

Notice of Meeting of the

ASSEMBLY

**to be held on Wednesday, 21 July 2021
commencing at 7:00 pm in the
Council Chamber, Town Hall, Barking**



To all Members of the Council of the London Borough of Barking and Dagenham

Date of publication: 13th July 2021

Chris Naylor
Chief Executive

Contact Officer: Leanna McPherson
Tel: 020 8227 2852
E-mail: leanna.mcpherson@lbbd.gov.uk

Please note that this meeting will be webcast to enable the press and public to view the proceedings. Public access to the Town Hall is restricted at the current time and only those invited to attend shall be admitted. To view the webcast click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

- 1. Appointment of Chair of the Assembly and other Appointments (Pages 3 - 4)**
- 2. Apologies for Absence**
- 3. Declaration of Members' Interests**

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

- 4. Minutes - To confirm as correct the minutes of the meeting held on 27 April 2021 (Pages 5 - 12)**
- 5. Minutes of Sub-Committees (Pages 13 - 15)**

To note the minutes of the:

- JNC Appointments, Salaries and Structures Panel held on 20 April 2021; and
- JNC Investigation and Disciplinary Panel held on 10 May 2021.

- 6. Death of Former Councillor Marie West (Pages 17 - 18)**
- 7. Leader's Statement**

The Leader will present his statement.
- 8. Treasury Management Annual Report 2020/21 (Pages 19 - 41)**
- 9. Motions (Pages 43 - 52)**
- 10. Questions With Notice**
- 11. Any other public items which the Chair decides are urgent**
- 12. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

The public and press have a legal right to attend Council meetings such as the Assembly, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

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

Our Vision for Barking and Dagenham

ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND

Our Priorities

Participation and Engagement

- To collaboratively build the foundations, platforms and networks that enable greater participation by:
 - Building capacity in and with the social sector to improve cross-sector collaboration
 - Developing opportunities to meaningfully participate across the Borough to improve individual agency and social networks
 - Facilitating democratic participation to create a more engaged, trusted and responsive democracy
- To design relational practices into the Council's activity and to focus that activity on the root causes of poverty and deprivation by:
 - Embedding our participatory principles across the Council's activity
 - Focusing our participatory activity on some of the root causes of poverty

Prevention, Independence and Resilience

- Working together with partners to deliver improved outcomes for children, families and adults
- Providing safe, innovative, strength-based and sustainable practice in all preventative and statutory services
- Every child gets the best start in life
- All children can attend and achieve in inclusive, good quality local schools
- More young people are supported to achieve success in adulthood through higher, further education and access to employment
- More children and young people in care find permanent, safe and stable homes
- All care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs
- Young people and vulnerable adults are safeguarded in the context of their families, peers, schools and communities

- Our children, young people, and their communities' benefit from a whole systems approach to tackling the impact of knife crime
- Zero tolerance to domestic abuse drives local action that tackles underlying causes, challenges perpetrators and empowers survivors
- All residents with a disability can access from birth, transition to, and in adulthood support that is seamless, personalised and enables them to thrive and contribute to their communities. Families with children who have Special Educational Needs or Disabilities (SEND) can access a good local offer in their communities that enables them independence and to live their lives to the full
- Children, young people and adults can better access social, emotional and mental wellbeing support - including loneliness reduction - in their communities
- All vulnerable adults are supported to access good quality, sustainable care that enables safety, independence, choice and control
- All vulnerable older people can access timely, purposeful integrated care in their communities that helps keep them safe and independent for longer, and in their own homes
- Effective use of public health interventions to reduce health inequalities

Inclusive Growth

- Homes: For local people and other working Londoners
- Jobs: A thriving and inclusive local economy
- Places: Aspirational and resilient places
- Environment: Becoming the green capital of the capital

Well Run Organisation

- Delivers value for money for the taxpayer
- Employs capable and values-driven staff, demonstrating excellent people management
- Enables democratic participation, works relationally and is transparent
- Puts the customer at the heart of what it does
- Is equipped and has the capability to deliver its vision

ASSEMBLY**21 July 2021**

Title: Appointment of Chair of the Assembly and other Appointments	
Report of the Chief Executive	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Alan Dawson, Head of Governance & Electoral Services	Contact Details: E-mail: alan.dawson@lbbd.gov.uk
Accountable Strategic Leadership Directors: Fiona Taylor, Strategic Director of Law & Governance, and Chris Naylor, Chief Executive	
Summary	
<p>By Minute 6(i) of the Annual Assembly on 27 April 2021, Councillor Elizabeth Kangethe was reappointed as Chair of the Assembly for the 2021/22 municipal year. Cllr Kangethe was subsequently approached by the Leader of the Council to join the Cabinet, as the Cabinet Member and Champion for Disabled People, and took up that post with effect from 22 June 2021. At the same time, Cllr Kangethe stood down as Chair of the Assembly.</p> <p>In view of the vacant position of Chair of the Assembly, the Chief Executive will call for nominations to fill the vacancy, in accordance with paragraph 4 of Part 2, Chapter 3 of the Council Constitution.</p> <p>At the meeting on 27 April, the Chief Executive was also authorised to approve the appointment of the new Thames ward councillor to any vacant positions on Council committees (Minute 6(ii) refers). Ms. Fatuma Nalule, Labour Party candidate, was elected at the by-election held on 6 May 2021 and Councillor Nalule subsequently indicated that she would like to join the membership of the Overview and Scrutiny Committee. The Chief Executive confirmed Cllr Nalule's appointment to the Overview and Scrutiny Committee effective from 9 June 2021.</p> <p>At the time of writing this report, vacancies exist on the following committees:</p> <ul style="list-style-type: none"> • Audit and Standards Committee (1) • Licensing and Regulatory Committee (1) • JNC Panels (pool of 6 non-Cabinet Members) (1) 	
Recommendation(s)	
<p>The Assembly is recommended to:</p> <p>(i) Note the appointment by the Leader of the Council of Councillor Kangethe as Cabinet Member and Champion for Disabled People on 22 June 2021 and Councillor Kangethe's resignation as Chair of the Assembly on that date;</p>	

- (ii) Approve the appointment of a new Chair of the Assembly for the remainder of the 2021/22 municipal year;
- (iii) Note Councillor Nalule's appointment to the Overview and Scrutiny Committee with effect from 9 June 2021; and
- (iv) Approve the appointment of councillors to fill vacant positions on Council committees as appropriate.

Reason(s)

To meet the statutory and constitutional requirements and to ensure relevant positions are appointed to.

1. Financial Implications

Implications completed by Katherine Heffernan, Head of Service Finance

- 1.1 There are no direct financial implications associated with this report. The Members' Allowances budget for 2021/22 is £987,000 and is sufficient to meet all projected costs during the year.

2. Legal Implications

Implications completed by Dr Paul Feild, Senior Governance Lawyer

- 2.1 The Assembly is a meeting of full Council for the purposes of Section 8 and Schedule 2 of the Local Government Act 1972.
- 2.2 Part 2 (the Articles) of the Council's Constitution sets out the membership requirements and terms of reference for the various Council committees. The appointments in this report meet statutory and constitutional requirements and ensure the Council is able to proceed with the business reserved to each committee.

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

List of appendices: None

MINUTES OF ASSEMBLY

Tuesday, 27 April 2021
(7:00 - 8:04 pm)

PRESENT

Cllr Elizabeth Kangethe (Chair)
Cllr Faruk Choudhury (Deputy Chair)

Cllr Andrew Achilleos	Cllr Dorothy Akwaboah	Cllr Sanchia Alasia
Cllr Saima Ashraf	Cllr Abdul Aziz	Cllr Toni Bankole
Cllr Simon Bremner	Cllr Princess Bright	Cllr Sade Bright
Cllr Laila M. Butt	Cllr Evelyn Carpenter	Cllr Peter Chand
Cllr Josie Channer	Cllr John Dulwich	Cllr Edna Fergus
Cllr Irma Freeborn	Cllr Cameron Geddes	Cllr Syed Ghani
Cllr Rocky Gill	Cllr Kashif Haroon	Cllr Amardeep Singh Jamu
Cllr Jane Jones	Cllr Eileen Keller	Cllr Mohammed Khan
Cllr Donna Lumsden	Cllr Olawale Martins	Cllr Mick McCarthy
Cllr Giasuddin Miah	Cllr Dave Miles	Cllr Margaret Mullane
Cllr Glenda Paddle	Cllr Simon Perry	Cllr Moin Quadri
Cllr Foyzur Rahman	Cllr Tony Ramsay	Cllr Chris Rice
Cllr Lynda Rice	Cllr Ingrid Robinson	Cllr Paul Robinson
Cllr Darren Rodwell	Cllr Emily Rodwell	Cllr Muhammad Saleem
Cllr Faraaz Shaukat	Cllr Dominic Twomey	Cllr Lee Waker
Cllr Phil Waker	Cllr Maureen Worby	

1. Minute's Applause in Tribute to HRH Prince Philip, Duke of Edinburgh

Following the recent death of HRH Prince Philip, Duke of Edinburgh who sadly passed away on 9 April 2021 at the age of 99, the Chair asked the Assembly and officers to hold a minute's applause in recognition of the service the Duke of Edinburgh gave to Her Majesty the Queen and across the Commonwealth.

2. Declaration of Members' Interests

There were no declarations of interest.

3. Minutes (3 March 2021)

The minutes of the meeting held on 3 March 2021 were confirmed as correct.

4. Minutes of Sub-Committees

The Assembly received and noted the minutes of the JNC Appointments, Salaries and Structures Panel held on 19 March 2021.

5. Leader's Statement

The Leader of the Council presented a verbal statement updating the Assembly on

a range of matters since the last meeting:

Progress in the Borough: Despite the significant struggles that COVID 19 had brought to the borough, Cabinet Members were working hard to secure a future recovery for the borough and make things better for residents. The Leader gave a brief summary of the projects each Cabinet Member had been progressing during the pandemic.

HRH Prince Philip, The Duke of Edinburgh: The Leader reflected on the death of Prince Philip, whose life spanned several generations and his dedication and public service was praised by all members. Prince Philip was a friend of the Borough along with Her Majesty the Queen and received a wonderful reception when they chose to visit the Borough to mark the 50th anniversary of London Borough's in 2015.

Glow Festival: The Glow Festival recently took place in the Borough with bright colours of the rainbow shooting across the night sky. This was part of the 'Becontree 100' events marking the estate's 100th year anniversary.

COVID-19: This week marked the 13th month since the country entered the first lockdown brought about by the COVID-19 pandemic. The Leader recognised the huge sacrifices made by everyone to protect each other and thanked those who came together to light a candle as a 'Beacon of Remembrance' for everyone who had been lost.

The Cabinet Member for Social Care and Health Integration reminded residents that although there had been an easing in restrictions, the rules had not been completely abolished and residents must continue to remain vigilant.

The Cabinet Member advised that:

- In the last week, there had been 64 new cases of COVID 19 in the Borough. The case rate was now at 30 per 100,000 people;
- Vaccinations were going well with 86% of residents who were aged 80 plus being vaccinated; and
- Hospital waiting lists were large however residents were urged to attend appointments where they need to go to the local hospitals.

6. Appointments to the Political Structure and Other Bodies 2021/22

The Strategic Director, Law and Governance, introduced a report on the annual process of appointments to the various elements of the political structure and other internal and external bodies for the 2021/22 municipal year.

The Strategic Director advised that in view of the impending election of a new Thames ward councillor at a by-election on 6 May 2021, it was proposed that the Chief Executive be authorised to approve the appointment of the new councillor to any vacant positions on Council committees, to enable that individual to commence his/her involvement in the Council's business as soon as possible.

It was also noted that the schedule of proposed appointments that was appended to the report had incorrectly shown that there was a vacancy on the Pensions

Committee, to which Councillor Miah was to be appointed to. The Labour Group Secretary confirmed that the membership of the Pensions Committee remained unchanged from 2020/21.

The Assembly **resolved** to:

- (i) Approve the appointments to various Council committees and other internal and external bodies, as set out in Appendix 1; and
- (ii) Delegate authority to the Chief Executive, in consultation with the Leader of the Council, to approve the appointment of the new Thames ward councillor, to be elected on 6 May 2021, to vacant positions on Council committees.

7. Members' Allowances Scheme 2021/22

The Strategic Director, Law and Governance, presented a report on the Members' Allowances Scheme for 2021/22, which proposed that Members' basic and special responsibility allowances should remain at the same levels agreed by the Assembly in July 2018.

- (i) Agree that no increase be applied to Members' basic and special responsibility allowances for the 2021/22 municipal year; and
- (ii) Adopt the Members' Allowances Scheme 2021/22 at Appendix A to the report, to be effective from 28 April 2021.

8. Response to LGO Complaint ref 18018324

The Cabinet Member for Finance, Performance and Core Services introduced a report on a complaint against the Council which was investigated by the Local Government and Social Care Ombudsman (LGO). The final report was returned to the Council on 15 January 2021 and was appended to the report as Appendix 1.

The complainant (referred to as Mrs D) complained that the Council failed to take appropriate action after she raised concerns of a cancer cluster in her neighbourhood in April 2018. She did not receive responses on a number of occasions, the Council only provided a stage 2 response after the complainant went to the LGO, and then she was wrongly signposted to the Environment Agency.

The Cabinet Member advised that the Council acknowledged fault and had accepted responsibility for this complaint. The council agreed to the LGO recommendations and had actioned them.

The Assembly **resolved** to note the LGO report and actions taken in response to the complaint findings.

9. Local Safeguarding Children Partnership Annual Report 2019/20

The Cabinet Member for Social Care and Health Integration presented a report on the Local Safeguarding Children Partnership Annual Report 2019/20.

The Cabinet Member advised that the Barking and Dagenham Safeguarding Children Partnership (BDSCP) Annual report was an opportunity to highlight the progress that the Safeguarding Partnership, consisting of the Local Authority, NHS BHR Clinical Commissioning Group and the Police, had made in achieving its safeguarding priorities in 2019/20.

The Annual report provides a progress update on the work carried out in context of addressing the 2019/20 safeguarding priorities outlined below:

- Tackling knife crime and gang culture;
- Protection of vulnerable children and young people from all forms of exploitation;
- Reducing the impact of domestic abuse;
- Strengthening work at pre-birth stage to minimise neglect; and
- Establishing consistent and agreed thresholds across the partnership.

The Assembly **resolved** to note the Local Safeguarding Children Partnership Annual Report for 2019/20 at Appendix 1 to the report.

10. Children's Social Care Annual Self Evaluation 2021

The Cabinet Member for Social Care and Health Integration presented a report on the Children's Social Care Annual Self Evaluation 2021.

The Cabinet Member advised that the self-evaluation outlined the quality and impact of social work practice and built upon previous self-evaluations. The document was a key part of the Councils commitment to continuous improvement of children services and vulnerable children's outcome and experiences. It drew upon existing documentation, activity data and performance for 2019/20 compared to the rest of London and nationally. Where available, it also considered in-year local data and performance.

The Assembly **resolved** to note the summary report and the full version of the 2021 annual self-evaluation of children's social care at Appendix A to the report.

11. Motions

There were no motions.

12. Questions With Notice

There were no questions with notice.

Main Council Committee Appointments – May 2021

Committee	Appointments Required	Appointments
Assembly	Chair Deputy Chair	Chair – Cllr Kangethe Deputy Chair – Cllr Choudhury
Audit and Standards Committee	Chair Deputy Chair Plus 6 additional members	Councillors P. Bright (Chair), Oluwole (Deputy Chair), Bremner, Channer, Freeborn, Khan and Miah (1 vacancy)
Health Scrutiny Committee	Chair Deputy Chair Plus 4 additional members	Councillors P. Robinson (Chair), Lumsden (Deputy Chair), Aziz, Chand, Oluwole and C. Rice.
JNC Panels	6 non-Cabinet members (to form a pool)	Councillors Kangethe, Keller, Lumsden, Martins, Oluwole and P. Waker
Licensing & Regulatory Committee	Chair Deputy Chair Plus 8 additional members	Councillors Quadri (Chair), Shaukat (Deputy Chair), Alasia, Chand, Haroon, Miah, Oluwole, Paddle, L Rice and L. Waker
Overview & Scrutiny Committee	Chair Deputy Chair Plus 8 additional members	Councillors Jones (Chair), Akwaboah (Deputy Chair), Alasia, Bankole, Lumsden, Martins, Perry, I. Robinson, P. Robinson and P. Waker
Personnel Board	Chair Deputy Chair Plus 7 additional members (to form a pool)	Councillors Bremner (Chair), E. Rodwell (Deputy Chair), Butt, Jones, Keller, Miles, Rahman, I. Robinson and P. Waker

Committee	Appointments Required	Appointments
Planning Committee	Chair Deputy Chair Plus 6 additional members (Cabinet Members for Regeneration & Social Housing and Finance, Performance & Core Services automatically appointed as ex-officio voting members)	Councillors Saleem (Chair), Dulwich (Deputy Chair), Alasia, Choudhury, Freeborn, Haroon, Martins and Rahman. Councillors Geddes and Twomey

Other Internal / Outside Body Appointments – May 2020
(Appointments are for one year unless otherwise stated)

Body / Committee	Appointment required	Appointments
Admissions Forum	1 vacancy	Councillor Bankole
Chadwell Heath Community Trust Board	3 Councillors	Councillors Jamu, Khan and Perry
East London Waste Authority	1 Councillor (plus Cabinet Member for Public Realm automatically appointed)	Councillor Akwaboah Councillor Ghani
Employee Joint Consultative Committee	5 Councillors plus Cabinet Member for Finance, Performance & Core Services automatically appointed	Councillors Ghani, Jones, Saleem, Shaukat and Worby Councillor Twomey

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MINUTES OF JNC APPOINTMENTS, SALARIES AND STRUCTURES PANEL

Tuesday, 20 April 2021
(5:17 - 5:24 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf and Cllr Phil Waker

Apologies: Cllr Dominic Twomey

15. Declaration of Members' Interests

There were no declarations of interest.

16. Private Business

The Panel **resolved** to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 1 of Part 1, Schedule 12A to the Local Government Act 1972 (as amended).

17. Chief Executive's Support to the Thames Estuary Growth Board

Further to Minute 14 of the last meeting, the Managing Director presented a report on the proposal for the Council's Chief Executive to provide consultancy support to the Thames Estuary Growth Board (TEGB) on a part-time basis over an initial three-month period, commencing in April 2021.

The Managing Director explained that the TEGB was progressing its action plan entitled "The Green Blue", which set out high level plans to unleash the economic potential across the East London, North Essex and South Kent areas through a range of projects that would lead to job creation, housing solutions, new transport and digital infrastructure throughout the region.

The TEGB was at an important stage in its development and had identified a number of key deliverables that it believed the Council's Chief Executive could play a pivotal role in progressing, to the mutual benefit of all parties. A Memorandum of Understanding (MoU) between TEGB and the Council had been drafted, which was appended to the report, setting out the Chief Executive's proposed role as consultant to the Board and the team that supported it. The draft MoU also set out the financial arrangements between the TEGB and the Council to compensate for the time spent by the Chief Executive on the project.

The Panel **resolved** to:

- (i) Agree the proposal for the Chief Executive, Chris Naylor, to provide consultancy support to Thames Estuary Growth Board (TEGB) for approximately 2.5 days a week over a three-month period commencing in April 2021, in accordance with the terms set out in the Memorandum of Understanding at Appendix 1 to the report; and
- (ii) Delegate authority to the Leader, as Chair of the JNC Panel, to approve the

extension of the arrangement for a period of up to six months on the same terms, subject to all parties being in agreement with the arrangement.

MINUTES OF JNC INVESTIGATION AND DISCIPLINARY PANEL

Monday, 10 May 2021
(3:00 - 5:58 pm)

Present: Cllr Saima Ashraf, Cllr Elizabeth Kangethe, Cllr Dominic Twomey and Cllr Maureen Worby

Apologies: Cllr Donna Lumsden

1. Appointment of Chair

Councillor Twomey was appointed Chair of the meeting.

2. Declaration of Members' Interests

There were no declarations of interest.

3. Private Business

It was **resolved** to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

4. Investigation and Disciplinary Panel Assessment

The JNC Investigation and Disciplinary Panel (IDP) was asked to consider allegations against a Senior Officer of the Council in accordance with Part 2, Chapter 4, paragraph 2.1 (xi) of the Constitution.

Having considered the written material, which included the complaint, the officer's written response with supporting documents, and representation at the meeting by the officer, the IDP concluded that there was no evidence in support of the allegations sufficient to require further investigation.

The Panel **resolved** that an independent investigator should not be appointed and that no further action should be taken.

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ASSEMBLY**21 July 2021**

Title: Death of Former Councillor Marie West	
Report of the Chief Executive	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Alan Dawson, Head of Governance & Electoral Services	Contact Details: Tel: 020 8227 2348 E-mail: alan.dawson@lbbd.gov.uk
Accountable Strategic Leadership Director: Chris Naylor, Chief Executive	
Summary	
<p>The Assembly is asked to note with deep regret that former Councillor and Mayor of the Borough, Marie (Margaret Mary) West, passed away on Tuesday 8 June at the age of 80.</p> <p>Marie was born in Cork, Ireland, on 11 April 1941 and came to England when she was five years old. Marie moved to the Borough when she married her husband, Ken, in January 1960 and never moved away. During her working career, Marie held a number of office jobs and her last and most enduring was as an Accounts Manager with British Telecom.</p> <p>Marie was first elected to the Council to represent the former Triptons ward in May 1998 and went on to become a councillor for the newly-formed Whalebone ward in May 2002, which she served until stepping down from the Council in May 2010.</p> <p>Marie served on numerous committees and sub-committees during her 12-year term, including the Licensing & Regulatory Committee, the Planning Committee and the Scrutiny Management Board. She was clearly passionate about the health, safety and wellbeing of Borough residents and particularly children, putting herself forward to serve on the Adoption Panel, the Health and Adult Services Select Committee, the Health and Social Care Partnership Arrangements Scrutiny Panel, the Anti-Social Behaviour Scrutiny Panel and the Anti-Age Discrimination Policy Commission and was also appointed as Chair of the GP Services Scrutiny Panel and Chair of the Health Scrutiny Panel, a position that she held for five years. Marie also represented the Council on the Governing Body of Henry Green Primary School and the Wellgate Community Forum.</p> <p>Marie was elected by her peers to become the Mayor of Barking & Dagenham for the 2005/06 municipal year and Deputy Mayor for 2006/07, with her husband Kenneth acting as her Consort, and took great pride in her role as First Citizen of the Borough. As well as her tireless fundraising, Marie very much enjoyed hosting events in the Mayor's Parlour to recognise the deserving efforts of countless individuals and groups.</p> <p>Outside of work and the Council, Marie enjoyed a busy social life surrounded by family and friends and was occasionally known to share her very good singing voice in public.</p>	

Although Marie suffered ill health in her final years, her family were extremely proud that she continued to make the best of her situation without complaint and live up to her motto to “spread a little sunshine” to the very end.

The funeral took place on Wednesday 30 June, with a service being held at St. Thomas More Catholic Church before going on to Forest Park Crematorium in Hainault. The funeral cortege passed in front of the former Council offices at the Civic Centre, Dagenham, where the current Mayor, Councillor Fergus, the Leader, Councillor Rodwell, and other Members and officers had gathered to pay their respects, and the Borough flag at the Town Hall, Barking was flown at half-mast throughout the day.

Marie leaves behind her husband Kenneth, daughter Jackie and son Paul, four grandchildren and two great-grandchildren.

Recommendation(s)

The Assembly is asked to mark the passing of Marie West with a minute’s silence in her memory.

ASSEMBLY**21 July 2021**

Title: Treasury Management Annual Report 2020/21	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: David Dickinson, Investment Fund Manager	Contact Details: Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director (S151 Officer)	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
Summary	
<p>Changes in the regulatory environment now place a greater onus on Elected Members for the review and scrutiny of treasury management policy and activities. This Treasury Management Annual Report is important in that respect, as it provides details of the outturn position for treasury activities, significant new borrowing proposed, and highlights compliance with the Council's policies previously approved by the Assembly prior to the start of each financial year.</p> <p>This report presents the Council's outturn position in respect of its treasury management activities during 2020/21. The key points to note are as follows:</p> <p><u>Interest Income and Investments:</u></p> <ul style="list-style-type: none"> i) Total treasury investments held at 31/3/2021 was £210.17m (2019/20: £347.29m); ii) Total cash held at 31/3/2021 was £45.19m (2019/20: £6.79m); iii) Total loans lent held at 31/3/2021 was £105.99m (2019/20: £80.48m); iv) Interest for 2020/21 was £8.8m (2019/20: £8.8m) compared to a budget of £6.5m, an outperformance of £2.3m and has been transferred to the Investment Reserve; v) Investment income from the Council's Investment and Acquisition Strategy (IAS) totalled £6.59m (2019/20: £2.7m) for the year compared to a budget of £6.64m, an underperformance of £50k; vi) The Council's average treasury interest return of 1.62% for 2020/21 was 1.31% higher than the average London Peer Group return of 0.31%; vii) The Council's average return on its loans, consisting of commercial and property loans was 4.46% for 2020/21 (3.63% for 2019/20); 	

Interest Expense and Borrowing:

- viii) Interest payable for 2020/21 totalled £32.8m (2019/20: £34.17m), £9.6m for PFI / Finance leases, £10.9m for HRA and £12.3m for the General Fund;
- ix) Capitalised interest for 2019/20 totalled £1.5m and for 2020/21 totalled £3.0m and have been transferred to the Investment Reserve;
- x) The Council borrowed £60.0m of long-term General Fund borrowing in 2020/21 at an average rate of 1.28% and an average duration of 31.7 years;
- xi) The total long-term General Fund borrowing at 31/3/2021 was £600.4m, comprising of market loans, Public Works Loan Board (PWLB), Local Authority, European Investment Bank and other loans;
- xii) The value of short-term borrowing as at 31 March 2021 totalled £67.5m;
- xiii) HRA borrowing totalled £295.9m of long-term debt and £35.3m of internal borrowing from the General Fund, with PFI / finance lease borrowing totalling £217.8m;
- xiv) Total Council borrowing, including PFI and finance leases, was £1.16bn as at 31 March 2021;
- xv) The Council did not breach its 2019/21 Operational Boundary limit of £1.25bn or its Authorised Borrowing Limit of £1.35bn; and
- xvi) The Council complied with all other set treasury and prudential limits.

The Cabinet considered and endorsed this report at its meeting on 22 June 2021.

Recommendation(s)

The Assembly is recommended to:

- (i) Note the Treasury Management Annual Report for 2020/21;
- (ii) Note that the Council complied with all 2020/21 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2020/21, as set out in Appendix 1 to the report; and
- (iv) Note that the Council borrowed £60.0m from the Public Works Loan Board (PWLB) in 2020/21.

Reason(s)

This report is required to be presented to the Assembly in accordance with the Revised CIPFA Code of Practice for Treasury Management in the Public Services.

1. Introduction and Background

1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce a treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

1.2 For the 2020/21 period Assembly received the following reports:

- an annual treasury strategy in advance of the year (Assembly 26/02/2020);
- a mid-year (minimum) treasury update report (Assembly 25/11/2020); and
- an annual review following the end of the year (this report).

1.3 This Annual Treasury Report covers:

- Treasury position as at 31 March 2021;
- Economic Factors in 2020/21 and Interest rates Forecasts;
- Treasury Investment Strategy and Performance in 2020/21;
- Borrowing Outturn and Capitalised Interest;
- Commercial and Reside Loans Outturn;
- Investment and Acquisition Strategy Outturn;
- Treasury Management costs in 2020/21;
- Compliance with Treasury limits and Prudential indicators; and
- Prudential Indicators for 2020/21 (Appendix 1).

2. **Treasury Position at 31 March 2021:** The Council's treasury position for 2019/20 and 2020/21 can be found in table 1 below:

Table 1: Council's treasury position at the start and end of 2020/21

	31-Mar-20	Average Rate of interest	Average Life	31-Mar-21	Average Rate of interest	Average Life
	£'000	%	Years	£'000	%	Years
Fixed Rate Debt						
HRA – PWLB	265,912	3.51	35.81	265,912	3.50	34.81
HRA – Market	30,000	4.03	58.2	30,000	4.03	57.20
HRA - Internal Borrowing	34,759	1.98	1.00	35,332	1.98	1.00
Total HRA Borrowing	330,671	3.40	34.18	331,244	3.38	33.23
GF – PWLB	463,498	2.16	23.83	506,822	2.06	23.05
GF - Market	96,178	2.49	41.91	93,613	2.49	26.75
GF – ST Borrowing	126,100	0.85	0.07	67,503	0.09	0.30
Total GF Borrowing	685,776	1.97	22.00	667,938	1.92	21.27
Total Debt	1,016,447	2.43	25.96	981,688	2.45	25.68
Investments						
Treasury Investments	346,951	1.34	2.37	210,168	1.62	2.17
Cash	6,787	0.10	0.00	45,193	0.01	0.00
Loans	75,397	3.57		105,993	4.46	
HRA Internal Lending	34,759	1.98		35,332	1.98	
Total Investments	457,107	1.76		396,686	2.38	

2.1 The Council manages its debt and investment positions through its in-house treasury section to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities.

2.2 Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

3. **Economic Factors in 2020/21 and Interest Rate Forecasts**

3.1 **UK. Coronavirus.** 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three-month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer. The way in which the UK has implemented a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. Household saving rate has also been high since the first lockdown and there is plenty of pent-up demand and purchasing power stored up for services. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during Q1 of 2022.

3.2 The **Monetary Policy Committee** cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing QE (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased then QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

3.3 **Average inflation targeting.** This was the major change adopted by the BOE in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". In effect, if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor.

3.4 **BREXIT.** The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy.

4. Treasury Investment Strategy and Performance in 2020/21

4.1 Treasury and IAS Outturn: The Treasury and IAS Outturn is in Table 2 Below.

Table 2: Treasury Outturn for 2019/20 and 2020/21

Interest	2019/20 Actual	2019/20 Budget	Differ- ence	2020/21 Actual	2020/21 Budget	Differ- ence
HRA Borrowing Costs	12,244	12,244	0	10,944	10,944	0
General Fund IAS & Interest Costs						
GF Borrowing costs	12,374	11,769	605	12,254	13,069	(815)
GF Interest Income	(8,818)	(6,648)	(2,170)	(8,817)	(6,503)	(2,314)
GF IAS Income	(2,735)	(4,333)	1,598	(6,230)	(6,637)	407
Capitalised Interest (19/20)				(1,522)	0	(1,522)
Capitalised Interest (20/21)				(3,002)	0	(3,002)
GF Net IAS & Interest Cost	821	788	33	(7,317)	(71)	(7,246)

4.1.1 Overall borrowing costs were lower than budgeted as both long-term and short-term borrowing rates were cheaper than the forecast. The Council has also agreed to capitalise borrowing costs for schemes that are over £10m in total value and take longer than two years to develop. This was backdated to 2019/20 and as a result borrowing costs of £4.52m were capitalised in 2020/21.

4.1.2 Treasury provided a surplus return of £2.3m and the IAS, although underperforming its target by £50k, held up well during a particularly difficult investment period. The borrowing costs and treasury and IAS income is outlined in detail in the next sections.

4.2 Annual Investment Strategy (AIS) 2020/21

4.2.1 All investments were managed in-house and were invested with institutions of high credit standing listed in the Council's approved lending list and specified limits. The Council invested over a range of periods from overnight to three years, with an increase in lending to other Local Authorities and a reduction in lending to banks. The Council's investment policy is outlined in the 2020/21 Annual Investment Strategy. The policy sets out the Council's approach for choosing investment counterparties.

4.2.2 Council officers met quarterly with Treasury Adviser to discuss financial performance, objectives, targets and risk in relation to the Council's investments and borrowing. The Cabinet Member for Finance, Performance and Core Services was briefed regularly on treasury activity by the Section 151 Officer.

4.2.3 Investments decisions during 2020/21

When making investment decisions the Council's investment priorities are:

- (a) The **security** of capital;
- (b) The **liquidity** of its investments; and
- (c) **Yield** (after ensuring the above are met).

Using the above as the basis for investment decisions does mean that investment returns will be lower than would be possible were yield the only consideration. During 2020/21, the Council ensured that all investments were made with appropriately rated

counterparties and that liquidity was maintained. On occasion, short term borrowing was also used to allow the Council to take advantage of investment opportunities.

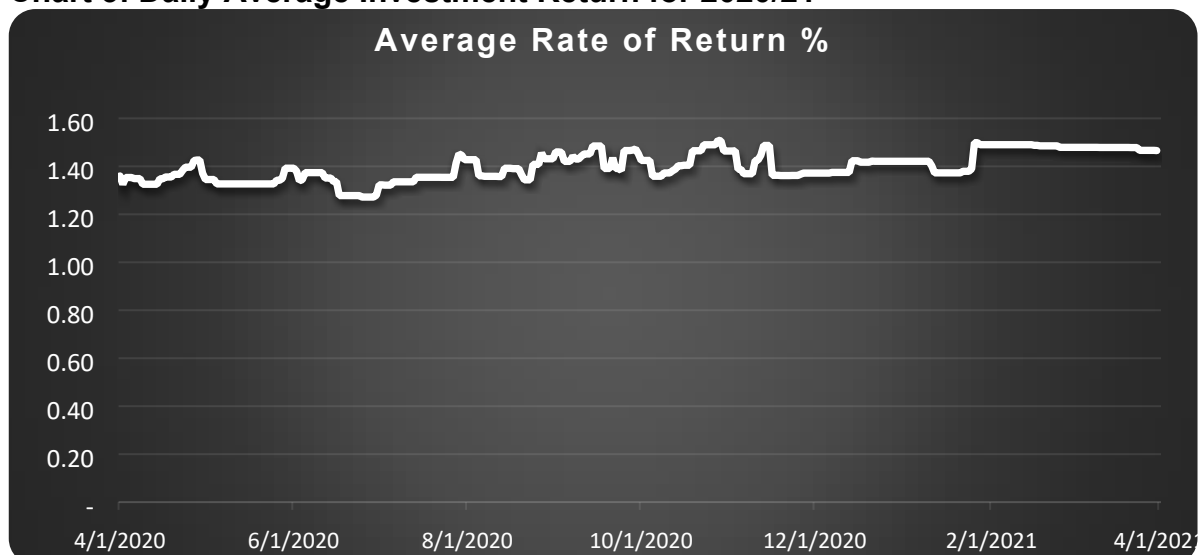
4.2.4 In March 2020 treasury forward dealt £30m at an average rate of 1.70% and an average duration of 2 years as it positioned for a low interest rate environment. These forward deals were the only major treasury deals made during the year as rates reduced to near zero. The Council held a high investment balance of £347.0m at 31 March 2020 and cash, rather than borrowing, was used to fund most of the Council's cashflow requirement for 2020/21. The average investment balance (excluding cash) held for 2020/21 was £268.5m. The average daily Treasury Investment Balance for 2020/21 is shown in chart 2:

Chart 2: Average Daily Treasury Investment Balance for 2020/21



4.2.5 Treasury investments provided an average return of 1.40% for 2020/21 (1.34% for 2019/20), which increased to an average return of 2.38% when including non-treasury investments. Although the average return was on a reducing balance, the increase in the average return for the year allowed a significant net surplus of £2.3m to be generated and this excess return was moved to the investment reserve. Chart 3 below graphically illustrates the average daily treasury return for the year:

Chart 3: Daily Average Investment Return for 2020/21



4.2.6 In addition, an average interest of 3.25% was charged on borrowing costs for commercial property (borrowing for commercial property at 31/03/2021 was £102.3m). This return was allocated to the IAS.

4.3 Strategy Changes in 2020/21

4.3.1 The Council's investment policy was agreed by the Assembly on 26 February 2020. Members agreed to delegate authority to the Section 151 officer in consultation with the Cabinet Member for Finance, Performance and Core Services to proportionally amend the counterparty lending limits agreed within the TMSS.

4.3.2 During the year an increase in the maximum short-term cash the Council could hold was agreed by the S151 officer to allow treasury to respond to any liquidity issues but also to manage large cashflow movements resulting from borrowing £60m of long-term debt in December 2020 and from the sale of the film studio land in March 2021. The high cash balance was offset by short-term borrowing.

4.4 Performance Benchmark in 2020/21

4.4.1 As part of ensuring value for money and to monitor the Council's investment return, the Council's treasury performance is benchmarked by against a peer group of London and other Local Authorities. Benchmarking data is provided by the Council's treasury advisors, Link Asset Services. Table 3 summarises the benchmarking data as at 31 March 2021.

Table 3: Advisor's Benchmarking data as at 31 March 2021

Savings Proposal	LBBD	London Peer Group (21)
Weighted Average Rate of Return	1.62%	0.31%
Weighted Average Maturity(days)	351	88
Credit Risk (lower is less risky)	1.34	2.68

4.4.2 The benchmarking data outlines the outperformance of the Council's treasury investment return compared to a group of 21 London Boroughs. By only including treasury returns (i.e. returns from deposits, Money Market Funds etc) the performance of each treasury team can be compared on a like for like basis. The Council's average return as at 31 March 2021 was 1.31% higher than the average London Peer Group return. On an average investment balance of £268.5m that equates to additional income above the average of £3.52m against the London Peer group.

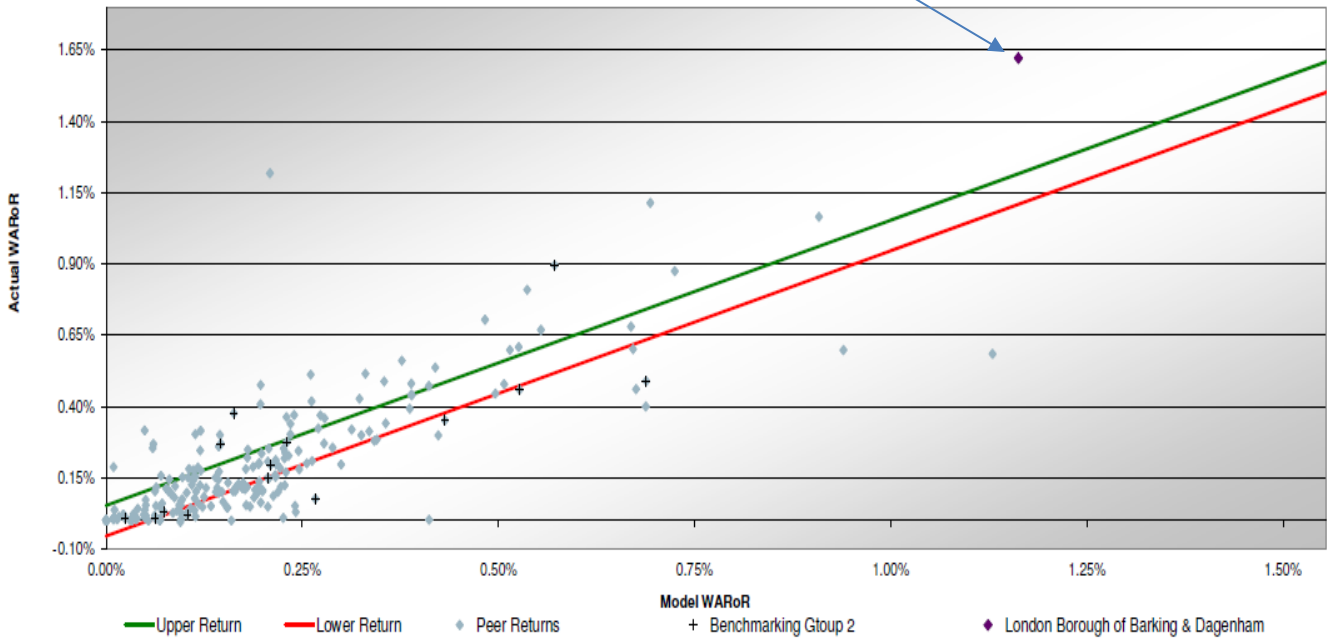
4.4.3 The Council's credit risk, at 1.34 was lower (better) than the London Peer Group at 2.68. This lower average is due to the Council moving away from investing in banks and other financial institutions and investing more with other Local Authorities.

4.4.4 Chart 4 illustrates the Council's return against the upper and lower banding levels. The Council has a high overall return (the highest when compared to the Local Authority group). The return is higher than the banding range, indicating the return is above the return that would be expecting considering the duration. The average return is expected to increase in 2021/22, although on a reducing average balance as cash is reduced to fund investments.

The Council's return is highlighted below:

Chart 4: Advisor's benchmarking data as at 31 March 2021

Population Returns against Model Returns



	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
London Borough Of Barking & Dagenham	1.62%	1.16%	0.46%	1.11%	1.22%	Above

4.5 Table 4: Investments held by the Council at 31 March 2021

Counterparty	Rating	Rate %	£000s	Start	End
LBBD Pension Fund	Local Authority	0.50	29,200		
Cambridgeshire CC	Local Authority	2.05	10,000	06/04/2018	06/04/2021
Medway Council	Local Authority	1.50	10,000	16/10/2018	16/04/2021
South Ayrshire Council	Local Authority	1.55	5,000	22/10/2018	22/04/2021
L B Croydon	Local Authority	1.50	10,000	24/04/2018	23/04/2021
Wokingham BC	Local Authority	1.55	10,000	30/01/2019	30/07/2021
Sedgemoor DC	Local Authority	1.08	5,000	20/08/2019	20/08/2021
Lloyds Bank PLC	A+	1.48	10,000	31/08/2018	31/08/2021
Rugby BC	Local Authority	1.80	5,000	18/10/2019	18/10/2021
Rugby BC	Local Authority	1.80	5,000	15/11/2019	15/11/2021
Rugby BC	Local Authority	1.60	10,000	25/11/2019	25/11/2021
Wokingham BC	Local Authority	1.65	15,000	28/01/2020	28/01/2022
Folkstone and Hythe DC	Local Authority	1.60	5,000	31/01/2020	31/01/2022
Lloyds Bank PLC	A+	1.59	5,500	18/04/2019	19/04/2022
Birmingham CC	Local Authority	1.70	10,000	24/04/2020	22/04/2022
L B Croydon	Local Authority	1.70	10,000	06/07/2020	06/07/2022
L B Croydon	Local Authority	1.70	10,000	14/07/2020	14/07/2022
Runnymede BC	Local Authority	1.80	5,000	20/12/2019	20/12/2022
Colchester BC	Local Authority	1.75	5,000	02/03/2020	03/01/2023
Cardiff Council	Local Authority	1.75	10,250	10/01/2020	10/01/2023
Dudley Metropolitan BC	Local Authority	1.80	10,000	21/02/2020	21/02/2023
Northumberland BC	Local Authority	1.80	5,000	27/02/2020	27/02/2023
Cambridgeshire CC	Local Authority	1.00	10,000	11/01/2021	11/01/2024
Other investments	Local Authority		218		
Total Investments			210,168		

5. Borrowing Outturn and Capitalised Interest

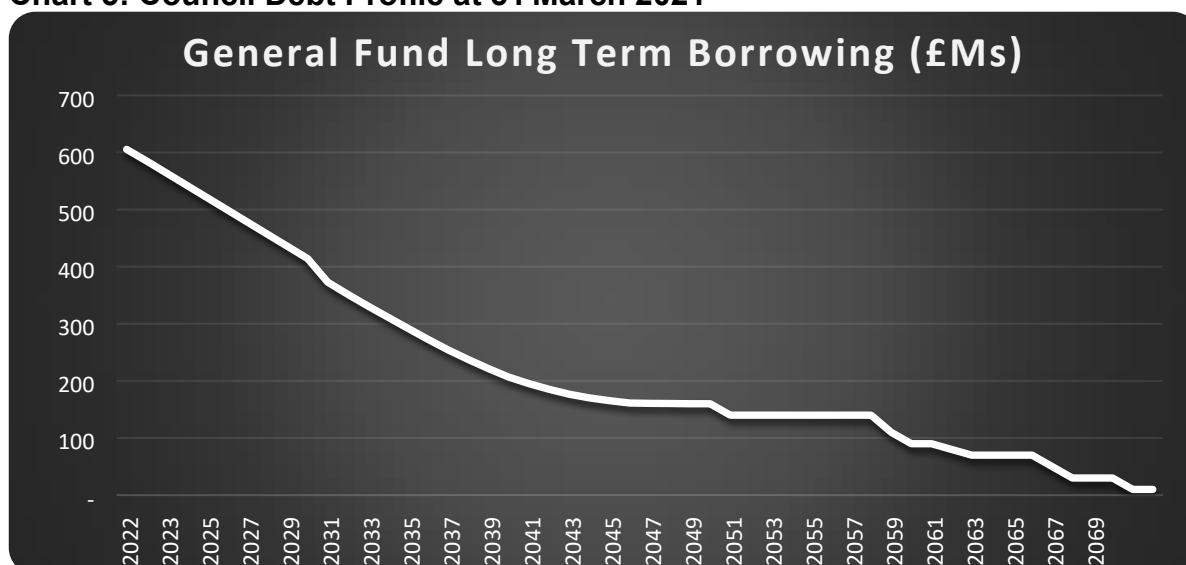
- 5.1.1 Short-term borrowing was used for most of the year to cover cashflow requirements, but after the PWLB dropped its margin from 1.8% to 0.8% in November 2020, £60m was borrowed at an average rate of 1.28% in December 2020. These loans are maturity loans (pay at maturity date) and were used as the strategy already has a significant amount of Equal Instalment and Annuity borrowing and these durations allowed both for a reduced rate but also smoothed the Council's overall repayment. Fixing long term borrow improves the future year budget requirements as the borrowing is locked in. Savings over the life of the borrowing compared to a 2.0% target is £12.16m.

Table 5: Long-Term Borrowing in 2020/21

Lender	Start Date	End Date	Amount £Ms	Rate	Duration	Savings Against 2% £Ms	Savings Against 3% £Ms
PWLB	21/12/2020	21/12/2070	20.00	1.33%	50 Years	6.70	16.70
PWLB	23/12/2020	23/12/2040	20.00	1.02%	10 Years	1.96	3.96
PWLB	23/12/2020	23/12/2055	20.00	1.50%	35 Years	3.50	10.50
Total and Average Rate			60.00	1.28%	31.7 yrs.	12.16	31.16

- 5.1.2 During the year commercial purchases, as part of land assembly, were funded by a mixture of short-term borrowing and cash, with expenditure on residential developments funded by PWLB borrowing taken in March 2020 and December 2020. This approach has also helped to reduce the overall borrowing costs.
- 5.1.3 Officers have sought to ensure that the borrowing matches the relevant asset life and repayment profile of the Council's investment portfolio. Chart 5 below summarises the GF long term debt position as at 31 March 2021, indicating the repayment profile.

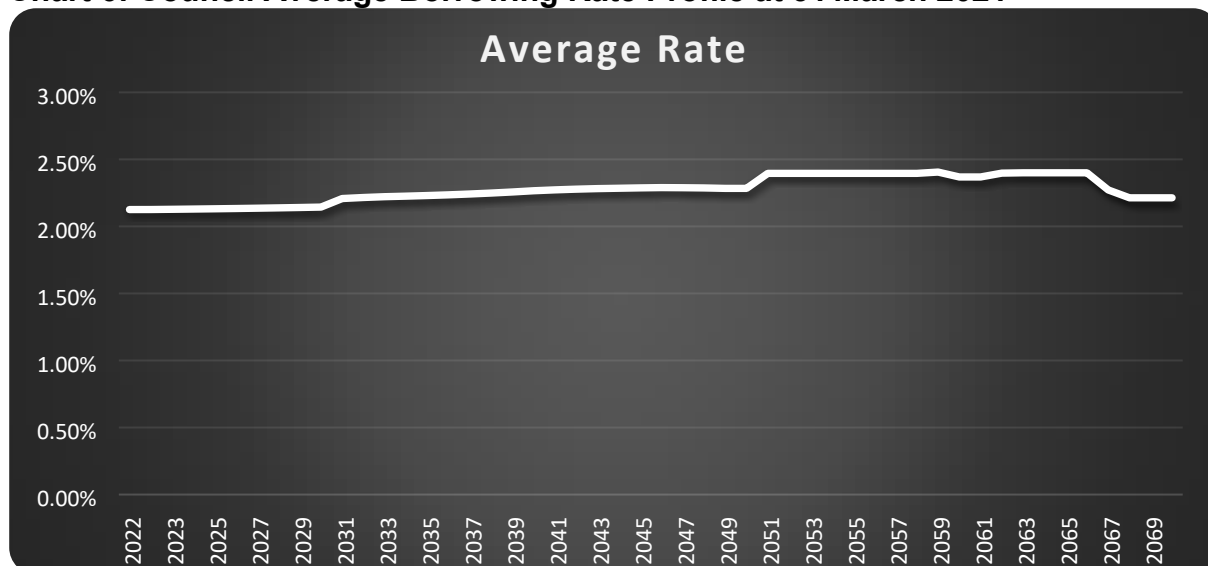
Chart 5: Council Debt Profile at 31 March 2021



- 5.1.4 The current borrowing strategy has a target of reducing the long-term average borrowing rate to below 2.0%. Currently the average long-term borrowing rate is 2.13%, down from 2.22% as at 31 March 2020. The average rate is reduced further by using short-term borrowing, with the total average borrowing rate for the General Fund at 1.92%. Chart 6 outlines the average borrowing costs over the duration of

the Council's borrowing. The increase over time reflects the fact some of the longer-term borrowing is at higher rates than the average, although this is against a much smaller amount of debt. Charts 5 and 6 are based on the same time period.

Chart 6: Council Average Borrowing Rate Profile at 31 March 2021



Capitalisation of Development Interest

- 5.1.5 The Council's IAS will increase the Council's interest payment costs as borrowing increases to fund the development costs. Were the Council to borrow a billion pounds at 2.0% (the current target average long-term debt rate) then the interest costs would be £20m per year, although this would decrease as debt is repaid. This will be funded by rental income from the various schemes but will result in a long-term obligation for future generations as some of the loans that will be taken out have maturity dates of up to 50 years.
- 5.1.6 The Council's borrowing is largely to fund the IAS. During the construction stage there is a cost of carry as there is no income from the scheme. For previous developments, such as Weavers, interest was capitalised during the construction against loans made to Reside. As construction is now carried out by the Council, a method to capitalise the interest was identified through advice provided by the fund's Treasury advisors, Link. As a result, interest incurred during the construction phase will be capitalised against developments that cost over £10m and that take in excess of two years to build. This approach has reduced the pressure on the Council's interest budget, which was raised in the July IAS update report.
- 5.1.7 Capitalisation of interest will start from when the development has been agreed at Gateway 2. Where land has been purchased as part of land assembly the capitalisation of interest will be from the later date of either the completion date of the purchase or the date of this accounting policy.
- 5.1.8 Interest will be capitalised on a quarterly basis and will be based on the weighted average of the borrowing costs that are outstanding during the period. Cessation of capitalisation will occur when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

5.2 Borrowing Owed at 31 March 2021

5.2.1 Table 5 outlines the borrowing owed by the Council at 31 March 2021, split between HRA and GF. The interest rate and borrowing period is included along with the type of loan, which includes Annuity, Equal Instalment, and maturity repayments.

Table 5: Loans as at 31 March 2021

Lender	Start Date	End Date	Amount	Rate %
HRA				
PWLB(Maturity)	28/03/2012	28/03/2042	50,000	3.50
PWLB(Maturity)	28/03/2012	28/03/2062	65,912	3.48
PWLB(Maturity)	28/03/2012	28/03/2061	50,000	3.49
PWLB(Maturity)	28/03/2012	28/03/2052	50,000	3.52
PWLB(Maturity)	28/03/2012	28/03/2060	50,000	3.49
LANCASHIRE CC (Maturity)	15/05/2019	27/02/2060	10,000	4.05
LANCASHIRE CC (Maturity)	15/05/2019	26/03/2059	10,000	4.05
BARCLAYS (Maturity)	30/05/2008	30/05/2078	10,000	3.98
HRA Total LT Borrowing			295,912	
General Fund				
PWLB(Maturity)	09/06/2016	09/06/2066	20,000.00	2.72
PWLB(Maturity)	14/06/2016	15/12/2059	10,000.00	2.65
PWLB(Maturity)	28/06/2016	29/12/2059	10,000.00	2.49
PWLB(Maturity)	29/06/2016	29/06/2062	10,000.00	2.38
PWLB(Maturity)	07/07/2016	06/01/2062	10,000.00	2.14
PWLB(Maturity)	05/04/2017	05/04/2067	20,000.00	2.36
PWLB(EIP)	12/09/2017	12/09/2040	16,956.52	1.98
PWLB(Maturity)	19/12/2017	19/06/2058	30,000.00	2.36
PWLB(EIP)	21/02/2018	21/02/2036	16,666.67	2.38
PWLB(EIP)	07/03/2018	07/03/2035	8,235.29	2.20
PWLB(EIP)	19/03/2018	19/03/2038	17,000.00	2.31
PWLB(EIP)	31/05/2018	29/05/2043	18,000.00	2.27
PWLB(EIP)	01/10/2018	01/10/2039	36,190.48	2.38
PWLB(EIP)	30/10/2018	30/10/2036	17,777.78	2.14
PWLB(EIP)	10/12/2018	10/12/2043	18,400.00	2.28
PWLB(EIP)	04/02/2019	04/02/2042	18,260.87	2.17
PWLB(EIP)	26/03/2019	26/03/2042	36,521.74	1.99
PWLB(EIP)	04/06/2019	04/06/2046	18,888.89	1.97
PWLB(EIP)	08/08/2019	08/08/2039	18,500.00	1.39
PWLB(EIP)	05/09/2019	05/09/2042	18,695.65	1.23
PWLB(Annuity)	28/02/2020	28/02/2038	19,089.13	2.27
PWLB(Annuity)	03/03/2020	03/03/2038	19,081.72	2.18
PWLB(Annuity)	10/03/2020	10/03/2040	19,182.64	2.06
PWLB(Annuity)	11/03/2020	11/03/2045	19,374.78	1.98
PWLB(Maturity)	15/12/2020	15/12/2070	20,000.00	1.33
PWLB(Maturity)	23/12/2020	23/12/2030	20,000.00	1.02
PWLB(Maturity)	23/12/2020	23/12/2055	20,000.00	1.50
DEXIA (Maturity)	01/04/2019	30/06/2077	10,000	3.98
L1 RENEW (Annuity)	01/04/2019	01/10/2046	6,794	3.44
EIB (Annuity)	01/04/2019	31/03/2044	76,820	2.21
Total GF Long Term Borrowing			600,436	

Lender	Start Date	End Date	Amount	Rate %
Liverpool City Combined	11/02/2021	11/05/2021	5,000	0.03
Wigan MBC	17/02/2021	17/05/2021	5,000	0.04
Essex CC	22/02/2021	24/05/2021	5,000	0.05
Colchester BC	10/12/2020	10/06/2021	5,000	0.12
Tyne & Wear Pension Fund	10/03/2021	10/06/2021	5,000	0.14
Liverpool City Region	19/02/2021	19/08/2021	5,000	0.08
Northern Ireland Housing	19/02/2021	19/08/2021	5,000	0.10
Derbyshire Pension Fund	19/02/2021	19/08/2021	5,000	0.10
East Suffolk	19/02/2021	19/08/2021	5,000	0.10
Oxfordshire CC	22/02/2021	23/08/2021	5,000	0.10
Crawley BC	22/02/2021	23/08/2021	5,000	0.10
LB of Islington	22/02/2021	23/08/2021	5,000	0.10
Reside Regeneration Ltd	01/04/2021	01/04/2021	3	3.00
North Tyneside Council	26/02/2021	26/08/2021	7,500	0.10
GF Total ST Borrowing			67,503	

6. Commercial and Reside Loans Outturn

- 6.1 In addition to its treasury investments, the Council has several loans to its subsidiary companies, residential property loans to Reside and a prepayment to the pension fund. These loans all have a loan agreement, a commercial interest and repayment schedule. As at 31 March 2021 the Council's commercial loans and equity exposure totalled £149.6m and are summarised in table 6 below:

Table 6: Commercial and Reside Loans at 31 March 2021

Reside Company	Loan Type	Value £000s
Grafton Primary School	Commercial Loan	60.53
Valence Primary School	Commercial Loan	55.53
Southwood Primary	Commercial Loan	31.99
Gascoigne Primary School	Commercial Loan	69.77
B&D Reside Roding Ltd	Commercial Loan	792.36
Barking & Redbridge FC	Commercial Loan	92.79
Barking Riverside Ltd	Commercial Loan	5,500.00
BD Energy LTD	Commercial Loan	307.42
BD Energy LTD	Commercial Loan	2,623.83
BD Muller Developments	Commercial Loan	24,571.38
BDTP LEUK	Commercial Loan	23,858.06
BE-FIRST LTD	Commercial Loan	4,599.56
Care City	Commercial Loan	30.00
Reside Abbey Roding LLP	Commercial Loan	67.40
Reside Ltd	Commercial Loan	288.62
Reside Regeneration LLP	Commercial Loan	6,400.43
Reside Weavers LLP	Commercial Loan	93.35
Reside Weavers LLP	Commercial Loan	34,547.14
Reside Weavers LLP	Commercial Loan	2,200.73
TPFL Regeneration Ltd	Commercial Loan	20.36
LBBB Pension Fund	Pension Fund Prepayment	20,000.00
BD Muller Developments	Equity	23,348.97
Total		149,560.24

- 6.2 The majority of the loans outlined above are secured against an asset or a guarantee. Where the loan is unsecured the company is closely monitored to ensure that it remains viable.
- 6.3 Loans against residential properties (Reside Loans) are very long term, with the loan duration of up to 55 years (to match the asset life of the asset it is secured against). A repayment schedule, based on an annuity repayment, is in place for each loan.
- 6.4 Commercial loans durations vary, with some loans to schools maturing in 15 years but most of the loans have a maximum duration of 5 years. Each loan has a state aid compliant interest rate and have been agreed at Cabinet.
- 6.5 The Pension Fund amount is a prepayment of pension contributions totalling £40m and also includes a short-term loan. The prepayment provides the pension fund with cash, which it uses to fund investments in infrastructure but also provides a return to the Council from making the payment early. Each month a portion of the loan is repaid and the actual contribution for the month is paid by the Council to ensure that the correct contribution rate is paid to the pension fund.
- 6.6 The loan and equity investment in BD Muller Developments is for the purchase of the Muller site in Chadwell Heath.

7. Investment and Acquisition Strategy Outturn

7.1 Council's Growth Strategy

- 7.1.1 In 2015, the Growth Commission Report – “No-one left behind: in pursuit of growth for the benefit of everyone”, recommended the establishment of a Borough-wide regeneration vehicle that would be an early statement of the Council's intent to increase the pace of regeneration of the borough.
- 7.1.2 Subsequently Be First was set up to deliver the Council's long-term strategic regeneration objectives, including enhancing economic growth and prosperity for the people of Barking and Dagenham. In addition, Be First has been charged with delivering significant financial benefits to the council by bringing forward returns in New Homes Bonus, Council Tax and NNDR, and delivering dividends to the Council.
- 7.1.3 In October 2016, Cabinet agreed an Investment and Acquisition Strategy (IAS) and an Investment Panel was also established and charged with managing an investment portfolio. In 2017 the Council revised the IAS, with a revised strategy subsequently taken to Cabinet each year, the last one agreed was at the October 2020 Cabinet.
- 7.1.4 The IAS was originally set a target of delivering a net income of £5.13m per annum by 2020/21. Subsequently £0.60m was added as an additional target for the Abbey Road scheme and a further £0.91m was added as a return target for the CR27 income strip deal. As a result, for 2020/21 and for 2021/22 the total return target is £6.64m.

7.2 Overall Summary

- 7.2.1 In 2020/21 the IAS returned £6.59m against a revised target of £6.64m, which equates to a relatively small underachievement of £50k.

7.2.2 The reasons for the lower return include delays in a number of residential schemes becoming operational, CR27 was delayed by 3 months and there was a reduction in income from Travelodge as a result of the Company Voluntary Arrangement.

7.2.3 Interest charged on the commercial investments rental income provided a good, although short-term in nature, return. Income to the IAS from the loan to Muller and the arrangement fee also provided a significant return to the strategy. A summary of the outturn for each income type is provided in table 7 below:

Table 7: IAS Outturn 2020/21

Income Type	Target	Actual	Variance
Residential	2,760	1,812	(948)
Abbey Road	600	600	-
IAS Costs / Reside Costs	-	(559)	(559)
Total Residential	3,360	1,853	(1,507)
Commercial Income	2,365	4,575	2,210
Bad Debt Provision	-	(407)	(407)
Surplus Income to Be First	-	(125)	(125)
Total Commercial	2,365	4,043	1,678
CR27	912	690	(222)
IAS Total	6,637	6,586	(51)

7.2.4 Residential income is net of costs, bad debts and is effectively a surplus return from Reside. A bad debt provision has been included as part of the commercial return, with most of the provision made against outstanding debt from the purchase of the Heathway Shopping centre. The commercial return is predominantly income from sites acquired as part of land assembly in Thames Road. The variance against CR27 reflects the start date being delayed by a quarter to 1 July 2020.

7.2.5 For 2020/21, total gross spend on the investment strategy was £209.1m. The split between residential, commercial, and temporary accommodation is below:

Table 7: IAS Capital Spend 2020/21

IAS	£000
Residential Developments	151,734
Temporary Accommodation	10,765
Commercial Investments	46,632
Investments Total	209,131

7.2.6 For 2021/22 it is likely that there will remain a reliance on returns from the commercial properties, although this will reduce as the properties are either sold or redeveloped. There will be a shift towards the majority of the return coming from residential schemes that will become operational in 2021/22 and from an improvement in the returns from the current Reside schemes. A list of residential schemes that became operational in 2020/21 and that are scheduled to become operational in 2021/22 is provided in table 8 and 9:

Table 8: Residential Schemes Completed in 2020/21

Project 2020/21	Practical Completion (PC) Date			Units
	Original PC	Forecast PC	Variance	
Becontree Heath	Apr-20	Jul-20	3	87
Weighbridge	Sep-19	Oct-20	13	92
Grays Court Hospital	Dec-20	Jan-21	1	62
Wivenhoe Container	Dec-20	Feb-21	2	20
Total Number of Units				261

Table 9: Residential Schemes Scheduled to be Completed in 2020/21

Project 2021/22	Practical Completion (PC) Date			Units
	Original PC	Forecast PC	Variance	
Sebastian Court	Jan-21	Jul-21	6	95
Melish Close & Sugden Way	Apr-20	Jul-21	15	19
A House for Artists	Jul-21	Sep-21	2	12
Becontree Avenue 200	May-21	Sep-21	4	19
Sacred Heart	Sep-21	Sep-21	0	29
Margaret Bondfield	Aug-20	Nov-21	15	16
GE P2 - Block C	Mar-22	Mar-22	0	52
Crown House	Mar-22	Apr-22	1	169
Total Number of Units				411

8. Compliance with Treasury limits and Prudential Indicators

- 8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordable limits) are included in the approved Treasury Management Strategy (TMSS).
- 8.2 During the financial year to date the Council has operated within and complied with the treasury limits and Prudential Indicators set out in the Council's annual TMSS. The Council's prudential indicators are set out in Appendix 1 to this report. In 2020/21, the Council did not breach its authorised limit on borrowing of £1.35bn or its Operational limit of £1.25bn.

9. Options Appraisal

- 9.1 There is no legal requirement to prepare a Treasury Management Annual Report, however, it is good governance to do so and meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

10. Consultation

- 10.1 The Section 151 officer has been informed of the approach, data and commentary in this report.

11. Financial Implications

Implications completed by: Katherine Heffernan, Finance Group Manager

- 11.1 This report sets out the outturn position on the Council's treasury management position and is concerned with the returns on the Council's investments as well as its short- and long-term borrowing positions. The net impact of the position is reflected in the Council's overall outturn position and the impacts into future years from borrowing and investment decisions will be incorporated into its MTFS.

12. Legal Implications

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

- 12.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor its budget during the financial year and its expenditure and income against the budget calculations. The Council sets out its treasury strategy for borrowing and an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 12.2 The Council is legally obliged to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act. Furthermore, the Prudential Code emphasises that authorities can set their own prudential indicators beyond that specified in the Code where it will assist their own management processes.

13. Risk Management

- 13.1 The whole report concerns itself with the management of risks relating to the Council's cash flow. The report mostly contains information on how the Treasury Management Strategy has been used to maximise income throughout the past year.
- 13.2 EIB funded urban regeneration programme - The urban regeneration programme will be governed by a programme delivery board established in the Regeneration department. A programme manager will be identified within the Council who will be responsible for delivering each scheme within the investment programme.

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

List of appendices:

Appendix 1 - The Prudential Code for Capital Investment in Local Authorities
Appendix 2 - Glossary of Terms

The Prudential Code for Capital Investment in Local Authorities

1. Introduction

- 1.1 There are a number of treasury indicators which previously formed part of the Prudential Code, but which are now more appropriately linked to the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code). Local authorities are still required to “have regard” to these treasury indicators.
- 1.2 The key treasury indicators which are still part of the Prudential Code are:
- Authorised limit for external debt;
 - Operational boundary for external debt; and
 - Actual external debt.

2. Net borrowing and the Capital Financing Requirement

- 2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need;
- 2.2 To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure.
- 2.3 Net borrowing should not therefore, except in the short term, have exceeded the Capital Financing Requirement (“CFR”) for 2020/21 plus the expected changes to the CFR over 2020/21 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21.
- 2.4 For a number of years, the Council has used borrowing to fund its Investment and Acquisition Strategy (IAS), which is predominantly focused on the regeneration of the borough and the provision of affordable housing. Prior to any investment a scheme is appraised to ensure that it is financially viable and provides a contribution to the Council that will, at a minimum, cover its interest costs and Minimum Revenue Provision contribution, as well as pay for its management and maintenance costs. The IAS will result in a significant increase in the Council's borrowing, but this will be supported by an asset of a similar value being built and cash flows into the Council to support the increased borrowing.
- 2.5 Once a scheme is agreed and after development starts, treasury will seek to secure the borrowing to fund the scheme at a competitive rate. As such, from time to time, the Council may hold a higher-than-average cash balance as it holds the borrowed amount until it is required for the investment.

- 2.6 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.
- 2.7 **The authorised limit** – This sets the maximum level of external borrowing on a gross basis (i.e. Not net of investments) and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as Affordable Limit).
- 2.8 **The operational limit** – This links directly to the Council’s estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limits reflecting the most likely prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit for future known capital needs now. It should act as a monitor indicator to ensure the authorised limit is not breached.
- 2.9 **Total external borrowing**, including PFI and Finance Leases as at 31 March 2021 was £1.10bn, which is lower than the Approved Authorised Limit of £1.35bn and lower than the Operational Boundary of £1.25bn.

3. Capital Outturn and Capital Finance Requirement for 2020/21

- 3.1 The capital programme for 2020/21 was £343.5m, taking into account adjustments for the Investment and Acquisition Strategy (IAS) to reflect new schemes being added as and when they are agreed by Cabinet. The equity part of the Muller site purchase has been included as commercial investments. The transformation budget has been adjusted to reflect the actual spend and this has been funded by using capital receipts received during the year.
- 3.2 The 2020/21 gross Capital Spend was £293.8m against a budget of £343.5m, an underspend of £49.7m or 14.5%. with most of the spend in the IAS (£245.3m), Education, Youth and Childcare (£18.8m) and HRA (£26.1m). The impact of Covid is the main reason for the underspend.
- 3.3 The HRA programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore, they do not pose a pressure on the General Fund, in terms servicing the cost of borrowing. The service has spent £26.1m, which equates to 47% of the annual budget in 2020/21.

3.4 The 2020/21 outturn position is detailed below:

Capital Expenditure by Service	2020/21 Outturn	Budget	Over / (Under) spend
	£000	£000	£000
Adults Care & Support	1,449	2,196	(747)
Community Solutions	113	187	(74)
CIL / S106	622	1,720	(1,098)
Core	1,860	4,236	(2,376)
Culture, Heritage & Recreation	623	3,069	(2,446)
Enforcement	389	1,116	(727)
Transport for London	1,000	2,516	(1,516)
My Place	4,145	5,643	(1,498)
Public Realm	924	3,391	(2,467)

Education, Youth & Childcare	18,762	19,572	(810)
Other	700	1,606	(906)
General Fund	30,587	45,252	(14,665)
HRA			
Stock Investment (My Place)	17,428	38,458	(21,030)
New Build Schemes (Be First)	1,064	2,495	(1,431)
Estate Renewal (Be First)	7,645	8,000	(355)
HRA Total	26,137	48,953	(22,816)
Transformation	3,999	3,999	-
IAS			
Residential Developments	153,939	158,327	(4,388)
Temporary Accommodation	10,777	14,022	(3,245)
Commercial Investments	95,078	97,476	(2,398)
Investments Total	259,794	269,825	(10,031)
Add: PFI Additions (lifecycle costs)	144	144	0
Add: New Finance Lease (CF27)	94,600	94,600	0
Approved Capital Programme	415,261	462,773	(47,512)
Financed by:			
Grants	(29,254)		
Section 106	(3,357)		
CIL	(848)		
Capital Receipts	(3,999)		
HRA Contributions	(26,137)		
Sub Total	(63,595)		
Net financing need for the year	351,666		
Prudential Indicator – CFR			
Opening CFR as at 31 March 2020	867,933		
Change in Year – General Fund	291,909		
Change in Year – Housing	0		
Total CFR as at 31 March 2021	1,159,842		
Net movement in CFR	291,909		
Net financing need for the year	351,666		
Less: MRP*	(12,131)		
Less: Capital Receipts	(47,626)		
Movement in CFR	291,909		
Long & Short-Term Borrowing	963,850		
PFI and finance lease liabilities*	217,840		
Total debt 31 March 2021	1,181,690		
Operational Boundary	1,250,000		
Authorised Limit	1,350,000		

* includes draft CR27 figures

4. Affordability Prudential Indicators.

- 4.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.
- 4.2 The ratio of financing costs to net revenue stream. This indicator identifies the cost of capital (borrowing and MRP net of investment income) against the net revenue stream. For 2019/20 this was 4.72%, with most of the cost being MRP. The 2019/20 comparator figure has been adjusted to take into account capitalised interest relating to 2019/20 and post audit adjustments. The 2020/21 ratio is 2.81%, with the reduction due to capitalised interest and the good treasury and investment returns.

Table 2: Financing costs to net revenue stream 2019/20 & 2020/21

General Fund Cost of Capital	2019/20 Actual	2020/21 Actual
Net General Fund Base Budget	148,820	155,796
Cost of Capital		
GF Interest Payable	12,374	13,069
Capitalised Interest	(1,522)	(3,002)
Treasury Income	(8,818)	(8,817)
Investment Income	(2,735)	(6,230)
MRP	7,731	9,352
Net Cost of Capital	7,030	4,372
Financing Cost to Net Revenue	4.72%	2.81%

5. Limits for Fixed and Variable Interest Exposure

- 5.1 The following prudential indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.
- 5.2 The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%. The high fixed interest rate is as a result of locking in low long-term rates for the HRA borrowing and for the IAS, which requires certainty over the cost of borrowing. Table 3 shows the fixed and variable interest rate exposure.

Table 3: Fixed and variable rate exposure 2019/20 to 2021/22

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate
Interest Rate Exposures			
Upper limit for fixed interest rate exposure	100.0%	100.0%	100.0%
Upper limit for variable interest rate exposure	70.0%	70.0%	70.0%

6. Maturity Structure of Fixed Rate Borrowing

This prudential indicator deals with projected borrowing over the period and the rates that they will mature over the period. The majority of General Fund borrowing is either equal instalment repayment or annuity repayment, which means that each year a part of the loan is repaid. Table 4 summarises the borrowing structure based on £963.8 of long and short-term borrowing.

Table 4: Borrowing as at 31 March 2021

Maturity structure of fixed interest rate borrowing 2020/21			
	Actual Position	Lower	Upper
Under 12 months	8.62%	0%	40%
12 months to 2 years	2.22%	0%	60%
2 years to 5 years	6.65%	0%	70%
5 years to 10 years	13.15%	0%	70%
10 years and above	69.36%	0%	100%

Investments over 364 days

- 7.1 The overriding objective of the investment strategy is to ensure that funds are available on a daily basis to meet the Council's liabilities. Taking into account the current level of investments, and future projections of capital expenditure, the following limits will be applied to sums invested:

	2020/21	2021/22	2022/23
	£000's	£000's	£000's
Maximum principal sums invested > 364 days £'000s	Actual	Estimate	Estimate
Principal sums invested > 364 days	450,000	350,000	300,000

8.1 Summary Assessment

- 8.1 The outturn position is set out above in respect of the Prudential Indicators approved by Assembly in February 2020.
- 8.2 The outturn figures confirm that the limits and controls set for 2020/21 were applied throughout the year, and that the treasury management function adhered to the key principles of the CIPFA Prudential Code of prudence, affordability and sustainability. The treasury management indicators were regularly monitored throughout 2020/21.

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Glossary of Terms

1. **Authorised Limit** –represents the limit beyond which borrowing is prohibited, and needs to be set and revised by the Council. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some headroom for unexpected movements.
2. **Bank Rate** – the rate at which the Bank of England offers loans to the wholesale banks, thereby controlling general interest rates in the economy.
3. **Counterparty** – the other party involved in a borrowing or investment transaction.
4. **Capital Financing Requirement (CFR)** – the level of capital expenditure to be financed from borrowing.
5. **Liquidity** – The ability of an asset to be converted into cash quickly and without any price discount. The more liquid a business is, the better able it is to meet short term financial obligations.
6. **LIBID** – London Interbank Bid Rate - The interest rate at which London banks ask to pay for borrowing Eurocurrencies from other banks. Unlike LIBOR, which is the rate at which banks lend money, LIBID is the rate at which banks ask to borrow. It is not set by anybody or organisation, but is calculated as the average of the interest rates at which London banks bid for borrowed Eurocurrency funds from other banks. It is also the interest rate London banks pay for deposits from other banks.
7. **LOBO** (Lenders Option Borrowers Option) - Long term borrowing deals structured which usually has a short, initial period (anything from 1 year to 7 years), followed by a “step rate” to a higher rate of interest (the “back end” interest rate), which is to be charged for the remainder of the loan period.

The overall length of LOBO’s is usually 50 or 60 years but can be shorter or longer periods. After the “step up” date, and at set intervals thereafter, the lender (the bank) has the option of increasing the “back end” interest rate. Whenever this option is exercised, if the proposed new rate is unacceptable, the borrower (The Council) can redeem the loan without penalty.
8. **Monetary Policy Committee** – independent body which determines the Bank Rate.
9. **Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an early warning indicator to ensure the Authorised Limit is not breached.
10. **Prudential Code** – The Local Government Act 2003 requires the Council to ‘have due regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.
11. **PWLB** – Public Works Loan Board. An institution managed by the Government to provide loans to public bodies at rates which reflect the rates at which the government is able to sell gilts.

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ASSEMBLY**21 July 2021**

Title: Motions	
Report of the Chief Executive	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Leanna McPherson, Principal Governance Officer	Contact Details: Tel: 020 8227 2852 E-mail: leanna.mcpherson@lbbd.gov.uk
Accountable Director: Fiona Taylor, Director of Law and Governance and Acting Deputy Chief Executive	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
Summary	
<p>In accordance with paragraph 10 of Part 2, Chapter 4 of the Council Constitution, motions and amendments to motions on issues directly affecting the borough may be submitted to the Assembly to be debated and voted on. For information, attached at Appendix 1 is the relevant extract from the Council's Constitution relating to the procedure for dealing with Motions with Notice.</p> <p>Two motions have been received in accordance with the Council's procedure rule:</p> <p>Appendix 2: Increase Canopy Cover Appendix 3: School Funding</p> <p>The deadline for amendments to the motions was noon on Friday 16 July 2021.</p>	
Recommendation(s)	
<p>The Assembly is asked to debate and vote on the motions and any amendments proposed.</p>	

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

List of appendices:

- **Appendix 1:** Extract from the Council Constitution, Paragraphs 10, 11 and 12 of Part 2, Chapter 4.
- **Appendix 2:** Increase Canopy Cover
- **Appendix 3:** School Funding

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10. Motions With Notice

- 10.1 Written notice of any motions must be received by the Chief Executive by no later than 4.00pm on the Wednesday two weeks before the meeting, except in respect of a vote of no confidence in the Leader of the Council for which the process in paragraph 13 applies.
- 10.2 A notice of motion must relate to a matter which affects the Council or its area and must relate to a matter in respect of which the Council has a relevant function. There is no limit on the number of motions that a Councillor may submit but the notice of motion must be submitted either by the Councillor who is proposing the motion or via the Group Secretary.
- 10.3 A notice of motion may be in more than one part and contain more than one recommendation, but must all relate to the same subject matter.
- 10.4 The Chief Executive may reject a notice of motion if, in his/her opinion:
 - (a) it is of a vexatious or derogatory nature or otherwise considered improper or inappropriate;
 - (b) is contrary to any provision of any code, protocol, legal requirement or rule of the Council;
 - (c) it does not relate to the business of the Council;
 - (d) is substantially the same as another motion already considered at the Assembly within the previous twelve months.
- 10.5 Where the Chief Executive rejects a notice of motion on any of the above grounds, he/she shall inform the Chair and the Councillor who submitted the notice of motion as soon as possible. Prior to determining whether to accept or reject a motion, the Chief Executive may seek clarification or propose alternative wording to the Councillor who submitted the motion.
- 10.6 In the event that the Councillor who is proposing the motion is not present at the Assembly meeting, the motion will be withdrawn.
- 10.7 Any motions withdrawn as indicated above, or withdrawn at the request of the Councillor who proposed the motion, either before or during the meeting, may not be resubmitted to the Assembly within a period of six months. This condition will be waived where the Councillor, or a colleague on their behalf, has notified the Chief Executive by 5.00 pm on the day of the meeting of their inability to attend due to their ill health or other reason accepted by the Chief Executive.
- 10.8 Motions will be listed on the agenda in the order in which they are received, save that:
 - (a) where two or more notices of motion are received from a particular Councillor for the same meeting, that Councillor's second notice of motion shall be included after all other Councillors' first notices of motion, that Councillor's third notice of motion shall be included after all other Councillors' second notices of motion, and so on.

- (b) where he/she considers that the notice of motion, statement or consideration of the notice of motion is likely to result in the disclosure of confidential or exempt information, in which case he/she may group such notices of motion together with other items of business which are, in his/her opinion, likely to involve the exclusion of press and public during their consideration.
- 10.9 Written notice of any amendments to motions must be received by the Chief Executive by no later than 12 noon on the Friday before the meeting. The same criteria and actions as described in paragraphs 10.2 - 10.8 will apply in relation to any amendments received.
- 10.10 Any amendments proposed after the time specified in paragraph 10.9 will only be considered for exceptional reasons such as a change in circumstances appertaining to the original motion, in which case the consent of the Chair will be required.
- 10.11 The Assembly shall not debate any motion which could give rise to a significant change to the income or expenditure of the Council or to contract terms unless, in the opinion of the Chief Executive acting on advice from the Chief Financial Officer and Director of Law and Governance as appropriate, the motion is accompanied by a report from the Chief Financial Officer or the Director of Law and Governance, as appropriate, setting out the financial or legal effect of the motion.
- 10.12 Where a motion which would require an accompanying report under Rule 10.11 falls to be moved without such accompanying report being made available to all Councillors, the motion shall stand adjourned without debate to the next available meeting of the Assembly.
- 10.13 Subject to Rule 10.14, if there are other motions or recommendations on the agenda that have not been dealt with by the close of the meeting, they are deemed formally moved and seconded and shall be put to the vote by the Chair without debate.
- 10.14 Where a notice of motion submitted under Rule 10 falls to be dealt with under Rule 10.13, the Councillor giving the notice may either:
- (a) speak to the motion for not more than three minutes before the motion is put by the Chair without debate; or
 - (b) require that the motion is deferred to the next available meeting.

11. Motion to rescind a previous decision

- 11.1 A motion or amendment to rescind, or which has the effect of rescinding, a decision made at a meeting of the Assembly within the past six months, may not be moved except upon a recommendation from the Cabinet for a variation of the approved Budget or Policy Framework, or where the Monitoring Officer confirms that it is appropriate for the Assembly to reconsider the matter to comply with law, as a result of a change of law or material change of circumstances.

12. Rules of Debate

12.1 The following order / rules of debate shall apply:

- (a) Except with the Chair's consent, the debate on each motion shall last no longer than 10 minutes and no individual speech shall exceed two minutes.
- (b) The mover will move the motion and explain its purpose.
- (c) The Chair will invite another Councillor to second the motion.
- (d) If any amendment(s) has been accepted in accordance with paragraphs 10.9 or 10.10, the Chair will invite the relevant Councillor to move the amendment(s) and explain the purpose.
- (e) The Chair will invite another Councillor(s) to second the amendment(s).
- (f) The Chair will then invite Councillors to speak on the motion and any amendments.
- (g) Once all Councillors who wish to speak have done so, or the time limit has elapsed, the Chair will allow the mover(s) of the amendment(s) a right of reply followed by the mover of the original motion.
- (h) At the end of the debate, any amendments will be voted on in the order in which they were proposed.
- (i) If an amendment is carried, the motion as amended becomes the substantive motion to which any further amendments are moved and voted upon.
- (j) After an amendment has been carried, the Chair will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.
- (k) If all amendments are lost, a vote will be taken on the original motion.

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Motion to Increase Canopy Cover

Proposed by Councillor Andrew Achilleos - Member Champion for Climate Change

The London Borough of Barking and Dagenham recognises the far-reaching benefits provided by trees such as tackling climate change through natural carbon capture, improving air quality and people's well-being, boosting local biodiversity, and assisting with flood management.

In November last year the council, working with external partners and the community, planted the 'Forest of Thanks'. A woodland creation project which delivered 32,000 trees in Parsloes Park. Whilst providing a way to commemorate those tragically lost to the pandemic and as a testament to the sacrifices of our key workers, it was also a statement of intent in our fight against climate change.

As the largest Miyawaki forest in Europe – a method of planting native trees that significantly increases environmental gains such as biodiversity, carbon capture and water retention, the 'Forest of Thanks' is a truly awe-inspiring legacy project.

However, data provided to Friends of the Earth in December 2020 by aerial survey company Bluesky International Ltd, suggests total canopy cover in Barking and Dagenham is less than 10%. It is worth noting that this data only includes trees over a certain height which differs based on species, so our 'Forest of Thanks' is not yet accounted for. Although, this project alone will not bring us in line with the 16% average of urban canopy cover in England.

Considering this data and the importance of trees in the face of a climate and ecological crisis, this council resolves to set an ambitious target to double canopy cover within the local authority area by 2040. This will include but will not be limited to, further woodland

creation in our parks and open spaces, and an innovative approach to street tree planting.

This council also resolves to write to the Environment Secretary to request more funding for councils to increase canopy cover.

Fairer Funding for our Schools – proposed by Cllr Carpenter, seconded by Cllr Twomey

“With 9 out of 10 schools judged Good or Outstanding, the London Borough of Barking & Dagenham remains committed to delivering the best possible education opportunities for all children. We are proud of our schools and those who work in them.

The impact of the pandemic over the last year means there has never been a greater need to increase funding for our schools which play such a vital role in our children’s and young people’s learning and development.

The government’s own Education Recovery Commissioner recently called on them to invest £15bn in our schools to repair the damage caused by the pandemic. Instead, they have chosen to invest less than 10% of this, or £1.4bn. The government has spoken of its commitment to levelling up the poorest parts of the country, but it has broken this promise.

The government’s funding commitment to schools, amounting to just £50 per pupil per year, is woefully inadequate. In some instances, our schools are being forced to make cuts to staffing and resources. Parents and teachers and all those who work in our schools deserve better and feel rightly let down.

The government has added insult to injury following their decision to alter funding for the most disadvantaged pupils by moving the goalposts for those eligible to the Pupil Premium. This equates to a £150 million funding cut in places like Barking & Dagenham.

It is not only in our children and young people’s interests, but also in the interests of the long-term prosperity of communities up and down our country that the government thinks again.

The London Borough of Barking & Dagenham therefore calls on the government to reverse its decision to cut the Pupil Premium and reinstate the Education Recovery Commissioner’s recommendations which would provide the funding our schools need so we can deliver the best by our children.”

Comment from Section 151 Officer

The Government have provided additional funding to allow schools to increase their provision for disadvantaged pupils as a result of the COVID-19 pandemic. Each school will receive funding from the Covid Recovery Premium Fund (£6k per primary school, £22k per secondary school) and have access to register for the National Tutoring Programme and Summer School funding. The COVID Education Recovery Plan (worth £1.4bn nationally over three years) will provide £50 per pupil to support tutoring courses and provide training and support to teachers.

As Section 151 Officer, my opinion is that this funding falls far short of the funding required to support the most disadvantaged pupils in LBBD to catch up on the learning they have lost

over the past 16 months. The prolonged period of lockdown followed in many cases by multiple periods of self-isolation will have a significant impact on the educational achievement of the most disadvantaged pupils.

In addition, the Department for Education have changed the timing of when they calculate pupil premium funding. Instead of using January as the annual point for measuring numbers of eligible pupils, the government has used October 2020 data. This change was introduced without notice or consultation. Many children will have become eligible during the period between October 2020 and January 2021, in part due to the effect of the pandemic. Additional funding to support the needs of these pupils (£1,345 per pupil in primary and £955 per pupil in secondary) will not be received.

Nationally this has created a £150m funding shortfall for the 2021-22 school year. We estimate the funding shortfall for schools in LBBB to be £1.2m. My view as Section 151 Officer is that the DfE should have made this change only after consultation with schools and with consideration of funding a transition period to address shortfalls arising from this change. In the context of increasing need it does not seem the correct approach to move the funding goalposts in this way. As a borough with significant levels of deprivation, this change is likely to disproportionately affect schools in LBBB. The Government should consider introducing an interim payment to make up the shortfall created by this policy change.