Public Document Pack

Cabinet

Monday 18 July 2022 at 10.00 am
Conference Hall - Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

Please note this will be held as a physical meeting which all Cabinet members will be required to attend in person.

The meeting will be open for the press and public to attend or alternatively can be followed via the live webcast. The link to follow proceedings via the live webcast is available HERE

Membership:

Lead Member Councillors:	**Portfolio**
M Butt (Chair)	Leader of the Council
M Patel	Deputy Leader and Cabinet Member for Finance, Resources & Reform
Donnelly-Jackson	Cabinet Member for Community Engagement, Equalities & Culture
Farah	Cabinet Member for Safer Communities & Public Protection
Grahl	Cabinet Member for Children, Young People & Schools
Knight	Cabinet Member for Housing, Homelessness & Renters Security
Nerva	Cabinet Member for Public Health & Adult Social Care
Krupa Sheth	Cabinet Member for Environment, Infrastructure and Climate Action
Southwood	Cabinet Member for Jobs, Economy & Citizen Experience
Tatler	Cabinet Member for Regeneration & Planning

For further information contact: James Kinsella, Governance Manager, Tel: 020 8937 2063; Email: james.kinsella@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit: **democracy.brent.gov.uk**

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Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

(a) **Employment, etc. -** Any employment, office, trade, profession or vocation carried on for profit gain.

(b) **Sponsorship -** Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.

(c) **Contracts -** Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.

(d) **Land -** Any beneficial interest in land which is within the council's area.

(e) **Licences-** Any licence to occupy land in the council's area for a month or longer.

(f) **Corporate tenancies -** Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.

(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Amanda.Healy@brent.gov.uk

8 Financial Outturn Report 2021/22 33 - 48

This report sets out the outturn for income and expenditure versus the revenue budget and capital programme for 2021/22 and other key financial data.

Ward Affected:
All Wards

Lead Member: Deputy Leader & Cabinet Member for Finance, Resources and Reform(Councillor Mili Patel)
Contact Officer: Benjamin Ainsworth, Head of Finance
Tel: 020 8937 1731
benjamin.ainsworth@brent.gov.uk

9 Medium Term Financial Outlook 49 - 70

This report sets out the overall financial position facing the Council and highlights the significant risks, issues and uncertainties with regards to the Council's Medium Term Financial Strategy (MTFS).

Ward Affected:
All Wards

Lead Member: Deputy Leader & Cabinet Member for Finance, Resources and Reform(Councillor Mili Patel)
Contact Officer: Ravinder Jassar, Deputy Director of Finance
Tel: 0208 937 1487
ravinder.jassar@brent.gov.uk

10 Q1 Financial Report 2022/23 71 - 92

This report sets out the current forecast of income and expenditure versus the revenue budget for 2022/23 and other key financial data.

Ward Affected:
All Wards

Lead Member: Deputy Leader & Cabinet Member for Finance, Resources and Reform(Councillor Mili Patel)
Contact Officer: Ravinder Jassar, Deputy Director of Finance
Tel: 0208 937 1487
ravinder.jassar@brent.gov.uk

11 Corporate Performance - Q4 2021/22 Performance Report 93 - 116

This report and the accompanying performance scorecard set out the position on the Council's performance in the fourth quarter of 2021/22.

Ward Affected: All Wards	**Lead Member**: Deputy Leader & Cabinet Member for Finance, Resources and Reform(Councillor Mili Patel) **Contact Officer**: Lorna Hughes, Head of Strategy and Partnerships Tel: 020 8937 5068 Email:lorna.hughes@brent.gov.uk	

Regeneration and Environment reports

12	**Renewal of the Special Needs Passenger Transport inter-authority service provision agreement with Harrow Council**	117 - 122

This report sets out a proposal to enter into a new one year Inter Authority Agreement with Harrow Council for the provision of Special Needs Transport services.

Ward Affected: All Wards	**Lead Member**: Cabinet Member for Environment, Infrastructure & Climate Action (Councillor Krupa Sheth) **Contact Officer**: Simon Finney, Head of Neighbourhood Management, Environment Services Tel: 020 8937 5072 Simon.Finney@brent.gov.uk

13	**Draft Houses in Multiple Occupation Supplementary Planning Document**	123 - 152

The purpose of the report is to seek Cabinet approval for consultation on a draft Houses in Multiple Occupation Supplementary Planning Document.

Ward Affected: All Wards, excluding parts of Alperton, Harlesden and Kensal Green, Stonebridge and Tokyngton wards where Old Oak and Park Royal Development Corporation is the Local Planning Authority.	**Lead Member**: Cabinet Member for Regeneration & Planning (Councillor Shama Tatler **Contact Officer**: Paul Lewin, Planning, Policy and Projects Tel: 020 8937 6710 paul.lewin@brent.gov.uk

Community Well-being reports

14 Authority to Invite Tenders for an Adult Social Care Homecare Framework 153 - 164

This report is seeking approval to re-tender a homecare framework for Adult Social Care, as required by Contract Standing Orders 88 and 89.

Ward Affected: All Wards	**Lead Member**: Cabinet Member for Public Health & Adult Social Care (Councillor Neil Nerva) **Contact Officer**: Andrew Davies, Head of Commissioning, Contract and Market Management Tel: 020 8937 1609 andrew.davies@brent.gov.uk

15 Authority to Invite Tenders for Adult Social Care Reablement Contracts 165 - 176

This report is seeking Cabinet approval to tender for reablement services for adults, as required by Contract Standing Orders 88 and 89.

Ward Affected: All Wards	**Lead Member**: Cabinet Member for Public Health & Adult Social Care (Councillor Neil Nerva) **Contact Officer**: Andrew Davies, Head of Commissioning, Contract and Market Management Tel: 020 8937 1609 andrew.davies@brent.gov.uk

16 Exclusion of Press and Public

No items have been identified in advance of the meeting that will require the exclusion of the press or public.

17 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or her representative before the meeting in accordance with Standing Order 60.

Date of the next meeting: Monday 22 August 2022

- Please remember to set your mobile phone to silent during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public. Alternatively it will be possible to follow proceedings via the live webcast **HERE**

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Brent

LONDON BOROUGH OF BRENT

MINUTES OF THE CABINET
Held in the Conference Hall, Brent Civic Centre on Monday 20 June 2022 at 10.00 am

PRESENT: Councillor M Butt (Chair), Councillor Mili Patel (Vice-Chair) and Councillors Donnelly-Jackson, Farah, Grahl, Nerva, Krupa Sheth, Southwood and Tatler.

1. **Apologies for Absence**

Apologies for absence were received from Councillor Knight (Cabinet Member for Housing, Homelessness & Renters Security).

2. **Declarations of Interest**

There were no declarations of interest made at the meeting.

3. **Minutes of the Previous Meeting**

RESOLVED that the minutes of the previous meeting held on Monday 30 May 2022 be approved as an accurate record of the meeting.

4. **Matters Arising (if any)**

None.

5. **Petitions (if any)**

There were no petitions submitted for consideration at the meeting.

6. **Reference of item considered by Scrutiny Committees (if any)**

There were no references from either the Community & Wellbeing or Resources & Public Realm Scrutiny Committees submitted for consideration at the meeting.

7. **Order of Business**

Councillor Muhammed Butt (as Leader of the Council) advised of a change to the order of business with Agenda Item 7 (Senior Management Reorganisation) to be taken as the final item for consideration. The minutes reflect the order in which the items were considered at the meeting.

8. **Brent Climate & Ecological Emergency Strategy 2021-22 Progress Update, new 2022-24 Delivery Plan & Carbon Offset Fund (CO2GO) Allocations**

Councillor Krupa Sheth (Cabinet Member for Environment, Infrastructure & Climate Action) introduced a report providing an overview of progress made in delivery of the Climate and Ecological Emergency programme during 2021-22 along with an outline of the proposed new 2022-24 Strategy Delivery Plan. In addition, members were advised that the report was seeking approval to the allocation of grants from the Council's Carbon Offset Fund as part of the C02GO Participatory Budgeting process.

In considering the report, Cabinet noted that following adoption of the Climate and Emergency Strategy in April 2021 the Council had committed to a programme of refreshed yearly delivery plans designed to provide a range of focussed and costed actions that contributed towards Brent's aim of becoming a carbon neutral borough by 2030. As part of the 2021-22 Delivery Plan 23 actions had been listed focussed around the following 5 key themes on which a full summary of progress had been detailed within Appendix F of the report:

- Consumption, resources & waste;
- Sustainable Travel;
- Homes, Buildings and the Built Environment;
- Nature & green space;
- Supporting communities.

Whilst recognising the progress achieved to date, Councillor Krupa Sheth also highlighted the need for continued action in order to achieve greater focus, pace, visibility and impact in tackling the climate emergency. This had resulted in a number of new areas of focus being identified within the 2022-24 Delivery Plan, which it was noted had included:

- A place based approach - piloting up to three sustainable neighbourhoods; ensuring a focus on as green as possible development of the St Raphael's estate; and review of the Brent Local Plan Growth Areas to ensure that sustainability opportunities were maximised;
- Community wealth building through climate action that supported local economic growth and helped to reduce the cost of business;
- Supporting households with the rising cost of living through specific climate action;

Members were advised that the Plan also included a range of actions linked to the above areas of focus, designed to support co-benefits in relation to climate action including cleaner air, greener spaces, warmer homes, healthier travel and a low carbon circular economy whilst also reinforcing other key strategic aims within the Health and Wellbeing Strategy, Youth Strategy and Black Community Action Plan.

In noting and welcoming the ambitious nature of the programme, members also commended the approach developed in relation to delivery of the participatory budgeting initiative in terms of the Carbon Offset Fund and level of community engagement in the process and thanked officers involved for their ongoing support and efforts.

Having considered the report Cabinet **RESOLVED**:

(1) To agree the new 2022-2024 Delivery Plan for the Climate and Ecological Emergency Strategy attached as Appendix A to the report.

(2) To approve the pilot of a place-based Sustainable Neighbourhood approach in the areas set out in Appendices B, C, and D of the report and for officers to begin a phased engagement and co-production process with communities in the selected areas.

(3) To approve the criteria set by the Resident Planning Group (as outlined in section 8 of the report) for the current phase of the Brent Carbon Offset Fund (CO_2GO).

(4) To approve the proposed allocations for funding in Pot 1 and Pot 2 of the Brent Carbon Offset Fund as set out in Appendix E of the report, ratifying the public vote made on applications during the 'You Decide' Participatory Budgeting Decision Day on 29 January 2022.

(5) To delegate authority to the Assistant Chief Executive to award and make grants from the Brent Carbon Offset Fund up to the value of £100k (in line with the powers provided to the Assistant Chief Executive for award of grants at this level for the Neighbourhood Community Infrastructure Levy).

(6) To note the progress made in the year one (2021-2022) Delivery Plan as detailed within Appendix F of the report.

9. **Purchase of Housing Units at the Fulton Road Development**

Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform) introduced a report seeking permission to negotiate and thereafter purchase a mix of affordable housing units in Blocks D & E and market units in Block A forming part of a development at Euro House, Fulton Road, Wembley.

In considering the report, Cabinet noted the outlined provided in relation to the site and negotiations between the Council and developer in seeking a buyer for the affordable housing units included within the development. As a result authority was being sought to formally progress the initial negotiations undertaken in order to secure a mix of social and market units that could be delivered to ensure a financially viable scheme. On the basis of negotiations undertaken to date, members were advised that the Council were aiming for a target mix that replaced all intermediate units with the most affordable social rented units. This would involve an uplift in the number of affordable units to be provided by the development from 218 to 252, with the breakdown of proposed tenure mix also redesigned to increase the number of larger 3 bed units to help support current levels of housing demand.

In welcoming the proposal, Cabinet were keen to highlight support for the potential increase in delivery of affordable housing units based on a more optimal unit mix designed to reflect the Council's ongoing commitment towards addressing local housing need.

In recognising that the terms of any scheme were subject to the outcome of final negotiations which would need to reflect current market conditions, Cabinet **RESOLVED,** having noted the exempt information contained within the appendix to the report, to delegate authority to the Director of Finance in consultation with the Cabinet Member for Finance Resources and Reform and the Operational Director of Property and Assets to negotiate a unit mix of social and market units that deliver a financially viable scheme and the terms and thereafter enter into an underlease for up to 60 years (to be made between L.B. Brent and Asset SPV) in respect of the affordable homes and market units within the Fulton Road Development subject to:

(a) clean and marketable title;

(b) financial and legal due diligence;

(c) all commercial terms having been agreed between the parties; and

(d) vacant possession, with a target completion date as soon as possible after the grant of the long lease of 999 years (the headlease).

10. **CCTV Cameras for Brent Active Travel Programme - School Streets**

Councillor Krupa Sheth (Cabinet Member for Environment, Infrastructure & Climate Action) introduced a report detailing proposals for a CCTV camera enforcement protocol to support the Brent Active Travel programme along with associated exemptions.

Prior to consideration of the report, Councillor Muhammed Butt (as Leader of the Council) advised of a request to speak on the item by a member of the public, which had been received at the start of the meeting. Given the late notice received he advised it had not been possible to accept the request at the meeting.

In introducing the report, Councillor Krupa Sheth highlighted the importance of the School Streets programme as part of the approach being developed within Brent to encourage more sustainable and healthy modes of travel, lifestyles and towards reducing air pollution, tackling congestion and improving road safety as part of the longer term climate and health objectives for the borough. Members noted the benefits outlined in terms of the proposed use of CCTV cameras as a means of enforcing the active travel and schools streets programme along with the priority list of locations, as detailed in Appendix B of the report, assessed against the criteria outlined within section 4.4 of the report.

In addition, details were provided on the proposed exemption policy in relation to CCTV enforcement schemes (as detailed within Appendix A of the report) which members noted had been subject to benchmarking with other London Boroughs. Subject to approval, the CCTV enforcement protocol and implementation would be supported by a full communications plan focussed around schools, parents/carers and drivers.

Cabinet welcomed the proposals and approach outlined within the report along with the level of engagement by schools in support of the programme and importance of the school street initiative as a means of encouraging a change in behaviour designed to support of more active modes of travel. Having noted the financial implications and business case outlined in support of the provision of CCTV, members highlighted the ongoing commitment this was felt to demonstrate towards the longer term benefits of the initiative in terms of health, climate action and road safety.

Cabinet therefore **RESOLVED**:

(1) To note the outcome of the exemptions review and approve the officer recommendations in respect of exemptions for school streets enforcement contained within Appendix A of the report.

(2) To note and approve the suggested approach to identify priority CCTV locations for school street schemes and CCTV camera enforcement protocol for implementation.

11. **Brent Bike Hangars**

Councillor Krupa Sheth (Cabinet Member of Environment, Infrastructure and Climate Action) introduced a report seeking approval to tender for the purchase and management of future bike hangers along with the transfer of management and maintenance of current bike hangers.

In presenting the report, Cabinet were advised that the procurement approach identified had been designed to reduce or remove subsidising costs as well as reducing and standardising annual costs for future and existing bike hangers and users, which as a result was expected to help promote usage as well as cycling across the borough.

In supporting the approach outlined, Cabinet noted the progress being made in promoting sustainable travel alongside the efforts to encourage and promote cycling given the associated environmental and health and well benefits identified, which the provision of appropriate and secure cycle parking (such as bike hangers) would support.

In view of the benefits and level of additional demand identified (as detailed in Appendix A of the report) along with efforts to broaden provision across the borough, Cabinet **RESOLVED**:

(1) To note the content of the report and the current bike hangar provision in the borough and the S106 funding that was currently available to provide additional hangars.

(2) To note the continued delivery of the bike hangar programme under the Waltham Forest Framework, with a negotiated reduction in rental charges.

(3) To approve the tendering for a contract to purchase further bike hangars and the management and maintenance of all the boroughs bike hangars, for a period of 3 years with an option to extend for 2 years.

12. **Authority to Tender for the Design & Build Contract at 1 Morland Gardens, Stonebridge**

Councillor Muhammed Butt (as Leader of the Council) introduced a report seeking approval to invite a tender using a direct award procedure under the Network Homes Contractor Framework for the design and build contract in relation to the redevelopment at 1 Morland Gardens.

In considering the report, Cabinet were reminded that the scheme had been designed to provide a new education centre, council homes, affordable workspace as well as a café and public realm improvements. The report outlined a change which had needed to be made to the procurement arrangements following a "call-in" of the original contract award decision, which had resulted in the original Framework agreement expiring. Members noted that the call-in had been considered by Resources & Public Realm Scrutiny Committee on 9 June 2022 who had agreed to confirm the decision relating to the award of contract.

Having considered the report, Cabinet **RESOLVED**:

(1) To approve the inviting of a tender using a direct award process under the Network Homes Contractor Framework agreement on the basis of the pre-tender considerations set out in paragraph 3.6 of the report.

(2) To delegate authority to award the contract for the Morland Gardens Redevelopment Design and Build Contract following the successful outcome of the tender exercise to the Strategic Director, Regeneration and Environment, in consultation with the Cabinet Member for Finance, Resources & Reform.

13. **Cost of Living Crisis and the Brent Resident Support Fund**

Councillor Southwood (Cabinet Member for Jobs, Economy & Citizens Experience) introduced a report providing an update on actions being taken by the Council to respond and mitigate against the impact of the cost of living crisis on Brent residents and businesses. The report also outlined a number of planned future activities to support residents and monitor the ongoing impact of the crisis across the borough as well as seeking additional funding for the Brent Resident Support Fund in response to the increase in demand for financial support being experienced.

In considering the report, Cabinet noted the background to the current cost of living crisis and negative impact this was having in relation to local residents standards of living across the borough, with Brent still having one of the highest claimant unemployment rates nationally. Members commended the mechanisms already established by the Council to support those residents struggling financially as a result of the crisis, as detailed within section 3.4 of the report, which had included making funding available through the Resident Support Fund, delivery of a number of Financial and Digital Inclusion projects, employment skills support and use of the Brent Hubs utilising not only funding provided through the Government but also direct financial support by the Council. Whilst supporting residents in hardship the initiatives and interventions outlined had also been designed to complement key elements of key council strategies and plans including the Poverty Commission, Health and Wellbeing Strategy (linked to tackling health inequalities), Black Community Action Plan, Borough Plan and Climate and Ecological Emergency Strategy.

Whilst recognising the additional package of cost of living support announced by the Government in May 2022 members highlighted the extent of the crisis and ongoing hardship faced by residents across the borough. Given the ongoing pressures identified in relation to household income, expenditure and utility bills and resulting increase in projected demand for financial support, support was expressed for the proposed allocation of additional funding to the Council's Resident Support Fund (with members also having noted the breakdown of applications and grant funding awarded to date across all areas of the borough by ward).

Alongside the package of support already identified, members recognised the need to ensure a whole systems and outcome based approach towards addressing the cost of living crisis across the council and partner organisations, which had resulted in the proposals detailed within section 6 of the report to undertake an Outcome Based Review. The aim of the approach identified would to shift focus from individual services on to a model that was designed (based on a wide range of engagement and learning) to create a more cohesive system and overarching framework for support across Brent.

In light of the increasing levels of hardship and need identified, Cabinet **RESOLVED:**

(1) To note the proposed approach to implementing the Cost of Living Outcome Based Review (OBR) as outlined in section 5 of the report and the emerging Framework as outlined in section 6 of the report.

(2) To approve the allocation of an addition £3 million of Council funds for this financial year (2022/23) to the Resident Support Fund for the reasons outlined in section 4 of the report, and agree to discussions to allocate additional funds in future financial years (2023/24, 2024/25).

(3) To delegate authority to the Strategic Director of Customer and Digital Services in consultation with the Cabinet Member for Jobs, Economy and Citizen Experience to amend the eligibility criteria for the Brent Resident Support Fund throughout the lifetime of the scheme as required.

14. National Non-Domestic Rates - Policy Review and Applications for Discretionary Rate Relief

Councillor Southwood (Cabinet member for Jobs, Economy and Citizen Experience) introduced a report seeking approval to a proposed revision of the policy relating to the award of discretionary rate relief in respect of National Non-Domestic Rate (NNDR) liability along with a policy statement and application relating to hardship relief for charities and non-profitmaking bodies regarding NNDR liability.

In considering the report Cabinet endorsed the review of existing policy regarding discretionary relief for NNDR liability along with development of the accompanying policy statement setting out the approach towards the provision of hardship relief along with details of the application(s) for relief received since the last report in June 2021.

Having considered the report Cabinet **RESOLVED:**

(1) To approve the revised discretionary rate relief policy in respect of national non-domestic rate liability as set out in Appendix 1 of the report.

(2) To approve the application for discretionary rate relief in respect of national non-domestic rate liability as set out and detailed in Appendix 2 to the report.

(3) To approve the Council's policy relating to hardship relief in respect of national non-domestic rate liability as set out in paragraph 3.6 of the report and in compliance with section 49 of the Local Government Finance Act 1988.

(4) To delegate authority to make decisions in respect of future applications for discretionary rate relief in relation to non-domestic rate liability in accordance with the revised Discretionary Rate Relief Policy and criteria to the Head of Revenue and Debt in consultation with the Director of Finance and Cabinet Member for Jobs, Economy & Citizen Experience.

(5) To delegate authority to the Strategic Director of Customer and Digital Services in consultation with the Director of Finance and Cabinet Member for Jobs, Economy & Citizen Experience to make decisions relating to applications for hardship relief in respect of national non-domestic rates for awards up to £100,000 per annum

(6) To authorise the submission of a report to Cabinet on an annual basis after the end of each financial year providing details of the awards of discretionary rate relief and the details of the awards of hardship relief in respect of national non-domestic rates for awards up to £100,000 per annum that have been granted.

15. **Uncollectable Debt Write-Off**

Councillor Southwood (Cabinet member for Jobs, Economy and Citizen Experience) introduced a report which, in accordance with Financial Regulations, detailed those debts above £20,000 which had been written-off as unrecoverable by the Director of Finance.

In considering the report Cabinet noted the recovery action taken prior to any debt being considered for write-off which also complied with the Council's Ethical Debt Recovery Policy and Write Off procedure.

In noting the debt identified had related to Adult Social Care client contributions, Housing Benefits and Business Rates, Cabinet **RESOLVED** having noted the exempt information contained within Appendix 2 of the report relating to the individual debt write-offs:

(1) To note the debt-written off as described within the report.

(2) To note a total of write-off of £414,823.82 of debt as set out in Appendix 1 of the report.

16. **Authority to Award Watling Gardens Design and Build Contract**

As Councillor Knight (Cabinet member for Housing, Homelessness and Renters Security) had given her apologies for the meeting, Councillor Muhammed Butt (as Leader of the Council) introduced a report seeking approval to the award of a design and build contract for Watling Gardens, following additional tenure changes which had been made to ensure the viability of the development scheme.

In considering the report Cabinet noted the update provided in relation to delivery of the development scheme, which formed part of the New Council Homes Programme. As a result of an increase in construction costs members were advised there had been a need to review the proposed tenure mix within the development as a means of ensuring the schemes ongoing viability. This had resulted in the proposed conversion of 19 x 1 bedroom homes and 5 x 2 bedroom homes from London Affordable Rent to Shared Ownership. Cabinet noted the options appraisal, detailed within section 3.5 of the report, undertaken as the basis for returning the scheme to viability along with the update provided at the meeting that the proposed change in tenure would also be subject to the necessary approval by the Local Planning Authority.

Having noted:

- the confirmation provided at the meeting that the total number of homes to be converted to Shared Ownership under the proposal was 24;
- the exempt information contained within appendices 1, 2 and 3 of the report in support of the proposed recommendations; and
- waiver of call-in obtained relating to the decision on the grounds of urgency;

Cabinet **RESOLVED** to approve (as amended at the meeting):

(1) The tenure changes of 24 homes (19 x 1 bedroom homes and 5 x 2 bedroom) from London Affordable Rent to Shared Ownership, subject to the approval of the Local Planning Authority.

(2) To approve the award of the design and build contract for Watling Gardens to Hill Partnerships Ltd in the sum of £38,535,634, conditional on the approval of the Local Planning Authority to tenure changes and subject to such additional sums to reflect the tenure changes and Planning consent amendment referred to under (1) above, to a limit of £480,000.00 allowed for in the total scheme costs as detailed within Appendix 1 (classified as containing exempt information) of the report.

17. Senior Management Reorganisation

Councillor Muhammed Butt (Leader of the Council) introduced a report which outlined proposals for a senior management reorganisation across the Council.

Prior to considering the item all members of the Council Management Team withdrew from the meeting given the nature of the proposals being considered and their impact on the senior management structure, with the Chief Executive and Head of Human Resources remaining in order to provide the necessary advice in relation to any comments raised.

In considering the proposals Cabinet noted the context and rationale behind the review, which had been designed to reflect not only the financial pressure in relation to the Council's Medium Term Financial Strategy 2023-27 but also the progress being made in delivery of the Council's wider transformation programme including work on digital services, community engagement and customer service. The proposed changes would result in the deletion of four Strategic Director posts along with the posts of Assistant Chief Executive, Director of Finance and Director of Legal, HR, Audit & Investigations and their replacement by six Corporate Director posts who together with the Chief Executive would form the Council's management Team. This would involve a net reduction of one CMT post, with the proposed structure detailed within Appendix 2 of the report. Members were advised that formal consultation on the proposed structure was due to end on 20 June 2022.

Cabinet recognised and supported the rationale outlined in relation to the proposed new structure and in seeking to link:

- universal customer facing services;
- community engagement in terms of driving regeneration, planning, skills and employment work as part of levelling up and promoting equality;

At the same time, however, it was also noted that the extent of changes identified represented a pragmatic approach reflecting the outcome of the consultation process to date.

Having noted the way in which the proposals had been designed to support the ongoing process of strategic and coordinated change alongside the Council's Medium Term Financial Strategy, Cabinet **RESOLVED** to approve the content of the report and delegate authority to the Chief Executive, in consultation with the Deputy Leader of the Council, to make any further changes required within the structure following the assimilation and job interview processes.

18. Exclusion of Press and Public

There were no items that required the exclusion of the press or public.

19. Any other urgent business

None.

The meeting ended at 10.45 am

COUNCILLOR MUHAMMED BUTT
Chair

Brent	**Cabinet** 18 July 2022
	Report from the Director of Finance

Treasury Management Outturn Report 2021/22

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Three Appendix 1: Debt and Investment Portfolio Appendix 2: Prudential Indicators Appendix 3: Internal Investments – Average Rate vs Credit Risk
Background Papers:	None
Contact Officer:	Amanda Healy Head of Finance Tel: 020 8937 5912 Amanda.healy@brent.gov.uk Sacha Bakhtiar Senior Finance Analyst Tel: 020 8937 4039 Sacha.bakhtiar@brent.gov.uk

1.0 Introduction

1.1 This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2021/22.

2.0 Recommendations

2.1 Cabinet is asked to consider and note the 2021/22 Treasury Management Outturn report and ask that it be forwarded to Full Council for approval, in compliance with CIPFA's Code of Practice on Treasury Management (the Code).

2.2 Note that for 2021/22 the Council has complied with its Prudential Indicators which were approved by Full Council on 22 February 2021 as part of the Council's Treasury Management Strategy Statement and Capital Strategy Statement.

3.0 Background

3.1 The Council's treasury management activity is underpinned by the CIPFA Code, which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.

3.2 The Council has borrowed money over the long term to support investment in the Council's infrastructure and also invests cash balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are central to the Council's treasury management strategy.

3.3 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report.

3.4 The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 22 February 2021.

4.0 Economic Background

4.1 The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

4.2 The Bank of England's base rate was 0.1% at the beginning of the reporting period. April and May 2021 saw the economy gathering momentum as the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

4.3 UK CPI inflation was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% year on year from 4.4%.

4.4 The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

4.5 With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

4.6 Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England have steadily increased rates in 2022, to 0.50% in February,0.75% in March, 1.0% in May and 1.25% in June. Further information on inflation and interest rate expectations and the impact on the Council are set out in the Medium Term Financial Outlook report also on this agenda. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

4.7 In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

4.8 GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record 7.5% year-on-year in March, the ninth successive month of rising inflation. Core CPI inflation was 3.0% y/y in March, was well above the European Central Bank's target of 'below, but close to 2%', putting further pressure on its long-term stance of holding its main interest rate of 0%.

4.9 The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp in increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated it plan to reduce its asset purchase programme which could start by May 2022.

4.10 The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

4.11 Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.

4.12 The 5-year UK benchmark gilt yield began the quarter at 0.82% before rising to 1.41%. Over the same period the 10 year gilt yield rose from 0.97% to 1.61% and the 20-year yield from 1.20% to 1.82%.

4.13 The Sterling Overnight Rate (SONIA) averaged 0.39% over the quarter.

5.0 Revised CIPFA code and PWLB Lending guidance

5.1 In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

5.2 CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

5.3 The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. The Council has chosen to delay introducing the revised reporting requirements until the 2023/24 financial year.

5.4 To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the CFR unless directly and primarily related to the functions of the Council. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

5.5 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local Council's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

5.6 Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

5.7 The Council will follow the same process as the Prudential Code, i.e. delaying changes in reporting requirements to the 2023/24 financial year.

6.0 Local Context

6.1 On 31st March 2022, the Council had total borrowing of £684.6m arising from its revenue and capital income and expenditure. The Council's underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: CFR and Borrowing Summary

Table 1: Balance Sheet Summary

	31.3.22 Actual £m
General Fund CFR	730.2
HRA CFR	269.4
Total CFR	**999.6**
*Other debt liabilities	25.6
Borrowing CFR	**1,025.2**
External borrowing	684.6
Internal (over) borrowing	
Less: Usable reserves	(384.0)
Less: Working capital	(202.0)
Investments (or new borrowing)	**98.6**

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

6.2 Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

6.3 The treasury management position at 31st March 2022 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.21 Balance £m	Movement £m	31.3.22 Balance £m	31.3.22 Rate %
Long-term borrowing	537.6	27.6	565.2	3.80%
Short-term borrowing	125.5	(6.1)	119.4	0.38%
Total borrowing	**663.1**	**21.5**	**684.6**	
Cash and cash equivalents:* Money Market Funds	82.7	15.9	98.6	**0.06%**
Local Authority	20.0	(20.0)	-	
Total investments	**102.7**	**(4.1)**	**98.6**	
Net borrowing	**560.4**	**25.6**	**586.0**	

* This relates to our short term Treasury investments (Money Market Funds and DMA deposits). Cash balances held are not deemed an investment so are not included in the above total.

6.4 Cash and cash equivalent investments represent deposits which are readily convertible into cash at immediate notice. Included within this total are Money Market Funds (MMF's) which are mutual funds which invest in high-quality short-term debt. Also included is the Debt Management Agency Deposit Facility (DMADF), which provides fixed deposits and is managed by the Debt Management Agency, which is a part of HM Treasury.

6.5 Borrowing has increased slightly in the past year, in order to meet the requirements of our long term Capital investment programme.

6.6 The Council is not planning to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.

7.0 **Borrowing Strategy**

7.1 At 31st March 2022 the Council held £684.6m of loans, (an increase of £21.5m in year), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below

Table 3: Borrowing Position

	31.3.21 Balance £m	**Net Movement £m**	**31.3.22 Balance £m**	**31.3.22 Weighted Average Rate %**	**31.3.22 Weighted Average Maturity (years)**
Public Works Loan Board	376.7	30.4	407.1	3.99%	26.7
LOBO loans	70.5	-	70.5	3.34%	42.5
Fixed Rate Loans (LT)	95.0	-	95.0	3.34%	23.7
Local Authority Loans (LT)	5.0	(5.0)	-		
Local Authority Loans (ST)	115.9	(3.9)	112.0	0.38%	0.36
Total External Borrowing	**663.1**	**21.5**	**684.6**		

7.2 The Council has continued to borrow where necessary over the past year to meet the funding requirements of the agreed capital programmes.

7.3 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short-term and long-term borrowing was maintained.

7.4 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark, which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of borrowing based on realistic projections, it was decided to take a combination of both short-term borrowing and long-term repayment loans (with a mixture of both EIP and Maturity loan structures). The Council has borrowed through a combination of long-term fixed rate loans. Details around the new loans taken out in the current financial year are provided below. These loans provide some longer-term certainty and stability to the debt portfolio.

Loan-dated Loans borrowed	Amount (£m)	Rate (%)	Period to maturity (years)
PWLB EIP Loan	30	1.72	14.62
PWLB Maturity Loan	5	2.06	19.94
PWLB Maturity Loan	5	1.98	19.94

7.5 PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

7.6 The Council continues to hold £70.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

Other Debt Activity

7.7 During the year, the Council entered into a 999-year lease for property at 330 Ealing Road, Alperton, which is to be developed into affordable housing. The Council will make 47 annual payments for the property, starting at £1.1m in 2026 and rising each year by CPI+1%.

7.8 Since the housing will be let to tenants using the Council's powers under the Housing Act 1985, the lease will be accounted for within the Housing Revenue Account.

7.9 When construction of the housing is complete, expected to be in March 2025, the housing will be shown on the balance sheet as an asset at an estimated value of £46.5m, with the liability increased by an identical amount.

8.0 Investment Activity

8.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

8.2 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves. During the year, the Council's investment balances ranged between £38.6m and £150.2m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.21	Net	31.3.22	31.3.22	31.3.22
	Balance	**Movement**	**Balance**	**Income Return**	**Weighted Average Maturity**
	£m	**£m**	**£m**	**%**	**days**
Local authority deposit	20.0	(20.0)	-		
Money Market Funds	82.7	15.9	98.6	0.14	131
Total investments	**102.7**	**(4.1)**	**98.6**		**131**

8.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

8.4 Ultra low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on sterling low volatility net asset value (LVNAV) Money Market Funds being close to zero even after some managers have temporarily waived or lowered their fees. However, higher returns on cash instruments followed the increases in Bank Rate in December, February and March. At 31st March, the 1-day return on the Council's MMFs ranged between 0.38% - 0.47% per annum.

8.5 Given the low interest rate environment and the Council's borrowing need, there was a focus on holding short term investments, providing the Council with improved liquidity. There was also a focus on holding funds with high credit ratings, providing increased security over the Council's investment portfolio.

8.6 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	**Credit Rating**	**Bail-in Exposure**	**Weighted Average Maturity (days)**	**Rate of Return %**
31.03.2021	4.92	A+	81%	2	0.03%
31.03.2022	5.06	A+	100%	1	0.52%
Similar LAs	4.38	AA-	62%	40	1.25%
All LAs	4.39	AA-	60%	14	2.10%

*Weighted average maturity

8.7 In light of Russia's invasion, Arlingclose contacted the fund managers of our MMF funds and confirmed no direct exposure to Russian or Belarusian assets had been identified. Indirect exposures were immaterial. It should be noted that that any assets held by banks and financial institutions (e.g. from loans to companies with links to those countries) within MMFs and other pooled funds cannot be identified easily or with any certainty as that level of granular detail is unlikely to be available to the fund managers or Arlingclose in the short-term, if at all.

Non-Treasury Investments

8.8 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return). The non-Treasury investments are held to further service objectives and are therefore categorised as for service purposes. The non-Treasury investments are classified under shareholdings to subsidiaries and loans to subsidiaries, detailed in 8.10 below. The Council does not hold any non-treasury investments for commercial purposes.

8.9 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.

8.10 The Council also held £213.5m of such investments in:

- Shareholding in subsidiaries £79.7m.

- Loans to subsidiaries £133.8m.

8.11 I4B Holdings Limited is a company wholly owned by Brent Council that was incorporated on 16 December 2016. The primary purpose of the company is to deliver the housing options defined in the Temporary Accommodation reform plan. As of 31st March 2022, the Council had provided funding of £178.4m to i4B (2020/21: £158.3m) comprised of a number of soft loans and equity. The Council received £4.0m (2020/21: £3.7m) in interest and fees for loans to I4B. The loans are secured against the company's 523 properties.

8.12 First Wave Housing (FWH) is a registered provider of housing in Brent and is wholly owned by Brent Council. FWH was setup to manage properties previously owned by Brent Housing Partnership (BHP). The Council received £1.1m (2020/21: £1.1m) in interest for loans to FWH. As of 31 March 2022, there were outstanding loans to Brent Council totalling £35.1m (2020/21: £36.0m) which are secured against the company's 329 properties.

8.13 These investments generated £5.1m (2020/21 £4.8m) of investment income for the Council in 2021/22. This investment income covers the borrowing cost of investing in housing through wholly owned subsidiaries. These borrowing costs would be incurred by the Council regardless of the method through which the Council develops new housing, however this is the vehicle of choice for such investments.

9.0 Compliance

9.1 The Director of Finance reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

9.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated within Appendix 2 (Debt Limits).

10.0 Investment Training

10.1 The needs of the Council's treasury management staff for training in investment management are kept under review. These are considered as part of the staff appraisal process and additionally, when the responsibilities of individual members of staff change.

11.0 Financial Implications

11.1 Already noted within the report as this is the Treasury Management Outturn Report.

12.0 Legal Implications

12.1 None identified.

13.0 Diversity Implications

2021/22

13.1 None identified.

Related Document:

Treasury Management Strategy Report to Council – 22 February 2021

<u>Report sign off:</u> ***Minesh Patel*** Director of Finance

Appendix 1

Debt and Portfolio Investment Position 31/03/2022

	Actual Portfolio £m 31/03/2022	Average Rate as at 31/03/2022 %
External Borrowing:		
PWLB - Maturity	288.9	5.3
PWLB - Equal Instalments	118.2	2.2
Fixed Rate Market Loans	95.0	4.3
LOBO Loans	70.5	4.5
Short-term Loans	112.0	3.3
Total External Borrowing	**684.6**	**3.2**
Other Long Term Liabilities:		
PFI	22.1	9.5
Other	3.5	4.1
Total Long Term Liabilities	**25.6**	**9.2**
Total Gross External Debt	**710.2**	**3.5**
Investments:		
Money Market Funds	98.6	0.1
Total Investments	**98.6**	**0.1**
Net Debt	**611.6**	

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Appendix 2

Prudential Indicators

(a) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2021/22 is shown in the table below.

Capital Financing Requirement	**31/03/2022 Estimate £m**	**31/03/2022 Actual £m**
General Fund	764.3	730.2
HRA	291.7	269.4
Total CFR	**1,056.0**	**999.6**

(b) Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term, debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	**31/03/2022 Estimate £m**	**31/03/2022 Actual £m**
Borrowing	456.5	684.6
PFI Liabilities	23.8	22.1
Other	3.5	3.5
Total Debt	**483.8**	**710.2**
Capital Financing Requirement	**1,056.0**	**999.6**
Borrowing in excess of CFR?	**No**	**No**

(c) Authorised limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council's estimate of most likely i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring.

Other long-term liabilities comprise finance leases, Private Finance Initiative contracts and other liabilities that are not borrowing but form part of the Council's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

	Operational Boundary £m	Authorised Limit £m	Actual External Debt £m 31/03/2022
Borrowing	1,100.0	1,300.0	684.6
Other Long Term Liabilities			25.6
Total	**1,100.0**	**1,300.0**	**710.2**

The Director of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2021/22.

(d) Upper Limits on one-year revenue impact of a 1% movement in interest rates

This indicators is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

	2021/22 Approved Limits £m	31/03/2022 Actual £m
Upper limit on one-year revenue impact of a 1% rise in interest rates	**5.0**	**0.1**
Compliance with limits:		Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	**5.0**	**0.1**
Compliance with limits:		Yes

(e) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replace at times of uncertainty over interest rates. The Council uses the option date as the maturity date for it's LOBO loans.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing at 31/3/2022	% of Fixed Rate Borrowing at 31/3/2022	Compliance with set limits?
	%	**%**	**£m**	**%**	**Yes / No**
Under 12 months	40%	0%	119	17%	Yes
12 months and within 24 months	40%	0%	7	1%	Yes
24 months and within 5 years	40%	0%	21	3%	Yes
5 years and within 10 years	60%	0%	35	5%	Yes
10 years and within 20 years	75%	0%	117	17%	Yes
20 years and within 30 years	75%	0%	102	15%	Yes
30 years and within 40 years	75%	0%	224	33%	Yes
40 years and within 50 years	75%	0%	61	9%	Yes
50 years and above	75%	0%	0	0%	Yes
			684.6	**100%**	

(f) Capital Expenditure

The indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council tax and in the case of the HRA, housing rent levels.

Capital Financing Requirement	**31/03/2022 Estimate £m**	**31/03/2022 Actual £m**
General Fund	764.3	730.2
HRA	291.7	269.4
Total CFR	**1,056.0**	**999.6**

(g) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	**31/03/2022 Estimate**	**31/03/2022 Actual**
Financing costs	33.3	23.9
Proportion of net revenue stream (%)	11.0%	7.8%

(h) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council adopted the principals of best practice.

Statement: The Council adopted the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2011 (2017 Edition).

(i) Upper Limit for Total Principal Sums invested over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for Total Principal Sums Invested Over 364 Days	31/3/2022 Approved £m	31/3/2022 Actual £m
Limit on principal invested beyond a year	50	0

(j) Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	31/3/2022 Target	31/3/2022 Actual
Portfolio average credit rating	A	A+

(k) Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator	31/3/2022 Target £m	31/3/2022 Actual £m
Total cash available within 3 months	20	98.6

(l) Investment Limits

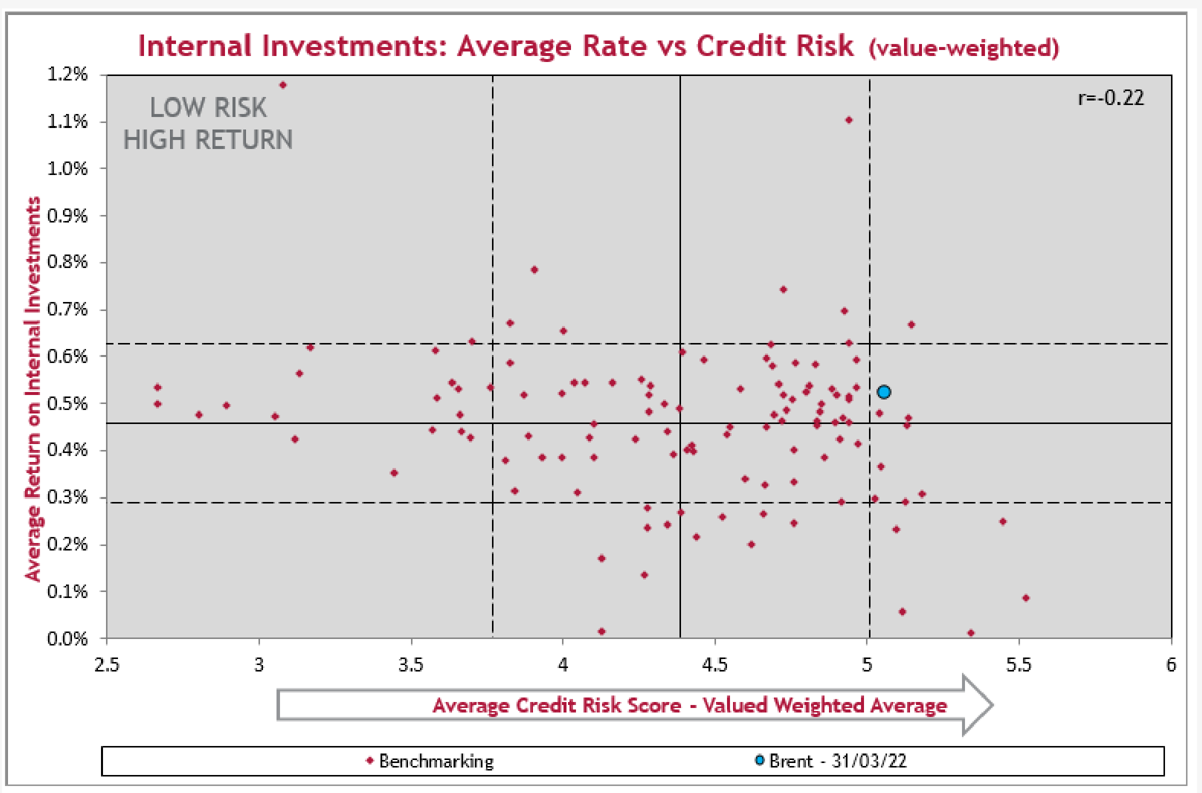
	2021/22 Maximum £m	31.3.22 Actual £m	2021/22 Time Limit	Complied?
Any single organisation, except the UK Government	20	£20m	n/a	Yes
UK Government	Unlimited	-	50 years	Yes
Local Authorities & Other Government Entities	Any	-	25 years	Yes
Banks (unsecured)	£20m	-	13 months	Yes
Building societies (unsecured)	£20m	-	13 months	Yes
Registered providers and registered social landlords	£20m	-	5 years	Yes
Secured investments	£20m	-	5 years	Yes
Money market funds	Lower of 5% of total net assets of the fund or £20m	£20m or 5% of total net assets of the fund where appropriate	n/a	Yes
Strategic pooled funds	£20m	-	n/a	Yes
Real estate investment trusts	£20m	-	n/a	Yes
Other investments	£50m	-	n/a	Yes

(m) Debt Limits

	2021/22 Maximum (£m)	31.3.22 Actual (£m)	2021/22 Operational Boundary (£m)	2021/22 Authorised Limit (£m)	Complied?
Total debt	1,100	710.2	1,100	1,300	Yes

Appendix 3

Internal Investments: Average Rate vs Credit Risk as at 31/03/2022



The Council measures the financial performance of its treasury management activities against similar Council's through benchmarking provided by Arlingclose. The average credit ratings of our investment counterparties are higher than the average for other local authorities for those obtaining similar yields

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Brent	**Cabinet** 18 July 2022
	Report from the Director of Finance

Financial Outturn Report 2021/22

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
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1. Purpose of the Report

1.1 This report sets out the outturn for income and expenditure versus the revenue budget and capital programme for 2021/22 and other key financial data. The Council's General Fund outturned at break even with a £4.6m overspend on the Dedicated Schools Grant (DSG) activity. The Housing Revenue Account (HRA) overspent by £0.6m. In 2021/22 the Council's capital programme spent £165m which equates to 75% of the approved budget.

1.2 Whilst the General Fund as a whole broke even, there was a service overspend which resulted mainly from a rise in unaccompanied asylum seeking children (UASC), who are looked after by the Children's and Young People's department. Other General Fund services finished the year with modest underspends. The budgeted use of corporate contingencies has brought the General Fund back to an overall breakeven position.

1.3 The DSG overspend relates to increased levels of demand in Special Educational Needs and Disability (SEND) services.

1.4 **Revenue Outturn**

The table below analyses the various under and overspends at the end of the 2021/22 financial year across the service areas of the Council

Table 1 – Revenue Outturn 2021/22

Area	**Revised Budget (£m)**	**Outturn (£m)**	**Over/(Under) Spend (£M)**
Children and Young People	60.5	62.3	1.8
Community Wellbeing	133.4	133.3	(0.1)
Regeneration and Environment	50.8	50.7	(0.1)
Customer and Digital Services	28.3	28.3	(0.0)
Chief Executive's Departments	32.0	31.8	(0.2)
Service Expenditure	305.0	306.4	1.4
Central Items/Budgeted Contingency	(305.0)	(306.4)	(1.4)
General Fund (GF) Budgets / Outturn	**(0.0)**	**(0.0)**	**(0.0)**
DSG Funded Activity	0.0	4.6	4.6
Housing Revenue Account (HRA)	0.0	0.6	0.6
Total (GF, HRA, DSG)	**(0.0)**	**5.2**	**5.2**

1.5 **Capital Outturn**

The Council has an ambitious five-year capital investment programme totalling £710m which is financed from a combination of capital receipts, grants, contributions, reserves and external borrowing. For 2021/22 the Council spent £165m which equates to 75% of the approved capital programme budget and was under spent compared to budget by £56.9m or 25% as shown in Table 2 below. This is slippage which will be reprofiled into 2022/23.

Table 2 - Capital Expenditure

Programme	**Revised Budget (£m)**	**Outturn (£m)**	**Over/(Under) Spend (£m)**
Corporate Landlord	19.0	10.0	(9.0)
Regeneration	11.7	8.4	(3.3)
St. Raphael's Estate Regeneration	2.6	1.2	(1.4)
Housing Care Investment	135.0	109.7	(25.3)
Schools	10.8	7.2	(3.6)
South Kilburn	17.9	14.0	(3.9)
Public Realm	25.3	14.8	(10.4)
Grand Total	**222.3**	**165.4**	**(56.9)**

2. Recommendations

2.1 To note the overall financial position for 2021/22.

3. Detail

3.1. Chief Executive Departments (CE)

3.1.1. Summary

The Chief Executive Departments had a net underspend of £0.2m due to higher income on digital marketing, advertising and filming and other smaller underspends across the service areas.

Table 3 – Chief Executive Department Outturn 2021/22

CE Department	Revised Budget (£m)	Outturn (£m)	Over/(Under) Spend (£m)
Legal, HR and Audit	10.0	9.9	(0.1)
Finance	11.7	11.7	0.0
Assistant Chief Executive	10.3	10.2	(0.1)
Total	**32.0**	**31.8**	**(0.2)**

The department had £0.3m of planned savings that were delivered during 2021/22
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3.1.2. Recovery Initiatives

In 2021/22 the department was allocated £0.6m of recovery initiatives funding, which comprised of £0.1m spent for revenue projects to support communities and the environmental recovery from the COVID-19 pandemic.

3.2. Children and Young People (CYP)(GF)

3.2.1. Summary

The CYP General Fund at the end of 2021/22 has overspent by £1.8m, which is £0.3m more that the position reported at Quarter 3 of £1.5m. The increase is mainly due to the impact of the increased caseloads against the demand-led service budgets in Localities and Looked after Children & Permanency (LAC&P).

Table 4 – Children and Young People Outturn 2021/22

CYP Department	Revised Budget (£m)	Outturn (£m)	Over/(Under) Spend (£m)
Central Management	6.1	6.1	0.0
Early Help	5.0	4.8	(0.2)
Inclusion	2.2	2.2	0.0
Localities	18.6	19.0	0.4
Looked After Children and Permanency	6.5	6.7	0.2
Forward Planning, Performance & Partnerships	20.0	21.6	1.6
Safeguarding and Quality Assurance	1.9	1.9	0.0
Setting and School Effectiveness	0.2	(0.0)	(0.2)
Total	**60.5**	**62.3**	**1.8**

Detailed Narrative

The volatility of placement costs for Looked after Children (LAC) within the Forward Planning, Performance and Partnerships (FPPP) service has led to an overspend of £1.6m which is £0.1m more than the position reported in Qtr. 3. There has been a 20% increase in the number of LAC, with numbers rising from 285 at the start of the year to 342 at the end of the financial year 2021/22. This is mainly because of the increase in the number of Unaccompanied Asylum Seeking Children (UASC) presenting to the borough, which led to the increase in the number of under 18s supported by the budgets. The FPPP budget is supported by income from UASC Home Office grant funding, which is based on the number of agreed days; however, the funding is insufficient to cover the cost of the placements and other associated social work staffing costs. The service also received some health contributions for eligible placements. This income fluctuates year on year, but the service seeks to recover the maximum contribution each year. The pressures in this area have been incurred against:

- **Residential Care (**including secure accommodation**)**: This area overspent by £1m against budget with the most expensive placement costing £12,400 per week due to complexity of need. However, the service has been successful in stepping down the number of LAC placements in expensive residential placements from 27 at the beginning of the financial year to 23 at the end of the financial year. Residential placements cost a weekly average rate of £4,400, compared to semi-independent placements with an average weekly rate of £793 and independent foster placements with an average cost of £895 per week.
- **Independent Foster Carers:** There was a pressure of £0.4m against this budget due to an increase in the number of placements, from 93 in April 2021 to 127 by March 2022, a 36.6% increase.
- **Care Leavers,** Semi Independent Placements: There was a pressure against this budget of £1.5m mainly due to the increase in the number of UASC placed in the borough with numbers increasing from 178 in April 2021 to 239 by March 2022. However, one-off COVID-19 funding of £1.3m was used to mitigate this pressure, which was due to a delay in the Home Office processing immigration claims for care leavers, which meant that they remained in semi-independent provision for longer. Some young people were accommodated for longer than anticipated, for reasons such as young people not yet being ready for independence or whilst they awaited suitable tenancies.

3.2.2. The Localities service overspent by £0.4m within the Children with Disabilities area (CWD). £0.2m is because of increased demand against the Care at Home budget with numbers rising from 100 CYP supported in 2020/21 to 160 in 2021/22, a 60% rise. Although funds had been provided for the Care at Home budgets in 2021/22 to cover anticipated demographic growth, a cost pressure still arose. The CWD teams also overspent against the staffing budget by £0.2m due to an increase in the use of temporary agency social work staff to deal with the rising demand. A major factor of the pressure in this area is the increasing number of Education, Health, and Care Plans (EHCPs) which is also affecting the High Needs Block of the Dedicated Schools Grant (DSG). This has affected the CWD teams resulting in increased demand for children's social care and occupational therapy services. Caseloads in the CWD teams increased by 13.5% in the past year. One-off COVID-19 funding also supported this area in 2021/22.

3.2.3. The LAC & Permanency service overspent by £0.2m mainly due to increased demand as the number of care leavers have increased from 723 to 823, a 13.8% increase. The service has been impacted by the increase in UASC numbers and incurred additional costs for specialist age assessment social workers, legal costs, additional personal advisors to manage cases, and increased subsistence costs. The combined new burden of these costs was £0.7m, of which £0.5m was mitigated from one-off COVID-19 funding, the re-purposed Syrian Refugee Settlement funding and other existing budgets within the department.

3.2.4. The pressures in the service have been mitigated by underspends in the Setting and School Effectiveness service and the Early Help service where there were some in-year vacancies within the Family Wellbeing Centre teams. The service is supported by the Supporting Families grant, which is based on a payment by result system and successfully achieved 100% of the claims target of support 560 families.

3.2.5. The department had a savings target of £0.6m in 2021/22 and £0.2m of the savings target slipped due to the impact of the COVID-19 pandemic. These slippages have been managed within the wider CYP budget for 2021/22 with one-off COVID-19 funding provided. For 2022/23, it is assumed that these savings will continue to be managed within the department. The slippages are:

- **£0.1m CYP003 -** Adjusting resources in demand led budgets (reduction in staffing assuming lower caseloads) in the LAC & Permanency service, but the service has seen caseloads increase due to the pandemic;
- **£0.1m CYP002** - The Short Breaks Centre (SBC) and the Gordon Brown Centre (GBC) CYP005 each have a savings target of £50k based on selling spare capacity at the SBC to neighbouring authorities at market rate and increased trading at the GBC.

3.2.6. **Recovery Initiatives**

In 20221/22, the department spent £0.2m of the 2 year allocated funds of £1.7m. £1.5m will be spent in 2022/23 now that the development of the projects for the Education Recovery and Mental Health in schools had been finalised in 2021/22. Commissioning will commence in 2022/23 that accounts for £1m of the funding. The costs incurred in 2021/22 are as follows:

- Team of specialist social workers, skilled in adolescent safeguarding interventions to deliver statutory work alongside current preventative services, cost £97k (KSP-CYP-001);
- West London Fostering Collaboration project cross-borough co-ordination through 2 consultants at a cost of £20k (KSP-CYP-002);
- The Gordon Brown Centre project expanded use £24k (KSP-CYP-003);
- Consultancy costs for the development of a post-16 skills resource for young people with SEND at a cost of £36k and feasibility studies (KSP-CYP-004).

3.3. **Community Well-Being (CWB) (General Fund)**

3.3.1. **Summary**

The Community Wellbeing department has underspent by £0.1m. This is a net result of a number of budgetary pressures being more than offset by additional funding allocations, predominately COVID-19 related. In Quarter 3, the department had projected a break even position, which has since moved to a £0.1m underspend in Housing as a result of accelerating internal recruitment to replace agency staff. In 2021/22, the department has achieved £4m worth of savings as planned.

Table 5 – Community Well-Being Outturn 2021/22

CWB Department	Revised Budget (£m)	Outturn (£m)	Over/(Under) Spend (£m)
Housing	4.0	3.9	(0.1)
Public Health	22.8	22.8	0.0
Culture	4.9	4.9	0.0
Adult Social Care	101.7	101.7	0.0
Total	**133.4**	**133.3**	**(0.1)**

3.3.2. **Detailed Narrative**

Housing

The Housing service has a net underspend of £0.1m, which is largely a result of a reduced spend on agency fees as internal recruitment is taking place within the Housing Partnership Team. In 2021/22 Housing have also had an additional £1.5m top-up of the Homelessness Prevention grant. This was spent on a combination of working with Private Rented Sector (PRS) tenants and their landlords to clear rent arrears and to prevent homelessness, making incentive payments to PRS landlords to secure accommodation to prevent and relieve homelessness, as well as making payments to Temporary Accommodation providers to meet statutory homelessness duties.

3.3.3. The service has achieved a £1.5m saving associated with reducing a demand for Temporary Accommodation due to an increased supply within the Housing Partnerships Service.

Public Health

3.3.4. In 2021/22, the Council has received additional funding to help with containing the effects of the COVID-19 pandemic that has contributed to an underspend within the main Public Health grant - £1.1m has been transferred to earmarked reserves for future use. Throughout 2021/22 the Council maintained a service that was accessible in terms of opening hours and locations for asymptomatic testing, including surge testing in response to the detection of variants in the Borough and the provision of testing in support of events at Wembley Stadium and Wembley Arena. Testing plans were signed off by DHSC and as a result the Council was fully funded to deliver these.

Culture

3.3.5. The Culture service outturned at break even for 2021/22. The Council received a £0.6m allocation from the National Leisure Recovery Fund that has been directed to support the leisure providers. Budgetary pressures associated with reductions in income due to slower than anticipated recovery of facilities use and increase in expenditure to provide a COVID-19 secure library offer were met from the public health funds.

Adult Social Care

3.3.6. The Adult Social Care service also achieved an overall break even position. The implementation of a new Homecare contract has increased the hourly rate from £16 to £19 per hour; however, total costs fell as clients chose to stay with their original providers and move over to Direct Payment packages. Through a commitment to commission services for more independent placements rather than using Residential and Nursing services, there has been a notable rise in Supported Living. The price of nursing care remained stable by keeping in line with West London Alliance price bands. Day Care packages have continued to follow a downward trend as day centres closed during the pandemic and people chose not to use their alternative services, such as outreach, community and online services. Numbers have still not recovered to pre-pandemic levels, although day centres are open again, but still offering alternative provision for those who do not wish to attend the day centre in person. The additional funding from the Department of Health and Social Care has supported the providers and service delivery for vulnerable adult residents, as well as aided workforce retention. In 2021/22, the Council has received an additional £6.5m in COVID-19 grants to support the care providers. CCG has covered £2.7m worth of costs, since as a result of CCG commissioning, the cost of all Residential and Nursing placements are typically more expensive than usual for the Council.

3.3.7. The service has achieved a total of £1.5m savings, which are attributable to better re-ablement, improved commissioning and restructuring of provision into a new, lower cost model. A £1m saving has also been realised on the Freedom Passes budget as a result of a reduced usage due to the pandemic.

3.3.8. 2022/23 will be a challenging year as the Council will no longer have access to one-off government grants to support COVID-19 recovery that were previously available. This will have an impact on both the local authority and its providers which benefitted from the use of these funds to reduce the impact of COVID-19 and to mitigate the workforce pressures faced by the sector. The CCG funding has been extended locally for one quarter in 2022/23, but thereafter the Council will be left to absorb the inherited higher costs, as it is difficult to renegotiate the cost of agreed placements.

3.3.9. **Recovery Initiatives**

In 2021/22, the department was allocated £0.5m to fund the recovery initiative projects that focus on reducing health inequalities. The six projects that were planned for 2021/22 have experienced delays either due to the Omicron wave of COVID-19, difficulties in recruitment or changes to the national schemes. They therefore have been redesigned, re-oriented or postponed. The majority recommenced in 2021/22 and will continue to be delivered in 2022/23. The allocated budget has been moved to reserves to be utilised in 2022/23.

Universal healthy start

3.3.10. The initiative was planned to extend the means tested national scheme which provides vitamins to pregnant women and young children with a local universal offer to improve uptake and address stigma. However, the national scheme was extensively redesigned in 2021/22 and the local project was paused to allow it to be implemented within the new national system.

Physical activity programme

3.3.11. The public health team were unable to recruit a suitable candidate. The project was therefore re-orientated: rather than being delivered by an in-house member of staff, two third sector organisations have been commissioned to provide targeted physical activity interventions to address health inequalities. The failed recruitment and pivoting from an in-house to a commissioned model resulted in delays to the programme, but it is now fully operational.

Addressing tooth decay in children

3.3.12. The outreach provision of oral health promotion and fluoride varnishing was successfully piloted. However full implementation was hampered by the Omicron wave of COVID-19. The project has now recommenced.

Provision of Community Perinatal Nurse and Mental Health Support for families in emergency accommodation

3.3.13. These two projects are being delivered by specialist health visitors in CLCH, the providers of the public health 0-19 service. Difficulties in health visitor recruitment delayed the start of this work.

Tackling Childhood Obesity

3.3.14. Family Wellbeing Centre and NHS 0-19 staff have been trained to deliver the evidence based HENRY programme. The training was delayed by the NHS response to Omicron. However, the programme has now commenced.

3.4. Customer & Digital Services (CDS)

3.4.1. Summary

The Customer Digital Services department final outturn for 2021/22 is break even. The department delivered a number of COVID-19 projects funded from specific COVID-19 grants received in year that included Local Test and Trace Service, the processing of grants such as Restart grant, Additional Restrictions Grant for businesses affected by COVID-19, Self-Isolation Payments and the local COVID-19 test booking line and COVID-19 Support line.

Table 6 – Customer & Digital Services Outturn 2021/22

CDS Department	Revised Budget (£m)	Outturn (£m)	Over/(Under) Spend (£m)
Customer And Digital Services Directorate	0.8	0.4	(0.4)
Customer Services	15.7	16.0	0.3
Digital Services	0.0	0.0	0.0
ICT Client And Applications Support	6.3	6.5	0.2
Procurement	1.3	1.4	0.1
Transformation	4.2	4.0	(0.2)
Total	**28.3**	**28.3**	**(0.0)**

3.4.2. Detailed Narrative

The Customer & Digital Services Directorate budget underspent by £0.4m due to underspends across several budget lines.

3.4.3. Customer Services overspend of £0.3m comprises of £0.2m on Digital Post and total of £0.1m on various budgets across the service area.

3.4.4. ICT Client and Applications Support overspend of £0.2m due to additional spend on staffing and licensing costs.

3.4.5. Procurement overspend of £0.1m is due to additional spend on staffing costs.

3.4.6. Transformation underspend of £0.2m is due to a number of projects planned for 2021/22 that have been deferred or extended owing to organisational capacity having been diverted to support the pandemic response in 2021/22.

3.4.7. The department had £0.6m of planned savings that were delivered during 2021/22.

Recovery Initiatives

The department has been allocated £1.7m to fund the recovery initiative projects that focus on supporting communities and local businesses, of which £0.9m was spent in 2021/22 and the remaining is budgeted to be spent in 2022/23 and in 2023/24.

3.5. Regeneration & Environment (R&E)

3.5.1. Summary

The outturn position for Regeneration & Environment department in 2021/22 is an underspend of £0.1m. This position consists of a £0.2m overspend in Property and a £0.1m overspend in Regeneration, which is mitigated by an £0.4m underspend in Environmental Services.

Table 7 – Regeneration & Environment Outturn 2021/22

R&E Department	Revised Budget (£m)	Outturn (£m)	Over/(Under) Spend (£m)
Environmental Services	38.4	38.0	(0.4)
Regeneration Services	4.6	4.7	0.1
Property Services	6.9	7.1	0.2
R&E Directorate	0.8	0.8	0.0
Total	**50.8**	**50.7**	**(0.1)**

3.5.2. Detailed Narrative

Within Environmental Services there is an underspend of £0.4m, which is primarily due to reduced costs within Brent Transport Services. The Adult Transport Service had a reduction in the number of Adults routes in operation due to the impact of COVID-19 and the resulting lockdown. This underspend was offset slightly by overspends within Parking, predominantly from a reduction in income from moving traffic offenses, and Highways where there was reduced Transport for London (TfL) Local Implementation Plan (LIP) funding due to significant financial pressures being experienced by TfL.

3.5.3. Regeneration report an overspend of £0.1m, predominantly within Building Control. The service has seen a reduction in income from major projects due to less new construction commencing, partly due to the wider effects of the COVID-19 pandemic.

3.5.4. Property & Assets overspent by £0.2m, largely from the Commercial Property service, due to resolving issues with historic water bills in year and the required use of agency staff.

Recovery Initiatives

3.5.5. Regeneration & Environment was allocated £4.5m revenue funding for recovery initiatives, of which £847k was spent in 2021/22 and the remaining £3.4m is budgeted to be spent in 2022/23 and a further £26k in 2023/24.

3.5.6. In addition, R&E and Customer & Digital Services are working jointly on projects with total revenue budget of £2.3m, of which £0.7m was spent in 2021/22 and the remainder of £1.6m is budgeted to be spent in 2022/23.

3.6. Central items - Collection Fund and other central items

3.6.1. The budgeted net collectible amount for Council Tax (after exemptions, discounts and Council Tax support) was £171.5m in 2021/22. The actual net collectible amount as at 31 March 2022 reduced to £173.7m, an increase of £2.2m since April 2021. The increase during the year was due to new properties being completed producing a cumulative Council Tax deficit on the Collection Fund of £1.5m after accounting adjustments for items such as impairment for doubtful debt, and write-offs. The in-year collection was 92.3%, which is 0.3% higher than the amount achieved in the previous year. Collection will continue to be attempted in future years.

3.6.2. The spreading of deficits is intended to bring the Collection Fund back into balance in the next two years. An assessment will be made of the impact on future budget setting when the Medium Term Financial Strategy is updated.

3.6.3. The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) was £136.0m. The actual net collectible amount as at 31 March 2022 reduced to £97.1m, a reduction of £38.9m since April 2021. This reduction is a direct result of additional reliefs granted to businesses, due to COVID-19, where the council will receive a grant to compensate for the loss of income. The reduction to the overall rateable value has left the Collection Fund with an in-year deficit of around £61.2m, of which £22.5m will be funded by the GLA and £20.3m from central government. Brent's share will be funded from a reserve specifically earmarked for this purpose. As at the 31 March 2022, the amount collected was 91.3%, which is higher than the amount collected in the same period last year at 87.3%, as payment deferrals to support businesses overcome the impact of COVID-19 have been reduced and enforcement activity has re-commenced.

3.6.4. Movements between the budgeted and actual collectable amounts affect the overall level of balances held on the Collection Fund at year-end after deducting charges. For Business Rates, additional grants were paid to the General Fund which have been moved to reserves to repay Brent's share of the deficit over the next two years as described in paragraph 3.6.2.

3.6.5. The Central Items net position includes various COVID-19 grants from central government. These include the Winter Support Grant, Contain the Outbreak Management Fund (COMF) and other non-ring-fenced COVID-19 grants which totalled £22.8m. The total gross COVID-19 cost impact across the council was £20.7m. Restricted grants have been utilised first to maximise the flexibility in the use of the general grants. Grants unspent in 2021/22 will be transferred to reserves to support further COVID-19 recovery action for businesses and the community and financial impacts on the council in 2022/23.

3.7. **Dedicated Schools Grant (DSG)**

3.7.1. **Summary**

The overall DSG outturn for 2021/22 is a deficit of £4.6m, against grant funds of £202.5m, resulting mainly from overspending against the High Needs (HN) Block. This deficit is lower than the position reported at Qtr. 3 of a deficit of £5.4m. This is mainly due to a reduction (£0.5m) in the pressure assumed against the Early Years (EY) Block to reflect the impact of a 2020/21 funding adjustment as a result in a reduction in the number of pupils; however, following a final reconciliation, the impact of this pressure was managed within the overall block in 2021/22. The deficit was also mitigated by an underspend against the Schools Block.

3.7.2. The cumulative DSG deficit at the end of 2021/22 has increased to £15.1m. This includes a deficit of £10.5m brought forward from 2020/21. The financial year 2022/23 is the final year for the statutory override put in place to enable local authorities in deficit carry forward the deficit, which will be funded from future years' DSG allocations and/or cost reductions arising from recovery plans. Further guidance is being sought from the Department for Education (DfE) to clarify the position on deficits after 2022/23.

Table 8 – Dedicated Schools Grant Outturn 2021/22

DSG Funding Blocks	**Revised Budget (£m)**	**Outturn (£m)**	**Over/(Under) Spend (£m)**
Schools Block	117.5	117.0	(0.5)
High Needs Block	60.0	65.3	5.3
Early Years Block	22.7	22.7	0.0
Central Block	2.3	2.1	(0.2)
Total	**202.5**	**207.1**	**4.6**

3.7.3. **Detailed Narrative**

The Schools Block has underspent by £0.5m mainly due to growth funds for academies not recouped. This is as a result of the timing difference between academies and local authority financial years, where funding for academies is adjusted to take into account an additional 5 months of growth funding required by academies, but not maintained schools.

3.7.4. Although the HN Block allocation increased by £6m in 2021/22, the number of children with Education, Health and Care plans (EHCPs) has continued to rise, therefore adding continued pressure against the HN Block from growing demand. However, the trend in table 9 shows a 4% increase compared to January 2021 which indicates that the rate of growth is slowing as a result of the management plan action to manage demand, following the introduction of a revised EHCP assessment, planning and review process in April 2021.

Table 9 – Education, Health and Care Plans

EHCP Statistics Financial Year	January 2018	January 2019	January 2020	January 2021	January 2022
Number of EHCP	2,076	2,173	2,426	2,784	2,938
Brent Year on Year % Increase	6%	5%	12%	15%	6%
National Year on Year % Increase	11%	11%	10%	10%	10%

3.7.5. The High Needs (HN) budget, excluding the proportion allocated to academies, is £60m. This budget has overspent by £5.3m mainly because of increased expenditure against top up funding for special schools and additionally resourced provisions (ARPs) within Brent and independent special schools.

3.7.6. The £5.3m deficit is £0.9m lower than the £6.2m HN deficit reported in 2020/21. This is mainly as a result of the reduction in the pressure against the post 16 top-up funding which saw a £1.4m overspend in 2020/21, compared to an underspend of £0.1m in 2021/22.

3.7.7. There has been a significant increase in the top-up funding allocated to Brent special schools and ARPs. This is as a result of more children being placed in settings within the borough as opposed to other boroughs where costs are significantly higher. This is in line with the Deficit Recovery Management Plan. Schools Forum also agreed an increase in share from 7.5% to 8% for Brent's special schools bringing them closer to funding levels in neighbouring boroughs. This has also contributed to the increased expenditure against this line.

3.7.8. The DfE requires local authorities to have a management plan agreed by the Schools Forum in place to recover the deficit over a number of years. Progress against the plan is being tracked. Options reviewed by the task group set up by the Strategic Director of CYP to recover the deficit include
:

i. The introduction of the SEN Support Service, which is expected to manage demand, as part of the Graduated Response Programme; improved quality of EHCP assessment; and person centred planning and SMART annual reviews. As a result, young people will be provided with earlier support, thereby reducing the need for an EHCP to trigger additional support. The budget allocated to this was fully spent in 2021/22. The impact of this will be evidenced from 2022/23 onwards.

ii. Looking to establish more SEND provision in the borough as part of the School Place Planning Strategy Refresh, including developing new additionally resourced provisions (7 in Primary and 2 in Secondary) in the academic year 2022/2023. This will reduce the need for young people to be placed in schools in other boroughs. In January 2022 Cabinet agreed a £44m capital investment programme to provide additional school places for the growing number of children with SEND in the borough. The programme will deliver 427 SEND places in Brent.

iii. Ensuring there is full cost recovery including administration and other specific costs from other local authorities that place pupils in Brent special schools.

iv. Continued central government lobbying.

3.8. Housing Revenue Account (HRA)

3.8.1. The budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which had a balanced budget set for 2021/22.

3.8.2. The HRA overspent by £0.6m in 2021/22, which was offset through the use of the HRA Operating Reserve.

Table 10 – Housing Revenue Account Outturn 2021/22

HRA	**Revised Budget (£m)**	**Outturn (£m)**	**Over/(Under) Spend (£m)**
HRA*	0.0	0.6	0.6
Total	**0.0**	**0.6**	**0.6**

** The HRA budget is comprised of £55.7m expenditure and £55.7m income*

3.8.3. The overspend was due to partially funding a provision for capital works to the Granville New Homes blocks that are being transferred to the HRA from First Wave Housing on 1st April 2022. This is an accounting adjustment and there is no material impact on the HRA budgets overall as a result of this action. The HRA reserves were used to cover the timing difference and the provision will be released in 2022/23 returning the HRA reserves to their previous value.

3.8.4. Other in-year budgetary pressures were associated with repairs related payments, which were mitigated through underspends on staffing to the value of £0.2m. This is consistent with the position reported at Quarter 3.

3.8.5. During the year, tenants facing financial hardship were supported through Brent's Resident Support Fund, which has helped to contain the level of arrears. Tenants have also had water rates refunds applied to their rent accounts to the value of £7.1m following the High Court's decision in the case of *Jones v London Borough of Southwark Council* [2016 EWHC 457] that required these refunds where local authorities including Brent had similar arrangements with water companies.

4. Capital Programme

4.1. The Council has an ambitious five-year capital investment programme totalling £710m, which is financed from a combination of capital receipts, grants, contributions, reserves and external borrowing
.

4.2. For 2021/22, the Council spent £165m which equates to 75% of the approved capital programme budget and was under spent compared to budget by £56.9m or 25% as shown in Table 11 below. This underspend is in fact slippage which will be reprofiled into the new financial year.

Table 11 - Capital Programme Outturn for 2021/22

Programme	**Revised Budget (£m)**	**Outturn (£m)**	**Over/(Under) Spend (£m)**
Corporate Landlord	19.0	10.0	(9.0)
Regeneration	11.7	8.4	(3.3)
St. Raphael's Estate Regeneration	2.6	1.2	(1.4)
Housing Care Investment	135.0	109.7	(25.3)
Schools	10.8	7.2	(3.6)
South Kilburn	17.9	14.0	(3.9)
Public Realm	25.3	14.8	(10.4)
Grand Total	**222.3**	**165.4**	**(56.9)**

Corporate Landlord

4.3. Corporate Landlord is reporting a £9.0m slippage. This is largely due to a number of projects within the programme, which have not progressed as anticipated. The Energy project has a slippage of circa £3.8m for the LED programme and Solar PV programme where further design and implementation plans have been required which has extended initial timescales. ICT have a slippage of £2.7m due to delays in commissioning. Digital Strategy have slippage of £1m due to re-prioritisation of projects and the ability to deliver more within the programme due to resource constraints. The Oracle Cloud programme have a slippage of £1m as the delivery of the phase 2 projects started later than projected. Equipment for flexible working saw a slippage of £0.4m due to a reduction in demand for equipment during the year.

Regeneration

4.4. Regeneration is reporting a £3.3m slippage. The Morland Garden project, which will deliver affordable homes, adult education centre and affordable workspace, experienced delays in the procurement as it required a re-tender exercise resulting in a £1.2m slippage against the original project plan. The Harlesden Regeneration Heritage Action Zone project is undergoing discussions with the grant provider as required works are in excess of the grant funding resulting in a delay of delivery and a £2.4m slippage.

St Raphael's

4.5. The slippage of £1.4m is due to delays in procurement of architects and other consultants for the project.

Housing, Care and Investment

4.6. The £25.3m slippage in Housing Care and Investment (comprising of £7.9m on Housing HRA and £17.3m on Housing GF) is due to slower than previously anticipated progress on a number of schemes. Within the HRA, £1.2m slippage in the Enfranchisement project resulted from delays in lease extensions due to ongoing negotiations. There is a £7.2m slippage in Watling Gardens (delivering a mix of supported, affordable and shared ownership units) due to project delays arising from cost increases and the related scheme viability issues.

4.7. Within the General Fund, £4.3m slippage in Stonebridge (delivering affordable rented homes) occurred, as initial budget was frontloaded in 2021/22, which should have been spread more evenly into 2022/23. There is a £3.6m slippage in Honeypot Lane (delivering affordable rented homes) because the budget was set providing for inflation-related increases to materialise in 2021/22 which was not quite reflected in 2021/22 valuations, but will be reflected in 2022/23. Slippages of £3.9m in Brondesbury Road (delivering affordable rented homes) and £1.6m in Northwick Park Infrastructure Fund (delivering regeneration and infrastructure works at Northwick Park) are due to slower scheme progress than previously anticipated for various reasons including time taken for contract negotiations. On Private Sector Acquisition scheme (under which the Council buys properties from private sector to let to homeless families in Brent), there is a slippage of £4.6m due to slower rate of purchase as there was lack of sufficient properties meeting i4B's criteria.

Schools

4.8. There is an overall slippage of £3.6m into 2022/23, £0.6m for projects coming in under budget including £0.3m for the Councils contribution to Ark Elvin and £0.3m for phase 3 of the primary school expansion projects; these are funded from grants so the funding will be available for other projects. There is also £2m slippage on the Dedicated Schools Facilities and School Asset Management, £0.4m on the Roe Green Kitchen S106 project , these are all is dependent on completion of assets works, which has suffered delays, owing to procurement issues and having to ensure that works cause minimum disruption. This will be spent in future financial years. There is a £0.6m slippage on another school works project that is close to being complete and likely to produce an underspend but the final figure is yet to be confirmed.

South Kilburn

4.9. The slippage of £3.8m is primarily due to delays in acquisitions on Austin House and Blake Court with an underspend of £2.4m, these are based on leaseholders not wanting to currently sell, thus delaying the project. There is also a £0.9m underspend on Hereford and Exeter as we purchased a commercial property for less than originally expected. There is a £0.5m underspend on the design of Carton Vale Boulevard which will provide public realm and road improvements which will be used in the next financial year.

Public Realm

4.10. There is a £8.4m slippage in the highways area; £4.2m of this on recovery initiatives across three projects which will be utilised in the new financial year and £2.8m on the main highways scheme which has experienced severe delays in delivery. There is also £1.4m on the highways S106 schemes with some of these funds due to be decommissioned and reallocated. There is a £0.9m budget slippage on parks, primarily due to the pitch improvements which did not spend as expected and will be used in future financial years. There is also a £1.1m slippage across the other programmes including landscaping, parking & street lighting and sports, delays to delivery have resulted in spend now being projected in 22/23.

5. Financial Implications

5.1. This report is about the Council's financial position in 2021/22, but there are no direct financial implications in agreeing the report.

6. Legal Implications

6.1. Managing public money responsibly is a key legal duty, but there are no direct legal implications in agreeing the report.

7. Equality Implications

7.1. There are no direct equality implications in agreeing the report.

8. Consultation with Ward Members and Stakeholders

8.1. Not applicable.

9. Human Resources

9.1. Not applicable.

Report sign off: ***Minesh Patel*** Director of Finance

Brent	**Cabinet** 18 July 2022
	Report from the Director of Finance

Medium Term Financial Outlook

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel Director of Finance Tel: 020 8937 4043 Email: Minesh.Patel@brent.gov.uk Rav Jassar Deputy Director of Finance Tel: 020 8937 1487 Email: Ravinder.Jassar@brent.gov.uk

1.0 Purpose of the Report

1.1 This report sets out the overall financial position facing the Council and highlights the significant risks, issues and uncertainties with regards to the Council's Medium Term Financial Strategy (MTFS). This includes risks and uncertainties that already existed prior to COVID-19 and the new risks that must now be addressed. It also sets out the proposed budget setting strategy for 2023/24, which is the Council's minimum legal duty in respect of local authority budget setting, in order to maximise the period of consultation with residents, businesses and other key stakeholders.

1.2 The report also outlines how the MTFS will aim to provide a framework to invest broader ambitions and long term priorities such as the Borough Plan, the recovery from COVID-19, the cost of living crisis and other future steps to ensure the Council continues to operate in a financially sustainable and resilient way.

1.3 The remainder of this report sets out the medium term risks and uncertainties with regards to the current budget assumptions contained within the MTFS. These primarily relate to exceptional factors such COVID-19 scarring, high levels of inflation, increased demand for key services and uncertainty in government funding. In doing so, it must be recognised that the situation remains ongoing and it is extremely difficult to make a full, definitive and comprehensive assessment of the ongoing financial impact of these issues. As such, the figures in this report are based upon best estimates and forecasts and will therefore be subject to change. However, the significance of the financial challenge cannot be underestimated and over time, the Council will need to develop a response that continues to maintain a commitment to strong financial resilience and sustainability.

1.4 This report is structured as follows:
- Recommendations for Cabinet to approve;
- Strategic overview of Local Government finance;
- Future budget assumptions;
- Proposed budget setting process for 2023/24;
- Capital programme;
- Housing Revenue Account;
- Schools and the Dedicated Schools Grant;

2.0 Recommendation(s)

That Cabinet:

2.1 Note the contents of the report and the potential financial impact on the Council’s Medium Term Financial Strategy.

2.2 Agrees the budget setting process for 2023/24, including the approach to consultation and scrutiny, as set out in section five of this report.

2.3 Note and agree the proposed 2021/22 capital budget carry forwards and capital virements as set out in section six of this report.

2.4 Note the financial position with regards to the Housing Revenue Account, as set out in section seven of this report.

2.5 Note the financial position with regards to Schools and the Dedicated Schools Grant, as set out in section eight of this report.

3.0 Strategic Overview

Macro-Economic Outlook

3.1 This report paints a picture of considerable uncertainty in the economy caused by exceptional factors such as the COVID-19 pandemic, high levels of inflation, particularly for fuel and energy, and the global impact of war in Ukraine. These macro-economic factors together with local changes to demographics and demand-led pressures combine to create substantial need for growth in the Council's budget. At the same time, levels of government funding are uncertain. Nationally funding for local government is unlikely to keep pace with inflationary pressures and locally the effect of the government's "Levelling Up" agenda, which may move funding from London to the rest of the country, in highly uncertain.

3.2 Two years since the start of the pandemic, the current economic outlook is presented against the backdrop of another unfolding global shock - the Russian invasion of Ukraine. The conflict has major repercussions for the global economy, whose recovery from the worst of the pandemic was already being buffeted by the Omicron variant, supply bottlenecks and rising inflation. A fortnight after the invasion, gas and oil prices peaked over 200% and 50% above their end-2021 levels respectively. Prices have since fallen back, but remain well above historic averages.

3.3 The Bank of England is attempting to stifle inflationary pressures by raising interest rates, in common with other central banks worldwide; however, unlike the US Federal Reserve, the BoE is not confident it can engineer a soft landing for the economy. Instead, unusually gloomy BoE forecasts predict that the economy will contract by 1% in the fourth quarter of this year after gas and electricity costs have risen another 40% in October. Rising energy bills are forecast to push inflation up to 11% by December 2022, the highest in 40 years, and to slash real household incomes as wages fail to keep pace.

3.4 There are also shortages of food supplies due to the reduction in exports from Ukraine. This affects day-to-day essential commodities such as wheat, other cereals and sunflower oil leading to shortages and price rises for these items and similar alternatives. This is a contributor to the cost of living crisis faced by residents of the borough and will directly affect businesses and the Council itself by creating inflationary pressures.

3.5 The cost of living crisis is likely to have a direct and indirect impact on numerous service areas, ranging from leisure and civil ceremonials to homelessness and building services, with corporate impacts on Council Tax and Business Rates Collection as well as the Council Tax Support scheme.

Inflation

3.6 Inflation is being experienced at higher levels than has been the norm for recent years in all sectors of the economy. Core inflation, which strips out goods prone to fluctuation such as seasonal items, is experiencing the same levels of increase as mainstream inflation measured by CPI or RPI, indicating that higher levels of inflation are endemic in the economy. Fuel and energy costs are particularly volatile. As a net energy importer with a high degree of dependence on gas and oil to meet its energy needs, higher global energy prices will weigh heavily on a UK economy that has only just recovered to near its pre-pandemic level.

3.7 In May 2022 the Consumer Price Index (CPI) hit 9.1%, up from 9% in the previous month, while the Retail Price Index (RPI), which is often used for contract indexation, reached 11.7%. The driving force behind these increases is fuel and energy costs, but there were sustained price rises in most categories of expenditure.

3.8 In June 2022 the Bank of England forecast that CPI inflation would peak at 11% in December 2022 before falling in 2023 and returning to the target level of 2% at some point in 2024. It is anticipated that the September 2023 figure could be 6% - this is used for inflation on many contracts.

3.9 Pre-pandemic a provision of £6m was adequate to cover the pay award, contract indexation and general inflation. The inflation provision is now more than double that amount at £14m and is set to rise further in 2023/24 to £18m before falling back in line with the Bank of England forecast. As an example, if inflation were 10.25%, this would add a further budget pressure of £9.23m per annum.

3.10 High inflation will have a significant impact nationally putting pressure on central government finances, with generally increased costs and automatic rises for items such as pensions that are indexed to the September CPI figure. Locally, many of the council's contracts have automatic indexation provisions that use specific indices at a point in time to increase the contract payment. General inflationary pressures will undoubtedly lead those negotiating pay awards to seek a similar level of increase to cover the rise in the cost of living.

Interest Rates

3.11 On 16 June the Bank of England raised the base rate of interest by 0.25% to 1.25%. The BoE officials forecast that the UK economy will slide into recession this year as higher energy prices push inflation over 10% by Christmas. This gloomy outlook has pushed sterling to a two-year low. Despite a forecast of a severe fall in household incomes, the BoE's Monetary Policy Committee's decision to raise base rate to 1.25%, its highest level since February 2009, will squeeze households further. Three of the nine MPC members voted for a half-point rate increase. Further increases are expected. Goldman Sachs predict interest rates will double to 2% over the next year, whilst Capital Economics forecast that rates will peak at 3% in 2023. For the Council, these rises will affect the cost of future borrowing, but not existing debt as the Council borrows on terms where the interest rate is fixed for the life of the loan.

Cost of Living Crisis

3.12 The UK is facing a cost of living crisis as higher inflation erodes real incomes and consumption. The Bank of England has warned that household disposable income is projected to fall this year by the second largest amount since records began in 1964. The Council already has in place a number of mechanisms to support residents who may be struggling financially. These include:

- The **Brent Resident Support Fund** (RSF), which has been in place since August 2020. In the period August 2020 to 31 March 2022 the RSF supported 2,658 applicants with a total of £5.2 million.
- A **Fuel Poverty Toolkit** which was developed and promoted internally. It is available for all staff to access via the intranet. The toolkit provides an overview of local, national and independent support schemes and agencies, along with details as to how support can be accessed. Thirteen stakeholder briefings sessions were also delivered, helping raise awareness of the options that are available to residents help with the rising energy costs. These included briefing sessions for Members, as well as services including Housing, Public Health, Adult Social Care and Family Wellbeing Centres and Voluntary Community Sector (VCS) partners.
- In March 2022 a **Financial Support leaflet** outlining the support available was developed. This was delivered to all households in Brent to help increase awareness of the schemes and mechanisms available to residents who are struggling with the cost of living.
- **Brent Hubs** have in place mechanisms to issue vouchers to residents in need of urgent food and fuel support. This is in addition to referrals to food aid agencies and schemes for support with the cost of utilities. From October 2021 to March 2022 Brent hubs issued £2,490 worth of food vouchers and £5,507 worth of fuel vouchers. Over 5,000 residents presented at hubs in need of food aid between April 2019 and January 2022. Residents' presenting needs at the hubs are food and fuel enquires (30%), housing and homelessness (14%), council tax support (12%), form filling (12%), welfare benefits (8%), housing benefit (8%), money and debt advise (8%), digital support (5%), skills and employment (2%), and immigration (1%).
- The delivery of a number of Borough Plan funded **Financial Inclusion projects**, including a financial capability upskilling programme targeting community leaders, training to upskill Brent hubs staff and residents in debt management, and the delivery of a financial inclusion learning programme for residents. Up to 340 residents and community leaders will be supported through this programme.
- The Employment, Skills and Enterprise service have helped to **upskill residents to support them moving into work**. This includes 4,443 qualifications via Brent Start (ESOL, English, Maths & Digital Skills) from September 2021 to date, digital equipment loans, and financial support toward childcare.
- **Digital Inclusion** support for over 900 households, including providing 400 Brent pupils with access to a digital device and 100 businesses with digital skills training. To improve digital skills in the borough we have also launched digital cafes at three Brent Hubs and currently have around 100 digital

champions in place. We also continue to engage internet providers to improve access to fibre through social tariffs.

- These initiatives are in addition to work being carried out across Council departments and by partner organisations which is aimed at supporting residents who are in hardship.

COVID-19 Scarring

3.13 Whilst the country has moved to a ‘Living with COVID’ position, which has seen the lifting of restrictions, a full return to pre-pandemic levels and patterns of activity has yet to happen. The impact of COVID-19 is not fully known and there is a risk that the Council may be exposed to unfunded financial pressures in the current and future financial years. In addition, the income loss compensation scheme for Council Tax and Business Rates does not fully cover the losses the Council is estimating and only applies to losses incurred in 2020/21. Similarly, the sales, fees and charges compensation scheme ended in July 2021, while the ‘Plan B’ restrictions will have had a further adverse impact on business rates and fees & charges income due to reduced footfall. Overall, these income losses may pose a considerable budget pressure. Any permanent ‘COVID scarring’ will also need to be reflected in the MTFS.

3.14 Despite these financial pressures, the Council has put in place considerable resources to support residents and businesses through these challenging times. On 12 July 2021, Full Council agreed to set aside £17.5m of reserves for Recovery Initiatives. This is one-off funding over three years for the delivery of programmes in priority areas identified as essential to secure a sustainable and inclusive recovery from the COVID-19 pandemic. These projects are themed around supporting communities, supporting businesses, reducing health inequalities and a green recovery.

3.15 The Council has also created the Brent Resident Support Fund. This dispersed 5.2m over 2020/21 and £2021/22. It is estimated that a further £6m will be allocated in 2022/23. This is funded from reserves.

3.16 In the 2021/22 budget the Council allocated £13m of ongoing growth to address the effects of the COVID pandemic. £4m of this funding was removed in the 2022/23 budget. No additional funding is built into the MTFS for future years. The level of COVID scarring will need to be kept under review and is hard to assess. At the moment the best proxy for the cost of COVID scarring to the Council is £9m per annum (i.e. the £13m recovery budget originally allocated and subsequently reduced by £4m). This primarily relates to the increased cost of Council Tax support, income losses, lower collection rates and the higher cost of social care placements.

Local Government Finance Settlement

3.17 On 27 October 2021 the three year Spending Review was published and on 7 February 2022 the Levelling up secretary Michael Gove confirmed the final Local Government Finance Settlement for 2022/23. Whilst the 2021 Spending Review covers three years, the Local Government Finance Settlement was for one year only - the fourth one-year settlement in a row. Clearly, this is not helpful for medium term financial planning. The Spending Review indicates that the settlement is frontloaded, meaning that the risk of any additional service pressures from 2023/24 onwards will fall on the Brent taxpayer rather than the Chancellor.

3.18 The 2022/23 Local Government Finance settlement set out that core spending power will increase by 2.99% each year. However, this assumes that all councils will increase Council Tax by the maximum amount allowable without triggering a referendum of 2.99%. In addition, much of the new grant funding is tied to social care reforms, meaning that other services will benefit less. Removing the funding for the social care reforms, the increase for local government is actually 1.8%, which compares to 3.3% for the average government department.

3.19 It is anticipated that changes to the mechanism to allocate local government grants, implemented as part of the Fair Funding review, may see funding redistributed with a net transfer out of London. This would be consistent with the Government's "Levelling Up" agenda, which is targeting funds away from the capital. Although the government's stated aim is implementation of the Fair Funding review in April 2023, it is widely expected that there will be at best only a partial implementation at that point with completion of the review slipping to a future year. Normally, when the government makes major changes to local government funding, it puts in place transitional arrangements to bring in any funding reductions gradually over time. It is anticipated that this will happen with the Fair Funding review so that the full impact of any reduction in funding will not be felt for a number of years.

3.20 Combining the risks of the front-loaded local government settlement with a gradual reduction in government grant leads to the conclusion that the final years of the MTFS face a considerable risk that the level of government funding will be inadequate to cover future service requirements and that additional savings will be needed to balance the budget.

3.21 Another one year settlement means that it is unknown if the additional funding announced in autumn 2021 will be maintained. In particular, the settlement included a one-off grant, called the 2022/23 Services Grant, which is intended to cover various new burdens, such as National Insurance Contribution increases for Brent and its suppliers, and other expected inflationary pressures. The government has not committed to maintain this grant at current levels. Many commentators believe that this funding stream could be used to fund the "Levelling Up" agenda and that the future distribution mechanism could move funding out of London.

3.22 That being said, on 28 June 2022 at the Local Government Association's annual conference Michael Gove confirmed that Councils will receive a two year funding settlement from next year and will launch a consultation on spending plans. This news is welcome following four single year settlements and should make financial planning somewhat easier. However firmly fixing funding more than two years out amid rising inflation could be problematic. In addition, while this announcement will help the 2024/25 budget setting process, it does not help in setting the budget for 2023/24 due to core government funding not being announced until December 2022. At the conference no new commitments were made on how the government would support Councils in managing the impact of inflation.

Service Specific Pressures

3.23 The Council is operating in a challenging financial environment with a funding outlook which is uncertain for local government in general and in particular, there is a lack of clarity around long term funding for adult social care and emerging pressures in children's services. In addition to this uncertainty, there is also the potential for significant spending pressures from demand-led services, specifically in children's and adult social care, new burdens which impact on the budget and on-going pressures as a result of COVID-19. Although growth has been built into the MTFS to help alleviate some of these pressures, they continue to present a significant budget risk, particularly in respect of the demographic pressures and contractual indexation. COVID, rising inflation, demand pressures on services and the reletting of a number of significant contracts in the Regeneration and Environment department add further financial risks. Therefore, Brent is likely to require significant savings over the next few years to deliver a balanced budget.

3.24 The demand for social care services and complexity of care needs are also ever-increasing resulting in higher costs. Whilst there are some reductions in costs due to less Residential and Nursing placement following the COVID-19 outbreaks, the demand for homecare and supported living is on the rise.

3.25 The cost of living crisis and the steep rise in inflation, heating and fuel costs are likely to have an impact on social care placement requests from providers who are looking to recover some of the additional costs they are incurring.

3.26 Another key area of uncertainty is the fair cost of care and social care reforms, which are likely to present substantial financial risks to the Council. While additional funding has been provided to support councils in preparing their markets to deliver the fair cost of care reforms, delivering these reforms will redirect resources away from frontline social care at a time when recovering from the pandemic is exerting major pressure on staff capacity. In addition, it is currently unknown whether the new funding will be sufficient to cover the cost of the reforms, such as the increase in employer's National Insurance Contributions (which affects both the Council's pay bill and supplier costs), the cost of the cap on personal care costs and inflationary pressures expected in the social care market. Early modelling suggests the additional cost of increasing National Insurance Contributions alone could be in the region of £2m per annum. Any shortfall in social care funding will, therefore, mean that the Council Tax will end up taking the strain.

3.27 As the cost of living is rising, the demand for housing services can be expected to increase and the number of homeless applications to rise. The current economic climate could also have an impact on the rent collection rates and result in increases in rent arrears. In addition, the service is reliant on the PRS for supply to prevent homelessness and end statutory homelessness duties. However, this market continues to contract. With more people placed in Temporary Accommodation, higher costs and less supply available to prevent homelessness, this could cause financial pressures on the budgets.

3.28 The Redefining Local Services (RLS) programme was initiated in May 2019 to develop and implement a commissioning strategy for environmental services. The existing contracts were synchronised so that the new service arrangements would come into place from 1st April 2023. The final delivery model was approved to operate as a “specialist contracts delivery model with low to moderate levels of insourcing”. And the procurement process is now underway for these specialist contracts.

3.29 Risks around the procurement process are being monitored and reviewed, however until the procurement processes are completed there remains a financial risk around the affordability of the contracts. In particular the rising rates of inflation and fuel costs, which could lead to increased contract prices when they commence in April 2023. The projected contract prices remain in review against the budget available, and increased contract costs will be considered when setting savings targets for 2023/24.

3.30 R&E has an income budget of £42m. A small percentage change can have a large monetary impact. For example, an additional 1% reduction in income would be equivalent to around £0.4m. In 2021/22 income collected was impacted due to the recovery from Covid-19 restrictions, such as in parking with changing motoring activities reducing traffic, and income from planning and building control applications reduced. It is hoped that with no restrictions income will continue to recover. In the current year there also remains some concern around the cost of living and the impact that could have on income received, this will be monitored throughout the year.

3.31 The Highways revenue budget is reliant on TfL LIP funding which was significantly reduced in 21/22 due to severe financial pressures on TfL. Since April 2020, TfL has negotiated a series of short-term funding settlements with the Government to enable it to continue operating public transport services and to enable the delivery of essential improvements to the transport network across London. Accordingly, the funding provided to Brent has been significantly below what it would usually expect to receive, and this impact continues to be felt in 2022/23. Reduced funding has been provided for quarter 1 of 22/23, with funding beyond that currently uncertain with further updates from TfL awaited.

Overall Summary

3.32 Brent has delivered total cumulative savings of £196m since 2010. In the last two years, 2021/22 and 2022/23, the Council has saved £11.2m, but it is clear that, looking forward to 2023/24, 2024/25 and 2025/26, further savings will be required. The lack of clarity around the future level of local government funding and uncertainty about the economic environment, particularly inflationary pressures, make it hard to be precise about future financial targets. When the 2022/23 budget was agreed by Council in February 2022, it was assumed that further savings of around £12m were required for the next two years. However, based on information and data available to date, it is clear that looking forward to 2023/24 and 2024/25, further savings will be required. The current working assumption is that £28m of savings will be required between 2023/24 to 2024/25 to balance the budgets of those years. The exact gap is inherently uncertain, simply because of the number of variables to be estimated and the difficulty of doing so over longer periods of time. The accuracy of this is probably at best +/- 20%, and wider variations are entirely plausible.

3.33 These estimates, which will be refined over the summer, will be a major factor in the construction of 2023/24 budget. The Council will be looking to identify and deliver savings of c£20m to bridge the gap in 2023/24 and enable it to set a balanced budget as required by law. The budget gap for 2024/25 will be reviewed once the local government finance settlement for 2023/24 is known. The Council will need to take difficult decisions about which services to prioritise and protect and which to reduce in order to continue to deliver affordable and sustainable budgets.

3.34 It is within this overall financial context that the other financial reports on this agenda, specifically the Financial Outturn 2021/22 report and Q1 2022/23 Financial Forecast report, become particularly relevant. Firstly, the Financial Outturn 2021/22 report sets out the outturn for income and expenditure versus the revenue budget for 2021/22. Despite reporting pressures of £20.7m as result of COVID-19, emergency funding from central government, and other interventions undertaken by the Council, were sufficient to offset these pressures. Secondly, the Q1 Financial Forecast report for 2022/23 sets out that based on current assumptions, the ongoing financial impact of COVID-19 and other budget pressures, such as inflation and demographic pressures, can be contained within the overall growth built in the 2022/23 budget.

3.35 However, it must be stressed that these forecasts and estimates are based on a number of assumptions which are subject to constant change. It is incredibly difficult to predict how business will recover as grants to businesses and business rates reliefs begin to wind down and how the general economy will recover after COVID-19. In addition, the current inflationary pressures being experienced makes financial planning and management exceptionally challenging. This uncertainty runs alongside existing budget pressures including social care demand, demographic changes, housing and homelessness.

3.36 Nevertheless, despite all of the uncertainties, risks and moving parts, all Local Authorities have to put together financial plans for 2023/24. For Brent, it is proposed to continue to base plans on an assessment on the range of possible scenarios rather than wait for the outcome of the Local Government Finance settlement in December 2022.

4.0 Medium Term Financial Strategy

4.1 The aim of the MTFS is to ensure a long term, stable and sustainable financial position that will allow the Council to achieve its strategic objectives. It reflects the impact of central government funding decisions and the impacts of the national and local economic context. It also provides a robust financial framework to support achievement of the Council's overall objectives and delivery of services.

4.2 The budget for 2022/23 was agreed in February 2022, and in another report on this agenda the first forecasts against that budget are reported.

4.3 The ongoing impact of COVID-19 and the emergence of significant inflationary pressures will require the Council to review its medium term financial strategy on a more regular basis to ensure that it is still able to deliver its strategic priorities and maintain financial resilience. Though the precise financial impact remains difficult to predict, officers will continue to report on the Council's financial position to Cabinet at regular intervals in line with its existing governance arrangements.

4.4 The MTFS will be refreshed as part of the draft 2023/24 budget that will be presented to Cabinet later this year, including extending out to 2024/25 and beyond. Adopting a long term and forward looking approach should leave the Council in a sustainable financial position, with long term plans in place to give certainty to residents about future levels of service provision.

4.5 As part of the work to implement CIPFA's Financial Management Code, the Council will also introduce a longer term planning model with a high level overview of expenditure and resource requirements over the next 10 years – the Financial Strategy. This work should build a more robust forecasting tool, which is essential at a time of great uncertainty. It is worth noting that the longer term view captured in the Financial Strategy is intended to identify known and anticipated future expenditure requirements both to renew and maintain existing services and to allow transformation and investment in big ticket, long term initiatives. Much of this will involve capital investment.

4.6 It is important that the Financial Strategy and refreshed MTFS closely align with the Borough Plan for which they are the funding statement. They should also be closely linked to individual service plans for which they provide the funding sources and the Capital Strategy, which is key to sustaining the Council's services and investment in future improvements.

4.7 The aim is to produce a comprehensive suite of forward planning documents that allow the Council to ensure long term financial stability and a structured forecast of the future based on a 'no surprises' approach

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Growth Assumptions

4.8 Much of what the Council terms 'growth' is in fact the cost of standing still. Some of this is unavoidable (e.g. contract inflation, pay awards), whilst other parts result from growth pressures, such as demographic changes, that increase demand for services (e.g. adult social care, children's services, homelessness).

4.9 The Council currently expects services to contain inflationary pressures within their cash limits, but provides a specific amount for contractual indexation via growth. At present there is £3m allowed for contractual indexation in 2022/23. This is anticipated to be adequate as most contracts for this year are uprated based on inflation indices from late 2021 or early 2022 – i.e. before the large increases seen in March and April 2022 and the £3m is backed up by detailed business cases. Allowances for contractual indexation in future years are £5m (2023/24), £3m (2024/25) and £2m (2025/26). This is in line with the Bank of England forecast that the rate of inflation will fall back, having peaked in December 2022. It is not clear at the moment whether these amounts will be adequate as this depends on knowing both the base value of contracts being re-let in 2022/23 and the level of increase in the indices relevant to indexation.

4.10 As inflation is so volatile, as part of the budget setting process for 2023/24, part of the Future Funding Risks reserve will be ear-marked to fund one-off spikes in inflation that do not require incorporation in the base budget.

4.11 Given that consumer price inflation is forecast to rise as high as 11% by December 2022, this is an area of considerable risk that will need to be closely monitored. The Council also needs to review its approach to general inflation within services as price rises of over 10% will be difficult to contain within existing cash limits both in 2022/23 and following years. The MTFS assumptions have not incorporated a specific amount for this risk, but departments are able to put forward business cases for growth and service pressures that will be considered as part of the budget round, if they cannot contain these within their cash limit. It is recognised that further work is needed on inflation risks. An up to date assessment of these risks will be presented to Cabinet later in the year as part of the draft 2023/24 budget.

Demographic and Demand-Led Service Pressures

4.12 Looking forward, besides general inflation, pay awards and contractual indexation, the Council needs to provide growth for unavoidable demographic and demand-led service pressures. The MTFS provides around £8m in 2023/24 and following years for the continuation of trends identified in 2022/23 or previous years; should increases be higher than the forecast trends, there is a risk that the current provision will prove inadequate.

Government Grants

4.13 At present the Council's core grant funding consists of generally usable Revenue Support Grant (RSG - £25.8m in 2022/23), and specific grants for items such as for Public Health (PHG), the Improved Better Care Fund (iBCF) and Additional Social Care Funding (SCG). The MTFS assumes a small inflationary increase for RSG and PHG with a cash freeze for iBCF and SCG. Any inflationary increase may be inadequate to cover actual price rises experienced in the service areas. There are a number of other lower value grants which are also expected to remain frozen in cash terms.

4.14 Both the Improved Better Care Fund and Additional Social Care Grant have now been incorporated into the base budget. Previously, the Council's policy was to hold some of this funding as a central item and distribute it in-year as one-off expenditure. This was viewed as a prudent way to avoid overcommitting budget against grants that may not continue at their present levels. There has been no reduction in the level of these grants over time. The new policy is in line with that adopted by most councils. It does entail a risk, should these grants be reduced.

4.15 Whilst most grants are expected to continue at current levels, there is a question mark over the 2022/23 Services Grant. It is intended to pay for new burdens, such as the increase in employer's national insurance contributions, and these increases are clearly ongoing. The government has, however, made it clear that it intends to review the basis for allocating this funding and that the current level will not be protected. Given the expectation that the government will move much of this funding out of London as part of its "Levelling Up" agenda, the MTFS assumes that the Council will receive 75%-80% of 2022/23 amount in future years. This is prudent as it is unlikely that the government would cut a local authority's funding by more than 25%. This grant will be needed to address the effect of grants being either frozen or subject to below inflation indexation.

Council Tax

4.16 Council Tax is one of the most significant sources of income for the Council, making up £135.7m (or 44%) of total core funding in 2021/22 rising to £140.1m (or 43%) in 2022/23. In 2021/22, the government increased the referendum threshold limit from 4% to 5% (excluding the GLA share which is subject to their own decision making) but reduced it down to 3% for 2022/23.

4.17 As set out when the 2022/23 budget was agreed, there was an implicit assumption from the Department for Levelling Up, Communities and Housing (DLUCH), built into future funding settlements, that all local authorities would increase council tax by up to the referendum limit. As the increase would permanently increase the council tax base income it would also reduce the significant funding pressures in 2022/23, and beyond, and support the unprecedented pressures within social care. In addition, the GLA precept, which makes up around 20% of the overall Council Tax bill and is subject to their own decision making, was increased by 8.8% in 2022/23 to provide additional funding for the Metropolitan police and Transport for London.

4.18 Furthermore, it continues to be acknowledged that continued historic above inflation rises in Council Tax is difficult for some households and for that reason the council continues to fund a Council Tax Support scheme support for households who are financially vulnerable. In 2021/22 £31m was provided to around 28,000 households, and increase of £3m from pre-pandemic levels. In addition, the Council's Resident Support Fund has made available additional funds for residents who are having difficulty due to unforeseen financial circumstances as a result of COVID-19. Nevertheless, this has been the government's financing regime for Local Government since 2010, and the beginning of austerity, with more resources raised locally rather reliance on central government grants.

4.19 The current budget assumptions for 2023/24 have taken a prudent view and assumed that government will maintain the current referendum limit of 3% (of which 1% is the Adult Social Care Levy). It should be noted that the additional income generated through the Adult Social Care precept alone does not cover the total growth requirement for Adult Social Care pressures. Although the government maintain that reforming social care remains a priority, a clear timeline is urgently needed on when proposals will be brought forward. In addition, the last two spending reviews have only included one off grants and increases in the Council Tax precept as measures to fund additional pressures in social care such as demographic growth and the rising cost of delivering care.

4.20 This year's Spending Review must address the social care funding gap, as well as tackle these additional challenges, and provide long term certainty in the medium term to stabilise the service rather than short term one off funding and increasing or extending the Council Tax precept.

4.21 Other considerations that need to be taken into account when setting Council Tax, such as assumed tax base growth, the long term collection rate and the cost of the Council Tax Support scheme will be set out for Cabinet when the draft budget proposals are published later this year.

Business Rates

4.22 The Council remains committed to supporting local businesses through the pandemic. Funded by government, the Council has processed a range of reliefs for various businesses across the retail, hospitality, leisure and other sectors. This has significantly reduced the amount of rates paid to the Council with the reduction estimated at £62.0m in 2020/21 and £26m in 2021/22 compared to the amount received during 2019/20. In addition, the Council has administered direct grants, funded by central government, to local businesses totalling £137m across over 13,500 businesses. This is in addition to support provided to businesses as part of that Council's Recovery Initiatives. The Council continues to engage with the business community to ensure that those eligible businesses have access to this support.

4.23 The government allocate Business Rates back to Brent based on their assessment of need (the Baseline Funding Assessment) and the actual Business Rates collected. Brent receives a top up as need is in excess Business Rates collection. The MTFS assumes that there will be a small inflationary increase in the allocation of business rates. It is unlikely that the inflationary increase will match actual level of inflation and this will create a further budget pressure.

4.24 As considered in detail as part of the 2022/23 budget, the Government has allowed Local Authorities with a geographic link to form a business rate pool.

The settlement confirmed the Eight Authority Business Rates Pool (involving the City of London Corporation as well as Tower Hamlets, Hackney, Haringey, Waltham Forest, Brent, Barnet and Enfield) is able to proceed in 2022/23. In forming a pool, the group of authorities are seen as a single entity from a business rate perspective and in doing this, should retain more of the business rate income generated locally.

4.25 Based on the financial modelling undertaken to date, the benefit for Brent is estimated to be in the region of £2m. This is based on estimates using forecasts from participating boroughs and are therefore only illustrative and a lower set of figures is entirely possible. It is important to note that the final value of the pooling gain will not be known until the Statement of Accounts for the Pool Collection Fund, managed by The City of London Corporation, has been finalised and audited in the autumn of 2023. This position will be closely monitored during 2022/23 but even at this stage it is not deemed prudent to build this potential additional income into the base budget and to place reliance for funding on a future income stream that is in no way guaranteed

5.0 Proposed budget setting process for 2022/23

5.1 The proposed budget setting process following this Cabinet meeting is as follows:

- Cabinet October 2022. This report will present the budget proposals to be formally consulted on to set the 2023/24 budget;
- The proposals, together with any changes made by Cabinet, will form the basis of consultation between October 2022 and January 2023 with residents, businesses and other key stakeholders;
- The Budget Scrutiny Task Group will review the budget proposals and report accordingly;
- The General Purposes Committee will review the calculation of the Council Tax base in December 2022; and
- After the statutory processes of consultation, scrutiny and equalities have concluded, a draft budget will presented to Cabinet to recommend a final budget and Council Tax to the February 2023 Council meeting.

6.0 Capital programme

6.1 In 2021/22 the Council spent £165m of the £222m approved budget with £56.9m slipped in to future financial years as outlined in Table 1.

Table 1 - 2021/22 Final Outturn Position					
Portfolio / Programme	**Budget as at Feb 2022**	**Final Budget 2021/22**	**Outturn**	**Over / (Under) Spend to Budget**	**2021/22 Slippage C/FWD**
	£m	**£m**	**£m**	**£m**	**£m**
Corporate Landlord	18.97	18.97	10.02	(8.95)	(8.95)
HCIB - GF	51.96	51.96	39.21	(12.75)	(12.75)
HCIB - HRA	58.52	58.52	50.58	(7.94)	(7.94)
PRS I4B	24.55	24.55	19.95	(4.60)	(4.60)
Public Realm	25.26	25.26	14.84	(10.42)	(10.42)
Regeneration	11.74	11.74	8.42	(3.32)	(3.32)
Schools	10.75	10.75	7.18	(3.57)	(3.57)
South Kilburn	17.92	17.92	13.99	(3.93)	(3.93)
St Raphael's	2.59	2.59	1.18	(1.41)	(1.41)
Grand Total	**222.26**	**222.26**	**165.37**	**(56.89)**	**(56.89)**

6.2 The 2021/22 outturn position was lower to the revised budget by £56.9m.Further details on the outturn position are contained within the Financial Outturn Report for 2021/22. It is proposed that this is re-profiled into 2022/23 and future years, as set out in the table below

Table 2 - Budget Adjustments Breakdown 2022/23 to 2026/27						
	2022/23	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
2021/22 Underspend	56.89	-	-	-	-	56.89
Cabinet Approved Budget						
Housing GF New Affordable Homes	4.34	4.34	4.34	4.34	4.34	21.70
Housing HRA New Affordable Homes	23.26	23.26	23.25	23.25	23.25	116.27
Additional New Budget						
New S106 and NCIL Projects	1.91	0.45	-	-	-	2.36
Additional Grant funding for Transport	0.41	-	-	-	-	0.41
Budget re-profiling						
Regeneration projects - Wembley Housing Zones	(27.49)	-	-	27.49	-	0.00
Regeneration projects - Morland Gardens	(5.50)	5.50	-	-	-	0.00
Regeneration projects - Medical Centres	(2.30)	2.30	-	-	-	0.00
Regeneration projects - Harlesden High Street	(0.31)	0.31	-	-	-	0.00
Public Realm including RLS Vehicle Purchase	(3.13)	3.13	-	-	-	0.00
SCIL allocation for Youth Centre	(2.15)	2.15	-	-	-	0.00
HRA budget brought forward	0.99	(0.99)	-	-	-	0.00
Civic budget brought forward	0.08	-	(0.08)	-	-	0.00
Budget Removals						
Removal of School budgets for completed projects	(0.3)	-	-	-	-	(0.30)
Total	**46.70**	**40.45**	**27.51**	**55.08**	**27.59**	**197.33**

The budget adjustments set out in Table 2 include:

6.3 £56.9m slippage and underspend from 2021/22 set out in Table 1 above.

6.4 Budgets Approved by Cabinet since the 21/22 Budget Report

- £21.7m of funding for affordable housing in the General fund as part of the New Council Homes Programme Update.
- £116.3m of funding for affordable housing in the HRA as part of the New Council Homes Programme Update including Grand Union and purchase of affordable units for the NWCC South Kilburn Scheme.

6.5 Budget re-profiling

- The Regeneration realignment of the budget to the correct financial year includes projects for Wembley Housing Zones and Morland Gardens.
- The public realm re-profiling primarily relates to the Councils purchase of waste vehicles.
- There is also re-profiling of an SCIL allocation for a youth project moving it into 2023/24.
- There are small budget movements into 2022/23 from future years for the projects External Fabric Works and Adaptation to Council Properties to deal with overspends within the HRA programme.
- There is a small budget brought into 2022/23 from future years for the Civic Centre asset management project.

6.6 Budget Removals

- Removal of remaining budget for completed schools projects that have completed, allowing repurposing of the grant funding within the Schools Board.

The revised budget position for 2022/23 to 2026/27 is summarised in Table 3 below.

Table 3 - Capital Programme Revised Budget 2022/23 to 2026/27						
Board	**2022/23 Revised Budget**	**2023/24 Approved Budget**	**2024/25 Approved Budget**	**2025/26 Approved Budget**	**2026/27 Approved Budget**	**Total 2022/23 to 2026/27**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Corporate Landlord	14.95	53.33	22.52	0.00	0.00	**90.80**
HCIB - GF	101.7	28.66	59.81	8.89	4.34	**203.40**
HCIB - HRA	79.33	57.27	42.31	23.25	23.25	**225.41**
PRS I4B	24.35	18.60	0.00	0.00	0.00	**42.95**
Public Realm	21.39	12.29	5.15	6.00	0.00	**44.83**
Regeneration	16.20	75.10	63.74	27.49	0.00	**182.53**
Schools	11.59	26.25	14.00	0.00	0.00	**51.84**
South Kilburn	26.41	10.44	9.89	2.78	11.52	**61.04**
St Raphael's	3.61	0.00	0.00	0.00	0.00	**3.61**
Total	**299.53**	**281.94**	**217.42**	**68.41**	**39.11**	**906.41**
Approved Feb 22	252.83	241.49	189.91	13.33	11.52	**709.08**
Budget Adjustments	46.7	40.45	27.51	55.08	27.59	**197.33**

Capital Pipeline

6.7 The programme agreed by Council in February 2022 included £419.9m for pipeline schemes. The capital pipeline is a list of potential future investment projects identified by each of the sub-boards. In evaluating the investment pipeline proposals several factors are considered. These include statutory requirements, demonstrable linkages to corporate priorities, with the ability for proposals to generate revenue savings and, to a slightly lesser extent, their potential to generate future capital receipts or other financial returns.

6.8 Schemes will be brought forward once further refined and subject to detailed business cases, they will be promoted to the main programme following Cabinet approval where necessary.

6.9 Since February an additional scheme has been added relating to the redevelopment of the Alperton community centre, increasing the total pipeline figure by £0.8m to £420.7m.

7.0 Housing Revenue Account

7.1 The Housing Revenue Account (HRA) is a ring-fenced account which contains the income and expenditure relating to the Council’s landlord duties in respect of approximately 12,000 dwellings including those held by leaseholders.

7.2 The HRA budget is set each year in the context of the 30-year business plan. The business plan is reviewed annually allowing for horizon scanning and the identification and mitigation of risks in the short, medium and long term. Early identification of risks enables planning and implementation of mitigations to ensure the HRA can continue to remain financially secure and deliver on its commitments:

- Expand and accelerate the development of new council homes;
- Continue to maintain and improve existing council homes; and
- Transformation and continuous improvement of front line services to tenants and leaseholders.

7.3 Since 2020/21, and for the following four years, the Council has the power to increase rents annually up to a maximum of CPI plus 1%. In 2022/23, the average rent currently sits at £123.61per week, an increase of 4.1% when compared to the previous year. Considering present inflationary trends, if the Council follows the current rent policy and a similar increase is applied for 2023/24, this would result in an average rent per week of £128.68 and give the potential to raise an additional £2.1m per annum for the next 2 years.

7.4 HRA rent setting needs to be considered in the context of the ring-fence and the 30-year business plan. The CPI plus 1% model not only helps to contain higher costs as a result of inflation, it also helps to provide some stability and certainty over planned investment in the stock, service improvement and new development, at least in the medium term. A £2.1m increase in rent has the effect of an additional £63m investment in the HRA over a 30-year period.

7.5 After April 2025, the implications of future Government regulated rent policy remain uncertain. Medium-term investment plans must be approached cautiously and allow for flexibility. High levels of uncertainty around the inflation and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials and repairs, as well as the cost of new build contracts. Rising energy costs are to be passed on to tenants and leaseholders resulting in an increased risk of non-collection. In addition, rising cost of living is likely to impact rent collection rates and consequently result in increased rent arrears. Other pressures involve the capital programme as there is no new government funding having been made available to meet environmental priorities and requirements such as carbon reduction works to homes. The increased costs experienced by the HRA would have to be met by rent inflation and modifying service delivery, in addition to the annual saving targets which are incorporated into the medium-term financial plan.

7.6 The influences outlined above are continuously monitored and a reappraisal of HRA budget priorities will be considered if necessary. As part of the budget setting process, the HRA budget will be subject to a separate consultation process.

8.0 Schools and Dedicated Schools Grant

8.1 Brent school budgets are under considerable pressure due to rising costs and additional costs due to the impact of the Covid pandemic. The primary schools in the borough are also impacted by reducing funding levels because of falling rolls, as pupil numbers mainly drive school funding. There are currently 6 schools in deficit and more schools are having to take action now and undertake restructures to prevent themselves going into deficit.

8.2 At the end of 2021-22, the overall DSG deficit in Brent has increased to £15.1 million following an in-year deficit of £4.6million added to the brought forward deficit of £10.5m, which began in 2019-20. This cumulative deficit is against the High Needs Block (HN), which has come under increased pressure in supporting children with special educational needs.

8.3 The increasing number of children with Education, Health and Care Plans (EHCP), has driven the cost pressures in the HN block. The table below shows the trend over the past 5 years.

Table 4	**January**	**January**	**January**	**January**	**January**
Financial Year	**2018**	**2019**	**2020**	**2021**	**2022**
Number of EHCP	2,076	2,173	2,426	2,784	2,938
Brent Year on Year % Increase	6%	5%	12%	15%	6%
National Year on Year % Increase	11%	11%	10%	10%	10%

8.4 The cumulative deficit of £15.1million will be carried forward to 2022/23 and Brent has a Deficit Recovery Management Plan is in place with longer-term actions to recover the deficit and a task group has been set up by the council to coordinate and monitor these actions. Some of these actions to reduce costs include developing Alternative Provision education in the borough, increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16-25 year old SEND students. A combination of these longer-term recovery actions and anticipated funding increases will reduce the deficit.

8.5 The statutory override in place to carry forward a deficit balance against the DSG would end in 2022/23 and this is a risk for Brent if the expectation is that local authority's balances should cover the deficit.

8.6 In 2021/22, the majority of local authorities in London had forecast DSG deficits exceeding £300 million in total. Nationally the pressure exceeded £1 billion in 2020/21. In response to this, the DfE has set up two programmes to tackle the pressures in the high needs system and for it to be placed on a sustainable footing. These are;

- The Safety Valve programme with an investment of £300m for authorities with very high deficits. There are currently 14 authorities on this programme;
- Delivering Better Value (DBV) in SEND programme, an £85 million investment over 3 years to support 55 authorities in deficit. Brent has been invited by the DfE to be part of the first tranche of 20 authorities and the programme is planned to commence in June 2022.

8.7 The DBV programme will run in three tranches and will comprise two phases. The first phase will take 6 months and comprise a comprehensive review of processes, data, underlying cost drivers and the existing DSG Management plan. Actions plans will be agreed as part of the review with the authorities and the second phase will commence lasting 18 months for the implementation of the action plans. The appointed delivery partner, SEND advisers and Financial Advisers, will undertake the review.

9.0 Financial Implications

9.1 The financial implications are set out throughout the report.

10.0 Legal Implications

10.1 Standing Order 24 sets out the process that applies within the Council for developing budget and capital proposals for 2023/24. There is a duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans before each annual budget under Section 65 of the Local Government Finance Act 1992. The council also has a general duty to consult representatives of council tax payers, service users and others under Section 3 (2) Local Government Act 1999.

11.0 Equality Implications

11.1 Under the Public Sector Equality Duty (PSED) in the Equality Act 2010, Brent Council is required to pay due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different protected groups when making decisions. The groups protected by law, also known as protected characteristics, are age, disability, gender, race, religion or belief, pregnancy and maternity, marriage and civil partnership, sexual orientation and gender reassignment. Although socio-economic status (people on low income, young and adult carers, people living in deprived areas, groups suffering multiple disadvantage, etc.) is not a characteristic protected by the Equality Act 2010, Brent Council is committed to considering the impact on socio-economic groups.

11.2 The PSED does not prevent decision makers from making difficult decisions in the context of the requirement to achieve a significant level of savings across all operations. It supports the Council to make robust decisions in a fair, transparent and accountable way that considers the diverse needs of all our local communities and workforce. Consideration of the duty should precede and inform decision making. It is important that decision makers have regard to the statutory grounds in the light of all available material, including relevant equality analyses and consultation findings. If there are significant negative equality impacts arising from a specific proposal, then decision makers may decide to amend, defer for further consideration or reject a proposal after balancing all of the information available to them.

12.0 Consultation with Ward Members and Stakeholders

12.1 The detailed approach to the statutory consultation process will be set out as part of the budget report to be presented to Cabinet in October 2022.

13.0 Human Resources

13.1 Not applicable.

<u>Report sign off:</u>

Minesh Patel
Director of Finance

Brent	**Cabinet** 18 July 2022
	Report of the Director of Finance

Quarter 1 Financial Report 2022/23

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One: Appendix A: Savings Delivery Tracker 2022/23
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Tel: 020 8937 4043 Email:Minesh.Patel@Brent.gov.uk Ben Ainsworth, Head of Finance Tel:020 8937 1731 Email: Benjamin.Ainsworth@Brent.gov.uk

1. Summary

1.1. This report sets out the current forecast of income and expenditure versus the revenue budget for 2022/23 and other key financial data. Total pressures for the year are forecast to amount to £0.5m.

1.2. The forecast £0.5m pressure against the DSG budget is the result of an increase in costs for the High Needs Block.

1.3. The 2022/23 budget was set to accommodate pressures arising from the impact of the COVID-19 pandemic, for example incoming losses and increased demand in social care. The 2022/23 budget includes a £2.7m savings target, which was agreed in February 2022, as set out in Appendix A

Table 1	Budget	Forecast	Overspend / (Underspend)
	£m	**£m**	**£m**
Chief Executive Department	30.1	30.1	0.0
Children and Young People	62.0	62.0	0.0
Community and Well-Being	137.1	137.1	0.0
Customer & Digital Services	24.3	24.3	0.0
Regeneration & Environment	52.8	52.8	0.0
Subtotal Service Area Budgets	**306.3**	**306.3**	**0.0**
Central items	(306.3)	(306.3)	0.0
Grand Total General Fund Budgets	**0.0**	**0.0**	**0.0**
DSG Funded Activity	0.0	0.5	0.5
Housing Revenue Account (HRA)	0.0	0.0	0.0
Position before COVID-19 funding	**0.0**	**0.5**	**0.5**

DSG gross income and expenditure

	Budget	**Forecast**	**Under/ (Over)spend**
	£m	£m	£m
DSG			
Income	(206.7)	(206.7)	0.0
Expenditure	206.7	207.2	0.5
Total	**0.0**	**0.5**	**0.5**

HRA gross income and expenditure

	Budget	**Forecast**	**Under/ (Over)spend**
	£m	£m	£m
HRA			
Income	(52.7)	(52.7)	0.0
Expenditure	52.7	52.7	0.0
Total	**0.0**	**0.0**	**0.0**

1.4. At the time of writing, there are significant risks connected to the uncertainty of inflation and pressures the Council may face as a result of the cost of living crisis. Inflation, as measured by the Consumer Prices Index, reached 9.1% in May and is forecast to peak in December 2022 at 11%, before starting to fall. Given that many contracts increase in price based on inflation as measured at a specific month, (e.g. every September) this creates a significant risk for this financial year that costs could grow faster than forecast if inflation is higher than currently forecast. Should this occur, the Council will need to find in year efficiencies in order to keep the budget in balance. As a last resort, the Council may need to utilise reserves to fund any further in year pressures. Further information on the impact of inflation and the cost of living crisis on the Council is set out in the Medium Term Financial Outlook report also on this agenda.

1.5. There are also significant risks in the Council's Capital programme, with a forecast underspend of £52.9m. This underspend is largely attributable to a delayed project start for Housing GF and an updated project plan in Regeneration. The table below shows the forecast position for each Capital Directorate:

Directorate	**Original Budget**	**Revised Budget**	**Current Forecast**	**FY Variance**
Corporate Landlord	5.7	14.6	16.3	1.7
Housing GF	73.6	97.8	88.5	(9.3)
Housing HRA	45.5	47.9	51.0	3.1
PRS I4B	19.8	25.1	19.7	(5.4)
St Raphael's	2.2	3.6	1.9	(1.7)
Public Realm	8.7	14.5	11.9	(2.6)
Regeneration	47.2	49.1	15.9	(33.2)
Schools	10.4	14.1	10.3	(3.8)
South Kilburn	22.1	26.2	24.5	(1.7)
Total	**235.2**	**292.9**	**240.0**	**(52.9)**

2. Recommendation

2.1**.** That Cabinet note the overall financial position and the actions being taken to manage the issues arising.

2.2**.** Cabinet delegates to the Director of Finance in consultation with the Deputy Leader authority to revise the terms of the loan agreement between the Council and i4B Holdings Ltd and First Wave Housing to allow borrowing within all tenures provided by the Public Works Loan Board for the reasons detailed in paragraphs 4.10 to 4.12.

3. Revenue Detail

3.1. Chief Executive Department (CE)

Chief Executive Department	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Legal, HR and Audit	10.4	10.4	0.0
Finance	8.6	8.6	0.0
Assistant Chief Executive	11.1	11.1	0.0
Total	**30.1**	**30.1**	**0.0**

Summary

3.1.1 Legal, Human Resources (HR) and Audit are currently forecasting to spend to budget for 2022/23.

3.1.2 Finance is forecasting to spend to budget for 2022/23.

3.1.3 The Assistant Chief Executive (ACE) department is currently forecasting to spend to budget for 2022/23.

Risks and uncertainties

3.1.4 The main risk to the budget is inflation uncertainty and the impact on energy and pay costs. These additional costs, across the council, may need to be funded from general reserves if they cannot be contained with the Council's overall budget or other in year efficiencies.

Savings and Slippages

3.1.5 A total of £0.2m of savings are planned through efficient working practices from the Oracle Cloud implementation and other departmental efficiencies. The department is on track to deliver these savings.

3.2 Children and Young People (CYP) (General Fund)

CYP Department	Budget (£m)	Forecast (£m)	Overspend /(Underspend) (£m)
Central Management	1.3	1.3	0.0
Early Help	5.0	5.0	0.0
Inclusion	2.8	2.8	0.0
Localities	21.0	21.0	0.0
Looked After Children and Permanency	7.0	7.0	0.0
Forward Planning, Performance & Partnerships	23.4	23.4	0.0
Safeguarding and Quality Assurance	2.0	2.0	0.0
Setting and School Effectiveness	(0.3)	(0.3)	0.0
Total	**62.2**	**62.2**	**0.0**

Summary

3.2.1 The Children and Young People department is currently forecasting a breakeven position. There are a number of risks and uncertainties discussed below which might have a significant impact on this position going forward, pending ongoing management actions to manage within the available budget.

Risks and uncertainties

3.2.2 There remain a number of risks and uncertainties within the department that may affect the forecast outturn position and these are identified below.

3.2.3 Within the Localities, Looked After Children, and Permanency (LAC&P) services, there are challenges regarding the recruitment and retention of skilled and experienced social work staff with the services relying on agency staff whose costs are more expensive than permanent staff. Rising caseloads are also a risk in this area, in 2021/22, caseloads exceeded the budgeted levels of 2,500 and increased to 3,000 a 16.7% increase. This was mainly attributed to the impact of the Covid-19 pandemic, and increases in referrals linked to asylum seeker dispersals. This led to a restructure of the social work teams increasing the number of social workers from 66 to 80 within the Localities service as the Council is committed to maintaining safe caseloads per social worker. If demand continues to grow, this could create an added pressure in this area. Management will continue to monitor the caseload levels and the use of agency staff while continuing the drive to recruit permanent staff.

3.2.4 The volatility surrounding the Placements budget for looked after children (LAC) managed within the Forward Planning, Performance and Partnerships service is a key challenge. Growth funds have been allocated against this area in 2022/23 to mitigate increase demand in the number of LAC and care leavers which saw a 19% increase in 2021/22 and one-off COVID funding was used to mitigate some of the pressure. However, despite this investment, there is a risk that with the impact of the National Insurance (NI) increase and high inflation costs, it is likely that providers will increase prices over and above inflation. In addition, the impact of the cost of living crisis on vulnerable families could also cause demand to increase.

3.2.5 Management actions in place to control spend include establishing additional sign off processes at Children’s Placement Panel; more challenge and support around stepdown arrangements from residential placements to foster placements and/or semi-independent placements, monitoring and actively supporting the transition of care leavers to their own tenancies.

3.2.6 The Children with Disabilities budget within the Localities service also received growth funds to mitigate pressures arising from increased demand and inflation. The pressures in this area are linked to the number of children with Education, Care and Health Plans (EHCPs), which saw an increase of 6% in 2021/22. There is a risk that further increases in EHCPs would put additional pressure on the care packages budgets in this area and impact on staffing costs.

3.2.7 The LAC&P service incurred additional costs in 2021/22 for specialist age assessment social workers, legal costs, additional personal advisors to manage cases, and increased subsistence costs. This is because of an increase in the number of Unaccompanied Asylum Seeking Children (UASC) and Care leavers presenting to the borough. Growth funds have been allocated to the service this year to mitigate the pressures but there is a risk that the cost of living crisis could exacerbate pressures in this area.

3.2.8 The forecast position is also dependent on estimated income from the Home Office for UASC and Care leavers c£2.8m and Health contributions from the CCG of £1.5m. Any major fluctuations in these income streams could have an impact on the final outturn position.

Savings and Slippages

3.2.9 The department has a £0.3m savings target against the Gordon Brown Centre. There is a risk that elements of this target will slip, as the project to deliver the savings through the recovery initiatives funding is still ongoing. At this stage, it is assumed that the slippage will be managed within the department.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if Better	Mitigations
LAC and Care Leaver placements forecast assumes numbers of about 791 and unit costs reflect current trends.	An increase in the number of high cost residential or secure placements would place pressure on the budget e.g., an increase by 4 placements in-year could cause an in-year pressure of c£0.6m (and £1.2m per annum)	Increased step-down arrangements result in falling number of residential placements. A single stepdown from a residential placement to a semi-independent placement could reduce expenditure by c£0.1m in-year.	Ongoing review of packages for best outcomes and focus on stepdown arrangements to support children to transition from residential to foster and/or semi-independent placements. Supporting the transition of care leavers to their own tenancies. To improve outcomes and independence and so increase the effectiveness of placements Innovative support and partnering with Health for CYP Mental Health and Wellbeing, among other preventative measures.

Health contributions for CYP placements and Children with Disabilities (CWD) packages will be maintained at the same levels as 2021/22.	The spend will not be mitigated by these contributions in proportion to the overall demand.	It will assist in mitigating overall net spend.	Maximising Joint commissioning with health to ensure contributions to placement costs where applicable.
Pressures arising because of the Covid-19 pandemic will be managed within the growth funds allocated in 2022/23 as part of Business As Usual costs (BAU).	It may create overspends which the department may not be able to mitigate.	More likely to stay within budget as growth provided more likely to cover expected increases.	Ongoing monitoring and reporting to ensure management action is taken as early as possible to enable mitigation.
Mix of social work staff and caseloads in the Localities and LAC & Permanency service to remain within budgeted level.	If increases follow the trend of 2021/22 and exceed budgeted levels by 15% during the year, there could be up to £1m additional spend on agency social work staff to manage the pressure	There would be a reduction in the use of agency staff and the reduced caseloads could be attractive to social workers seeking permanent roles.	Continued management action to monitor caseloads across the service and review and manage social work resources.

3.3 Community Well-Being (CWB) (General Fund)

CWB Department	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	105.1	105.1	0.0
Housing	4.0	4.0	0.0
Culture	5.1	5.1	0.0
Public Health	22.9	22.9	0.0
Total	**137.1**	**137.1**	**0.0**

Forecast

3.3.1 Based on current trends and assumptions around the inflation and the rising cost of living implications, the Community Wellbeing department is forecasting a break-even position for 2022/23.

3.3.2 The department’s finances have been significantly impacted by the global pandemic and are anticipated to continue to be affected by the cost of living crisis. The 2022/23 budget has been set accordingly, based on assumptions around future demographic and inflationary trends.

Risks and uncertainties

3.3.3 There are a number of risks and uncertainties within the service that could affect the assumptions made and the overall forecast outturn for 2022/23. The key risks and uncertainties predominately relate to Adult Social Care and Housing services.

Adult Social Care

3.3.4 Within Adult Social Care, longer term effects of the pandemic, demographic and inflationary pressures, as well as uncertain implications of the introduced fair cost of care and social care reforms, all pose financial risks to the service's budgets.

3.3.5 As additional Clinical Commissioning Group (CCG) funding and COVID-19 grants come to an end, some of the pressures on social care and community services that have been contained with these funds still remain, posing a financial risk to the budgets. As this support ceases, this will have an impact on both the local authority and our providers who benefitted from these funds in order to reduce the impact of COVID-19 and the workforce challenges being faced in the sector. In 2021/22, the Council received an additional £6.5m in COVID-19 grants to support the care providers and CCG has covered £2.7m worth of costs as a result of CCG commissioning all Residential and Nursing placements that are typically more expensive than the usual cost to the Council. The CCG funding has been extended locally for one quarter in 2022/23 and thereafter the Council will be left to absorb the inherited higher costs as it is difficult to renegotiate the agreed placements. To manage this risk, the service are looking at creating a task and finish group with health colleagues to manage discharges in a different way in order to manage the costs, whilst also ensuring safe discharges.

3.3.6 Exacerbated by the pandemic, the demand for social care services and complexity of care needs are also ever-increasing resulting in higher costs. Whilst there are some reductions in costs due to less Residential and Nursing placement following the COVID-19 outbreaks, the demand for homecare and supported living is on the rise.

3.3.7 The cost of living crisis and the steep rise in inflation, heating and fuel costs are likely to have an impact on spot placement requests from providers who are looking to recover some of the additional costs they are incurring. For 2022/23, the Adult Social Care budget was increased in order to meet projected demographic growth demand and inflationary increases. Due to continued rises in inflation this creates additional risk and uncertainty, and care package budgets are therefore being monitored closely whilst any placement fee increase requests from providers are also being reviewed in detail.

3.3.8 Another key area of uncertainty is the fair cost of care and social care reforms. Work is ongoing to better understand the impact of the fair cost of care, the care cap and the number of self-funders coming forward which will create additional burdens. Whilst government funding is being made available to Brent in 2022/23 and future years, it is unknown at this moment in time whether this funding is enough to afford the market sustainability costs and implementation costs.

Housing

3.3.9 Within Housing, there is a risk that the demand for the services could increase and the number of homeless applications to rise. The current economic climate could also have an impact on the rent collection rates and result in increases in rent arrears.

3.3.10 In addition, the service is reliant on the Private Rented Sector (PRS) for supply to prevent homelessness and end statutory homelessness duties. However, this market continues to contract.

3.3.11 With more people placed in Temporary Accommodation, higher costs and less supply available to prevent homelessness, this could cause financial pressures on the budgets. These risks are being closely monitored and the service is focusing on early interventions and preventative actions.

Culture

3.3.12 Within Culture, reductions in income due to slower than anticipated recovery of facilities use remain a risk area for the service.

3.3.13 Looking further ahead, as energy costs double for leisure centres, the risk of provider failure is increasing forcing the Council to make difficult choices. An option is to support operators by subsidising their operating costs. Closing sites due to rising utility costs would also have a significant impact on both communities and income levels. The Council is working closely with the leisure providers to ensure continuity of the affordable service.

Public Health

3.3.14 Longer term implications of the pandemic on the people’s lives, as well as the cost of living crisis, and subsequent demand for the public health services can be difficult to quantify at this stage, however this is being continuously monitored and financial implications assessed.

3.3.15 As is the case in other service areas, Public Health contracts are also likely to be affected by the rising levels of inflation, however for 2022/23 the costs are anticipated to be contained within the main Public Health grant.

Savings and Slippages

3.3.16 A total of £0.7m savings are planned to be delivered from the department budgets in 2022/23. A saving of £0.6m is expected from continuing to reduce demand for Temporary Accommodation through increasing the supply and a £0.1m saving to be achieved from better reablement. There are currently no slippages anticipated again the delivery of these.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
The Adult Social Care providers' costs will increase to the anticipated level in line with inflationary assumptions.	A 1% increase on the cost of care packages could result in a £0.7m pressure.	A 1% decrease on the cost of care packages could result in a £0.7m reduction in anticipated costs.	The Council is working closely with the service providers and provides robust challenge of individual package costs based on evidence as part of placement reviews.
The additional cost of CCG placements reverts to the Council from July onwards.		Projected at £0.2m a month and if the NHS continues to fund this will bring the anticipated cost down.	Work with the CCG to prevent excessively priced care packages and review all care placements, to ensure that social care is responsible for funding those costs only.
The additional numbers of homeless people can be managed within the existing budgets.	Each person costs on average £340 per week to accommodate, so a delay for 13 weeks (1 quarter) of 20 people will cost an additional £0.1m.	Faster progress on homeless pathways will reduce expenditure by £340 per person per week.	The service is focusing on moving homeless clients along the various pathways. Use of Homelessness Prevention reserves could help to offset the pressures if required.
Rent collection rates for the Housing Needs service will not fall below the anticipated level.	A 5% worsening in the collection rate will cost £0.3m.	A 5% improvement in the collection rate will recover £0.3m.	Collection rates are being closely monitored and investigations into the drivers for the movements in the collection rates are ongoing.

3.4 Customer & Digital Services (CDS)

Operational Directorate	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Customer and Digital Services Directorate	0.5	0.5	0.0
Customer Services	10.7	10.7	0.0
Digital Services	0.2	0.2	0.0
ICT Client and Applications Support	7.5	7.5	0.0
Procurement	1.3	1,3	0.0
Transformation	4.1	4.1	0.0
Total	**24.3**	**24.3**	**0.0**

Summary

3.4.1 The CDS department is currently forecasting to budget for 2022/23.

Risks and uncertainties

3.4.2 There are no material risks identified.

Savings and Slippages

3.4.3 A total of £0.6m savings were planned to be delivered from the department's budgets. The savings are from staffing efficiencies (£0.4m), increased income from IT support (£0.1m), and the merger of Housing and Brent Customer Services Centre (£0.1m). The department is on track to deliver the savings.

3.5 Regeneration & Environment (R&E)

R&E	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Environmental Services	39.5	39.6	0.1
Regeneration Services	5.0	5.0	0.0
Property Services	6.5	6.6	0.1
R&E Directorate	1.8	1.6	(0.2)
Total	**52.8**	**52.8**	**0.0**

Forecast

3.5.1 The Regeneration & Environment department is currently forecasting a break-even position for 2022/23. The forecast break-even position consists of a £0.1m overspend in Environment and a £0.1m overspend in Property, which is mitigated by an underspend in the R&E Directorate.

3.5.2 The reported £0.1m overspend in Property relates to the use of agency staff which is planned to be reduced in year. As part of the mitigations, the service is looking at a restructure and converting the agency staff to permanent positions.

3.5.3 Environmental Services are forecasting a £0.1m overspend relating to Highways Management and the uncertainty around the TfL LIP funding they receive. Further updates are awaited from TfL on full year funding. and the impact of this on staffing capitalisation continues to be reviewed.

3.5.4 The forecast underspend in the R&E Directorate relates to savings delivered early.

Risks and Uncertainties

3.5.5 R&E has an income budget of £42m. A small percentage change can have a large monetary impact. For example, an additional 1% reduction in income would be equivalent to around £0.4m. In 2021/22 income collected was impacted due to the recovery from Covid-19 restrictions, such as in parking with changing motoring activities reducing traffic, and income from planning and building control applications reduced. It is hoped that with no restrictions income will continue to recover. In the current year there also remains some concern around the cost of living and the impact that could have on income received, this will be monitored throughout the year.

3.5.6 The Highways revenue budget is reliant on TfL LIP funding which was significantly reduced in 21/22 due to severe financial pressures on TfL. Since April 2020, TfL has negotiated a series of short-term funding settlements with the Government to enable it to continue operating public transport services and to enable the delivery of essential improvements to the transport network across London. Accordingly, the funding provided to Brent has been significantly below what it would usually expect to receive, and this impact continues to be felt in 2022/23. Reduced funding has been provided for quarter 1 of 22/23, with funding beyond that currently uncertain with further updates from TfL awaited.

Savings & Slippages

3.5.7 The department has a target of £0.3m savings to be achieved in 2022/23. Of these, all are on track to be fully delivered or have had alternative savings found.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
Parking income will continue to recover to pre-pandemic levels	Increased pressure on the budget if income falls below the current forecast level.	If activity recovers faster than expected, then this would increase the income collected	Income will continue to be monitored. CCTV enforcement has been increased with additional cameras for 22/23, and a review of the existing cameras.

SEN Transport taxi spend is within budget and expected client numbers.	Every additional child requiring transport via taxis costs the Council an average of £11,300 per annum.	Reduction in the growth requirement for future years.	The service is monitored as part of the shared service with Harrow. Client numbers can therefore be planned for. A strategic review of this service is planned to take place to look for efficiencies.

3.6 Central items - Collection Fund

3.6.1 The budgeted net collectible amount for Council Tax (after exemptions, discounts and Council Tax support) is £179.2m. The actual net collectible amount as at May 2022 is £179.2m. It is expected that this figure may decrease during the year if relief granted to residents increase due to COVID-19 and the cost-of-living crisis. This is being closely monitored to assess the overall impact over the timeframe of the medium-term financial plan. As at the end of May 2022, the amount collected was 19.3%, a shortfall of 0.5% when compared to the in-year target. The amount collected in the same period last year was 19.7%, however, pre-pandemic collection rates in the same period were around 3.3% higher amounting to £6m. If the under-collection of tax continues throughout the year it will have an adverse effect on the Council's cashflow and possible implications for the medium-term financial plan.

3.6.2 The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) is £153.4m. The actual net collectible amount as at May 2022 is £153.2m, a decrease of £0.2m since April 2022. Further reductions may occur due to reductions in properties and successful appeals against rateable values. As at the end of May 2022, the amount collected was 16.7%. The amount collected in the same period last year was 19.7%. Prior to the pandemic the levels collected during the same period were around 3.3% higher, amounting to just over £5m. Similar to Council Tax, if the under-collection of tax continues throughout the year it will have an adverse effect on the Council's cashflow and possible implications for the medium-term financial plan.

3.6.3 Movements between the budget and actual collectable amounts affect the overall level of balances held in the Collection Fund at year-end after deducting charges, with deficits requiring repayment by all of the precepting authorities in future years. The income due to the General Fund from the Collection Fund is forecast on budget with no variation expected in the current year.

3.7 Dedicated Schools Grant (DSG)

Funding Blocks	Overall DSG Funding 2022/23	Forecast Expenditure	Overspend / (Underspend)
	£m	£m	£m
Schools Block	114.8	114.8	0.0
High Needs Block	67.8	68.3	0.5
Early Years Block	22.0	22.0	0.0
Central Block	2.1	2.1	0.0
Total DSG	**206.7**	**207.2**	**0.5**

Summary

3.7.1 There have been increases to the DSG funding blocks for 2022/23 and the overall DSG allocation for Brent is £349m but £132m was recouped from the Schools Block, and £8.2m from the High Needs Block (HNB) and transferred directly to Academies. In addition, for the first time the Education and Skills Funding Agency (ESFA) has also recouped £1.8m from the Schools Block to pay billing authorities directly for National Non-Domestic Rates (NNDR). This leaves a total allocation of £206.7m reflected in the table above. The Schools Block also made a 0.5% contribution to the High Needs Block of £1.2m to support the pressures in this Block. This leaves £206.7m, which forms the DSG budget.

3.7.2 At this stage, the DSG is currently reflecting a forecast in-year deficit of £0.5m against the HNB. This assumes a 6% increase in the costs associated with children with Education Health and Care Plans (EHCPs). .

3.7.3 The cumulative DSG deficit brought forward from 2021/22 is £15.1m. The deficit has been disclosed as an earmarked unusable reserve in line with DfE regulations (the School and Early Years Finance (England) Regulations 2021). The regulations make clear that the deficit can be carried forward to be funded from future years' funding and/or recovery plans agreed with the DfE.

3.7.4 The Council has a Deficit Recovery Management Plan is in place with longer-term actions to recover the deficit and a task group has been set up by the Strategic Director of CYP to coordinate and monitor these actions. Some of these actions to reduce costs include developing alternative provision education in the borough, increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16–25-year old SEND students. A combination of these longer-term recovery actions and anticipated funding increases will reduce the deficit.

Risk and Uncertainties

3.7.5 A small in year deficit has been identified against the HNB but there remains a risk that the number of children and young people with EHCPs will continue to grow. The growth in EHCPs is a national and London wide trend whereby the number of children assessed as meeting the threshold for support continues to increase, but the HN Block funding has not increased in line with continued growth. Over the years, this has created financial pressures with a majority of authorities holding deficit balances. In 2021/22, the total deficits for authorities in London exceeded c£300m. The HN Block did receive a 13% increase in funding for 2022/23 but the risk remains that this increase may not be sufficient to cover the costs of further increases in EHCP numbers and increases from providers for high inflationary costs.

3.7.6 The regulation that is in place to carry forward a deficit balance against the DSG is due to end in 2022/23 and this is a risk for the council if the expectation is that local authority's balances should cover the deficit.

3.7.7 The Council has been invited by the DfE to be part of the first tranche of 20 out of 55 authorities with deficits to tackle the pressures in the high needs system through a Delivering Better Value (DBV) in Special Educational Needs and Disabilities (SEND) programme. The DBV programme is for local authorities that have deficits, which are lower than the 14, other authorities with very high deficits on the DfE's Safety Valve programme. The programme is expected to commence in June 2022 and it is part of the DfE's support package to help local authorities maintain the delivery of effective SEND services within the funding available. The programme will provide SEND advisers and financial advisers to support the authority in producing a quality assured DSG Management Plan. As this is a new programme, the likely financial impact on the deficit is uncertain at this stage.

HRA

HRA	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
HRA	0.0*	0.0	0.0

* The HRA budget is comprised of £57.2m expenditure and £57.2m income

Forecast

3.7.8 The budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which has a balanced budget set for 2022/23.

3.7.9 The forecast for the HRA is a break-even position for 2022/23. However, there are a number of risks and uncertainties in this fund that could pose financial pressures.

Risks and uncertainties

3.7.10 High levels of uncertainty around the inflation and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials and repairs, as well as the cost of new build contracts. Rising energy costs are to be passed on to tenants and leaseholders resulting in an increased risk of non-collection. In addition, rising cost of living is likely to impact rent collection rates and consequently result in increased rent arrears. Other pressures involve the capital programme as there is no new government funding having been made available to meet environmental priorities and requirements such as carbon reduction works to homes. The increased costs experienced by the HRA would have to be met by rent inflation and modifying service delivery. These risks are being continuously monitored and reflected in the HRA Business Plan and the Council's Medium Term Financial Strategy (MTFS).

3.8 **Recovery Initiatives** The Council has allocated £8.5m to be spent towards recovery initiative projects in the 2022/23 financial year. The departments have each forecast to spend to budget for these initiatives. The table below shows the allocated spend by department for 2022/23:

Department	**Allocated Funding for Recovery Initiatives (£m)**
Chief Executive Department	0.9
Children and Young People - General Fund	1.5
Community Well-Being – General Fund	0.5
Customer and Digital Services	0.6
Regeneration and Environment	3.4
Regeneration and Environment with Customer and Digital Services	1.6

4. Capital Programme

The table below sets out the Capital Programme current forecast to the revised budget position as at Q1 for 2022/23.

Directorate	**Original Budget**	**Revised Budget**	**Current Forecast**	**FY Variance**
Corporate Landlord	5.7	14.6	16.3	1.7
Housing GF	73.6	97.8	88.5	(9.3)
Housing HRA	45.5	47.9	51.0	3.1
PRS I4B	19.8	25.1	19.7	(5.4)
St Raphael's	2.2	3.6	1.9	(1.7)
Public Realm	8.7	14.5	11.9	(2.6)
Regeneration	47.2	49.1	15.9	(33.2)
Schools	10.4	14.1	10.3	(3.8)
South Kilburn	22.1	25.4	23.7	(1.7)
Total	**235.2**	**292.1**	**239.2**	**(52.9)**

Slippage of £52.9m from 2022/23 is being forecast against the revised budget.

4.1 Corporate Landlord

Corporate Landlord is projecting an overspend of £1.7m. The Civic Centre project overspent in 2021/22 due to emergency works. The service is currently submitting a business case for an additional capital budget in this financial year. The Digital Strategy programme, which includes the Acolaid upgrade program and digital inclusion program, is forecasting slippage of £0.4m due to a re-prioritisation of works.

4.2 **Housing GF**

Housing GF is projecting slippage of £9.3m. £11.3m slippage on the Brondesbury Road development, which is delivering supported housing units, is due to the delayed start on site of December 2022. There is an anticipated overspend of £2.5m at the Preston Park development, delivering affordable rented units, due to the expected inflationary pressure in the market. On Private Property Adaptation, an anticipated overspend of £1m is owing to high demand for adaptation works.

4.3 **Housing HRA**

Housing HRA is projecting an overspend of £3.1m. On Windmill Ct, delivering affordable rented units, 2022/23 forecast revised up by £5.9m to account for the revised anticipated spend reflecting estimated build works start in December 2022. For the tower blocks major repair programme, Watling Gardens (delivering a mix of supported living, affordable rented and shared ownership units) and Clement Close (delivering 20 affordable housing units), there is a total 2022/23 forecast slippage of £7.2m due to works progress being slower than previously anticipated. There is an anticipated overspend of £0.8m on Council Properties Adaptation Works. Currently there is an anticipated overspend of £0.9m on the Fire Safety scheme and £0.9m on Anuerin Bevan Court, delivering affordable rented units, due to inflationary pressure on the forecast works outstanding.

4.4 **PRS I4B**

The underspend of £5.4m represents budget slippage from 2021/22 that was not required. The purchasing progamme is forecasting to spend to the full original budget of £19.7m to acquire 48 units.

4.5 St Raphael's

There is £1.7m forecast slippage on St Raphael's infill development which aims to deliver affordable housing through a co-design approach with the community and stakeholders. The slippage is on account of reprofiling of estimated costs for Phase 2 and 3 of the infill development to future years as those phases are not going to incur any spend in 2022/23.

4.6 **Public Realm**

The £1.2m slippage is due to the parks service moving budget for pitch improvement and parks service to better reflect the delivery schedule. There is a £1.4m slippage in the highways area caused by delays in last year's provision of funding from TFL resulting in a large carryforward, the service is working to establish a realistic spend profile and prioritisation of works for this financial year with the funding uncertainty going forward.

4.7 **Regeneration**

Regeneration is projecting slippage of £33.2m. This includes a forecast slippage of £27.5m for Housing Zones, delivering regeneration of Housing Zones including provision of affordable housing, for which an updated budget profile will be set based on the updated forecast. The Morland Gardens project, which will deliver affordable homes, adult education centre and affordable workspace, is forecasting slippage of £5.5m. This is due to the project experiencing delays after a re-tender exercise was required.

4.8 **Schools**

£2.2m of the slippage is related to the SCIL allocation for the Onside Youth Zone, this will be reprofiled into future financial years whilst the Council continues to identify a suitable site. There is £0.4m underspend for the phase 3 of the Primary expansion programme as contingency within the programme is not expected to be utilised. There is also a £0.4m underspend for the Ark Elvin contribution that is no longer required and will be removed. There is an underspend of £0.8m in the Asset Management Plan budget and the Devolved Formula Capital grants, which is currently not being forecast to be spent so can be utilised as contingency to be used on future projects for those programmes.

4.9 **South Kilburn**

The slippage of £1.7m is due to a reduction in the forecasted leasehold acquisition expenditure at Masefield and Wordsworth, along with Crone Court and Zangwill. The development part of the programme is on track within the planned timescales.

Refinancing

4.10**.** The increase of base rate by the Bank of England has seen borrowing rates increase by over 1% across all areas of the yield curve. This is creating viability challenges across all the Council and i4B's capital projects funded by borrowing with rising materials costs as well as increased borrowing costs.

4.11**.** Currently the Council has a loan facility available across both i4B Holdings Ltd and First Wave Housing to deliver Phase 2 of the Private Sector Acquisitions Programme restricted to a 30 year tenure and the associated pricing by the Public Works Loan Board. The increase in borrowing rates for new loans is having a significant impact on the delivery of the acquisitions programme with some properties reaching viability thresholds whilst still in conveyancing. Given current bank rate forecasts, i4B Holdings Ltd will no longer be able to continue with its purchasing programme as per its business plan.

4.12**.** The Board of i4B Holdings Ltd has been in discussions with the Council on undertaking a variation to the loan facility to allow the companies greater flexibility to borrow within all tenures provided by the Public Works Loan Board. This will ensure a closer alignment of the useful life of the assets with the associated debt finance whilst also reducing the refinancing risk for i4B Holdings Ltd and reducing the risk for the Council as its sole Shareholder.

4. Financial Implications

5.1 This report is about the Council's financial position in 2022/23, but there are no direct financial implications in agreeing the report.

5. Legal Implications

6.1 As set out in Recommendation 2.2, Officers recommend a revision in the terms of the loan agreement between the Council and i4B Holdings Ltd and First Wave Housing and seek delegation to the Director of Finance to revise the loan agreement. The loan agreement contains provision allowing for variation. Paragraphs 4.10 to 4.12 details the reasons for such revision and indicates that any variation will allow borrowing within all tenures provided by the Public Works Loan Board.

6. Equality Implications

7.1 There are no direct equality implications in agreeing the report.

7. Consultation with Ward Members and Stakeholders

8.1 Not applicable.

8. Human Resources

9.1 Not applicable.

__Report sign off:__

Minesh Patel
Director of Finance

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Appendix A: Savings Delivery Tracker 2022/23

Department	Index	Reference	2022/23 original saving (£000)	Savings on track to be delivered (£000)	Description	RAG Status	Comments / Mitigating Actions
Community Wellbeing	2021-23 CWB 001	Reablement	120	120	Delivering the outcomes of the Newton Europe project, to increase the number of people going through Reablement, create better quality Reablement and clearer pathways, and minimise costs. Make further savings by reducing local authority contributions to rehab (health) element of the service.	Green	The saving is on track to be delivered and will be achieved through improved reablement care practices which should reduce the need for ongoing adult social care packages after reablement care packages have been completed.
Community Wellbeing	2021-23 CWB 006	Properties to relieve Temporary Accommodation	560	560	Additional properties obtained which reduce demand for Temporary Accommodation.	Green	Savings are on track to be delivered
Sub Total			**680**	**680**			
Regeneration & Environment	2021-23 R&E 004	Damage Cost Recovery	50	50	Deploying an officer to more proactively recover the cost of repairs from developers and builders causing damage to the public highway.	Green	Savings are on track to be delivered
Regeneration & Environment	2021-23 R&E 006	Brent Transport Services move	150	150	Relocating buses back to Brent from Harrow to reduce operating times and costs	Green	A Consultant has completed an initial review of this service with recommendations. It is anticipated that following these recommendations the saving will be achieved.
Regeneration & Environment	2021-23 R&E 009	Apprenticeship levy commercial offer	30	30	Offer to businesses on how to use the apprenticeship levy	Green	Alternative savings will be found within R&E. Not achievable in the initially intended form. There are proposals nationally to reform the Apprenticeship Levy. We will await these changes before progressing any proposals.

Department	Index	Reference	2022/23 original saving (£000)	Savings on track to be delivered (£000)	Description	RAG Status	Comments / Mitigating Actions
Regeneration & Environment	R&E A2	Brent Transport Service	100	100	A review of the commercial aspects of the service to identify operational efficiencies, particularly with respect to route rationalisation, parking arrangements and on-bus support requirements. This will extend to a joint review with Children and Young People (CYP) of what opportunities there might be to promote and facilitate better take-up of independent travel by pupils.	Green	A Consultant has completed an initial review of this service with recommendations. It is anticipated that following these recommendations the saving will be achieved.
Sub Total			**330**	**330**			
Children & Young People	CYP A3	Gordon Brown Centre	300	300	An expanded use of the Centre, either supporting families with children at risk of being taken into care or as a residential provision for Looked After Children, would realise either cost avoidance or additional income.	Amber	A new life skills programme has been developed aimed at better preparing care leavers for adulthood through practical and well as theoretical training, using the Gordon Brown Centre (GBC) for training weekends. Findings from pilot weekends indicate positive outcomes with young people feeling more confident about moving into their own tenancies. Cost avoidance will be generated now that the programme is picking up pace, with the period care leavers are accommodated in semi-independent provision shortening as they move more quickly into their own tenancies. Initial design work on the building to maximise delivery of this activity and work with children at risk of being taken into care, is nearing completion and a business case will be prepared for Capital Programme Board. Adaptations for buildings to ensure full accessibility and allow expanded use of the GBC alongside core business were planned for completion by December 2023 however these are behind schedule with completion anticipated by May 2024. Once in place, extended use of the GBC will generate additional income.
Sub Total			**300**	**300**			

Department	Index	Reference	2022/23 original saving (£000)	Savings on track to be delivered (£000)	Description	RAG Status	Comments / Mitigating Actions
Chief Executive	2021-23 CE 003	Efficiency savings	100	100	Efficiency savings within Assistant Chief Executive	Green	Savings are on track to be delivered
Chief Executive	2021-23 CE 001	Efficiency savings	100	100	Efficiency savings within Legal, Human Resources (HR), Audit & Investigations	Green	Savings are on track to be delivered
Chief Executive	2021-23 CE 002	Efficiency savings	100	100	Efficiency savings within Finance	Green	Savings are on track to be delivered
Chief Executive	CE A1	Efficiency savings	50	50	This saving can be achievable through efficiencies expected from the Oracle Cloud implementation, for example through more efficient working practices	Green	Savings are on track to be delivered
Sub Total			**350**	**350**			
Customer & Digital Services	2021-23 CDS 004	ICT Client and Application support efficiency savings	160	160	ICT Client & Applications staffing efficiencies	Green	Savings are on track to be delivered
Customer & Digital Services	2021-23 CDS 006	Customer Access efficiency savings	50	50	Merger of Housing and Brent Customer Service (BCS) contact centre	Green	Savings are on track to be delivered
Customer & Digital Services	2021-23 CDS 007	Customer Access efficiency savings	30	30	Reduction in Postal Costs	Green	Savings are on track to be delivered
Customer & Digital Services	2021-23 CDS 009	Customer Access efficiency savings	50	50	Increased automation in Customer Services	Green	Savings are on track to be delivered
Customer & Digital Services	2021-23 CDS 010	Customer Access efficiency savings	75	75	Replace IEG (on line benefits form)	Green	Savings are on track to be delivered

Department	Index	Reference	2022/23 original saving (£000)	Savings on track to be delivered (£000)	Description	RAG Status	Comments / Mitigating Actions
Customer & Digital Services	2021-23 CDS 011	Customer Access efficiency savings	95	95	Staffing efficiencies in Customer Services	Green	Savings are on track to be delivered
Customer & Digital Services	2021-23 CDS 012	Transformation efficiency savings	100	100	Staffing efficiencies	Green	Savings are on track to be delivered
Sub Total			**560**	**560**			
Corporate	CORP A1	Reduction in procurement spend	500	500	This new work stream consists of an ongoing procurement and contract management review, covering new procurement activity, re-scoping of contracts and reviewing inflationary uplifts.	Green	This saving is expected to be delivered following a review of procurement spend and upcoming contract renewals by the Commissioning and Procurement Board
Sub Total			**500**	**500**			
Grand Total			**2,720**	**2,720**			

Brent	**Cabinet** 18 July 2022
	Report from the Assistant Chief Executive

2021/22 Quarter 4 (January – March) Performance Report

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One Appendix A: Corporate Performance Scorecard
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Lorna Hughes Head of Strategy and Partnerships 020 8937 5068 lorna.hughes@brent.gov.uk

1.0 Purpose of the Report

1.1 This report and the performance scorecard (**Appendix A**) set out the position on the Council's performance in the fourth quarter of 2021/22. The content and format of the report and scorecard have been constructed to focus primarily on the Council's Borough Plan: Building a Better Brent (2021-2022), and its priorities.

1.2 This report will provide Cabinet with a corporate overview of performance in key Borough Plan priority areas, to support informed decision-making and to manage performance effectively.

1.3 The Borough Plan: Building a Better Brent 2021-22 refresh was agreed by Full Council in February 2021. This refresh updated the Borough Plan 2019-23. It provides a strategic picture of where the Council would like to be by 2022 and how it intends to get there. The Borough Plan has five overarching strategic priorities, each with detailed desired outcomes. To assist in the delivery of these outcomes, specific key activities have been identified - there are known as annual Delivery Plan Priorities.

1.4 The five priorities set out in the Borough Plan (2021-22) and their desired outcomes are as follows:

- Every opportunity to succeed:
    - Improvement in Key Stage results for boys of Black Caribbean heritage, looked-after children and care leavers
    - High-level skills achievement
    - Increase in average wage
    - Increased opportunities for children and young people to succeed

- A future built for everyone, an economy fit for all:
    - Increased levels of labour market participation and training support
    - Increase in inward investment achieved via the council
    - Adopt our new Local Plan, setting out our vision, priorities and areas for future development in the Borough.
    - Increase in housing supply
    - Reduction in the number of households in temporary accommodation
    - Reduction in number of people who are homeless in the Borough and effective support for those who are homeless
    - Keep traffic moving and our roads and pavements in good repair

- A cleaner, more considerate Brent:
    - Considerable and measurable progress made in reaching net zero carbon emissions, improving air quality and reducing fuel poverty
    - A cleaner more attractive borough

- A borough where we can all feel safe, secure, happy and healthy:
    - Reduction in anti-social behaviour, the risk of harm and re-offending
    - Reduction in violent crime, including gang and knife crime
    - Support our most vulnerable adults, enabling them to choose and control the services they receive, to remain independent and lead active lives
    - Improve the health of Brent residents and reduce health inequalities
    - Make Brent a place where culture is celebrated and vibrant

- Strong foundations:
    - Address digital exclusion and enable residents to get online
    - Making every pound count
    - Building services around residents and their needs
    - Increase in resident satisfaction
    - Increase in resident involvement

1.5 The Corporate Performance Scorecard (Appendix A) sets out the suite of key performance indicators (KPIs) being monitored corporately.

1.6 Where data is not provided, the following apply:

- The measure is annual
- The data is not yet available due to seasonal services and data collection

- The data has not yet been released by a partner organisation e.g. NHS, Met Police etc.

2.0 Recommendation(s)

2.1 Cabinet has been asked to:

a. Note the performance information contained in the new format performance report.

b. Consider the current and future strategic risks associated with the information provided and agree remedial actions on strategic risks as appropriate.

c. Challenge progress with responsible officers as necessary.

3.0 Detail

The Policy and Performance Framework

3.1 A new performance framework has been developed for 2021/22 that sets out how the council will manage its performance from the start of the year. The new framework ensures focus on delivering improved outcomes by driving improvement throughout the organisation. The performance framework covers:
Tier 1 – the Borough Plan and delivery plan (refreshed)
Tier 2 – key corporate strategies and plans: Black Community Action Plan, Equality Strategy, Poverty Commission, Climate Emergency Strategy and Joint Health and Wellbeing Strategy (in development).

3.2 The framework has been developed with a number of principles in mind:

- There should be a clear golden thread from the Borough Plan to front line delivery
- The Borough Plan and key strategies/plans are interlinked and cross-referenced
- Performance measures must be proportionate and meaningful, and include the use of 'journey' indicators to demonstrate progression.

3.3 The new framework introduces a new performance-reporting tool (SPINE). SPINE has been developed in house and uses Power BI to store and generate reports. The new tool includes increased automation and reporting capabilities. The benefits of the new tool are:

- Increased accuracy
- Undemanding data collection process which eradicates multiple data requests
- Customised reporting using Power BI to cater for all levels of reporting and detail.
- All departments can use the data repository to build their own dashboards and reports.

Borough Plan indicators

3.4 Overall, there are currently 57 Borough Plan key indicators in the Q4 performance scorecard. During this quarter, there has been reduction in the number of Red ratings from Q3. There are now 9 Red ratings across all services (Borough Plan measures only), reduced from 11 in Q3.

Department	Q3 2021-22	Q4 2021-22	Trajectory
Chief Executive	0	0	➡
Children & Young People	2	3	⬆
Community Wellbeing	8	5	⬇
Customer & Digital Services	0	0	➡
Regeneration & Environment	1	1	➡

3.5 KPIs are rated Red, Purple, Amber or Green depending on their performance:

- Green KPIs have met or exceeded their target
- Amber KPIs are between 0.01% and 5% outside of their target
- Red KPIs are 5% or greater outside of their target
- Purple KPIs show performance outside of target, but where this is directly attributable to the impact of the Covid-19 pandemic

Of the 57 Borough Plan indicators for Q4:

- 29 are on or above target (Green)
- 4 just off target (Amber)
- 9 off target (Red)
- 2 are off target due to Covid-19 (Purple)
- 11 provide contextual information
- Corporate performance did not receive data for 2 indicators from the Community Protection service.

<u>Internal business performance indicators</u>

3.6 An additional 14 internal business indicators are included in the corporate performance scorecard.

- 3 are on or above target (Green)
- 1 just off target (Amber)
- 6 off target (Red)
- 2 are off target due to Covid-19 (Purple)
- 2 indicators provide contextual information

<u>Purple Covid related KPIs</u>

3.7 The total number of Purple RAG measures (including internal business) has decreased from 18 at the end of 2020/21 to 4 at the end of 2021/22 indicating that the Council has shown good progress in recovering from the issues caused by the pandemic in the last two years.

3.8 A summary of performance is outlined in the following sections.

Every opportunity to succeed

<u>Amber, green and contextual KPIs</u>

3.9 The percentage of care leavers aged 19-21 in education, employment or training (EET) has fallen slightly below target in Q4, scoring 56% and rated Amber against a target of 57%. Performance has remained consistent and reflects targeted work between the Looked After Children and the Permanency Service and Prospects. The 2021/22 outturn is higher than last year reflecting the positive work the department continues to achieve.

3.10 The percentage of Looked After Children (LAC) in education, employment or training (EET) has ended Q4 at 81.5% (Contextual). Monthly meetings with Prospects and the Brent Virtual School Post-16 advisor are supporting earlier identification of young people who are NEET. Targeted support for NEET and those on the edge of being NEET has resulted in a 7% improvement since the last quarter.

3.11 17 local apprenticeships or work experience opportunities for disadvantaged groups and young people through SVEPP (Social Value and Ethical Procurement Policy) have been secured in 2021/22 giving this new measure a Green rating against an annual target of 15. 7 placements were confirmed in Q4. After a strong first year, the Procurement team continue to work with directorates and delivery partners to ensure placements or apprenticeship opportunities consider social value as an additional benefit when procuring.

3.12 There have been another 56 Employment and Apprenticeship outcomes secured through Brent Works in Q4, resulting in a year to date achievement of 273 against a target of 225. The service has performed exceptionally well once again this year and has built on the positive outcomes from last year with an 33 additional placements secured this year.

3.13 The number of students enrolled on Brent Start courses at the end of the year has also performed well with 4,813 positive outcomes against a target of 4,000. The final figure for the academic year will be available in October 2022.

3.14 Although this year there had been plans to report on Key Stage 4 attainment for Looked After Children and boys of Black Caribbean heritage, data on these two measures remains unavailable. National and local attainment data for the academic year 2020/21 has not been published following the Department for Education’s cancellation of the summer 2021 examinations, which were replaced by Teacher Assessed Grades.

A future built for everyone, an economy fit for all

<u>Red and purple KPIs</u>

3.15 Performance for the voids indicators are both outside of target. A voids recovery plan was put in place at the start of the year. This has led to improvement on both major and minor voids. The average re-let times for majors voids improved from 153 days to 112 days and for minor voids from 118 days to 107. However, progress has been slower than expected. Making further improvements in performance is a key priority for 22/23. A further review of the voids process has taken place, including workshops with all of the staff concerned, to ensure all issues and perspectives have been factored in and all staff are clear what is expected of them individually and collectively. The focus is now on refining the hand-offs between tenancy terminations and void works, void works and allocations and lettings. The effect of this should start impacting performance from Q2 of 2022/23.

3.16 52 affordable homes have been delivered by i4B this year against a year-end target of 60, 16 of which were delivered in Q4 giving this measure a Red rating. The primary reason for not meeting the target is an increase in market prices throughout the year. As a result, i4B's price caps are less competitive in the current market. i4B has revised its acquisition target to 48 in 22/23. The principal risk to this is increasing interest rates. This constrains i4B's ability to purchase properties that meet its viability criteria.

3.17 The performance of Category 2 highways defects repaired on time continues to perform outside of target levels but has shown improvement every quarter in 2021/22 with a Q4 outturn of 76% and a year to date outturn of 66.6%. Performance has continued to improve in Q4 due to the contractor addressing the backlog that had accumulated. There are still some repairs that are completed outside the permitted 7 & 28 day timescale that marks them down, although there are often mitigating circumstances for late 7 day repairs, such as obstruction from parked vehicles or sensitive streets requiring traffic management. The service continues to work with the contractor to identify these issues early so they can be taken into account when assessing performance. The significant improvement seen since a change of contractor are promising and improvements are still feeding their way through the process. As a result, it is intended to retain the 'stretch' target of 95% for 2022/23 and review the longer-term target for future years.

Amber, green and contextual KPIs

3.18 The number of households in temporary accommodation has reduced once again in 2021/22 with a year to date actual of 1,683 against a target of 1,850 continuing its positive trend giving it a Green rating. In 2012, Brent had 3,176 homeless households living in TA, which was the largest number in the country. By 2018, this number had reduced to 2,450, and has now reduced further to 1,683, a reduction of 31% since 2018. Only 9 London Councils have achieved any decrease in their TA portfolio since 2018, with the remaining Councils increasing their TA by an average of 30%.

3.19 3,875 Houses of Multiple Occupation are now licensed in Brent, against a target of 3,800 thus achieving a Green rating for Q4. The target of having 3,800 HMO's licenced by the end of year was just exceeded and we see another year on year increase in the number of licenced HMOs. Brent is still outperforming all other London Boroughs and according to the Local Authority Housing Statistics, Brent has successfully licenced more Mandatory HMOs than any other London borough. Nationally the Council is ranked 6th and has licensed more HMOs than the whole of Greater Manchester. The licencing of HMOs is being complemented by a robust approach to enforcement as there is an increase in this activity too as we come out of the pandemic

3.20 A further 51 affordable homes have been delivered by external partners (including S106) in Q4 raising the year to date figure to 550 against a target of 211 also giving this measure a Green rating. Work on site has resumed since the COVID-19 pandemic and all Registered Providers are building again. Rising cost and shortage of construction supplies has been causing some issues and there has been some slippage around expected completion dates for most schemes. In Quarter 4, the service were expecting Clarion Housing to deliver 121 homes at Neasden Lane, this date lapsed and were delivered in April.

3.21 At the end of Q4, 1,600 new council homes have now been delivered giving the measure a Green rating. The Council continue to deliver homes as part of the New Council Homes Programme (NCHP). The service currently has 381 on site and a further 515 either with planning permission or submitted for planning. Furthermore, 1,336 homes are in the feasibility stage i.e. in early viability assessment and preparation for planning submission.

3.22 The number of empty properties refurbished and brought back in to use within the borough at the end of Q4 is 102, against a target of 100 giving it a Green rating and showing good progress throughout the year. The department's target has been reached as a consequence of the Empty Property Team's interventions. This is a challenging target and very much relies on the carrot and stick approach, this being the carrot of our Empty Property Grant scheme, working with landlords and developers and our stick being enforcement. In particular, it is worth noting that the team finally succeeded in completing a compulsory purchase of a long-term empty property that had caused a blight in its neighbourhood.

3.23 The percentage of homelessness prevented and relieved has performed well this year and finishes Q4 above target (69.1% as against a target of 50%). The main reason for homelessness is eviction from the private rented sector, often connected to affordability issues. In anticipation of a spike in evictions following the lifting of the Private Rented eviction ban in May 2021, the team set up a proactive prevention service. Officers were seconded from the Housing Options team to make contact with households who had applied for financial assistance through the Resident Support Fund (RSF) and Discretionary Housing Payment (DHP), and offered advice and assistance before the household made a homelessness application. This proactive approach has meant that the service has been able to engage with residents and prevent homelessness before a Landlord has undertaken eviction proceedings. This early intervention with families who may not have approached the Council for assistance until they were at the crisis stage of being evicted, has resulted in families avoiding the stress and disruption of being made homeless, and avoided the use of emergency bed and breakfast accommodation.

3.24 Employment & Skills 1,908 students have so far participated in a Brent ESOL course during this academic year (2021-22), against a target of 1,500 which was also last year's outturn. The figure shows continued improvement in this area and highlights the willingness of residents to take part in such services. A final figure for the academic year will be confirmed in October 2022.

3.25 The number of employment outcomes in growth sectors through Brent employment services also performed extremely well throughout 2021/22 with an actual of 113; 10 of which were confirmed in Q4. These outcomes continue to be achieved in digital tech, pharmaceutical, construction, creative and health and social care.

3.26 The number of local suppliers we use in Brent is also performing above target levels, with an outcome of 35% against a year-end target of 35%. The Council's work in engaging with the local supplier base is beginning to realise benefits with more suppliers who bid having a successful outcome and being awarded a contract.

3.27 The amount of CIL collected in Q4 was £4,406,248 resulting in a total of £18,389,248 collected for the year (contextual).

A cleaner, more considerate Brent

Red and purple KPIs

3.28 An average of 130 kilograms of residual household waste was collected per household in Q4, bringing the YTD average to 518kg against a target of 480kg. Although this is 8% above target and rated Purple, there has been a decrease from 136.8kg in Q3. Although this reduction was predicted due to more people going back in to office environments, a more noticeable reduction was anticipated. The small reduction could be attributed to more residents adopting a hybrid approach to working with fewer days in the office and more working from home, thus generating more residual waste but a reduction on full lockdown levels. Multiple lockdowns across 2021-2022 meant resident behaviour has been inconsistent and it is difficult to predict any trends by comparing to previous years.

Amber, green and contextual KPIs

3.29 234 electric vehicle-charging points have now been installed across and are functioning in the borough against a planned YTD target of 200, rating this indicator Green. The delay reported earlier in the year due to technical issues with equipment has now been resolved.

3.30 630 trees were planted in Q4 bringing the total for the year to 661. This is against a target of 551 and is rated Green. Over 100 extra trees were planted in 2021/22 in comparison to the previous year.

3.31 3,703 waste cases were investigated that have led to enforcement actions during the year with 1,300 of these completed in Q4. This is a very positive outturn to the year and clearly highlights the extraordinary work carried out by the department. In comparison, the outturn at the end of last year was 506.

A borough where we can all feel safe, secure, happy and healthy

Red and purple KPIs

3.32 The percentage of children becoming subject to a Child Projection plan for a second or subsequent time has risen to 15.3% in Q4 against a target of 12%, making this KPI Red. There have been increased escalations in risk and need following multiple vulnerability factors for families, including parental mental health and drug and alcohol misuse. All repeat child protection plans are closely monitored by Child Protection Advisors to ensure action is appropriate.

3.33 The rate of referrals per 10,000 children has a Red rating with an actual YTD figure of 610 against a target of 540. The rate of referrals is higher than at the same time last year, when year-end performance was 518 referrals per 10,000 children. The figure has been increasing steadily throughout the year, and there has also been an increase in the complexity of cases.

3.34 The stability of placements of Looked After Children has reached a high of 16.7% compared to the 12% target. Placement moves have a range of causes, including a step down from residential to fostering, changes of foster carers to reduce risks, moves from IFA placements to connected person placements and young people presenting with complex needs that placements are not able to meet. Brent's care population is older than the England average; older children often present with greater challenges which put pressure on care placements. Placement stability meetings take place to track children with two or more moves, and staff are working to identify trends within cases with three or more placement moves to consider policy responses.

3.35 The percentage of new birth visits within 14 days is rated Red following a decline in performance for Q3 onwards. The impact of lower staffing levels from Q2 means the year-end performance is 60.8% against a 95% target. However, 98.2% of new births receive a visit within 30 days. All cases not seen before 30 days have been investigated. Risk mitigation has been put in place with the health visiting service contacting all women. Following a risk assessment, a decision is made: low risk women on their second or subsequent pregnancy can be assigned to a staff nurse for the new birth visit, whereas higher risk women are seen by health visitors. The recruitment issues have been escalated through meetings with Central London Community Healthcare Trust (CLCH) management and is now on the risk register for the Brent Council and CLCH. A health and care recruitment and retention working group, which reports to the Brent ICP Executive, is supporting recruitment; and the barriers to recruitment, which cannot be solved locally, have been escalated to the North West London Integrated Care System board.

Amber, green and contextual KPIs

3.36 The number of new admissions to residential and nursing care homes for people aged 65+ is rated Amber after being rated Red in previous quarters during the year with an actual YTD figure of 154 against a target of 149. The number of new admissions to residential and nursing care homes for people aged 18-64 is rated Green with an actual YTD figure of 15 against a target of 28. The expectation is that both indicators' performance will continue to reduce as the department have reinstated home first from a hospital bed rather than an admission to a residential placement. The service is also working toward promoting extra care as a less restricted option to residential care. With the implementation of these activities there is an anticipation for further improvement.

3.37 The Child Protection rate per 10,000 children measure has been rated Amber in Q4 with an actual year to date figure of 45.5 against a target of 45. The number of children subject of a child protection plan has continued to increase, reflecting the increase in referrals and case complexity.

3.38 The rate of Early Help Assessments and reviews completed per 10,000 children is just above the target rate of 265 with an actual of 269 and is rated Green. New workers are now embedded in the Early Help Service and EHA completion has increased in line with this additional resource.

3.39 The reoffending rate by young offenders per cohort has an YTD actual of 39.6% with the target set at 50% meaning the measure earns a Green rating. Reoffending rates in YOS remained stable in Q4. Reoffending has been an area of focus for the YOS Board since January 2021, which has led to a number of targeted initiatives, such as training practitioners in speech and language issues and offering those children on Referral Orders voluntary appointments / support prior to their Order. The YOS is using a trauma informed approach with children, which assists the Courts to have a deeper understanding of the impact of adverse childhood experiences and interventions to support. As well as working with services across the CYP Department to manage high-risk children in the community, the YOS has developed multi-agency partnerships with core partners including the CAMHS, the police and the Probation Service to reduce reoffending.

3.40 The percentage of successful completions as a proportion of all opiate drug users in treatment was 6.2% against a target of 4.8%. Brent services for opiate users continued to exceed the target in Q4, with the data consistent throughout the year. Clinical interventions, including secondary prescribing, are operating effectively to ensure that services remain accessible and clinically safe. A new culture indicator measuring the increase in the number of people participating in heritage activity has ended Q4 with an actual of 44,911 against a target of 30,000 for the year. With the further announcements of relaxation of Covid rules, physical participation continued to increase throughout the year. Wrap Up and the final delivery of Being Brent projects supported this change in mentality for the public and increased participation.

3.41 Increase in loans of physical and electronic stock from the libraries also achieved a Green rating performing well above target levels (actual YTD –

893,555, target – 500,000). Library loans have recovered quicker than anticipated post Covid, and a faster rate than visits. There has also been less service disruption in 2021/22 as a result of Covid than anticipated in April 2021. The in person events programme has taken slightly longer to return to pre Covid levels and the service anticipate this will support ongoing growth into 2022/23 as they further extend the children and families programme.

Strong foundations

Amber, green and contextual KPIs

3.42 Revenue income secured from our commercial portfolio is rated Amber with an actual YTD income of £3,005,370, falling slightly shy of the target – £3,040,164 target. The slight shortfall is due to rent abatement at Bridge Park because of the need to renew expired leases and avoid security of tenure being created. The new leases will ensure that the leases can be terminated when development is required to proceed. So the suspension of invoicing is a necessary strategy that Brent needs to take to ensure tenants do not acquire secure tenancy status.

3.43 Current rent collected as a percentage of rent due finished Q4 at 107.1% giving it a Green rating. Following the Council's decision to refund water charges in full, tenants who were in arrears have had refunds applied to their accounts directly which has led to an increase in collections. Additionally, the service has continued to work closely with colleagues to ensure Council tenants are utilising the Resident Support Fund and this year have been successful in applying £280K to Council Tenant's rent accounts.

3.44 Community Hubs continue to perform very well, with a further 11,823 residents accessing a hub in 2021/22 against a target of 3,900. There has been the expected increase in demand after the Christmas and new year period, with a particular increase in debt and fuel support.

3.45 Performance has been above target level in increasing online service uptake as shown in the measure "25% increase in the number of transactions undertaken online across the website (non-logged in state) compared to 2020/21" with 453,413 transactions against a target of 390,433. Online transactions increased significantly in Q4 but this was expected with Garden Waste renewals and Council Tax bills being issued this quarter. In February, the new website went live and has been well received. Early indications show that residents are finding it easier to find things and that information is clearer. However, overall the number of transactions has increased steadily throughout the year and has exceeded the target set for the year. Residents are using My Account more regularly to access and request services, and we are now able to report on this to show a more representative picture.

3.46 The new social value Procurement indicator – hours contributed toward supporting/financial commitment for sponsorship of community–led initiatives [SVEPP] introduced for this year performed well all year and its YTD performance is above target levels with an actual of 59 against a target of 20).

3.47 The number of referrals to food banks made through Brent Hubs in Q4 was 940 taking the year-end outturn to 3,423. There was a significant increase at the end of the quarter in request for support with Food aid that could be attributed to cost of living challenges caused by the increase in fuel bills as well as increase in National Insurances contributions.

3.48 The number of residents engaging with the participatory budgeting pilot has performed very well with 1,904 interactions recorded throughout the year. These include presentations to groups, one to ones by email and phone and in person contacts. This is a positive start for the service and it is anticipated that engagement levels will continue to rise and meet projected expectations throughout Q1 2022/23 whilst the You Decide scheme is running until the Decision Day Events taking place in June.

Internal Business

<u>Red and purple KPIs</u>

3.49 The Council Tax collection rate has ended Q4 just outside of target; with a rate of 92.3% falling slightly short against a target of 93.5% giving it a Purple rating. The collection fell short of expectations in another year severely affected by the pandemic and further affected by the cost of living crisis at the end of the financial year. In light of this, the small improvement to 92.3% was welcome. In addition, arrears collection was £6.6m up over £5m on 2020/21. The target for 2022/23 is set for a further improvement to 92.5%.

3.50 Collection Non-Domestic Business Rates (NNDR) is also rated Purple at the end of Q4 achieving a rate of 91.3% falling short of its 98.8% target. The outturn represents a good improvement from 2020/21, especially so as 2021/22 was another year in which businesses were severely affected by the ongoing pandemic. In addition, as well as supporting businesses and collecting business rates, the team worked to ensure all government grants to support business were paid accurately and in a timely manner. Continued improvement is expected for 2022/23 with a target of 92.5%.

<u>Amber, green and contextual KPIs</u>

3.51 The average days taken to process new benefit claims and change events has ended the year with an actual of 12.6 days against a revised target of 14 days. The Housing Benefit caseload has not decreased as anticipated meaning the workload has remained high. As Covid restrictions have relaxed and people have returned to work, the service are seeing an increase in related changes in circumstances. The extension of the SIP scheme to 31/03 and extension of the HSF scheme led to a diversion of resources away from HB processing for the majority of the year. The service have implemented a new process for assessing HB New Claims and have since have consistently picked up New Claims on the working day after they were submitted.

3.52 The value of Housing Benefits Overpayments recovered as a percentage of debt created in year has also ended Q4 on a positive note with an actual YTD of 88.1% against a target of 85%. Following a review and subsequent process changes, collection has improved despite the impact of the pandemic and the ongoing reduction in new debt from the steady reduction in HB cases. A target of 95% will be in place for 2022/23.

Complaints, FOI and Member enquiries

3.53 Performance for the corporate categories of complaints improved over 2021-22. Performance for the proportion of Stage 1 corporate complaints completed on time rose from 85% in quarter 1 to 89% in quarter 4. Stage 2 corporate complaints performance increased significantly in the last quarter with the percentage of those complaints responded to on time increasing by 35 percentage points between Q3 (52%) and Q4 (87%). The dip in performance mid-year coincided with a team restructure and team sickness.

3.54 However, responding to statutory complaints has been particularly difficult for the Council as a result of the legislative requirements governing those processes[1] and a shortage of external investigators available to undertake the investigations. As a result, performance has been poor. Looking at data for the whole year, 71% of the 138 Stage 1 statutory complaints we received, and 25% of the 21 Stage 2 statutory complaints, were responded to on time.

3.55 Statutory complaints continue to be very complex and independent investigators have high caseloads. This reflects the experience across London where councils have difficulty in improving performance on these type of complaints. At Brent, we now have a dedicated statutory complaints manager in post to closely monitor performance, and we are investigating alternative external providers and new investigators within the North West London pool. It should also be noted that in terms of ASC statutory cases, the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 requires responses within 6 months to complete the whole complaint process, but Brent's performances is measured on the standard 30 day target for consistency with other types of complaints. For 2021-22, this would have applied to 9 out of the 21 stage 2 statutory cases.

3.56 Member Enquiry response performance has remained consistent with 92.6% of enquiries responded in time against a target of 90% giving it a Red rating. 1,537 member enquiries were received in Q4, 135 more than the previous quarter with 93% responded to within ten days. The measure has performed consistently throughout the year despite an increase in the volume of enquiries received. The team continue to carry out monthly quality checks, highlighting any issues to managers.

[1] The Children's Act 1989 Representation Procedure (England) Regulations 2006, Children (Leaving Care) Act 2000, Adoption and Children Act 2002, Health and Social Care (Community Health Standards) Act 2003
The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009

3.57 The percentage of FOI requests responded to within 20 working days is rated Amber with an actual year-end of 89.9% marginally missing the target of 90%. Performance increased from 89.4% in Q3 to 93.1% in Q4 following a combination of increased monitoring to ensure cases are completed by deadline, and by providing additional training to the Housing Department to improve their performance rates. Further training is being planned to ensure officers are better prepared to manage information requests.

4.0 Financial Implications

4.1 None

5.0 Legal Implications

5.1 In Table 3 of Part 3 of the council's constitution, it states that the Cabinet is responsible for formulating and preparing a sustainable community strategy and then submitting the same to Full Council for consideration and adoption or approval. The Sustainable Community Strategy constitutes part of the council's Policy Framework. The Council's Borough Plan, which is its current sustainable community strategy, was agreed by Full Council in 2019.

6.0 Equality Implications

6.1 There are no direct diversity implications. However, the report includes performance measures related to the council's diversity objectives and is part of the framework for ensuring delivery of these key outcomes. Service areas have the responsibility for managing the delivery and performance of their services. Therefore, the service area would also need to consider if a variation in performance could lead to equality implications at a service level.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources/Property Implications (if appropriate)

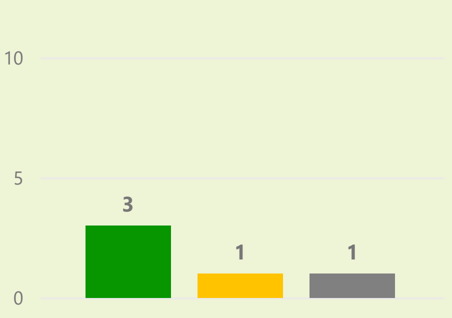
8.1 None.

Report sign off:
Shazia Hussain Assistant Chief Executive

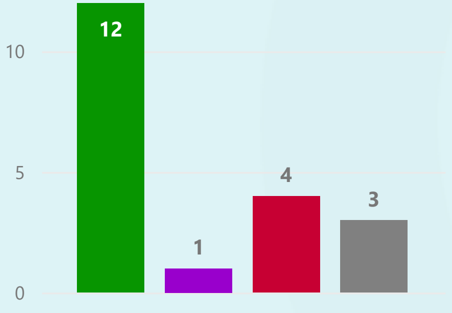
Corporate Performance Report Q4 2021-22

Indicators by RAG Rating

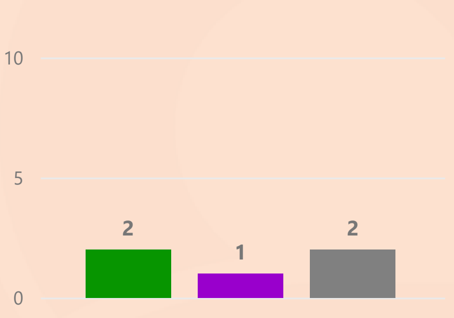
Every opportunity to succeed



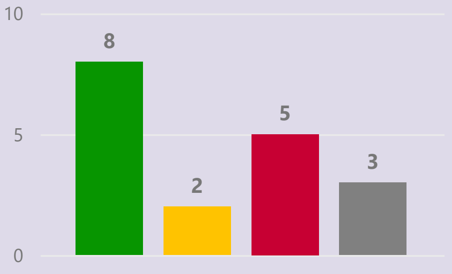
A future built for everyone, an economy fit for all



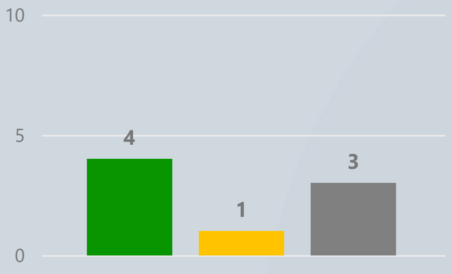
A cleaner, more considerate Brent



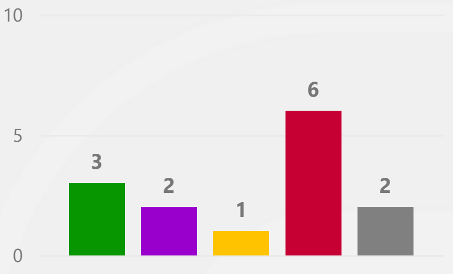
A borough where we can all feel safe, secure, happy and healthy



Strong foundations



Internal business



Key for Performance Rating

Unless otherwise defined, performance information is assessed using the following tolerances to give a RAG rating:

Green – At target or exceeding target

Purple – Outside target and where performance is directly attributable to the impact of COVID-19

Amber – 0.01% - 5% outside target, where performance is not directly attributable to the impact of COVID-19

Red – Greater than 5% outside target, where performance is not directly attributable to the impact of COVID-19

Contextual – No target set

n/a – Data not available

Count of Red Ratings for Borough Plan KPIs by Department

Department	Q3 2021-22	Q4 2021-22	Trajectory
Chief Executive	0	0	→
Children & Young People	2	3	↑
Community Wellbeing	8	5	↓
Customer & Digital Services	0	0	→
Regeneration & Environment	1	1	→

Corporate Performance Report Q4 2021-22

Every opportunity to succeed

Number of local apprenticeships/work experience opportunities (including focus on disadvantaged groups) [Social Value and Ethical Procurement Policy]

17

Target: 15 (+13.33%)

Number of students enrolled on Brent Starts courses

4,813

Target: 4,000 (+20.32%)

Employment and Apprenticeship Outcomes (Brent Works)

273

Target: 225 (+21.33%)

Percentage of care leavers (19 -21 year olds) in education, employment or training (EET)

56.0%

Target: 57.0% (-1.75%)

Percentage of LAC in education, employment or training (EET) (Year 12 and 13)

81.5%

Corporate Performance Report Q4 2021-22

A future built for everyone, an economy fit for all

Average re-let time for properties with major voids works (calendar days)	113.7	Target: 72.0 (-57.95%)
Average re-let time for properties with minor voids works (calendar days)	107.3	Target: 35.0 (-206.7%)
Percentage of Category 2 defects repaired on time (Non-emergency repairs: response time to make highway...	66.6%	Target: 90.0% (-26.01%)
Number of affordable homes delivered by i4B	52	Target: 60 (-13.33%)
Percentage of properties with a valid gas certificate	96.9%	Target: 100.0% (-3.12%)
Number of affordable homes delivered by external providers (incl. S.106)	550	Target: 211 (+160.66%)
Number of households (families & singles) in Temporary accommodation (TA)	1,683	Target: 1,850 (+9.03%)
Number of new council homes delivered	1,600	Target: 1,600 (+0%)
Number of Houses of Multiple Occupation licensed within the borough	3,875	Target: 3,800 (+1.97%)
Number of empty properties refurbished and brought back in to use within the borough	102	Target: 100 (+2%)
Percentage of properties with a valid Fire Risk Assessment, in line with cyclical date for re-inspection	100.0%	Target: 100.0% (+0%)
Percentage of homelessness prevented and relieved	69.1%	Target: 50.0% (+38.14%)

Corporate Performance Report Q4 2021-22

A future built for everyone, an economy fit for all

Number of students who have participated in a Brent ESOL course	1,908	Target: 1,500 (+27.2%)
Employment rate	212	Target: 85 (+149.41%)
Number of employment outcomes in growth sectors through Brent employment services	113	Target: 1 (+11200%)
Number of residents in employment following participation in Moving On Up	46	Target: 1 (+4500%)
Number of local suppliers we use in Brent	35.0%	Target: 35.0% (+0%)
Parking driver compliance: PCNs issued: Parking contraventions	132,665	
Number of households residing in council housing whom have downsized to a smaller property	15	
Amount of CIL collected	£18,389,248	

Corporate Performance Report Q4 2021-22

A cleaner, more considerate Brent

Number of kilograms of residual household waste collected per household

518.0

Target: 480 (-7.92%)

Additional electric vehicle charging points installed across the borough

234

Target: 200 (+17%)

Number of trees we plant on our streets and in our public spaces

661

Number of waste cases investigated which lead to enforcement action

3,703

Total cost of energy efficiency works on pilot properties

£175,000

Corporate Performance Report Q4 2021-22

A borough where we can all feel safe, secure, happy and healthy

Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time

15.3%

Target: 12.0% (-27.5%)

Rate of referrals per 10,000 children

610.0

Target: 540.0 (-12.96%)

Stability of placements of Looked After Children: three or more placement moves (percentage)

16.7%

Target: 12.0% (-39.17%)

The outcome of short-term services: sequel to service (REABLEMENT)

67.3% !

Target: 75.0% (-10.28%)

Percentage of new birth visits within 14 days

60.8%

Target: 95.0% (-36%)

New admissions to residential & nursing care homes, 65+

154

Target: 149 (-3.36%)

Child Protection rate per 10,000 children

45.5

Target: 45.0 (-1.11%)

Early Help Assessments and reviews completed per 10,000 children

269.0

Target: 265.0 (+1.51%)

Percentage of successful completions as a proportion of all opiate drug users in treatment

6.2%

Target: 4.8% (+28.33%)

New admissions to residential & nursing care homes, 18-64

15

Target: 28 (+46.43%)

Increase in the number of people participating in heritage activity

44,911

Target: 30,000 (+49.7%)

Increase in social and physical cultural infrastructure in the borough: 500 Artists engaged in the Artists' Network

500

Target: 500 (+0%)

Corporate Performance Report Q4 2021-22

A borough where we can all feel safe, secure, happy and healthy

Increase in loans of physical and electronic stock from the libraries

893,555

Target: 500,000 (+78.71%)

Increase in social and physical cultural infrastructure in the borough: 5 meanwhile / temporary spaces secured ...

5

Target: 5 (+0%)

Reoffending rate by young offenders per cohort (Number of people in reoffending cohort for context)

39.6%

Target: 50.0% (+20.8%)

Rate of Looked After Children per 10,000 of population

44.0

Delivery of specialist accommodation (property receiving enhanced housing management)

26

The overall number of wet, dry or virtual visits to Brent's sports centres

1,148,815

Anti-Social Behaviour - Incidents (MOPAC Borough Priority)

Data not available

Knife Crime - incidents

Data not available

Corporate Performance Report Q4 2021-22

Strong foundations

Revenue income secured from commercial portfolio

£3,005,370

Target: £3,040,164 (-1.14%)

Current rent collected as a percentage of rent due

107.1%

Target: 100.5% (+6.56%)

Hours contributed toward supporting /financial commitment for sponsorship of community–led initiatives [SVEPP]

59

Target: 50 (+18%)

25% increase in the number of transactions undertaken online across the website (non-logged in state) compare...

453,413

Target: 390,433 (+16.13%)

Number of residents accessing Community Hubs

11,823

Target: 3,900 (+203.15%)

Number of referrals to food banks made through Brent Hubs

3,423

Number of residents engaging with participatory budgeting pilot

1,904

Corporate Performance Report Q4 2021-22

Internal business

Percentage of staff who have completed mandatory online Information Governance courses within one month ...

68.5%

Target: 90.0% (-23.85%)

Non-Domestic Business Rates (NNDR)

91.3%

Target: 98.8% (-7.59%)

Percentage of Council Tax collected

92.3%

Target: 93.5% (-1.28%)

Value of HB overpayments recovered as % of debt created in year

88.1%

Target: 85.0% (+3.65%)

Percentage of Subject Access Requests (SARs) responded to within the statutory timescales

98.8%

Target: 90.0% (+9.76%)

Average days taken to process new benefit claims and change events

12.6

Target: 14.0 (+10.15%)

Corporate Performance Report Q4 2021-22

Internal business - Complaints Year to Date

Percentage of Stage 1 complaints responded to within timescale (Corporate)	88.5%	Target: 100.0% (-11.54%)
Percentage of Stage 1 complaints responded to within timescale (Statutory)	71.0%	Target: 100.0% (-28.99%)
Percentage of Stage 2 complaints responded to within timescale (Statutory)	25.0%	Target: 100.0% (-75%)
Percentage of Stage 2 complaints responded to within timescale (Corporate)	68.1%	Target: 100.0% (-31.88%)
Percentage of members enquiries responded to within 10 days	92.6%	Target: 100.0% (-7.43%)
Percentage of FOI requests responded to within 20 working days	89.9%	Target: 90.0% (-0.14%)
Number of complaints upheld by the ombudsman	7	
Number of Stage 1 complaints upheld/partially upheld	717	

Brent	**Cabinet** 18 July 2022
	Report from the Strategic Director for Regeneration & Environment

Renewal of the Special Needs Transport Service Inter Authority Agreement with Harrow Council

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Chris Whyte, Operational Director, Environment Services 020 8937 5342 Chris.whyte@brent.gov.uk Simon Finney, Head of Neighbourhood Management 020 8937 5072 Simon.finney@brent.gov.uk

1.0 Purpose of the Report

1.1 This report sets out a proposal to enter a new one year Inter Authority Agreement with Harrow Council for the provision of Special Needs Transport services.

2.0 Recommendation(s)

That Cabinet:

2.1 Approves an exemption from the usual tendering requirements set out in the Contract Standing Orders 84 for good operational financial reasons in relation to entry into an inter authority agreement for Special Needs Transport.

2.2 Approves entering into a new 12 month inter authority agreement for the provision of Special Needs Transport services by Harrow Council on behalf of Brent Council from 1 August 2022 reflecting current contractual arrangements.

2.3 Notes the collaborative review of Special Needs Transport as set out in paragraph 3.1.3 that will assist the Council in determining its longer term options.

3.0 Detail

3.1 Background and current position

3.1.1 Both Harrow and Brent Councils have a statutory duty to provide transport assistance to eligible children who access education and college placements. Eligible children are those that have physical and behavioural needs that make the use of personal or public transport unsuitable.

3.1.2 Brent and Harrow Councils entered into an inter-authority agreement (“IAA”) for special needs transport (“SNT”) which commenced in September 2016 and was due to expire on the 31st July 2019. Officers exercised the option to extend the IAA for a further 3 years ending on the 31st July 2022.

3.1.3 The directorates for Regeneration & Environment (“R&E”) together with Children & Young People (“CYP”) and Adult Social Care (“ASC”) are seeking to undertake a collaborative review of the SNT client side model, the policy framework that underpins the service and the operational delivery by Harrow during 2022. As this work is ongoing, it is considered appropriate to enter into a short term IAA for SNT with Harrow Council pending agreement on longer term options. This is likely to be a longer-term IAA shared service arrangement with Harrow Council, subject to the outcomes of this full service review.

3.1.4 With regard to the short term, the option to extend the current IAA has already been exercised and there is therefore no option in the current agreement to extend further. As a result, Officers recommend the award of a new one year IAA. Harrow Council have indicated their willingness to enter into a new short-term IAA for up to 12 months based on the same terms and conditions of the current IAA to enable Brent to undertake the review. Their Cabinet report seeking approval for this is due to be considered on 23rd June.

3.1.5 The current IAA has delivered successful outcomes. These include the delivery of route sharing initiatives resulting in a shared savings of circa £250,000 each year, economy of scale savings through the procurement of large contracts and reductions in carbon emissions as a result of fewer and shorter journeys being made.

3.1.6 Harrow is responsible for operational service delivery of the shared service from its Harrow Council Hub, with Harrow also leading on the required procurement and management of third-party supporting contracts such as labour, taxi, vehicle provision and related IT.

3.1.7 The current number of clients transported by Harrow on behalf of Brent is approximately 1228 SEN children and 119 adults.

3.1.8 In terms of comparable size and scale of the transport services provided by Harrow on behalf of Brent, there are currently 92 in-house operated routes and 223 taxi routes compared to 74 in-house operated routes and 123 taxi routes for transporting clients in Harrow.

3.1.9 Year on year service demand increases by a net average of around 5%.

3.2 **Implications of this proposal**

3.2.1 The overall IAA arrangement will continue to be governed by both Authorities through the joint SNT Board.

3.2.2 The IAA will be unchanged and will continue to include the existing provision for:

a) Objectives and partnership working.
b) General operational arrangements.
c) Governance including the Special Needs Transport Advisory Board and change control mechanisms that govern how the increase in activities are agreed, costed and financed.
d) Performance and finance review meetings that govern discussions on finance matters and key performance indicators and rectification plans that underpin the resolution of any non / underperformance.
e) Monitoring reports and monthly meetings to track financial savings and operational performance of the shared service.

3.2.3 This IAA will provide a continued opportunity over 12 months for both councils to gain the benefits of economies of scale in contractual arrangements, greater efficiencies in operational front line staffing (drivers and passenger attendants) and the benefits of shared policies and approaches from cross working with staff, systems and processes from both authorities.

3.2.4 The proposal also provides the continued opportunity for shared utilisation of premises and assets to create efficiencies of the combined service in the following areas:

a) Premises – Harrow is able to offer shared fleet parking and office facilities at the Harrow Council Hub.
b) Route sharing and route reduction on border routes.
c) Fleet - greater economies of scale and market leverage are created through the pooling of demand from respective Councils.
d) Systems and processes – this includes the use of a single routing and scheduling IT system.
e) Contractual arrangements – Transport Service Taxi Framework and the Labour Supply Contract with NR Limited are currently in term and provide better contractual terms given the larger value contracts.

3.2.5 In addition to the operational and contractual efficiencies listed in paragraphs 3.2.3 and 3.2.4, there is also scope to achieve further savings from passenger journey management and income producing activities. These will be jointly reviewed by the SNT Advisory Board under these continued IAA arrangements.

3.2.6 Although the SNT service will make its mission to keep operational costs at a minimum, it is unable to influence demand. Future policy direction and commissioning will significantly influence the level of savings or cost pressures in the shared SNT service. The upcoming review will have a clear focus on these issues. Savings of up to £1.4m per annum by 2025/26 and £2.1m by 2026/27 have been suggested by the recent Brent led preliminary scoping review. A full review of the Brent client side arrangements, polices and strategies is therefore now essential to improving the quality of the service overall and to driving down future costs before a longer term IAA can be agreed.

4.0 Financial Implications

4.1 Under the current IAA, Harrow leads on the delivery of Special Needs Transport service on behalf of Brent. The full costs of the Brent operation are therefore recovered by Harrow via quarterly invoices. The financial process as outlined below will remain the same.

4.2 At the beginning of each financial year Harrow submit a full year forecast for approval by the SNT Advisory Board. Financial progress reports and forecasting updates are thereafter discussed in detail at monthly finance meetings and used to inform Brent forecasts. A quarterly financial update is also presented by Harrow to the SNT advisory Board for sign off.

4.3 Toward the end of the financial year (February / March), demand lead pressures are identified and agreed and used to inform future growth bids.

4.4 The current BTS budget is £13.16m therefore presenting a £540k pressure which officers from both Brent and Harrow are working to mitigate during the financial year. It is expected that the available budget will be sufficient to cover costs for 2022/23 however, officers will work closely with Harrow to mitigate any pressures which may arise.

5.0 Legal Implications

5.1 The recommendation in this report is for the Council to enter into an IAA with Harrow Council for SNT services. The SNT service will operate under an IAA that sets out the financial arrangements, as well as the legal and contractual obligations applicable to the parties. The IAA will also set out key performance indicators and service standards.

5.2 Regulation 12(7) of the Public Contract Regulations 2015 (“the Regulations”) establishes that where two or more local authorities enter into a contract exclusively between themselves, provided the arrangement fulfils three conditions the contract would fall outside the scope of the Regulations. The three conditions are as follows:

a) The contract establishes or implements a co-operation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common;

b) the implementation of that co-operation is governed solely by considerations relating to the public interest; and

c) The participating contracting authorities perform on the open market less than 20% of the activities concerned by the co-operation."

5.3 Officers have concluded that they fulfilled the criteria in 5.2 above by establishing this collaborative partnership.

5.4 The estimated value of the proposed IAA is £13.7m over the life of the partnership agreement and therefore it is classed as a High Value Contract for the purposes of the Council's Contract Standing Orders.

5.5 Contract Standing Order 95(c) provides that for contracts with an estimated value in excess of the threshold for Schedule 3 Services, tenders shall be invited using the procedures outlined in Contract Standing Order 95(a). However, Contract Standing Order 84(a) provides that subject to compliance with procurement legislation, Members may agree an exemption from the requirement to procure in accordance with Contract Standing Orders where there are "good operational and/or financial reasons".

5.6 For the reasons detailed above, it is not considered that there is a breach of procurement legislation as Regulation 12(7) permits the joint collaborative partnership proposed between authorities. Furthermore, Officers consider that there are good operational and financial reasons for entering into the IAA with Harrow as set out in paragraph 3 of this report.

6.0 Equality Implications

6.1 The Council must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment and victimisation
(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

6.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

6.3 The purpose of the duty is to enquire into whether a proposed decision disproportionately affects people with a protected characteristic. In other words, the indirect discriminatory effects of a proposed decision. Due regard is the regard that is appropriate in all the circumstances.

6.4 The proposals in this report have been subject to screening. There are no proposed strategic delivery changes to the current IAA that would cause any adverse equalities impact and a further equalities impact assessment is therefore not required.

7.0 Consultation with Ward Members and Stakeholders

7.1 None other than to share information and inform members and stakeholders of intentions.

8.0 Human Resources / Property Implications (if appropriate)

8.1 This report has no direct impact on Brent staff or property assets.

Report sign off:

Alan Lunt
Strategic Director of Regeneration & Environment

Brent	**Cabinet** 18 July 2022
	Report from the Strategic Director of Regeneration and Environment

Draft Houses in Multiple Occupation Supplementary Planning Document

Wards Affected:	All, but will not apply to parts of Alperton, Harlesden and Kensal Green, Stonebridge and Tokyngton wards where Old Oak and Park Royal Development Corporation is the Local Planning Authority.
Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One: Appendix 1: Draft HMO SPD
Background Papers:	Decision - Article 4 Direction Removing Permitted Development Rights for Change of Use From Class C3 dwelling houses to Class C4 House in Multiple Occupation - Confirmation (brent.gov.uk)
Contact Officer(s): (Name, Title, Contact Details)	Paul Lewin, Team Leader, Planning Policy. 0208 937 6710 paul.lewin@brent.gov.uk

1.0 Purpose of the Report

1.1 The purpose of the report is to seek Cabinet approval for consultation on a draft Houses in Multiple Occupation Supplementary Planning Document. Subject to the document being approved for consultation it also seeks delegated authority to the Strategic Director for Regeneration and Environment in consultation with the Cabinet Member for Regeneration and Planning to consider consultation responses, along with any necessary changes, and the decision on whether to adopt the HMO SPD.

2.0 Recommendations

2.1 Cabinet approves the Draft Houses in Multiple Occupation (HMO) Supplementary Planning Document (SPD) as set out in Appendix A to be issued for consultation.

2.2 Cabinet delegate authority to the Strategic Director for Regeneration and Environment in consultation with the Cabinet Member for Regeneration and Planning to consider consultation responses, along with any necessary changes, and the decision on whether to adopt the HMO SPD.

3.0 Detail

Article 4 Direction

3.1 The Council confirmed an Article 4 Direction on 3rd February 2022 removing permitted development rights for small HMOs. These are defined as use class C4; dwellings occupied by between three to six people comprising two or more households. This followed a delegated decision by the Strategic Director for Regeneration & Environment on 21st January 2022 From 1st November 2022 planning permission will be required to change a dwelling into a use class C4. This applies to most of the borough where the Council remains the Local Planning Authority. A map of the area is included within the draft SPD that comprises Appendix A of this report.

Meeting Planning Policy

3.2 Requiring planning permission can ensure control over the internal and external attributes of HMOs. This can go beyond those granted by the 'mandatory' and 'additional' housing licensing schemes. In recognition of the likely confirmation of the Article 4, Policy BH7 'Accommodation with Shared Facilities or Additional Support' was incorporated within the recently adopted Local Plan. This sets out criteria which have to be met for HMO development to be acceptable, including:

a) location in an area with good access to public transport and other amenities, including shops (normally within 400m);
b) is of an acceptable quality meeting appropriate standards for the needs of its occupants, including external amenity space, appropriate communal facilities, levels of support/ care and mobility;
c) includes management arrangements agreed with the council suitable to its proposed use and size to not unacceptably impact on neighbour amenity;
d) demonstrates that there is a specific Brent need, or in the case of purpose built student accommodation a London need, for the particular use; and
e) will not lead to an over-concentration of the type of accommodation in the area defined as where three or more of the ten nearest properties are Houses in Multiple Occupation.

3.3 Overall, this is likely to ensure that the:

a) quality of the accommodation is better for occupants,
b) potential for adverse impacts on neighbours is reduced;
c) balance between meeting the significant needs of larger families for three or more bedroom dwellings, and those of smaller households who cannot afford to rent self-contained dwellings is better managed; and
d) there is a clearer basis for decision making on planning applications and planning enforcement.

Draft HMO Supplementary Planning Document

3.4 Due to the Article 4, the Council will start to receive applications for Class C4 HMOs after 1st November 2022. A HMO SPD would assist applicants, local communities and planning officers in better understanding what HMOs need to achieve in order to be granted planning permission. This does not create new policy, but will provide more clarity on how the criteria within Policy BH7 will be interpreted. It also sets out expectations in relation to other London Plan and Local Plan policies that will be commonly used in relation to HMOs. This is likely to speed up the determination period. It will also result in the longer term in less refusals. This is as applicants will be clear before submission if their scheme is consistent with planning policy and therefore likely to be determined favourably. The SPD's contents apply to both small scale HMOs (Class C4) and larger HMOs, identified as a Sui Generis use in planning legislation.

3.5 The draft SPD is set out in Appendix A. In overview, the structure of the draft SPD is:

1. Consultation: setting out the consultation process;
2. Purpose of the document and its structure;
3. Introduction: setting out what is a HMO; HMOs and town planning; HMOs and housing licensing; HMOs in Brent; Article 4 Direction for Class C4 HMOs;
4. Relevant development plan policy: London Plan 2019-2041; and Brent Local Plan 2019-2041;
5. Expectations of the standards of HMOs from this SPD:
   Policy BH7 matters:
   a) Location: accessibility; and parking;
   b) Acceptable quality and standards: room sizes and layout; bedrooms, water closets, personal washing, kitchen space, shared indoor amenity space, laundry facilities; building accessibility; and private outdoor amenity
   c) Management agreements;
   d) Demonstrates a Brent need; and
   e) Spatial distribution;
   External Waste Storage;
   Urban Greening Factor;
   External Alterations;

Table summarising HMO requirements; and
Appendix 1: Map of HMO Article 4 Area

Relationship to other regulatory regimes

3.6 As indicated in paragraph 3.2, the need for planning permission addresses matters that from a planning perspective might not be suitably picked up through housing licensing. This could therefore be seen as complementary the existing regime of licensing control. Landlords will need to satisfy both sets of requirements in order to proceed. This is also true of other statutory processes, e.g. building control. In that sense, HMOs are not unlike many forms of development that are subject to differing statutory regimes to gain consent or operate.

3.7 Key points to note regarding the relationship between planning and housing licensing regimes are:

a) Location: This is not addressed by housing licensing. Planning policy requires HMOs to be located in areas with good public transport and a range of facilities close by. The draft SPD identifies a minimum Public Transport Accessibility Level (PTAL) of 3. This is consistent with priority areas for denser development within the London and Local Plan. As occupants are likely to have lower incomes and lack of access to private vehicles, they will be more dependent on public transport and for example have to carry their food shopping. Where occupants could afford a car, it also prevents excessive car parking demands from HMOs located in areas with poorer levels of transport/ facilities. In addition, car and cycle parking standards apply.

b) Room sizes: Whilst housing licensing sets out minimum standards for bedrooms, these are smaller than London Plan and national minimum standards for self-contained homes. The limited alternative private space in the HMO, means occupants are likely to spend more time at home in their bedrooms than those living in a self-contained dwelling and it is difficult to justify smaller sized bedrooms for HMOs. Therefore from a planning perspective, it is considered that the minimum London Plan housing standards are more appropriate.

c) Cooking facilities in bedrooms: Kitchenettes/ cooking facilities in rooms are acceptable from a licensing perspective. From a planning perspective they are not. Allowing them blurs the distinction between what is a HMO and a self-contained dwelling and places further demands on the use of small bedrooms. Historically, this has been subject to abuse by landlords incrementally introducing such facilities and then seeking and attaining self-contained dwelling status after 10 years (the period of continuous use required in statue for a use to become lawful). This results in sub-standard bedsits, substantially below London Plan minimum dwelling sizes.

d) Communal amenity space: Housing licensing does set out minimum sizes where this space is provided (either as dining or living room space). It does not however, require such space to be provided. In licensing, a kitchen can serve as the only communal space with a social role. From a planning perspective the minimum kitchen space is not of sufficient size if it serves as the only communal space. The draft SPD sets out a minimum amount of communal space of 5sqm per occupant, with a dining and lounge space required. Many HMOs typically use what were previously separate dining and living rooms in family homes as bedrooms.

e) Building accessibility: This is not addressed in housing licensing. The draft SPD addresses the suitability of homes for those with a disability to a similar London Plan standard for dwellings.

f) Private outdoor amenity space: This is not addressed in housing licensing. The draft SPD addresses provision of such space, with minimum size standards.

g) Spatial distribution: Policy BH7's identification of what is regarded as an over-concentration of HMOs in an area is an issue not addressed in housing licensing.

h) External waste storage standards are used, which are not required in housing licensing.

i) Matters such as impact on the natural environment are addressed. For example, the urban greening requirement of 40% equivalent of the site being soft-landscaping, is included in the draft SPD. This is not required in housing licensing.

3.8 Some of the above requirements are defined in policy, some are an interpretation of policy and therefore arguably more discretionary. The principle of requiring planning permission for C4 HMOs has been dealt with through the Council's confirmation of the Article 4. Nevertheless, it also is expected that landlords will raise this issue again in response to the draft SPD's consultation. From a planning perspective, the SPD continues to support and encourage good quality HMO accommodation which meets a need within the borough and does not cause unacceptable harm to neighbours. Much HMO stock uses existing family sized homes (3+ bedrooms). Policies such as BH7 and the SPD's interpretation of it will provide for a better balance between meeting the need for family homes and HMOs.

3.9 Engagement has occurred internally with Private Sector Housing and Housing Need, Planning Enforcement, Development Management, Transportation and Building Control officers, shaping the final contents. All are positive about the document and recognise its intention to improve quality for the needs of its occupants.

3.10 As Old Oak Development Corporation is the Local Planning Authority for parts of the borough, the SPD will not apply to that area. The number of dwellings within the borough in the OPDC area is small. It has and will continue to deliver new build dwellings. These meet higher standards than much of the existing older accommodation in the borough that is subject to change of use from dwellings to HMOs. As such, it is similar to Brent's Growth Areas which were purposely omitted from the Article 4 direction removing permitted development rights for change of use from residential to C4 HMO. OPDC has no plans to introduce a HMO Article 4 and associated SPD.

Options

3.11 There are essentially two options open to Cabinet:

a) Do not take forward a HMO SPD
b) Take forward a HMO SPD

Do not take forward a HMO SPD

3.12 In this scenario, the Council is likely to receive a number of planning applications for HMOs that ultimately are unacceptable, and refused. This is because there will be no detailed advice to applicants on the Council's interpretation of its Local Plan policies. This may result in delay and confusion for the applicant. Lack of clarity over interpretation of policy could also lead to more appeals as applicants might challenge the Council's interpretation of policies used as reasons for refusal. It also may mean that we cannot take enforcement action effectively in the absence of a clear reference point for judging the acceptability of proposals of this nature.

Take forward a HMO SPD

3.13 In this scenario, it is likely that the Council receive a higher proportion of planning applications for a better standard of HMOs that ultimately it can approve. This is because there will be detailed advice to applicants on the Council's interpretation of its Local Plan policies. The SPD will identify all issues that applicants need to consider and address. Applicants therefore will be able to better understand the potential risk in submitting an application. This will reduce wasted resource from the applicant and Council as it is likely to result in fewer refusals and then re-submission to address refusal reasons. It will also reduce appeals, as Council's interpretation of policies used as reasons for refusal will be clear.

3.14 Taking account of the negative and positive impacts of the options, Option B is recommended, with the draft SPD as set out in Appendix A issued for consultation. Ultimately if adopted, the SPD will improve planning outcomes and reduce wasted resource. A consultation on the draft will allow suitable engagement which will encourage feedback on the document. This is likely to improve its quality in achieving its outcomes.

Consultation Process

3.15 Consultation on the document will be for eight weeks, consistent with regulations and the Council's Statement of Community Involvement. This represents an additional two weeks on the consultation timescales to take account of the holiday period. It will be advertised on the Council's website and notifications sent to statutory consultees and those on the Local Plan consultation list. In addition, all private sector landlords registered who received a monthly landlord news bulletin from the Council will be notified of the consultation. The document will be made available in Brent Council libraries.

Post Consultation Process

3.16 Consistent with regulations the Council is required to consider all of the responses to the draft SPD received. These will be summarised, responded to and where appropriate recommended changes to the SPD will be made. This work will be contained within a Consultation Statement that will be made publically available.

3.17 To reduce Cabinet business, it is recommended Cabinet delegate authority to the Strategic Director for Regeneration and Environment in consultation with the Cabinet Member for Regeneration and Planning to consider consultation responses, along with any necessary changes, and the decision on whether to adopt the HMO SPD. This delegation is consistent with the approach taken for most of the Council's SPDs since 2015.

4.0 Financial Implications

4.1 The consultation and adoption of the HMO SPD is likely to be limited in its resource requirements, covering matters such as printing of consultation material and officer time. This expenditure has been accounted for in the existing planning policy budgets.

5.0 Legal Implications

5.1 The Town and Country Planning (Local Planning) (England) Regulations 2012 set out the processes that need to be followed by the Council in taking forward a SPD. The Council will follow these processes. Once adopted, the SPD will be a significant material consideration in the determination of planning applications.

6.0 Equality Implications

6.1 The Equality Act 2010 introduced a new public sector equality duty under section 149. It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council must, in exercising its functions, have "due regard" to the need to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
3. Foster good relations between people who share a protected characteristic and those who do not.

6.2 For the HMO SPD, on balance the implications are likely to overall be positive. Due to their lower cost, HMOs are more likely to be occupied by the economically disadvantaged which proportionately are more likely to comprise the young and black and minority ethnic groups. A rise in the quality of HMOs through implementation of the SPD will improve outcomes for these groups. On the other hand, there may be a small reduction in the number of HMOs that come forward, due to the likely reduction in rooms that can be let in some HMOs to meet internal bedroom and amenity space requirements. In the context of the existing supply of HMOs (approximately 15,000), the impacts of the SPD overall are likely to be marginal.

7.0 Consultation with Ward Members and Stakeholders

7.1 The initial consultation will be publicised in the members' bulletin.

7.2 Details of internal consultation to date is set out in paragraph 3.9 of the report. The external consultation that will be undertaken is set out in paragraph 3.15.

Report sign off:

Alan Lunt
Strategic Director of Regeneration and Environment.

APPENDIX A

Brent

2022

Houses in Multiple Occupation Draft Supplementary Planning Document

PUBLISHED IN SUPPORT OF THE BRENT LOCAL PLAN 2019 - 2041

PLANNING POLICY TEAM

London Borough of Brent| Brent Civic Centre, Engineers Way, Wembley, London, HA9 0FJ

Contents

1. Consultation

1.1 This draft Supplementary Planning Document (SPD) will be subject to a 8 week period of consultation. This will be between 14th July and 15th September 2022. Consultation will be consistent with the Town and Country Planning (Local Planning) (England) Regulations 2012 and the Council's Statement of Community Involvement (SCI).

1.2 The document will be made available on the Council's website, as well as in Brent Council libraries. The Council will promote it through general awareness raising undertaken through media releases, its social media pages and on its website. In addition, the Council will notify all relevant people and organisations on its planning policy consultation database. It will also make all landlords in the borough registered with it, aware of the consultation.

1.3 Representations on the document can be made to: planningstrategy@brent.gov.uk. Alternatively, you can write to Paul Lewin, Team Leader Planning Policy, Brent Council, Civic Centre, Engineers Way, Wembley HA9 0FJ. Representations should be received by the Council by midnight 15th September 2022. Please reference the appropriate section and paragraph of the document for each individual comment that you make. Please note that the Council will not register anonymous responses. You should provide your name and if relevant, the organisation that you are working for, and that which you might be representing. If writing in a personal capacity, it would be helpful to know if you are a resident or landlord.

1.4 When reporting the consultation responses, organisation names will be referenced by the Council. However, no individual's name or personal details of respondents will be made publically available. Please can you indicate with your response whether you wish to be informed by the Council of whether this document is adopted. Please also indicate if you would like to be informed of other planning policy consultations by having your details put on our planning policy consultation database. This information will only be used in relation to consultations on the Council's planning and associated documents. Unless you indicate that you want to be put on this database, your personal details will only be kept until the Council makes a decision on whether to proceed with the adoption of the SPD or not and has subsequently issued the appropriate notifications. Please see our privacy policy for more details.

2. Purpose of document and its structure

2.1 The purpose of this SPD is to ensure that, where planning permission is required for Houses in Multiple Occupation (HMO), applicants, communities and interested parties can gain greater certainty on what is likely to be permitted. It seeks to build on existing policy in the development plan. Principally this is Local Plan Policy BH7. This will ensure that HMOs:

- will be directed to areas with better public transport accessibility levels (PTAL)
- will be close to a range of amenities such as shopping provision;
- are not over-concentrated in an area; and
- meet occupier needs.

2.2 The SPD also seeks to ensure that adjacent neighbours will benefit from better levels of management of the properties. In addition it will seek to ensure HMOs are of a better quality for their occupants. This will be through measures such as setting out minimum standards of internal and external amenity space. For each of the matters it addresses, it identifies what ‘must’ be achieved as a minimum. Where appropriate it also sets what would be best practice through the use of ‘should’ in bettering outcomes beyond the minimum. These are drawn together and summarised in Figure 1.

2.3 Applications will be assessed against the information set out in this document. This document will therefore be a material consideration in the process of determining planning applications for HMOs. Permission for a HMO is likely to be granted where meeting the policy requirements and guidance set out in this document.

2.4 The principal focus of the SPD is for different types of HMO. Its contents however, may also be helpful in relation to other forms of Accommodation with Shared Facilities or Additional Support, which are also assessed against Policy BH7. This is particularly where no separate guidance exists for those forms of accommodation.

2.5 The majority of HMOs in Brent are small scale. They generally result from changes of use or conversion of existing dwellings. Few to date have been purpose built new-builds. Only a very few exceed 10 occupants. There has however, more recently been a trend towards larger purpose built accommodation principally for working people. These are sometimes also known as ‘co-living’ schemes. The Greater London Authority (GLA) has produced additional London Plan Guidance (LPG) on Large-Scale Purpose-Built Shared Living. Consistent with London Plan policy H16, its focus is on schemes of 50+ non-conventional residential units. That LPG should be used for those types of schemes.

2.6 For schemes that fall between 15 and 50 occupants the Council is likely to take a bespoke approach that blends the contents of this SPD and the LPG. The weight attached to each document will depend on the type of accommodation being proposed. For these types of cases applicants are encouraged to seek pre-application advice from the Council before making much progress with the design of their scheme.

2.7 This SPD covers issues that will specifically be considered in relation to planning applications for HMOs. The document has taken into account some other statutory regimes associated with gaining consent for and operating HMOs. In some cases, for justifiable planning reasons it goes beyond their requirements. Receiving planning permission however, does not mean that HMO owners will be exempt from or automatically be granted other necessary consents, e.g. housing licensing or building regulations. Operators of HMOs must ensure that before and during occupation of the premises that all the necessary consents have been achieved associated with those regulatory frameworks.

3. Introduction

What is a HMO?

3.1 Broadly, a HMO is a property tenanted by three or more unrelated people as their main residence, who share one or two basic amenities. A fuller legal definition is set out in Section 254 of the Housing Act 2004. This definition is also in certain circumstances also used in association with planning legislation. Traditionally within Brent HMOs are likely to be a converted dwelling with parts occupied by sharers, comprising two or more households. Segregation of households from communal areas is often by a bedroom door. In most cases this can be locked for the purposes of maintaining privacy. These bedrooms may in a few cases also contain en-suite or basic beverage making or snack facilities such as kettles or a toaster. The remainder of the property might include bathrooms, lounges, kitchens and other shared facilities.

3.2 HMO occupants can comprise a variety of people/ households. They may include within the property only particular types, or a mix from groups such as young professionals, students, employed, unemployed, single parents, families with children or pensioners. The type of person is immaterial to its classification as a HMO in planning terms. It is the number of occupants, their relationship, the extent of sharing of certain basic amenities, the length of stay and the accommodation being the primary residence which makes the property a HMO.

3.3 Large scale purpose built student accommodation or shared living may fall within the HMO definition. This however might be subject to other planning policy related to the specific type of occupier, particularly if the scale of the development starts to incorporate a significant number of people.

3.4 Residential accommodation, where care or support is provided, is likely to be defined as a residential institution. Accommodation that is more temporary in nature, is likely to be defined as a hotel or hostel.

HMOs and town planning

3.5 From a town planning perspective HMOs fall into the following subcategories which have different associated Use Classes, those with:

a) Between three and six residents (Use Class C4)
b) More than six residents (Sui Generis)

3.6 This is important in respect of when planning permission might be required for their use as a HMO. All new HMOs in the Sui Generis category require planning permission. From 1st November 2022, in some parts of Brent new HMOs in the Class C4 will require planning permission. Further information on this is provided in paragraphs 3.15-3.17.

HMOs and housing licensing

3.7 HMOs are subject to other forms of legislation. This includes for example private sector housing licensing regimes. From this perspective, HMOs within Brent fall into the following sub-categories. Those with:

a) Five or more people are required to have a 'mandatory' licence, or
b) Three or four people currently are required to have an 'additional' licence.

3.8 The mandatory licence is a requirement set by national government. It applies across the whole country. The additional licence requirement has been introduced by the Council. It applies across the whole borough. It has to be renewed by the Council, with each term lasting five years. All HMOs in the borough fit into the two categories in paragraph 3.7. Even if they do not need planning permission, legally a licence is required. Licensing applications can be made by landlords to register their properties. The register of licensed properties is publically viewable. The Council can be contacted at prslicensing@brent.gov.uk with queries about the status and requirements of HMO property licences.

3.9 National policy sets out planning decisions should be on whether proposed development is an acceptable use of land and assume that other regimes associated with a development will operate effectively. When an application for a HMO is received by the Council's planning department, it will consult the Council's housing department. Where planning permission is granted it will be for the landlord to ensure that they have got the necessary mandatory or additional licence to operate the premises.

HMOs and building control

3.10 Building regulations approval will be required for new build HMO premises or, in most cases, where a property is changed from a single household dwelling to a HMO incorporating communal spaces. It will cover matters such as the installing of new kitchen and bathroom facilities, new doors and windows and fire and sound insulation between units of accommodation, upgrading/ renewing electrical wiring and upgrading/ renewing certain heating systems. Similar to housing licensing, it will be for the property owner to ensure that the necessary building regulations have been secured for the premises to operate as a HMO. The following web link Building Control | Brent Council provides additional information on the Council's building control service. It includes contact details and inquiry forms for the Council to respond to proposed developments setting out building control requirements that need to be addressed.

HMOs in Brent

3.11 There are currently approximately 17,000 HMOs in Brent. They form a significant proportion of the borough's living accommodation. Due to lack of housing supply, HMOs play an important role for many Brent residents. They can be beneficial for those unable to afford self-contained accommodation, particularly single, younger, older or small family households. They also cater for those who potentially require a more flexible solution. This might for example be when initially moving to an area, prior to finding a more permanent home. In recognition of the role that they play on housing people, the Council is supportive of the provision of additional high quality HMOs in the right locations and circumstances.

3.12 The majority of HMOs are Class C4. To date, in most circumstances these have not required planning permission. This is due to change of use permitted development rights. For many years changes of use have been permissible back and forth between conventional dwellings and Class C4 HMOs. This has resulted in some parts of the borough having higher concentrations of HMOs.

3.13 Concentrations can lead to potential adverse issues. For example, higher occupancy levels of homes might put pressure on local facilities, social infrastructure and parking. A more transitory population might be less invested in an area, providing a reduced sense of community, or leading to anti-social behaviour. Absentee landlords might neglect property management, leading to a degradation of street scene. A loss of family sized dwellings (3 bed+), may also result in unbalanced communities.

3.14 Licensing can deal with a wide range of aspects related to HMOs. It does, however, have limitations. Compared to planning requirements for new homes, some standards from a planning perspective are considered by the Council to be insufficient. This can result in small bedroom sizes, limited internal amenity space, such as lounges/ dining rooms, or external space such as gardens. Licensing also does not deal with transport matters, the concentration of HMOs, or loss of family accommodation, for which there is also a great need in Brent.

Article 4 Direction for Class C4 HMOs

3.15 The Council, as a Local Planning Authority, does have the power to remove permitted development rights. This can be done through what is known as an Article 4 Direction. The Council has done this for Class C4 HMOs. This is to better address some of their potential adverse impacts. This is with respect to occupants, neighbours, and the wider area. It will assist in the better planning of Brent.

3.16 From 1st November 2022, planning permission to change dwellings to HMOs (Use Class C4) is required in Brent. Areas excluded from this requirement are:

a) the Old Oak and Park Royal Development Corporation (OPDC) Area;
b) the Local Plan's site allocations within the Church End Growth Area; and
c) all parts of the other seven Growth Areas.

3.17 A map illustrating its extent can be found in Appendix A. More detailed boundaries and an interactive version of this map can be viewed on the Council's Planning Policies Map.

4. Relevant Development Plan policy

4.1 The Development Plan as it relates to HMOs comprises the London Plan, and the Brent Local Plan.

London Plan 2019 – 2041

4.2 *Policy H9 Ensuring the best use of stock* references HMOs. It identifies that boroughs should take account of the role of HMOs in meeting local and strategic housing needs. It also states that where HMOs are of a reasonable standard, they should generally be protected.

Brent Local Plan 2019 – 2041

4.3 *BH7 Accommodation with Shared Facilities or Additional Support* is the principal policy to assess HMO acceptability. This states that HMO applications will be supported when meeting all of the following criteria:

a) is located in an area with good access to public transport and other amenities, including shops (normally within 400m);
b) is of an acceptable quality meeting appropriate standards for the needs of its occupants, including external amenity space, appropriate communal facilities, levels of support/ care and mobility;
c) includes management arrangements agreed with the council suitable to its proposed use and size to not unacceptably impact on neighbour amenity;
d) demonstrates that there is a specific Brent need, or in the case of purpose built student accommodation a London need, for the particular use; and

e) will not lead to an over-concentration… defined as where three or more of the ten nearest properties are HMOs.

4.4 Other policies are also relevant. These in particular will be when considering aspects of criteria b) and c) related to the amenity of occupants and neighbourhoods. Reference to other appropriate policies will be set out in the following sections of the SPD.

5. Expectations of the standard of HMOs from this SPD

5.1 This section is broken down to align with the criteria of policy BH7 outlined above. Guidance is provided on how these criteria can be best addressed. Other relevant policy is also referenced. Planning applications should demonstrate compliance with the SPD. Structuring how they have done so in accordance with this document will assist the Council. In addition the applicant will gain a better understanding of the extent to which they have addressed necessary matters.

a) Location

Accessibility

5.2 The Local Plan seeks to prioritise development in areas with better access to public transport and within walking distance of a range of facilities. This is consistent with national policy, the London Plan and the Mayor's Transport Strategy. It is to provide residents with easier access to services, social infrastructure and jobs. This will make it more likely their journeys will not be reliant on use of the private car. In addition, the socio-economic characteristics of many HMO occupants means that they either choose, or cannot afford to own a car. Consequently they require access to good levels of public transport and local facilities.

5.3 In order to meet Local Plan policy BH7's criterion a) good access to public transport. Good is not specifically defined in the policy or its justification. Public Transport Accessibility Level (PTAL) of 4 has historically been defined as 'good'. However, for the purposes of this SPD, a HMO's PTAL *must* be a minimum of 3 when considered against Transport for London (TfL) PTAL methodology. This minimum for HMOs is consistent with that of the development plan's priority locations for more intensive residential development, i.e. London Plan Policy H1 and Brent Local Plan Policy BD2. TfL produces an interactive map on its website showing a location's PTAL. The map's outputs are by one hundred metre squares. In some cases the map may not show an accurate result and in such cases the applicants may, using the PTAL methodology, be able to show that a site is achieving PTAL 3 or above. Appropriate evidence from transportation consultants will be expected to be provided to demonstrate this.

5.4 The access to local amenities part of criterion a) essentially focuses on a range of facilities being reached, reasonably conveniently, through a relatively short walk. 400 metres as set out in the policy is roughly a five minute walk. The range of facilities will need to be capable of meeting a range of day-to-day needs. This for instance is likely to be found in a typical neighbourhood parade, such as retail, a food and drink offer, hairdressers, pharmacies and other services. They should not comprise for example a single facility, such as a small retail premises. Where the HMO is in PTAL 4 or higher, greater flexibility will be allowed in relation to the 400 metre proximity. This is as the quality of public transport links to alternative town centres with a very wide range of amenities is likely to be good.

Parking

5.5 Prioritising HMOs in PTAL 3 or higher locations ensures greater likelihood that their residents will not require a car. London Plan Policy T6.1 identifies that purpose-built large scale Sui-Generis residential uses such as HMOs are required to be car free. This will be the Council's starting point. However, Local Plan Appendix 4 identifies that up to one space per 10 rooms might be acceptable in some circumstances. Where allowed, these spaces would be reserved for a single identified car for specified individual households that require disabled parking. Apart from those with the single identified car benefitting from parking, all other HMO households will be required to be car-free. This means that they will not be able to gain residents' parking permits within existing or future controlled parking zones (CPZ). In heavily parked areas not subject to a CPZ, large-scale HMOs will also be expected to contribute financially toward future CPZ implementation.

5.6 Consistent with policy BT2 where off-street parking is part of the development, the Council will require the:

- a) preservation of any means of enclosure, trees or other features of a forecourt or garden that make a significant contribution to the building's setting and character of the surrounding area; and
- b) provision of adequate soft landscaping (in the case of front gardens 50% coverage), permeable surfaces, boundary treatment and other treatments to offset adverse visual impacts and increases in surface water run-off.

5.7 Given the low level of parking provision allowed for HMOs, it is likely that either dedicated on-site parking, or hard-standing used for parking related to a previous use will be surplus to requirements. There is an expectation that interventions to stop their on-going use will be secured in order to reduce potential parking standard contraventions. This will either be through removal/ re-purposing or physical measures to block their use and the removal of existing footway crossovers at the developer's expense. London Plan Policy G5 applies an Urban Greening Factor score of 0.4 for HMOs. This is a challenging target. In many cases it is anticipated this will result in the replacement of existing hardstanding, such as no longer appropriate parking space, with green infrastructure.

5.8 To encourage cycling by occupants and their visitors, HMOs will need to meet the cycle parking standards as outlined in London Plan policy T5. This is for one long stay space per occupant. For visitors it is two spaces for HMO's with five or more residents. The quality of their provision will need to be consistent with the latest London Cycling Design Standards.

b) Acceptable quality and standards

Room sizes and layout

5.9 In order to meet Local Plan policy BH7's criterion b) there is an expectation that HMOs will be of an acceptable standard in terms of meeting the needs of occupants. This section sets out a range of sizes and standards for individual households and shared communal facilities.

Bedrooms

5.10 Bedrooms within HMOs often comprise the sole private living space for occupants. As such, they are more likely to be occupied for greater periods than bedrooms for households in self-contained dwellings. This is more so if no communal amenity space is provided. It is therefore important that they are adequately sized, and meet occupant needs. Currently, housing licensing guidance on room size standards diverges slightly below new dwelling requirements. Minimum size and widths for new dwellings are set out in London Plan Policy D6 Housing quality and standards.

5.11 From a planning perspective, given the importance of the rooms as private spaces to HMO occupants, the London Plan D6 net internal floorspace standards are considered the minimum acceptable to gain planning permission. These are $7.5m^2$ (minimum width 2.15m) for a single and $11.5m^2$ for a two person room (minimum width 2.55m wide). This does not include space for en-suite facilities. To contribute towards the floorspace, floor to ceiling heights have to be above 1.5 metres. In addition, overall 75% of the room has to be a minimum ceiling height of 2.14 metres (or 2.5 metres in new build). Entrance lobbies or corridors within rooms under 1.2 metres width will not count towards room sizes. This could also be true of areas of such a shape that they are essentially unusable.

5.12 From a planning perspective, a formal designated space for kitchen facilities in bedrooms is not considered appropriate. Such kitchen facilities, plus en-suite bathroom/ toilet facilities have historically been provided in rooms by HMO landlords. This is because for the purposes of housing benefit entitlement, it can be considered a ‘self-contained’ dwelling. Notwithstanding that occupiers may have the potential to share other facilities in the property with other households, over time, such HMOs can creep further towards eventually being regarded as lawful self-contained dwellings in planning legislation. This often results in unsatisfactory homes, which ordinarily would not be granted planning permission. Consequently, the Council will attach suitable conditions to any HMO permission, limiting the potential for the incorporation of kitchen facilities within bedrooms.

5.13 Bedrooms must be well designed to maximise the usable internal circulation space. They must have at least one window providing adequate light (as a guide glazed areas of $1/10^{th}$ of the floor area of the room can be sufficient) and aspect, and be accessible via a communal corridor space. They should also have sufficient ventilation (passive preferred/ mechanical where necessary). Bedrooms must not be accessed from communal space such as kitchens, dining or living rooms. They must not be the only potential route for the property’s other residents to gain access to rear communal outdoor amenity space, or for means of escape relied upon in an emergency.

5.14 Rear ground floor bedrooms or bedrooms on other floors that have windows facing directly onto communal outdoor amenity spaces must have a sufficient defensible space between them and that amenity space. This is to provide sufficient privacy to the room’s occupants.

5.15 Only bedrooms and no other communal spaces can be used as sleeping accommodation. Each bedroom will have the number of intended residents identified on a plan. The number of residents will be subject to planning conditions for the lifetime of the HMO.

5.16 Bedrooms should contain suitable sized furniture, including a bed, bedside table, desk and chair, chest of drawers and wardrobe (more detailed size standards are set out in London Housing Design London Plan Guidance).

Water closets

5.17 En-suite water closet (WC) and personal washing facilities are encouraged where possible within bedrooms for use by individual households. Individual sinks within bedrooms that are not part of an en-suite facility are however, not considered appropriate. Where a resident has no access to private facilities, shared facilities are required. One separate room WC shall be provided for every five occupants. This must have an associated suitable hand basin. Minimum room dimensions are: 1.3 x 0.9m. Not less than 50% of WCs should be in separate rooms to personal washing facilities.

Personal washing

5.18 Personal washing facilities should ideally be for each household. As a minimum, however, this must be the case for every five occupants without separate facilities. This should be in the form of a separate shower (minimum 0.8 x 0.8m cubicle) room within minimum room dimensions of: 1.6m x 0.9m. Each shall be provided with a suitable hand basin and constant supplies of hot and cold water. Communal facilities must be accessed from a common hallway and not be more than one floor distance from any household that does not have individual private facilities. All of these facilities should be separated from, and not open immediately onto, a kitchen.

Kitchen space

5.19 For every 3 households, or 5 people (whichever is the lower) a kitchen space of at least 5.5m^2 is required. A single kitchen can be doubled up to meet the minimum space to accommodate no more than 6 households or 10 people. However, this is usually the maximum allowed from one facility. Where doubling up occurs, facilities such as cookers, basins and food preparation areas must be sufficiently separated to allow their concurrent use. Any additional kitchens needed must follow the same rules.

5.20 In conversions of existing multi-storey dwellings (up to 3 storeys including loft), kitchens should only be on the ground floor. This is to allow the potential easy conversion of the property back to a family dwelling. Within new purpose built accommodation, kitchens should be no more than one storey from any bedroom. Each single kitchen set must have:

- a) Kitchen sink and drainer
- b) Cooking facilities (minimum 4 ring hob with grill and oven) and refrigerator/ freezer
- c) Worktop and storage
- d) Sufficient power sockets
- e) Refuse storage receptacles of sufficient size to be able to support separation for waste streams to maximise recycling.

Shared indoor amenity space

5.21 By providing sufficient communal amenity, the HMO can better meet the needs of its occupants. It will provide space for them to congregate and spend time together. This will improve social integration. It will also reduce the need for occupants to congregate outside in the public realm, which may otherwise affect the amenity of neighbours. These spaces can be for dining, living rooms, general recreation (games) and work space.

5.22 Overall taking into account of the minimum kitchen space set out above, it is expected that a minimum 5m^2 of internal communal amenity space will be provided per resident. To maximise the perception of space, and its utility, it may be beneficial to cluster some communal spaces together within an open plan arrangement.

5.23 Nevertheless, separation can also have its advantages. For example, a better opportunity to work from home but not within a bedroom might need some separation from likely noisier space such as a kitchen or living room. As such, additional shared amenity space should either be provided as separate rooms or in the case of dining area or possibly a lounge space/ recreational area added to the kitchen. Where in the kitchen or as a separate dining space, a suitable sized table with the number of chairs matching the people it will accommodate must be provided. For a lounge/ living room, a range of seating should be provided to accommodate the number of occupants it is designed for. All communal areas must have adequate natural light and ventilation.

5.24 For up to five people, a minimum 11m^2 amenity space is required. For 6-10 people this is 16.5m^2. When incorporated into a kitchen space, this would be required in addition to the minimum kitchen space requirements.

Laundry facilities

5.25 Laundry facilities are a good practical enhancement for occupants. An 8kg capacity washing machine should be provided for the use of every 6 households/ 10 occupants. This can be provided within the kitchen. In order to reduce unnecessary energy use an outdoor hanging space should be made available. This should be one rotary line per 3 households/5 occupants and not significantly compromise the use of the outdoor amenity space when in use. Where outdoor areas cannot accommodate drying, dedicated indoor space for internal drying is necessary or alternatively one condensing tumble dryer per 10 residents. Ideally such facilities will also be provided to account for inclement weather conditions where outside drying may be compromised.

Building accessibility

5.26 To better meet needs, policy D7 of the London Plan seeks to ensure new build homes and other facilities such as visitor accommodation cater for those with more limited personal mobility. This usually seeks a proportion of the homes (all new build) or rooms to meet mobility standards, or be suitable for easy conversion to wheelchair standard (10%). Most HMOs are likely to be limited in their capacity to deliver this requirement. This is because for the most part, they are likely to be changes of use/ conversions of existing residential properties, rather than new build.

5.27 Where HMOs are new build, the same standards will apply as those for new build dwellings set out in Policy D7. All rooms must be M4(2) ‘accessible and adaptable dwellings’ compliant. For changes of use/ conversion of existing dwellings, applications proposing less than 10 occupants are encouraged to make properties as accessible as possible. This is particularly so for any bedrooms proposed at the ground floor level, or those dwellings that have access available via a lift.

5.28 For all applications with 10 or above occupants, at least one bedroom per 10 occupants will be expected to be accessible. An accessible kitchen/ amenity space and bathroom must also be provided on the same floor as the bedroom. In such HMOs, access to the property and internal communal circulation space on the same level as the bedroom must also be to an accessible standard.

Outdoor Amenity Space

5.29 Similar to private residential dwellings, there is an expectation through Local Plan Policy BH7 that residents of HMOs will have access to a suitably sized and laid out outdoor amenity space. This space should also be subject to a management regime that ensures it is well maintained and usable all year around.

5.30 Policy BH13 essentially requires a minimum of 20m^2 per dwelling normally, with 50m^2 for 3 bed homes with ground floor living accommodation. In HMOs, as the majority are anticipated to be former single household dwellings, amenity space is typically expected to be provided at ground floor. In these, the BH13 standard of a minimum 20 m^2 will normally be sought, and if for more than 10 occupants will be expected to provide an additional 2m^2 for each occupant. If provided on other floors, a minimum 6m^2 should be provided, with an additional 2m^2 for each occupant where there are more than three occupants. The space should be square or rectangular to allow it to be more flexible and usable for a variety of purposes. A minimum of 3 metres is required for ground floors amenity space. Elsewhere a minimum of 1.5 metres wide, although more generous widths are encouraged. The space should also be of a high standard, with high levels of amenity, receiving sunlight for part of the day and sufficient privacy to make it comfortably usable. It is likely that this space will also have to contribute towards achieving the Urban Greening Factor (addressed in more detail in paragraph 5.37).

5.31 To enable unimpeded access to the outdoor amenity areas, they should be made adjacent to, and directly accessible from, the communal living areas, unless specifically dedicated to single households.

c) Management agreements

5.32 As identified, currently all HMOs are expected to be mandatory or additionally licensed by the Council's Private Rented Sector housing team. This sets out a range of behaviours expected from the Council by landlords and their tenants. This includes items that, if not adhered to, have the potential to adversely impact on neighbours and neighbourhoods. These comprise:

a) The number of occupiers/ households;
b) Tenancy management, including matters such as terms of occupation, tenant references, complaints, anti-social behaviour prevention and action when it does occur; and
c) Property management, including for external areas, refuse and waste, repairs, compliance works and pest control.

5.33 Although these issues are important to occupiers and neighbours, the range and depth of detail on the matters they cover are not normally issues considered for a planning application. They can also be subject to change, due to the legislation associated with them (such as properties subject to mandatory licensing), their discretionary nature (such as additional licensing) and the fact the Council can change the terms of the licence. As a planning authority, the Council will focus on matters that are necessary to ensure if planning permission is granted, it ensures that the development is acceptable for occupiers and neighbours for the duration of the time the property remains a HMO.

5.34 As stated in paragraph 5.15, the Council will condition the number of occupants as part of the planning permission. Ideally, closer co-operation between the housing and planning functions will ensure that the housing licence occupant number will match this. In the event that the planning permission number is lower, in order to not be subject to planning enforcement action, the HMO must not breach the planning permission occupancy number condition.

5.35 In terms of management agreements, it will also seek submission of the following:

Tenancy management:

a) information on how reasonable and practical actions to prevent or reduce anti-social behaviour by occupiers or their visitors will be taken;

Property management:

b) procedures to ensure that internally and externally all parts of the property are in clean condition, good order, maintained and a decent state of repair and decoration.

5.36 Ideally this information will be submitted in association with the application, so it is clear to the Council and neighbours how matters will be dealt with. The Council will ensure that before the development is allowed to be occupied, the property has an agreed suitable management regime.

c) Demonstrates a Brent specific need

5.37 As identified, HMOs perform an important part in housing people within the borough. Ideally, their need would be limited by an alternative availability of plentiful amounts of affordable self-contained dwellings for smaller households. In the short to medium term, however, this is unlikely to occur. On this basis, HMO accommodation that meets non-specialised needs (a range of which are addressed in Policy BH7), will not be expected to evidence a particular specific Brent need in association with any planning application.

5.38 Nevertheless, HMO accommodation has historically and is still likely to compete for the same properties with families who also need 3 bedroom dwellings or larger. The need for this family accommodation (54% of all need for additional dwellings) is also significant within the borough. This unmet need for family homes within the borough will be balanced against the quality of the HMO being provided. Where the Council considers that this quality is not sufficiently high, through not complying with the requirements of this SPD, it is more likely to tilt the balance in favour of retaining the premises as a family dwelling.

d) Spatial Distribution

5.39 The Brent Local Plan through Good Growth Objective 1 Strong and Inclusive Communities, criterion a) seeks to support mixed and balanced communities. Local Plan policy BH7 seeks to prevent an over concentration of HMOs within an area. Criterion e) sets out they should constitute no more than 3 of the 10 nearest properties to the proposed HMO. For this purpose, a property is considered the whole HMO building, and not the individual rooms within. This limit is measured taking the nearest front entrances when walking from the front door of the application property. For instance, this is likely to exclude properties that share a rear garden boundary with the application property. Within blocks of flats, each self-contained individual flat is regarded as one property. Where the application property is a flat, flats on the same floor are counted first within the ten.

External Waste Storage

5.40 Due to the increased number of inhabitants, HMOs often result in the production of larger amounts of waste than a typical dwelling. There are no specific requirements for suitable size facilities or places to store this waste effectively. It can therefore become a nuisance to neighbours, and a general blight to the street scene. To ensure this is mitigated, all bins must be contained within an attractively designed shelter for storage and collection in accordance with principle 5.3 of SPD1. The design should be in keeping with local character, blending seamlessly into the surrounding environment. This should be easily accessible by residents and waste collection services, and be compliant with local waste authority guidelines: Waste and Recycling Storage and Collection Guidance for Residential Properties. The application should also be accompanied by a suitable waste management plan which indicates how responses to poor waste practices from tenants (including other resultant impacts such as pest infestations) will be actioned to ensure compliance.

Urban Greening Factor

5.41 As part of improving green infrastructure provision, London Plan Policy G5 Urban Greening Factor sets out that, primarily residential schemes, should score 0.4. Additional green infrastructure will assist in delivering a wide range of benefits, including increasing bio-diversity, reducing the urban heat island effect, reducing potential surface water run-off, improving air quality and improving the psychological well-being of people. There is a London Plan Guidance note on the Urban Greening Factor (UGF) that sets out practical methods for how a development can achieve the appropriate UGF. In addition, Policy BGI1 Green and Blue Infrastructure in Brent expects all development to achieve a net gain in biodiversity. Meeting the 0.4 UGF score may be one way in which improvements to biodiversity can be made on site.

External alterations

5.42 Any external alterations which are required as a result of conversion to HMO will need to be in accordance with SPD2 (Residential Extensions and Alterations). If the site is located within a Conservation Area, the proposals will also need to align with any Conservation Area Design Guides.

Figure 1 Summary of HMO Requirements

(Note: as a summary lack of inclusion in this table does not mean that issues need not be addressed as sought in preceding parts of the SPD).

HMO Feature	Requirement	Minimum standards
Location	***Must*** have good access to public transport	A minimum score of 3 when considered against Transport for London (TfL) PTAL methodology
	Must have good access to amenities, including shops	Normally a range of facilities meeting day to day needs within 400 metres, although where PTAL 4 or higher is achieved greater flexibility on distance will be allowed
Parking	***Must*** meet vehicle parking standards	Car free will be the starting point, up to one space per 10 occupants may be acceptable for identified disabled occupiers Contribution to CPZ for large-scale proposals where one doesn't exist.
	Must address vehicle parking impacts	Removal of unnecessary parking associated with the previous use of the building with physical interventions to stop their use and removal of footway crossovers.
		Preservation of any means of enclosure, trees or other features of a forecourt or garden that make a significant contribution to the building's setting and character of the surrounding area
		Provision of adequate soft landscaping (in the case of front gardens minimum 50% coverage), permeable surfaces, boundary treatment and other treatments to offset adverse visual impacts and increases in surface water run-off
		Provide electric car charging points for any vehicle parking spaces
	Must meet cycle parking standards	One long stay space per occupant. For visitors it is two spaces for five or more residents. The quality of their provision will need to be consistent with the latest London Cycling Design Standards.
All rooms, shared spaces and outdoor spaces	***Must*** be of an acceptable standard in terms of meeting the needs of occupants.	Should include detailed drawings that shows how the rooms, shared spaces and outdoor spaces can be used including furniture provided and circulation space.

HMO Feature	Requirement	Minimum standards
Bedrooms	***Must*** meet minimum size standards	Single person - 2.15m wide & 7.5m^2 floorspace
		Two people - 2.55m wide & 11.5m^2 floorspace
	Must not be accessed via the main communal amenities areas	
	Must have adequate light and outlook	At least one window (***should*** be equivalent to minimum 10% of room size) in an external wall and sufficient privacy/ defensible space where the bedroom is facing any outdoor communal amenity space.
	Bedrooms ***should*** be well designed	Maximise internal circulation space and furnished (including bed, bedside table, desk and chair, chest of drawers and wardrobe), taking account of their role/ availability of communal amenity space.
	Must not contain kitchens or designated cooking facilities	
	Must not be an access route for others to communal amenities or means of escape.	
	Must be the only places where people can sleep in the premises	
	Must not provide sleeping accommodation to more people than agreed by the Council	Layout plan ***must*** identify number of occupants
Water closets (WC)	Each bedroom ***should*** have an en-suite WC	Min 1.3m x 0.9m (can be combined with personal washing facilities if overall room size is 2.5m^2)
	There ***must*** be a minimum of one WC for every 5 occupants who don't have access to a private WC	Min 1.3m x 0.9m (can be combined with personal washing facilities if overall room size is 2.5m^2)
	Not less than 50% of shared WCs ***must*** be in separate rooms to personal washing facilities.	Min 1.3m x 0.9m
	Should not be accessed immediately from a kitchen.	***Must*** be sufficiently distanced from any food preparation area if accessed from a kitchen.
Personal washing facilities	There ***must*** be a minimum of one facility for every 5 occupants	1.6m x 0.9m room with a 0.8m x 0.8m shower cubicle and separate hand basin
	Each household ***should*** have private en-suite facilities	1.6m x 0.9m room with a 0.8m x 0.8m shower cubicle and separate hand basin

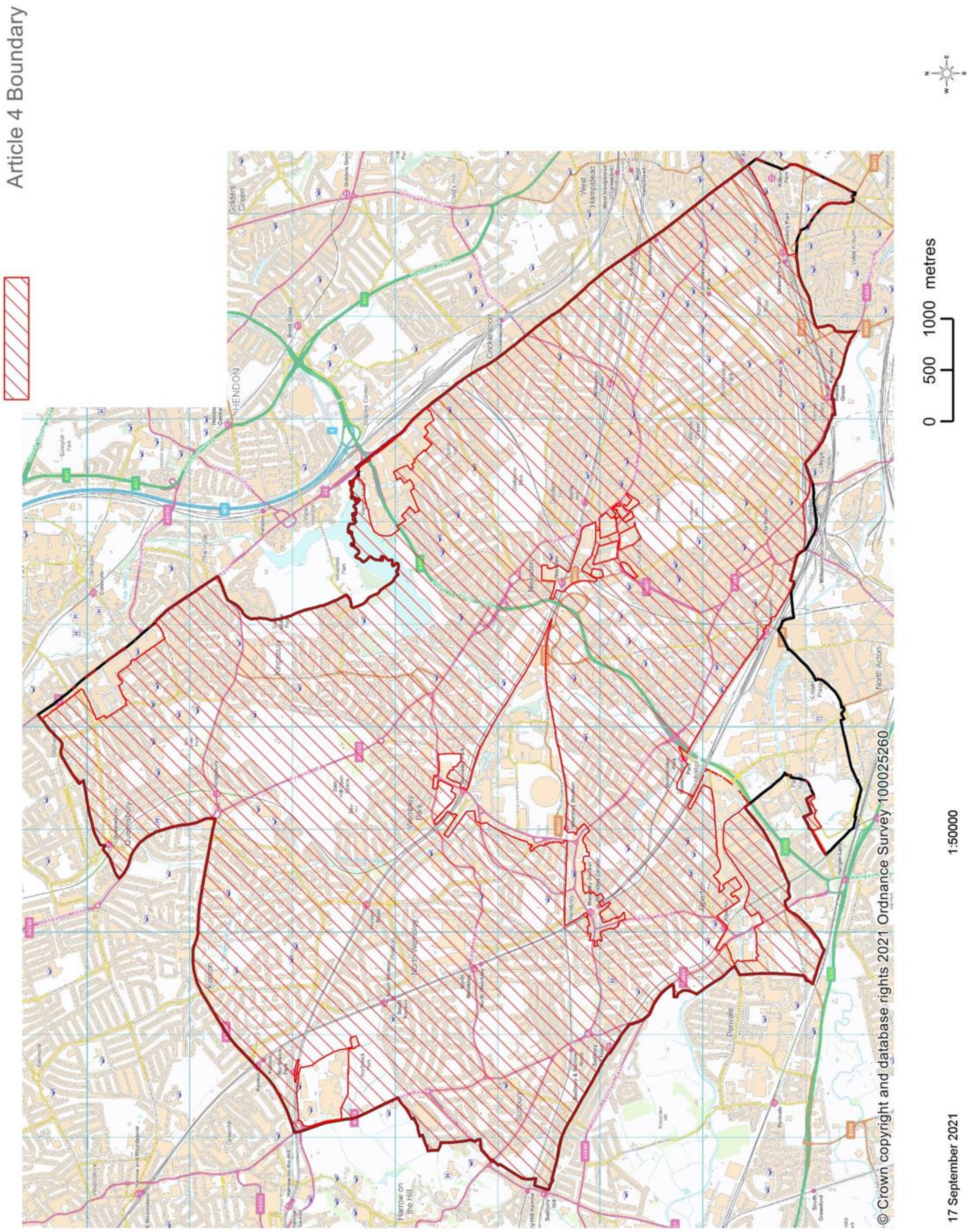
HMO Feature	Requirement	Minimum standards
Kitchen	***Must*** meet minimum space standards per 3 households or 5 occupants (whichever is lower)	5.5m^2 per kitchen space. Those serving more people can be combined subject to sets of facilities being sufficiently distanced to allow concurrent use but ***should*** not be for more than 6 households or 10 occupants (whichever is lower) per kitchen. In non-new build purpose build accommodation (i.e. change of use/conversion of existing dwelling) provision of kitchens on upper floors is not encouraged, to allow for easier change of use back to a single family sized dwelling.
	Must be suitably equipped	a) 1m kitchen sink unit with drainer b) Cooking facilities (4 ring hob with grill and oven) c) 1m x 0.6m of worktop d) Lockable food storage 0.3 m^2 - 0.4m^2 per household and 0.15m^2 refrigerator/ freezer e) Four power sockets in addition to supply for fixed equipment f) 0.6m x 0.6m and refuse storage receptacles of sufficient size to be able to support separation for waste streams to maximise recycling.
Laundry	***Must*** provide a washing machine	8kg capacity for every 6 households or 10 occupants (whichever is lower)
	Must provide outdoor drying facilities where an outdoor amenity space is available	One rotary line per 3 households/ 5 occupants that don't significantly compromise the external amenity space.
	Must provide indoor drying facilities where an outdoor amenity space is not available	Internal drying lines or one condensing tumble dryer per 10 residents.
	Should provide indoor drying facilities in times of inclement weather.	Internal drying lines or one condensing tumble dryer per 10 residents.

HMO Feature	Requirement	Minimum standards
Communal indoor amenity	***Must*** provide a communal lounge/ living room in addition to a dining space, that meet minimum space standards	Including minimum kitchen space provision, communal internal amenity spaces (dining, lounge/living room, recreation space, workspace) should be 5 m^2 per occupant Minimum space for lounge/ living room area or dining area: Up to 5 occupants 11m^2 6-10 occupants 16.5 m^2 Within a kitchen or separate dining space ***must*** contain a suitable sized table and sufficient chairs to serve all occupants in one sitting. For living room ***must*** contain sufficient soft chairs all occupants ***Should*** contain desk space/ homeworking capability.
	Must be functional in design and layout	Plans should be sufficiently detailed to include furniture provided and circulation space.
Outdoor amenity	***Must*** meet minimum space standards	Normally a minimum of 20sq.m. where delivered at the ground floor, plus 2m^2 for each occupant where more than 10 occupants. Elsewhere be a minimum of 6m^2 with 2m^2 per additional occupant where there are more than 3 occupants. All spaces ***should*** be a minimum of 3m wide on ground floors and 1.5m wide on non-ground floors, although more generous widths are encouraged.
	Space ***must*** be functional, typically being either square or rectangular in shape	Plans should show be sufficiently detailed to practicality of use.
	Must be directly accessible from a communal living area, unless for the exclusive use of a household.	
	Must be of a high standard, with high levels of amenity, receiving sunlight for part of the day and sufficient privacy.	Clarity on maintenance regime ***must*** be set out in the management plan.
Accessibility	Where new build	All rooms ***must*** be M4(2) 'accessible and adaptable dwellings' standard
	For changes of use/ conversions	Less than 10 occupants ***should*** make properties as accessible as possible
	10 or more occupants	***Must*** provide at least 10% of bedrooms as M4(3) wheelchair accessible

HMO Feature	Requirement	Minimum standards
		Floors with M4(3) wheelchair accessible dwellings ***must*** include the minimum communal space required (circulation, kitchen, amenity space, W/C and personal washing, outdoor amenity) as wheelchair accessible spaces
All communal facilities	***Must*** be accessible via a common hallway	
	Should demonstrate how the communal spaces meet these requirements and function as a whole to meet the needs of the occupants	
	Each household ***should*** not be more than 1 floor distance away from each type of communal facility- exceptions will be made for where the HMO results from a change of use/ conversion of an existing dwelling.	
Concentration within an area	***Must*** not result in an over-concentration	No more than 3 of the nearest 10 properties are HMOs
Tenant behaviours	***Must*** be subject to a tenancy management plan.	Information on how reasonable and practical actions to prevent or reduce anti-social behaviour by occupiers or their visitors will be taken.
Property management	***Must*** be subject to a property management plan	Sets out procedures to ensure that internally and externally all parts of the property are in clean condition, good order, maintained and a decent state of repair and decoration.
External waste management	***Must*** be fit for purpose and subject to a waste management plan	All waste receptacles ***must*** be contained within an attractively designed shelter for storage and collection and easily accessible by residents and waste collection services. It ***must*** be compliant with local waste authority guidelines: Waste and Recycling Storage and Collection Guidance for Residential Properties. The waste management plan must indicate how responses to poor waste practices from tenants (including other resultant impacts such as pest infestations) will be actioned to ensure compliance.

HMO Feature	Requirement	Minimum standards
Urban Greening Factor	***Must*** achieve the residential urban greening factor score.	0.4 score for the whole site.
External alterations	***Must*** be in accordance with requirements of SPD2 Residential Alterations and Extensions.	

Appendix A – Extent of Article 4 Direction restricting conversion of conventional dwellings (use class C3) to small HMO's (use class C4)



Brent	**Cabinet** 18 July 2022
	Report from the Strategic Director Community Wellbeing

Authority to Invite Tenders for an Adult Social Care Homecare Framework

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer:	Claudia Brown, Operational Director Adult Social Care 020 8937 2322 claudia,brown@brent.gov.uk Andrew Davies, Head of Commissioning, Contracting and Market Management 020 8937 1609 andrew.davies@brent.gov.uk

1. Summary

1.1 This report is seeking Cabinet approval to re-tender a homecare framework for Adult Social Care, as required by Contract Standing Orders 88 and 89.

1.2 Cabinet will recall that Brent tendered for new homecare services in late 2019, but because of the Covid 19 pandemic, implementation of our patch based approach to homecare was delayed and did not start until April 2021. Implementation has been phased over ten months, and the initial implementation of each of Brent's 13 patches has been completed.

1.3 The contract award to the homecare framework (Lot 20 as it was known) tendered at the same time as the main contracts, was not made. Proposals to re-tender the framework are set out in this report.

2. Recommendations

2.1 That Cabinet –

(i) Approve inviting tenders for a homecare framework for services for adults with disabilities on the basis of the pre-tender considerations set out in paragraph 3.22 to the report.

(ii) Approve Officers evaluating the tenders referred to in 2.1(i) above on the basis of the evaluation criteria set out in paragraph 3.22 to the report

(iii) Approve the contractual period for homecare framework as two years, with an option to extend for periods of up to a further two years.

(iv) Agree that funding is made available to pay homecare workers under the homecare framework at the London Living Wage from year 1 of the contract.

(v) Delegate authority to award the homecare framework to the Strategic Director, Community Wellbeing in consultation with the Lead Member for Adult Social Care.

3. Background

3.1 In November 2019 Cabinet approved a new model for homecare in Brent, and gave officers consent to tender homecare services based on that model. The main features of the homecare model were -

- Implementation of a patch based model for the delivery of services for Older People and Physical Disabilities. Each patch would have a lead provider required to deliver at least 80% of all of the hours in the patch. The remaining hours would be delivered by providers from a homecare framework, allowing smaller providers who did not have the capacity to deliver the required volume of hours in any patch to also continue to deliver work for Brent. This will also provide a degree of market assurance and allows the council to retain enough providers to cover any market failure issues.
- For 'specialist' care groups, where there were smaller number of service users to split the borough into 13 patches, two patches were implemented. For children with disabilities services two patches cover the borough, with four lead providers (two in each patch). For learning disabilities and mental health services, there are two patches, with two lead providers for each service type (one lead provider in each patch).
- The council committed to paying an hourly rate that allows workers to be paid at LLW. This was implemented from the start of the new contracts for all new packages, and the current homecare rate is £20 per hour.

3.2 As set out above, although this was the contract model that was tendered, the homecare framework element was not awarded at the same time as the main contracts. As a result, Brent has continued to spot purchase homecare packages from non-contracted providers to make up for the shortfall in capacity that cannot be delivered by the lead providers.

3.3 The homecare framework will supplement the patch based model that has been implemented. These homecare packages, by way of a call off from the homecare framework, will be offered to the providers appointed to the framework when lead providers on the main homecare contract have capacity issues or are unable to accept the homecare packages due to complexity. This should appeal to smaller providers who perhaps were not able to bid to be a lead provider, or were concerned about expanding to the extent needed to become a lead provider. The framework is open to providers to bid, irrespective of the size of the company or the number of homecare hours they have the capacity to deliver. It is expected that 20% of homecare packages in Brent will be delivered via the homecare framework, accounting for around 4,000 hours of care per week, with a contract value of approximately £4m per year.

3.4 The framework was not awarded originally due to a number of concerns that came to light during the tender process. The impact of the Covid-19 pandemic has led to a greater recognition that local providers are critical to the Brent homecare market. The council has needed the support of our local providers to ensure service delivery continued through the pandemic. Brent has largely been able to meet homecare requirements through the waves of the Covid-19 pandemic, thanks to the efforts of local providers. The council has a commitment to support local business, and that needs to be reflected in this tender exercise.

3.5 Officers are also now of the view that there should be more providers appointed to the framework than was originally planned in the 2019/20 tender. The original proposal was for 10 additional providers to be appointed. Appointing a limited number of providers would help with quality management, as more time could be spent with each provider overseeing quality issues. The trade off was that there was potentially less capacity in the market, as providers would be limited in the number of packages they could manage.

3.6 This time, officers recommend there is more flexibility to appoint all providers to the framework that meet the quality standards expected from the tender, to leave open the possibility of appointing more providers than 10 originally anticipated and to give local providers the best chance possible to qualify for the framework. Officers are of the view that additional homecare providers will enable the council to manage any increases in demand moving forward and help manage capacity in the market. The impact of Covid 19 has changed thinking in this regard, and having access to more providers will help deal with the challenges the sector is facing as the pandemic has demonstrated.

3.7 From a quality perspective, appointing more than 10 providers to be framework should be manageable as long as the number is not excessive. There are 11 lead providers in ASC already – if an additional 15 providers are allocated to the framework, this would give each Provider Relationship Officer a portfolio of 6 or 7 providers to manage, compared to around 15 that they have at the moment.

3.8 In common with many local authorities, the council has funded capacity building work with local businesses that has been carried out by the Procurement Service, with a focus on bid writing, social value and preparing for tenders such as the homecare and reablement contracts. Four capacity building workshops took place in May and June of 2021. These workshops were repeated in April and May 2022, with 50 providers taking part in total. The workshops covered the following topics -

- Engaging with Adult Social Care Procurement – with tender work packages
- Introduction to Bid Writing – Foundation
- Improve Your Bid Response – Advanced
- Circular Economy & Developing Key Partnerships

3.9 Each participant in the workshops completed an Online Bid Capability Assessment Questionnaire, which generated a personalised report which included a gap analysis and recommendations on getting their organisation ready to bid

3.10 As well as attendance at the workshops, a further 20 Brent based businesses have received 1:1 support from Branduin Business Support on bidding for tenders, comprising of two separate sessions with each company, for an hour at a time. This support was bespoke to each organisation to help them prepare for tenders. Branduin has also offered telephone and email support to providers ahead of these tender opportunities going live, to give local companies additional assistance in preparing for tender processes. It is hoped that this work will assist in ensuring that the council receives good quality bids from both locally based and also national homecare providers for the proposed procurement.

3.11 There have also been two specific market warming events held with providers to prepare for the tender. The first was held on 27th April, and over 90 providers attended this virtual meeting. The second was held on 8th June, with over 100 providers attend an in-person event. The market warming events combined the information and plans for both the homecare and reablement tenders, and were an opportunity to brief providers on the process and expectations from their bids.

3.12 In addition, the homecare forum meets on a monthly basis where providers have been kept updated on the plans for the tender in recent months. Our engagement with providers has been thorough and helped improve their understanding of the tender process ahead of this starting later in the summer. Officers have also taken on board provider feedback about the specification and implementation, which will be reflected in the tender.

3.13 In line with the lead contractors, providers appointed to the framework accepting care packages let via the framework, will be paid at a rate that will enable them to pay care workers the London Living Wage as a minimum. The London Living Wage is currently £11.05 an hour, and the homecare rate on this framework will start at £20 an hour. Providers will also be expected to work within the principles of the Unison Care Charter. The tender will not have an element of price competition, as this is fixed. All bids will be evaluated based on quality criteria alone.

3.14 It is also important that the homecare framework is future proofed against poor performance, providers that score an Inadequate CQC rating, or providers that are not active on the framework. For that reason there will be an annual review of the framework, which will give the potential to appoint new providers, based on passing relevant entry criteria, and removing poor performing providers from the framework. In doing this the council will give local providers further opportunities to join the framework during the four years it will run for, even if they aren't successful with the initial tender.

3.15 Implementation of the framework will also reinforce the council's commitment to paying care workers that deliver services for Brent the London Living Wage as a minimum. That will be a contractual requirement for successful providers, along with minimising the use of zero-hours contracts and working to the standards set out in the Unison Ethical Care Charter. As well as wanting to deliver high quality care for service users, this contract demonstrates the council's commitment to valuing the essential work of care workers in the borough.

Tender Process – Homecare Framework

3.16 The contracts under the Homecare Framework will be for a period of 2 years with the option to extend for two successive periods of 1+1 year.

3.17 Advertisements will be placed in the Find a Tender and the London Tenders Portal on 25th July 2022. Officers understand from various market engagement events that providers in the home care sector are interested in the Homecare Framework.

3.18 Tenders will be sought by way of restricted tender process within the lot structure set out in the table in paragraph 3.22 below, based on specialist needs.

3.19 If approval is given to invite tenders, commissioners will intensively manage the contract award and work with winning providers and stakeholders to implement the Homecare Framework 2.

3.20 The Council currently use the Care place E-Brokerage system to advertise and award care packages to our lead providers. The system will be amended to support the awarding of packages for providers on the Framework. The functionality of Care Place means that it can be used to select a provider to deliver the care package based their ability to meet the needs of the client.

3.21 Brokerage Officers will be tasked with inputting the clients care requirements on the Care Place system which will have different weightings attached. The system will, then generate a score for the providers that is best suited to deliver care. As part of this process price will not be a feature as costs are fixed and determined by Brent.

3.22 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of the Cabinet.

Homecare Framework

Ref.	**Requirement**	**Response**	
(i)	The nature of the services	Framework for Homecare to support ASC clients and those being discharged from Hospital	
(ii)	The estimated value.	Estimated £4m per Annum	
(iii)	The contract term.	Initial contract term two years with the option to extend for a further two years on a one plus one basis.	
(iv)	The tender procedure to be adopted.	Open tender process	
v)	The procurement timetable.	**Indicative dates are:**	
		Invite to tender	25/07/2022
		Deadline for tender submissions	16/09/2022
		Panel evaluation	19/09/2022-28/10/2022
		Contract decision	31/10/2022
		Report recommending Contract award circulated internally for comment	07/11/2022
		Cabinet approval	14/11/2022
		Alcatel standstill period of 10 calendar days – notification issued to all tenderers and additional debriefing of unsuccessful tenderers	14/11/2022 – 24/11/2022
		Contract Mobilisation	24/11/2022 – 01/02/2023

Ref.	Requirement	Response	
		Contract start date	01/02/2023
(vi)	The evaluation criteria and process.	1. At selection stage shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a selection questionnaire to identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise. 2. At tender evaluation stage, the panel will evaluate the tenders against the following criteria: 90% quality, and 10% Social Value, price for this contract will be fixed. The panel will evaluate the tenders against the following criteria : • Safeguarding • Support and Care planning including risk management • Working effectively with service users to achieve outcomes • Workforce proposals including staffing developments, satisfaction of workforce, staffing retentions and providing local employment opportunities	
(vii)	Any business risks associated with entering the contract.	The following business risks are considered associated with entering into the proposed contract. Financial Services and Legal Services have been consulted concerning this contract and have identified the risks associated with entering into this contract set out Section 8.0	
(viii)	The Council's Best Value duties.	The adoption of restricted will enable the council to achieve best value for money	
(ix)	Consideration of Public Services (Social Value) Act 2012	See section below.	
(x)	Any staffing implications, including TUPE and pensions.	See section below.	
(xi)	The relevant financial, legal and other considerations.	See section below.	
(xii)	Sustainability		

Ref.	Requirement	Response
(xiii)	Key Performance Indicators / Outcomes	Appropriate Key Performance Indicators / Outcomes will be included in the contract.
(xiv)	London Living Wage	The Contract will require the payment of the London Living Wage / Given the nature of the contract it is not appropriate to include provision requiring payment of the London Living Wage.
(xv)	Contract Management	A contract manager will be appointed and appropriate contract management provisions will be included in the contract.

4. Financial Implications

4.1 As mentioned above, providers appointed to the framework will be paid at a level to enable them to pay care workers London Living Wage levels at a minimum, which currently stands at £11.05 an hour.

4.2 The total cost of the framework at today's prices, including the extension option, is estimated to be £16m.

4.3 Whilst the uplift is fixed, the price is linked to increases in the London Living Wage and there is a risk that the final total contract cost will be in excess of this figure. For 2022/23, this has been factored into the budget and for future years further increases will need to be taken into consideration as part of the Medium Term Financial Strategy.

5. Legal Implications

5.1 Local Authorities have a statutory duty under the Care Act 2014 and the Children Act 1989 to provide care and support for adults and their carers and for children and young carers respectively in their area. The duty may be met by the Local Authority by making arrangements for a person and/or body other than it to provide the said care and support.

5.2 The services to be procured under the Homecare framework are classed as Schedule 3 services under the Public Contracts Regulations 2015 ('the PCR'). Based on the value over its lifetime which is above the threshold for Schedule 3 services, the procurement is subject to the requirements of the PCR, in that the contract opportunities must be published on Find a Tender Service and Contract Finder, and a competitive procurement process must be undertaken before the framework and the contracts under it can be awarded. Officers have set out the process that will be followed in procuring the framework in paragraph 3.22 above.

5.3 Based on the estimated value of the Homecare framework to be procured, they are classed as High Value Contracts under the Council's Standing Orders and

Financial Regulations and Cabinet approval of the pre-tender considerations (Standing Order 89) and the inviting of tenders (Standing Order 88) is required.

5.4 Officers would generally report back to the Cabinet once the tendering process has been completed in accordance with Contract Standing Orders, to explain the process followed in tendering the contracts and recommending the tenderer that should be awarded the contract. However, Officers recommend that Cabinet delegate authority to award the Homecare framework to the Strategic Director, Community Wellbeing in consultation with the Lead Member for Adult Social Care on completion of the tendering process.

5.5 Consideration should be given as to whether the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE 2006) apply. TUPE applies where there is a 'relevant transfer' this can be; 1) a business transfer or, 2) service provision change (a change in the provider of a service). This is service provision change and is governed by TUPE 2006 Regs 3(1)(b)(iii) TUPE 2006. To satisfy the conditions of TUPE 2006 there must be immediately before the service provision change—an organised grouping of employees situated in Great Britain which has as its principal purpose the carrying out of the activities concerned on behalf of the client; the client intends that the activities will, following the service provision change, be carried out by the transferee other than in connection with a single specific event or task of short-term duration; and the activities concerned do not consist wholly or mainly of the supply of goods for the client's use.

5.6 Under frameworks there are no plans to transfer existing care packages. In light of the how the frameworks will operate in the future, with no organised grouping of staff carrying out the work, TUPE is unlikely to apply to this service provision change.

6. Equality Implications

6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

6.3 The very nature of homecare services means that they are targeted at, and are disproportionately accessed by, vulnerable adults and children who are also more likely experience multiple disadvantage due to their age, disabilities and health conditions. Equalities issues have been taken into account throughout the review of homecare in Brent and have been a key focus in the development of the new service model and service specification.

6.4 An Equalities Analysis has been completed. Where negative impacts have been identified these have been addressed within the service model and specification. Where positive impacts of the proposed model have been identified they have been enhanced where possible. An example of this is the focus placed on specialist providers to work with specific client groups, and the way the zones have been developed.

6.5 The proposed new service model will not remove services, but it will change the way services are delivered and will place greater emphasis on a personalised outcomes based approach.

6.6 The new service model is expected to deliver improved quality of service provision, improved service user experience, and establish more productive working relationships with providers. Impacts will be monitored throughout the implementation period and beyond via ongoing service user and provider engagement and the Quality Assurance Framework, the Outcomes Framework and Performance Management Framework that are included in the service specification and associated schedules.

7. Consultation with Ward Members and Stakeholders

7.1 This tender has borough wide implications, so specific consultation with ward councillors has not taken place.

8. Human Resources

8.1 The services are currently provided by external providers and there are no direct staffing implications for the council arising from the tender process. However, as part of the procurement process, employee liability information will be sought from current contractors and provided to the tenderers. The TUPE process and any issues that may arise from it will be managed during the mobilisation phase, which will be approximately four (4) months between contract award and commencement.

9. Public Services (Social Value) Act 2012

9.1 The council is under duty pursuant to the Public Services (Social Value) Act 2012 ("the Social Value Act") to consider how services being procured might improve the economic, social and environmental wellbeing of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement; and whether the council should undertake consultation. Officers have had regard to considerations contained in the Social Value Act in relation to the procurement.

9.2 The services under the proposed contract have as their primary aim the improvement of the social wellbeing of vulnerable groups in Brent. In procuring the services and in accordance with the council's Social Value Policy, 10% of the total evaluation criteria will be reserved for social value considerations

REPORT SIGN-OFF ***Phil Porter*** Strategic Director, Community Wellbeing

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Brent	**Cabinet** 18 July 2022
	Report from the Strategic Director Community Wellbeing

Authority to Invite Tenders for Adult Social Care Reablement Contracts

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer:	Claudia Brown, Operational Director Adult Social Care 020 8937 2322 claudia,brown@brent.gov.uk Andrew Davies, Head of Commissioning, Contracting and Market Management 020 8937 1609 andrew.davies@brent.gov.uk

1. Summary

1.1 This report is seeking Cabinet approval to tender for reablement services for adults, as required by Contract Standing Orders 88 and 89.

1.2 Reablement is a short term, outcome focussed service that helps people to regain living skills lost following a health issue, such as a stroke. At present Brent is spot purchasing services from local care providers. If approved, the council will commission services from three specialist reablement providers.

2. Recommendations

2.1 That Cabinet –

(i) Approve inviting tenders for a reablement services for adults with disabilities on the basis of the pre-tender considerations set out in paragraph 3.24 to the report.

(ii) Approve Officers evaluating the tenders referred to in 2.1(i) above on the basis of the evaluation criteria set out in paragraph 3.24 to the report

(iii) Approve the contractual period for reablement services as three years, with an option to extend for a period of up to a further two years.

(iv) Agree that funding is made available to pay reablement workers under the reablement contracts at the London Living Wage from year 1 of the contract.

(v) Delegate authority to award the reablement contracts to the Strategic Director, Community Wellbeing in consultation with the Lead Member for Adult Social Care.

3. Background

3.1 This report is seeking approval to tender for Reablement contracts for Brent Council. Reablement is a short term, time limited service offered for a maximum of 6 weeks where it is felt that by supporting a resident to re-learn, or become confident in certain activities of daily living, the quality of life and independence for that individual can be improved. The benefit often for the council is that the long-term cost of an ongoing package of care to the council is likely to be less.

3.2 The delivery of reablement services is different from the delivery of standard homecare, in that the focus of the provider is to support an individual to regain their own skills and independence, thus minimising longer term intrusion into their life as the individual is likely to require less ongoing support. Reablement is a vital part of the hospital discharge process, and the aim is that it becomes a much more important part of care delivered to people who already have care packages, but need assistance in retaining or learning new skills to stay independent.

3.3 Currently reablement services are spot purchased from a range of providers. Although our reablement services are having an impact on care costs and leading to better outcomes for service users, it is felt that more could be done via reablement to improve the quality of life for service users, and reduce ongoing spend on care for the council.

3.4 There are a number of changes that the council wants to make to its reablement provision through a newly commissioned service-

- <u>Complex Needs</u>: The current reablement offer is not able to support people with complex needs. Development of a reablement service that has the skills and capability to support people with complex needs to live more independently in their own homes and reduce the requirement for double handed care and ongoing support represents a significant savings opportunity
- <u>Existing clients in the community who already receive a care package:</u> The current reablement offer is mainly focused on supporting hospital discharge

pathways. Development of a reablement response offer to people already receiving care at home that can provide intensive support in a crisis and help to rebalance their situation will reduce demand for an increase in ongoing care and support

- Dynamic reablement offer: Reablement is currently a one-sized offer that does not have the flexibility to adjust to the pace and rate of progress a person is making in achieving their reablement goals. A more dynamic offer would achieve better outcomes more quickly for the person
- Alignment with Community Rehab And Rapid Response: The current reablement service is not delivered as part of a coordinated rehab and reablement offer. The opportunities to maximise the benefits of support for people to apply the learning and skills gained from their therapy sessions from coordinated therapy and reablement goal plans and provision do not exist in the current set up. There is no reablement wraparound offer for people with urgent health care needs seen by the rapid response team. This will be taken forward via the ICP as part of an integrated health and social care system.
- Equipment and Assistive Tech: The current reablement service offer is not geared towards supporting people to try out equipment and assistive technology and develop the skills and confidence to use these options as an alternative to traditional homecare support.
- Services for people with a learning disability or mental health problem: This has been a gap in current provision. The successful providers will be expected to provide reablement support for people with learning disabilities and mental health issues, particularly to aid hospital discharges, but also with people in receipt of care packages in the community.

3.5 Brent is currently commissioning around 800 hours of reablement services per week. Around 25% of new service users are receiving a reablement package based on current commissioning levels. Our intention is to increase this over the life of the contract to 1400 hours per week, so that reablement becomes a stepping-stone to receiving homecare. Modelling has shown that in Brent at the moment, 65% of people who receive a reablement service do not go on to receive a homecare service. Of those that do go on to receive a homecare package, costs are around 19% lower for those receiving single-handed care and 16% lower for those receiving double-handed care. This is achieved even though we do not currently have an optimum reablement offer, and it is only being used consistently to support people being discharged from hospital. By making reablement a more integrated part of our offer to people receiving care services, officers are of the view that more people can re-learn the skills and gain the independence they've lost, at the same time helping the council to achieve ongoing efficiencies in care costs.

3.6 It is important to emphasise that going forward there is going to be a clear separation between reablement and homecare services. Any lead provider delivering homecare services will not be able to deliver reablement services in the same patch for which they are responsible. Additionally, if a provider is appointed to the reablement and homecare frameworks, they will not be able to continue delivering a care package at the end of the reablement period – a new provider will be appointed if ongoing care is required for the service user.

This is to take away any incentive to retain a care package at the conclusion of the reablement episode. There will be a clear separation between the two services, which has been made clear to our lead providers and to prospective providers ahead of the tender process.

3.7 The council will also work with the successful reablement providers to ensure that staff working on the reablement contract are fully trained and supported to deliver reablement services. It is vitally important that this staffing cohort have the skills to deliver a service that promotes independence and maximises peoples' abilities to re-learn and use the assets they have to reduce the need for ongoing care. The approach is different to delivering a homecare service, and the expectation is that staff will work on this contract with little overlap with homecare. We will also be challenging providers to ensure that their staffing cohort is as stable as possible, so that Brent benefits from a well trained and experienced workforce.

3.8 In common with many local authorities, the council has funded capacity building work with local businesses that has been carried out by the Procurement Service, with a focus on bid writing, social value and preparing for tenders such as the homecare and reablement contracts. Four capacity building workshops took place in May and June of 2021. These workshops were repeated in April and May 2022, with 50 providers taking part in total. The workshops covered the following topics -

- Engaging with Adult Social Care Procurement – with tender work packages
- Introduction to Bid Writing – Foundation
- Improve Your Bid Response – Advanced
- Circular Economy & Developing Key Partnerships

3.9 Each participant in the workshops completed an Online Bid Capability Assessment Questionnaire, which generated a personalised report which included a gap analysis and recommendations on getting their organisation ready to bid

3.10 As well as attendance at the workshops, a further 20 Brent based businesses have received 1:1 support from Branduin Business Support on bidding for tenders, comprising of two separate sessions with each company, for an hour at a time. This support was bespoke to each organisation to help them prepare for tenders. Branduin has also offered telephone and email support to providers ahead of these tender opportunities going live, to give local companies additional assistance in preparing for tender processes. It is hoped that this work will assist in ensuring that the council receives good quality bids from both locally based and national reablement providers for the proposed procurement.

3.11 There have also been two specific market warming events held with providers to prepare for the tender. The first was held on 27th April, and over 90 providers attended this virtual meeting. The second was held on 8th June, with over 100 providers attend an in-person event. The market warming events combined the information and plans for both the homecare and reablement tenders, and were an opportunity to brief providers on the process and expectations from their bids. Officers also used the market warming events to finalise the reablement model that will be used to commission services going forward.

3.12 The key characteristics of a successful commissioned reablement model are:

- Specifying that the reablement provider does not retain clients for ongoing homecare after the reablement period. This helps ensure (i) providers have no incentive to 'de-able clients' however unconsciously, and (ii) clients do not have the easy option of staying with their existing care workers.
- Visits are 15 minutes longer than needed to meet the 'need' to allow time for clients to maximise their independence.
- Delivery by workers who are not trapped in a 'time and task' mentality.
- Paying £1-2 per hour more to reablement provider(s) to compensate for short-term care packages and less efficient routing for care workers.
- Review at the end of reablement phase, including Occupational Therapy, to ensure homecare only continues when it is meeting unmet needs.

3.13 Officers propose commissioning reablement services based on a patch-based model. Unlike homecare services there is not enough care hours available via reablement to split the borough into 13 patches. However, an analysis of reablement packages commissioned over the last 18 months has shown that the borough can be split into three reablement patches – North, Central and South.

3.14 The proposed reablement patches are –

Patch	Wards / Homecare Patches covered	Number of packages since April 2021
North	1. Northwick Park and Preston 2. Sudbury 3. Tokyngton 4. Wembley Central and Alperton 5. Stonebridge	469
Central	6. Queensbury and Kenton 7. Barnhill 8. Welsh Harp and Fryent 9. Dudden Hill and Dollis Hill	449
South	10. Harlesden 11. Willesden Green and Kensal Green 12. Mapesbury and Brondesbury 13. Queens Park and Kilburn	444

*The old wards are used for these purposes to mirror the patches used for homecare, which were based on the council's old wards.

3.15 Feedback from the market warming events has been clear on the establishment of geographically contained patches. Providers are much keener on this approach than commissioning three reablement providers to cover the whole borough. There are a number of reasons for this –

- Delivering a dedicated reablement service spread over a wide geographical area is an inefficient use of valuable care staff, who will spend more time travelling if the service was commissioned to cover the whole borough.
- Due to the spread of clients across the borough it will be difficult for providers to develop a stand-alone reablement service. Giving certainty as to the area that clients will live will help with planning rotas and in the delivery of care.
- Field supervisors and other support staff will have less distance to travel, helping with quality assurance work and oversight of care delivery.
- Reablement packages are short-term but still require a lot of administrative work (care and risk assessment, monitoring and reporting, rostering and people management etc). This will be easier to manage in a smaller geographical area.

3.16 It is also intended to work with the successful reablement providers to put in place a comprehensive training programme for care staff. This is to give them the skills necessary to successfully re-able people they are working with. Training will be aligned with the CLCH training academy, so that it is linked with Rehab services in the borough.

3.17 Reablement providers are generally paid a higher standard hourly rate for care, typically £1 to £2 above the standard hourly rate because of the specialist nature of the service. Reablement packages are short term and so involve more work from providers from a rostering and administration perspective to run an effective service. Brent intends to offer a reablement rate of £21 an hour at the start of the contract, enabling providers to pay at least London Living Wage to staff, but also providing a premium given the nature of the services.

3.18 Through better commissioning of a provider led services, officers are of the view that the objectives could be delivered to improve outcomes for service users and deliver savings and ongoing cost avoidance for the council.

Tender Process – Reablement Contracts

3.19 The contracts for the Reablement Service will be for a period of 3 years with the option to extend for 2 years.

3.20 Advertisements will be placed in the Find a Tender and the London Tenders Portal on 25th July 2022. Officers understand from various market engagement events that providers in the care sector are interested in the reablement contracts.

3.21 Tenders will be sought by way of restricted tender process within the lot structure set out in the table in paragraph 3.42 below, based on specialist needs.

3.22 If approval is given to invite tenders, commissioners will intensively manage the contract award and work with winning providers and stakeholders to implement the reablement contracts.

3.23 The Council currently use the Care place E-Brokerage system to advertise and award care packages to our lead providers. The system will be amended to support the awarding of packages for successful providers. The functionality of Care Place means that it can be used to select a provider to deliver the care package based their ability to meet the needs of the client.

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Ref.	Requirement	Response
(x)	Any staffing implications, including TUPE and pensions.	See section below.
(xi)	The relevant financial, legal and other considerations.	See section below.
(xii)	Sustainability	
(xiii)	Key Performance Indicators / Outcomes	Appropriate Key Performance Indicators / Outcomes will be included in the contract.
(xiv)	London Living Wage	The Contract will require the payment of the London Living Wage / Given the nature of the contract it is not appropriate to include provision requiring payment of the London Living Wage.
(xv)	Contract Management	A contract manager will be appointed and appropriate contract management provisions will be included in the contract.

4. Financial Implications

4.1 The total cost of the contract at today's prices, including the extension option, is estimated to be £6m.

4.2 Whilst the uplift is fixed, the price is linked to increases in the London Living Wage and there is a risk that the final total contract cost will be in excess of this figure. For 2022/23, this has been factored into the budget and for future years further increases will need to be taken into consideration as part of the Medium Term Financial Strategy.

5. Legal Implications

5.1 Local Authorities have a statutory duty under the Care Act 2014 to provide care and support for adults with illness and/or injury in their area, to prevent deterioration of their illness/injury and enable them to live as independently as possibly. The duty may be met by the Local Authority by making arrangements for a person and/or body other than it to provide the said care and support.

5.2 Under the Public Contracts Regulations 2015 ('the PCR'), reablement services fall under Schedule 3 services and as the estimated value of the proposed contracts during their lifetime will be above the threshold for Schedule 3 services, the procurement is subject to the provisions of the PCR, in that the contract opportunities must be published on Find a Tender Service and Contract Finder, and a competitive procurement process must be undertaking before the contracts can be awarded. Officers have set out the procurement process in section 3 above.

5.3 The contracts are classed as High Value Contracts under the Council's Standing Orders and Financial Regulations based on the value and Cabinet approval of the pre-tender considerations (Standing Order 89) and the inviting of tenders (Standing Order 88) is required.

5.4 Officers would generally report back to the Cabinet once the tendering process has been completed in accordance with Contract Standing Orders, to explain the process undertaken in tendering the contracts and recommending award. However, Officers recommend that Cabinet delegate authority to award the contracts to the Strategic Director, Community Wellbeing in consultation with the Lead Member for Adult Social Care on completion of the tendering process.

5.5 Consideration should be given as to whether the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE 2006) apply. TUPE applies where there is a 'relevant transfer' this can be; 1) a business transfer or, 2) service provision change (a change in the provider of a service). This is service provision change and is governed by TUPE 2006 Regs 3(1)(b)(iii) TUPE 2006. To satisfy the conditions of TUPE 2006 there must be immediately before the service provision change—an organised grouping of employees situated in Great Britain which has as its principal purpose the carrying out of the activities concerned on behalf of the client; the client intends that the activities will, following the service provision change, be carried out by the transferee other than in connection with a single specific event or task of short-term duration; and the activities concerned do not consist wholly or mainly of the supply of goods for the client's use.

5.6 It is unclear what the service users requirements under the reablement framework will be and which staff will fulfil it. In light of the how the contracts will operate in the future, with no organised grouping of staff carrying out the work, TUPE is unlikely to apply to this service provision change.

6. Equality Implications

6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

6.3 The very nature of homecare services means that they are targeted at, and are disproportionately accessed by, vulnerable adults and children who are also more likely experience multiple disadvantage due to their age, disabilities and health conditions. Equalities issues have been taken into account throughout the review of homecare in Brent and have been a key focus in the development of the new service model and service specification.

6.4 An Equalities Analysis has been completed. Where negative impacts have been identified these have been addressed within the service model and specification. Where positive impacts of the proposed model have been identified they have been enhanced where possible. An example of this is the focus placed on specialist providers to work with specific client groups, and the way the zones have been developed.

6.5 The proposed new service model will not remove services, but it will change the way services are delivered and will place greater emphasis on a personalised outcomes based approach.

6.6 The new service model is expected to deliver improved quality of service provision, improved service user experience, and establish more productive working relationships with providers. Impacts will be monitored throughout the implementation period and beyond via ongoing service user and provider engagement and the Quality Assurance Framework, the Outcomes Framework and Performance Management Framework that are included in the service specification and associated schedules.

7. Consultation with Ward Members and Stakeholders

7.1 This tender has borough wide implications, so specific consultation with ward councillors has not taken place.

8. Human Resources

8.1 The services are currently provided by external providers and there are no direct staffing implications for the council arising from the tender process. However, as part of the procurement process, employee liability information will be sought from current contractors and provided to the tenderers. The TUPE process and any issues that may arise from it will be managed during the mobilisation phase, which will be approximately four (4) months between contract award and commencement.

9. Public Services (Social Value) Act 2012

9.1 The council is under duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental wellbeing of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement; and whether the council should undertake consultation. Officers have had regard to considerations contained in the Social Value Act in relation to the procurement.

9.2 The services under the proposed contract have as their primary aim the improvement of the social wellbeing of vulnerable groups in Brent. In procuring the services and in accordance with the council's Social Value Policy, 10% of the total evaluation criteria will be reserved for social value considerations

REPORT SIGN-OFF

Phil Porter
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