support the new build programme assumed; but this provision could be released if the new financial model continues to be implemented as set out above.

Clearly HRA resources supporting the Estate Renewal Programme addresses a housing stock need; and replaces investment which would otherwise be directed to improvement programmes for those estates.

The challenges of the next 12 months are particularly acute as there will be significant changes in the structure of the service, and what the service now needs is to focus strongly on the key basic management services, and the level of satisfaction that customers currently express.

Annex 1 sets out the key high-level requirements that will be commissioned from the Housing Service and future My Place and Community Solutions departments.

Appendix 9 provides an extract of the first ten years of the Business Plan.

ANNEX 1

Commissioning Intentions

The new arrangements for the management of the housing stock have changed radically in 2017/18. The new service block, managing all the Council's assets, including housing was established on 2 October 2017, and budgets reflecting the management of the stock were transferred into My Place and are reflected as a recharge to the HRA from My Place. The Repairs Budget will be managed by My Place who will oversee the contract with Home Services, the Council's in-house company providing a routine maintenance service.

A Commissioning Mandate, reflecting the services provided and the targets and outcomes that are being sought by the Council has been drafted. My Place are responding to the Mandate by drafting a Business Plan of their own, which will describe how they will provide the services sought, and meet the targets set. This process is being developed collaboratively. The priorities for the first 18 months are set out below.

Budget and Commissioning programme

The first task of the new approach, will be to establish the mechanisms, the governance, and the delivery of the new budget based commissioning. In future, programmes of work will be commissioned within an agreed budget. A service of asset management such as planned maintenance, or responsive repairs will be commissioned by Growth and Homes, and monitored against an agreed budget and to agreed standards. The process of developing how this will be done, will be rolled out over the range of services.

The HRA Business Plan sets out the current level of Tenant Satisfaction, and Performance in key areas of rent collection, and void management. Currently, these are lower than the median in all areas. Growth and Homes wish to commission My Place to:

- Improve Tenant Satisfaction to the median by 2018 and to the upper quartile by 2020
- Improve Rent collection to the median by 2018 and to the upper quartile by 2020
- Improve void performance to the median by 2018 and to the upper quartile by 2020

The rent collection and void performance will be measured by the monitoring of Performance Indicators against the benchmark group of organisations with over 10,000 homes within the Housemark Benchmarking Club

Tenant Satisfaction will be measured by reference to the STAR Survey, to be conducted every two years.

Leasehold Satisfaction will also be added to the survey in 2017; and an appropriate measure established thereafter.

Service Charges

Service charges are always contentions, both for tenants and leaseholders. Tenants and leaseholders have rights to information that will assure them that they are being charged the right costs for the right services, and that the Council is only charging the actual cost of the service back to them. The preparation of the service charge accounts is currently difficult, and the evidence that backs the charges can be improved. It is proposed that in 2017/18 a review of the service charge costs should be undertaken, involving tenants in order to be able to produce and validate service charge accounts promptly and cost effectively.

Asset Management

There is a refresh of the Stock Condition information underway, and results are due to be reported in March 2018. During the course of 2018/19, Growth and Homes will work with My Place to ensure that the data is correctly stored and analysed. The data will be the basis of a new assessment of the current levels of Decency in the stock, and the development of a new Asset Management Plan. This will have an impact on the HRA Business Plan when the profile of the required spend, to achieve Decent Homes is understood. Next year's Plan will address these spending requirements, and ensure that appropriate decisions are made to ensure that the stock is being maintained at Decency levels going forward.

HRA Business Plan Extract **Appendix 9**

	1-3 years	3-10 years	10 years	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m	£m
Rent and other income	322.56	793.34	1,115.19	107.21	106.21	109.14
Management & maintenance	- 197.27	- 480.72	- 677.99	- 65.48	- 65.48	- 66.31
Net rental surplus	**125.29**	**312.62**	**437.20**	**41.73**	**40.73**	**42.83**
Interest Payable	- 30.18	- 70.41	- 100.59	- 10.06	- 10.06	- 10.06
Transfer to HRA balances						
Available HRA revenue funds (A)	**95.11**	**242.20**	**336.61**	**31.67**	**30.67**	**32.77**
RTB Receipts (un-restricted - allowable debt)	14.51			4.84	4.84	4.84
RTB New Build Re-provision (1-4-1)	59.90	139.76	199.65	19.97	19.97	19.97
GLA new build grant	-	-	-	-	-	-
Backlog funding	-	-	-	-	-	-
Grant and new borrowing In Year (B)	**74.41**	**139.76**	**199.65**	**24.80**	**24.80**	**24.80**
Total HRA funding (A+B)	**169.52**	**381.96**	**536.26**	**56.47**	**55.47**	**57.57**
Investment in own stock (a)	124.01	209.61	333.62	50.72	37.68	35.61
Estate renewal (c)	25.25	42.00	67.25	13.25	6.00	6.00
New Build (b)	62.30	140.00	202.30	22.30	20.00	20.00
Housing Transformation (d)	0.45	-	0.45	0.45	-	-
Total Applied spend (a+b+c+d)	**212.01**	**391.61**	**603.62**	**86.72**	**63.68**	**61.61**
HRA Cash balances b/f				**- 48.40**	**- 18.16**	**- 9.95**
in year change				30.25	8.21	4.04
HRA Cash balances c/f				**- 18.16**	**- 9.95**	**- 5.91**

This page is intentionally left blank

CABINET

19 February 2018

Title: Treasury Management Strategy Statement 2018/19	
Report of the Cabinet Member for Finance, Growth & Investment	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: David Dickinson, Group Manager, Pensions and Treasury	**Contact Details:** Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Kathy Freeman, Finance Director	
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary

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

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

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

The Treasury Management Code and the Prudential Code were revised in late 2017 with the main changes being the inclusion of the Capital Strategy requirements and the removal of some indicators. Some of these changes are reflected in the Prudential Indicators (Appendix 3) and in the Borrowing Strategy (Appendix 2). A Department for Communities and Local Government consultation on Investment Guidance closed 22 December 2017 but the final proposals were not available by the time this report was produced.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to adopt the Treasury Management Strategy Statement for 2018/19 and, in doing so, to:

(i) Note the current treasury position for 2018/19 and prospects for interest rates, as referred to in paragraph 7.2 of the report;

(ii) Approve the Council's Borrowing Strategy for 2018/19, incorporating the Debt Repayment Strategy and Policy on Borrowing in Advance of Need, as set out in Appendix 2 to the report;

(iii) Approve the Annual Investment Strategy for 2018/19, incorporating the Creditworthiness Policy and outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;

(iv) Approve the Treasury Management and Prudential Indicators for 2018/19 – 2020/21, as set out in Appendix 3 to the report;

(v) Approve the Minimum Revenue Provision Policy Statement for 2018/19, representing the Council's policy on repayment of debt, as set out in Appendix 4 to the report;

(vi) Approve the Operational Boundary Limit of £1.002bn and the Authorised Borrowing Limit of £1.102bn for 2018/19, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 3 to the report; and

(vii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to proportionally amend the counterparty lending limits agreed within the 2018/19 Treasury Management Strategy Statement.

Reason(s)

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

1. Introduction and Background

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

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

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

2. Reporting Requirements

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

i. **The Treasury Management Strategy Statement (TMSS)** is the most important report and considers the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators (PIs) and the outlook for interest rates. In addition, the current market conditions are factored into any decision-making process.

ii. **An Annual Treasury Report** which outlines the actual PIs, treasury indicators and treasury operations compared to the estimates within the strategy.

iii. **A Mid-Year Treasury Management Report** to update Members on the progress of the capital position, amending PIs and investment strategy as necessary.

2.2 As the Council is responsible for housing, PIs relating to capital expenditure, financing costs and the Capital Financing Requirement (CFR) are split between the Housing Revenue Account (HRA) and the General Fund (GF). The impact of new capital investment decisions on housing rents will also need to be considered.

2.3 This report provides an explanation of the key elements of the Council's Treasury Management Strategy, its Minimum Revenue Provision (MRP) Strategy, the Annual Investment Strategy (AIS) for 2018/19 and the borrowing strategy, which are set out in detail in the appendices attached to this report.

3. Treasury Management Strategy for 2018/19

3.1 The Local Government Act 2003 and supporting regulations require the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years and ensure the Council's capital programme is affordable, prudent and sustainable.

3.2 The Act requires councils to set out their treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued after the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, above yield.

3.3 The Council has adopted the Department of Communities and Local Government (DCLG) investment guidance that came into effect from 1 April 2010. The strategy for 2018/19 covers the following main areas:

<u>Treasury Management Issues</u>

- Current Portfolio Position at 31 December 2017 (section 4);
- Medium Term Capital Finance Budget (section 5);

- Treasury Position at 31 December 2017 & Forward Projections 2017 (section 6);
- Economic Update and Interest Rate Forecast (section 7);
- The Capital Expenditure Plans 2018/19 – 2020/21 (section 8);
- Treasury Management Advisors (section 9);
- The Annual Investment Strategy and Investment Policies (appendix 1);
- Borrowing Strategy 2018/19 (appendix 2);
- The capital plans and the prudential indicators (appendix 3);
- The minimum revenue provision (MRP) strategy (appendix 4);
- Scheme of Delegation (appendix 5).

4. Current Portfolio Position at 31 December 2017

4.1 The Council holds cash balances arising from its operational activities, including income from grants and Council Tax, which are offset by expenditure to run services. The timing of these cash flows can result in surplus cash which is then available to invest. Cash balances are also affected by “working capital”, which relates to amounts of outstanding payments to be made to suppliers offset by amounts owed to the Council.

4.2 The Council’s year-end (31 March) cash balances since 2014/15 are shown below:

2017/18 - £240m (estimate)
2016/17 - £236m
2015/16 - £243m
2014/15 - £218m

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

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund, HRA and School cash balances;
- Earmarked Reserves and provisions;
- Capital Receipts and Working Capital;
- European Investment Bank Loans to fund regeneration;
- Green Investment Bank to fund energy company expenditure;
- Public Works Loan Board (PWLB); and
- bank loans including Lender Option Buyer Option Loans (LOBO).

4.4 Table 1 below shows the Council’s investments and borrowing balances as at 31 December 2017, including the Average Life and the Average Rate of Return. The loans have been split between HRA borrowing and GF borrowing to match the two pool approach the Council has adopted for borrowing. The Council invests all cash in one investment pool, with interest distributed between the HRA, schools and GF.

4.5 Members should be aware that the elevated level of short-term borrowing (£128.9m as at 31 December 2017) does significantly reduce the Average Life and the Rate of Return for General Fund as well as increase the total value of the investments held.

Table 1: Council's Treasury Position at 31 December 2017

	Principal Outstanding £000s	Interest Rate %	Average Life (yrs.)
General Fund Fixed Rate Borrowing			
LOBO	30,000	4.03	47.6
Local Authority (Medium-Term)	19,000	0.97	32.9
Local Authority (Short-term)	120,550	0.33	2.2
Market Loan	89,655	2.25	26.3
PWLB	130,000	2.37	41.2
Total General Fund Debt	**389,205**	**1.77**	**23.6**
Housing Revenue Account Fixed Rate Borrowing			
PWLB	265,912	3.50	39.3
Market Loans	10,000	3.98	61.7
Total Housing Revenue Account Debt	**275,912**	**3.51**	**40.1**
Total Council Borrowing	**518,860**	**2.81**	**34.2**
Investments			
Bank Deposit	179,744	1.13	1.1
Local Authority	81,720	1.07	1.5
Money Market Funds	19,325	0.32	-
Other Investments*	20,102	3.96	4.2
Total Investments	**300,891**	**1.25**	

* includes pension fund prepayment and loans to Barking Riverside LTD and schools.

5. Medium Term Capital Finance Budget

5.1 A key part of the Council's budget strategy is the medium-term capital finance budget shown as Table 2. It is a statutory requirement that the level of borrowing is kept under review and is affordable. Due to the Council's Investment and Acquisitions strategy, it is likely that the Council's cash position will significantly reduce over the next few years as a result of utilising the Council's reserves and using cash balances to fund property investments.

5.2 The significant increase in GF Interest Payable is due to the borrowing required to fund the Council's IAS. The medium-term capital financing budget to 2020/21 is outlined in table 2 below. The 2019/20 and 2020/21 interest payable budget will be amended when confirmation of the IAS cashflows are finalised. The interest income budget increase in 2018/19 includes interest from a prepayment to the pension fund and additional interest income expected from Reside 2:

Table 2: Medium Term Capital Finance Budget

£'000s	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget
MRP	6,688	8,157	8,557	9,457
GF Interest Payable	4,233	6,733	7,233	7,233
HRA Interest Payable	9,692	9,692	10,059	10,059
Interest Income	(2,099)	(4,299)	(3,099)	(3,099)
Net Cost	18,514	20,283	22,750	23,650

6. Treasury Position at 31 December 2017 and Forward Projections

6.1 The Council's treasury portfolio position at 31 December 2017, with forward projections are summarised in table 3. The table shows the actual external debt against the underlying Capital Financing Requirement (CFR), highlighting any over or under borrowing. The CFR and the Gross Debt includes borrowing to fund the first Barking & Dagenham Reside scheme as well as the borrowing from the EIB to fund Abbey Road Phase 2 and the Gascoigne Regeneration.

Table 3: Treasury Position at 31 December 2017, with Forward Projections

£'000s	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
External Debt				
Debt at 1 April	542,302	612,302	662,302	672,302
Expected change in Debt*	70,000	50,000	10,000	10,000
Other long-term liabilities	58,078	55,245	52,308	49,407
Gross Debt at 31 March	**670,380**	**717,547**	**724,610**	**731,709**
CFR	**692,315**	**754,583**	**751,668**	**738,181**
Under / (over) borrowing	21,935	37,036	27,058	6,472

* Debt includes short-term borrowing

7. Economic Update and Rate Forecast

7.1 Economic Background

The biggest influence on the treasury strategy for 2018/19 will be the UK's progress in negotiating a smooth exit from the European Union and agreeing future trading relationships. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 2.8% in November 2017 as the devaluation of Sterling increased the price of imports. Unemployment continued to fall, and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% on 2 November 2017.

In 2017 the US economy performance continued to perform well, and the Federal Reserve raised interest rates in regular steps to remove some of the emergency monetary stimulus it provided over the past decade. The European Central Bank did not raise rates, although it has started to taper its quantitative easing programme.

7.2 **Interest rate forecast**

The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent. Future expectations for higher short-term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.

As a result, gilt yields are forecast to remain broadly stable across the medium term, although there is likely to be some volatility during the year. Upward movement is likely to be limited but the overall trend is for market sentiment to a rate rise to increase during the year. The interest rate forecast is provided in table 3 below:

Table 3: Interest Rate Forecast for the BOE Base Rate and PWLB

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

7.3 **Bail in legislation**

As part of regulation changes within the banking sector the UK Government has removed the expectation that governments will support financial institutions in the event of an institution fail. This was set up to ensure there was a structure that will be followed should a financial institution fail. To do this the UK Government agreed a process to deal with a financial institution failure, which includes the option for institutional investors to lose part of their invested cash as part of a “bail in”.

It could be argued that the potential for institutional investors to lose part of their investment has always been there and is the main driver behind the rates “rewarded” when an investment is made. The structure keeps the equity investor and bond holders at the top with Institutional Investors, therefore there is a significant buffer before the Council’s cash holdings would be affected.

The Treasury section completes regular monitoring of the potential affect a significant market correction would have on the various banks the Council has deposited money with and will make adjustment to the strategy should any issues be identified.

7.4 **Treasury Savings Targets**

Historically the Council has maintained a prudent and low risk treasury investment strategy. This approach has ensured that the Council has not lost money from any of its investments, while achieving a return commensurate with the risk taken. This approach has led to treasury having a significant impact on the Council's overall funding requirements, both in terms of generating income from investments and from reducing the costs of borrowing to support the Council's capital programme.

In order for Treasury to support the reduced budgets for 2015/16 to 2018/19, Members agreed a number of savings targets for treasury as outlined in table 4 below, which shows the accumulative effect of the savings. A total of £1.6m worth of savings will have been removed from the annual treasury budget from 2018/19.

Table 4: Treasury Savings Targets for 2015/16 to 2018/19

Saving Reference	Savings Proposal	2015/16 £000	2016/17 £000	2018/19 £000	Total £000
CEX/SAV/27	Increase in Average Return	500	500	250	1,250
CEX/SAV/29	Increase Counterparty Risk	250	0	0	250
CEX/SAV/54e	Increase Duration Risk	100	0	0	100
	Total Savings	**850**	**500**	**250**	**1,600**

7.5 **Return Target 2018/19 to 2020/21**

To achieve the interest, target the treasury section needs to achieve the following average returns on an average cash balance of £160m (excluding EIB cash):

2018/19	1.40%
2019/20	1.70%
2020/21	2.00%

The increased return is heavily reliant on interest rates increasing from their current near historic lows. The increase does not need to occur in the first half of 2018 as treasury section has secured a return through longer dated investments, which is currently expected to achieve the 1.60% return for 2018/19. However, if rates do not increase by early 2018 then the return target for 2018/19 will be very challenging to meet without significantly increasing the duration risk and / or the counterparty risk.

7.6 **HRA Investments**

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

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

8. The Capital Expenditure Plans 2018/19 – 2020/21

8.1 The Council's Housing (HRA) and General Fund (GF) capital expenditure plans, together with Balances and Reserves, are the key drivers of treasury management activity. The estimates for Capital expenditure, and its funding based on current proposed Revenue Budget and Capital Programmes, are reflected in prudential indicators, which are designed to assist Members overview and confirm capital expenditure plans. The Prudential Indicators are included in Appendix 3 of this report.

8.2 Table 5 below shows the proposed capital expenditure over the coming three financial years. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and to consider the impact on Council Tax and, in the case of the HRA, housing rent levels.

Table 5: Proposed Capital Expenditure 2018/19 – 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	120,849	135,809	142,738	10,985	1,901
HRA	57,391	90,719	82,730	57,960	56,000
Total	178,241	226,528	225,467	68,945	57,901
Financed by:					
Capital Grants	81,333	38,415	34,707	0	0
Section 106	43	0	0	0	0
Revenue Contributions	860	990	400	400	400
Capital Receipts	13,687	25,698	2,809	400	350
HRA Contributions	40,668	79,804	82,730	57,960	56,000
Sub-Total	**136,591**	**144,908**	**120,646**	**58,760**	**56,750**
Net financing need for the year	**41,650**	**81,620**	**104,821**	**10,185**	**1,151**

8.3 The estimated financing need for the year in Table 5 represents a shortfall of resources resulting in a requirement to borrow. This underlying need to borrow is the CFR. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

8.4 A portion of the net financing need has already been borrowed as this relates to the Abbey Road Phase 2 and Gascoigne regeneration schemes which was borrowed from the European Investment Bank.

8.5 Other long-term liabilities**:** the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements, which already include borrowing instruments.

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

9. Treasury Management Advisors

9.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

9.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

10. Minimum Revenue Provision Policy Statement

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

10.2 A Department for Communities and Local Government (DCLG) consultation on Investment Guidance, which included potential changes to MRP closed on 22 December 2017, although the final proposals were not available in time to be included in this report.

10.3 The Cabinet is asked to approve the Minimum Revenue Provision Policy Statement set out in Appendix 4.

11. Impact of MIFID II reforms from 3 January 2018

11.1 Under MIFID II, all local authorities will be classified as retail counterparties and will have to consider whether to opt up to professional status and for which types of investments. The Council has now completed its opting up process with it advisors, brokers and banks.

12. Financial Implications

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

13. Legal Implications

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

13.1 It is a statutory requirement under the Government Finance Act 1992 (LGFA 1992) for the Council to set out what the council has to base its budget calculations upon. Further it's a legal requirement for the council to set a balance budget with regard to the advice of its Chief Finance Officer. However, what is meant by 'balanced' is not defined in law and this has means that the Council must rely upon the professional judgement to ensure that the local authority's budget is robust and sustainable. The Local Government Act 2003 requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Council also has to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.

13.2 This report sets out the Councils strategies in accordance with the Act.

14. Other Implications

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

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

List of appendices:

- Appendix 1 – Annual Investment Strategy 2018/19
- Appendix 2 – Borrowing Strategy 2018/19
- Appendix 3 – Treasury Management and Prudential Indicators 2018/19 – 2020/21
- Appendix 4 – Minimum Revenue Provision Policy Statement 2018/19
- Appendix 5 – Treasury Management Scheme of Delegation 2018/19

Appendix 1

Annual Investment Strategy 2018/19

1. Background

1.1 In 2010 the DCLG issued Investment Guidance with the key intention of the Guidance to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. To facilitate these objectives the guidance requires this Council to have regard to the 2011 revised CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Code). This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the DCLG Guidance.

1.2 However, currently a consultation has been published by the DCLG considering changes to the 2010 Guidance which will impact the Prudential Code, the Treasury Management Code and the Minimum Revenue Provision (MRP) guidance. The key changes proposed are around ensuring that prudence and comprehensive due diligence forms part of any Council investment, including both treasury and property investments. The changes require greater transparency to ensure that Members understand and approve the overall investment strategy.

1.3 Although the exact requirements in the consultation are not known, this Council has a good track record of transparency of its treasury investments, and this report has been written to include all the proposed reporting requirements within the consultation. However, if additional reporting is required, then this will be included in the 2017/18 Treasury Management Annual Review report, due to be reported in June 2018.

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

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

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

2. Annual Investment Strategy (AIS)

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

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

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

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

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

5. An additional consideration is the variable cash position the Council will have because of Council's investment strategy. The investment strategy will mean that the Council will be making significant borrowing and investment decisions, and these may result in period where the Council has a significant allocation to a counterparty.

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

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

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

3. Creditworthiness policy

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

- **Yellow** 5 years
- **Dark pink** 5 years - enhanced money market fund with a credit score of 1.25
- **Light pink** 5 years - enhanced money market fund with a credit score of 1.50
- **Purple** 2 years
- **Blue** 2 year (only applies to Royal Bank of Scotland)
- **Orange/Red** 1 year
- **Green** 100 days
- **No colour** not to be used

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

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

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

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

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

4. The Monitoring of Investment Counterparties

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

5. Use of External Cash Manager(s)

5.1 The Council no longer uses an external cash manager (ECM) within its investment portfolio, with all investments and borrowing managed in-house. Were the Council to use an ECM in the future there would be a requirement for the ECM to comply with the AIS. Any agreement between the Council and the ECM will stipulate guidelines, durations and other limits to contain and control risk.

5.2 Prior to appointing an ECM, a full OJEU compliant tender process is required. An extensive background in cash management will be a prerequisite, alongside Financial Conduct Authority accreditation. The requirement to tender includes both for lending to a third party to invest and appointing an ECM to directly invest.

6. Use of additional information other than credit ratings

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

7. Credit Quality Criteria and Allowable Financial Instruments

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

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

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

7.3 <u>Non-Specified Investments</u>

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

Non Specified Investment Category (maturity greater than one year)	
a.	**Supranational Bonds** **(a) Multilateral development bank bonds** These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the UK Government**

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

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

7.4 Non-Treasury Investments

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

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

The Authority's existing non-treasury investments are listed in Appendix 1a.

Specified Investments and Non-Specified Investments Limits and Criteria

Counterparty / Financial Instrument	Minimum Credit Rating Criteria / Colour Band	Specified Investments		Non-Specified Investments	
		Maximum Duration	Counterparty Limit £m	Maximum Duration	Counterparty Limit £m
Council's Bank (currently Lloyds Baking Group)	A	T+1	£20m	N/A	N/A
Lloyds Banking Group SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A	Up to 1 year	£100m	1 to 3 years	£100m
Government Supported UK Bank – Royal Bank of Scotland SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	Blue	Up to 1 year	£50m	1 to 2 years	£50m
Other UK Banks & Building Societies SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond	Yellow Purple Orange/Red Green No Colour	N/A N/A Up to 1 year Up to 3 mths Not for use	£50m per counterparty	1 to 5 years 1 to 2 years 1 to 2 years N/A N/A	£50m per counterparty
Bond Funds - Corporate Bonds	Short-term F2, Long Term A	Up to 1 year	£20m	1 to 3 years	£20m
Local Authorities: Term Deposits	Not credit rated	Up to 1 year	£50m per authority	1 to 5 years	£50m per authority
UK Government - Treasury Bills, Gilts DMADF	UK Sovereign Rating	Up to 1 year	£50m	1 to 10 years	£20m
All types of Money Market Funds / Cash Plus	AAA	T+1	£30m per Manager	N/A	N/A
Property Funds	N/A	N/A		N/A	£40m

8. Use of other Local Authorities

8.1 For cash loans the Local Government Act (LGA) 2003 s13 suggests the credit risk attached to English, Welsh and Scottish local authorities is an acceptable one.

9. Use of Multilateral Development Banks

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

10. Use of Brokers

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

11. Country limits and Use of Foreign Banks

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

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

Approved countries for investments (Credit Rating as at 31 December 2017)

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

AAA	AAA	AA+	AA	AA
Australia	Netherlands	Finland	Abu Dhabi (UAE)	New Zealand
Canada	Norway	Hong Kong	France	South Korea
Denmark	Singapore	U.S.A.	Qatar	
Germany	Sweden	Austria	U.K.	
Luxembourg	Switzerland		Kuwait	

12. Third Party Loans

12.1 As part of the Council's Transformation Programme a number of loans have been made to third parties and wholly owned companies.

12.2 Each loan is closely monitored using the process outlined in section 13 below. The loan details, when it was agreed and the reason for each loan is outlined below.

i. Loan to Be First

At the November 2016 Cabinet, Members agreed to establish a new Council-owned company to manage the delivery of the borough's regeneration agenda, Be First, in line with Recommendation 8 of the report of the independent Growth Commission.

Be First is a 100% Council-owned company that is operationally independent of the Council, operating in the same way as a commercial organisation, and being accountable to members through a Shareholder Executive Board.

To support Be First cash flow requirements during the first few years of established, Members agreed a loan of up to £3.5m to Be First. The Loan details are:

Loan Amount:	£3.5m
Start Date:	1 October 2017
Repayment Date	31 March 2021
Rate:	4.0%
Loan Guarantee:	London Borough of Barking and Dagenham
Repayment:	Equal Instalments. First payment 31 March 2020
Drawdown Period:	1 October 2017 to 30 September 2018

ii. Loan to Barking & Dagenham Trading Partnership

Following the production of a Business Plan, Members agreed a £595k loan for the initial set-up costs, including training, branding, marketing, communications, specialist resources required to set up the new company and initial governance costs such as payments to Directors.

Loan Amount:	£595k
Start Date:	1 April 2018
Repayment Date	31 March 2021
Rate:	4.0%
Loan Guarantee:	London Borough of Barking and Dagenham
Repayment:	Equal Instalments. First payment 31 March 2019
Drawdown Period:	1 April 2018 to 30 September 2018

13. Provisions for Credit-related losses

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

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

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

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

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

14. End of year investment report

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

15. Policy on Use of Derivatives

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

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

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

16. Investment Training

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

17. Investment of Money Borrowed in Advance of Need

17.1 The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

Appendix 2

Borrowing Strategy 2018/19

1. Background

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

1.2 In January 2015, £89m was borrowed for the Council's General Fund (GF) from the European Investment Bank (EIB) to fund the regeneration of Abbey Road 2 and Gascoigne East. Abbey Road 2 is currently operational, bringing in sufficient income to cover the capital and interest costs, as well as generating income for the Council. Gascoigne East will be operational in 2018.

1.3 In November 2016, Cabinet approved the establishment of an Investment and Acquisition Strategy (IAS). Cabinet also approved an initial £250m investment budget and £100m land and property acquisition budget to support delivery of the IAS. The purpose of the IAS is to support the Borough's growth opportunities and to ensure that the Council, and future generations, benefit by increasing the Council's ownership of long-term income producing assets.

1.4 The IAS has an income objective and a target of delivering £5.12m by 2020/21. The IAS will be delivered primarily by the Council's development vehicle, Be First, and it is expected that Be First will accelerate the regeneration of the borough.

1.5 The IAS will support the Council to fundamentally change its approach to investment and regeneration. Going forward the Council will become a proactive developer and investor, helping to support growth opportunities and ensure that the Council and future generations benefit by increasing its ownership of long-term income producing assets. Potentially 44 schemes are in the pipeline over a period of 15 years, with the total capital expenditure estimated at over £2bn, were the whole programme funded by the Council. Whilst the Council will use, where possible, capital receipts it generates from land sales to help finance acquisition costs, the main source of financing of the full programme will be from borrowing.

1.6 It is expected that the net capital expenditure required, which is the capital spend less any money received from private sales and shared ownership, will be significantly less than £2.0bn. There may also be occasions where refinancing may be used to secure borrowing on the properties when they are operational and in some cases properties will be sold to fund new regeneration schemes.

1.7 Due to the scale of the regeneration programme borrowing from the Public Works Loan Board (PWLB) will be considered, especially when rates are low, as will institutional funders such as the EIB. In addition, it may be more advantageous to raise finance through the issuance of a bond or seek funding from the capital markets. A range of borrowing periods will also be used based on cashflow requirement, ensuring that not all borrowing is long term and that the debt repayment is linked to the income generated from both the rental returns and the sales receipts.

1.8 It is important to highlight that the Council's IAS will increase the Council's interest payment costs significantly. Were the Council to borrow a billion pounds at 2.5% then the interest costs would be £25m per year. Although this will be funded by rental income from the various schemes, this will still result in a long-term obligation on future generations as some of the loans that will be taken out have maturity dates of 50 years.

1.9 An additional consideration is the cost of borrowing during the construction phase. Borrowing costs are high during the construction period as there are still borrowing costs but no income coming in from the scheme. Short-term borrowing, structured borrowing and cross subsidising from other schemes will reduce the impact of this but there will remain a financing and interest rate risk during this period.

1.10 The Council recognises that investment in other financial assets and property primarily for financial return and taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

1.11 The Council will ensure that all its investments are covered in the IAS and will set out, where relevant, it's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

1.12 The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.This schedule will be part of a capital strategy developed in response to the revised Prudential and TM Code requirements

2. The Council's Borrowing Strategy

2.1 The decision to borrow is a treasury management decision and is taken by the COO under delegated powers of the Council's constitution and after consultation with the Group Manager – Treasury and Pensions and the Director of Finance. The key objective of the Council's borrowing strategy is to secure long term funding for capital projects and IAS at borrowing rates that are as low as possible.

2.2 Currently the Council has a hollistic approach to borrowing, taking into account cashflow, borrowing costs and investment returns to drive the net cost of borrowing down, while keeping the borrowing transparent and relatively easy to understand. This hollisitc approach has resulted in very low net borrowing costs, with the 2017/18 net interest budget of £2m supporting £245m of General Fund long term borrowing. This equates to a net cost (interest payments less interest income) of 0.81% for an average duration of approximately 41 years. While it will not be possible to keep borrowing costs this low for future borrowing, this hollistic approach will be maintained, with transparency a key driver behind any borrowing decision.

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

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

2.4 In 2018/19 a significant amount of borrowing is required. The COO and treasury section will monitor interest rates and, where possible, make borrowing decisions when rates are low, while taking into account the Council's debt repayment profile and cashflow requirements. The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:

- Use internal cash balances;
- Using PWLB, the EIB or Local Authorities for fixed term loans;
- Using Institutional investors (Pension Funds and Insurance Companies);
- Ensure new borrowings are drawn at suitable rates and periods; and
- Consider the issue of stocks and bonds if appropriate.

2.5 The Council has £30m of fixed rate Lender's Options Borrower's Option (LOBO) loans and all of them will be in their call period during 2018/19. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower (the Council) can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the Lender's discretion. Any LOBO called will have the default position of repayment of the LOBO without penalty, i.e. the revised terms will not be accepted.

3. Council's Current Debt

3.1 The Council currently has £665.1m of debt at an average rate of 2.49%. This can be broken down as follows:

Borrowing	Amount Borrowed £'000s	Average Rate of Borrowing
General Fund		
LOBO	30,000	4.03
Local Authority (Medium-Term)	19,000	0.97
Local Authority (Short-term)	120,550	0.33
Market Loan	89,655	2.25
PWLB	130,000	2.37
Total General Fund Borrowing	**389,205**	**1.77**
HRA		
LOBO	10,000	3.98
PWLB	265,912	3.50
Total HRA Borrowing	**275,912**	**3.51**
Total Council Borrowing	**665,117**	**2.49**

3.2 General Fund Debt

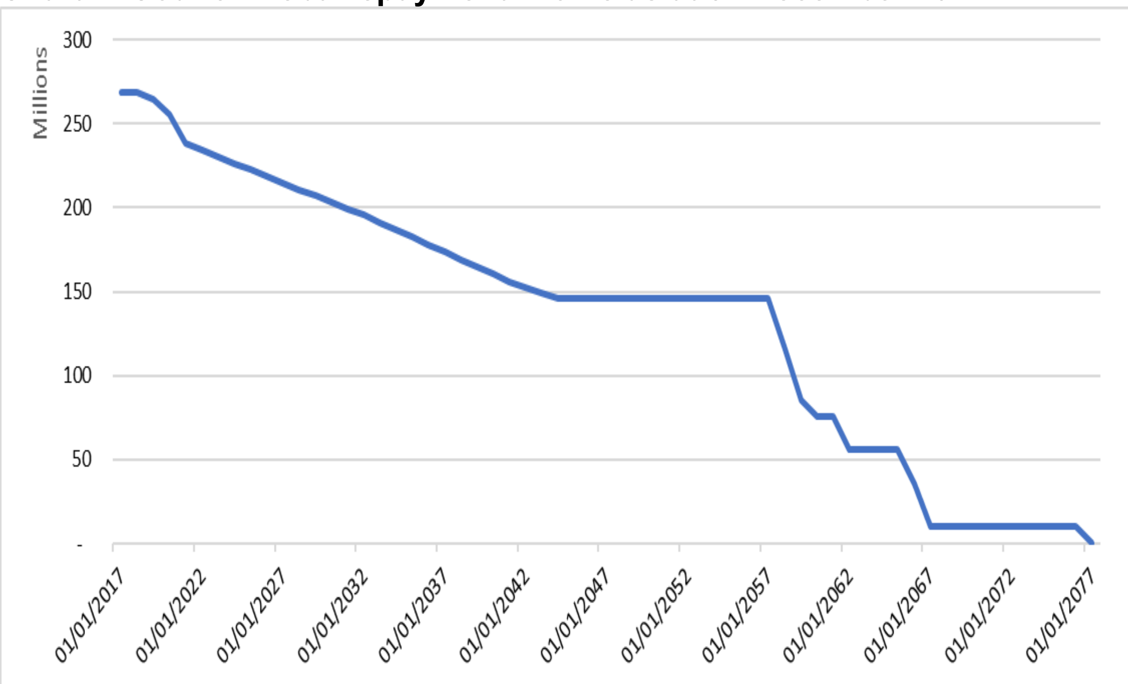
The GF debt can be split into Short-Term borrowing and Long-Term borrowing. Short-term borrowing is used to manage the Council daily cash requirements and to allow the Council to make strategic, longer term borrowing decisions without a significant impact from the cost of carry.

Long-term borrowing has historically been used to fund the Council's capital expenditure but is now mainly used to fund the Council's IAS. The Council first borrowed over a long-term period in 2008, with more significant borrowing in the past three years. While borrowing is not attributed to specific projects, the following are substantial elements of the capital programme:

Year	**Amount**	**Reason for Borrowing**
Pre-2015	£30m	Borrowing for Capital Expenditure
2015	£89m	Borrowing for Abbey Road and Gascoigne East Regen.
2016	£59m	Borrowing for Land and Property Acquisition
2017	£90m	Borrowing for Street Purchases and Acquisitions
Total	**£268m**	

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

Chart 1: Council Debt Repayment Profile as at 31 December 2017



3.3 Borrowing from Financial Institutions

The treasury section will generally borrow from the PWLB when rates are low. However, where cheaper or more appropriate borrowing is available from other financial institutions then this is used as an additional source of financing.

Currently the following loans have been borrowed from financial institutions:

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

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

The drawdown of the full £89m was completed on 30 January 2015 at a rate of 2.207%.

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

At its meeting on 2 December 2015 the Council agreed to borrow £7.5m from the GIB to finance the Low Energy Street Light Replacement Programme via the UK GIB Green Loan.

On 15 December 2016, a loan of £7.0m was borrowed from the GIB at a rate of 3.44% for a duration of 30 years. The borrowing drawdown period will be over a two-and-a-half-year period and will match the forecast expenditure. The repayment of the loan has been structured to best match the cashflows expected to be generated from the energy savings.

3.4 HRA Self Financing

The Council uses a two loans pool approach for long term debt. The £265.9m of PWLB long-term debt from the HRA reform is allocated to the HRA. A breakdown of the HRA borrowing is provided in table 5 below:

Table 5: HRA borrowing:

Loan Type	Loan Amount	Maturity profile	Interest Rate
	£'000s	Yrs.	%
PWLB	50,000	24	3.51
PWLB	50,000	34	3.52
PWLB	50,000	42	3.49
PWLB	50,000	43	3.48
PWLB	65,912	44	3.48
Barclays	10,000	60	3.98
Total	**275,912**		

The HRA debt cap is currently set at £278m; however, the Council has been given approval from the DCLG to exceed this by £13.95 making the new total cap £291.60 onwards from 2018/19.

4. Repayment of Borrowing

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

4.2 The reasons for any rescheduling to take place will include:

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

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

5. Policy on borrowing in advance of need

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

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

APPENDIX 3

Treasury Management and Prudential Indicators 2018/19 – 2020/21

1. Introduction

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

The Prudential Code was revised in 2017 with the main changes being the inclusion of the Capital Strategy requirements and the removal of some indicators. The changes are reflected in this Prudential Indicators report and in the Capital and Borrowing Strategy (appendix 2).

To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out a number of indicators that must be set and monitored each year. These indicators are outlined in this report.

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

Currently the Council is going through a period of significant investment and regeneration, with the Investment and Acquisitions Strategy (IAS) agreed to establish the framework for the capital expenditure. Be First has also been appointed to drive through the Council's ambitious regeneration programme, with the aim of speeding up the planning and investment process.

Members are asked to be aware that the estimates in the Capital Expenditure Forecast for 2018/19 to 2020/21 only include the capital expenditure that has been agreed by Cabinet. As such this will likely change significantly as the schemes within the IAS are formally agreed. An updated Capital Expenditure Forecast will be brought for Member approval as part of the Treasury Management Mid-Year Review report to reflect any agreements that are made after this report.

Part of the Capital Expenditure includes the financing of Reside 2 (Abbey Road 2 and Gascoigne East regeneration). Funding of Reside 2 is from a loan from the European Investment Bank (EIB). Abbey Road 2 is now being let and is bringing in income, which will be used to repay the loan and interest to the EIB as well as provide significant net cash inflows into the Council. Gascoigne East will be operational in 2018. Members are asked to approve the capital expenditure forecasts in Table 1:

Table 1: Capital Expenditure Forecast 2018/19 to 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	**Estimate £000**	**Estimate £000**	**Estimate £000**	**Estimate £000**
Service Development & Integration	67,191	0	0	0	0
Customer, Com. & Service Delivery	7,587	0	0	0	0
Finance & Investment	25,151	0	0	0	0
Growth & Homes	20,851	0	0	0	0
Be First	0	1,978	477	0	0
Care & Support	0	1,791	400	400	400
Community Solutions	0	4,330	1,720	400	350
Core	0	8,302	100	438	172
Customer Access & Technology	0	4,359	0	0	0
Education, Youth & Childcare	0	25,075	32,741	0	0
Enforcement	0	10,170	5,247	4,484	40
Culture, Heritage & Recreation	0	4,305	3,836	550	600
Investment Strategy	0	482	31,125	0	0
Growth & Homes & Regeneration	0	67,664	65,177	3,916	0
My Place	0	1,209	0	0	0
Public Realm	0	1,080	706	205	195
SDI Commissioning	0	4,459	1,112	480	0
Traded Services	0	517	0	0	0
HRA	57,391	90,719	82,730	57,960	56,000
Finance Lease & PFI Additions	69	88	96	112	144
Approved Capital Programme	**178,241**	**226,528**	225,467	**68,945**	**57,901**
Funded by Corporate Borrowing	**41,650**	**81,620**	**104,821**	**10,185**	**1,151**

Table 2 summarises these capital expenditure plans, identifying if the spend is financed by capital or revenue resources, with any shortfall funded by borrowing.

Table 2: Capital Expenditure Financing Plans 2018/19 – 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	**Estimate £000**	**Estimate £000**	**Estimate £000**	**Estimate £000**
General Fund	120,849	135,809	142,738	10,985	1,901
HRA	57,391	90,719	82,730	57,960	56,000
Total	178,241	226,528	225,467	68,945	57,901
Financed by:					
Capital Grants	81,333	38,415	34,707	0	0
Section 106	43	0	0	0	0
Revenue Contributions	860	990	400	400	400
Capital Receipts	13,687	25,698	2,809	400	350
HRA Contributions	40,668	79,804	82,730	57,960	56,000
Sub-Total	**136,591**	**144,908**	**120,646**	**58,760**	**56,750**
Net financing need for the year	**41,650**	**81,620**	**104,821**	**10,185**	**1,151**

The Council's borrowing requirement (CFR)

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP), a statutory annual revenue charge, reduces the borrowing need in line with each assets life. The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. Table 3 sets out the CFR until 2020/21 and are accumulative.

The Reside 1 costs are financed through an external lender via a Special Purpose Vehicle and is effectively self-financing.

The Council is asked to approve the CFR projections.

Table 3: Council's CFR 2016/17 – 2020/21

Capital expenditure	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Capital Financing Requirement	**Actual £000**	**Estimate £000**	**Estimate £000**	**Estimate £000**	**Estimate £000**
CFR – General Fund	223,979	258,275	316,520	309,817	296,776
Reside 1	91,021	90,624	90,212	89,783	89,337
Reside 2	26,718	64,944	100,504	104,721	104,721
CFR – Housing	278,472	278,472	278,472	278,472	278,472
Total CFR	**620,190**	**692,315**	**785,708**	**782,793**	**769,306**
Movement in CFR	33,139	72,125	93,393	(2,915)	(13,487)
Net financing need	41,650	81,620	104,821	10,185	1,151
Less MRP & financing movements	(8,511)	(9,495)	(11,428)	(13,099)	(14,638)
Movement in CFR	**33,139**	**72,125**	**93,393**	**(2,915)**	**(13,487)**

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

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

£'000s	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Maximum principal sums invested > 365 days	250,000	250,000	200,000	200,000

3. Treasury Indicators: Limits to Borrowing Activity

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

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

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

Interest rate exposures	**2018/19**	**2019/20**	**2020/21**
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
Limits on fixed interest rates:			
• ***Debt only***	100%	100%	100%
• ***Investments only***	90%	90%	90%
Limits on variable interest rates			
• ***Debt only***	70%	70%	70%
• ***Investments only***	80%	80%	80%

Maturity structure of fixed interest rate borrowing 2018/19		
	Lower	**Upper**
Under 12 months	0%	40%
12 months to 2 years	0%	60%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2018/19		
	Lower	**Upper**
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	80%

4. Treasury Indicators: Limits to Borrowing Activity

4.1 **The Operational Boundary -** this is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing. Given the uncertainty around the borrowing requirement resulting from the Council's IAS Programme, a margin has been included in these figures to reflect potential additional borrowing above the current CFR.

Operational boundary	2017/18	2018/19	2019/20	2020/21
£'000s	**Approved**	**Estimate**	**Estimate**	**Estimate**
Borrowing	**752**	**1,002**	**1,152**	**1,202**

4.2 **The Authorised Limit for external borrowing** – this represents a control on the maximum level of borrowing, with a limit set, beyond which external borrowing is prohibited. This limit must be set or revised by the full Council. The limit set includes a margin for borrowing to fund the Council's property investments.

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

Authorised Limit	2017/18	2018/19	2019/20	2020/21
£'000s	**Approved**	**Estimate**	**Estimate**	**Estimate**
Borrowing	**902**	**1,102**	**1,202**	**1,302**

4.3 **HRA CFR Cap -** the Council is also limited to a maximum HRA CFR through the HRA self financing regime. This limit is currently:

HRA Debt Cap	2017/18	2018/19	2019/20	2020/21
£'000s	**Approved**	**Estimate**	**Estimate**	**Estimate**
Total	277.649	277.649	291,599*	291,599*

* The HRA debt cap is currently set at £277.649m, however the Council has been given approval from the Department for Communities & Local Government, to exceed this by £3.2m and by a further £10.75m, making the potential total cap of £291,599 onwards from 2019/20.

This page is intentionally left blank

Appendix 4

Minimum Revenue Provision Policy Statement 2018/19

Background

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

2. The scheme of MRP was set out in former regulations 27, 28 and 29 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was radically revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. The revised regulation 28 replaced a requirement that local authorities calculate the MRP pursuant to detailed calculations with a duty to make prudent MRP.

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

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

5. MRP adjustments and policies are subject to annual review by external audit.

6. The Chief Operating Officer (COO) has delegated responsibility for implementing the Annual MRP Statement. The COO also has executive, managerial, operational and financial discretion to determine MRP and any practical interpretation issues.

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

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

9. This MRP Policy Statement has been revised to consider the Council's recently agreed investment strategy, which requires the use of MRP to be outlined in more detail, as well as to agree additional MRP options that are available for long-term property investments.

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

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

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

12. The methodology applied to pre-2008 debt remains the same and is an approximate 4% reduction in the borrowing need (CFR) each year. A review of this methodology will be carried out and reported for the Treasury Management Strategy Statement report in February 2018.

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

13. Where capital expenditure incurred from 1 April 2008 is on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset. The calculation method and the rate or the period of amortisation shall be determined by the COO.

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

15. The asset life method shall be applied to borrowing from 1 April 2008, which is treated as capital expenditure by either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations. The maximum useful economic lives will be 50 years for Freehold Land and 40 years for other asset classes. For regeneration schemes the COO shall determine the asset life and in some cases, this may exceed 40 years. When borrowing to construct an asset, the asset life will commence in the year the asset first becomes operational and MRP will be postponed until that year.

16. Where capital expenditure involves repayable loans or grants to third parties no MRP is required where the loan or grant is repayable. By exception, based on a business case and risk assessment, this approach may be amended at the COO’s discretion.

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

Loans to Special Purpose Vehicles

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

19. Initially the MRP the Council will use for the loans to the SPV will be the annuity repayment methodology over the useful life of the asset. The MRP will therefore reflect the repayment profile of the SPV to the Council and any borrowing made by the Council will made to match the cashflow requirements of the SPV.

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

21. Subsequently, where an investment property is operational and has been valued at sufficiently more than its net cost, as at each financial year end, at the discretion of the COO, no MRP will need to be set aside during that year. A key consideration of the COO will be if the property can be sold in an open market and that sale will potentially take place within a five-year period. Any MRP that has already been set aside for the investment property will be retained as a reserve against the property. For subsequent years a revaluation of the property will need to be completed. Where the asset is valued at less than its net cost, then MRP, net of any MRP already charged and based on the remaining life of the asset, will need to be set aside.

PFI leases

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

This page is intentionally left blank

APPENDIX 5

Treasury Management Scheme of Delegation 2018/19

Treasury management scheme of delegation

(i) Full board/council

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

(ii) Boards/committees/council/responsible body

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

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

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

The treasury management role of the section 151 officer

The S151 (responsible) officer

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

This page is intentionally left blank

CABINET

19 February 2018

Title: Regional Adoption Agency: Adopt London East Business Case	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Heather Storey, Head of Commissioning for Children's Care and Support	**Contact Details:** Tel: 0208 227 2827 E-mail: Heather.Storey@lbbd.gov.uk
Accountable Director: Chris Bush; Commissioning Director, Children's Care and Support	
Accountable Strategic Director: Anne Bristow, Strategic Director of Service Development and Integration	

Summary

In order to improve the processes that lead to timely adoptions the Department for Education in 2015 published *Regionalising Adoption.* This paper proposed that, rather than there being a very large number of small adoption agencies all working with a small number of adopters and children creating 'supply and demand' imbalances, that local authorities are clustered to form Regional Adoption Agencies. This would enable them to work with larger numbers of adopters and children, thus removing supply and demand imbalances and increasing the timeliness of adoption. The Education and Adoption Act 2016 reinforced the policy and required local authorities to form Regional Adoption Agencies (RAAs) by 2020.

The London Adoption Board is leading the development of proposals for London. It is proposed that there are 4 RAAs for London: one for the North; South; East, and West. Each RAA must be hosted either by a single local authority, jointly by two local authorities or by another agency such as a voluntary adoption agency. The host is required to undertake a set of adoption functions on behalf of the region.

Barking and Dagenham is part of the East RAA, known as Adopt London East. This RAA also includes LB Newham; LB Waltham Forest; LB Havering; and LB Tower Hamlets. LB Havering have expressed an intention to host Adopt London East. This is supported by all other Local Authorities in the East region.

This report sets out the current outline of the vision; function; roles and costs of joining Adopt London East and seeks in principle approval to pursue the strategy of joining Adopt London East, and to continue the work that is currently underway.

In July 2018 a further report will be brought back to Cabinet that will include further details and be based upon the final full business case for Adopt London East. That report will formally request authority to proceed to conclusion.

Recommendation(s)
The Cabinet is recommended to: (i) Agree in principle to the Council's participation in the east London Regional Adoption Agency known as 'Adopt London East'; (ii) Delegate authority to the Strategic Director of Service Development and Integration to progress the proposals and business case for Adopt London East on behalf of the Council; and (iii) Note that a further report shall be submitted later in the year seeking formal approval to the Council's participation in Adopt London East.
Reason(s) Joining a Regional Adoption Agency is a requirement with a fixed deadline of 2020. Providing an in principle agreement to join Adopt London East will allow work to continue to develop the full business case, and allow for a timely request for final decision to proceed to be made to Cabinet in such a way that will not threaten Council's ability to discharge statutory duties within timescale.

1. Introduction and Background

1.1 The Department for Education (DfE) paper, *Regionalising Adoption* proposed the move to regional adoption agencies in order to:

- Speed up matching of adoptive parents and children with adoption orders;
- Improve adopter recruitment and adoption support;
- Reduce costs and improve the life chances of vulnerable children.

1.2 The Education and Adoption Act 2016 reinforced the policy and requires local authorities to form Regional Adoption Agencies (RAAs) by the year 2020.

1.3 The London Adoption Board is leading the development of proposals for London. It is proposed that there are four RAAs for London, one each for the North, South, East, and West. The East London cluster includes LB Newham; LB Waltham Forest; LB Havering; LB Tower Hamlets; and Barking and Dagenham.

1.4 In line with legislation, each RAA must be hosted either by a single local authority, jointly by two local authorities or by another agency such as a voluntary adoption agency. The Council is part of the East RAA, known as Adopt London East. LB Havering have offered to host Adopt London East pending a final decision being made once firm plans have been developed, costed and agreed across all local authorities. Havering's offer to host has been accepted in principle by the other Adopt London East Councils.

1.5 Adopt London East is set up based on the current North-East London Adoption Consortium that includes the same Councils. Redbridge will not be joining Adopt London East and is making arrangements with another 3 LA's to form an RAA with

Coram, a voluntary adoption agency. These four LA's already have an existing relationship with Coram to deliver aspects of their adoption services.

1.6 Performance thresholds make clear the government's expectations for timeliness in the adoption system. These are as follows:

- The average time between a child entering care and moving in with its adoptive family, for children who have been adopted. The target for the 2013 to 2016 average (as measured during the 3 years 2013 to 2016) is 14 months.
- The average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family. The target for the 2013 to 2016 average (as measured during the 3 years 2013 to 2016) is 4 months.

1.7 Performance across London is variable, as is the volumes of children in need of adoption, which creates inefficiencies within from council-to-council. The cost per adoption in London ranges from £34k to £69k per adoption. There is significant variation in timeliness, however all the East London Boroughs making up the RAA, except for Waltham Forest, are in the longest quartile for adoption timeliness.

1.8 Barking and Dagenham is anticipating an early Ofsted inspection under the new framework that begins in January 2018. There are a number of action plans in place to improve adoption timeliness which will feed into preparation for the inspection. The new RAA forms part of these action plans and is expected to help to deliver improvements in both performance and cost-effectiveness.

2. Proposal and Issues

Overarching vision and scope of Adopt London

2.1 The Adopt London vision is to 'ensure that all London's children, who require adoptive families receive excellent services that meet their needs leading to excellent outcomes for them and their adoptive family'. The key objectives of Adopt London are:

- Improvement of life chances and long-term outcomes for children in need of adoption,
- including children categorised as harder to place
- Recruitment of sufficient adopters to meet the needs of London's children
- Reduction of the time taken to match children to the right adopters
- Provision of adoption support from the beginning of the process
- Increase consistency of service across London
- Reduce costs and achieve value for money
- Improve knowledge sharing and partnership working with the judiciary and universal services.

2.2 A key principle that will underpin all RAAs is that the child remains the responsibility of the local authority that is their corporate parent and that all decisions for the child are taken by that local authority who will continue to act in the child's best interests. This principle informs the scope of all RAAs. RAAs are expected to recruit prospective adopters and other activities that would benefit, including financially, from being undertaken regionally, for example, recruitment.

2.3 Fostering and Special guardianship orders are not in scope for the RAA.

Delivery Model

2.4 The London-wide proposed delivery model is a hub and spoke arrangement with four Adopt London agencies (also referred to as Spokes), North, South, East and West. The London-wide Hub will be hosted by Southwark who are also the hosts for Adopt London South. Each of these Spokes will be an independent RAA but will be supported by a common Memorandum of Understanding for its region with core elements that apply across London.

2.5 The geographic regions were developed through consideration of current consortia geography; volume of children and adopters and other consortium arrangements that are already in place.

2.6 Although there will be a hub and spoke arrangement and some local authorities will be acting as hosts for their regions, all local authorities will come to the partnership as equals and will shape their RAA as it emerges.

Functions

2.7 The Hub will carry out quality assurance of all RAAs in London, using data collected on agreed key performance indicators as well as a review of adoption processes against agreed pan-London policies and procedures.

2.8 The table below shows the plan of the functions to be delivered by the regional agency, as set out in the 'Adopt London Outline Business Case, Oct '17', and whether these will be delivered through London RAA hub, spokes or local authority.

Practice Area	Hub	Spoke	Local Authority
Early permanence	• Coordinate adoption information evenings • Provide information pack including FfA • Arrange and deliver FfA / concurrent planning training	• Attend LA permanency planning meetings where required to find out about and track relevant children • Enter children onto LRAA tracker	• Permanency planning function recommends adoption as an option • Liaise with LRAA spoke to enable attendance at planning meetings and ensure relevant data provided and updated • ADM decision for adoption as option
Recruitment and assessment	• Marketing and advertising • Receive initial enquiry and registration of interest • Decision on ROI • Tracking of adopters throughout process ensuring preparation for approval panel • Organise adopter approval panel	• Stage 1 and 2 assessments of prospective adopters • Update information on adopters in the tracker • Adopter approval panels delivered • ADM decision for adopter approval	• Sign off dual approval adopters as foster carers (if needed – LRAA could seek exemption from DfE to approve foster for adoption placements without registration as a fostering agency)

Family finding and matching	• Organise matching panels and present recommendations • Facilitate development of common principles for allowances	• Linking and matching through discussion with child social workers • Add children without preidentified links to the national database • Support matching process and preparation of documentation for panels • Matching panel delivered • Arranges child appreciation day • Provide family support in line with LAC requirement and support application and submission of adoption order	• Liaise with LRAA to discuss linking and matching • Involvement in child appreciation day • Link with LRAA to develop panel documentation • ADM decision for match • Child case work to prepare for adoption and support through placement
Adoption support	• Adoption training and development package for prospective adopters • Peer-to-peer helpline with referrals to support • ASF regional oversight • Commission adoption support services • Coordinate adult adoptee support • Independent birth family support	• Assess adopters for support • ASF application • Deliver support services • Commission adoption support services (below agreed value)	• Store historical records and enable access to these • Collating information for life story book • Later in life letter
Other	• Leadership of pan-London regional adoption • London-wide strategy development • Quality assurance and performance management of spokes • Data monitoring • Develop research partnerships • Coordinate staff training and development	• Management of staff within spoke • Work closely with hub to drive pan-London improvement	

Governance

2.9 The governance arrangements for the Hub and spokes are set out in the Adopt London outline business case. The governance proposals are for a joint committee approach, with the pan-London Strategic Board that has led the development of RAA's remaining as the overarching Board overseeing the development and implementation of the four RAAs.

2.10 The four RAAs would form a Board to oversee implementation across London to achieve appropriate consistency. Each Spoke would then have its own management board composed of the LAs in that region.

2.11 Legislation allows for a local authority to delegate functions to another local authority. However, the Pan London Strategic Board is seeking legal advice on the joint committee approach and this detail will be included in the business case being presented to Cabinet in June 2018.

2.12 All RAAs will be subject to a performance management framework that is based on key indicators related to the Adopt London objectives.

Financial Issues

2.13 Adopt London has proposed savings of 5% for the first year for each Local Authority and then an additional 1% for each of the next two years.

2.14 The DfE is yet to establish exactly which parts of the adoption team will form part of Adopt London East. This is because each adoption agency across London is set up differently and therefore costs are different. Adopt London and the DfE are currently finalising the guidelines on this matter, and precise costs and savings will be made explicit in the Full Business Case presented in July 2018.

3. Options Appraisal

The Case for Change

3.1 The Adopt London business case argues that a pooled and dedicated service for adoption will deliver better outcomes for young people through stronger leadership, more resilient services, pooled resources and capacity to share best practice. At this stage there are no alternative options to consider, as we are required to join a RAA.

3.2 Through cooperation rather than competition it will be able to ensure that all the right adopters matched with need leading to both efficiency savings and better outcomes for young people.

Benefits for LBBD of joining the RAA

3.3 We have significantly more ‘hard to place’ children than our neighbours. As a result, the borough will benefit from a wider pool of adopters, and increased opportunities of finding a match.

3.4 It is hoped that joining the RAA will mean that the process of family finding is more streamlined, leading to improvements in adoption timeliness.

3.5 Closer integration of local authorities should enable a more joined up and coherent relationship with the courts.

3.6 The fixed costs of joining the RAA should mean that the year-on-year spend should be more predictable.

Risks associated with joining the RAA

3.7 Joining the RAA means sharing risk with the other authorities. Adoption performance goes up and down and as part of the RAA, and the Council may have to contend with changing performance of other LAs alongside our own.

3.8 Whilst joining the RAA provides more stability in terms of costs, it also allows less freedom to make savings locally.

3.9 There are some as to how Local Authorities will share contract rules and legal advice, and clarity is required on this matter. Unless otherwise agreed, the Council will be agreeing to the approval process of the lead borough, in this case LB Havering.

3.10 The greatest risk is that of doing nothing. If the Council does not sign up to the RAA then we will be directed by the Secretary of State as to new adoption arrangements.

4. Consultation

4.1 This report was discussed at the Council's Corporate Strategy Group in December 2017. Joining the RAA has formed a core part of adoption improvement plans which have been led by the Cabinet Member for Social Care and Health Integration's, as well as discussed numerous times at Children's Services Select Committee.

5. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager – Service Finance

5.1 This report asks Cabinet to agree that the Council should pursue the strategy of joining the East London Regional Adoption Agency and to delegate responsibility for decision making in order to achieve this.

5.2 The total cost of our current adoption service is £4.526m. This includes £3.5m for adoption allowances and grants, £0.1m for corporate support/recharges and also around £0.18m for staff who primarily support Special Guardianship Orders which are out of scope of this initiative. More detail work on defining the precise scope is required before the cost can be finally calculated but it is expected to be in the region of £0.7m. It will be very important to ensure that the definition of the scope and the calculation of cost are aligned to avoid the authority being left with unfunded responsibilities.

5.3 The underlying principle of the business case is that the regional agency will achieve a 5% saving on behalf of the joining boroughs and so we will pass across 95% of the current budget. This will provide LBBD with a saving of approximately £0.035m.

5.4 The Children's Care and Support service have ambitious savings targets over the next few years of the MTFS. During preparation of the Children's target operating model it had been assumed that regionalisation would produce greater savings – potentially as much as £0.19m. Achieving only 5% from the transfer therefore requires greater savings to be made in other initiatives. Work has already started on identifying these further initiatives and proposals.

5.5 There is no additional funding for any consequential costs of this transfer such as commissioning costs or management costs for the residual service. This may mean restructuring services to avoid or absorb these costs.

5.6 If the creation of the regional agency results in other benefits such as improved adoption timeliness then there may also be some consequential financial benefits such as savings on the LAC budget. However these are difficult to quantify at this stage.

6. Legal Implications

Implications completed by: Lindsey Marks, Deputy Head of Legal (Social Care and Education)

6.1 A legislative framework for the regionalisation of adoption services came into existence on the 16 March 2016 through the Education and Adoption Act 2016 which requires local authorities to join a regional adoption agency. Section 15 Education and Adoption Act 2016 provides the Secretary of State with the power to direct the transfer of adoption functions of a local authority to another local authority or adoption agency. The functions specified are the recruitment of persons as prospective adopters; the assessment of prospective adopters' suitability to adopt a child; the approval of prospective adopters as suitable to adopt a child; decisions as to whether a particular child should be placed for adoption with a particular prospective adopter; and the provision of adoption support services,

6.2 The legal issues regarding contracts, procurement and transfer of functions to the Regional Adoption Agency would be similar to those experienced when considering contracting with another provider which affects employees' terms and conditions of employment including pension arrangements and continuous service.

7. Other Implications

7.1 **Risk Management:** The risks are outlined above. This report is requesting a decision in principle, with any risks in the immediate term to be managed by Strategic Director of Service Development & Integration. This will be followed by a full business case detailing the risk management proposal in June 2018.

7.2 **Contractual Issues:** A contractual agreement with the RAA and other local authorities will be drawn up. Details of this will be outlined in full business case. The expectation is that certain contractual arrangements will be delegated to the RAA but this will be covered in the further report to Cabinet later in the year.

7.3 **Staffing Issues:** 95% of the adoption costs in scope will be expected to be transferred to the RAA. There will be significant HR and TUPE implications in order to meet this. Based on current staffing it is likely that two assessors, two family finders, 1.5 post adoption workers and one deputy team manager will be TUPE'd across. There are significant implications for the service structure, as the service left behind (those positions that are out of scope for the RAA) will be reduced and will need to reconfigure to be sure there is, for example, sufficient management cover.

7.4 **Corporate Policy and Customer Impact:** Working cooperatively and getting best value ties in with the corporate priorities of ensuring a well-run organisation and the drive to realise better outcomes for residents.

7.5 **Safeguarding Children:** Adoption is a good option for young people who are no longer able to live with their birth parents. Joining the RAA is anticipated to improve the timeliness and appropriateness of adoption matches. It is not anticipated that joining the RAA to change to core safeguarding policies.

7.6 **Health Issues:** It is not expected that joining the RAA will have any specific health implications

7.7 **Crime and Disorder Issues:** It is not expected that joining the RAA will have any Crime and Disorder implications

7.8 **Property / Asset Issues:** It is not expected that joining the RAA will have any Property and Asset implications

Public Background Papers Used in the Preparation of the Report:

- Department for Education (2015) paper titled *Regionalising Adoption* (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437128/Regionalising_adoption.pdf)

List of appendices: None

This page is intentionally left blank

CABINET

19 February 2018

Title: Corporate Plan 2017/18 – Quarter 3 Performance Reporting	
Report of the Cabinet Member for Corporate Performance and Delivery	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Laura Powell, Strategy and Performance Officer	**Contact Details:** Tel: 020 8227 2517 E-mail: laura.powell@lbbd.gov.uk
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary:

The Corporate Plan 2017/18 is a key document developed to ensure the Council has a co-ordinated approach to delivering the vision and priorities, and makes best use of the resources available. Key Performance Indicators (KPIs) and Key Accountabilities have been developed to monitor performance against the priorities and frontline services.

Progress is reported quarterly to the Corporate Performance Group (CPG) and Cabinet and every six months to the Public Accounts and Audit Select Committee (PAASC). An in-depth focus on performance takes place at the Performance Challenge Sessions held quarterly, with areas of concern scrutinised at 'Deep Dive' sessions on a monthly basis.

The corporate performance framework for 2017/18 consists of KPIs and Key Accountabilities presented under the Cabinet portfolio areas to form the basis of corporate performance monitoring. The framework sets out what needs to be monitored in the year ahead whilst acknowledging that a new framework will be required by 2018/19, as the Council moves further towards becoming a commissioning-based organisation.

This Quarter 3 report provides an update of performance between 1 April 2017 and 31 December 2017 against the Key Performance Indicators (KPIs) and Key Accountabilities.

Recommendation(s)

The Cabinet is asked to:

(i) Note progress against the Key Accountabilities as detailed in Appendix 1 to the report;

(ii) Note performance against the Key Performance Indicators as detailed in Appendix 2 to the report; and

(iii) Agree any actions to address areas of deteriorating performance.

Reason(s)
To assist the Council in achieving its priority of a “Well run organisation”.

1. Introduction

1.1 The Council’s vision and priorities were developed and agreed by Assembly in September 2014. The Corporate Plan 2017/18 is an important part of ensuring the Council has a clear focus on delivering the vision and priorities for Barking and Dagenham. The Plan allows the Council to make best use of limited resources in areas that will make the greatest difference in achieving the overall vision and priorities.

1.2 Despite aiming to set a balanced budget for 2017/18, further savings are required. In order to deliver the priorities, we have to remain efficient by maximising the opportunities to be digital by design, manage demand for services, generate income and adopt new ways of working through community hubs and a new relationship with the voluntary sector and the community. This is in line with the direction of travel of many local authorities.

1.3 The Corporate Plan is a key part of the Council’s overall 2017/18 performance framework and ‘golden thread’ which links the vision and priorities through to the key accountabilities and indicators, business plans, team work programmes and individual objectives in appraisals. It was developed in order to ensure that the Council’s contribution to achieving the priorities was proactive, co-ordinated, resourced in line with the MTFS and monitored so that Members and residents could see progress.

1.4 All 2015-2017 business plans were completed and detail key service priorities linked to the corporate priorities, deliverables, actions services will take (with timescales) and resources to take forward the priorities in the Corporate Plan.

1.5 To complete the golden thread, all staff have an annual appraisal (with a formal six-monthly review). Through this process, performance in the last year is reviewed and objectives set for the year ahead. Individual objectives are set based on business plans, thereby ensuring all staff are focused and working towards delivering the Council’s priorities. Staff are also assessed against competencies based on the values, on the basis that success also depends on the way they carry out their role. Individual learning and development needs are also identified through this process.

1.6 Alongside a formal appraisal, all staff should have regular supervision or one-to-ones. This enables performance to be monitored and issues addressed. The aim is to help people maximise their performance, but also to provide a formal capability process should there be consistent under-performance.

2 “What we will deliver” – 2017/18 Key Accountabilities

2.1 In the development of the Corporate Plan, a number of Key Accountabilities were identified that linked to the Council delivering the vision and priorities as well as service delivery over the year ahead.

2.2 The Key Accountabilities (Appendix 1) are a key element of the corporate performance framework and will continue to be reported to CPG and Cabinet on a quarterly basis and at PAASC every 6 months. They have also been used as a key aid for discussions at the quarterly Performance Challenge Sessions.

3 Key Performance Indicators 2017/18

3.1 This report provides a performance update at Quarter 3 (for the period 1st April 2017 to 31st December 2017) on the key performance indicators for 2017/18 (Appendix 2).

3.2 Throughout the year, the KPIs will be reported with a RAG rating, based on performance against target. Where relevant, in-year targets have been set to take into account seasonal trends / variations, as well as provide performance milestones. Assessing performance against in-year targets makes it easier to identify progress at each quarter, allowing for actions to be taken to ensure performance remains on track to reach the overall target for the year.

4 Performance Summary - Key Performance Indicators

4.1 The key performance indicators focus on high-level areas of importance and allow Members and officers to monitor performance in those areas. In addition to these corporate indicators, throughout the organisation there are a significant number of service level indictors which are monitored locally and provide a more detailed picture of performance.

4.2 A detailed breakdown of performance for Quarter 3 2017/18 (1st April 2017 – 31st December 2017) is provided in Appendix 2.

4.3 Those indicators which have seen a significant improvement or may be an area of concern have been included in the body of this report.

4.4 In order to report the latest performance in a concise manner, a number of symbols are incorporated in the report. Please refer to the table below for a summary of each symbol and an explanation of their meaning.

Symbol	Detail
↑	Performance has improved when compared to the previous quarter and against the same quarter last year.
⇔	Performance has remained static when compared to the previous quarter and against the same quarter last year.
↓	Performance has deteriorated when compared to the previous quarter and against the same quarter last year.
G	Performance is expected to achieve or has exceeded the target.
A	Performance is within 10% of the target.
R	Performance is 10% or more off the target.

4.5 The table below provides a summary at Quarter 3 2017/18 of the direction of travel for all KPIs. Depending on the measure, Direction of Travel is determined by comparing performance with the same period last year (Quarter 3 2016/17), or performance from the previous reporting period (Quarter 2 2017/18). This should be considered in the context of significant budget reductions and our continuation to improve services.

Direction of travel			
↑	⇔	↓	N/A
29 (62%)	0 (0%)	13 (28%)	5 (11%)

4.6 The following table provides a summary of the number of indicators with either a Red, Amber of Green rating, according to their performance against the 2017/18 target.

RAG Rating against 2017/18 target			
G	A	R	N/A
24 (51%)	10 (21%)	5 11%)	8 (17%)

5 Key Performance Indicators – Rated Not Applicable (n/a)

5.1 At Quarter 3, some indicators have been allocated a Direction of Travel, or RAG Rating of 'Not Applicable'. The reasons for which are set out in the tables below.

Reason for Not Applicable Direction of Travel	Number of indicators
New indicator for 2017/18 / Historical data not available	5

Reason for Not Applicable RAG rating	Number of indicators
Good performance neither high or low – no target set	7
Awaiting data / target	1

6 Focus on Performance

6.1 For Quarter 3 2017/18 performance reporting, focus has been given to a small selection of indicators which are either showing good performance against target, or are showing deterioration since last year and falling short of the target. It is hoped that by focusing on specific indicators, senior management and Members will be able to challenge performance and identify where remedial action may be required for the remainder of 2017/18.

6.2 **Improved Performance**

KPI 33 – The percentage of customers satisfied with the service they have received

Performance during Quarter 3 has risen to 87% of customers who say they are satisfied with the service they have received from the Contact Centre. As a result, current performance is now exceeding the corporate target of 85%.

With upgrades to the Contact Centre telephony system due to go live in February, it is anticipated that these will greatly improve the customer experience when calling the Council and subsequently continue the improvement of customer satisfaction levels.

KPI 40 – The number of households in Bed and Breakfast

The snapshot taken at the end of Quarter 3, showed that there were no households currently occupying Bed and Breakfast accommodation.

Access to alternative temporary accommodation and better case management of households in hostel sites has led to this significant reduction in the need to procure emergency Bed and Breakfast accommodation.

Initiatives have been developed to enact appropriate prevention measures, which has also led to a reduction in the number of households approaching the service requiring emergency / temporary accommodation.

6.3 **Areas for Improvement**

KPI 11 – The number of burglary offences

Financial Year to date figures at December 2017 (1,143 offences) shows a 26.6% increase (+240 offences) when compared to the same point in the previous year (903 offences). In comparison total burglary across London is up 12.9%.

From 8th January 2018 there will be a unit made up of 2 Sergeants and 16 Constables, who will operate out of Fresh Wharf police station. The unit will investigate all crimes of Robbery and Burglary where there has been a forensic identification.

Proactive work will be undertaken especially on linked series offences to locate and arrest suspects who are currently wanted for Robbery and Burglary. This initiative will help reduce the current increase trend and will also improve victim care and positive outcomes.

7 Consultation

7.1 The CPG and departments (through Departmental Management Teams) have informed the approach, data and commentary in this report.

8 Financial Implications

Implications completed by: Kathy Freeman, Finance Director

8.1 There are no specific financial implications as a result of this report; however, in light of current financial constraints it is imperative that Officers ensure that these key performance indicators are delivered within existing budgets. These budgets will be monitored through the existing monitoring process to identify and address potential issues and also any benefits as a result of improved performance on a timely basis.

9 Legal Implications

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

9.1 Assembly agreed the vision and priorities in September 2014. The responsibility for implementing them rests with Cabinet. The delivery of these will be achieved through the projects set out in the delivery plan and monitored quarterly. As this report is for noting, there are no legal implications.

10 Other Implications

10.1 **Risk Management –** There are no specific risks associated with this report. The corporate plan report and ongoing monitoring will enable the Council to identify risks early and initiate any mitigating action. The Council's business planning process describes how risks are mitigated by linking with the corporate risk register.

10.2 **Contractual Issues –** Any contractual issues relating to delivering activities to meet borough priorities will be identified and dealt with in individual project plans.

10.3 **Staffing Issues –** There are no specific staffing implications.

10.4 **Customer Impact –** The vision and priorities give a clear and consistent message to residents and partners in Barking and Dagenham about the Council's role in place shaping and providing community leadership. The key accountabilities and KPIs monitored allow the Council to track delivery ensuring resources and activity are effectively targeted to help achieve the vision and priorities.

There are no specific customer impact issues to consider as a result of this report. The report highlights issues relating to performance, either good or bad, which may have an impact on the service received by customers and as such this contributes towards addressing underperformance and in turn improving service delivery.

10.5 **Safeguarding Children -** The priority **Enabling social responsibility** encompasses activities to safeguard children in the borough and is delivered through the Local Safeguarding Children Board and Children's Trust. The Council monitor a number of indicators corporately which relate to Children's safeguarding. By doing so the Council can ensure it continues to discharge its duties.

10.6 **Health Issues -** The priority **Enabling social responsibility** encompasses activities to support the prevention and resolution of health issues in the borough and is delivered through the Health and Wellbeing Board. The borough has a number of health challenges, with our residents having significantly worse health outcomes than national averages, including lower life expectancy, and higher rates of obesity, diabetes and smoking prevalence. Although delivery of health services is not the responsibility of the Council, together with health partners the Council is committed to tackling the health issues prevalent in the borough.

10.7 **Crime and Disorder Issues -** The priority **Encouraging civic pride** encompasses activities to tackle crime and disorder issues and will be delivered through the Community Safety Partnership. Whilst high level indicators provide Cabinet with an overview of performance, more detailed indicators are monitored locally. Data for the borough shows that Barking and Dagenham is a relatively safe borough with low crime. There is some work for the Council and partners to do to tackle the perception of crime and safety.

Public Background Papers Used in the Preparation of the Report:

- Corporate Plan 2017/18 (http://moderngov.barking-dagenham.gov.uk/documents/s113892/Corporate%20Plan%202017-18%20Report%20-%20App.%201.pdf)

List of appendices:

- **Appendix 1:** “What we will deliver” – Progress against Key Accountabilities 2017/18
- **Appendix 2:** Key Performance Indicators – Performance at Quarter 3 2017/18

This page is intentionally left blank

Appendix 1

What we will deliver in 2017/18

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
Community Leadership and Engagement		
1. Delivery of the Borough Manifesto through the Barking and Dagenham Delivery Partnership.	Tom Hook	The Barking and Dagenham Together- Borough Manifesto was launched last year and sets the roadmap of what collectively the Council and partners need to deliver. Progress against the targets will be monitored by the Barking and Dagenham Delivery Partnership. Workshop sessions will be organised with partners, the result of which will be delivery plans setting out the contribution of partners in delivering the aspirations set out in the manifesto. Since the launch, the portfolio holder has been engaging residents through roadshows in each ward asking them for their views on the manifesto aspirations and targets.
2. Summer of Festivals showcasing the best of the borough.	Growth & Homes	The Summer of Festivals programme was presented during the period May to September 2017. This year an additional one-off event, ElvisFest, was presented to commemorate the 40th anniversary of the death of Elvis Presley, which was paid for by business sponsorship. Attendance at Summer of Festival events by Borough residents has gone up for the third year running. The same is true for the level of awareness amongst residents about the Summer of Festivals programme and the demand from residents for similar events to be presented next year.
3. Develop a 'giving model' for the Borough including crowdfunding and local lottery schemes.	Tom Hook	Initial developments have taken place around a local giving model for the Borough: • Crowdfunding has now seen 6 projects funded, generating over £20,000 from the community and other funders such as Santander. The model is embedding over time and officers and BDCVS are working to support groups around this initiative. • Barking and Dagenham lottery launched on the 21st October 2017. To date there are twenty-five Good Cause groups registered and over 600 tickets are being sold each week. If ticket sales are maintained at this level then the lottery will generate over £19,000 for local good causes in its first year.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		In December BDCVS convened a range of partners to start a discussion on developing a Local Giving model further.
4. Strengthen partnership arrangements for the borough.	Tom Hook	The commitment of partners to work together was apparent at the Borough Manifesto launch, at which all partners shared their excitement about the renewed partnership spirit that the establishment of the Barking and Dagenham Delivery Partnership has led to. Collaborate CIC, funded by Lankelly Chase Foundation, are undertaking a piece of work to help enable stronger partnership working in the borough. Partners have been interviewed and the high-level results from these interviews were shared with all partners at the Barking and Dagenham Delivery Partnership in December. An action plan is now being developed to improve partnership working in the borough.
5. Support the development of the community and voluntary sector.	Tom Hook	A number of initiatives have been taken with this regard: • Ongoing review with BDCVS and partners of the infrastructure support required to support civil society begun. • Every One Every Day launched to residents on the 25th November, with 400 people attending. Project delivery has begun and the first two hubs are open, one in Church Elm Lane and one on Ripple Road. • Applications supported for a range of external funding bids for civil society • Officer recruited with Government funding has supported a number of initiatives in bringing communities together, including a hate crime workshop in October and events during Inter faith week in November. • A bid has been submitted to DCLG, which if successful, would provide funding to groups locally around community cohesion and integration • Officers have been engaging with civil society groups, with 40 groups met individually over the 3 months and a number of wider engagement pieces. Funding from Lankelly Chase has been secured for supporting the development of the Borough Delivery Partnership, delivered by Collaborate.
6. Adoption of a master plan for Parsloes Park setting out plans to improve the park over time and when funding allows to encourage	Growth & Homes	The Parsloes Park masterplan and the wider Parks and Open Spaces Strategy was adopted by Cabinet in July 2017.

Key Accountability		Strategic Director	Quarter 3 2017/18 Update
	more residents to use it for formal and informal recreation and enable the council to apply for external funding to support the implementation of this vision.		The development agreement for the Youth Zone has been agreed and construction work started on site w/c 8 January. It is expected that the facility will open to the public in early 2019. The planning application is now being developed for the Parklife regional football hub, which will comprise 3 new full size (11 a side) artificial turf pitches and new changing rooms and social facilities for park users. A final decision on funding for the scheme, which will cost c£5 million, is expected in February 2018. If funding is secured, it is anticipated that the new facilities will open in September 2019.
7.	Develop an East London Industrial Heritage Museum as part of the redevelopment of the Ford Stamping Plant.	Growth & Homes	A feasibility study will be completed by the end of March 2018 to enable Members to make a decision about whether there is a robust and sustainable business case for the proposal and how it could be funded.
8.	Improve the amenity value of the Abbey Green to encourage informal and formal recreation.	Growth & Homes	An improvement scheme for the Abbey Ruins and Abbey Green has been developed by the Council in partnership with St. Margaret's Church. To enable the plan to be implemented, a funding bid to the value of £3.6 million was submitted to the Heritage Lottery Fund in December 2017. A decision is expected in March 2018. A management agreement for the maintenance of the Abbey ruins has been agreed in principle with Historic England and will be finalised by March 2018. This will be a key factor in removing the site from Historic England's heritage at risk register.
Equalities and Cohesion			
9.	Implement the Equality & Diversity Strategy for the borough, ensuring it helps deliver the council's vision.	Tom Hook	The Equality and Diversity Strategy was agreed by Cabinet last year. It sets out the council's vision for equality and diversity. The strategy is a comprehensive document which seeks to improve outcomes for residents. It sets four high level objectives along with a series of objectives and actions to tackle inequality. The strategy links with existing plans and strategies across council services. An annual progress report will be produced in April 2018 setting out progress towards delivering the objectives set out in the strategy.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
10. Deliver the Gender Equality Charter actions, including Women's Empowerment Month (WEM).	Tom Hook	Women's Empowerment Month 2017 was a huge success and planning for WEM 2018 has now commenced. Delivery of the GEC charter actions is continuing. More stakeholders have signed up to the Charter and a resource bank with useful gender equality resources has been created as an added incentive for those who sign up. A new quarterly gender equality newsletter has been introduced which will provide all signatories with updates on gender equality issues as well as with progress on delivery of the charter actions. As part of WEM an annual update will be produced on actions taken this year to address gender inequality.
11. Ensure Members and staff are appropriately trained in equalities issues.	Tom Hook	In May 2018, as part of the induction programme following the local election, all Members will receive mandatory equalities training. Online training modules for staff have been updated. All equalities modules are mandatory for staff to complete and reports are produced for Directors setting out completion rates for each service block.
12. Celebrate our diverse heritage by promoting the 'Donate a Flag' initiative.	Tom Hook	The 'Donate a Flag' initiative is progressing with a number of flag raising ceremonies taking place celebrating the diverse community of Barking and Dagenham.
13. Develop and publish a Cohesion Strategy for the borough.	Tom Hook	• A paper updating on approach to developing a community cohesion strategy has been presented to CSG. • Meetings with residents and providers took place building towards a "Big Conversation" in November, which was attended by 70 people • Engagement with residents and VCS organisations has been ongoing. • The wider engagement with faith communities is being reflected in the development of the approach.
14. Develop a programme to make the Council an exemplar equalities employer.	Tom Hook	The Equalities and Diversity Strategy has an objective around the Council being an exemplar equalities employer. The Equality in Employment policy sets out the council's approach to leading the way in being an exemplar employer. The council offers flexible working, family-friendly policies, and is working to improve gender and BME representation across all levels of the workforce.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		The Council is continuing work to re-establish a number of staff networks including the women's network, the disability network, the LGBT+ forum and the BME forum.
15. The establishment of the East London Women's Museum to enable the creation of a heritage attraction of regional significance.	Growth & Homes	A Heritage Lottery Fund grant (£81,000) has been secured by the East End Women's Museum to meet the costs of a 'pop up' programme of exhibitions, talks, workshops and events, which will be a cornerstone of the borough-wide HerStory programme that commemorates the centenary of women securing the right to vote and to honour women past and present who help drive change for equality. Cabinet has now approved the terms of lease and other support for the Museum, which has now been established as a community interest company (CIC). The Museum will be officially launched in January 2018. It is anticipated that the Museum itself will open during 2019 but this is wholly dependent on the completion of the housing development in which it will be sited.
Enforcement and Community Safety		
16. Implement the borough-wide parking strategy.	Fiona Taylor	The Parking Strategy was adopted in the Autumn of 2016. We have delivered on virtual permits, carried out a review of the fees and charges and invested in new technology. New ANPR vehicles are now in use across the borough
17. Deliver the new self-funding Enforcement Service using data and insight to target interventions and maximise impact, including the name and shame campaigns to communicate the enforcement work being undertaken.	Fiona Taylor	The name and shaming campaign which commenced in April has resulted in the publication of images of flytipping etc and with the help of the public may lead to prosecutions. Street Enforcement Officers have issued 1853 FPNs since April 2017 which has resulted in an income of £180k and a total of 11 prosecutions has also taken place since April 2017.
18. Ensure the Council's Private Sector Licensing Scheme is working effectively and maximise enforcement activity using existing powers against rogue landlords.	Fiona Taylor	The council continues its programme to address rogue landlords. Since the start of the scheme in 2014 the Council have issued over 10,000 licenses of which 1,648 have been issued since April 2017. Since the start of the scheme compliance officers have visited 11,400 properties of which 1026 have been carried out since April 2017. Since April 2017 compliance officers have found 281 non-compliant properties (27% of those visited) 153 of

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		these have now been brought up to a compliant level with either informal or enforcement action. £795,200.00 income has been received between April – December 2017 from licence fees.
19. Progress the Civic Pride agenda through a series of behavioural change campaigns including the reduction of dog fouling.	Tom Hook	The council has now adopted a Public Space Protection Order against dog fouling in Barking Park, Mayesbrook Park and Abbey Gardens. We are also introducing a dog DNA registration scheme for council tenants who own a dog. This went live in October 2017.
Environment and Street Scene		
20. Ensure the Council promotes Reduce, Reuse, Recycling.	Claire Symonds	• 'SlimYourBin' campaign was launched last year to engage the public on behavioural change towards waste reduction. • As part of the wider review of Public Realm services, a waste reduction behaviour change communications strategy has been developed to support the council's ongoing waste reduction strategy. The marketing campaign will be delivered in two phases using the 'Slim Your Bin' campaign vehicle that still has salience with our target audience and feature the new messages we have developed within the communications strategy. Phase 1 Awareness & Comprehension – educate residents how to use waste services – 5 weeks from end of Feb to end of March 2018. Phase 2 Targeted Behaviour Change (food waste & recycling) May – June 2018. • The 'no side waste' enforcement was launched in May 2017, by the Enforcement team with a view to changing behaviour and issuing Fixed Penalty Notice to persistent offenders who put out side waste repeatedly despite receiving warning letters from the Enforcement Team. • Waste minimisation visits and direct engagement- Key focus area: - Events updates/Blogs/articles and social media support - Public Events, Road shows and workshops - New initiatives hard to reach groups - Capacity Building of community organisations

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		- Community Litter Picks - Recycling Sessions - Give and Take Days/Swap Shops - Schools workshops/assemblies/litter picks and eco school support activities
21. Develop a needs-based targeted approach to street and open space cleanliness.	Claire Symonds	• A deep clean programme started on 17 July 2017 to 24 July 2017, covering primary shopping areas, secondary shopping areas, main streets, and side streets. After piloting the new operating model, this will be reviewed after six months for seasonal adjustments, before making recommendations for borough wide implementation.
22. Implement the Highways Improvement Strategy and funded programme with the intention of improving conditions and perceptions of the quality of roads and pavements.	Fiona Taylor	• Marlborough have been appointed as the contractor for the next 5-year period. • A programme of works has been developed for the next three years and is now been actioned.
23. Delivery of an effective green garden waste service.	Claire Symonds	• A chargeable green garden waste service was successfully launched on 2 April 2017. The service operates from April to October each year. • The cost for the service is £80 for a two-year signed-up subscription expiring on 31 October 2018. Customers have the option to pay £40 per year. • The total number of residents that signed up for the service in 2017 was 7,587. • Registrations for the 2018 service opened on 4 July 2017. As of 31 December 2017, a total of 3,270 have signed up for the 2018 service. This includes new customers, renewals and customers that originally paid for the 2-year collections in advance.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
Educational Attainment and School Improvement		
24. Seek to ensure all young people are in education, employment or training.	Anne Bristow / Growth & Homes	• The borough's annual NEET scorecard was published in October 2017. It demonstrated that the borough's combined NEET and Unknown performance of 5.6% was an improvement of two quintiles on the previous year and was now better than England (6%) and only slightly behind London (5.3%). The borough has demonstrated a faster level of improvement than national for two years in a row and is on track to improve further on the 5.6% figure in 2018. • A NEET action plan is in place following January and March 2017 Member workshops to accelerate progress. Fourteen core actions are in place, including across key groups, and are governed by the NEET Board. Almost all actions are on track or completed. • The NEET action plan includes an ambitious target that 30% of Council apprenticeships will be filled by Care Leavers by April 2018 and this is proving challenging. We continue to work closely with our partners to meet this target, including through our apprenticeship levy strategy.
25. Work with partners (particularly schools) to get more young people to go on to study at 18 and ensure all young people achieve good GCSE and 'A' Level results.	Anne Bristow	• The Council is providing support for schools to improve their media coverage of post-16 successes. • More pupils are achieving higher grades at GCSE in English and Maths. The % getting a 9-7 in English, which is the equivalent of the former A/A*, is significantly above national. The Maths 9-7 result is in line with national. • The first scholarships, which recruit and aim to retain the top 50 students within the LA, were awarded in October 2017. • The numbers of young people progressing to higher education has increased from 586 in 2010 to 712 in 2017, and by 35% overall since 2007 (the largest increase in London). Even larger increases have been seen in the proportion of those young people that go to an institution in the top third, which has increased from 24% of all those going on to HE in 2014 (when figures were first measured) to 42% in 2017.
26. Create 300 new places for September 2017 and 120 for September 2018.	Anne Bristow	• We successfully created an additional 300 school places (primary and secondary) for September 2017.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• For 2018, there is potential pressure for pupil places at the extreme north and south of the Borough. 120 Year 7 places were noted as potential demand at Cabinet in December 2017 in addition to agreement for the extension of two nurseries and the opening of a new provision at Riverside. This forecast of 120 places remains accurate and we are on track to deliver these. • The new Lymington Fields provision (an All Through School) will be completed in 2020. Be First and the LEP are engaged in the provision of additional accommodation at Robert Clack. The first phase of expansion will be open in September 18.
27. Ensure every child attends a 'good' or 'outstanding' school, focusing on the schools that are currently 'requires improvement'.	Anne Bristow	• 91% of schools were rated by Ofsted as 'Good' or better at December 2017, up 5% from 18 months ago. • During Autumn Term 2017, 5 Ofsted inspections took place within the local authority, including 4 Section 8 monitoring inspections. Of the LA-maintained schools, 3 maintained their good grade; 1 non-maintained school had its first inspection and was judged to be good; and 1 non-maintained school had a Section 8 inspection which has not yet been published. • Monitoring Boards are in place at 2 of the 3 local authority schools judged as 'Requiring Improvement'. Recent Ofsted monitoring inspection reports confirm their impact. • The ULT Academy Trust has established a Review Board for the academy judged as 'Requiring Improvement'. The UTC in special measures is receiving additional support from an 'Outstanding' secondary school and Teaching School Alliance.
28. Work with schools to improve teacher recruitment and retention.	Anne Bristow	• The availability of apartments for newly-qualified teachers is being promoted to all schools as well as the possibility of family housing for second and third appointments. The Street Purchasing Scheme has now commenced by the borough where properties will be available shortly for rent by schools and teachers. Further work and agreement is to be undertaken in terms of the process for allocating properties and to whom i.e. whether we include community schools only. • The success of local schools is being highlighted through increased active media coverage. Teaching School Alliances within the local authority are becoming increasingly successful at recruiting secondary NQTs. • The stalling of the school population is beginning to ease demand on recruitment.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
29. Ensure a focus on the needs of vulnerable children in all areas of education including those with Special Educational Needs (SEN) and those looked after and implement SEND inspection recommendations.	Anne Bristow	• There are plans underway with Partnership Learning and EFA for two additional new special schools to open September 2018 and September 2019 – one for SEMH for up to 90 children and an additional all-age special school for children with complex needs. • We have increased our capacity in local mainstream schools to support children with severe learning difficulties and autism, commissioned 20 more Additional Resource Provision places and increased Deaf provision by 3 places. We have increased the number of places in our special schools. • Following the SEND inspection, we have increased tailored services capacity, provided joint training around mental health and provided family support. Underpinned by an Improvement Plan, we are working to ensure that there are robust processes in place for early identification of needs at SEN Support and statutory EHC level and to enable LAC with SEN to be placed in a 'Good' or 'Outstanding' provision.
Economic and Social Development		
30. Launch Community Solutions within specified timeframe as set out in the Target Operating Model.	Anne Bristow	• The permanent Director (Mark Fowler) is now in post as of 3rd Jan 2018, joining the Heads of Service as the ComSol senior management team. • Phase 1 restructuring is underway with recruitment and selection taking place across January and February, following a successful consultation process. • Budgets have been reprofiled and are due to be finalised in order to stabilize a very complex budget, aligned to the Mandate. • ICT development work continues, coordinated through the CED Team, aligned to our TOM. • Culture and communications continues to work well as we ensure staff are brought with us on the journey. • Commissioning Mandate is on track to be in place by 1st April 2018, following the latest review. New Director has been engaged in its review and further development.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
31. Develop and implement an Employment and Skills Strategy.	Growth & Homes / Anne Bristow	• The Barking & Dagenham Employability Partnership brings together a range of partners, including Department for Work and Pensions (DWP) and Work Programme Providers who are collaborating to reduce the claimant count and the numbers claiming income support or employment & support allowance. The next meeting takes place on 14 December 2017. • The Partnership has considered and agreed broad objectives set out in a draft Employment & Skills Strategy. Work commissioned to underpin the development of the Local Plan will set out recommendations on priority employment sectors within the borough along with skills implications. A final report is expected in late November/December. • The Local London Partnership is in the process of developing a Skills & Employment Strategy and inputting into the development of the forthcoming London-wide Strategy as well as influencing the Adult Education Budget which will be devolved to London in 2019/20.
32. Implement the new Customer Access Strategy which includes promotion of digital services including 'One Borough Live'.	Claire Symonds	Work is continuing on developing and delivering new e-forms, 14 have been launched so far, with around another tranche to be in scope for delivery by the end of February. Upgrades to telephony in the contact centre are due to go live by early February and it is anticipated that these will greatly improve the customer experience when calling the council.
33. Implement plans for new homes across the borough including schemes in: • Barking Town Centre • Riverside • Chadwell Heath • Ford Stamping Plant	Growth & Homes	Construction commenced at Cambridge Road (360 Barking) and is progressing well on Abbey Road (Rivermill Lofts). Gascoigne East, North Street and Kingsbridge are also in construction. In discussion with C2C and Patrizia about comprehensive redevelopment of Barking Station incorporating Trocoll House Barking Riverside –Stage 2 North SFP due for submission in January and Station Square District Centre SFP and Strategic Infrastructure Scheme due for submission March which combined equal 3500 homes Employment Study underway to survey industrial areas including Chadwell Heath and to develop concept masterplans with objective of no net loss of jobs and 3000 homes. Due

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		for completion February as the scope has been increased to include River Road. Significant interest in sites within Chadwell Heath from a number of major housebuilders. St Congar continue to make good progress with clearing the Ford Stamping Plant site and pre-app in September focused on securing the site for the Beam High Secondary School. St Congar have also inputted into brief for Museum of East London the brief for which consultants will be appointed shortly. Next pre-app meeting being Scheduled for December Beam Park is going to February Development Control Board this is for 2000 homes. This has been delayed due to need to increase affordable housing to 50%.
34. Implement the Local Plan for the borough, taking forward regeneration plans and ensuring high quality build for all new developments.	Growth & Homes	Evidence base currently being finalised this includes Strategic Flood Risk Assessment (now complete), Gypsy and Traveller Study (refinements being made to final draft), Employment Study (due for completion February and will include conceptual Masterplans for Creekmouth, Chadwell Heath and Castle Green), Strategic Housing Land and Availability Assessment (complete), Religious Meeting Places Study (complete), Characterisation Study (complete). Draft Local Plan to be reported to June Cabinet.
35. Develop and take forward transport and infrastructure developments to support and drive growth including: • The A13 Tunnel • Crossrail • Barking Station upgrade • Barking Riverside links • C2C stopping at Dagenham East • Lower Roding crossing • Thames crossing • DLR Extension	Growth & Homes	ASF are currently in discussions with RMS over resolving the contractual barriers to delivering the Castle Green scheme. . Development partner likely to be procured either on basis of agreed Masterplan or to develop a masterplan in partnership. Separately through the Employment Land Study Hawkins Brown are doing a concept masterplan for the Council for incorporation in the Local Plan. Crossrail – services begin December 2018. Barking Station – AECOM appointed to agree passenger forecasts and short medium and long-term improvements. Study due to be complete January 2018. Delay due to all parties agreeing the modelling. In parallel to this Weston Williamson have presented a scheme for over-station development to C2C and Be First. Barking Riverside links –Positive SoS decision on Overground extension made. Onward extension to Abbey Wood included in Mayor's Draft Transport Strategy. Lower River Roding crossing – Included in Mayor's Draft Transport Strategy. TfL have identified a preferred alignment and an indicative cost of £100m. Will have to be funded

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		by development and Berkeley Homes interest in sites either side of the river is a potential funding source. DLR – TfL have identified a potential DLR route to Barking Station from Royal Docks. Be First meeting TfL Wednesday 3 January to discuss how this fits into potential Barking Station over-station scheme.
36. Take forward Growth Commission proposals relating to business through the development of a Business Development Strategy.	Growth & Homes	The workshops being established for the Employment Study are an ideal means of establishing a forum for engagement of businesses/business groups to help inform a Business Development Strategy.
38. Develop a film and creative arts centre in the borough that raises the profile of the borough, improves local economy and provides local skilled employment.	Growth & Homes	Cabinet report on 23 January will seek approval to purchase the additional land at Dagenham East to deliver the full ambition for the multi-media complex. The expressions of interest stage for organisations to invest and run the studios is underway with interest from a number of parties. A partner selection process will commence at the end of this period.
Social Care and Health Integration		
39. Deliver transformation proposals for children and adults social care, disability services.	Anne Bristow	• Children's Social Care: Implementation is well underway and on track to deliver the savings specifically associated with Transformation Programme activity in accordance with the specified timescales. • The new Brokerage Service for Children's Social Care is now live and good progress is being made in reducing the number of agency staff being used (with a new recruitment campaign due to go live in October), though pressures on the system are starting to threaten this. • Key risks remain: the merging of programme activity into BAU during early 2018; the additional savings to be realised for 2018/19 and the impact this will have on existing savings; and a recent (albeit gradual) increase in children's care and support demand. • The implementation of the Children and Social Work Act is also likely to add to pressures (though new burdens funding can reasonably be expected – though at this stage remains unconfirmed). • Implementation of new IT system well in hand, to support improved social care delivery from March 2018 (children) and June 2018 (adults).

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• The Disability Service has been live since May 2017 and has been engaged in an ongoing phase of service improvement including service user reviews, procedure and process improvement, staff training and reporting. The service inherited an imbalance of more Adults Social Workers than Children's, which has caused the need to retain agency staff. There are 2 ASYE's in the Life planning Team's who require a protected caseload and FSW in the Life Planning Team A is awaiting HCPCC registration, therefore children's agency social workers required for caseload allocation. • The Enabling independence team are no longer using external agencies on the children's cases. This will impact on the workload of the paediatric OT in the team and may result in other OTs taking on additional work. There is an OT within the service due to go on maternity leave in February 2018. Will need to seek maternity cover agreement from workforce Governance Group. • Risks include the transfer of SEND to EHC plans. The LA has a duty to transfer all remaining Statements of SEN to EHC Plans by 31 March 2018. Additional resources have been allocated with 5 full time EHC Coordinators working on the transfer review process. As of 12/01/18, 356 Statements require transfer out of a total 1350. Meetings with all families are scheduled and the majority are now in process to meet the end of March deadline. • The disabilities transformation programme has been closed since the actions to realise the remaining savings are now embedded into BAU. Progress is now being made on reducing service user package costs, together with the need to continue delivering savings targets through life planning, which is a key component to reaching better outcomes at lower cost. • Adult Mental Health social care services have transferred successfully back into Council management from NELFT, and there is a strengthening team and positive steps to ensure that all posts are filled on a permanent basis and to reduce reliance on agency social work staff. This is strengthening the unique contribution that social work can make to improving the lives and long-term future of those with mental health problems, alongside medical intervention.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• The Integrated Care localities continue to deliver frontline services of good quality, with the new Assessment Service and the Care Navigators having established themselves as an important part of the adult social care system. • A pilot scheme has been funded to investigate the use of a simplified digital tablet to help keep older people in touch with friends and relatives, and give them better access to key support services. Called 'Breezie', there are 75 available for local residents to trial, as a first step to a potential major roll-out later next year if it proves successful. • Supporting people with learning disability into employment has seen an improvement, approaching the London average. Work is underway to support the Disability Service to incorporate employment development more fully into its life planning approach.
40. In implementing changes to children's social care, ensure new arrangements deliver improved outcomes for children and young people whilst delivering a balanced budget through initiatives such as improving the recruitment and retention of social workers.	Anne Bristow	• Implementation of changes to children's social care continue in line with the Target Operating Model. • Plans to achieve savings are under pressure and are unlikely to be fully delivered. The pressures arise primarily from an increase in pressures on the children in care budget as a result of higher unit costs. • Whilst Transformation Programme savings in many areas are targets on track to be delivered, there are other financial pressures on the system. The £2.6m overspend position from 2016/17 will be improved upon, but pressures from staffing costs (primarily agency, and despite good progress), an increase in expenditure on children in care (as a result of a small number of unavoidable, high cost placements) and other inherent pressures threaten a break-even position for the end of the financial year. The position continues to be closely monitored and plans are either in place, or being developed to address in-year pressures whilst simultaneously delivering the additional £750k savings (on top of the £1.1m Transformation Programme savings) for in 2018/19.
41. Ensure that the Council is planning and delivering a comprehensive set of housing options for people with care and support needs particularly older people and those with mental health problems.	Anne Bristow	• Across Care & Support commissioning and Growth & Homes, work continues to put a specific programme in place to support the aspirations for older people's housing identified in the scoping report that was completed earlier this year. This work will include the development of an older peoples' strategy to set the boroughs aspirational vision and older peoples life pathway.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• As part of the street purchasing properties programme, five one bed units have been allocated for Adult MH client group and matching process has begun through panel to allocate the units. Another 5 units will be on stream by January 2019. • Tenders have been issued for more flexible and outcomes-focused mental health floating supports services and we expect those to be in place in the new year.
42. Create employment opportunities and ensure appropriate support for people with Learning Disabilities.	Anne Bristow	• A series of practical steps have been completed to see more people with learning disabilities experiencing paid work. The Learning Disability Partnership Board (LDPB) put a plan together setting out how service users can be identified and assisted towards finding paid employment. The plan also outlined how employers can be supported and prepared to create work experience and job opportunities. • Last year, our figures improved slowly (from 3.5% to 4.5%) and already this year thanks to a programme of work taster sessions performance has improved to 6.3% (23 people with a learning disability in paid employment on a short or long-term basis). • Longer work experience opportunities are being offered and officers will be capitalising on the improved relationships with employers that are generated to scope longer-term and permanent work opportunities.
43. Ensure that there is an organisational focus on safeguarding vulnerable adults and children and young people through appropriate governance, an updated Domestic and Sexual Violence Strategy and a focus on child sexual exploitation.	Anne Bristow	• A new Chair of the Local Safeguarding Children Board (BDSCB) has been appointed and took up post in September 2017. The Chair of the BDSCB has met with key officers and chaired their first BDSCB on 4 October 2017. • Revised structures for the BDSCB (following the publication of the Children and Social Work Act) have been developed and are being implemented. A systematic review of the current position of the BDSCB is already underway to arrive at the final proposals to be submitted to the DfE (in late 2018). • A new Child Sexual Exploitation (CSE) co-ordinator has been appointed and this post has been established on a permanent footing. • The development of a CSE strategy and an update on our Problem Profile (though multi-agency profile that allows us to understand the prevalence of CSE in the borough) are key priorities during 2017/18. • The new Independent Chair of the Adults Safeguarding (SAB) is also now in post. He has meeting with key partners from across the partnership and is leading discussions on the future functioning of the Board and its committees.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• SAB continues to meet quarterly, overseeing strategy and performance of the safeguarding system, and approving Safeguarding Adult Reviews of significant cases to ensure the learning is disseminated. • Both Safeguarding Board chairs have quarterly meetings with the Leader and Chief Executive, part of the systems which ensure that there is a corporate commitment to safeguarding children and vulnerable adults. • A revised Domestic and Sexual Violence Strategy has been developed to shape the improvement of services in the coming year. This will also inform the procurement of new providers for the Refuge and Independent Domestic & Sexual Violence Advocacy service, over the coming year. The Delivery Unit have identified domestic violence as a focus for their next round of projects, and this review is expected to report in the coming weeks to inform the longer-term strategy being developed.
44. Ensure the public health grant is effectively targeted to improve health outcomes and implement a range of behavioural change campaigns to help tackle issues such as obesity, smoking, substance misuse, teen pregnancy and low take up of vaccinations.	Anne Bristow	**Smoking** • The specialist LBBD stop smoking team continue to lead the way in terms of successful quitters over pharmacy and Primary Care. The service fulfils an important need in reaching pregnant women, mental health patients, substance misuse clients and other vulnerable groups. • Public Health is to commence a re-procurement process for the Primary Care contracts, including smoking, and which will determine the contracts for 2019. Revised models of delivery will be considered. **Substance Misuse** • The adult and young people integrated substance misuse services have been re-designed to embark on a less 'traditional' way of working. The young people's service will focus on prevention – working with those young people at risk especially those who identify as LGBT+, those who have experienced abuse and those who have been exposed to substance misuse. The adult's service will have a more trauma informed approach with greater holistic interventions to tackle the reasons why people use substances in the first place. • Procurement is almost complete with Subwize, the young people's service being awarded to the successful provider and currently in the 10 day stand-still time.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		Regarding the adult service, commissioners have requested further clarity from bidders on some aspects of the service specification. Deadline for clarification is 12 January 2018 and a decision will be made to award contract before the end of January 2018 **Obesity** • The contract for the behaviour insight project has been awarded and the project has commenced. The project aims to understand the contextual and social factors driving behaviours and attitudes from different ethnic groups toward healthy lifestyles and will be completed by April 2018. **Teen pregnancy** • The most recent data has shown that TP rates have increased since last quarter (32.0 per 1,000 versus 27.1 per 1,000) and is the highest in London for this quarter (July-September 2016 – there is a lag of just over a year). However, in numbers this relates to an increase of only 5 conceptions in this quarter compared with the last quarter (31 versus 26). The rolling annual rate has continued to decline, and the quarterly rate is also lower than the same quarter the previous year (32.8 per 1,000). Overall figures continue to be the lowest they've ever been. • The borough has the best performing C-Card (condom distribution) programme in London for the second year in the row. B+D have the highest proportion of young people engaging with the programme after registration in London (48%, nearly 20% better than average). We have the highest rate of usage per 1000 young people in London (by a very large margin). 15.3% of encounters for the whole of London are from B+D residents. 3 out of 10 of the most active repeat visit outlets across the whole of London are in B+D. **Immunisation** • MMR: Q2 figures at five years old were at 80.5% and show an improvement on the previous quarter's figures (81.2 Q2 compared to 78.6% Q1 but are lower than the same quarter last year which was 82.5% • Flu vaccinations: There has been an increase in the number of cases of flu, although the numbers are only slightly higher than 2017 comparable figures.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• Messages to reduce the transmission of the flu virus between staff have been circulated and posters put up around council buildings. Staff will also be provided with antiseptic wipes so that they can clean keyboards prior to use. • PH is working with CCG to communicate messages to residents. • School vaccination programmes include child flu and all 4-8 year olds (reception year to year 4) are invited to have a free flu vaccination at their school or via a community clinic. Home-schooled children and children in pupil referral units are also invited for a flu vaccination. • There is a continuing national shortage of pneumococcal vaccine which NHSE is working to resolve. Manufacturers are due to replenish stocks this month.
45. Continue to play a leading role in delivering greater integration of health and social care across Barking and Dagenham, Havering and Redbridge.	Anne Bristow	• Cabinet Member for Social Care & Health Integration continues to chair the Integrated Care Partnership Board for Barking & Dagenham, Havering and Redbridge contributing to democratic leadership of moves to integrate health and social care services. • July's Board meeting received an update on moves for providers (NELFT and BHRUT principally) to lead frontline integration activity, together with plans for joining up commissioning to support this activity. • The Council has been leading the development of localities, bringing social care teams together with GPs and community health services. The Sustainability & Transformation Plan has been signed off by NHS England and the ICP Board ensures that this delivers for residents of our three boroughs, even though concerns remain about the democratic validity of the STP approach.
46. Ensure corporate parenting responsibilities are being successfully undertaken.	Anne Bristow	• The Annual Corporate Parenting report demonstrates that Corporate Parenting responsibilities are being undertaken. • Performance outcomes for children in care are generally good and actions are in place for improvement where this is required. • Workshops focused on the timeliness of adoption have taken place and actions are in place for improvement. Timeliness is reported through a rolling 3-year cycle. Performance to end 2015-17 has been below targets. Timeliness has improved for 2017/18 but this single year will not show a significant improvement in the 2016-18 Adoption Scorecard. We will need three continuous years of improvement from 2018-2020 the Adoption Scorecard to achieve targets. Performance for 2017/8 is therefore positive.

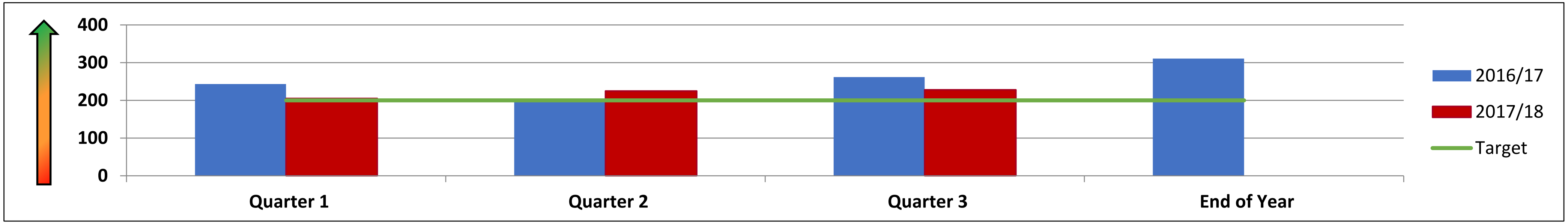
Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		• Children and young people continue to attend the Member Corporate Parenting panel and give their views on further improvement.
47. Deliver the Youth Zone for Parsloes Park, providing a fully accessible facility for young people based on the successful Youth Zone model elsewhere in the country.	Anne Bristow	Construction work will start on site w/c 8 January 2018. It is expected that the Youth Zone will open to the public in early 2019.
Finance, Growth and Investment		
37. Supply heat and potential power to residents through affordable energy projects.	Growth & Homes	First schemes underway are Gascoigne East and Becontree Heath with proposals for further schemes being developed.
48. Reduce the amount lost to the tax payer through rechargeable repairs where damages to council housing are the liability of the tenant.	Claire Symonds	As part of the Leader's project we agreed and implemented: • That all 'void primary clears' would be recharged to tenants • That any jobs relating to lost keys / broken keys would be recharged, we were not able to introduce payment in advance due to the issue of taking payment / technology – however the scripts / processes were amended to make it clear to the tenant they would be charged for the service with an indicative cost at the point they made the request. • That we would continue to retrospectively charge tenants where damage was caused to properties and we could prove it was down to them (mainly unauthorised alterations / removing internal doors etc.) • The difficulty with the recharge process remains the collection of revenue raised, which is currently at 38% of the identified income from this process.
49. Ensure all residents that will be affected by changes to the benefits system, are engaged with to support them in preparing for changes.	Claire Symonds	The Welfare Reform Task Force continues to support people affected by the Benefit Cap. The next major change is Universal Credit Full Service which commences in LBBD on March 28th, 2018 and a strategy group chaired by the Director of Community Solutions has been set up to pull together stakeholders including JCP, Elevate and other Council Services to

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
		ensure the Council is prepared for this in terms developing support and information for claimants. The strategy group is supported by a Task and Finish Group to implement the actions.
50. Offer affordable housing to key workers within services areas that are struggling to attract and recruit suitable staff.	Growth & Homes	Key worker accommodation can be prioritised, and we have offered properties to both school and social work staff and we are awaiting confirmation of take up requirements. Properties will be available for allocation initially to care leavers. The Council is also working with Pocket Living on a low-cost starter home scheme of 77 units focussed on key workers. The scheme was present to Development Control Board in November.
51. Ensure that the 2017/18 budget is delivered and a MTFS (Medium Term Financial Strategy) agreed.	Claire Symonds	The forecast position for the full year as at the end of December 2017 is an overspend of £6.8m. In many ways, this could be regarded as a worst-case forecast that should be reduced by further management action. However, it should also be noted that new pressures and risks may yet emerge. The position is being closely monitored and reported to Cabinet monthly. If this forecast was still the final position by the end of the financial year it would require a drawdown on the Council's reserves. Although we do have sufficient to cover this amount, a reduction in the reserves would mean less capacity for strategic investment and the management of future risks. With respect to the Medium Term Financial Strategy (MTFS) until 2021, a report was presented to Cabinet in November that brought forward proposals to close the 2018/19 gap with £2.7m of planned use of reserves and £9.6m of new savings. The remaining gap to 20/21 is now £15.6m.
52. Set a balanced budget for 2018/19.	Claire Symonds	The 2018/19 Budget as per the MTFS approved by Assembly in February identified a budget gap for 2018/19 of £14.954m. An update to this position was presented to Cabinet in July which showed that the gap had widened to £16m. A further update was provided in November that brought forward £9.6m of new savings which together with other adjustments including £2.7m use of reserves closed the gap.

Key Accountability	Strategic Director	Quarter 3 2017/18 Update
53. Maximise income collection through rents, Council Tax and the commercialisation of appropriate services.	Claire Symonds	The Revenues Team continues to improve collection rates for all streams of income. There are several risks and pressures that have and will arise throughout the year. Housing Benefit has decreased by 7%, or £900k, placing additional pressure on the Rents Service to collect more. The increase in council tax coupled with the Adult Social Care precept puts more pressure on council tax collection. In addition, council tax support paid to residents is now lower than at any other time. Strict adherence to good recovery practices are being maintained to mitigate these risk as well as close liaison with the Benefits Team and the Citizens Advice Bureau. Action by enforcement agents is closely monitored to ensure maximum collection performance, but allows flexibility to recall cases where it becomes apparent that this action is no longer effective or appropriate.

COMMUNITY LEADERSHIP AND ENGAGEMENT **Volunteering and Engagement: KPI 1a – The number of active volunteers**			**Quarter 3 2017/18**
Definition	People who have actively volunteered their time in the previous 3 months within any area of Culture and Recreation or been deployed to volunteer by the volunteer coordinator Culture and Recreation.	**How this indicator works**	This indicator measures the average monthly number of active volunteers that support Culture and Recreation, Healthy Lifestyle and Adult Social Care activities.
What good looks like	We are working towards a continuous increase in the number of active volunteers within the borough.	**Why this indicator is important**	Volunteering not only benefits the individual volunteer by increasing their skills and experience, it also has a significant impact on the health and wellbeing on the community as a whole.
History with this indicator	Historically the number of active volunteers has been increasing. This is a result of increased awareness of volunteering opportunities, the diversity of roles on offer and the corporate shift to deliver some of the library offer to the community and volunteers at 2 sites.	**Any issues to consider**	Volunteering can be more frequent during Summer months particularly in support of outdoor events programmes such as Summer of Festivals.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	205	225	**228**		↓
Target	200	200	200	200	
2016/17	243	201	262	311	



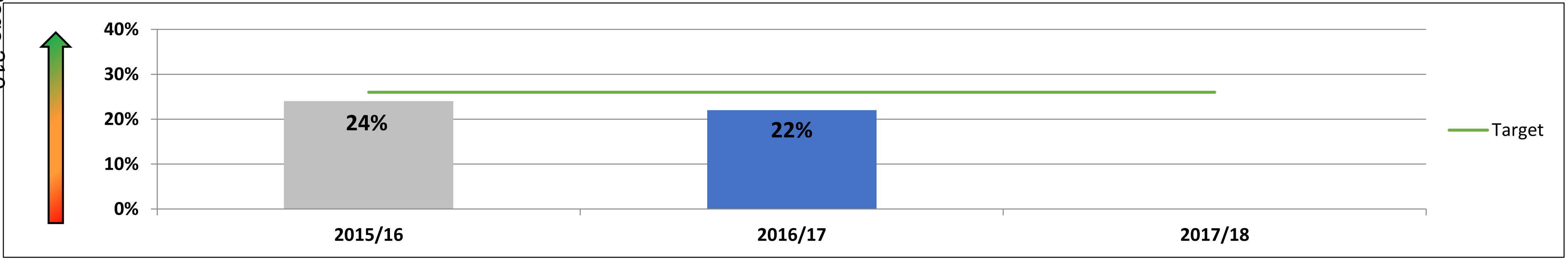
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Across Quarter 3 (September to December) there was an average of 228 active volunteers. This exceeds the monthly target figure of 200 by 28 and is 114% of the target figure. A more realistic target was set for this year as the previous target was well exceeded each month in 2016-2017. However, compared with Quarter 3 in 2016-2017 the figure is -12.98% lower, in real terms this is 34 active volunteers lower than the same period last year. Some of this difference can be attributed to a software update earlier in the year and subsequent data cleanse. The update is providing a broader range of data recording and allowing for deployment of volunteers across a wider range of activities within Culture and Recreation Across the 9 months of reporting there has been an average of 219.6 active volunteers per month 109.8% of the higher target set for 2017-2018	The success in maintaining volunteering numbers and the reason for the introduction of a higher target figure is due to the wide range of volunteer opportunities across the whole Culture and Recreation portfolio. There has been an increase in venues with volunteer opportunities around the borough and the events programme including events in the autumn and Christmas. There are also many public health funded projects running including Healthy Lifestyles, Change for Life programme and Volunteer Drivers Scheme which are attracting regular volunteer numbers. In addition, 2 Libraries are also now community run providing regular volunteer opportunities. The regular volunteering recruitment programme is working well and the variety of opportunities offered are seeing improved retention figures for volunteers across the year
Benchmarking	Not applicable – Local measure only	

COMMUNITY LEADERSHIP AND ENGAGEMENT

Volunteering and Engagement: KPI 1b – The percentage of residents participating in the community — **Quarter 3 2017/18**

Definition	The percentage of respondents that have given unpaid help to any group(s), club(s) or organisation(s) in the last 12 months.	**How this indicator works**	This indicator measures the number of Residents' Survey respondents who answered 'yes' to the question "have you given unpaid help to any group(s), club(s) or organisation(s)?". This includes anything they've taken part in, supported or provided help in any way, either on their own or with others.
What good looks like	We are working towards a continuous increase in the number of residents participating in the community.	**Why this indicator is important**	Volunteering not only benefits the individual volunteer by increasing their skills and experience, it also has a significant impact on the health and wellbeing on the community as a whole.
History with this indicator	2015/16 Residents' Survey – 24% 2016/17 Residents' Survey – 22%	**Any issues to consider**	None at this time.

	Annual Result	**DOT 2015/16 to 2016/17**
2017/18	**Results due March 2018**	↓
Target	26%	
2016/17	22%	

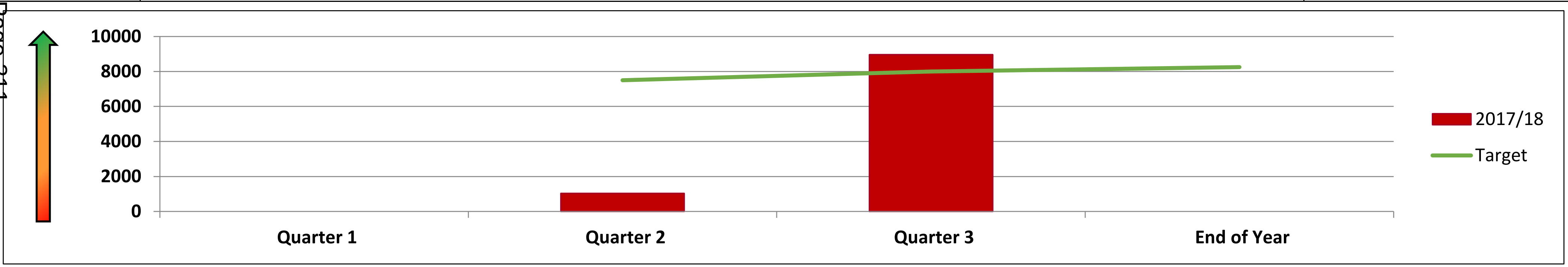


RAG Rating	**Performance Overview**	**Actions to sustain or improve performance**
A	Performance between the 2015 and 2016 surveys remained relatively static, with only a slight drop in the percentage of respondents who had formally volunteered in the previous 12 months.	Fieldwork for this year's Residents' Survey (2017) has come to an end, with results due March 2018. There has been an increase in venues with volunteer opportunities around the borough and this includes options to be involved in the summer events programme. There are also a number of public health funded projects running including Healthy Lifestyles, Change for Life programme and Volunteer Drivers Scheme which are attracting regular volunteer numbers.
Benchmarking	The national Community Life Survey Results – 41%	

COMMUNITY LEADERSHIP AND ENGAGEMENT
Volunteering and Engagement: KPI 1c – The number of engagements with social media (Facebook) — **Quarter 3 2017/18**

Definition	The number of engagements with the Council's Facebook page	**How this indicator works**	This figure will look at the number of times people have commented on, shared or reacted to a post.
What good looks like	We are working to increase the amount of engagement we have with our residents via social media.	**Why this indicator is important**	To monitor how the Council's engagement through the use of social media, is helping to increase the number of residents who feel well informed of local new and key Council decisions.
History with this indicator	A new monitoring and management software from 2017/18.	**Any issues to consider**	None at this time.

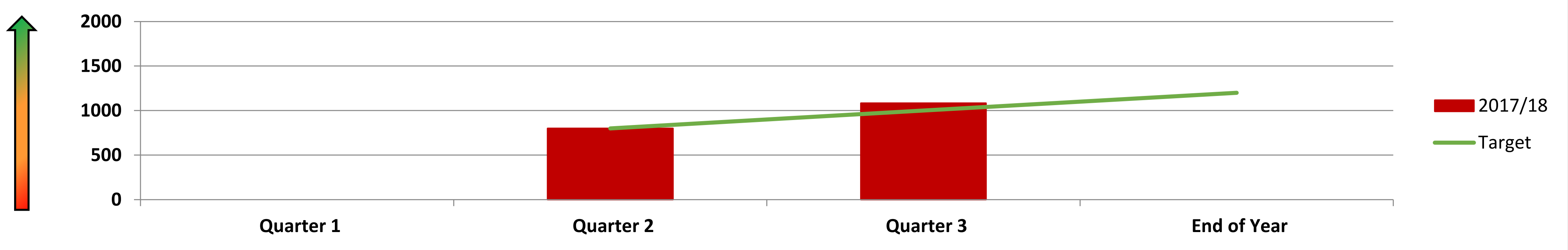
	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 2 2017/18
2017/18	New from Qtr 2	**1,031 average number of engaged users**	8,961		n/a
Target		7,500	8,000	8,250	
2016/17	New Performance Indicator for 2017/18				



RAG Rating	Performance Overview	Actions to sustain or improve performance
G	This metric monitors how many unique users have engaged (clicked, commented on or shared) on a piece of content from the council	Continue to increase the visibility of the page and the number of followers.
Benchmarking	Not applicable – Local measure only	

COMMUNITY LEADERSHIP AND ENGAGEMENT Volunteering and Engagement: KPI 1c – The number of engagements with social media (Twitter)			Quarter 3 2017/18
Definition	The number of engagements with the Council's Twitter page	**How this indicator works**	This figure will look at the number of times people have commented on, shared or reacted to a post.
What good looks like	We are working to increase the amount of engagement we have with our residents via Twitter.	**Why this indicator is important**	To monitor how the Council's engagement through the use of social media, is helping to increase the number of residents who feel well informed of local new and key Council decisions.
History with this indicator	A new monitoring and management software was introduced in July 2017, therefore data is not yet available.	**Any issues to consider**	None at this time.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 2 2017/18
2017/18	New from Qtr 2	799 unique users engaged	**1,083**		**n/a**
Target		800	1,000	1,200	
2016/17	New Performance Indicator for 2017/18				



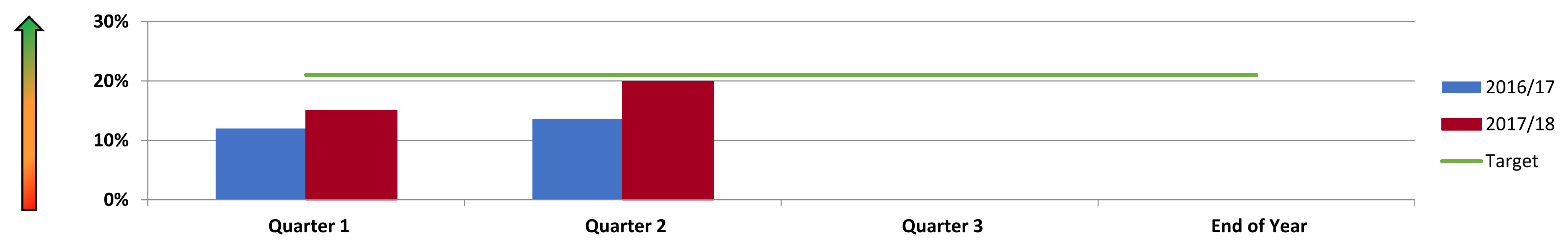
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Very happy with the performance. We have tweaked out posting schedule which has resulted in increased engagement.	• Increase the frequency of posts • Increase daily scheduled posts so there's a minimum of 20 posts a day during the working week and 5 of a weekend. • Run twitter campaigns that encourage engagement, i.e. polls or live video
Benchmarking	Not applicable – Local measure only	

COMMUNITY LEADERSHIP AND ENGAGEMENT

Volunteering and Engagement: KPI 1d – The number of One Borough newsletter subscribers (average open rate) **Quarter 3 2017/18**

Definition	The average open rate for the One Borough newsletter	**How this indicator works**	This indicator monitors the average amount of times the bi-weekly One Borough newsletter
What good looks like	We are working to increase the percentage of opens our newsletter receives.	**Why this indicator is important**	We are looking to increase the number of residents who feel well informed of local news and key Council decisions. This figure indicates how many subscribers are engaging with our content.
History with this indicator	Over time we have increased the number of recipients opening their newsletters.	**Any issues to consider**	Increasing not only the number of recipients but enticing them to open the newsletter.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 2 2016/17
2017/18	15% average	**19.9% average**			↑
Target	21%	21%	21%	21%	
2016/17	12% average	13.6% average			

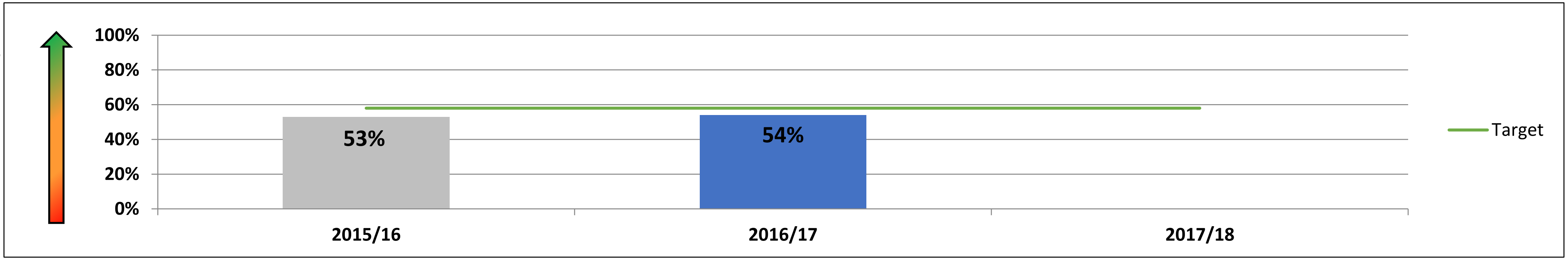


RAG Rating	Performance Overview	Actions to sustain or improve performance
A	Quarter 2 is the latest data available. We have re-designed the newsletter to make it more modern and been including enforcement appeals. We've also been working harder at our subject lines to encourage residents to open the email.	• Improve data collection processes. • Run promotional campaign to encourage subscribers. • Strong subject lines and content
Benchmarking	Benchmark for Government newsletters is 26.33%, Benchmark for entertainment and events is 21.21%	

COMMUNITY LEADERSHIP AND ENGAGEMENT
KPI 2 – The percentage of respondents who believe the Council listens to concerns of local residents (Annual Indicator) 2017/18

Definition	Residents Survey question: 'To what extent does the statement "Listens to the concerns of local residents' apply to your local Council?" The percentage of respondents who responded with either 'A great deal' or 'To some extent'.	**How this indicator works**	Results via a telephone survey conducted by ORS, an independent social research company. For this survey, mobile sample was purchased by ORS, enabling them to get in contact with harder to reach populations. Interviews conducted with 1,101 residents (adults, 18+).
What good looks like	Good performance would see higher percentages of residents believing that the Council listens to their concerns.	**Why this indicator is important**	Results give an indication of how responsive the Council is, according to local residents.
History with this indicator	2016 Resident's Survey – 54% 2015 Residents' Survey – 53%	**Any issues to consider**	Results were weighted to correct any discrepancies in the sample to better reflect the population of Barking & Dagenham, based on a representative quota sample. Quotas set on age, gender, ethnicity and tenure.

	Annual Result	DOT 2015/16 to 2016/17
2017/18	**Results due March 2018**	↑
Target	58%	
2016/17	54%	



RAG Rating	Performance Overview	Actions to sustain or improve performance
A	Performance for this indicator improved slightly in 2016 although results remained below the target of 58%. The Council has carried out a number of major consultations over the past year with residents and has made an effort to encourage residents to get involved. This may have contributed to helping ensure performance did not deteriorate over the last year. However, in order to see real improvements on this indicator the Council needs to be better at responding to the concerns of residents through dealing effectively with service requests. A key part of this is also about setting clear expectations and service standards so that residents know what to expect.	Fieldwork for this year's Residents' Survey (2017) has come to an end, with results due March 2018. To improve results, the Council needs to ensure it is doing the basics right through business as usual, ensuring the services delivered are relentlessly reliable. Development of campaign plans with key messages for priority areas, as well as continuing to work to improve consultation and engagement.
Benchmarking	Survey of London 2015 results – 64%	

COMMUNITY LEADERSHIP AND ENGAGEMENT KPI 3 – Impact / Success of events evaluation (Annual Indicator)			2017/18
Definition	Survey of people attending the events to find out: • **Visitor profile:** Where people came from, Who they were, How they heard about the event • **The experience:** Asking people what they thought of the event and how it could be improved. • **Cultural behaviour:** When they last experienced an arts activity; and where this took place.	**How this indicator works**	Impact / success is measured by engaging with attendees at the various cultural events running over the Summer. Results are presented in a written evaluation report.
History with this indicator	See results below.	**Any issues to consider**	The outdoor cultural events programme runs from June to September.

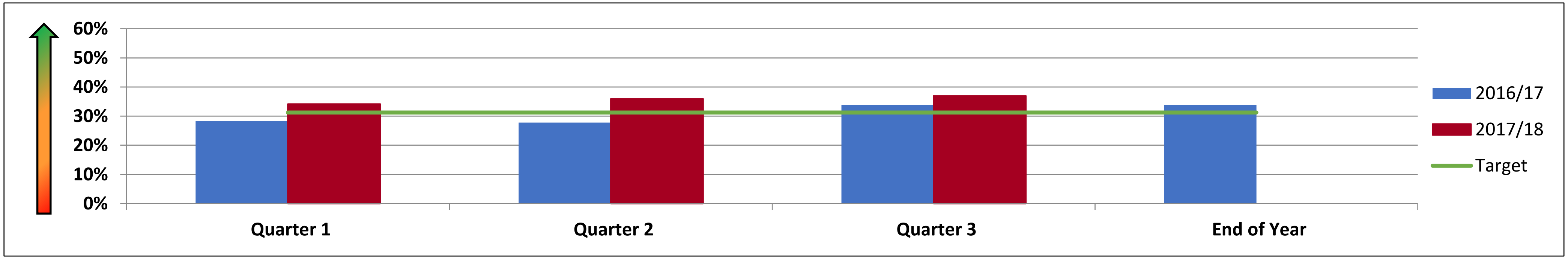
Questions		**2016/17**	**2017/18**	**DOT**
3a	The percentage of respondents who agree that these annual events should continue	100%	91%	↓
3b	The percentage of respondents who agree that these events are a good way for people of different ages and backgrounds to come together	100%	92%	↓
3c	The percentage of respondents who live in the Borough	66%	64%	↓
3d	The percentage of respondents who were first time attenders at the event	43%	--	**n/a**
3e	The percentage of respondents who had attended an arts event in the previous 12 months	56%	64%	↑
3f	The percentage of respondents who heard about the event from LBBD social media activity	25%	28%	↑

RAG Rating	**Performance Overview**	**Actions to sustain or improve performance**
n/a	Results for 2017/18 are included above. To allow comparison the results for the previous year are also included. In the 2017 survey, the question about first time attendance was not asked.	When we asked people what they particularly liked about the events and how they think they could be improved, a number of recurring themes were identified, which on the whole are similar to the responses received in 2016. Positive comments – free entry, atmosphere, good day out, family friendly; and seeing the community come together. Areas for improvement – more seating, cost of rides, more variety of food on sale, price of food, and more arts and crafts stalls.
Benchmarking	Not applicable – Local measure only	

Equalities and Cohesion – Key Performance Indicators 2017/18

EQUALITIES AND COHESION KPI 4 – The percentage of Council employees from BME Communities			Quarter 3 2017/18
Definition	The overall number of employees that are from BME communities.	**How this indicator works**	This is based on the information that employees provide when they join the Council. They are not required to disclose the information and many chose not to, but they can update their personal records at any time they wish.
What good looks like	That the workforce at levels is more representative of the local community (of working age).	**Why this indicator is important**	This indicator helps to measure and address under-representation and equality issues within the workforce and the underlying reasons.
History with this indicator	The overall percentage of Council employees from BME Communities has been on an upward trend for a number of years but the rate of increase does not match that of the local population and the Borough profile.	**Any issues to consider**	A number of employees are "not-disclosed", and the actual percentage from BME communities is likely to be higher. Completion of the equalities monitoring information is discretionary and we are looking at how to encourage new starters to complete this on joining the Council and employees to update personal information on Oracle.

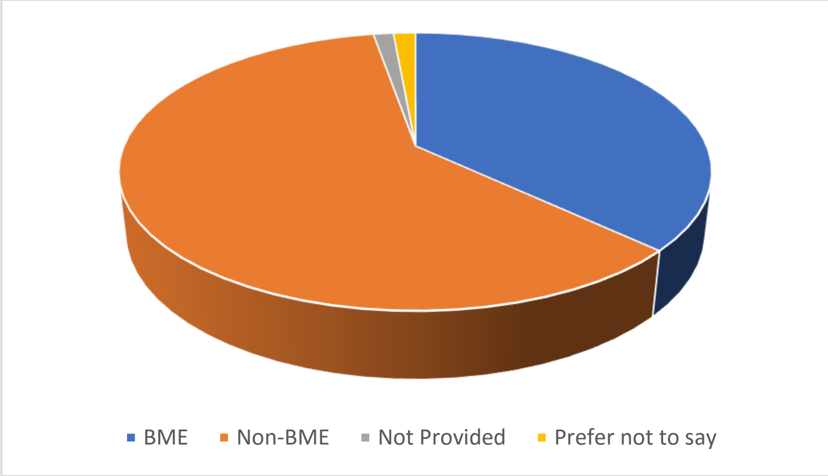
	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	34.11%	35.98%	**36.96%**		↑
Target	31.24%	31.24%	31.24%	31.24%	
2016/17	28.36%	27.82%	33.9%	33.8%	



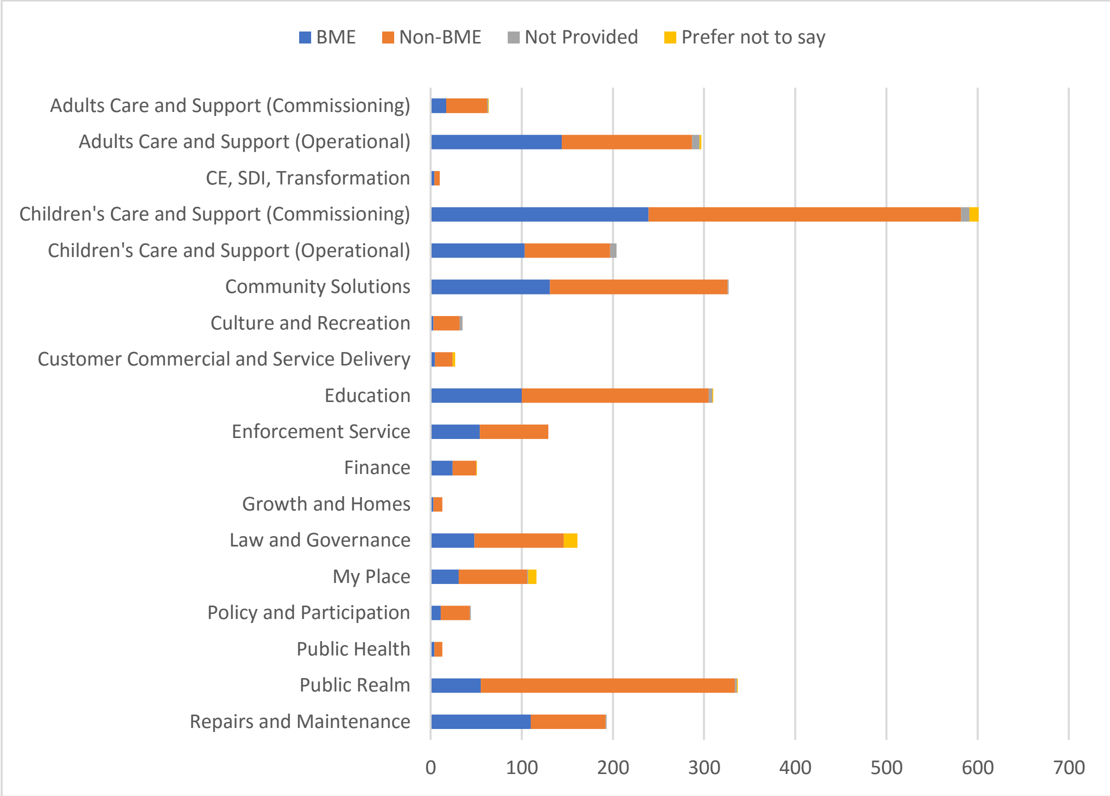
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	This quarter shows an increase in the percentage of staff working at LBBD from BME backgrounds compared with the last quarter.	We continue to monitor recruitment data, and have seen an increase in new starters from BME communities. Recruitment and selection training includes good practice recruitment standards for managers with a significant emphasis on E&D.
Benchmarking	Not applicable – Local measure only	

KPI 4 – The percentage of employees from BME Communities

BME	Non-BME	Not Provided	Prefer not to say
1052	**1793**	**37**	**42**
36.96%	60.30%	1.30%	1.44%



Service Block	BME	Non-BME	Not Provided	Prefer not to say
Adults Care & Support (Commissioning)	17	45	1	1
Adults Care & Support (Operational)	144	143	8	2
CE, SDI, Transformation	4	6		
Children's Care & Support (Commissioning)	239	343	9	10
Children's Care & Support (Operational)	103	34	7	
Community Solutions	131	195	1	
Culture and Recreation	3	29	3	
Customer Commercial and Service Delivery	5	19		3
Education	100	205	4	1
Enforcement Service	54	75		
Finance	24	26		1
Growth and Homes	3	10		
Law and Governance	48	98		15
My Place	31	75	1	9
Policy and Participation	11	32	1	
Public Health	4	9		
Public Realm	55	279	2	1
Repairs and Maintenance	110	82	1	

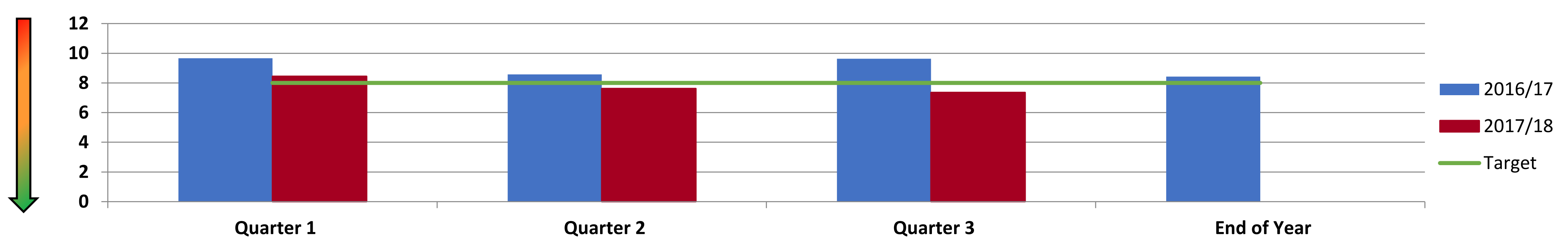


EQUALITIES AND COHESION

KPI 29 – The average number of days lost due to sickness absence — **Quarter 3 2017/18**

Definition	The average number of days sickness across the Council, (excluding staff employed directly by schools). This is calculated over a 12-month rolling year, and includes leavers.	**How this indicator works**	Sickness absence data is monitored closely by the Workforce Board and by Directors. An HR Project Group meets weekly to review sickness absence data, trends, interventions and "hot spot" services have been identified. Managers have access to sickness absence dashboards.
What good looks like	Average for London Boroughs is 7.8 days.	**Why this indicator is important**	This indicator is important because of the cost to the Council, loss of productivity and the well-being and economic health of our employees. The focus is also on prevention and early intervention.
History with this indicator	2016/17 end of year result: 8.43 days 2015/16 end of year result: 9.75 days 2014/15 end of year result: 7.51 days	**Any issues to consider**	

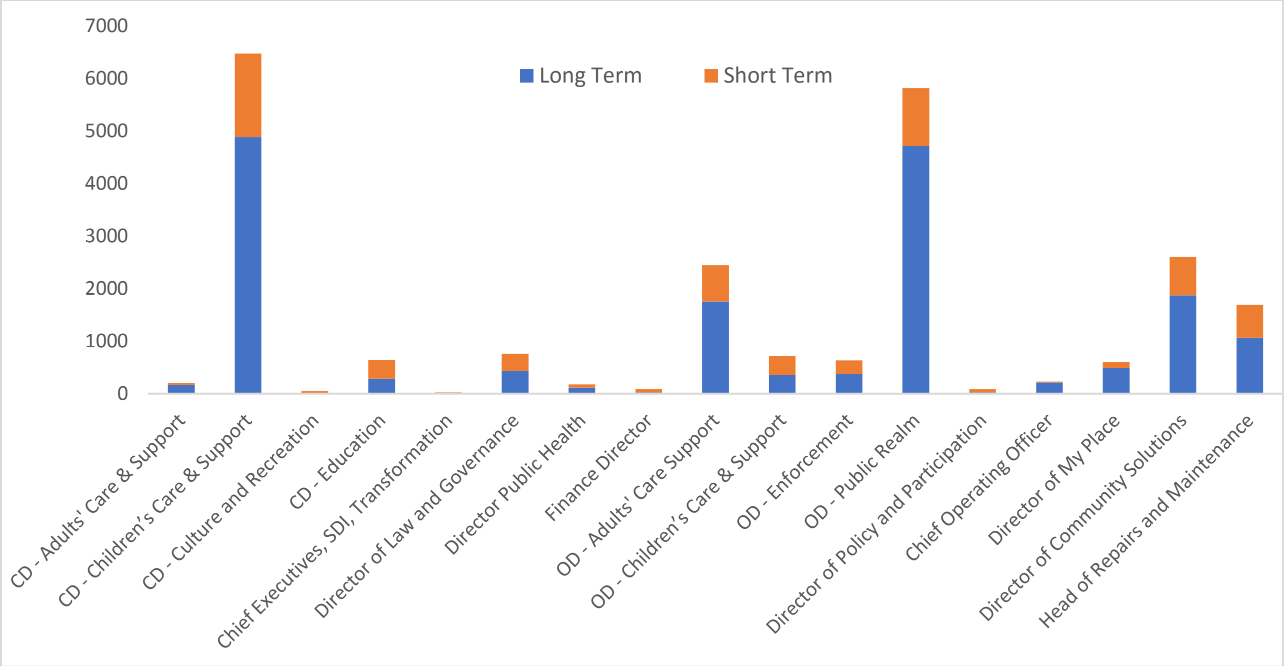
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from Qtr 3 2016/17
2017/18	8.45	7.62	**7.36**		↑
Target	8	8	8	8	
2016/17	9.67	8.58	9.63	8.43	



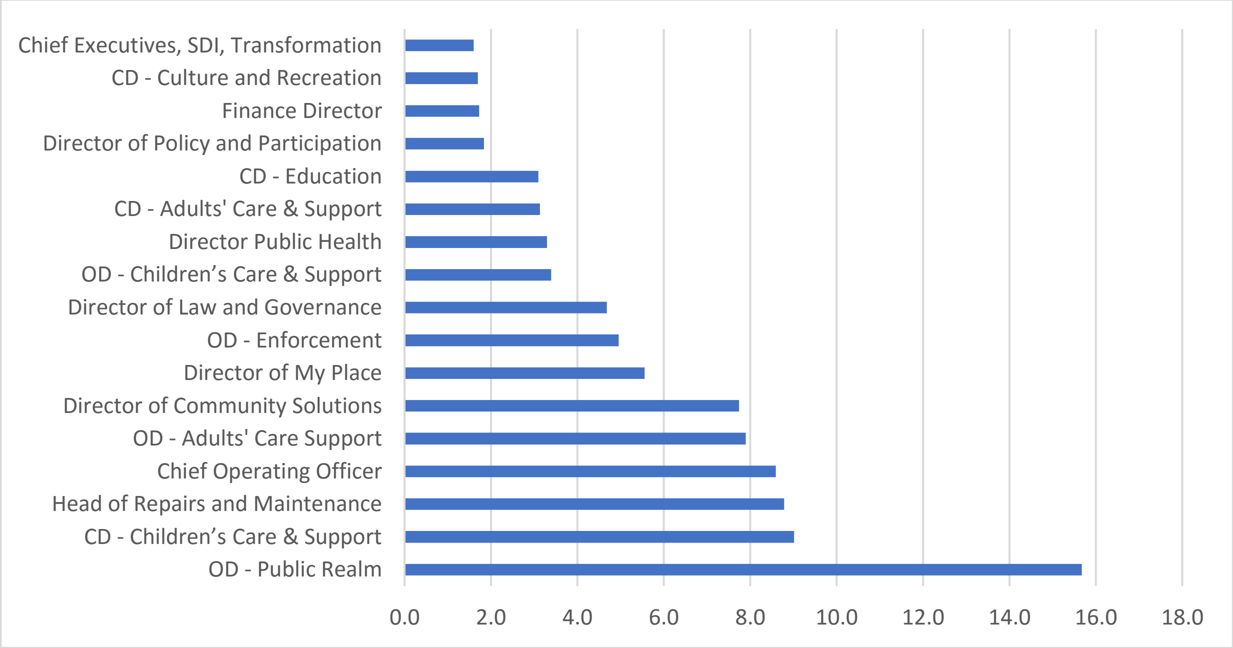
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Performance has further improved and the council has now dropped below its previous target of 8 days for the first time in recent years. It is now below the London average. Because of this a new target of 6 days average by 31 March 2018 has been set by the Workforce Board.	Although our absence levels are reducing, and compliance with monitoring, recording and managing absence are improving, there is still further work to be done. The breakdown by Service Block/Director reflects recent changes in establishment.
Benchmarking	London average – 7.8 days	

KPI 29 – The average number of days lost due to sickness absence (Additional Information)

Director	Long Term	Short Term
CD - Adults' Care & Support	167	40
CD - Children's Care & Support	4881	1593.5
CD - Culture and Recreation	0	50.5
CD - Education	286	352.5
Chief Executives, SDI, Transformation	0	21.5
Chief Operating Officer	1753	687.75
Director of Community Solutions	375	259.5
Director of Law and Governance	211	21
Director of My Place	360	349.75
Director of Policy and Participation	1068	627
Director Public Health	1872	728
Finance Director	434	324
Head of Repairs and Maintenance	4709	1107.5
OD - Adults' Care Support	484	115.7
OD - Children's Care & Support	23	62
OD - Enforcement	115	63
OD - Public Realm	24	64
CD - Adults' Care & Support	167	40



Director	Average Days Lost per EE January
CD - Adults' Care & Support	3.1
CD - Children's Care & Support	9.0
CD - Culture and Recreation	1.7
CD - Education	3.1
Chief Executives, SDI, Transformation	1.6
Chief Operating Officer	8.6
Director of Community Solutions	7.7
Director of Law and Governance	4.7
Director of My Place	5.6
Director of Policy and Participation	1.8
Director Public Health	3.3
Finance Director	1.7
Head of Repairs and Maintenance	8.8
OD - Adults' Care Support	7.9
OD - Children's Care & Support	3.4
OD - Enforcement	5.0
OD - Public Realm	15.7

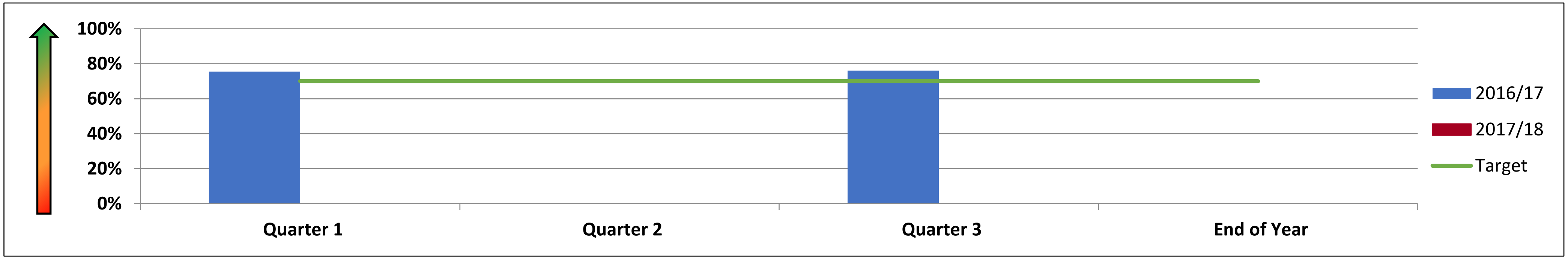


EQUALITIES AND COHESION
KPI 30 – The percentage of staff who are satisfied working for the Council

Quarter 3 2017/18

Definition	The percentage of respondents of the Staff Temperature check who are satisfied working for the Council.	**How this indicator works**	This is a survey of a representative cross section of the workforce and is followed by focus groups to explore the results. The results are reported to the Workforce Board, Members at the Employee Joint Consultative Committee, Trade Unions and Staff Networks and published on Intranet
What good looks like	That the positive response rate is maintained and continues to improve.	**Why this indicator is important**	Staff temperature checks are “statistically valid” and this indicator provides an important measure of how staff are engaged when going through major change; it gives them an opportunity to say how this is impacting on them.
History with this indicator	The Staff Temperature Check Survey is run two or three times a year and the questions are linked to those in the all Staff Survey to enable benchmarking with previous years back to 2006.	**Any issues to consider**	Depends on how changes and restructures continue to be managed locally and / or the impact on the individuals in those areas.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from previous reporting period
2017/18	Survey not conducted	Survey not conducted	Survey not conducted		↑
Target	70%	70%	70%	70%	
2016/17	75.52%	Survey not conducted	**76%**	Survey not conducted	



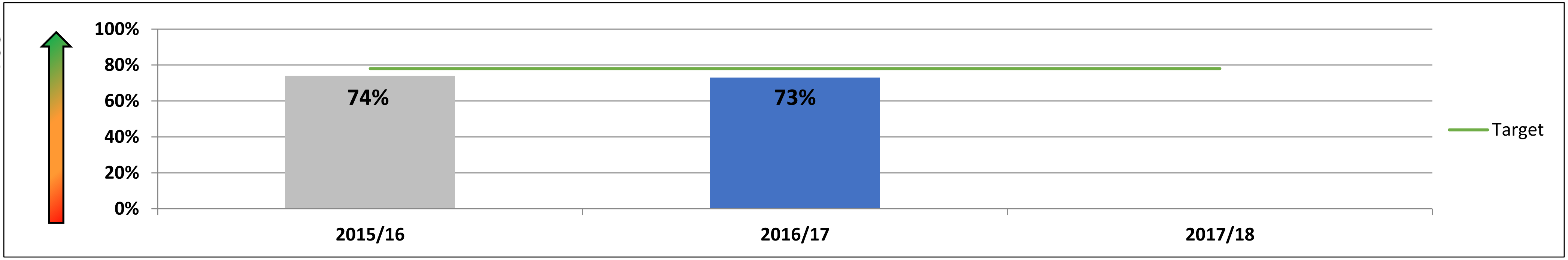
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	The last temperature check was circulated to all employees through an online survey, and a paper copy to those without regular access to PCs. The response rate increased overall, and there were more paper copies returned than the previous quarter.	The Investors in People Survey included a question that we can continue to track employee satisfaction. This survey circulated to all staff, and we will need to demonstrate a minimum completion level, which we hope to exceed. As this is a key part of our Investors in People assessment, we will wish to avoid survey fatigue, misunderstanding, and duplication of effort. A final planning meeting has taken place with our Assessor and the Investors in People Survey team. Arrangements are in place to run internal communication campaigns to maximise the return rate. Results will be available for the Council as a whole, and benchmarked. Reports will also be produced for service delivery blocks.
Benchmarking	No benchmarking data available – Local measure only.	

EQUALITIES AND COHESION

KPI 5 – The percentage of residents who believe that the local area is a place where people from different backgrounds get on well together — 2017/18

Definition	Residents Survey question: 'To what extent do you agree that this local area is a place where people from different backgrounds get on well together" The percentage of respondents who responded with either 'Definitely agree' or 'Tend to agree'.	**How this indicator works**	Results via a telephone survey conducted by ORS, an independent social research company. For this survey, mobile sample was purchased by ORS, enabling them to get in contact with harder to reach populations. Interviews conducted with 1000 residents (adults, 18+).
What good looks like	An improvement in performance would see a greater percentage of residents believing that the local area is a place where people from different backgrounds get on well together.	**Why this indicator is important**	Community cohesion is often a difficult area to measure. However, this perception indicator gives some indication as to how our residents perceive community relationships to be within the borough.
History with this indicator	2016 Resident's Survey – 73% 2015 Residents' Survey – 74%	**Any issues to consider**	Results were weighted to correct any discrepancies in the sample to better reflect the population of Barking & Dagenham, based on a representative quota sample. Quotas set on age, gender, ethnicity and tenure.

	Annual Result	DOT 2015/16 to 2016/17
2017/18	**Results due March 2018**	↓
Target	78%	
2016/17	73%	

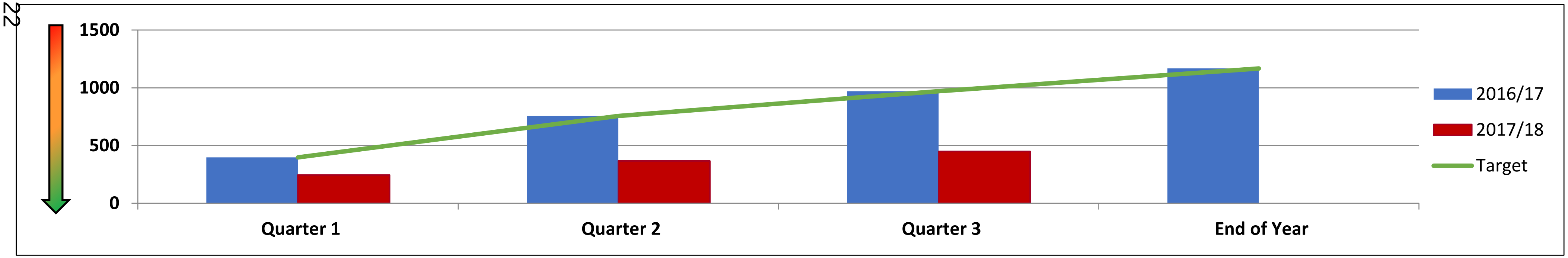


RAG Rating	Performance Overview	Actions to sustain or improve performance
A	Results for this indicator decreased slightly in 2016, dropping from 74% to 73%. Given the circumstances, nationally as a result of Brexit and the reported rise in hate crime in places across the country, it is positive to note that performance for this indicator is holding steady. However, the performance for this indicator is still below the target of 80% and therefore RAG rated Amber.	Fieldwork for this year's Residents' Survey (2017) has come to an end, with results due early March 2018. Work is underway to develop a Cohesion Strategy which will respond to issues and provide a plan to improve performance for this indicator.
Benchmarking	The national Community Life Survey Results – 89%	

Environment and Street Scene – Key Performance Indicators 2017/18

ENVIRONMENT AND STREET SCENE KPI 6 – The weight of fly-tipped material collected (tonnes)			Quarter 3 2017/18
Definition	Fly tipping refers to dumping waste illegally instead of using an authorised method.	**How this indicator works**	(1) Fly-tip waste disposed at Material Recycling Facility and provided with weighbridge tonnage ticket to show net weight. The weights for all vehicles are collated monthly by East London Waste Authority (ELWA) and sent to boroughs for verification. (2) Following verification of tonnage data, ELWA sends the data to the boroughs and this is the source information for reporting the KPI.
What good looks like	In an ideal scenario fly tipping trends should decrease year on year and below the corporate target if accompanied by a robust enforcement regime.	**Why this indicator is important**	To show a standard level of cleanliness in the local authority, fly tipping needs to be monitored. This reflects civic pride and the understanding the residents have towards our service and their own responsibilities.
History with this indicator	2016/17 end of year result – 1,167 tonnes collected 2015/16 end of year result – 627 tonnes collected 2014/15 end of year result – 709 tonnes collected	**Any issues to consider**	Performance for this indicator fluctuates year on year depending on the collection services on offer, for example, the introduction of charges for green garden waste. We are monitoring the impact of green garden waste charges on fly tipping, but thus far, we have not seen any significant impact.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	244 tonnes	367 tonnes	**448 tonnes***		↑
Target	397 tonnes	755 tonnes	971 tonnes	1,167 tonnes	
2016/17	397 tonnes	755 tonnes	971 tonnes	1,167 tonnes	



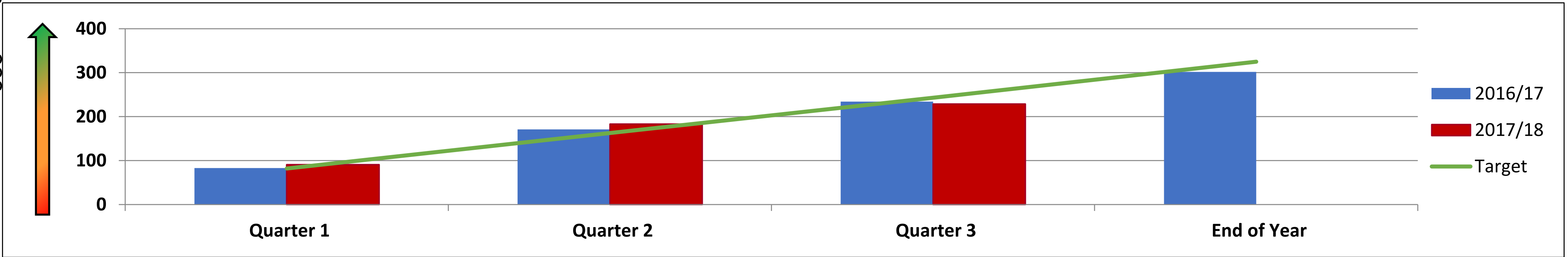
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	*We are yet to receive Dec 2017 actual figures for this indicator from East London Waste Authority (ELWA). Therefore, we are only able to report the actual figures for Oct – 65 tonnes and Nov – 16 tonnes, making the total for quarter 3 thus far 81 tonnes. Based on the average for Oct/Nov of 40.5 tonnes, we predict that if this figure is maintained for Dec we would still be well within the target for quarter 3.	We carry out monthly monitoring of waste tonnage data to be more accurate and have found out some discrepancies where waste had been allocated to the wrong waste type. The continuing work of the area managers and enforcement team to pursue and prosecute fly-tippers will continue to contribute in the improvement of this indicator. Quick response to fly-tips stops them from building up and increasing the tonnage and may deter those who would add to existing fly-tips.
Benchmarking	We benchmark our fly tipping waste monthly with other ELWA partners. However, figures do not necessarily compare due to individual borough characteristics (population, housing stock etc.)	

ENVIRONMENT AND STREET SCENE

KPI 7 – The weight of waste recycled per household (kg) **Quarter 3 2017/18**

Definition	Recycling is any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes.	**How this indicator works**	This indicator is the result of all recyclate collected through our brown bin recycling service, brink banks, RRC (Reuse & Recycling Centre) and 'back-end' recycling from the Mechanical and Biological Treatment (MBT) Plant. The total recycled materials weight in kilograms is divided by the total number of households in the borough (74,707 households 2017/18).
What good looks like	An increase in the amount of waste recycled per household.	**Why this indicator is important**	It helps us understand public participation. It is also important to evaluate this indicator to assess operational issues and look for improvements in the collection service.
History with this indicator	2016/17 – 302kg per household 2015/16 – 218kg per household 2014/15 – 291kg per household	**Any issues to consider**	August recycling low due to summer holidays and from October to March due to lack of green waste recycling tonnages/rates are also low.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	91kg	183kg	**229kg***		↑
Target	82kg	163kg	243kg	325kg	
2016/17	83kg	171kg	234kg	302kg	



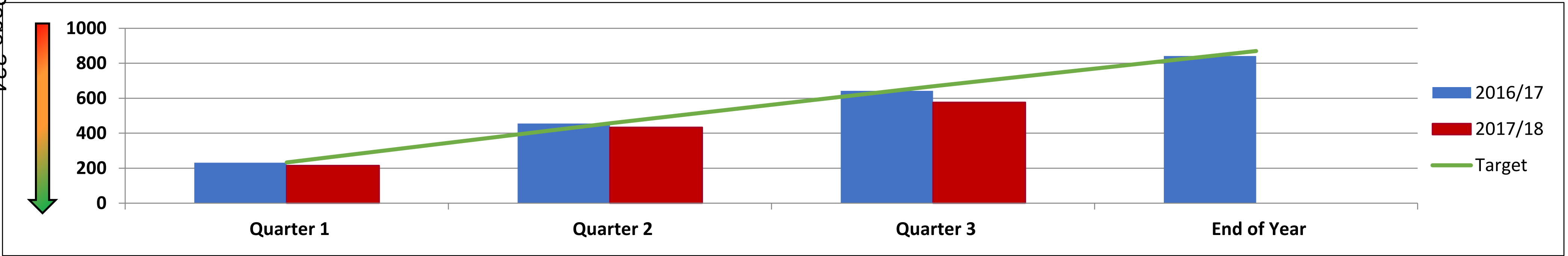
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	*We are yet to receive the December 2017 actual figures for this indicator from East London Waste Authority (ELWA). It is anticipated that by the end of January, we will receive the actual figures for December 2017. Therefore, we are only able to report the actual figures for October – 25 kg per household and November – 21 kg per household, making the total for quarter 3 thus far to 46 kg. Based on the previous 2 months, it is anticipated that the recycling rate at the end of quarter 3 will hold strong, provided we achieve 14 kg or above in December.	The Waste Minimisation Team continue to tackle the issue of contamination as part of the kerbside collection. Addressing this issue will be crucial to maintain LBBD's recycling rate. The team also responds to direct reports of contamination from crews and supervisors and directly engaging the residents, instructing, and educating to resolve contamination from households.
Benchmarking	We benchmark our recycling waste monthly with other ELWA partners. LBBD is ranked second out of the four ELWA boroughs (1st Havering; 2nd LBBD, 3rd Redbridge; and 4th Newham). However, figures do not necessarily compare due to individual borough characteristics (population, housing stock etc.)	

ENVIRONMENT AND STREET SCENE
KPI 8 – The weight of waste arising per household (kg)

Quarter 3 2017/18

Definition	Waste is any substance or object which the holder discards or intends or is required to discard and that cannot be recycled or composted.	**How this indicator works**	This indicator is a result of total waste collected through kerbside waste collections, Frizlands RRC, bulky waste and street cleansing minus recycling and garden waste collection tonnages. The residual waste in kilograms is divided by the number of households in the borough (74,707 households 2017/18).
What good looks like	A reduction in the amount of waste collected per household.	**Why this indicator is important**	It reflects the council's waste generation intensities which are accounted monthly. It derives from the material flow collected through our grey bin collection, Frizlands RRC residual waste, bulk waste and street cleansing collections services.
History with this indicator	2016/17 – 842kg 2015/16 – 877kg 2014/15 – 952kg	**Any issues to consider**	Residual waste generally low in month of August due to summer holidays and high during Christmas/New Year and Easter breaks.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	215kg	434kg	**577kg***		↑
Target	233kg	457kg	669kg	870kg	
2016/17	232kg	455kg	642kg	842kg	

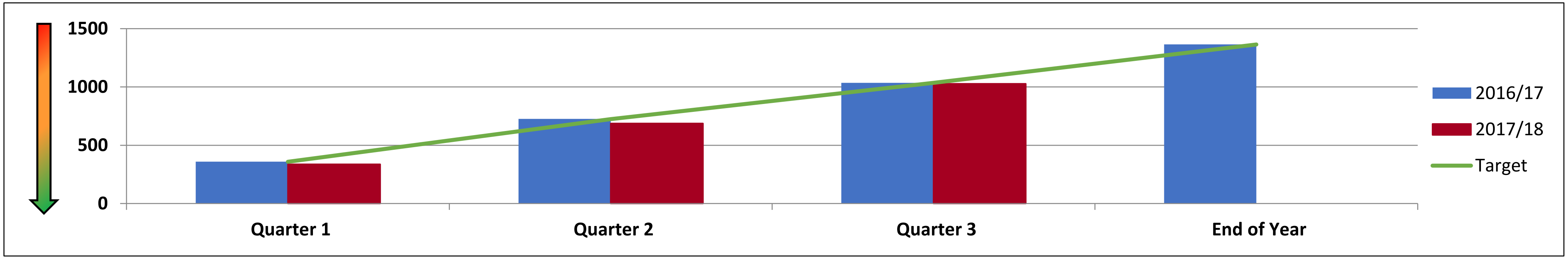


RAG Rating	Performance Overview	Actions to sustain or improve performance
G	*We are yet to receive the Dec 2017 actual figures for this indicator from East London Waste Authority (ELWA). It is anticipated that by the end of Jan, will we receive the actual figures for Dec 2017. Therefore, we are only able to report the actual figures for Oct – 72 kg per household and Nov – 71 kg per household, making the total for quarter 3 thus far, 143 kg. Based on the previous 2 months, it is anticipated that household waste at the end of quarter 3 will hold strong, provided we achieve 92 kg or below in Dec.	Work is being continued to police the number of large bins being delivered. Increased communications campaigns such as slim your bin and the no side waste policy campaign being undertaken by the Enforcement team from April 2017. On-going corrections to waste reporting have also impacted on high household waste levels with waste being correctly categorised and removed from the household waste stream.
Benchmarking	We benchmark our fly tipping waste monthly with other ELWA partners. However, figures do not necessarily compare due to individual borough characteristics (population, housing stock etc.).	

Enforcement and Community Safety – Key Performance Indicators 2017/18

ENFORCEMENT AND COMMUNITY SAFETY KPI 9 – The number of non-domestic abuse violence with injury offences recorded			Quarter 3 2017/18
Definition	Violence with Injury includes the following offences: Attempted murder, intentional destruction of a viable unborn child, causing death or serious injury by dangerous driving, causing death by careless driving under the influence of drink or drugs, cause or allow death or serious physical harm to child or vulnerable person, causing death by careless or inconsiderate driving, causing death by driving; unlicensed, disqualified or uninsured drivers, assault with intent to cause serious harm, endangering life, assault with Injury, Racially or religiously aggravated assault with injury, causing death by aggravated vehicle taking. Non Domestic Violence Within Injury is all of the above which have not been flagged as a Domestic Incident	**How this indicator works**	Overall count of the offences listed opposite.
What good looks like	We are looking for a decrease in this figure, and would normally compare with the same period in the previous year, as crime is (broadly) seasonal.	**Why this indicator is important**	This indicator has been agreed as one of the high-volume crime priorities for Barking and Dagenham. This was agreed between the Leader, Chief Executive, CSP Chair, Borough Commander and the Mayor's Office of Policing and Crime (MOPAC).
History with this indicator	2013/14: 1696 2014/15: 1963 2015/16: 2137 2016/17: 2134	**Any issues to consider**	In April 2014 changes were made to the way in which violence was recorded and classified (see new Home Office Counting Rules Guidance). HMIC inspections of police data in 2013-14 also raised concerns about a notable proportion of crime reports not being recorded, particularly during domestic abuse inspections. Implementation of the new recording and classification guidance and training to improve crime recording mechanisms around violence and domestic abuse have led to a rapid upward trajectory in Violence with Injury.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	336	687	**1,027**		↑
Target	Year on year reduction	Year on year reduction	Year on year reduction	Year on year reduction	
2016/17	359	725	1,036	1,365	



RAG Rating	Performance Overview	Actions to sustain or improve performance
A	Using 2017/18 financial year to date figures at December 2017 (1,027 offences) shows that Non-Domestic Abuse Violence With Injury is down by 0.9% (-9 offences) compared to the same point in the previous year (1,036 offences). In comparison Non DA VWI across London is up 3.2%	The Police have daily grip meetings to examine Violence offences (ensuring good reporting standards and seeking opportunities to identify and arrest offenders). The police set up a specific Operation Equinox arrest team to track down wanted violent suspects - There is daily mapping of violent offences and tasking's are altered each day in response.
Benchmarking	Benchmarking data not available.	

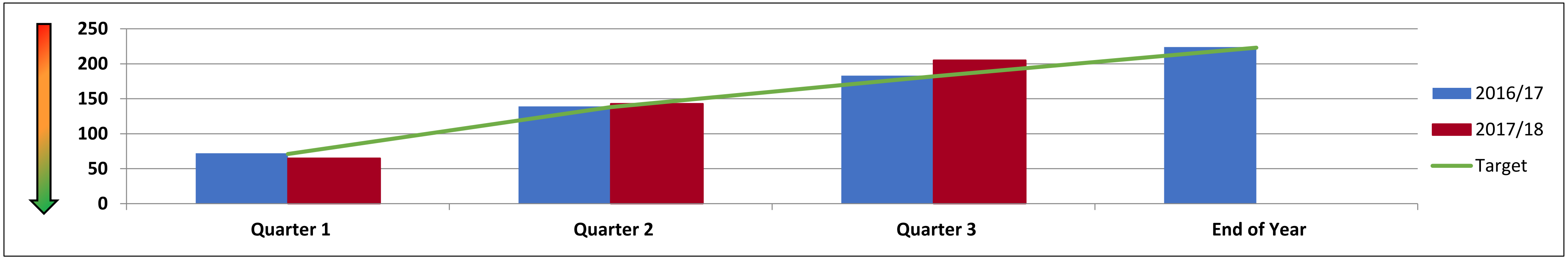
ENFORCEMENT AND COMMUNITY SAFETY

KPI 10 – The number of serious youth violence offences recorded

Quarter 3 2017/18

Definition	Serious Youth Violence is defined by the MPS as 'Any offence of most serious violence or weapon enabled crime, where the victim is aged 1-19.'	**How this indicator works**	Serious Youth Violence is a count of victims of Most Serious Violence aged 1-19.
What good looks like	We are looking for a decrease in this figure, and would normally compare with the same period in the previous year, as crime is (broadly) seasonal.	**Why this indicator is important**	This indicator has been agreed as one of the high-volume crime priorities for Barking and Dagenham. This was agreed between the Leader, Chief Executive, CSP Chair, Borough Commander and the Mayor's Office of Policing and Crime (MOPAC) for the 2017/18 period.
History with this indicator	2014/15: 182 2015/16: 245 2016/17: 224	**Any issues to consider**	Serious Youth Violence Counts the number of victims aged 0-19 years old, not the number of offences.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	65	143	**205**		↓
Target	Year on year reduction	Year on year reduction	Year on year reduction	Year on year reduction	
2016/17	72	139	183	224	



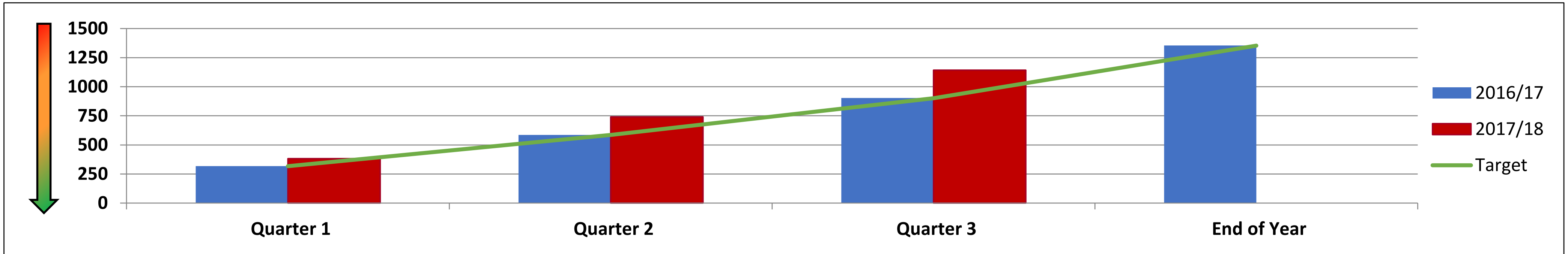
RAG Rating	Performance Overview	Actions to sustain or improve performance
R	Using 2017/18 financial year to date figures at December 2017 (205 victims) Serious Youth Violence is up by 12% (+22 victims) compared to the same point in the previous year (183 victims). In comparison the number of SYV victims across London is up by 15.7%.	£268,000 of the London Crime Prevention Fund is allocated to the area of keeping children and young people safe. Work streams include: 1) Expansion of the trial of high level mentoring support for YP at high risk of involvement in violence, gang involvement or resettling back into the community after a custodial sentence. 2) Delivery of Out of Court Disposals to work with young people at an earlier stage to avoid entry into the criminal justice system. 3) Counselling and mentoring workshops and performances with targeted groups of young people in schools and other settings on offences with weapons such as knives, noxious substances and CSE. 4) Develop a Youth Matrix to identify the most at risk young people through schools, police, youth service and Youth Offending Service. 5) Full Time Support workers will provide one to one mentoring as part of early intervention identified by the matrix.
Benchmarking	Benchmarking data not available.	

ENFORCEMENT AND COMMUNITY SAFETY
KPI 11 – The number of burglary offences recorded

Quarter 3 2017/18

Definition	This indicator includes residential burglary and burglary of a business property	**How this indicator works**	A count of total burglary offences reported to police (Residential and Business and Community)
What good looks like	We are looking for a decrease in this figure, and would normally compare with the same period in the previous year, as crime is (broadly) seasonal	**Why this indicator is important**	This indicator has been agreed as one of the high-volume crime priorities for Barking and Dagenham. This was agreed between the Leader, Chief Executive, CSP Chair, Borough Commander and the Mayor's Office of Policing and Crime (MOPAC) for the 2017/18 period.
History with this indicator	2013/14: 2007 2014/15: 1874 2015/16: 1534 2016/17: 1354	**Any issues to consider**	None at this time.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	382	740	**1,143**		↓
Target	Year on year reduction	Year on year reduction	Year on year reduction	Year on year reduction	
2016/17	318	586	903	1,354	



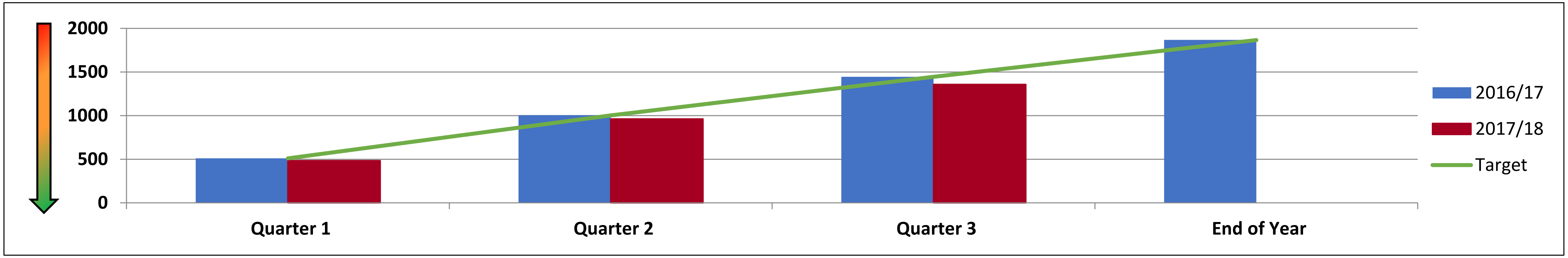
RAG Rating	Performance Overview	Actions to sustain or improve performance
R	Financial Year to date figures at December 2017 (1,143 offences) shows a 26.6% increase (+240 offences) when compared to the same point in the previous year (903 offences). In comparison total burglary across London is up 12.9%	From 8th January 2018 there will be a unit made up of 2 Sergeants and 16 Constables, who will operate out of Fresh Wharf police station. The unit will investigate all crimes of Robbery and Burglary where there has been a forensic identification. In terms of Burglary the unit will investigate: 1. Any linked series, 2. Any artifice offence,3. Any offence with a named suspect, 4. Any offence with a realistic line of enquiry which could lead to the identification of suspects, 5. Any other offences which the CID DI believes should be investigated by the unit. Proactive work will be undertaken especially on linked series offences to locate and arrest suspects who are currently wanted for Robbery and Burglary. This initiative will help reduce the current increase trend and will also improve victim care and positive outcomes.
Benchmarking	Using rolling 12-month figures to November 2017 Barking and Dagenham has a rate of 7.5 offences per 1,000 population. This places the borough 9 of 32 in London (1 is lowest crime rate in London, 32 is highest crime rate in London). This rate places Barking and Dagenham 3 of 15 in our Most Similar Family Group.	

ENFORCEMENT AND COMMUNITY SAFETY
KPI 12 – The number of criminal damage offences recorded

Quarter 3 2017/18

Definition	This indicator includes criminal damage to: a dwelling, a building other than a dwelling, a vehicle other criminal damage, racially or religiously aggravated criminal damage.	**How this indicator works**	A combined count of the offences listed opposite.
What good looks like	We are looking for a decrease in this figure, and would normally compare with the same period in the previous year, as crime is (broadly) seasonal	**Why this indicator is important**	This indicator has been agreed as one of the high-volume crime priorities for Barking and Dagenham. This was agreed between the Leader, Chief Executive, CSP Chair, Borough Commander and the Mayor's Office of Policing and Crime (MOPAC) for the 2017/18 period.
History with this indicator	2014/15: 1,673 2015/16: 1,951 2016/17: 1,865	**Any issues to consider**	None at this time.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	488	970	**1,358**		
Target	Year on year reduction	Year on year reduction	Year on year reduction	Year on year reduction	
2016/17	511	1,004	1,446	1,867	



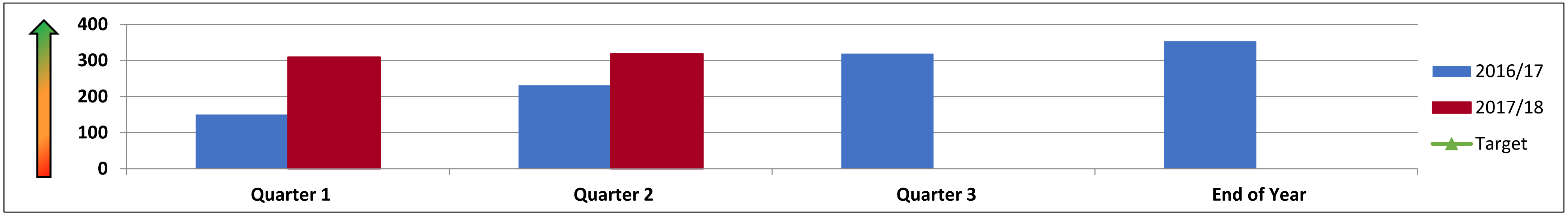
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Using 2017/18 financial year to date figures to December 2017 (1,446), we are reporting a 6.1% decrease (-88 offences) in overall criminal damage offences when compared to the same point in the previous year (1,358). This indicates good progress to achieving the 2017/18 reduction target set. In comparison Criminal Damage across London is down 2.1%.	The Police's proactive response to criminal damage has increased, leading to an increase in the number of arrests for going equipped to commit criminal damage. For non-domestic abuse crime work is currently underway to look at volume Total Notifiable Offences (TNO) generators and to target these areas for problem solving. There is overlap here with Anti-Social Behaviour (ASB) and some of this is addressed through partnership activity under the Victim Offender Location Time (VOLT) meeting and standing case conferences.
Benchmarking	Using rolling 12month figures to Nov 2017 Barking and Dagenham has a rate of 8.2 offences per 1,000 population. This places the borough 29 of 32 in London and 4 of 15 in our Most Similar Group. 1 = Lowest Rate In London (Good), 32 = Highest Rate in London (Bad) or 15 = Highest Rate Amongst our Most Similar Family Groups.	

ENFORCEMENT AND COMMUNITY SAFETY

KPI 13 – The number of properties brought to compliance by private rented sector licensing — **Quarter 3 2017/18**

Definition	The number of non-compliant properties brought to compliant standard.	**How this indicator works**	This indicates the number of properties that do not meet the standard and through informal and formal action have now had the issues addressed.
What good looks like	Having a very low number of non-compliant properties therefore reflecting good quality private rented properties in the borough.	**Why this indicator is important**	There are approximately 15,000 privately rented properties in the borough and as a licensing service we need to ensure that all those properties are compliant and have a licence.
History with this indicator	The scheme has been live since September 2014 and compliance visits have taken place on 85% of all properties that have applied for a licence.	**Any issues to consider**	Enforcement officers have been tasked to tackle the total number of non compliant properties through enforcement intervention, for example formal housing notices to ensure work is carried out and property standards improved. There is a significant increase of properties that were originally issued a selective licence between 2014 – 2017 that have since become non-compliant due to breaches of licensing conditions. The total number of non-compliant has reduced, however the volume of non compliant properties remains at approximately 20% of the private rental sector.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	309	318	**197**		↑
2016/17	150	231	319	353	



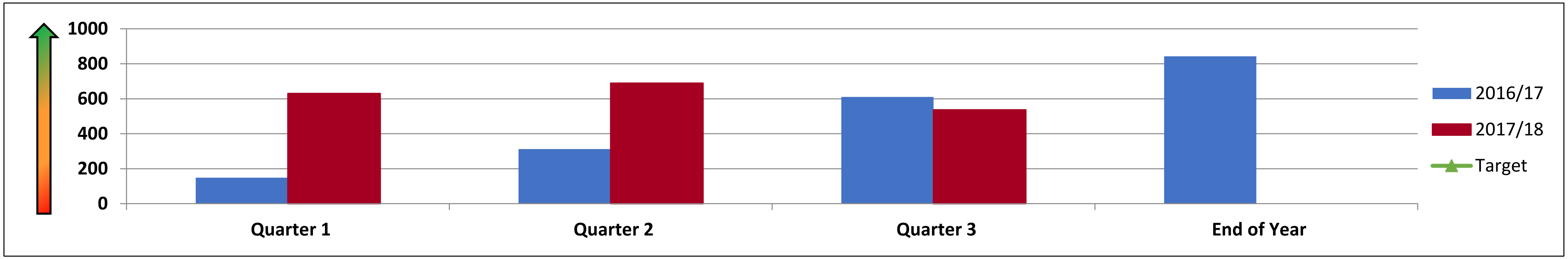
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	We have issued 1648 licenses in the first three quarters of 2017. Since the start of the scheme 10,600 licences have been issued and 14,000 applications have been received. Since April 2017 we have sent 2365 letters related to unlicensed premises which we will visit to bring into compliance. We have completed 1035 compliance visits between April -Dec 2017 and since the start of the scheme 1966 have been brought to a compliant standard with either formal or informal action. We have commenced prosecution proceedings on 27 cases ytd	Licensing Officers are working through these cases and will ensure the property is regulated through strong enforcement action where necessary. There is a focus on fire safety and fire risk assessments are being conducted on all properties inspected. The target is to ensure a non-compliant property is made compliant within 3 months of inspection. Properties that remain non-compliant will be subject to prosecution and potentially the council seeking to take management of them via the interim management orders under the Housing Act 2004. The council recent adopted a policy of charging landlords and letting agents for disrepair cases under the new Housing and Planning Act 2016. Two Letting Agents have been fined total of £3,500.
Benchmarking	Barking and Dagenham remain the only Borough within London to inspect all properties prior to issuing a licence. In terms of enforcement, we are engaging with landlords in the first instance encouraging them to raise property standards. Enforcement intervention is used where there has been a disregard to the licensing regime or legal requirements.	

ENFORCEMENT AND COMMUNITY SAFETY

KPI 14 – The number of fixed penalty notices issued — **Quarter 3 2017/18**

Definition	The number of fixed penalty notices issued by the enforcement team	**How this indicator works**	This indicator shows how many FPNs are issued by the team monthly. This indicator allows Management to see if team outputs are reaching their minimum levels of activity which allows managers to forecast trends.
What good looks like	75% payment rate of FPN issued.	**Why this indicator is important**	Meets the council's priorities of civic pride and social responsibilities. Reduce the cost on waste and cleansing services including disposal costs.
History with this indicator	2016/17 – 843 FPNs issued	**Any issues to consider**	We cannot set income targets for FPN's.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	629	688	**536**		↑
2017/18 YTD	629	1,317	**1,853**		
2016/17	149	312	610	843	
2016/17 YTD	149	461	1,071	1,914	

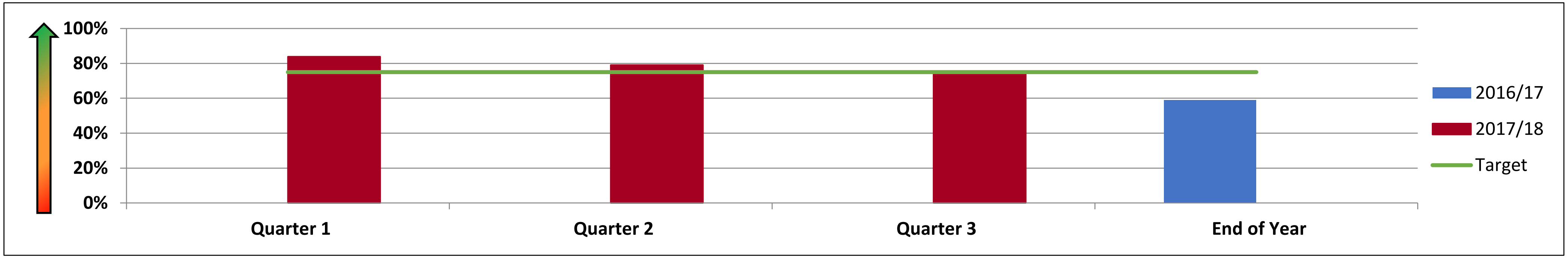


RAG Rating	Performance Overview	Actions to sustain or improve performance
G	The service has issued 1853 FPN's in the first three quarters of 2017/18. This is a significant increase compared to 2016/7 due to having a full staff compliment.	Continued focus on commercial fly tipping and waste offences linked to commercial premises. There have been several joint operations with the Police focused on commercial waste transfer vehicles. Focus on over production of waste and move to fine for households that persistently overproduce or create eyesore gardens.
Benchmarking	Benchmarking data not available.	

ENFORCEMENT AND COMMUNITY SAFETY KPI 15 – The percentage of fixed penalty notices paid / collected			Quarter 3 2017/18
Definition	The percentage of fixed penalty notices issued that have been paid / collected.	**How this indicator works**	This indicator monitors the collection rate of those fixed penalty notices that have been issued.
What good looks like	The aim is to increase the rate of FPNs collected / paid.	**Why this indicator is important**	Ensures that the enforcement action taken by officers is complied with and enhances the reputation of the council in taking enforcement action.
History with this indicator	2016/17 – 58.8% FPNs paid / collected	**Any issues to consider**	There is a time delay on the issuance and payment of an FPN and quarter 3 is showing 67% payments received against FPNs issued during that period. However, 75% payment rate has been received as an average throughout this financial year.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from 2016/17
2017/18	83.78%	75%	**67%**		↑
2017/18 YTD	83.78%	79%	**75%**		
Target	75%	75%	75%	75%	
2016/17	**58.8%**				

Page 231

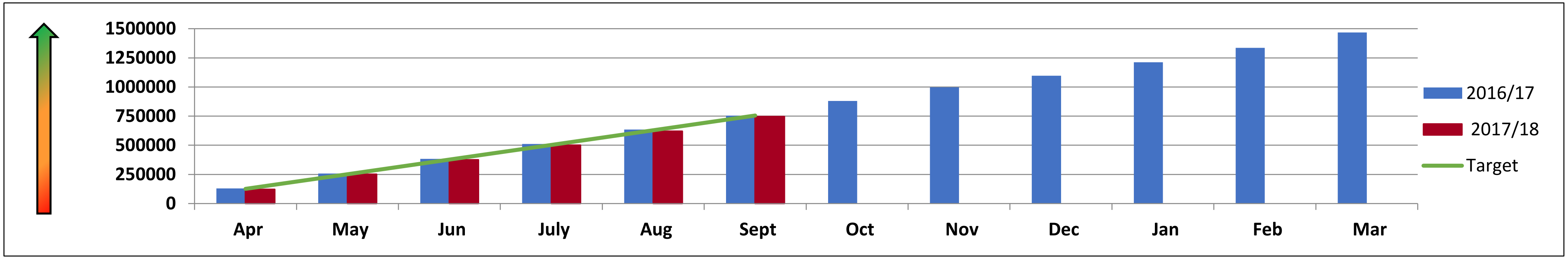


RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Quarter 3 is showing 67% payments received against FPNs issued during that period. However, 75% payment rate has been received as an average throughout this financial year. The payment rate is on target due to an increased focus on chasing payments earlier in the process.	Ensure that the balance between issuing FPN's and chasing payments is correct so that the number of FPN's is sustained.
Benchmarking	Benchmarking data not available.	

Social Care and Health Integration – Key Performance Indicators 2017/18

SOCIAL CARE AND HEALTH INTEGRATION KPI 16 – The number of leisure centre visits			Quarter 3 2017/18
Definition	The number of visits to Abbey and Becontree leisure centres.	**How this indicator works**	The indicator shows the number of visits to Becontree and Abbey leisure centres.
What good looks like	The target for Leisure Centre Visits is 1,490,000	**Why this indicator is important**	Low levels of physical activity are a risk factor for ill health and contribute to health inequality. This indicator supports the council in successfully delivering the physical activity strand of the Health and Well Being Strategy. Meeting the target also supports the financial performance of the leisure centres.
History with this indicator	2014/15 = 1,282,430, 2015/16 = 1,453,925 2016/17 = 1,467,293	**Any issues to consider**	

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 2 2016/17
2017/18	**374,976**	**746,741**	Alternative arrangements due to contract change		↓
Target	377,468	754,936			
2016/17	383,895	754,951			



RAG Rating	Performance Overview	Actions to sustain or improve performance
A	There was a total of 746,417 visits across both leisure centres between April and September 2017/18: a 1.1% decrease against the figure for the equivalent period in 2016/17. Becontree Heath saw a 0.8% decrease in attendances for April–September 2017/18 relative to the previous year, with 526,630 attendances compared with 530,703 attendances in 2016/17. Abbey saw a decrease of 2.0% attendances for April–September compared with the previous year, with 219,787 attendances compared with 224,248 attendances in 2016/17.	Abbey and Becontree Health Leisure Centres now fall under the management of Sports Leisure Management (SLM) Limited. SLM now also manage the Jim Peters Stadium. SLM has been actively promoting membership and leisure centre services through online forums such as Twitter in aim of promoting leisure centre attendance. They are currently developing their new reporting framework further updates should be available in the next reporting period.
Benchmarking	No benchmarking data only – Local measure only.	

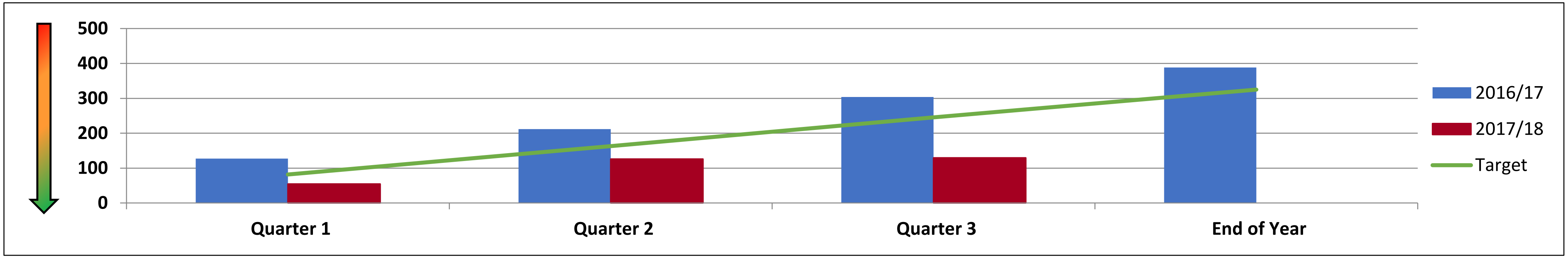
SOCIAL CARE AND HEALTH INTEGRATION

KPI 17 – The total Delayed Transfer of Care Days (per 100,000 population) attributable to social care

Quarter 3 2017/18

Definition	Total number of days that patients remain in acute hospitals because of social care service delays when they are otherwise medically fit for discharge.	**How this indicator works**	This indicator measures the total number of social care delayed days recorded in a month per 100,000 population, and converts it to a quarterly total. The indicator is reported two months in arrears.
What good looks like	Good performance is below the target for the period. The target is set in the Better Care Fund plan.	**Why this indicator is important**	The indicator is important to measure as delayed transfers of care have an impact on the hospital system and the patient. In principle, hospitals can fine the Council for delays that it causes, and there is a risk to central Government funding if performance is very poor.
History with this indicator	Throughout 2016-17, a total of 550 delayed days were attributed to social care, which is equivalent to 388.4 per 100,000 adults.	**Any issues to consider**	During Q2, NHS England introduced several changes ahead of the Better Care Fund Plan submission which included the imposition of targets and demands for further improvement. To facilitate monitoring of the plan this indicator will be reported on a cumulative basis. The target reflects the agreed targets in the approved BCF plan.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	54.6	125.8	**129.3***		↑
Target	81.6	163.1	245.4	324.9	
2016/17	127.1	211.9	303.7	388.4	



RAG Rating	Performance Overview	Actions to sustain or improve performance
G	*The indicator is reported 2 months in arrears, therefore the latest available data is for the year to 30 November 2017. During the period from 1 April to 30 November 2017, 187 delayed days were attributed to social care alone. This is equivalent to 129.3 per 100,000 people. November's data showed Barking & Dagenham to be the fourth best performer in the country, with only a single day's delay in the month.	• Considerable operational liaison between social care services and hospitals, facilitated by the Joint Assessment & Discharge Service. This includes not only BHRUT hospitals (Queen's and King George) but also acute and mental health services across east Lonond, Essex and further afield. A very large investment in crisis intervention service provision ensures that care is proactively and quickly arranged to ensure that discharge is supported effectively. This is likely to represent over-provision of care and support services, at considerable cost to the Council. This cost is supported by the Government grants that are provided to support Adult Social Care.
Benchmarking	YTD 2017-18: Havering – 195.8 delayed days per 100,000 and Redbridge – 149.0 days per 100,000	

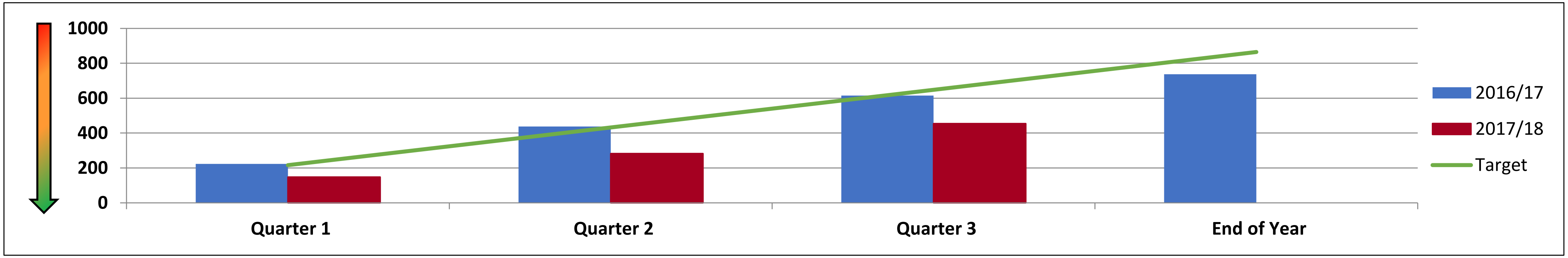
SOCIAL CARE AND HEALTH INTEGRATION

KPI 18 – The number of permanent admissions to residential and nursing care homes (per 100,000)

Quarter 3 2017/18

Definition	The number of permanent admissions to residential and nursing care homes, per 100,000 population (65+).	**How this indicator works**	This indicator looks at the number of admissions into residential and nursing placements throughout the financial year, using a population figure for older people. A lower score is better as it indicates that people are being supported at home or in their community instead.
What good looks like	The Better Care Fund has set a maximum limit of 170 admissions, equivalent to 858.9 per 100,000.	**Why this indicator is important**	The number of long term needs met by an admission to a care homes is a good measure of the effectiveness of care and support in delaying dependency on care and support services.
History with this indicator	2014/15 - 177 admissions, 905.9 per 100,000 2015/16 - 179 admissions, 910.0 per 100,000 2016/17 - 145 admissions, 737.2 per 100,000	**Any issues to consider**	The indicator includes care home admissions of residents where the local authority makes any contribution to the costs of care, irrespective of how the balance of these costs are met. Residential or nursing care included in the indicator is of a long-term nature, short-term placements are excluded.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	147.9	282.9	**454.7**		↑
Target	216.2	432.4	648.7	864.9	
2016/17	223.7	437.24	615.18	737.16	



RAG Rating	Performance Overview	Actions to sustain or improve performance
G	As at the end of Q3, 90 older people were admitted to residential or nursing care homes, equivalent to 454.7 per 100,000 older people. The indicator continues to perform well compared with the same period in 2016-17, during which 121 older people were admitted to care homes for long-term support (648.7 per 100,000). Performance remains well within the target of 170 admissions.	• Monitoring through Activity and Finance meetings led by the Operational Director: Adults' Care and Support. • Heads of Service to continue to review and approve admissions to ensure that community based support is explored before placing residents.
Benchmarking	2016-17: ASCOF comparator group average – 479.2 per 100,000; London average – 438.1 per 100,000	

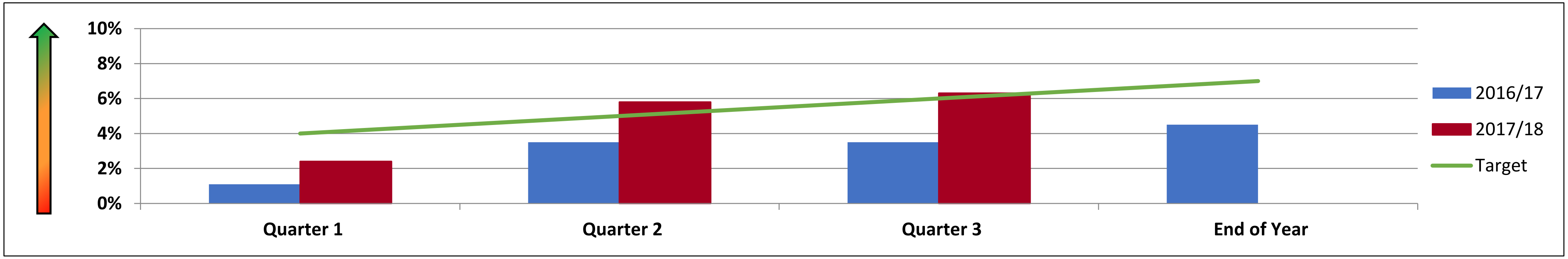
SOCIAL CARE AND HEALTH INTEGRATION

KPI 19 – The proportion of people with a learning disability in employment

Quarter 3 2017/18

Definition	People with a learning disability aged 18-64 in receipt of long term support in employment during the quarter.	**How this indicator works**	The measure shows the proportion of adults with a learning disability, in receipt of long term services, who are recorded as being in paid employment.
What good looks like	Good performance is above the target of 7%.	**Why this indicator is important**	The measure is intended to improve the employment outcomes for adults with a learning disability, reducing the risk of social exclusion. There is a strong link between employment and enhanced quality of life, including evidenced benefits for health and wellbeing and financial benefits.
History with this indicator	This is a new indicator and is being reported in year for the first time. The previous annual values are: 14/15: 3.0% 15/16: 3.5% 16/17: 4.5%	**Any issues to consider**	The indicator measures employment amongst the working age adults, with a learning disability, who are in receipt of long term services, not those who are known to the council generally. People in receipt of long term support are likely to have high care and support needs.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Q3 2016/17
2017/18	2.4%	5.8%	**6.3%**		
Target	4.0%	5.0%	6.0%	7.0%	
2016/17	1.1%	3.5%	3.5%	4.5%	



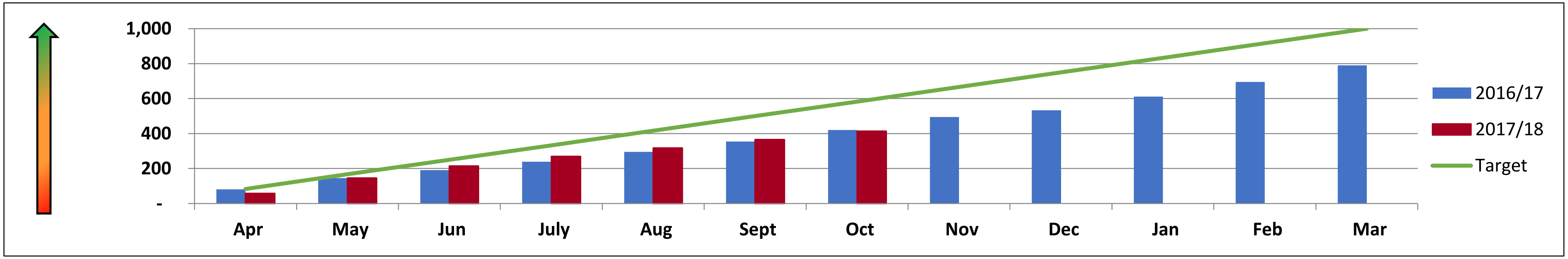
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	In the year to date, 23 out of 366 people with a learning disability have been in paid employment on a short or long-term basis, equivalent to 6.3% of people with a learning disability in receipt of services. This represents 10 people with LD in long term employment (2.7%) and 13 in short term employment (3.6%). Performance has improved as people have taken up employment opportunities identified earlier in the year, in conjunction with a slight decline in the denominator for the indicator.	• Exploration of local pathways for employment to maximise current opportunities • Provision of timely information and advice to identify and access work opportunities through assessment and reviews Seeking out of new funding sources to deliver employment and work experience for service user
Benchmarking	2016-17: ASCOF comparator group average – 6.2%, London average – 7.2%	

SOCIAL CARE AND HEALTH INTEGRATION

KPI 20 – The number of successful smoking quitters aged 16 and over through cessation service **Quarter 3 2017/18**

Definition	The number of smokers setting an agreed quit date and, when assessed at four weeks, have not smoked in the previous two weeks.	**How this indicator works**	A client is counted as a carbon monoxide (CO)-verified four-week quitter where they meet the following criteria: 'A treated smoker who reports not smoking for at least days 15–28 of a quit attempt and whose CO reading is assessed 28 days from their quit date (-3 or +14 days) and is less than 10 ppm.'
What good looks like	For the number of quitters to be as high as possible and to be above the target line.	**Why this indicator is important**	The data allows us to make performance comparisons with other areas and provides a broad overview of how well the borough is performing in terms of four-week smoking quitters.
History with this indicator	2013/14: 1,174 quitters 2014/15: 635 quitters 2015/16: 559 quitters 2016/17: 790 quitters	**Any issues to consider**	Due to the nature of the indicator, the quit must be confirmed 4-6 weeks after the quit date. Data for quitters in the third month of the quarter will therefore not be available before the month after the quarter ends. This means that the data for the most recent quarter will increase upon refresh in the next report.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	**212**	**366**	Qtr 2 Latest data available		↑
Target	250	500	750	1,000	
2016/17	191	355	533	790	



RAG Rating	**Performance Overview**	**Actions to sustain or improve performance**
R	From April to September 2017/18 there were 366 quitters and 738 setting a quit date. This is 73% achievement of the year-to-date target and a conversion rate of 50%.	The specialist service continues to deliver most quits, followed by pharmacy and Primary Care. Poor performing practices are being visited to help trouble shoot difficulties but in view of the reluctance on the part of many practices to participate in the stop smoking programme, Public Health is considering a change of model for the delivery of this programme when a new procurement phase starts in April 2019.
Benchmarking	Q1 2017/18: 584 quitters (confirmed by CO validation) per 100,000 smokers in Barking & Dagenham, compared with 359 (London) and 359 (England) per 100,000.	

SOCIAL CARE AND HEALTH INTEGRATION

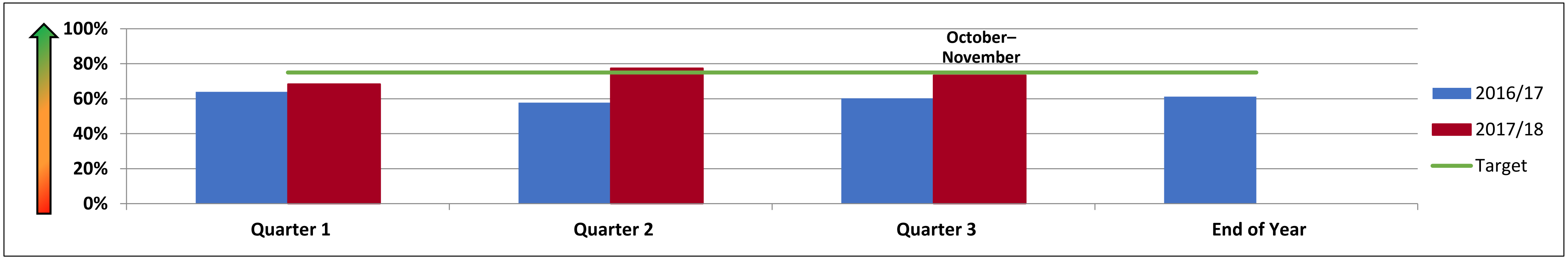
KPI 21 – The percentage of children who received a 12-month review by 15 months of age

Quarter 3 2017/18

Definition	Number of children who received a 12-month review by 15 months	**How this indicator works**	This indicator is a measure of how many children receive their 12 months review by the time they reach the age of 15 months.
What good looks like	For the percentage to be as high as possible.	**Why this indicator is important**	Every child is entitled to the best possible start in life and health visitors play an essential role in achieving this. By working with families during the early years of a child's life, health visitors have an impact on the health and wellbeing of children and their families.
History with this indicator	This is the first year this indicator has been reported.	**Any issues to consider**	None.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Q3 2016/17
2017/18	68.4%	77.4%	**73.4%* October–November**		↑
Target	75.0%	75.0%	75.0%	75.0%	
2016/17	63.9%	57.7%	60.3%	61.2%	

Page 237



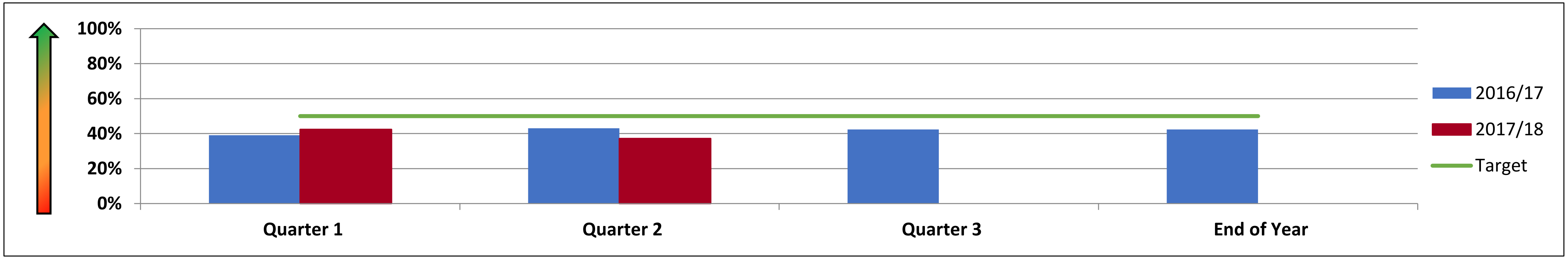
RAG Rating	Performance Overview	Actions to sustain or improve performance
A	An agreed improvement action plan is being implemented by NELFT to increase performance. The action plan continues to be monitored by LBBD through monthly performance meetings.	Operational leads to continue to meet with Performance to ensure HVs are recording details correctly. Ensure GPs are informing HV team of new addresses for clients. Posters in clinics to remind families of reviews and to inform HV if any personal details should change. QI form initiated that is reviewed in each team leaders meeting collating local information. Review performance against teams to consider any specific trends that can be benchmarked to support improvement. Recommission service as part of the 0-19 Healthy Child Programme; tender being published in spring 2018 to achieve integrated services, operational efficiencies and better outcomes.
Benchmarking	Quarter 4 2016/17: England – 82.5%; London – 63.7%; Barking and Dagenham – 67.5%.	

SOCIAL CARE AND HEALTH INTEGRATION

KPI 22 – The percentage of healthy lifestyles programmes completed — **Quarter 3 2017/18**

Definition	The percentage of children and adults referred to healthy lifestyle programmes that complete the programme.	**How this indicator works**	The number of referrals received on to the Exercise on Referral, Adult Weight Management, and Child Weight Management (CWM) programmes who complete the programme.
What good looks like	For the percentage of completions to be as high as possible.	**Why this indicator is important**	The three programmes allow the borough's GP's and health professionals to refer individuals who they feel would benefit from physical activity and nutrition advice to help them improve their health and weight conditions. Adult and Child Weight Management programmes also accept self-referrals if the individuals meet the referral criteria.
History with this indicator	This is the first year this indicator has been reported on. 2016/17: 42.4%	**Any issues to consider**	Data operates on a three-month time lag as completion data is not available until participants finish the programme.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Q3 2016/17
2017/18	42.4%	**37.2%**	Qtr 2 latest data available		↓
Target	50.0%	50.0%	50.0%	50.0%	
2016/17	39.1%	43.1%	42.4%	42.4%	



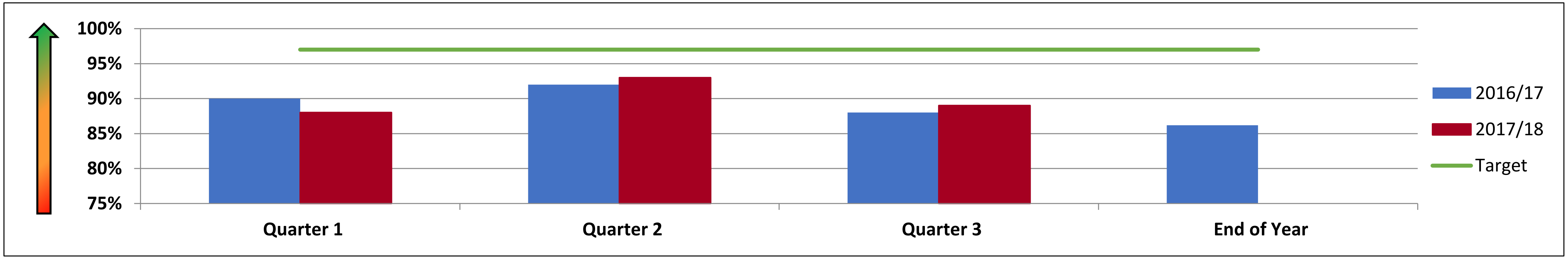
RAG Rating	Performance Overview	Actions to sustain or improve performance
R	Performance has been below target in quarters 1 and 2 2017/18, although performance in quarter 1 was slightly higher than quarter 1 2016/17. The proportion of starters (rather than referrals) who completed was 61.8% and 64.7% in quarters 1 and 2 2017/18 respectively.	**HENRY**: Capacity to be increased through training and addressing childcare barriers; **Child weight management**: LEAN Beans Club is due to launch in January and a School Pack has been promoted within local priority schools (based on NCMP data). A marketing campaign will be running throughout January to promote the programme; **Adult weight management**: A programme has been developed at Green Lane Mosque for this community group. Workshops (e.g. cooking) are being developed for individuals unable to attend the 12-week programme and an online programme is also being developed. A new coaching programme is being developed for individuals who start the programme but drop out; **Exercise on referral**: Work in accessing leisure centre attendance data following the transfer to SLM is ongoing, as is the development of a new booking system. Changes to the electronic referral form following NHS Health Checks should facilitate greater follow-up.
Benchmarking	This is a local indicator.	

SOCIAL CARE AND HEALTH INTEGRATION

KPI 23 – The percentage of 4-weekly Child Protection Visits carried out within timescales **Quarter 3 2017/18**

Definition	The percentage of children who are currently subject to a child protection (CP) plan for at least 4 weeks who have been visited.	**How this indicator works**	The indicator counts all those in the denominator and of those, how many have been visited and seen within the last 4 weeks. The figure is reported as a percentage.
What good looks like	Higher is better.	**Why this indicator is important**	Child protection visits are vital to monitor the welfare and safeguarding risks of children on a child protection plan.
History with this indicator	This indicator looked at 6 weekly Child protection visits until August 2015. End of year 15/16 performance was 86%. The 16/17 figure relates to 4 weekly child protection visits of 86.2%.	**Any issues to consider**	This indicator is affected by numbers of child protection cases increasing and the impact of unannounced child protection visits by social workers resulting in visits not taking place and potentially becoming out of timescale.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Q2 2017/18
2017/18	88%	93%	**89%**		↑
Target	97%	97%	97%	97%	
2016/17	90%	92%	88%	86.2%	



RAG Rating	Performance Overview	Actions to sustain or improve performance
A	As at the end of Q3 2017/18, performance has decreased to 89% (295/332) compared to 93% (261/281) at the end of Q2. We remain below target of 97%. At the end of Q3, 37 CP visits were out of timescale according to ICS. A review of those 37 cases is under way. 14 of those 37 CP visits have now taken place up to 9th January 2018. 23 are still out of time according to ICS.	Outstanding CP visits are monitored via weekly team dashboards and monthly Children's care and support meetings.
Benchmarking	This is a local indicator and is not published by the DfE. No benchmarking data is available.	

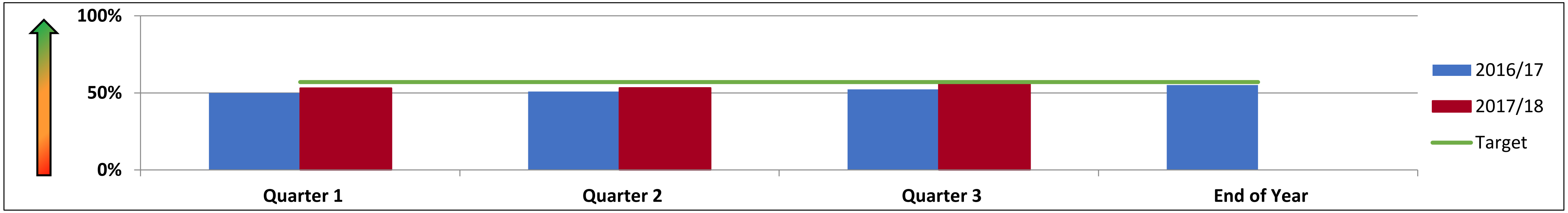
SOCIAL CARE AND HEALTH INTEGRATION

KPI 24 – The percentage of Care Leavers in employment, education or training (EET)

Quarter 3 2017/18

Definition	The number of children who were looked after for a total of 13 weeks after their 14th birthday, including at least some time after their 16th birthday and whose 17th, 18th, 19th, 20th or 21st birthday falls within the collection period and of those, the number who were engaged in education, training or employment on their 17th, 18th, 19th, 20th or 21st birthday.	**How this indicator works**	This indicator counts all those in the definition and of those how many are in EET either between 3 months before or 1 month after their birthday. This is reported as a percentage.
What good looks like	Higher the better.	**Why this indicator is important**	The data allows us to make performance comparisons with other areas and provides a broad overview of how well the borough is performing in terms of care leavers accessing EET and improving their life chances. This is an Ofsted area of inspection as part of our duty to improve outcomes for care leavers and is a key CYPP and Council priority area.
History with this indicator	The cohort for this performance indicator has been expanded to include young people formally looked after whose 17th, 18th, 19th, 20th or 21st birthday falls within the collection period i.e. the financial year.	**Any issues to consider**	Care leavers who are not engaging with the Council i.e. we have no contact with those care leavers so their EET status is unknown; or in prison or pregnant/parenting are counted as NEET.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 2 2017/18
2017/18	53.1%	53.2%	**57.4%**		↑
Target	57.0%	57.0%	57.0%	57.0%	
2016/17	50.0%	50.8%	52.3%	55.1%	



RAG Rating	Performance Overview	Actions to sustain or improve performance
G	As at the end of Q3 2017/18, performance has increased to 57.4% (108/188), compared to our Q2 performance of 53.2%. Performance is above similar areas, London and the national average. Of the 80 young people not in EET as of the end of Q3, 5 are young mothers, 6 are in prison, 26 we are not in contact with and 43 are open to the L2L service and are NEET.	The L2L team has been involved in the NEET workshops with Members and Officers over the last 8 months, with care leavers having a particular profile. Progress has been made with regards to the development of internships and apprenticeships within the council for care leavers. Agreement has also been obtained to provide a financial incentive in addition to the apprenticeship payment so that care leavers are not in deficit by loss of benefits. Further work is being planned to develop the support element to care leavers to ensure they are well prepared for the world of work and are supported through each stage of the process to successfully move from NEET to EET.
Benchmarking	Based on latest published data, LBBD is performing better than national (50%); similar areas (50%) and London average (52%).	

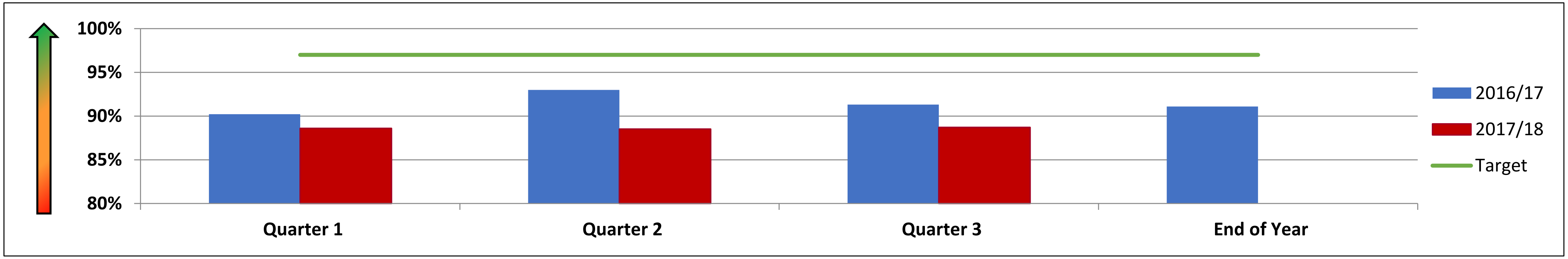
SOCIAL CARE AND HEALTH INTEGRATION

KPI 25 – The percentage of school age Looked After Children with an up to date Personal Education Plan (PEP) (last 6 months)

Quarter 3 2017/18

Definition	The percentage of school age children (aged 4-16) who have been in care for 28 days or more who have had a Personal Education Plan (PEP) within the last 6 months.	**How this indicator works**	The indicator counts all those in the denominator and of those how many have had a PEP within the last 6 months. The figure is reported as a percentage.
What good looks like	Higher the better.	**Why this indicator is important**	The Personal Education Plan is a statutory requirement and brings together carers, social workers and teachers along with a child or young person in care to keep track of how well they're doing at school. It is a record of what needs to happen for looked after children to enable them to fulfil their potential.
History with this indicator	2013/14 77% 2014/15 88% 2015/16 90%	**Any issues to consider**	This indicator includes all school age children placed in and out of borough. The PEP is conducted in the school and involves collaboration between Schools and social workers.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Q2 2017/18
2017/18	88.6%	88.5%	**88.7%**		↑
Target	97%	97%	97%	97%	
2016/17	90.2%	93.0%	91.3%	91.1%	



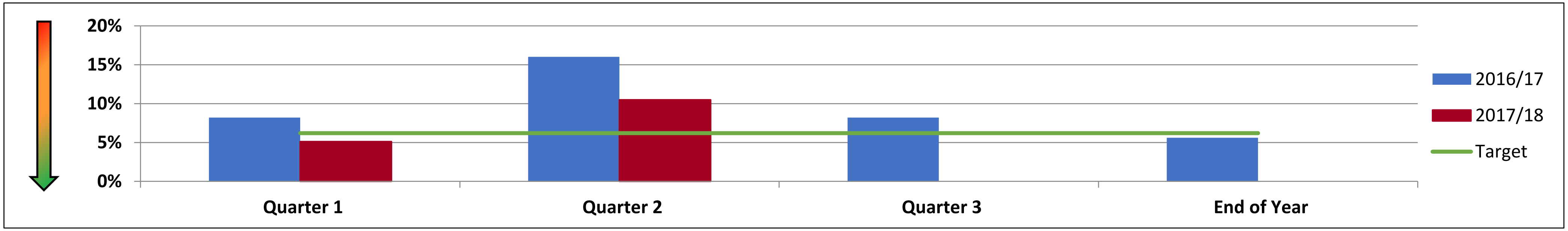
RAG Rating	Performance Overview	Actions to sustain or improve performance
A	As at the end of Q3 2017/18, performance has increased slightly to 88.7% (227/256) compared to 88.5% (222/251) at the end of Q2. We remain below our target of 97%. Of the 29 PEPs that were not in timescale as of the end of the Q3: • 13 are Initial PEPs, 16 are review PEPs • 12 of the 29 are primary age, 17 are secondary age • 8 are educated in borough and 21 are placed out of borough	Monitored through the virtual school. Virtual head to review and ensure outstanding PEPs are escalated and completed.
Benchmarking	This is a local indicator and is not published by the DfE. No benchmarking data is available.	

Educational Attainment and School Improvement – Key Performance Indicators 2017/18

EDUCATIONAL ATTAINMENT AND SCHOOL IMPROVEMENT
KPI 26 – The percentage of 16 to 18 year olds who are not in education, employment, or training (NEET) or who have Unknown Destinations — **Quarter 3 2017/18**

Definition	The percentage of resident young people academic age 16 – 17 who are NEET or Unknown according to Department for Education (DfE) National Client Caseload Information System (NCCIS) guidelines.	**How this indicator works**	Data is taken from monthly monitoring information figures published by our regional partners and submitted to DfE in accordance with the NCCIS requirement.
What good looks like	A lower number of young people in education, employment, or training (not NEET) or not known, the lower the better.	**Why this indicator is important**	The time spent not in employment, education, or training leads to an increased likelihood of unemployment, low wages, or low-quality work later in life. Those in Unknown destinations may be NEET and in need of support.
History with this indicator	The annual measure was previously an average taken between November and January (Q3/4). It is now the average between December and February (End of year figures have been updated below).	**Any issues to consider**	Although NEET and Unknown figures are taken monthly, figures for September and October (Q2) are not counted by DfE for statistical purposes. This is due to all young people's destination being updated to unknown on 1 September until re-established in destinations. The annual indicator is now an average taken between December and February (see history). Borough figure for Q3 is estimated based on current data

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	5.1%	**10.5%**	Qtr 2 latest data available		↑
Target	6.2%	6.2%	6.2%	6.2%	
2016/17	8.2%	16%	8.2%	6.6%	



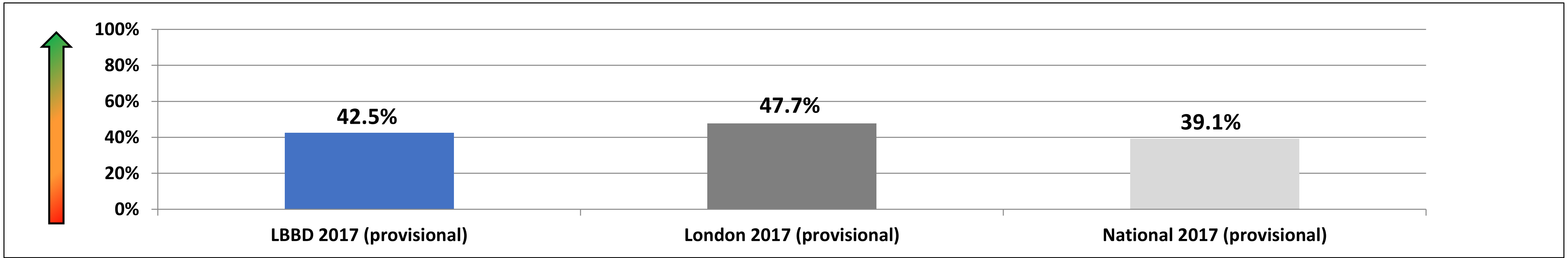
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	**Q3 data due January 2018.** End of year figures for 2016/17 at 5.6% between national (6%) and London (5.3%) averages. Q2 figures include the unstable months of September (see issues above). Separately quarterly participation data published for June 2017 places the borough 2.6% points above national at 94%, just below London average of 94.2%.	Not knowns tracking has been more successful due to more successful capturing of telephone numbers using the Revs and Bens database and datastore. There will be an expansion of the NEET Provider Forum. Data sharing will occur with ESF funded NEET projects. Tracking of unknown migrants through UK Border Agency will be improved. A 12-point NEET action plan was signed off by Cabinet. A new full time NEET Adviser has begun. New initiatives to tackle NEET based on behavioural insight will be trialled in the New Year
Benchmarking	Performance is measured monthly and compared to statistical neighbour, national and London figures. Annual target is the progress towards national headline measure (Dec-Feb average), which is currently 6%.	

EDUCATIONAL ATTAINMENT AND SCHOOL IMPROVEMENT
KPI 27 – The percentage of pupils achieving grade 5 or above in both English and maths GCSEs

2017/18

Definition	The percentage of pupils at the end of Key Stage 4 achieving grade 5 or above in both English and maths GCSEs.	**How this indicator works**	To be counted in the indicator, pupils must have achieved grade 5 or above in both English and maths GCSEs.
What good looks like	For the percentage of pupils achieving this standard to be as high as possible.	**Why this indicator is important**	This is an important indicator as it replaces the old measure of pupils achieving grades A*-C in English and maths. It improves the life chances of young people, enabling them to stay on in sixth form and choose the right A Levels to access other appropriate training.
History with this indicator	Grade 5 is a new measure introduced for the first time in 2017. The provisional Barking and Dagenham position stands at 42.5%. Provisional London is 47.7% and National (all schools) is 39.1%.	**Any issues to consider**	Because grade 5 is set higher than grade C, fewer students are likely to attain Grade 5 and above in English and maths than grade C in English and maths, which was commonly reported in the past. These new and old measures are not comparable.

	Annual Result	DOT
LBBD	**42.5% (provisional)**	**n/a**
Target	To be agreed	

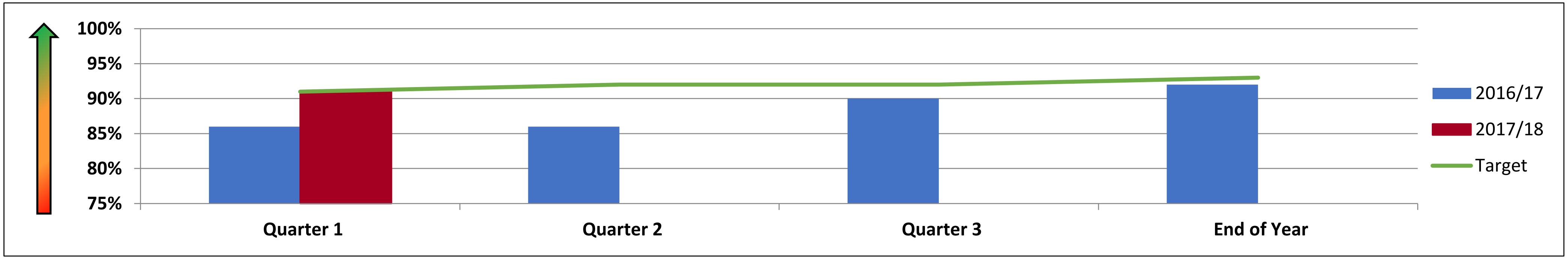


EDUCATIONAL ATTAINMENT AND SCHOOL IMPROVEMENT

KPI 28– The percentage of schools rated outstanding or good

Definition	Percentage of Barking and Dagenham schools rated as good or outstanding when inspected by Ofsted. This indicator includes all schools.	**How this indicator works**	This is a count of the number of schools inspected by Ofsted as good or outstanding divided by the number of schools that have an inspection judgement. It excludes schools that have no inspection judgement. Performance on this indicator is recalculated following a school inspection. Outcomes are published nationally on Ofsted Data View 3 times per year (end of August, December and March).
What good looks like	The higher the better.	**Why this indicator is important**	This indicator is important because all children and young people should attend a good or outstanding school in order to improve their life chances and maximise attainment and success. It is a top priority set out in the Education Strategy 2014-17 and we have set ambitious targets.
History with this indicator	See below.	**Any issues to consider**	No current issues to consider.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from previous reporting period
2017/18	91%	91%	**91%***		↑
Target	91%	92%	92%	93%	
2016/17	86%	86%	90%	91%	



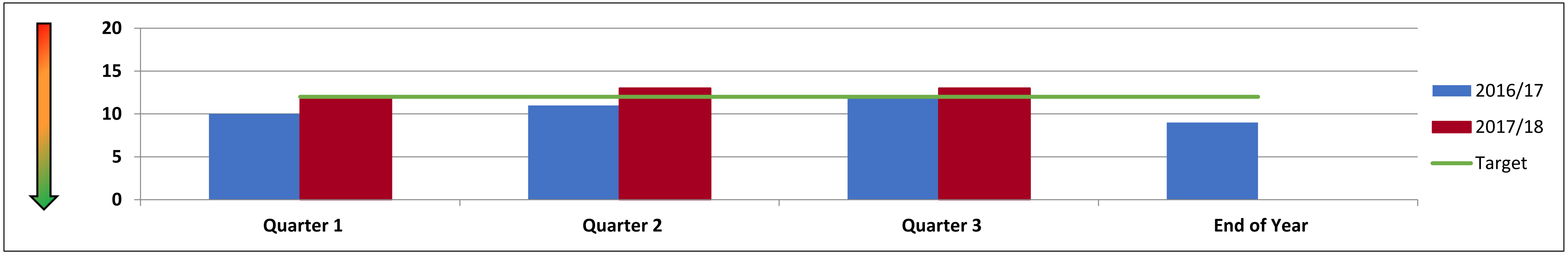
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	*Position relates to end of December 2017 with 91% of inspected schools in LBBD judged good or better. During the Autumn Term 2017, 5 Ofsted inspections took place within the local authority, including 4 Section 8 monitoring inspections. Of the LA maintained schools, 3 maintained their good grade; 1 non-maintained school had its first inspection and was judged to be good; and 1 non-maintained school had a Section 8 inspection which has not yet been published.	Inspection outcomes for schools remains a key area of improvement to reach the London average and then to the council target of 100%, as outlined in the Education Strategy 2014-17. Intensive Local Authority support, the brokering of school to school support from outstanding leaders and Teaching School Alliances, and the increasing capacity of school clusters is being provided to vulnerable schools.
Benchmarking	London Average – 94% National Average – 89% - LBBD average 89% (as at 31st August 2017)	

Finance, Growth and Investment – Key Performance Indicators 2017/18

FINANCE, GROWTH AND INVESTMENT
KPI 31 – The average number of days taken to process Housing Benefit / Council Tax Benefit Change Events — **Quarter 3 2017/18**

Definition	The average time taken in calendar days to process all change events in Housing Benefit and Council Tax Benefit	**How this indicator works**	The indicator measures the speed of processing
What good looks like	To reduce the number of days it takes to process HB/CT change events	**Why this indicator is important**	Residents will not be required to wait a long time before any changes in their finances
History with this indicator	2014/15 End of year result – 9 days 2015/16 End of year result – 14 days	**Any issues to consider**	There are no seasonal variances, but however government changes relating to welfare reform, along with Department for Work and Pensions (DWP) automated communications pertaining to changes in household income impact heavily on volumes and therefore performance.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	12 Days	13 days	**13 days**		↓
Target	12 Days	12 Days	12 Days	12 Days	
2016/17	10	11	12	9	



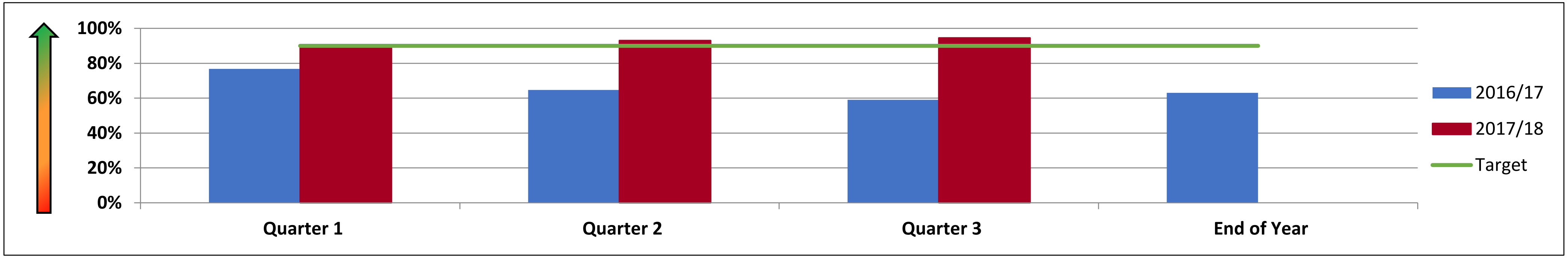
RAG Rating	Performance Overview	Actions to sustain or improve performance
A	Q3 saw a high volume of suspensions requiring action following receipt in the former months. Suspensions affect the monthly figures as they are given a calendar month for processing. These cases cannot be decided until the month end if information isn't provided by claimants, which can mean a high amount of cases go through at 31 days or above. Performance also took a hit with the last of the Royal Mail clearance, although the issue is now resolved sacks were still being received in late September & early October which meant a backlog of work. October also saw approx. 700 less ATLAS files, the majority of which are automated giving you a 2/3 day turnaround to reduce overall processing times.	End of year is approaching so the dates of change are future dates which means a substantial amount of changes will go through in the next quarter with 1-day turnaround, therefore reducing the entire year average. The suspensions are now at a record low and maintained weekly to prevent high volumes of cases being processed at 30 days or older unless there is no legislative choice.
Benchmarking	No benchmarking data	

FINANCE, GROWTH AND INVESTMENT

KPI 32 – The percentage of Member enquiries responded to within deadline **Quarter 3 2017/18**

Definition	The percentage of Member enquiries responded to in 10 working days	**How this indicator works**	Of the total number of Member enquiries received, the percentage that are responded to within the timescale.
What good looks like	Comparable with London and National	**Why this indicator is important**	The community often request support from members on issues important to them. A quick response rate will assist with Council reputation.
History with this indicator	2016/17 end of year result – 63% 2015/16 end of year result – 72% 2014/15 end of year result – 88%	**Any issues to consider**	Quality of response must also be taken into account.

	Quarter 1	Quarter 2	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18 (Qtr)	90.33%	96.66%	**96.41%**		↑
2017/18 (YTD)	90.33%	93.0%	**94.46%**		
Target	90%	90%	90%	90%	
2016/17	76.74%	64.7%	59%	63%	



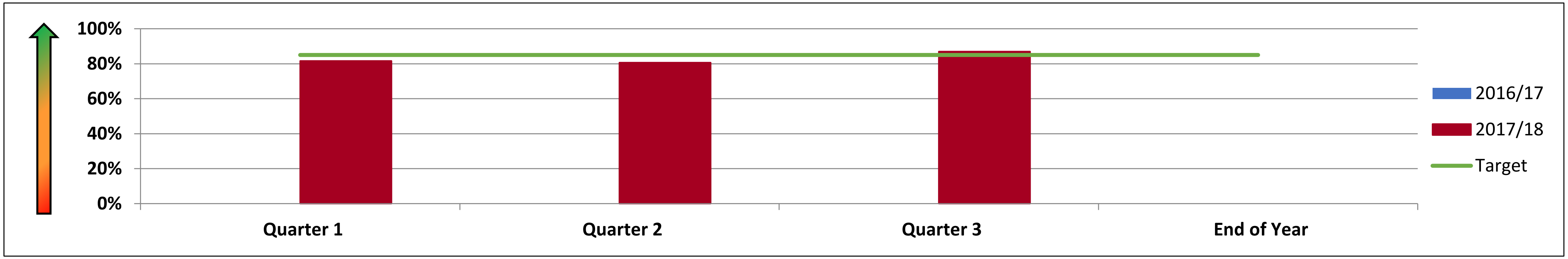
RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Good performance – the corporate target has been reached (slightly exceeded).	To reach the target a new approach has been implemented: the Feedback Team are instigating hard chases supported by daily reporting and follow up by the CEO. New arrangements are being put in place to ensure that performance remains at or above the target.
Benchmarking	No benchmarking data available – Local measure only.	

FINANCE, GROWTH AND INVESTMENT

KPI 33 – The percentage of customers satisfied with the service they have received — **Quarter 3 2017/18**

Definition	The % of customers who say that they were satisfied with the service they received from the Contact Centre.	**How this indicator works**	A sample of calls to the Contact Centre is taken in which customers are asked to rate their experience.
What good looks like	85%	**Why this indicator is important**	Ensuring that our customers are satisfied is a critical determinate in providing surety that we are providing a high standard of service. Having a high level of satisfaction also helps the Council manage demand and thereby keep costs down.
History with this indicator	New target	**Any issues to consider**	None at this time.

	Quarter 1	**Quarter 2**	**Quarter 3**	**End of Year**	**DOT from Qtr 3 2016/17**
2017/18	81.6%	80.66%	**87%**		**n/a**
Target	85%	85%	85%	85%	
2016/17	New Key Performance Indicator for 2017/18				



RAG Rating	**Performance Overview**	**Actions to sustain or improve performance**
G	We remain confident that the target will be met across the year.	This measure is monitored and reviewed monthly.
Benchmarking	LA neighbours Benchmark - OnSource is 80%	

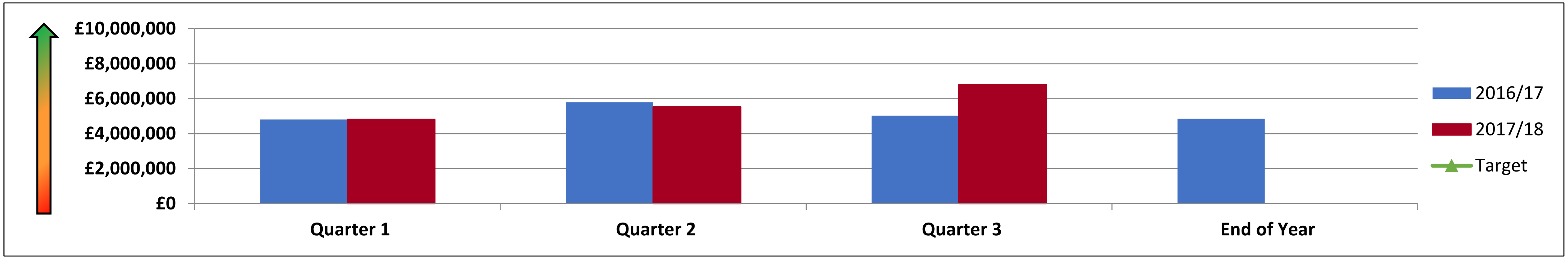
FINANCE, GROWTH AND INVESTMENT

KPI 34 – The current revenue budget account position (over or underspend)

Quarter 3 2017/18

Definition	The position the Council is in compared to the balanced budget it has set to run its services.	**How this indicator works**	Monitors the over or under spend of the revenue budget account.
What good looks like	In line with projections, with no over spend.	**Why this indicator is important**	It is a legal requirement to set a balanced budget.
History with this indicator	2016/17 end of year result: £4.853m overspend 2015/16 end of year result: £2.9m overspend 2014/15 end of year result: £0.07m overspend	**Any issues to consider**	None at this time.

	Quarter 1	August 2017	Quarter 3	End of Year	DOT from Qtr 3 2016/17
2017/18	£4,800,000 forecast	£5,517,000 forecast	**£6,800,000 forecast**		↓
2016/17	£4,800,000	£5,796,000	£5,026,000		

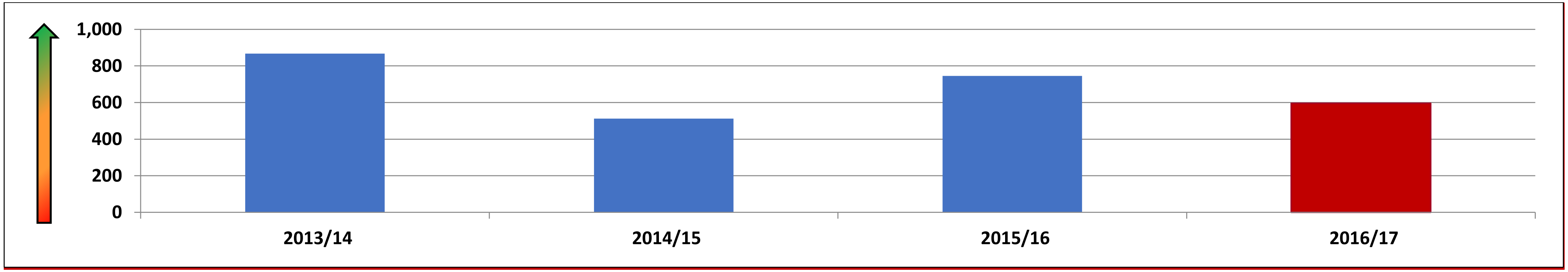


RAG Rating	Performance Overview	Actions to sustain or improve performance
n/a	The forecast position for the full year as at the end of December 2017 is an overspend of £6.8m. In many ways, this could be regarded as a worst-case forecast that should be reduced by further management action. However, it should also be noted that new pressures and risks may yet emerge.	If this forecast was still the final position by the end of the financial year it would require a drawdown on the Council's reserves. Although we do have sufficient to cover this amount, a reduction in the reserves would mean less capacity for strategic investment and the management of future risks. The position is being closely monitored and reported to Cabinet monthly.
Benchmarking	No benchmarking data available – Local measure only	

Economic and Social Development – Key Performance Indicators 2017/18

ECONOMIC AND SOCIAL DEVELOPMENT KPI 35 – The number of new homes completed (Annual Indicator)			2017/18
Definition	The proportion of net new homes built in each financial year.	**How this indicator works**	Each year the Council updates the London Development Database by the deadline of 31st August. This is the London-wide database of planning approvals and development completions.
What good looks like	The Council's target for net new homes is in the London Plan. Currently this is 1,236 new homes per year.	**Why this indicator is important**	It helps to determine whether we are on track to deliver the housing trajectory and therefore the Council's growth agenda and the related proceeds of development, Community Infrastructure Levy, New Homes Bonus and Council Tax.
History with this indicator	2016/17 end of year result – 596 2015/16 end of year result – 746 2014/15 end of year result – 512 2013/14 end of year result – 868	**Any issues to consider**	The Council has two Housing Zones (Barking Town Centre and Barking Riverside Gateways) which are charged with the benefit of GLA funding to accelerate housing delivery in these areas. There are 13,000 homes with planning permission yet to be built and planning applications currently in the system for another 1,000. The Housing Trajectory for the Local Plan identifies capacity for 27,700 by 2030 and beyond this a total capacity for over 50,000 new homes. The draft London Plan due to be published in November will have a proposed housing target of 2264 net new homes a year. This is clearly a significant increase on the Councils current target but reflects the Council's ambitious growth agenda and commitment to significantly improving housing delivery. Completions for 17/18 are forecast to be similar to 16/17. However as set out in KPI 29 a number of large housing schemes have been approved recently and these will deliver significant higher completion rates in 18/19 onwards.

	Annual Result	DOT 2015/16 to 2016/17
2017/18	Data due September 2018	↓
Target	No target set	
2016/17	**596**	

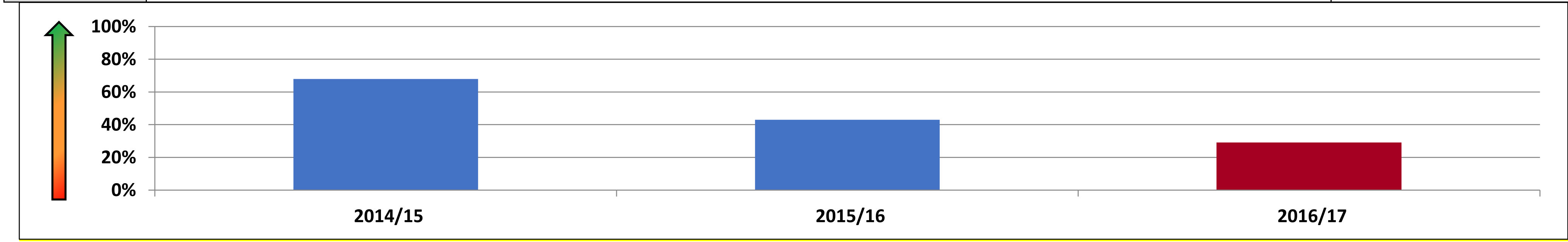


ECONOMIC AND SOCIAL DEVELOPMENT
KPI 36 – The percentage of new homes completed that are sub-market (Annual Indicator)

2017/18

Definition	The proportion of net new homes built in each financial year that meet the definition of affordable housing in the National Planning Policy Framework.	**How this indicator works**	Each year the Council updates the London Development Database by the deadline of 31st August. This is the London-wide database of planning approvals and development completions.
What good looks like	The Mayor of London has recently published Supplementary Planning Guidance on affordable housing and viability. This sets a threshold of 35% above which viability appraisal are not required on individual schemes. Over the last six years overall affordable housing has comprised between 30% and 67% of overall homes completed with the exception of 14/15. Generally speaking, good would look like anything between 35-50%. Anything below 35% would indicate the Council has not been successful in securing affordable housing on market housing schemes but equally anything above 50% would suggest an overreliance on supply of housing from Council and RSL developments and lack of delivery of homes for private sale or rent on the big private sector led developments. This has historically been an issue in Barking and Dagenham and explains why the proportion of new homes which are affordable is one of highest in London over the last five years. Whilst performance in 16/17 was 29% this will improve going forward as delivery at Barking Riverside and Gascoigne increases were at least 50% of homes are affordable.	**Any issues to consider**	The Growth Commission was clear that the traditional debate about tenure is less important than creating social justice and a more diverse community using the policies and funding as well as the market to deliver. At the same time the new Mayor of London pledged that 50% of all new homes should be affordable and within this a commitment to deliver homes at an affordable, "living rent". This chimes with the evidence in the Council's Joint Strategic House Market Assessment which identified that 52% of all new homes built each year in the borough should be affordable to meet housing need and that the majority of households in housing need could afford nothing other than homes at 50% or less than market rents. This must be balanced with the Growth Commission's focus on home ownership and aspirational housing and what it is actually viable to deliver. The Council will need to review its approach to affordable housing in the light of the Mayor's forthcoming guidance and take this forward in the review of the Local Plan.
History with this indicator	2016/17 end of year result – 29% 2015/16 end of year result – 43% 2014/15 end of year result – 68%	**Why this indicator is important**	This indicator is important for the reasons given in the other boxes.

	Annual Result	DOT 2015/16 to 2016/17
2017/18	Data due September 2018	
Target	No target set	
2016/17	**29%**	

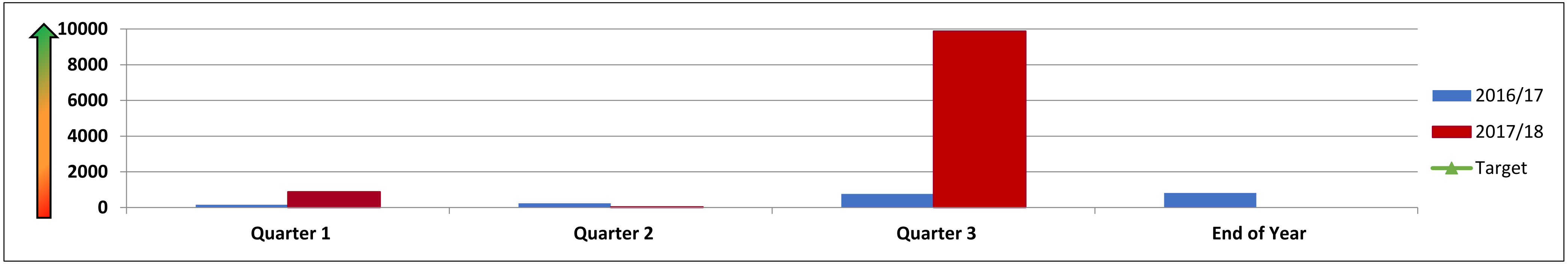


ECONOMIC AND SOCIAL DEVELOPMENT
KPI 37 – The number of new homes that have received planning consent

Quarter 3 2017/18

Definition	The number of new homes that received planning permission.	**How this indicator works**	The data is recorded on the London Development Database.
What good looks like	The number of new homes that received planning permission.	**Why this indicator is important**	It helps to determine whether we are on track to deliver the housing trajectory and therefore the Council's growth agenda and the related proceeds of development, Community Infrastructure Levy, New Homes Bonus and Council Tax.
History with this indicator	A sufficient pipeline of approvals is required to enable the Council's housing supply target to be met.	**Any issues to consider**	In Quarter 1 17/18 Vicarage Fields was approved. This was an outline approval and reserved matters approved will be need before construction can start. Moreover the development cannot begin before CPOs are completed for several parcels of land and an agreement reach on the Council's freehold interest in this site.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from Qtr 3 2016/17
2017/18	878	37	**9,878**		↑
Target	No target set				
2016/17	163	234	758	821	



RAG Rating	Performance Overview	Actions to sustain or improve performance
n/a	In Barking and Dagenham there are extant permissions for 16,000 homes this includes Barking Riverside 10,800 (1000 built RM required for later phases), this was approved in this quarter. Gascoigne East 1575 (RM required for later phases), Freshwharf 911 (RM required), Be 597, Cambridge Road 297, Trocoll House 198, Vicarage Fields 850 (RM required). In order to meet the project timescale for completions on the housing trajectory timely planning approvals are required, any slippage in submission/determination of applications has a direct impact on the trajectory.	A number of significant approvals are timetabled over the next two quarters this includes Gascoigne West, Beam Park, Gurdwara Way, Freshwharf Reserved Matters and BMS house which will have a total capacity of over 3500 homes.
Benchmarking	Benchmarking data not available.	

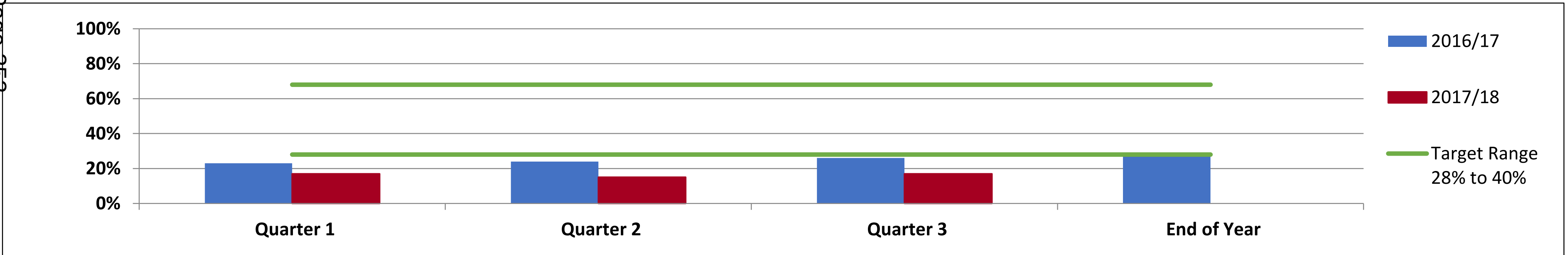
ECONOMIC AND SOCIAL DEVELOPMENT

KPI 38 – Repeat incidents of domestic violence (MARAC) **Quarter 3 2017/18**

Definition	Numerator: Number of repeat cases of domestic abuse within the last 12 months referred to the MARAC Denominator: Number of cases discussed at the MARAC	**How this indicator works**	This indicator looks at the number of repeat cases of domestic abuse that are being referred to the MARAC from partners.
What good looks like	The target recommended by SafeLives is to achieve a repeat referral rate of between 28% to 40%. A lower than expected rate usually indicates that not all repeat victims are being identified and referred to MARAC.	**Why this indicator is important**	Barking and Dagenham has the highest rate of Domestic Abuse per 1,000 population in London. This indicator helps to monitor partner agencies ability to flag repeat high risk cases of domestic abuse and refer them to the MARAC for support.
History with this indicator	2016/17 end of year result: 28% 2015/16 end of year result: 25% 2014/15 end of year result: 20%	**Any issues to consider**	

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from Qtr 3 2016/17
2017/18	17%	15%	**17%**		↓
Target	28% to 40%	28% to 40%	28% to 40%	28% to 40%	
2016/17	23%	24%	26%	28%	

Page 252



RAG Rating	Performance Overview	Actions to sustain or improve performance
R	At the end of quarter 3 2017/18, the rate of repeat referrals to MARAC is at 17% and outside of the recommended levels expected.	The decrease in Police referrals has been raised through the MARAC Chair. MARAC are reviewing the use of the Police Regency, Frequency, Gravity data (RGF) to increase referrals for high harm cases to the MARAC. The Community Safety Partnership's Violence Against Women and Girls (VAWG) sub group will provide support to the MARAC and look at how it can mitigate blockages and focus resources where needed.
Benchmarking	Benchmarking data is currently available for 2016-17. Metropolitan Police Force average: 22%. National: 26%. Most Similar Force: 27%	

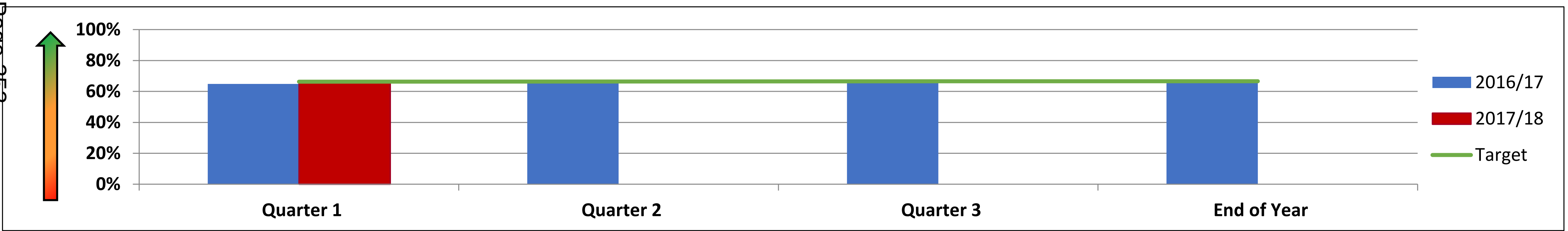
ECONOMIC AND SOCIAL DEVELOPMENT
KPI 39 – The percentage of economically active people in employment

Quarter 3 2017/18

Definition	"The employed are defined as those aged 16 or over, who are in employment if they did **at least one hour of work** in the reference week (as an employee, as self-employed, as unpaid workers in a family business, or as participants in government-supported training schemes), and those who had a job that they were temporarily away from (for example, if they are on holiday)."	**How this indicator works**	The figures presented for Barking & Dagenham are a rolling average of the last three years. The reason for this is that the figure is derived from a survey, the Annual Population Survey, which can move due to sampling variation. The Q1 figure is therefore an average of July 14-June 25, July 15-June 16 and July 16-June 17.
What good looks like	An increase in the percentage of our economically active residents who are in employment.	**Why this indicator is important**	Employment is important for health and wellbeing of the community and reducing poverty.
History with this indicator	The employment rate for the borough is principally driven by London and economy-wide factors. The figure for the borough has shown steady growth over the last year.	**Any issues to consider**	Each 1% for the borough is equivalent to a little over 1,200 borough residents.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from previous reporting period
2017/18	**66.3%**	Released 24 January 2018	Released 18 April 2018	Released 18 July 2018	↑
Target	66.3%	66.4%	66.5%	66.6%	
2016/17	64.9%	65.3%	65.5%	**66.2%**	

Page 253



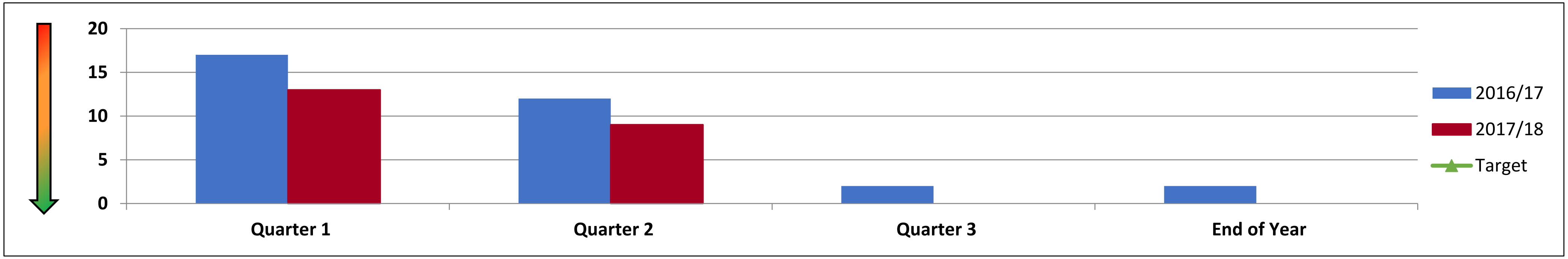
RAG Rating	Actions to sustain or improve performance
G	ESF-funded provision is now on stream and is being integrated into the work of local programmes and services (e.g. DWP Troubled Families provision working with Early Intervention/Children's Centre, DWP over 50s support based in Job Shop, Big Lottery Common Mental Health Problems link to Job Shops). The Job Shop Service is focusing delivery on long-term unemployed and economically inactive residents claiming income support or employment and support allowance as part of the Council's own ESF-funded provision (Growth Boroughs ESF Unlocking Opportunities Programme) and further funding is being sought through this programme. DWP funding is being used to provide additional support to people with health problems and young people, potentially including care leavers. L.B. Redbridge are in the process of commissioning the Work & Health Programme on behalf of the Local London boroughs. This will provide support to the long-term unemployed (2+ years) and people claiming benefits for health-related reasons, replacing the current Work Programme. The latter will form c75% of participants. This provision will not be in place until March 2018 but the expectation is that it will be thoroughly integrated with local services. The successful bidder will be known in early November. There are ongoing and deepening links between Job Shop, Richmond Fellowship and NELFT Talking Therapies provision to cross-refer service users. Referrals are being received from probation services and links with drug and alcohol services are being developed.
Benchmarking	The gap with the London-wide figure (73.7%) has narrowed to 7.4%. Around 9,600 additional residents would need to move into work to match the London employment rate.

ECONOMIC AND SOCIAL DEVELOPMENT
KPI 40 – The number of households in Bed and Breakfast

Quarter 3 2017/18

Definition	The number of homeless households residing in B & B including households with dependent children or household member pregnant.	**How this indicator works**	A snapshot of households occupying B & B at the end of each month.
What good looks like	B & B placements used only in emergency scenarios, and for short periods (less than 6 weeks)	**Why this indicator is important**	Statutory requirement and financial impact on General Fund.
History with this indicator	Target was met and exceeded during 16/17.	**Any issues to consider**	Increasing demand on homelessness service, impact of Homelessness Reduction Bill and Welfare Reform. Impact of housing market and regeneration programme. Reduction in self-contained "move on" accommodation.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from previous reporting period
2017/18	13	9	**0**		↑
Target	Target to be agreed				
2016/17	17	12	2	2	



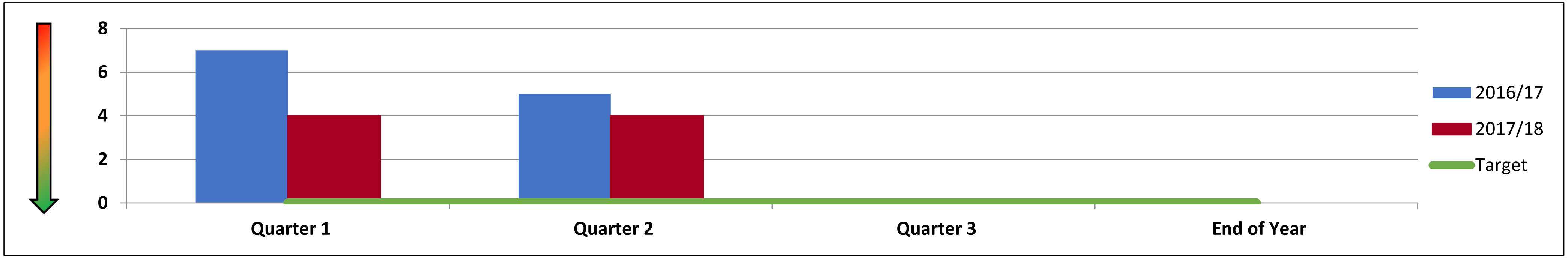
RAG Rating	Performance Overview	Actions to sustain or improve performance
n/a	Access to alternative temporary accommodation and better case management of households in hostel sites has led to a significant reduction in the need to procure emergency B & B accommodation.	Initiatives have been developed to enact appropriate prevention measures, which has led to a reduction in the number of households approaching the service requiring emergency / temporary accommodation.
Benchmarking	Benchmarking data not available.	

ECONOMIC AND SOCIAL DEVELOPMENT
KPI 41 – The number of households in Bed and Breakfast for more than 6 weeks

Quarter 3 2017/18

Definition	Number of homeless households residing in B & B for more than 6 weeks, including households with dependent children or household member pregnant.	**How this indicator works**	A snapshot of households occupying B & B for 6 weeks or more at the end of each month.
What good looks like	B & B placements used only in emergency scenarios, and for short periods (less than 6 weeks).	**Why this indicator is important**	Statutory requirement and financial impact on General Fund.
History with this indicator	No previous target.	**Any issues to consider**	Increasing demand on homelessness service. Impact of Homelessness Reduction Bill and Welfare Reform. Impact of housing market and regeneration programme. Reduction in self-contained "move on" accommodation.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from previous reporting period
2017/18	4	4	**0**		↑
Target	0	0	0	0	
2016/17	7	5	0	0	



RAG Rating	Performance Overview	Actions to sustain or improve performance
G	Access to alternative temporary accommodation and better case management of households in hostel sites has led to a significant reduction in the need to procure emergency B & B accommodation.	Initiatives have been developed to enact appropriate prevention measures, which has led to a reduction in the number of households approaching the service requiring emergency / temporary accommodation.
Benchmarking	Benchmarking data not available.	

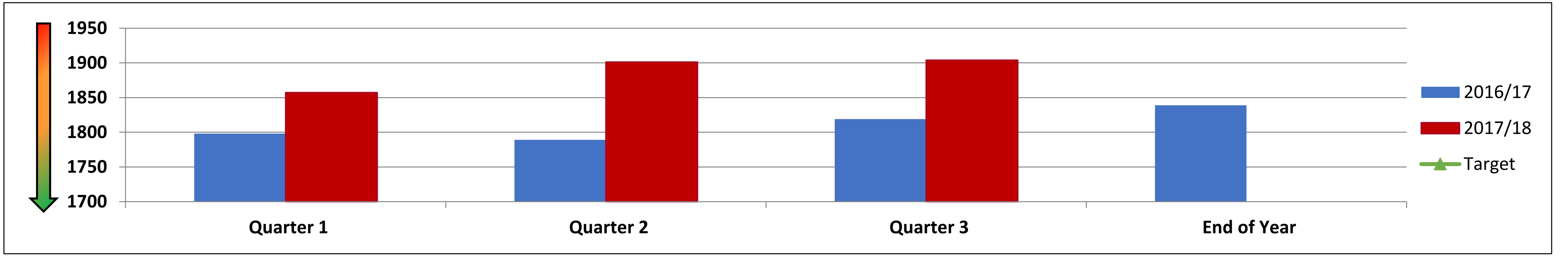
ECONOMIC AND SOCIAL DEVELOPMENT

KPI 42 – The number of households in Temporary Accommodation over the year — **Quarter 3 2017/18**

Definition	Number of households in all forms of temporary accommodation, B&B, nightly Let, Council decant, Private Sector Licence (PSL) (in borough and out of borough)	**How this indicator works**	The number of households occupying all forms of temporary accommodation at the end of each quarter.
What good looks like	Increase in temporary accommodation / PSL supply, however with a reduction in the financial loss to the Council leading to a cost neutral service.	**Why this indicator is important**	Financial impact on General Fund. Reduction in self-contained accommodation is likely to lead to an increase in the use of B & B and the number of families occupying that type of accommodation for more than 6 weeks.
History with this indicator	PSL accommodation was considered cost neutral. Due to market demands, landlords/agents can now request higher rentals exceeding LHA rates.	**Any issues to consider**	Increasing demand on homelessness service, impact of Homelessness Reduction Bill and Welfare Reform. Impact of housing market and regeneration programme. Renewal of PSL Contract. Non-conformance of other LA's to the "Pan-London" nightly rate payment arrangements.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from previous reporting period
2017/18	1,857	1,901	**1,904**		↓
2016/17	1,798	1,789	1,819	1,839	

Page 256



RAG Rating	Performance Overview	Actions to sustain or improve performance
n/a	There is still no desire to set a target for the number of households overall in temporary accommodation, and while there has been a slight increase in the number of households overall, there is new vigour to employ the principles laid out in the Localism Act 2012 to make offers of Private Rented Accommodation to households as a way of bringing Housing Duty to an end and therefore naturally reduce the number of households in temporary accommodation.	Better collaboration to improve Housing case management and homeless prevention options, to limit the number of households requiring temporary accommodation. Initiatives are being considered to determine the viability of sourcing temporary accommodation in "cheaper" areas, although the focus is to use powers to cease duty in the Private Rented Sector.
Benchmarking	Benchmarking data not available.	

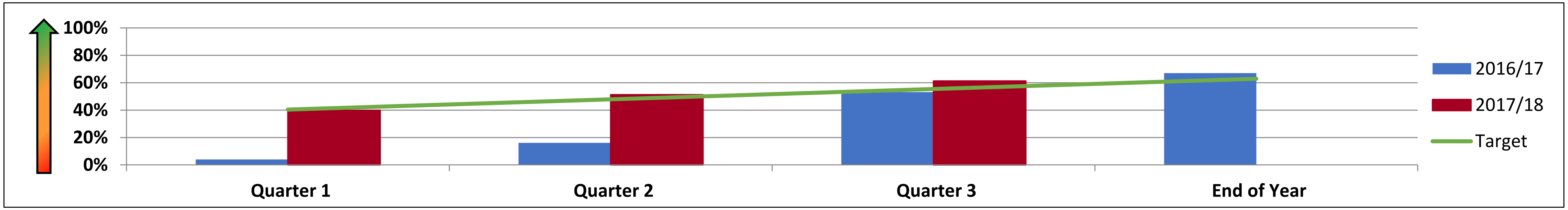
ECONOMIC AND SOCIAL DEVELOPMENT

KPI 43 – The percentage of people affected by the benefit cap now uncapped

Quarter 3 2017/18

Definition	Percentage of people affected by welfare reform changes now uncapped / off the cap.	**How this indicator works**	For a resident to be outside of the benefit cap (off the cap), they either need to find employment (more than 16 hours) and claim Working Tax Credit or be in receipt of a benefit outside of the cap; Personal Independence Payment, Disability Living Allowance, Attendance Allowance, Employment Support Allowance (care component) and (up-coming in September 2016) Carers Allowances or Guardians Allowance.
What good looks like	Moving residents from a position of being in receipt of out-of-work benefit (Income Support / Employment Support Allowance or Job Seekers Allowance) to working a minimum of 16 hours (if a single parent) or 24 hours (if a couple) or receiving a disability benefit which moves residents outside of the cap.	**Why this indicator is important**	Welfare reform changes impact on resident's income which will affect budgets, choices and lifestyle. Financial impact on General Fund.
History with this indicator	The basis for this figure was based on a list provided by JCP which purposely overestimated the numbers that would be capped. This has been recalibrated based on actual numbers from November 2016 when the lower cap came into effect and more accurate monitoring commenced. As time goes on the cases remaining on the cap are the more difficult cases.	**Any issues to consider**	The Capped/Uncapped status of a resident is not solely down to the Welfare Reform (WR) team work but includes both Housing Benefit (HB) and the Department of Works & Pension (DWP). If the DWP do not confirm the uncapped status of a resident then HB do not remove this status on academy. All our information comes from the DWP, via HB.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	DOT from previous reporting period
2017/18	39.82%	51.23%	**61.25%**		
Target	40.38%	47.88%	55.38%	62.88%	
2016/17	3.9%	16.07%	53.47%	67.06%	



RAG Rating	Performance Overview	Actions to sustain or improve performance
G	The percentage of people coming of the cap is increasing above target. Work with rent collection teams is yielding results and now that the team has most of the case work on the system more it is easier to work with other teams.	The team will continue to work with other teams particularly rent collection to support and encourage claimants to take positive steps to come off the cap. One of the three officers on the team is leaving next month and there may be a gap for a brief period pending completion of the ongoing restructure in ComSol. This situation will be monitored to determine if a temporary replacement will be required of likely to be longer than expected.
Benchmarking	Benchmarking data not available. Local measure only.	

This page is intentionally left blank

CABINET

19 February 2018

Title: Local Implementation Plan 2018/19 Programme Amendments	
Report of the Cabinet Member for Economic and Social Development	
Open Report	**For Decision**
Wards Affected: All	**Key Decision**
Report Author: Tim Martin – Acting Transport & Planning Policy Manager; Be First	Contact Details: Tel: 020 8227 3939 E-mail: timothy.martin@befirst.london
Accountable Director: Dan Pope, Head of Planning; Growth and Homes	
Accountable Strategic Director: Fiona Taylor, Director of Law and Governance	

Summary

The LB Barking and Dagenham Local Implementation Plan (LIP) is the Council's transport strategy and delivery plan for improvements to the transport network in the borough.

By Minute 36 (22 November 2017), the Assembly approved the Council's LIP funding programme for 2018/19 for submission to Transport for London (TfL). Following the publication of TfL's new 5-year business plan in December 2017, the level of funding allocated to Barking and Dagenham through the LIP programme has been reduced, impacting on what the Council and its partners can deliver in terms of transport improvements in the Borough.

The purpose of this report is to set out the proposed amendments to the Council's 2018/19 LIP delivery programme to reflect this reduction in funding, ahead of its re-submission to TfL.

Recommendation(s)

The Cabinet is asked to recommend the Assembly to approve the amendments to the Council's 2018/19 Local Implementation Plan funding programme, as set out at Appendix 1 to the report.

Reason(s)

To enable the delivery of the Borough Manifesto priorities, the recommendations of the Growth Commission Report and the Health and Wellbeing Strategy outcomes, whilst helping to address some of the key transport challenges affecting the borough.

1. Introduction and Background

1.1 LIPs are a vital tool in supporting jobs and growth and delivering a better quality of life for those who live and work in London. The Greater London Authority Act 1999 requires the Council to prepare a LIP that sets out how it will deliver better transport in the borough in the context of the Mayor of London's Transport Strategy (MTS).

1.2 Following the publication of the draft MTS in February 2017, TfL issued guidance that required the Council to produce a one-year interim funding programme for 2018/19, setting out details of the transport schemes to be taken forward in the year ahead. The programme was approved by the Council's Assembly in November 2017 (Minute 36 refers).

2. Proposal and Issues

2.1 Following the submission of the Council's 2018/19 LIP programme to TfL in November 2017, TfL published its new Business Plan in December 2017. This sets out TfL's plans for the transport network in London over the five years to 2022/23.

2.2 As a result of severe financial pressures, resulting from the loss of its central Government grant and a fall in passenger revenues, and to pay for a number of additional major transport schemes (most notably, the pedestrianisation of Oxford Street in central London), TfL has had to make significant changes to its five-year investment programme, including a reduction in the level of funding made available to boroughs through the LIP budget. The changes to the funding allocations are summarised below:

2018/19	London-wide Budget			Borough Allocation		
Programme	Original Budget	Revised Budget	% Change	Original Allocation	Revised Allocation	% Change
Formula Funding						
Corridors, Neighbourhoods and Supporting Measures	£75m	£63m	-16%	£1.613m	£1.377m	-14.6%
Discretionary Funding (Awarded via competitive bidding process or through direct award where TfL data have identified need for intervention in specific areas)						
Liveable Neighbourhoods	£30m	£23m	-23%	£0	£0	-
Borough Assets	£38m	£11m	-71%	£462,000	£0	-100%
Local Transport Fund	£0	£4m	+100%	£0	£100,000	+100%
Strategic Funding (Awarded via competitive bidding process or through direct award where TfL data have identified need for intervention in specific areas)						
Bus Priority	£24m	£15m	-38%	TBC	TBC	-
Borough Cycling Programme	£41m	£44m	+7%	£0	£167,500	+100%
Other Healthy Streets Programmes	£15m	£14m	-7%	£0	£0	-
TOTAL	**£223m**	**£174m**	**-22%**	**£2.075m**	**£1.645m**	**-20.7%**

2.3 The main implications for the Council are as follows:

- The Council faces a circa £430,000 cut to its LIP funding – nearly 21% of its allocation.
- The loss of all the principal road maintenance for 2018/19 (and potentially 2019/20) is particularly severe and will most likely result in the further deterioration of the condition of our major road network.
- A circa 15% cut to the Corridors, Neighbourhoods and Supporting Measures funding is slightly off-set by the reinstatement of the Local Transport Funding pot (£100,000 given to boroughs to spend on local transport priorities), but this still represents an 8.4% cut to the budget overall.
- Beyond the LIP budget there are a number of other pan-London transport funding programmes that have been identified for cuts, including the Liveable Neighbourhoods and Bus Priority Programmes.
- The Council is currently working with TfL to develop proposals for 2 bus priority schemes in the borough (on Longbridge Road and Goresbrook Road), but no specific funding to implement these has yet been allocated so it is not clear what the implications for the borough will be at this stage.
- The borough does not currently have any Liveable Neighbourhood schemes, although officers are looking to apply for funding for 2019/20 to develop a scheme.
- Funding for borough cycling schemes is being increased across London and the borough has been told it will receive £167,500 towards the completion of a cycle link between Barking Town Centre and the start of Cycle Superhighway 3 (CS3) on the A13.

2.4 This report recommends how the Council's LIP delivery programme for 2018/19 should be amended to reflect this reduction in funding from TfL.

Revised LIP Programme of Investment

2.5 A summary of the changes proposed to the 2018/19 LIP delivery programme is set out below. A more detailed programme is included in Appendix 1.

- The St. Paul's Road resurfacing scheme is postponed until at least 2019/20 or until such time Principal Road Maintenance funding becomes available.
- Funding earmarked for Barking Town Centre Improvements is reduced by £100,000 to £200,000 as part of this scheme is unlikely to proceed in 2018/19 and other sources of funding are available for elements of this project.
- A slight reduction in funding for the following Corridors, Neighbourhood and Supporting Measures schemes:
    - Gale Street Corridor Improvements - reduced by £10,000 to £390,000;
    - River Road/Creek Road/Long Reach Road Corridor improvements – reduced by £10,000 to £290,000;
    - Road Safety Improvements Programme – reduced by £10,000 to £290,000;
    - Healthy/Active Travel Programme – reduced by £6,000 to £107,000.
- Future Schemes/Minor Works to be funded via the Local Transport Fund instead of the Corridors, Neighbourhoods and Supporting Measures Programme, but no change to the £100,000 allocation.

Scheme	Original Allocation	Revised Allocation
Principal Road Maintenance		
St. Pauls Road	£462,000	£0
Corridors, Neighbourhoods and Supporting Measures		
Gale Street Corridor Improvements	£400,000	£390,000
Barking Town Centre Improvements	£300,000	£200,000
River Road/Creek Road/Long Reach Road Corridor Improvements	£300,000	£290,000
Road Safety Improvements Programme (Various Locations)	£300,000	£290,000
Borough Cycle/Walking Link Improvements	£100,000	£100,000
Borough-Wide Healthy/Active Travel Programme	£113,000	£107,000
Future Schemes Development (Various Locations)	£60,000	£0
Minor Works (Various Locations)	£40,000	£0
Local Transport Fund		
Future Schemes Development (Various Locations)	£0	£60,000
Minor Works (Various Locations)	£0	£40,000
Borough Cycling Programme		
Barking Town Centre – CS3 Cycle Link	£0	£167,500
Totals	**£2,075,000**	**£1,644,500**

3. Options Appraisal

3.1 The Council is required by TfL to submit a revised spending plan for 2018/19 by March 2018 to reflect the reduction in the level of LIP funding available. Section 2 of this report has provided a justification for the recommended changes.

3.2 The revised programme will enable the Council to continue to address local transport issues and ensure the ongoing delivery of the Borough Manifesto priorities, the recommendations of the Growth Commission Report and the Health and Wellbeing Strategy outcomes, whilst also ensuring we continue to deliver the objectives of the MTS.

4. Consultation

4.1 The revised programme has been drawn up in consultation with the relevant Council services including planning and regeneration; parking and highways; and public health.

5. Financial Implications

Implications completed by: Katherine Heffernan – Finance Group manager

5.1 The LIP funding available for the Borough in 2018/19 was original thought be £2.075m. However, this has been subsequently reduced to £1.6445m since TfL published its new Business Plan in December 2017. This represents a reduction in funding of £430,500 which will directly impact on the amount of highways infrastructure improvement works that will be undertaken in the 2018/19 financial year. Principal Road Maintenance will now not be funded and this programme will be put on hold.

5.2 It is anticipated that the revised programme of works will be carried out within the allocated funding and there will be no impact on the Authority's internally funded capital programme or level of borrowing. Some of the proposed projects will be treated as revenue expenditure as, rather than enhancing the highways infrastructure, they relate to training, publicity or the staging of events. The slight reduction in funding for these schemes will not impact on existing revenue budgets.

5.3 Whilst it is unlikely that there will be any ongoing revenue implications associated with the programme (e.g. infrastructure maintenance costs), if additional ongoing maintenance costs do arise, they will be met from the existing highway maintenance programme budget with additional external funding sought where possible.

5.4 The revenue cost of monitoring the LIP targets and mandatory indicators will continue to be met from existing Regeneration and Economic Development budgets. The funding will continue to be claimed from TfL periodically during the year in line with actual level of spending against each scheme.

6. Legal Implications

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

6.1 The Council is required under Section 146 of the Greater London Authority Act 1999('the GLA Act') to submit its Local Implementation Plans to the Mayor of London for his approval. These plans must include a timetable for implementing its proposals and a date by which all the proposals are delivered.

6.2 In preparing a Local Implementation Plan the Council must have regard to the Mayor's Transport Strategy. The Mayor will take into consideration whether the Plans is consistent with the Transport Strategy and the proposals and timetable are adequate for the implementation. The Council's submission to the Mayor will consist of the version of the plans agreed by the Cabinet.

6.3 Because of the reduction in LIP grant funding a re-assessment has been carried out to prioritise those measures which will support the Borough Manifesto priorities, the recommendations of the Growth Commission Report and the Health and Wellbeing Strategy outcomes, whilst also ensuring we continue to deliver the objectives of the MTS.

7. Other Implications

7.1 **Risk Management –** Failure to submit a revised LIP funding programme could result in the Council's funding allocation for 2018/19 being withdrawn and the Council having to bear the full costs of any planned transport schemes. A number of the proposed schemes still require further investigation/detailed design work to be carried out before they can be progressed, to ensure all potential risks are properly mitigated.

7.2 **Contractual Issues –** Procurement relating to the design/delivery of the scheme will continue to be undertaken in accordance with the provisions of the Council's contract rules and procurement rules including EU procurement rules where applicable. The Legal Partner should be consulted before entering into terms and conditions with suppliers in relation to such procurement.

7.3 **Staffing Issues –** There are no specific staffing implications.

7.4 **Corporate Policy and Customer Impact –** The schemes in the revised LIP programme remain in line with Council priorities. In particular, the programme will contribute to enabling social responsibility through protecting the most vulnerable, keeping adults and children healthy and safe. The proposed schemes will also benefit all those who live on or travel through the borough including motorists, pedestrians and cyclists and will improve safety along various roads and at key junctions. The programme also contributes to the Council's 'Growing the borough' priority through investment in enhancing our environment.

7.5 **Safeguarding Children –** The revised LIP Programme includes schemes to improve road safety both through highway safety measures and also through initiatives such as cycle training.

7.6 **Health Issues –** The continued promotion and enabling of walking and cycling through the revised LIP programme is a key component of the Council's Health and Wellbeing Strategy.

7.7 **Crime and Disorder Issues –** Through the revised LIP programme, the Council will work with partners to ensure that the infrastructure is delivered with due regard to safety and to reducing the fear of crime.

7.8 **Property / Asset Issues –** Where new infrastructure is required as part of the revised LIP programme, high quality design, durable products and well-engineered schemes should ensure that short term maintenance is not required. In most circumstances, ongoing maintenance costs will be met through the existing highway maintenance programme budgets with additional external funding sought where possible.

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

List of Appendices:

- Appendix 1: 2018/19 Local Implementation Plan Revised Programme of Investment

Appendix 1

2018/19 Local Implementation Plan - Revised Programme of Investment

Scheme Name/ Location	Scheme Summary	Ward(s) Affected	2018/19 Allocation	Project Management/ Delivery Arrangements
Corridors, Neighbourhoods and Supporting Measures Programme - Allocation: £1,377,000				
Gale Street Corridor Improvements	Corridor enhancement scheme building on improvements delivered outside Becontree station in 2016/17. Scheme will address long-standing road safety issues, particularly at the junctions with Porters Avenue, Woodward Road/Hedgemans Road, Goresbrook Road and A13; deliver pedestrian/cyclist accessibility improvements, particularly to nearby schools and the forthcoming Youth Zone; and enhance the local public realm. Measures include: • Junction/side road entry treatments; • Upgrade to pedestrian/cyclist facilities; • Review of parking/loading restrictions; • Footway/street furniture repairs and enhancements.	Goresbrook, Thames, Mayesbrook, Parsloes	£390,000	Management: Regen Delivery: Capital Delivery
Barking Town Centre Improvements	Continuation of highway/public realm improvements at key locations within the town centre. Focus for 2018/19 includes: • £200,000 towards phase 2 of the High Street Improvement Programme for East Street, with a focus on strengthening the quality and appearance of one of the high street's key 'gateway' areas and enhancing physical links to the neighbouring Abbey Green.	Abbey, Gascoigne	£200,000	Management: Regen Delivery: Capital Delivery
River Road/Creek Road/Long Reach Road Corridor Improvements	Continuation of road safety, traffic management and public realm enhancements currently being implemented in the area with the aim of better managing on-street parking; reducing the impacts of commercial vehicles; improving safety and accessibility for pedestrians and cyclists; and improving reliability of local bus services. Specific interventions subject to design/consultation.	Thames	£290,000	Management: Regen Delivery: Capital Delivery

Scheme Name/ Location	Scheme Summary	Ward(s) Affected	2018/19 Allocation	Project Management/ Delivery Arrangements
Road Safety Improvements Programme (Various Locations)	Borough-wide road safety improvements programme in support of our LIP objective to reduce the number of road casualties, and to complement our various corridor/ neighbourhood initiatives. Programme for 2018/19 includes: • £50,000 to address personal injury accidents and reported issues of speeding traffic along Bennetts Castle Lane; • £85,000 to address personal injury accidents and improve cycling/walking infrastructure along Dagenham Road; • £85,000 to address issues of rat-running/speeding traffic and to improve cycling/walking infrastructure in the Surrey Road area; • £70,000 towards schools' road safety programme, including the continuation of road safety education and the roll-out of small-scale road safety improvements outside and on the approach to schools.	Borough Wide	£290,000	Management: Parking/Road Safety Delivery: Capital Delivery
Borough Cycle/Walking Link Improvements	Continuation of programme to provide high quality, safe, accessible and well-connected cycling and walking routes as a means to increase the uptake of these healthy modes of travel within the borough. Includes funding towards the implementation of a 'Quietways' cycle route linking Barking Riverside/Thames View with Dagenham Heathway.	Borough Wide	£100,000	Management: Regen Delivery: Capital Delivery
Borough-Wide Healthy/Active Travel Programme	Continuation of work with borough schools, businesses and residents to promote healthy, active and sustainable travel practices. Funding earmarked for: • £60,000 towards the provision of cycle training to cyclists of all ages and the delivery of walking events/initiatives to promote cycling and walking as healthy and sustainable modes of travel; • £47,000 towards the review/update of school travel plans, including funding for promotional events and small scale physical measures (e.g. cycle parking) and the development/implementation of business travel strategies/ logistics plans to reduce the impact of freight movements/	Borough Wide	£107,000	Management: Regen Delivery: Regen/ Specialist Suppliers

Scheme Name/ Location	Scheme Summary	Ward(s) Affected	2018/19 Allocation	Project Management/ Delivery Arrangements
	deliveries, etc. Includes contribution towards the cost of employing London Riverside Travel Coordinator.			
Local Transport Fund – Allocation: £100,000				
Future Schemes Development (Various Locations)	Investigative studies to inform future LIP Corridor and Liveable Neighbourhood schemes. Focus will be on promoting healthy, active travel and on securing road safety and accessibility improvements. Priorities for 2018/19 include the Ripple Road gyratory, St Pauls Road roundabout and the 'Lighted Lady' roundabout in Barking Town Centre and Porters Avenue.	Borough Wide	£60,000	Management: Regen Delivery: Capital Delivery/ Term Consultants
Minor Works (Various Locations)	Small-scale measures such as pedestrian access improvements; public realm enhancements; provision of cycle parking; reviews of parking and waiting/loading restrictions.	Borough Wide	£40,000	Management: Regen Delivery: Highways/Capital Delivery
Borough Cycling Programme – Allocation: £167,500				
Barking Town Centre – CS3 Cycle Link	Completion of strategic cycle link between Barking Town Centre and Cycle Superhighway 3 (CS3) on the A13.	Abbey, Gascoigne, Thames	£167,500	Management: Regen Delivery: Capital Delivery
		GRAND TOTAL:	**£1,644,500**	

This page is intentionally left blank

CABINET

19 February 2018

Title: Procurement of Water Services for Corporate and Non-Domestic Council Buildings	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: Leeann Kenny, Energy Officer	**Contact Details:** Tel: 020 8227 2017 E-mail: leeann.kenny@lbbd.gov.uk
Accountable Director: Robert Overall, Director of My Place	
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary:

The water market for business customers was deregulated in England from April 2017 and, in order to comply with Public Contracts Regulations 2015, the Council is seeking to procure retail services associated with water supply and sewerage services and other ancillary services.

The deregulation of the retail component of the water market aims to introduce competition and, therefore, the Council is now eligible to choose its supplier of retail services. The value of this retail service is, on average, 6% of the overall water and waste water contract value. The Council's average total expenditure (wholesale and retail) on water and waste water services is £380,000 per annum and, therefore, the retail element to be covered by this procurement equates to circa £23,000 per annum.

On behalf of London local authorities, the London Energy Project (LEP) carried out a review which suggested that the most economically advantageous approach would be to appoint a single water and waste water retailer to meet multi-site authorities' business requirements for back-office and water efficiency products and services, with each authority having a separate contract. The LEP proposed that this should be achieved via a mini-competition, organised by the Yorkshire Purchasing Organisation (YPO), to access a call-off contract(s) through the Crown Commercial Services (CCS) Framework for Water, Wastewater and Ancillary Services.

The contract term is for two years with an option to extend for a further two years, giving a total contract value of c.£92,000. Although this is below the contract threshold requiring Cabinet approval, the advice received is that Cabinet approval should be sought.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the Council's participation in the mini-competition process, led by Yorkshire Purchasing Organisation (YPO), to identify and select a supplier to meet the Council's retail water requirements with effect from April 2018, in accordance with the Council's Contract Rules and the strategy set out in the report; and

(ii) Authorise the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to finalise any specific terms of the contract with the preferred bidder, award and enter into the call-off contract under the Framework Agreement, and do all things necessary to facilitate the execution, implementation and operation of the contract and an extension agreement(s)

Reason(s)

To assist the Council in meeting its priority of a "Well run organisation" and comply with procurement regulations.

1. Introduction and Background

1.1 Until April 2017, the Council was provided with water by Essex and Suffolk Water and waste water was managed by Thames Water. In April 2017, Thames Water transferred all its retail activities for business customers to Castle Water. The Council's water supply is now with Northumbria Water Group (NWG) which is the parent company of Essex and Suffolk Water.

1.2 Deregulation aims to introduce competition into the market place to encourage improvement and innovation to products and services and better value for money for the customer.

1.3 Retail suppliers can compete for the custom of all eligible customers. These licensed retailers are responsible for primarily invoicing, customer services and meter reading. These elements can be contracted separately or through a single retailer who will package these services along with other products such as water efficiency advice, leak detection, advanced metering etc. The value of the retail service is on average 6% of the overall water and waste water contract value.

1.4 The LEP is a group of 36 authorities (primarily in London) that together spends approx. £0.5b p.a. on energy and water. The group's principal purpose is to use authorities' combined spending power to minimise risk; reduce procurement, contract operation and back-office costs and achieve better commercial outcomes. LEP's work programme is coordinated and managed by a shared intelligent client team hosted by Haringey Council, which operates on a cost-recovery only basis under collective authority-led governance. LEP is able to maintain its independent, market-neutral position through direct member authority contributions.

1.5 The LEP Team managed a pre-market engagement programme with over 60 authority stakeholders, 3 Central Purchasing Bodies (CPBs) (public sector buy in organisations) and 5 water retailers to establish what products, services and innovation are available within the retail market, whether these will meet local authority multi-site business requirements, how to best attract market interest and obtain competitive pricing and whether a Pan-LEP water retailer contract will provide authorities with better value and the opportunity to develop and shape this market.

1.6 The conclusions are:

- This is a newly deregulated and still immature market;
- the Council is eligible to choose its supplier of retail services. This is only 6% of the overall contract value. The rest of the contract value (94%) can be linked to the wholesalers. The water wholesale market will remain regulated until April 2020
- the most economically advantageous approach is to collaborate with other authorities;
- a pan-London water procurement approach has been arranged by LEP;
- the cooperated members will carry out a mini competition to call off from the CCS Framework for Water, Wastewater and Ancillary Services;
- the mini-competition will be organised by YPO;
- The total value of the contact is approximately £1,520,000 (£380,000 p.a), but we are only procuring the retail component, so that actual spend on the contract will be approximately £92,000 (£23,000 p.a). This is for a total of four years, a two-year contract with a possible two-year extension (4 x 12 months).

2. Proposals

2.1 Proposed Procurement Strategy

It is proposed that the Council follow the LEP recommended option of using The CCS Water, Wastewater and Ancillary Services RM3790 Lot 3, One Stop Shop, YPO mini-competition, based on an impartial evaluation of the quality and flexibility of the framework and the Central Purchasing Body (CPB) service and price.

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

Lot 1 - Water Supply and Sewerage Services, i.e. associated services in connection with the supply of water and sewerage services

- Account Management including customer service;
- Billing;
- Metering including, Meter Reading (Including acceptance of AMR reads), Management of sites and meters (including new connections and switching);
- Meter installation/removal/resizing/accuracy tests;
- Data Management;
- Roads and Property Drainage;
- Sewerage services including Trade Effluent;
- Emergency Contingency Planning;
- 24/7 Emergency support; and
- Guaranteed standards of Service.

Lot 2 - Ancillary Services, i.e. services for management, conservation, reduction and data management of water consumption in order to deliver environmental improvement, efficiency, financial and consumption savings. NB. Authorities can select to take all or none of the following ancillary services based on their individual authority needs, business requirements and available budget.

- Water Footprint assessment;
- Tariff optimisation and benchmarking;
- Water audit site surveys;
- Leak detection and repair;
- Contingency planning;
- Legionella Risk Assessments;
- Automated Meter Reading;
- Bill Validation; and
- Cost Recovery.

Lot 3 – One Stop Shop (combination of Lots 1 and 2)

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

The total value of the contact is approximately £1,520,000 (£380,000 p.a) this includes wholesale and retail costs, but we are only procuring the retail component due to the de-regulation of the water market, so that actual spend on the contract will be approximately £92,000 (£23,000 p.a). This is for a total of four years, a two-year contract with a possible two-year extension (4 x 12 months).

The values for the contract are estimates as we are still in the process of validating all the water supplies.

The retail component of the contract is 6% of the total value contact value.

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

At this stage, the optimal contract duration appears to be two years with the option to extend for a further period of up to two years. This is because a contract of less than two years will not represent value for money, as the retailer set-up costs and migration process will be priced into one year, rather than an up to four-year deal. However, the water industry price review will take effect in 2020 and its impact will need to be considered as part of any contract extension, i.e. if the retailer margin is increased, we would need to ensure additional service or a relative reduction in margin can be negotiated as part of any contract extension.

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

The recommended route is to utilise the Crown Commercial Services Framework as part of the Pan-London collaborative, with the LEP and YPO managing the procurement process on our behalf.

Given the estimated contract value, the recommended option is to procure a contractor via the Crown Commercial Services (CCS) Framework for Water, Wastewater and Ancillary Services, the further competition to be managed by YPO Framework for Water, Wastewater and Ancillary Services, the further competition to be managed by YPO.

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

Crown Commercial Service Water, Wastewater and Ancillary Services - RM3790 – Lot 3

Water Supply and Sewerage Services, let by Laser a division of Kent Commercial Services Ltd, Contracting Authority Kent County Council (OJEU Award notice – 2017S132-269790)

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

There is an opportunity to make significant efficiency gains, through consolidated billing, improved contract and account management. Pro-active water management and reduction and tariff optimisation services could deliver reasonable financial savings. The opportunity to make significant cashable savings against the total invoiced water contact price is low, because the non-competitive (wholesaler) element rarely makes up more than 90% of the overall value.

The most significant opportunity for savings and efficiencies comes through the LEP aggregation. Through the coordinated approach to the market, their prestigious portfolio centred around London and the South, gives them the ability to achieve better account management, customer service, contract conditions and terms, reduced supplier margin and subsequently strategic supplier and contract management through the LEP Team.

Compliance with Public Contract Regulations 2015 is required; Cabinet Office guidance suggests that a competitive process should have been followed by April 2018. Therefore, at the very least, a competitively tendered pan-LEP contract enables all authorities to achieve a low-cost/low-resource route to compliance. LEP collective objectives are:

Cheaper (Savings)
Contain costs and reduce price and contractual risks, approaching the market with a common set of requirements that ensure our business is sufficiently attractive to improve commercial, social and environmental outcomes

Better (Commercial & Innovative)
Establish the most appropriate products, services and delivery models that meet the business requirements of LEP's multi-site customers for quality and value – service specifications that are virtually bespoke to authorities without additional costs

Faster (Efficiencies)
Promote and maintain collaboration and the aggregation of Pan-LEP expenditure to reduce procurement, supplier, contract management and back-office costs and enable efficient use of available resources

Stronger Together (Collaboration)
Shape the supply market as a customer group, ensuring we take full advantage of our combined expenditure to improve products and services and introduce innovative commercial models and technology deployment; build business resilience in each authority through shared knowledge and an increased focus on efficient operation, continuous improvement and innovation

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

A mini-competition weighted 55% for quality and 45% for price, will deliver overall best value. This must be supported by a clear service specification and service levels geared to ensuring terms and conditions are appropriate; SLAs and KPIs are delivered; core services such as consolidated billing and web platform functionality are tested and ancillary services, such as leak detection, AMR installation, emergency planning are fully considered. The competitive element, retailer margin, although a small part of the contract value, will be evaluated on the basis of Wholesale Plus, as this enables a robust and transparent comparison of retailer margin.

2.9 **How the procurement will address and implement the Council's Social Value policies**

The contract will contribute to the Social Value by ensuring water and waste supplies to council buildings, schools and communal housing supplies are accurately billed in a timely manner allowing for better budget management and control of council budgets.

The ancillary services provided as part of this contract will help the Council identify water leaks and high consuming sites earlier than has been previously possible allowing us resolve water issues in a quicker more efficient timeframe.

3. Options Appraisal

3.1 **Do Nothing**
This is not an option; legal advice has been issued by the Cabinet Office stating that all local authorities must go out tender for their retail water supplies

3.2 **LEP (London Energy Project) option**
This is our preferred option of using The CCS Water, Wastewater and Ancillary Services Lot 3, One Stop Shop, YPO mini-competition. Following the mini-competition a sole water provider will be appointed for the delivery of both water and waste services.

3.3 **Laser procurement only service (POSO)**
We did investigate the possibility of using the Laser, however this option would not give us the same economies of scale as the LEP option and we would be entering this agreement on our own with LEP support.

3.4 **Conduct our own open market procurement**
Given that the water market is so new and that we have no experience in procuring water we felt that this option was a higher risk option and for that reason it was discounted. We would also not benefit from any increased purchasing power by entering into an agreement on our own.

4. Waiver

4.1 Not applicable to this procurement.

5 Equalities and other Customer Impact

5.1 There are no specific implications.

6. Other Considerations and Implications

6.1 **Risk and Risk Management -** The best value and lowest risk option for the council is to follow the London Energy Project (LEP) recommendation. 30 other authorities are taking part in the LEP procurement process. This pan authority approach will allow the council to capitalise on the best deal possible through combined purchasing power.

7. Consultation

7.1 The proposals in this report were considered and endorsed by the Council's Procurement Board on 15 January 2018.

8. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

8.1 The proposed procurement route to market is to collaborate through the London Energy Partnership (LEP). The collaboration appears to be supported by a majority of London Authorities, which should drive economies of scale.

8.2 The LEP would tender the requirements on the Councils behalf, but the Council is not committed to award. However, the part of the process that is being procured makes up a minimal part of the overall water cost but would be managed under a strict set of terms and conditions.

9. Financial Implications

Implications completed by: Lance Porteous, Principal Accountant

9.1 Water related costs are factored in to relevant service budgets. Any savings arising with this contract will benefit those service areas..

10. Legal Implications

Implications completed by: Derron Jarell, Regeneration Project Lawyer, Law & Governance

10.1 Under the Water Act 2014 the water market for business consumers opened up in April 2017, at which point the Council is allowed to switch its current water provider at any time, but has to do so under a competitive process, after giving the current provider reasonable notice.

10.2 The contents of this report constitute a Key Decision, which requires the Officer to enter the Procurement Strategy Report on the Forward Plan.

10.3 The Council has the power to under Section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. Additionally, the Council is empowered to enter into contracts for the discharge of its legal powers (section I Local Government (Contracts) Act 1997). The Council moreover has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles. These stated powered enable the Council to enter into the MoU with YPO.

10.4 The nature and value of these services are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR15). However, as noted in in the body of the report, the Council's agent (i.e. LEP) will use a valid existing framework agreement, which was established following an EU compliant tendering process and established to allow local authorities to use for their own requirements. The tendering requirements of the PCR15 are therefore satisfied. The body of the report sets out a summary of the process which will be followed when undertaking further competition under the framework. Approval of a call-off contract with the identified supplier for the contract of supply/service following a mini competition would be in accordance with the Council's Contract Rules (CR) 33 and 50.

10.5 Calling-off contracts from legitimately procured framework agreements meets the requirements of both the CR and the Public Contracts Regulations 2015 provided the Council was named or was part of an identifiable group cited in the original OJEU notice.

10.6 In view of the proposed contract value(s) for the supply/service exceeding £100,000.00 the contract(s) must be under seal.

Public Background Papers Used in the Preparation of the Report:

- OFWAT water market de-regulation website:
https://www.ofwat.gov.uk/regulated-companies/markets/business-retail-market/

List of appendices: None

CABINET

19 February 2018

Title: Pay Policy Statement 2018/19	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Author: Gail Clark, Head of Workforce Change	Contact Details: Tel: 0208 724 3543 E-mail: gail.clark@lbbd.gov.uk
Accountable Strategic Director: Fiona Taylor, Director of Law and Governance	

Summary

Under the terms of the Localism Act 2011 the Council must agree, before the start of the new financial year, a pay policy statement covering chief officer posts and above. The Act also sets out the matters which must be covered in the policy.

The Council's draft Pay Policy Statement for 2018/19, attached at Appendix A, sets out the expected position at 1 April 2018.

The report also seeks Cabinet's approval to apply the uplift in the London Living Wage with effect from 6 November 2017, which increased the minimum hourly rate of pay from £9.75 to £10.20 per hour.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree the implementation of the London Living Wage increase from £9.75 to £10.20 per hour with effect from 6 November 2017; and

(ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2018/19 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2018.

Reason(s)

Under the terms of the Localism Act 2011 the Council must agree a pay policy statement in advance of the start of each financial year.

1. Introduction and Background

1.1 Section 38(1) of The Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior officers (Chief Officers) to be agreed by all Councillors at an Assembly meeting before the beginning of each financial year. This policy is timetabled to go to the Assembly on 28 February 2018.

1.2 The Council produced its first Pay Policy Statement for the 2012/13 financial year in accordance with the Localism Act 2011. The definition of Chief Officer covers the Chief Executive, Chief Operating Officer, Strategic Directors, Commissioning and Operational Directors. The matters that must be included in the pay policy statement are as follows:

- The level and elements of remuneration for each Chief Officer.
- The remuneration of its lowest paid employees (together with its definition of 'lowest paid employee' and the reasons for adopting that definition).
- The relationship between the remuneration of its Chief Officers and other officers.
- Other specific aspects of chief officer's remuneration: remuneration on recruitment, increase and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.
- The Localism Act defines remuneration widely to include not just pay but also charges, fees, allowances, benefits in kind.
- Enhancements of pension entitlement and termination payments.

1.3 The Pay Policy statement:

- Must be approved by the full Council (Assembly).
- Must be approved by the end of March each year.
- Can be amended in year.
- Must be published on the Council's website (and in any other way the Council chooses).
- Must be complied with when the Council sets the terms and conditions for a chief officer.

2. Context of the Pay Policy Statement

2.1 The 2017/18 Pay Policy Statement set out the huge challenges and opportunities this borough faces as a result of the on-going squeeze on public finances and the aspirations of this council in response. Over the last year, the Council has been implementing the work set out in (i) the Growth Commission report and the Council's response to it, and (ii) the A2020 proposals.

2.2 The JNC Salaries and Conditions Panel agreed in May 2015 to create the current senior management structure. This was an interim structure as

2015/16 and 2016/17 was designed to manage the transitional stages. The Committee agreed that a further review of the top team would be required in 2017 focusing on the new operating model of the organisation. In November 2017 the same committee therefore agreed to a new a new senior management structure to reflect the changes which have already been made in establishing the new kind of council; to ensure realisation of the benefits of the transformation programme; and to provide clear accountability for the achievement of the key goals of the council as set out in the Borough Manifesto.

2.3 In establishing the new structure, the net effect of the deletion of the old posts and the creation of the new, reported a reduction in costs of no less than £100,000 annually, on top of the reductions of management costs of £1m, as noted by the Assembly report in 2017/18 on the Pay Policy.

3. London Living Wage

3.1 The London Living Wage increased from £9.75 to £10.20 with effect from 6 November 2017.

3.2 Initial assessments suggest the cost of implementing this increase is circa £12,000 per annum and would be captured within existing budgets.

4. Financial Implications

Implications completed by Katherine Heffernan, Finance Group Manager

4.1 There are no additional budget pressures caused by the agreement of the Pay Policy Statement, as this reflects the current position on pay.

5. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

5.1 This report outlines the Council’s obligations with regard to senior officer pay and in particular in relation to the information to be provided pursuant to section 38 of the Localism Act.

6. Other Implications

6.1 **Risk Management –** There are no risks attached to the statement as it describes the current position.

6.2 **Contractual Issues –** The statement makes no changes to employees’ contractual position.

6.3 **Staffing issues –** The staffing issues are fully explored within the main body of the report.

6.4 **Equalities Issues –** The Council’s approach to pay is based on the use of established job evaluation processes to determine the salary for individual roles, eliminating the potential for bias in the process.

6.5 **Service issues –** The ability to deliver effective services is dependent on having the right staff at different levels. The Council must have an approach to pay that enables it to recruit and retain the right people and also motivate them to perform. The Pay Policy seeks to support that aim.

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

List of Appendices:

- Appendix A – Pay Policy Statement 2018/19

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2018/19

1. Introduction – Requirement for Council Pay Policy Statement

1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by Members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2018.

1.2 The provisions of the "Act" require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand, releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Organisational Context

2.1 The Council recognises that if it is to serve its communities well and deliver the agreed vision and objectives, it needs to be able to attract and retain talented people at all levels of the organisation. The Council continues to face very significant budget and demand challenges.

2.2 The Council continues to ensure that its Leadership Team is structured to deliver the outcomes of the Ambition 2020 programme and Growth Commission recommendations. This is reflected in this Pay Policy Statement. The number of senior posts has increased slightly, although this is subject to continual review as the Council continues with the implementation and embedding of its new service delivery blocks.

3. Pay and Reward Principles

3.1 The approach to pay and reward continues to be based on the following principles:

- Pay levels are affordable for the Council, at a time when it is making some very difficult decisions about spending on services to the community;
- The Council can demonstrate fairness and equity in what it pays people at different levels and in different parts of the Council; and
- Pay is set at levels which enable the Council to recruit and retain the quality of staff needed to help achieve its objectives at a time of financial hardship.

3.2 Pay levels are determined through "job evaluation". For staff at PO6 and below, the Council generally uses the Greater London Provincial Council job evaluation system. For posts at PO7 and above, the HAY job evaluation system is used. Pay point 49 (£45,666) is at the top of PO6 and bottom of PO7. Each system assesses the relative "size" of the role against a range of criteria, relating to its complexity, the number of resources managed and the knowledge required to undertake the role.

3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBD pay scale. The Council has committed to pay no less than the "London Living Wage" to its own staff or agency workers working with the Council. A new rate of £10.20 per hour (from £9.75 per hour) was applicable with effect from 6 November 2017.

4. Defining "Chief Officers"

4.1 At the start of the 2018/19 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (and Head of Paid Service)
- Strategic Director for Service Development and Integration (and Deputy Chief Executive) to be replaced by Director, People and Resilience in June 2018.
- Chief Operating Officer (and Section 151 Officer)
- Director, Law and Governance (and Monitoring Officer)
- Director, Policy and Participation
- Director, Inclusive Growth (out to advert)
- Transformation Director
- Finance Director
- Director of Public Health
- Operational Director, Community Solutions
- Operational Director, My Place
- Commercial Director
- Commissioning Director, Culture and Recreation
- Commissioning Director, Children's Care and Support
- Commissioning Director, Adults' Care and Support
- Commissioning Director, Education
- Operational Director, Enforcement
- Operational Director, Adults' Care and Support
- Operational Director, Children's Care and Support

5. Accountability for Chief Officers Pay

5.1 The pay arrangements for chief officers are overseen by the JNC Salaries and Conditions Panel, appointed by the Council's Assembly.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years. In undertaking reviews, account is taken of the market, particularly the market in London, to ensure the Council can compete successfully for the talent it needs to lead and manage in the current challenging environment.

6.1.2 The salary benchmarking information comes from the London Councils Chief Officers Salary Survey. The latest information held is from 2016. There were 32 responses to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

Chief Executive	- £199,915
Executive, Strategic Director	- £139,110
Director	- £104,760
Assistant Director	- £92,226

6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

6.2 **Chief Executive**

6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, was £165,000. This has increased by 1% in line with nationally negotiated pay awards in both April 2016 and April 2017.

6.3 **Chief Officer Pay Range**

6.3.1 The Chief Officer pay structure was last reviewed in 2013. The grades increased by 1% in line with nationally negotiated pay awards in April 2016 and April 2017. There are no proposals to review this pay range in 2018/19. The pay range from April 2018 is as follows:

CO1	£81,930
CO2	£93,399
CO3	£103,231
CO4	£110,846
CO5	£122,412
CO6	£134,406
CO7	£146,450

6.3.2 It is appropriate for there to be some differentiation in pay levels at Chief Officer level because of the differing amounts of risk and responsibility being carried at that level.

6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

Position	Grade of Post	Salary cost to LBBD
Chief Executive (and Head of Paid Service)	Individual spot salary	£168,316
Strategic Director for Service Development and Service Integration * Chief Operating Officer	Individual spot salary CO7	£146,450
Director of Public Health	Individual spot salary	£88,269
All other Directors & Operational and Commissioning Directors	CO2 – CO5	£93,398 - £122,412

* The Strategic Director for Service Development and Service Integration (and Deputy Chief Executive) is paid a salary in recognition of the level of risk and responsibility held as statutory Director of Children's Services and Director of Adult Services and the additional responsibility of Deputy Chief Executive. This salary was benchmarked at £145,000 in 2016 (increased by 1% in line with nationally negotiated pay awards in April 2017).

7. Contingent Pay

7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements.

8. Pensions

8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

"Your terms and conditions of employment are as set out in the Joint Negotiating Committee for Chief Officers of Local Authorities handbook, as adopted by the Authority, unless otherwise indicated in this statement.

From time to time, variations in terms and conditions of employment will be negotiated and agreed at national or local level with the union or unions recognised by the Authority as representing your employment group. Where these are adopted by the Authority, they will, within a period of 28 days from the date of the change, be separately notified to you or otherwise incorporated in the documents to which you have reference."

9.2 The Council's employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of tax.

10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

12. Retirement

12.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over or who are retired on redundancy or efficiency grounds over age 55 are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme with the permission of the Council in specified circumstances from age 55 onwards and on grounds of permanent ill-health at any age.

12.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

13. Redundancy

13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme has redundancy multipliers which provide for a maximum of 30 week's pay for staff whose continuous service date is after 1 January 2007 and a maximum of 45 week's pay for staff with a continuous service date of prior to 1 January 2007. Both multipliers are based upon length of service.

14. Settlement Agreements

14.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases.

15. Fairness and Equality

Pay Ratios

15.1 It was agreed that as of 1 January 2013, no permanent member of the Council's staff should be paid less than £9 per hour (excluding those on apprenticeship schemes). This supports the Council's ambition to raise average local household incomes and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £10.20 per hour (equivalent to an annual salary of £18,613) with effect from 6 November 2017.

15.2 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee (the Chief Executive) and lowest paid employee - is 1:9.4 (1:9.5 in 2017/18).

15.3 The ratio between the Chief Executive's salary level and the median salary figure for all employees in the Council is 1:6.86. The median annual salary for all employees at 1 April 2017 was £24,510 per annum, with the average salary being £28,497. Both median and average salaries referenced are full time equivalent and are adjusted according to individual contractual arrangements.

15.4 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £181,500 (taken from London Councils 2016 Senior Staff Pay Data). The variance in Barking and Dagenham is attributable to the retention of in-house services such as catering and cleaning.

16. Any Additional Reward Arrangements

16.1 There are none in place.

CABINET

19 February 2018

Title: Be First Business Plan 2018 – 2023	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report with Exempt Appendix 1 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Hilary Morris, Commercial Lead	**Contact Details:** Tel: 020 8227 3017 E-mail: hilary.morris@lbbd.gov.uk
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	

Summary

This report seeks Cabinet agreement to the inaugural five-year Business Plan of Be First, the Council-owned company dedicated to the delivery of the borough's regeneration agenda which was launched on 1 October 2017. The five-year Business Plan is at Appendix 1 (this document is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

The Be First Business Plan includes an aim to produce a minimum of 9,700 new homes in Barking and Dagenham by 2023, of which over 2,200 homes will be created as part of the Council's core Investment and Acquisition Strategy. This will include1,600 affordable homes. The delivery of the remainder, some 7,500 homes, will be subject to external developers building sites which currently have planning consent, with Be First and any newly created development company playing a role to help accelerate this delivery.

The Business Plan also sets out how Be First intends to deliver the aim of accelerating the regeneration of the borough and generating increased revenues and returns to the Council by using greater flexibilities to attract specialist expert staff and implement approaches to development that would not be available to an in-house Council function.

The report sets out Be First's plans to deliver the company's contractual obligations, including significant financial benefits to the Council such as generating an annual financial contribution of £10.3m from 2020/21 onwards. The benefits will be delivered primarily through additional dividends and New Homes Bonus (NHB). In addition, Be First will help to address some of the Council's socio-economic objectives, for example fostering business growth and job creation by promoting improved skills and productivity in the borough.

Achieving the contractual commitments, benefits package and aims of accelerated, higher quality growth requires significant changes and a transition from previous ways of working under the Council, to an enterprising delivery company. The business plan sets

out details of operational systems and governance arrangements, including the new company Board comprising industry experts, and includes details of the organisational structure to ensure that the company is fit for purpose.

Following on from the ‘in principle’ approval given by Cabinet by Minute 38 (19 September 2017), the Business Plan expands on Be First’s proposals to undertake development activity in addition to delivering the Council’s investment projects. It is proposed that such development activity be undertaken through the creation of a new development vehicle ‘Be First Developments Ltd’ (BFD Ltd) which is intended to leverage commercial expertise and additional freedoms to trade in order to meet Be First’s agreed financial contributions.

The Business Plan also includes as assessment of the high-level risks to the achievement of the £10.3m target, including further changes to the calculation of New Homes Bonus (NHB), an adverse economic climate and restrictions on Council funding. By undertaking direct development activities, it is the aim of Be First to mitigate, as far as possible, risk associated with development industry slowdown in the construction of new homes.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the Be First Business Plan 2018/19 – 2022/23, as attached at Appendix 1 to the report, subject to the appropriate legal construct for the DevCo trading vehicle Be First Developments Ltd being delegated in accordance with recommendation (ii) below;

(ii) Agree in principle to the formation of a trading vehicle ‘Be First Developments Ltd’ and to delegate authority to the Director of Law and Governance, in consultation with the Chief Operating Officer and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to agree with Be First the appropriate legal construct and the terms of all the requisite legal documents and agreements (including a shareholder’s agreement);

(iii) Agree that the Council provides a state aid compliant facility of up to £100m of development funding to Be First Developments Ltd (and/or Be First, to be decided by the Chief Operating Officer in line with recommendation (iv) below) subject to it being within the agreed parameters of investment activity as outlined in paragraphs 3.18 and 3.19 of the report and subject to ensuring that adequate security is provided for the funding;

(iv) Delegate authority to the Chief Operating Officer, advised by Investment Panel, to:

a). agree the appropriate source(s) of funding for each individual approved development proposal;

b). approve the draw-down of development funding from the £100m facility) subject to:

(i). a positive recommendation to proceed with each individual development proposal by the Investment Panel; and (ii). that the funding for the facility, any drawn downs and borrowing costs are provided for in the Council's Medium Term Financial Strategy and the Chief Operating Officer is satisfied that the funding is in line with statutory guidance on local authority investments and is state aid compliant.

c). agree, in consultation with the Director of Law and Governance:

(i). the terms and form of such legal agreements (as are necessary) to give effect to the £100m development facility and to enter into such agreements on behalf of the Council;

(ii). the terms and form of legal agreements to give effect to the draw-downs as referred to above, including instruments providing security to the Council, and to enter into such agreements or security documents on behalf of the Council.

(v) Approve the allocation of an additional £700,000 funding to Be First, to be made available in the form of an extension of the Working Capital Facility agreement, subject to the Chief Operating Officer being satisfied that it is financially prudent to do so;

(vi) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to approve the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of the Council's capital programme as commissioned subject to:

a). compliance with relevant procurement and state aid law;
b). being satisfied as to the appropriate terms and financial implications;
c). being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.

(vii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to approve the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of any approved schemes within the Council's Investment and Acquisition programme subject to:

a). the endorsement of the Council's Investment Panel;
b). compliance with relevant procurement and state aid law;
c). being satisfied as to the appropriate terms and financial implications;
d). being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.

Reason(s)

To assist the Council in achieving its Inclusive Growth priorities. This proposal is in line with Recommendation 8 of the independent Growth Commission's report published in February 2016 and is therefore aligned to both the 'Growing the Borough' and 'Well run organisation' objectives.

1. Introduction and Background

1.1 By Minute 73 (15 November 2016), the Cabinet agreed to the creation of Be First, the Council's wholly owned regeneration company which has a primary objective to accelerate the regeneration of the borough through bringing forward construction and delivery of housing, commercial space and infrastructure thereby providing more effective services and attracting external investment into the Borough.

1.2 It was noted that Be First would be the main vehicle through which the Council's Investment and Acquisition Strategy will be delivered. This strategy has a double bottom line of generating a return on investment for the purposes of securing the sustainable financial management of the Council and the regeneration and economic development of the borough. This Business Plan therefore also outlines the Investment and Acquisition outcomes that Be First will deliver over the next five years.

1.3 By Minute 38 (19 September 2017), the Cabinet agreed a proposal in principle for Be First to act as a developer in its own right, in order to achieve the long-term financial contribution to the Council. The report and Business Plan explain the rationale to take this proposal forward through the creation of Be First Developments Ltd.

1.4 This Business Plan has been developed by Be First in collaboration with an internal LBBD stakeholder working group.

1.5 The Be First 5 Year Business Plan is contractually required to be updated and circulated for Shareholder approval by the Council on an annual basis.

1.6 Be First is also contractually required to produce a performance report against the outcomes listed within the Business Plan for consideration by the Shareholder Panel on a quarterly basis. The Shareholder Panel has committed to producing an annual update report for Cabinet on the performance of all the companies it has a shareholder interest in.

2. Rationale for Be First

2.1 Previous Cabinet reports noted that the rationale for Be First has its origins in the Growth Commission 2015 Report – "No-one left behind: in pursuit of growth for the benefit of everyone". This recommended the establishment of a Borough-wide regeneration vehicle that would be an early statement of the Council's intent to increase the pace of regeneration of the borough.

2.2 The achievement of the Council's long term strategic goals, in particular to build 35,000 – 50,000 new homes over the next 20 years, requires a step change in delivery performance that will require substantial increases in both capacity and capability. Be First has been created to provide increased flexibility and focus, to attract the staff to deliver the Council's Investment Strategy and to establish development vehicles with the private sector to accelerate the wider regeneration of the borough.

2.3 The business case for Be First was based on the premise that a continuation of historic regeneration structures and performance would not deliver the Council's regeneration and financial goals. A different approach was needed that placed priority on regeneration and placed clear accountability for delivery on a defined, new, organisation with the flexibility and freedom to deliver within defined governance parameters.

2.4 Be First is charged with delivering long-term strategic regeneration objectives, including enhancing economic growth and prosperity for the people of Barking and Dagenham. In addition, Be First is charged with delivering significant financial benefits to the Council by bringing forward returns in New Homes Bonus, Council Tax and NNDR, and by delivering dividends to the Council. Be First will also contribute to delivering the vision and aspirations for the borough as set out in the Borough Manifesto, in particular Housing, Environment and Employment.

2.5 Be First is a 100% Council-owned company that is operationally independent of the Council, operating in the same way as a commercial organisation but being accountable to the Council for its performance and conduct through a Shareholder Panel. It will encompass all aspects of regeneration and place-shaping for the borough, including housing, commercial buildings and infrastructure.

2.6 Be First is designed to provide greater focus and clarity of purpose, build capacity and capability for effective delivery and inject dynamism and pace through more efficient and effective ways of working whilst maintaining public sector community focus.

3. Business Plan Proposal

3.1 The Business Plan provides a framework for the Council, as Shareholder, to review and approve the strategic direction of the company and its priority areas of business growth and development through its first five years of trading. By approving the Business Plan, the Council will either:

3.1.1 be deemed to have consented to any matters for which Be First must seek Shareholder consent (under its Shareholder Agreement with the Council) in order to implement the activities contained within the Business Plan, or

3.1.2 Cabinet will delegate authority to the Chief Operating Officer or other specified officers (in accordance with the recommendations) to implement the activities contained within the Business Plan.

3.2 Thereby providing Be First with the flexibility and freedom to successfully deliver the Council's regeneration aspirations while ensuring appropriate levels of oversight and approval by the Council. Specific development or acquisition proposals will continue to be appraised, monitored and implemented in accordance the Gateway Appraisal process (internal to Be First) and the Council's Investment Panel making recommendations to the Chief Operating Officer as detailed in the Governance and Assurance section in this report.

3.3 The 5 Year Business Plan sets out how Be First will deliver the strategic requirements outlined within the Shareholder Agreement, as well helping to address some of the Council's socio-economic objectives, primarily through place shaping and the development of new homes within the borough.

BUSINESS PLAN BENEFITS

3.4 Delivery of the Be First Business Plan includes an aim to produce a minimum of 9,700 homes in Barking and Dagenham by 2023 of which over 2,200 homes will be created as part of Barking and Dagenham's core Investment and Acquisition Strategy including 1,600 affordable homes. The delivery of the remainder, some 7,500 homes is subject to external developers building sites which currently have planning consent.

3.5 Be First will deliver its **regenerating and place-shaping** agenda by using its resources and commercial expertise to drive further transformation, making it a more attractive and thriving place to live, work and play. It will achieve this by:

- Delivering innovative Masterplans for major areas of the Borough, including Creekmouth, Thames Road, Chadwell Heath and the Gascoigne Estate
- Work with partners in the GLA, TfL and Public Health to secure funding for neighbourhood transformation, major cycling initiatives, and "Healthy Town" developments
- Reinvigorating the Borough through delivery of the Artist Enterprise Zone, Film Studios, and Townscape Heritage schemes
- Delivering a substantial Capital Programme, involving projects related to schools, parks, transport infrastructure, cultural and leisure facilities
- Marketing and promoting Barking and Dagenham in compelling ways, attracting visitors, investors and businesses based on Borough-wide regeneration, unparalleled investment opportunities, affordable housing and job opportunities
- Working closely with LBBD (including Employment & Skills, Culture and Housing) to ensure that LBBD's plans such as Culture Everywhere are incorporated into the plans for the Borough
- Supporting cross-Borough plans such as the Parks and Open Spaces Strategy to support more local events for residents
- Prioritising opportunities for development of sites with high levels of visibility to visitors, such as the station and town centre

3.6 Be First will **lever the broader socio-economic benefits** of physical regeneration to transform community outcomes in the Borough. To do this, Be First will:

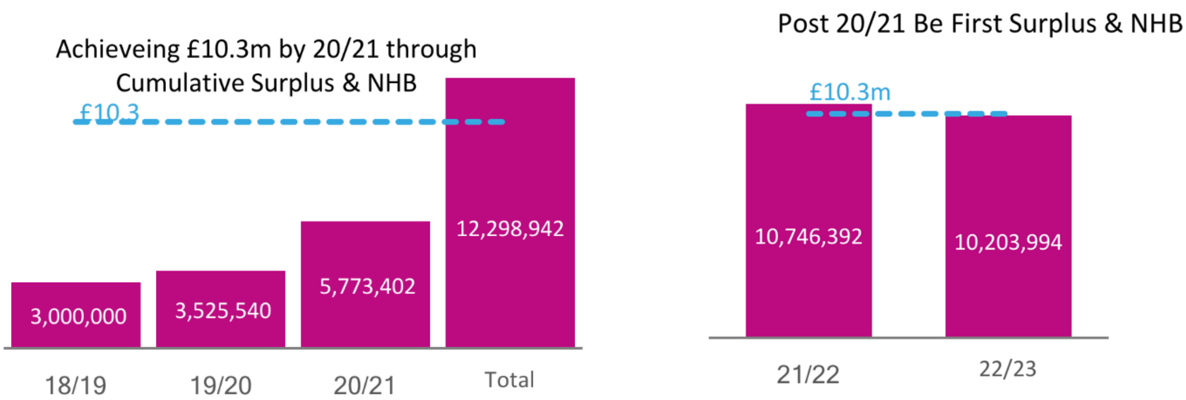
- Ensure that over 1,600 of the 2,200 homes built by March 2023 through the Investment Programme are affordable homes
- Deliver schemes which create substantial employment opportunities (e.g. Film Studios) and work with contractors committed to local job creation
- Deliver over 600 private rental and sale properties to attract and retain higher-income earners, enhancing the overall wealth of the Borough
- Deliver extensive regeneration of housing estates across the Borough
- Enhance the skills and employability of residents by encouraging the use of local labour, and drive creation of employment opportunities in growth sectors
- Embed a strategic focus on "inclusive growth"
- Work with the Council to develop further socio-economic strategies

FINANCIAL BENEFITS

3.7 The £10.3m per annum **financial return** from 2020/21 Be First will deliver to the Council will be a combination of:

- dividends from Be First's surplus and proceeds from development activity
- contributions from the New Homes Bonus, following the creation of housing in the Borough
- income generated by the delivery of key functions (e.g. planning services, services to support development, land charging)
- income generation from smarter and more commercial use of Frameworks (including procurement frameworks)

Figure 1: Financial returns delivered by Be First 2018/19 – 2022/23



3.8 The table below sets out the estimated revenues across the business plan period to 2022/23 in £000's:

	18/19	19/20	20/21	21/22	22/23	TOTAL
Core Services	(3,820)	(4,776)	(4,486)	(4,042)	(4,000)	(22,343)
Non-Core Services	(3,056)	(4,341)	(4,980)	(5,146)	(4,795)	(23,832)
New Homes Bonus	0	(741)	(2,655)	(4,925)	(7,796)	(16,116)
Development Activity Profit	(3,000)	(3,000)	(3,000)	(6,000)	(3,000)	(18,000)
Total	**(9,876)**	**(12,858)**	**(15,121)**	**(20,113)**	**(19,591)**	**(80,291)**

INVESTMENT REQUIRED TO ACHIEVE THE OUTCOMES

3.9 **Be First requires significant investment**, particularly in its early years of operation, to deliver the entirety of its key objectives including the homes and financial return on investment. The gross level of investment funding required over the life of the Business Plan is estimated to be c. £790m. The financial implications are set out in section 6 of this report. This investment sum includes:

- Be First initial operating costs, including structural overheads and staffing costs

- the amount required for delivery of the Investment Programme and housing schemes (including substantial projects such as the Barking Town Centre Housing Zone and Barking Riverside Gateways Housing Zone)
- investment in development activity
- interest costs on borrowing

FIT FOR PURPOSE ORGANISATIONAL STRUCTURE

3.10 The **organisational structure** of Be First has been designed to ensure the company can deliver the maximum possible social benefits with the minimum amount of public investment. It is designed to ensure that the company can operate efficiently and effectively. Be First's operations are structured in three main areas:

3.11 The Commercial Division is responsible for financial management and organisational operation; management of support services; project and performance management of services delivered to the Council including the Capital Programme, Decent Homes Programme and the build out of the Investment Programme projects.

3.12 The Development Division (and Development Team within in it) is responsible for: developing a pipeline of development opportunities; acquiring sites; obtaining planning permissions; bringing forward development or disposal of assets; ensuring the Council's Investment Programme projects are site-ready; delivering of affordable housing and Estate regeneration; advising on affordable housing elements of S106 negotiations with third party developers; and Borough-wide Regeneration, including catalysing third party development activity, enhancing employment and skills and delivering positive socio-economic outcomes and "inclusive growth"

3.13 The Planning Division is responsible for: delivering of core planning services on behalf of the council (with the Council retaining its duty as Local Planning Authority); ensuring the highest standards of design and place-shaping are achieved; and creating of a consultancy arm to provide planning and architectural services to third parties.

PROACTIVE WORKING WITH STAKEHOLDERS

3.14 Be First's business plan recognises that it has many stakeholders, inside and outside the Council and that is will need to work effectively with the stakeholders to achieve the maximum impact. Be First My Place and Reside will work together to ensure that developments and refurbishment of Council assets are delivered to a high standard, and that there is the clear and optimum division of responsibilities and labour in relation to management of the Council's property portfolio.

3.15 Groups external to the Council such as the GLA and TfL have a critical role to play in enabling Be First to succeed and deliver against its key objectives. Creating a successful working partnership with these groups will be fundamental to ensuring that Be First has the appropriate permissions and resources to deliver. The Planning Division will play a key role in attracting, supporting and enabling developers to help drive delivery and a socially inclusive transformation of the Borough.

3.16 Partnerships with residents and local businesses will be key to ensuring that local communities are fully engaged in how their Borough transforms in the coming years.

UNDERTAKING DEVELOPMENT ACTIVITY

3.17 In line with the 'in principle' approval given in the Cabinet report in September 2017, Be First have proposed to undertake development activity through **the creation of a new development vehicle '**Be First Developments Ltd' (BFD Ltd) which is intended to leverage commercial expertise and additional freedoms to trade and deliver developments in order to meet its agreed financial contribution of £10.3 million by 2020/21.

3.18 The Business Plan outlines that the BFD Ltd vehicle will undertake the types of development activity listed below, primarily within the Borough, identifying and creating development opportunities that the council would previously have been unable to access: -

- Buying and selling land – land trading of development sites, assembling sites for sale or its own development
- Adding value through planning – securing value through planning permissions and trading sites with deliverable planning consents acceptable to the market
- Serviced sites – acquiring sites and securing planning will create a pipeline of deliverable sites. On larger and/or more complex sites Be First will remediate sites and install services
- Construction – building its own private and affordable homes for sale and rent, Be First will contribute directly to the supply of housing across the Borough
- Joint ventures – opportunities to bring sites forward with other parties will be attractive to developers where Be First also carries out the planning function

3.19 The Business Plan suggests the following parameters within which the development activity will be undertaken namely;

- Within the LBBD investment portfolio: Be First will aim to deliver a Return On Capital Employed of greater than 10%, whilst maintaining an overall affordable housing allocation of greater than 35%. This plan assumes delivery of 2,208 homes of which 1,600 are intended to be affordable and therefore represents a return on affordable homes within this Business Plan of 72%.

- Within the Be First Development portfolio: Be First will aim to deliver a Return On Capital Employed of greater than 20%, whilst maintaining an overall affordable housing allocation of greater than 25%,

3.20 In both cases above, the ultimate quantum and tenure of housing to be delivered are subject to planning policy and matters for determination by the local planning authority.

3.21 It is noted that, whilst the Business Plan discusses the structure and construct of the BFD Ltd entity, Cabinet is requested to approve the formation of the entity in principle. The approval of the detailed construct, the scope of business and terms of any legal agreements are being delegated to the Chief Operating Officer and Monitoring Officer and to be agreed with Be First.

3.22 The percentage of affordable housing expected to be delivered through each portfolio is in line with the current levels of affordable housing that third party development schemes achieve. Although the recently published London Plan policy aims to increase levels of affordable housing across London to the levels noted below, ultimately it recognises that this will be subject to viability which must be considered on a scheme by scheme basis.

Affordable Housing Levels in the London Plan

Maximise affordable housing subject to viability with expectation of:

- 50% on public land
- 50% on industrial land
- 35% elsewhere
- For estate renewal projects no net loss of existing affordable housing and existing tenures re-provided
- Where less than the above is achieved due to viability and an all estate renewal projects early, mid and late stage review mechanisms are required

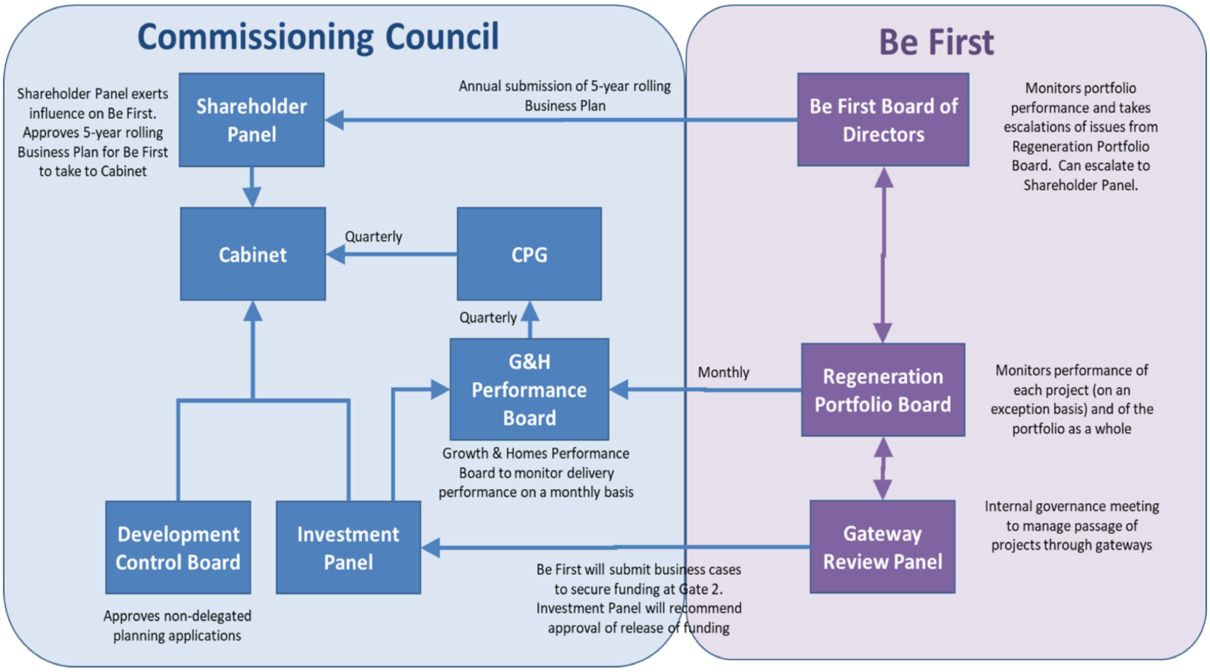
3.23 The Council, will be developing revised affordable housing targets in the Local Plan which will be presented to Cabinet in June 2018 for approval. However, all schemes will have to demonstrate, through the planning process that they deliver the maximum reasonable amount of affordable housing capable of being delivered but this will be subject to each individual scheme viability appraisal.

3.24 Be First outline that gross investment funding of approximately £790m will be required to deliver the Business Plan, of which £690m has already been approved by Cabinet through its Investment and Acquisition Strategy. Be First will therefore require additional capital funding of approximately £100m subject to sufficient security against any assets or land of BFD Ltd, to be secured primarily through the Council in order to deliver the agreed return within the required timescale.

GOVERNANCE & ASSURANCE

3.25 Be First is a wholly owned subsidiary of the Council with an independent Board of Directors, comprised of unconnected representatives from the private sector and chaired by Lord Kerslake. LBBD exerts strategic control over Be First via a Shareholder Panel. The Shareholder Panel recommends for Cabinet approval strategic objectives for Be First as outlined in the Business Plan, monitors achievement of these on a regular basis, as well as any reserved matters. The statutory relationship is therefore between the Be First Board and Cabinet as advised by the Shareholder Panel. All other elements set out below are operational to support the working relationship between Be First and the Commissioning Council. These are designed to achieve the objectives of accelerating delivery, providing quality assurance and protecting the council's investment by actively managing risk:

Figure 2: The relationship between Be First and the Commissioning Council



3.26 As part of the suit of measures designed to accelerate project progression and give professional assurance on project delivery Be First has developed a bespoke methodology. It has implemented a Gateway Appraisal system (in accordance with previous Office of Government Commerce best practice) and uses an expert Gateway Panel to provide technical assurance during stages of regeneration, investment and acquisition projects. The Gateway Appraisal system was developed jointly by the Council Commissioning function and Be First and appraises scheme viability, quality and deliverability. Be First's Board also review each project as it is developed and prior to presentation to the Council for investment. This process ensures that each project proposed in the business plan is appraised on its own merit.

3.27 All decision on investments and acquisitions reside with Cabinet unless delegated. It is part of the recommendations of this report to delegate investments decisions to the Chief Operating Officer. As well as Be First's internal assurance processes it is proposed that the projects will be reviewed by the Council's Investment Panel, which is now in place to advise the Chief Operating Officer on the development of the Council's Investment Strategy (as approved by Cabinet in October 2016) and oversee its implementation. This provides an additional layer of assurance while increasing the speed of decision-making to allow swift progress during project design and construction phases.

3.28 Investment Panel have committed to providing an update to Cabinet on the progress of the Investment and Acquisition strategy at six-month intervals, and all future updates will provide detail on the current level of portfolio performance against the parameters noted above.

3.29 The Shareholder Panel will also receive regular updates on all matters covered by the business plan.

4. Options Appraisal

4.1 Structure: Options for the structure of Be First were set out in a paper that was considered by Ambition 2020 Board in August 2016 and then subsequently by Cabinet in November 2016. Those papers evaluated a wide range of alternative models deployed in other local authorities and the Board endorsed the conclusion that the model described above would be the most advantageous option for Barking and Dagenham to adopt.

4.2 The main alternative to the Be First model would have been an 'enhanced in-house' approach where the in-house arrangements continued but with known improvements in efficiency and working practices to address the challenges of the forward regeneration programme. This would not have enabled the step change required to meet the Council's objectives articulated in the Corporate Plan.

4.3 Business Activities: Options about the balance of business activities necessary to achieve the financial and non-financial targets have been considered by Be First's Board.

4.4 Be First's Development Management: Be First will be managing the delivery of Council investment schemes that will accelerate the supply of new homes in accordance with the Council's Investment Strategy and approach to housing supply. This proactive approach is considered an important step to accelerate housing completions and addressing the systemic underperformance of the housing market. This requires Be First to develop an expert team. It will be possible to leverage those skills to supply consultancy services to other developers and public sector bodies undertaking development to generate additional income. The business plan indicates that this strategy will be pursued but will not form the primary focus of activity as was previously envisaged when the original Be First Business Case was considered. The management team and Board consider the in-house expertise could better be deployed on a range of direct Development Activity within the Borough to secure higher returns (see next option below).

4.5 Be First's Development Activity: Development activities beyond the current investment programme is proposed to play a fundamental role in enabling Be First to maximise the regeneration and financial contribution to the Council. Leveraging its commercial expertise and freedom to trade, the business plan states that Be First will identify and create development opportunities that the Council could not previously have accessed. Without these activities, Be First would not be able to give the Council as Shareholder assurance it could reach its targets.

4.6 Working with Third Party Developers: By itself, the Council is not able to resource all the housebuilding required. Externally funded homes will make up the majority of new homes built in the Borough and by association the proportion of New Homes Bonus generated. To assist in achieving these targets, Be First's business plan sets out approaches to attracting new developers to the Borough. To catalyse interest, Be First will focus some of its efforts on strategic regeneration opportunities with high visibility to external developers, such as Barking Station and Barking Town Centre. Be First will proactively engage with developers to ensure that planning consents translate into building and delivery.

5. **Consultation**

5.1 The Business Plan has undergone the following consultation

- Internal working group of officers – iterative to January 2018
- Agreed by the Be First Board on 11 January 2018
- Shareholder Panel for endorsement on 18 January 2018
- Informal Members' Briefing on 19 January 2018

6. **Financial Implications**

Implications completed by: David Dickinson, Group Manager – Treasury and Pensions

6.1 Be First Financial Return to the Council

6.1.1 The Be First Business Plan (BFBP) outlines an ambitious programme of development and regeneration of the Council. The BFBP shows that Be First will generate savings of £5.77m by 2020/21, including £2.7m of New Homes Bonus (NHB), and a cumulative deficit of £0.1m from Be First's operating loss, which includes the write off their pre-incorporation and set up costs of £2.4m. Table A below shows the target net position of Be First by unit over a 5-year period:

Table A: Be First net position FY 2018/19 – FY 2022/23

	18/19	19/20	20/21	21/22	22/23	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Core Services	(1,116)	(2,129)	(1,833)	(1,382)	(1,333)	(7,793)
Non-Core Services	1,124	(158)	(795)	(959)	(605)	(1,393)
Overheads	2,781	2,503	2,510	2,519	2,530	12,843
Be First Net	2,789	216	(119)	179	592	3,656
New Homes Bonus	0	(741)	(2,655)	(4,925)	(7,796)	(16,116)
Be First Net with NHB	2,789	(526)	(2,773)	(4,746)	(7,204)	(12,460)
Development Activity Profit	(3,000)	(3,000)	(3,000)	(6,000)	(3,000)	(18,000)
Total	(211)	(3,526)	(5,773)	(10,746)	(10,204)	(30,460)
Less Covered by LBBD	2,789	-	-	-	-	2,789
Be First Returns to LBBD	(3,000)	(3,526)	(5,773)	(10,746)	(10,204)	(33,249)

6.1.2 Be First will achieve a total cash return of £12.27m by 2020/21 against their target of £10.3m. This is made up of development activity profit of £5.77m in 2020/21 with the previous two years profit of £3.0m in 2018/19 and £3.5m in 2019/20.

6.1.3 Section 2.3 of the BFBP provides sensitivity analysis of the impact of achieving the £10.3m return. The scenarios outlined include:

i. reduction in the number of homes built compared to the current forecast;
ii. the impact of reduced NHB compared to the current forecast; and

iii. Be First's contribution to the Council as a result of these scenarios.

6.1.4 Each scenario provided results in a reduction in either the number of units built or the NHB obtained and ultimately in Be First achieving the £12.3m return to the Council. Scenario 2 and especially scenario 3 highlight significant risks and it will be important in future reports and monitoring that any issues around these risks are highlighted as soon as possible.

6.1.5 A facility for the draw-down of up to £3.5m for working capital up to the point where Be First is self-financing was agreed by Cabinet in February 2017. The impact of a range of assumptions on Be First's requirements for working capital, including their proposals for increased revenue generation, is continuing to be evaluated. This report requests a further £700k is required, which will take the total working capital loan to Be First to £4.2m. This loan will not be repayable until Be First are fully self-financing with the first repayment no earlier than 31st March 2020. The accounting treatment of this loan has yet to be agreed with the Council's auditors.

6.1.6 The BFBP outlines the traditional net expenditure that the Council incurred when it provided the core services now covered by Be First, highlighting that there was a net cost of 0.52m in 2016/17 (see table B below). Be First is now financing this core service resulting in a saving to the Council. Be First is also looking to change the scope of activities, previously undertaken by the Council, through its commercial expertise to identify and create development opportunities that the Council would previously not have been able to access. This includes via the Council or alternative third-party investors/financial institutions, subject to the Council's governance arrangements.

Table B: Traditional net Council expenditure on functions now covered by Be First

		15/16	16/17	17/18
		£000s	£000s	£000s
Expenditure	Management	144	151	147
	Development Planning	1,458	1,618	1,562
	Economic Regeneration	1,076	771	£733
	Capital Commissioning & Delivery	2,380	2,811	2,778
	Total	**5,057**	**5,351**	**5,219**
Income (including recharges)	Management	(92)	(48)	(101)
	Development Planning	(1,094)	(1,293)	(1,499)
	Economic Regeneration	(668)	(725)	(732)
	Capital Commissioning & Delivery	(2,448)	(2,765)	(3,029)
	Total	**(4,301)**	**(4,832)**	**(5,361)**
Net Expenditure		**757**	**519**	**(141)**

6.2 Be First Contribution to the Investment Strategy

6.2.1 Be First will help to accelerate the delivery of the Council-led development schemes which will be integral the Council's ability to achieve its £5.1m investment strategy returns by 2020/21. The £5.1 investment return is in addition to Be Firsts target return of £10.3m and is predominantly generated when each scheme is operational and managed within Reside.

6.3 BFBP Funding Requirements

6.3.1 The BFBP requires funding for projects which necessitates a gross borrowing requirement of £786.8m, to be funded by March 2023. Funding this will require a significant increase in borrowing by the Council over a period of 5 years.

6.3.2 The £786.8 m comprises most of the schemes agreed in the Acquisitions and Investment Strategy (AIS) but excludes some of the large schemes that have already been built, such as Abbey Road 2, Gascoigne East Regeneration and the Street Purchases schemes. The size of the borrowing is significant and careful treasury management is required to manage the interest cost of carry during the construction phase.

6.3.3 In addition to treasury management, there needs to be close working between the Council, Be First, Reside and My Place to ensure that appropriate schemes are built, at the right time and within agreed budgets, to ensure that the Council's plans are met within agreed timescale but that are also Value for Money.

6.3.4 Currently the borrowing requirement outlined in table 5 is based on estimates and still require a significant amount of work to confirm the actual expenditure required. It is possible that there will be some slippage in the first few years as schemes are worked on, but that completion of the schemes is accelerated towards the end of the 5-year period.

6.3.5 Overall modelling of the BFBP forecasts that borrowing will increase the interest payable costs from £4.2m for 2017/18 to £25.2m in 2022/23. Interest income, resulting from treasury management, interest income from current schemes and from schemes within the BFBP is also forecast to increase significantly to £25.7m, based on schemes being operational and producing income as per the BFBP. The forecast gross borrowing costs, interest income, the net requirement and then comparison to the current MTFS provision is provided in the table below:

Model Compared to MTFS	18/19	19/20	20/21	21/22	22/23
Total Borrowing Costs	9,491	12,487	17,378	21,214	25,241
Total Interest Income	(7,028)	(9,292)	(12,243)	(15,801)	(25,671)
Net Requirement	2,463	3,195	5,136	5,412	(429)
MTFS Net Interest Budget	**2,434**	**4,134**	**4,134**	**4,134**	**4,134**
Total Shortfall (Surplus)	29	(939)	1,002	1,278	(4,563)

6.3.6 The model used to forecast the borrowing costs is dependent on Be First completing each project within the timescales outlined in their cashflow forecast and then handing them to Reside to fund and manage. As these forecasts are still estimates, further work will need to be carried out to ensure that the borrowing costs can be contained within the MTFS limitations. Part of the additional work will be identifying funding sources and borrowing options around duration.

6.3.7 The cash generated when each scheme is operational will be required to cover the borrowing costs and Minimum Revenue Provision (MRP) if applicable, with any additional income generated contributing to the £5.1m Investment Strategy return target. The Council will decide its approach to MRP based on the specific schemes brought forward. However, the prudent assumption will initially always be that MRP should be made to safeguard the Council's position against any future devaluations

6.3.8 Given the scale and timing of the borrowing, the interest rate risk (i.e. the risk that interest rates will be higher than currently forecast) will be significant. An interest rate margin has been included in the model but there is still the risk that borrowing rates could increase to higher than the 4.5% top assumption in year 5.

6.3.9 The model also relies on the current schemes, i.e. Abbey Road 2, Gascoigne East and Street Purchases, generating sufficient interest to cover the borrowing costs they have incurred. Street Purchases will need to be closely monitored as income generated needs to be sufficient to cover the interest and MRP costs.

6.4 DEVCO Funding

6.4.1 The BFBP includes the requirement to provide £100m of funding to a DEVCO company. There is still a significant amount of work around defining the purpose of the DEVCO and its legal structure.

6.4.2 Depending on what structure is agreed and what activities the DEVCO will provide, there may be a requirement that any funding will be at a commercial rate due to State Aid requirements. Providing financing at a commercial rate will impact any return a discussion around the implications of this will need to be discussed and agreed prior to the DEVCO being set-up.

6.4.3 Subject to Cabinet's approval of this report, the £100m will be added to the Capital Programme presented to Assembly in late February. Initially it will be profiled into 2018/19 but this will be kept under review and is likely to be amended once the plans become more developed.

6.5 BFBP Risks

6.5.1 The BFBP outlines several key risks including:

i. Lack of cash – availability from the government
ii. Lack of cash – availability from LBBD
iii. Inability to attract and retain high quality staff
iv. Economy and Housing Market
v. Changing government policies (national or regional)

6.5.2 Each of these risks includes several underlying factors that could adversely impact the BFBP. Careful monitoring of these risks will be required with early reporting of adverse impacts on any of the schemes.

6.5.3 A significant risk around the BFBP is its aim to deliver unprecedented levels of housing quickly. While this will help to improve Barking and Dagenham it does not provide scope to significantly reduce the development programme due to adverse market conditions. Adverse market conditions include:

i. an oversupply of property leading to reduced occupancy and reduce rents;
ii. a significant economic downturn / recession;

iii. regulation and legislation changes that adversely affect home building; and
iv. a significant increase in construction costs.

6.5.4 During periods of significant negative market conditions, Be First's competitors can react quickly by delaying construction, reducing rents and focusing on other geographical locations. While Be First can adjust to market conditions, there will be a direct impact on the Council's revenue budget as delays in construction and reduced rents will impact both Be First's profits but also the cashflows and profits produced by Reside when the schemes are operational

6.6 Long Term Investment Strategy Implications

6.6.1 The BFBP covers the development part of the Council's overall AIS. The development part includes planning, regeneration and construction of the Council's property strategy and is relatively short-term in nature. Once a property is developed it is transferred to Reside to hold and for My Place to manage. It is therefore essential that the Be First Business Plan is aligned with the long-term requirements of Reside, both from the specifications required to the resulting cashflows required finance debt.

6.6.2 There is the potential for decisions around development to not fully consider the longer-term requirements of Reside as efforts are made to achieve the target return of £10.3m for the Council. Examples include:

i. develop a scheme in the wrong location, of the wrong type or specification that is difficult for Reside to rent;
ii. cutting costs in areas that need to be maintained, such as lifts, resulting in additional maintenance costs;
iii. overpaying to ensure developments are completed quickly, resulting in rents being insufficient to cover interest and debt repayment;
iv. not including all assumptions in financial models that results in additional costs being met by Reside.

6.6.3 The impact of the above examples could be that Be First achieves its development return target to the detriment of the long-term sustainability and income generation requirements of Reside.

7. Legal Implications

Implications completed by: Suzan Yildiz, Deputy Head of Legal Services (Commercial) supported by External Advisers at Trowers and Hamlins

7.1 The Council has a number of relevant powers concerning the formation of trading companies, borrowing and investment activities. Cabinet is requested to: -

a) Approve the five-year Business Plan for Be First;
b) approve 'in principle' the formation of a trading development company, Be First Limited (BFD Ltd) and to delegate approval of the legal construct and any agreements/documents to specified officers;
c) to approve a development loan facility of £100 million and to delegate the agreement of the terms and security documents for the loan to specified officers; and

d) approve additional working capital for Be First of £700,000.

Relevant Statutory Powers

7.2 Section 1 of the Localism Act 2011, the general power of competence ("GPC") empowers local authorities to do anything that an individual can lawfully do provided that the activity is not expressly prohibited by other legislation. Activities authorised by the GPC can include investment, trading or charging decisions which may be undertaken through commercial (corporate) vehicles with the primary aim of benefiting the authority, its financial management, its area or its local communities. The power is wide and provided that the specific activity is not expressly restricted or proscribed by other legislative provisions, it will be within the parameters of the GPC power. The GPC enables the Cabinet to agree the £100m facility and to delegate to appropriate officers' approval of the final terms and entering into a loan facility agreement (for capital to fund development).

7.3 In advising upon the loan arrangements, the Council's external legal advisers will need to take into account of Section 4 of the Localism Act 2011 which adds a proviso that if the GPC power is exercised for an activity which may be deemed 'for a commercial purpose', then it must do so through a company.

7.4 Section 12 of the Local Government Act 2003 ("Power to Invest") enables a local authority to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs. Consequently, borrowing to invest primarily for profit only would not be deemed directly relevant to fulfilling the authority's functions and will not, therefore, be authorised under this power. However, investment in development, land or property, for example with a view to promoting regeneration is likely to fall within the power to invest.

7.5 Section 1 of the Local Government Act 2003 ("Power to Borrow") provides local authorities with the power to borrow for any purpose relevant to their functions under any enactment or for the purpose of the prudent management of its financial affairs. The Power to Borrow has similar constraints to the investment power under the 2003 Act. Borrowing primarily to achieve a return is unlikely to be deemed connected to the functions of the Council or to be prudent financial management. Caution should be exercised in making decisions to ensure that any investments or loans financed with borrowing further the functions of the Council and are consistent with the prudent management of the Council's financial affairs and associated prudential guidance.

Other Legal and Commercial Considerations

7.6 The Council's fiduciary duties could be briefly summarised as it acting as a trustee of tax and public sector income on behalf of its rate and tax payers. The Council in effect holds money but does not own it; it spends money on behalf of its business rate and council tax payers.

7.7 Cabinet in making the decision concerning the facility for Be First Development Limited/Be First should give due consideration to the risks and benefits of approving the recommendations. In practice Cabinet will want to consider whether the Council will achieve an appropriate return for its risk and that the Council has minimised the risk and potential cost to it if Be First Development became insolvent and/or defaulted on its loan(s). The Chief Operating Officer should also consider this in approving the terms of the relevant legal agreements.

7.8 Consideration should also be given to whether the Council's funding in this arrangement is proportionate and properly balanced against the anticipated benefit (taking into account) the wider interests of its local business rate and tax payers. On a practical basis this means that the Cabinet Members should consider whether the monies they are requested to approve for lending to the Be First companies could be better used by the Council for the wider interests of its local tax payers.

7.9 The Ministry of Housing Communities and Local Government (MHCLG) has issued for consultation a draft statutory guidance which is likely to classify the proposed facility as 'an investment'. CIPFA has also updated its guidance in relation to local authority loans and investments.

7.10 In exercising the delegation of authority to agree the terms of the Facility Agreement the Chief Operating Officer should be satisfied that there is provision within the Council's budget/MTFS to fund the facility/borrowing costs associated with it and to ensure that it complies with the Council's relevant investment strategy.

7.11 Appraisal and consideration will need to be given through the Governance and Assurance protocols outlined in the body of this report as to the mechanisms and entities through which specific developments (whether referenced in the Business Plan or not) are to be delivered in future, whether directly by the Council, Be First or the new development company (BFD Ltd) or through joint ventures is sought to deliver the scheme in future and whether this has potential implications under the Public Contracts Regulations 2015 and state aid rules.

State Aid Implications

7.12 As a public body, the Council cannot provide state resources or other forms of support on a selective basis to any organisations or body in a manner that could potentially distort competition and trade in the European Union. The Council is aware of its duty not to breach state aid law and in this regard, will seek reassurance from Be First and professional advice from external professionals that the terms of the overall Facility Agreement (including its terms, finance rate and security offered) satisfy the Market Economy Investor Principle. The Facility Agreement and loans made under it are required to be state aid compliant and legal due diligence will be carried out to confirm this to the Chief Operating Officer before entering into any agreements or permitting draw-downs.

7.13 Consideration will need to be given as to the way a third-party developer is sought to deliver the scheme in future and whether this has potential implications under the Public Contracts Regulations 2015.

Working Capital Facility

7.14 The Council entered into a Working Capital Facility (revenue) with Be First Ltd (the extant company) in 2017. Under the terms of that agreement the Council may upon receipt of a written request from Be First agree to increase the amount which Be First may borrow under it. The decision authorises the Chief Operating Officer to confirm the increase this facility by £700,000 if satisfied that it is financially prudent to do so.

Governance Implications

7.15 Section 9D(2) of the Local Government Act 2000 (as amended) establishes the functions of Executive Cabinets. This enables Cabinet to make decisions on any function unless reserved by order of the Secretary of State. Decisions concerning the formation of trading companies, borrowing or investments are not reserved functions. Therefore, Cabinet is entitled to make all of the approvals detailed in the recommendations.

7.16 The approval of the Be First business plan is reserved to the Council as shareholder under a shareholder agreement entered into with Be First in September 2017. This is an executive function exercised by the Cabinet on behalf of the Council as shareholder.

7.17 Under part 3 Chapter 1 paragraph 1.2 of the Council's Constitution, the Cabinet can in turn delegate its functions to an officer or authorise the officer to take investment decisions subject to established parameters, such as the need to consult other officers or Cabinet Members prior to making a final decision. In this instance, further financial, commercial or legal due diligence and assessment of prudential implications is pending in respect of both the creation of Be First Limited and the development facility of £100m. Such further due diligence and legal advice, will impact upon the final decision as to the appropriate legal construct for Be First Limited and whether the Council (acting by an officer) enters into the Facility Agreement and on what terms. Therefore, it is appropriate for Cabinet to authorise the Chief Operating Officer/the Section 151 Chief Financial Officer to: -

a) Agree with Be First the final legal construct for Be First Development Ltd and any associated legal agreements or documents and
b) Negotiate and enter into final terms for the Facility Agreement (and any security documents connected with the development facility of £100m, subject to considering all due diligence reports/advice

in consultation with the Director of Law and Governance, the Cabinet Members for Finance, Growth and Investment and Economic and Social Development and in discussions with Be First (as necessary).

8. Other Implications

8.1 Risk Management**:** Be First's corporate risk table is below

Risk	**Mitigation**
Change in Government Policy reducing income A change in government policy, especially New Homes Bonus, could fundamentally affect the profitability of Be First.	Test implications of reduced Public Works Loan Board funding or New Homes Bonus changes. On-going monitoring of policies, proactive lobbying as appropriate

Lack of funding – availability from LBBD Be First's business model is dependent upon the availability of LBBD investment.	Make clear the funding requirements on LBBD in the Business Plan
Inability to attract and retain high quality staff A buoyant job market restricts Be First in recruiting key staff. This is particularly challenging for Be First which needs to recruit development expertise. The organisation is also vulnerable to the loss of key staff which could restrict Be First's ability to operate.	Understand resourcing needs. Develop attractive employment offer (consider pay, accommodation, marketing and graduate targeting).
Economy & Housing Market Deterioration of economic conditions or the housing market would directly impact Be First's business.	Regular reporting on developer context to Be First Board. Stress test various impacts on the business model, including falling values & sales, gearing and interest coverage.
Changing government policies (national or regional) Changes in planning, housing (including mortgage financing), and energy policy may deter developers, reduce revenues or impact on Be First's ability to deliver the housing targets.	Stress test various scenarios to understand the impact. On-going monitoring of policies

8.2 **Contractual Issues** - Development of a five-year Business Plan is a contractual commitment for Be First and is intended to set the framework by which the strategic direction of the Company is considered and approved by the Shareholder. The Business Plan also sets out how Be First intends to deliver against the commitments and strategic objectives outlined within the Be First contract.

8.3 **Staffing Issues** - Implementation of the business plan will include the addition of new staff into Be First. These staff will be employed on Be First Terms and Conditions.

8.4 **Corporate Policy and Customer Impact** - The proposal to establish Be First is in line with the independent Growth Commission's recommendations and the Ambition 2020 strategy. Be First will contribute to delivering the vision and aspirations for the borough as set out in the Borough Manifesto, in particular around Housing, Environment and Employment. An Equalities Impact Assessment (EIA) was attached to the November 2016 Cabinet paper. Additional EIAs will be drawn up for schemes within the regeneration programme as they are brought forward for planning approval.

8.5 **Health Issues** - The proposals within the Business Plan are intended to have a positive impact on the local community, particularly in relation to the provision of more local accommodation.

8.6 **Property / Asset Issues -** As noted in the body of the report

Public Background Papers Used in the Preparation of the Report:

- Proposal to establish a Barking and Dagenham Regeneration Company: https://modgov.lbbd.gov.uk/internet/documents/s107350/Be%20First%20Report.pdf

- Update on implementation of Be First: https://modgov.lbbd.gov.uk/internet/documents/s115807/Be%20First%20Report.pdf
- Investment and Acquisition Strategy Update: https://modgov.lbbd.gov.uk/internet/documents/s115784/Investment%20Strategy%20Report%20final.pdf

List of appendices:

- Appendix 1: Be First Business Plan 2018 – 2023 (exempt document)

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

Document is Restricted