



CABINET

5.00 pm	Wednesday 14 December 2022	Council Chamber - Town Hall
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Members 9: Quorum 3

(Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Keith Darvill	Lead Member for Climate Change
Councillor Gillian Ford	Lead Member for Adults and Health
Councillor Oscar Ford	Lead Member for Children and Young People
Councillor Paul McGeary	Lead Member for Housing
Councillor Paul Middleton	Lead Member for Corporate, Culture and Leisure Services
Councillor Ray Morgon	Leader of the Council
Councillor Barry Mugglestone	Lead Member for Environment
Councillor Christopher Wilkins	Lead Member for Finance and Transformation
Councillor Graham Williamson	Lead Member for Development and Regeneration

Zena Smith
Democratic and Election Services Manager

For information about the meeting please contact:
Luke Phimister tel: 01708 434619
e-mail: luke.phimister@onesource.co.uk



**Please note that this meeting will be webcast.
Members of the public who do not wish to appear
in the webcast will be able to sit in the balcony,
which is not in camera range.**

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

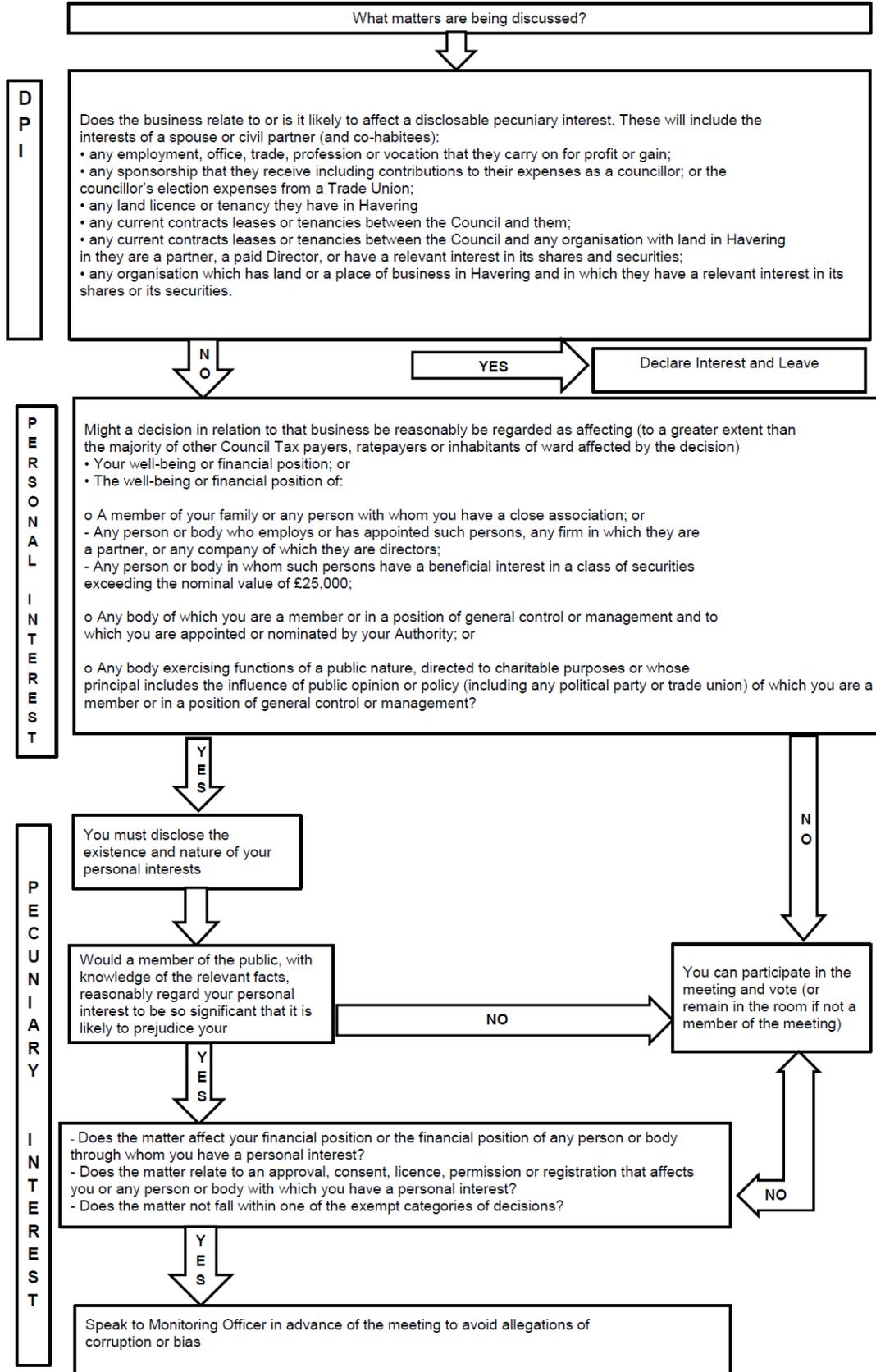
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA

1 ANNOUNCEMENTS

On behalf of the Chairman, there will be an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE

(if any) - receive

3 DISCLOSURES OF INTEREST

Members are invited to disclose any interests in any of the items on the agenda at this point of the meeting. Members may still disclose an interest in an item at any time prior to the consideration of the matter.

4 MINUTES (Pages 1 - 4)

To approve as a correct record the minutes of the meeting held on 9th November 2022 and to authorise the Chairman to sign them.

5 AWARD OF CONTRACT FOR THE INTEGRATED RECYCLING, WASTE COLLECTION AND STREET CLEANSING CONTRACT (Pages 5 - 86)

Report and appendices attached – Appendices A, B, C and D are exempt

6 BUDGET MONITORING REPORT - PERIOD 6 SEPTEMBER 2022 (Pages 87 - 122)

Report attached



MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 9 November 2022
(7.30 - 8.15 pm)

Present:

(Leader of the Council), Chairman

Councillor Keith Darvill

Councillor Gillian Ford

Councillor Oscar Ford

Councillor Paul McGeary

Councillor Paul Middleton

Councillor Ray Morgon

Councillor Barry Mugglestone

Councillor Christopher Wilkins

Councillor Graham Williamson

Cabinet Member responsibility:

Lead Member for Climate Change

Lead Member for Adults and Health

Lead Member for Children and
Young People

Lead Member for Housing

Lead Member for Corporate, Culture
and Leisure Services

Leader of the Council

Lead Member for Environment

Lead Member for Finance and
Transformation

Lead Member for Development and
Regeneration

Apologies were received for the absence of Councillors .

34 ANNOUNCEMENTS

Members were advised what to do in case of an emergency.

35 APOLOGIES FOR ABSENCE

There were no apologies for absence.

36 DISCLOSURES OF INTEREST

There were no disclosures of interests.

37 **MINUTES**

The minutes of the meeting held on 28 September 2022 and 5 October 2022 were agreed as a correct record and the Chairman signed them.

38 **VISION AND CORPORATE PLAN**

Cabinet were presented with the draft 2022-2027 Vision and Corporate Plan.

Members of Cabinet noted the recent reduction of Overview & Scrutiny Sub-Committees to 2, People and Places, which the Vision and Corporate Plan would align to with the 3 priorities; People, Places and Resources.

Cabinet **approved** the Vision and Corporate Plan and proposed Corporate Performance Indicators.

39 **ADOPT ANTI-IDLING (VEHICLE ENGINE) LEGISLATION LEGISLATION TO IMPROVE AIR QUALITY**

Cabinet members were asked to adopt the anti-idling legislation and use enforcement action under the Road Traffic (Vehicle Emissions) (Fixed Penalty) Regulations 2002.

Members noted that idling vehicles were a driving factor of the worsening of air quality in the Borough and the Council will work with schools directly to combat idling vehicles.

Cabinet:

- 1) **Authorised** the implementation and enforcement of the powers under The Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002.
- 2) **Delegated** authority to the Director of Neighbourhoods all powers to use, issue and enforce Fixed Penalty Notices under the Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 and authorise any referral for legal proceedings where necessary.
- 3) **Authorised** the Director of Neighbourhoods to further delegate the discharge of powers at Recommendation 2, above, to other Council Officers referred to in paragraph 4.2 of the report.

40 **EAST HAVERING DATA CENTRE CAMPUS**

Cabinet was presented with the proposed investment project to be delivered in East Havering.

Members noted the proposed project involved the creation of a carbon-neutral datacentre on a site of 499 acres. Members noted the site would

attract technical jobs and businesses and the site would focus on providing local jobs for local residents. It was explained that as part of the project some brown belt areas in the borough would be considered to convert to green belt.

Cabinet:

- 1) **Noted and endorsed** the decision of the Director of Regeneration to include the development at East Havering in a proposed Investment Zone whether or not as part of or in concert with the Thames Freeport.
- 2) **Authorised** the Director of Regeneration to bring forward proposals for the development at East Havering and to do all things necessary and appropriate to expedite delivery.

41 **APPROVAL OF COUNCIL'S NEW WORKFORCE STRATEGY**

Cabinet was asked to approve the Council's new workforce strategy.

Members noted that the increased investment in staff had been budgeted for. Members also noted that the new strategy could attract potential employees from other sectors or employers with remote working. It was explained to the Cabinet that the overall turnover of staff had been low but recruitment of new staff will help drive new ideas and fresh visions.

Cabinet:

- 1) **Agreed** the implementation of all elements of the new Workforce Strategy
- 2) **Approved** and agree the allocation of funding in the sum of a one-off investment of £2.118m between now and March 2025 and £640k pa ongoing annual revenue investment
- 3) **Approved** the following policies:
 - Ways of Working
 - Travel Expenses
 - Working from Abroad
 - Recruitment and Selection
 - Organisational Change
 - Redeployment

42 **TARGET OPERATING MODEL**

Cabinet was presented with the Council's Target Operating which outlines the realignment and consolidation of the Council's organisational structure to reduce the number of separate departments.

Members noted the three phases to implement the new model. Phase one would be to bring the directorates under 3 new priorities; People, Places and Resources. Phase 2 would be to help with staff savings and Phase 3 would see the full model incorporated and that would take place by March 2023.

Cabinet:

- 1) **Approved** the organisational and departmental realignment recommended by the Chief Executive/Head of Paid Services as outlined in the report (Appendix B) and the on-going realignment into the new pillars from December 2022.
- 2) **Approved** the creation of the two posts, Director of Finance & Transformation and Assistant Chief Executive.
- 3) **Noted** that there was no increase in senior leadership posts or overall management costs and that in fact savings will be delivered towards the currently already agreed staff savings.
- 4) **Agreed** that as the phases progress, the CE or his nominated lead should commence consultation with the affected staff and Trade Unions.
- 5) **Agreed** that any changes to the structures as a result of consultation can be made by the CE, or his nominated lead.
- 6) **Agreed** for the implementation of the new structure to led by the CE and dealt with under the agreed process set out in the report, and that delegated authority is given to the CE to undertake a competitive interview process for internal candidates all of whom will have previously been appointed by the appointments panel, and that a recommendation is made to the Appointments Committee for ratification.

Chairman



This Report is part exempt and Appendices A,B,C,D are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to information relating to the financial or business affairs of any particular person (including authority holding that information) and information in respect of which claim to legal professional privilege could be maintained in legal proceedings, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

CABINET	
Subject Heading:	Public Realm Transformation
Cabinet Member:	Cllr Mugglestone
SLT Lead:	Barry Francis
Report Author and contact details:	Imran Kazalbash, Assistant Director of Public Realm, Imran.kazalbash@havering.gov.uk
Policy context:	This report supports the Corporate Plan especially "A Great Place to Live as outlined in the Places theme
Financial summary:	The cost of the contract is anticipated to be £90m over 8 years and will be funded from revenue budgets The cost of capital for the new fleet is anticipated to be £10.14m and will be funded from the council's capital programme
Is this a Key Decision?	This is a key decision as it concerns expenditure of £500,000

When should this matter be reviewed?

This report has been considered at Pre-Decision Overview & Scrutiny on 08/12/22

Reviewing OSC:

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

SUMMARY

This report is seeking approval from Cabinet for the Integrated Recycling, Waste Collection and Street Cleansing Contract to be awarded to the preferred bidder following a competitive tendering exercise.

The report outlines the procurement procedure and presents details of the stages conducted during the process to identify the preferred bidder for the new Integrated Recycling, Waste Collection and Street Cleansing Contract due to commence in July 2023.

The contract is due to commence on 30 July 2023 for a term of 8 years with the option to extend for a further 8 years. The estimated value over the initial period of 8 years is £90m and over the full 16-year term is £180m.

RECOMMENDATIONS

For the reasons stated in this report and its appendices Cabinet is recommended to award the Integrated Recycling, Waste Collection and Street Cleansing Contract (the Contract) to the preferred bidder, subject to the statutory standstill period, for an initial term of eight years with the option to extend for up to a further eight years, by mutual agreement.

REPORT DETAIL

Background

In September 2019 the London Borough of Havering (“Authority”) considered the business case and procurement strategy to deliver the Public Realm Transformation Programme. The Cabinet subsequently approved, on 18 September 2019, the commencement of the procurement for services under the Integrated Recycling, Waste Collection and Street Cleansing contract.

As a result of the Covid 19 outbreak suppliers indicated they were unable to enter into a procurement process and a further report was received by Cabinet halting the procurement and seeking an extension of the current contract. This was approved in September 2020 and the current contract with Serco was extended for a period of 24 months from 1st August 2021 to 29th July 2023.

In July 2021 the market had recovered to the extent that the procurement could be restarted, and the Cabinet authorised this decision in the meeting of 7 July 2021.

In September 2021, the Authority issued a Contract Notice to be published in the Find a Tender Service (“FTS Contract Notice”) advising its intention to procure a contract for an Integrated Recycling, Waste Collection and Street Cleansing Contract (“the Contract”). The Authority conducted this procurement under the Competitive Dialogue procedure pursuant to Regulation 30 of the Public Contracts Regulations 2015 (“the 2015 Regulations”).

The services within the scope of this contract are:

- Recycling and Waste Collection
- Street Cleansing
- Weed Control

The scope of the services is set out below

Service Delivery for Waste Collection

	Current Service	New Service From July 2023
Collection Frequency	Weekly	Weekly
	Black Sacks	Black Sacks

Target Materials for Dry Recycling

	Current Service	New Service From July 2023
Collection Frequency	Weekly	Weekly
<u>Paper</u> Newspapers/ magazines Office and writing paper Brochures Junk mail Envelopes Leaflets Telephone directories Thin card	YES	YES
<u>Card</u> Cardboard	YES	YES
<u>Metal/packaging tins and cans</u> Steel drink and food cans Aluminium drinks cans Kitchen foil and foil food trays Metal aerosol cans	YES	YES

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<u>Plastics</u> PET natural and jazz– Coloured and clear fizzy drinks, clear and blue tinted mineral water bottles, cordial and cooking oil bottles, pots, tubs, trays	PART (bottles only)	YES
<u>Glass</u> Glass bottles Glass jars	NO	YES
<u>Small WEEE</u> Collected separately from Street Level Properties. Households use own containment	YES	YES
<u>Household Batteries</u> Collected separately from Street Level Properties. Households use own containment	YES	YES

Target Materials for Garden Waste

	Current Service	New Service From July 2023
Collection Frequency	Fortnightly	Fortnightly
Grass cuttings Garden clippings and pruning's Dead flowers, plants, and weeds Bark Leaves Small twigs and branches	YES	YES

Service Delivery for Street Cleansing

	Current Service	New Service From July 2023
Methodology	Scheduled Input of Frequencies	Output based specification according to demand and land use

The Procurement process

The Authority conducted this procurement under the Competitive Dialogue procedure comprising the following stages:

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- Selection Questionnaire (“SQ”) stage;
- Invitation to Submit Detailed Solutions (“ISDS”) stage; and
- Invitation to Submit Final Tender (“ISFT”) stage.

The Authority received expressions of interest in the form of completed SQ from five Suppliers. Following the evaluation of the SQs, the Authority invited four of the five Suppliers to submit a detailed solution, by issuing an Invitation to Participate in Dialogue (“ITPD”).

At the commencement of the ISDS stage one bidder notified the Authority of its intention not to continue in the process, due to limited resources available and other commitments. The procedure continued with the remaining three Bidders who all submitted a Detailed Solution in February 2022.

Following the completion of the ISDS evaluation, the Authority determined that it would be beneficial to enter dialogue with all the Bidders. The Authority subsequently held seven dialogue sessions with each Bidder. These sessions included the following topics:

- Legal and Contract questions and comments;
- Payment & Performance Mechanisms including labour indices, bidding assumption prices, risk pricing, affordability and Key Performance Indicators;
- Vehicle & resource schedules;
- Depot discussions and updates including leases and licences;
- Management Information System demonstrations and discussions;
- Waste & Recycling collection service delivery and operational matters; and
- Street Cleansing operational matters.

The three Bidders submitted their ISFT submissions by the deadline in August 2022.

Overview of the ISFT stage

The evaluation of the ISFT submissions followed the methodology set out in the Evaluation Framework to ensure the conformity and the compliance of the ISFT submissions with the needs and the requirements of the Authority.

The review of the ISFT submissions, therefore, followed the following stages:

- Stage 1: Conformity and Completeness
- Stage 2A: Method Statements
- Stage 2B: Legal/Risk
- Stage 2C: Payment and Performance Mechanism
- Stage 2D: Robustness of the Bidder Financial model
- Stage 2E: Evaluation Price

The Evaluation Panel was formally appointed to review, evaluate, and score the ISFT submissions. Members of the Evaluation Panel were appointed based on their expertise, experience, and competence and comprised of members from LB Havering, Eunomia and Sharpe Pritchard. Members of the evaluation panel

completed Conflict of Interest forms prior to the process which were submitted to procurement.

Panel members individually scored the bidders submissions and submitted their completed scoring prior to the start of the moderation. At the moderation meetings the evaluation panel discussed the feedback and reached consensus on each of the criteria for each bidder.

Evaluation Criteria

The evaluation criteria were set out on a 50:50% split between price and quality. The 50% price criteria were then sub divided in the following way;

- Evaluation Price - 470
- Commercial - 30
 - Legal/Risk - 5
 - Payment & Performance - 5
 - Robustness of bidder financial model - 20

The Method Statements were evaluated and scored in accordance with the Evaluation Framework. The total weighted scores were derived from adding up all weighted scores for all Method Statements, the highest score indicating the best quality.

In terms of the evaluation of the price element this was determined on the basis of the deviation from lowest sum methodology. The tender sums were ranked lowest first with the lowest tender sum achieving the maximum number of points available and the other submissions receiving points based on the deviation from the lowest tender sum.

The commercial element of the price evaluation was based on the same methodology as the quality evaluation, using a scoring scale to evaluate each sub-criterion.

The table below sets out the evaluation criteria in respect of the quality submission.

Tier 1	Tier 2	Max Points Available at ISFT
Quality Criterion	Management and Culture	50
	Social Value	20
	Operations	130
	Deliverability	50

	Service Delivery Method	230
	Service Delivery Method for Health and Safety	20
Total		500

The financial criteria were split further to represent the evaluation price and commercial aspects of the submission.

The table below sets out the evaluation criteria in respect of the price submission

Tier 1	Tier 2	Max Points Available at ISFT
Financial Criterion	Evaluation Price	470
	Commercial	30
Total		500

The commercial aspect of the financial criterion was then sub divided into Legal/Risk, Payment and Performance and Robustness of the Bidder Financial Model as set out in the table below.

Tier 2	Tier 3	Max Points Available at ISFT
Commercial	Legal/Risk	5
	Payment and Performance	5
	Robustness of the Bidder Financial Model	20
Total		30

Contract Award & Mobilisation

Following the end of the mandatory standstill period, the Authority will work with the preferred bidder to complete the contract ready for countersigning. On completion, the signed contract will be sealed by the Council and a copy returned to the Preferred Bidder prior to service commencement date.

A full mobilisation plan was submitted by bidders as part of the ISFT submission outlining how the services will be delivered ready for the service commencement date including:

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- Contract documentation finalisation and legal;
- Depots and premises;
- Procurement of vehicles and equipment;
- Management Information Systems;
- Staffing and HR;
- Communications; and
- Health & Safety.

The mobilisation team will continue to report into the Waste Project Board throughout the mobilisation period. The first mobilisation meeting will take place within the first week after the contract has been signed to review the plan and begin the process.

Contract Management

The contract will be managed by the Waste Client Team through weekly Operational, monthly Contract and quarterly Strategic meetings (one of which will act as the Annual General Meeting). The content of these meetings has been specified within the contract. The meetings will be supported by a suite of reports addressing issues such as performance against Key Performance Indicators (“KPI’s”), trends, Health & Safety, Social Value, Environment Management Plan and innovation.

A detailed suite of KPI’s covering all aspects of the service is included which will ensure the delivery of the services to the highest standard. The service specific KPI’s comprise of, general, recycling and waste collections and street cleansing.

Default deductions will apply in respect of service failures where the failure has not been rectified within the appropriate timescale e.g., missed collection, waste not separated, failure to cleanse to required standard, failure to remove fly-tip. A reduction to the service payment will be made to reflect the loss to the Authority, expressed as an amount known as the Administrative Labour Cost. Where repeat service failures occur an increased deduction shall be made.

Anticipated Changes

Provision has been made in the contract to address changes in legislation e.g., the Environment Act 2021 enabling changes to be implemented during the life of the contract. This has been achieved by the Authority identifying services as anticipated changes which the Authority may require the contractor to provide either in part or in full but it does not commit to doing so

REASONS AND OPTIONS

Reasons for the decision:

- That in light of the process followed and the consensus reached during evaluation, the preferred bidder's Final Tender submission represents the Most Economically Advantageous Tender;
- The preferred bidder's Final Tender submission is capable of meeting the Authority's needs and requirements from a qualitative perspective;
- That the preferred bidder's Final Tender submission is capable of meeting the Authority's needs and requirements from a financial perspective; and
- That the preferred bidder's Final Tender submission is capable of meeting the Authority's needs and requirements from a legal and commercial perspective.

Service delivery

Social Value

Several key offers were made by the preferred bidder to deliver positive social outcomes across the borough's communities which include:

- A clear apprenticeship programme;
- Commitment to recruit within the borough promoting recruitment from hard-to-reach groups;
- Actively seeking to support the local economy by committing to spend within the borough;
- Community engagement projects with voluntary and community groups and specifically educational projects with primary schools; and
- Commitment to workforce volunteering and the inclusion of an annual Community Engagement Fund.

Environment & Climate

Several key offers were made by the preferred bidder to contribute to the borough's Climate Change Action Plan which includes:

- Smaller vehicles shall be electric from the service commencement date, vehicles specified by bidder but purchased by the Authority;
- A carbon offsetting commitment through a recognised carbon offset programme from the service commencement date;
- Annual quality and Environment Management Plan to include reporting on carbon reduction;
- Supporting and contributing to the Authority's Green recovery programme;
- Route optimisation designing efficient well-balanced services with vehicle tracking and fuel monitoring;
- Increase in recycling and re-use, particularly from bulky waste working in partnership with re-use agencies; and
- Annual Environment Fund to support ecology and biodiversity in the borough.

Performance & Contract Management

Several key offers were made by the preferred bidder to ensure robust contract

management and high levels of performance which include:

- A Management Information System solution comprising of a suite of industry leading systems delivering a modern integrated solution including real time information, which will be integrated with the Council's system enabling real time information exchange with customers/residents;
- A robust performance monitoring and reporting regime including a suite of operational, contract and strategic reports and meetings;
- An Annual Service Improvement Plan will provide an overview of the partnership, service delivery, performance and innovation;
- A clear suite of KPI's that cover all aspects of service including performance and default deductions; and
- Greater awareness of the customer journey in complaints management, carrying out root cause analysis in addition to rectification.

Waste and Cleansing Services

Several key offers were made by the preferred bidder to deliver an innovative efficient waste and cleansing service which include:

- Uniform approach across services including shared processes and procedures leading to more efficient service delivery;
- Modern, safe and sustainable collection vehicles equipped with latest fleet technologies and safety measures;
- Proactive approach across the services to support the authority's enforcement of fly – tips and graffiti;
- Cleansing services to ensure compliance with Environment Protection Act 1990 tailored to different land types;
- Resources deployed in accordance with geographic profiling taking an Intelligence led approach; and
- Commitment to resident and customer care encouraging behavioural change to develop participation in recycling services.

Other options considered:

Three options were considered and set out in the Cabinet report of 18 September 2019 and were reiterated in the Cabinet report of 7 July 2021 which included:

- Option 1 - Contracting services out (outsourcing);
- Option 2 - Combination of keeping and bringing the services in-house; and
- Option 3 – setting up a Local Authority Company.

The options were appraised against the following criteria:

- Cost modelling and financial assessment; and
- Assessment of qualitative factors and risks.

Following assessment of the options which concluded that there was a strong preference for outsourcing the services as part of an integrated contract the decision was made to proceed with the procurement.

IMPLICATIONS AND RISKS

Financial implications and risks:

Full details with regard the costs can be found in the exempt part of the report.

The existing budget provision includes additional sums included for the current service extension and operational levels. The budget position reflects the integrated format of the new contractual arrangements but does not include the effect of the pay awards which are currently held corporately.

This represents an increase to the current revenue budget provision and this is included in the MTFS and budget setting process for 2023/24 and future financial years. There are also true up and indexation elements within the contract, for example on labour and fuel cost increases, that will be drawn down over the life of the contract and these are also considered in the ongoing MTFS budgeting process. It should be noted that given the current volatility of markets and inflation levels it is difficult to predict the effect on the price at the start of the contract. The procurement process has sought to ensure that the service will be based on a robust operating model, viable and sustainable over the life of the contract to minimise risk.

The council will be procuring the fleet to undertake the contract and a capital budget of £10.14m is included in the capital programme approved by cabinet in February 2022, based on an estimated costs of the fleet in October 2021. The fleet requirements included in the successful bid will now be procured and the capital provision reviewed accordingly to reflect the actual cost. Current indications are that the capital provision may need to increase, which will have an impact on the revenue position of the council. This impact will be finalised as the procurement progresses.

Legal implications and risks:

The Council is under a number of statutory duties to provide the waste and street cleansing services detailed in this report. Among these are: s.41 Highways Act 1980 which provides that a Highways Authority must maintain a public highway, including keeping it clean and free from obstructions; Environmental Protection Act 1990, under which the Council is a principal litter authority; s.1 Localism Act 2011 which provides that the Council has a general power of competence to act as that of an individual, subject to other statutory provisions limiting or restricting its use.

This report asks Cabinet to approve the award of the waste and street cleansing contract to the preferred bidder for a period of 8 years with an option to extend for a

further period of up to 8 years. The total value of the contract exceeds the threshold for services under the Public Contract Regulations 2015 (“2015 Regulations”), which is currently £214,477. Therefore the 2015 Regulations apply in full.

The procurement was run under a Competitive Dialogue Procedure in accordance with Reg.30 2015 Regulations, the detail of which is set out in this report. The Cabinet must be satisfied that the recommended award of the contract is to the bidder that submitted the most economically advantageous tender based on the award criteria set out in the Council’s tender documents. This will secure compliance with the 2015 Regulations.

A contract award notice must be published on the UK Find a Tender Service within 30 days of award of the contract and Contracts Finder 24 hours thereafter.

The Council’s external lawyers will assist with preparing a formal contract. The ISFT was issued with a draft contract and the contract will be entered into on those terms, subject to confirmation and finalisation of the contract with the preferred bidder in accordance with the 2015 Regulations and ISFT.

Further details and implications are contained within the exempt appendices to this report.

Human Resources implications and risks:

The Street Cleansing Services that have been included in the tender and procurement process as part of the new Integrated Public Realm contract are currently provided by Havering Council employees. It is clear that TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) will apply, and the employees would be required to transfer to the employment of the new service provider. Employees in scope of the TUPE transfer have been regularly updated throughout the tender process and once the award is made to the successful bidder, the statutory TUPE Information and Consultation process will commence and be followed by a period of mobilisation for which a plan is being produced.

The Waste and Recycling Services and Weeds Service that are included in the tender process are currently provided by employees of the existing suppliers so there is no direct impact on Council employees. Should a new supplier be appointed following the tender and procurement process, there may be TUPE rights in some cases for the employees of the current suppliers.

The following risks have been identified; however, these have been mitigated through a detailed mobilisation plan and contractual obligations. The Council will work closely with the preferred bidder to mitigate any risks

- Staff have sufficient training and competencies to deliver the services in accordance with the proposal;
- Sufficient planning required for any TUPE and staff questions to be resolved;
- Staff leave and do not transfer; and
- Sufficient information for staff with regular communications.

Equalities implications and risks:

Under section 149 of the Equality Act 2010, the Council has a duty when exercising its functions to have “due regard” to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

“Due regard” is the regard that is appropriate in all the circumstances. The weight to be attached to each need is a matter for the Council. As long as the council is properly aware of the effects and has taken them into account, the duty is discharged.

Officers have ensured an Equalities Health and Impact Assessment (EqHIA) was completed and updated as the project progressed and note that there are no equalities risks with these recommendations. The EqHIA is attached to this report at Appendix E.

Health and Wellbeing implications and Risks

Havering council is committed to improving the health and wellbeing of its residents. The contract is likely to have a positive impact on health and wellbeing through several positive benefits which include:

- Air quality will benefit from the introduction of electric vehicles and low emission vehicles that will be used from service commencement date. This will benefit the health and wellbeing both residents and visitors to the borough;
- The preferred bidder has committed to provide employment opportunities and apprenticeship programme to residents of the borough by working closely with agencies and community organisations to promote growth and stability within the borough;
- The preferred bidder has committed to follow the requirements of the Good Work Standard which sets the benchmark for the highest employment standards;
- The preferred bidder has signed up to the Mindful Employer Charter for Employers Positive about Mental Health;
- Commitment of a minimum of 2 work placements for young people Not in Education, Employment or Training (NEET) per annum;
- Delivery of educational programmes to schools that aim to influence pupils and their families to promote the principles of the waste hierarchy; and
- Community engagement activities working extensively with at least 1 community or voluntary group each quarter undertaking projects to benefit the community.

There are no negative impacts attributable to this contract. The following risks have been identified; however, these will be mitigated through a detailed mobilisation plan

and contractual obligations. The Council will work closely with the preferred bidder to mitigate any further risks that may arise.

- Waste and recycling do not get collected and causes a health and safety issue
- Litter bins are not emptied, and streets are not cleansed which causes a health and safety issue

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The environmental benefits have been set out in the Environmental and Quality performance and Social Value Method Statements and include some key aspects that have been set out above in Environment & Climate and Social Value. Full details can be found in Exempt Appendix C and D.

These aspects will be measured and monitored throughout the contract through detailed reporting and robust contract management meetings and both quarterly and annual strategic meetings.

BACKGROUND PAPERS

Cabinet Report – Public Realm Transformation 18 September 2019

Cabinet Report – Public Realm Transformation – New Operating Model 7 July 2021

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Equality & Health Impact Assessment (EqHIA)

Document control

Title of activity:	Procurement of Integrated Recycling, Waste Collection & Street Cleansing Contract
Lead officer:	Mel Gadd, Public Realm
Approved by:	Imran Kazalbash, Assistant Director of Public Realm, Neighbourhoods
Date completed:	19/10/2022
Scheduled date for review:	19/10/2023

Did you seek advice from the Corporate Policy & Diversity team?	No
Did you seek advice from the Public Health team?	No
Does the EqHIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	No

1. Equality & Health Impact Assessment Checklist

Please complete the following checklist to determine whether or not you will need to complete an EqHIA and ensure you keep this section for your audit trail. If you have any questions, please contact EqHIA@havering.gov.uk for advice from either the Corporate Diversity or Public Health teams. Please refer to the Guidance in Appendix 1 on how to complete this form.

About your activity

1	Title of activity	Procurement of Integrated Recycling, Waste Collection & Street Cleansing Contract		
2	Type of activity	Procurement of services under one integrated contract. Change in service delivery		
3	Scope of activity	<p>To award the new Integrated Recycling, Waste Collection and Street Cleansing contract to the preferred bidder with a service commencement date of July 2023</p> <p>The new contract comprises of the recycling and waste collections, street cleansing services including market cleansing, and weed control-</p> <p>72 employees within the Market Cleansing & Street Cleansing team in the Public Realm service are in scope to be TUPE'd across to the preferred bidder</p>		
4a	Are you changing, introducing a new, or removing a service, policy, strategy or function?	Yes	<p>If the answer to <u>any</u> of these questions is 'YES', please continue to question 5.</p>	<p>If the answer to <u>all</u> of the questions (4a, 4b & 4c) is 'NO', please go to question 6.</p>
4b	Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?	Yes		
4c	Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?	Yes		
5	If you answered YES:	Please complete the EqHIA in Section 2 of this document. Please see Appendix 1 for Guidance.		
6	If you answered NO:			

Completed by:	Mel Gadd, Public Realm
Date:	19/10/2022

2. The EqHIA – How will the strategy, policy, plan, procedure and/or service impact on people?

Background/context:
<p>The purpose of this Equalities Impact Assessment (EIA) is to:</p> <ul style="list-style-type: none"> • Undertake a thorough and systematic analysis of the effect of implementation of the new contract on the employees in the Street Cleansing & Markets service; • Determine the impact and what extent the new contract has on particular groups of staff; • Assess the impact that will occur to minority groups or individuals when the contract is implemented; • Propose measures to mitigate, eliminate or counterbalance that impact; • Promote equality of opportunity. <p>Reference will be made to the following nine protected characteristics</p> <ul style="list-style-type: none"> • Age • Disability • Sex/Gender • Ethnicity/Race • Religion/Faith • Sexual Orientation • Gender Reassignment • Marriage/Civil Partnership • Pregnancy, Maternity and Paternity <p>Regular meetings have taken place with staff and Trade Unions to keep them updated about the contract. Meetings will continue to take place throughout the process with all parties. If Cabinet agree the decision to award the contract to the preferred bidder up to 72 staff will be subject to TUPE. This number may decrease as the service commencement date is not until July 2023 as there may be staff reductions prior to that date. The Council will ensure due diligence throughout the process.</p> <p>There should be no negative impact to any of the above groups as all staff within these services will be subject to transfer to the contractor regardless profile. All affected staff will be transferred, and TUPE applies.</p>

The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded. The preferred bidder has indicated that they will be seeking admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome.

It is unlikely that ABS will not be granted where sought. However, if admission is not sought by the contractor, then in this instance all Council employees would be offered a comparable pension offering the same/very similar benefits in line with the "New Fair Deal". The Council will not be seeking to harmonise terms and conditions with any prospective contractor prior to transfer. Therefore, staff transferred to a contractor should continue to have the same benefits with a contractor that they currently have with the Council.

The Council has provided anonymised TUPE data to support its procurement activities. The broader mechanism for the transfer of staff will be contained within the Mobilisation Plan. Where the information is not confidential, this information will be shared with staff and Trade Unions.

The Council will continuously monitor and oversee the transfer of staff from the Council to the contractor throughout the mobilisation period.

**Expand box as required*

Who will be affected by the activity?

All affected staff within the Market Cleansing & Street Cleansing service are within scope to be transferred

Reference is made to the following nine protected characteristics:

- Age
- Disability
- Sex/Gender
- Ethnicity/Race
- Religion/Faith
- Sexual Orientation
- Gender Reassignment
- Marriage/Civil Partnership
- Pregnancy, Maternity and Paternity

The tables below show the proportion of employees currently employed in the affected staff group and how this relates to the overall composition of the Council workforce.

There is no indication that the new contract and TUPE implications will adversely affect any strand of equality set out above. The Council will take action to mitigate against any adverse impacts which will include:

- All affected staff will have:
 - Regular updates
 - Access to various meetings including one to one meetings throughout the process with the Council
 - Access to the Employees Assistance Programme
 - Access to various meetings including one to one meetings throughout the mobilisation period with the incoming contractor's managers
- Trade Unions will be consulted and updated as appropriate

**Expand box as required*

Protected Characteristic - Age: Consider the full range of age groups

Please tick (✓) the relevant box:

Positive

Neutral

✓

Overall impact:

Age	Havering directly employed		Selected employees	
	Count	Percentage	Count	Percentage
<20 Years	3	0.13%		0.00%
20-30 Years	219	9.30%	2	2.78%
30-40 Years	449	19.07%	9	12.50%
40-50 Years	592	25.15%	9	12.50%
50-60 Years	753	31.99%	33	45.83%
>=60 Years	338	14.36%	19	26.39%
Grand Total	2354	100.00%	72	100.00%

Negative

The age profiles of the affected groups indicate that over 72% are in the over 50's age profile and above. Of this 26.39% are aged over 60. Although this is an aging workforce (higher percentage than the corporate average) the employees in this category should not be adversely affected as all staff will be transferred on their existing terms and conditions from the Council to a new contractor

**Expand box as required*

Evidence:

The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded as the preferred bidder has indicated that they will be seeking admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome.

It is unlikely that ABS will not be granted/sought, however, in this instance all employees would be offered a comparable pension offering the same/very similar benefits instead. The Council will not be seeking to harmonise terms and conditions with any prospective contractor prior to transfer. Therefore staff transferred to a contractor should continue to have the same benefits with a contractor that they currently have with the Council.

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

Information supplied by preferred bidder

**Expand box as required*

Protected Characteristic - Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions

Please tick (✓) the relevant box:

Overall impact:

Disability	Havering		Selected employees	
No	815	34.62%	13	18.06%
Prefer not to answer	19	0.81%	3	4.17%
Yes	119	5.06%	3	4.17%
Not Recorded	1401	59.52%	53	73.61%
Grand Total	2354	100.00%	72	100.00%

Positive

Neutral

✓

Negative

Very few staff identify with a disability. Those that do (4.17%) will have these characteristics confidentially made know to the incoming contractor to ensure the right measures are in place for their continued employment with the new contractor. The Council will monitor this.

**Expand box as required*

Evidence:

All employers are obliged to adhere to the Equalities Act 2010.

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

**Expand box as required*

Protected Characteristic - Sex/gender: Consider both men and women

Please tick (✓) the relevant box:

Overall impact:

Gender	Havering		Selected employees	
Female	1597	67.84%	1	1.39%
Male	757	32.16%	71	98.61%
Grand Total	2354	100.00%	72	100.00%

Positive

Neutral

✓

Negative	<p>A very high percentage of the workforce, 98.61% identify as male. This is significantly greater than the corporate averages. TUPE applies to all staff regardless of gender and all staff will be transferred in accordance with the legislation.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
<p>Evidence:</p> <p>All employers are obliged to adhere to the Equalities Act 2010.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	
<p>Sources used:</p> <p>Data supplied by London Borough of Havering Human Resources Department</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	

Protected Characteristic - Ethnicity/race: Consider the impact on different ethnic groups and nationalities					
<i>Please tick (✓) the relevant box:</i>	Overall impact:				
Positive		Ethnicity Group	Havering		Selected employees
Neutral	✓	Black, Asian and other ethnically diverse communities	289	12.28%	4 5.56%
		White	1416	60.15%	56 77.78%
		Not Recorded and Prefer not to say	649	27.57%	12 16.67%
		Grand Total	2354	100.00%	72 100.00%
Negative		<p>Whilst the percentage of Non-BME staff affected is significantly higher, TUPE applies to all staff regardless of ethnicity/race and all staff will be transferred in accordance with the legislation</p> <p style="text-align: right;"><i>*Expand box as required</i></p>			
<p>Evidence:</p> <p>All employers are obliged to adhere to the Equalities Act 2010.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>					

Sources used:

Data supplied by London Borough of Havering Human Resources Department

Expand box as required*Protected Characteristic - Religion/faith:** Consider people from different religions or beliefs including those with no religion or belief

Positive		Religion	Havering directly employed		Selected employees	
Neutral	✓					
Negative		Any other religion	19	0.81%		0.00%
		Buddhist	2	0.08%		0.00%
		Christian	485	20.60%	1	1.39%
		Hindu	14	0.59%		0.00%
		Jewish	5	0.21%		0.00%
		Muslim	27	1.15%		0.00%
		No religion	352	14.95%	2	2.78%
		Prefer not to Say	66	2.80%	2	2.78%
		Sikh	12	0.51%		0.00%
		Not Recorded	1372	58.28%	67	93.06%
		Grand Total	2354	100.00%	72	100.00%

Records for this group are sparse with 93.06% of staff not recorded their religion/faith. This percentage is higher than the corporate average. TUPE applies to all staff regardless of ethnicity/race and all staff will be transferred in accordance with the legislation

Evidence:

All employers are obliged to adhere to the Equalities Act 2010

Expand box as required*Sources used:**

Data supplied by London Borough of Havering Human Resources Department

Expand box as required*Protected Characteristic - Sexual orientation:** Consider people who are heterosexual, lesbian, gay or bisexual

Please tick (✓) the relevant box:

Overall impact:

Positive																																														
Neutral	✓																																													
Negative		<table border="1"> <thead> <tr> <th>Sexual Orientation</th> <th colspan="2">Havering</th> <th colspan="2">Selected employees</th> </tr> </thead> <tbody> <tr> <td>Bisexual</td> <td>9</td> <td>0.38%</td> <td></td> <td>0.00%</td> </tr> <tr> <td>Gay or Lesbian</td> <td>22</td> <td>0.93%</td> <td></td> <td>0.00%</td> </tr> <tr> <td>Other sexual orientation</td> <td>6</td> <td>0.25%</td> <td></td> <td>0.00%</td> </tr> <tr> <td>Prefer not to answer</td> <td>68</td> <td>2.89%</td> <td></td> <td>0.00%</td> </tr> <tr> <td>Straight or Heterosexual</td> <td>877</td> <td>37.26%</td> <td>6</td> <td>8.33%</td> </tr> <tr> <td>Not Recorded</td> <td>1372</td> <td>58.28%</td> <td>66</td> <td>91.67%</td> </tr> <tr> <td>Grand Total</td> <td>2354</td> <td>100.00%</td> <td>72</td> <td>100.00%</td> </tr> </tbody> </table>	Sexual Orientation	Havering		Selected employees		Bisexual	9	0.38%		0.00%	Gay or Lesbian	22	0.93%		0.00%	Other sexual orientation	6	0.25%		0.00%	Prefer not to answer	68	2.89%		0.00%	Straight or Heterosexual	877	37.26%	6	8.33%	Not Recorded	1372	58.28%	66	91.67%	Grand Total	2354	100.00%	72	100.00%				
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Grand Total	2354	100.00%	72	100.00%																																										
<p>Records for this group are sparse with 91.67% of staff not recorded their sexual orientation. This percentage is higher than the corporate average. TUPE applies to all staff regardless of sexual orientation and all staff will be transferred in accordance with the legislation</p>																																														
<i>*Expand box as required</i>																																														

Evidence:

All employers are obliged to adhere to the Equalities Act 2010

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

**Expand box as required*

Protected Characteristic - Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth

<i>Please tick (✓) the relevant box:</i>		Overall impact:																												
Positive		<table border="1"> <thead> <tr> <th>Gender Identity</th> <th colspan="2">Havering</th> <th colspan="2">Selected employees</th> </tr> </thead> <tbody> <tr> <td>My gender is not the same as at birth</td> <td>14</td> <td>0.59%</td> <td></td> <td>0.00%</td> </tr> <tr> <td>My gender is the same as at birth</td> <td>944</td> <td>40.10%</td> <td>6</td> <td>8.33%</td> </tr> <tr> <td>Prefer not to say</td> <td>29</td> <td>1.23%</td> <td></td> <td>0.00%</td> </tr> <tr> <td>Not Recorded</td> <td>1367</td> <td>58.07%</td> <td>66</td> <td>91.67%</td> </tr> </tbody> </table>	Gender Identity	Havering		Selected employees		My gender is not the same as at birth	14	0.59%		0.00%	My gender is the same as at birth	944	40.10%	6	8.33%	Prefer not to say	29	1.23%		0.00%	Not Recorded	1367	58.07%	66	91.67%			
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Not Recorded	1367	58.07%	66	91.67%																										
Neutral	✓																													
Negative																														

		Grand Total	2354	100.00%	72	100.00%
<p>Records for this group are sparse with 91.67% of staff not recorded this information. This percentage is higher than the corporate average. TUPE applies to all staff regardless of sexual orientation and all staff will be transferred in accordance with the legislation</p>						
<i>*Expand box as required</i>						

Evidence:

All employers are obliged to adhere to the Equalities Act 2010

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

**Expand box as required*

Protected Characteristic - Marriage/civil partnership: Consider people in a marriage or civil partnership

<i>Please tick (✓) the relevant box:</i>		Overall impact:				
Positive		Marital Status	Havering directly employed		Selected employees	
Neutral	✓					
Negative		Civil partnership	11	0.47%		0.00%
		Civil partnership dissolved		0.00%		0.00%
		Common-Law	48	2.04%	1	1.39%
		Divorced	76	3.23%	1	1.39%
		Legally separated	5	0.21%		0.00%
		Married	550	23.36%	2	2.78%
		Other	22	0.93%		0.00%
		Prefer not to say	37	1.57%	1	1.39%
		Registered same sex relationship		0.00%		0.00%
		Single	219	9.30%		0.00%
		Surviving civil partner		0.00%		0.00%
		Widowed	14	0.59%		0.00%
		Not Recorded	1372	58.28%	67	93.06%
	Grand Total	2354	100.00%	72	100.00%	

	Records for this group are sparse with 93.06% of staff not recorded this information. This percentage is higher than the corporate average. TUPE applies to all staff regardless of marital status and all staff will be transferred in accordance with the legislation <i>*Expand box as required</i>
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<p>Evidence:</p> <p>All employers are obliged to adhere to the Equalities Act 2010</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
--

<p>Sources used:</p> <p>Data supplied by London Borough of Havering Human Resources Department</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
--

Protected Characteristic - Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave

<i>Please tick (✓) the relevant box:</i>		<p>Overall impact:</p> <p>There is no indication that the new contract will adversely affect this characteristic. TUPE applies to all staff and all staff will be transferred in accordance with the legislation. All staff in this category will be transferred on their existing terms and conditions from the Council to the new contractor</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
Positive		
Neutral	✓	
Negative		

<p>Evidence:</p> <p>All employers are obliged to adhere to the Equalities Act 2010</p> <p>The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded as the preferred bidder has indicated that they will be seeking admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome.</p> <p>It is unlikely that ABS will not be granted/sought, however, in this instance all employees would be offered a comparable pension offering the same/very similar benefits instead. The Council will not be seeking to harmonise terms and conditions with any prospective</p>
--

contractor prior to transfer. Therefore staff transferred to a contractor should continue to have the same benefits with a contractor that they currently have with the Council

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

**Expand box as required*

Socio-economic status: Consider those who are from low income or financially excluded backgrounds

Please tick (✓) the relevant box:

Positive	<input type="checkbox"/>
Neutral	<input checked="" type="checkbox"/>
Negative	<input type="checkbox"/>

Overall impact:

There is no indication that the new contract will adversely affect this characteristic. TUPE applies to all staff and all staff will be transferred in accordance with the legislation. All staff in this category will be transferred on their existing terms and conditions from the Council to the new contractor

**Expand box as required*

Evidence:

All employers are obliged to adhere to the Equalities Act 2010

The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded as the preferred bidder has indicated that they will be seeking admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome.

It is unlikely that ABS will not be granted/sought, however, in this instance all employees would be offered a comparable pension offering the same/very similar benefits instead. The Council will not be seeking to harmonise terms and conditions with any prospective contractor prior to transfer. Therefore staff transferred to a contractor should continue to have the same benefits with a contractor that they currently have with the Council

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

**Expand box as required*

Health & Wellbeing Impact: Consider both short and long-term impacts of the activity on a person's physical and mental health, particularly for disadvantaged, vulnerable or at-risk groups. Can health and wellbeing be positively promoted through this activity? Please use the Health and Wellbeing Impact Tool in Appendix 2 to help you answer this question.

Please tick (✓) all the relevant boxes that apply:

Positive

Overall impact:

There is no indication that the new contract will adversely affect this characteristic.

Neutral

✓

This may be an unsettling time for staff. Managers have kept staff and Trade Unions updated, and will continue to keep them informed as the mobilisation progresses. Support will continue to be offered to all staff through the Employee Assistance Programme.

Negative

All standard HR processes will be followed in order to minimise any impact on staff health and wellbeing.

The new Contract has the potential to lead to the development and retention of a multi skilled workforce, as the integrated solution may present more opportunities for staff that wish to develop their professional career.

**Expand box as required*

Do you consider that a more in-depth HIA is required as a result of this brief assessment? Please tick (✓) the relevant box

No

Evidence:

All employers are obliged to adhere to the Equalities Act 2010

**Expand box as required*

Sources used:

Data supplied by London Borough of Havering Human Resources Department

**Expand box as required*

3. Outcome of the Assessment

The EqHIA assessment is intended to be used as an improvement tool to make sure the activity maximises the positive impacts and eliminates or minimises the negative impacts. The possible outcomes of the assessment are listed below and what the next steps to take are:

Please tick (✓) what the overall outcome of your assessment was:

✓	1. The EqHIA identified <u>no significant concerns</u> OR the identified <u>negative concerns</u> have already been <u>addressed</u>	➔	Proceed with implementation of your activity
	2. The EqHIA identified some <u>negative impact</u> which still needs to be <u>addressed</u>	➔	COMPLETE SECTION 4: Complete action plan and finalise the EqHIA
	3. The EqHIA identified some <u>major concerns</u> and showed that it is <u>impossible to diminish negative impacts</u> from the activity to an acceptable or even lawful level	➔	Stop and remove the activity or revise the activity thoroughly . Complete an EqHIA on the revised proposal.

4. Action Plan

The real value of completing an EqHIA comes from the identifying the actions that can be taken to eliminate/minimise negative impacts and enhance/optimize positive impacts. In this section you should list the specific actions that set out how you will address any negative equality and health & wellbeing impacts you have identified in this assessment. Please ensure that your action plan is: more than just a list of proposals and good intentions; sets ambitious yet achievable outcomes and timescales; and is clear about resource implications.

Protected characteristic / health & wellbeing impact	Identified Negative or Positive impact	Recommended actions to mitigate Negative impact* or further promote Positive impact	Outcomes and monitoring**	Timescale	Lead officer

Add further rows as necessary

* You should include details of any future consultations and any actions to be undertaken to mitigate negative impacts

** Monitoring: You should state how the impact (positive or negative) will be monitored; what outcome measures will be used; the known (or likely) data source for outcome measurements; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

5. Review

In this section you should identify how frequently the EqHIA will be reviewed; the date for next review; and who will be reviewing it.

Review: To be reviewed annually

Scheduled date of review: November 2023

Lead Officer conducting the review: Jacki Ager

**Expand box as required*

Please submit the completed form via e-mail to EqHIA@havering.gov.uk thank you.

CABINET

Subject Heading:

**Budget Monitoring Report - Period 6
September 2022**

Cabinet Member:

**Councillor Chris Wilkins (Cabinet
Member for Finance and
transformation)**

SLT Lead:

Dave McNamara
Section 151 Officer

Report Author and contact details:

Richard Tyler
Head of Financial Strategy and Business
Intelligence
01708 433 957

Richard.Tyler@oneSource.co.uk

Policy context:

The report provides an update on the
Financial monitoring position of the
Council at the end of Period 6

Financial summary:

This report includes:

- Projected Outturn at Period 6
- Projected Capital spend as at
Period 6
- Update on 2022/23 savings

Is this a Key Decision?

No

1. EXECUTIVE SUMMARY

- 1.1. This Report sets out the monitoring position for the Council for 2022/23 based on figures to period six (30th September). The section also sets out the mitigations and action plans the services are undertaking in order to reduce the current overspend.
- 1.2. The overall Council overspend has reduced from £19.1m at Period 3 to £14.1m at Period 6. The change is through a mixture of service actions to contain spend and an increased underspend on treasury management. The Council will continue to work hard to reduce the overspend in the remaining months of the year.
- 1.3. The table below shows the net service budgets, forecast outturn and variances.

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A3000B-Public Health Total	(1.650)	(1.650)	(1.650)	0.000	0.000
A4000B-Childrens Total	46.496	50.660	56.654	5.994	6.807
A4600B-Adults Total	72.523	72.124	76.265	4.141	4.355
A5000B-Neighbourhoods Total	11.514	11.742	14.186	2.444	2.941
A5500B-Regeneration Programme Delivery Total	1.262	1.262	0.980	(0.282)	(0.145)
A5700B-Housing Total	3.883	3.883	3.883	0.000	0.241
A7000B-oneSource Shared Total	1.895	2.884	4.898	2.014	2.445
A8000B-oneSource Non-Shared LBH Total	0.361	0.158	1.427	1.269	1.166
A9000B-Chief Operating Officer Total	4.891	5.456	5.544	0.088	0.342
Service Total	141.175	146.519	162.187	15.668	18.151
Treasury Management	8.136	8.136	5.336	(2.800)	(2.000)
Corporate Contingency Total	1.000	1.000	0.000	(1.000)	0.000
Other Corporate budgets	22.599	17.255	19.505	2.250	3.000
Overall Total	172.910	172.910	187.028	14.118	19.151

- 1.4. A more detailed summary is included within the Business as Usual section, including emerging pressures and also savings that are unlikely to be achieved in 2022/23. This section also sets out the steps being taken to address the reported overspend.
- 1.5. The report then reviews the Corporate position, including Treasury and the Collection Fund.
- 1.6. The report then has a section setting out the position on the HRA and Capital.

2. RECOMMENDATIONS

- 2.1 Cabinet are asked to note the revenue and Capital financial positions at Period 6 and the action plans being taken by services to reduce the overspend.

3. REPORT DETAIL

3.1 Background

The combined effects of the recovery from the COVID pandemic and the current economic crisis has placed pressure on the Council's finances. In March 2022 the Council set a balanced budget for 2022/23 but since then the combined effect of increased demand in Social Care, rising costs and inflation have caused the Council to project a significant overspend in the current year.

3.2 Current Variances by Department

This monitoring report sets out the service reported position at the end of September and the directorates view on the potential outturn position from all known information. The paragraphs below set out department commentary on the current variances.

3.3 Public Health Directorate

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A3100C-Public Health Total	(1.650)	(1.650)	(1.650)	0.000	0.000
A3105C-Public Health - Non Grant Expenditure Total	0.000	0.000	0.000	0.000	0.000
A3000B-Public Health Total	(1.650)	(1.650)	(1.650)	0.000	0.000

The Public Health Directorate is reporting a nil BAU variance. Expenditure of £12.070m was projected against £11.622m ring-fenced 2022/23 Public Health grant, with a contribution from the public health reserve of £0.448m.

However, the level of demand for sexual health services has yet to return to pre-pandemic levels leading to an underspend which is likely to negate the need for any use of the reserve this year.

3.4 Children's Directorate

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A4100C-Learning & Achievement Total	11.030	11.032	15.896	4.864	5.748
A4200C-Childrens Services Total	33.856	38.018	38.962	0.944	0.791
A4250C-Safeguarding - Quality and Assurance Total	1.610	1.610	1.796	0.186	0.267
A4000B-Childrens Total	46.496	50.660	56.654	5.994	6.807

Children's is forecasting an overspend position at Period 6 of £5.994m based on best estimated of future demand levels; this is an overall reduction of £0.813m from the position reported at Period 3. This improvement is related to ongoing management actions which are proactively addressing pressures and increasing demand.

These figures include £5.0m growth allocated as part of the 2022/23 budget round. The analysis of the forecast position is as follows:

LAC Placements	£4.351m
CWD Placements/Short Breaks/SEND	£1.352m
SEN Transport	£3.050m
Catering	£0.278m
UASC 18+	£0.481m
Children's Centres	£0.570m
Staffing	£1.840m
Sub-total	£11.922m
Growth to be apportioned	(£5.000m)
Savings already identified	(£0.928m)
Period 6 pressure	£5.994m

The Growth applied to the Childrens budget will be applied to ongoing pressures across the service shown in the table above. The exact allocation is still being finalised so the growth is still shown separately in this report.

3.4.1 Learning and Achievement

- LAC placements continue to increase in numbers. It was originally hoped that the increased trend was a temporary peak but the latest data indicates it is not. The forecast has been increased by £0.070m this month to reflect the increasing expenditure.
- The data on SEN transport and CWD indicate increased client numbers and needs that are more complex. The forecast assumes an overall increase in expenditure of 15% for transport and 25% for CWD over 2021/22 levels based on client data and projections. There has been some further improvement in the forecast this month, as the service has continued to be able to avoid new placements. Expenditure continues to rise on short break provision, partly due to planned action in order to prevent placements that are more expensive. Whilst the number of new placements this year remains very low, children are being supported in their own families with access to short breaks, and this is testing family resilience which could result in new placements being required later this year.
- The Catering Service is forecasting a year-end overspend of £278k, which is an increase since Period 3. The increased overspend is in part due to inflationary increases in supply chain costs, currently estimated at £80k. There have also been variations in meal uptake linked to the cost of living crisis and we are projecting an increased number of children becoming eligible for FSM. In addition, the equipment

maintenance costs are forecast to overspend by £50k, although this has been offset in part by contributions from schools as part of an equipment SLA.

3.4.2 Children's Services

- Dependency on agency continues to be an issue in Social Care despite significant efforts to recruit and retain permanent staff
- UASC 18+ cases are increasing and the costs of these clients exceed the Government's weekly allowance. Additionally, the threshold at which an authority does not have to accept new clients has increased from 0.07% to 0.1% of the general child population. This equates to an additional 50 clients that the authority could be asked to accommodate. There has been an improvement of £0.044m this month as the service has been able to recover additional funding from the Home Office.

At the start of the year, the Directorate undertook a Zero Based Budget (ZBB) exercise, which has informed the above forecast. As part of this review, the service has looked closely at activities that can be controlled further to avoid cost or reduced in order to alleviate the financial pressure. This exercise has resulted in a reduction in the predicted overspend of £0.928m through the service realigning budget to the overspending areas and through the release of some one-off grant funding. These savings are already incorporated into the overspend figures reported above.

The Directorate is proactively implementing a workforce strategy in an effort to recruit and retain higher levels of permanent staff to reduce caseloads, thereby making the roles more attractive to potential applicants and driving consistent practice performance. The strategy is focused on developing improved recruitment offers/promotional activity, strengthened on boarding and projects to target potential recruits from particular sectors including growing the newly qualified social worker cohort, scoping a business case for recruitment from abroad and reorganising work flow mechanisms via service reshaping.

In order to try to mitigate the pressure from SEND activity, the service is endeavouring to increase travel training to reduce the demand for more expensive transport. Other areas being scoped include a further full end-to-end review of SEND and Passenger Transport Services eligibility criteria, processes and overarching policy. The Directorate is working intensively with colleagues across the Council, DfE and regional/sub-regional groups to plan and develop a wide range of provision for children with disabilities and children in care placements designed to reduce the use of high cost external provision, improve quality and keep more children in Borough.

Additionally, the Service is reviewing commissioning processes with colleagues in the Joint Commissioning Unit, and have strengthened the Havering Access to Resources panel, which rigorously scrutinises all placement requests. A similar multi-agency panel has been introduced to ensure partner contributions to costs are benchmarked, pursued and challenge is applied as required.

The currently reported budget pressure in Children Services is likely to be ongoing. However, the level will vary from year to year because of being demand led and with cost pressures from providers.

The DSG remains under significant pressure. Projections for 22-23 take into account the £2.5m in-year overspend, and a cumulative overspend of £7.3m is now projected for the High Needs budget.

3.5 Adults Directorate

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A4600C-Adult Services Total	6.970	7.849	8.456	0.607	0.467
A4610C-ASC Business Management Total	12.479	3.036	2.922	(0.114)	0.477
A4620C-ASC Integrated Services Total	53.075	61.239	64.887	3.648	3.411
A4600B-Adults Total	72.523	72.124	76.265	4.141	4.355

3.5.1 The period six reported position for the Adults' Directorate is an overspend of £4.141m, a decrease of £0.214m from Period 3 due to an improved income forecast in respect of assessed charges.

The table below sets out the main variances causing the overspend in Adult Services.

Pressure	Amount
Mental Health Placements and staffing	905,000
Adult Community Team Placements	2,922,000
Learning Difficulties Placements	2,122,000
Transformation Funding	-77,000
LD/ACT/Business Management staffing	-204,000
Underspends against various Adult Services	-217,000
Safeguarding	-310,000
Winter Pressures Funding	-1,000,000
Total	4,141,000

Overall the forecast overspend continues to be driven by significant demand pressures because of continuing increases in the complexity and costs of provisions. The pressures include:

- We are still seeing a high demand at the front door, which has not decreased from last year. We are seeing just over 1,000 calls a week. This is being looked at in more detail in terms of what we are diverting and signposting elsewhere.
- Homecare – The main headline is that new starters are costing more than leavers due to complexity of need. There is still a significant demand from hospital. Community cases reflecting that people getting frailer and carers are not coping.

The increases to homecare packages are what continue to drive the budget pressure. People are experiencing issues with post hospital transfers, which is a real driver for the increase in the number of packages.

- Nursing - We have seen new starters costing more than leavers, driving up overall cost to the council. The one to one packages are all on the targeted review list. In addition, this month nursing have more starters than packages ending, with the cost of the new starters being just under double the cost of the leavers.
- Even though more people are leaving residential than starting, the costs of the new starters were higher than those leaving. Residential cost have increased overall this period. The Council is having difficulty placing at LBH rates - new placement costs can be between £1,000 and £1,200 since the summer compared to the previous rate of £695. The Council has no choice other than to place at these rates. The pressure is currently compounded due to homes being suspended and an outbreak in Redbridge resulting in increased more expensive out of borough placements.
- A new emerging theme is we are getting requests from families paying third party top ups stating they can no longer pay given the current climate. These are being addressed on an individual basis, but it is a clear emerging pressure.
- We are seeing more people move to traditional services, as opposed to taking up a direct payment.

Although growth has been applied to budgets there have also been significant savings applied. Better Living is forecast to deliver annual savings of £1.5m and targeted reviews of 1-1's in care homes will deliver a further £1.5m in full year savings in 2022/23. A range of measures are in place to continue to deliver savings and efficiencies across the service:

- A savings plan is in place and being actioned across the Service to review complex packages and 121s to mitigate increased costs and maximise CHC funding,
- The strength based approach is being focused upon by frontline teams to ensure clients maximise community resources over Council led care,
- Support has been engaged to provide advanced advice on CHC cases to maximise success at CHC Panel and also success at appeal, and
- Work is now underway with health partners to mitigate nursing care pressures as far as possible by reviewing the Discharge to Assess / Trusted Assessor discharge recommendations to ensure that clients cannot be supported in their homes and to ensure that appropriate support is in place for clients in short term nursing care beds to maximise their chances of returning home at reduced package costs after short term intensive interventions.

However, as reported in earlier reports, the current work to deliver in year savings/review work is being regularly outstripped by both new demand and increased complexity of existing client's needs and it may be necessary to rephase and reduce the forecast reductions achievable this year during the third quarter.

The savings for the remainder of the year yet to be delivered is £0.968m, although it is expected that some of this will be reported as delivered by future periods, once further analysis has been completed.

Targeted Reviews savings achieved to date are £1.252m. Due to considerable efforts and focus on challenging Continuing Health Care funding in both the last financial year and this year, the service has achieved significant cost transfers in the first quarter. Three large packages of care have successfully moved through the dispute process and have been agreed as CHC. Better Living savings achieved to date are £0.869m.

It continues to be the case that review work is being offset by demand, especially by increasing complexity of client needs. There is still a risk that the outturn projection could fluctuate.

The MTFs plan agreed by Cabinet in February 2022, assumed £4m income based on dialogue with NEL CCG at the time, and was based on project income for Discharge to Assess for 2021/22; however, ASC only received £1.9m from the NHS.

The main areas of overspend at period 6 relate to:

- **An overspend of £2.053m against the Adult Community Team Budget** The position is improved due to the client contribution income forecast increasing. While this is good news, it does also reflect the increases to demand that we are seeing this year. We have seen an increase to placement costs this month with increases to residential and nursing, whereby rates are higher than previously. Respite has also increased although we have this month seen some reductions to homecare, Daycare and direct payments due to changes in take up and client movement. We are still seeing a high demand at the front door, which has not decreased from last year. We are seeing just over 1,000 calls a week. This will be looked at in more detail in terms of what we are diverting and signposting elsewhere.

Homecare – The main headline is that new starters are costing more than leavers are, due to complexity are. There is still a significant demand from hospital. Community cases reflect people getting frailer and carers not coping. The increases to homecare are what continue to drive the budget. The hospital again features, and people are experiencing issues with post hospital transfers, which is a real driver for the increase in packages.

Nursing - We have seen new starters costing more than leavers, driving up overall cost to the council. The 1:1 packages are all on the targeted review list. Also, this month we have ACT nursing having 1 more starter than ending, with the cost of the new starters being just under double the cost of the leavers.

Even though more people are leaving residential than starting, the costs of the new starters were higher than those leaving. Residential cost have increased overall this period. We are having trouble placing at LBH rates - the average new placement cost is now £1,200 compared to our usual rate of £695. WE are having

no choice other than to place at these rates, however as pressure is currently compounded due to homes being suspended and an outbreak in Redbridge meaning that OOB placements are currently up, we expect the trajectory in rate increases to continue.

A new emerging theme is we are getting requests from families paying 3rd party top ups stating they can no longer pay given the current climate. These are being addressed on an individual basis, but it is a clear emerging pressure. We are seeing more people move to traditional services, as opposed to taking up a DP.

- **An overspend within Learning Disability Services of £1.598m**

The biggest increases are within Supported Accommodation and Residential. Supported accommodation increased by £0.390m. LD is facing an issue of high costs clients. This month within supported accommodation 2 clients had a combined increase in cost of £0.186m. Residential has increased by £0.110m with 2 clients having a £0.096m impact. One of these clients is being moved due to the provider leaving the market. This has meant the client is being rehomed but at a higher cost. This is becoming an increasing issue with further clients needing to be rehomed in the coming months, all at an expected increased rate. Daycare is forecasting an increase of £0.080m, which is down to 5 new clients having a £0.073m impact.

Direct payments forecast has increased by £0.125m due to an adjustment of £0.146m being put in as the same amount was loaded in error as budget (which will later be removed). Increasing the forecast has meant the variance to budget is correct. The budget and forecast will both be reduced next month.

Better Living:

The team is working hard to try to deliver Better Living savings. Seniors and the LD resource panel are scrutinising all requests for appropriateness and proportionality.

Costs of Care are also being worked on.

There are various risks and pressures:

Targeted reviews:

There are severe capacity issues within the team, with the volume of unplanned activity extremely high. Complaints are increasing and some quality issues are arising. It is not possible to allocate identified targeted review cases within existing capacity. Solutions are being discussed but there is a risk to savings delivery.

LD provider uplifts:

Many LD providers are raising cost pressures. To look at provider requests on an individual basis risks significant impact to the service budget, however not addressing this carries market risks. Providers leaving the market is starting to

occur with at least one client in a residential setting being moved this month and more are expected.

Rents:

The rent payments have increased by 4% this year.

- An overspend of £1.001m in respect of Mental Health non S75**
 The overspend is driven by placement pressures in year. A plan is being put in place to bring spend down as far as is feasible for the remainder of the year. The increase from P3 is due to increase in provision costs, mainly Supported accommodation/living and homecare. Supported living increased by £0.050m this was mainly due to 4 new clients who had a combined impact of £0.086m (but was mitigated by 36k due to clients ending and decreases in costs). Homecare was the other main increase, of 26k. Other small non-material increases and an increase in income reduced the overall monthly increase to 72k. Work is ongoing to reduce this including identifying clients that are applicable for health funding.
- An underspend of £0.310m in Adults Safeguarding**
 The safeguarding team has had a budget movement for ongoing LPS funding. This has reduced the net position, which is offsetting costs elsewhere. However, this budget will be needed in future years when the scheme is fully implemented.
- An underspend of £0.067m in Strategy & Commissioning.** There has been a change in month as the forecast for the Emergency Reablement contract has had to be increased to accommodate the discharge system need forecast to the end of the financial year.
- An underspend against Other Adults Services of £0.133m** The underspend is due to a combination of various areas including vacancy lag.

3.6 Neighbourhoods

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A2300C-Public Realm Total	8.254	8.254	10.380	2.126	2.839
A2310C-Civil Protection Total	1.476	1.546	1.493	(0.053)	0.090
A2350C-Bereavement and Registration Services Total	(2.631)	(2.406)	(2.368)	0.038	(0.081)
A2860C-Planning Total	3.058	2.989	3.496	0.507	0.259
A2900C-Business Support - Neighbourhoods Total	1.359	1.359	1.185	(0.174)	(0.170)
A5000B-Neighbourhoods Total	11.514	11.742	14,186	2.444	2.941

At period six Neighbourhoods has identified potential pressures of £2.444m across its services. The service have developed action plans to try to contain these pressures. It

should be noted that some of the pressures still relate to the legacy of the lockdowns as services build back to previous levels.

The main pressure areas are:

3.6.1 Public Realm

Costs of £0.956m relating to the deferral of the integrated Public Realm Contract work to 22/23, which was paused when the nation went into lock down in 2020. There are a number of mitigating actions (removal of the final year weed spraying, reducing the number of waste round collection made in one day, restriction on the use agency staff) being implemented to reduce the overall pressures.

Parking is currently projecting a pressure of £0.175m. Parking Services are in the process of delivering the prior year and in year MTFs savings relating to the expansion of the CCTV network, of course as is always the case with parking or moving traffic enforcement the intention of the scheme is to generate compliance but for budgeting purposes. The MTFs items added are the anticipated by-products of the work the service undertakes. The Parking income has been reviewed following the finalised date for the removal of Covid specific parking measures.

Highways currently anticipate a £1.154m pressure due to reduced external works for TFL funded projects has resulted in reduced anticipated income, Management have started implementing plans to mitigate these pressures, including reducing spend on minor operational adjustments, structures and schemes budgets.

3.6.2 Planning

There is a potential budget pressure £0.507m in planning for unbudgeted legal costs in relation to an upcoming Public Inquiry, in addition, under achievement of the Planning application fee and building control fee income.

3.6.3 Civil Protection

Civil Protection is currently projecting an under spend of £0.053m. This is due to an overachievement of income and reduction in costs across Enforcement. .

3.6.4 Bereavement and Registration Services

There are also potential pressures of £0.038m across Bereavement and Registration Services due to slight unachievable income in Cemeteries.

The forecast position includes Directorate underspends of £0.333m, mainly as a result of staffing underspend within Business Support, and reduced consultancy cost.

3.7 Regeneration Programme Delivery

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A2850C-Regeneration Total	1.262	1.262	0.980	(0.282)	(0.145)
A5500B-Regeneration Programme Delivery Total	1.262	1.262	0.980	(0.282)	(0.145)

3.7.1 Regeneration

Regeneration are reporting an underspend position of £0.282m against the revised budget position on revenue at Period 6, which includes meeting the planned savings of (£0.1m). The underspend is mainly due to a planned reduction in business development costs in response to corporate budget pressures and capitalisation of project management costs.

3.8 Housing General Fund

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A4300C-Housing Services (GF) Total	3.883	3.883	3.883	0.000	0.241
A5700B-Housing Total	3.883	3.883	3.883	0.000	0.241

3.8.1 Housing General Fund

Housing has a £383k overspend due to undeliverable savings with MLH pulling out of the project to deliver 125 units of accommodation (£100k) and the price per property of £102k. It is also worth noting that Capital Letters have not been able to deliver this year on their targets, as they also have been experiencing significant market challenges trying to secure private rented accommodation this has impacted our ability to deliver on the associated £100k MTFs saving.

Housing has seen a £70k increase in PSL void responsive repairs. Housing are also anticipating spend £170k on the Ukrainian refugee households who are ineligible for full Universal Credit due to being benefit capped and those on family visas that is currently being absorbed by the Homeless Prevention Grant.

The overspend will be met by unspent grant monies and therefore the Service is reporting a net nil variance.

The cost of living crisis and anticipated hotel spend in 2022/23 has given cause for concern with projected hotel costs becoming particularly challenging during the winter period. We anticipate a hotel costs to reach as high as £659k as a result of the private rented market drying up supply, pressure from refugees, and demand from homeless approaches. Some of the total overspend will be met by existing HPG grant as a one

off. Difficult decisions about how we support homeless families will need to be considered over the coming months as B&B will be an ongoing pressure during the winter.

3.9 OneSource Shared

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A7100C-oS Finance Total	(0.063)	(0.027)	(0.020)	0.007	0.149
A7131C-Procurement Total	0.006	0.004	0.160	0.156	0.139
A7200C-oS Business Services Total	(0.035)	0.109	0.346	0.237	0.238
A7300C-oS Exchequer & Transactional Services Total	1.970	2.510	3.455	0.945	0.844
A7500C-oS Legal & Governance Total	0.026	0.257	0.357	0.100	0.075
A7600C-oS ICT Services Total	(0.073)	(0.050)	0.518	0.568	0.902
A7700C-oS Asset Management Services Total	0.044	0.067	0.068	0.001	0.096
A7800C-oS Strategic & Operational HR Total	0.020	0.014	0.014	(0.000)	0.002
A7000B-oneSource Shared Total	1.895	2.884	4.898	2.014	2.445

3.9.1 ICT Services

ICT Services is forecasting an overspend of £0.9m. This is due to the increased cost of Microsoft Enterprise Licences of £0.4m which is in part due to the fall in value of the pound against the dollar, coupled with slippage on savings of £0.5m (£0.3m for 22/23 and £0.2m prior year). A thorough review of ICT budgets and spend is being undertaken to enable a more accurate time-scale for the delivery of these savings, it is envisaged that savings will be deliverable but the benefits will not be realised until next financial year. The additional cost of licences will be funded in 2022/23 through an earmarked reserve

3.9.2 Exchequer and Transactional Services

The Exchequer and Transactional Service is forecasting an overspend of £0.9m which relates to an anticipated enforcement income shortfall against target. The income target has recently been increased by over £0.8m (£0.3m in 21/22 and £0.5m in 22/23) whilst the level of income has not increased at the same rate.

A contract delivered on behalf of another London Borough has recently ended, which is exacerbating the position. The service continually aim to increase income and as and when new contracts are secured, or caseloads increase, the income forecast will be updated accordingly.

3.9.3 Legal

An overspend of £0.1m is projected within Legal Services due to locum and agency spend; as and when recruitment concludes the forecasts will be updated.

3.10 OneSource Non-Shared

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A5200C-Exchequer Services Total	(1.396)	(1.598)	(1.658)	(0.060)	0.026
A5350C-Business Services Total	0.002	0.002	0.000	(0.002)	(0.002)
A5750C-oS non Shared Finance Total	0.933	1.082	1.363	0.281	0.017
A5800C-Asset Management Total	(1.264)	(1.449)	(0.455)	0.994	1.087
A5850C-Strategic HR & OD Total	0.012	0.101	0.099	(0.002)	0.072
A5900C-Legal & Democratic Svs Total	2.096	2.041	2.155	0.114	(0.083)
A5950C-ICT Services Total	(0.022)	(0.022)	(0.077)	(0.055)	0.050
A8000B-oneSource Non-Shared LBH Total	0.361	0.158	1.427	1.269	1.166

The forecasted overspend for oneSource non-shared is £1.3m, which largely relates to pressures within the Asset Management area.

3.10.1 Asset Management

There is a combination of pressure points within the service which have contributed to the £1.3m forecasted overspend:

- The budget contains a £0.6m savings target which relates mainly to the decant of Mercury House office accommodation as a result of increased working from home since the pandemic; of this, only £0.2m is being forecasted as achieved in 22/23 due to the continuation of some residual occupation. The forecasted partial delivery of £0.2m relates to some reduced running costs, NNDR exemptions and rental income (relating to River Chambers).
- Passenger Transport Service (PTS) have lost a number of external income generating routes, therefore an income shortfall is being reported of £0.1m. They continue to bid for new business, and as and when successful, the forecast will be updated accordingly.
- Commercial property is forecasting an income shortfall of £0.4m, due to commercial rents £0.2m and Romford Market £0.2m. The income target for the commercial rent roll was increased during budget setting by £0.2m but this has not been achieved as yet due to a higher than expected number of vacant properties within the Hilldene area owing to uncertainty over plans for its future development. These pressures will be partially mitigated by a drawdown from reserves of £0.3m
- Corporate Landlord is projecting an overspend on building repairs and maintenance costs of £0.2m; the service will continue to review the prioritisation of works, the ability to capitalise spend and the costs paid for repairs and maintenance contracts with a view to improving the forecasted overspend.

3.10.2 Legal

The forecasted over spend of £0.114m relates to a combination of slippage on the delivery of a £0.055m savings target relating to reducing the cost of external legal spend in wider council budgets coupled with income pressures resulting from a reduction in school appeal income.

3.11 Chief Operating Officer

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 3 Forecast Variance to Budget £'m
A2100C-Customer and Communications Total	1.214	1.467	1.939	0.472	0.149
A2600C-Policy, Performance and Community Total	3.119	3.355	3.355	0.000	0.000
A3150C-Joint Commissioning Unit Total	0.040	0.085	0.085	(0.000)	0.000
A5300C-Transformation Agenda Total	0.519	0.549	0.742	0.193	0.193
One off use of reserves to support budget			(0.577)	(0.577)	0.000
A9000B-Chief Operating Officer Total	4.891	5.456	5.544	0.088	0.342

3.11.1 Customer and Communications

There are continuing income shortfalls in relation to the Council's leisure contract with SLM, which at period 6 is £0.6m. The Council is monitoring the position closely through regular recovery meetings with SLM, but it is widely recognised that the pandemic has had a significant impact on the leisure industry.

Havering Music School is experiencing a £0.2m shortfall of income largely due to a decline in pupil numbers and reduced school uptake. The Music School is seeing the impact of families who are weighing up the cost of living versus continuing with music lessons. The service is working hard to attract new pupils and increase school uptake by prioritising Marketing with the Council's internal communication team and Traded Services unit. Additionally, further costs may be incurred such as hall hire due to rising inflation however at present, this is contained within existing budgets.

There are underspends across the rest of the Customer and Communication Service totalling £0.3m.

3.11.2 Transformation Agenda

Transformation Service is forecasting unachieved prior year savings of £0.2m in relation to Digital Platform for delivery of the CRM and D365 project.

4. ACHIEVEMENT OF SAVINGS

In setting the 2022/23 budget the Council identified £15.028m of savings proposals which would need to be delivered in order to balance the budget. These proposals were partially offset by a £2.0m budget provision recognising that potentially some proposals might not be fully realised. Delivery of these savings is absolutely key to achieving a balanced position for 2022/23 and Departments are working collectively to achieve that aim wherever possible. Below however is a list of the reported unachievable savings.

4.1 Unachieved Savings

Directorate	2022/23 MTFS Description	2022/23 MTFS Ref	2022/23 MTFS Variance	2022/23 Theme	2022/23 RAG Rating
A5700B : Housing	PSL Capital Letters	Ref.060	100,000	Communities	red
A5700B : Housing	Introduce price per property repairs service for PSLs.	Ref.061	102,000	Communities	red
A7000B : oneSource Shared	ICT Restructure	Ref.081	150,000	Opportunities	red
A7000B : oneSource Shared	Increase net contribution from providing enforcement to others OSS	Ref.082	450,000	Opportunities	red
			852,000		

4.1.1 Staffing Savings

The Council is fundamentally reviewing its staff base and structures to modernise services and improve efficiency. The main initiatives to identify post savings are:

- A voluntary release scheme. This will allow the Council to release a number of individuals and make staffing savings through restructure and reorganisation of services. The process is well underway and the posts that will be able to be released will be confirmed in the next few weeks. It is anticipated this will deliver a significant saving in 2022/23 with a full year effect in 2023/24. At present is estimated £0.750m will be realised through this process in 2022/23 with a full year effect of £1.6m.
- The Council is reviewing all agency placements with the aim of significantly reducing the need for these more expensive costs. The review will identify where recruitment to permanent posts can take place and if the agency placement is project based look at other means to deliver that project to minimise the level of agency cover required. It is accepted that in some difficult to recruit areas such as social care there will always be an element of agency costs but those services are doing everything they can to promote and encourage permanent recruitment.
- The Council is looking at its Target operating model (TOM) and staffing structures to flatten management structures and reduce management costs where possible

and also to restructure service provision to deliver more efficient outcomes. There was a full report to November Cabinet which set out the planned approach to delivering the new target operating model

- The Council is also reviewing all current vacant posts to establish if those roles are required or if the services can reconfigure to continue to deliver outcomes without the need for recruitment

The VR exercise will generate savings of the order of £1.6m in a full year. The work described above is expected to deliver further staffing savings although it is recognised the majority of the achievement will be in 23/24. This position is recognised both in this monitoring report and the Council's medium term financial strategy.

5 CORPORATE BUDGETS AND CONTINGENCY

- 5.1 The Council holds a central contingency of £1m each year. This is held for unforeseen events and the Council would only use this as a last resort if no other funding is available.

The Contingency has been released to support the overall budget position. The Provision set aside for unachieved savings has also been added to this table.

- 5.1.1 The Council also holds a number of budgets centrally mostly pending allocation to departments. These budgets are reviewed, on a monthly basis, by the Section 151 Officer, as part of the monitoring cycle.

5.1.2 Corporate Budgets

Corporate Variances			
	Budget	Known Commitments	(Under)/ Over spend
Corporate Items	£m	£m	£m
Corporate Contingency	1.000	0.000	(1.000)
Treasury Management Underspend	8.136	5.336	(2.800)
Other Corporate Budgets	17.255	19.505	2.250
Total	26.391	24.841	(1.550)

5.1.3 Estimated Energy Shortfall 2022-23

	Fuel Costs £m	Electricity Costs £m	Gas Charges £m	Potential Energy Shortfall £m
A3000B-Public Health		0.000	0.010	0.010
A4000B-Childrens (GF)		0.010	0.040	0.050
A4600B-Adults		0.550	0.025	0.575
A5000B-Neighbourhoods		0.000	0.120	0.120

A5700B-Housing (GF)		0.050	0.030	0.080
A8000B-oneSource Non-Shared		0.040	0.065	0.105
A9000B-Chief Operating Officer		0.000	0.010	0.010
Transport	0.350	0.000	0.000	0.350
Potential Total	0.350	0.650	0.300	1.300

Under the corporate energy contract with Laser, electricity is expected to increase by 61% (Street Lighting by 80%) and gas by 132% for 2022-23. Also diesel prices have increased from approximately £1.25 per litre, peaking recently at approximately £1.95 per litre since 2018/19.

All the increases have been recognised corporately by a provision of £1.5m currently held in the centre. The Council also has a £0.5m energy reserve set aside. If the full energy provision and reserve are not required in 22/23 they will be released to support the overall budget position

5.2 The Collection Fund

The Council continues to collect both Council Tax and Business Rates income where chargeable. Council Tax collection over the current year is strong despite the effects of the pandemic and at this stage is on target for the collection rates set in the budget.

5.3 Treasury Management Forecast

The Council sets its treasury budgets based on the assumed Capital programme and forecasted level of cash balances each year. There are fluctuations on these budgets due to slippage and changes to the Capital programme, prevailing interest rates and borrowing decisions and the level of cash balances held by the Council.

Slippage in the Capital programme and current cash balances of over £100m has meant that there has been no General Fund external borrowing to date in 2022/23. It should be noted that the Council is reliant on internal borrowing to fund its CFR and further borrowing maybe necessary in 2022/23 and interest rates are rising. The Council remains in regular contact with its treasury advisors to determine the most appropriate time to undertake any external borrowing.

The Council has also benefitted from increased interest receivable from its deposits. At the time the budget was set interest rates were extremely low and therefore the budget was set to reflect this. Rates have now risen which has increased the yield on cash deposits.

These factors have resulted in a forecasted underspend on the treasury budget of £2.8m. This underspend could potentially increase depending on prevailing interest rates and the speed of the Capital programme.

6 EARMARKED AND GENERAL RESERVES

- 6.1** The Council holds general balances to mitigate against unforeseen risks. At the end of 2021/22 General Fund Balances stood at £10.942m. The Council has planned contributions to general balances in 2022/23 of £2m. There is however a current year overspend and Council will do everything it can to identify efficiencies in order to reduce this to minimise the impact on general balances.
- 6.2** In a previous budget round the Council identified and agreed that balances should be increased to £20m over the next few years to properly reflect both the size of the authority and also the current risks it faces. This remains a priority for the authority and the Council is on track despite the current year overspend. The budget for 2023/24 contains further planned contributions so even if the current year overspend results in a lower than planned level of balances it is expected that this position will be recovered in future years.
- 6.3** The Council holds General Fund Earmarked Reserves which totalled £59.633m* at the end of 2021/22. These reserves have varying levels of flexibility in terms of what they can be used for.

**Excludes schools and HRA*

7 HOUSING REVENUE ACCOUNT

	2022-23 Budget £m	2022-23 Forecast £m	Current Forecast Variance £m	Previous Forecast Variance £m
Income and Expenditure				
Income				
Dwelling rents	(49.025)	(49.025)	(49.216)	(0.191)
Garages	(0.370)	(0.370)	(0.370)	-
Charges for services and facilities - Tenants	(6.547)	(6.547)	(6.547)	-
Charges for services and facilities - Leaseholders	(1.745)	(1.745)	(1.745)	-
Shared ownership	(0.279)	(0.279)	(0.279)	-
Other	(0.733)	(0.733)	(0.733)	-
Total Income	(58.698)	(58.698)	(58.889)	(0.191)
Expenditure				
Repairs and maintenance	10.864	10.864	10.864	-
Supervision and management plus recharges	26.859	26.859	25.852	(1.007)
Depreciation and impairment	16.590	16.590	16.590	-
Debt management costs	0.048	0.048	0.048	-
Bad debt	0.665	0.665	0.665	-
Total Expenditure	55.027	55.027	54.020	(1.007)
Net cost of HRA services	(3.671)	(3.671)	(4.869)	(1.198)
Interest payable and similar charges	9.701	9.701	9.701	-
Interest and investment income	(0.036)	(0.036)	(0.036)	-
Surplus or deficit for the year on HRA services	5.994	5.994	4.796	(1.198)

Statement on movement of HRA balances				
Surplus or deficit for the year on HRA services	5.994	5.994	4.796	(1.198)
Capital expenditure funded by the HRA	4.270	4.270	4.270	-
Reversal of impairment charge	(7.110)	(7.110)	(7.110)	-
Net (income)/Expenditure	3.154	3.154	1.956	(1.198)

HRA balance brought forward	(17.029)	(17.029)	(17.029)	-
Net (income)/Expenditure	3.154	3.154	1.956	(1.198)
HRA balance carried forward	(13.874)	(13.874)	(15.072)	(1.198)

- 7.1 The HRA is projecting an underspend of £1.198m. £1.2m, of this is due to delays in the commencement of the Open Housing Upgrade/Replacement Project. The additional staff resource required have yet to be approved, which is not expected to happen until February 2023.

There has been additional income generated of £102k from properties let at Brunswick Court, Dell Court and Royal Jubilee Court, which has also reduced the void loss as many of the properties were long term voids.

There is a pressure coming from the increase cost of utility bills.

7.2 Rent & Service Charge Income.

The figures below are up to and including week 26 of 2022/23.

Rent Debit Raised	Income			Arrears	Collection Rate
	Housing Benefit	Direct Payments	Total Income		
31,059,540.26	- 9,907,827.12	- 19,497,442.48	- 29,405,269.60	1,654,270.66	95%

8 CAPITAL MONITORING

8.1 Capital Programme Overview

The Capital programme for 2022/23 through to 2026/27 was agreed at Council in February 2022. In addition to the approved capital programme, slippage from 2021/22 has since been added (detailed in the capital outturn report) and there have been some additions relating to external grants and contributions. The current approved full Capital Programme is set out below.

Summary of Existing Approved Capital Programme	Previous Years Budget	2022/23 Budget	2023/24 Budget	2024/25 to 2026/27	Total Budget
	£m	£m	£m	£m	£m
Adults Services	4.790	5.743	1.618	0.000	12.150
Adults Services	4.790	5.743	1.618	0.000	12.150
Customer & Communications Transformation	28.191	7.583	3.959	0.603	40.336
Chief Operating Officer	3.182	10.816	6.462	6.440	26.900
Chief Operating Officer	31.373	18.399	10.421	7.043	67.236
Children's Services	0.254	2.373	0.891	0.000	3.518
Learning & Achievement Service	0.512	1.072	1.229	0.000	2.813
Children's Services	0.766	3.446	2.120	0.000	6.331
Housing Services	211.995	296.773	180.971	552.404	1,242.143
Housing Services	211.995	296.773	180.971	552.404	1,242.143
Bereavement Services	6.138	1.572	0.000	0.000	7.710
Environment	36.462	28.527	3.470	0.750	69.210
Civil Protection	0.151	3.599	0.000	0.000	3.750
Neighbourhoods	42.751	33.699	3.470	0.750	80.669
Asset Management	33.109	24.954	13.534	21.730	93.327
ICT Services	4.231	8.898	3.980	5.020	22.130
Finance	0.000	7.291	0.000	0.000	7.291
OneSource	37.341	41.143	17.514	26.750	122.747
Regeneration	29.308	195.642	198.106	42.024	465.079
Regeneration	29.308	195.642	198.106	42.024	465.079
Grand Total	358.322	594.843	414.221	628.970	1,996.356

- The 2022/23 Capital budget includes £209m of budget rolled forward from 2021/22 as agreed in the outturn report

8.2 Financing

The Council finances its capital expenditure through a combination of resources both internal and externally generated. Each funding stream is considered in terms of risk and affordability in the short and long term. The current and future climates have a significant influence on capital funding decisions. As a result planned disposals and borrowing costs

are kept under regular review to ensure timing maximises any potential receipts and reduces borrowing costs.

Excluding previous years spend (totalling £358.322m shown for information above) the total programme for 2022/23 and beyond is £1,638.034m and for information purposes is funded as set out in the following table.

Financing	2022/23 Financing Budgets	2023/24 Financing Budgets	2024/25 to 2026/27 Financing Budgets	Total Financing Budgets
	£m	£m	£m	£m
Capital Receipts	128.844	105.512	0	234.356
HRA Specific Capital Receipts	45.907	85.545	232.492	363.944
Revenue & Reserves	27.833	12.566	53.550	93.949
Grants and Other Contributions	38.268	17.440	23.551	79.259
Borrowing	353.991	193.158	319.377	866.526
Total Financing	594.843	414.221	628.970	1,638.034

8.3 Capital Achievements

Capital expenditure as at the 30th September is £57.114m to date. Notable achievements so far for 2022/23 are as follows:

- £23.9m on the 12 estates project to improve housing across the borough
- £8.2m spent on enhancing and increasing our existing housing stock
- £4.3m on improving the quality of our roads and infrastructure
- £2m on improving and refurbishing the Town Hall
- £2.2m on the construction of a new leisure centre in Rainham
- £0.8m on improving the council's IT infrastructure
- £1.1m on improving Traffic safety via the implementation of CCTV cameras
- £1m on improving parks and open spaces across the borough
- £1.6m on improvements to our school buildings
- £1m on the Rainham & Beam Park regeneration project

8.4 Capital Monitoring @ Period 6

The report below sets out the latest Period 6 position for the Council's capital programme for the 2022/23 financial year.

Directorate	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m	Current Year Actuals @ Per 6 £m
Adults Services	5.743	2.845	(2.897)	0.204
OneSource	41.143	18.566	(22.576)	4.399
Neighbourhoods	33.699	27.240	(6.458)	7.002
Regeneration Programme	195.642	36.276	(159.366)	1.071
Children's Services	3.446	2.482	(0.964)	0.044
Chief Operating Officer	18.399	11.167	(7.232)	3.469
Housing Services	296.773	150.005	(146.768)	40.924
Total	594.843	248.580	(346.263)	57.114

The forecast expenditure for 2022/23 is £248.580m with actual expenditure at the end of Period 6 of £57.114m. Whilst most project budgets are on track to be spent over the full MTFS period there are a number of projects where expenditure has slipped back into future years, the explanations for the main programmes that contribute towards the slippage provided below:

8.5 Adult Services

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
Adults – DFG	4.631	1.793	(2.839)
Adults – Other	1.111	1.053	(0.059)
Adults Services	5.743	2.845	(2.897)
Adults Services	5.743	2.845	(2.897)

Adults - DFG – Slippage of £2.839m

The Dedicated Facilities Grant slippage is due to the lack of activity in applications and adaptations, however demand is slowly increasing after the disruptions of the pandemic. Recent recruitment has added to the DFG team which will help to maximise spend in this area.

8.6 OneSource

Programme Directorate	Area /Service/	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
Asset Management – Other		4.411	1.333	(3.078)
Corporate Buildings		3.520	3.287	(0.233)
Health & Safety		0.302	0.199	(0.103)
Pre Sale Expenses		0.133	0.119	(0.014)
Schools Building Maintenance		6.315	3.891	(2.424)
Schools Expansions		8.117	2.435	(5.681)
Vehicle Replacement		2.156	2.046	(0.110)
Asset Management		24.954	13.311	(11.642)
ICT Infrastructure		8.898	5.255	(3.644)
ICT Services		8.898	5.255	(3.644)
Contingency		0.691	0.000	(0.691)
Internal Leasing		6.600	0.000	(6.600)
Finance		7.291	0.000	(7.291)
OneSource		41.143	18.566	(22.576)

Asset Management - Other – Slippage of £3.078m

Most of the slippage £2.946m relates to the planned acquisition of Hornchurch Police Station. This project is currently on hold awaiting a decision by the Met Police.

School Buildings Maintenance – Slippage of £2.424m

This slippage is made up of a number of schemes that have been delayed, these works are now planned to commence later in the year.

School Expansions – Slippage of £5.681m

The Schools expansions slippage comprises of a number of schemes, which have been deferred and awaiting decisions. Any underspends within School Expansions Programme will be moved back to the unallocated expansions pot and subsequently used to fund additional projects.

ICT Infrastructure – Slippage of £3.644m

£1.527m of the slippage relates to the Data Centre & Core Network. The Programme has experienced delays and capital has been adjusted to reflect. The remainder of the slippage relates to schemes are being reviewed and then re-profiled.

It should be noted that only £0.152m of expenditure has been incurred to date against a forecast expenditure of £5.255m for 2022/23.

Finance

The Contingency budget is used for projects that are allocated as and when required. The budget is allocated to services by the Section 151 Officer.

The Internal Leasing budget is used to purchase vehicles that would otherwise have been leased by a service. The service repays the purchase cost over the life of the asset thus replenishing the budget for future purchases.

Expenditure is not shown against these programme areas as the budget is allocated to existing or new schemes across all directorates.

8.7 Neighbourhoods

Programme Directorate	Area /Service/	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
	Public Protection	3.599	3.599	0.000
	Civil Protection	3.599	3.599	0.000
	Cemeteries and Crematorium	1.572	1.502	(0.070)
	Bereavement Services - Cems & Crems	1.572	1.502	(0.070)
	Environment – Other	8.220	8.220	0.000
	Environment – TFL	0.171	0.002	(0.169)
	Grounds Maintenance	0.250	0.100	(0.150)
	Environment – Highways	16.934	10.868	(6.066)
	Environment – Parking	0.405	0.405	0.000
	Environment – Parks	2.548	2.544	(0.004)
	Environment	28.527	22.139	(6.388)
	Neighbourhoods	33.699	27.240	(6.458)

Environment – Highways – Variance of £6.066m

£5.666m of the slippage relates to the Highways Improvement Programme (HIP). The HIP scheme has now been paused. The winding down of the programme is expected to be complete by the end of October. Based on the current trajectory forecast expenditure is estimated at £7.260m, resulting in an underspend of £5.600m, which is factored into current MTFS forecasts.

8.8 Regeneration

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
Mercury Land Holdings	93.657	11.600	(82.057)
Rainham & Beam Park	25.419	20.901	(4.518)
Regeneration – Other	73.277	3.375	(69.902)
Regeneration – TFL	3.288	0.400	(2.888)
Regeneration	195.642	36.276	(159.366)
Regeneration	195.642	36.276	(159.366)

MLH – Slippage of £82.057m

The main elements of the slippage are discussed below -
£35.525m of the slippage relates to the Waterloo scheme. The capital forecast was adjusted at Period 3 in accordance with current programme. Negotiations are taking place between MLH and the Havering Waters Regeneration JV to agree a PRS allocation for the Waterloo scheme between phases 2-5. Forecast has been moved back to reflect possible spend in later phases of work.

£19.500m of the slippage relates to the MLH Rainham Joint Venture. This project is not proceeding due to viability challenges. The budget will be reallocated in the Mercury Land Holdings Business Plan update.

£15.104m of the slippage relates to the Roneo Corner project. This has been slightly delayed by the developer. MLH are currently negotiating the particulars of the scheme, anticipated to start in 2022/23.

£11.865m of the slippage relates to the Homelessness. This Homelessness scheme is currently not progressing due to viability challenges, likely to be transferred into the general MLH schemes budget at Period 7 once confirmed by MLH.

Rainham & Beam Park – Slippage of £4.518m

The Rainham & Beam Park CPO budget is in place to evidence adequate financial support being in place for scheme delivery at a CPO. Assessment is currently being carried out on planning, programme and financial impact of the delay to the GLA delivering Beam Park Station.

Regeneration - Other – Slippage of £69.902m

The slippage of £69.902m relates to the Provision for Future Regeneration Opportunities project. Future Regeneration Opportunities budget could be drawn down in accordance with an approved business case, no planned expenditure at present in 2022/23.

Regeneration – TfL – Slippage of £2.888m

The slippage of £2.888m relates to the Beam Parkway Major Scheme, which is part funded by TfL. The estimated spend for 2022/23 is for consultancy costs for the scheme. No further funding has been confirmed by TfL, scope and other funding options are being explored, before the scheme can progress further.

8.9 Children’s Services

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
Learning & Achievement – Other	0.022	0.000	(0.022)
Schools	1.051	1.442	0.392
Learning & Achievement Service	1.072	1.442	0.370
Children’s – Other	2.373	1.039	(1.334)
Children’s Services	2.373	1.039	(1.334)
Children’s Services	3.446	2.482	(0.964)

Schools – Acceleration of £0.392m

The slippage relates to the Harris Academy ARP. This scheme will be delivered by the Academy. The payment schedule has been agreed with the Academy. The budget will be re-profiled to reflect the progress of the scheme.

Children Services - Other – Slippage of £1.334m

The majority of the slippage relates to the build of Children’s Residential provisions in the Borough. There continues to be a delay to the overall build programme.

8.10 Chief Operating Officer

Programme Directorate	Area /Service/	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
Leisure Other		6.830	5.875	(0.955)
Leisure SLM		0.415	0.415	0.000
Libraries		0.337	0.270	(0.067)
Customer, Communication & Culture		7.583	6.560	(1.023)
Transformation		10.816	4.607	(6.209)
Transformation		10.816	4.607	(6.209)
Chief Operating Officer		18.399	11.167	(7.232)

Leisure Other – Slippage of £0.955m

The slippage of £0.955m relates to the new leisure centre in Rainham. The slippage has reduced significantly from £1.880m from Period 3 as the project continues to make good progress.

Transformation – Slippage of £6.209m

The main elements of the slippage are discussed below –

£1.983m of the slippage relates to the Organisational Data Capability. Digital portfolio reprioritised prior to Period 3 with 2022/23 estimates revised down based on scope. Surplus budget re-profiled across future years for consideration when the data and digital strategies have been confirmed. The 2022/23 programme includes the BI and Reporting Project and the creation of a new Data Strategy, which will provide a road map of subsequent projects.

£1.040m of the slippage relates to Platforms & Integration programme. The digital portfolio has recently been reshaped and all activities are now under review, with new resource being on boarded to scope out deliverables and associated plans and costs. This programme includes the Alloy Implementation, Civica APP Replacement, a Cyber Security/ Business Continuity project and Application Risk Management Review and a new Digital Strategy. Programme estimates are broadly in line with Period 3 estimates, although there is variance at a project level as scope, plans and maturity have been progressed.

£0.953m of the slippage relates to the CRM budget. The CRM System 2022/23 forecast based on Project Manager's indicative plan and estimate. The remainder of budget will be rolled over to 2023/24.

£0.870m of the slippage relate to the Smart Working plus budget. Digital portfolio reprioritised prior to Period 3 with 2022/23 estimates revised down based on scope. Surplus budget re-profiled across future years for consideration when the data and digital strategies have been confirmed. The programme is being reviewed by the new project team with an SLT presentation in October to determine the new scope and approach.

8.11 Housing Services

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 6 £m	2022/23 Variance £m
Bridge Close Acquisitions	36.103	31.827	(4.276)
Bridge Close Regeneration	8.342	1.003	(7.338)
HRA	44.013	37.581	(6.433)
HRA Regeneration	137.527	57.705	(79.821)
HRA Stock Adjustments	70.789	21.888	(48.900)
Housing Services	296.773	150.005	(146.768)
Housing Services	296.773	150.005	(146.768)

Bridge Close Acquisitions – Slippage of £4.276m

£4.276m of the slippage relates to the Acquisitions budget. Forecast updated to reflect planned commercial acquisitions under private treaty in 2022/23 plus £10.000m contingency allowance for further acquisitions coming forward, £60,000 per month drawdowns for average creditors fees plus £400,000 redesign fees forthcoming due to changes in design to reflect fire regulations update.

Bridge Close Regeneration – Slippage of £7.338m

£7.338m of the slippage relates to the Forward Funding Bridge Close budget. Forward funding budget reflects Council direct costs for the Bridge Close scheme, forecast includes allowance for staff capitalisation costs for Regeneration, provision for insurances and council legal advice plus a contingency of £0.500m in year for unforeseen costs, which will reduce down towards year-end should it not be required. Forecast in later years adjusted to reflect planning submission in Quarter 3 and start on site around September 2024.

HRA Regeneration – Slippage of £79.821m

The main elements of the slippage are discussed below –

£21.231m of the slippage relates to the 12 Estates - Partner Loan budget. Projections have been adjusted in line with JV partner cashflow forecast, with allowance for 50% of Waterloo PCSA costs (75% in year) and £500,000 contingency allowed for in forecast for 2022/23.

£13.300m of the slippage relates to the Vacant Possession budget. This budget funds the remainder of the work required to achieve vacant possession on the 12 Estates sites. Current forecasts based on 8 properties in year.

£10.577m of the slippage relates to the 12 Estates Affordable Housing Programme. Projections have been revised in line with JV partner cash flows for active schemes, NNP and SSS, with NNP concluding in December 2022. Waterloo construction will not begin until 2023/24 and intermediate costs will be picked up through demolition contract and PCSA (cash drawdowns budget).

£10.550m of the slippage relates to 12 Estates Phase 1 Forward Funding. Projections have been revised in line with JV partner cash flows for active schemes, NNP and SSS, with NNP concluding in December 2022. Waterloo construction will not begin until 2023/24 and intermediate costs will be picked up through demolition contract and PCSA (cash drawdowns budget). Allowance made in 2023/24 forecast for £6.000m for completion of SSS and £15.000m for activity on Waterloo phase 1 construction.

£6.632m of the slippage relates to The Bund - Affordable Housing scheme. This project is not currently proceeding due to viability challenges. £2.000m to be allocated to Telecare digital upgrade in 2023/24 and rest can be reallocated.

£4.721m of the slippage relates to 12 Estates - Tenant Compensation. The reduction in the number to regeneration decant moves has contributed to the low forecast. This is not expected to change over the coming years.

HRA Stock Adjustments – Slippage of £48.900m

The main elements of the slippage are discussed below –

£23.562m of the slippage relates to the HRA Acquisition Fund - Affordable Housing. The scheme has not progressed as quickly as expected due to lack of resources and external market forces. Current forecasts based on 27 completions in year.

£17.075m of the slippage relates to the Affordable Housing budget. The slippage is due to delays with negotiations, however projects are now moving forward with progress on St Georges scheme and Quarles scheme.

£6.125m of the slippage relates to the Hostel re-provision - Building of a new hostel budget. Allowance have been made in the 2022/23 forecast for progression to RIBA Stage 4, ready for detailed design with a new partner/contractor plus usual council fees for EA fees, Planning & capitalisation of project management costs.

8.12 Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with the set aside of money to repay debt (either via the minimum revenue provision or a use of receipts to repay debt).

The latest forecasts for the CFR (the councils predicted underlying need to borrow) based on the latest period 6 forecasts are:

	31/3/2022	31/3/2023	31/3/2024	31/3/2025	31/03/2026	31/03/2027
	Actual £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m
General Fund	123.953	143.105	157.727	161.698	156.036	148.864
Regeneration	65.005	90.026	147.114	276.516	273.620	282.237
Total GF	188.958	233.131	304.841	438.214	429.656	431.101
HRA	279.968	369.055	469.082	596.023	702.491	772.013
Total	468.926	602.186	773.923	1,034.237	1,132.147	1,203.114

The key changes between the period 6 forecast of the CFR from period 3 are:

- HRA borrowing requirements have fallen by over £50m in 2022/23 and a further £10m in 2023/24. The borrowing is now expected to be needed in 2025/26
- The Regeneration borrowing requirement has also seen significant reductions with slippage causing the estimated borrowing need for 2022/23 to reduce by £16m to £25m and 2023/24 dropping by £44m to £59m. The bulk of the slippage is now expected in 2024/25
- GF borrowing needs have seen a small decrease in 2022/23 from £28m to £23m.

8.13 Capital Receipts Position

To reduce the need to borrow and therefore keep capital financing costs that impact the MTFS to a minimum the Council also has an assets disposals programme. Whilst capital receipts can't be used to finance revenue expenditure they can be used to finance capital spend.

The latest capital receipts position based on the period 6 forecasts is:

	£m
Available Capital Receipts @ 31/3/22	25.540
RTB receipts available for Regen	0.700
Non HRA receipts received	0.084
Total Available Capital Receipts	26.324
Budgeted 22/23 GF Capital Receipts	10.000
Budgeted 22/23 Usable RTB Receipts	0.700
Forecast Capital Receipts	37.024
Forecast receipts needed for 22/23 Cap Exp	(26.274)
2022/23 Estimated Surplus / (Shortfall)	10.750
Budgeted 23/24 GF Capital Receipts	10.000
Budgeted 23/24 Usable RTB Receipts	0.700
St Bernards Day Centre	0.550
Forecast receipts needed for 23/24 Cap Exp	(11.717)
Use of Receipts to replace Borrowing for short dated capital expenditure (see paragraph below)	(10.000)
2023/24 Estimated Surplus / (Shortfall)	0.283

Currently built into the capital programme is the use of £10m of capital receipts generated in 2022/23 to finance capital spend within the approved capital programme. Since the 22/23 budget setting process which approved the capital programme a further £10m per year of capital receipts for 23/24 and beyond has been earmarked in the MTFS to reduce borrowing. This has the effect of reducing capital financing costs that would be otherwise charged to revenue thus helping to reduce the budget gap. If there is insufficient receipts generated or the receipts are redirected, there would be a pressure of £2.4m per year to revenue over the short term associated with the additional capital financing costs.

8.14 Community Infrastructure Levy and S106 Planning Agreements

In addition to Capital Receipts and Borrowing an alternative financing source for capital expenditure are the Community Infrastructure Levy (CIL) and S106 Planning Agreements. There are external sources of financing that can be used to finance capital spend with varying degrees of restriction on what they can be used to fund.

The table below sets out the Council's current CIL position:

	£m
CIL balance as at 31.3.22	3.261
Q1 income received	0.940
Q2 income received	0.427
CIL balance as at 30.09.2022	4.628
Remaining CIL Allocations	
Verge Parking (total scheme £0.840m)	(0.737)

Sunrise Avenue - Traffic Calming	(0.050)
Covid Memorial Project - Hard landscaping & Memorial (total scheme £0.224m)	(0.182)
CCTV Refresh	(0.750)
Primary School Cycle & Scooter Parking	(0.050)
Lamp Column Replacement	(0.050)
Rom Valley Way Active Travel – Delivery Plan	(0.024)
Unallocated CIL monies	2.785

The table below sets out the Council's current S106 position:

	£m
S106 balance as at 31.3.22	11.992
Q1 income received	1.464
Q2 income received	0.889
S106 balance monies as at 30.9.2022	14.345
S106 Allocations by service	
Education	(6.810)
Environment	(0.040)
Primary Healthcare	(0.569)
Highways	(0.585)
Employment Skills & Training	(0.015)
Transport	(0.435)
Unallocated S106 monies	5.891

Note – S106s monies are usually linked to planning obligations and are to be spent for a specific purpose.

8.15 Capital Pressures

Following discussion during the star chamber events in August and September a number of capital pressures have been identified that will require additional capital funding.

The capital projects that have been currently identified as additional pressures along with their profiling are:

	2023/ 24 £m	2024/ 25 £m	2025/ 26 £m	2026/ 27 £m	2027/ 28 £m	Total £m
Depot Expansion	3.410	0	0	0	0	3.410
Highways (Road & Pavements)	6.000	6.000	6.000	6.000	6.000	30.000
Highways (Lighting)	1.000	1.000	1.000	1.000	1.000	5.000
Langtons Stable Block	1.600	0	0	0	0	1.600
Total	12.010	7.000	7.000	7.000	7.000	40.010

If the above capital pressures are agreed the incremental capital financing costs as a result of the additional borrowing will be:

Capital Pressure	2023/ 24 £m	2024/ 25 £m	2025/ 26 £m	2026/ 27 £m	2027/ 28 £m	2028/ 29 £m
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Depot Expansion	0.068	0.144	0.000	0.000	0.000	0.000
Highways (Road & Pavements)	0.120	0.480	0.480	0.480	0.480	0.360
Highways (Lighting)	0.020	0.080	0.080	0.080	0.080	0.060
Langtons Stable Block	0.032	0.068	0.000	0.000	0.000	0.000
Total	0.240	0.772	0.560	0.560	0.560	0.420

9.0 BACKGROUND PAPERS

None

10.0 IMPLICATIONS AND RISKS

10.1 Financial Implications and Risks

The Council set the 2022/23 budget in March 2022. This report is an important part of the monitoring process and sets out progress against the budget. The report explains the variances to the budget and this information can be used to develop action plans to reduce spend and also to inform the 2023/24 budget development process

10.2 Legal Implications and Risks

The Council is required by section S151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs.

Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its financial position. The proposals set out in this report aim to address the Council's current position.

In accordance with section 3 of the Local Government Act 1999, a local authority has a duty "to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." (This is "the best value duty".) The monitoring of the financial position assists the Council in meeting that duty.

10.3 Human Resource Implications and Risks

There are no immediate Human Resource implications arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any future savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy."

10.4 Equalities and Social Inclusion Implications and Risks

Havering has a diverse community made up of many different groups and individuals. The Council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

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