# Barking and Dagenham Council plans private partnerships to mitigate £2.6 million housing project costs



Barking and Dagenham Council faces potential additional costs of up to £2.6 million for nine housing regeneration projects, reflecting broader financial pressures in local government construction initiatives. This budget increase was endorsed by the council’s cabinet committee, taking into account rising construction and insurance costs, evolving building regulations, and project delays. Councillor Cameron Geddes, responsible for regeneration, detailed that while inflation in the UK construction sector briefly reached nearly 11%, some materials and services saw inflation rates between 20% and 25% or higher. Furthermore, unanticipated underground utility works at certain sites have also inflated costs, underscoring the risks associated with excavations despite prior assessments of ground conditions.

The projects affected encompass various stages of the Gascoine East and Gascoine West schemes, 200 Becontree, Oxlow Lane, Roxwell Road, Crown House, and Weighbridge. Although the council has currently accepted liability for just under £1.4 million of the additional spending, it maintains ongoing disputes with contractors over the remaining amounts. Councillor Geddes expressed cautious optimism that the final overrun figure might be lower than the £2.6 million initially flagged.

Despite these financial challenges, the council anticipates that most of the projects will be financially sustainable, generating returns sufficient to cover borrowing costs and interest. These returns are also expected to produce a surplus, supporting future investment and council finances. The regeneration projects, managed through council-owned companies such as Be First and BD Reside, are positioned as delivering high-quality housing primarily for local residents. This strategy aligns with wider goals of neighbourhood improvement and providing affordable housing stock.

However, rising construction costs combined with increasing interest rates have prompted a reassessment of the council’s funding model. Earlier in the year, a council report noted that the business model underpinning Be First has become "no longer viable" under current economic conditions. Consequently, the council is shifting away from heavy reliance on borrowing — which has already accumulated to around £1 billion, forming a substantial part of the council’s total £1.5 billion debt. This level of indebtedness has intensified scrutiny of borrowing practices and long-term financial risk.

Moving forward, Barking and Dagenham Council intends to reduce its borrowing exposure by seeking private sector partnerships to fund new regeneration projects. Councillor Geddes outlined that this shift would lessen financial risk for the council, albeit with more modest profit returns. Such investment partnerships would inject private capital, balancing risk and reward in favour of stability. He described this approach as more prudent given international economic uncertainties and cited it as a path taken by other local authorities facing similar pressures.

The financial pressures on Barking and Dagenham Council form part of a broader context where borrowing for capital projects is soaring. The council has plans to borrow an additional £120 million in 2025/26 and a further £15 million in 2026/27 to support its ambitious regeneration pipeline, aiming to deliver around 3,700 housing units. This borrowing, while contributing to pressing housing needs, increases the council’s debt burden and requires careful management to ensure viability.

Meanwhile, to tackle a projected £23 million budget gap for the fiscal year 2024/25, the council has incorporated an estimated average rise of £1.40 per week in council tax for Band D properties. It is also drawing on £8.8 million from reserves and has identified £15.6 million in budget savings to address funding shortfalls. Even with these measures, further borrowing of approximately £300 million is planned to sustain ongoing building developments, with peak debt possibly reaching £1.8 billion over the medium term.

In summary, Barking and Dagenham Council is navigating a complex financial landscape where regeneration ambitions must be balanced against rising costs, inflation, and borrowing risks. The council’s approach is evolving toward greater financial prudence, leveraging private investment to maintain momentum in delivering much-needed housing while protecting its fiscal stability.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[2]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[7]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/)
* Paragraph 2 – [[1]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[2]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[7]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/)
* Paragraph 3 – [[1]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[2]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[7]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/)
* Paragraph 4 – [[1]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[3]](https://www.yellowad.co.uk/regeneration-projects-push-barking-and-dagenham-council-debt-to-1-5billion/)
* Paragraph 5 – [[1]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[3]](https://www.yellowad.co.uk/regeneration-projects-push-barking-and-dagenham-council-debt-to-1-5billion/), [[5]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/)
* Paragraph 6 – [[3]](https://www.yellowad.co.uk/regeneration-projects-push-barking-and-dagenham-council-debt-to-1-5billion/), [[4]](https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/), [[6]](https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/)
* Paragraph 7 – [[4]](https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/), [[6]](https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/)
* Paragraph 8 – [[1]](https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/), [[3]](https://www.yellowad.co.uk/regeneration-projects-push-barking-and-dagenham-council-debt-to-1-5billion/), [[4]](https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/), [[6]](https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/)

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## Bibliography

1. <https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/> - Please view link - unable to able to access data
2. <https://www.yellowad.co.uk/barking-and-dagenham-council-housing-projects-could-cost-2-6million-extra/> - Barking and Dagenham Council has approved a £2.6 million budget increase for nine housing projects due to rising construction costs, insurance expenses, new building regulations, and project delays. Councillor Cameron Geddes highlighted that construction inflation peaked at 20-25%, and unforeseen underground utility works added extra costs. Despite these challenges, the council anticipates that the projects will generate profits to repay the borrowing and interest, aiming to provide quality housing for local residents. The council is also considering funding future projects through private investment partnerships to mitigate risks and reduce borrowing.
3. <https://www.yellowad.co.uk/regeneration-projects-push-barking-and-dagenham-council-debt-to-1-5billion/> - Barking and Dagenham Council's debt has risen to over £1.5 billion, primarily due to new borrowing for major regeneration and housing projects. The council plans to borrow an additional £120 million in 2025/26 and £15 million in 2026/27, aiming to build approximately 3,700 housing units. Council leader Dominic Twomey stated that the new borrowing is 'wholly attributable' to the regeneration pipeline, with the completed projects expected to deliver significant financial returns to the council.
4. <https://www.yellowad.co.uk/barking-and-dagenham-budget-approved/> - Barking and Dagenham Council has approved its budget, which includes an estimated £1.40 weekly increase in council tax for Band D properties. To address a £23 million budget gap for 2024/25, the council has taken £8.8 million from reserves and identified £15.6 million in savings. Additionally, the council plans to borrow an extra £300 million to fund current building developments, potentially leading to a peak debt of £1.8 billion over the Medium Term Financial Strategy period.
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